2012

Consolidated financial statements

Enexis B.V. www.enexis.nl

ENEXIS

ENERGIE IN GOEDE BANEN

Contents

Introduction

For the financial statements of Enexis B.V., Enexis Holding N.V. has filed a joint and several liability statement as referred to in Section 403 Book 2 of the Netherlands Civil Code. Enexis B.V. is therefore exempted from publication of its financial statements, and its obligation to file independent financial statements is met by publication of the statement of consent and the joint and several liability statement.

The consolidated financial statements of Enexis B.V. form part of the consolidated financial statements of Enexis Holding N.V. A report with an unqualified audit opinion regarding the consolidated financial statements of Enexis Holding N.V. was issued by Ernst & Young Accountants LLP on 15 March 2013.

Enexis B.V. must meet the obligation to make the consolidated financial statements of Enexis B.V. available for inspection at the office of Enexis B.V. This obligation arises out of article 18 of the Electricity Act 1998 and article 10d of the Gas Act. In addition the consolidated financial statements of Enexis B.V. have been prepared as a result of contractual obligations with rating agencies.

The consolidated financial statements of Enexis B.V. are not full financial statements. To gain a complete picture of the financial position of Enexis B.V., the financial statements of Enexis Holding N.V. should alse be read.

The English version of the consolidated financial statements of Enexis B.V. is a translation of the Dutch version. The leading version of the consolidated financial statements is the Dutch version.

Key figures I

	2012	2011	2010	2009	2008
Results (amounts in EUR x million)					
Revenue	1,317.1	1,268.3	1,155.9	1,146.8	1,341.9
Cost of sales	235.8	239.0	218.7	223.4	213.1
Gross margin	1,081.3	1,029.3	937.2	923.4	1,128.8
Other operating income	14.9	12.1	12.0	14.6	9.6
Operating expenses excluding depreciation and impairments	432.7	397.1	383.6	415.5	558.2
Depreciation and impairments	281.3	264.6	241.8	227.0	214.7
Operating profit	382.2	379.7	323.8	291.3	365.5
Share of result associates	1.5	2.2	2.1	2.5	6.6
EBIT	383.7	381.9	325.8	293.8	372.1
Financial income and expenses	-87.7	-87.5	-90.7	-72.6	-175.7
Profit before tax	296.0	294.4	235.2	221.2	196.4
Profit for the year	229.4	221.0	173.9	167.4	147.5
Balance sheet (before profit appropriation, amounts in EUR x million)					
Net working capital	-219.3	-204.6	-134.4	-11.8	25.7
Non-current assets [1]	5,608.6	5,415.6	4,984.4	4,845.2	4,586.2
Capital employed [2]	4,899.8	4,798.9	4,851.2	4,834.1	4,927.1
Equity	3,184.2	3,045.9	2,877.1	2,753.4	2,236.0
Total assets [1]	6,300.9	6,224.3	5,803.2	5,572.2	5,580.6
Ratios					
Solvency [1]	50.5	48.9	49.6	49.4	40.1
Return On Invested Capital (ROIC) [2]	7.8	8.0	6.7	6.1	7.6
Return on equity	7.2	7.3	6.0	6.1	6.6
Cash flows (amounts in EUR x million)					
Cash flow from operating activities	497.9	504.8	522.9	526.4	486.1
Cash flow from investing activities [3]	-252.7	-512.3	-301.5	-63.5	-298.1
Cash flow from financing activities	-254.6	-50.8	-54.7	-327.8	-205.2
Total cash flows [3]	-9.4	-58.3	166.7	135.1	-17.2

1. From 2012 the property, plant and equipment in use and the related prepaid contributions received are no longer netted off against the corresponding asset, but recognised gross. This results in an increase in both property, plant and equipment and the prepaid contributions from third parties. The figures for 2011 have been adjusted accordingly.
2. The definition of assets invested has been changed. Under the new definition, the prepaid contributions have been eliminated from the assets invested.
3. From 2012, Enexis has recognised its short-term interest-bearing loans placed and its placed deposits under the item Other financial assets (current) in its statement of financial position. The figures for 2011 have been adjusted accordingly.

Definitions

Earnings Before Interest and Taxes (EBIT)
Operating profit + result from associates.

Net working capital
Inventory + receivables -/- trade and other payables -/- current provisions.

Capital employed
Non-current assets + inventory + receivables -/- advance contributions for installation of grids and connections (non-current and current) -/- trade and other payables -/- current provisions.

Solvency
Equity / Total assets * 100%.

Return On Invested Capital (ROIC)
EBIT / capital employed.

Return on equity
Profit for the year / equity at year-end.

