

**VERBUND-International Finance B.V.**  
**Amsterdam**

Annual report and accounts  
for the year 2007

1035136



<b><u>Table of contents:</u></b>	<b><u>page</u></b>
<b>Annual report</b>	
Report of the supervisory board	3
Report of the management	4
<b>Financial Statements</b>	
Balance sheet as at 31 December 2007	5
Profit and loss account for the year 2007	6
Cash flow statement	7
Notes to the financial statements	8
<b>Other information</b>	
Appropriation of results	15
Subsequent events	15
Auditor's opinion	16

**Report of the supervisory board**

We take pleasure in presenting to the shareholders the financial statements for the year 2007 as prepared by the managing board.

In conformity with article 26.7 of the articles of association of the Company the financial statements have been audited. The auditor's report has been included in the section 'Other information'.

We propose:

- In conformity with article 27.1 of the articles of association to adopt the financial statements for the year 2007;
- In conformity with article 28.3 of the articles of association to add the result for the year 2007 to the other reserves;

The supervisory board of directors:

Amsterdam, 1 February 2008

Mr. M. Pistauer

Mr. J. Sereinig

Mr J. Haider  
(resigned: 10 May 2007)

## **Report of the management**

The management herewith presents to the shareholder the annual accounts of VERBUND-International Finance B.V. (hereinafter: "the Company") for the year 2007.

## **General**

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a finance company for the Verbund group.

The objective of the Company is to arrange medium and long term finance for the Verbund group and, by grouping these activities together, save costs.

The ultimate holding company is Österreichische Elektrizitätswirtschafts-Aktiengesellschaft, Vienna, Austria.

## **Overview of activities**

In line with its objective, the Company has taken up loans from its parent company and from third parties, which have been used for granting loans to group companies.

During the year the Company distributed a dividend of EUR 207.630 to its shareholder.

On 21 June 2007 the Company issued a EUR 500.000.000 bond issue in denominations of EUR 50.000 which are listed on the Luxembourg and the Vienna Stock Exchange at 99,487%. The bonds are guaranteed by the shareholder and are bearing interest at the rate of 5% p.a.

On 27 March 2007 the Company borrowed a loan from EIB for an amount of EUR 200.000.000 and a maturity date in 2017. The loan is guaranteed by the Shareholder and is bearing interest at an rate based on the six months EURIBOR + 9,9 basispoints.

## **Results**

The net asset value of the Company as at 31 December 2007 amounts to EUR 2.269.634 (2006: EUR 2.207.630). The result for the year 2007 amounts to a profit of EUR 269.634 (2006: EUR 207.630 profit).

## **Future outlook**

The management is of the opinion that the present level of activities will be maintained during the next financial year.

## **Subsequent events**

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

Amsterdam, 1 February 2008

Mr. A. Wollein  
(appointed: 31 May 2007)

Mr. P. Oosthoek

Mr A. Wenzel  
(resigned 31 May 2007)

**Balance sheet as at 31 December 2007**

(Before the proposed appropriation of the result and expressed in euros)

