

INTERIM REPORT 2014



ENEXIS

CHANNELING ENERGY

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PROFILE

Enexis is the distribution system operator in the Dutch provinces of Groningen, Friesland, Drenthe, Flevoland (Noordoostpolder), Overijssel, Noord-Brabant and Limburg. Enexis is responsible for the development and construction of energy distribution grids (gas and electricity), as well as for the maintenance and management of these grids. Enexis is thus responsible for the distribution of electricity and gas to more than 2.6 million customers, and forms the link between the customer and the energy supplier. Enexis employs 4,300 employees.

ELECTRICITY GRID ⚡

136,000 km

2,678,000 connections

17,000 GWh

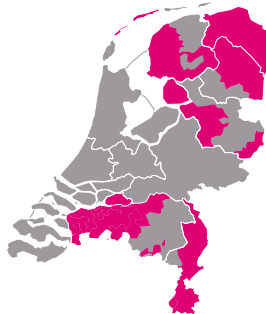


GAS GRID 🔥

44,800 km

2,082,000 connections

2,910 Mm³



Energy is a basic need. A stable energy supply is of vital importance. This is why the activities of Enexis are of great social importance. Enexis carries out this task with maximum openness and transparency. Enexis is constantly working on a reliable, affordable, sustainable and customer-oriented energy supply. In doing so, safety for both customers and personnel is given top priority. Enexis plays a leading role in the socially important energy transition process towards a sustainable energy system.

Enexis Holding N.V. has operating companies that focus on the regulated grid management activities via Enexis B.V. and closely related non-regulated activities that support the core activities. The non-regulated activities are carried out by Fudura B.V. and mainly consist of metering tasks and the construction and maintenance of the energy grids for commercial customers. The shares of Enexis are held by Dutch provinces and municipalities.

KEY FIGURES

	1st half-year 2014	1st half-year 2013	%
Result (in millions of euros)			
Revenue	696.1	688.5	1.1
Gross margin	574.5	575.3	-0.1
Operating profit	220.8	211.4	4.4
Profit for the period	135.7	124.0	9.4
Balance sheet (before appropriation of profit, in millions of euros)			
Capital employed	5,301	5,266	0.7
Equity	3,387	3,370	0.5
Balance sheet total	6,270	6,265	0.1
Gross investments	218	229 ¹⁾	-4.8
Ratios			
Solvability	54.0	53.8	
ROIC ²⁾	8.2	8.0	
Return on equity ²⁾	7.4	7.1	
Key figures			
Number of connections Electricity (x 1,000)	2,678	2,672	0.2
Number of connections Gas (x 1,000)	2,082	2,079	0.1
Electricity grid length (1,000 km)	136.0	135.2	0.6
Gas grid length (1,000 km)	44.8	44.8	-
DART rate of Enexis	0.74	0.54	37.0
Employees at end of the period	4,315	4,294	0.5
Outage duration			
Outage duration electricity (in minutes)	7.4	14.4	-48.6
Outage duration gas (in seconds)	54	20	170.0

1. For 2013 this amount concerns the investments in the first half year of 2013.

2. These ratios are calculated based on a 12-month moving average.

ENEXIS'S RESULTS FOR FIRST HALF OF 2014 CONFIRM STABILITY

Enexis can look back on a good first half of 2014, with the planned workload on scheme and solid financial results. An area of concern is the increase in the number of minor accidents in the first six months of 2014.

Enexis's planned workload is progressing on schedule. The total value of the programme in 2014 exceeds EUR 600 million. The proportion made up by customer-driven investments in the first half of 2014 remains lower than expected and below the first six months of 2013. No evidence of economic recovery is yet apparent from customer demand for grid extensions. Part of the capacity set aside for this purpose is being used for additional investments in grid improvements such as the replacement of grey cast-iron pipes among other things. In carrying out these works, greater use has been made of internal resources, without ignoring the position of Enexis's regular subcontractors.

Revenues increased by 1% in the first six months of 2014 compared to the equivalent period in 2013, rising to EUR 696.1 million (first half of 2013: EUR 688.5 million). This increase resulted principally from the small tariff increase that took effect on 1 January. Enexis was still able to introduce a tariff increase in 2014 due to the modest tariff increases in previous years. The profit for the period was, at EUR 135.7 million, higher than in the first half of 2013 (EUR 124.0 million). The reasons for this increase included cost management, gradual improvements in productivity and one-off expenses in 2013 like higher interest expenses among others, next to the above mentioned tariff increase.

The number of outages in the first six months of 2014 was considerably lower than in the same period in 2013. The electricity outage time dropped to 7.4 minutes per connection (first half of 2013: 14.4 minutes). The difference in the outage time is distorted by a major electricity outage in Enschede in early January 2013. The gas outage time increased to 54 seconds (first half of 2013: 20 seconds), which includes 35 seconds due to a major gas failure in Enschede, in June 2014.