Key figures II

	2012	2011	2010	2009	2008
Length of grids (x 1,000 km.)					
Electricity grid	134.2	133.3	132.3	131.0	128.6
Low voltage	90.0	89.4	88.8	88.0	86.3
Medium voltage	44.1	43.8	43.5	42.9	42.2
Intermediate voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	44.8	44.6	41.3	41.1	41.0
Low pressure	35.8	35.6	32.8	32.7	32.6
High pressure	9.0	9.0	8.4	8.4	8.4
Stations (x 1,000)					
Electricity stations	52.7	52.5	52.1	51.8	51.3
Gas stations	24.6	24.7	24.1	24.3	24.2
Number of connections (x 1,000)					
Electricity	2,662	2,648	2,631	2,610	2,596
Gas	2,074	2,068	1,908	1,899	1,892
Transported volumes					
Electricity (GWh)	35,043	35,079	34,858	33,305	34,046
Gas (Mm^3)	6,350	5,788	6,959	6,003	6,109
Of which biogas	21.1	10.9	8.0	7.5	7.3
Product quality					
Outage duration electricity (in minutes)	21.6	18.9	25.1	20.0	21.8
High voltage	0.1	1.1	3.8	0.4	1.6
Medium voltage	15.2	11.9	15.2	14.6	15.5
Low voltage	6.3	5.9	6.2	5.0	4.7
Gas (in seconds)	36	69	43	25	42
Customer satisfaction					
Total	7.6	7.6	7.6	7.5	7.4
Low-volume customers	7.9	7.9	7.9	7.7	7.6
High-volume customers	7.3	7.2	7.2	7.2	7.0
Personnel					
FTE [1)]	3,908	3,792	-	-	-

1. The number of FTE's is determined on the basis of the contractual working week and the part-time factors based on this. The comparitive figures for the year 2008 until 2010 are not available due to the transition to this method at the end of 2011.

Consolidated income statement

amounts in EUR x million		2012		2011
Revenue from the supply of goods and services		1,317.1		1,268.3
Cost of sales		235.8		239.0
Gross margin		**1,081.3**		**1,029.3**
Other operating income		14.9		12.1
Gross profit plus other operating income		**1,096.2**		**1,041.4**
Employee benefit expenses	269.9		254.9	
Depreciation and impairments	281.3		264.6	
Cost of work contracted out, materials and other external expenses	137.6		135.4	
Other operating expenses	25.2		6.8	
Total operating expenses		**714.0**		**661.7**
Operating profit		**382.2**		**379.7**
Share of result of associates		1.5		2.2
Financial income	6.4		7.3	
Financial expenses	94.1		94.8	
Financial income and expenses		**-87.7**		**-87.5**
Profit before tax		**296.0**		**294.4**
Corporate income tax expense		66.6		73.4
Profit for the year		**229.4**		**221.0**

1. The consolidated financial statements of Enexis B.V. are not full financial statements. To gain a complete picture of the financial position of Enexis B.V. the financial statements of Enexis Holding N.V. should also be read.

Consolidated balance sheet

amounts in EUR x million	31 December 2012	31 December 2011
Assets		
Property, plant and equipment [2]	5,475.8	5,295.8
Intangible assets	117.9	104.4
Associates	12.8	13.5
Other financial assets	2.1	1.9
Non-current assets	**5,608.6**	**5,415.6**
Inventories	20.1	22.8
Receivables	547.2	525.9
Other financial assets (current) [3]	125.0	260.0
Current assets	**692.3**	**808.7**
Total assets	**6,300.9**	**6,224.3**

amounts in EUR x million	31 December 2012	31 December 2011
Liabilities		
Issued and paid-up share capital	-	-
Share premium reserve	1,392.6	1,373.6
General reserve	1,562.2	1,451.3
Profit for the year	229.4	221.0
Equity	**3,184.2**	**3,045.9**
Non-current interest-bearing liabilities	1,255.5	1,459.5
Non-current provisions	70.9	80.0
Advance contributions for installation of grids and connections [2]	478.7	403.4
Non-current liabilities	**1,805.1**	**1,942.9**
Trade and other payables	770.2	726.5
Current interest-bearing liabilities	514.1	473.5
Current provisions	16.4	26.8
Advance contributions to be amortised in following year	10.9	8.7
Current liabilities	**1,311.6**	**1,235.5**
Total liabilities	**6,300.9**	**6,224.3**

1. The consolidated financial statements of Enexis B.V. are not full financial statements. To gain a complete picture of the financial position of Enexis B.V. the financial statements of Enexis Holding N.V. should also be read.
2. Until the end of 2011, the amounts received in advance pertaining to property, plant and equipment in execution have been presented in a netted manner. As of 2012, however, these amounts are no long presented as net amounts but as gross amounts. This means that it no longer concerns amounts received from third parties netted against the corresponding asset. This results in an increase in both the property, plant and equipment in execution and in the advance contributions for installation of grids and connections. The figures for 2011 have been adjusted in line with the above.
3. As of 2012, Enexis included the Other financial assets (short-term) separately in the balance sheet. This item includes the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere. As the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere in 2011 were still included in the balance sheet under receivables or cash equivalents respectively, the 2011 comparative figures have been adjusted accordingly.

