



**ENEXIS**



**ENEXIS  
2009 INTERIM STATEMENT**

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## KEY FIGURES

<i>in millions of euros</i>	<b>1<sup>st</sup> half 2009</b>	1 <sup>st</sup> half 2008 <sup>1,2</sup>	2008 <sup>1</sup>
<b>RESULTS</b>			
Revenue	695.2	667.7	1,341.9
Cost of sales	118.8	111.7	213.1
Gross profit	576.4	556.0	1,128.8
Other operating income	6.6	5.2	9.6
Operating expenses excluding depreciation, amortisation and impairments	252.9	255.1	558.2
Depreciation, amortisation and impairments	107.9	101.3	214.7
Operating profit	222.2	204.8	365.5
Share of profit of associates	1.4	1.2	6.6
EBIT	223.6	206.0	372.1
Finance income and costs	-31.0	-79.6	-175.7
Net-profit before tax	192.6	126.4	196.4
Net-profit for the period	148.4	94.3	147.5
<b>BALANCE SHEET</b>			
Net working capital	74.0	766.3	25.7
Non-current assets	4,611.4	4,529.3	4,586.2
Invested capital	4,689.3	5,295.6	4,927.1
Equity	2,734.5	1,644.4	2,236.0
Total assets	5,310.8	5,522.4	5,580.6
<b>RATIOS</b>			
Solvency	51.5	29.8	40.1
ROIC <sup>3</sup>	4.8	3.9	7.6
Return on equity <sup>3</sup>	5.4	5.7	6.6

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

<sup>2</sup> Balance sheet figures in the key figures for the first half of 2008 presented above have not been audited.

<sup>3</sup> Return ratios are calculated on the basis of six-month returns.

**EBIT**

Operating profit plus share of profit of associates

**Net working capital**

Total of current assets exclusive of cash and cash equivalents and bank overdrafts, less current liabilities exclusive of bank overdrafts

**Return on equity**

Profit for the period divided by equity

**Invested capital**

Total of non-current assets, net working capital and assets held for sale

**Return on invested capital (ROIC)**  
EBIT divided by invested capital

**Solvabiliteit**

Equity divided by total assets, expressed as a percentage

**ENEXIS B.V. RATIOS**

Both the ratios calculated in accordance with the Decree on Financial Management of Grid Operators and those imposed by lenders relate to the grid operator. All of Enexis' regulated activities are combined in the grid operator.

The figures for the grid operator were obtained by deducting from the group figures presented in this interim statement those for Enexis Infra Products B.V., the high-volume consumer portion of Enexis Meetbedrijf B.V. and Essent Vastgoed B.V. the real estate company.

*Ratios are calculated on the basis of figures for the twelve months preceding the measurement date*

		Target	June 2009	December 2008
<b>Ratios in accordance with the Decree on Financial Management of Grid Operators</b>				
EBIT interest coverage	≥	1.7	2.3	1.8
Funds from operations interest coverage ratio	≥	2.5	4.0	3.0
Funds from operations / total liabilities	≥	11.0%	16.8%	11.6%
Total liabilities / total invested capital	≤	60.0%	48.1%	59.7%
<b>Ratios imposed by lenders</b>				
Funds from operations interest coverage ratio	≥	2.5	4.0	3.0
Funds from operations / interest-bearing liabilities	≥	11.0%	22.0%	14.7%
Interest-bearing liabilities / total invested capital	≤	70.0%	41.3%	53.8%

*EBIT interest coverage*  
EBIT / interest charges

*Funds from operations interest coverage ratio*  
(profit for the period + depreciation + amortisation + changes in provisions + interest charges) / interest charges

*Funds from operations / total liabilities*  
(profit for the period + depreciation + amortisation + changes in provisions) / all interest-bearing and non-interest-bearing liabilities

*Total liabilities / total invested capital*  
all interest-bearing and non-interest-bearing liabilities / equity plus total liabilities

*Funds from operations / interest-bearing liabilities*  
(profit for the period + depreciation + amortisation + changes in provisions) / interest-bearing liabilities

*Interest-bearing liabilities / total invested capital*  
interest-bearing liabilities / equity + interest-bearing liabilities

## PROFILE OF ENEXIS

Enexis is an independent grid operator, responsible for the construction, maintenance, operation and development of the transportation (medium-voltage) and distribution grids for electricity and gas, thereby allowing energy suppliers to meet changing energy demands on an ongoing basis.