	Notes	2007	2006
<b>Fixed assets</b>			
Financial fixed assets	1	<u>1,197,773,951</u>	<u>739,722,702</u>
<i>Total fixed assets</i>		<u>1,197,773,951</u>	<u>739,722,702</u>
<b>Current assets</b>			
Receivables			
Amounts owed by group entities	2	185,055,351	51,160,532
Taxation	3	167,870	126,662
Prepayment of guarantee fee	4	2,304,804	923,993
Prepayments and accrued income	5	1,050	0
Capitalized loan fees facility agreement	6	595,341	732,645
Cash and cash equivalents	7	<u>68,686</u>	<u>30,798</u>
<i>Total current assets</i>		<u>188,193,101</u>	<u>52,974,630</u>
<b>Total assets</b>		<b>1,385,967,052</b>	<b>792,697,332</b>
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities and credit institutions	8	483,584,921	485,633,213
Accruals and deferred income	9	<u>17,402</u>	<u>133,788</u>
<i>Total current liabilities</i>		<u>483,602,322</u>	<u>485,767,001</u>
<b>Current assets less current liabilities</b>		<u>(295,409,221)</u>	<u>(432,792,371)</u>
<b>Total assets less current liabilities</b>		<b>902,364,730</b>	<b>306,930,331</b>
<b>Long term liabilities (due after one year)</b>			
Loans from group entities	10	2,000,000	50,000,000
Loans from third parties and bonds	11	<u>898,095,096</u>	<u>254,722,701</u>
<i>Total long term liabilities</i>		<u>900,095,096</u>	<u>304,722,701</u>
<b>Net asset value</b>		<u><u>2,269,634</u></u>	<u><u>2,207,630</u></u>
<b>Capital and reserves</b>	12		
Paid up and called up share capital		1,000,000	1,000,000
Share premium account		1,000,000	1,000,000
Other reserves		0	0
Unappropriated results		<u>269,634</u>	<u>207,630</u>
<i>Total shareholder's equity</i>		<u><u>2,269,634</u></u>	<u><u>2,207,630</u></u>

The accompanying notes form an integral part of these financial statements.

Profit and loss account for the year 2007

	Notes	2007	2006
(Expressed in euros)			
<b>Finance activities</b>			
Interest on provided loans	13	52,036,100	31,262,475
Interest on received loans	14	(50,802,271)	(30,800,853)
<i>Result finance activities</i>		<u>1,233,829</u>	<u>461,622</u>
<b>Other financial income and expenses</b>			
Other interest income	15	179,263	10,066
Other interest charges	16	(3,546,867)	(1,439,371)
Other financial expenses	17	(557,790)	(729,055)
Other operating income		25,488	0
<i>Total other financial income and expenses</i>		<u>(3,899,906)</u>	<u>(2,158,360)</u>
<b>Other income and expenses</b>			
Capital management fee and advices		3,226,498	2,161,918
General and administrative expenses	18	(201,285)	(171,574)
Currency exchange results		4	0
<i>Total other income and expenses</i>		<u>3,025,217</u>	<u>1,990,344</u>
<b>Result before taxation</b>		<u>359,140</u>	<u>293,606</u>
Corporate income tax	19	(89,506)	(85,976)
<b>Result after taxation</b>		<u><u>269,634</u></u>	<u><u>207,630</u></u>

The accompanying notes form an integral part of these financial statements.

	2007	2006
	EUR	EUR
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>		
Result after taxation	269,634	207,630
Add back amortisation	137,304	175,715
	406,938	383,345
Less: increase in taxation, prepayments and accrued income	(1,423,068)	(24,721)
Add / (less): increase / (decrease) in accruals and deferred income	(116,386)	(16,250)
	(1,132,517)	342,374
 Proceeds from amounts owed by group companies	41,948,751	184,624,456
Loans granted to group companies	(633,894,819)	(29,636,661)
   Repayments from borrowings - third parties	679,003,616	44,185,544
Repayments from borrowings - group companies	(85,679,513)	400,684,714
Repayment of borrowings - group companies	0	(600,000,000)
 <b>Net cash flow from operating activities</b>	245,518	200,427
 <b>Cash flow from financing activities</b>		
Dividends distributed	(207,630)	(215,547)
 <b>Net cash flow from financing activities</b>	(207,630)	(215,547)
 <b>Net cash flow</b>	37,888	(15,120)
 <b>Cash and cash equivalents as at 1 January</b>	30,798	45,918
 <b>Cash and cash equivalents as at 31 December</b>	68,686	30,798

The cash flow statement has been prepared using the indirect method.

**Notes to the financial statements for the year ended 31 December 2007**

**General**

The Company was incorporated as a limited liability company under the laws of the Netherlands on 11 January 2005 and has its statutory seat in Amsterdam. The immediate and ultimate holding company is Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (the "Shareholder").

The principal activity of the Company is to act as a finance company.