Consolidated cash flow statement

amounts in EUR x million	2012		2011 [2]	
Profit for the year	229.4		221.0	
Depreciation and impairments	281.3		264.6	
Amortised contributions for installation of grids and new connections	-9.8		-8.1	
Balance of amounts allocated to, charged to and released from provisions, changes in operational working capital and other items	-3.0		27.3	
Cash flow from operating activities		**497.9**		**504.8**
Investments in property, plant, equipment and intangible assets	-474.8		-443.1	
Acquisitions	-		-188.4	
Contributions for installation of grids and connections	87.3		87.2	
Sale of assets and liabilities held for sale	-		1.2	
Changes in other financial assets	-0.2		0.8	
Increase/decrease deposits	135.0		30.0	
Cash flow from investing activities		**-252.7**		**-512.3**
Cash flow before financing activities		**245.2**		**-7.5**
Changes interest-bearing liabilities	-163.5		1.4	
Dividend paid and share premium deposit	-91.1		-52.2	
Cash flow from financing activities		**-254.6**		**-50.8**
Total cash flows		**-9.4**		**-58.3**
Cash and cash equivalents at beginning of year [2)]		-44.5		13.8
Cash and cash equivalents at end of year		**-53.9**		**-44.5**

1. The consolidated financial statements of Enexis B.V. are not full financial statements. To gain a complete picture of the financial position of Enexis B.V. the financial statements of Enexis Holding N.V. should also be read.
2. As of 2012, Enexis included the Other financial assets (short-term) separately in the balance sheet. This item includes the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere. As the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere in 2011 were still included in the balance sheet under receivables or cash and cash equivalents respectively, the 2011 comparative figures have been adjusted accordingly.

Consolidated statement of changes in equity

amounts in EUR x million	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Profit for the year	Total equity
At 1 January 2011	**20,000**	**-**	**1,373.6**	**1,329.6**	**173.9**	**2,877.1**
Profit appropriation 2010	-	-	-	121.7	-121.7	-
Dividend paid for 2010	-	-	-	-	-52.2	-52.2
Profit year 2011	-	-	-	-	221.0	221.0
Subtotal 2011	-	-	-	**121.7**	**47.1**	**168.8**
At 31 December 2011	**20,000**	**-**	**1,373.6**	**1,451.3**	**221.0**	**3,045.9**
At 1 January 2012	**20,000**	**-**	**1,373.6**	**1,451.3**	**221.0**	**3,045.9**
Profit appropriation 2011	-	-	-	110.9	-110.9	-
Dividend paid for 2011	-	-	-	-	-110.1	-110.1
Profit year 2012	-	-	-	-	229.4	229.4
Share premium deposit	-	-	19.0	-	-	19.0
Subtotal 2012	-	-	**19.0**	**110.9**	**8.4**	**138.3**
At 31 December 2012	**20,000**	**-**	**1,392.6**	**1,562.2**	**229.4**	**3,184.2**

1. The consolidated financial statements of Enexis B.V. are not full financial statements. To gain a complete picture of the financial position of Enexis B.V. the financial statements of Enexis Holding N.V. should also be read.

Information on the consolidated financial statements

1. Introduction

Enexis B.V., based in Rosmalen, the Netherlands, is responsible for the construction, maintenance, management and development of the distribution grids for electricity (cables and mains) and gas (mains and pipelines), and related operations.

Enexis B.V. is a limited liability company. All the Enexis shares are held by Enexis Holding N.V.

The consolidated financial statements as prepared by Enexis B.V. are included in the financial statements for 2012 of Enexis Holding N.V.

The English version of the consolidated financial statements of Enexis B.V. is a translation of the Dutch version. The leading version of the consolidated financial statements is the Dutch version.

2. Basis of preparation

2.1 General

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Enexis B.V. and its group companies.

Group companies are legal entities and companies over whose management and financial policy the Company can exercise control. Group companies are included in the consolidation from the date on which control is obtained, and are excluded from the consolidation from the date on which control ceases to exist. 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. Changes in the ownership of an associate that do not lead to loss of control are treated as changes in equity. In such a case the carrying amounts of the minority or majority interest are adjusted to reflect the changes in their relative interests in the associate. Any difference between the amount by which the minority interests are adjusted and the fair value of the payment made or received is recognised directly in equity and attributed to the owners of the parent company.

