Vier Gas Transport GmbH

Condensed Interim Consolidated
Financial Statements

1 January to 30 June 2015

(Translation – the German text is authoritative)

Contents

Consolidated Balance Sheet

In € million	30 Jun. 2015	31 Dec. 2014
Assets		
Non-current assets		
Intangible assets	82.3	92.3
Goodwill	830.4	830.4
Property, plant and equipment	2,780.5	2,800.4
Financial assets	103.2	101.5
Companies accounted for at equity	*60.8*	*59.1*
Other financial assets	*42.4*	*42.4*
Deferred tax assets	37.7	30.4
Non-current receivables	97.5	88.1
Total	**3,931.6**	**3,943.1**
Current assets		
Inventories	32.6	34.3
Trade receivables (including advance payments made)	39.3	30.5
Income tax receivables	0.0	6.8
Other receivables	50.7	58.2
Cash and cash equivalents	182.8	248.4
Total	**305.4**	**378.2**
Total assets	**4,237.0**	**4,321.3**

In € million	30 Jun. 2015	31 Dec. 2014
Equity and liabilities		
Equity		
Subscribed capital	.	.
Additional paid-in capital	925.6	1,075.6
Retained earnings	-119.9	-176.4
Accumulated other comprehensive income	-1.6	-2.0
Total	**804.1**	**897.2**
Non-current liabilities		
Provisions for pensions and similar obligations	144.3	137.2
Other provisions	100.4	95.2
Financial liabilities	2434.9	2,418.9
Other non-current liabilities	22.9	20.7
Deferred tax liabilities	501.8	495.2
Total	**3,204.3**	**3,167.2**
Current liabilities		
Other provisions	27.6	36.2
Financial liabilities	97.4	114.6
Trade payables	20.1	10.5
Income tax liabilities	0.1	5.8
Other liabilities	83.4	89.8
Total	**228.6**	**256.9**
Total equity and liabilities	**4,237.0**	**4,321.3**

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Income Statement

In € million	01 Jan. – 30 Jun. 2015	01 Jan. – 30 Jun. 2014
Sales	466.8	483.7
Changes in inventories	-0.9	-1.2
Own work capitalised	10	7.7
Cost of materials	-191.2	-175.6
Personnel costs	-74.5	-70.4
Depreciation and amortisation	-73.4	-71.6
Other operating income	4.8	21.0
Other operating expenses	-35.4	-28.7
Income before financial result and taxes	**106.2**	**164.9**
Income from equity investments	-0.3	0.1
Income from companies accounted for at equity	2.5	1.5
Interest result	-34.4	-34.3
of which interest expense	*-35*	*-35.6*
Financial result	**-32.2**	**-32.7**
Profit before tax	**74**	**132.2**
Income taxes	-1.7	-2.3
Deferred taxes	0.7	-23.9
Income tax allocation	-17.6	-11.1
Income taxes	**-18.6**	**-37.3**
Net income	**55.4**	**94.9**
Share in net income attributable to the sole shareholder of the parent company	55.4	94.9

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Statement of Comprehensive Income

In € million	01 Jan. – 30 Jun. 2015	01 Jan. – 30 Jun. 2014
Net income	**55.4**	**94.9**
Other comprehensive income	**1.5**	**2.9**
Reclassifiable OCI	0.4	-2.3
Cash flow hedges	*0.4*	*-2.3*
Not reclassifiable OCI	1.1	5.2
Remeasurement of defined benefit plans	*1.1*	*5.2*
Comprehensive income	**56.9**	**97.8**
Share in net income attributable to the sole share-holder of the parent company	56.9	97.8

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Statement of Changes in Equity

In € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
01 Jan. 2015	**.**	**1,075.6**	**-176.4**	**-2.0**	**897.2**
Comprehensive income			**56.5**	**0.4**	**56.9**
Net income			55.4		55.4
Other comprehensive income			1.1	0.4	1.5
Remeasurement of defined benefit plans			*1.1*	*0.0*	*1.1*
Change in accumulated other comprehensive income			*0.0*	*0.4*	*0.4*
Capital reduction		**-150.0**			**-150.0**
30 Jun. 2015	**.**	**925.6**	**-119.9**	**-1.6**	**804.1**

*The subscribed capital of VGT is fully paid in and amounts unchanged to € 25k.

