Press release
Results first semester 2005 – 1 September 2005

Results for the first half of 2005

- **In a general context characterized by:**
  - **the first complete application of the IFRS accounting standards**
  - **an increased competition in Belgium**
  - **strong tensions on the oil and natural gas markets**

  the consolidated net result (Group's share) amounts to € 70.98 million compared to € 84.78 million at 30 June 2004.

- **Total sales of natural gas increased by 8 % thanks to strong growth in sales outside Belgium and in arbitrage.**

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1. Key events

Distrigas and RasGas (II) sign a 20-year agreement for LNG supply
Starting in 2007, Distrigas will import 2.75 billion cubic meters of natural gas per year, equal to some 2.05 million tonnes of LNG, from Qatar for delivery at the Zeebrugge LNG terminal for a 20-year period. Distrigas had reserved the necessary capacity.

Increased stake in the Finpipe EIG
Distrigas acquired SA Sofipar from Belgian Shell. Sofipar is a member of the Finpipe EIG. As a result, Distrigas's stake in the Finpipe EIG rose from 56 % to 63.33 %.

Increased stake in Interconnector (UK) Ltd.
In exercising its pre-emptive right, Distrigas increased its shareholding from 10 % to 16.4 % by means of two operations. Beginning of March, Distrigas has finalized the acquisition process of 4 %, started in 2004. During the month of June, Distrigas has acquired an additional 2.4 %.

Distrigas buys the Methania
Distrigas acquired the Methania from Exmar. This gas carrier will continue to play a significant role in Distrigas's LNG supply strategy. The transaction will enable Distrigas to step up its presence in LNG transport and to seize commercial opportunities that this business may offer.

2. Sales of natural gas: + 8 %

Overall, sales of natural gas by Distrigas during the first half of 2005 rose by 8 % compared to the same period of 2004.

Natural gas sales (in GWh)	**1st half 05**	**1st half 04**	**Change**	**Share of sales, 1st half 2005**
Distribution	40 462	38 783	+ 4.3 %	35.5 %
Industry	26 293	25 526	+ 3.0 %	23 %
Electricity generation	23 243	22 508	+ 3.3 %	20.5 %
Sales in Belgium	**89 998**	**86 817**	**+ 3.7 %**	**79 %**
Sales outside Belgium and arbitrage	23 720	18 435*	+ 28.7 %	21 %
Total	**113 717**	**105 252***	**+ 8.0 %**	**100 %**
Total in billions of m^3	9.8	9.0		

* In order to take into account the netting of certain sales and purchase transactions in 2005, the sales reported for "outside Belgium and arbitrage" for the first half of 2004 have been restated for comparison purposes.

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2.1. Sales in Belgium: + 3.7 %

- **Sales to distribution companies** grew by 4.3 %, compared with the 15 % fall recorded in the same period in 2004. These figures concern sales by Distrigas to natural gas retailers, as well as to the Brussels and Walloon intermunicipal utilities for supplying their customers (residential and commercial consumers, small and medium sized industrials) who are connected to the distribution grid.

  The cold weather that caught Western Europe by surprise at the end of the winter produced abnormal seasonal peaks for the time of the year.

- **Sales to industrial customers** amounted to 26 293 GWh, a 3% increase. This was largely the result of the commercial success achieved with new customers in the chemicals, textile and food sectors. Nevertheless, sales have been negatively impacted by the fall in consumption in the steel and lime sectors. Lastly, the competitiveness of natural gas in relation to other fuels in the industrial customer segment also contributed to growth in sales.

- **Sales to electricity generation** grew by 3.3% over last year.

2.2. Sales outside Belgium and arbitrage: + 28.7%

Sales outside Belgium and arbitrage sales increased sharply, mainly due to a doubling of sales volume in France. Moreover, sales of LNG in Spain also rose over the same period of the preceding year.

Sales to industrial consumers in France continued their sharp upward trend. In 2005, the volume of gas sold exceeded 17 TWh, an increase of over 70% over 2004. Distrigas is now supplying natural gas to more than 80 sites, compared to only 7 in the same period of 2004. Since 1 January of this year, Distrigas has been supplying customers over the whole French territory.