The group companies of Enexis B.V. consist of:

	Registered office	Equity stake held by Enexis B.V. 31-12-2012	Equity stake held by Enexis B.V. 31-12-2011	division of
Group companies				
Aktivabedrijf Enexis Friesland B.V.	Rosmalen	100%	100%	Enexis B.V.
Aktivabedrijf Enexis Noord B.V.	Rosmalen	100%	100%	Enexis B.V.
Aktivabedrijf Enexis Maastricht B.V.	Rosmalen	100%	100%	Enexis B.V.
Aktivabedrijf Enexis Brabant B.V.	Rosmalen	100%	100%	Enexis B.V.
Aktivabedrijf Enexis Limburg B.V.	Rosmalen	100%	100%	Enexis B.V.
Aktivabedrijf Enexis Intergas B.V. [1]	Rosmalen	100%	100%	Enexis B.V.
Intergas Gasnetwerk B.V.	Oosterhout	100%	100%	Aktivabedrijf Enexis Intergas B.V.
Nijverheidsweg 4b B.V. [2]	Rosmalen	-	100%	Enexis Vastgoed B.V.
Nutsbedrijven Maastricht Gasnetwerk B.V.	Maastricht	100%	100%	Aktivabedrijf Enexis Maastricht B.V.

1. On 2 January 2012 is through overall amendment of the articles of association the name of Intergas Energie B.V. changed in Enexis Intergas Aktivabedrijf B.V.
2. Through decision outside Assembly dissolved.

2.3 Accounting policies

Accounting policies 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 assumptions and estimates used by management particularly affect the measurement of property, plant, equipment and intangible assets, the need to recognise impairments of property, plant, equipment and intangible assets, the measurement of any deferred corporate income tax assets, the need to recognise potential impairments in receivables, actuarial assumptions in provisions for employee benefits and the recognition of revenue as a result of meter readings spread throughout the year and regulatory requirements.

Reclassification of other current financial assets

With effect from 2012, Enexis is recognising the Other current financial assets separately in the balance sheet. This item includes the current interest-bearing loans extended and the deposits placed. Since the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. These adjustments concern:

	2011 - before reclassification	2011 - after reclassification
Consolidated balance sheet		
Other financial assets (short-term)	-	260.0
Cash and cash equivalents	215.5	-
Trade and other payables	-682.0	-726.5
Total	**-466.5**	**-466.5**

Adjustment of advance contributions received from third parties in property, plant and equipment under construction

Up to and including the year 2011, the advance contributions received relating to property, plant and equipment under construction were netted against this item in the balance sheet. With effect from 2012, these amounts are no longer accounted for as net amounts, but as gross amounts. This means that there is no longer any question of contributions received from third parties that are netted with the corresponding asset.

This results in an increase in both the property, plant and equipment under construction, and the advance contributions received from third parties. The 2011 figures have been adjusted by an amount of EUR 39.3 million for this purpose.

	2011 - before reclassification	2011 - after reclassification	Difference
Consolidated balance sheet			
Property, plant and equipment	5,256.5	5,295.8	39.3
Advance contributions for installation of grids and connections	364.1	403.4	39.3

Foreign currencies
Assets and liabilities denominated in foreign currencies are converted on the basis of the exchange rate prevailing on the balance sheet date. Transactions denominated in foreign currencies are converted against the exchange rate of the corresponding transaction dates. Any resulting exchange rate differences are recognised through profit or loss. Monetary items are converted on the basis of the exchange rate prevailing at year-end.

Netting
The asset and liability items relating to a single counterparty are netted provided there is a contractual right to net the amounts recognised and Enexis intends to do so. If there is no intention or no actual netting, each contract is treated separately as an asset or a liability item.

Presentation
The classification used for the presentation of the operating expenses in the income statement is by category.

Revenue
Revenue accounts for the income from the supply of goods and services relating to the distribution of electricity and gas and other activities, less VAT and energy tax. Charging of low-volume energy consumers occurs on the basis of fixed expenses depending on the size 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 grid load.

The amount of revenue from the distributed energy is regulated Authority for Consumers and Markets (ACM) and is determined on the basis of the invoiced grid charges plus an estimate of the remaining billable grid charges minus an estimate of the remaining billable grid charges at the end of the previous financial year.

Cost of sales
This recognises the purchasing costs directly attributable to revenue, including the costs of transport services, system services, and grid losses.

Grants and subsidies
Investment grants are recognised as reductions in the acquisition costs of the asset concerned and released to the result on the basis is of the asset's useful life. Operating subsidies are recognised in the result 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 recognises income that is not directly related to the Company's core activities.

Advance contributions for the installation of grids and new connections are amortised, parallel to the depreciation of the assets concerned, and recognised under other operating income.

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 employee benefits expense and cost of materials) are deducted from the relevant cost categories.

Financial income and expenses
Interest received and paid is allocated in proportion to time to the period to which it relates, using the effective interest method. Construction period interest is applied to investment projects with estimated duration of more than 12 months.

Property, plant and equipment
Items of property, plant and equipment are carried at cost or internal manufacturing price, net of subsidies received (up to 2008), and less accumulated depreciation and any impairment losses.

Depreciation is applied using the straight-line method. The expected useful life of the asset is taken into account in determining the 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 in the result.