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

In € million	Subscribed capital*	Additional paid-in capital	Retained earnings	Change in accumulated other comprehensive income Cash flow hedges	Total
01 Jan. 2014	**.**	**1,075.6**	**-304.9**	**1.3**	**772.0**
Comprehensive income			**100.1**	**-2.3**	**97.8**
Net income			94.9		94.9
Other comprehensive income			5.2	-2.3	2.9
Remeasurement of defined benefit plans			*5.2*		*5.2*
Change in accumulated other comprehensive income				*-2.3*	*-2.3*
Profit transfer			**-20.0**		**-20.0**
30 Jun. 2014	**.**	**1,075.6**	**-224.8**	**-1.0**	**849.8**

*The subscribed capital of VGT is fully paid in and amounts unchanged to € 25k.

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.).

Consolidated Cash Flow Statement

In € million	01 Jan. – 30 Jun. 2015	01 Jan. – 30 Jun. 2014
Cash provided by operating activities	**189.8**	**172.1**
Net income	55.4	94.9
Depreciation and amortisation	73.4	71.6
Changes in provisions	2.2	-5.6
Changes in deferred taxes	-0.7	23.9
Dividend received[1]	17.5	4.3
Interest received	0.2	0.4
Other non-cash income and expenses	29.9	31.5
Changes in operating assets, liabilities and income tax	13.5	-49.0
Inventories	*1.7*	*0.4*
Trade receivables	*-8.5*	*-1.2*
Other operating receivables and income tax claims	*18.8*	*-8.0*
Trade payables	*9.5*	*-16.1*
Other operating liabilities and income tax	*-8.0*	*-24.1*
Gain/ Loss from disposal of assets	-1.6	0.1
Intangible assets and property, plant and equipment	*-1.6*	*0.1*
Cash used for investing activities	**-69.5**	**-40.4**
Proceeds from the disposal of intangible assets and property, plant and equipment	12.8	8.3
Purchases of investments in intangible assets and property, plant and equipment	-53.3	-49.0
Proceeds from disposal/purchases of other financial investments	-29.0	0.3
Proceeds from the disposal of other financial investments	*0.2*	*0.3*
Purchases of other financial investments	*-29.2*	*0.0*
Cash used for financing activities	**-185.9**	**-171.4**
Payments made from changes in capital	-150.0	0.0
Interest paid	-39.6	-40.5
Proceeds from financial liabilities	64.9	13.6
Repayments of financial liabilities	-57.1	-4.2
Profit transfer/ profit distribution[2]	-4.1	-140.3
Changes in cash and cash equivalents	**-65.6**	**-39.7**
Cash and cash equivalents at beginning of period	**248.4**	**293.4**
Cash and cash equivalents at end of period	**182.8**	**253.7**

For mathematical reasons the tables may include rounding differences of +/- one unit (€, % etc.)

[1] received dividends from non-consolidated companies and from external minority interests resulting from the joint operations amounting to € 0.4 million (previous year: € 1.3 million).

[2] The profit transfer consists of the residual payment for the 2014 financial year to VGS (previous year: € 120.3 million and advance transfer of profits: € 20 million).

Notes to the condensed interim consolidated financial statements of Vier Gas Transport GmbH for the period from 1 January to 30 June 2015

1 Basic Information

The registered head office of Vier Gas Transport GmbH ("VGT" or "the Company") is Kallenbergstraße 5, 45141 Essen. The sole shareholder is Vier Gas Services GmbH & Co. KG, Essen ("VGS"). VGS is therefore the ultimate domestic parent company of the Group and in principle obliged to prepare consolidated financial statements. However, since Vier Gas Holdings S.à r.l. ("VGH"), Luxembourg, publishes consolidated financial statements and a Group management report as the highest European parent company in the Group, in accordance with Section 291 HGB (German Commercial Code) VGS is exempt from preparing financial statements and a management report. VGS is invoking this exemption. VGT is a publicly traded corporation within the meaning of Section 264d HGB. As the publicly traded parent company domiciled in Germany, VGT is obliged to prepare consolidated financial statements pursuant to Section 315a of the German Commercial Code (HGB).

The Company is registered under HRB 24299 in the commercial register of the Essen local court.

The object of the Company is to acquire, hold and manage as well as sell equity investments in companies or their assets and every action or measure connected therewith and the provision of services of any nature for its subsidiaries, including but not limited to the provision of financial services.

During the short financial year of 2012, the Group acquired Open Grid Europe GmbH ("OGE"), Essen, including its equity investments ("OGE Group") with effect from 23 July 2012. Open Grid Europe performs the activities of a gas transmission network operator.

