INTERIM STATEMENT 2011

ENEXIS

TABLE OF CONTENTS

FOREWORD

The first half of 2011 was characterised by positive developments, the most notable of which was the acquisition of Intergas, based in Oosterhout. The acquisition of this gas distributor, which manages the gas network in 21 municipalities in the West Brabant region, takes Enexis one step further in the implementation of its sector structuring strategy. Customers will benefit from combined electricity and gas distribution services, and as a result from lower costs.

Thanks to a regulatory tariff increase on the one hand and the continuation of the cost-control programme initiated in recent years on the other, we closed the first half of 2011 with a higher profit than in the first half of 2010. The profit for the period increased by EUR 47.5 million, from EUR 79.6 million in the first half of 2010 to EUR 127.1 million in the first half of 2011. Although the profit for the first half of 2011 is higher than that for the same period in 2010, it is still below the level of the 2009 first half. This is a normal effect of the tariff regulation system. This profit creates the ability to make future investments.

Reliability

Supply interruptions in the report period remained at a unchanged low level, with the average duration of electricity supply outages per connection below 11 minutes. The anticyclical investment policy was continued. The flexibility arising from lower customer demand, as a result of the weak economy, was used to increase investment in the replacement of (parts of) the grid. The duration of supply outages was significantly reduced by innovations such as an automated sub-grid, which allows remote switching of parts of the grid. Enexis is the first grid operator in the Netherlands to apply this innovation, in this case to a substantial part of the electricity grid in Enschede. Other innovations, like excavation-free replacement of underground cables, limit damage caused by digging works.

Customer focus

Enexis works constantly on improving its customer service. We do this by making significant improvements in our customer processes, both in the Customer Relationships department and in the works carried out by Infra Services. A new method for customer satisfaction surveys provided us with better understanding and concrete action points for improvement of the customer contact processes. Formerly we approached our customers on the basis of internal products and processes. By constantly focusing on the needs of the customer, we have identified new customer groups that will in the future be served on a more tailor-made basis.

Sustainability and innovation

Sustainable grids, insight into energy consumption and sustainability in our own operations are key attention areas for Enexis. The 2011 energy report underlines the importance of energy grids in the transition to sustainable energy. Our sustainability and innovation policy was put into practice through a number of initiatives. For example in mid-April we organised a successful second congress entitled 'Intelligent Urban Areas, from paper to practice'. The first Enexis Energy Transition Prize was awarded to the municipality of Dalfsen, while in Breda important steps were taken in the design of an intelligent urban area pilot.

Enexis also supported sustainability initiatives with the roll-out of the 'Energy in View' energy consumption scan. This application is now in use by 12 municipalities to monitor their CO_2 emissions at postal code level and to actively formulate policy to achieve their climate goals. It is expected that 20 municipalities will be users of this product by the end of 2011.

Safety

A good example of the importance that Enexis places on safety is the opening of our own examination institute at which our technical staff can gain personal certification to the BEI and VIAG safety standards. We regard safe working conditions for our people and safe grids for our customers as essential. The safety scores are in line with those of 2010. Our aim for 2011 is once again to take safety to a higher level. We are doing this by increasing safety awareness among our customers through a proactive approach, for example by handing out meter cabinet cards. As well as that we are taking measures and organising actions for our own employees.

Outlook

We expect the positive development in the results of Enexis to continue in the second half-year, helped by the increase in tariffs. At the same time we will continue to keep costs under close control.
A number of important events planned for the coming half-year include a second pilot of the intelligent urban area (in Zwolle), the building of our new sustainable offices and the introduction of 'new working' among our employees. Numerous facilities to make work independent of time and location have already been introduced, and we intend to continue with these in the coming months.

In the coming half-year Enexis will further prepare for the large scale roll-out of the smart meter and the further introduction of the new market model in 2013.

We can look back positively on our performance in the first half year of 2011, and are confident that we will be able to continue this in the second half. We would like to thank all our colleagues, provincial authorities, municipalities and stakeholders for their contributions to the results achieved in the first half-year of 2011.

Han Fennema
Chairman, Management Board

René Oudejans
Member, Management Board/CFO

KEY FIGURES FINANCIAL

Amounts in millions of euros.

	1st half-year 2011[3]	1st half-year 2010[3,4]	2010	1st half-year 2009	2009
Results					
Revenue	647.5	589.9	1,204.2	695.2	1,358.1
Cost of sales	119.4	111.0	218.7	118.8	223.4
Gross profit	528.1	478.9	985.5	576.4	1,134.7
Other operating income	5.5	6.8	11.4	4.4	14.4
Operating expenses exclusive of depreciation and impairments	186.6	208.9	398.7	252.9	516.7
Depreciation and impairments	133.7	124.8	248.5	122.4	233.3
Operating profit	213.3	152.0	349.7	205.5	399.1
Share of profit of associates	1.5	2.5	4.9	1.4	9.2
EBIT	214.8	154.5	354.6	206.9	408.3
Financial income and expenses	–44.5	–48.5	–93.8	–31.0	–72.5
Profit before tax	170.3	106.0	260.8	175.9	335.8
Profit for the period	127.1	79.6	193.7	148.4	263.1
Financial position					
Net working capital	–196.7	–68.9	–86.2	74.0	0.2
Non-current assets	5,332.3	4,958.4	5,059.2	4,651.8	4,893.6
Capital employed[1]	5,135.6	4,890.2	4,974.2	4,729.7	4,894.5
Equity	3,032.9	2,849.9	2,963.9	2,734.5	2,849.1
Total assets	6,143.1	5,802.8	5,911.5	5,351.2	5,677.0
Ratios					
Solvency[1]	49.4	49.1	50.1	51.1	50.2
ROIC[2]	4.2	3.2	7.1	4.4	8.3
Return on equity[1]	4.2	2.8	6.5	5.4	9.2