We primarily conduct operations in the northern, eastern and southern parts of the Netherlands. In these areas, we operate about 130,000 kilometres of electricity cables and 40,000 kilometres of gas pipes for 2.6 million customers. In addition to operating, maintaining and developing the energy grid, we perform a number of non-regulated activities in a separate division by the name of Infra Products, including services relating to public lighting, traffic management and parking

systems, as well as letting medium-voltage equipment and transformers. Moreover, electricity and gas meters are operated as part of our metering operations (Enexis Meetbedrijf B.V.).

The grid operator is subject to the oversight of the Dutch Office of Energy Regulation (Energiekamer), a special division of the Netherlands Competition Authority (NMa).



## CUSTOMERS AND MARKETS

Following the unbundling, we continued surveying our customers on their level of satisfaction with our services. For the first two quarters of 2009, overall customer satisfaction, as randomly measured by Enexis among high-volume and low-volume consumers, shows an increase on 2008. This suggests that our rebranding did not result in a decrease in customer satisfaction in terms of the general impression customers have of Enexis.

In 2009, in addition to overall satisfaction, customers are also asked through process measurements about their satisfaction with our services in the performance of our processes. By and large, satisfaction in the first two quarters of 2009 shows an upward trend compared with previous quarters.

Our employees fulfil a critical role in this respect. Time and time again, their friendly attitude and expertise is rated 'more than satisfactory'. As in 2008, the process aimed at resolving problems with the gas supply was most highly rated. Various regions scored more than 8 during the first two quarters of 2009.

### Customer satisfaction



HVC = high-volume consumers (corporate customers)

LVC = low-volume consumers (households)

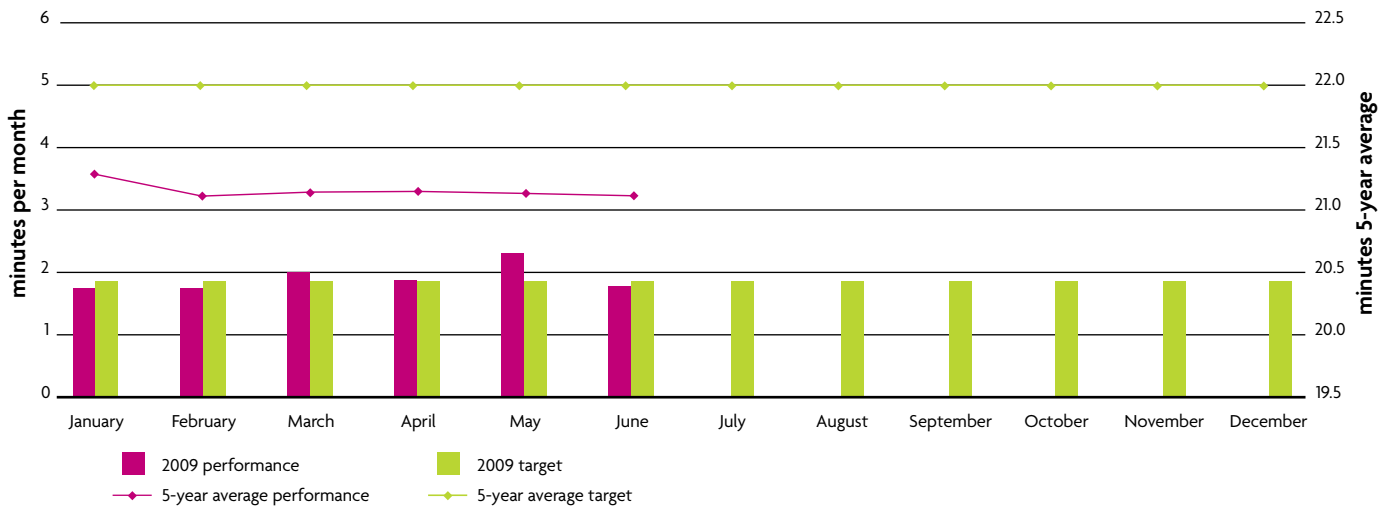
**Reliability**

**Electricity grids**

Average outage times for the past five years and for the past twelve months were 21.1 minutes and 20.6 minutes, respectively, which is below our own target figure of 22.0 minutes. Likewise, the cumulative outage time up to June 2009 inclusive of 10.6 minutes was below our own target, prorated