The accident figure (DART rate) was, with a score of 0.74, higher than in the first half of 2013, mainly due to a large number of more minor accidents. No incidents resulting in injury or absence occurred in Enexis's core activities of electricity and gas. However, even relatively minor accidents (e.g. tripping) and near accidents should be prevented in Enexis's practice, due to the potential for such minor incidents to result in more serious consequences. In January 2014, a programme was introduced to raise awareness of safety issues throughout the company. The number of internal reports of potentially dangerous situations has increased significantly since the programme began.

On 10 April 2014, Enexis's shareholders approved a revised strategic plan with a strong focus on sustainability, in line with the agreements reached in the Dutch Energy Agreement for Sustainable Growth. So Enexis's 'Neighbourhood Power' programme, intended to help the residents of a neighbourhood make energy savings by providing expertise and practical assistance, achieved remarkable success in the first six months. 29 neighbourhoods are now taking part in the programme.

His Majesty King Willem-Alexander officially opened the new headoffice of Enexis in Den Bosch on 29 January 2014. During the opening much attention was paid to the core business of Enexis, the expertise of the employees and the increase of IT in the grids. In the new headoffice, named 'De Croon', there are energy efficiency facilities installed so also this office contributes to Enexis's sustainable buildings policy.

REGULATION AND THE FINANCIAL WORLD

Tariff developments

The industry regulator, the Netherlands Authority for Consumers & Markets (ACM), set new maximum tariffs from 1 January 2014, putting pressure on tariffs and returns in the 2014-2016 regulation period. Enexis was still able to introduce a small tariff increase in 2014 due to the modest tariff increases in previous years.

In the margin decision on measuring tariffs, as set by the ACM in 2014, the rate of return on measuring tariffs in previous years is calculated. It is yet to be determined in which way a potentially higher rate of return than what is assumed by the ACM as reasonable could possibly be corrected in future measuring tariffs.

Investigation into network exchanges

Distribution system operators Alliander and Enexis are investigating the possibility of exchanging Enexis's energy networks in Friesland and the Noordoostpolder with those of Alliander in the Eindhoven region and South-East Brabant (Endinet). On 18 March 2014, they signed a Letter of Intent to that effect. An exchange offers advantages for customers who currently have different network operators for gas and electricity by giving them a single network operator. It also offers efficiency advantages that will benefit the customer in the long term. The network operators' intentions are consistent with the Ministry of Economic Affairs' policy of organising network operators' service areas according to provincial boundaries (as described in the Kist Committee report). If the study shows that the exchange of networks is viable, a proposal will be submitted to the Supervisory Boards and shareholders for approval. Consultation about the proposals will also be held with the works councils and trade unions.

Appointments

Mr Peter Vermaat has been appointed Chairman of the Executive Board of Enexis. He took office on 1 August. Until then, Mr Vermaat had been Managing Director of water company Evides. Prior to that, he had held various management positions within construction group Volker Wessels. Up to 1 August, CFO Maarten Blacquièr had been acting Chairman of the Executive Board. During the General Meeting of Shareholders, Mr Piet Moerland was appointed to the Supervisory Board. Mr Moerland was previously a member of the Executive Board of Rabobank Nederland and was, until 2009, a member of the Supervisory Board of Essent (and its predecessors in title).

Strategic plan revised

On 10 April 2014, the shareholders unanimously approved Enexis's revised strategic plan. Establishing the four themes underlying our policy as reliability, affordability, customer focus and sustainability, the focus on sustainability is clearly underlined. As well as maintaining reliability at the current high level, Enexis has brought its strategy into line with the Energy Agreement for Sustainable Growth introduced in 2013. As part of this plan, Enexis formulates concrete objectives for promoting energy saving among customers by sharing its expertise and offering advice and support. It sets objectives for its own processes with respect to emissions-neutral operation and purchasing additional grid energy produced from sustainable sources in the Netherlands to compensate grid losses.



Financial policy

The approval of the revised strategic plan in April of this year also re-establishes Enexis's financial policy for the coming years.

To continue to finance our growing investments in our networks and the strategic agenda for regulating the sector in the Netherlands, Enexis's financial policy is aimed at maintaining an A credit rating profile.

Our shareholders support our financial policy by approving a revised, more restrictive dividend policy linked to maintaining the A credit rating profile. Our shareholders receive a reasonable return based on the set regulatory payment.

This financial policy means that we aim for a credit rating not lower than A flat (Standard & Poor's) respectively A2 (Moody's), with a stable outlook. Partly due to rating agency Standard & Poor's new credit rating methodology and as a result of further discussions with the rating agencies, the corresponding minimum ratios for the financial policy have been adjusted.

	Standard
FFO / interest-bearing net debt	>= 16%
FFO-interest coverage	>= 3.5
Net interest-bearing debt / (shareholders' equity + net interest-bearing liabilities)	<= 60%

Dividend policy

From the 2014 accounting year onwards, the dividend for the plan period will not exceed 50% of the net profit of normal operations, with Enexis aiming to declare a minimum dividend of EUR 100 million annually. The dividend percentage will be reduced if this dividend policy results in a situation where the company could lose its A credit rating profile within five years.