Definitions of financial ratios:

EBIT	Operating profit plus share of profit of associates.
Capital employed[1]	Sum of Non-current assets, Net working capital and Assets held for sale.
Net working capital	Total current assets excluding cash and cash equivalents less current liabilities excluding interest-bearing debt.
Return on invested capital (ROIC)	Ratio of EBIT to capital employed.
Return on equity	Ratio of profit to equity.
Solvency	Ratio of equity to total assets x 100%.

1. Definitions were changed at the end of 2010. Formerly defined as the sum of equity and interest-bearing debt.
2. These ratios are calculated on the basis of six-month returns.
3. Figures are unaudited.
4. The change in presentation of contributions received from third parties also includes the contributions to investments in connections, for which the figures originally presented in the first half of 2010 have been adjusted.

RATIOS

In support of its financial targets, Enexis applies the following ratios as indicators for the financial policies aimed at a financially sound capital structure and the maintenance of its strong credit ratings.

Ratios for Enexis Holding N.V. Moving 12-month average	**Target**	**30-6-2011**
EBIT interest cover	≥ 2.5	4.2
FFO interest cover	≥ 4.0	6.4
FFO / net interest-bearing liabilities	≥ 20.0%	33.0%
Net interest-bearing liabilities / equity + net interest-bearing liabilities	≤ 55.0%	34.8%

Definitions of financial ratios:

EBIT interest cover

Ratio of (operating profit plus share of profit of associates) to interest paid.

FFO interest cover

Ratio of (profit for the period plus changes in deferred income tax plus depreciation/amortisation plus changes in provisions plus other one-off and not cash related costs plus interest paid) to interest paid.

FFO / net interest-bearing liabilities

Ratio of (profit for the period plus changes in deferred income tax plus depreciation/amortisation plus changes in provisions plus other one-off and not cash related costs) to (interest-bearing liabilities minus surplus liquidity).

Net interest-bearing liabilities / equity + net interest-bearing liabilities

Ratio of (interest-bearing liabilities minus surplus liquidity) to (equity plus interest bearing liabilities minus surplus liquidity).

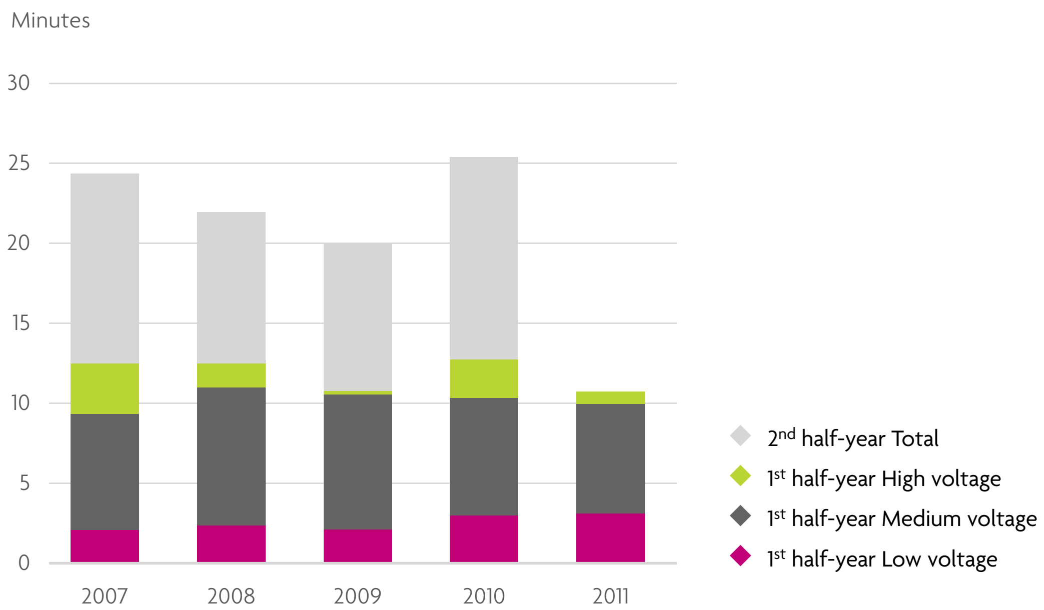
RELIABLE GRIDS

A reliable grid is essential for uninterrupted transport and distribution of gas and electricity. In the first half of 2011 we recorded an average outage time per connection of less than 11 minutes. A large proportion of that figure was attributable to a number of major, long-lasting outages. More than a quarter of the outages were the result of excavation damage, caused by work on sewers or optical fibre cables. Reducing outages caused by excavation works has been a matter of priority for Enexis for many years. In many cases an important factor in these problems is that third parties fail to make proper use of the drawings showing underground infrastructure. For this reason Enexis is experimenting by assigning our own personnel to check excavation works carried out by third parties.

