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Definitions and abbreviations 36
TenneT Holding B.V. is a leading electricity transmission system operator (TSO) in the Netherlands through its subsidiary TenneT TSO B.V. and in a substantial part of Germany through its subsidiary TenneT TSO GmbH. With over 20,000 kilometres of high-voltage lines and 36 million end users, it ranks among Europe's top 5 electricity transmission system operators.
**Tasks**

As TSO, TenneT’s principal tasks are (1) to provide electricity transmission services, by constructing and maintaining a robust high-voltage grid, (2) to provide system services, by maintaining the balance between supply and demand of electricity on a continuous base and (3) to facilitate a well functioning electricity market.

These activities are governed by the provisions of relevant legislation and regulation in the Netherlands and Germany. Regulatory authorities oversee TenneT’s compliance with these provisions. In the Netherlands, the regulated activities are carried out by TenneT TSO B.V. and its subsidiaries. In Germany, these tasks are carried out by TenneT TSO GmbH, TenneT Offshore GmbH and its subsidiaries.

In addition to its regulated activities, TenneT has a limited number of non-regulated activities, including the auctioning of cross-border electricity transmission capacity and development and management of electricity connections to other countries (interconnectors). Furthermore, TenneT holds interests in a number of Northwest European energy exchanges. These unregulated activities are the direct responsibility of TenneT Holding B.V. and are performed to support the electricity market and ensure a smooth and efficient operation. As an ancillary activity, TenneT manages certain infrastructure which support equipment to send and receive broadcasting and telecom signals.

**Objectives**

TenneT strives to safeguard an efficiently functioning electricity market in the Netherlands and Germany, while pursuing the maximum security of electricity supply at the lowest possible cost while realising an adequate return for its capital providers.

TenneT’s customers include electricity producers and traders. TenneT aims to be a linking pin, connecting producers and consumers, and to be sensitive to social concerns. The Company applies best-practice corporate governance codes and takes measures to minimise its ecological footprint.

TenneT’s grid investments are partly driven by the growing role of renewable energy sources in Europe, including energy supplied by offshore wind farms in the North Sea and sea cables connected to hydropower in Norway. New connections enable TenneT to create access to large, new energy sources for consumption across Europe, whilst ensuring that adequate storage capacity can be accessed to accommodate the fast-growing supply of renewable energy. TenneT considers these as important elements for the creation of a sustainable European electricity market.
## Consolidated key financial figures

### Group underlying financial information (in EUR million)

#### Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>30 June 2013</th>
<th>31 December 2012</th>
<th>31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>11,186</td>
<td>10,284</td>
<td>8,797</td>
</tr>
<tr>
<td>Gross interest-bearing debt</td>
<td>3,266</td>
<td>3,556</td>
<td>2,597</td>
</tr>
<tr>
<td>Net interest-bearing debt, adjusted</td>
<td>2,798</td>
<td>2,676</td>
<td>2,515</td>
</tr>
<tr>
<td>Equity</td>
<td>2,330</td>
<td>2,221</td>
<td>1,975</td>
</tr>
</tbody>
</table>

#### Statement of income

<table>
<thead>
<tr>
<th></th>
<th>Six month period ended 30 June 2013</th>
<th>Six month period ended 30 June 2012</th>
<th>Full year 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>886</td>
<td>834</td>
<td>1,769</td>
</tr>
<tr>
<td>EBITDA</td>
<td>360</td>
<td>282</td>
<td>616</td>
</tr>
<tr>
<td>EBIT</td>
<td>237</td>
<td>168</td>
<td>362</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>119</td>
<td>71</td>
<td>180</td>
</tr>
</tbody>
</table>
Key events during the first half of 2013

In the first half year of 2013 TenneT continued its efforts to expand and strengthen its infrastructure in the Netherlands and in Germany to be able to continue to deliver a reliable grid.

Randstad 380
In May 2013 the Randstad 380 South ring was commissioned, a 20 km 380kV high-voltage line. For the construction of 10 km of this new overhead line the new innovative Wintrack masts were used, which have a slimmer design and cause narrower electromagnetic fields than traditional electricity pylons. The other 10 km were realised via underground cabling. This project is part of the so-called Randstad 380 project, a 85 km high-voltage line between the towns of Wateringen and Beverwijk, which will result in a structural improvement of the security of supply in this economically important region for the Netherlands.

Land- en Tuinbouw Organisatie Nederland (LTO)
On 28 of June 2013 TenneT and LTO (the Dutch Federation of Agriculture and Horticulture) reached agreement on protocols and compensation for land owners and land users in connection with the installation of high-voltage lines in the Netherlands. This agreement will apply to all new projects and, retroactively, to those parties whose contracts already included a special provision.

New dedicated spot power exchange APX
On 1 March 2013 the new dedicated spot power exchange APX went live. APX remains as a leading trading platform for power spot contracts across Belgium, the Netherlands and the UK. This is the result of the split of APX-ENDEX into a power spot and clearing entity and a derivatives and spot gas entity. The share capital of APX is held by TenneT Holding B.V. (71%) and Elia System Operator N.V. (29%).

Increased transfer capacity between Belgium and the Netherlands
In January 2013 the Net Transfer Capacity (NTC) on the Dutch-Belgian border was increased by 300 MW to reach a total of 1701 MW (in 2012 the NTC amounted to 1401 MW). This increases the amount of capacity available on the day-ahead and intraday markets at times when grid security allows for this. The NTC increase was the result of an agreement between TenneT and the Belgian TSO Elia aimed at increasing the availability of cross-border capacity.
German grid development plans
In April 2013, TenneT presented together with the other three German TSOs (50Hertz Transmission, Amprion and TransnetBW) the second German onshore grid development plan (Netzentwicklungsplan 2013 - NEP) and the first offshore grid development plan (Offshore-Netzentwicklungsplan 2013 - O-NEP) both covering a period of 10 years. These grid development plans are based on long-term renewable energy targets set by the German government and will provide a basis for a federal plan regarding grid expansions required until 2023.

German onshore grid
In April 2013 the ‘Planfeststellungsbeschluss’ (planning permit) was granted for the 380kV-line Hamburg Nord–Dollem in Schleswig-Holstein.

In April 2013, TenneT, 50Hertz, Amprion and TransnetBW announced how to cooperate on the construction of 4 large onshore DC connectors to transport electricity from north and central to south Germany.

‘Bürgerleitung’ in Schleswig-Holstein
On 14 June 2013 TenneT launched the so-called ‘Bürgerleitung’ (citizen’s line) investment scheme. This pilot project offers residents and property owners from the municipal counties of Nordfriesland and Dithmarschen the opportunity to participate in the revenues of the West Coast line running through their area. TenneT believes this may stimulate public acceptance of this new 380kV-line.

