Enexis B.V.

Consolidated financial statements 2011

ENEXIS
ENERGIE IN GOEDE BANEN

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Consolidated financial statements 2011

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 of approval of the consolidated financial statements of Enexis Holding N.V. was issued by Ernst & Young Accountants LLP on 16 March 2012.

The consolidated financial statements of Enexis B.V. have been prepared as a result of the contractual obligations with the CBL partners and rating agencies. In addition, Enexis 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.

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.

Key figures

Financial	**2011**	2010	2009	2008	2007
Results (Amounts in millions of euros)					
Revenue	1,268.3	1,155.9	1,146.8	1,341.9	1,699.0
Cost of sales	239.0	218.7	223.4	213.1	593.7
Gross profit	1,029.3	937.2	923.4	1,128.8	1,105.3
Other operating income[1]	12.1	12.0	14.6	9.6	3.1
Operating expenses excluding depreciation and impairments	397.1	383.6	415.5	558.2	846.5
Depreciation and impairments[1]					
Operating profit	379.7	323.8	291.3	365.5	237.3
Share of result of associates	2.2	2.1	2.5	6.6	3.1
EBIT	381.9	325.8	293.8	372.1	240.4
Financial income and expenses	–87.5	–90.7	–72.6	–175.7	32.6
Profit before tax	294.4	235.2	221.2	196.4	273.0
Profit for the year	221.0	173.9	167.4	147.5	203.8
Financial position (Amounts in millions of euros)					
Net working capital	–160.1	–134.4	–11.8	25.7	122.8
Non-current assets[1]	5,376.3	4,984.4	4,845.2	4,586.2	4,492.0
Capital employed	5,207.5	4,851.2	4,834.1	4,927.1	4,930.8
Equity	3,045.9	2,877.1	2,753.4	2,236.0	1,512.0
Total assets[1]	6,140.5	5,803.2	5,572.2	5,580.6	5,733.0
Ratios					
Solvency[1]	49.6	49.6	49.4	40.1	26.4
ROIC	7.3	6.7	6.1	7.6	4.9
Return on equity	7.3	6.0	6.1	6.6	13.5
Cash flows (Amounts in millions of euros)					
Cash flow from operating activities[1]	504.8	522.9	526.4	486.1	120.3
Cash flow from investing activities[1]	–542.3	–301.5	–63.5	–298.1	–148.3
Cash flow used in financing activities	–50.8	–54.7	–327.8	–205.2	7.2
Total cash flows	–88.3	166.7	135.1	–17.2	–20.8

[1] The comparable figures for 2009 were restated because of a change in the presentation of contributions to investments in grids and connections received from third parties. The restatement has no impact on equite or profit.

EBIT	Operating profit plus share of result of associates.
Net working capital	Total current assets excluding cash and cash equivalents (2007: also excluding bank current account) less current liabilities excluding current interest-bearing liabilities and excluding advance contributions to be amortised in following year.
Capital employed	Sum of non-current assets, net working capital and assets held for sale.
Solvency	Ratio of equity to total assets x 100%.
Return on invested capital (ROIC)	Ratio of EBIT to capital employed at year-end.
Return on equity	Ratio of profit for the year to equity at year-end.

General	2011	2010	2009	2008	2007
Lenght of grids (x 1,000 km)					
Electricity grid	133.3	132.3	131.0	128.6	124.3
Low voltage	89.4	88.8	88.0	86.3	82.6
Medium voltage	43.8	43.5	42.9	42.2	41.6
Intermediate voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	44.6	41.3	41.1	41.0	40.3
Low pressure	35.6	32.8	32.7	32.6	32.1
High pressure	9.0	8.4	8.4	8.4	8.2
Stations (x 1,000)					
Electricity	52.5	52.1	51.8	51.3	49.7
Gas	24.7	24.1	24.3	24.2	24.2
Number of connections (x 1,000)					
Electricity	2,648	2,631	2,610	2,596	2,518
Gas	2,068	1,908	1,899	1,892	1,788
Transported volumes					
Electricity (GWh)	35,079	34,858	33,305	34,046	33,679
Gas (Mm^3)	5,788	6,959	6,003	6,109	5,564
Of which biogas	10.9	8.0	7.5	7.3	7.7
Product quality					
Electricity outage time (in minutes)	18.9	25.1	20.0	21.8	24.2
High voltage	1.1	3.8	0.4	1.6	4.3
Medium voltage	11.9	15.2	14.6	15.5	15.2
Low voltage	5.9	6.2	5.0	4.7	4.7
Gas outage time (in seconds)					
Gas	69	43	25	42	54
Customer satisfaction					
Overall	7.6	7.6	7.5	7.4	6.7
Low-volume consumers	7.9	7.9	7.7	7.6	
High-volume consumers	7.2	7.2	7.2	7.0	6.7