Major investments have been made to correct outages more quickly. For example in the past half-year all emergency service technicians were given new tablet PCs with more functions. Their vehicles have also been equipped with route planner systems, so they can reach the locations of outages more rapidly. The tablet PCs enable them to access information about locations online, including the condition of specific network components at the site of an outage. In addition, new excavation techniques ensure that damage caused by digging works will be kept to a minimum in the future. All these efforts are aimed at reducing the annual outage duration and keeping this figure under our own five-year average (22.18 minutes).

The average duration of gas outages per connection in the first half of 2011 was 20 seconds. In 2010 the figure for the full year was 44 seconds.

Electricity supply reliability: annual outage time per connection.

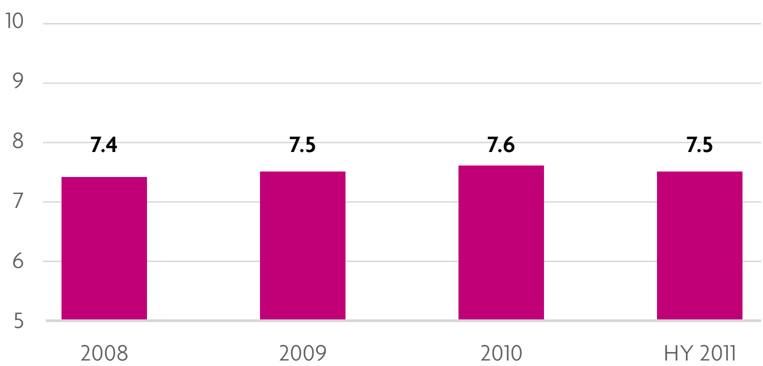


CUSTOMER FOCUS

A deeper understanding of the customer's experience. This is the step that Enexis has taken in this report period in relation to public focus. By entering into discussion with customers and employees and following the customer contact path, we have been able to make the various levels of our customer contact process transparent. The aim was to investigate how our customers experience our service, and as a result to improve our customer and public focus. Next to these customer discussions, Enexis also uses a new customer segmentation model. By carefully considering how the different customer groups wish to be approached, Enexis can better respond to their expectations and deliver tailor made service in the future.

As the chart below shows, the scores in the random surveys over the years present a stable picture. The overall average for the first half of 2011 is 7.5,* which is in line with our general target. Enexis will again carry out quarterly measurements of customer satisfaction this year on a non-selective basis. Customers will be contacted randomly by telephone and asked to give their views on Enexis. These customers may in the measurement period have had no direct contact with Enexis. This survey method gives a fairly general impression of the image of Enexis. Next to random measurements, we also carry out process measurements after customer contacts with Enexis. These give more in-depth insight into customers' views in relation to specific processes.

Formerly customers were approached primarily on the basis of products and processes, but now more than ever we make customers and their needs the central factor. This has enabled us to identify a number of new customer groups on the basis of needs, and we intend in the future to offer these groups a more tailor-made service. In the coming half-year the process measurements, the customer surveys and the segmentation will provide us with further ways to improve our customer focus, and with it the customer satisfaction level.



Customer satisfaction (random measurements*).

* The random survey was carried out by Intomart GfK among 375 low-volume customers and 150 high-volume customers.

SUSTAINABLE AND INNOVATIVE

Enexis has the ambition to play a leading role in facilitating the energy transition in the Netherlands. This means we intend as much as possible to promote and support the change to sustainable forms of energy generation, transport and distribution, based on our specialisation and our role as grid operator.

Sustainable grids

Enexis is putting its social role into practice by contributing to increased sustainability of energy supplies. We are working to create a network that is ready for the energy transition and that facilitates the generation and distribution of sustainable energy. In the report period we received the important permits relating to a large raw biogas hub (BioNoF) in north-east Friesland. This plant will collect raw biogas (from fermentation of agricultural wastes and manure), and then centrally process it and feed it into the Gas Transport Services gas distribution grid. Important improvements were also made during the period to ensure safe and constant biogas quality in an infeed project in Witteveen, in the province of Drenthe. As grid operator Enexis has worked closely together with the gas producer in this project.

As well as increased sustainability, innovation will also lead to higher productivity. More efficient working enables Enexis to carry out the same work with fewer people, or to use people differently. This is desirable because Enexis will in the coming years be faced with a natural outflow of (technically) skilled people. Innovations that help to carry out work more quickly, better and more accurately are therefore welcome. Tests with a dry suction excavator for the digging of ditches are promising. This equipment not only works more quickly and accurately, but as well as this it does not damage underground cables. As a result excavation works can be completed in less time, which is good news for customers. And the extra productivity allows our technicians to spend more time on their real task of installing cables and pipelines, instead of on earthmoving.

Insight into energy consumption

In its tests Enexis focuses not only on the 'hard' technical aspects, but also on how energy is used: where and when is it needed, and for what purpose? We have carried out technical tests, but much attention has also been devoted to human behaviour. For example because we not only wanted to evaluate the smart meter on its technical merits, but more specifically we wanted to find out how people use it and if the effects are lasting.