2 Summary of Significant Accounting Policies

2.1 Basis of presentation

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2015 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The condensed interim consolidated financial statements do not contain all information and disclosures necessary for year-end consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements for the financial year from 1 January to 31 December 2014.

In this interim report, with the exception of the new rules explained under 2.2, the same accounting and consolidation policies are used as in the preparation of the consolidated financial statements for the year 2014.

Unless otherwise stated, all figures are in million euros (€ million).

2.2 Newly applied Standards and Interpretations

IFRIC 21 „Levies“

In May 2013, the IASB issued the interpretation to IFRIC 21 “Levies” that regulates the timing of recognition of liabilities to pay levies imposed by governments. IFRIC 21 is an interpretation of both levies referring to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and levies whose timing and amount are known. Levies, which are regulated by other amendments (e.g. IAS 12 *Income Taxes*) are herein excluded. The interpretation has been transferred by the EU into European law. Initial recognition and measurement are effective for financial years beginning on or after 17 June 2014. The interpretation to IFRIC 12 has no impact on the interim consolidated financial statements of the VGT Group.

Improvements to International Financial Reporting Standards, 2010-2012 cycle

In December 2013, the IASB published amendments to IAS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38 and IAS 24. The amendments have been adopted by the EU into European law. The new regulations are to be applied for financial years beginning on or after 1 January 2015. There are no material effects on the consolidated financial statements of VGT.

2.3 Scope of consolidation

There were no changes in the scope of consolidation in the interim reporting period.

2.4 Segment reporting

The VGT Group still constitutes a „one-segment company“.

2.5 Impairment

VGT performs the annual goodwill impairment testing at the level of the cash-generating units in the fourth quarter of each financial year. Testing is also performed if circumstances indicate that goodwill may be impaired.

In the first half of 2015, there was no indication of circumstances which would have required an unscheduled testing for impairment of goodwill.

3 Selected explanatory information on the balance sheet

Additions to intangible assets and to property, plant and equipment amounted to € 54.8 million (previous year: € 32.0 million) in the first half of 2015 and mainly relate to the grid as well as replacement investments at the Werne compressor station. The changes to the financial liabilities as well as the development of derivative financial instruments are explained in section 5.

4 Selected explanatory information on the income statement

Of the sales revenues generated in the 2015 interim report period, € 369.2 million (previous year: € 391.9 million) result from the gas transmission business, € 40.6 million (previous year: € 37.3 million) from transport-related services and € 57.0 million (previous year: € 54.5 million) from technical and commercial services.

The expenses for raw materials and supplies mainly comprise expenses for load flow commitments and fuel gas as well as usage fees. The expenses for purchased goods mainly relate to maintenance costs as well as other services purchased in connection with the service business.

The financial result (€ -32.2 million, previous year: € -32.7 million) is largely impacted by the expenses for corporate bonds.

See section 5 for effects on net income resulting from derivative financial instruments.

The income taxes consist of € 1.7 million (previous year: € 2.3 million) current tax, € 0.7 million (previous year: € 23.9 million) deferred tax expenses and € 17.6 million (previous year: € 11.1 million) tax expenses from group charges.

5 Financial instruments

In 2015, five foreign currency transactions to hedge the currency exchange rate risk as well as one further interest rate swap to hedge interest rate risks were completed. The parameters of the income cash flow hedge were agreed in line with the parameters of the underlying transaction. Of the previous year's derivatives one cash flow hedge expired in 2015 as contractually agreed.

As at 30 June 2015, the hedged transactions in place included foreign currency cash flow hedges with maturities of up to one year (previous year: one year) and interest cash flow hedges with maturities of up to 5 years (previous year: 5.5 years). The cash flows from hedged transactions secured in cash flow hedge accounting occur in the period from 2015 to 2020 (previous year: 2014 to 2019) and affect at the same time the income statement.

The fair values of the derivatives used within cash flow hedges amount to € -2.4 million (previous year: € -3.0 million).

No ineffectiveness resulted in the interim period. In the first half of 2015, accumulated other comprehensive income changed by € +0.4 million to € -2.0 million (previous year: change of € -2.3 million). Of this, a loss of € 0.1 million (previous year: loss of € 0.3 million) was reclassified from other comprehensive income to the income statement.

Measurement of derivative financial instruments

The basis for the measurement of financial instruments is the determination of the fair value. The fair value of derivative financial instruments is sensitive to the development of underlying market factors. The Company assesses and monitors the fair value of derivative financial instruments at regular intervals. Fair values for each derivative financial instrument are determined as being equal to the price at which one party would assume the rights and/or obligations of another party. The fair values of the derivative financial instruments are calculated using common market valuation methods with reference to available market data as at the balance-sheet date including a credit risk premium. All derivative financial instruments are valued separately.