3. The price of energy on the rise

The G parameter, the reference used for the sales price of gas on the Belgian market, increased on average by around 27% during the first half of this year in relation to the same period of 2004. The price of gas on the spot markets also rose sharply (by an average of 48% on the Zeebrugge spot market) and underwent wide fluctuations as well. These increases should be viewed against the escalation in the oil price observed during this same period (of around 51% for Brent).
Distrigas, however, was able to maintain its prices to its customers at a more stable level during the first semester.

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Since the start of the year, the price of a barrel of oil (Brent) continued to rise, surpassing $68, and wide price swings have been observed in the natural gas market as well.

4. Consolidated half-year results (IFRS standards)

❑ Preliminary remarks

In accordance to the circular FMI/2003-02 of the CBFA, the 2005 half-year consolidated figures were drawn up for the first time in accordance with the *International Financial Reporting Standards* (IFRS), as adopted by the European Union.
As a reminder, the first full annual accounts established in keeping with the IFRS rules will be published in 2006, for the 2005 accounting period.

The half-year figures were drawn up according to IAS/IFRS accounting and evaluation standards and SIC/IFRIC interpretations, applicable to the 2005 statements.

The options selected by the Group in its first application of these standards, as well as the IFRS accounting methods, are detailed in a specific report, available on the Distrigas Web site (www.distrigas.be) in the "investors info section, 2004 annual report, 2004 consolidated IFRS accounts".

The figures of the first half of 2004, already released on the basis of the Belgian annual accounts plan, were also restated in accordance with IFRS standards in order to have a comparable basis.

The Distrigas Group decided to adopt the exemption provided for in IFRS 1, consisting of applying standards IAS 32 and IAS 39 starting with the 2005 accounting period, without reporting restated 2004 figures for these latter standards.
Compared with the IFRS balance sheet established at 31 December 2004, the adoption of these standards in the opening balance sheet at 1 January 2005 led to an increase of 41.12 million euros in shareholder equity.

The reconciliation exercise of the total equity and the net profit on 30 June 2004 between the two standards is available on the web site as well as the reasons explaining the increase of the total equity following the adoption of IAS 32 and IAS 39 are detailed and commented upon on the Distrigas Web site ("*2004 half-yearly results - Reconciliation of the impact of the transition from the Belgian GAAP to IFRS" and "2004 Financial Statements - First-time adoption of IFRS - Addendum on June 2005"*).

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❑ Key figures (IFRS)

In millions EUR	30/06/2005	30/06/2004 (IFRS)	Variation
Income from ordinary activites	**1 898.58**	**1 487.06**	**411.52**
Operational results (EBIT)	**147.59**	**129.76**	**17.83**
Results from ordinary activities (*)	**97.19**	**129.76**	**-32.57**
Net financial results	9.10	-0.81	9.91
Operational results after deduction of net financial costs	**106.29**	**128.95**	**-22.66**
Share in results of associated companies posted in using the equity method	0.02	0.01	0.01
Pre-tax results	**106.31**	**128.96**	**-22.65**
Taxation	-32.50	-39.58	7.08
Net result from activities pursued for the period	**73.81**	**89.38**	**-15.57**
Share of minority interests	2.83	4.60	-1.77
Share of the Group in the net result for the period	**70.98**	**84.78**	**-13.80**
Net earnings per share (in EUR)	***101.03***	***120.67***	***-19.64***

(*) Includes operating results and the disposal of assets, the results of impairment tests, net costs of restructuring and the fair-value variation of financial instruments relating to purchases and sales of energy.

❑ Comments on the key figures and the balance sheet at mid-2005

Changes in the consolidation perimeter

First full consolidation of SA Sofipar, in the wake of its acquisition during the first half of the year. Since SA Sofipar is a member of the Finpipe EIG, this transaction enabled the Group to step up its stake in the EIG from 56% to 63.3%.
The impact of this inclusion in the perimeter on the half-year results and balance sheet of the Distrigas Group is however marginal.

Income from ordinary activities (turnover)

The Group's turnover was 1,898.58 million euros as of 30 June 2005. Gas sales account for 96.2 % of the total revenue.