**Basis of presentation**

The accompanying accounts have been prepared under the historic cost convention in accordance with accounting principles generally accepted in The Netherlands (Dutch GAAP) and in conformity with provisions governing financial statements as contained in Part 9, Book 2 of the Netherlands Civil Code. The financial statements are presented in Euro's.

The intangible fixed assets were reclassified to current assets. This reclassification was also presented in the comparative 2006 accounts and had no impact on the equity or the result of the Company.

**a. Foreign currencies**

Assets and liabilities in foreign currencies are translated into euros at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into euros at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

**b. Long-term liabilities**

Recorded interest-bearing loans and liabilities are valued at amortised cost.

Bonds are valued at amortised cost.

The discount premium on the issued bond is amortised over the lifetime of the bond in accordance with the effective interest method.

**c. Assets and liabilities**

Assets and liabilities are shown at face value, unless stated otherwise in the notes.

Premiums and discounts on purchase are capitalised and amortised on a linear basis over the remaining life of the instrument.

Investments with a long-term nature are presented at acquisition cost or at lower market value and, if applicable, net of impairments.

The receivables on and loans to participations and other receivables are valued at face value after deduction of any provisions.

**d. Recognition of income**

Income and expenses, including taxation, are recognised and reported on accrual basis.

**e. Corporate income tax**

Provisions for taxation have been made in accordance with Dutch corporate income tax law.

**f. Principles for preparation of the cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.



	2007	2006
	EUR	EUR
<b>Balance sheet</b>		
<b>1 Financial fixed assets</b>		
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	200,000,000	200,000,000
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	71,133,333	77,600,000
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	13,634,450	15,338,756
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	72,672,834	72,672,834
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	0	40,000,000
Loan to Austrian Power Grid AG ("APG"), Vienna, Austria	250,000,000	250,000,000
Loan to Austrian Power Grid AG ("APG"), Vienna, Austria	45,333,333	49,111,112
Loan to Ennskraftwerke AG ("EKW"), Steyr, Austria	35,000,000	35,000,000
Loan to the Shareholder	500,000,000	0
Loan to VERBUND-Telecom Service GmbH ("V-TEL"), Vienna, Austria	10,000,000	0
	<u>1,197,773,951</u>	<u>739,722,702</u>

The movements in financial fixed assets are as follows:

Balance as per 1 January	739,722,702	924,347,158
Loans granted	510,000,000	49,111,112
Reclassification to short term	(51,948,751)	(233,735,568)
Balance as per 31 December	<u>1,197,773,951</u>	<u>739,722,702</u>

The loan to AHP in the original amount of EUR 200.000.000 has not been secured, matures on 27 March 2017 and attracts an interest rate of 6 months EURIBOR + 0.299%.

The loan to AHP in the original amount of EUR 90.533.333 has not been secured, matures on 15 September 2019 attracts an interest rate equivalent to EURIBOR + 0.37% (EIB-pool rate plus 22 basis points).

The loan to AHP in the original amount of EUR 18.747.369 has not been secured, matures on 27 June 2016 and attracts a fixed interest rate of 3.3%.

The loan to AHP in the amount of EUR 72.672.834 has not been secured, matures on 20 November 2017 and attracts a fixed interest rate 5.09%.

The loan to APG in the amount of EUR 250.000.000 has not been secured, matures on 1 March 2015 and attracts an interest rate of 12 months EURIBOR + 1.15%.

The loan to APG in the original amount of EUR 52.888.889 has not been secured, matures on 15 March 2020 and attracts an interest rate equivalent to EURIBOR + 0.37% (EIB-pool rate plus 22 basis points).

The loan to EKW in the amount of EUR 35.000.000 has not been secured, matures on 11 March 2011 and attracts an interest rate of 3 or 6 months EURIBOR + 0.45%.

The loan to the Shareholder in the amount of EUR 500.000.000 has not been secured, matures on 25 June 2014 and attracts a fixed interest rate of 5.16%.

The loan to V-tel in the amount of EUR 10.000.000 has not been secured, matures on 13 September 2010 and attracts an interest rate of 6 months EURIBOR + 0,4%.

