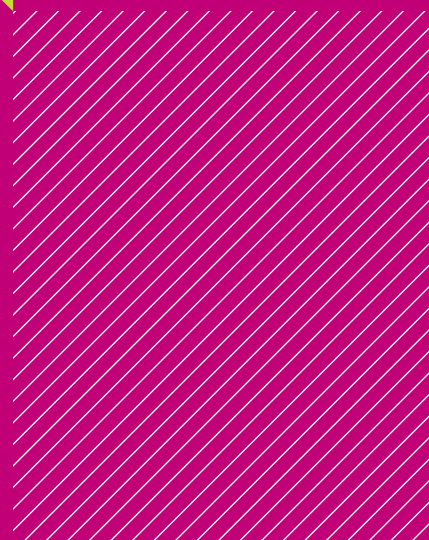


FINANCIAL STATEMENTS 2008

ESSENT NETWERK B.V.



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CONSOLIDATED FINANCIAL STATEMENTS 2008



FINANCIAL REVIEW OF 2008

Consolidated financial statements

To maintain the readability of the financial statements, it was decided to include condensed financial statements of Essent Netwerk B.V. in the annual report for 2008 as well. For the full consolidated and company financial statements 2008, please log on to www.enexis.nl.

Profit developments

Operating profit was up from EUR 237.3 million in 2007 to EUR 365.5 million in the reporting period. This increase by EUR 128.2 million was the result of a rise in gross profit by EUR 30.0 million and a drop in operating expenses by EUR 98.2 million. The changes in both gross profit and operating expenses can largely be attributed to the acquisition of the electricity and gas grids. This acquisition hardly had any impact on profit for the year.

Profit for the year dropped by EUR 56.3 million, due mainly to provisions being formed or transferred (EUR 37 million) and higher purchase costs for transport and system services, and distribution losses (EUR 18.7 million).

Operating profit

The EUR 30.0 million rise in gross profit was caused by three factors. Firstly, revenue dropped by about EUR 20.0 million, due partly to lower transport fees (EUR 16.2 million) resulting from lower x-factors and one-off prior-year subsequent adjustments, and partly to lower revenue from other sales and services (EUR 4.0 million). Secondly, purchase costs for transport and system services, and distribution losses were up EUR 18.7 million, mainly as a result of higher purchase costs for energy. Thirdly, no more revenue was generated from investment activities charged to Essent Nederland B.V., resulting in a drop in revenue by EUR 330.3 million. This development was amply compensated by the fact that no more grid provision fee (plus interest) was due in 2008, causing cost of sales to drop by EUR 399.2 million. On balance, the margin improved by EUR 68.9 million compared with 2007. The grid provision fee in 2007 was counterbalanced, however, "own" depreciation, amortisation and interest charges.

The decrease in operating expenses by EUR 98.2 million was caused by four factors. As mentioned above, investment activities have been capitalised at Essent Netwerk B.V. since the financial year 2008. In 2007 these were still recognised as costs, resulting in a decline in the 2008 cost level by EUR 309.5 million (own production capitalised).

Since the financial year 2008 depreciation of the electricity and gas grids has been recognised at Essent Netwerk B.V., resulting in an increase on 2007 of EUR 190.1 million. Furthermore, in 2008 an amount of EUR 37.0 million was spent on activities and facilities to prepare for the operational unbundling. Finally, the activity level for contract work was lower in 2008, causing a EUR 15.8 million drop in the cost level. The effects of price increases and inflation were offset by efficiency measures.

Profit for the year

Profit for the year was down EUR 56.3 million, dropping from EUR 203.8 million in 2007 to EUR 147.5 million in 2008. In addition to the EUR 128.2 million increase in operating profit mentioned above, this drop was caused in particular by higher interest charges of about EUR 208 million. These higher interest charges were due to the acquisition of the electricity and gas grids on 31 December 2007 and the resulting funding needs. In 2007 interest charges were included in the grid provision fee paid to Essent Nederland B.V. and, as such, part of gross profit.

Financial position

Following the restructuring of the debt position in 2007, a share premium was paid in 2008 and the dividends made payable for 2005 and 2007 were fed back into equity, with a view to arriving at the intended debt/equity ratio of 60% to 40%. This was offset by repayments on the bridging loan from Essent Nederland N.V.

In 2008 Enexis was still financed via group loans from Essent Nederland B.V. This funding will be continued until the unbundling is complete and independent funding is contracted.

Cash flows

Net cash from operating activities amounted to EUR 486.1 million. Net cash used in investing activities was EUR 298.1 million. On balance, EUR 188.0 million in cash was available for financing activities.

Net cash used in financing activities was EUR 205.2 million. This involves a repayment on the bridging loan from Essent Nederland N.V., which was counterbalanced by a capital contribution and the negotiation of new, partially subordinated, loans. On balance, net increase in cash was cash available for continuing operations was EUR 17.2 million negative, thereby reducing net cash and cash equivalents to EUR 2.0 million.

CONSOLIDATED INCOME STATEMENT

	Note	2008	2007
<i>in millions of euros</i>			
Revenue from the supply of goods and services	3	1,341.9	1,699.0
Cost of sales	4	213.1	593.7
GROSS PROFIT		1,128.8	1,105.3
Other operating income	5	9.6	3.1
GROSS PROFIT PLUS OTHER OPERATING INCOME		1,138.4	1,108.4
Employee benefits expense	6	221.2	259.5
Depreciation, amortisation and impairments	7	214.7	24.6
Cost of work contracted out, materials and other external costs	8	269.4	555.7
Other operating expenses	9	67.6	31.3
<i>Total operating expenses</i>		<i>772.9</i>	<i>871.1</i>
OPERATING PROFIT	10	365.5	237.3
Share of profit of associates	11	6.6	3.1
Finance income	12	19.7	158.1
Finance costs	12	195.4	125.5
Finance income and costs		-175.7	32.6
<i>Profit before tax</i>		<i>196.4</i>	<i>273.0</i>
Income tax expense	13	48.9	69.2
PROFIT FOR THE YEAR	10	147.5	203.8

CONSOLIDATED BALANCE SHEET

(BEFORE PROPOSED PROFIT APPROPRIATION)

ASSETS	Note	31 December 2008	31 December 2007
<i>in millions of euros</i>			
Property, plant and equipment	15	4,523.6	4,441.5
Intangible assets	16	47.0	40.6
Associates	17	10.4	4.4
Other financial assets	18	5.3	5.5
NON-CURRENT ASSETS		4,586.3	4,492.0
Inventories	19	21.0	22.7
Receivables	20	656.1	883.2
Cash and cash equivalents	21	2.0	19.2
CURRENT ASSETS		679.1	925.1
Assets held for sale	22	315.2	315.9
TOTAL ASSETS		5,580.6	5,733.0

ESSENT NETWORK FINANCIAL STATEMENTS 2008

LIABILITIES	Note	31 December 2008	31 December 2007
<i>in millions of euros</i>			
Issued and paid-up share capital	23	0.0	0.0
General reserve	23	2,088.5	1,308.2
Profit for the year	23	147.5	203.8
EQUITY		2,236.0	1,512.0
Interest-bearing liabilities	24	111.9	3,389.6
Provisions	25	75.9	39.8
Other non-current liabilities	26	0.9	4.5
Deferred income tax	24a	3.3	-
NON-CURRENT LIABILITIES		192.0	3,433.9
Trade and other payables	27	599.4	616.8
Interest-bearing liabilities	27a	2,501.1	5.9
Income tax expense	28	48.2	161.3
Provisions	25	3.9	3.1
CURRENT LIABILITIES		3,152.6	787.1
TOTAL EQUITY AND LIABILITIES		5,580.6	5,733.0

CONSOLIDATED CASH FLOW STATEMENT

<i>in millions of euros</i>	2008	2007
Profit for the year	147.5	203.8
Depreciation, amortisation and impairments	214.7	24.6
Changes in provisions, working capital and other changes	123.9	-108.1
NET CASH FROM OPERATING ACTIVITIES	486.1	120.3
Purchases of property, plant and equipment and intangible assets	-302.3	-151.2
Repayment of financial assets	0.1	2.6
Proceeds from sale of associates	3.0	--
Proceeds from sale of non-current assets	1.1	0.3
NET CASH USED IN INVESTING ACTIVITIES	-298.1	-148.3
CASH FLOWS BEFORE FINANCING ACTIVITIES	188.0	-28.0
Change in interest-bearing liabilities	-205.2	7.2
NET CASH FROM FINANCING ACTIVITIES	-205.2	7.2
TOTAL CASH FLOWS	-17.2	-20.8
Cash and cash equivalents at beginning of year	19.2	40.0
CASH AND CASH EQUIVALENTS AT END OF YEAR	2.0	19.2

Voor further information see note 29

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>in millions of euros</i>	No. of ordinary shares	Share capital	Share premium reserve	General reserve	Profit for the year	Total equity
AT 1 JANUARY 2007	20,000	0.020	--	640.0	183.0	823.0
Capital contribution for funding acquisition of asset-holding companies	--	--	--	485.2	--	485.2
Repayment of distributed dividends	--	--	--	134.5	--	134.5
Profit for 2007	--	--	--	--	203.8	203.8
Profit appropriation for 2006	--	--	--	48.5	-48.5	0.0
Dividends paid during the year	--	--	--	--	-134.5	-134.5
AT 31 DECEMBER 2007	20,000	0.020	--	1,308.2	203.8	1,512.0
AT 1 JANUARY 2008	20,000	0.020	0.000	1,308.2	203.8	1,512.0
Profit appropriation for 2007	--	--	--	203.8	-203.8	0.0
Return of dividends made payable for 2005 ¹	--	--	--	38.1	--	38.1
Reclassification of capital contribution for 2007 ²	--	--	485.2	-485.2	--	0.0
Capital contribution under unbundling plan ¹	--	--	514.0	--	--	514.0
Contribution in kind by shareholder ³	--	--	24.4	--	--	24.4
Profit for 2008	--	--	--	--	147.5	147.5
AT 31 DECEMBER 2008	20,000	0.020	1,023.6	1,064.9	147.5	2,236.0

1 A share premium was paid and the dividend made payable for 2005 of EUR 38.1 million was fed back into equity with a view to arriving at the intended debt/equity ratio of 60% to 40% in accordance with the required statutory ratios.

2 Reclassification of the capital contribution in 2007 for the purposes of funding the acquisition of the asset-holding companies.

3 Payment of share premium upon the acquisition of Essent Vastgoed B.V. as of 31 December 2008.

Earnings were EUR 7,375 per share in 2008 (2007: EUR 10,190). Further information on equity is given in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

Essent Networks, based in 's-Hertogenbosch, is a network operator responsible for the construction, maintenance and management of the transportation and distribution networks for electricity (cables and mains) and gas (mains and pipelines), and related activities. The related services mainly involve activities pertaining to measuring services and public lighting, letting of medium-voltage installations, and the construction and management of private energy distribution grids.

The financial statements of Essent Netwerk B.V. and its subsidiaries in which it exercises decisive control have been included in the consolidated financial statements of Essent N.V. of Arnhem. Essent Netwerk B.V. is a wholly owned subsidiary of Essent Nederland B.V.

The financial statements, which have been prepared by Essent Netwerk B.V. and audited by Ernst & Young Accountants, were presented to the Supervisory Board for signing on 4 April 2009. The financial statements, signed by the Supervisory Board, were presented to the Annual General Meeting of Shareholders for adoption on 15 April 2009.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 General

Essent Netwerk B.V. uses the euro as its functional currency and, unless otherwise stated, all amounts are in millions of euros.

Essent Netwerk B.V.'s accounting policies are the International Financial Reporting Standards (IFRS) as adopted by the European Union.

New and/or amended IFRS standards in 2008

The following new and/or amended standards and interpretations are effective for the financial year 2008 and subsequent reporting periods. Essent Netwerk B.V. has adopted them for the first time for the financial statements for 2008.

IFRIC Interpretation 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', effective as from the beginning of the financial year 2008. IFRIC 14 concerns the treatment of the maximum amount of surplus that can be recognised as an asset in accordance with IAS 19. This surplus corresponds to the difference between the fair value of liabilities under a defined benefit plan and the fair value of plan assets. As Essent Netwerk B.V. holds no plan assets, this interpretation will not affect Essent Netwerk B.V.

Essent Netwerk B.V. did not apply the following standards and interpretations to the financial statements for 2008.

IFRS 8 Operating Segments, effective as from the beginning of the financial year 2009. This standard sets additional requirements for the segment overview presented in the financial statements. It uses a stricter definition of a segment and mandates additional disclosures. Application of this standard may result in amended disclosures.

Additions to IFRS 1 and IAS 27 'Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate', effective as from the beginning of the financial year 2009. These additions address the manner in which the cost of an investment in a subsidiary, joint venture or associate is determined when first adopting IFRS. As Essent Netwerk B.V. has applied IFRS since 2005, the additions to these standards do not affect Essent Netwerk B.V. The addition has not yet been adopted by the European Union.

Addition to IFRS 2 'Share-based Payment: Vesting Conditions and Cancellations', effective as from the beginning of the financial year 2009. The addition comprises a change to vesting conditions and cancellations. As Essent Netwerk B.V. has no share-based payments, this addition to the standard will not affect Essent Netwerk B.V.

Amendment to IFRS 3 'Business Combinations', effective as from the beginning of the financial year 2010. The amendment concerns the treatment of acquisitions in relation to aspects such as cost, goodwill and a purchase in stages, as well as the sale of associates either with or without retaining control. This amended standard will affect reporting on acquisitions and disposals with effect from the financial year 2010. It has not yet been adopted by the European Union.