Offshore grid investments in Northern Germany
As at 30 June 2013, TenneT had completed 2 offshore connections and has another 9 offshore connections under development in the German part of the North Sea. These essential infrastructure projects total to a transport capacity of 6.2 gigawatt of renewable electricity. The construction contract for the latest of these projects, DolWin3 (0.9 GW) was awarded in February. Offshore wind farms connected to date total a capacity of 0.345 GW.

Partnership investments offshore
In April 2013 TenneT and Mitsubishi Corporation closed their second partnership with respect to two German offshore high-voltage cable projects, HelWin2 and DolWin2 in which a subsidiary of Mitsubishi acquired a 49% voting interest for a maximum equity investment of EUR 336 million.

In April 2013, DC Nordseekabel GmbH & Co. KG, a joint venture between TenneT (50%) and Kreditanstalt für Wiederaufbau (KfW) (50%) was established. This joint venture intends to develop, construct and own the southern half of the Nordlink interconnector project, a subsea cable between Germany and Norway. The remaining 50% of the project is owned by the Norwegian TSO Statnett. A final investment decision is expected in 2014.
Financial results

Use of underlying financial information
In evaluating the performance of TenneT’s businesses TenneT’s Management Board assesses the performance and allocation of resources based on **underlying financial information** instead of information reported in accordance with IFRS. Underlying financial information is based on the principle to recognise regulatory assets and liabilities in connection with TenneT’s regulated activities whereas current industry practice of other TSOs, applying IFRS, is not to record regulated assets and liabilities. This implies that amounts resulting from past events and which are allowed to be recouped or required to be returned through future regulated grid tariffs are recorded as an asset or liability, respectively.

Underlying financial information involves the matching of regulatory revenues and expenses with each other during a corresponding reporting period. TenneT’s Management Board believes that the presentation of underlying financial information leads to a sound, consistent and transparent financial insight into current and future business developments and provides improved insight in the economic performance of TenneT.

Reconciliation of the underlying financial information to reported IFRS financial information can be found in note 4 “Segment reporting” of the Interim Financial Statements.

Increase in underlying revenue and EBIT
Both underlying revenue as well underlying EBIT increased for the six month period ended 30 June 2013 compared to the similar period in 2012. Underlying revenue amounted to EUR 886 million (EUR 52 million increase) and underlying EBIT amounted to EUR 237 million (EUR 69 million increase). Main driver for the increased revenue were the increased German offshore investments, which also positively affected this period’s EBIT by approximately EUR 46 million. Revenues and EBIT in the Netherlands remained relatively stable (1% revenue increase and 3% EBIT increase).

Incremental investments made in the Netherlands did not result in an immediate increase of revenue since compensation of investments in the Netherlands is received with a delay.

EBIT further increased due to increased activities on the BritNed cable (EUR 8 million of TenneT’s 50% share in profit) and a gain on sale of the APX gas activities (EUR 25 million).

Underlying financial position
Total underlying assets as at 30 June 2013 increased by EUR 902 million to EUR 11,186 million (2012: EUR 10,284 million). Main drivers for the increase were investments in tangible fixed assets (Netherlands: EUR 133 million and Germany: EUR 502 million). A higher EEG surcharge for 2013 led to a higher cash inflow, causing cash balances to increase with a partial offset in the EEG related receivables (EUR 40 million decrease) and an excess cash balance as at 30 June 2013 (EUR 171 million increase).

On the liability side, the EEG accounts payable increased principally due to a higher in-feed of solar energy (EUR 518 million). Total underlying liabilities further increased due to higher payables for tangible fixed asset investments for German offshore projects (EUR 225 million) and due to higher auction receipts (EUR 124 million) mainly from cross-border transactions with Belgium and Germany. Short-term borrowings obtained in 2012 in order to pre-finance the 2012 EEG cash outflow were redeemed in 2013 using the 2013 EEG cash inflow. As a result the short-term borrowings decreased by EUR 463 million.

Total underlying equity as at 30 June 2013 increased compared to 31 December 2012 resulting from the profit for the period and the sale of a non-controlling interest in two German offshore projects to Mitsubishi Corporation. The increase in equity was reduced by dividend distributions to the sole shareholder (EUR 59 million) and the holders of the hybrid securities (EUR 25 million, net of tax).
Cash flows

The consolidated cash flows can be summarised as follows:

### Consolidated cash flows (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>Change</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from operating activities (excl. EEG)</td>
<td>715</td>
<td>250</td>
<td>465</td>
<td>185%</td>
</tr>
<tr>
<td>Net cash flows from operating activities (incl. EEG)</td>
<td>1,273</td>
<td>187</td>
<td>1,086</td>
<td>581%</td>
</tr>
<tr>
<td>Net cash flows used in investing activities</td>
<td>-592</td>
<td>-529</td>
<td>-63</td>
<td>12%</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>-568</td>
<td>106</td>
<td>-674</td>
<td>636%</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td><strong>113</strong></td>
<td><strong>-236</strong></td>
<td><strong>349</strong></td>
<td><strong>-148%</strong></td>
</tr>
</tbody>
</table>

Cash flows from operating activities showed a significant increase in the six month period ended 30 June 2013 (EUR 1,273 million) compared to the similar period in 2012 (EUR 187 million). The increase is related to higher cash flows from operating activities resulting from the increased results in 2013 compared to 2012. Furthermore, a change in EEG working capital positively affected operating cash flows. In accordance with the EEG system, differences between originally estimated and subsequently realised EEG cash in- and outflows related to the previous year have to be reimbursed or can be recovered in the following year via an adjusted surcharge charged to grid customers. As a result the EEG cash flows showed a net inflow in 2013 to reimburse the deficit in the 2012 EEG cash flows.

The 2012 EEG net cash flows were negative requiring the Group to obtain external short-term borrowings in order to pre-finance these 2012 outflows. In 2013, the proceeds from the EEG cash inflow were used to redeem these short-term borrowings, resulting in lower cash flows from financing activities. The effect of redemption of short-term loans on cash flows from financing activities was partially offset by the sale of a non-controlling interest in two German offshore projects to Mitsubishi Corporation. This sale resulted in an initial cash inflow of EUR 16 million, and subsequent capital contributions of EUR 74 million by Mitsubishi Corporation, to be followed by additional capital contributions expected in 2013 and 2014.