for this period (11.0 minutes). The high score for the first half of 2009 can be attributed to the absence of disruptions in the high-voltage grid that are attributable to Enexis. This was offset to some extent by more disruptions in the medium-voltage grid than expected. Disruptions in the low-voltage grid were according to expectations.

**Average outage time per customer**



# FINANCIAL REVIEW

## General

To Enexis, which has been operating under the name Enexis Holding N.V. with effect from 30 June 2009, the first half of 2009 was mainly characterised by the final preparations for the ownership unbundling, to become effective on that same date. Enexis is now an autonomous company with a robust equity position and funding structure. Its financial results for the first half of 2009 are good, chiefly thanks to lower finance costs and a non-recurring income from the sale of the high-voltage grid to TenneT. Net-profit for the period is EUR 148.4 million.

# CONSOLIDATED INCOME STATEMENT

<i>in millions of euros</i>	1 <sup>st</sup> half 2009	1 <sup>st</sup> half 2008 <sup>1</sup>	2008 <sup>1</sup>
Revenue from the supply of goods and services	695.2	667.7	1,341.9
Cost of sales	118.8	111.7	213.1
<b>GROSS PROFIT</b>	<b>576.4</b>	<b>556.0</b>	<b>1,128.8</b>
Other operating income	6.6	5.2	9.6
<b>GROSS PROFIT PLUS OTHER OPERATING INCOME</b>	<b>583.0</b>	<b>561.2</b>	<b>1,138.4</b>
Employee benefits expense	119.1	107.8	221.2
Depreciation and amortisation and/or impairments	107.9	101.3	214.7
Cost of work contracted out, materials and other external costs	117.6	129.5	269.4
Other operating expenses	16.2	17.8	67.6
<i>Total operating expenses</i>	<i>360.8</i>	<i>356.4</i>	<i>772.9</i>
<b>OPERATING PROFIT</b>	<b>222.2</b>	<b>204.8</b>	<b>365.5</b>
Share of profit of associates	1.4	1.2	6.6
<b>EARNINGS BEFORE INTEREST AND TAX (EBIT)</b>	<b>223.6</b>	<b>206.0</b>	<b>372.1</b>
Finance income and costs	-31.0	-79.6	-175.7
<i>Net-profit before tax</i>	<i>192.6</i>	<i>126.4</i>	<i>196.4</i>
Income tax expense	44.2	32.1	48.9
<b>NET-PROFIT FOR THE PERIOD</b>	<b>148.4</b>	<b>94.3</b>	<b>147.5</b>

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

Law on the Independent Grid Management Act, the high-voltage grid operations were transferred to TenneT, the national grid operator, on 1 January 2008. Formal completion of the transfer took place in the first half of 2009 and resulted in non-recurring income for Enexis. Adjusted for this income, revenue and gross profit showed a limited decrease on balance. The limited fall in revenue was mainly due to the efficiency discounts and modifications to the tariff structure imposed by the Dutch Office of Energy Regulation (– EUR 13.0 million), partly offset by certain gross margin items turning out higher than estimated at year-end 2008 (+ EUR 8.3 million).

Aside from revenue aspects, gross profit fell owing to higher purchase costs. Operating expenses did not increase compared with the first half of 2008, with the effects of inflation and supplementary operations being offset by efficiency measures. Net-profit for the period of EUR 148.4 million shows a sharp increase compared with that for the first half of 2008 (EUR 94.3 million). The higher net-profit was caused chiefly by the non-recurring income from the transfer of the high-voltage grids to TenneT and lower charges resulting from lower interest-bearing liabilities and lower interest rates.