Improvements to IFRS standards, effective as from the beginning of the financial year 2009. These improvements are non-urgent amendments not covered by any other IASB project. A distinction is made between improvements in presentation, identification and measurement, improvements in terminology and other improvements with a negligible impact on financial reporting. The effect of these improvements is being studied in detail. This interpretation has not yet been adopted by the European Union.

Addition to IAS 1 'Presentation of Financial Statements: A Revised Presentation', effective as from the beginning of the financial year 2009. The addition provides guidance on the disclosure of movements in equity, retrospective application of changes in accounting policies, the disclosure of income tax relating to equity, and the disclosure of reclassifications of components of equity. Furthermore, it contains changes to titles of statements within a set of financial statements. For Essent Netwerk B.V., this addition will result in amendments to the notes to the financial statements.

Addition to IAS 23 'Borrowing Costs', effective as from the beginning of the financial year 2009. Subject to certain conditions, this amendment makes it mandatory to include capitalised construction interest as a component of the cost of an asset. Up to and including the financial year 2008, Essent Netwerk B.V. used the option provided for in the current standard of recognising construction interest directly through profit or loss. Essent Netwerk B.V. will apply the amendment prospectively with effect from 1 January 2009, implying that the amendment only concerns capital expenditures incurred on or after that date.

Addition to IAS 27, 'Consolidated and Separate Financial Statements', effective as from the financial year 2010. The addition concerns the treatment of the partial disposal of an equity interest held in a subsidiary, associate or joint venture. This amended standard will affect the disposal of equity interests with effect from the financial year 2010. The addition has not yet been adopted by the European Union.

Addition to IAS 32 and IAS 1 'Puttable Financial Instruments and Obligations Arising on Liquidation', effective as from the beginning of the financial year 2009. The addition provides guidance for balance sheet recognition and treatment of puttable financial instruments and liabilities arising upon a company's liquidation. Under the present circumstances, this addition will not affect Essent Netwerk B.V. The addition has not yet been adopted by the European Union.

Addition to IAS 39 and IFRS 7, 'Reclassification of Financial Instruments', effective as from the financial year 2010. This amendment addresses the reclassification of financial instruments. The addition will not affect Essent Netwerk B.V. This interpretation has not yet been adopted by the European Union.

Addition to IAS 39 'Reclassification of Financial Instruments: Effective Date and Transition', effective as from the financial year 2009. The addition addresses the effective date of the addition to IAS 39 and IFRS 7 'Reclassification of Financial Instruments'. This interpretation has not yet been adopted by the European Union.

Addition to IAS 39 'Financial Instruments: Recognition and Measurement: Eligible Hedged Items', effective as from the beginning of the financial year 2009. The addition addresses the effective date of the addition to IAS 39 and IFRS 7 'Reclassification of Financial Instruments'. This interpretation has not yet been adopted by the European Union.

IFRIC Interpretation 12 'Service Concession Arrangements', effective as from the beginning of the financial year 2008. This interpretation concerns the presentation and treatment in the financial statements of concession arrangements relating to infrastructure. This interpretation will not affect Essent Netwerk B.V. As it has not yet been adopted by the European Union, Essent Netwerk B.V. has not applied it in these financial statements.

IFRIC Interpretation 13 'Customer Loyalty Programmes', effective as from the beginning of the financial year 2009. This interpretation sets out the treatment of customer loyalty schemes. As Essent Netwerk B.V. does not currently operate any customer loyalty programmes, this interpretation will not affect Essent Netwerk B.V. This interpretation has not yet been adopted by the European Union.

IFRIC 15 'Agreement for the Construction of Real Estate', effective as from the financial year 2009. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue', and when revenue from construction should be recognised. As Essent Netwerk B.V. does not engage in any real estate projects, this interpretation will not affect Essent Netwerk B.V. This interpretation has not yet been adopted by the European Union.

IFRIC 16 'Hedges of a Net Investment in a Foreign Operation', effective as from the financial year 2009. This interpretation provides guidance on accounting for a hedge of foreign currency risks in net investments in foreign operations. Under the present circumstances, this interpretation will not affect Essent Netwerk B.V. This interpretation has not yet been adopted by the European Union.

IFRIC 17 'Distributions of Non-cash Assets to Owners', effective as from the financial year 2010. This interpretation describes how non-cash dividend distributions to shareholders must be measured. The effect of this addition is being studied in detail. This interpretation has not yet been adopted by the European Union.

2.2 Comparative figures

In anticipation of full compliance with the Independent Network Management Act, the beneficial and legal ownership of the assets of Essent Nederland B.V. (mainly involving the electricity and gas grids) was transferred to Essent Netwerk B.V. on 31 December 2007. As a result, the financial performance for 2008 does not automatically compare with that for 2007 where operating profit is concerned. Profit for the year is directly comparable however.

Due to the transfer of the assets as of 31 December 2007, Essent Nederland B.V. still recognised the depreciation, amortisation and interest charges for 2007. Essent Netwerk B.V. recognised its investments in the electricity and gas grids as costs for the financial year 2007 and recharged them to Essent Nederland B.V., which, for its part, recognised them as investments in its balance sheet. In addition, a grid provision fee (plus interest) was paid to Essent Nederland B.V. in 2007 for the use of the electricity and gas grids by Essent Netwerk B.V.

Depreciation and amortisation charges have been recognised in the income statement of Essent Netwerk B.V. with effect from 2008 and no more grid provision fee has been due since then. Investments are now capitalised in the balance sheet of Essent Netwerk B.V. and Essent Netwerk B.V. incurs any interest charged on (some of) the acquired assets.

Essent Nederland B.V. transferred legal title to the real estate operations to Essent Netwerk B.V. on 31 December 2008, also in connection with the further carve-out of Essent Netwerk B.V.

In order to allow comparison between the income statements for 2007 and 2008, the key line items for 2007 have been restated to reflect the acquisition of the electricity and gas grids. As a result, the depreciation, amortisation and interest charges have been restated, the grid provision fee is no longer recognised within purchase costs, and investments in the electricity and gas grids are not recognised as income any more. For further details we refer to the table below.

<i>in millions of euros</i>	2008	2007 restated	2007 reported
GROSS PROFIT PLUS OTHER OPERATING INCOME	1,138.4	1,177.3	1,108.4
Total operating expenses	772.9	734.4	871.1
Finance income and costs	-175.7	-173.0	32.6
PROFIT FOR THE YEAR	147.5	203.8	203.8

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Essent Netwerk B.V. and its subsidiaries.

Associates are legal entities and companies over whose management and financial policy the Company can exercise control. Associates are included in the consolidation from the date on which control is obtained. Associates are excluded from the consolidation from the date on which control ceases. In determining whether control exists, potential voting rights that can be exercised directly are taken into account.

Full consolidation is used. If an interest in a consolidated entity is less than 100%, a minority interest is disclosed in equity and in the income statement. Transactions between consolidated companies are eliminated.

The entity concept method is applied to any additional interest acquired in an associate over which the Company already has control. In this situation, the transaction is treated as a change in equity, with the difference between the acquisition price and the fair value being taken to the other reserve.

2.4 Accounting policies

Changes in estimates

The preparation of the financial statements involves making certain estimates and assumptions that affect the amounts presented. Differences between the actual results and these estimates and assumptions affect the amounts recognised in future periods.

The assumptions and estimates used by management particularly affect the measurement of property, plant and equipment and intangible assets (useful economic lives and residual values), the need to recognise all impairments of property, plant, equipment and intangible assets, the measurement of any deferred income tax assets, receivables (the need to possibly recognise impairments), provisions for employee benefits (actuarial assumptions) and other provisions and the recognition of revenue (allowing for meter readings spread throughout the year and regulatory requirements).

Essent Netwerk B.V. revisited the useful economic lives of all its electricity grids and gas networks, resulting in their expected useful economic lives being lengthened. The current carrying amounts of these grids and networks will be depreciated over the remainder of their new expected useful economic lives. Because of the longer depreciation periods, the annual depreciation charges recognised on these grids and networks will, with effect from the financial year 2008, be approximately EUR 69 million lower than the amount recognised at year-end 2007 based on the former useful lives.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date. Income and expenses denominated in foreign currencies are translated at the exchange rates ruling on the corresponding transaction dates. Any resulting exchange differences are recognised in profit or loss.

Netting

The assets and liabilities relating to one counterparty are netted provided there is a contractual right to net the amounts recognised and there is the intention to do so. If there is no intention or no actual netting, each contract is treated separately as an asset or a liability.

Presentation

The classification used for the presentation of the income statement is by category.

Revenue

Revenue represents the income from the supply of goods and services relating to the transport of electricity and gas, and other activities, less value-added tax and energy tax. Energy consumption is largely settled with end consumers based on annual meter readings spread over the year. The annual revenue from the amount of energy invoiced is regulated by the Dutch Office of Energy Regulation and determined from the amount of energy invoiced, including standing charges, plus an estimate of the consumption still to be invoiced and less an estimate of the consumption still to be invoiced as at the end of the previous financial year.

Cost of sales

This concerns the cost of sales directly related to revenue, including energy transport charges paid and grid losses.

Grants and subsidies

Government investment grants are recognised as reductions in the carrying amount of the asset concerned and released to profit or loss based on its useful life. Operating subsidies are recognised in profit or loss in the period to which they relate. Government grants are recognised only if their receipt is reasonably certain.

Other operating income

Other operating income consists of income not directly related to the Company's core activities. .

Operating expenses

Expenses are allocated to the financial year to which they relate. Any expenses directly attributable to the Company's investment projects and capitalised as such (mainly relating to the employee benefits expense and cost of materials) are recognised according to the type of expense.

Finance income and costs

Interest received and paid is allocated to the period to which it relates, using the effective interest method.

Property, plant and equipment

Property, plant, equipment are carried at cost or internal manufacturing price, net of subsidies received, and less accumulated depreciation and any accumulated impairments.

Depreciation is applied on a straight-line basis. When determining depreciation, the expected useful life of the asset is taken into account. The useful lives and residual values are assessed each year, with any adjustments being applied prospectively. Land is not depreciated.

Property, plant and equipment items are derecognised on disposal or if no further economic benefits are expected from their continued use or from their sale. Any gain or loss on derecognition of an asset is recognised in profit or loss.

Intangible assets

Intangible assets comprise application software development costs. All intangible assets are carried at cost less accumulated amortisation and impairments. Amortisation is applied on a straight-line basis. When determining amortisation, the expected useful life is taken into account. The useful lives are assessed each year, with any adjustments being applied prospectively.

Impairments

During the year, it is assessed whether there is any indication that an asset may be impaired. If there are such indications, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the greater of the fair value less costs to sell and the value in use. In general, the value in use is determined based on the present value of the expected future cash flows.

An impairment loss is recognised if the carrying amount of an asset or of the cash-generating unit to which it belongs exceeds the recoverable amount of the asset concerned. Impairment losses are recognised in profit or loss. An impairment loss can be reversed if the assumptions used for determining the recoverable amount no longer hold. An impairment loss is only reversed to such an extent that the carrying amount after reversal does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment been recognised in prior years. Reversals of impairments are recognised in profit or loss.

Associates

The carrying amounts of economic interests not part of Essent Netwerk B.V. (joint ventures and associates) are determined using the equity method within the framework of the Company's accounting policies. With this method, the economic interest is initially measured at cost and subsequently adjusted for post-acquisition changes in Essent Netwerk B.V.'s share of profit of associates. Dividends received are set off against the carrying amount of the interest.

In the event of an equity deficit, losses on associates are recognised up to the amount of the net investment in the entity concerned. This net investment includes loans to associates, to the extent that the loans are integral to the net investment. A provision is formed for the Company's share of losses only to the extent that it accepts liability for the liabilities of associates, or if the Company has the firm intention to provide financial assistance (in respect of its share of the losses) to the associates.

Other financial assets

The Company distinguishes between two categories of other financial assets:

- assets available for sale; and
- loans and receivables.

Assets available for sale

This category includes equity interests over which the Company has no significant influence. Such interests are recognised on acquisition at cost (i.e. their fair value at the time) and subsequently at fair value. If a subsequent fair value cannot be reliably measured, the measurement is at cost.

Unrealised gains due to changes in fair value are temporarily recognised in equity as part of the IAS 39 reserve. On disposal of equity interests, the reserve is released to profit or loss. Impairment losses are recognised in profit or loss.

Loans and receivables

Loans to associates or external parties are carried at amortised cost less a provision for doubtful debts, if necessary.

Inventories

Other inventories are carried at the lower of cost and estimated net realisable value (the estimated selling price in the normal course of business less costs to sell). Cost is calculated using the weighted average cost method.

Cost includes the expenses and direct costs of bringing inventories to their present location and condition.

Receivables

Receivables (including trade receivables) are carried at face value, if necessary net of a provision for doubtful debts. Several customer-risk profiles are used to determine the provision. A separate provision is recognised for trade receivables. When it is firmly established that the receivable is uncollectible, it and the corresponding provision are both written off.

Netting and presentation of trade receivables and advances from private and small business customers is based on invoice groups. These are customers grouped according to the period in which their meters are read for the purpose of issuing energy consumption invoices.

