Alliander Finance B.V.
Results first half 2009

alliander

Disclaimer

'Alliander Finance' refers to Alliander Finance B.V., the finance company of Alliander .
'We', 'Alliander', 'the company', 'the Alliander group' or similar expressions are used in this report as a synonym for Alliander and its subsidiaries.

This report for the first half year 2009 has been prepared based on the accounting policies applied in the 2008 financial statements. This half year report does not contain all information prescribed by IFRS for full financial statements. To obtain a complete picture this half year report must therefore be read in conjunction with the 2008 Annual Report of Alliander Finance B.V.

All financial information shown throughout this report is unaudited

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Profile

Alliander Finance B.V. is a 100% subsidiary of Alliander N.V. and acts as a financing vehicle for the Alliander group. External borrowings are subsequently lent on to Alliander N.V. through a current account.
The network company Alliander, based in Arnhem, consists of the business units Liander, Liandon and Liandyn. Liander forms the core of the group and manages the gas and electricity networks in its service areas. This role is laid down in the law. Liandon designs, realises and maintains complex energy infrastructures for customers. Liandyn offers tailor-made public lighting and traffic control solutions, while also realising safety and comfort concepts in the public space.

Key figures

Key figures			
€ Thousand			
	First half		
	2009	2008	%
Financial			
Interest income	**34.040**	22.872	49%
Interest expenses	**-30.083**	-23.653	27%
Profit after taxation	**1.317**	5.210	-75%
New loans	**1.710.000**	7.251	
Loan repayments	**-390.000**	-19.304	
Net cash flow	**-185.746**	-1.693	
Total assets	**2.340.997**	805.625	191%

Summary of significant events

Financial highlights

General

Alliander Finance B.V. is the finance entity of Alliander, the network company. On 12 March 2009 the company changed its name from Nuon Finance B.V. into Alliander Finance B.V.

The first half year of 2009 has been important from a strategic perspective for the Alliander group: in February Nuon announced that the production and supply company, n.v. Nuon Energy , was entering into an international partnership with the Swedish energy company Vattenfall. Shortly after the end of the first quarter it was published that the Minister of Economic Affairs had agreed to our unbundling plan. Important steps have been made in the realisation of the strategy of our network company Alliander. In addition, per 29 june 2009 the unbundling of Alliander N.V. and n.v. Nuon Energy has been realised.

Refinancing

The incorporation of the independent Network Operation Act (WON), among this the split between the production and supply company Nuon Energy and the network company Alliander (unbundling), made it necessary that internal loans where transformed into external loans (refinancing).

To realise this Alliander Finance B.V. increased in 2009 the value of the existing EMTN programme to a total of € 3 billion. Further, on 6 April 2009 two bond loans were issued under this programme, raising € 1.25 billion. The proceeds of this bond issue were received in April 2009 and were used to refinance the current liabilities to Nuon Energy into an external loan. In connection with these loans, the bridge financing facility of € 1 billion was cancelled as of 9 April. Besides, Alliander Finance B.V. also re-activated its ECP programme of € 1.5 billion and issued for € 460 million with terms ranging between 1 week and 6 months. Another € 100 million in shortterm finance was drawn to cover current liabilities. At the end of June 2009 the outstanding amount regarding to the ECP programme is € 70 million.

Results

The profit after taxation of Alliander Finance B.V for the first half year of 2009 amounts to € 1.317.000 (2008 € 5.210.000).
The difference between the 2009 and 2008 result is caused by:

- Interest income and interest expenses due to the refinancing of internal loans into external loans;
- Less hedging transactions due to the split between the production and supply company and the networkcompany;
- Less fair value results on the cross currency interest rate swap derivatives;
- Higher other financial expenses due to fees regarding the bridge facility.

Financial Risk Management

Alliander Finance B.V. is exposed primarily to foreign exchange and interest rate risk. The risk management policy of Alliander Finance is prescribed by its ultimate parent, Alliander N.V. (formerly named n.v. Nuon). For this policy we revere to the Annual report 2008 of n.v. Nuon.

Outlook

We don't expect any extraordinary in the second half of 2009.

Auditors' involvement

The content of this interim Financial Report has not been audited or reviewed by an external auditor

Disclosure Alliander finance B.V.

In accordance with the Wft (wet op het financieel toezicht), we declare that, to the best of our knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position an profit or loss of Alliander Finance B.V. ; and
- The development and performance of the business during the book year 2009 of Alliander Finance B.V. and the principal risk and uncertainties Alliander Finance B.V. faces.