Cash flows used in investing activities mainly relate to capital expenditures. The majority of these expenditures relate to German offshore projects and, to a smaller extent, investments in the Dutch grid.
Comparison of underlying financial information to reported IFRS figures

The difference between underlying key figures and reported IFRS figures is as follows:

### Comparison underlying to reported (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Underlying</td>
<td>Reported</td>
<td>Difference</td>
</tr>
<tr>
<td>For the six month period ended 30 June:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>886</td>
<td>1,094</td>
<td>-208</td>
</tr>
<tr>
<td>Operating expenses and share in profit of joint ventures and associates</td>
<td>649</td>
<td>652</td>
<td>-3</td>
</tr>
<tr>
<td>EBIT</td>
<td>237</td>
<td>442</td>
<td>-205</td>
</tr>
<tr>
<td>As at 30 June:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>11,186</td>
<td>10,917</td>
<td>269</td>
</tr>
<tr>
<td>Liabilities</td>
<td>8,856</td>
<td>7,797</td>
<td>1,059</td>
</tr>
<tr>
<td>Equity</td>
<td>2,330</td>
<td>3,120</td>
<td>-790</td>
</tr>
<tr>
<td>As at 31 December:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>10,284</td>
<td>9,997</td>
<td>287</td>
</tr>
<tr>
<td>Liabilities</td>
<td>8,063</td>
<td>7,156</td>
<td>907</td>
</tr>
<tr>
<td>Equity</td>
<td>2,221</td>
<td>2,841</td>
<td>-620</td>
</tr>
</tbody>
</table>

IFRS reported figures included the recognition of auction receipts as revenue (net EBIT effect of EUR 115 million in 2013 and EUR 60 million in 2012). In the underlying figures auction receipts (net of related cost) were recognised as a regulatory liability as these amounts are required to be returned to grid customers and/or reinvested in future periods. In addition, the EBIT effect of recognition regulatory assets and liabilities in the underlying financial information amounts to EUR 90 million (2012: EUR -26 million); in the IFRS reported figures these future settlements were not included in current period EBIT.

The underlying assets included regulatory assets amounting to EUR 214 million (2012: EUR 230 million), which will be settled in future tariffs. Furthermore, the measurement of the tangible fixed assets differ in the IFRS reported figures compared to the underlying financial information. As a result the book value of the tangible fixed assets in the IFRS reported figures is EUR 55 million lower compared to the book value in the underlying financial information (2012: EUR 57 million).

Underlying liabilities showed a higher balance compared to the liabilities reported under IFRS resulting from the regulatory liabilities recognised in the underlying figures. The regulatory liabilities comprised auction receipts (EUR 808 million in 2013 and EUR 684 million in 2012), amounts to be settled in tariffs (EUR 155 million in 2013 and EUR 66 million in 2012), investments extracted from auction receipts (EUR 308 million in 2013 and EUR 313 million in 2012) and liabilities for maintenance of the energy balance between supply and demand (EUR 48 million in 2013 and EUR 40 million in 2012). The impact of these regulatory liabilities on the deferred tax liability was EUR -260 million (2012: EUR -196 million).

The differences in revenue recognition and related recognition of regulatory assets and liabilities resulted in a different net income under underlying reporting compared to IFRS reporting. No other material differences affecting equity existed.
Financing

**Financing strategy**

TenneT’s financing objectives is to safeguard the Group’s ability to meet its short- and long-term obligations while providing an adequate return on capital for its shareholder. This translates into a credit rating target in the ‘A’ range, enabling TenneT to issue debt at interest rates which are in line with the cost of debt compensation provided for the Dutch and German regulatory regimes.

**Equity capital contributions at TenneT Holding level and German offshore projects**

In his letter dated 18 March 2013 to the Second Chamber of the Dutch Parliament, Finance Minister Dijsselbloem stated that there is an ongoing dialogue between the Ministry of Finance and the Issuer regarding the Issuer’s capital requirements and that one of the options considered is to allow a minority privatisation, which would enable TenneT to attract additional equity. If a privatisation were to take place (e.g. by way of an initial public offering, a private placement or partial sale of shares in the Issuer), TenneT anticipates the State to retain a majority of the voting shares.

As noted before TenneT and Mitsubishi Corporation concluded their partnership with respect to two additional German offshore high-voltage projects, for which Mitsubishi Corporation obtained a 49% voting interest in the respective entity (TenneT Offshore 8. Beteiligungsgesellschaft mbH).

**Credit rating**

As at 30 June 2013, TenneT Holding B.V. had the following senior unsecured credit ratings from Standard & Poor’s and Moody’s, which remained stable compared to prior year and were confirmed by these rating agencies in 28 March 2013 and 29 May 2013, respectively.

<table>
<thead>
<tr>
<th>Credit rating as at 30 June 2013 and 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-term rating</strong></td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
</tr>
<tr>
<td>Moody’s</td>
</tr>
</tbody>
</table>

The credit ratings are in accordance with government policy and regulatory assumptions, which require TenneT maintaining a senior unsecured long-term credit rating of at least A3/A-.

**Net interest-bearing debt position**

On 30 June 2013, TenneT’s adjusted net interest-bearing debt position amounted to EUR 2,798 million. TenneT aims not to maintain any cash balances on a long-term basis, but to rely on committed bank credit facilities instead.

In July 2013 TenneT updated its prospectus under its European Mid Term Notes (EMTN) programme, increasing the programme size from EUR 5 billion to EUR 8 billion. Furthermore, in July 2013 TenneT signed a loan agreement with the European Investment Bank (EIB) with a principal amount of EUR 150 million and a maturity of at least 10 years.
The redemption schedule of long-term interest-bearing debt is as follows:

### Annual redemption of interest-bearing debt (amounts in EUR million)

![Graph showing the annual redemption of interest-bearing debt from 2013 to >2023.]

**Short-term debt facilities**

As at 30 June 2013, TenneT had a EUR 1,125 million committed revolving credit facility at its disposal, expiring August 2017 as well as EUR 500 million revolving credit facility, expiring November 2015. No amounts were outstanding under these facilities as at 30 June 2013. In addition, on 30 June 2013, TenneT had EUR 495 million of uncommitted credit lines and a EUR 1,000 million commercial paper programme available. As at 30 June 2013, EUR 83 million of commercial paper was issued and EUR 178 million of bank overdrafts were drawn. Furthermore TenneT had issued EUR 283 million of short-term (money market) loans as at 30 June 2013.

Arnhem, 5 August 2013

J.M. Kroon *)
M.J. Fuchs *)
O. Jager *)
B.G.M. Voorhorst *)
A.A. Hartman

*) Statutory director
These interim condensed consolidated financial statements comprise:

- Interim consolidated statement of income
- Interim consolidated statement of comprehensive income
- Interim consolidated statement of financial position
- Interim consolidated statement of changes in equity
- Interim consolidated statement of cash flows
- Notes to the interim condensed consolidated financial statements
- Events after the reporting period

To these interim condensed consolidated financial statements have been added:

- Independent auditor’s review report
### Interim consolidated statement of income for the six month period ended 30 June (in EUR million)