Other receivables, prepayments and accrued income are carried at face value, net of a provision for doubtful debts, which is deducted directly from the carrying amount.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

Assets held for sale

Assets held for sale can comprise individual assets and/or asset groups, including the related liabilities if any. Assets or asset groups that management intends to sell within one year and whose sale within that period is highly probable are classified separately under current assets. On initial classification, such assets or groups of assets, less any impairments recognised in profit or loss, are measured at the lower of their carrying amounts and fair values less costs to sell. Once classified as being held for sale, they are no longer depreciated.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities are carried at amortised cost, based on the effective interest method. Repayments on non-current liabilities falling due within one year are presented under current interest-bearing liabilities. Gains and losses on the repurchase of the liabilities are recognised as finance costs. In view of their interest-bearing nature, lease commitments, which were previously disclosed as other non-current liabilities, were reclassified as non-current interest-bearing liabilities.

Provisions

Provisions are recognised for legal or constructive obligations of uncertain timing or amount that arise because of prior events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at the current rate, taking into account the specific risks inherent to the obligation. The present value is calculated, insofar as applicable, using the projected unit credit method. Any resulting actuarial gains and losses are recognised directly in profit or loss. Any cash outflows expected within a year of the balance sheet date are included separately under current liabilities.

Pension obligations

Pension and early-retirement benefits for employees are treated as defined contribution plans in accordance with IAS 19, as there is insufficient information available and the pension funds in question have stated that there is no consistent and reliable method for allocating the liability, plan assets and expenses individually to the participant employers. Any contributions made during a financial year are recognised in profit or loss for that year.

Trade and other payables

Trade and other payables are carried at face value.

Income tax expense

Energy sector companies in the Netherlands became subject to income tax on 1 January 1998. A notional rate of zero percent applied during the transition period, which ran from 1998 to 2001. The statutory standard rate has been in effect since 1 January 2002.

Income tax is calculated by applying the current standard tax rate to the profit before tax disclosed in the financial statements, taking into account permanent differences between this profit and the profit for tax purposes. Essent Netwerk B.V. is a member of the income tax group headed by Essent N.V. The income tax expense disclosed in the income statement involves the tax payable to Essent N.V. within the scope of the tax group. This tax will be settled through the intercompany account. Deferred income tax assets and liabilities are formed at group level and are disclosed by Essent N.V., with the exception of the tax deferral acquired following the acquisition of Essent Vastgoed.

Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity.

Leases

Leases that involve the transfer to Essent Netwerk B.V. of substantially all the risks and benefits of ownership are classified as finance leases and recognised as purchases of property, plant and equipment, with recognition of a corresponding non-current liability. At inception of the lease, the carrying amount of the asset and the liability is the fair value of the leased asset or, if lower, the present value of the lease payments. Lease payments are split into a finance charge and a repayment on the lease commitment, in order to achieve a constant rate of discount on the outstanding balance of the liability. The asset is depreciated over the asset's useful life or the outstanding term of the lease term if shorter. If the lease does not provide for the transfer of substantially all the risks and benefits of ownership (i.e. if it is an operating lease), the lease payments are recognised evenly in profit or loss over the term of the lease.

Cash flow statement

The cash flow statement has been prepared using the indirect method, with the change in net cash and cash equivalents being based on the profit for the year. The net cash and cash equivalents in the cash flow statement are those disclosed in the balance sheet, less bank overdrafts.

3. REVENUE FROM THE SUPPLY OF GOODS AND SERVICES

	2008	2007
Transport fees	1,086.9	1,103.1
Income from investing activities for asset-holding companies	--	330.3
Other products and services sold	255.0	265.6
TOTAL	1,341.9	1,699.0

Other products and services sold largely comprise revenue from contract work and damage claims.

In contrast to 2007, the income statements of the companies holding the network assets were consolidated in 2008, as a result of which intercompany revenue from investing activities has been eliminated. See Section 2.2 (Comparative figures) on page 14.

4. COST OF SALES

	2008	2007
Transport and system services	66.2	57.5
Asset provision fee	--	399.2
Distribution losses	146.8	139.2
Other purchase costs/prior-year adjustments	0.1	-2.2
TOTAL	213.1	593.7

In contrast to 2007, the income statements of the companies holding the network assets were consolidated in 2008, as a result of which the intercompany asset provision fee has been eliminated. See Section 2.2 (Comparative figures) on page 14.

5. OTHER OPERATING INCOME

	2008	2007
Grants and subsidies received	1.2	1.7
Proceeds from sale of assets	1.1	0.3
Other operating income	7.3	1.1
TOTAL	9.6	3.1

6. EMPLOYEE BENEFITS EXPENSE

	2008	2007
Salaries	181.4	173.8
Social security charges	5.9	4.7
Pension costs	30.9	30.0
Temporary staff	52.7	39.0
Allocation to provision for shorter working hours and special-purpose leave	1.4	-1.5
Allocation to provision for anniversary benefits	1.5	0.5
Allocation to provision for dismissal compensation	1.8	--
Other personnel expenses	22.0	19.9
Less: own production capitalised	-76.4	-6.9
TOTAL	221.2	259.5

The item 'other personnel expenses' includes travelling and entertainment expenses, and costs of education and training.

In contrast to 2007, the income statements of the companies holding the network assets were consolidated in 2008, as a result of which the investing activities relating to these companies qualify as own production capitalised. See Section 2.2 (Comparative figures) on page 14.

7. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	2008	2007
Depreciation of property, plant and equipment	199.7	8.1
Amortisation of intangible assets	11.2	15.3
Impairments	3.8	1.2
TOTAL	214.7	24.6

In contrast to 2007, the income statements of the companies holding the network assets were consolidated in 2008, as a result of which depreciation of property, plant and equipment of these companies is included in this cost item. See Section 2.2 (Comparative figures) on page 14.

Amortisation of intangible assets dropped due to the extended amortisation period for software (from 4 to 5 years) as well as lower capital expenditures. Impairments relate to the accelerated depreciation of meters and the disposal of networks sections following replacement and reconstruction investments.

8. COST OF WORK CONTRACTED OUT, MATERIALS AND OTHER EXTERNAL COSTS

	2008	2007
Work contracted out	131.9	271.5
Materials	39.5	168.1
Other external costs	98.0	116.1
TOTAL	269.4	555.7

In contrast to 2007, the income statements of the companies holding the network assets were consolidated in 2008, as a result of which work contracted out and materials used for investing activities relating to these companies qualify as own production capitalised. See Section 2.2 (Comparative figures) on page 14.

Other external costs comprise office, marketing and management expenses, as well as overheads.

9. OTHER OPERATING EXPENSES

	2008	2007
Allocation to/release of provisions	32.3	8.9
Other operating expenses	35.3	22.4
TOTAL	67.6	31.3

In addition to the regular allocation to the provision for doubtful debts, allocations in 2008 related to new provisions for future legal and advisory fees for cross-border leases, for employee benefits, for the decontamination of gas sites and for reconciliation purposes.

Other operating expenses comprise costs for rebranding, the introduction of the new market model, audit fees, insurance costs, municipal taxes and local government levies.

10. EXCEPTIONAL ITEMS

Exceptional items comprise income and expense items that, in the view of management, do not arise in the normal course of business and/or items that, because of their nature and size, should be presented separately to enable a better analysis of the results.

Operating profit includes the following exceptional items:

	2008	2007
OPERATING PROFIT (EXCLUSIVE OF EXCEPTIONAL ITEMS)	402.2	229.8
<i>Expenses:</i>		
New provision for future legal and advisory fees relating to cross-border leases*	-15.7	
New provision for employee benefits*	-10.0	
Costs associated with introduction of new market model	-7.3	
New provision for decontamination of gas sites*	-3.7	
<i>Income:</i>		
Release of provision for grid loss for 2005		7.5
EXCEPTIONAL ITEMS WITHIN OPERATING PROFIT (NET)	-36.7	7.5
OPERATING PROFIT (INCLUSIVE OF EXCEPTIONAL ITEMS)	365.5	237.3

* These provisions were formed at group level in the past, but were acquired by Essent Netwerk B.V. within the scope of the unbundling.

The above items have the following impact on profit for the year:

	2008	2007
PROFIT FOR THE YEAR (EXCLUSIVE OF EXCEPTIONAL ITEMS)	174.8	198.2
Exceptional items within operating profit (net)	-36.7	7.5
Tax on exceptional items	9.4	-1.9
PROFIT FOR THE YEAR (INCLUSIVE OF EXCEPTIONAL ITEMS)	147.5	203.8

11. SHARE OF PROFIT OF ASSOCIATES

	2008	2007
Zebra Pijpleiding V.O.F.	0.6	1.3
Zebra Gasnetwerk B.V.	1.7	1.0
Essent Shared Services Center B.V.	1.3	0.8
Gain on sale of Entrade Pipe	3.0	--
TOTAL	6.6	3.1

The gain on the sale of Entrade Pipe B.V. was achieved on the transfer of this associate from Essent Netwerk B.V. to Zebra Gasnetwerk B.V.

12. FINANCE INCOME AND COSTS

	2008	2007
Interest received	19.7	158.1
TOTAL FINANCE INCOME	19.7	158.1
Interest added to provisions	1.3	0.8
Other interest paid	194.1	124.7
TOTAL FINANCE COSTS	195.4	125.5
NET FINANCE INCOME	-175.7	32.6

Interest paid almost entirely concerns the fee for the bridging loan from Essent Nederland B.V. for the purposes of funding the acquisition of the beneficial and legal ownership of the companies holding the network assets. See Section 2.2 (Comparative figures) on page 14.

13. INCOME TAX EXPENSE

This item concerns the current income tax due. The operations undertaken by Essent Netwerk B.V. are subject to income tax. The reconciliation between the statutory income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows.

<i>as a percentage</i>	2008	2007
Standard statutory income tax rate in the Netherlands	25.50	25.50
Excluded from income tax	0.60	0.15
EFFECTIVE TAX RATE	24.90	25.35

14. ACQUISITIONS

Pursuant to the Independent Network Management Act, the ownership of Essent Vastgoed B.V. was transferred from Essent Nederland B.V. to Essent Netwerk B.V. via a share transaction on 31 December 2008. The acquired assets and liabilities can be broken down as follows.

<i>Carrying amount</i>	2008
Property, plant and equipment	32.2
TOTAL ASSETS ACQUIRED	32.2
Deferred income tax liabilities	-3.3
Current liabilities	-4.5
TOTAL LIABILITIES ACQUIRED	-7.8
TOTAL COST OF ACQUISITION	24.4

Essent N.V. paid a share premium for the acquisition price. Vastgoed B.V. was included in the consolidated balance sheet as at 31 December 2008.

15. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment during 2008 were as follows.

<i>in millions of euros</i>	Land and buildings	Cables, pipelines and installations	Other non-current assets	Assets under construction	Total 2008
Cost at 1 January	139.2	4,152.8	141.5	124.9	4,558.5
Accumulated depreciation at 1 January	2.3	0.6	114.1	--	117.0
CARRYING AMOUNT AT 1 JANUARY	136.9	4,152.2	27.4	124.9	4,441.5
Reclassified	138.6	-145.7	7.1	--	--
Acquired	29.8	2.4	--	--	32.2
Reclassified assets under construction	--	--	--	-2.9	-2.9
Assets held for sale	8.2	-22.6	--	--	-14.4
Purchased	8.2	249.8	11.9	0.2	270.1
Depreciated	10.3	186.8	6.4	--	203.5
Other changes	--	0.2	0.5	-0.1	0.6
CARRYING AMOUNT AT 31 DECEMBER	311.4	4,049.6	40.5	122.1	4,523.6
Accumulated depreciation at 31 December	253.5	3,909.4	116.4	--	4,279.3
COST AT 31 DECEMBER	564.9	7,959.0	156.9	122.1	8,802.9

Other non-current assets comprise company vehicles subject to finance lease. At year-end 2008, their carrying amount was EUR 16.5 million. The reclassification relates to the buildings and the land of the assets of the companies holding the network assets acquired at year-end 2007. The acquisition price of the assets of the real estate operations is disclosed under the line item 'acquired'. Assets available for sale are disclosed as assets held for sale. Depreciation shows an increase on 2007 in connection with the cables, pipelines and equipment acquired at year-end 2007.

The comparative changes during 2007 were as follows.

<i>in millions of euros</i>	Land and buildings	Cables, pipelines and installations	Other non-current assets	Assets under construction	Total 2007
Cost at 1 January	5.0	1.1	130.7	-0.8	136.0
Accumulated depreciation at 1 January	2.3	0.5	104.8	--	107.6
CARRYING AMOUNT AT 1 JANUARY	2.7	0.6	25.9	-0.8	28.4
Reclassified					
Consolidated and deconsolidated					--
Acquired	134.1	4,459.6	--	8.3	4,602.1
Reclassified assets under construction	--	--	--	123.8	123.8
Assets held for sale	--	-308.7	--	-7.2	-315.9
Purchased	--	0.9	10.5	0.7	12.1
Depreciated	--	0.1	9.2	--	9.3
Other changes	0.1	--	0.2	--	0.3
CARRYING AMOUNT AT 31 DECEMBER	136.9	4,152.2	27.4	124.9	4,441.5
Accumulated depreciation at 31 December	2.3	0.6	114.1	--	117.0
COST AT 31 DECEMBER	139.2	4,152.8	141.5	124.9	4,558.5

For commitments from the finance lease of company vehicles, see Note 24. The expected useful lives of the key assets are as follows.

Buildings	25-50 years
Cables, pipelines and installations	25-55 years
<i>Other non-current assets</i>	
Company vehicles	7 years
Tools and equipment	5 years

16. INTANGIBLE ASSETS

Changes in intangible assets during 2008 were as follows.

