



Annual Report 2012



APX Holding B.V.

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Director's Report

The successful growth of the past years has triggered a reorganisation of the APX-ENDEX business into two separate companies: a power spot and clearing company with APX Holding B.V. (former APX-ENDEX Holding B.V.) as the holding company and a derivatives and gas spot company with Endex Holding B.V. (newly created holding that contains the gas spot and derivatives businesses) as the holding company. This transaction, announced in September 2012, was finalised on 1 March 2013.

As the transaction was only finalised in March 2013, this annual report reflects the activities of APX-ENDEX prior to the reorganisation. Chapter 3 of this Director's report however gives more information on the result of the aforementioned transaction.

In 2012 APX-ENDEX experienced another good operational year with solid growth in volumes, memberships as well as improved services and products for its trading members. While the volumes across the markets experienced growth, APX-ENDEX retained its dialogue with its members and introduced a number of new initiatives to respond to the needs of the market.

APX-ENDEX is thankful to its members for the support that has been visible throughout the year in the form of growing volumes as well as the strong support they have given to these new initiatives launched.

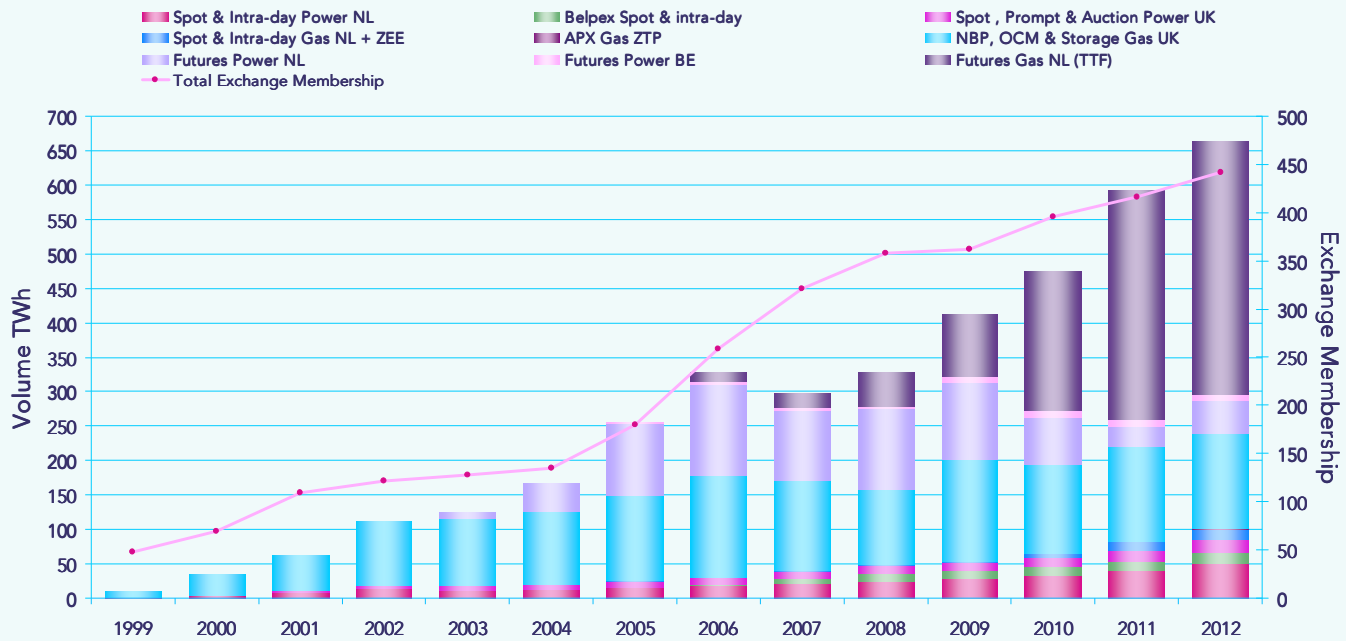
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1 2012 – growth in volumes and memberships

In 2012, APX-ENDEX showed continued growth in volumes, increased number of memberships as well as improved services and products for its trading members. A total volume of 663 TWh was traded and/or cleared by APX-ENDEX in 2012, up from 592 TWh in 2011 and illustrating 12% growth.

The total volume registered on the power markets was 144 TWh, while 519 TWh was registered on the APX-ENDEX gas markets. The futures markets experienced rapid growth in volumes with a total volume of 424 TWh, while the increased spot markets volume recorded 239 TWh traded. The number of memberships across the markets showed strong growth from the previous year, indicating solid interest in APX-ENDEX markets and totalled 442 by the end of 2012, up from 416 in 2011.

APX-ENDEX Volume & Membership 1999 - 2012



Continental Power Markets

APX-ENDEX continental power markets consist of spot (Intraday and Day-Ahead) and futures contracts offered in The Netherlands and Belgium.

The core of the continental spot power markets is the Day-Ahead auction, where trading takes place on the day before the delivery day. The Intraday markets offer members the opportunity to continuously trade power products in hourly intervals as well as freely definable block orders up to 5 minutes prior to delivery. The Dutch and Belgian Intraday markets are coupled. The futures markets include a variety of week, month, quarter and calendar contracts.

The continental power markets showed increased volumes during the year, overall up by 36%, by reaching a total of 125 TWh.

Netherlands

- Spot: 50 TWh (+23%), includes Day-ahead and Intraday
- Futures: 48 TWh (+69%), includes exchange traded and OTC
- Memberships: Spot 55 (-3); Futures 39 (-2)

Belgium

- Spot: 17 TWh (+34%), includes Day-ahead and Intraday
- Futures: 9.8 TWh (- 2%), includes exchange traded and OTC

- Memberships: Belpex 40 (+5); Futures 29 (+3)

European price convergence in 2012 for Continental Power Markets

For the first time in years, markets witnessed an increase of differences in electricity prices between European countries. Price differences in electricity had been reduced as of 2006 after the introduction of the initiative called market coupling.

During 2012, the prices on the four coupled CWE Day-Ahead markets (APX-ENDEX Power NL, Belpex and EPEX Spot France & Germany) converged on average 46% of the time. The Dutch and German prices converged during 55% of the time, the Belgian and French prices were the same 85% of the time, whereas the Belgian and Dutch prices were equal in 72% of the time.

UK Power Markets

The Power UK market offers trading on the Day-Ahead auction as well as on the continuous market (spot and prompt) and the futures market (3 months contracts, 4 quarters and 4 seasons). The Power UK Day-Ahead auction, where trading takes place on the day before the delivery day, is linked to the continental power markets through the BritNed market coupling, successfully launched in 2011. Through this market coupling the UK Day-Ahead auction market benefits from increased market depth and liquidity. The continuous market includes a large variety of products, including hourly and half hour products on the spot market, while the prompt products are offered as far as to the following week.

Year 2012 witnessed increasing volumes on the Power UK market.

- Day-Ahead: 4.8 TWh (+85%)
- Continuous market: 13.7 TWh (+/-), includes spot and prompt
- No contracts concluded on the UK Power futures market
- Memberships: Day-Ahead and Continuous 64 (+1); Futures 11 (+1)

As an extension to already freely available Power UK spot Reference Price Data (RPD), a free access to the Day-Ahead UKPX index data is available since March 2012. The free access to the Day-Ahead market and spot market indices is an important further enhancement to market conditions as it improves market transparency to the benefit of all market parties and end-users.

Continental Gas Markets

The continental gas markets include the trading hubs “Title Transfer Facility” (TTF) in The Netherlands and “Zeebrugge Trading Point” (ZTP) in Belgium. The ZTP market was launched at the end of September 2012 and has replaced the Gas Zeebrugge market that offered gas trading facilities for the Zeebrugge Hub. The new ZTP market also attracted new members to the exchange.

Contracts offered on the TTF market include a variety of Within-Day and Day-Ahead products as well as a number of week, month, quarter, season and calendar contracts.

The ZTP market combines virtual gas trading (Within-Day and Day-Ahead products) and TSO physical balancing in an end-of-day balancing model. As in 2011, the continental gas spot markets experienced growing volumes during 2012.

Netherlands

- Spot: 13.7 TWh (+15%)
- Futures: 366 TWh (+10%), includes exchange traded and OTC
- Memberships: Spot 42 (+8); Futures 62 (+9)

Belgium

- Spot: 1.8 TWh (+631%), includes ZTP and Zeebrugge volumes
- Memberships: 24 (+7)

GasTerra Gas Storage Services

On behalf of GasTerra, APX-ENDEX auctioned gas storage services in the Netherlands also in 2012 for the Contract Years 2012/2013 and 2013/2014. The storage services are sold in the form Standard Bundled Units or SBUs which allow market parties to inject natural gas into or withdraw from a virtual storage facility.

A total of 15,259,546 SBUs were sold in the auctions held on 15 February and 28 November, providing the market participants with an opportunity to inject natural gas into or withdraw from a virtual storage facility.

UK Gas Markets

In 2012 APX-ENDEX was the assigned market operator for the On-the-day Commodity Market (OCM). Products are traded at the UK gas hub, the NBP (National Balancing Point). The Gas UK Storage is a market for trading secondary storage capacity and gas in store at Rough, the UK's largest gas storage facility.

The total volumes on the UK gas markets remained steady. While the mature OCM market remained steady year-on-year, the gas storage capacity trading showed a sizable growth.

- Spot : 137 TWh (+/-)
- Gas Capacity: 928 GWh (+164%)
- Memberships: 79 (+/-)

Wood Pellets

APX-ENDEX has provided a reference price since 2008 and the exchange trading was launched in November 2011. The exchange started with non-cleared products with 9 different contracts offered.

There are 5 trading members registered on the market. Although no traded volume has been recorded yet, the launch has sparked the interest in the pricing instrument. The pricing panel now has 13 members.

2 Market developments

Power

Launch of Cross-Border Intraday market on the NorNed cable

The Cross-Border Intraday (XBID) solution between the Dutch-Belgian market and the Nordic market was launched in March 2012. This entails the implicit allocation of available capacity on the Dutch-Norwegian interconnector NorNed in the intraday timeframe. This has extended the already existing coupling between the APX Power NL Intraday Market and the Belpex Continuous Intraday Market, operated by APX-ENDEX and Belpex. The XBID solution is connected to the Elbas Intraday market operated by Nord Pool Spot in Denmark, Norway, Sweden, Finland, Estonia and Germany, allowing the market participants to trade across the entire region provided cross-border capacity is available. The Dutch and Belgian Intraday markets are coupled since February 2011.

Continuation of the Day-Ahead market integration initiatives

- **The NWE Price Coupling project**

Since the launch of the initial market integration in 2006, the Trilateral Market Coupling, significant steps towards a fully integrated European electricity market have been taken. In December 2010, the Trilateral Market Coupling was replaced with the Central West European (CWE) market coupling and the Interim Tight Volume Coupling, effectively integrating the Day-Ahead markets in Belgium, The Netherlands, France, Germany and the Nordic region. The next market integration steps were taken in January 2011 and April 2011, with respectively the inclusion of the NorNed interconnector and the BritNed interconnector into the existing market coupling solution.

The overall objective is to implement a Day-Ahead market coupling solution across Europe, based on the “Price Coupling” principle. The price coupling principle implies, through the use of one single algorithm, a simultaneous calculation of market prices, net positions and flows on all interconnectors between the coupled market areas.

The next step on the path towards a fully integrated European Day-Ahead market is the North-Western European (NWE) price coupling project. This project is carried by a strong partnership between 13 Transmission System Operators (TSO) and 4 power exchanges across the NWE region. The project will not only expand the scale of today’s coupling solutions in Central West Europe (CWE), the Nordic countries and between these two regions but will also fully include Great Britain, through both the BritNed and the so called “IFA” interconnectors, the Baltic countries and the SwePol link between Sweden and Poland. Once implemented, the NWE price coupling solution will integrate a market area covering 75% of the European electricity consumption. It is currently targeted to go live in November 2013.

The price coupling solution, as currently implemented in the NWE region, has been developed by 6 power exchanges (inclusive APX-ENDEX and Belpex) through the so-called Price Coupling of Regions (PCR) concept. The PCR concept includes a single algorithm, as well as a set of common procedures and systems. Its goal is the efficient deployment of a coordinated Day-Ahead Price Coupling solution throughout Europe by taking into account the (diversity of) contractual and regulatory frameworks of each region/country.

- **The CWE Flow Based Project**

During 2012, significant work was done on the design and preparations of this second phase of the CWE market coupling, agreed by all parties in the CWE Memorandum of Understanding. The developments during 2012 primarily aimed at further fine-tuning the flow-based model and related operational processes with the aim of starting full scale market simulations (so called “parallel run”) in the beginning of 2013. The final goal of the flow-based project is to replace, for the inner borders of the CWE region, the current “ATC” network model on which market coupling is based by a “flow-based” network model. The latter should better reflect physical reality and hence increase the available network capacity for energy exchanges between the involved areas. The flow-based project is currently targeted to go live early 2014.

- **Virtual Hub Development**

The development of a ‘Virtual Hub’ in GB will help facilitate the Day-Ahead market coupling planned to link Great Britain to the emerging integrated European electricity market.

The “Virtual Hub” will be implemented as part of the NWE price coupling project, allowing more than one exchange to operate a coupled Day-Ahead auction in GB in a completely non-discriminatory way. The concept entails pooling of the liquidity of all the connected Day-Ahead markets and hence sharing of identical hourly settlement prices.

Gas

Launch of ZTP Gas market

Together with gas transmission system operator Fluxys Belgium, APX-ENDEX launched a new Belgian exchange traded market in September 2012. The project was initiated to boost liquidity and price transparency on the Belgian gas market.

The ZTP Gas market was launched as part of the introduction by Fluxys Belgium on 1 October 2012 of a new entry/exit model. The products available for trading on the ZTP market include a variety of Within-Day and Day-Ahead instruments.

TAQA selected APX-ENDEX as its secondary capacity trading platform

TAQA Gas Storage B.V., a subsidiary of Abu Dhabi National Energy Company PJSC (TAQA), selected APX-ENDEX as a provider of an electronic trading platform for its customers to buy and see previously issued storage capacity at Gas Storage Bergermeer in the Netherlands. Underground gas storage capacity will be made available to customers through open seasons for longer-term capacity, annual auctions and secondary capacity trading. The secondary trading platform shall allow customers of Gas Storage Bergermeer to anonymously trade their primary capacity rights at the Title Transfer Facility (TTF). TAQA will be the central counterparty to all on-screen trades.

GTS to buy and sell balancing gas on APX Gas NL

In November 2012, Gasunie Transport Services (GTS) and APX-ENDEX signed a Letter of Intent to prepare a binding agreement under which GTS will sell and or buy its balancing natural gas on the APX Gas NL Within-Day Market and/or Day-Ahead Market, instead of the GTS operated balancing platform, the Bid Price Ladder. This intention is a direct result of the European Network Code for Gas Balancing, which is expected to enter into force in 2013. By trading on the APX Gas NL Within-Day Market and/or Day-Ahead Market on an equal footing with grid users, GTS aligns the Dutch balancing regime with the new European balancing rules. The implementation of the shift from the Bid Price Ladder to APX Gas NL is planned to be completed by 1 April 2014.