Consolidated income statement

(Amounts in millions of euros)		**2011**		2010
Revenue from the supply of goods and services		1,268.3		1,155.9
Cost of sales		239.0		218.7
Gross profit		**1,029.3**		**937.2**
Other operating income		12.1		12.0
Gross profit plus other operating income		**1,041.4**		**949.2**
Employee benefits expense	254.9		208.8	
Depreciation and impairments	264.6		241.8	
Cost of work contracted out, materials and other external expenses	135.4		161.3	
Other operating expenses	6.8		13.5	
Total operating expenses		661.7		625.4
Operating profit		**379.7**		**323.8**
Share of result of associates		2.2		2.1
Financial income	7.3		6.4	
Financial expenses	94.8		97.1	
Financial income and expenses		–87.5		–90.7
Profit before tax		294.4		235.2
Corporate income tax expense		73.4		61.3
Profit for the year		**221.0**		**173.9**

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Consolidated balance sheet (before proposed appropriation of profit)

(Amounts in millions of euros)	31 december 2011	31 december 2010
Assets		
Property, plant and equipment	5,256.5	4,883.6
Intangible assets	104.4	84.7
Associates	13.5	13.4
Other financial assets	1.9	2.7
Non-current assets	**5,376.3**	**4,984.4**
Inventories	22.8	14.0
Receivables	525.9	499.7
Cash and cash equivalents	215.5	303.8
Current assets	**764.2**	**817.5**
Assets held for sale	0.0	1.2
Total assets	**6,140.5**	**5,803.2**
Liabilities		
Issued and paid-up share capital	0.0	0.0
General reserve	1,451.3	1,329.6
Share premium reserve	1,373.6	1,373.6
Profit for the year	221.0	173.9
Equity	**3,045.9**	**2,877.1**
Non-current interest-bearing liabilities	1,459.6	1,910.5
Non-current provisions	80.0	56.0
Advance contributions for installation of grids and connections	364.1	282.2
Non-current liabilities	**1,903.6**	**2,248.7**
Trade and other payables	682.0	572.0
Current interest-bearing liabilities	473.5	21.2
Corporate income tax expense	0.0	58.6
Current provisions	26.8	17.5
Advance contributions to be amortised in following year	8.7	8.1
Current liabilities	**1,191.0**	**677.4**
Total liabilities	**6,140.5**	**5,803.2**

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Consolidated cash flow statement

(Amounts in millions of euros)		2011		2010
Profit for the year	221.0		173.9	
Depreciation and impairments	264.6		241.8	
Amortised contributions for installation of grids and connections[1]	–8.1		–5.9	
Balance of amounts allocated to, charged to and released from provisions, changes in operational working capital and other items	27.3		113.1	
Cash flow from operating activities		**504.8**		**522.9**
Investments in property, plant, equipment and intangible assets	–443.2		–380.3	
Acquisitions	–188.4		0.0	
Contributions for installation of grids and connections	87.2		78.9	
Changes in assets and liabilities held for sale	1.2		–0.5	
Changes in other financial assets	0.8		–0.1	
Sale of fixed assets	0.1		0.5	
Cash flow from investing activities		**–542.3**		**–301.5**
Cash flow before financing activities		**–37.5**		**221.4**
Change in interest-bearing liabilities	1.5		–4.5	
Dividend paid	–52.3		–50.2	
Cash flow used in financing activities		**–50.8**		**–54.7**
Total cash flows		**–88.3**		**166.7**
Cash and cash equivalents at beginning of year		303.8		137.1
Cash and cash equivalents at end of year		**215.5**		**303.8**

[1] For clarity, the amortised contributions for installation of grids and connections are shown separately.