	2007	2006
	EUR	EUR
<b>2 Amounts owed by group entities</b>		
Loan to Austrian Power Grid AG ("APG"), Vienna, Austria	3,777,778	3,777,778
Loan to Austrian Power Grid AG ("APG"), Vienna, Austria	100,000,000	0
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	40,000,000	0
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	0	25,564,594
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	6,466,667	6,466,667
Loan to Austrian Hydro Power AG ("AHP"), Vienna, Austria	1,704,306	1,704,306
Loan interest receivable Ennskraftwerke AG ("EKW"), Steyr, Austria	0	426,388
Loan interest receivable Austrian Power Grid AG ("APG"), Vienna, Austria	14,296,817	10,179,402
Loan interest receivable Austrian Hydro Power AG ("AHP"), Vienna, Austria	4,727,175	3,041,397
Loan interest receivable Shareholder	13,367,486	0
Loan interest VERBUND-Telecom Service GmbH ("V-TEL"), Vienna, Austr	157,728	0
Loan interest Ennskraftwerke AG ("EKW"), Steyr, Austria	557,394	0
	<u>185,055,351</u>	<u>51,160,532</u>

The loan to APG in the amount of EUR 3.777.778 has not been secured and attracts an interest rate equivalent to EURIBOR + 0.37% (being the EIB-pool rate plus 22 basis points).

The loan to APG in the amount of EUR 100.000.000 has not been secured, matures on 26 June 2008 and attracts an interest rate of 6 months EURIBOR + 0.5%.

The loan to AHP in the amount of EUR 40.000.000 has not been secured, matures on 25 November 2008 and attracts a fixed interest rate 4.74%.

The loan to AHP in the amount of EUR 6.466.667 has not been secured and attracts an interest rate equivalent to EURIBOR + 0.37% (being the EIB-pool rate plus 22 basis points).

The loan to AHP in the amount of EUR 1.704.306 has not been secured and attracts a fixed interest rate of 3.3%.

### 3 Taxation

Corporate income tax			167,870	126,662
			<u>167,870</u>	<u>126,662</u>
<u>Corporate income tax summary</u>	<u>1.1.07</u>	<u>Paid/(Received)</u>	<u>P/L account</u>	<u>31.12.07</u>
2007	0	130,714	(89,506)	41,208
2006	126,662	0	0	126,662
Total	<u>126,662</u>	<u>0</u>	<u>(89,506)</u>	<u>167,870</u>

### 4 Prepayment of guarantee fee

Prepayment of guarantee fee	2,304,804	923,993
	<u>2,304,804</u>	<u>923,993</u>

### 5 Prepayments and accrued income

Settlement	1,050	0
	<u>1,050</u>	<u>0</u>

	2007	2006
	EUR	EUR
<b>6 Capitalized loan fees facility agreement</b>		
Accumulated amortization	1,135,450	1,135,450
	(540,109)	(402,805)
	<u>595,341</u>	<u>732,645</u>
Balance as at January 1	732,645	908,360
Amortization	(137,304)	(175,715)
Balance as at December 31	<u>595,341</u>	<u>732,645</u>
<b>7 Cash and cash equivalents</b>		
Current account	68,686	30,798
	<u>68,686</u>	<u>30,798</u>
<b>8 Amounts due to group entities and credit institutions</b>		
Loan from European Investment Bank ("EIB"), Luxembourg	40,000,000	0
Loan from European Investment Bank ("EIB"), Luxembourg	1,704,306	0
Loan from European Investment Bank ("EIB"), Luxembourg	6,466,667	0
Loan from European Investment Bank ("EIB"), Luxembourg	3,777,778	0
Loan from shareholder	350,000,000	400,000,000
Verbund Finanzierungsservice GmbH ("VFG"), Vienna, Austria	55,257,710	40,241,237
Bonds interest payable	12,978,142	588,530
Loan interest payable to shareholder	6,944,333	4,491,836
Loan interest payable to credit institutions	0	2,798,265
Interest Loan Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG")	402,930	0
Interest Loan VERBUND Management Services GmbH ("VMSG"), Vienna, Austria	3,112	0
Interest Loan from European Investment Bank ("EIB"), Luxembourg	5,950,775	37,513,345
Interest Loan facility	99,167	0
	<u>483,584,921</u>	<u>485,633,213</u>
The Shareholder's loan of EUR 350.000.000 has not been secured, matures in March 2008 and attracts an interest rate of 3 or 6 months EURIBOR + 0.8%.		
For specification to the loans from EIB see item 11.		
<b>9 Accruals and deferred income</b>		
Audit	0	22,500
Commitment fee payable	0	90,075
Payable expenses on raising loans	0	19,975
Other payables	17,402	1,238
	<u>17,402</u>	<u>133,788</u>
<b>10 Loans from group entities</b>		
Loan from shareholder	0	50,000,000
Loan from VMSG	2,000,000	0
	<u>2,000,000</u>	<u>50,000,000</u>
Balance as per 1 January	50,000,000	650,000,000
Increase/(Decrease)	302,000,000	(200,000,000)
Reclass to short term loans	(350,000,000)	(400,000,000)
Balance as per 31 December	<u>2,000,000</u>	<u>50,000,000</u>

