

Essent N.V. 2008 Interim statement

2008

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Energy demands energy. And energy demands Essent.

With over 2.7 million private and business customers, Essent is the largest energy company in the Netherlands. The company is the largest producer of sustainable energy in the Netherlands. Essent has more than 90 years of experience in generating, trading, transmitting and supplying electricity. And we have been handling gas for 150 years. Essent possesses all the knowledge in-house to make the best use of the energy nature has to offer, because energy is readily available everywhere. From wind, sunlight, biomass, all around us. Essent is unique in knowing how to make the most efficient and effective use of the available energy. We put all our energy into that, so that you have a guarantee of affordable energy for the future. And you can rely on that.

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Essent's operations cover the entire energy chain, from the generation of energy – excluding exploration and extraction – to supplying products and services to end-users: large and small businesses, and private consumers. We also supply a variety of related products and services, such as equipment maintenance, energy advisory services, heat, operating sustainable energy facilities and micro-cogenerators. We are also engaged in three waste management activities: waste incineration, waste composting and landfill management.

The 2007 figures show that in the Netherlands Essent is:

- the market leader, with revenue of EUR 7.4 billion;
- the leading producer and supplier of sustainable energy;
- owner of Energie:Direct, one of the country's fastest growing energy start-ups;
- the standard-setter, with its waste management operation processing approximately 2.9 million tonnes of waste a year.