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Consolidated statement of changes in equity

(Amounts in millions of euros)	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Profit for the year	Total equity
At 1 January 2010	**20,000**	**0.0**	**1,373.6**	**1,212.4**	**167.4**	**2,753.4**
Profit appropriation for 2009	-	-	-	117.2	–117.2	0.0
Dividend paid for 2009	-	-	-	-	–50.2	–50.2
Profit for the year 2010	-	-	-	-	173.9	173.9
At 31 December 2010	**20,000**	**0.0**	**1,373.6**	**1,329.6**	**173.9**	**2,877.1**
At 1 January 2011	**20,000**	**0.0**	**1,373.6**	**1,329.6**	**173.9**	**2,877.1**
Profit appropriation for 2010	-	-	-	173.9	–173.9	0.0
Dividend paid for 2010	-	-	-	-	–52.2	–52.2
Profit for the year 2011	-	-	-	-	221.0	221.0
At 31 December 2011	**20,000**	**0.0**	**1,373.6**	**1,503.5**	**168.9**	**3,045.9**

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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 public 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 2011 of Enexis Holding N.V.

The leading version of the consolidated financial statements is the Dutch version, the Englisch version is a translation of 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 consolidations

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

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.

Based on the above principles the figures of Intergas Energie B.V., which was acquired on 31 May 2011, are included in the consolidated group figures from 1 June 2011.

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 and/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.

2.3 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 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.

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. Monetary items are translated at the rate of exchange ruling at year-end.

Netting

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

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

Revenue
Revenue represents the income from the supply of goods and services relating to the distribution 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 network charges plus an estimate of the remaining billable network charges minus an estimate of the remaining billable network 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.

Amortisation is applied to advance contributions for the installation of grids and new connections in parallel with the depreciation of the assets concerned and included 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 durations 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 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 life is assessed each year, with any adjustments being recognised prospectively.
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 less any impairment losses. Goodwill is assessed each year for impairment losses 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.

Impairments

During the year, an assessment is made of whether there is any indication that an asset may be impaired.
If there are any such indications, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the greater of the fair value less costs to sell and 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, 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 B.V. (i.e. joint ventures and associates) 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 share of result of the associate of Enexis B.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 its share).

Any impairments of associates are covered by the paragraph 'Impairments'.

Other financial assets

There are two categories of other financial assets:

- Assets held for sale.
- Loans and receivables.

Assets held for sale

This category includes equity interests over which the Company has no significant influence. Such equity 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 the purchase of 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 face 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 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 cash deposits are recognised at fair value.

Assets held for sale
Assets held for sale can comprise individual assets 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 these assets or asset groups are classified as held for sale, no further depreciation is applied.

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 recognised on receipt as non-current liabilities. Amortisation is applied on a straight-line basis, taking into account the expected useful life of the asset.

Deferred corporate income tax
Deferrals relating to the differences between the commercial carrying amounts and tax valuation of property, plant and equipment and employee benefits provisions are shown separately as deferred corporate income tax. Deferrals are measured at the applicable corporate income tax rate in the year concerned.

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 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, pension fund assets and expenses individually to the participants. Any contributions made during a financial year are recognised through profit or loss for that year.

As a result of the deterioration in its financial position at the end of 2008, the board of the ABP pension fund started a recovery plan at the beginning of 2009 to improve the fund's coverage ratio. Under this plan, the board of the fund is required at the beginning of each year to carry out a progress evaluation of the recovery plan on the basis of the coverage ratio achieved at the end of the preceding year. The coverage ratio at the end of 2011 was 94.2%. For 2012 and 2013 the temporary recovery premium surcharge has been increased by 2% (from 1% to 3%). On balance this means that from 1 April 2012 to 1 January 2014 there will be an additional premium charge relative to 2011 of 2.2% (in other words 3.2%, including the 2011 recovery premium, on top of the 'normal' premium percentages).

Trade and other payables
Trade and other payables are stated at face value.