Tests among our own employees with solar panels, smart thermostats, smart wash (an intelligent washing machine), smart meters and smart power plugs (that record the energy consumption of individual appliances) are intended to provide the understanding required to enable the large-scale roll-out of a smart grid. These tests start on a relatively small scale among our own employees, to allow us to understand whether and how the technology works and because they increase the involvement of employees in sustainability initiatives.

On a more extensive scale, smart urban area experiments were carried out in Breda as part of the 'Easystreet' and 'Meulenspie' projects. These tests bring the realisation of this smart grid pilot closer, and the first steps have now been taken. Increasing numbers of future residents are interested in participating, and to provide information test setups have been built to allow testing of the required systems 'behind the meter': dynamic tariffing, the connection of intelligent domestic appliances and communication with weather information. This project is being carried out in partnership with Greenchoice, supplier of sustainable electricity, and the project developer Heja.

Sustainable Enexis

In the meantime, we are also making every effort at Enexis to increase the sustainability of our own operations. A good start was making our CO_2 emissions transparent in the form of a footprint (see the 2010 Annual Report), which allows better management of the factors influencing emissions. Our vehicle fleet has also been the subject of attention with the aim of increasing sustainability. Agreements have been made for the delivery of 30 electric cars and 30 cars powered by green gas in 2011. In addition we are looking closely at the management of our waste material flows, and at energy usage in our sites and offices. Enexis is already developing two climate-neutral office buildings, which in addition are also being built with highly sustainable materials.

SAFE

"At Enexis we work safely or we don't work at all." This statement reflects what is really the only standard as far as safety is concerned. We not only want to work safely for our customers, we also want to ensure safe working conditions for our employees and the other technical specialists who work for Enexis. To do that we observe strict safety regulations. We take thorough precautionary measures, wear protective clothing, think carefully before we start work, and possess all the required professional skills.

In the first half of 2011 Enexis continued undiminished to emphasise the need to identify high-risk situations and to recognise that errors can be made wherever work is carried out. To increase safety awareness, we use tools in the design phase such as pre-job and start-of-work meetings to review the risks with everyone concerned and to agree on the risk-management measures to be taken. Everyone is personally required to do the LMRA (Last Minute Risk Analysis), a checklist to give the assurance that all risks have been identified, evaluated and found to be manageable. But as well as this we also consulted colleagues who have been involved in accidents at work.

These measures mean that our 'house of safety' is in order; we have all the necessary tools and equipment, and we can perfectly analyse where and why safety can be further improved. Extra attention was devoted in the report period to tightening up behaviour. We aim to create a culture in which it is normal for colleagues to express any doubts they may have, and to point out sloppy or unacceptable behaviour. We also expect managers to take a stricter approach, and to be clearer in their communication. Inconsistency is the enemy of safety.

From (sub-) contractors too we demand an unconditional commitment to safety. We organise twice-yearly contractors' meetings in which we share the latest information and views with each other. The (safety) targets are also announced at these meetings, and responsibilities are communicated clearly.

Safety is an integral part of our HR policy when it comes to the recruitment of new colleagues, the introduction period and the assessment cycles. This high level of attention clearly puts safety into practice within Enexis, and ensures that everyone knows what is demanded of them.

The accident registration system used by Enexis provides the DART (Days Away, Restricted or Transferred) score. This represents the number of accidents resulting in absence or restricted work for every 200,000 man-hours worked. In 2010 this score was 0.55. This year the internal DART score up to the end of June was 0.50. For contractors the score was 1.09 for the first half of 2011, and 1.05 for the full year 2010.

Safer grids for our customers and safe working for our employees remain essential for Enexis. Our safety targets have therefore once again been raised compared with the preceding year. As well as increasing safety awareness among our customers, we have also taken numerous actions and measures to achieve our targets. For example at the beginning of June Enexis was the first company in the Dutch energy world to open its own examination institute at which staff can gain personal certification to the BEl and VIAG safety standards. Another example is the meter cabinet cards that are issued to customers giving tips on what to do in case of outages.

DART scores for Enexis employees from 2007 up to and including the first half of 2011.

PROFILE

Families, businesses and government authorities in the provinces of Groningen, Friesland, Drenthe, Flevoland, Overijssel, Noord-Brabant and Limburg depend for their energy supplies on the Enexis grids. Enexis distributes electricity to more than 2.6 million customers, and gas to more than 2 million customers (including those of Intergas). That's an important responsibility. Enexis handles the distribution of energy and the installation, maintenance, management and development of the energy transport and distribution grids in large parts of the provinces referred to above.

Enexis service area at 30-6-2011.

Enexis Holding N.V.

All the operating companies are legal subsidiaries of Enexis Holding N.V. These companies handle the grid management activities and a number of commercial core-strengthening activities.
Enexis Holding N.V. is a public limited liability company. Approximately 74% of the shares in Enexis are held by the provinces of Groningen (6.0%), Drenthe (2.3%), Overijssel (18.7%), Flevoland (0.02%), Noord-Brabant (30.8%) and Limburg (16.1%).
The remainder of approximately 26% of the shares are held by 116 Dutch municipalities in the above provinces and Friesland. The number of municipal shareholders declined by five in the first half-year as a result of changes in municipal boundaries.

The grid operator (Enexis B.V.)