# CONSOLIDATED BALANCE SHEET

<i>in millions of euros</i>	<b>30<sup>th</sup> of June 2009</b>	31 <sup>st</sup> of December 2008 <sup>1</sup>
<b>ASSETS</b>		
Property, plant and equipment	4,539,4	4,523,6
Intangible assets	53,1	47,0
Associates	11,8	10,4
Other financial assets	7,1	5,3
	<b>4,611,4</b>	<b>4,586,2</b>
<b>NON-CURRENT ASSETS</b>		
Inventories	18,6	21,0
Receivables	621,4	633,3
Bank overdraft	--	22,9
Cash and cash equivalents	55,5	2,0
	<b>695,5</b>	<b>679,1</b>
<b>CURRENT ASSETS</b>		
Assets held for sale	3,9	315,2
	<b>5,310,8</b>	<b>5,580,6</b>

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

*in millions of euros*

	<b>30<sup>th</sup> of June 2009</b>	31 <sup>st</sup> of December 2008 <sup>1</sup>
<b>EQUITY AND LIABILITIES</b>		
Issued and paid-up share capital	149.7	0.0
General reserve	2,436.4	2,088.5
Net-profit for the period	148.4	147.5
	<b>2,734.5</b>	<b>2,236.0</b>
<b>EQUITY</b>		
Interest-bearing liabilities	111.5	111.9
Provisions	82.1	75.9
Other non-current liabilities	0.5	0.9
Deferred tax liabilities	3.3	3.3
	<b>197.4</b>	<b>192.0</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	556.1	599.4
Interest-bearing liabilities	1,812.9	2,501.1
Income tax	--	48.2
Provisions	9.9	3.9
	<b>2,378.9</b>	<b>3,152.6</b>
<b>CURRENT LIABILITIES</b>		
	<b>5,310.8</b>	<b>5,580.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

In the first half, investments showed a limited decrease compared with the first half of 2008, mainly owing to the lower level of contracts awarded by third parties (e.g. customised connections and investments in wind turbines and combined heat and power stations) due to the recession. In part based on its corporate social responsibility, Enexis seeks to compensate for this by making additional investments in replacing older grid components.

Aside from the addition of the net-profit for the period, the change in total equity can be attributed mainly to an additional EUR 350 million equity contribution Essent made at the time of the unbundling. This contribution was made in response to the Order the Minister of Economic Affairs had issued further to the Unbundling Plan. The fall in interest-bearing liabilities was caused by the equity contribution as well as the sale of the high-voltage grid to TenneT. The proceeds from this sale were used to further reduce the bridge loan.

### Capital base

Pursuant to the Ministerial Order referred to above, the capital base is defined as equity, non-current subordinated loans and liabilities carrying a conversion right.

A portion of EUR 350 million of the existing bridge loan Essent had granted to Enexis qualifies as a convertible loan and, as such, is included in the capital base. Enexis has the right to request Essent, being the provider of the bridge loan, to convert the loan to Enexis equity in one or more tranches if Enexis deems this necessary, subject to approval from its Supervisory Board. Such a request must be made with a view to the continuity of its duties as a grid operator and in accordance with the requirements under energy regulations. As a lender, Essent will be obliged to lend its cooperation in the requested conversion only if Enexis has a permanent equity deficit and only to the extent the conversion is needed to permit Enexis to satisfy the required financial ratios on a permanent basis.

### CAPITAL BASE

*in millions of euros*

	30 <sup>th</sup> of June 2009	31 <sup>st</sup> of December 2008 <sup>1</sup>
Equity	2,734.5	2,236.0
Subordinated loan (non-current interest-bearing liabilities)	93.9	93.9
Liabilities carrying a conversion right (current interest-bearing liabilities)	350.0	
	<b>3,178.4</b>	<b>2,329.9</b>