CUSTOMERS AND THE MARKET

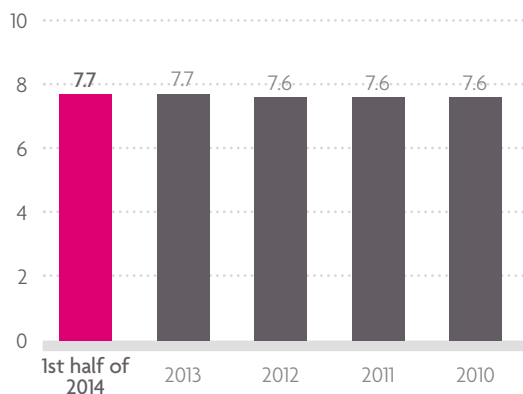
Smart meters

As part of the small-scale roll-out of smart meters in the Netherlands, Enexis installed smart meters at around 76,000 addresses in the first half of 2014. Enexis is now on course to have offered new meters to around 190,000 addresses by the end of the year. Processes and systems are being prepared for the large-scale roll-out that will commence in 2015. Smart meters will be offered to 280,000 addresses in 2015. Due in part to good communication about the installation of smart meters, customer satisfaction is high: customers gave this activity a score of 7.9 out of 10. The information website www.slimmeters.nl, a joint initiative by the grid managers in the Netherlands, is now online as well.

High customer satisfaction

Overall customer satisfaction in the first half of 2014 was virtually unchanged from previous years. Enexis achieved an average score of 7.7 out of 10 in this period. This rating was the result of combining the scores awarded by large business customers (7.5) and by consumers and small business customers (7.9). Customer satisfaction surveys are conducted periodically by an independent agency.

Customer satisfaction (random survey)¹⁾



1. The random survey was conducted among 375 small-scale users and 150 large-scale users.

Sustainable energy for companies

The website www.zelfenergieproduceren.nl attracted over 85,000 unique visitors in the first half of 2014. So far, over 4,500 people have created individual accounts so that they can share information on their experience of solar panels. In the first half of 2014, Enexis also launched the website www.zakelijkenergieproduceren.nl, targeted specifically at companies. It provides them with detailed information about generating sustainable energy and the actions they need to take.

Number of production installations further increased

Increasingly, people are starting to produce their own energy. The number of production installations increased with 16,000 to a total of 75,000 installations in the first half of 2014. This total mainly consists of solar installations. The total production capacity rose to approximately 300 MWp.

Extra focus on Street lighting

As part of the 'New Light on Public Lighting' ('Licht op Openbare Verlichting') project, Enexis is working to improve the quality of its services. Over the past six months, these efforts have focused on improving lines of communication with municipalities and making improvements to a number of aspects including technical policy, process management and the street lighting portal. These initiatives will continue until 2015, which should lead to noticeable improvements in our primary street lighting processes.

Projects promoting energy awareness and energy saving highly successful

The 'Neighbourhood Power' ('Buurkracht') project, which started in August 2013, has turned out to be a great success both with the participants and with the municipalities and provinces. The project offers residents' collectives free support in working together to discover and develop opportunities for energy saving. Existing collectives can take advantage of Neighbourhood Power, but Enexis also actively approaches neighbourhoods to assist them in setting up new residents' collectives. Enexis's assistance mainly consists of giving access to technical information and experience, including careful selection of suppliers and installation engineers. At the end of June 2014, 29 neighbourhoods were taking part in 'Neighbourhood Power'. An earlier project with significant impact was 'Block by Block' ('Blok voor Blok'), developed by Fudura into 'The Smart neighbourhood' ('De Slimme Buurt') in Den Bosch, which finishes at the end of 2014. The methodology used in this project is continued in 'Neighbourhood Power'. Although it has not yet achieved all its objectives, 'The Smart Neighbourhood' was recently given a positive rating by the Ministry of the Interior, which subsidised the project. The project for primary schools, 'The sun gives you energy' ('Van Zon krijg je Energie'), which provides information about energy based on a solar installation at the school, has also been a success. At the end of June, the 39 participating schools had already generated the first 34,000 kWh of their own electricity.

Joint initiatives to save energy

In the first half of 2014, Enexis also joined in with various third party initiatives to promote energy saving.

The 'Smart Resident' ('Slimwoner') project is primarily focused on energy saving by improving insulation.

The 'Water Savers' ('Waterspaarders') project consists of a variety of initiatives targeted at reducing usage of water (particularly hot water) and energy. In the Haaren municipality in North-Brabant province, Enexis is assisting with the 'Together Smart with Energy' ('Samen slim met energie') project, aimed at making the municipality energy-neutral.

New biogas pipeline in use

In mid May, Fudura completed construction of a 13-kilometer biogas manifold, terminating at the Attero waste processing plant in Wijster. There the gas, which will ultimately come from several suppliers, will be processed into green gas, suitable for supplying to the gas distribution network. Discussions on further developing this solution are currently taking place with various producers and users of raw biogas.