The following table gives an overview of nominal values and fair values of the derivatives existing as at 30 June 2015. The derivatives all qualify as hedging instruments under cash flow accounting in accordance with IAS 39:

	30 Jun. 2015		30 Jun. 2014	
In € million	**Nominal Value**	**Fair Value**	**Nominal Value**	**Fair Value**
Forex transaction	3.4	.	4.5	0.1
Interest rate swaps (Fixed-rate payer)	163.2	-2.4	380.0	-3.1
Total	**166.6**	**-2.4**	**384.5**	**-3.0**

Additional information on financial instruments

All financial instruments recognised at fair value are divided into three categories in accordance with IFRS 13 defined as follows:

Level 1 – quoted market prices
Level 2 – valuation technique (input factors observable in the market)
Level 3 – valuation technique (input factors not observable in the market)

In the period from 1 January 2015 to 30 June 2015, unchanged to the previous year, there were no reclassifications between level 1 and level 2 and no reclassifications to and from level 3. Furthermore, there were no changes in purpose in the financial assets which would have resulted in a different classification of an asset. The Group holds no credit protection or collateral which would minimise the credit risk. The carrying amount of the financial assets therefore reflects the potential credit risk.

There is no net reporting for these financial assets and financial liabilities, since no enforceable master netting arrangements or similar agreements exist.

The carrying amounts of the financial instruments, their grouping into IAS 39 measurement categories, their fair values and their measurement sources by level are presented in the following table as at 30 June 2015:

In € million	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measure-ment category[1]	Fair Value	Fair Value (IFRS 13)		
					of which level 1	of which level 2	of which level 3
Equity investments	42.4	42.4	AfS	n/a			
Financial receivables and other financial assets	**32.7**	**32.7**		**n/a**			
Other financial receivables and financial assets	32.7	32.7	LaR	n/a			
Trade receivables and other operating assets	**111.0**	**111.0**					
Trade receivables and loans granted	42.1	42.1	LaR	n/a			
Derivatives with hedging relationships	.	.	-	-			
Other operating assets	68.9	68.9	LaR	n/a			
Cash and cash equivalents	**182.8**	**182.8**	**LaR**	**n/a**			
Total assets	**368.9**	**368.9**		**n/a**			
Financial liabilities	**2,507.6**	**2,507.6**		**2,678.2**	**2,461.0**	**217.2**	
Bonds	2,238.5	2,238.5	AmC	2,461.0	2,461.0		
Liabilities to banks	232.1	232.1	AmC	217.2		217.2	
Other financial liabilities	37.0	37.0	AmC	n/a			
Trade payables and other operating liabilities	**91.1**	**91.1**		**2.5**		**2.5**	
Trade payables	20.3	20.3	AmC	n/a			
Derivatives with hedging relationships	2.5	2.5	n/a	2.5		2.5	
Other operating liabilities	68.3	68.3	AmC	n/a			
Total liabilities	**2,598.7**	**2,598.7**		**2,680.7**	**2,461.0**	**219.7**	

[1]AfS: Available for sale; LaR: Loans and receivables; AmC: Financial liabilities measured at amortized costs; n/a: derivatives with hedging relationships cannot be assigned to any IAS 39 category

Carrying amounts of the financial instruments as at 31 December 2014

In € million	Carrying amounts	Total carrying amounts within the scope of IFRS 7	IAS 39 measurement category[1]	Fair Value	Fair Value (IFRS 13) of which level 1	of which level 2	of which level 3
Equity investments	39.1	39.1	AfS	n/a			
Financial receivables and other financial assets	**3.6**	**3.6**		**n/a**			
Other financial receivables and financial assets	3.6	3.6	LaR	n/a			
Trade receivables and other operating assets	**95.8**	**95.8**					
Trade receivables and loans granted	33.7	33.7	LaR	n/a			
Derivatives with hedging relationships	-	-	-	-			
Other operating assets	62.1	62.1	LaR	n/a			
Cash and cash equivalents	**248.4**	**248.4**	**LaR**	**n/a**			
Total assets	**386.9**	**386.9**		**n/a**			
Financial liabilities	**2,533.5**	**2,533.5**		**2,757.9**	**2,521.8**	**236.1**	
Bonds	2,237.8	2,237.8	AmC	2,521.8	2,521.8		
Liabilities to banks	235.7	235.7	AmC	236.1		236.1	
Other financial liabilities	60.0	60.0	AmC	n/a			
Trade payables and other operating liabilities	**99.2**	**99.2**		**3.0**		**3.0**	
Trade payables	10.8	10.8	AmC	n/a			
Derivatives with hedging relationships	3.0	3.0	n/a	3.0		3.0	
Other operating liabilities	85.4	85.4	AmC	n/a			
Total liabilities	**2,632.7**	**2,632.7**		**2,760.9**	**2,521.8**	**239.1**	