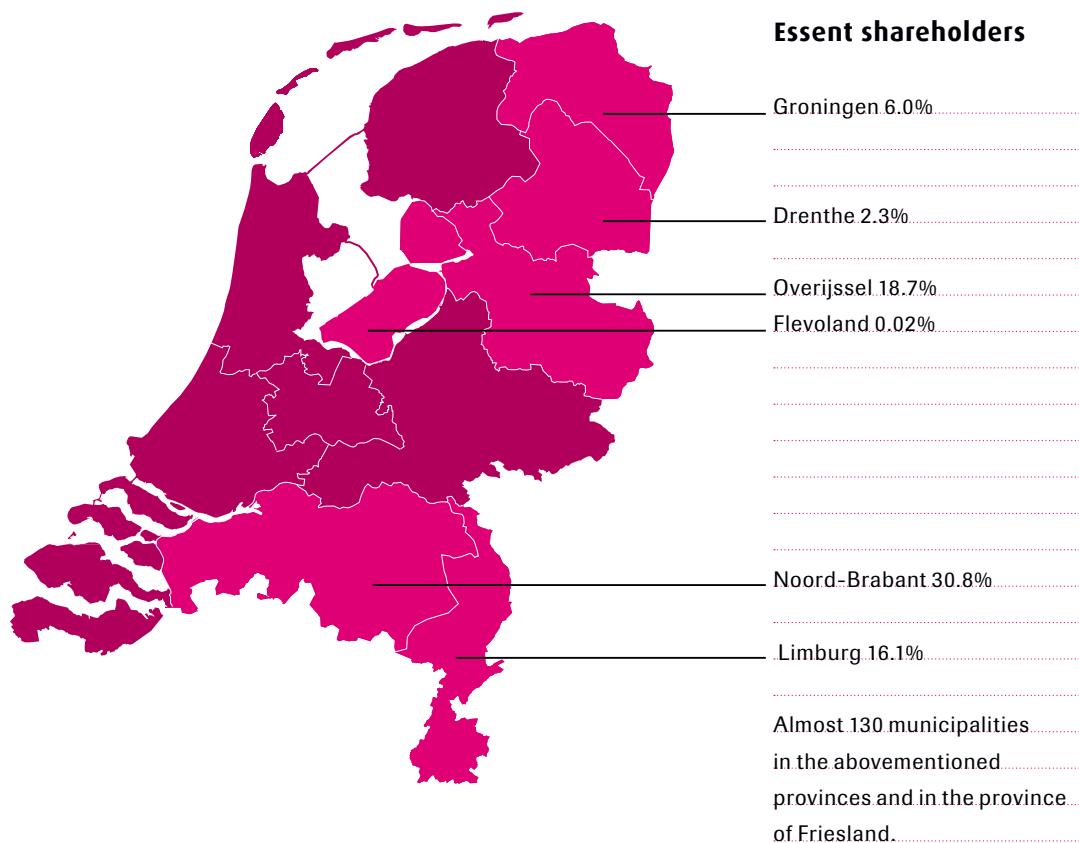


Energy Value Chain

Essent is a non-listed public company with limited liability, incorporated in 1999 and with its head office in Arnhem. Its shareholders are Dutch provincial and municipal authorities. The company comprises 10 business units, 7 of them forming the Energy Value Chain segment for the Netherlands, Switzerland, Germany and Belgium. The other operations in Germany are conducted by swb AG. The network operation is financially, organisationally and legally separated from the other activities of the company and also Essent Waste Management is operating independently of the Energy Value Chain. At mid-2008, Essent is employing over 11,000 people.

Essent shareholders

Essent is a public limited liability company. Of its shares, approximately 74% are owned by 6 Dutch provinces and the remaining 26% or so by 130 Dutch municipalities in these provinces and in the province of Friesland.



> Key figures ^[1]

in millions of euros

Group key figures

	First half 2008	First half 2007
Revenue	4,371	3,572
Gross profit	1,626	1,579
Profit before interest and tax (EBIT)	648	612
Profit from continuing operations attributable to equity holders	462	483
Earnings per share from continuing operations (in euros)	3.08	3.23
Earnings per share from discontinued operations (in euros)	-	11.93

Key figures for the commercial operation

	First half 2008	First half 2007
Revenue	3,769	2,957
Gross profit	1,073	1,021
Profit before interest and tax (EBIT)	442	373
Profit from continuing operations attributable to equity holders	368	253

Key figures for the network operation

	First half 2008	First half 2007
Revenue	668	698
Gross profit	556	574
Profit before interest and tax (EBIT)	206	239
Profit from continuing operations attributable to equity holders	94	230

1. Unaudited figures

> Steady on course in a volatile market

Energy market

Because of external factors, the energy market is highly turbulent and liable to rapid change. Further deregulation is creating increased competition on the Dutch market, due to the entry of a (large) number of foreign players. Integration of national energy markets stimulates further consolidation within the energy sector. Transparency and competition are priority issues for European politicians, their ultimate aim being lower prices for consumers. With respect to energy transition, the European Commission and the Dutch government have formulated ambitious targets for the sustainable generation of energy and reduction in the emission of CO₂. As a final point, the passing of the Independent Network Management Act means that ownership unbundling is now mandatory. Dutch energy companies subject to this law will have to have the unbundling effected no later than 1 January 2011. As a result, this will give way to two mutually independent entities: a commercial operation (generation and supply) and a regulated distribution operation (network operation), each with their own group of shareholders.

Essent's strategy

The strategy laid down in 2003 for the creation of value through growth and operational excellence is still fully in force. Business processes have been streamlined, customer satisfaction is back at its pre-deregulation level, profitability targets have been met, and Essent's restructuring – including the sale of Kabelcom and disposal of various minor assets – is proving successful.

Almost half of our customers purchase 'Groene Stroom' (green electricity). The launch of initiatives for selling sustainably produced gas has also been successful, with the number of customers using 'Groen voor Gas' (green gas) 50% higher in the first half of 2008 than in the same period of 2007. Moreover, Essent is the largest producer of sustainable energy in the Netherlands. In the first six months of 2008, the generation of green electricity is no less than 22% more than in the same period of the year before. Key factors in this were the co-firing of biomass and use of wind energy. The pilot project for the co-firing of coffee husks, initiated early this year, reached a successful conclusion. This raw material, whose use has no impact on the food chain and contributes to a fairer division of income, will probably become a permanent feature of Essent Generation's normal business operations. We have not only amassed considerable knowledge about the generation of sustainable energy, but also invested in new applications, such as the initiative for the use of electric vehicles, that was launched mid-June. This initiative is based on the mobile smart grid, a concept aimed at achieving a more effective and balanced use of both the generation and distribution infrastructure. By loading up batteries with sustainable electricity mainly at night, its proportion of green energy consumed can be increased. At the same time, electric vehicles can make a major contribution to achieving the CO₂ targets the Dutch government has set. Essent recently decided, to group this and other similar initiatives together with the German and Dutch wind operations, into a new business unit called New Energy. In addition to research under its own control, Essent is investing approximately EUR 75 million in four venture capital funds for sustainable energy, this number soon to increase to five.