	2007	2006
	EUR	EUR
<b>11 Loans from third parties and bonds</b>		
Loan from European Investment Bank ("EIB"), Luxembourg	45,333,333	49,111,111
Loan from European Investment Bank ("EIB"), Luxembourg	13,634,450	15,338,756
Loan from European Investment Bank ("EIB"), Luxembourg	71,133,333	77,600,000
Loan from European Investment Bank ("EIB"), Luxembourg	0	40,000,000
Loan from European Investment Bank ("EIB"), Luxembourg	200,000,000	0
Bond from Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft ("BAWAG")	72,672,834	72,672,834
5.00 % Bonds of 2007/2014	495,321,146	0
	<u>898,095,096</u>	<u>254,722,701</u>
Loans maturing between one and five years	47,795,003	
Loans maturing after five year	<u>850,300,094</u>	
	<u>898,095,096</u>	

All loans and bonds from third parties are guaranteed by the Parent Company.

The loan from EIB in the amount of EUR 49.111.111 matures on 15 March 2020 and attracts an interest rate equivalent to EURIBOR + 0.27% (at 31 December: 5.135%).

The loan from EIB in the amount of EUR 15.338.756 matures on 25 June 2016 and attracts a fixed interest rate of 3.2%.

The loan from EIB in the amount of EUR 77.600.000, matures on 15 March 2020 and attracts an interest rate equivalent to EURIBOR + 0.27% (being the EIB-pool rate plus 12 basis points, at 31 December: 5.135%).

The bond from EIB in the amount of EUR 40.000.000 matures on 25 November 2008 and attracts a fixed interest rate of 4.64%.

The loan from EIB in the amount of EUR 200.000.000, matures on 27 March 2017, has not been secured and attracts an interest rate of 6 months EURIBOR + 0.099% (at 31 December: 4.845%).

The bond from BAWAG in the amount of EUR 72.672.834 matures on 20 November 2017 and attracts a fixed interest rate of 4.99%.

The issued bonds issue in the amount of EUR 500.000.000 mature on 25 June 2014 and attract a fixed interest rate of 5%, issued at 99,487%. Due to the discount on the bond the effective interest rate is 5,161517% p.a.

The amortisations related to the bond are as follows:	500,000,000	0
<b>Premium discount:</b>		
On Bond issue at 99,487% on 25 June 2007	(2,565,000)	0
Capitalized costs	(2,039,040)	0
Amortization premium	(74,814)	0
	<u>(4,678,854)</u>	<u>0</u>
Balance as at 31 December	<u>495,321,146</u>	<u>0</u>

## 12 Capital and reserves

The authorised share capital of the Company amounts to EUR 2.000.000 divided into 2.000 shares of EUR 1.000 each. The Company's issued and paid up capital consist of 1.000 shares of EUR 1.000 each.