Enexis B.V. is responsible for the grid management activities which are carried out by its asset company subsidiaries. In addition, Enexis B.V. participates in EDSN, which is responsible for the transmission of messages between the regional and national grid operators, suppliers and measuring companies, and in ZEBRA Gasnetwerk B.V., which manages the gas pipeline between Zelzate (Belgium) and Moerdijk.

Core-strengthening activities

The commercial activities of Enexis are carried out by:

- Enexis Meetbedrijf B.V., which provides data on electricity and gas consumption by business customers to suppliers, grid operators and trading parties. It also provides metering data products that give customers a better understanding of their energy consumption. Finally, this company provides, installs and maintains the metering equipment required to carry out its tasks.
- Enexis Infra Products B.V., and in particular its Intermediate department, provides high- and medium-voltage equipment and total solutions for electricity supply to high-volume customers (design, management, maintenance and advisory services). The participation in Ziut B.V., a joint venture with Alliander to which the public lighting activities of Enexis have been assigned, also falls under Enexis Infra Products.
- Enexis Vastgoed B.V., which manages the real estate activities of Enexis that do not fall under one of the asset companies.

These companies are provided with support by the Enexis staff departments under a service agreement.

VISION, MISSION AND CORE VALUES

Vision

Society at large is becoming increasingly aware of its dependence on energy and the effects of the use of energy for the economy, quality of life and the climate. This means stakeholders and customers will be increasingly critical of the performance and behaviour of energy (distribution) partners and their ability to capitalise on technology developments and changing market conditions.

Mission

We go to great lengths in our efforts to ensure sustainable, reliable and affordable energy distribution.

Our core values

Our mission and vision have been translated into our core values: jointly, effective, responsible and forward-looking.

FINANCIAL REVIEW

General

The operating profit and the profit for the period of Enexis in the first half-year of 2011 increased as expected compared with the first half year of 2010. The main reasons for this increase are a rise in revenues due to the higher regulated tariffs, and a further decline in operating expenses due to cost savings. Although the profit for the first half-year of 2011 is higher than for the same period in 2010, it is still below the level of the first half of 2009. This is a normal effect of the tariff regulation system. This profit creates the ability to make future investments.

Revenue, cost of sales and gross profit including other operating income

Gross profit including other operating income increased by EUR 47.9 million. Of this, EUR 56.3 million was the result of increased revenue, due mainly to favourable X-factors and the resulting tariff increases. On the other hand, the cost of sales increased by EUR 8.4 million, due largely to higher regulated TenneT costs.

Operating expenses

Operating expenses excluding depreciation declined by EUR 22.3 million. Savings as a result of the cost-saving programme and a higher release of provisions led to lower costs. The transfer of the Shared Service Center of Essent to Enexis in mid-2010, as the final step in the full unbundling of Essent and Enexis, led to a shift in costs from outsourced work to employee benefits expense. Depreciation rose by EUR 8.9 million due to higher investments in the preceding year and higher decommissioning depreciation as a result of replacement investments. On balance this led to a decline of EUR 13.4 million in total operating expenses.

Financial income and expenses

Financial income and expenses were on balance EUR 4.0 million lower, due mainly to higher interest received on larger deposits.

Profit for the period

The profit for the period increased by EUR 47.5 million from EUR 79.6 million in the first half-year of 2010 to EUR 127.1 million in the first half-year of 2011.

CONSOLIDATED INCOME STATEMENT

	1st half-year 2011 [1]	1st half-year 2010 [1,2]	2010
Revenue from the supply of goods and services	647.5	589.9	1,204.2
Cost of sales	119.4	111.0	218.7
Gross profit	**528.1**	**478.9**	**985.5**
Other operating income[3]	5.5	6.8	11.4
Gross profit plus other operating income	**533.6**	**485.7**	**996.9**
Employee benefits expense	120.8	113.0	220.4
Depreciation, amortisation and impairments	133.7	124.8	248.5
Cost of work contracted out, materials and other external expenses	60.3	87.4	164.9
Other operating expenses	5.5	8.5	13.4
Total operating expenses	320.3	333.7	647.2
Operating profit	**213.3**	**152.0**	**349.7**
Share of profit of associates	1.5	2.5	4.9
Financial income and expenses	–44.5	–48.5	–93.8
Profit before tax	170.3	106.0	260.8
Income tax expense	43.2	26.4	67.1
Profit for the period	**127.1**	**79.6**	**193.7**

1. Figures are unaudited.
2. The change in presentation of contributions received from third parties also includes the contributions to investments, for which the figures originally presented in the first half of 2010 have been adjusted.
3. Including amortisation of contributions to investments.

Amounts in millions of euros.

CONSOLIDATED BALANCE SHEET

Amounts in millions of euros.

	30 June 2011[1]	30 June 2010[1,2]	31 December 2010[3]
Assets			
Property, plant and equipment	5,197.2	4,849.9	4,938.2
Intangible assets	84.0	74.4	85.3
Goodwill	16.3	-	-
Associates	32.3	30.5	32.9
Other financial assets	2.5	3.6	2.8
Non-current assets	**5,332.3**	**4,958.4**	**5,059.2**
Inventories	19.5	13.9	16.7
Receivables	483.0	560.4	504.2
Cash and cash equivalents	308.3	269.4	330.2
Current assets	**810.8**	**843.7**	**851.1**
Assets held for sale	0.0	0.7	1.2
Total assets	**6,143.1**	**5,802.8**	**5,911.5**

1. Figures are unaudited.
2. The change in presentation of contributions received from third parties also includes the contributions to investments, for which the figures originally presented in the first half of 2010 have been adjusted.
3. Before profit appropriation proposal.