ENERGY NETWORKS

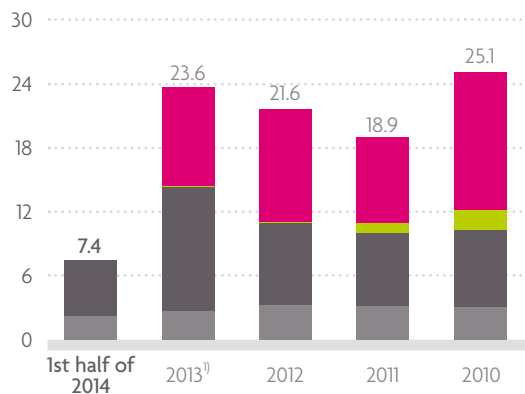
Investments on course

The investments in the maintenance, renewal and improvement of the energy grids have been carried out according to plan in the first half of 2014. Total investments decreased by approximately 5% to EUR 217.9 million (half year 2013: EUR 228.6 million). Customer-driven investments were again lower than expected, even when measured against the forecasts following the earlier downward adjustment. The main reason for this was the effect of the recession on construction activities. Some of the capacity made available by this situation was utilised for additional investments in the energy grids. In making these investments, Enexis worked to achieve a good balance between utilising internal resources and making use of contractors.

Reduced outage time

In the first half of 2014, the electricity outage time decreased to 7.4 minutes per connection. This is significantly lower than in the same period of 2013 (half year 2013: 14.4 minutes). This comparison is distorted by the major and lengthy outage in Enschede at the beginning of January 2013. The gas outage time for the first half of 2014 was 54 seconds (half year 2013: 20 seconds). The primary cause of the increase was a gas outage in the Bolhaar neighbourhood of Enschede, in June 2014.

Reliability of electricity / annual outage time per connection (in minutes)



- 1st half of year low voltage
- 1st half of year medium voltage
- 1st half of year high voltage
- 2nd half of year total

1. May differ slightly from figures for 2013 circulated previously due to final statement of figures for sector by ACM.

Smart grid pilot extended

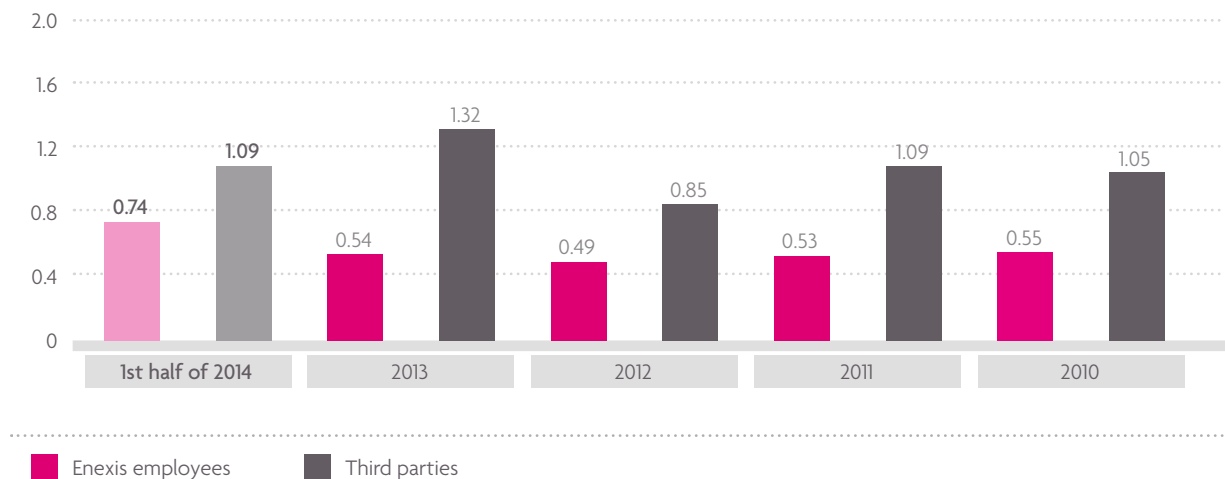
The pilot in Zwolle, to establish whether people are prepared to use a 'smart grid' to adapt the timing of their use of energy to coincide with the availability of cheap energy (such as solar energy), was extended in 2014 from 278 participating residents to 382. This pilot, 'Your Energy Moment', provides useful information about the possibility of influencing the timing of energy use by households. A preliminary analysis suggests that participants in the pilot do change the timing of their energy use to a more favourable time, their main motivation for doing so is cost considerations and that the usage most suited to adapting the timing of energy use is that of white goods.

PEOPLE AND ORGANISATION

Prioritising working safely

Safety is an important theme for Enexis. A large number of the employees works with gas and electricity on a day-to-day basis, and any negligence must thereby be avoided: 'We work safely, or we do not work at all'. Given this objective, begin 2014, an internal safety awareness programme was introduced which aims to increase the safety awareness among employees. The number of internal reports by employees on potentially unsafe situations increased in the first half of 2014. At the same time, the number of incidents resulting in absenteeism increased in the first half of 2014, which mainly concerns minor incidents (falling, tripping). Although no incidents involving the core activities of gas and electricity resulted in accidents in the first half of 2014, considerable attention is paid to minor accidents and risks due to the potential for these to lead to more serious incidents. A disturbing development, and one that is new to Enexis, is the occurrence of two incidents in which physical violence towards staff resulted in injury. Enexis regards improving safety as a priority in 2014 and is putting even greater efforts into its 'Safety's important to me' ('Veiligheid spreekt me aan') project. At the end of June, the DART rate for Enexis employees was 0.74, compared to 0.46 in the first half of 2013. For subcontractors' employees, the DART rate at that time was 1.09, compared to 1.47 in the first half of 2013.