	Software	Under construction	Total 2008
Cost at 1 January	102.7	1.7	104.4
Accumulated amortisation at 1 January and impairments at 1 January	63.8	--	63.8
CARRYING AMOUNT AT 1 JANUARY	38.9	1.7	40.6
Reclassified	--	2.9	2.9
Purchased	14.7	--	14.7
Amortised	11.2	--	11.2
CARRYING AMOUNT AT 31 DECEMBER	42.4	4.6	47.0
Accumulated amortisation at 31 December	75.0	--	75.0
COST AT 31 DECEMBER	117.4	4.6	122.0

Assets classified as software mainly concern the network registration system, several operating systems, connections registers, field office and other support systems.

The comparative changes during 2007 were as follows.

	Software	Under construction	Total 2007
Cost at 1 January	77.9	11.7	89.6
Accumulated amortisation at 1 January and impairments at 1 January	48.6	--	48.6
CARRYING AMOUNT AT 1 JANUARY	29.3	11.7	41.0
Reclassified	24.7	-24.7	--
Purchased	--	14.7	14.7
Impaired	1.2	--	1.2
Amortised	14.1	--	14.1
Other changes	0.2	--	0.2
CARRYING AMOUNT AT 31 DECEMBER	38.9	1.7	40.6
Accumulated amortisation at 31 December	63.8	--	63.8
COST AT 31 DECEMBER	102.7	1.7	104.4

The expected useful life of software is 5 years (2007: 4 years).

17. ASSOCIATES

Associates can be broken down as follows.

	2008	2007
G.O.B. Euroservices B.V.	0	0
Essent Shared Services Center B.V.	--	0.7
Zebra Gasnetwerk B.V.	10.3	1.0
Zebra Pijpleiding V.O.F.	--	2.6
Energie Data Services Nederland B.V.	0.1	0.1
AT 31 DECEMBER	10.4	4.4

A share premium of EUR 12.1 million was paid for the purposes of financing Entrade Pipe B.V. and Zebra Activa B.V., which were transferred to Zebra Gasnetwerk B.V. under the Independent Network Management Act. Of this premium, EUR 8.1 million was paid by Essent Network B.V.

Summarised information for 2008 on the equity interest of Essent Netwerk B.V. is given below.

	2008
Non-current assets	30.0
Current assets	8.0
Non-current liabilities	24.6
Current liabilities	3.0
CARRYING AMOUNT AT 31 DECEMBER 2008	10.4
Revenue	58.7
Costs (inclusive of finance income and costs)	54.0
Profit before tax	4.8
Income tax expense	1.2
PROFIT FOR THE YEAR	3.6

Comparative figures for 2007 are given below.

	2007
Non-current assets	27.2
Current assets	175.7
Non-current liabilities	31.3
Current liabilities	167.2
CARRYING AMOUNT AT 31 DECEMBER 2007	4.4
Revenue	23.0
Costs (inclusive of finance income and costs)	19.4
Profit before tax	3.7
Income tax expense	0.6
PROFIT FOR THE YEAR	3.1

See Note 30 for a list of associates. None of these associates is listed.

18. OTHER FINANCIAL ASSETS

Other financial assets can be broken down as follows.

	2008	2007
Receivables from associates	--	0.2
Loans	3.1	2.8
<i>Loans and receivables</i>	3.1	3.0
Receivables from leases	2.2	2.5
TOTAL	5.3	5.5

The average weighted effective interest rate on the loans was 6.3% (2007: 6.1%). The fair value of receivables from associates and loans is substantially the same as their carrying amount.

19. INVENTORIES

	2008	2007
Materials	22.3	24.0
Provision for obsolescence	-1.3	-1.3
TOTAL	21.0	22.7

Inventories were revalued during the year, which resulted in an amount of EUR 0.7 million being added to profit (2007: expense of EUR 0.1 million).

20. RECEIVABLES

	2008	2007
Trade receivables	108.6	112.7
Receivables from shareholder	22.9	217.9
<i>Loans and receivables</i>	<u>131.5</u>	<u>330.6</u>
Amounts receivable	545.2	578.7
Provision for doubtful debts	-20.6	-26.1
TOTAL	<u>656.1</u>	<u>883.2</u>

The fair value of the receivables is in line with their carrying amount. The receivable from the shareholder relates to the intercompany account with Essent Nederland B.V. The ages of trade receivables, taking account of the provision for doubtful debts, were as follows at 31 December 2008:

	2008	2007
Not past due	12.8	10.9
0-30 days past due	57.6	61.2
31-60 days past due	6.4	3.6
61-90 days past due	2.1	2.9
91-365 days past due	6.8	5.1
Over 365 days past due	2.3	2.9
TOTAL	<u>88.0</u>	<u>86.6</u>

The collectability of trade receivables is assessed individually or collectively depending on the client profile, based on a risk assessment by management.

Changes in adjustments for doubtful debts as regards trade receivables can be broken down as follows.

	2008	2007
At 1 January	-26.1	-30.1
Allocation recognised in profit or loss	-0.5	-11.1
Write-offs	7.2	15.5
Reversal of prior write-offs	-1.2	-0.4
AT 31 DECEMBER	-20.6	-26.1

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise various bank balances. Any liquidity risks are borne by the shareholder

22. ASSETS HELD FOR SALE

Assets held for sale can be broken down as follows.

	2008	2007
HV grids	311.9	300.7
Heat grid in Maastricht	--	11.5
Public lighting in Maastricht	3.3	3.7
TOTAL	315.2	315.9

At 31 December 2008, assets held for sale were comprised of EUR 311.9 million for the 110kV and 150kV high-voltage grids (2007: EUR 300.7 million). At year-end 2007, the Company took steps to sell the 110kV and 150kV high-voltage grids. In 2008, the Company reached agreement in principle with TenneT. The negotiations that had been started in 2008 were still underway at the balance sheet date. The final agreement is expected to be signed in April 2009. Any gains on this sale will be transferred to Essent Nederland. Furthermore, assets relating to the street lighting system of N.V. Nutsbedrijven Maastricht are classified in the balance sheet as held for sale. The street lighting system will be sold back to the Municipality of Maastricht no later than on 31 December 2009 at the carrying amount at that time.

23. EQUITY

The Company's authorised share capital amounts to EUR 100,000 (divided into 100,000 shares with a nominal value of EUR 1 each). Of these shares, 20,000 shares with a total value of EUR 20,000 have been issued and paid up.

Capital management

In 2008, capital management was mainly conducted at group level. The invested capital was refinanced in accordance with the submitted unbundling plan. This refinancing resulted in the payment of a share premium of EUR 514 million, by way of anticipation of the undertaking by the Ministry of Economic Affairs to the Lower House of the Dutch Parliament that the network companies will be put under the obligation to cap their debt/equity ratio at 60% to 40%. In order to achieve this intended solvency ratio, the dividends made payable for 2005 and 2007 were fed back into equity.

The other reserve concerns a reserve resulting from accumulated retained earnings. Earnings were EUR 7,375 per share in 2008 (2007: EUR 10,190). As at year-end 2008, equity amounted to EUR 111,800 per share (2007: EUR 75,600). Changes in equity are shown in the consolidated statement of changes in equity on page 10.

24. NON-CURRENT INTEREST-BEARING LIABILITIES

	2008	2007
Subordinated loan	93.9	--
Bridging loan	--	3,377.2
Private loan	5.7	--
Lease commitments	12.3	12.4
TOTAL	111.9	3,389.6

Non-current interest-bearing liabilities include borrowings with outstanding terms exceeding one year. The amounts relating to repayments due within one year are recognised as current interest-bearing liabilities.

Subordinated loans have been subordinated to payables by EDON Groep B.V., a group company. All subordinated loans have been granted by the shareholders and have indefinite terms. The rate of interest (9% in 2008 and 2007) will not be revised during the term of the loans.

The private loans were assigned by Essent Nederland B.V. to Essent Netwerk B.V. The average outstanding term of these loans is 3.8 years; the average interest rate is 6.8%. No real security has been issued for these loans.

The current bridging loan expires on 31 December 2009. For this reason, this bridging loan was qualified as a current interest-bearing liability at year-end 2008.

The lease commitments were reclassified in view of their interest-bearing nature. These commitments can be broken down as follows at year-end 2008 and year-end 2007:

	2008			2007		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Notional lease commitments	4.5	12.4	2.0	4.1	11.9	2.3
Present value of lease commitments	4.5	10.8	1.5	4.1	10.6	1.8

The current portion of these lease commitments has been included in current liabilities.

24a. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are formed at group level and disclosed by Essent N.V., with the exception of the tax deferral acquired following the acquisition of Essent Vastgoed.

25. PROVISIONS

Provisions can be broken down as follows.

	2008	2007
Long-service benefits	21.7	21.5
Shorter working hours and special-purpose leave	21.2	21.4
Provision for future legal and advisory fees relating to cross-border leases*	15.7	--
Provision for other employee benefits*	10.0	--
Provision for reconciliation	7.6	--
Provision for decontamination of gas sites*	3.7	--
TOTAL	79.8	42.9
Less: current portion	3.9	3.1
	75.9	39.8

* The new provisions in 2008 were formed at group level in the past, but were acquired by Essent Netwerk B.V. within the scope of the unbundling.

The current portion, EUR 3.9 million (2007: EUR 3.1 million), has been recognised as a separate component of current liabilities.

Long-service benefits

In accordance with the terms of collective labour agreements, Essent Netwerk B.V. grants long-service benefits to employees. A provision is formed for these long-service benefits from the time an employee joins the company. The provision is based on the number of years of service, expected price and salary increases, and mortality, invalidity and attrition rates.

	2008	2007
Obligations at beginning of year	21.5	21.9
Interest	0.6	0.8
Benefits granted	1.5	0.5
Released	-0.1	--
Benefits paid	-1.7	-1.7
Other long-service benefits	-0.1	--
TOTAL	21.7	21.5
Current portion of benefits	2.0	1.9
TOTAL NON-CURRENT PORTION	19.7	19.6

The most important parameters used in calculating the long-service benefit provision are:

	2008	2007
Discount rate	3.2-5.3 %	4.2-5.2 %
Estimated rate of future salary increases	2.5 %	2.0 %

Shorter working hours and special-purpose leave

This item concerns liabilities arising from the transition scheme for shorter working hours for older employees and from special-purpose leave schemes.

	2008	2007
Obligations at beginning of year	21.4	23.1
Interest	0.7	0.9
Benefits granted	1.4	-1.5
Released	-1.1	--
Benefits paid	-1.2	-1.1
TOTAL	21.2	21.4
Current portion of benefits	1.5	1.2
TOTAL NON-CURRENT PORTION	19.7	20.2

Provision for future legal and advisory fees for cross-border leases

The provision concerns the financial risk and potential legal fees associated with cross-border leases.

	2008	2007
Obligations at beginning of year	--	--
Benefits granted	15.7	--
TOTAL	15.7	--
Current portion of benefits	--	--
TOTAL NON-CURRENT PORTION	15.7	--

Provision for other employee benefits

The provision concerns the financial risk associated with the potential tax liability on private use of company cars and mobile telephones, as well as contractual obligations for retention bonuses and dismissal compensation.

	2008	2007
Obligations at beginning of year	--	--
Benefits granted	10.0	--
TOTAL	10.0	--
Current portion of benefits	--	--
TOTAL NON-CURRENT PORTION	10.0	--

Reconciliation provision

This provision relates to the financial risk arising from the reconciliation process. Until the last financial year, this amount was classified under current non-interest-bearing liabilities.

	2008	2007
Obligations at beginning of year	--	--
Reclassified	0.9	--
Benefits granted	13.3	--
Reconciled 2006-2007 and 2008	-5.9	--
Released	-0.7	--
TOTAL	7.6	--
Current portion of benefits	--	--
TOTAL NON-CURRENT PORTION	7.6	--

Provision for decontamination of gas sites

The provision relates to the financial risk associated with obligations to decontaminate gas sites.

	2008	2007
Obligations at beginning of year	--	--
Benefits granted	3.9	--
Benefits paid	-0.2	--
TOTAL	3.7	--
Current portion of benefits	--	--
TOTAL NON-CURRENT PORTION	3.7	--

26. OTHER NON-CURRENT LIABILITIES

The other non-current liabilities can be broken down as follows.

	2008	2007
Obligations under Letter of Credit	0.8	1.4
Green loans	--	3.1
Other non-current liabilities	0.1	--
AT 31 DECEMBER	0.9	4.5

27. TRADE AND OTHER PAYABLES

	2008	2007
Suppliers	81.6	80.3
Tax and social security contributions	16.3	24.0
Payments to employees	38.3	36.5
Advances placed on deposit	362.6	370.3
Dividends payable	--	38.1
Other payables	100.6	67.6
TOTAL	599.4	616.8

Unless otherwise stated, all items are normally settled within one year.

The advances from energy suppliers that are placed on deposit result from the agreements with energy suppliers in the framework of the supplier model. The energy supplier is obliged to pay half-yearly advances to the network operator by way of compensation for the disadvantages that the method of settlement between the parties entails. In a normal execution of the agreement, the debt to the suppliers is a non-current debt. On termination of the agreement and in the event of changes in the expected settlement amount, the outstanding liability is repayable on demand in full or in part. For this reason, it has been recognised within current liabilities. No interest is due on the advances.

27a. CURRENT INTEREST-BEARING LIABILITIES

	2008	2007
Bridging loan	2,495.4	--
Private loan	0.7	--
Lease commitments	4.4	4.1
Intercompany account	0.6	1.8
TOTAL	2,501.1	5.9

The current bridging loan expires on 31 December 2009. For this reason, this bridging loan qualified as a current interest-bearing liability at year-end 2008.