	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Unappr.results</u>
Balance as per 31.12.2005	1,000,000	1,000,000	0	215,547
Transfer			215,547	(215,547)
Dividend			(215,547)	
Result for the period				207,630
Balance as per 31.12.2006	1,000,000	1,000,000	0	207,630
Transfer			207,630	(207,630)
Dividend			(207,630)	
Result for the period				269,634
Balance as per 31.12.2007	1,000,000	1,000,000	0	269,634

The Company distributed a dividend of EUR 207.630 on 12 June 2007.

## Profit and loss account

### 13 Interest on provided loans

	<u>2007</u>	<u>2006</u>
	<u>EUR</u>	<u>EUR</u>
Interest on loans to group entities	50,406,899	30,068,620
Interest on loans to other entities	1,629,200	1,193,855
	<u>52,036,100</u>	<u>31,262,475</u>

### 14 Interest on received loans

Interest on loans from shareholder	(11,271,526)	(18,613,897)
Interest on short term loans	(7,716,952)	(1,287,265)
Interest on bonds	(18,539,341)	(5,482,381)
Interest on loans from third parties	(13,274,452)	(5,417,310)
	<u>(50,802,271)</u>	<u>(30,800,853)</u>

### 15 Other interest income

Interest income on bank account	0	4,970
Other interest income	179,263	5,096
	<u>179,263</u>	<u>10,066</u>

### 16 Other interest charges

Guarantee fee	(3,413,562)	(1,439,316)
Amortization of capitalised fees on loans	(133,305)	0
Sundry interest charges	0	(55)
	<u>(3,546,867)</u>	<u>(1,439,371)</u>

### 17 Other financial expenses

Expenses incurred on loan raising	0	(15,000)
Amortization of capitalised fees on loans	0	(181,763)
Commitment fees	(557,790)	(532,292)
	<u>(557,790)</u>	<u>(729,055)</u>

	2007	2006
	EUR	EUR
<b>18 General and administrative expenses</b>		
Administration	(104,062)	(79,531)
Audit fee	(8,110)	(22,500)
Legal advice	(30,236)	(26,046)
Consultancy and advisory fees	(38,861)	(26,936)
IT support costs	(2,542)	(2,542)
Bank charges and other fees	(7,825)	(5,447)
Services	(3,751)	(1,634)
Translation expenses	(3,058)	(4,655)
Travel expenses	(1,997)	(1,682)
Sundry expenses	(844)	(601)
	<u>(201,285)</u>	<u>(171,574)</u>
<b>19 Corporate income tax</b>		
C.I.T. 2007	(89,506)	0
C.I.T. 2006	0	(85,976)
C.I.T. 2005	0	0
	<u>(89,506)</u>	<u>(85,976)</u>

**Staff numbers and employment costs**

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period.

**Directors**

The Company has two managing directors (2006: two) none of whom received remuneration in that capacity (2006: nil).  
The Company has two supervisory directors (2006: three), none of whom received remuneration in that capacity (2006: nil)

Amsterdam, 1 February 2008

**The Managing Directors**

Mr. A. Wollein  
(appointed: 31 May 2007)

Mr. P. Oosthoek

Mr A. Wenzel  
(resigned 31 May 2007)

**The Supervisory Directors**

Mr. M. Pistauer

Mr. J. Sereinig

Mr J. Haider  
(resigned: 10 May 2007)

**Other information**

**Appropriation of results**

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholder in accordance with the Company's articles of association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

The management proposes to the shareholder to add the result for the year to the other reserves.

**Subsequent events**

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

**Auditor's opinion**

The auditor's opinion is set out on the next page.

To the shareholder of  
VERBUND-International Finance B.V.  
AMSTERDAM

Date  
February 1, 2008

From  
J. Penon

Reference  
3100251091/OP9998/PS

## **Auditor's report**

### **Report on the financial statements**

We have audited the accompanying financial statements 2007 of VERBUND-International Finance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2007, the profit and loss account for the year then ended and the notes.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of VERBUND-International Finance B.V. as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.