	30 June 2011[1]	30 June 2010[1,2]	31 December 2010[3]
Liabilities			
Issued and paid-up share capital	149.7	149.7	149.7
General reserve	319.8	184.2	184.2
Share premium reserve	2,436.3	2,436.3	2,436.3
Profit for the period	127.1	79.6	193.7
Equity	**3,032.9**	**2,849.9**	**2,963.9**
Non-current interest-bearing liabilities	1,909.3	1,911.7	1,910.9
Non-current provisions	53.1	64.8	58.1
Advance contributions for installation of grids and connections	319.7	264.6	290.3
Deferred income tax	109.6	54.6	65.7
Non-current liabilities	**2,391.7**	**2,295.7**	**2,325.0**
Trade and other payables	639.6	614.9	571.9
Current interest-bearing liabilities	19.3	14.0	15.5
Income tax expense	40.4	-	17.5
Current provisions	19.2	28.3	17.8
Current liabilities	**718.5**	**657.2**	**622.7**
Total liabilities	**6,143.1**	**5,802.8**	**5,911.5**

Amounts in millions of euros.

1. Figures are unaudited.
2. The change in presentation of contributions received from third parties also includes the contributions to investments, for which the figures originally presented in the first half of 2010 have been adjusted.
3. Before profit appropriation proposal.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Acquisition

On 25 January 2011 Enexis announced its intention to acquire Intergas Energie B.V. An agreement in principle for this purpose was signed with Intergas Holding on 25 January 2011. Intergas Energie B.V. owns and operates a gas distribution grid in Central and West Brabant with around 150,000 connections.
Enexis Holding N.V. acquired the shares in Intergas Energie B.V. on 31 May, on which date the controlling interest in the company was formally transferred. At the same time more than 60 new employees were welcomed. Intergas Energie B.V. is consolidated in the Enexis group figures with effect from 1 June 2011.

The provisional cost of this acquisition is EUR 190.9 million, which can be broken down as follows:

Fair value of the net assets	174.6
Goodwill	16.3
Cost of acquisition	**190.9**

Of the fair value of the net assets, EUR 197.0 million is assets in the form of the gas grid, gas connections and gas meters. Receivables resulting from the acquisition, stated at face value, are EUR 3.2 million and relate to receivables from ordinary operations. Acquired non-current liabilities are provisions for cross-border leases and employee-related liabilities totalling EUR 4.7 million, prepaid contributions of EUR 3.5 million and deferred income tax of EUR 19 million. The current liabilities are payables from ordinary operations of EUR 2.7 million, stated at face value.

From the acquisition date of 31 May 2011, Intergas Energie B.V. has made a contribution of EUR 2.4 million to revenue and EUR 0.7 million to profit. The result for the period from January to the end of May 2011 formed part of the acquisition price.

Investments

Investments capitalised in the first half of 2011 minus the contributions received from third parties totalled EUR 156.5 million. This is an increase of EUR 16.0 million relative to the first half-year of 2010, due primarily to extra investments in the replacement of older parts of the grid. Conversely, investments in intangible assets (in particular software) were lower as a result of the setting-up of an independent ICT network platform which was completed at the beginning of 2011.

Working capital

Compared with the first half-year of 2010 net working capital decreased by EUR 127.8 million from EUR 68.9 million negative to EUR 196.7 million negative. This change was due primarily to the decline of EUR 77.4 million in receivables, an increase of EUR 24.7 million in trade and other payables, and an increase of EUR 40.4 million in income tax payable. Receivables declined because Enexis has itself been responsible since mid-2010 for customer billing and collection under the grid operators model. Trade and other payables increased because of a reclassification of customer contributions to be depreciated as current liabilities.

Equity

Equity increased by EUR 69.0 million due to the profit of EUR 127.1 million for the first half-year, minus the dividend for 2010 of EUR 58.1 million paid on 20 April 2011.

CONSOLIDATED CASH FLOW STATEMENT

	1st half-year 2011[1]	1st half-year 2010[1]	2010
Profit for the period	127.1	79.6	193.7
Depreciation, amortisation and impairments	130.1	121.7	242.6
Contributions for installation of grids and connections	36.7	49.7	78.9
Changes in provisions, working capital and other items	117.2	96.7	113.9
Cash flow from operating activities	**411.1**	**347.7**	**629.1**
Investments in property, plant, equipment and intangible assets	–193.2	–190.2	–411.8
Changes in assets and liabilities held for sale	1.2	-	–0.5
Acquisition of associate[2]	–186.4	–0.8	–0.2
Changes in financial assets	0.3	–0.2	–0.2
Proceeds from sale of non-current assets	1.0	0.4	0.5
Cash flow from investing activities	**–377.1**	**–190.8**	**–412.1**
Cash flow before financing activities	**34.0**	**156.9**	**217.0**
Change in interest-bearing liabilities	2.2	–0.8	–0.1
Dividend paid to shareholders	–58.1	–78.9	–78.9
Cash flow used in financing activities	**–55.9**	**–79.7**	**–79.0**
Total cash flows	**–21.9**	**77.2**	**138.0**
Cash and cash equivalents at beginning of year	330.2	192.2	192.2
Cash and cash equivalents at end of period	**308.3**	**269.4**	**330.2**

1. Figures are unaudited

2. After deduction of liquidity acquired on acquisition.

Amounts in millions of euros.