Corporate income tax expense
Corporate 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.
Corporate income tax is recognised through profit or loss, except to the extent that it relates 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 financial leases and recognised as purchases of property, plant and equipment, with recognition of a corresponding non-current liability.

At inception of the lease, the carrying amount of the asset and the liability is the 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.

Other information

Appropriation of profit

Provisions in the Articles of Association governing profit appropriation

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

Proposed appropriation of profit for 2011

Proposed is to base the appropriation of profit from Enexis B.V. on the STATUTAIRE BEPALING from Enexis Holding N.V., that for the financial years 2010 and 2011 at least 70% (seventy per cent) respectively 50% (fifty per cent) of the profit achieved in each year, is required to be retained (Article 36.6 Articles of Association Enexis Holding N.V.).

The income statement shows a profit for the year of EUR 221,0 million.
Making allowance for the retained earnings requirement, profit is proposed to be appropriated as follows:

(Amounts in millions of euros)	**2011**	2010
Profit for the year	221.0	173.9
Addition to General Reserve	110.5	121.7
Proposed dividend distribution	**110.5**	**52.2**

The proposed appropriation of profit has not been recognised in the balance sheet as at 31 december 2011.

Report by the independent auditor

To: the Management Board of Enexis B.V.

We have audited the accompanying consolidated financial statements for 2011 of Enexis B.V., Rosmalen. These consolidated financial statements comprise the introduction, the key figures, the statement of total income for 2011, the balance sheet as at 31 December 2011, the cash flow statement for 2011, the statement of changes in equity as at 31 December 2011 and the notes thereto, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management of the entity is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the policies selected and described by the entity, as set out in Section 2 ('Basis of preparation') of the Information on the consolidated financial statements. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 and fair presentation 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 the 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 for 2011 of Enexis B.V. have in all material respects been prepared in accordance with the accounting policies selected and described by the entity, as set out in Section 2 ('Basis of preparation') of the Information on the consolidated financial statements.

Basis of preparation and restriction on use and distribution

Without prejudice to our opinion, we draw attention to the following:

- On page 4 of the consolidated financial statements for 2011 (Introduction) reference is made to the fact that Enexis B.V. makes use of the exemption from publication of its statutory financial statements on the basis of a joint and several liability statement under Section 403 Book 2 of the Netherlands Civil Code. This introduction also states that the consolidated financial statements of Enexis B.V. are not full financial statements.
- The accounting principles are set out in Section 2 ('Basis of preparation') of the Information on the consolidated financial statements.

The consolidated financial statements for 2011 of Enexis B.V. have been prepared for the Board of the Energiekamer (Dutch Office of Energy Regulation), the investors in Enexis and rating agencies with the aim of enabling Enexis B.V. to comply with its obligations under the Electricity Act 1998, under the Gas Act, in the agreements with investors and in the undertakings made by Enexis B.V. to rating agencies. Our report is therefore intended solely for the purposes as stated above, and may not be distributed to or used by other parties.

The Hague, 11 July 2012

Ernst & Young Accountants LLP

Signed by drs. J. Niewold RA

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 system operator under article 17 of the electricity Act, 1998, respectively, Article 10b of the gas law is not allowed to execute itself, in the year 2011 meets the requirements in article 18, paragraph 1, of the electricity Act 1998, respectively article 10d, paragraph 1, of the gas Act, which means that Enexis B.V. in the year 2010 did not give such a group company preferential treatment over other competative 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:

- the provision of data to a group company regarding customers, other than customers referred to in article 95a, first 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, paragraph 1, of the gas Act, which have filed a request for connection or transport as referred to in Chapter 2 of the gas Act;

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

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

's-Hertogenbosch, 11th of april 2012,

J.J. Fennema
CEO Enexis B.V.

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

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

Statutory ratios

The capital management of the Enexis Group aims to achieve a financially sound capital structure and to maintain its strong credit ratings (S&P A+ with positive outlook and moody's Aa3 with stable outlook for Enexis B.V. and Enexis Holding N.V. The current credit rating of Enexis B.V. (A+/Aa3) ensures that they as network manager meets the requirements of the Resolution on Financial Management of Grid Operators, which include obtaining and maintaining at least one investment grade credit rating (BBB/Baa2). The following ratios of year-end 2011 let see in addition that Enexis also largely meets its statutory ratios.