28. INCOME TAX EXPENSE

Essent Netwerk B.V. is a member of the income tax group headed by Essent N.V. The income tax expense disclosed in the income statement involves the tax payable to Essent N.V. within the scope of the tax group. Up to and including 2008, deferred income tax assets and liabilities were formed at group level and disclosed by Essent N.V., with the exception of the tax deferral acquired following the acquisition of Essent Vastgoed B.V.

29. NOTES TO THE CASH FLOW STATEMENT

In preparing the consolidated cash flow statement, the following was included under the item net cash and cash equivalents:

	2008	2007
Cash at bank and cash balances	2.0	19.2

The main items of the cash flow statement are broken down below.

Depreciation, amortisation and impairments

Since 2008, the depreciation of property, plant and equipment of the companies holding the network assets have formed part of depreciation. See Note 7.

Changes in provisions, working capital and other items

The changes in provisions, working capital and other items can be broken down as follows.

	2008	2007
Working capital	99.0	-101.4
Change in provisions	34.9	-3.2
Other changes	-10.0	-3.5
	123.9	-108.1

The changes in working capital can be broken down as follows.

	2008	2007
Income tax expense recognised in profit or loss	48.9	69.2
Income tax paid	-161.3	-88.0
Interest received and paid recognised in profit or loss	175.7	-32.6
Interest paid	-193.7	-124.8
Interest received	19.7	158.1
Working capital before tax and interest	209.7	-83.3
	99.0	-101.4

Changes in working capital before interest and tax can be broken down as follows.

	2008	2007
Inventories	21.0	22.7
Receivables	656.1	883.2
Current non-interest-bearing liabilities	-467.4	-989.2
	209.7	-83.3

Receivables fell mainly due to the drop in receivables from the shareholder in connection with unbilled capital expenditures at year-end 2007.

The decrease in current non-interest-bearing liabilities related chiefly to obligations to the shareholder in connection with the grid provision fees.

Increase in interest-bearing liabilities

This concerns the subordinated and private loans assigned by Essent Nederland B.V. to Essent Netwerk B.V. in 2008.

Dividends paid

This concerns the dividend made payable for 2007.

29a. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Essent Netwerk B.V. does not hold financial instruments for trading purposes, nor does it issue any financial instruments. The financial instruments are limited to receivables and payables positions. The risks relevant for Essent Netwerk B.V. and their management are as follows.

Interest rate risk

Interest on the bulk of the liabilities (i.e. the bridging loan) is variable and corresponded with three-month Euribor plus 0.525% on 31 December 2008. An increase or drop in the interest rate by 1% would cause a change of approximately EUR 25 million annually in interest paid recognised in profit or loss, and a change of approximately EUR 19 million in total equity. In order to limit the interest rate risk, proposals are being discussed to refinance the bridging loan via four shareholder loans with varying terms to maturity, thereby spreading the interest rate risk in the future as well.

Credit risk

Most of the operations undertaken by Essent Netwerk B.V. are regulated. Credit risks in regulated markets are lower than in liberalised energy markets. The collectability of trade receivables is assessed individually or collectively depending on the client profile, based on a risk assessment by management. The economic decline that followed the credit crunch was a factor in determining the credit risk in 2008.

Maximum credit risk

The maximum credit risk generally equals the carrying amount of trade receivables recognised within current assets.

Liquidity risk

Liquidity risk is the risk of Essent Netwerk B.V. failing to meet its payment obligations. The parent company incurred this risk in 2008.

30. RELATED PARTIES

Transactions with related parties are at arm's length prices. Year-end receivable and liability positions are not retained, but usually settled in cash. No guarantees were received or given, respectively, for receivables or liabilities concerning related parties, except for those disclosed in Note 31 involving the CBLs. The adjustment in 2008 for non-collectability was nil (2007: nil).

Essent Netwerk B.V. distinguishes the following related parties: Essent Nederland B.V., the shareholder, and its affiliated entities, associates and key officers. The shares in Essent Nederland B.V. are held by Essent N.V.

Sales transactions with Essent Nederland B.V. in the normal course of business amounted to EUR 0.2 million in 2008 (2007: nil). Sales transactions with entities affiliated with Essent Nederland B.V. and with associates amounted to EUR 12.7 million and nil, respectively (2007: EUR 36.0 million and nil, respectively).

Purchase transactions with Essent Nederland B.V. in the normal course of business amounted to EUR 4.9 million in 2008 (2007: EUR 5.3 million). Purchase transactions with entities affiliated with Essent Nederland B.V. and with associates amounted to EUR 231.7 million and EUR 55.8 million, respectively (2007: EUR 23.0 million and EUR 50.3 million, respectively).

Interest transactions with Essent Nederland B.V. within the scope of financing activities amounted to EUR 174.4 million in 2008 (2007: EUR -129.6 million), with interest transactions with entities affiliated with Essent Nederland B.V. amounting to nil (2007: EUR -10.1 million).

At year-end 2008 intercompany receivables from Essent Nederland B.V. were EUR 19.3 million (2007: EUR -217.9 million), with intercompany receivables from entities affiliated with Essent Nederland B.V. and from associates totalling EUR 333.3 million and EUR 94.0 million, respectively (2007: EUR 367.4 million and EUR 90.4 million, respectively). At year-end 2008 intercompany payables to Essent Nederland B.V. were EUR 2,500.6 million (2007: EUR 3,382.9 million), with intercompany payables to entities affiliated with Essent Nederland B.V. and to associates totalling EUR 359.3 million and EUR 14.3 million, respectively (2007: EUR 374.0 million and EUR 15.1 million, respectively).

In accordance with the unbundling plan, in 2008 Essent N.V. paid a share premium of EUR 514 million. In addition, associates valued at EUR 24.4 million were transferred and provisions in the amount of EUR 29.4 million that were formed at group level in the past were acquired by Essent Network B.V.

Also within the scope of the unbundling plan, the equity interest in the Shared Service Center valued at EUR 1.9 million was transferred to Essent Retail B.V. Furthermore, a fee of EUR 7.3 million was agreed with Essent Retail B.V. for costs associated with the introduction of the new market model.

Information on transactions with key officers is given in Note 32.

	Corporate seat	Equity interest held by Essent Network B.V. 31 December 2008	Equity interest held by Essent Network B.V. 31 December 2007
G.O.B. Euroservices B.V.	Heerlen	40%	40%
Essent Shared Services Center B.V.	's-Hertogenbosch	--	50%
Zebra Gasnetwerk B.V.	Middelburg	67%	67%
Zebra Pijpleiding V.O.F.	Middelburg	--	100%
Energie Data Services Nederland B.V.	Lelystad	15%	15%

Essent Network B.V. holds the majority of the share capital of Van Zebra Gasnetwerk B.V., but control is divided on a 50/50 basis.

31. COMMITMENTS AND CONTINGENCIES

Cross-border lease transactions

Commencing in 1998, Group operating companies and their predecessors entered into US-Dutch cross-border lease transactions (CBLs) on gas networks in the provinces of Drenthe, Friesland, Groningen, Limburg (including the gas network of Maastricht), Noord-Brabant and Overijssel and the electricity grid in Maastricht.

The Group entered into the CBLs with US investors and Dutch and foreign lenders and collateral support providers. When entering into the CBLs, the US investors often established separate legal entities, some in the form of trusts. All CBLs are subject to conditional and unconditional contractual rights and obligations. Essent N.V. guarantees substantially all these obligations, in each case as described below. Pursuant to arrangements concluded in 2007, under certain agreed conditions (including, without limitation, if there are breaches of CBL covenants by network related operating companies that result in CBL liabilities) ENEXIS B.V. (formerly known as Essent Netwerk B.V.) would be required to reimburse Essent N.V. for amounts paid out by Essent N.V. under these guarantees.

CBLs are long term leasing transactions under which Group companies transferred the use of, or similar rights with respect to, the assets referred to above to US investors (or special trusts established for the benefit of such investors) for extended periods of time and subsequently leased back these assets from the US investors (or trusts) for shorter periods of time. At the end of the respective lease back periods, the relevant Group companies have the right (subject to certain conditions) to purchase the interests of the US investors (or trusts) in the relevant assets by payment of an agreed amount (established at the closing of the transactions), pursuant to a fixed price purchase option. If the fixed price purchase options are exercised, it is expected that amounts payable in connection therewith would be funded from the proceeds of financial instruments purchased at the time the transactions were entered into (or any replacements thereof from time to time).

As in previous years, the structure of the transactions does not require that the rights and obligations under the CBLs be included in the Group's Balance sheet, nor in that of any other group entity.

Certain aspects of the CBLs can be summarised as follows

<i>Amounts in millions</i>	Year of contractual termination option	Net book-value at 31-12-2008¹	Transaction value at inception of CBL	Equity Termination Value at 31-12-2008²	Equity Termination Value at 31-12-2007 ²
		EUR	US dollar	US dollar	US dollar
Energienetten	2016-2029	1,130	2,728	999	1.159
TOTAL IN EURO		1,130	1,943	711	795

¹ Book value of network assets reflects revaluation thereof at transfer pricing based on fair value as at 31 December 2007 and adjusted for investments, amortizations and depreciations of the relevant assets and terminations of certain CBLs in 2008.

² Excluding the debt portion of the "Termination Values" in respect of which financial instruments, other collateral or internal reserves have been established.

The CBLs are subject to early termination if certain events (as defined in the contracts) occur. Early termination events may include (but are not limited to) events of default and events of loss.

If an early termination event were to occur, the Group operating companies and hence Essent N.V. also, could be liable for considerable equity termination value payments (and other related damages and financing costs) to the US investors and/or other parties involved in the CBLs.

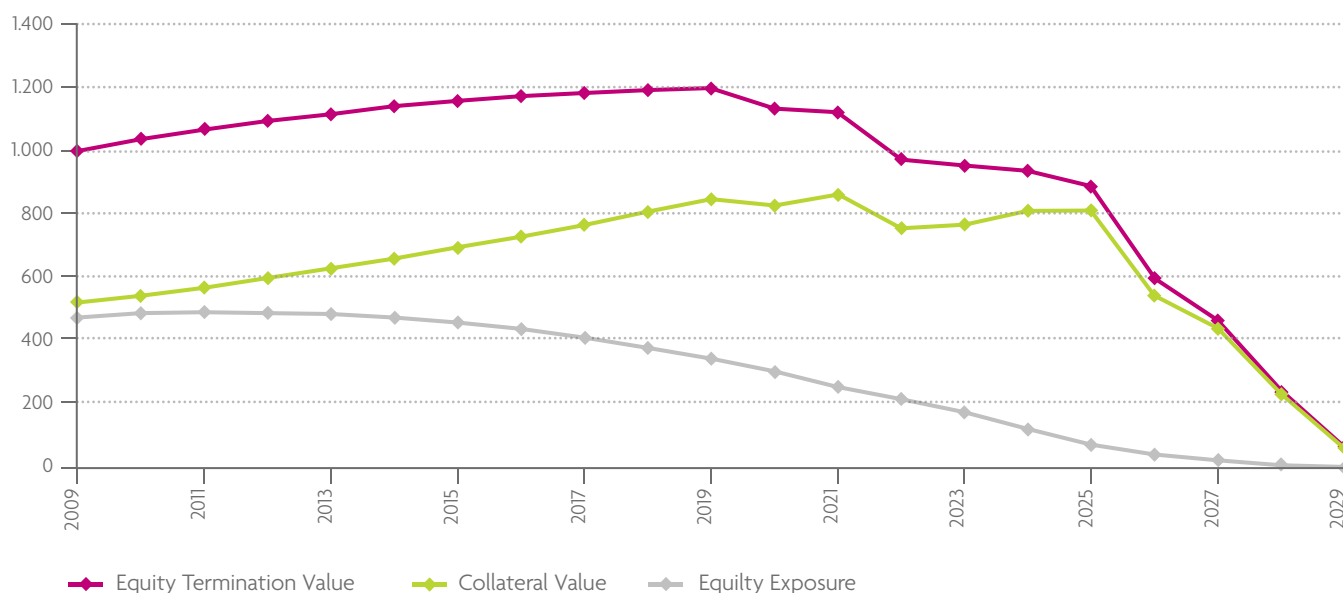
As at 31 December 2008, the aggregate Equity Termination Value exposure, which would be payable to the US investors (or their trusts) were an early termination event to occur and financial damages were to be claimed, was some less than US dollar 1 billion (see table above). If required to be paid, part of this amount would be covered by the amounts available under certain of the financial instruments purchased to fund payment of the relevant purchase prices in the event the above-mentioned fixed price purchase options were to be exercised. As at 31 December 2008, the estimated aggregate value of these financial instruments, which are sensitive to movements in interest rates, was equal to approximately US dollar 519 million (31 December 2007: approximately US dollar 616 million). To illustrate this interest rate sensitivity, it is estimated that an increase in the US treasuries interest yield of 10 basis points (0.10 percentage points) would cause a loss in market value of these financial instruments of approximately US dollar 6 million. It should be noted that also consensual early terminations caused a decrease in exposure amounts.

The portion of the Equity Termination Value exposure not covered by the financial instruments (approximately US dollar 480 million as at 31 December 2008) is sensitive to movements in the US dollar/EUR exchange rate. For example, a loss in value of the Euro relative to the US dollar of US dollar 0.01 would cause an increase in this exposure of approximately EUR 2,4 million.