OTHER NOTES

OFF-BALANCE SHEET COMMITMENTS

Development of cross-border leases in the first half-year 2011

The remaining CBLs which had been entered into earlier by Essent/Enexis were voluntarily terminated in June 2011 by both Enexis B.V. and Essent N.V.

The costs of these early terminations will be settled with the CBL fund, which was formed by the purchasers and sellers on the sale of Essent N.V. All costs incurred by Enexis and Essent for the termination of both CBLs will be repaid out of this fund.

After the subsequent termination of the CBL cross-guarantee structure between Essent and Enexis, the CBL fund will be liquidated and the surplus will be paid out to its founders.

A further CBL belonging to the Intergas gas grid was taken over by Enexis on the acquisition of Intergas. No relationships between Enexis and Intergas Energie B.V. existed in the period prior to the acquisition.

At the end of June 2011 Enexis therefore has one remaining network CBL, on the Intergas gas network, consisting of two individual transactions.

CBLs were established with US investors and with Dutch and foreign lenders and guarantors. When entering into the CBLs, the US investors in many cases incorporated separate legal entities, some of them in the form of trusts. Intergas Energie B.V. transferred the CBL to a separate subsidiary, Intergas Gasnetwerk B.V.

The CBLs are governed by conditional and unconditional rights and obligations. The structure of the transactions entered into for this purpose means that the rights and obligations under the CBLs, as in past years, are not disclosed on the balance sheets of Intergas and Enexis.

Early voluntary termination of a CBL is possible in consultation with the investor. This option of voluntary termination has been used frequently in recent years because of a range of circumstances.

Early (involuntary) termination of CBLs may also occur if specific events as defined in the contracts arise, for example default by the lessee, or if the underlying asset is destroyed.

In case of involuntary early termination of a CBL, the CBL entity, and consequently also Intergas Energie B.V. and Enexis Holding N.V., can be held liable for the payment of termination compensation and other related indemnities and finance charges to the US investors and/or other CBL parties.

At 30 June 2011, total equity exposure on the Intergas Network CBL (i.e. the amount that would be payable in case of early termination) was USD 91.5 million. Part of this amount is covered by separate financial instruments (portfolio investments) at a value depending on the time of early termination. The value of these instruments at 30 June 2011 was estimated as USD 65.9 million.

At the end of the sub-lease period, Enexis/Intergas has the right under specific conditions to repurchase the rights to the assets (repurchase option). If this option is exercised, the amounts to be paid for this purpose are expected to be covered by the proceeds from the separate financial instruments (investments with a very high credit rating and a fixed value on maturity).

The contractually agreed Intergas Network CBL rental obligations for the coming years can be broken down as follows:

	2012	**2013**	**2014**	**2015**	**> 2015**	**total**
CBL rental obligations :	16.3	16.3	16.3	16.3	125.9	191.1

Amounts in millions of US dollars.

The rental obligations shown above are fully covered by cash deposits.

Under the terms of the Intergas Network CBL contract, mortgage rights were granted on a part of the underlying assets. At 30 June 2011 these assets had a carrying amount of approximately EUR 2.2 million.

Under the terms of the CBL contracts, Letters of Credit and/or other guarantees were issued in favour of specific CBL contract parties when the CBLs were concluded. At 30 June 2011, a financial institution had issued a Letter of Credit to the value of approximately USD 25.6 million for the Intergas Network CBL.

BASIS OF PREPARATION

General

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Enexis Holding N.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 and intercompany balances 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.

ACCOUNTING POLICIES

Accounting estimates and assumptions

The preparation of the financial statements requires the use of certain estimates and assumptions that affect the amounts presented. Differences between the actual results and these estimates and assumptions impact the amounts that will be recognised in future periods.

The estimates and assumptions used by management particularly affect the measurement of property, plant, equipment and intangible assets (useful economic lives and residual values), the need to recognise impairment of property, plant, equipment and intangible assets, the measurement of any deferred income tax assets, receivables (need to recognise potential impairments), provisions for employee benefits (actuarial assumptions) and other provisions, and the recognition of revenue (as a result of settlement spread throughout the year of billable standing charges and regulatory requirements).

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 through 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 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. Charging of low-volume consumers is on the basis of fixed costs depending on the capacity of the connection.
Charging of high-volume consumers is done periodically on the basis of contractually agreed capacity, plus in the case of electricity on the basis of metered consumption and actual load.
The amount of revenue from the distributed energy is regulated by the Office of Energy Regulation and is determined based on the billed standing charges plus an estimate of the remaining billable standing charges minus an estimate of the remaining billable standing charges at the end of the previous financial year.

Cost of sales

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

Grants and subsidies

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. Grants and subsidies 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. Depreciation is applied to advance contributions for the installation of assets in parallel with the depreciation of the assets concerned.

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 (i.e. employee benefits expense and cost of materials in particular) are deducted from the relevant cost categories.