For the most current rating reports, please refer to our website (about Enexis/ publications and annual reports/ rating publications).

	target	2011
EBIT interest cover	>=1,7x	4,0
FFO interest cover	>=2,5x	6,5
FFO/(provisions+liabilities)	>=11%	16,5%
(Provisions+liabilities)/(equity+provisions+liabilities)	<=70%	50,4%

EBIT interest cover = ratio of (operating profit plus share of result of associates) to interest paid.

FFO interest cover = ratio of (profit for the year plus changes in deferred income tax plus depreciation minus amortisation plus changes in provisions plus other one-off and not cash related costs plus interest paid) to interest paid.

FFO/(provisions+liabilities) = ratio of (profit for the year plus changes in deferred corporate income tax plus depreciation minus amortisation plus changes in provisions plus other one-off and not cash related costs) to (provisions plus liabilities).

Investments

Enexis invested a total of € 362.5 million in connections, replacements and expansion of its grids in 2011. Allowance was made right from the start of the year for the reduced need for connections and grid extensions for customers as a result of the economic situation. This created sufficient room to accelerate the investments in replacements, maintenance and pipeline and grid improvements. Investments in the electricity grid shifted slightly from standard to customised connections, reconstructions and replacements. Total investments in the electricity grid were € 247.4 million gross, compared with € 246.9 million gross in 2010.

Two new high-voltage stations were completed in 2011; one in Klazienaveen and one in Luttelgeest, both in partnership with TenneT. Both stations enable surrounding horticulturalists to feed the electricity produced by their CHP plants into the grid. Two other stations are almost complete and will be put into operation in 2012.

Investments in the gas distribution pipe network increased significantly, from € 98.6 million gross to € 115.1 million gross. The largest part of this increase was for replacements, which in more than half of the cases related to the modernisation of older gas grids (including cast iron pipelines). This involved around 30,000 connections and 282 kilometres of main pipelines.

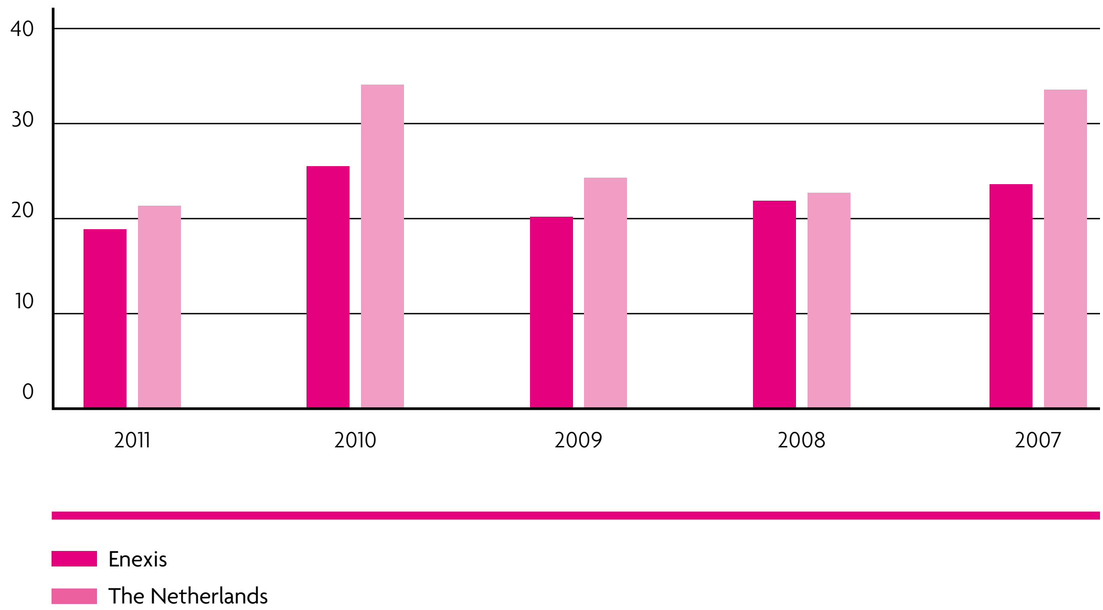
Grid investments (figures in millions of euros)	**2011**	2010
	Gross investment	Gross investment
Electricity		
Standard connections	29.9	31.0
Customised connections	22.0	20.9
Grid expansions	132.1	140.8
Reconstructions	30.4	23.4
Replacements	26.0	22.9
Other	7.0	7.9
Total electricity	**247.4**	246.9
Gas		
Standard connections	10.6	9.9
Customised connections	2.6	2.4
Grid expansions	9.8	12.2
Reconstructions	16.0	14.5
Replacements	75.0	58.1
Other	1.1	1.5
Total gas	**115.1**	98.6
Total gas and electricity	**362.5**	345.5