3 Corporate developments

This annual report is dedicated to APX Holding B.V. and its subsidiaries, as per 31 December 2012. During the year 2012 the shareholders of the company decided to split the company in two parts which has resulted in the announcement in September 2012 of the intention to reorganise APX-ENDEX's current combined gas and power businesses into two separate companies: a power spot and clearing company and a derivatives and gas spot company. This separation became effective as of 1 March 2013.

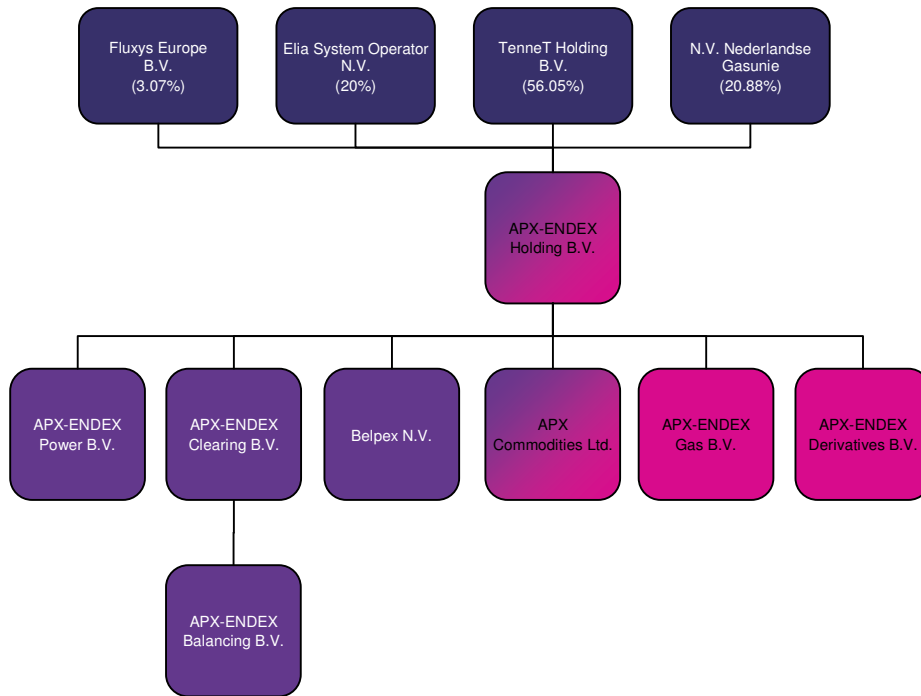
The separation has resulted in APX-ENDEX Holding B.V. being renamed in APX Holding B.V. The subsidiaries of APX-ENDEX that remain with APX Holding B.V. have adjusted their corporate names accordingly: APX Power B.V., APX Clearing B.V. and APX Balancing B.V. Next to these, Belpex N.V. and APX Commodities Ltd. remain subsidiaries of APX Holding B.V.

The Executive Board of APX-ENDEX until 1 March 2013 was composed of four statutory directors: Bert den Ouden (CEO), Lucas Schmeddes (CFO), Pieter Schuurs (COO) and since 1 July 2012 James Matthys-Donnadieu, who replaced Catherine Vandendorre. As a result of the split of the company per 1 March 2013, the Executive Board of APX Holding B.V. is composed by two statutory directors: Bert den Ouden (CEO) and James Matthys-Donnadieu (COO). Lucas Schmeddes and Pieter Schuurs formally resigned as Directors as they will form the Executive Board of the demerged derivatives and gas spot business

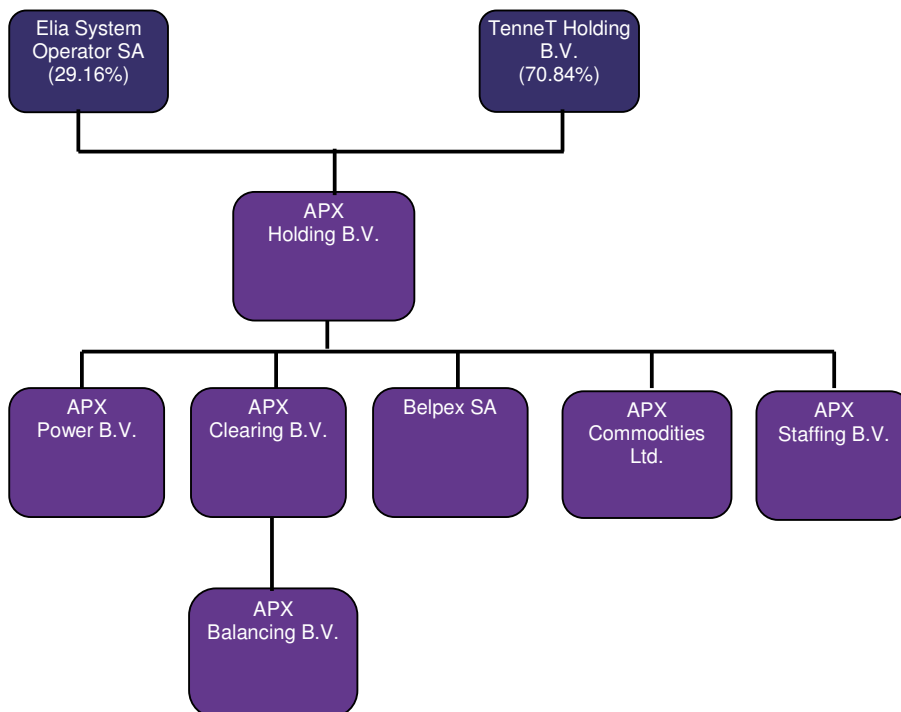
The derivatives and gas spot subsidiaries of APX-ENDEX have been split off to the newly established holding entity ENDEX Holding B.V. and adjusted their corporate names to reflect the new situation. These subsidiaries of ENDEX Holding B.V. are ENDEX Derivatives B.V. and ENDEX Gas B.V. Due to the reorganisation and separation, the OCM gas market in the UK is per 1 February 2013 operated by the newly established company ENDEX Gas Spot Ltd., a subsidiary of ENDEX Holding B.V. The OCM market has been transferred from APX Commodities Ltd. to ENDEX Gas Spot Ltd. with the consent of the UK regulator Ofgem and National Grid.

Together with the separation of APX-ENDEX, the shareholder structure of the resulting companies has also changed. At the moment the separation became effective, 1 March 2013, the shareholders of APX Holding B.V. are TenneT Holding B.V. and Elia System Operator N.V. whilst the shareholder of ENDEX Holding B.V. is N.V. Nederlandse Gasunie. Fluxys Europe B.V. has sold all its shares to Elia System Operator N.V. in November 2012.

Shareholder structure prior to the reorganisation



New shareholder structure APX Holding B.V. as of 1 March 2013



APX Holding B.V. and ENDEX Holding B.V. have agreed on transitional services to be provided from one company to the other for a certain period of time after separation of the two companies. These services relate to the clearing and nomination of transactions (APX will continue to provide clearing services for the gas spot markets operated by ENDEX), the use of ICT, Facility and HR services. The current understanding is that these services will be provided for a transitional period of at least two years after the separation of the two companies.

4 Human Resources

During 2012 the main focus of HR has been the careful preparation of the company split to ensure a smooth transition for all staff. The legal restructuring of the company has resulted in the staff being allocated to the two new entities. It has had no negative impact on the overall employment level.

Next to this, several policies have been improved and all HR policies and procedures have been captured in a Management Handbook.

5 Regulation

APX-ENDEX operated in a complex regulatory environment characterised by different jurisdictions, a variety of government bodies and energy as well as financial regulators.

The Netherlands

In the Netherlands, the Dutch Electricity Act 1998 (*Elektriciteitswet 1998*) and Gas Act (*Gaswet*) ensure the existence of a power and gas exchange. Based on the Gas Act, ENDEX Gas B.V. and ENDEX Derivatives B.V. are appointed as Gas Exchange Operators by the Dutch Minister of Economic Affairs, Agriculture and Innovation. Based on the Electricity Act 1998, APX Holding B.V. is appointed as Electricity Exchange operator by the Minister of Economic Affairs, Agriculture and Innovation as well.

The Dutch Office of Energy and Transport Regulation (*DREV*, or '*Energiekamer*') is charged with oversight on the energy market. This regulatory body operates as a department within the Netherlands Competition Authority (NMa).

ENDEX Derivatives B.V. is a regulated market recognised by the Dutch Minister of Finance and is supervised by the Netherlands Authority for the Financial Markets (*AFM*). The Regulated Market offers trading in physical settled energy futures with delivery in the Netherlands, the UK and Belgium.

United Kingdom

APX Commodities Ltd. is regulated by the Financial Services Authority (*FSA*). APX Commodities Ltd conducts regulated business in respect of its APX Power UK markets in the capacity of Multilateral Trading Facility (*MTF*) operator. The scope of regulatory permission of APX Commodities Ltd includes – besides operating a multilateral trading facility – dealing, and arranging deals, in derivative instruments.

During 2012 APX Commodities Ltd. was designated by the UK energy regulator Ofgem and appointed by the Transmission System Operator National Grid Gas PLC as the operator of the On-the-day Commodity Market (OCM). This designation and appointment have been transferred to ENDEX Gas Spot Ltd. as of 1 February 2013.

Belgium

Belpex N.V. has been licensed as the operator of the Belgian electricity spot market by Ministerial Decree. The relationship between Belpex and its participants is governed amongst others by the Royal Decree of October 20th, 2005, on the establishment and the organisation of a Belgian market for the exchange of energy blocks and by Belpex's Market Rules, which have been approved by the Minister in charge of Energy.

The supervision of the Belgian spot power markets is performed by the Minister, the Commission for Regulation of Electricity and Gas (CREG) and the Financial Services and Markets Authority (FSMA).

Europe

ENDEX Derivatives B.V. was regulated by financial regulation, such as *the Market for Financial Instruments Directive (MiFID)* and the market abuse regime applicable to the trading in financial instruments, the *Market Abuse Directive (MAD)*. It was responsible for compliance with the obligations following from MiFID and adequate market surveillance in relation to market abuse for the derivatives traded via APX-ENDEX.

Moreover, the European Commission introduced sector specific market integrity regulation, the *Regulation on Energy Market Integrity and Transparency (REMIT)*, which prohibits market abuse in wholesale energy trading markets. Entering into force per 28 December 2011, the integrity and transparency of the wholesale energy market is regulated by REMIT, where energy regulators supervise the compliance to the Regulation. APX-ENDEX has an important role from a market surveillance perspective, responsible for adequate market monitoring and surveillance over all its spot markets.

6 Financial Results

The financial results for 2012 presented below exclude the income generated from assets and liabilities held for distribution and reflect the Power Spot and Clearing business only, in line with the figures presented in the financial statements, excluding the income from the disposal group. Due to the fact that the derivatives and gas spot business were demerged on 1 March 2013, the group had to disclose all financial results net of the effect of the demerged business as if the company was already operating as a stand-alone power spot and clearing business. For details on the technical accounting treatment, reference is made to notes 4.2, 7.2 and 16 of the financial statements.

Revenue and other income

Revenue consists of fixed fees, variable fees and third party services. The fixed fees consist of membership- and entrance fees, whereas the variable fees contain transaction fees, clearing registration fees, clearing & settlement fees and service income.

In 2012, the company's revenues increased by EUR 4.7 million, resulting in total revenues of EUR 28.4 million for the year. Exchange revenues originating from transaction fees, clearing & settlement fees and membership fees grew by EUR 2.0 million (+21%). This was the result of an increase in total volumes (+26%) year on year. In addition the number of members increased by 3% resulting in higher membership fees of EUR 0.4 million. Additional revenues are generated from the provision of business development, market coupling and other services to other exchanges and TSOs. Total revenues generated from third party services in 2012 amount to EUR 7 million. Interest income from collateral is the interest received on the cash collateral provided to the Group in relation to clearing services and amounted to EUR 4.6 million.

Expenses

In 2012 operational expenses increased by 16% to EUR 23.1 million compared to 2011. The majority of the increase reflects the cost incurred as part of the demerger activities of the company.

Investments and financing

Throughout 2012, an amount of EUR 1.8 million was capitalised for investments made in ICT hardware and intangible assets. These investments relate primarily to enhancements made to the company's core operating systems.

Outlook

Management expects market developments for 2013 to be in line with earlier years. After the de-merger of the gas spot and derivatives business, APX will focus on spot power markets and as such will stay involved in market coupling projects throughout Europe maintaining the company's strong positioning amongst its peers. APX will continue to look for opportunities to improve its product offering. Further improvement of clearing services for gas and power spot markets will be an important business focus in 2013. APX will continue to significantly develop and update its ICT infrastructure. Doing so it will further increase the value proposition to its members, which shall result in even more efficient and liquid markets and assure a healthy profitability of the group throughout the next five years and beyond. In order to maintain profitability at current levels, APX will increase its focus on operational excellence, at the same time anticipating measures to achieve cost reductions in coming years. APX does not expect any additional external financing requirements apart from the facilities currently available to the group in the near future. APX has entered into a "Transitional Services Agreement" with the demerged ENDEX business where it will deliver a number of critical services, most notably ICT, for a period of two years.

Risk management and the use of derivative financial instruments

The risk management practices and the use of derivative financial instruments are extensively disclosed in the note 6 of the financial statements.

Amsterdam, 20 March 2013
APX Holding B.V.

Executive Board
Bert den Ouden (CEO), James Matthys-Donnadieu (COO)

Report of the Supervisory Board

The 2012 annual report has been drawn up by the Executive Board and audited by the external auditor. The external auditor's opinion is that the financial statements give a true and fair view of the financial position of the company and of its results and cashflows. The annual accounts have been discussed by the Audit Committee at its meeting on 6 March 2013, and by the Supervisory Board at its meeting on 20 March 2013, in the presence of the Executive Board and the external auditor.

The Supervisory Board proposes to the General Meeting of Shareholders that the 2012 annual report, and the proposed result appropriation incorporated therein, be adopted. Furthermore, the General Meeting of Shareholders is asked to discharge the Executive Board in respect of the policy followed and the Supervisory Board for its supervision in 2012.