The following graph illustrates the pattern of net financial exposure that is anticipated for Equity Termination Values; this exposure is the difference between the aggregate Equity Termination Values and the aggregate value of the relevant financial instruments, based on market conditions as at 31 December 2008, should early termination payments under the CBLs be required. From the top line of such graph, it can be seen that the maximum US dollar gross exposure to Equity Termination Value is anticipated to be reached in 2019. However, based on the referenced market conditions and the expected increase in value of the above referenced financial instruments, it can also be seen that the maximum US dollar net exposure to Equity Termination Value (i.e., Equity Termination Value minus the expected value of such financial instruments) will be reached in 2012 (estimated to be US dollar 494 million). This pattern can change over time depending on the value of the underlying financial instruments.

SUMMARY TOTAL EQUITY EXPOSURE

in US dollars at 31 december 2008



If an early termination event were to occur under a CBL and financial damages were to be claimed, the Group operating companies (and thus Essent N.V.) would also be liable for the balance of any scheduled Termination Value payments in addition to the above-mentioned Equity Termination Value payments. It is anticipated that these amounts, which would be payable to the lenders and other parties involved in the CBLs and are estimated to be equal to approximately US dollar 2.7 billion (31 December 2007: 2.9 billion), will be covered by the financial instruments, collateral and internal reserves referred to in footnote 2 to the table above.

If there were to be a simultaneous mandatory early termination of all CBLs and financial damages were to be claimed in connection therewith, it is estimated that the aggregate net cost for the relevant Group companies could exceed the aggregate net Equity Termination Value exposure referenced above. This could result from (i) changes in the valuations of the above-mentioned financial instruments, other collateral and internal reserves, including as a result of the potential impact of market volatility with respect thereto and (ii) other relevant factors in respect of specific items and other related costs that would be expected to be incurred.

The contractual CBL-rental obligations for the next five years are shown in the following table:

<i>amounts in millions USD</i>	2009	2010	2011	2012	2013	2014>	Total
CBL-rental obligations:	194	181	189	165	162	1,849	2,740

Under the terms of some CBLs, mortgages, pledges or other security rights have been placed on the underlying assets. For all CBLs the net book value of the assets concerned as at 31 December 2008 is approximately EUR 93 million.

Letters of credit and other collateral on cross-border lease transactions

Under the terms of the CBLs, letters of credit (LCs) and/or other collateral instruments were required to be delivered at closing in favour of certain CBL parties. The total coverage amounts of LCs that were provided by financial institutions to CBL parties in the Enexis CBLs was at 31 December 2008 US dollar 103 million (2007 US dollar 320 million). This decrease is mainly caused by the consensual early terminations as referred to in this report. The required coverage in respect of these letters of credit are sensitive to changes in the values of the relevant underlying financial instruments (including by reason of changing credit spreads applicable to the issuers thereof) and to the level of US interest rates.

Based on arrangements entered into on 2 January 2008, LCs previously issued to a US investor for a total amount of approximately US dollar 149 million were terminated in respect of one of the CBLs. A letter of credit will not be required to be provided in the future to such investor except upon the occurrence of circumstances that are presently considered to be remote.

Also during 2008, various previously issued LCs were terminated as a result of consensual early terminations of 4 CBLs.

Certain CBLs contracts require that additional LCs and/or other collateral be delivered (and/or that existing LCs and/or other collateral be replaced) if certain events occur. These events include (without limitation) (i) the failure to satisfy specified credit rating tests, (ii) certain changes in respect of the identity of Essent's shareholders, (iii) breaches of financial covenants and/or (iv) the occurrence of certain adverse Dutch legislative or regulatory changes.

In the case of the credit rating tests that will trigger the requirement to provide additional LCs and/or other collateral, if the credit rating of Essent N.V. and/or other relevant Group companies were to decrease to A- (S&P), additional collateral would have to be furnished in an amount equal to approximately US dollar 462 million.

A further decrease to BBB+ would require further collateral in an incremental amount equal to US dollar 38 million, and a decrease to BBB would require further additional collateral in an amount equal to approximately US dollar 38 million.

The above amounts apply as at 31 December 2008 reflect the aggregate requirements for the CBLs with respect to the commercial and network assets, are based solely on the amount of additional collateral required to be provided in the event of a decrease in credit rating of Essent N.V. and/or other relevant Group companies and are sensitive to changes in the values of the relevant underlying financial instruments (including by reason of changing credit spreads applicable to the issuers thereof) and to the level of US interest rates. and the level of the US interest rates. If additional events occur, either alone or in combination with credit rating downgrades, different amounts of additional collateral may be required.

Accordingly, in November 2008 a facility for LCs and/or other collateral instruments (the "Letter of Credit Facilities") has been concluded with certain of Essent's relationship banks. The Letter of Credit Facility permits the issuance of US dollar 525 million of LCs and/or other collateral instruments for the CBLs on network assets.

Consensual Early Terminations CBLs

As a way of managing the inherent risk associated with the CBLs, Enexis and Essent have been exploring the possibility of agreeing to consensual early terminations of certain of the CBLs.

Since June 2008, four network CBLs with three different US investors and the relevant related CBL parties were successfully terminated. All of these terminations allowed pre-existing LCs to be cancelled. As a result of these terminations, the Enexis Group's electricity networks are no longer subject to CBL related obligations.

Enexis together with Essent will continue to pursue additional consensual terminations as opportunities arise with particular CBL parties.

Lease commitments	< 1 year	1-5 years	> 5 years
Passenger cars	2.9	3.0	--
ICT network	5.4	--	--
ICT work stations	9.2	--	--
TOTAL	17.5	3.0	--

The fees for the ICT network and ICT work stations are consistently agreed for a period of one year.

Purchase commitments

At year-end 2008, Essent Netwerk B.V. had purchase commitments for EUR 30.0 million (2007: EUR 33.1 million).

Legal proceedings and disputes

At 31 December 2008, Essent Netwerk B.V. was involved in various legal proceedings and disputes. Provisions have been formed for them as necessary, based on estimates of the financial risk.

Guarantees issued

Essent Netwerk B.V. has issued guarantees for third parties totalling EUR 0.2 million (2007: EUR 0.2 million).

32. REMUNERATION OF THE MANAGEMENT BOARD

Up to and including 2007, the Management Team of Essent Netwerk B.V. had eight members. The composition of the Management Team has changed in connection with the spin-off of the operations of Essent Netwerk B.V. and the incorporation of Enexis. With the appointment of Mr Oudejans on 1 April 2008, the Management Board under the Articles of Association now has two members. The remuneration of the two members of the Management Board has been disclosed in the financial statements with effect from 2008.

The salaries of the members of the Management Board of Essent Netwerk B.V. are based on the HAY salary system. The guiding principle is that the remuneration should be competitive in the market.

A table has been included below to help in understanding the remuneration of the members of the Management Team. The first two columns show the remuneration based on performance during the year. Hence, this concerns the performance-related bonus that is disclosed for the year to which it relates. The second two columns show the remuneration paid each year. For the performance-related bonus, the year of payment is that following the year to which it relates.

in thousands of euros

	Performance year		Payment year	
	2008 ²	2007	2008 ²	2007
<i>Management Team</i>				
Fixed salary	382.5	1,127.0	382.5	1,127.0
Performance-related bonus ¹	--	389.8	144.5	278.8
Pension costs	65.5	176.7	65.5	176.7
TOTAL MANAGEMENT TEAM	448.0	1,693.5	592.5	1,582.5

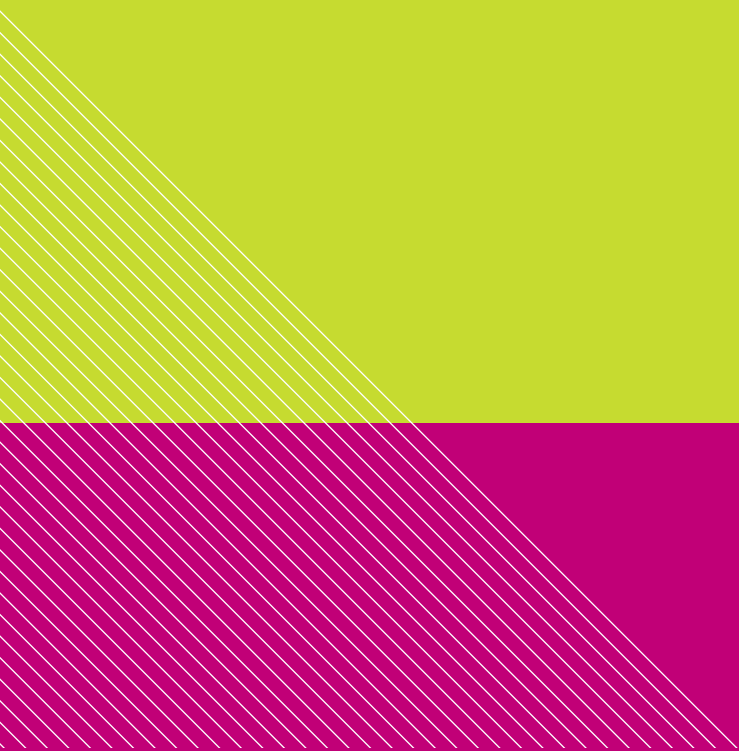
¹ To be determined for 2008.

² I.M. Oudejans with effect from 1 April 2008

33. EVENTS AFTER THE BALANCE SHEET DATE

The Company has reached agreement in principle with TenneT about the sale of the 110kV and 150kV high-voltage grids. The negotiations that had been started in 2008 were still underway at the balance sheet date. The final agreement is expected to be signed in April 2009. Any gains on this sale will be transferred to Essent Nederland.

COMPANY FINANCIAL STATEMENTS 2008



COMPANY INCOME STATEMENT

<i>in millions of euros</i>	Note	2008	2007
Revenue from the supply of goods and services	35	1,544.7	1,547.1
Cost of sales	36	697.3	593.7
GROSS PROFIT		847.4	953.4
Other operating income	37	7.7	2.3
GROSS PROFIT PLUS OTHER OPERATING INCOME		855.1	955.7
Employee benefits expense	38	260.3	233.5
Depreciation, amortisation and impairments	39	16.5	23.3
Cost of work contracted out, materials and other external costs	40	503.4	505.4
Other operating expenses	41	63.1	30.1
<i>Total operating expenses</i>		843.3	792.3
OPERATING PROFIT	42	11.8	163.4
Share of profit of associates	43	348.9	63.2
Finance income	44	12.8	150.7
Finance costs	44	294.6	125.4
Finance income and costs		-281.8	25.3
<i>Profit before tax</i>		78.9	251.9
Income tax expense	45	-68.6	48.1
PROFIT FOR THE YEAR	42	147.5	203.8

COMPANY BALANCE SHEET

(BEFORE PROPOSED PROFIT APPROPRIATION)

ASSETS	Note	31 December 2008	31 December 2007
<i>in millions of euros</i>			
Property, plant and equipment	47	40.4	28.6
Intangible assets	48	46.5	40.1
Associates	49	6,845.8	6,682.3
Other financial assets	50	3.0	2.7
NON-CURRENT ASSETS		6,935.7	6,753.7
Inventories	51	14.1	16.5
Receivables	52	783.2	819.5
Cash and cash equivalents	53	1.0	3.9
CURRENT ASSETS		798.3	839.9
TOTAL ASSETS		7,734.0	7,593.6

LIABILITIES	Note	31 December 2008	31 December 2007
<i>in millions of euros</i>			
Issued and paid-up share capital	54	0.0	0.0
General reserve	54	2,088.5	1,308.2
Profit for the year	54	147.5	203.8
EQUITY		2,236.0	1,512.0
PROVISIONS	55	68.3	36.0
Non-current interest-bearing liabilities	56	110.1	3,388.0
NON-CURRENT LIABILITIES		110.1	3,388.0
Trade and other payables	57	581.7	621.2
Current interest-bearing liabilities	58	4,803.7	1,985.5
Current portion of provisions	55	3.5	2.8
Income tax expense	59	-69.3	48.1
CURRENT LIABILITIES		5,319.6	2,657.6
TOTAL EQUITY AND LIABILITIES		7,734.0	7,593.6

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. BASIS OF PREPARATION OF THE COMPANY FINANCIAL STATEMENTS

The company financial statements of Essent Netwerk B.V. have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The accounting policies are largely the same as those used for the consolidated financial statements in accordance with Section 362, paragraph 8, of Part 9 of Book 2 of the Dutch Civil Code. Specifically, investments in subsidiaries are recognised at net asset value using the equity method.

Essent Vastgoed B.V. was acquired from Essent Nederland B.V. as of 31 December 2008, making it a wholly owned subsidiary of Essent Netwerk B.V.

Consolidated entities are measured using the equity method of accounting. With this method, the economic interest is initially measured at cost and subsequently adjusted for post-acquisition changes in the Company's share of profit of the joint venture or associate. Dividends received are set off against the carrying amount of the equity interest.

For a description of the policies, see the accounting policies section of the consolidated financial statements.

35. REVENUE FROM THE SUPPLY OF GOODS AND SERVICES

	2008	2007
Transport fees	1,108.3	1,108.7
Income from investing activities for asset-holding companies	376.6	330.3
Other products and services sold	59.8	108.1
TOTAL	1,544.7	1,547.1

Other products and services sold largely comprise revenue from contract work and damage claims.

Revenue and costs relating to projects in progress commissioned by the companies holding the network assets, as well as third parties, are disclosed as income and expense proportionate to the percentage of completion of the project activities at the balance sheet date. The percentage of completion is determined based on the work completed and/or output measurements. Of revenue from projects in progress, an amount of EUR 126.2 million has yet to be billed (2007: EUR 123.8 million).