Financial income and expenses

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

Property, plant and equipment

Items of property, plant and equipment are carried at cost or internal manufacturing price, less accumulated depreciation and any impairment losses.

Depreciation is applied on a straight-line basis. The expected useful life of the asset is taken into account in determining depreciation. The useful lives and residual values are assessed each year, with any adjustments being recognised prospectively. Land is not depreciated. Items of property, plant and equipment 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 through profit or loss.

Intangible assets

Intangible assets mainly comprise application software costs. All intangible assets are carried at cost less accumulated depreciation and any impairment losses. Depreciation is applied on a straight line basis. The expected useful life of the asset is taken into account in determining depreciation. The useful lives are assessed each year, with any adjustments being recognised prospectively.

Goodwill

Goodwill is the difference between the acquisition price less the fair value of identifiable assets and the fair value of the acquired liabilities. Goodwill is carried at cost price less any impairments. Goodwill is assessed annually or more frequently for impairments whenever any events or changes in circumstances indicate that a possible impairment may exist. Any impairment of goodwill is irreversible.

Impairments

During the year, it is assessed whether there is any indication that an asset may be impaired. If there is any such indication, 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 its value in use. 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 through 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 reversed only to the extent that the carrying amount after reversal does not exceed the carrying amount that would have been determined (net of depreciation or depreciation) had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised through profit or loss.

Associates

The carrying amounts of economic interests that do not belong to Enexis Holding N.V. (i.e. joint ventures and associates) are determined using the equity method of accounting in accordance with the accounting policies of Enexis Holding N.V. Using this method, the economic interest is initially measured at cost, after which its carrying amount is increased or reduced by the share of profit of the associate of Enexis Holding N.V. Dividends received are netted against the carrying amount.

In the event of negative equity, losses on associates are recognised up to the amount of the net investment in the entity in question. 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 further losses only in the event and to the extent that it has accepted liability for the financial obligations of the associate in question or in the event that it has the firm intention to allow the associate to meet its financial obligations (for the Enexis share).

Other financial assets

There are two categories of other financial assets:

- Assets available for sale.
- Loans and receivables.

Assets available for sale

This category includes equity interests over which the Company has no significant influence. Such interests are recognised at cost on acquisition (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 and losses 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 through 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

Inventories are stated 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 comprises all expenses and costs directly attributable to their purchase and to 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 a receivable is uncollectable, it and the corresponding provision are both written off.

Netting and presentation of trade receivables and advances from private and small business customers are based on billing groups: a grouping method for customers based on the period in which their meters are read for the purpose of issuing energy bills.

Other receivables, prepayments and accrued income are stated 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 and securities are recognised 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 term is highly probable are classified separately under current assets. On initial classification, such assets or asset groups, less any impairments recognised through profit or loss, are measured at the lower of their carrying amounts and fair values less costs to sell. Once classified as held for sale, they are no longer impaired.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities are carried at amortised cost using 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 buy-back of interest-bearing liabilities are recognised as financial expenses.

Advance contributions for the installation of grids and new connections

Advance contributions from third parties for the installation of grids and new connections are from 2008 recognised on receipt as non current liabilities. Depreciation is applied on a straight-line basis, taking into account the expected useful life of the asset.

Deferred income tax

Deferrals relating to the differences between the carrying amounts and tax bases of property, plant and equipment and employee benefits provisions are shown separately as deferred income tax.

Provisions

Provisions are recognised for obligations enforceable at law or constructive obligations of uncertain amount or timing as a result of past events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at a current discount rate, taking into account any 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 through profit or loss. Any cash outflows expected within a year of the balance sheet date are included separately under current liabilities.

Pension obligations

The 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 participants. Any contributions made during a financial year are recognised through profit or loss for that year.

Trade and other payables

Trade and other payables are stated at face value.

Income tax expense

Income tax is calculated by applying the current nominal 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.
Income tax is recognised through profit or loss, except to the extent that it relates to items recognised directly in equity.

Lease

At inception of the lease, the carrying amount of the asset and the liability is the lower of the fair value of the leased asset and the present value of the lease payments. Lease payments are split into a financial charge and a repayment on the lease obligation, in order to achieve a constant discount rate on the outstanding balance of the liability. The asset is depreciated over the shorter of the asset's useful life and the outstanding term of the lease. If the lease does not provide for the transfer of substantially all the risks and rewards associated with ownership (i.e. if it is an operational lease), the lease payments are recognised evenly over the term of the lease.

Cash flow statement

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

REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated interim financial information of Enexis Holding N.V., Rosmalen, which comprises the consolidated balance sheet at 30 June 2011, the consolidated income statement and the consolidated cash flow statement from 1 January 2011 upto and including 30 June 2011. Management is responsible for the preparation and the presentation of the interim financial information in accordance with the accounting policies set out in the 2011 Interim Statement of Enexis Holding N.V. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review of the interim financial information in accordance with Dutch law, including the Dutch Standard 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Dutch auditing standards and consequently does not enable us to obtain assurance that we would have become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information for the period 1 January 2011 upto and including 30 June 2011 is not prepared, in all material respects, in accordance with the accounting policies selected and described by the entity, and set out in the 2011 Interim Statement of Enexis Holding N.V.

Zwolle, 3 August 2011
For Ernst & Young Accountants LLP

J. Niewold