Arnhem, 21 august 2009

The Management Board:
Alliander N.V.

Namely by:

P.C. Molengraaf

Interim financial report
Balance sheet

Balance sheet				
€ Thousand				
ASSETS				
	30 June 2009		**31 December 2008**	
Non-current assets				
Financial assets	3.565		4.302	
Deferred tax assets	2.969		3.171	
Derivative financial instruments	5.829		2.785	
		12.363		**10.258**
Current assets				
Trade and other receivables	2.321.772		795.322	
Cash and cash equivalents	6.862		45	
		2.328.634		**795.367**
Non-current assets held for sale		-		-
Total assets		**2.340.997**		**805.625**
EQUITY and LIABILITIES				
Shareholders equity				
Share capital	20		20	
Share premium	6.000		6.000	
Hedging reserves	-8.674		-9.266	
Other reserves	11.519		7.574	
Result for the year	1.317		3.944	
Total equity		**10.182**		**8.272**
Long-term liabilities				
Borrowings	2.037.072		795.417	
		2.037.072		**795.417**
Short term liabilities				
Trade and other payables	30.741		1.402	
Commercial paper	70.000		-	
Cash and cash equivalents	193.002		439	
Accrued liabilities	-		95	
		293.743		**1.936**
Total liabilities		**2.330.815**		**797.353**
Total shareholders equity and liabilities		**2.340.997**		**805.625**

Comments on Balance sheet

Trade and other receivables
Mainly consists of the Current account with Alliander N.V.

Borrowings
The borrowings consist of the existing EMTN programme to a total of € 3 billion. Until now € 2.05 billion is drawn from this programme.

Income statement

Income statement				
€ Thousand				
	First half			
	2009		2008	
FINANCE INCOME				
Interest income from Alliander n.v.	34.040		22.872	
Currency Exchange gains on derivatives entered into on behalf of Alliander N.V.	-620		2.920	
Fair value gains on derivatives	1.496		5.809	
		34.916		31.601
FINANCE COSTS				
Interest expenses	-30.083		-23.653	
Other financial expenses	-3.015		-679	
		-33.098		-24.332
NET FINANCE INCOME		1.818		7.269
OPERATING EXPENSES				
External costs		-84		-
PROFIT BEFORE TAXATION		1.734		**7.269**
Income tax expenses		-417		-2.059
PROFIT AFTER TAXATION		**1.317**		**5.210**

Comments on Income statement

Interest income from Alliander N.V.

Related to the interest income on the current account with Alliander N.V.

Interest expenses

The interest expenses relates to the outstanding EMTN-programme and the ECP programme.

Cash flow statement

Cash flow statement				
€ Thousand				
	First half			
	2009		2008	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit after taxation		**1.317**		**5.210**
Changes in working capital				
Trade and other receivables	-1.526.450		444	
Trade and other payables	29.339		17.006	
		-1.497.111		**17.450**
Movement in derivatives and translation differences		**-3.044**		**-18.898**
Other movements		**-6.908**		**598**
Net cash flow from operating activities		**-1.505.746**		**4.360**
CASH FLOW FROM INVESTING ACTIVITIES		**0**		**0**
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings				
New loans	1.710.000		7.251	
Loan repayments	-390.000		-19.304	
Share premium paid up	0		6.000	
Net cash flow from financing activities		**1.320.000**		**-6.053**
NET CASH FLOW		**-185.746**		**-1.693**
Cash and cash equivalents at the beginning of the period		**-394**		**299**
Net cash flow		**-185.746**		**-1.693**
Cash and cash equivalents as at 30 June		**-186.140**		**-1.394**