In 2012, the Supervisory Board convened nine times. Apart from the regular business decisions to be taken, these meetings have been dedicated to a large extent to the anticipated split of the company. With only a few exceptions, all members of the Supervisory Board have been present at these meetings. The Audit Committee and the Remuneration Committee also convened during 2012. Some Members of the Supervisory Board attended one or more of the six General Meetings of Shareholders that were held in 2012. During 2012 important steps were taken in relation to the strategy and future of the company. Furthermore, the integration of the European markets and the further development of an efficient and robust international trading environment has been continuously monitored. In addition, the Board discussed improvement of monitoring and auditing. On a regular basis, the Board reviewed the cost developments, project portfolio, product implementations and the realised ongoing growth of the traded and cleared volumes and associated revenues. The most important topics discussed by the Supervisory Board were:

- The annual report 2012 and the profit appropriation;
- The strategy and future of the company, resulting in the decision to split the company in two companies;
- Developments regarding European market integration including the Price Coupling of Regions project (PCR), the strategic approach in Central Eastern Europe (CEE) and the various initiatives in which the company is currently involved;
- The strategy the company should pursue to strengthen its position in a consolidating European environment by forming partnerships or by mergers and/or acquisitions;
- The approval of the budget, the prioritisation of the project portfolio and plans for further development of the company in 2013;
- The strengthening of the internal controls specifically but not exclusively in the higher risk area of clearing and settlement, by building risk awareness throughout the company and the appointment of an internal auditor reporting to the CEO, who started in May 2012;
- Evaluation of the functioning of the Supervisory Board;

The Audit Committee convened five times in 2012, with the main topics treated being the 2012 annual report, the budget 2013, including cost reductions and synergies, the financing structure of APX-ENDEX, strengthening the internal control framework and security management, upgrade of IT systems and the strategic development of the ICT function within the group.

The following Supervisory Board members participated in the Audit Committee during 2012:

H.A.T. Chin-Sue (Chair)
J.R. Steinhauser
R. de Jong

The Remuneration Committee convened three times in 2012 to discuss the remuneration policy for the Executive Board, the actual variable remuneration on the basis of performance against targets and the setting of targets for the year to come.

The following Supervisory Board members participated in the Remuneration Committee during 2012:

G.H. de Marez Oyens (Chair)
J.M. Kroon
D. Dobbeni

The Supervisory Board is aiming to have a well balanced structure of its Executive- and Supervisory Board composition. Currently however, it does not meet the standard of a minimum participation of 30% female Board members as required by the 'Wet Bestuur en Toezicht'. Current Board members have been selected based on the best fit in terms of technical expertise as required by the company's statutory requirements. The Supervisory Board will strive for a more balanced composition of the Executive- and Supervisory Board composition in line with the 'Wet Bestuur en Toezicht' once one of the current Board members is to be replaced.

The Supervisory Board wishes to express its appreciation to the Executive Board and all staff working at all locations (Amsterdam, Brussels, London and Nottingham) for their achievements during a challenging year. Furthermore, the Supervisory Board expresses its gratitude towards the Supervisory Board members who resigned throughout the last year for their long standing contributions.

Supervisory Board

J.B.M. (Hans) ten Berge (Chair)
G.H. (Gerrit) de Marez Oyens (Deputy chair) (stepped down per 15 February 2013)
J.M. (Mel) Kroon
H.A.T. (Henk) Chin-Sue
J.R. (Jan) Steinhauser
R. (Rinse) de Jong (stepped down per 22 May 2012)
D. (Daniel) Dobbeni

Corporate Governance

1 Corporate Governance at APX-ENDEX

This report sets out the policies and practice of APX-ENDEX that have been applied during the year 2012. The changes applied to the group's governance structure that resulted from the split as announced in chapter 3 (Corporate Developments) of the Directors' report have not been incorporated in this report. As an international organisation, APX-ENDEX operated under the regulatory requirements of several jurisdictions and organisations, including the Dutch Authority Financial Markets (AFM), the Dutch Office of Energy regulation (Energiekamer) and the UK Financial Services Authority (FSA). The company's behaviour should reflect the spirit as well as the letter of the law as where it is fully committed to govern the company with the highest applicable standards. The company's corporate governance framework is reviewed regularly and updated accordingly to reflect its stakeholders' and the company's interests, changes in regulation and best practice.

APX-ENDEX observed the relevant principles and best practice provisions of the Corporate Governance Code. Non-compliance with the code is disclosed in section 6 of this chapter.

2 Board Structure and Composition

APX-ENDEX has a two-tiered board structure, comprising an Executive Board and a Supervisory Board.

2.1 Executive Board

The Executive Board of APX-ENDEX was composed of four statutory directors: Bert den Ouden (CEO), Lucas Schmeddes (CFO), Pieter Schuurs (COO) and since 1 July 2012 also James Matthys-Donnadieu. Catherine Vandenborre resigned as statutory director as per 30 June 2012.

The Executive Board is accountable to the Supervisory Board and APX-ENDEX' shareholders for the performance of its duties and is responsible for the general policy and the strategy, as well as the day-to-day management of APX-ENDEX, including but not limited to:

- administering the company's general affairs, operations and finance;
- representing the company when entering into agreements on its behalf;
- monitoring the company's compliance with all relevant legislation and regulations and managing risks associated with the company's business;
- preparing operational and financial objectives and strategies and
- executing of operation plans and applying sound business practices.

In the execution of its duties, the Executive Board aims to take into account the interests of APX-ENDEX, its business, shareholders and all other stakeholders (including employees).

2.2 Supervisory Board

The nature of APX-ENDEX and the required expertise of the Supervisory Board members are reflected in the composition profile of the Supervisory Board. At all times, there should be at least four and at the most seven members. Per 31 December 2012, the Supervisory Board consists of six members, who are appointed by the General Meeting of Shareholders. The members resign according to a predetermined retirement schedule. Full information on the Supervisory Board and its members can be found on the corporate website.

The Supervisory Board supervises the general policy and strategy of APX-ENDEX as executed by the Executive Board and provides advice to the Executive Board. It is responsible for, amongst others:

- approving annual budget and financing, operational- and investment plans as submitted by the Executive Board;
- nominating members of the Executive Board for election by shareholders;
- authorising certain decisions to be made by the Executive Board,
- supervising the policy and actions executed by the Executive Board; and
- supervising the general course of affairs of APX-ENDEX and the business it operates.

In performing its duties, the Supervisory Board aims to take into account the interests of APX-ENDEX, its business, shareholders, other stakeholders and all other parties (including employees) involved in or with APX-ENDEX. Additionally, Supervisory Board members are provided with direct access to senior executives and external advisors.

3 Executive and Supervisory Board Operations

3.1 Board Meetings

The Executive Board meets generally on a weekly basis and may also pass resolutions in writing on a unanimous basis. The Executive Board has regulations in place. The CEO, as the Chairman of the Executive Board, shall see to the adherence to the regulations.

The Supervisory Board meets at least four times per year (or more often if necessary) and may also pass resolutions in writing on a unanimous basis. Supervisory Board meetings are generally held at the company's offices in Amsterdam. The Supervisory Board has regulations which are published on the corporate website.

3.2 Director Qualifications

All Statutory Directors and Supervisory Board members have skills, qualifications, experience and expertise that are essential for the respective Boards to meet their responsibilities and obligations. Supervisory Board members must be able to devote a sufficient amount of time to prepare, attend and participate in the Board meetings.

3.3 Retirement

APX-ENDEX has adopted the recommendation of the Dutch Corporate Governance Code (“Dutch Code”) limiting tenure of Supervisory Board Directors to 12 years. At present, none of the Supervisory Board directors has served for more than 12 years. For Statutory Directors there is a tenure policy and performance of Statutory Directors is assessed on an annual basis by the Supervisory Board.

3.4 Independence

Some members of the Supervisory Board have or had an indirect relationship with the company as a result of their position (held for part of 2012) with companies that hold shares in APX-ENDEX.:

- J.M. Kroon, President and Chief Executive Officer of TenneT Holding B.V. (shareholder)
- H.A.T. Chin-Sue, Member of the Executive Board and Chief Financial Officer of N.V. Nederlandse Gasunie (shareholder)
- D. Dobbeni, President and Chief Executive Officer of Elia System Operator N.V. (shareholder)

3.5 Evaluation

At least once per year, the Supervisory Board evaluates the performance of the Executive Board and its individual members, as well as its own performance.

4 Board Committees

Pursuant to the requirements of the Dutch Code, the Supervisory Board has formed two committees, being the Audit Committee and the Selection, Appointment and Remuneration Committee.

4.1 Audit Committee

The Supervisory Board has selected three of its members to form the 2012 Audit Committee, being H.A.T. Chin-Sue, J.R. Steinhauser and R. de Jong (until 22 May 2012). Furthermore, Jan Gesquiere, CFO of Elia, is serving as a delegated member of the Audit Committee. Rules have been set for the way the Committee operates. The Audit Committee assists and advises the Supervisory Board in decision making and reports its findings to the Supervisory Board. The Audit Committee convenes at least two times per year.

The Audit Committee was charged with monitoring the adequacy and effectiveness of APX-ENDEX financial reporting, its’ financial reporting policy and procedures, its internal control framework, risk management, the independent external audit of the financial statements and the performance and evaluation of the external auditor.

Given the specific tasks of the Audit Committee, its members have sufficient business, industry and financial expertise to act effectively. At least one is a financial expert.

4.2 Selection, Appointment and Remuneration Committee

The Supervisory Board has selected three of its members to form a Remuneration Committee, being G.H. de Marez Oyens, J.M. Kroon and D. Dobbeni. The Committee assists and advises the Supervisory Board in decision making and reports its findings to the Supervisory Board.

5 Controls and Procedures

APX-ENDEX has implemented a number of policies that address key aspects of corporate governance, such as a personal account dealing policy, a code of conduct and a whistleblower policy. Additionally, APX-ENDEX has committed to a sound framework of internal risk management, policies, procedures and controls to enhance a system of risk oversight, risk management and internal control. It is the responsibility of the Audit Committee to monitor this internal framework.

5.1 External auditor

PricewaterhouseCoopers (PwC) has been appointed as external auditor and is required to report certain findings relating to the audit to the Executive Board and Supervisory Board. The lead partner was appointed in 2011 as part of the regular rotation scheme which is in line with the guidelines of the Royal Netherlands Institute of Chartered Accountants (NIVRA) that require a switch to a different external auditor once every seven years in the interest of independence. This requirement is also in line with the Dutch Code.

The external auditor also attends the Audit Committee meetings and the Supervisory Board meeting in which the Annual Report is discussed. The General Meeting of Shareholders has the right to question the external auditor on the reporting including the auditor's report stating that the financial statements give a true and fair view of the financial position.

All other services provided by PwC comply with independent auditor requirements.

5.2 Internal control framework

The Executive Board is responsible for developing the company's strategy and achieving business objectives, operating within relevant rules and regulations, managing the business risks, and is accountable to the Supervisory Board and the General Meeting of Shareholders.

Once every three months, the Executive Board reports on results and status of business activities to the Supervisory Board and the Shareholders.

The key strategic risks to which APX-ENDEX is exposed include:

- adverse change to the political, legal and regulatory environment in which it operates; and
- consequences of increased competition in the European exchange sphere.

APX-ENDEX has set a framework for internal control processes. The Executive Board is responsible for managing processes within this framework for APX-ENDEX and its subsidiaries. All companies within APX-ENDEX are required to prepare annual plans including operating budgets, investment plans and financing requirements. The consolidated business plan is subsequently approved by the Supervisory Board and the General Meeting of Shareholders, as laid down in the Articles of Association.

New business activities and investments that are outside the scope of the approved business plan require specific approval by the Supervisory Board and the Shareholders. The Audit Committee monitors the quality of the financial reporting and internal controls. The Audit Committee together with the Executive Board discusses the annual report and the underlying accounting principles on an annual basis.

As a clearing house, APX-ENDEX is to an extent exposed to the risk of members being unable to meet their liabilities arising from their trading activities. This risk is managed by applying margin and collateral requirements.

During 2012 APX-ENDEX Clearing B.V. was led by a dedicated Clearing Management Board, consisting of minimum two (mandated) statutory directors, and four expert business executives. The Clearing Management Board is responsible for the general policy, strategy and oversight of APX-ENDEX Clearing and Settlement arrangements.

The Clearing Management Board's remit is entire APX-ENDEX and any cooperation which may be entered into. The Board consists of APX-ENDEX's CFO, COO, Head of Risk and Compliance, Head of Market Surveillance & Operations, Finance Manager and Corporate Lawyer, with additional attendance by appointed expert business executives. Other persons attend meetings of the Board from time to time if this is considered desirable to assist the Board in the fulfillment of its duties.

A review of its performance is conducted annually, to ensure that the Board is provided with sufficient resources to undertake its duties and responsibilities, as specified in the Board's Terms of Reference.

During 2012 APX-ENDEX operated an internal control framework. Progress included the further development of the internal control framework, drawing upon the widely used COSO integrated framework for internal control, which monitors approximately 250 business risks on a half-yearly basis. Features of the framework include periodic analysis of risks to the business objectives of APX-ENDEX and an integrated system of risk and control monitoring and reporting.

The set-up of the risk management and control system relies for an important part on risk self-assessment by line management. Significant steps have been made in process and control documentation and increasing risk awareness to further enhance the risk management and control framework.

An Internal Auditor, who reports directly to the CEO, was appointed in 2012.

The risk management framework does not provide absolute assurance on achieving corporate objectives, nor does it give absolute assurance that material errors, losses, fraud or violations of laws and regulations will not occur in the operational processes and/or the financial reporting.

Having assessed its internal risk management and control systems, the Executive Board is of the opinion that the company's risk management and control systems provide reasonable assurance that this representation of the financial position of the company does not contain material inaccuracies.

The internal risk management and control system also addresses operational and compliance risks. The major compliance objectives of the company relate to tax, energy industry regulation and financial services regulation. The major operational objectives of the company relate to core business administration and planning, 'macro' external factors, project management, customer relations, (ICT) systems development and management, transaction processing, default management and financial processes. The risk management and control systems provide reasonable assurance that all material risks and corresponding measures have been identified and assessed. Within these arrangements, responsible individuals are required to make a formal statement to the management board surrounding the adequacy and effectiveness of the controls for which they are responsible. Where material gaps between risks and measures have been identified, actions are being undertaken to close these gaps.

5.3 Code of Conduct

The Dutch Code stipulates that a Code of Conduct should be in operation at listed companies. APX-ENDEX has decided to adopt this aspect as well, albeit that it has placed it in a broader context, with newly adapted core values 'team spirit', 'accountability', 'integrity', 'entrepreneurship', 'reliability' and 'market orientation' commanding a prominent position in the APX-ENDEX organisation.

5.4 Whistleblower Regulations

The Dutch Code recommends that a set of Whistleblower Regulations should be in place for all listed companies, so as to make it possible for employees to report alleged irregularities of a general, operational and/or financial nature within the company without their legal status being jeopardised. APX-ENDEX also implemented a whistle blower policy which can be found on the corporate website.