It rose sharply by 411.52 million euros compared to the first six months of 2004, thanks to a rise in the price of gas and increased volumes sold.

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Turnover in transit activities shrunk slightly for the first half of the year resulting from lesser demand for short-term transit contracts.

Operational results (EBIT)

Operational results advanced by 17.83 million euros over the first half of 2004, attaining 147.59 million euros.

However, a distinction should be made here because this increase includes earnings realised by the Group during the first half of 2005, generated by the implementation of the risk coverage policy on the commodity markets.

Leaving aside these one-off earnings, we can see some erosion of the operational margins, which is the result of competitive pressure and less favourable market conditions for arbitrage.

Commercial, general and administrative costs have remained stable compared to the same period in 2004.

Operational results from transit activities fell off somewhat in relation to the first half of 2004.

Results from ordinary activities

Results from ordinary activities fell by 32.57 million euros to 97.19 million euros. This drop occurred because of the posting of a negative variation in the fair value of financial instruments in relation to 1 January 2005, stemming from the application of the IAS 32 and IAS 39 standards.

IAS 32 and IAS 39 are applicable as from with this accounting period and require the valuation of financial instruments at their fair value at each account closure. In addition, the notion of *financial instrument* was broadened to include certain commodity contracts.
As a consequence, the variations in fair value are influenced by the fluctuations in energy prices on the markets.
The effective profit on such contracts will of coure depend on market prices at settlement date.

Net earnings

Net earnings improved by 9.9 million euros thanks to the favourable exchange rate and an increase in dividends collected from non-consolidated companies, in particular Interconnector (UK) Ltd.

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Taxation

The fall in the operating results after deduction of net financial expenses led to a year-on-year fall in taxes on earnings, from 39.57 million euros to 32.50 million euros.

Net result from activities pursued for the period

Net result from activities pursued for the period was 73.81 million euros. The Group's share in the results is 70.98 million euros, compared to 84.78 million euros.

Balance sheet (see annexe)

The balance sheet total fell slightly, by 47.96 million euros, over the figure recorded at the end of 2004. Fixed tangible assets rose by 2.10 million euros in relation to 1 January 2005, thanks to the combined effect of investments (12.63 million euros) and depreciations for the six-month period (10.53 million euros).

"Equity participation" rose by 22.36 million euros over 1 January 2005, owing to the twofold impact of the acquisition of an additional 2.5% stake in Interconnector (UK) Ltd and the valuation of this stake at fair value, in accordance with the IAS 39.

The seasonal profile of the Group's gas sales explains the changes recorded under "inventory", "Trade and other receivables" as well as "Trade and other payables".

Shareholder equity is detailed in a table below.

Cash flow (see annexe)

The operational activities of the Distrigas Group generated a cash flow of 132.63 million euros during the first six months of 2005.
During the same period, net investments reached 25.77 million euros, taking into account the acquisition of Methania, the increased stake in Interconnector (UK) Ltd and the acquisition of Sofipar.

The financing of -100.10 mio € mainly corresponds to the payment of 2004 dividends (106,80 mio €) during the first half of 2005.

The impact of exchange rate variations and of the perimeter on the Group's cash situation was negligible.

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Annexes: IFRS consolidated figures

Accounts that have undergone a limited review by the Deloitte external auditors.