[1]AfS: Available for sale; LaR: Loans and receivables; AmC: Financial liabilities measured at amortized costs; n/a: derivatives with hedging relationships cannot be assigned to any IAS 39 category

The financial assets recognised at fair value relate to derivative financial instruments that are included in hedge accounting. These include both derivative interest rate hedging contracts and foreign currency transactions, which are based on ISDA (International Swaps and Derivatives Association) agreements and on the German Master Agreement for Financial Derivatives Transactions, which was published by Association of German Banks. The fair values of the interest cash flow hedging instruments were calculated on the basis of discounted, expected cash flows. Discounted cash values are determined for interest rate swaps for each individual transaction as of the balance-sheet date. The market interest rates for the remaining terms of the financial instruments were therefore used. These include market factors which other market participants would also take account of when setting prices.

The carrying amounts of cash and cash equivalents and trade receivables are considered reasonable estimates of their fair values because of their short maturity.

The financial liabilities recognised at fair value relate to derivative financial instruments that are included in hedge accounting. These financial instruments include derivative foreign currency transactions/interest rate hedging contracts. The fair values of FX swaps were calculated on the basis of discounted, expected cash flows. The market interest rates for the remaining terms of the financial instruments were therefore used.

The market value of the bonds is based on the prices quoted on the reporting date.

The fair value of shareholdings in unlisted companies and of debt instruments that are not actively traded, such as loans received, loans granted and financial liabilities, is determined by discounting future cash flows, which is equal to the carrying amount. Any necessary discounting takes place using current market interest rates over the remaining terms of the financial instruments. Fair value measurement was not applied to any shareholdings (excluding at-equity interests) as cash flows could not be determined reliably for them. Fair values could not be derived on the basis of comparable transactions.

The carrying amount of borrowings under short-term credit facilities and trade payables is used as the fair value owing to the short maturities of these items.

6 Other information

6.1 Contingencies

Up to the date of the preparation of the condensed interim consolidated financial statements, no changes in contingencies had taken place.

6.2 Business transactions with related parties

In the first half of 2015, the remaining distributable profit of the financial year 2014 amounting to € 4.1 million was paid to VGS, taking into account the advance profit transfer amounting to € 20.0 million.

6.3 Subsequent events

After the balance sheet date an adjustment to the SPE due to the acquisition of OGE occurred between VGT and E.ON. That adjustment clarifies how to handle with tax based additional burden in line with the accepted excess revenue disgorgement by tax administration. Referring to that confirmation VGT is allowed to claim against E.ON an amount of € 25.3 million covering the period up to 30 June 2015. That claim is classified as subsequent event and is not yet recognised in the income statement as subsequent purchase price adjustment.

6.4 Management

The following persons were members of the Management in the first half of 2015:

Hilko Cornelius Schomerus, Darmstadt, Managing Director, Macquarie Infrastructure & Real Assets

John Benedict McCarthy, Abu Dhabi/Vereinigte Arabische Emirate, Global Head, Infrastructure Division, ADIA

Lincoln Hillier Webb, Victoria, British Columbia/Kanada, Vice President, Private Placements, British Columbia Investment Management Corp.

Frank Rothäusler, München, Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH

Cord von Lewinski, Frankfurt, Managing Director, Macquarie Infrastructure & Real Assets

Richard W. Dinneny, Victoria, British Columbia/Kanada, Portfolio Manager, Private Placements, British Columbia Investment Management Corp.

Guy Lambert, Abu Dhabi/Vereinigte Arabische Emirate, Senior Fund Manager, Infrastructure Division, ADIA

The managing directors are not employees of the Company.

Essen, 28 July 2015

Vier Gas Transport GmbH
The Management

Hilko Cornelius Schomerus

John Benedict McCarthy

Lincoln Hillier Webb

Frank Rothäusler

Cord von Lewinski

Richard W. Dinneny

Guy Lambert