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy and capacity expenses</td>
<td>328</td>
<td>377</td>
</tr>
<tr>
<td>Transmission grid and system expenses</td>
<td>69</td>
<td>60</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>82</td>
<td>74</td>
</tr>
<tr>
<td>Depreciation and amortisation of assets</td>
<td>120</td>
<td>108</td>
</tr>
<tr>
<td>Other losses/(gains) – net</td>
<td>9</td>
<td>-26</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>87</td>
<td>58</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>660</td>
<td>675</td>
</tr>
<tr>
<td>Share in (loss)/profit of joint ventures and associates</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>442</td>
<td>202</td>
</tr>
<tr>
<td>Finance income</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-63</td>
<td>-59</td>
</tr>
<tr>
<td><strong>Finance result</strong></td>
<td>-57</td>
<td>-49</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>385</td>
<td>153</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>97</td>
<td>40</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>288</td>
<td>113</td>
</tr>
<tr>
<td><strong>Profit attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the company</td>
<td>277</td>
<td>112</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td><strong>288</strong></td>
<td><strong>113</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Earnings per share attributable to the equity holders for the six month period ended 30 June (expressed in EUR per share)

<table>
<thead>
<tr>
<th>2013</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic and diluted earnings per share</td>
<td>1,385</td>
</tr>
</tbody>
</table>
### Interim consolidated statement of comprehensive income for the six month period ended 30 June (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>Attributable to equity holders of the company</th>
<th>Non-controlling interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Other reserves</td>
<td>Retained earnings</td>
<td>Unappropriated result</td>
</tr>
<tr>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of hedges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items not to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial loss on defined benefit pensions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other comprehensive income 2012</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td><strong>Total comprehensive income 2012</strong></td>
<td>-</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of hedges</td>
<td>-1</td>
<td>-</td>
<td>-1</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items not to be reclassified to profit or loss in subsequent periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial loss on defined benefit pensions</td>
<td>-</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>Taxation</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total other comprehensive income 2013</strong></td>
<td>-1</td>
<td>-1</td>
<td>-2</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>277</td>
</tr>
<tr>
<td><strong>Total comprehensive income 2013</strong></td>
<td>-1</td>
<td>-1</td>
<td>275</td>
</tr>
</tbody>
</table>

Interim Financial Report TenneT Holding B.V. as at 30 June 2013 16
### Interim consolidated statement of financial position (in EUR million)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>30 June 2013</th>
<th>31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>5</td>
<td>7,294</td>
<td>6,744</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>129</td>
<td>117</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>6</td>
<td>290</td>
<td>282</td>
</tr>
<tr>
<td>Investments in associates</td>
<td></td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td></td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Available-for-sale financial assets</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other financial assets</td>
<td></td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>7,754</td>
<td>7,179</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Account- and other receivables</td>
<td>7</td>
<td>2,347</td>
<td>1,973</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td></td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>8</td>
<td>752</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>3,160</td>
<td>2,138</td>
</tr>
<tr>
<td><strong>Assets classified as held for sale</strong></td>
<td></td>
<td>3</td>
<td>680</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>10,917</td>
<td>9,997</td>
</tr>
</tbody>
</table>
## Interim consolidated statement of financial position (in EUR million)

<table>
<thead>
<tr>
<th>Equity and liabilities</th>
<th>Note</th>
<th>30 June 2013</th>
<th>31 December 2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to owners of the company</td>
<td>2,306</td>
<td>2,123</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>316</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>Hybrid securities</td>
<td>498</td>
<td>498</td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>9</td>
<td>3,120</td>
<td>2,841</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>2,665</td>
<td>2,670</td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>220</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>446</td>
<td>415</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>194</td>
<td>186</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>10</td>
<td>73</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>3,598</td>
<td>3,487</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account- and other payables</td>
<td>11</td>
<td>2,277</td>
<td>1,517</td>
</tr>
<tr>
<td>Borrowings</td>
<td>12</td>
<td>423</td>
<td>886</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>8</td>
<td>541</td>
<td>30</td>
</tr>
<tr>
<td>Deferred income</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Income tax payable</td>
<td>14</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>241</td>
<td>278</td>
<td></td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>178</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>13</td>
<td>521</td>
<td>301</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>4,199</td>
<td>3,035</td>
</tr>
<tr>
<td><strong>Liabilities of disposal group classified as held for sale</strong></td>
<td>-</td>
<td>634</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>4,199</td>
<td>3,669</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>10,917</td>
<td>9,997</td>
</tr>
</tbody>
</table>
## Interim consolidated statement of changes in equity (in EUR million)

### For the six month period ended 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>Attributable to equity holders of the company</th>
<th>Non-controlling interest</th>
<th>Hybrid securities</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid-up and called-up capital</td>
<td>Share premium reserve</td>
<td>Other reserves</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Balance at 1 January 2012</td>
<td>100</td>
<td>600</td>
<td>2</td>
<td>1,151</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distribution on hybrid securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation on distribution on hybrid securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation remaining prior year profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>144</td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td>100</td>
<td>600</td>
<td>2</td>
<td>1,295</td>
</tr>
</tbody>
</table>

### For the six month period ended 30 June 2013

<table>
<thead>
<tr>
<th></th>
<th>Attributable to equity holders of the company</th>
<th>Non-controlling interest</th>
<th>Hybrid securities</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid-up and called-up capital</td>
<td>Share premium reserve</td>
<td>Other reserves</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Balance at 1 January 2013</td>
<td>100</td>
<td>600</td>
<td>3</td>
<td>1,257</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distribution on hybrid securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sale of subsidiary (note 9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-3</td>
</tr>
<tr>
<td>Sale to non-controlling interest (note 9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2</td>
</tr>
<tr>
<td>Capital contribution (note 9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Taxation on distribution on hybrid securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation remaining prior year profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Balance at 30 June 2013</td>
<td>100</td>
<td>600</td>
<td>2</td>
<td>1,330</td>
</tr>
</tbody>
</table>
## Interim consolidated statement of cash flows for the six month ended 30 June (in EUR million)