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

# CONSOLIDATED CASH FLOW STATEMENT

<i>in millions of euros</i>	1 <sup>st</sup> half 2009	1 <sup>st</sup> half 2008 <sup>1,2</sup>	2008 <sup>1</sup>
Net-profit for the period	148.4	94.3	147.5
Depreciation, amortisation and impairments	107.9	101.3	214.7
Changes in provisions, working capital, and other items	-82.3	38.3	123.9
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>174.0</b>	<b>233.9</b>	<b>486.1</b>
Purchases of property, plant and equipment and intangible assets	-130.1	-130.1	-302.3
Sale of assets	350.0	--	1.1
Deferred tax asset	-2.1	--	--
Movement in financial assets	0.3	1.4	0.1
Proceeds from sale of associates	--	--	3.0
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>218.1</b>	<b>-128.7</b>	<b>-298.1</b>
<b>CASH FLOWS BEFORE FINANCING ACTIVITIES</b>	<b>392.1</b>	<b>105.2</b>	<b>188.0</b>
Changes in interest-bearing liabilities	-688.6	-121.3	-205.2
Capital contribution	350.0	--	--
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-338.6</b>	<b>-121.3</b>	<b>-205.2</b>
<b>TOTAL CASH FLOWS</b>	<b>53.5</b>	<b>-16.1</b>	<b>-17.2</b>
Cash and cash equivalents at beginning of period	2.0	19.2	19.2
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>55.5</b>	<b>3.1</b>	<b>2.0</b>

<sup>1</sup> The 2008 figures relate to Essent Netwerk B.V.

<sup>2</sup> The figures for the first half of 2008 presented above have not been audited.

## OTHER DISCLOSURES

In close cooperation with Essent and in consultation with the parties involved, Enexis succeeded in consummating consensual early terminations of a significant portion of the CBLs in the first half of 2009. This resulted in a strong decrease in financial exposures.

### **Cross-border leases**

#### *Cross-border lease transactions (CBLs)*

In the first half of 2009, Enexis' CBL desk was given further substance. A CBL coordinator was recruited with effect from 1 March 2009, and documentation and knowledge transfer were further implemented. The ownership unbundling marked the end of the services provided by Essent's CBL desk. At 1 January 2009, the equity termination values associated with these long-term contracts and incremental breakage and similar or related cost amounted to approximately USD 190 million. This amount was reduced to approximately USD 40 million at 30 June 2009 as a result of the terminations that were consummated. The number of CBLs was reduced to two and the number of remaining individual transactions to three. Based on the valuation of the CBLs at the time they were entered into, the terminated CBLs represent a value of USD 2.85 billion, as against USD 3.0 billion for the original entire portfolio. Of the reduction, USD 2.58 billion was realised in 2009, with the remaining amount having been realised in 2008. The terminations are the principal cause of the lower financial exposures. (See graph on page 17.) Almost all termination costs were borne by Essent N.V. Enexis plans to early terminate more CBLs where possible.

### **Commitments and contingencies**

#### *CBLs general*

As in previous years, the structure of the transactions does not require that the rights and obligations under the CBLs be included in Enexis' balance sheet. 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 (former) Group companies and hence Enexis and 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 30 June 2009, the aggregate Equity Termination Value exposure, which would be payable to the US investors (or their trusts) were an early termination to occur and were financial damages to be claimed, was some USD 85 million (31 December 2008: USD 999 million). 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 fixed-price purchase options were to be exercised. As at 30 June 2009, the estimated aggregate value of these financial instruments was equal to approximately USD 51.9 million (31 December 2008: approximately USD 519 million).

	Year of contractual termination option	Net book value at 30 June 2009 <sup>4</sup>	Transaction value at start of CBLs <sup>4</sup>	Equity Termination Value at 30 June 2009 <sup>1,4</sup>	Equity Termination Value exclusive of aggregate value in 2009 of CBLs terminated as at 31 December 2008 <sup>1,3,4</sup>	Equity Termination Value at 31 December 2008 <sup>1,2</sup>
<b>Amounts in millions</b>		<i>EUR</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
<i>Gas networks</i>	2019-2024	42	147	85	84	999
			<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Total for all CBLs		42	105	61	58	711

