Vier Gas Transport GmbH

Condensed Interim Consolidated Financial Statements

30 June 2014

(Translation – the German text is authoritative)

Contents

Consolidated Balance Sheet

In € million	30 Jun. 2014	31 Dec. 2013
Assets		
Non-current assets		
Intangible assets	96.4	107.1
Goodwill	830.4	830.4
Property, plant and equipment	2,743.9	2,769.8
Financial assets	109.7	108.4
Companies accounted for under the equity method	*67.3*	*65.8*
Other financial assets	*42.4*	*42.6*
Deferred tax assets	16.0	16.0
Non-current receivables	43.5	38.6
Total	**3,839.9**	**3,870.3**
Current assets		
Inventories	34.7	35.2
Trade receivables (including advance payments made)	39.7	46.7
Income tax receivables	2.6	4.2
Other receivables	97.9	95.7
Liquid funds	253.7	293.4
Total	**428.6**	**475.2**
Total assets	**4,268.5**	**4,345.5**

In € million	30 Jun. 2014	31 Dec 2013
Equity and Liabilities		
Subscribed capital	.	.
Additional paid-in capital	1,075.6	1,075.6
Retained earnings	-224.8	-304.9
Accumulated other comprehensive income	-1.0	1.3
Total	**849.8**	**772.0**
Non-current liabilities		
Provisions for pensions and similar obligations	39.7	40.4
Other provisions	93.6	94.3
Financial liabilities	2,415.5	2,414.8
Other non-current liabilities	13.5	10.0
Deferred tax liabilities	526.2	502.3
Total	**3,088.5**	**3,061.8**
Current liabilities		
Other provisions	31.4	38.1
Financial liabilities	189.0	188.4
Trade payables	24.1	55.0
Income taxes	27.5	36.3
Other liabilities	58.2	193.9
Total	**330.2**	**511.7**
Total equity and liabilities	**4,268.5**	**4,345.5**

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

Consolidated Income Statement

In € million	1 Jan. – 30 Jun. 2014	1 Jan. – 30 Jun. 2013
Sales	483.7	523.2
Changes in inventories	-1.2	-4.2
Own work capitalised	7.7	5.5
Cost of materials	-175.6	-170.6
Personnel costs	-70.4	-72.7
Depreciation, amortisation and impairment charges	-71.6	-67.2
Other operating income	21.0	17.2
Other operating expenses	-28.7	-41.5
Income before financial result and taxes	**164.9**	**189.7**
Income from equity investments	0.1	0.6
Income from companies accounted for under the equity method	1.5	2.3
Net interest expense	-34.3	-57.9
Financial result	**-32.7**	**-55.0**
Profit before tax	**132.2**	**134.7**
Effective tax expenses	-13.4	-6.3
Deferred taxes	-23.9	-36.3
Income taxes	**-37.3**	**-42.5**
Net income	**94.9**	**92.2**
Share in net income attributable to the sole shareholder of the parent company	94.9	92.2

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

Consolidated Statement of Comprehensive Income

In € million	1 Jan. – 30 Jun. 2014	1 Jan. – 30 Jun. 2013
Net income	**94.9**	**92.2**
Other Comprehensive Income	**2.9**	**13.5**
Reclassifiable OCI	-2.3	15.7
Cashflow hedges	*-2.3*	*22.7*
*Deferred taxes**		*-7.0*
Not reclassifiable OCI	5.2	-2.2
Remeasurement of defined benefit plans	*5.2*	*-3.1*
*Deferred taxes**		*0.9*
Comprehensive Income	**97.8**	**105.7**
Share in net income attributable to the sole shareholder of the parent company	97.8	105.7

*In 2014 there are no deferred taxes disclosed with non-operating effect during the period.

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

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Consolidated Statement of Changes in Equity

In € million	Subscribed Capital*	Additional paid-in capital	Retained earnings	Changes in accumulated other comprehensive income Cash flow hedges	Total
1 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*
Changes 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.)