<table>
<thead>
<tr>
<th>Operational activities</th>
<th>2013</th>
<th>2012 restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>288</td>
<td>113</td>
</tr>
<tr>
<td>Non-cash adjustments to reconcile profit to net cash flows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment of assets</td>
<td>120</td>
<td>108</td>
</tr>
<tr>
<td>Gain on disposal of tangible and intangible fixed assets</td>
<td>-1</td>
<td>-2</td>
</tr>
<tr>
<td>Gain on disposal of subsidiary</td>
<td>-25</td>
<td>-</td>
</tr>
<tr>
<td>Finance income</td>
<td>-6</td>
<td>-10</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>63</td>
<td>59</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>97</td>
<td>40</td>
</tr>
<tr>
<td>Share in (loss)/profit of joint ventures and associates</td>
<td>-8</td>
<td>-</td>
</tr>
<tr>
<td>Increase in deferred income</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Movements in provisions and other (financial) liabilities and assets</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>257</td>
<td>263</td>
</tr>
<tr>
<td>Working capital adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables</td>
<td>-124</td>
<td>-496</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>-4</td>
<td>-1</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables</td>
<td>775</td>
<td>353</td>
</tr>
<tr>
<td>Increase/(decrease) in other current (financial) liabilities</td>
<td>108</td>
<td>-33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>755</td>
<td>-177</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-27</td>
<td>-12</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>1,273</td>
<td>187</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment activities</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of tangible and intangible fixed assets</td>
<td>-615</td>
<td>-529</td>
</tr>
<tr>
<td>Proceeds from sale of tangible and intangible fixed assets</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Proceeds from sale of subsidiary</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Contributions to financial assets</td>
<td>-23</td>
<td>-24</td>
</tr>
<tr>
<td>Proceeds from repayment of financial assets</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Interest received</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>592</td>
<td>529</td>
</tr>
<tr>
<td>Net cash flows used in investing activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing activities</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from borrowings</td>
<td>1,026</td>
<td>378</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>-1,492</td>
<td>-378</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-100</td>
<td>-98</td>
</tr>
<tr>
<td>Proceeds from capital contribution by equity holders of the company</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td>Dividends paid to equity holders of the company</td>
<td>-59</td>
<td>-60</td>
</tr>
<tr>
<td>Proceeds from sale to non-controlling interests</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from capital contributions by non-controlling interests</td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td>Distribution on hybrid securities</td>
<td>-33</td>
<td>-33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-568</td>
<td>106</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net change in cash and cash equivalents</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at 30 June</td>
<td>574</td>
<td>470</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>461</td>
<td>706</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>113</td>
<td>-236</td>
</tr>
</tbody>
</table>
Notes to the interim condensed consolidated financial statements

1. Corporate information

1.1 General
The interim condensed consolidated financial statements of TenneT Holding B.V. and its subsidiaries (hereafter referred to as ‘TenneT’ or ‘the Group’) for the six month period ended 30 June 2013 were prepared by the Management Board and authorised for issue in accordance with a resolution of the Supervisory Board on 5 August 2013. These interim condensed consolidated financial statements have been reviewed by Ernst & Young Accountants LLP, but have not been audited.

TenneT Holding B.V. is a leading electricity transmission system operator in the Netherlands through its subsidiary TenneT TSO B.V. and in a substantial part of Germany through its subsidiary TenneT TSO GmbH. With in excess of 20,000 kilometres of high-voltage lines and 36 million end users, it ranks among Europe’s top 5 electricity transmission system operators.

As TSO, TenneT’s principal tasks are (1) to provide electricity transmission services, by constructing and maintaining a robust high-voltage grid, (2) to provide system services, by maintaining the balance between supply and demand of electricity on a continuous base and (3) to facilitate a well functioning electricity market.

These activities are governed by the provisions of relevant legislation and regulation in the Netherlands and Germany. Regulatory authorities oversee TenneT’s compliance with these provisions. In the Netherlands, the regulated activities are carried out by TenneT TSO B.V. and its subsidiaries. In Germany, these tasks are carried out by TenneT TSO GmbH, TenneT Offshore GmbH and its subsidiaries.

In addition to its regulated activities, TenneT has a limited number of non-regulated activities, including the auctioning of cross-border electricity transmission capacity and development and management of electricity connections to other countries (interconnectors). Furthermore, TenneT holds interests in a number of Northwest European energy exchanges. These unregulated activities are the direct responsibility of TenneT Holding B.V. and are performed to support the electricity market and ensure a smooth and efficient operation. As an ancillary activity, TenneT manages certain infrastructure which support equipment to send and receive broadcasting and telecom signals.

As at 30 June 2013, The State of the Netherlands holds the entire issued share capital of TenneT Holding B.V. The head office and legal seat of the Group is located in Arnhem, the Netherlands. TenneT TSO GmbH’s main office is located in Bayreuth, Germany.

1.2 Significant events during the reporting period
Split off and sale of APX gas activities
In March 2013 the gas activities of APX Holding B.V. were split off into a new entity Endex B.V.. Subsequently, the Group sold its interest in Endex B.V. for a EUR 28 million cash consideration plus 14.8% of additional shares in APX Holding B.V. As a result TenneT’s shareholding in APX Holding B.V. increased from 56% to 71%. For further details of this transaction reference is made to note 9.
Sale of a non-controlling interest to Mitsubishi Corporation

In April 2013 TenneT sold a 63% economic interest and a 49% voting interest in TenneT Offshore 8. Beteiligungsgesellschaft mbH to Diamond Germany 2. Transmission GmbH, a subsidiary of Mitsubishi Corporation. TenneT retained the power to control in TenneT Offshore 8. Beteiligungsgesellschaft mbH. Reference is made to note 9 for further details of this transaction.

Draft method decision 3 years period 2014-2016 in the Netherlands

On 1 May 2013 the Dutch Authority Consumer & Market (ACM) published its draft method decisions for the upcoming regulatory period (calendar years 2014 through 2016) in the Netherlands. A key change in the draft decision is the decrease of weighted average cost of capital (WACC) from 6.0% to 3.6% (real pre-tax). The WACC is used to calculate a material portion of TenneT’s permitted revenue.

On 29 July 2013 the ACM published an amendment to the draft method decision with consequences for the determination of the individual efficiency factor, an important economic element of the Dutch regulatory system. The revenue cap in the Netherlands is calculated on the basis of approved grid costs from the year 2012 adjusted by such individual efficiency factor as well as a sector productivity factor (‘frontier shift’) and inflation factor. The applied efficiency factor for the current regulatory period (2011-2013) is 100% for the high-voltage (‘HV’) and 92% for the extra high-voltage (‘EHV’) grid. According to the amendment to the draft method decision for the next regulation period, the efficiency factor for the grid expenditures related to the entire grid (HV and EHV) for the next regulatory period (2014-2016) will be 96%.

The ACM’s final decision is expected in the fall of 2013. TenneT has the ability to appeal this decision.

Determination of the initial level of the revenue cap for the second regulatory period (2014-2018) in Germany

Under the incentive regulation in Germany, the yearly revenue cap for the second regulatory period (calendar 2014 through 2018) will be based on the grid costs of the year 2011 (a so-called ‘photo year’). Grid costs are separated into non-influenceable and influenceable costs. Non influenceable costs comprise permanently non-influenceable costs and temporarily non-influenceable costs.

Influenceable costs may have to be reduced in line with the individual efficiency factor during the regulatory period. In addition, influenceable as well as temporarily non-influenceable costs are adjusted by a sector productivity factor and consumer price index. In the second regulatory period the sectoral productivity factor has been set to 1.5% (compared to 1.25% in the first regulatory period). The individual efficiency factor for the second regulatory period is yet to be determined by the BNetzA. As temporarily non-influenceable costs are determined based on the costs in a particular photo year, there is no exact reimbursement for all actual costs in any given year of the regulatory period.