The expected useful lives of the main property, plant and equipment categories are as follows:

	Period
Estimated useful lives	
Buildings	25-50 years
Cables, pipelines and equipment	25-55 years
Other non-current assets and vans	7 years
Tools and equipment	5 years
Meters (excl. software)	15 years

Intangible assets
Intangible assets mainly comprise application software costs. All intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is applied using the straight-line method. The expected useful life of the asset is taken into account in determining the amortisation. The useful lives and residual values are assessed each year, with any adjustments being recognised prospectively.

Goodwill is the difference between the acquisition price for the company less the fair value of identifiable assets and the fair value of the acquired liabilities of the company. Goodwill is carried at cost less any impairment losses. Goodwill is assessed each year for impairment, or more frequently if events or changes in conditions indicate that the carrying amount may be subject to impairment. An impairment of goodwill cannot be reversed.

The expected useful lives of the main intangible asset categories are as follows:

	Period
Estimated useful lives	
Software	5 years
Goodwill	n.a.

Impairments

During the financial year, an assessment is made of whether there is any indication that an asset may be impaired. If any such indications exist, 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. The value in use is determined on the basis of 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 charged to the result.

An impairment loss can be reversed if it is established that the assumptions used for determining the recoverable amount no longer hold true. 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 amortisation, had no impairment loss been recognised for the asset in prior years. Effects of reversing impairment losses are credited to the result.

The starting point for the impairment assessment is initially based on the data contained in the strategic plan and the business plan. In this context, the strategic plan is based on an estimate of some variables derived from the Office of Energy Regulation of the Netherlands Competition Authority (NMa). The realisable values of the regulated segment are determined on the basis of:

- the figures included in the strategic plan and the business plan until 2025, after which a residual value is taken into account;
- two cash flow generating units: the electricity grid and the gas grid;
- a discount rate of 5.93% after tax based on the risk-free interest rate, a company-specific surcharge, leverage ratio, asset beta, equity beta and a market risk premium in line with the regulated operations; and
- inflation.

Associates

The carrying amounts of economic interests that are consolidated are determined using the equity method of accounting in accordance with the accounting policies of Enexis B.V. Using this method, the economic interest is initially measured at cost, after which its carrying amount is increased or reduced by the Enexis B.V. share in the result of the associate. 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 also includes loans extended to associates, to the extent that the loans form an actual part of 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 its share).

For any impairment of associates, please see the procedure as included in the 'Impairments' section in the accounting policies.

Other financial assets

Other financial assets contain recognised loans and receivables with a period to maturity of more than one year. Loans granted to associates or external parties are carried at amortised cost. If deemed necessary, a provision for doubtful debt is formed in connection with possible uncollectability, which is deducted from the carrying amount.

Inventories

Inventories are recognised 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 the purchase of the inventories, and to bringing them to their present location and condition.

Receivables
In view of the short duration of the (trade) receivables, their fair value corresponds to the nominal value less a value correction for possible doubtful debts. Different customer risk profiles are used to determine this value correction. For trade receivables, the value correction is recognised through a separate 'provision'. When it is firmly established that a receivable is not collectable, both the receivable and the corresponding 'provision' are derecognised.

Netting and presentation of trade receivables and advances from low-volume private and small business customers are based on charging groups: a grouping method for customers on the basis of the period spread in which their meters are read for the purpose of issuing energy consumption invoices.

Other receivables and accrued assets are recognised at nominal value, less a value correction for doubtful debts, which is deducted directly from the carrying amount.

Other current financial assets
The other current financial assets are carried at amortised cost, normally the same as the nominal value, and have a period to maturity of no more than one year.

Liquid assets
Liquid assets are recognised at fair value, which is normally the same as the nominal value. Cash and cash equivalents only includes cash and cash equivalents payable on demand. Cash and cash equivalents not payable on demand are recognised in the other current financial assets.

To perform an optimal cash management the bank accounts of all group companies within the Enexis Holding N.V. group are placed in a system of net-interest compensation, the cashpool. The net amount of the total cashpool is used for the calculation of the interest by the bank. A possible debt of Enexis B.V. tot he bank does not necessarily lead to a debit amount of interest, because the interest is calculated on the level of Enexis Holding N.V. For more information on the cash management of Enexis Holding N.V. a reference to the annual consolidated statementents of Enexis Holding N.V. is made.

Non-current interest-bearing liabilities
Non-current interest-bearing liabilities are carried at amortised cost using the effective interest method. These are recognised at nominal value less any transaction costs and these costs are then amortised over the period to maturity of the obligation. Repayment obligations 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 connections
Advance contributions from third parties for the installation of grids and new connections are recognised on receipt as non-current liabilities. Amortisation is applied using the straight-line method, taking into account the expected useful life of the asset.

Provisions
Provisions are recognised for obligations enforceable by law or factual 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 in 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 the result.