6 Non-Compliance with Corporate Governance Requirements

Since APX-ENDEX chooses a voluntary adoption of the Dutch Code, and due to the nature of not being a listed company, a number of 'best practice' provisions have not been (fully) adopted, as set out below:

Executive Board

- | | |
|------------------|---|
| II.1.1 | APX-ENDEX is moving to a policy of appointment with a maximum duration of 4 years. Current appointment contracts are for a duration ranging from 4 to 6 years. |
| II.1.6 | Since APX-ENDEX is not a listed company, the sensitivity of results of APX-ENDEX to external factors and variables is not described in the annual report, but is discussed in the General Meeting of Shareholders. |
| II.2.2 | Scenario analyses have not been carried out explicitly in designing the remuneration structure. Remuneration elements are capped and the company takes a long-term view in granting remuneration elements. |
| II.2.4 - II.2.7 | APX-ENDEX does not operate a system of remuneration in the form of share options. |
| II.2.12, II.2.13 | Given the fact that APX-ENDEX is not a listed company, the remuneration report of the Supervisory Board is not published externally but is submitted to the General Meeting of Shareholders. The most important elements of the report are included in the notes to the financial statements. |
| II.2.14 | The main elements of the contracts with members of the Executive Board are not made public as APX-ENDEX is not a listed company. The notes to the annual accounts shall contain the information prescribed by law on the level and structure of the remuneration of the individual managers. |

Supervisory Board

- | | |
|-------------------|--|
| III.2.1 | Some members of the Supervisory Board have an indirect relationship with the company as a result of their position with companies that hold shares in APX Holding B.V. |
| III.7.1, III.7.2 | These provisions deal with shareholdings by Supervisory Board members, which are not applicable. |
| III.8.1 - III.8.4 | These provisions deal with a single-tier administrative set-up and are therefore not applicable to APX-ENDEX. |

General Meeting of Shareholders

Many of the 'best practice' principles pertaining to the General Meeting of Shareholders apply to entities that are listed on a stock exchange. APX-ENDEX is not listed and therefore did not apply these principles.

Financial Statements



Consolidated balance sheet as at 31 December 2012

before profit appropriation
EUR '000

Assets	Ref.	31 December 2012	31 December 2011
Non-current assets			
Intangible assets	8	22,000	38,343
Property, plant and equipment	9	1,817	2,043
Deferred income tax assets	10	371	827
Total non-current assets		24,188	41,213
Current assets			
Accounts receivable	11	1,616	1,627
Debtors relating to energy transactions	11	217,505	302,606
Other receivables	12	14,998	5,204
Derivative financial instruments	13	1,379	586
Prepayments and accrued income		5,803	5,219
Collateral in cash	14	389,852	566,193
Cash and cash equivalents	15	25,315	38,738
		656,468	920,173
Assets from Disposal Group held for distribution	16	22,489	-
Total current assets		678,957	920,173
Total assets		703,145	961,386

Liabilities	Ref.	31 December 2012	31 December 2011
Equity			
Share capital		1,302	1,302
Share premium		20,641	20,641
Foreign currency reserve		3,163	3,371
Retained earnings		16,196	16,192
Unappropriated result		5,494	4,063
Total equity	17	40,470	38,827
Non-current liabilities			
Deferred income tax liabilities	18	3,699	6,093
Total non-current Liabilities		3,699	6,093
Current liabilities			
Accounts payable		1,506	3,622
Creditors relating to energy transactions	19	219,280	307,110
Income tax payable		2,794	1,380
Other liabilities	20	328	4,026
Derivative financial instruments	13	1,379	586
Accruals and deferred income		3,139	2,288
Borrowings	21	33,315	31,261
Liabilities from collateral	14	389,852	566,193
		651,593	916,466
Liabilities from Disposal Group held for distribution	16	7,383	-
Total current liabilities		658,976	916,466
Total liabilities		703,145	961,386

Consolidated profit and loss account 2012

EUR '000

P&L account	Ref.	2012	2011
Revenues	22	28,380	23,663
Operating expenses			
Employee benefits	23	8,727	8,987
Amortisation and depreciation	8,9	2,107	2,027
Other operating expenses	24	12,259	8,823
		<u>23,093</u>	<u>19,837</u>
Operating result		5,287	3,826
Financial income and expenses			
Financial income		1,209	934
Financial expenses		1,332	1,450
	25	<u>123-</u>	<u>516-</u>
Result before taxation		5,164	3,310
Income tax	26	1,641	993
Income from discontinued operations	16	1,971	1,746
Net income		<u>5,494</u>	<u>4,063</u>
Attributable to:			
Equity holders of the company		5,494	4,063
Minority interests		-	-
		<u>5,494</u>	<u>4,063</u>

Income from discontinued operations is net of income tax.

Consolidated statement of comprehensive income 2012

EUR '000

Consolidated statement of comprehensive income	Ref.	2012	2011
Net Income		3,523	2,317
Income from discontinued operations		1,971	1,746
Profit for the year	17	5,494	4,063
Other comprehensive income:			
Currency translation differences	17	208	189
Total comprehensive income for the year		5,702	4,252
Attributable to:			
- Owners of the parent		5,702	4,252
- Non-controlling interest		-	-

Items in the statement above are disclosed net of tax.

Consolidated statement of changes in equity 2012

EUR '000

Equity	Attributable to the equity holders of the company					Total 2011
	Share capital	Share premium	Foreign currency reserve	Retained earnings	Unappropriated result	
Balance as at 1 January	1,302	20,641	3,560-	13,188	3,004	34,575
Result of the year	-	-	-	-	4,063	4,063
Exchange rate differences	-	-	189	-	-	189
Total comprehensive income	-	-	189	-	4,063	4,252
Profit appropriation	-	-	-	3,004	3,004-	-
Dividend	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Transaction with owners	-	-	-	-	-	-
Balance as at 31 December	1,302	20,641	3,371-	16,192	4,063	38,827

Equity	Attributable to the equity holders of the company					Total 2012
	Share capital	Share premium	Foreign currency reserve	Retained earnings	Unappropriated result	
Balance as at 1 January	1,302	20,641	3,371-	16,192	4,063	38,827
Result of the year	-	-	-	-	3,523	3,523
Result from discontinued operations	-	-	-	-	1,971	1,971
Exchange rate differences	-	-	208	-	-	208
Total comprehensive income	-	-	208	-	5,494	5,702
Profit appropriation	-	-	-	4,063	4,063-	-
Dividend	-	-	-	4,063-	-	4,063-
Other	-	-	-	4	-	4
Transaction with owners	-	-	-	4,059-	-	4,059-
Balance as at 31 December	1,302	20,641	3,163-	16,196	5,494	40,470

The foreign currency reserve is a non-distributable reserve.

Consolidated cash flow statement 2012

EUR '000

Consolidated cash flow statement	Ref.	2012	2011
Cash flow from clearing activities	29		
Power purchases		4,361,118	3,562,783
Gas purchases		4,190,057	3,135,273
Carbon purchases		-	7,202
		<u>8,551,175</u>	<u>6,705,258</u>
Power sales		4,361,118-	3,562,783-
Gas sales		4,190,057-	3,135,273-
Carbon sales		-	7,202-
		<u>8,551,175-</u>	<u>6,705,258-</u>
		-	-
Cash flow from operating activities	30		
Cash generated from operations		1,323	10,225
Income tax paid		1,134-	531-
Interest received		1,085	981
Interest paid		1,355-	1,542-
Operating cash flows from discontinued operations		<u>10,529-</u>	<u>-</u>
		<u>10,610-</u>	<u>9,133</u>
Cash flow from investment activities			
Investments in intangible assets		803-	1,689-
Investments in subsidiaries net of cash acquired		-	-
Investments in property, plant and equipment		725-	1,461-
Investments cash flows in discontinued operations		<u>705-</u>	<u>-</u>
		<u>2,233-</u>	<u>3,150-</u>
Cash flow from financing activities			
Addition to equity by shareholders		-	-
Borrowings		5,000-	-
Dividend paid		4,063-	-
Financing cash flows from discontinued operations		5,841-	-
Dividend received from discontinued operations		5,841	-
Cash received from disposal group		<u>1,429</u>	<u>-</u>
		<u>7,634-</u>	<u>-</u>
Exchange rate differences on cash		-	135
Cash flow		<u>20,477-</u>	<u>6,118</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		38,738	17,217
Bank overdrafts at 1 January		<u>26,261-</u>	<u>10,858-</u>
Net cash and cash equivalents 1 January		<u>12,477</u>	<u>6,359</u>
Cash and cash equivalents at 31 December		25,315	38,738
Bank overdrafts 31 December		<u>33,315-</u>	<u>26,261-</u>
Net cash and cash equivalents at 31 December		<u>8,000-</u>	<u>12,477</u>

The negative cash flow of EUR 20.5 million is due a number of one off items, being the change in settlement cycle of the gas storage market (EUR 10.5 million), the repayment of a loan (EUR 5 million), the payment of a dividend (EUR 4.1 million), a significant increase in cross border energy transactions resulting in higher collateral requirements with foreign clearing houses and TSOs (EUR 5 million), and the prefinancing of VAT (EUR 5.6 million). The cash outflow is partly compensated by cash generated from operations including working capital fluctuations.

Notes to the Consolidated Financial Statements

1. General notes

These are the consolidated financial statements of APX Holding B.V. The information disclosed below reflects the situation of the company as per 31 December 2012. On 1 March 2013, the Group reorganised its current combined gas and power businesses into two separate companies: a power spot and clearing business and a derivatives and gas spot business (see also note 28 subsequent events). As a result of the reorganisation, the derivatives and gas spot business has been demerged from the existing Group structure. The name of APX-ENDEX Holding B.V. was subsequently changed into APX Holding B.V. The corresponding assets and liabilities have been classified held for distribution. In the notes to the consolidated financial statements, APX-ENDEX will be referred to as the group it was during 2012. Any changes resulting from the disposal of the gas and derivatives business as described in the Director's report are not included in the notes below unless disclosed separately.

The Profit and Loss statement for 2012 and 2011 have been restated, as required under IFRS 5, as if the business was already operating according to the structure described above. As a result, the P&L and its underlying disclosures present the (allocated) financial results for the power spot and clearing business. The (allocated) income generated from the derivatives and gas spot business is disclosed as income from discontinued operations.

APX-ENDEX is an independent, fully electronic exchange that provides anonymous trade on electricity and gas markets. Trades are being offered on the spot and derivatives market for both electricity and gas. APX-ENDEX has two main activities: operating or servicing energy exchanges and clearing services for contracts that arise on these exchanges. APX-ENDEX's business focus is on products with physical delivery, within-day, day-ahead or longer-dated products. APX-ENDEX provides producers, distributors, industrial groups, traders and brokers with standardised products to sell and purchase energy. By offering central counterparty clearing in all transactions, anonymity for members is retained.

APX-ENDEX is a trading name for APX Holding B.V. and its subsidiaries. APX Holding B.V. is a limited liability company incorporated and domiciled in the Netherlands. The address of its registered office is Hoogoorddreef 7, 1101 BA in Amsterdam.

APX-ENDEX acts as counterparty in the trades on the exchanges it operates or services, with exception of the longer-dated derivative products, for which all clearing activities are outsourced to ECC A.G.

On 31 December 2012, the shares of APX Holding B.V. were owned for 56.05% by TenneT Holding B.V., for 20.88% by N.V. Nederlandse Gasunie and for 23.07% by Elia System Operator S.A. The financial statements are also part of the consolidated annual accounts of TenneT Holding B.V.

These consolidated financial statements have been prepared and signed by the Executive Board and recommended for approval in the Supervisory Board meeting on 20 March 2013. These statements are expected to be approved for issue by the General Meeting of Shareholders on 5 April 2013.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group financial statements have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards as adopted by the European Union (“IFRS”). The principles of valuation are based on a historical cost basis, with the exception of derivative financial instruments and financial assets. The financial statements are presented in Euros and all values are rounded off to the nearest EUR 1,000 except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 7.

2.2 New and amended standards adopted by the Group

2.2.1 *New standards, amendments and interpretations issued effective for the financial year 2012*

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the group.

2.2.2 *New standards, amendments and interpretations issued but not effective for the financial year beginning after 1 January 2012 and not early adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- Amendment to IAS 1, ‘Presentation of financial statements’ – presentation of items of other comprehensive income. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the

future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The group intends to adopt the amendment to IAS 1 no later than the accounting period beginning on 1 January 2013.

- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on 1 January 2013.

2.3 Basis of consolidation

Subsidiaries are all entities over which APX Holding B.V. has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. Assets, liabilities and income of all subsidiaries are fully included in the consolidated financial statements. The consolidated financial statements comprise of the financial information from the subsidiaries as outlined below. As a result of the demerger transaction executed on 28 February 2013, a number of subsidiaries had their names changed to reflect the new company structure:

- APX-ENDEX Holding B.V., Amsterdam, the Netherlands (100%) (APX Holding B.V. as of 28 February 2013)
- APX-ENDEX Power B.V., Amsterdam, the Netherlands (100%) (APX Power B.V. as of 28 February 2013)
- APX-ENDEX Gas B.V., Amsterdam, the Netherlands (100%) (ENDEX Gas B.V. as of 28 February 2013)
- APX-ENDEX Derivatives B.V., Amsterdam, the Netherlands (100%) (ENDEX Derivatives B.V. as of 28 February 2013)
- APX-ENDEX Clearing B.V., Amsterdam, the Netherlands (100%) (APX Clearing B.V. as of 28 February 2013)
- APX-ENDEX Balancing B.V., Amsterdam, the Netherlands (100%) (APX Balancing B.V. as of 28 February 2013)
- APX Staffing B.V., Amsterdam, the Netherlands (100%), incorporated on 12 November 2012
- ENDEX Holding B.V., Amsterdam, the Netherlands (100%), incorporated on 6 November 2012
- ENDEX Gas Spot Ltd., Nottingham, UK (100%), incorporated on 16 October 2012
- APX Commodities Ltd., Nottingham, UK (100%)
- Belpex S.A., Brussels, Belgium (100%)

All Intercompany transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have

been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Foreign currencies

The Euro (EUR) is the functional currency of the parent company and the presentation currency of the Group. All subsidiaries, except APX Commodities Ltd. and ENDEX Gas Spot Ltd. have the Euro as functional currency. APX Commodities Ltd. and ENDEX Gas Spot Ltd. have Pound Sterling (GBP) as functional currency. The value of GBP denominated assets and liabilities of foreign subsidiaries included in the consolidation, have been translated at the exchange rate prevailing at the balance sheet date. The exchange rate used at 31 December 2012 is 1.225 EUR/GBP (1.197 EUR/GBP at 31 December 2011); income and expenses are recognised at the average rate during the financial year of 1.233 EUR/GBP (1.152 EUR/GBP for 2011). The resulting conversion differences are carried over to the translation reserve within the shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Transactions in foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of the balance sheet date. Gains and losses resulting from transactions in foreign currency are recognised in the income statement.

3. Principles of valuation of assets and liabilities

3.1 Intangible assets

3.1.1 Goodwill

Goodwill represents the excess of the consideration paid of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

3.1.2 Contractual Customer relationships

Contractual customer relationships acquired in a business combination are initially recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

3.1.3 Technical Infrastructure

Technical infrastructure (trading platform) is valued at acquisition- or production cost and amortised on a straight-line basis over the estimated useful life of three years. Impairment of intangible assets at the balance sheet date is taken into account. Annually, the residual values and useful lives of plant, property and equipment are reviewed and changed if required.