Consolidated results

Profit before interest and tax (EBIT) grew by EUR 36 million (6%) in the first half of 2008 to reach EUR 648 million. This increase is entirely attributable to the commercial operation, where the expansion of trading activities, greater uptime of energy generation units and lower operating expenses produced a EUR 69 million (18%) increase in EBIT, lifting it to EUR 442 million.

At Essent Networks, increased operating expenses resulting from the set up of the organisation, higher depreciation and amortisation, and lower tariffs were responsible for its profit before interest and tax declining from EUR 239 million for the first half of 2007 to EUR 206 million for the same period of 2008.

Due to higher interest expenses and the lack of tax credits compared to the first half of 2007, profit for the first half of 2008 from continuing operations was 4% down on the same period of the previous year. Earnings per share from continuing operations attributable to equity holders of Essent N.V. fell from EUR 3.23 for the first half of 2007 to EUR 3.08 for the first half of 2008.

The proportion recognised as exceptional items in the first half year is negligible, impacting profit with approximately 3%. Essent will no longer report normalised results in future financial statements, unless material exceptional items are recognised.

Capital employed rose because of capital expenditure on non-current assets and expansion of trading activities. Rising market prices for coal, biomass, oil and gas caused the market value of the derivative financial instruments to increase and hence the corresponding capital requirement as well. For the same reason, the guarantee deposits received and paid by Essent Trading also showed a material increase. During the first half of 2008, net cash converted into net borrowings (EUR 258 million).

Since the commercial operation and the network operation conduct business independently, their results are disclosed separately. A point to note is that Group overheads are fully allocated to the commercial operation, with the costs of services provided to the network operation first being charged through to it.

Commercial operation

The first six months of 2008 saw further progress on building a strong energy company that can compete in the Northwest Europe energy market. Our trading activities are now based mainly in Geneva and the move has proven to be a success. By establishing a base in one of the leading centres for the international trade in commodities, we can achieve our goal of recruiting people with the qualifications to match our ambitions. This holds not only for the traders, but also for their accounting and risk management colleagues alike. Our trading activities are expanding, which strengthens Essent Trading's key role in the Energy Value Chain.

In collaboration with a number of internal and external partners, our sales operation, organised in Essent Service and Sales, is constructing a new customer relationship management system intended to replace the existing systems, which have become outdated in terms of functionality. Not only will the new system provide a better service to customers, it will also do so at a substantially lower cost to serve.

In May and June, contracts have been concluded for the expansion of the gas-fired generating unit Claus C (1,275 MW) and for the reconstruction of the gas-fired generating unit Moerdijk 2 (425 MW). This represents an important milestone, since for the first time in years additions are being made to the Dutch generating capacity. The construction of the large wind farm near Eemshaven is also progressing steadily, with the first wind turbines being connected to the electricity grid in July. May also witnessed the official commissioning of the new cogeneration power station in Antwerp (135 MW). Finally, considerable attention is also being given to maintaining the existing generating capacity, the major overhaul of the Amer 9 power station in Geertruidenberg, successfully completed in July, being an example.

Essent Waste Management successfully launched the pilot project for the post-separation of waste this year. With this process, plastic is removed from the waste stream at the incineration plant, the benefit for consumers being that they do not need to hand in plastic separately for collection. The results of the project will be evaluated in the second half of 2008. Expansion of the AZN waste incineration plant (Moerdijk) is nearing completion and will be commissioned

at the end of 2008. In Germany, our subsidiary swb increased its equity interest in the waste incineration plant ANO. The construction of a new incineration plant in that country is also on schedule.

Revenue and gross margin

The revenue of the commercial operation climbed by 27% in the first half of 2008 to reach EUR 3,769 million, the increase being mainly organic (19%) and split more or less 50-50 between electricity and gas. Both main products generated higher volumes in sales to consumers, as well as increased trading volumes.