Any expenditure expected within a year of the balance sheet date is recognised as separate items 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, pension fund assets and expenses individually to the participants. Any contributions paid during a financial year are recognised in the result.

As a result of the deterioration in its financial position at the end of 2008, the ABP pension fund board initiated a recovery plan at the beginning of 2009 to improve the funding ratio of its fund. Under this plan, the board of the fund is required at the beginning of each year to carry out an evaluation of the recovery plan's progress on the basis of the funding ratio achieved at the end of the preceding year. At year-end 2012, the funding ratio was 96%. The contribution amounts to 25.4% for 2013, compared to 24.1% in 2012. This contribution includes the temporary addition of 3.2% that is charged for the recovery of the funding ratio of the pension fund.

Trade and other payables
Trade and other payables are carried at nominal value.

Corporate income tax expense
Corporate income tax is calculated by applying the prevailing 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.

Taxes are recognised in the income statement, except to the extent that they relate to items recognised directly in equity.

Lease
Leases that involve the transfer to Enexis B.V. of substantially all the risks and rewards associated with ownership of an asset are classified as finance leases and recognised as investments under property, plant and equipment, with recognition of a corresponding non-current liability.

At the commencement of the lease period, 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 financing expenses and a repayment of 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 residual period 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 operating lease), the lease payments are recognised as an expense in the result on a time-proportional basis during the period of the lease.

Cash flow statement
The cash flow statement is 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. The net cash and cash equivalents at the end of the year disclosed in the cash flow statement is the cash and cash equivalents recognised in the balance sheet, less current bank liabilities.

Appropriation of profit

Provisions in the Articles of Association governing profit appropriation

In accordance with the Articles of Association, th eprofit, insofar as not qualified as retained earnings, will be at the disposal of the General Meeting of Shareholders (Article 18.2).

Proposed appropration of profit for 2012

Proposed is to base the appropriation of profit from Enexis B.V. on the articles of association from Enexis Holding N.V., that for the financial years 2011 up to and including 2013, at least 50% (fifty percent) of the profit realised in the relevant financial year (if any) will be reserved (article 36.6 Articles of Association Enexis Holding N.V.). The profit after tax, excluding material non-cash book profit, is the basis for the dividend to be paid.

The income statement has been closed with a result of EUR 229.4 million.

Relating to the abovementioned minimum reserve requirement, the proposed profit appropriation is as follows:

amounts in EUR x million	2012	2011
Profit for the year	229.4	221.0
Addition to General reserve	114.7	110.5
Proposed dividend distribution	**114.7**	**110.5**

The motion for profit appropriation has not been recognised in the balance sheet as per 31 December 2012.

Report by the independent auditor

To: the Management Board of Enexis B.V.

We have audited the consolidated financial statements 2012 of Enexis B.V., Rosmalen, as included in this report from page 7 up to and including page 18. The consolidated financial statements comprise the consolidated income statement for the year ended at 31 December 2012, the consolidated balance sheet as at 31 December 2012, the consolidated cash flow statement for 2012, the consolidated statement of changes in equity as at 31 December 2012 and the Information on the consolidated financial statements , comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation of the consolidated financial statements in accordance with the accounting policies selected and disclosed by the entity, as set out in Section 2 ('Basis of Preparation') of the notes to the financial statements. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in Section 2 ('Basis of Preparation') of the Information on the consolidated financial statements to the consolidated financial statements..

Basis of accounting and restriction on use

We draw attention to:

- Page 3 ('Introduction') of the consolidated financial statements 2012 on which reference is made that Enexis B.V. makes use of the exemption from publication of its statutory financial statements on the basis of Section 403 Book 2 of the Dutch Civil Code. This introduction also states that the consolidated financial statements of Enexis B.V. are not full financial statements.
- Section 2 ('Basis of Preparation') of the financial statements, which describes the basis of accounting and the accounting policies used and selected by the entit

Our opinion is not qualified in this respect. The consolidated financial statements as at 31 December 2012 of Enexis B.V. are prepared for the Management Board of the "Authority for Consumers & Markets" and rating agencies with the purpose of enabling Enexis B.V. to comply with the obligations as set out in the Electricity Act 1998, the Gas Act and the commitments made by Enexis B.V. to rating agencies. Our auditor's report is therefore solely intended for the purpose as stated above and should not be used for other purposes.

The Hague, June 28 2013

Ernst & Young Accountants LLP

signed by J. Niewold

Declaration ex article 18, 3th paragraph, Electricity Act 1998 respectively ex article 10d, 3th paragraph, Gas Act

The undersigned, J.J. Fennema, declares in his capacity as Director of Enexis B.V. that:

The financial relationship between Enexis B.V. and a group company affiliated with Enexis B.V. within Enexis Holding N.V. which carries out activities that the grid operator under article 17 of the Electricity Act, 1998, respectively, article 10b of the Gas Act is not allowed to execute itself, in the year 2012 meets the requirements in article 18, 1st paragraph of the Electricity Act 1998, respectively article 10d, 1st paragraph of the Gas Act, which means that Enexis B.V. in the year 2012 did not give such a group company preferential treatment over other competitive companies, or otherwise has awarded benefits that go beyond normal trade practice.