3.1.4 Assets under construction

Assets under construction are valued at acquisition- or production cost until the asset is becoming operational and contributing to the company's business. Once the asset becomes operational, the cumulative acquisition- or production cost will be reclassified as technical infrastructure and subsequently amortised on a straight-line basis over its estimated useful life.

3.2 Property Plant and Equipment

Property, plant and equipment are stated at acquisition cost including directly attributable expenses, less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis, less residual value, over the estimated useful life. The estimated useful life for hardware and fixtures and fittings is three or five years. The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances require. Given the nature of the property, plant and equipment, costs of maintenance are expensed as incurred.

Annually, the residual values and useful lives of plant, property and equipment are reviewed and changed if required.

3.3 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

3.4 Financial assets

Financial assets are classified either at fair value through profit or loss or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets,

except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which APX-ENDEX commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and APX-ENDEX has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

If the market for a financial asset is not active (e.g. unlisted securities), APX-ENDEX establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

APX-ENDEX assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

3.5 *Deferred income taxes*

Deferred income tax is determined, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and taxation purposes. The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, are recognised except if both of the following conditions are satisfied: APX-ENDEX is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets for temporary differences arising between the tax base of assets and their carrying amounts in the consolidated financial statements are recognised in full. The tax effects of losses available for carry forward are recognised as an asset where it is probable that future taxable profits will be available against which these losses can be utilised.

3.6 *Derivative financial instruments*

With the exception of the trades on the exchanges within APX-ENDEX Derivatives B.V., APX-ENDEX acts as counterparty in the trades on the exchanges it operates or services. Before delivery, the existing contracts are accounted for as derivative financial instruments, which have a market value of zero at contract date. With time,

the market price may change. If the market price differs from the contract price, the derivative value becomes positive or negative. The value of the derivatives arising from undelivered positions is shown separately on the face of the balance sheet. Since APX-ENDEX is counterparty to both sides of the trade, the net position for APX-ENDEX is always zero. Fair value amounts are calculated using observable market prices.

Derivatives are recognised at fair value on the date the contract is entered into and subsequently re-measured at fair value. Changes in fair value are recognised in the income statement. Due to the fact that APX-ENDEX functions as central counterparty and takes no positions itself, impact on the income statement is expected to be zero. Hedge accounting has not been applied. Derivative financial instruments can be assets as well as liabilities.

3.7 Assets & liabilities held for distribution

Assets and liabilities held for distribution are defined as a group of current and non-current assets or liabilities that are directly attributable to a disposal group available for immediate distribution to the owners of the Group and highly likely to be disposed within a year. Assets and liabilities held for distribution have been stated at the lower of the asset's or liability's carrying value and fair value less costs to sell.

3.8 Accounts receivable

Accounts receivable are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade receivables is established when there is objective evidence that APX-ENDEX will not be able to collect all amounts due according to the original terms of receivables. Significant debtor financial difficulties, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is not collectable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

3.9 Collateral in cash

Collateral in cash is collateral provided to APX-ENDEX by members to cover trading margin requirements. This includes cash collateral held in 'in name of accounts' only. For the cash collateral balances held in the 'in name of accounts', APX-ENDEX has recognised an offsetting liability to the members.

3.10 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and cash in hand. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.11 Provisions

Provisions are recognised when the Group has a current obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the

effect of the time value of money on the quantification of the provision is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. An increase in the provision due to the passage of time is recognised as a finance charge.

3.12 Employee benefits

3.12.1 Pension Obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit plans operated within the Group qualify as multi-employer fund. IAS 19 requires that information such as the assets and liabilities relating the defined benefit scheme is disclosed. Since the multi-employer fund cannot provide this type of information on an employer level the pension is treated as a defined contribution scheme.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.12.2 Profit Sharing and bonus plans

The Group recognises a liability for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3.13 Borrowings

Borrowings are initially recognised at their fair value, net of transaction costs incurred and subsequently measured at amortised cost. Loans are classified as current unless the company has the right to defer settlement for at least 12 months after balance sheet date.

3.14 Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4. Principles for determination of results

4.1 Revenue

Revenue is recognised in the period in which services are rendered, to the extent that it is probable that the economic benefits will flow to the company and if the revenue can be measured reliably. APX-ENDEX recognises the following types of revenue:

4.1.1 Membership fees

Membership fees are fixed fees invoiced in advance to the members on a monthly basis. Membership fees are recognised in the income statement in the period to which the membership fee relates.

4.1.2 Transaction fees, Clearing & Settlement fees

Transaction fees and Clearing & Settlement fees are volume based fees. The revenues are recognised in the income statement in full upon settlement of outstanding transactions. At year end, transaction fees related to unsettled transactions are accrued in the income statement.

4.1.3 Collateral income

Income from collateral is the amount of fees received on the collateral provided to APX-ENDEX in relation to clearing services. Collateral income is recognised in the income statement. Fees earned but not yet received at the end of the year are accrued in the income statement.

4.1.4 Service Income

Service income includes income from third parties who receive non exchange services from APX-ENDEX. These services include, but are not limited to, compensations for market coupling services provided to transmission system operators or other power exchanges. Furthermore, APX-ENDEX provides several market data services, where the income related to these services is recognised as service income as well. Service income is recognised in the income statement when invoiced. Amounts not invoiced at year end are accrued.

4.2 Financial income and expenses

Financial income and expenses are calculated using the effective interest rate method. Gross interest income and expenses from the notional cash pooling and foreign exchange gains and losses are also included.

4.3 Income tax

The tax expense for the year comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4.4 Income from discontinued operations

Income from discontinued operations is any income attributable to assets and liabilities held for distribution (see note 3.7). Income from discontinued operations is presented as a distinctive line item in the group income statement and disclosed separately in the notes.

5. Principles for determining cash flows

5.1 Cash flow statement

Cash flows are calculated using the indirect method.

5.2 Cash flow from clearing activities

APX-ENDEX acts as counterparty in the trades on the exchanges it operates or services, with the exception of derivative trades concluded on the exchange operated by APX-ENDEX Derivatives B.V. This results in cash flows relating from the purchase side of the contracts and the sale side of the contracts. Although these cash flows do not impact the profit and loss statement directly, they are shown separately in the cash flow statement since they explain the significance of some of the line items on the face of the balance sheet.

5.3 Cash flow from discontinued operations

Cash flows from discontinued operations are any cash flows attributable to assets and liabilities held for distribution (see note 3.7). Cash flow from discontinued operations is presented separately in the group cash flow statement.

6. Financial risk management

The activities of the APX-ENDEX group of companies can be considered as two distinct areas for the purposes of financial risk management: the clearing activities and the corporate activities.

6.1 Clearing activities

The clearing activities relate to the central counterparty (CCP) role which is performed by APX-ENDEX Clearing B.V. and APX Commodities Ltd. for spot power & gas markets. APX-ENDEX Derivatives B.V. has outsourced the clearing of derivative transactions to ECC A.G. and as a result does not face market or credit risk on the contracts established on the exchange.

The clearing activities for spot markets exposes the Group to a number of financial risks, principally credit risk, liquidity risk and market risk (e.g. energy price and interest rate). To manage these risks the group has established a Clearing Management Team (CMT) which is responsible for the oversight and direction of all aspects of the CCP business of APX-ENDEX Clearing B.V. and APX Commodities Ltd. and for review of the risk management policies. It is comprised of the CFO and COO who are advised by managers from relevant areas of the business and meets regularly throughout the year.

6.1.1 Credit Risk

As CCP, APX-ENDEX bears credit risk exposure on clearing members as well as banks and financial institutions.

Credit risk arising from energy transactions

APX-ENDEX acts as counterparty in the contracts that are established on each of the spot exchanges it services. As central counterparty, APX-ENDEX does not assume a net position in the energy markets, since it always assumes an equal buying and selling position. In relation to the financial settlement, the Group faces the risk that the buyer fails to pay. Nevertheless, the underlying position will have to be paid to the seller. This risk is mitigated by operating a margining framework where credit risk is quantified and collateralised in full.

Current assets arising from energy transactions amounted to EUR 218 million per year-end 2012 (year-end 2011: EUR 309 million). The top five energy debtors (energy only) make up 41% of the total position per year-end 2012 (year-end 2011: 38%), indicating an increase in concentration of credit risk. All outstanding positions have been settled in 2013.

Credit risk arising from banks and financial institutions

In relation to the margining framework for energy transactions, APX-ENDEX manages a significant amount of cash collateral and irrevocable Letters of Credit, both of which result in a credit risk exposure to banks and financial institutions.

All cash collateral balances are held with a single commercial bank, which has a rating of A (S&P rating). Current assets (collateral and corporate cash) held with this bank amounted to EUR 415 million on 31 December 2012 (31 December 2011: EUR 573 million), which results in a concentration of credit risk.

APX-ENDEX accepts Letters of Credit as collateral with a maximum value of 10 million (EUR or GBP depending on the market) per bank per member. This does not limit exposure to individual banks but it would require a double default of both the issuing bank and the member for the Group to be affected. A minimum rating of A- (S&P rating) is required for irrevocable Letters of Credit. At 31 December 2012 Letters of Credit with a value of EUR 674 million were held by APX-ENDEX (31 December 2011: EUR 624 million).

The CMT regularly monitors credit information such as ratings and CDS spreads of banks and financial institutions to which it has an exposure.

6.1.2 Market Risk

As CCP, APX-ENDEX faces energy price risk from the settlement of energy transactions and interest rate risk from the management of cash collateral balances.

Energy price risk

As central counterparty APX-ENDEX does not assume a net position in the energy markets since it always takes both a buying and selling position for equal amounts. Changes to energy prices have no impact on equity or the income statement.

In relation to the delivery of the physical position, APX-ENDEX faces the risk that the seller fails to deliver. To meet the delivery position towards the buyer APX-ENDEX would either need to buy the position in the market or face imbalance charges from the TSO; both result in a market price risk. APX-ENDEX uses a margining framework to mitigate this risk. Uncertain exposures are collateralised according to prudent estimations, and, owing to the imperfection of estimates and their vulnerability to extreme market events, are covered in addition by a default fund. The default fund mutualises residual losses over the market members.

Interest rate risk

APX-ENDEX operates two types of cash collateral accounts: escrow and 'in name of' accounts. Members using escrow accounts receive interest at market rates; only a handling fee is charged. 'In name of' accounts are operated on behalf of the member by the Group and are subject to an interest haircut such that an increase in interest rates will increase revenues until the haircut cap is reached. APX-ENDEX faces interest rate risk on the spread between interest received from the bank and that paid to members.

Members are free to switch from 'in name of' accounts to escrow and at 31 December 2012 47% of accounts were escrow accounts (2011: 38%), holding a balance of EUR 361 million (2011: EUR 281 million).

Based on the 2012 volatility in interest rates, data indicates that an upward or downward shift of 34 basis points in interest rates is a reasonable sensitivity that could have affected the Group's results. If interest rates would have been 34 basis points higher during 2012, this would increase collateral interest and therefore profit before tax by EUR 1.7 million. If interest rates had been 34 basis points lower, collateral interest would have been EUR 1.8 million lower.

6.1.3 Liquidity risk

The liquidity risks faced by APX-ENDEX which arise from the clearing business are mainly related to default by a member, the pre-financing of VAT on energy transactions, collateral requirements of counterparties and pre-financing of energy transactions related to market coupling.

Liquidity risks associated with member default are managed through the margining framework, collateral policy and through the structure of the settlement process. Where a particular market such as the UK Gas market is deemed to have a high liquidity risk then a buffer is built in to the settlement process so receipts occur on one day and payments the next. The other risks are covered through the availability of credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and credit facilities. APX-ENDEX has in place credit facilities of EUR 25 million, bank guarantees with a total value of EUR 10.0 million issued on its behalf, and a structure where it uses collateral from members as a security for the prefinancing of cross border energy transactions where required. The CMT monitors headroom analysis which is performed by comparing net debt against total committed and uncommitted credit facilities and takes into consideration covenant compliance and regulatory requirements.

6.2 Corporate activities

The non-clearing activities of the group expose it to a number of financial risks, principally: market risk (interest rate and foreign exchange), liquidity risk and credit risk. The Group has a centralised treasury function to manage these risks in accordance with policies approved by the Executive Board.

6.2.1 Market Risk

Interest rate risk

APX-ENDEX is exposed to interest rate risk from a corporate perspective on its interest bearing liabilities and interest bearing assets.

The exposure relating to interest rate risk from a financing perspective is caused by loans and overdrafts. During 2012 APX-ENDEX had an external loan which had a rate that was fixed on monthly basis. The overdraft facilities are based on a daily rate.

Based on the 2012 volatility in interest rates, data indicates that an upward or downward shift of 34 basis points in interest rates is a reasonable sensitivity that could have affected the Group's results. If interest rates would have been 34 basis points higher during 2012, this would have resulted in a minimal increase in financial expenses (<EUR 10,000). If interest rates had been 34 basis points lower during 2012, this would have resulted in a decrease of financial expenses of EUR 18,000.

Foreign exchange risk

APX-ENDEX has business activities in both Euro and Pound Sterling. The Group has a natural hedge in the sense that Euro revenues are mostly associated with Euro costs and Pound Sterling revenues with Pound Sterling costs. No active hedging policy is currently in place relating to foreign exchange transaction risk. Neither is the translation risk of the net asset value of foreign subsidiaries hedged.

For subsidiaries with a Pound Sterling functional currency the translation risk for both monetary and non-monetary assets and liabilities materialises in the foreign exchange reserves shown under equity. The changes in foreign exchange rate have resulted in an increase of the foreign exchange reserve of EUR 0.2 million (2011: increase of EUR 0.2 million). The translation risk of monetary assets and liabilities denominated in a different currency to the functional currency materialises in the financial income and expenses. The foreign exchange gain in 2012 amounts to EUR 0.1 million (2011: EUR 0.1 million loss).

If exchange rates would have been higher by 0.10 EUR/GBP during 2012 this would increase profit by EUR 0.2 million. Equity would be increased by EUR 0.4 million from the EUR 0.2 million increase in the result of the year and EUR 0.2 million due to exchange rate differences in the foreign currency reserve.

6.2.2 Credit Risk

From a corporate perspective, APX-ENDEX faces credit risk from non-energy trade debtors and receivables. Credit risk on these positions is monitored regularly. Current assets with regular trade debtors and other receivables amounted to EUR 19.6 million per 31 December 2012 (31 December 2011: EUR 6.8 million). The year-end amounts of the current assets can be taken as an indication of the current maximum credit risk exposure.

6.2.3 Liquidity Risk

APX-ENDEX faces liquidity risk from its corporate activities. Prudent liquidity risk management implies maintaining sufficient cash and credit facilities to ensure obligations can be settled as they become due. Rolling cashflow forecasts are monitored and headroom analysis is performed by comparing net debt against total credit facilities.