Allocated costs are exclusive of profit mark-ups. No advance payments are received.

36. COST OF SALES

This item discloses the cost directly attributable to revenue.

	2008	2007
Transport and system services	73.2	57.5
Asset provision fee	484.1	399.2
Distribution losses	139.9	139.2
Other purchase costs/prior-year adjustments	0.1	-2.2
TOTAL	697.3	593.7

37. OTHER OPERATING INCOME

	2008	2007
Subsidies and grants received	1.2	1.7
Proceeds from sale of assets	0.3	0.3
Other	6.2	0.3
TOTAL	7.7	2.3

38. EMPLOYEE BENEFITS EXPENSE

	2008	2007
Salaries	164.2	157.5
Social security contributions	5.3	4.3
Pension costs	28.0	27.3
Temporary staff	47.4	33.3
Allocation to/release of provision for shorter working hours and special-purpose leave	1.3	-1.2
Allocation to provision for anniversary benefits	1.3	0.5
Allocation to provision for dismissal compensation	1.8	--
Other personnel expenses	20.0	18.1
Less: own production capitalised	-9.0	-6.3
TOTAL	260.3	233.5

The item 'other expenses' includes travelling and entertainment expenses, and costs of education and training.

39. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	2008	2007
Depreciation of property, plant and equipment	5.6	8.6
Amortisation of intangible assets	10.9	13.5
Impairments	--	1.2
TOTAL	16.5	23.3

Amortisation of intangible assets dropped due to the extended amortisation period (from 4 to 5 years) as well as lower capital expenditures.

40. COST OF WORK CONTRACTED OUT, MATERIALS AND OTHER EXTERNAL COSTS

	2008	2007
Work contracted out	260.7	251.1
Materials	134.7	147.3
Other external costs	108.0	107.0
TOTAL	503.4	505.4

Other external costs comprise office, marketing and management expenses, as well as overheads.

41. OTHER OPERATING EXPENSES

	2008	2007
Allocation to/release of provisions	28.6	9.0
Other operating expenses	34.5	21.1
TOTAL	63.1	30.1

In addition to the regular allocation to the provision for doubtful debts, allocations were made in 2008 to new provisions for future legal and advisory fees for cross-border leases, for employee benefits and for reconciliation purposes.

Other operating expenses concerns costs for rebranding, the introduction of the new market model, audit fees, insurance costs, municipal taxes and local government levies.

42. EXCEPTIONAL ITEMS

Exceptional items comprise income and expense items that, in the view of management, do not arise in the normal course of business and/or items that, because of their nature and size, should be presented separately to enable a better analysis of the results. See also Note 10.

43. SHARE OF PROFIT OF ASSOCIATES

	2008	2007
Edon Groep B.V.	105.2	--
PNEM Leidingen B.V.	100.7	--
MEGA Limburg N.V.	66.5	--
Aktivabedrijf Essent Friesland B.V.	6.3	--
N.V. Nutsbedrijven Maastricht	5.9	--
Essent Meetbedrijf B.V.	42.7	43.0
Essent Infra Products B.V.	15.1	17.1
Zebra Gasnetwerk B.V.	1.7	1.0
Entrade Pipe B.V.	0.0	1.3
Gain on sale of Entrade Pipe	3.5	--
Essent Shared Services Center B.V.	1.3	0.8
TOTAL	348.9	63.2

44. FINANCE INCOME AND COSTS

	2008	2007
Interest received	12.8	150.7
TOTAL FINANCE INCOME	12.8	150.7
Interest added to provisions	1.2	0.7
Other interest paid	293.4	124.7
TOTAL FINANCE COSTS	294.6	125.4
NET FINANCE INCOME	-281.8	25.3

Interest paid almost entirely concerns the fee for the bridging loan from Essent Nederland B.V. for the purposes of funding the acquisition of the legal ownership of the companies holding the network assets.

45. INCOME TAX EXPENSE

This item concerns the current income tax due. The operations undertaken by Essent Netwerk B.V. are subject to income tax. The reconciliation between the statutory income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows.

<i>as a percentage</i>	2008	2007
Standard statutory income tax rate in the Netherlands	25.5	25.5
Tax-exempt share of profit of associates	-112.4	6.4
EFFECTIVE TAX RATE	-86.9	19.1

46. ACQUISITIONS

See note 14 page 26.

47. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment during 2008 were as follows.

<i>in millions of euros</i>	Land and buildings	Cables, pipelines and installations	Other non-current assets	Assets under construction	Total 2008
Cost at 1 January	5.0	0.9	133.3	--	139.2
Accumulated depreciation at 1 January	2.3	--	108.3	--	110.6
CARRYING AMOUNT AT 1 JANUARY	2.7	0.9	25.0	--	28.6
Reclassified	--	--	-2.9	--	-2.9
Purchased	--	--	21.3	--	21.3
Sold	--	0.9	--	--	0.9
Depreciated	--	--	5.7	--	5.7
CARRYING AMOUNT AT 31 DECEMBER	2.7	--	37.7	--	40.4
Accumulated depreciation at 31 December	2.3	--	112.5	--	114.8
COST AT 31 DECEMBER	5.0	--	150.2	--	155.2

Other non-current assets comprise company vehicles subject to finance lease. At year-end 2008, their carrying amount was EUR 14.4 million.

The comparative changes during 2007 were as follows.

<i>bedragen in miljoenen euro's</i>	Land and buildings	Cables, pipelines and installations	Other non-current assets	Assets under construction	Total 2007
Cost at 1 January	5.0	0.1	125.5	-1.6	129.0
Accumulated depreciation at 1 January	2.3	0.1	102.4	--	104.8
CARRYING AMOUNT AT 1 JANUARY	2.7	--	23.1	-1.6	24.2
Purchased	--	0.9	10.5	1.6	13.0
Depreciated	--	--	8.6	--	8.6
CARRYING AMOUNT AT 31 DECEMBER	2.7	0.9	25.0	--	28.6
Accumulated depreciation at 31 December	2.3	--	108.3	--	110.6
COST AT 31 DECEMBER	5.0	0.9	133.3	--	139.2

See Note 56 for commitments arising from the finance lease of company vehicles.

The expected useful lives of the key assets are as follows.

Buildings	25-50 years
Cables, pipelines and installations	25-55 years
<i>Other non-current assets</i>	
Company vehicles	7 years
Tools and equipment	5 years

48. INTANGIBLE ASSETS

Changes in intangible assets during 2008 were as follows.

	Software	Under construction	Total 2008
Cost at 1 January	97.2	1.7	98.9
Accumulated amortisation at 1 January and impairments at 1 January	58.8	--	58.8
CARRYING AMOUNT AT 1 JANUARY	38.4	1.7	40.1
Reclassified	--	2.9	2.9
Purchased	14.4	--	14.4
Amortised	10.9	--	10.9
CARRYING AMOUNT AT 31 DECEMBER	41.9	4.6	46.5
Accumulated amortisation at 31 December	69.7	--	69.7
COST AT 31 DECEMBER	111.6	4.6	116.2

The capitalisation of an asset under construction into software has been disclosed as a reclassification.

The comparative changes during 2007 were as follows.

	Software	Under construction	Total 2007
Cost at 1 January	72.6	11.7	84.3
Accumulated amortisation at 1 January and impairments at 1 January	44.2	--	44.2
CARRYING AMOUNT AT 1 JANUARY	28.4	11.7	40.1
Reclassified	24.7	-24.7	--
Purchased	--	14.7	14.7
Impaired	1.2	--	1.2
Amortised	13.5	--	13.5
CARRYING AMOUNT AT 31 DECEMBER	38.4	1.7	40.1
Accumulated amortisation at 31 December	58.8	--	58.8
COST AT 31 DECEMBER	97.2	1.7	98.9

The expected useful life of software is 5 years (2007: 4 years).

49. ASSOCIATES

Associates can be broken down as follows.

	2008	2007
Edon Groep B.V.	2,563.8	2,458.5
PNEM Leidingen B.V.	2,237.5	2,136.8
MEGA Limburg N.V.	1,657.6	1,591.1
Aktivabedrijf Essent Friesland B.V.	173.5	167.3
N.V. Nutsbedrijven Maastricht	162.5	156.6
Essent Meetbedrijf B.V.	3.1	106.6
Essent Infra Products B.V.	13.0	55.4
Entrade Pipe B.V.	0.0	8.2
Zebra Gasnetwerk B.V.	10.3	1.0
G.O.B. Euroservices B.V.	0.0	0.0
Essent Shared Services Center B.V.	--	0.7
Energie Data Services Nederland B.V.	0.1	0.1
Essent Vastgoed BV	24.4	--
Essent Hoogspanningsnetten	0.0	--
CARRYING AMOUNT AT 31 DECEMBER	6,845.8	6,682.3

See Note 61 for further information.

50. OTHER FINANCIAL ASSETS

Other financial assets can be broken down as follows.

	2008	2007
Receivables from associates	--	0.2
Loans	3.0	2.5
TOTAL	3.0	2.7

The average weighted effective interest rate on the loans was 4.8% (2007: 3.9%).

The fair value of receivables from associates and loans is substantially the same as their carrying amount.

51. INVENTORIES

	2008	2007
Materials	15.4	17.7
Provision for obsolescence	-1.3	-1.2
TOTAL	14.1	16.5

Inventories were revalued during the year, which resulted in an amount of EUR 0.7 million being added to profit (2007: expense of EUR 0.1 million).

52. RECEIVABLES

	2008	2007
Trade receivables	104.7	104.9
Intercompany account	--	50.3
Amounts receivable	699.0	690.0
Provision for doubtful debts	-20.5	-25.7
TOTAL	783.2	819.5

The collectability of trade receivables is assessed individually or collectively depending on the client profile, based on a risk assessment by management.

Changes in adjustments for doubtful debts as regards trade receivables can be broken down as follows.

	2008	2007
At 1 January	-25.7	-29.6
Allocation recognised in profit or loss	-0.8	-11.2
Write-offs	7.2	15.5
Reversal of prior write-offs	-1.2	-0.4
AT 31 DECEMBER	-20.5	-25.7

53. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise various bank balances. Any liquidity risks are borne by the shareholder.

54. EQUITY

Since the accumulated share of profit of minority shareholdings, insofar as it was not distributed, can be deemed to be nil, no statutory reserve has been included. Further information is given in Note 23.

55. PROVISIONS

Provisions can be broken down as follows.

	2008	2007
Long-service benefits	19.6	19.6
Shorter working hours and special-purpose leave	18.9	19.2
Provision for future legal and advisory fees relating to cross-border leases*	15.7	--
Provision for other employee benefits*	10.0	--
Reconciliation provision	7.6	--
TOTAL	71.8	38.8
Less: current portion	3.5	2.8
	68.3	36.0

* These provisions were formed at group level in the past, but were acquired by Essent Netwerk B.V. within the scope of the unbundling.

Long-service benefits

In accordance with the terms of collective labour agreements, Essent Netwerk B.V. grants long-service benefits to employees. A provision is formed for these long-service benefits from the time an employee joins the company. The provision is based on the number of years of service, expected price and salary increases, and mortality, invalidity and attrition rates.

	2008	2007
Obligations at beginning of year	19.6	19.9
Interest	0.6	0.8
Benefits granted	1.3	0.5
Benefits paid	-1.6	-1.6
Other	-0.2	--
TOTAL	19.7	19.6
Current portion of benefits	1.8	1.8
TOTAL NON-CURRENT PORTION	17.9	17.8

The most important parameters used in calculating the long-service benefit provision are:

	2008	2007
Discount rate	3.2-5.3%	4.2-5.2%
Estimated rate of future salary increases	2.5%	2.0%

Shorter working hours and special-purpose leave

This provision was formed for non-current liabilities for employees under collective labour agreements. The provision concerns liabilities arising from the transition scheme for shorter working hours for older employees and from special-purpose leave schemes.

	2008	2007
Obligations at beginning of year	19.2	20.7
Interest	0.6	0.8
Benefits granted	1.3	-1.2
Benefits paid	-1.2	-1.1
Released	-1.0	--
TOTAL	18.9	19.2
Current portion of benefits	1.3	1.0
TOTAL NON-CURRENT PORTION	17.6	18.2

For changes in other provisions, see Note 25.

56. NON-CURRENT INTEREST-BEARING LIABILITIES

	2008	2007
Subordinated loan	93.8	--
Bridging loan	--	3,377.2
Private loan	5.7	--
Lease commitments	10.6	10.8
TOTAL	110.1	3,388.0

Non-current interest-bearing liabilities include borrowings with outstanding terms exceeding one year. The amounts relating to repayments due within one year are recognised as current interest-bearing liabilities.

Subordinated loans have been subordinated to payables by EDON Groep B.V., a group company. All subordinated loans have been granted by shareholders and have indefinite terms. The rate of interest (9% in 2008 and 2007) will not be revised during the term of the loans.

The private loans were assigned by Essent Nederland B.V. to Essent Netwerk B.V. The average outstanding term of these loans is 3.8 years; the average interest rate is 6.8%. No real security has been issued for these loans.

The bridging loan with Essent Nederland B.V. will be refinanced over the course of 2009. For this reason, the bridging loan qualified as a current interest-bearing liability at year-end 2008.