Preferential treatment of a group company or the granting of benefits that go beyond normal trade practice, in any case means:

a. the provision of data to a group company regarding customers, other than customers referred to in article 95a, 1st paragraph of the Electricity Act 1998 that have filed a request referred to in article 23 or 24 of the Electricity Act 1998, respectively related to customers, other than customers referred to in article 43, 1st paragraph of the Gas Act, which have filed a request for connection or transport as referred to in Chapter 2 of the Gas Act;

b. the delivery of goods or services to a group company for a fee that is lower than the reasonably attributable costs;

c. to allow a group company, the use of the name or the logo of the grid operator in a manner causing confusion to the public on the origin of goods or services.

's-Hertogenbosch, 10 June 2013,

J.J. Fennema
CEO Enexis B.V.

Contracts related party (> EUR 4,5 millions of euros)

Company	Service	Number of DVO's
Enexis Holding N.V.	Treasury	1

Statutory ratios

The objective of Enexis' financial policy is to establish sufficient funding through timely, continuing and adequate access to the international capital and money markets and the optimisation of Enexis' funding structure, costs and risks. The policy is implemented within the prevailing regulations of the Electricity Act 1998 and the Gas Act 2000 and the Financial Management of Grid Managers Decree [*Besluit Financieel beheer netbeheerders*].

In the context of its funding programme, Enexis has obtained credit ratings from two rating agencies, Moody's and Standard & Poor's. The long-term objective is to achieve a strong A ratings. These ratings are above the average creditworthiness as stated in the Financial Management of Grid Managers Decree. The standards for the average creditworthiness include acquiring and maintaining a minimal investment grade credit rating (BBB/Baa2) or meeting several minimal and legal financing ratios.

The most actual rating reports can be found on the website of enexis (Investor relations/Publications and presentations).

	Standard	Actual
EBIT-interest coverage	>= 1.7	4.2
FFO-interest coverage	>= 2.5	6.2
FFO/interest-bearing net debt	>= 11%	29%
Net interest-bearing debt/(shareholders ' equity + net interest-bearing liabilities)	=< 70%	34%

Definitions

Earnings Before Interest and Taxes (EBIT) interest cover
(Operating profit + share of result of associates) / gross interest expense paid.

FFO (Funds From Operations) interest cover
(pPofit for the year + depreciation -/- amortisation contributions, + other non-recurring and non-cash related items + gross interest expenses paid) / gross interest expenses paid.

FFO / net interest-bearing liabilities
(Profit for the year + depreciation -/- amortisation contributions + other non-recurring and non-cash related items) / (interest-bearing liabilities -/- other current financial assets -/- cash and cash equivalents).

Net interest-bearing liabilities / (equity + net interest-bearing liabilities)
Iinterest-bearing liabilities -/- other current financial assets -/- cash and cash equivalents) /
(equity + interest-bearing liabilities -/- other current financial assets -/- cash and cash equivalents).

Investments

Enexis ensures that its gas and electricity grids are of high quality. This results in a limited number of outages and a good level of safety. However, because they consist of a large number of grids that were laid at different times, there is a huge variety of materials and components. Enexis' job is to operate, maintain, renew and expand these grids, which together are approximately 180,000 kilometres long and originally cost more than EUR 10 billion. Enexis does this for more than 2.6 million customers, who expect nothing less than a outage-free supply of energy. 365 days a year, 24 hours a day. Investment: roughly EUR 382 million in 2012.