6.3 Capital risk management

APX-ENDEX's objectives for managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders. In addition it aims to maintain an optimal capital structure to reduce the cost of capital.

During 2012 the main sources of finance have been equity, the bank overdraft facility and a loan of EUR 5 million, which was repaid in November 2012. In relation to the regulatory status of some of the markets the Group operates in, APX-ENDEX faces financial requirements set by regulators (AFM in the Netherlands and FSA in the United Kingdom). Both requirements are based on sufficient capital being available to enable an orderly transfer of business over a three month period. APX-ENDEX monitors these requirements on a regular basis and has complied with them during 2012.

7. Critical accounting estimates and judgements

Estimates and judgements are continually re-assessed. They are based on historical experience and other factors including reasonable expectations of future events. The underlying estimates and judgements of significant balances in the financial statement are discussed below.

7.1 Estimated impairment of goodwill

Goodwill and other intangible assets are tested on an annual basis whether these are subject to a possible impairment charge, in accordance with the accounting policy stated in note 3.3. The recoverable amounts of cash generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of estimates. The outcome of the annual impairment tests on goodwill and other intangible assets are disclosed in note 8.

7.2 Assets held for distribution

APX-ENDEX's shareholders have signed into an agreement to split the existing business into two standalone businesses, a Power Spot and a Gas Spot and Derivatives business (see note 16 for details). From an accounting perspective, management concluded that assets and liabilities related to the Gas Spot and Derivatives business classify as disposal group as defined under IFRS 5 and must be presented as held for distribution as from 31 December 2012. The disposal group is valued at its carrying amount and did not require any valuation estimations. Income attributable to the disposal group must be presented separately in the group's income statement. As it is not possible in all cases to identify costs directly attributable to the disposal group, certain estimations were made by management.

7.3 Income taxes

The Group is subject to income taxes in numerous jurisdictions. Certain judgements are required in determining the income tax position

7.4 Fair value estimates

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative financial instruments are stated at their fair value on the balance sheet date. The fair value is based on quoted prices in active markets for identical assets or liabilities. These estimates fall into the level 1 category of the IFRS fair value

hierarchy. Level 1 is defined as valuations based quoted prices in active markets for identical instruments, whereas level 2 would be based on observable market prices of comparable instruments and level 3 estimates are based on internal valuation models

All other financial instruments are measured at cost. For all financial instruments the face value on the balance sheet is equal to the fair value of the financial instrument unless specified otherwise. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments

The classification of financial instruments is stated in the table below.

Financial instruments per class	31 December 2012		31 December 2011	
	Loans, receivables, payables	assets at fair value through profit and loss	Loans, receivables, payables	assets at fair value through profit and loss
Trade debtors	1,616	-	1,627	-
Debtors relating to energy transactions	217,505	-	302,606	-
Other receivables	17,997	-	5,204	-
Derivative financial instruments	-	1,379	-	586
Collateral in cash	389,853	-	566,193	-
Cash and cash equivalents and requirements	25,315	-	38,738	-
Total financial instruments as assets	652,286	1,379	914,368	586
Trade creditors	1,506	-	3,622	-
Creditors relating to energy transactions	219,280	-	307,110	-
Income tax payable	2,794	-	1,380	-
Other liabilities	3,328	-	4,026	-
Derivative financial instruments	-	1,379	-	586
Borrowings	33,315	-	31,261	-
Liabilities from collateral	389,852	-	566,193	-
Total financial instruments as liabilities	650,075	1,379	913,592	586

8. Intangible assets

The net carrying amount of the intangible assets can be specified as follows:
(EUR '000)

Intangible assets	Goodwill	Membership Commitment	Membership Portfolio	Technical Infrastructure	Assets under construction	Total 2011
Acquisition or production costs	20,635	10,967	13,295	7,245	60	52,202
Accumulated impairment and amortisation	2,002	1,994	2,168	6,014	-	12,178
Net bookvalue as at 1 January	18,633	8,973	11,127	1,231	60	40,024
PPA adjustment Belpex - at cost	277-	-	-	526-	-	803-
Additions	-	-	-	160	1,529	1,689
Reclassifications	-	-	-	519	519-	-
Amortisation	-	997-	1,151-	477-	-	2,625-
Impairment charges	-	-	-	-	-	-
Exchange rate differences	58	-	-	-	-	58
Book value as at 31 December	18,414	7,976	9,976	907	1,070	38,343
Acquisition or production costs	20,416	10,967	13,295	7,398	1,070	53,146
Accumulated impairment and amortisation	2,002	2,991	3,319	6,491	-	14,803
Net book value as at 31 December	18,414	7,976	9,976	907	1,070	38,343

Intangible assets	Goodwill	Membership Commitment	Membership Portfolio	Technical Infrastructure	Assets under construction	Total 2012
Acquisition or production costs	20,416	10,967	13,295	7,398	1,070	53,146
Accumulated impairment and amortisation	2,002	2,991	3,319	6,491	-	14,803
Net bookvalue as at 1 January	18,414	7,976	9,976	907	1,070	38,343
Additions	-	-	-	21	1,478	1,499
Amortisation	-	997-	1,151-	461-	-	2,609-
Impairment charges	-	-	-	-	27-	27-
Exchange rate differences	47	-	-	-	-	47
Reclassifications to tangible assets	-	-	-	1,759	1,591-	168
Transfer to disposal group	7,512-	10,967-	2,771-	285-	380-	21,915-
Transfer of cumulative amortization to disposal group	-	3,988	2,497	9	-	6,494
Disposal	-	-	-	189-	-	189-
Accumulated depreciation disposal	-	-	-	189	-	189
Book value as at 31 December	10,949	-	8,551	1,950	550	22,000
Acquisition or production costs	12,951	-	10,524	8,704	577	32,756
Accumulated impairment and amortisation	2,002	-	1,973	6,754	27	10,756
Net book value as at 31 December	10,949	-	8,551	1,950	550	22,000

The transfers to disposal group show the transfers of intangible fixed assets to assets held for distribution in 2012, due to the split of the company.

8.1 Goodwill, membership commitment and membership portfolio

The goodwill, membership commitment and membership portfolio are allocated to two different Cash Generating Units (CGUs), being the power spot and clearing CGU and the gas spot and derivatives CGU where the assets are tested for impairment where the recoverable amount, being defined as fair value less costs to sell. The gas spot and derivatives CGU is based on an observable market price, being the price stated in a binding share purchase agreement for that CGU (see also note 28 subsequent events). The recoverable amount of the power spot and clearing CGU is based on management projections. All intangible assets have been tested for impairment

separately and there is no reason for impairment. The recoverable amounts attributable to the underlying CGUs exceeded the carrying amount in all individual cases, providing significant headroom for deviations in the underlying assumptions.

8.1.1 Power spot and clearing CGU

The power spot and clearing CGU contains the assets as specified in the table below. The assets were recognised based on the acquisition of the Dutch spot market activities in May 2001 and the acquisition of the Belpex business in October 2010. The carrying amount of these intangible assets has been tested for impairment under the following assumptions:

Impairment test Assumptions Power spot and clearing CGU	
Goodwill	10,949
Membership portfolio	8,552
Discount rate	10%
Average EBITDA margin	32%
5 year Revenue growth	10%

8.2 Technical infrastructure

APX-ENDEX runs its spot market exchanges on a trading platform called EuroLight. Development costs for the trading platform have been recognised as technical infrastructure. There were no triggering events giving rise to a possible impairment at 31 December 2012.

8.3 Assets under construction

APX-ENDEX has a number of ongoing projects that contribute to the development of its technical infrastructure. Cumulative investments made for ongoing development that were not operational on 31 December 2012 are recognised under assets under construction.

9. Property, plant and equipment

The net carrying amount of property, plant and equipment can be specified as follows:

Property, plant and equipment	Hardware	Fixtures and fittings	Assets under construction	Total 2011
Acquisition or production costs	2,540	631	529	3,700
Accumulated impairment and depreciation	1,803	602	-	2,405
Net book value as at 1 January	737	29	529	1,295
Additions	349	1,002	110	1,461
Reclassifications	31	422	453-	-
Cumulative depreciation of reclassifications	14-	14	-	-
Disposals	780	293	-	1,073
Cumulative depreciation disposals	780-	291-	-	1,071-
Depreciaton	490-	221-	-	711-
Book value as at 31 December	613	1,244	186	2,043
Acquisition or production costs	2,140	1,762	186	4,088
Accumulated impairment and depreciation	1,527	518	-	2,045
Net book value as at 31 December	613	1,244	186	2,043

Property, plant and equipment	Hardware	Fixtures and fittings	Assets under construction	Total 2012
Acquisition or production costs	2,140	1,762	186	4,088
Accumulated impairment and depreciation	1,527	518	-	2,045
Net book value as at 1 January	613	1,244	186	2,043
Additions	595	67	72	734
Reclassifications	555	537-	186-	168-
Cumulative depreciation of reclassifications	107-	107	-	-
Depreciaton	598-	194-	-	792-
Book value as at 31 December	1,058	687	72	1,817
Acquisition or production costs	3,290	1,292	72	4,654
Accumulated impairment and depreciation	2,232	605	-	2,837
Net book value as at 31 December	1,058	687	72	1,817

Assets under construction relate to investments in ongoing projects that are expected to go live in the first half of 2013. Reclassifications show transfers between hardware and fixtures and fittings and a net transfer of EUR 0.2 million to intangible assets. No items of property, plant and equipment were transferred to the disposal group.

10. Deferred income tax assets

The deferred income tax assets relate to fiscal loss compensation and differences in depreciation rates of property, plant and equipment. The tax loss relates to carry forward losses recognised in APX-ENDEX Gas B.V. which is attributable to the disposal group held for distribution, resulting in a reclassification of the full amount to assets from disposal group held for distribution.

Deferred income tax assets	Tax losses	Timing differences	2012	2011
Balance as at 1 January	460	367	827	428
Additions	-	65	65	460
PPA adjustment Belpex	-	-	-	38-
Charges through profit and loss	-	49-	49-	26-
Change in tax rate	-	3-	3-	4-
Exchange rate differences	-	-	-	7
Reclassifications to assets held for distribution	218-	9-	227-	-
Utilization of tax losses in disposal group	242-	-	242-	-
Balance as at 31 December	-	371	371	827

11. Accounts receivable and debtors relating to energy transactions

The table below shows an ageing analysis for outstanding debtors:

Ageing analysis 2011	<1M	1M<3M	3M<1Y	>1Y	Total
Accounts receivable	1,454	162	11	-	1,627
Debtors relating to energy transactions	302,606	-	-	-	302,606
Total debtors	304,060	162	11	-	304,233

Ageing analysis 2012	<1M	1M<3M	3M<1Y	>1Y	Total
Accounts receivable	1,101	411	104	-	1,616
Debtors relating to energy transactions	102,853	114,652	-	-	217,505
Total debtors	103,954	115,063	104	-	219,121

The ageing analysis is based on time since invoice date. At 31 December 2012 none of the debtors relating to energy transactions were due. Of the trade debtors an amount of EUR 1.1 million was not yet due. All positions older than 3 months are expected to be recovered in 2013. For trade debtors relating to energy transactions, no provision for doubtful debt has been formed in relation to the system of credit risk measures in place. Trade debtors and debtors relating to energy transactions have a carrying value equal to their fair value. Credit risk is concentrated since the top five total debtors (energy and other) make up 41% of this balance (2011: 38%). All balances have been settled in January and February 2013.

The significant decreases of debtor balances (29%) are mainly related to energy transactions unsettled. The volumes traded are considerably lower than the same period last year.

12. Other receivables

Other receivables	2012	2011
Amounts due from related parties	3,333	5,190
Other receivables	11,665	14
Balance as at 31 December	14,998	5,204

The carrying values of the other receivable balances are equal to the fair value of these balances.

No provisions for doubtful debtors related to other receivables were taken in 2012 (2011: nil). The amount due from related parties is related to collateral held at TenneT to cover exposure on the Dutch power market. For details on amounts due from related parties, reference is made to note 31.

Other receivables include deposits held as collateral for TenneT (EUR 1.5 million) and for ECC (EUR 4.95 million) and an amount of EUR 4.9 million refers to receivable VAT.

13. Derivative financial instruments

The clearing activities of APX-ENDEX give rise to the following undelivered positions on balance sheet date:

MARKET	POSITION	CONTRACT PRICE	MARKET PRICE	MARKET VALUE (EUR '000)
Power NL (spot)	151,598 MWh	34.24	34.24	-
Power UK (spot)	12,395 MWh	per contract	45.76	1,304
Gas UK (spot)	200,000 Therms	per contract	0.76	-
TTF (spot)	17,202 MWh	per contract	26.06	75
ZTP (spot)	24.00	per contract	26.45	-
TOTAL				1,379

The markets values stated in the table above are defined as the difference between the contract prices as established upon inception of the trade and the fair value of the undelivered position at 31 December 2012.

APX Power NL

Day-ahead contracts traded on 31 December have a delivery date of 1 January of the next year.

APX Power UK

Undelivered positions arise from contracts traded on or before 31 December with delivery in the next year.

APX Gas UK, NL and Zeebrugge

Undelivered positions arise from contracts traded on or before 31 December with delivery in the next year.

Derivatives

Since clearing of contracts on the APX-ENDEX Derivatives exchange is outsourced to a service provider no undelivered positions arise on balance sheet date.

The amount has been recognised as financial instruments under current assets and equally under current liabilities. For detailed information on financial instruments recognised in the balance sheet, reference is made to note 6.3 and 7.5.

14. Collateral in cash

Collateral in cash is cash that is provided to APX-ENDEX in relation to the margining framework for energy transactions. The fair value of the cash collateral held is equal to its book value of EUR 390 million (2011: EUR 566 million). The total balance of on-balance collateral in cash has decreased significantly due to the transfer of member's collateral into off-balance Escrow accounts.

15. Cash

The total cash position of EUR 25.3 million contains cash requirements held in APX-ENDEX Derivatives B.V. and APX Commodities Ltd of EUR 1.3 and EUR 2.2 million respectively. The cash requirements are imposed by local the local regulators AFM and FSA.

16. Disposal Group held as available for distribution

In September 2012 APX-ENDEX announced its intention to reorganise its current combined gas and power businesses into two separate companies: a power spot and clearing business and a derivatives and gas spot business (see Director's report). As a result of the reorganisation, the derivatives and gas spot business will be demerged from the existing Group structure. The corresponding assets and liabilities have been classified held for distribution on 31 December 2012 and are disclosed in detail below.

Assets from disposal group held for distribution	31 December 2012	
Non-current assets		
Intangible assets	15,421	
Property, plant and equipment	0	
Deferred income tax assets	218	
		15,639
Current assets		
Accounts receivable	3,177	
Other receivables	223	
Prepayments and accrued income	324	
Collateral in Cash	1,391	
Cash and cash equivalents	1,736	
		6,850
Total assets from disposal group held for distribution		22,489

The intangibles assets classified as held for distribution are mainly related to the acquisition of APX-ENDEX Derivatives B.V. in 2008, since this entity is fully demerged from the current group.