In € million	Subscribed Capital*	Additional paid-in capital	Retained earni-ngs	Changes in accumulated other comprehensive income Cash flow hedges	Total
1 Jan. 2013	**.**	**1,075.6**	**33.1**	**-17.0**	**1,091.7**
Comprehensive Income			**90.0**	**15.7**	**105.7**
Net income			92.2		92.2
Other Comprehensive Income			-2.2	15.7	13.5
Remeasurement of defined benefit plans			*-2.2*		*-2.2*
Changes in accumulated other comprehen-sive income				*15.7*	*15.7*
Profit distribution			**-164.9**		**-164.9**
30 Jun. 2013	**.**	**1,075.6**	**-41.9**	**-1.3**	**1,032.5**

*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

€ million	1 Jan. – 30 Jun. 2014	1 Jan. – 30 Jun. 2013
Cash provided by operating activities	**172.1**	**211.1**
Net income	94.9	92.2
Depreciation, amortisation, impairment charges and reversals	71.6	67.2
Changes in provisions	-5.6	-10.0
Changes in deferred taxes	23.9	36.3
Dividend received[1)]	4.2	-0.7
Other non-cash income and expenses	32.0	31.7
Changes in operating assets, liabilities and income tax	-49.0	-5.6
Inventories	*0.4*	*12.8*
Trade receivables	*-1.2*	*5.0*
Other operating receivables and income tax claims	*-8.0*	*-21.1*
Trade payables	*-16.1*	*9.1*
Other operating liabilities and income tax	*-24.1*	*-11.4*
Gain/ Loss from disposal of assets	0.1	0.0
Intangible assets and property, plant and equipment	*0.1*	*0.0*
Cash used for investing activities	**-40.4**	**-214.2**
Proceeds from the disposal of intangible assets and property, plant and equipment	8.3	0.7
Purchases of investments in intangible assets and property, plant and equipment	-49.0	-50.7
Proceeds from disposal/purchases of other financial investments	0,3	-164.2
Proceeds from disposal of other financial investments	*0.3*	*0.7*
Purchases of other financial investments	*0,0*	*-165.0*
Cash provided by financing activities	**-171.4**	**-128.0**
Interest paid	-40.5	-22.4
Proceeds from financial liabilities	13.6	1,971.4
Repayments of financial liabilities	-4.2	-1,912.1
Profit transfer/ profit distribution[2)]	-140.3	-164.9
Changes in cash and cash equivalents	**-39.7**	**-131.2**
Cash and cash equivalents at beginning of period	**293.4**	**326.1**
Cash and cash equivalents at end of period	**253.7**	**194.9**

[1)] received dividends from unconsolidated companies and from external minority interests resulting from the joint operations amounting to € 1.3 million (previous year: € -0.7 million).
[2)] Next to the profit transfer to VGS amounting to € 120.3 million (previous year: profit distribution amounting to € 164.9 million), it contains the advance profit transfer for financial year 2014 amounting to € 20.0 million.

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

Notes to the condensed interim consolidated financial statements of Vier Gas Transport GmbH for the period from 1 January to 30 June 2014

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 (VGS), Essen. VGS is therefore the ultimate domestic parent company of the Group and obliged to prepare consolidated financial statements. 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 consolidated financial statements and a group management report. VGS is invoking the exemption. In financial year 2013, VGT issued bonds on the regulated market in Luxembourg. It is therefore 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.
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.

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 2014 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 2013.

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 2013.

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

2.2 Newly applied Standards and Interpretations

IAS 32 "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities"

In December 2011, the IASB issued amendments to IAS 32 (next to the amendments to IFRS 7). The adjustment concerns a clarification of offsetting financial assets and financial liabilities. The date of initial application is the first fiscal year beginning on or after 1 January 2014. The amendment has been transferred by the EU into European law. The amendments to IAS 32 have no impact on the interim consolidated financial statements of the VGT Group.

IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

In June 2013, the IASB published additions to IAS 39. These concern OTC-derivatives, which have been designated as hedging instruments and are novated from one counterparty to a central counterparty as a consequence of laws or regulations. In respect of the adjustments regarding rules of accounting the entity continues hedge accounting. IAS 39 is effective for financial years beginning on or after 1 January 2014 and shall be applied retrospectively. In this regard additional Notes are not necessary. The amendments have been transferred by the EU into European law. The amendments to IAS 39 have no impact on the interim consolidated financial statements of the VGT Group.