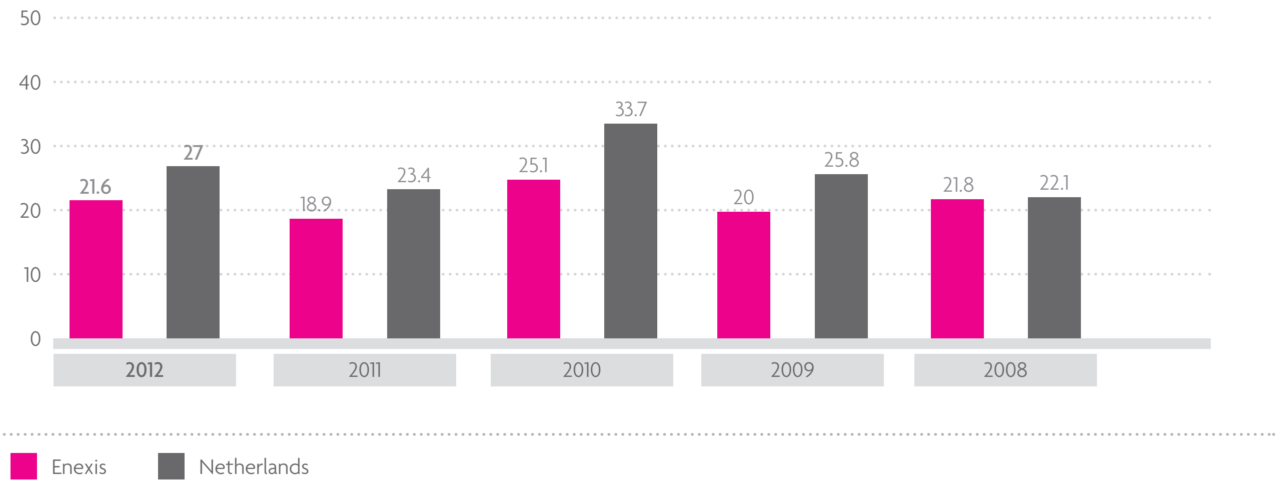
amounts in EUR x million	2012	2011
Electricity		
Standard connections	25.6	29.9
Customised connections	22.9	22.0
Grid expansions	122.8	132.1
Reconcstructions	29.6	30.4
Replacements	33.9	26.0
Other	17.7	7.0
Total electricity	**252.5**	**247.4**
Gas		
Standard connections	9.0	10.6
Customised connections	2.1	2.6
Grid expansions	15.2	9.8
Reconcstructions	18.7	16.0
Replacements	83.3	75.0
Other	1.6	1.1
Total gas	**129.9**	**115.1**
Total gas and electricity	**382.4**	**362.5**

Reliable networks

An uninterrupted energy supply is the duty of every grid manager, but in reality it is not that simple: many thousands of mostly small outages occur in the Enexis area every year. For the customers, it is not important whether these are caused by the infrastructure itself or external influences, such as excavation works. For this reason the overall reliability of the grid is expressed in the annual outage time, showing the average time that a customer has had no energy supply during a year. For the Enexis electricity grid this was 21.59 minutes in 2012, compared to 18.91 minutes in 2011. The national average was 27 minutes.

Annual outage time per e-connection due to MV and LV outages 2008 - 2012

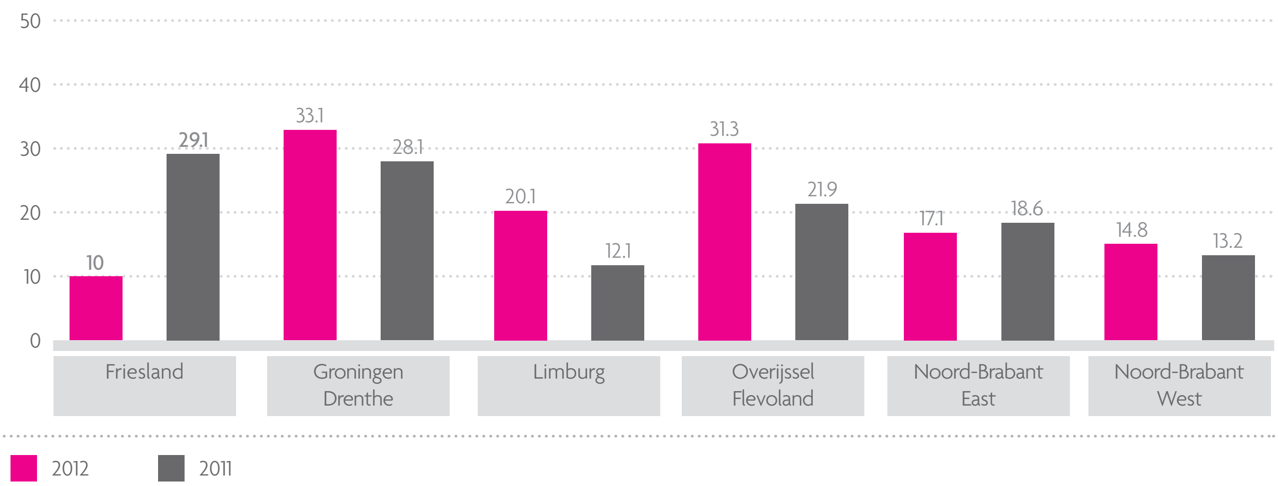
(in minutes per connection)



The annual outage time per electricity connection of MV and LV can be specified to the region within the service area of Enexis B.V.:

Annual outage time per e-connection due to MV and LV outages

(in minutes per connection)



The gas grids scored a outage time of 36 seconds per connection, compared to 69 seconds in 2011. The national average for the gas grids was 64 seconds. One of the priorities in Enexis' policy is to reduce the current regional differences by targeted investment at locations where this will be of the greatest benefit to reliability.

Enexis B.V.
P.O. Box 856
5201 AW 's-Hertogenbosch
The Netherlands
+31 (0)88 857 77 77

ENEXIS
ENERGIE IN GOEDE BANEN