DART rate ¹⁾ Enexis employees and third parties



1. DART (Days Away, Restricted or Transferred) rate: the number of accidents resulting in absence or different work per 200,000 hours worked.

Sustainable approach to employability and new employment policy

The significant changes affecting society and markets (including the energy market) are also reflected in changes to Enexis's organisation. One of the main aims of these changes is to increase the organisation's capacity for development and change. Far-reaching changes, such as the introduction of 'The New Way of Working', helped lay the foundations for a business culture focusing on change and employee participation. The move from the existing redundancy plan, which came to an end in May 2014, to a new employment policy that is more focused on maintaining employability and advising employees as they move from one position to another, is consistent with these changes. Maintaining employability is also the theme of a number of pilot schemes in which employees expand their career opportunities through training and gaining insight into other parts of the business. The benefit of these efforts is twofold: the individual concerned has a greater chance of a satisfying job and the organisation benefits from greater flexibility.

New approach to employee participation

The new employment policy was developed in close cooperation with the Works Council and the trade unions. This is an example of the new approach of organised discussion, which is more in line with the direction the organisation is developing in. The unions, the Works Council and the Board work together to enable Enexis to fulfil the role that is expected of it during these changing times in the energy world.

FINANCIAL SITUATION

General

In the half of 2014, Enexis realised revenues of EUR 696.1 million and a net profit of EUR 135.7 million.

Revenues, costs of sales and gross margin including other operating income

In the first half of 2014, Enexis achieved a gross margin including other operating income of EUR 583 million, a decrease of EUR 1 million compared to the first half of 2013. The main reason for the decrease was an increase in cost of sales of EUR 8 million, partially compensated by a revenue rise of EUR 7 million due to a modest tariff increase. The increase in cost of sales was largely due to higher charges for transport by Tennet.

Operating expenses

Operating expenses decreased by EUR 10 million in 2014 compared to the first half of 2013. Enexis's operating costs decreased by EUR 18 million compared to the first half of 2013; depreciation charges increased by EUR 8 million.

The decrease in operating expenses of EUR 18 million can be subdivided into three categories:

- ◆ EUR 16 million savings and efficiency improvements in Enexis's processes;
- ◆ EUR 6 million decrease in costs as a result of the introduction of the New Market Model;
- ◆ EUR 4 million increased costs due to CAO (Collective Labour Agreement) wage increases and a lower release from staff-related provisions compared to last year.

The higher depreciation charges of EUR 8 million are a direct consequence of the increasing level of investment in both the grids and smart meters.

Operating profit

Enexis's operating profit in the first six months of 2014 was EUR 220.8 million. This is EUR 9 million more than in the equivalent period in 2013.

Share of result of associates and financial income and expenses

The share of result of associates is, at EUR 1 million, unchanged from last year. The financial expenses have decreased by EUR 12 million compared to 2013. The main reason for this reduction is the cessation of interest charges on the shareholders' loan that was repaid in September 2013.

Profit for the period

Post-tax profit increased by 9% to EUR 135.7 million (half year 2013: EUR 124 million). The profit for the period increased as a result of the mentioned revenue rise combined with cost management, a gradual improvement in productivity management and non-occurred incidental costs as in 2013, amongst which financial expenses.

Credit rating

On 7 May 2014 financial credit rating agency Standard & Poor's reassessed the corporate credit rating for Enexis Holding N.V. and Enexis B.V. and maintained the rating of AA- with a stable outlook. Moody's credit rating remained unchanged in the first half of 2014 at Aa3 with a stable outlook.

The ratios achieved for financial policy at the end of the first half of 2014 were:

	Actual
FFO / interest-bearing net debt	32%
FFO-interest coverage	6.7
Net interest-bearing debt / (shareholders' equity + net interest-bearing liabilities)	33%

Renewed stand-by credit facility

On 27 June 2014, Enexis Holding N.V. entered into a new committed stand-by credit facility (Revolving Credit Facility) to replace the existing credit facility that had reached the end of its term. The new EUR 600 million credit facility was entered into with a syndicate of 11 banks and runs for a term of 5 years, with 2 extension options after year 1 and year 2.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2014