Reliable networks

The most important indicator of the reliability of energy grids is the length of outages. This is the average time during which a customer receives no energy in a particular year.
With a score of 18.91 minutes in 2011, the Enexis electricity grid performed better than the national average of 21.33 minutes.
For the gas grids, the outage duration of 69 seconds per connection* was significantly higher than the national average of 43 seconds. This relatively big difference was accounted for by a single fault in Venlo which lasted for a long time and was caused by an external party.

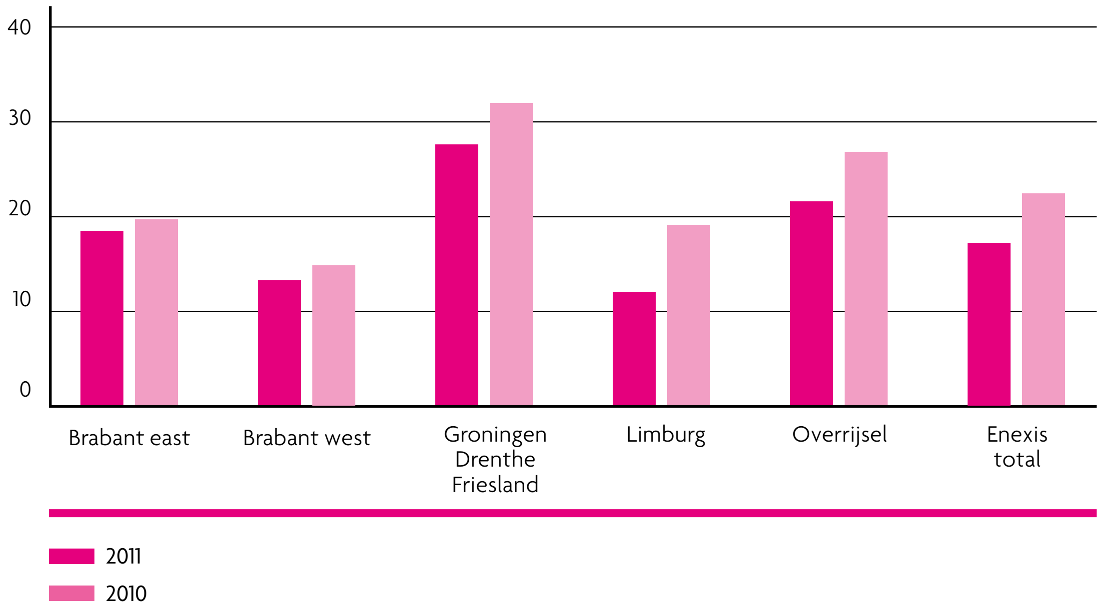
* The outage duration of Intergas is included from 1-7-2011, and totalled 12 seconds per connection in 2011. Excluding Intergas, the outage duration of Enexis was 71 seconds.

Annual outage time per electricity connection as a result of HV, MV and LV failures
(in minutes per connection)



The Annual outage time per electricity connection as a result of MV and LV failures can be specialized by region within the service area of Enexis. The outage duration of HV failures isn't attributable to a specific region. Excluding the failures of HV, the electricity network of Enexis earned a score of 17.79 minutes (2010: 21.36 minutes). In the following table and chart the score of the specific regions is displayed.

Annual outage time per electricity connection as a result of MV and LV failures
(in minutes per connection)



enexis.nl

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