Consolidated balance sheet

In thousand EUR	30.06.2005	01.01.2005 (IFRS)	Variation
ASSETS			
Non-current assets	**658 818**	**632 931**	**25 887**
Property, plant and equipment	365 947	363 849	2 098
Associates accounted for using the equity method	333	312	21
Finance lease receivables	185 284	185 284	0
Equity investements	97 065	74 701	22 364
Other non-current assets	10 189	8 785	1 404
Current assets	**1 591 999**	**1 665 842**	**-73 843**
Inventories	84 763	99 493	-14 730
Trade and other receivables	387 480	600 734	-213 254
Cash and cash equivalents	867 808	855 765	12 043
Other current assets	251 948	109 850	142 098
TOTAL ASSETS	**2 250 817**	**2 298 773**	**-47 956**
LIABILITIES			
Equity	**838 118**	**883 423**	**-45 305**
Capital & reserves	825 718	865 830	-40 112
Minority interests	12 400	17 593	-5 193
Non-current liabilities	**542 969**	**545 034**	**-2 065**
Provisions	133 864	114 367	19 497
Liabilities related to finance leases and other financial debts	282 530	281 028	1 502
Deferred tax liabilities	117 507	144 599	-27 092
Other non-current liabilities	9 068	5 040	4 028
Current liabilities	**869 730**	**870 316**	**-586**
Provisions	3 002	11 443	-8 441
Liabilities related to finance leases and other financial debts	109 763	122 984	-13 221
Trade & other payables	422 696	639 893	-217 197
Tax liabilities	33 941	12 968	20 973
Other current liabilities	300 328	83 028	217 300
TOTAL LIABILITIES	**2 250 817**	**2 298 773**	**-47 956**

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Variations in shareholder equity

Consolidated shareholder equity evolved as follows during the six-month period:

In thousand EUR	Share capital	Reserves				Minority interests	Total
		Premium	Variation in fair value participation available on sale	Reserve relating to hedging derivative instrument	Retained earnings		
Book value at 1/1/2005	**66 228**	**41**	**31 003**	**0**	**768 558**	**17 593**	**883 423**
Dividends paid out					-106 801	-5 702	-112 503
Net result of the period					70 984	2 828	73 812
Change in perimeter : global integration of Sofipar					-510		-510
global integration of Sofipar : stake from 56% → 63,3%					476	-2 318	-1 842
Fair valuation of financial instruments			7 475				7 475
Other variations				-11 737			-11 737
Book value at 30/06/2005	**66 228**	**41**	**38 478**	**-11 737**	**732 707**	**12 401**	**838 118**

Summary of consolidated cash flow

In thousand EUR	30/06/2005
Cash and cash equivalents at opening	**855 765**
Operational activities	132 630
Investments	-25 767
Financing	-100 102
Currency and perimeter changes	5.281
Net cash increase	12.042
Cash and cash equivalents at closure	**867 808**

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5. The outlook for 2005

The liberalisation of markets generates, for all trading companies, a wide variability in results and, consequently, increased uncertainty in forecasting. In addition, complying with IFRS implies the fair valuation of commodity contracts. Therefore, Group results will, more than in the past, fluctuate along with energy market prices.

6. Auditor's report for the period ending 30 June 2005

Report on a limited review of the consolidated half-year financial information
for the six months period ended June 30 2005

We have performed a limited review of the accompanying consolidated balance sheet, income statement, cash flow statement, statement of changes in equity (jointly the "interim financial information") of Distrigas NV/SA for the six months period ended June 30, 2005. This interim financial information has been prepared under the responsibility of the Board of Directors.

The next consolidated annual accounts of Distrigas NV/SA will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. The consolidated interim report has been prepared in accordance with the recognition and measurement criteria which the Board of Directors expects to use for the preparation of the first consolidated annual accounts for the year 2005 prepared on the basis of IFRS as adopted by the European Union.

We draw the attention to the fact that these accounting policies might be subject to changes to the extend it is possible that the IFRS as adopted by the European Union change before 31 December 2005. In that case, retrospective changes to the interim period for the six months period ended June 30, 2005, might be applied.

We conducted our limited review in accordance with the recommended standards of the Belgian Institute of Company Auditors on limited reviews. A limited review consists principally of making enquiries with group management and applying analytical procedures to the financial information and underlying financial data. A limited review is substantially less profound than a full audit performed on the annual consolidated accounts in accordance with the standards of the Belgian Institute of Company Auditors on consolidated annual accounts. Accordingly, we do not express an audit opinion.

Based on our limited review, no elements or facts have come to our attention that causes us to believe that the interim financial information for the six months period ended June 30, 2005 is not prepared in accordance with legal and regulatory requirements and the recognition and measurement criteria of IFRS as adopted by the European Union.

24 August 2005

The Statutory Auditor

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DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jos Vlaminckx

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Other languages
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