Consolidated income statement

amounts in millions of euros	1st half year 2014	1st half year 2013
Revenue from the supply of goods and services	696.1	688.5
Cost of sales	121.6	113.2
Gross margin	574.5	575.3
Other operating income	8.6	8.9
Gross profit plus other operating income	583.1	584.2
Employee benefits expenses	134.6	138.7
Depreciation and impairments	151.7	144.0
Cost of work contracted out, materials and other external expenses	64.7	74.5
Other operating expenses	11.3	15.6
Total operating expenses	362.3	372.8
Operating profit	220.8	211.4
Share of result of associates	0.7	0.7
Financial income	3.2	3.5
Financial expenses	42.6	54.4
Financial income and expenses	-39.4	-50.9
Profit before tax	182.1	161.2
Corporate income tax expense	46.4	37.2
Profit for the year	135.7	124.0
Attributable to:		
Minority shareholders	-	-
Shareholders	135.7	124.0
Average number of shares during the financial year	149,682,196	149,682,196
Profit per share ¹⁾	0.91	0.83

1. Stated in euros; dilution of earnings does not apply.

Consolidated statement of comprehensive income

amounts in millions of euros	1st half year 2014	1st half year 2013
Profit for the year	135.7	124.0
Released part of non-realised income through hedge reserve	0.4	0.4
Tax-released part of non-realised income through hedge reserve	-0.1	-0.1
Total result including non-realised income through hedge reserve and equity ¹⁾	136.0	124.3

1. The non-realised amounts in the total result only concern amounts recognised in later periods in the income statement.

Consolidated balance sheet

amounts in millions of euros	30 June 2014	31 December 2013
Assets		
Property, plant and equipment	5,800.0	5,729.4
Intangible assets	106.8	111.2
Associates	11.9	12.4
Other financial assets	11.5	12.1
Non-current assets	5,930.2	5,865.1
Inventories	19.7	22.5
Receivables	177.9	175.2
Other financial assets (current)	62.2	87.1
Cash and cash equivalents	80.2	115.0
Current assets	340.0	399.8
Total assets	6,270.2	6,264.9

amounts in millions of euros	30 June 2014	31 December 2013
Liabilities		
Issued and paid-up share capital	149.7	149.7
General reserve	2,436.3	2,436.3
Share premium reserve	669.5	549.9
Hedge reserve	-4.6	-4.9
Profit for the year	135.7	239.1
Equity	3,386.6	3,370.1
Non-current interest-bearing liabilities	1,748.4	1,750.6
Non-current provisions	66.9	68.4
Advance contributions for the installation of grids and connections ¹⁾	562.3	537.2
Deferred corporate income tax	193.7	197.9
Non-current liabilities	2,571.3	2,554.1
Trade and other payables	234.9	210.2
Current interest-bearing liabilities	47.4	80.9
Corporate income tax expense	4.5	24.2
Current provisions	12.1	12.7
Advance contributions to be amortised in the following year	13.4	12.7
Current liabilities	312.3	340.7
Total liabilities	6,270.2	6,264.9

Consolidated statement of cash flow

amounts in millions of euros	1st half year 2014	1st half year 2013
Profit for the year	135.7	124.0
Change in hedge reserve	0.3	0.3
Profit for the year including change in hedge reserve	136.0	124.3
Depreciation and impairments	151.7	143.9
Amortised contribution for installation of grids and connections	-6.6	-5.8
Change in operating working capital	4.1	-13.2
Change in deferred corporate income taxes	-4.2	12.4
Change in non-current provisions	-1.3	-7.5
Others	0.5	0.9
Cash flow from operating activities	280.3	255.0
Investments in property, plant, equipment and intangible assets	-217.9	-228.6
Contributions for installation of grids and connections	32.3	33.5
Loans granted	-0.9	-6.2
Increase/decrease deposits	25.0	45.5
Repayment of loans granted	1.3	4.9
Cash flow from investing activities	-160.1	-150.9
Cash flow before financing activities	120.1	104.1
New interest-bearing liabilities excluding amounts owed to credit institutions	-	3.7
Repayment of interest-bearing liabilities excluding amounts owed to credit institutions	-2.6	-2.3
Dividend paid	-119.5	-114.5
Cash flow from financing activities	-122.1	-113.1
Total cash flows	-2.0	-9.0
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year	47.9	41.8
Cash and cash equivalents minus amounts owed to credit institutions at the end of the reporting period	46.0	32.8

Consolidated statement of changes in equity

amounts in millions of euros	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve ¹⁾	Profit for the year	Total equity
At 1 January 2013	149,682,196	149.7	2,436.3	440.7	-5.5	223.7	3,244.9
Profit appropriation for 2012	-	-	-	109.2	-	-109.2	0
Dividend paid for 2012 ²⁾	-	-	-	-	-	-114.5	-114.5
Amortisation hedge reserve in 1st half year 2013	-	-	-	-	0.3	-	0.3
Profit for the year in 1st half year 2013	-	-	-	-	-	124.0	124.0
Subtotal 1st half year 2013	-	-	-	109.2	0.3	-99.7	9.8
At 30 June 2013	149,682,196	149.7	2,436.3	549.9	-5.2	124.0	3,254.7
Amortisation hedge reserve in 2nd half year 2013	-	-	-	-	0.3	-	0.3
Profit for the year in 2nd half year 2013	-	-	-	-	-	115.1	115.1
Subtotal 2nd half year 2013	-	-	-	-	0.3	115.1	115.4
At 31 December 2013 ³⁾	149,682,196	149.7	2,436.3	549.9	-4.9	239.1	3,370.1
At 1 January 2014	149,682,196	149.7	2,436.3	549.9	-4.9	239.1	3,370.1
Profit appropriation for 2013	-	-	-	119.6	-	-119.6	0
Dividend paid for 2013 ²⁾	-	-	-	-	-	-119.5	-119.5
Amortisation hedge reserve in 1st half year 2014	-	-	-	-	0.3	-	0.3
Profit for the year in 1st half year 2014	-	-	-	-	-	135.7	135.7
Subtotal 1st half year 2014	-	-	-	119.6	0.3	-103.5	16.5
At 30 June 2014 ³⁾	149,682,196	149.7	2,436.3	669.5	-4.6	135.7	3,386.6