Permanently non-influenceable costs of TenneT TSO Germany are neither subject to individual efficiency targets nor the sectoral productivity factor. Rather, such costs are fully recognised under the revenue cap of TenneT TSO Germany. Hence, any increase or decrease of permanently non-influenceable costs will be taken into account by amending the yearly revenue cap during a regulatory period either in the same year as they occur (e.g., for investment measures), or with a delay of two years (e.g., for system services).
Amendment to the regulatory ordinances in Germany
The amendment to the regulatory ordinances (concerning, among others, the determination of the equity exceeding 40% ‘EKII’, price indices and imputed trade tax) passed the German Federal Council on 5 July 2013. The aforementioned changes lead to a moderate further development within the existing regulatory system in Germany and will become effective in the second regulatory period from 2014 onwards.

2. Basis for preparation and accounting policies

2.1 Basis for preparation
The interim condensed consolidated financial statements for the period ended 30 June 2013 have been prepared in accordance with IAS 34 ‘Interim reporting’. They do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements as at 31 December 2012, published on 7 March 2013. The accounting policies applied in these 2012 annual financial statements were changed compared to the 2012 interim financial statements as at 30 June 2012. As a result certain comparatives figures have been restated. For further details on this 2012 change in accounting policies, reference is made to the 2012 annual financial statements.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million (€ ‘000’000), except when indicated otherwise.

TenneT’s operations are not materially affected by seasonal influences.

TenneT has adopted the going concern basis in preparing its interim condensed consolidated financial statements. TenneT meets its day-to-day working capital requirements through its (bank) credit lines. The Management Board has a reasonable expectation that TenneT has adequate resources to continue on a going concern basis for the foreseeable future.

2.2 Accounting policies and changes in accounting policies
The accounting policies applied in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the 2012 annual financial statements, except for the adoption of new standards, amendments and interpretations effective or adopted early as of 1 January 2013.

The following new standards and amendments are effective as of 1 January 2013 and impact the interim condensed financial statements:
- IAS 1 ‘Presentation of Items of Other Comprehensive Income – Amendments to IAS 1’
- IAS19 ‘Employee Benefits (Revised 2011) (IAS 19R)’
- IAS 34 ‘Interim financial reporting and segment information for total assets and liabilities (Amendment)’

Furthermore, the Group decided to early adopt the following new standards and amendments as per 1 January 2013:
- IFRS 10 ‘Consolidated financial statements’
- IFRS 11 ‘Joint arrangements’
- IFRS 12 ‘Disclosure of interest in other entities’

IAS 1 ‘Presentation of Items of Other Comprehensive Income – Amendments to IAS 1’
The amendments to IAS 1 changed the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time are presented separately from items that will never be reclassified. The amendment affects presentation only and had no impact on TenneT’s financial position or performance.
IAS 19 ‘Employee Benefits (Revised 2011) (IAS 19R)’
IAS 19R includes a number of amendments to the accounting for defined benefit plans. The main amendment eliminates the corridor approach and requires actuarial gains and losses to be recognised in other comprehensive income (OCI) and permanently excluded from profit and loss. This change did not impact TenneT’s financial statements since it never applied the corridor approach.

Other amendments include expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; new disclosures, such as, quantitative sensitivity disclosures.

The impact on the net pension expense due to the difference in accounting for interest on plan assets was EUR 0.2 million, net of tax, on the equity attributable to the shareholder as per 31 December 2012.

IAS 34 ‘Interim financial reporting and segment information for total assets and liabilities (Amendment)’
The amendment to IAS 34 clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. As a result the segment information included in the interim condensed consolidated financial statements is consistent with the information included in our financial statements as of 31 December 2012.

IFRS 10 ‘Consolidated financial statements’
IFRS 10, ‘Consolidated financial statements’ replaces parts of IAS 27 and SIC 12 and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has reassessed its investments and concluded that this new standard did not impact the consolidation of investments held by the Group as at 30 June 2013.

IFRS 11 ‘Joint arrangements’
IFRS 11, ‘Joint arrangements’ replaces IAS 31 and SIC 13 and distinguishes joint operations and joint ventures. IFRS 11 removes the option to account for jointly controlled entities/joint ventures to use on the basis of proportionate consolidation. Instead, joint ventures must be accounted for using the equity method.

Up to and including 2012 TenneT applied proportionate consolidation to Relined B.V. and BritNed Development Ltd. The application of this new standard impacts the financial position of the Group by replacing proportionate consolidation of these joint ventures with the equity method. The effect of this change in accounting policy is further detailed in note 6.
**IFRS 12 ‘Disclosure of interest in other entities’**

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. None of these disclosure requirements are applicable to TenneT’s condensed interim consolidated financial statements as at 30 June 2013. Nevertheless, the sale of Endex B.V. and partial sale of TenneT Offshore B. Beteiligungsgesellschaft mbH affected the non controlling interests. Therefore, additional disclosures on non-controlling interest are included in note 9 of these interim condensed consolidated financial statements.

**Other new standards, amendments and interpretations**

Several other new standards, amendments and interpretations are effective as of 1 January 2013, which did not impact the interim condensed financial statements. As such these are not further described.

**3. Financial risk management**

The Group’s activities are exposed to a variety of financial risks including market risk, credit risk, liquidity risk and refinancing risk. The interim condensed consolidated financial statements do not include all financial risk management information and disclosures which are required for the annual financial statements, and should therefore be read in conjunction with the Group’s financial statements as at 31 December 2012. There have been no changes in TenneT’s risk management department or in any risk management policies since the 2012 financial statements.

**4. Segment Reporting**

For management information purposes TenneT’s Management Board considers the performance of its activities in the Netherlands and in Germany separately. The accounting principles used for the operating segments differ from IFRS, instead underlying financial information is used. This underlying financial information is based on the principle to recognise regulatory assets and liabilities for all of TenneT’s regulated activities. This implies that amounts resulting from past events and which are allowed or required to be settled in future tariffs are recorded as an asset or liability, respectively.

The operating results of these segments are monitored individually for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest and tax (EBIT). Financing activities (including finance income and expense) and resulting income taxes are managed on a Group basis and are not allocated to the segments. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

Underlying information involves the matching of regulatory revenues and expenses with each other during a corresponding reporting period. TenneT’s Management Board believes that the presentation of underlying financial information leads to a sound, consistent and transparent financial insight into current and future business developments.
### 2013 (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>TSO Netherlands</th>
<th>TSO Germany</th>
<th>Total Segments</th>
<th>Adjustments and eliminations</th>
<th>Consolidated Underlying Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 30 June:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>4,368</td>
<td>7,822</td>
<td>12,190</td>
<td>-1,004</td>
<td>11,186</td>
</tr>
<tr>
<td>Liabilities</td>
<td>3,099</td>
<td>5,036</td>
<td>8,135</td>
<td>721</td>
<td>8,856</td>
</tr>
<tr>
<td>Equity</td>
<td>1,269</td>
<td>2,786</td>
<td>4,055</td>
<td>-1,725</td>
<td>2,330</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td>4,368</td>
<td>7,822</td>
<td>12,190</td>
<td>-1,004</td>
<td>11,186</td>
</tr>
</tbody>
</table>