Gross profit as a percentage of revenue declined from 35% for the first half of 2007 to 28% for the same period of 2008. In case of electricity, the margin reduction is the result of higher prices for commodities consumed by the power stations. The uptime of the power stations was significantly better than in the same period of 2007. Concerning gas, its margin was also down, the cause being a relatively higher proportion of trading activities.

To properly understand the financial contribution of the trading activities, the portion of the market value gains on our derivatives that are not yet realised by the reporting date, but recognised under equity in the IAS 39 reserve, should also be taken into account. In this context, Essent's method of cash flow hedge accounting required the withholding of EUR 615 million from profit during the first half of 2008. At 30 June 2008, the IAS 39 reserve amounts to EUR 881 million.

Cost savings

The plans launched at the end of 2007 for reducing overheads, a move necessitated by the ownership unbundling, were fleshed out further in the first half of 2008. By the end of 2009, we expect overheads to have declined by approximately 25% compared to mid-2007. We are also working hard to further reduce operating costs. Apart from the customer processes of Service and Sales, this also concerns improved harmonisation of the business units, integration of related processes, simplification of corporate governance, and initiatives for decentralised working to mitigate the effect of poor traffic flows on work effectiveness. Operating expenses as a percentage of revenue dropped from 26% in the first half of 2007 to 20% in the same period of 2008. In absolute terms, they fell from EUR 769 million to EUR 749 million. From an organic perspective - adjusted for the costs of the Westland and ANO acquisitions - operating expenses shrank by 6%.

Unbundling

Commencing 1 January 2009, Essent's network operation will conduct business as ENEXIS. On the same date, ENEXIS will take occupancy of its new head office, by the A2 near Rosmalen.

Operational and legal unbundling

The Independent Network Management Act, which came into force by the end of 2006, has three major stipulations. Essent now satisfies two of them. Essent's network operation complies since the end of 2007 with the requirements of the so-called 'fat' network manager and management of the 110-150 kV grid has been transferred to TenneT (the Dutch national transmission system operator). Essent is making preparations to satisfy the third stipulation concerning group prohibition: ownership unbundling of the commercial generation, trading and supply operations from the regulated energy transport operations. As stated in its 2007 annual report, Essent intends to complete as much as possible of this operational unbundling by the end of 2008, which means that, commencing 1 January 2009, the commercial operation and the network operation will actually function independently of each other. In this

connection, it can be stated that splitting up the IT infrastructure and the dismantling of the service centre shared by Essent Networks and Essent Service and Sales will certainly continue into 2009.

Essent is currently preparing an unbundling plan that, following its review by the Netherlands Competition Authority, will need to be submitted to the Minister for Economic Affairs for approval. Essent intends to unbundle the network company, which shares have to remain in government hands. Regarding the network operation, the shareholders of Essent N.V. (who will also be the direct shareholders in the network company) have stated that it will need to have the means available for all necessary capital expenditure. The actual ownership unbundling will be effected later than the operational unbundling.

Network operation

In the first six months of 2008, the network operation progressed further with setting up an independent organisation that will be able to perform its statutory tasks, in managerial as well as operational terms. The composition of the Supervisory Board has changed and a second director been appointed to the Executive Board. The managers who will report directly to the Executive Board have been appointed, a list of the competencies needed has been drawn up and a start made on putting these in place.

Revenue and gross margin

At EUR 668 million, revenue for the first half of 2008 was EUR 30 million (4%) down on the same period of 2007, mainly the result of lower permitted tariffs. Gross margin as a percentage of revenue was 83%, representing a rise of one percentage point.

Expenses

In absolute terms, expenses rose by EUR 21 million (6%) to EUR 356 million, the main causes being the setting up of a new organisation and higher depreciation from regular capital expenditure. It should be noted that, to facilitate comparison, the figures for the first half of 2007 have been adjusted to match the new situation of being a so-called “fat” network manager. The adjustment relates to the operation of the electricity and gas networks, which were only acquired at the end of 2007 from Essent Nederland B.V., a holding company within the commercial operation. Because of formal reporting requirements, the adjustment is not reflected in the financial statements.