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

2 These amounts include the aggregate value of the CBLs that were terminated in 2009.

3 This column shows the trend in the value of the remaining CBLs.

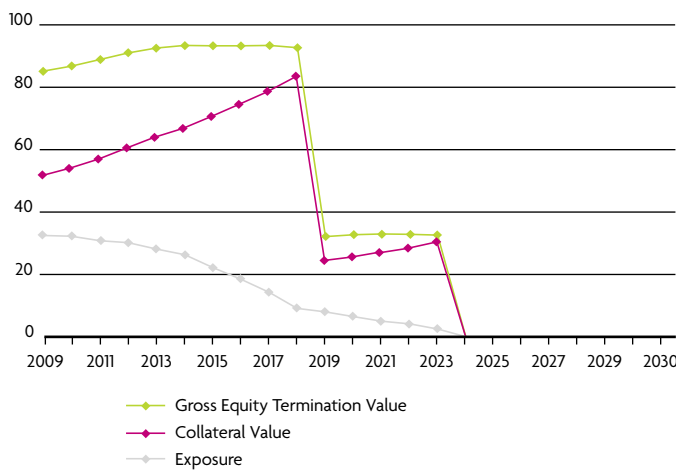
4 Only in respect of the remaining CBLs.

The graph below on the left 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 30 June 2009, should early termination payments under the remaining CBLs be required. From the top line of this graph, it can be seen that the maximum gross exposure to Equity Termination Value is expected to be reached in 2015. However, based on the referenced market conditions and the expected increase in value of the above referenced financial

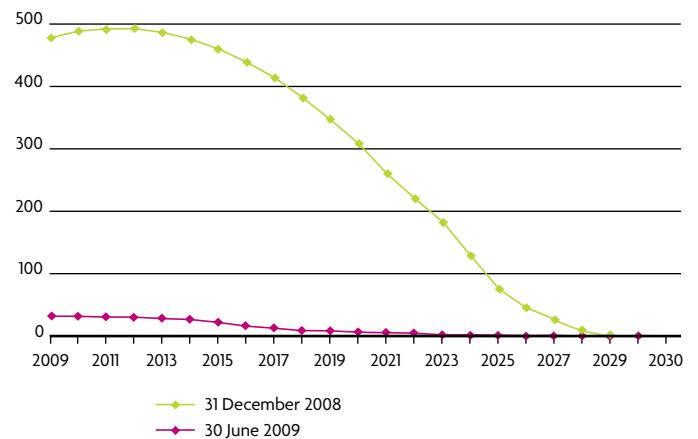
instruments, it can also be seen that the maximum net exposure to Equity Termination Value (i.e., Equity Termination Value minus the expected value of the financial instruments) will be reached in 2009 and is estimated to be USD 32.9 million (2008: reached in 2012 and estimated to be USD 494 million, respectively). This pattern can change over time depending on the value of the underlying financial instruments.

The graph below on the right illustrates the effect of early terminations on Enexis' equity exposure.

**SUMMARY TOTAL EQUITY EXPOSURES**  
amounts in millions USD at 30 June 2009



**SUMMARY TOTAL EQUITY EXPOSURES**  
amounts in millions USD



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

<i>Amounts in millions USD</i>	2009	2010	2011	2012	2013	2014>	Total
CBL-rental obligations	4	11	12	9	8	53	97

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 30 June 2009 is approximately EUR 42 million.

<i>in millions of euros</i>	Net book value at 30 June 2009 <sup>1</sup>	Net book value at 31 December 2008	Net book value of assets encumbered by mortgage, pledge or other security at 30 June 2009	Net book value of assets encumbered by mortgage, pledge or other security at 31 December 2008 <sup>1</sup>
Gas networks	42	1,130	42	93

<sup>1</sup> Only in respect of the remaining CBLs

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 USD 34 million at 30 June 2009 (31 December 2008: USD 103 million).

Certain CBL contracts require that additional or replacement LCs and/or other collateral be delivered if certain events occur. These events include (without limitation) (i) the failure

to satisfy specific credit rating tests, (ii) certain changes in respect of the identity of Enexis' shareholders, (iii) breach of financial covenants and/or (iv) the occurrence of certain adverse Dutch legislative or regulatory changes. Such events would require collateral to be furnished in an amount equal to approximately USD 15.9 million.

The amounts cited are as at 30 June 2009.

## OUTLOOK

The Management Board of Enexis expects the second half of the year to show a stable trend in net-profits. Given, however, that the first half saw non-recurring income from the sale of the high-voltage grid as well as lower interest rates, net-profit

for the second half will be lower than that for the first half. In terms of customer satisfaction, service performance in the low-volume market and outage times, the Management Board of Enexis expects the current quality level to be maintained.



# BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

## General

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

## Basis of consolidation

The consolidated financial statements comprise the financial statements of Enexis Holding B.V. and its subsidiaries.

Associates are legal entities and companies over whose management and financial policy Enexis Holding B.V. 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 the control ceases. In determining whether control exists, potential voting rights that can be exercised immediately are taken into account.

Full consolidation is used. If the interest of 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.

For an additional interest acquired in an associate over which Enexis Holding B.V. already has control, it applies the equity concept method. 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.

## Accounting policies

### 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 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 deferred 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 owing to regulation).

### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rates 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 a single counterparty are netted provided there is a contractual right to net the amounts included 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, less value-added tax and energy tax, from the supply of goods and services relating to the transport of electricity and gas and from other activities.

**Cost of sales**

These are purchase costs directly related to revenue. They include transport expenses paid and network losses.

**Operating expenses**

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

**Finance income and costs**

Interest income and expenses are allocated to the period to which they relate, using the effective interest method.

**Property, plant and equipment**

Items of property, plant, equipment are carried at cost, net of contributions received, and less accumulated depreciation and impairments.

Depreciation is applied on a straight-line basis. In determining the amount of 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 the cost of application software.

Intangible assets are carried at cost less amortisation and any 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.

**Associates**

The carrying amounts of economic interests not part of Enexis Holding B.V. (joint ventures and associates) are determined using the equity method within the framework of Enexis Holding B.V.'s accounting policies. With this method, the economic interest is initially measured at cost and subsequently adjusted for post-acquisition changes in Enexis Holding B.V.'s share of the associate's profit or loss. 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 granted to associates, to the extent that the loans are integral to the net investment. A provision is formed for Enexis Holding B.V.'s share of losses only to the extent that it accepts liability for the debts of associates, or if it has the firm intention to enable the associate (to the extent of its share) to pay its debts.

**Other financial assets**

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

**Inventories**

Inventories are carried at the lower of cost and expected 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 the 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. In determining the provision, various customer-risk profiles are used. 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.

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.

**Non-current interest-bearing liabilities**

Non-current interest-bearing liabilities are carried at amortised cost, based on the effective interest method. Repayment obligations due within one year on non-current liabilities are presented separately under current interest-bearing liabilities. Gains and losses on the settlement of the liabilities are recognised under finance expenses.

**Provisions**

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

***Pension obligations***

The pension and early-retirement grants for employees are treated as defined contribution plans, as there is insufficient information available and the pension funds in question state that there is no consistent and reliable method for allocating the liability, plan assets and expenses to the participants in the plans. The contributions made in the period are recognised in profit or loss.

**Trade and other payables**

Trade and other payables are carried at face value.

To: The General Meeting of Shareholders and the Supervisory Board of Enexis Holding B.V.

# AUDITOR'S REPORT

## Introduction

We have audited the accompanying consolidated interim financial information of Enexis Holding B.V., 's-Hertogenbosch as set out on pages 8 to 22 inclusive, with the exception of page 19 (Outlook), which comprise the consolidated balance sheet at 30 June 2009, the consolidated income statement and the consolidated cash flow statement for the period 1 January 2009 to 30 June 2009 inclusive, as well as a description of the principal accounting policies.

Management is responsible for the preparation and presentation of the interim financial information in accordance with the accounting policies set out in the 2009 Interim Statement of Enexis Holding B.V.

Our responsibility is to express a conclusion on this interim financial information based on our audit.

## Scope

We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the interim financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial information.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation in the interim financial information of the entity's financial position and result 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 interim financial information.

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

## Conclusion

In our opinion, the accompanying consolidated interim financial information of Enexis Holding B.V. for the period 1 January 2009 to 30 June 2009 inclusive are prepared, in all material respects, in accordance with the accounting policies selected and described by the entity in the 2009 Interim Statement of Enexis Holding B.V.

*Maastricht, 10 August 2009*

*Ernst & Young Accountants LLP*

*signed by P.L.C.M. Janssen*