**For the six month period ended 30 June:**

|                      |                 |             |                |                              |                                     |
| Revenue              | 313             | 564         | 877            | 9                            | 886                                 |
| Depreciation and amortisation | 64             | 56          | 120            | 3                            | 123                                 |
| Other costs          | 177             | 374         | 551            | -25                          | 526                                 |
| EBIT                 | 72              | 134         | 206            | 31                           | 237                                 |
| Finance result and income tax expense |                |             |                | 118                          |                                     |
| **Profit for the period** |                |             |                | 119                          |                                     |

### 2012 (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>TSO Netherlands</th>
<th>TSO Germany</th>
<th>Total Segments</th>
<th>Adjustments and eliminations</th>
<th>Consolidated Underlying Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 31 December:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>4,155</td>
<td>6,570</td>
<td>10,725</td>
<td>-441</td>
<td>10,284</td>
</tr>
<tr>
<td>Liabilities</td>
<td>2,900</td>
<td>3,850</td>
<td>6,750</td>
<td>1,313</td>
<td>8,063</td>
</tr>
<tr>
<td>Equity</td>
<td>1,255</td>
<td>2,720</td>
<td>3,975</td>
<td>-1,754</td>
<td>2,221</td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td>4,155</td>
<td>6,570</td>
<td>10,725</td>
<td>-441</td>
<td>10,284</td>
</tr>
</tbody>
</table>

**For the six month period ended 30 June:**

|                      |                 |             |                |                              |                                     |
| Revenue              | 310             | 508         | 818            | 16                           | 834                                 |
| Depreciation and amortisation | 63             | 51          | 114            | -                            | 114                                 |
| Other costs          | 177             | 359         | 536            | 16                           | 552                                 |
| EBIT                 | 70              | 98          | 168            | -                            | 168                                 |
| Finance result and income tax expense |                |             |                | 97                           |                                     |
| **Profit for the period** |                |             |                | 71                           |                                     |

Inter-segment revenues were eliminated upon consolidation and reflected in the ‘Adjustments and eliminations’ column. All other adjustments and eliminations are part of detailed reconciliations presented hereafter.
The reconciliation of underlying segment EBIT to the IFRS consolidated profit for the period is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying segment EBIT for the period</td>
<td>206</td>
<td>168</td>
</tr>
<tr>
<td>Adjustments to underlying financial information</td>
<td>205</td>
<td>34</td>
</tr>
<tr>
<td>EBIT from other non TSO subsidiaries</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Gain on sale of subsidiary</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Share in profit of joint ventures and associates</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Elimination of intercompany transactions</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>IFRS consolidated operating profit</td>
<td>442</td>
<td>202</td>
</tr>
<tr>
<td>Finance result</td>
<td>-57</td>
<td>-49</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-97</td>
<td>-40</td>
</tr>
<tr>
<td>IFRS consolidated profit for the period</td>
<td>288</td>
<td>113</td>
</tr>
</tbody>
</table>

The reconciliation of underlying segment assets to the IFRS consolidated assets is as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2013</th>
<th>31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying segment assets</td>
<td>12,190</td>
<td>10,725</td>
</tr>
<tr>
<td>Regulatory assets in underlying financial information</td>
<td>-269</td>
<td>-287</td>
</tr>
<tr>
<td>Investments in joint ventures and associates</td>
<td>290</td>
<td>282</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>-67</td>
<td>-24</td>
</tr>
<tr>
<td>Income tax receivable</td>
<td>-2</td>
<td>34</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>201</td>
<td>38</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>-</td>
<td>677</td>
</tr>
<tr>
<td>Assets APX Holding B.V.</td>
<td>807</td>
<td>-</td>
</tr>
<tr>
<td>Elimination and adjustments of intercompany balances</td>
<td>-2,285</td>
<td>-1,503</td>
</tr>
<tr>
<td>Other</td>
<td>52</td>
<td>55</td>
</tr>
<tr>
<td>IFRS consolidated assets</td>
<td>10,917</td>
<td>9,997</td>
</tr>
</tbody>
</table>
The reconciliation of segment liabilities to the IFRS consolidated liabilities is as follows:

<table>
<thead>
<tr>
<th>(in EUR million)</th>
<th>30 June 2013</th>
<th>31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying segment liabilities</strong></td>
<td>8,135</td>
<td>6,750</td>
</tr>
<tr>
<td>Regulatory liabilities in underlying financial information</td>
<td>-1,069</td>
<td>-907</td>
</tr>
<tr>
<td>Borrowings</td>
<td>3,089</td>
<td>3,556</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>-63</td>
<td>-21</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>-9</td>
<td>-</td>
</tr>
<tr>
<td>Interest payable</td>
<td>39</td>
<td>83</td>
</tr>
<tr>
<td>Liabilities classified as held for sale</td>
<td>-</td>
<td>634</td>
</tr>
<tr>
<td>Liabilities APX Holding B.V.</td>
<td>779</td>
<td>-</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>137</td>
<td>-</td>
</tr>
<tr>
<td>Elimination and adjustments of intercompany balances</td>
<td>-3,262</td>
<td>-2,967</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td><strong>IFRS consolidated liabilities</strong></td>
<td>7,797</td>
<td>7,156</td>
</tr>
</tbody>
</table>

5. **Tangible fixed assets**

Tangible fixed assets increased to an amount of EUR 7,294 million (2012: EUR 6,744 million). The increase is mainly related to offshore investments in Germany. At 30 June 2013, external commitments totalling EUR 1,525 million (2012: EUR 2,133 million) had been entered into with regard to the purchase of tangible fixed assets.
6. Investments in joint ventures

Up to and including 2012 TenneT applied proportionate consolidation to its interests in joint ventures. Following the change of accounting policies, as described in note 2, the Group changed its accounting for interests in joint ventures to the equity method. The effect of this change in accounting policy is as follows:

This accounting change had no material impact on the interim consolidated statement of cash flows.

The effects listed above mainly relate to the Group’s 50% share in BritNed Development Ltd. BritNed operates a 1,000 MW, 260 kilometre subsea electricity link between the UK and the Netherlands. This BritNed cable was commissioned in April 2011. The shares in BritNed are indirectly held by TenneT (50%) and National Grid (50%), the British transmission system operator.
7. Account- and other receivables
The account- and other receivables comprise EEG related receivables, amounts to be invoiced, trade receivables, receivables in connection with energy exchanges, VAT receivables and other receivables. The accounts receivable and other receivables increased to an amount of EUR 2,347 million (2012: EUR 1,973 million).

The increase is mainly related to the receivables in connection with energy exchanges, which fully relate to APX Holding B.V. As at 31 December 2012, these receivables were classified as assets held for sale. The increase is partially offset by a decrease in the EEG related receivables resulting from a higher EEG surcharge for 2013. No other significant changes occurred in the account- and other receivables during the first half of 2013.