Outlook

Essent is operating in a turbulent environment. Apart from the international consolidation in the European energy sector, major changes are also taking place in the Netherlands. The shape of a new market model is slowly coming into focus, with the slow pace of political decision-making putting heavy pressure on companies like Essent to have their systems ready by the starting date.

Besides working on a new market model requiring considerable investment, Essent is occupied with the issue of mandatory ownership unbundling. The risk profiles of the unbundling of the operating activities themselves and of the corresponding legal steps both require proceeding with a high degree of caution. The network operation is progressing further with setting up its organisation and gradually eliminating more and more of the competency gap. Preparations for a future without a network operation, although possibly with a new international partner, are demanding much attention from the organisation of the commercial operation. Nevertheless, the core activity of ensuring a reliable, affordable and sustainable supply of energy remains Essent’s most important task. In the first half of 2008, we showed

once again that we are skilled in our trade and able to keep turning a higher profit, despite all the uncertainties and conflicting priorities. However, the prudently framed outlook we presented earlier this year remains the backdrop to all our normal business operations. Exceptional circumstances can always upset the picture.

Barring unforeseen circumstances and ignoring unbundling, the profit from continuing operations for 2008 attributable to the equity holders of Essent N.V. will at least be equal to comparable profit for 2007.

> Consolidated income statement

in millions of euros

	First half 2008 ^[1]	First half 2007 ^[1]	Full year 2007
Continuing operations			
Revenue from the supply of goods and services	4,321.1	3,564.2	7,347.7
Fair value changes IAS 39	49.6	8.2	29.8
Revenue	4,370.7	3,572.4	7,377.5
Cost of energy, raw materials and consumables	2,744.5	1,993.1	4,341.5
Gross profit	1,626.2	1,579.3	3,036.0
Other operating income	28.6	33.5	102.6
Gross profit plus other operating income	1,654.8	1,612.8	3,138.6
Employee benefit expenses	440.4	419.9	873.6
Depreciation, amortisation and impairments	197.2	227.2	507.8
Cost of work contracted out, materials and other external costs	327.8	341.4	709.7
Other operating expenses	73.6	42.1	113.0
Total operating expenses	1,039.0	1,030.6	2,204.1
Operating profit	615.8	582.2	934.5
Share of result of joint ventures and associates	32.2	29.9	56.7
Finance income and expenses	(28.4)	(3.0)	(35.3)
Profit before tax	619.6	609.1	955.9
Income tax expense	(135.3)	(108.2)	(123.5)
Profit from continuing operations	484.3	500.9	832.4
Discontinued operations			
Profit for the period from discontinued operations	–	1,786.4	1,794.6
Profit for the period	484.3	2,287.3	2,627.0
<i>Of which:</i>			
■ Profit attributable to minority interests	22.8	18.2	32.7
■ Profit attributable to equity holders of Essent N.V.	461.5	2,269.1	2,594.3
Earnings per share attributable to equity holders			
of Essent N.V. (in euros) [2]	3.08	15.16	17.33
<i>Of which:</i>			
■ Continuing operations	3.08	3.23	5.34
■ Discontinued operations	–	11.93	11.99

1. Unaudited figures

2. Basic and diluted earnings per share

> Consolidated balance sheet before profit appropriation

in millions of euros

Assets	30 June 2008 ^[1]	31 December 2007	30 June 2007 ^[1]
Property, plant and equipment	4,780.6	4,441.1	4,507.1
Investment property	10.3	10.3	10.9
Intangible assets	342.1	293.7	292.7
Joint ventures and associates	404.2	421.2	393.4
Deferred tax	–	171.7	365.1
Derivative financial instruments	2,951.8	2,401.3	1,191.7
Other financial assets	314.2	309.5	314.5
Non-current assets	8,803.2	8,048.8	7,075.4
Inventories	321.7	295.5	219.1
Receivables	1,921.7	1,640.3	1,551.8
Derivative financial instruments	5,072.7	2,128.8	1,584.4
Guarantee deposits	1,240.2	186.3	176.0
Securities	30.1	306.2	369.9
Cash and cash equivalents	653.2	1,017.2	717.2
Current assets	9,239.6	5,574.3	4,618.4
Assets held for sale	163.2	163.7	36.3
	9,402.8	5,738.0	4,654.7
Total assets	18,206.0	13,786.8	11,730.1