1. The hedge reserve cannot be distributed.

2. The dividend for 2013, to which the shareholders are entitled in 2014 and which has been paid to shareholders in 2014, amounted to EUR 0.80 per share (2013: EUR 0.77), calculated on the basis of the number of shares at year-end.

3. Total equity per share at 30 June 2014 was EUR 22.62 (year end 2013, before profit appropriation: EUR 22.52), calculated on the basis of the number of shares at the end of the period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General

Enexis Holding N.V. is a public limited liability company with its head office in Rosmalen, the Netherlands. This interim report includes the financial statements for the first half of 2014 for the company and its group companies.

The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

An analysis of the result is provided in the financial review on page 12 of this interim report. Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euros.

Please note: the Dutch version of the interim financial statements is leading.

Consolidation

The consolidated balance sheet, income statement, statement of comprehensive income and cash flow statement comprise the balance sheet, income statement, statement of comprehensive income and cash flow statement for Enexis Holding N.V. and its subsidiaries.

The consolidated interim figures comprise the interim figures for the company and its subsidiaries at 30 June 2014. Control can be said to exist where the Group receives variable returns from its participation in the associated company or has rights to the same and is in a position to exercise its authority over the company to influence the level of those returns. In concrete terms, the Group only has control of an associated company if it:

- ◆ is able to exercise authority over the associated company (i.e. existing rights putting it in a position to direct the relevant activities of the company at the time in question);
- ◆ receives variable returns from its participation in the associated company or has rights to the same; and
- ◆ is in a position to exercise its authority over the associated company to influence the level of the returns

Where the Group does not hold the majority of the voting rights or similar rights in an associated company, it takes all relevant facts and circumstances into consideration in assessing whether it is able to exercise authority over the company, including:

- ◆ Contractual arrangements with other holders of voting rights in the company;
- ◆ Rights under other contractual arrangements;
- ◆ The Group's voting rights and potential voting rights.

The Group reassesses its control of an associated company if facts or circumstances come to light that would indicate that one or more of the three elements of control have changed. The consolidation of a subsidiary commences when the Group obtains control over the subsidiary, and is terminated when it loses control. The assets, liabilities, income and expenses of a subsidiary acquired or sold during the year are included in the statement of realised and unrealised income from the date on which the Group obtains control to the date on which it ceases to have control. The profit or loss and each component of unrealised income is attributed to the holders of ordinary shares in the parent company of the Group and to the minority interests, even where this results in a negative position for the minority interests. Where necessary, changes are made to the annual accounts of the subsidiaries so that the principles of financial reporting are consistent with those of the Group. On consolidation, all assets, liabilities, capital, income, expenses and cash flows resulting from transactions within the group are completely eliminated.

A change in ownership interest in a subsidiary that does not result in loss of control is treated as an equity transaction. If the Group ceases to have control of a subsidiary then:

- ◆ it ceases to include the subsidiary's assets (including any goodwill) and liabilities on its balance sheet;
- ◆ it ceases to include the book value of any minority interests in the former subsidiary on its balance sheet;
- ◆ it ceases to include the cumulative currency translation differences incorporated in its equity on the balance sheet;
- ◆ it includes the fair value of the consideration received;
- ◆ it includes the fair value of any capital or other interest in the former subsidiary that is retained;
- ◆ it transfers any surplus or shortage to the income statement;
- ◆ it transfers parent company's share of the components previously included in the unrealised income to either the income statement or the retained profit, in accordance with the procedure that would have been usual if it had disposed of the relevant assets or liabilities directly.

Valuation principles and accounting policies relating to the determination of the result

The same valuation principles and accounting policies are used in this interim report as in the Annual Report for 2013 of Enexis Holding N.V., which is available at www.enexis.nl, with the exception of the changes in standards and interpretations effective as from 1 January 2014.

New and/or amended IFRS standards applicable as of 1 January 2014

Standards effective as of 1 January 2014

As of 1 January 2014, IAS 32 – Financial Instruments: Presentation (Offsetting financial assets and financial liabilities) entered into force. The effect of applying this standard is that it is not possible to use the underlying cashpool agreements such as those Enexis has entered into with ING and RBS allowing entities within the Group to offset the working capital of other entities in the Group. Enexis has already applied this change in the financial statements for 2013.