The lease commitments were reclassified in view of their interest-bearing nature. These commitments can be broken down as follows at year-end 2008 and year-end 2007:

	2008			2007		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Notional lease commitments	3.8	10.6	1.6	3.6	10.4	2.0
Present value of lease commitments	3.8	9.4	1.2	3.6	9.3	1.5

57. TRADE AND OTHER PAYABLES

	2008	2007
Suppliers	136.7	103.9
Tax and social security contributions	15.4	23.1
Payments to employees	34.7	33.0
Advances placed on deposit	362.6	368.9
Dividends payable	--	38.1
Other payables	32.2	54.2
TOTAL	581.6	621.2

Unless otherwise stated, all items are normally settled within one year.

The advances from energy suppliers that are placed on deposit result from the agreements with energy suppliers in the framework of the supplier model. The energy supplier is obliged to pay half-yearly advances to the network operator by way of compensation for the disadvantages that the method of settlement between the parties entails. In a normal execution of the agreement, the debt to the suppliers is a non-current debt. On termination of the agreement and in the event of changes in the expected settlement amount, the outstanding liability is repayable on demand in full or in part. For this reason, it has been recognised within current liabilities. No interest is due on the advances.

58. CURRENT INTEREST-BEARING LIABILITIES

	2008	2007
Bridging loan	2,495.4	--
Private loan	0.7	--
Lease commitments	3.8	3.6
Intercompany account	2,303.8	1,981.9
TOTAL	4,803.7	1,985.5

The current bridging loan expires on 31 December 2009. For this reason, the bridging loan qualified as a current interest-bearing liability at year-end 2008.

59. INCOME TAX EXPENSE

Essent Netwerk B.V. is a member of the income tax group headed by Essent N.V. The income tax expense disclosed in the income statement involves the tax payable to Essent N.V. within the scope of the tax group. Deferred income tax assets and liabilities are formed at group level and disclosed by Essent N.V.

60. RELATED PARTIES

Transactions with related parties are at arm's length prices. Year-end receivable and liability positions are not retained, but usually settled in cash. No guarantees were received or given, respectively, for receivables and liabilities concerning related parties, except for those disclosed in Note 31 involving the CBLs. The adjustment in 2008 for doubtful debts was nil (2007: nil).

Essent Netwerk B.V. distinguishes the following related parties: Essent Nederland B.V., the shareholder, and its affiliated entities, associates and key officers. The shares in Essent Nederland B.V. are held by Essent N.V.

Sales transactions with Essent Nederland B.V. in the normal course of business amounted to EUR 0.2 million in 2008 (2007: nil). Sales transactions with entities affiliated with Essent Nederland B.V. and with associates amounted to EUR 3.9 million and EUR 48.3 million, respectively (2007: EUR 12.3 million and EUR 78.7 million, respectively).

Purchase transactions with Essent Nederland B.V. in the normal course of business amounted to EUR 4.8 million in 2008 (2007: EUR 5.3 million). Sales transactions with entities affiliated with Essent Nederland B.V. and with associates amounted to EUR 227.8 million and EUR 518.4 million, respectively (2007: EUR 625.1 million and EUR 49.7 million, respectively).

Interest transactions with Essent Nederland B.V. within the scope of financing activities amounted to EUR 182.6 million in 2008 (2007: EUR -123.2 million). There were no transactions with entities affiliated with Essent Nederland B.V. in 2008 (2007: EUR 96.3 million); transactions with associates amounted to EUR 97.6 million (2007: nil).

At year-end 2008 intercompany receivables from Essent Nederland B.V. were EUR -3.5 million (2007: nil), with intercompany receivables from entities affiliated with Essent Nederland B.V. and from associates totalling EUR 427.0 million and EUR 50.8 million, respectively (2007: EUR 367.1 million and EUR 141.5 million, respectively). At year-end 2008 intercompany payables to Essent Nederland B.V. were EUR 2,499.6 million (2007: EUR 3,378.0 million), with intercompany payables to entities affiliated with Essent Nederland B.V. and to associates totalling EUR 371.2 million and EUR 2,348.1 million, respectively (2007: EUR 373.8 million and EUR 2,027.6 million, respectively).

Information on transactions with key officers in is given in Note 63.

61. Associates

	Corporate seat	Equity interest held by Essent Netwerk B.V. 31 December 2008	Equity interest held by Essent Netwerk B.V. 31 December 2007	Structure of associate <i>division of</i>
Edon Groep B.V.	Zwolle	100%	100%	Essent Netwerk B.V.
PNEM Leidingen B.V.	's-Hertogenbosch	100%	100%	Essent Netwerk B.V.
MEGA Limburg N.V.	Maastricht	100%	100%	Essent Netwerk B.V.
Aktivabedrijf Essent Friesland B.V.	Sneek	100%	100%	Essent Netwerk B.V.
N.V. Nutsbedrijven Maastricht	's-Hertogenbosch	100%	100%	Essent Netwerk B.V.
Enexis Meetbedrijf B.V.	's-Hertogenbosch	100%	100%	Essent Netwerk B.V.
Enexis Infra Products B.V.	Nederweert	100%	100%	Essent Netwerk B.V.
Essent Vastgoed B.V.	Arnhem	100%	n.v.t.	Essent Netwerk B.V.
Essent Hoogspanningsnetten	's-Hertogenbosch	100%	n.v.t.	Essent Netwerk B.V.
Entrade Pipe B.V.	Tilburg	67%	100%	Zebra Gasnetwerk B.V.
Zebra Activa B.V.	Middelburg	67%	n.v.t.	Zebra Gasnetwerk B.V.
Zebra Gasnetwerk B.V.	Bergen op Zoom	67%	67%	Essent Netwerk B.V.
G,O,B. Euroservices B.V.	Heerlen	40%	40%	Essent Netwerk B.V.
Energie Data Services Nederland B.V.	Arnhem	15%	15%	Essent Netwerk B.V.
Edon Gasnetwerken Twente B.V.	Zwolle	100%	100%	Edon Groep B.V.
Edon Gasnetwerken Noord B.V.	Zwolle	100%	100%	Edon Groep B.V.
Edon Gasnetwerken Oost B.V.	Zwolle	100%	100%	Edon Groep B.V.
Edon Gasnetwerken Zuid B.V.	Zwolle	100%	100%	Edon Groep B.V.
Edon Gasnetwerken West B.V.	Zwolle	100%	100%	Edon Groep B.V.
PNEM Gasnet B.V.	Arnhem	100%	100%	PNEM Leidingen B.V.
Megasnet I B.V.	Maastricht	100%	100%	MEGA Limburg N.V.
Megasnet II B.V.	Maastricht	100%	100%	MEGA Limburg N.V.
Megasnet III B.V.	Maastricht	100%	100%	MEGA Limburg N.V.
Megasnet IV B.V.	Maastricht	100%	100%	MEGA Limburg N.V.
Megasnet V B.V.	Maastricht	100%	100%	MEGA Limburg N.V.
Frigem Gasnetwerken B.V.	Zwolle	100%	100%	Activa Essent Friesland B.V.
Westergo Gasnetwerken B.V.	Zwolle	100%	100%	Activa Essent Friesland B.V.
N.V. Stadsherstel Leeuwarden	Leeuwarden	nil	nil	Activa Essent Friesland B.V.
Nutsbedrijven Maastricht Elektriciteitsnetwerk B.V.	Maastricht	100%	100%	N.V. Nutsbedrijven Maastricht
Nutsbedrijven Maastricht Gasnetwerk B.V.	Maastricht	100%	100%	N.V. Nutsbedrijven Maastricht
Inframosane N.V.	's-Hertogenbosch	100%	100%	N.V. Nutsbedrijven Maastricht
Enexis Lighting B.V.	Nederweert	100%	100%	Enexis Infra Products B.V.
Enexis LightingView B.V.	Nederweert	100%	100%	Enexis Infra Products B.V.
Dynamicon Essent Lighting V,O,F.	Hoogeveen	50%	50%	Enexis Lighting B.V.
Delta/Essent Lighting V,O,F.	Goes	50%	n.v.t.	Enexis Lighting B.V.
Zebra Pijpleiding V,O,F.	Middelburg	67%	100%	Entrade Pipe B.V./ Zebra Activa B.V.

62. COMMITMENTS AND CONTINGENCIES

Lease commitments	< 1 year	1-5 years	> 5 years
Electricity and gas grids	362	1,448	1,810
Passenger cars	2.5	2.5	--
ICT network	16.8	--	--
ICT work stations	8.8	--	--
TOTAL	390.1	1,450.5	1,810

Electricity and gas grids are offered for use for a 10-year period. Fees for the ICT network and ICT work stations are agreed for a period of one year only.

Receivables from leases

Receivables from leases amounted to EUR 1.6 million in 2008 (2007: EUR 1.6 million).

Purchase commitments

At year-end 2008, Essent Netwerk B.V. had purchase commitments for EUR 30.0 million (2007: EUR 33.1 million).

Legal proceedings and disputes

At 31 December 2008, Essent Netwerk B.V. was involved in various legal proceedings and disputes. Provisions have been formed for them as necessary, based on estimates of the financial risk.

Guarantees issued

Essent Netwerk B.V. has issued guarantees for third parties totalling EUR 0.2 million (2007: EUR 0.2 million).

63. REMUNERATION OF THE MANAGEMENT BOARD

Up to and including 2007, the Management Team of Essent Netwerk B.V. had eight members. The composition of the Management Team has changed in connection with the spin-off of the operations of Essent Netwerk B.V. and the incorporation of Enexis. With the appointment of Mr Oudejans on 1 April 2008, the Management Board under the Articles of Association now has two members. As a result of this change, the remuneration of the two members of the Management Board has been disclosed in the financial statements with effect from 2008.

The salaries of the members of the Management Board of Essent Netwerk B.V. are based on the HAY salary system. The guiding principle is that the remuneration should be competitive in the market.

Based on the above salary system and the change in the composition of the Management Board, the remuneration paid to the managing directors in 2008 amounted to EUR 592,500 (2007: EUR 1,582,500 based on eight members).

64. REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board members in 2008 was EUR 20,000 for the Chairman and EUR 15,000 for each member (2007: EUR 15,000).

65. EVENTS AFTER THE BALANCE SHEET DATE

The Company has reached agreement in principle with TenneT about the sale of the 110kV and 150kV high-voltage grids. The negotiations that had been started in 2008 were still underway at the balance sheet date. The final agreement is expected to be signed in April 2009. Any gains on this sale will be transferred to Essent Nederland.

The notes to cross-border lease transactions (CBLs) state that Enexis B.V. and Essent N.V. will continue their early termination based on consensus. This resulted in the termination of an extensive network-related CBL in the last week of March 2009, for instance.

OTHER INFORMATION

AUDITOR'S REPORT

To the Annual General Meeting of Shareholders and the Supervisory Board of Essent Netwerk B.V.

Report on the financial statements

We have audited the financial statements of Essent Netwerk B.V., 's-Hertogenbosch, for the year 2008. These financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, as well as a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet at 31 December 2008 and the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Annual Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Essent Netwerk B.V. at 31 December 2008 and of its result and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Essent Netwerk B.V. at 31 December 2008 and of its result for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement of Section 393, paragraph 5, subsection e, of Book 2 of the Dutch Civil Code, we report, to the extent of our competence, that the report of the Management Board is consistent with the financial statements, as required by Section 391, paragraph 4, of Book 2 of the Dutch Civil Code.

Roermond, the Netherlands

4 April 2009

For Ernst & Young Accountants

P.L.C.M. Janssen

STATEMENT PURSUANT TO SECTION 18, PARAGRAPH 3, OF THE ELECTRICITY ACT 1998 AND SECTION 10D, PARAGRAPH 3, OF THE GAS ACT

The undersigned, Mr H.J. Levelink, hereby declares, in his capacity as Managing Director under the Articles of Association Statutory of Essent Netwerk B.V., as follows.

The financial relationship between Essent Netwerk B.V. and a group company affiliated with it within Essent N.V. that performs activities that the network operator is not permitted to perform itself under Section 17 of the Electricity Act 1998 or Section 10b of the Gas Act, satisfied, in the year 2008, the requirements of Section 18, paragraph 1, of the Electricity Act 1998 or Section 10d of the Gas Act, respectively, which implies that Essent Netwerk B.V. did not, in the year 2008, give preferential treatment to such group company over others with which such group company is in competition, or otherwise favoured such group company in a way that goes beyond what is customary in regular commerce.

The following shall, as a minimum, qualify as giving preferential treatment to a group company or favouring it in a way that goes beyond what is customary in regular commerce:

- a. providing information to a group company about customers, not being customers as referred to in Section 95a, paragraph 1, of the Electricity Act 1998 who have made an application as referred to in Section 23 or 24 of the Electricity Act 1998, or about customers, not being customers as referred to in Section 43, paragraph 1, of the Gas Act who have made a connection or transportation application as referred to in Chapter 2 of the Gas Act, respectively;
- b. supplying products or services to a group company at a non-arm's length fee; and
- c. allowing a group company to use the name or logo of the network operator such that there might be confusion among the general public as to the origin of the products or services.

's-Hertogenbosch, the Netherlands

4 April 2009

H.J. Levelink

Managing Director under the Articles of Association of Essent Netwerk B.V.

APPROPRIATION OF PROFIT

Articles of Association provisions governing profit appropriation

In accordance with the Company's Articles of Association, the profit, insofar as not qualified as retained earnings, shall be at the disposal of the Annual General Meeting of Shareholders.

Proposed appropriation of profit for 2008

The income statement closed on a profit of EUR 147.5 million. In order to achieve the envisaged debt/equity ratio of 60% to 40%, it is proposed that the profit posted should be added to the other reserve.

The proposed appropriation of profit for 2008 has not yet been recognised in the balance sheet.