Liabilities from disposal group held for distribution	31 December 2012	
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Non-current liabilities

Deferred income tax liabilities	1,813	1,813
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Current liabilities

Accounts payable	37	
Creditors relating to energy transactions	-	
Income tax payable	46	
Other liabilities	42	
Accruals and deferred income	890	
Liabilities from cash collateral	1,391	
Borrowings	3,164	
	<u>5,570</u>	

Total liabilities from disposal group held for distribution		<u>7,383</u>
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The deferred income tax liability is reflecting the non-tax-deductible amortisation on the intangible assets listed above.

Income from disposal group held for distribution	2012	2011
Revenues	11,311	10,701
Expenses	<u>8,730</u>	<u>9,007</u>
Result before taxation	2,581	1,694
Income tax	<u>610</u>	<u>52-</u>
Net Income from disposal group held for distribution	<u>1,971</u>	<u>1,746</u>

The revenue comprises income from the Spot Gas and Derivatives markets. The costs are allocated to these markets based on the group transfer pricing policy. The income tax gain in 2011 is due to the recognition of an income tax asset for recoverable losses in ENDEX Gas B.V.

17. Equity

17.1 Share capital

APX Holding B.V. has an authorised capital of EUR 3 million divided into three million shares of EUR 1 each. The total number of shares issued and paid-up is 1,302,506.

17.2 Share premium

The share premium reflects the difference between the nominal value of the shares and the price paid for the shares at the moment of issuing. The distribution of the disposal group to the company's shareholders will reduce the share premium by EUR 8.5 million based on this annual report. The actual amount will differ at the time of transaction.

17.3 Foreign currency reserve

The net asset values of the foreign currency (UK) operations including goodwill are translated to a Euro value. Currency translations are shown as equity movement. The foreign currency reserve relates to the difference resulting from translation of foreign currency participating interests in the UK including goodwill. The foreign currency reserve is a non-distributable reserve.

17.4 Retained earnings

Other reserves comprise appropriated net income of prior years. The distribution of the disposal group to the company's shareholders will reduce retained earnings by EUR 6.6 million. The actual amount will differ at the time of transaction.

17.5 Unappropriated result

The unappropriated result comprises the current year result.

17.6 Dividend

A dividend amount of EUR 4.1 million has been declared and paid out in 2012 (2011: nil).

18. Deferred income tax liabilities

Deferred income tax liabilities	Goodwill	Endex intangibles	Belpex intangibles	2012	2011
Balance as at 1 January	1,133	2,131	2,829	6,093	6,674
Charges through profit and loss	-	318-	263-	581-	581-
Reclassifications	-	1,813-	-	1,813-	-
Balance as at 31 December	1,133	0	2,566	3,699	6,093
To be recovered within 12 months	-	-	263	263	581

The deferred tax liabilities result from intangible assets recognised in the business combinations, which are not identified for tax purposes. The movement of EUR 0.6 million relates to the release of the timing difference (amortisation) during 2012. Deferred tax liabilities related to the ENDEX business are reclassified to liabilities from disposal group held for distribution as these are fully attributable to the derivatives business.

Deferred income tax liability on goodwill relates to the goodwill recognised on the Dutch Spot Market. For tax purposes this goodwill was recognised at transaction date and is fully amortised over the useful life, resulting in a temporary difference. As per the transition to IFRS no amortisation is posted on this amount. In compliance with IFRS the deferred tax liability is included in the balance sheet.

19. Creditors relating to energy transactions

Creditors relating to energy transactions have a carrying value equal to their fair value. All balances have been settled in January and February 2012.

20. Other liabilities

Other liabilities	2012	2011
VAT	155	3,993
Other liabilities	173	33
Balance as at 31 December	328	4,026

The VAT payable position arises due to the mismatch of VAT applied to sale and purchase transactions invoiced. In the situation where a national sale transaction is charged with regular VAT, whereas the VAT reverse charge mechanism is applied to a foreign purchase transaction, a net VAT payable position arises towards the local tax authorities. In the case of an opposite flow (e.g. foreign sale combined with local purchase), a temporary pre-financing would occur resulting in a VAT receivable position. The reduction in the VAT payable position in 2012 is due to the fact that APX-ENDEX is now settling Dutch power and Gas transactions via the VAT Warehouse regime, which reduces that VAT financing exposure on these transactions to zero. The amount under other liabilities is an unsettled intercompany balance.

21. Borrowings

Borrowings APX-ENDEX GROUP	2012	2011
Bank overdrafts	33,315	26,261
Loans	-	5,000
Total borrowings	33,315	31,261

All borrowings are denominated in Euros, and fall due within one year. The borrowings shown in the table above are on a gross basis and can be netted with cash (note 15) to give a net borrowing position of EUR 8 million. This leaves remaining credit facility headroom of EUR 17 million.

Available facilities consist of a EUR 25 million uncommitted overdraft. The EUR 5 million short-term loan was repaid in October 2012. All borrowing facilities have a floating rate. The bank overdraft facility is a Group facility, with all entities able to draw upon it. In December a new 1-year credit agreement for a revolving EUR 25 million committed facility was signed, which is effective from the date of demerger of the disposal group. This is a floating rate facility.

Security has been provided for the borrowing facilities in the form of a pledge of debtors. A joint liability agreement is in place, with all entities except Belpex, jointly liable for the credit facilities. There are also a number of covenants related to the credit facilities:

- At least 51% of share capital of APX-ENDEX Holding must be held by TenneT Holding B.V.
- Interest coverage ratio must be a minimum of 3,
- Leverage ratio must be a maximum of 3,
- No material investments without permission from the lender.

The fair value of current borrowings equals their carrying amount.

22. Revenues

Revenues	2012	2011
Transaction fee	9,922	8,454
Clearing & settlement fee	1,387	1,179
Membership and entrance fee	5,385	5,021
Service income	7,054	4,681
Interest income from collateral	4,632	4,328
Total	28,380	23,663

In 2012, the company's revenues increased by EUR 4.7 million, resulting in total revenues of EUR 28.4 million for the year. The growth is attributable to an increase in traded volumes (see director's report) and a significant increase (EUR 2.4 million) in Service income. The increase in Service Income is caused by additional reimbursements received for market coupling services.

Revenue from the APX-ENDEX exchanges consists of transaction fees, clearing & settlement fees, and membership fees.

In addition to operating own exchanges, APX-ENDEX also provides exchange related services. Service income includes remunerations for various market coupling services, fees for data sales and a number of pass through costs.

The service income also includes recharges of development costs. APX-ENDEX contributed to several external market coupling projects in 2012. These projects are, amongst other the Price Coupling for the Region project, the Central Western Europe Flow Based Market Coupling project, the North-West Europe coupling project and the coupling of the Belgian and Dutch intraday power markets.

Interest income from collateral is the interest received on the cash collateral provided to APX-ENDEX in relation to clearing services. The increase in income from collateral can be attributed to higher average cash collateral balances of EUR 748 million (2011: EUR 643 million) and a higher average interest rate compared to previous year.

23. Employee benefits

Personnel expenses	2012	2011
Wages and salaries	5,330	5,416
Pension costs	599	559
Other social security costs	755	520
Other employee expenses	965	1,152
Temporary staff	1,078	1,652
Total	8,727	8,987

FTE	2012	2011
Average FTE	89	91
Average headcount	93	102

The group has several pension schemes out of which one classifies as a defined benefit plan. The defined benefit plan is operated for employees of APX Holding B.V., and is a multi-employer pension scheme. 19 requires that information such as the assets and liabilities relating to the defined benefit scheme are disclosed. The multi-employer fund cannot provide this type of information on an employer level. As a result, the pension scheme is treated as if it were a defined contribution scheme. If the multi-employer fund were able to provide information on the calculation of the pension liabilities and relating assets at balance sheet date, it is possible that the relating balance sheet items and profit and loss items could have a material impact on the financial statements. All other pension schemes for the Group qualify as defined contribution schemes.

<i>Directors' remuneration 2011</i>	Remuneration fixed	Remuneration variable	Pension	Total 2011
B. den Ouden	171	83	43	297
L. Schmeddes	144	76	36	256
P. Schuurs	180	85	45	310
C. Vandenborre	141	32	18	191
Total	636	276	142	1,054

<i>Directors' remuneration 2012</i>	Remuneration fixed	Remuneration variable	Pension	Total 2012
B. den Ouden	171	81	46	298
L. Schmeddes	145	76	39	260
P. Schuurs	180	83	49	312
C. Vandenborre	93	53	9	155
J. Matthys-Donnadieu	53	13	8	74
Total	642	306	151	1,098

The variable remuneration includes short-term and long-term components. The short-term component is based on achieving targets in the financial year. The long-term component is based on pay-out during the financial year. The pension payment is defined on the basis of the premiums paid.

An additional tax was charged to the director's salaries paid in 2012 of EUR 0.1 million based on the "Crisisheffing" levied by the Dutch tax authorities.

Supervisory board remuneration	2012	2011
J.B.M. ten Berge	18	18
H.A.T. Chin-Sue	16	16
J.M. Kroon	14	14
G.H. de Marez Oyens	14	14
J.R. Steinhauser	16	16
R. de Jong	5	16
D. Dobbeni	14	15
Total	97	109

Mr. Chin-Sue, Mr. Kroon and Mr. Dobbeni are acting as shareholder representatives as defined in the company's articles of association. In that capacity, the remuneration is paid out directly to Gasunie, TenneT and Elia respectively.

24. Other operating expenses

Other operating expenses	2012	2011
Housing	939	1,113
Office	311	431
IT (trade system)	3,768	3,253
Consulting and advisory services	4,811	3,015
Marketing and communication	1,049	1,015
Insurance	233	297
Travel expenses	709	842
Transfer pricing with disposal group	413-	1,693-
Miscellaneous expenses	852	550
Total	12,259	8,823

Overall costs in 2012 were in line with total costs 2011. 2012 however includes one-off costs incurred in relation to the carve-out of the gas and derivatives business of approximately EUR 2 million. These costs are mainly related to IT and Consulting and advisory services.

25. Financial income and expenses

Financial income	2012	2011
Interest income from cash pooling	861	729
Other financial income	214	205
Foreign exchange gains	134	-
Total	1,209	934

Financial expenses	2012	2011
Interest expenses from cash pooling	881	812
Interest expenses on loans	129	183
Other interest expenses	322	364
Foreign exchange loss	-	91
Total	1,332	1,450

APX-ENDEX operates a cash pooling structure across the entities of the group and interest from the cash pooling is presented gross. In 2012 both interest income and interest expenses from cash pooling increased which represents an increase in offsetting of cash positions between legal entities. Other interest expenses decreased due to lower interest rates in 2012 which meant interest charged on the fixed-term loan was lower than 2011.

26. Income tax

Income tax	2012	2011
Current income tax	1,935	1,294
Changes in deferred tax assets	31-	8-
Changes in deferred tax liabilities	263-	293-
Total	1,641	993

The tax calculated on the profit before tax differs from the theoretical amount that would be calculated using the weighted average tax rate applicable. The schedule below shows the differences.

Income tax calculation	2012	2011
Profit before tax	5,164	3,309
Weighted theoretical average rate	26.7%	27.1%
Theoretical income tax charge	1,379	1,006
Non taxable income and expenses	282	20-
Differences in deferred tax rates	2	2-
Tax charges previous years	22-	9
Actual income tax charge	1,641	993

The change in tax rate is due to reduced corporate tax rate in the UK of 24% (2011: 26%) and a different distribution of profits amongst the different countries.

27. Rights and obligations not included in the balance sheet

The Group leases cars and various offices under operating lease agreements. The remaining lease term for the cars is 2 years. The lease contracts for the offices are entered into for a period between 1 and 6 years but none is due to expire after 2016. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Lease payments office space and cars	after 2012	after 2011
No later than 1 year	815	717
Later than 1 and no later than 5 years	1,266	1,772
Later than 5 years	-	-
	2,081	2,489

APX-ENDEX has provided a number of bank guarantees, totalling EUR 17.1 million in connection with the office lease, market coupling obligations and adherence to the Belgian and Dutch power net code.

On the balance sheet date, APX-ENDEX holds an amount of EUR 657 million of bank guarantees from members to cover trading margins (2011: EUR 653 million). In addition to the collateral in cash shown on the balance sheet, cash collateral is held in escrow accounts to cover trading exposure. In December this amounted to EUR 312 million (2011: EUR 212 million).

28. Subsequent events

On 1 March 2013, APX-ENDEX executed the demerger as described in note 16. Based on a subsequent transaction on shareholder level, APX Holding B.V. is now owned for 70.84% by TenneT Holding B.V. and for 29.16% by Elia System Operator S.A.

The retained business will continue under the name APX and the name of APX Holding B.V. has been changed into APX Holding B.V. on 1 March 2013. The following entities are retained within the new APX group:

- APX Holding B.V., Amsterdam, the Netherlands (100%)
- APX Power B.V., Amsterdam, the Netherlands (100%)
- APX Clearing B.V., Amsterdam, the Netherlands (100%)
- APX Balancing B.V., Amsterdam, the Netherlands (100%)
- APX Staffing B.V., Amsterdam, the Netherlands (100%)
- APX Commodities Ltd., Nottingham, UK (100%)
- Belpex S.A., Brussels, Belgium (100%)

The distribution of the disposal group to the company's shareholders on 1 March 2013 reduced the Group equity by EUR 15.1 million.

29. Cash flow from clearing activities

APX-ENDEX acts as counterparty in the trades on the exchanges it operates or services. This results in cash flows relating from the sale and purchase of power and gas.

The value of the cash flow from clearing activities is driven by two main variables: the volume cleared and the price of the contracts. The increase in cash flow from clearing activities is attributable to an increase in cleared volumes, mainly in the Power spot markets. In addition average prices increased on the gas markets.

30. Cash generated from operations

Cash generated from operations	2012	2011
Net result after taxation	5,494	4,063
Prior year result adjustment	4	-
Tax	2,251	941
Interest income	1,075-	981-
Interest expense	1,332	1,542
Amortisation and depreciation	2,107	3,336
Changes in working capital	8,790-	1,324
Cash generated from operations	1,323	10,225

The large fluctuation in changes in working capital is due to a significant increase in the receivables position and to changes in pre-financing related to market obligations and clearing activities.

31. Related party transactions

APX-ENDEX provides services to its shareholders or subsidiaries thereof. APX-ENDEX provides services to Fluxys N.V. and its subsidiaries. Fluxys N.V. was 3.07% shareholder of APX Holding B.V. until October 2012. All related party transactions are carried out on an arms-length principle.