As of 1 January 2014, a number of changes apply that do not have any impact on Enexis's consolidated interim financial statement:

- ◆ IFRS 10 – Consolidated Financial Statements;
- ◆ IFRS 11 – Joint Arrangements;
- ◆ IFRS 12 – Disclosure of Interests in Other Entities;
- ◆ IFRS 10 and IFRS 12 – Transition Guidance;
- ◆ IFRS 10, IFRS 12 and IAS 27 – Investment Entities;
- ◆ IAS 27 – Separate Financial Statements;
- ◆ IAS 28 – Financial investments in Associates and Joint Ventures;
- ◆ IAS 39 – Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting);
- ◆ IFRIC 21 – Levies.

The following improvements and amendments in IFRS standards were published but in the first half of 2014 were not yet adopted by the European Union.

- ◆ IFRS 9 – Financial instruments; in force from 1 January 2018;
- ◆ IFRS 14 – Regulatory Deferral Accounts; in force from 1 January 2016;
- ◆ IFRS 15 – Revenue from Contracts with Customers, in force from 1 January 2017;
- ◆ IAS 19 – Employee Benefits (Defined Benefit Plans: Employee Contributions), in force from 1 July 2014;
- ◆ Annual Improvements to IFRSs, 2010-2012 Cycle, in force from 1 July 2014;
- ◆ Annual Improvements to IFRSs, 2011-2013 Cycle, in force from 1 July 2014.

Enexis is currently assessing the impact of these standards. Any improvements or adjustments will apply with effect from accounting years after 2014.

Seasonal effects

Enexis is not subject to any seasonal influences that could have a material effect on the result.

Goodwill

The annual obligatory impairment test on goodwill in connection with the acquisition of Intergas will be carried out in the second half of 2014. There is no material adjustment of the carrying value of the goodwill expected as a result of the impairment test.

Fair value of non-current loans

As of 30 June 2014, Enexis has non-current liabilities on its balance sheet to the amount of EUR 1,732 million (31 December 2013: EUR 1,733 million). The fair value of these non-current loans is EUR 2,021.7 million (31 December 2013: 1,927.2 million), with the value of the interest payments and repayments of principal being discounted at different interest rates, taking into account the effect of time. The fair value has increased due to a further decrease in the market interest rate.

Segment information first half year

Enexis Holding N.V. distinguishes the following segments in its reporting:

- ◆ Regulated Activities.
- ◆ Other activities.

The above classification is based on the internal reporting structure, in particular the consolidated monthly reports and the annual business plan. Because of the high level of administrative independence, virtually all revenues, costs, assets and liabilities can be allocated to the segments.

The regulated activities form by far the largest segment within Enexis. In terms of revenues, profit after taxes and total assets, the share of these activities amounts to more than 90%.

The segments classified as 'Other' concern the activities of Fudura B.V. and Enexis Vastgoed B.V..

Costs and revenues charged between the segments and receivables, payables and current-account positions between the segments have been eliminated. The costs and revenues relate almost entirely to payments for the use of assets.

	Enexis regulated		Enexis other activities		Normalisation and eliminations		Enexis total	
	1st half year 2014	1st half year 2013	1st half year 2014	1st half year 2013	1st half year 2014	1st half year 2013	1st half year 2014	1st half year 2013
<i>amounts in millions of euros</i>								
Income statement								
Revenue	664.3	657.5	37.5	35.7	-5.7	-4.7	696.1	688.5
Other operating income	9.0	10.8	1.5	-	-1.9	-1.8	8.6	9.0
Operating profit	203.1	197.0	17.7	14.4	-	-	220.8	211.4
	1st half year 2014	Year end 2013	1st half year 2014	Year end 2013	1st half year 2014	Year end 2013	1st half year 2014	Year end 2013
Assets and liabilities								
Total assets	6,201.5	6,143.0	171.8	182.4	-103.2	-60.5	6,270.2	6,264.9

OTHER NOTES

Information on related parties

In the first half of 2014 dividends to the value of EUR 119.5 million were distributed to shareholders and loans to the value of EUR 0.5 million were provided to Stichting Mijnaansluiting.nl. A sum of EUR 0.9 million was also received from EDSN as a regular instalment in repayment of a loan provided in 2013. All other transactions with related parties were conducted as part of normal operations and took place at market rates and on market terms.

Off-balance sheet commitments and contingencies

The off-balance sheet commitments and assets at the end of June 2014 do not differ, with the exception of standard settlement of the same, from the commitments and assets at the end of 2013 presented in Note 30 'Off-balance sheet commitments and assets' of the 2013 annual accounts.

Events after the balance sheet date

No events occurred after the balance sheet date.

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 as stated on pages 13 to 22, which comprises the consolidated income statement and the consolidated statement of the total income for the period of six months ended 30 June 2014, the consolidated balance sheet as at 30 June 2014, the consolidated cash flow statement and the consolidated statement of changes in equity for the period of six months ended 30 June 2014 and the notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including 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 auditing standards and consequently does not enable us to obtain assurance that we would 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 accompanying consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

The Hague, 5 August 2014

Ernst & Young Accountants LLP

J. Niewold

COLOPHON

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