IFRS 10, IFRS 12 and IAS 27 "Investment Entities"

In October 2012, the IASB issued amendments to IFRS 10, IFRS 12 and IAS 27. Investment entities, as a parent undertaking, should not use full consolidation in accordance with IFRS 10. Instead, their investments should be measured at fair value through profit or loss under IFRS 9 or IAS 39. In this respect there are new requirements in the Notes referring IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements". The amendments have been transferred by the EU into European law. The date of initial application is the first fiscal year beginning on or after 1 January 2014. The amendments to IFRS 10, IFRS 12 and IAS 27 have no impact on the interim consolidated financial statements of the VGT Group.

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 2014, there was no indication of circumstances which would have required an un-scheduled 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 € 32.0 million (previous year: € 38.1 million) in the first half of 2014 and mainly relate to the grid as well as replacement investments at the Waidhaus 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 2014 interim report period, € 391.9 million (previous year: € 442.7 million) result from the gas transmission business, € 37.3 million (previous year: € 25.9 million) from transport-related services and € 54.5 million (previous year: € 54.6 million) from technical and commercial services.

The other operating income mainly results from the tax indemnification based on the sale and purchase agreement signed between VGT and E.ON Global Commodities SE, Düsseldorf, and amounts to € 17.8 million.

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 (€ -32.7 million, previous year: € -55.0 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 € 2.3 million (previous year: € 6.3 million) current tax, € 23.9 million (previous year: € 36.3 million) deferred tax expenses and € 11.1 million (previous year: € 0.0 million) tax expenses from group charges.

5 Financial instruments

In 2014 one additional foreign currency transaction was completed to hedge the currency exchange rate risk.

As at 30 June 2014, the hedged transactions in place included foreign currency cash flow hedges with maturities of up to one year (previous year: two years) and interest cash flow hedges with maturities of up to 5.5 years (previous year: 6.5 years). The cash flows from hedged transactions secured in cash flow hedge accounting occur in the period from 2014 to 2019 (previous year: 2013 to 2019) and affect at the same time the income statement.

The fair values of the derivatives used within cash flow hedges amount to € -5.8 million (previous year: € -1.9 million).

No ineffectiveness resulted in the financial year. In the first half of 2014, accumulated other comprehensive income changed by € -2.3 million to € -0.5 million (previous year: change of € 22.7 million). Of this, a loss of € 0.3 million (previous year: € 0.2 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 2014. The derivatives all qualify as hedging instruments under cash flow accounting in accordance with IAS 39:

	30 June 2014		**30 June 2013**	
€ million	**Nominal Value**	**Fair Value**	**Nominal Value**	**Fair Value**
Forex transaction	4.5	0.1	9.5	-0.5
Sub-total	**4.5**	**0.1**	**9.5**	**-0.5**
Interest rate swaps applying hedge accounting	380.0	-5.9	*330.0*	*-1.3*
Fixed-rate payer			*330.0*	*-1.3*
Fixed-rate receiver				
Interest rate swaps without applying hedge accounting			720.1	-3.0
Fixed-rate payer			*720.1*	*-3.0*
Fixed-rate receiver				
Total	**384.5**	**-5.8**	**1,059.6**	**-4.8**

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 2014 to 30 June 2014, 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 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	106.5	106.5	AfS	n/a			
Financial receivables and other financial assets	**15.7**	**15.7**		**n/a**			
Other financial receivables and financial assets	15.7	15.7	LaR	n/a			
Trade receivables and other operating assets	**76.8**	**76.8**		**0.1**		**0.1**	
Trade receivables and loans granted	42.9	42.9	LaR	n/a			
Derivatives with hedging relationships	0.1	0.1	n/a	0.1		0.1	
Other operating assets	33.8	33.8	LaR	n/a			
Cash and cash equivalents	**253.7**	**253.7**	**LaR**	**n/a**			
Total assets	**452.7**	**452.7**		**0.1**		**0.1**	
Financial liabilities	**2,579.4**	**2,579.4**		**2,399.9**	**2,399.9**		
Bonds	2,237.1	2,237.1	AmC	2,399.9	2,399.9		
Liabilities to banks	312.3	312.3	AmC	n/a			
Other financial liabilities	30.0	30.0	AmC	n/a			
Trade payables and other operating liabilities	**60.6**	**60.6**		**3.0**		**3.0**	
Trade payables	24.4	24.4	AmC	n/a			
Derivatives with hedging relationships	3.0	3.0	n/a	3.0		3.0	
Other operating liabilities	33.2	33.2	AmC	n/a			
Total liabilities	**2,640.0**	**2,640.0**		**2,402.9**	**2,399.9**	**3.0**	