The EEG related receivables of EUR 1,308 million (2012: EUR 1,348 million) and the receivables in connection with energy exchanges (EUR 268 million) are not at the Group’s free disposal.

8. Cash and cash equivalents and other financial liabilities
The cash and cash equivalents as at 30 June 2013 included EUR 502 million of collateral securities held by APX Holding B.V. in connection with the margining requirements for energy transactions. An identical balance is included in the other financial liabilities. As at 31 December 2012, these balances were included in the assets- and liabilities classified as held for sale.

As at 30 June 2013, the cash and cash equivalents included EUR 540 million (2012: EUR 30 million) of funds that are not at the Group’s free disposal.

9. Equity

Dividend distribution
During the first six months of 2013 TenneT distributed a EUR 59 million common dividend (EUR 295 per share) to its shareholder. In addition TenneT paid a distribution to the holders of the hybrid securities of EUR 33 million. The tax effect on this was EUR 8 million.

Non-controlling interest
In March 2013 the gas activities of APX Holding B.V. were split off into a new entity, Endex B.V. Subsequently, the Group sold its interest in Endex B.V. for a EUR 28 million cash consideration plus 14.8% of additional shares in APX Holding B.V. As a result TenneT’s shareholding in APX Holding B.V. increased from 56% to 71%. The 29% non-controlling interest is held by Elia System Operator S.A. The sale resulted in a EUR 25 million gain (included the statement of income under “Other losses/(gains) – net”), a decrease of the non-controlling interests of EUR 12 million and a decrease of retained earnings of EUR 3 million.

In April 2013 TenneT sold a 63% economic interest and a 49% voting interest in TenneT Offshore 8. Beteiligungsgesellschaft mbH to Diamond Germany 2. Transmission GmbH, a subsidiary of Mitsubishi Corporation for an amount of EUR 19 million. The total transaction effect on TenneT’s equity attributable to the equity holders of the company amounts to EUR -5 million, which includes EUR 3 million transaction costs. Subsequent to the sale of the non-controlling interest, the subsidiary of Mitsubishi Corporation made capital contributions of EUR 51 million (in April) and EUR 23 million (in June) to TenneT Offshore 8. Beteiligungsgesellschaft mbH.
10. Other non-current liabilities
The increase in other non-current liabilities results from compensation received from the three other German TSOs for payments to offshore wind farms for the construction of grid connections. The unused compensation included in the other non-current liabilities amounts to EUR 70 million as at 30 June 2013 (2012: nil).

11. Account- and other payables
The account- and other payables comprise expenses payable in respect of transmission and system services, accounts payable and EEG accounts payable.

The increase in the account- and other payables is mainly related to the EEG accounts payable of EUR 1,052 million (2012: EUR: 534 million) and to payables in relation with tangible fixed asset investments for German offshore projects. The EEG accounts payable mainly increased due to a higher in-feed of solar energy.

No other material changes occurred in the account- and other payables during the first half of 2013.

12. Borrowings
In the six month period ended 30 June 2013, the Group redeemed a significant portion of its short-term commercial paper borrowings using the cash inflow arising from the settlement of EEG receivables. Consequently, short-term borrowings as at 30 June 2013 were EUR 423 million, a decrease of EUR 463 million compared to 31 December 2012 (EUR 886 million).

13. Other current liabilities
Other current liabilities increased by EUR 220 million to EUR 521 million as at 30 June 2013. The increase relates to liabilities in connection with energy exchanges of APX Holding B.V. As at 31 December 2012, these liabilities were classified as liabilities held for sale.

14. Events after the reporting period
On 11 July 2013 TenneT updated its prospectus under its European Mid Term Notes (EMTN) programme, increasing the programme size from EUR 5 billion to EUR 8 billion. After the reporting period, no additional instruments were issued under the EMTN programme. Furthermore, on 15 July 2013 TenneT signed a loan agreement with the European Investment Bank (EIB) with a principal amount of EUR 150 million.
5 Independent auditor’s review report
To: the Management Board and Supervisory Board of TenneT Holding B.V.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements for the six month period ended 30 June 2013 as included on page 14 up to 31 of the Interim financial report of TenneT Holding B.V., Arnhem, which comprises the interim consolidated statement of financial position as at 30 June 2013, the interim consolidated statements of income, the interim consolidated statement of comprehensive income, the interim consolidated changes in equity, and the interim consolidated statement of cash flows for the six month period ended 30 June 2013, and the notes. The Management Board is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 Dutch 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 interim condensed consolidated financial statements for the six month period ended 30 June 2013 are not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted by the European Union.

Zwolle, 5 August 2013
Ernst & Young Accountants LLP

Signed by A.E. Wijnsma
TenneT Group legal overview

(as per June 2013)
7 Grid map
Definitions and abbreviations

The key financial figures are based on underlying financial information as included in the segment reporting section of the interim condensed financial statements. To further increase the transparency of TenneT’s reporting, the definitions used to calculate the key figures have been updated compared to TenneT’s Integrated Annual Report 2012. Furthermore, following the change in several accounting policies in 2013 (as disclosed in note 2 to the interim condensed consolidated financial statements) certain comparative figures have been restated. The definitions and abbreviations used are listed below.

Gross interest-bearing debt
Non-current borrowings plus its current portion plus bank overdrafts.

Net interest-bearing debt, adjusted
Interest-bearing debt plus/minus EEG (Erneuerbare-Energien-Gesetz) payables/receivables minus cash and cash equivalents at free disposal.

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation
Profit for the period before income tax expense, finance result, depreciation, amortisation and (non-cash) impairments.

EBIT - Earnings Before Interest and Tax
Profit for the period before income tax expense and finance result.
Disclaimer

“We”, “TenneT”, “TenneT Holding”, “the Group”, “the company” or similar expressions are used in this report as a synonym for TenneT Holding B.V. and its subsidiaries.

Parts of this report contain prospective information. These parts - without exceptions - may include unqualified statements on future operating results, government measures, the impact of other regulatory measures on all activities of TenneT as a whole, TenneT’s shares and those of its subsidiaries and joint ventures in existing and new markets, industrial and macro economic trends and TenneT’s performance in these. Such statements are preceded or followed by or contain words such as ‘believes’, ‘expects’, ‘anticipates’ or similar expressions. These prospective statements are based on the current assumptions concerning future activities and are subject to known and unknown factors, and other uncertainties, many of which are beyond TenneT’s control, such that future actual results may differ significantly from these statements.

The interim condensed consolidated financial statements for the six month period ended 30 June 2013 have been prepared in accordance with IAS 34 ‘Interim reporting’. They do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements as at 31 December 2012, published on 7 March 2013, which can be found on www.tennet.eu.

All financial information in these interim condensed consolidated financial statements is reported in millions of euro (unless stated otherwise). As a result, rounding differences may occur.

Except for the 31 December 2012 financial information, all financial information included in this report is unaudited.