Related party transactions	TenneT Holding B.V. and group companies	N.V. Nederlands Gasunie and group companies	Fluxys NV and group companies	Elia System Operator S.A.	Other related parties	total 2011
Profit and loss						
Trade related revenues	-	24	20	-	229	273
Service revenue	2,923	-	-	884	60	3,867
Service cost	445	13	23	131	-	612
Interest income	-	-	-	-	-	-
Balance sheet						
Accrued income	918	-	-	20	-	938
Receivables	5,803	-	-	195	-	5,998
Accrued costs	-	-	-	-	-	-
Payables	-	-	13	1	-	14

Related party transactions	TenneT Holding B.V. and group companies	N.V. Nederlands Gasunie and group companies	Fluxys NV and group companies	Elia System Operator S.A.	Other related parties	total 2012
Profit and loss						
Trade related revenues	-	20	15	-	393	428
Cost recharges	1,490	797	-	1,210	-	3,497
Service revenue	2,034	-	-	104	-	2,138
Service cost	151	15	15	193	-	374
Interest income	63	-	-	17	-	80
Balance sheet						
Accrued income	599	799	-	333	-	1,731
Receivables	5,595	396	-	165	-	6,156
Accrued costs	-	-	-	-	-	-
Payables	61	-	-	26	-	87

Other related parties are transactions with other subsidiaries of shareholders. In 2012 and 2011 this was BritNed Development Ltd, a 50% joint venture subsidiary of TenneT Holding B.V. The cost recharges relate to projects and to the contribution of shareholders in the one-off costs incurred in relation to the carve out of the gas and derivatives business.

Company Financial Statements APX Holding B.V.



APX Holding B.V. balance sheet as at 31 December 2012

before profit appropriation
(EUR '000)

Assets	Ref.	31 December 2012	31 December 2011
Non-current assets			
Intangible assets	34	13,218	20,081
Property, plant and equipment	35	1,776	2,015
Financial assets	36	24,748	42,717
Deferred tax assets		216	153
		<u>39,958</u>	<u>64,966</u>
Current assets			
Trade debtors		1,148	445
Other receivables	37	810	3,567
Prepayments and accrued income	39	3,233	10,989
Cash and cash equivalents		14	33
		<u>5,205</u>	<u>15,034</u>
Assets from Disposal Group held for distribution	38	<u>15,106</u>	<u>-</u>
Total assets		<u>60,269</u>	<u>80,000</u>

Liabilities	Ref.	31 December 2012	31 December 2011
Equity			
Share capital		1,302	1,302
Share premium		20,641	20,641
Foreign currency reserve		3,163-	3,371-
Retained earnings		16,196	16,192
Unappropriated result		5,494	4,063
	40	<u>40,470</u>	<u>38,827</u>
Non-current liabilities			
Deferred income tax liabilities		<u>1,133</u>	<u>1,133</u>
		1,133	1,133
Current liabilities			
Trade creditors		1,260	671
Other liabilities		1,990	114
Accruals and deferred income		2,363	1,245
Borrowings	41	<u>13,053</u>	<u>38,010</u>
		<u>18,666</u>	<u>40,040</u>
Total liabilities		<u>60,269</u>	<u>80,000</u>

APX Holding B.V. profit and loss account 2012

EUR '000

Profit & Loss account	Ref.	2012	2011
Revenues	42	3,847	1,974
Operating expenses			
Personnel expenses	43	5,600	6,416
Amortisation and depreciation	34,35	1,145	804
Other operating expenses	44	10,356	8,815
Recharge to APX-ENDEX Group companies	45	13,730-	15,492-
		<u>3,371</u>	<u>543</u>
Operating result		476	1,431
Financial income and expenses			
Financial income		815	362
Financial expenses		1,028	1,459
	46	<u>213-</u>	<u>1,097-</u>
Result before taxation		263	334
Income tax	47	355	90
Net result after taxation		<u>92-</u>	<u>244</u>
Result from group companies	36	3,615	2,073
Income from discontinued operations		1,971	1,746
Net income		<u>5,494</u>	<u>4,063</u>

Notes to the Company Financial Statements

32. General notes

Pursuant to the exemption provided by the Dutch Civil Code Book 2, part 9, article 2:362 paragraph 8, the principles of valuation and determination of the result for the corporate annual accounts and the consolidated annual accounts are the same. Subsidiaries are valued on the same principles as the parent.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to notes 3 and 4 of the consolidated financial statements.

Subsidiaries are stated against net asset value.

33. Director's report

Reference is made to the report of the Directory Board on pages 4 to 16.

34. Intangible assets

The net carrying amount of the intangible assets can be specified as follows:

Intangible assets	Goodwill Dutch spotmarket activities	Goodwill APX Gas UK	Goodwill ENDEX	Goodwill Belpex	Technical infrastructure	Assets under construction	Total 2011
Acquisition or production costs	6,449	1,903	5,504	6,779	4,496	60	25,191
Accumulated impairment and amortisation	2,002	-	-	-	4,393	-	6,395
Net bookvalue as at 1 January	4,447	1,903	5,504	6,779	103	60	18,796
Additions	-	-	-	-	160	1,529	1,689
Reclassification	-	-	-	-	519	519	-
PPA adjustment Belpex	-	-	-	277	-	-	277
Amortisation	-	-	-	-	185	-	185
Exchange rate differences	-	58	-	-	-	-	58
Book value as at 31 December	4,447	1,961	5,504	6,502	597	1,070	20,081
Acquisition or production costs	6,449	1,961	5,504	6,502	5,175	1,070	26,661
Accumulated impairment and amortisation	2,002	-	-	-	4,578	-	6,580
Net book value as at 31 December	4,447	1,961	5,504	6,502	597	1,070	20,081

Intangible assets	Goodwill Dutch spotmarket activities	Goodwill APX Gas UK	Goodwill ENDEX	Goodwill Belpex	Technical infrastructure	Assets under construction	Total 2012
Acquisition or production costs	6,449	1,961	5,504	6,502	5,175	1,070	26,661
Accumulated impairment and amortisation	2,002	-	-	-	4,578	-	6,580
Net bookvalue as at 1 January	4,447	1,961	5,504	6,502	597	1,070	20,081
Additions	-	-	-	-	18	1,478	1,496
Impairment charges	-	-	-	-	-	27	27
Reclassification	-	2,007	5,504	-	1,483	1,971	7,999
PPA adjustment Belpex	-	-	-	-	-	-	-
Amortisation	-	-	-	-	379	-	379
Exchange rate differences	-	46	-	-	-	-	46
Book value as at 31 December	4,447	-	-	6,502	1,719	550	13,218
Acquisition or production costs	6,449	-	-	6,502	6,676	550	20,177
Accumulated impairment and amortisation	2,002	-	-	-	4,957	-	6,959
Net book value as at 31 December	4,447	-	-	6,502	1,719	550	13,218

Reference is made to note 8.

35. Property, plant and equipment

The net carrying amount of property, plant and equipment can be specified as follows:

Property, plant and equipment	Hardware	Fixtures and fittings	Assets under construction	Total 2011
Acquisition or production costs	1,798	403	529	2,730
Accumulated impairment and depreciation	1,132	393	-	1,525
Net book value as at 1 January	666	10	529	1,205
Disposals	461-	234-	-	695-
Cumulative amortisation on disposals	449	230	-	679
Reclassifications	-	453	453-	-
Additions	334	1,001	110	1,445
Depreciation	401-	218-	-	619-
Book value as at 31 December	587	1,242	186	2,015
Acquisition or production costs	1,671	1,623	186	3,480
Accumulated impairment and depreciation	1,084	381	-	1,465
Net book value as at 31 December	587	1,242	186	2,015

Property, plant and equipment	Hardware	Fixtures and fittings	Assets under construction	Total 2012
Acquisition or production costs	1,671	1,623	186	3,480
Accumulated impairment and depreciation	1,084	381	-	1,465
Net book value as at 1 January	587	1,242	186	2,015
Disposals	-	-	-	-
Cumulative amortisation on disposals	-	-	-	-
Reclassifications	537	537-	186-	186-
Reclassifications depreciation	123-	123	-	-
Additions	609	31	72	712
Depreciation	561-	204-	-	765-
Book value as at 31 December	1,049	655	72	1,776
Acquisition or production costs	2,817	1,117	72	4,006
Accumulated impairment and depreciation	1,768	462	-	2,230
Net book value as at 31 December	1,049	655	72	1,776

Reference is made to note 9.

36. Financial assets

Financial assets	Investment in subsidiaries
Book value as at 1 January	40,294
Dividends received	1,798-
PPA adjustments Belpex	277
Transfer of shares to subsidiaries	6-
Result from group companies	3,819
Exchange rate differences	131
Book value as at 31 December	42,717

Financial assets	Investment in subsidiaries
Book value as at 1 January	42,717
Dividends received	16,779-
PPA adjustments Belpex	-
Discontinued operations	6,938-
Result from group companies	3,615
Result from discontinued operations	1,971
Exchange rate differences	162
Book value as at 31 December	24,748

37. Other receivables

Other receivables	2012	2011
Amounts due from related parties	-	2,995
Other receivables	810	4
VAT	-	227
Corporate tax	-	341
Balance as at 31 December	811	3,567

The carrying values of the other receivable balances are equal to the fair value of these balances.

38. Disposal Group held as available for sale

Assets from disposal group held for distribution	31 December 2012	
Non-current assets		
Intangible assets	8,168	
Financial assets	<u>6,938</u>	
		<u>15,106</u>
Total assets from disposal group held for distribution		<u>15,106</u>

The intangibles assets classified as held for distribution are mainly related to the acquisition of the UK Gas and Derivatives market in 2008, since these entities are fully demerged from the current group.

39. Prepayments and accrued income

Prepayment and accrued income	2012	2011
Income due from APX-ENDEX group companies	-21	9,834
Accrued income	2,873	788
Prepayments	381	367
Net book value as at 31 December	<u>3,233</u>	<u>10,989</u>

40. Equity

Equity	Attributable to the equity holders of the company					Total 2011
	Share capital	Share premium	Foreign currency	Retained earnings	Unappropriated result	
Balance as at 1 January	1,302	20,641	3,560-	13,188	3,004	34,575
Result of the year	-	-	-	-	4,063	4,063
Exchange rate differences	-	-	189	-	-	189
Total comprehensive income	-	-	189	-	4,063	4,252
Profit appropriation	-	-	-	3,004	3,004-	-
Dividend	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Transaction with owners	-	-	-	-	-	-
Balance as at 31 December	1,302	20,641	3,371-	16,192	4,063	38,827

Equity	Attributable to the equity holders of the company					Total 2012
	Share capital	Share premium	Foreign currency	Retained earnings	Unappropriated result	
Balance as at 1 January	1,302	20,641	3,371-	16,192	4,063	38,827
Result of the year	-	-	-	-	3,523	3,523
Result from discontinued operations	-	-	-	-	1,971	1,971
Exchange rate differences	-	-	208	-	-	208
Total comprehensive income	-	-	208	-	5,494	5,702
Profit appropriation	-	-	-	4,063	4,063-	-
Dividend	-	-	-	4,063-	-	4,063-
Other	-	-	-	4	-	4
Transaction with owners	-	-	-	4,059-	-	4,059-
Balance as at 31 December	1,302	20,641	3,163-	16,196	5,494	40,470

Reference is made to note 17.

41. Borrowings

Borrowings APX-ENDEX GROUP	2012	2011
Bank overdrafts	13,053	26,260
Loans with APX-ENDEX Group companies	-	6,750
Loans	-	5,000
Total borrowings	13,053	38,010

Reference is made to note 21.

42. Revenues

Revenues	2012	2011
Service income	3,847	1,974
Total	3,847	1,974

The increase in Service Income is caused by additional reimbursements received for market coupling services and cost recovery from the Group's shareholders for transaction costs related to the carve out and sale of the gas and derivatives business.

43. Personnel expenses

Personnel expenses	2012	2011
Wages and salaries	3,117	3,471
Pension costs	468	457
Other social security costs	277	211
Other employee expenses	828	764
Temporary staff	910	1,513
Total	5,600	6,416

Reference is made to note 23.

44. Other operating expenses

Other operating expenses	2012	2011
Housing	499	757
IT (trade system)	3,289	2,979
Office	228	323
Consulting and advisory services	3,989	2,778
Marketing and communication	902	936
Insurance	204	258
Travel expenses	580	578
Miscellaneous expenses	665	206
Total	10,356	8,815

Reference is made to note 24.

45. Recharge to APX-ENDEX Group companies

Recharge to APX-ENDEX Group companies is the intercompany profit allocation based on the transfer pricing applied within the group.

46. Financial income and expenses

Financial expenses	2012	2011
Interest expenses from cash pooling	756	535
Interest expenses for security provided	167	184
Interest expenses from inter group loans	-	541
Other interest expenses	78	127
Foreign exchange loss	27	72
Total	1,028	1,459

Financial income	2012	2011
Interest income from cash pooling	797	342
Other financial income	18	20
Total	815	362

47. Income tax

Income tax	2012	2011
Current income tax	419	132
Changes in deferred tax assets	64	42
Total	355	90

The tax calculated on the profit before tax differs from the theoretical amount that would be calculated using the weighted average tax rate applicable. The schedule below shows the differences.

Income tax calculation	2012	2011
Profit before tax	225	335
Weighted theoretical average rate	25.0%	25.0%
Theoretical income tax charge	56	84
Change in tax rate	-	1
Non taxable income and expenses	299	5
Actual income tax charge	355	90

48. Commitments not included in the balance sheet

APX Holding B.V. leases offices and cars under operating lease agreements. The remaining lease term for the offices is 3 years, for the cars 2 years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Lease payments office space and cars	after 2012	after 2011
No later than 1 year	491	482
Later than 1 and no later than 5 years	978	1,364
Later than 5 years	-	-
	<u>1,469</u>	<u>1,846</u>

APX Holding B.V. has provided a number of bank guarantees, totalling EUR 3.4 million (2011: EUR 2.1 million) in connection with the office lease, market coupling obligations and adherence to the Belgian and Netherlands power net code.

49. Subsequent events

Reference is made to note 27.

50. Related party transactions

Reference is made to note 30 for related party transactions.

Amsterdam, 20 March 2013
APX Holding B.V.

Executive Board
Bert den Ouden (CEO), James Matthys-Donnadieu (COO)

Supervisory Board
J.B.M. ten Berge (Chairman), H.A.T. Chin-Sue, J.M. Kroon, J.R. Steinhauser, D. Dobbeni.

Other information

Article 36 of the company's Articles of Association

Profits shall be at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the company's objectives as the meeting will decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments on the nominal shares shall be taken into account.

No dividend is recommended in relation to the financial year 2012 (2011: EUR 4.1 million). It is proposed that the current year result will be added to the company's retained earnings.

Independent auditor's report

To: the General Meeting of Shareholders of APX Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of APX Holding B.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2012, the consolidated and company profit and loss account, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Managing Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, 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 APX Holding B.V. as at 31 December 2012, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Managing Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Managing Directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 20 March 2013

PricewaterhouseCoopers Accountants N.V.

Drs. P.C. Dams RA