Statement of changes in shareholders equity

Statement of changes in shareholders equity

€ Thousand

		Equity attributable to Alliander shareholders					
	Number of shares in issue	Share capital paid up and Called up	Share premium	Hedge-reserve	Other reserves	Result for the year	Total
Balance as at 1 January 2008	200	20	-	-10.491	-1.235	8.809	-2.897
		-	-	-	-	-	-
Profit after taxation 2008		-	-	-	-	3.944	3.944
Cash flow hedges		-	-	1.644	-	-	1.644
Deferred tax		-	-	-419	-		-419
Total result		-	-	1.225	-	3.944	5.169
Issue of share premium		-	6.000	-	-	-	6.000
Profit appropriation 2007		-	-	-	8.809	-8.809	-
Balance as at 31 December 2008	200	20	6.000	-9.266	7.574	3.944	8.272
		-	-	-	-	-	-
Cash flow hedges		-	-	794	-	-	794
Deferred tax		-	-	-202	-	-	-202
Profit after taxation 1 half year 2009		-	-	-	-	1.317	1.317
Total result ***1e halfjaar 2009***		-	-	592	-	1.317	1.909
Profit appropiation 2008		-	-	-	3.944	-3.944	-
Balance as at 30 june 2009		20	6.000	-8.674	11.518	1.317	10.181

Selected notes

Accounting policies

With the exception of the changes in accounting policies referred to hereafter, the accounting policies applied in the preparation of the financial information for the first half year of 2009 are the same as the accounting policies in the 2008 Annual Report of Alliander Finance 2008. This first half year report does not contain all information prescribed by IFRS for full financial statements. To obtain a complete picture this half year report must therefore be seen in conjunction with the 2008 Annual Report of Alliander Finance B.V.

Changes in IFRS

De International Accounting Standards Board (IASB) en de International Financial Reporting Interpretations Committee (IFRIC) have issued new and/or changed standards up until the first half year of 2009, that are applicable to Alliander of the financial year 2009. These standards and interpretations can only be applied after endorsement by the European Commission. The changes in reporting standards that have been endorsed by the European Commission and that are applicable for the financial year 2009 are disclosed below.

In this connection the definition of the 'cost price method' has been removed from IAS 27 '*Consolidated and Separate Financial Statements*' and replaced with the requirement to present dividends as income in the separate financial statements of the investor. A further amendment prescribes that in the case of a reorganisation resulting in a new parent company, the new parent company must measure the cost of the investments in subsidiaries, joint ventures and associates in its separate financial statements at the carrying amount of the aforementioned investments in the separate financial statements of the original parent company at the date of the reorganisation. The provisions of this amendment have no effect on Alliander.

IFRS 2 '*Share-based Payment*' contains clarifications stating that vesting conditions are service conditions and performance conditions only, and that all cancellations, either by the entity itself or by other parties, must be accounted for in the same manner. As Alliander has no payment arrangements falling within the scope of IFRS 2, these amendments have no effect on Alliander.

IAS 1 '*Presentation of Financial Statements*' contains amendments aimed at providing a clearer presentation of financial information and, in particular, of income and expenses. Under the amended standard, all income and expenses are presented separately from changes in the equity arising from transactions with owners. The standard gives the option of presenting income and expenses and changes in the equity in a single comprehensive statement, in which subtotals are given, or in two separate statements. In addition, the amended standard prescribes the presentation of the opening balance sheet at the start of the comparative period, except for interim reporting.

IAS 23 '*Borrowing Costs*' has been amended and prescribes capitalisation of interest costs insofar as these can be directly attributed to the acquisition, production or construction of a qualifying asset. The option of charging interest costs to the income statement has thus been removed. For Alliander this entails the obligatory capitalisation of interest costs for all qualifying assets whose initial capitalisation date falls on or after 1 January 2009.

IAS 32 '*Financial Instruments: Presentation*' has been amended in combination with IAS 1 '*Presentation of Financial Statements*' and prescribes that the following financial instruments that were formerly classified as financial liabilities are now classified as equity instruments: puttable financial instruments, such as certain shares issued by cooperative entities, and instruments or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. Alliander currently has no instruments falling within the above-mentioned classifications.

IFRIC 12 '*Service Concession Arrangements*' deals with the manner in which operators must account for services provided under public-private concession arrangements. Though the amended interpretation is applicable as of the financial year 2008, it has not yet been endorsed by the EU. As Alliander has no arrangements falling within the scope of IFRIC 12, this interpretation has no effect on Alliander.

IFRIC 13 '*Customer Loyalty Programmes*' addresses the accounting for loyalty award credits that entities grant to customers who buy goods or services. The interpretation prescribes that the fair value of the loyalty award credits must be accounted for as deferred income. As Alliander has no loyalty programmes as intended in the interpretation, this interpretation will have no effect on Alliander.

The IASB '*Annual Improvements Process 2007*' resulted in corrections and small adjustments to a number of IFRS standards. These have (or will have) no material impact on Alliander and are therefore not mentioned separately here.