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

Carrying amounts of the financial instruments as at 31 December 2013

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	104,9	104,9	AfS	n/a			
Financial receivables and other financial assets	**15,7**	**15,7**		**n/a**			
Other financial receivables and financial assets	15,7	15,7	LaR	n/a			
Trade receivables and other operating assets	**81,6**	**81,6**		**n/a**		**1,1**	
Trade receivables and loans granted	50,1	50,1	LaR	n/a			
Derivatives with hedging relationships	1,1	1,1	n/a	1,1		1,1	
Other operating assets	30,5	30,5	LaR	n/a			
Cash and cash equivalents	**293,4**	**293,4**	**LaR**	**n/a**			
Total assets	**495,6**	**495,6**		**1,1**		**1,1**	
Financial liabilities	**2.603,2**	**2.603,2**		**2.242,0**	**2.242,0**		
Bonds	2.236,3	2.236,3	AmC	2.242,0	2.242,0		
Liabilities to banks	312,7	312,7	AmC	n/a			
Other financial liabilities	54,2	54,2	AmC	n/a			
Trade payables and other operating liabilities	**222,7**	**222,7**		**1,2**		**1,2**	
Trade payables	55,3	55,3	AmC	n/a			
Derivatives with hedging relationships	1,2	1,2	n/a	1,2		1,2	
Other operating liabilities	166,2	166,2	AmC	n/a			
Total liabilities	**2.825,9**	**2.825,9**		**2.243,2**	**2.242,0**	**1,2**	

[1]AfS: Available for sale; LaR: Loans and receivables; AmC: Financial liabilities measured at amortised cost; n/a: the 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 Advance profit transfer

In the interim reporting period, an advance payment on the profit amounting to 2014 of € 20.0 million was transferred to VGS (in the first half of 2013, the profit of 2012 amounting to € 164.9 million was distributed to VGS).

6.2 Contingencies

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

6.3 Business transactions with related parties

In the first half of 2014, the remaining distributable profit of the financial year 2013 amounting to € 120.3 million was paid to VGS, taking into account the advance profit transfer amounting to € 156.0 million. Furthermore, VGS received an advance profit transfer for the financial year 2014 amounting to € 20.0 million.

6.4 Subsequent events

Up to the date of the preparation of the condensed interim consolidated financial statements, no business transactions of material significance had taken place which have an effect on the presentation of the assets, liabilities, financial position and profit or loss of the Group in the reporting period.

6.5 Management

The following persons were members of the Management in the first half of 2014:

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

Simon Richard Eaves, Dubai/United Arab Emirates, Regional Head, Infrastructure Division, ADIA

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

Alice Forster, Munich, Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH, until 10 April 2014

Frank Rothäusler, Munich, Senior Investment Manager, Private Equity & Infrastructure, MEAG MUNICH ERGO Asset Management GmbH, since 10 April 2014

Frank Heiß, Wiesbaden, Senior Vice President, Macquarie Infrastructure & Real Assets

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

Guy Lambert, Abu Dhabi/United Arab Emirates, Senior Fund Manager, Infrastructure Division, ADIA

The managing directors are not employees of the Company.

Essen, 28 July 2014

Vier Gas Transport GmbH

The Management

Hilko Cornelius Schomerus

Simon Richard Eaves

Lincoln Hillier Webb

Frank Rothäusler

Frank Heiß

Richard Dinneny

Richard W. Dinneny

Guy Lambert