1. Unaudited figures

Equity and liabilities	30 June 2008 ^[1]	31 December 2007	30 June 2007 ^[1]
Equity attributable to equity holders of Essent N.V.	5,602.5	4,907.7	4,412.3
Minority interests	298.0	267.3	236.8
Total equity	5,900.5	5,175.0	4,649.1
Interest-bearing liabilities	794.5	664.0	508.8
Provisions	1,243.5	1,267.9	1,232.1
Deferred tax	228.1	102.4	101.8
Derivative financial instruments	2,478.3	1,910.3	1,252.4
Other non-current liabilities	50.1	41.8	45.5
Non-current liabilities	4,794.5	3,986.4	3,140.6
Interest-bearing liabilities	116.8	59.8	119.8
Guarantee deposits	1,038.9	228.4	96.6
Trade and other payables	2,075.4	1,886.3	1,596.4
Income tax	96.0	22.6	128.2
Derivative financial instruments	4,052.1	2,168.0	1,737.5
Provisions	131.8	260.3	261.9
Current liabilities	7,511.0	4,625.4	3,940.4
Total equity and liabilities	18,206.0	13,786.8	11,730.1

1. Unaudited figures

> Condensed consolidated cash flow statement

in millions of euros

	First half 2008 ^[1]	First half 2007 ^[1]	Full year 2007
Profit from continuing operations	484.3	500.9	832.4
Depreciation, amortisation and impairments	197.2	227.2	507.8
Changes in provisions, operating working capital, derivative financial instruments and other	(536.4)	(496.1) ^[4]	(337.1)
<i>Cash flow from operating activities</i>			
■ continuing operations	145.1	232.0	1,003.1
■ discontinued operations	–	13.7	13.7
Cash flow from operating activities	145.1	245.7	1,016.8
Additions to property, plant, equipment and intangible assets	(404.4)	(357.3)	(747.6)
Investments in associates	(47.0) ^[3]	(71.4)	(72.1)
Proceeds from sale of property, plant and equipment	4.3	68.0	133.0
Proceeds from sale of investments in joint ventures and associates	24.9	4.1	6.3
Other changes	276.8 ^[5]	(259.2) ^[4]	(195.7)
<i>Cash flow from investing activities</i>			
■ continuing operations	(145.4)	(615.8)	(876.1)
■ discontinued operations	–	2,549.9	2,552.1
Cash flow from investing activities	(145.4)	1,934.1	1,676.0
Cash flow before financing activities	(0.3)	2,179.8	2,692.8
Repayment of interest-bearing liabilities	(41.6)	(790.5)	(875.3)
Dividend paid to equity holders of Essent N.V.	(397.8)	(980.3)	(1,279.7)
Dividend paid to minority interests, increase and decrease in minority interests and increase in interest-bearing liabilities	32.7	(27.6)	191.0
<i>Cash flow from financing activities</i>			
■ continuing operations	(406.7)	(1,798.4)	(1,964.0)
■ discontinued operations	–	–	–
Cash flow from financing activities	(406.7)	(1,798.4)	(1,964.0)
Total cash flow	(407.0)	381.4	728.8
Net cash and cash equivalents at beginning of period ^[2]	1,016.9	288.1	288.1
Net cash and cash equivalents at end of period ^[2]	609.9	669.5	1,016.9

1. Unaudited figures

2 Cash and cash equivalents net of current liabilities owed to banks

3 Purchase of remaining shares in Abfallbehandlung Nord GmbH (ANO). Detailed information on this acquisition is given in the note on acquisitions

4 Restated for comparative purposes (EUR 285.8 in investments held for trade securities)

5 Mainly the sale of investments held for trade securities

> Consolidated statement of changes in equity ^[1]

in millions of euros

	Number of ordinary shares (in whole shares)	Share capital	Share premium	IAS 39 reserve [2]
At 1 January 2007	149,682,196	149.7	1,512.6	(169.1)
Fair value changes and/or adjustments	-	-	-	(34.6)
Other changes	-	-	-	-
Total income and expenses for the year recognised directly in equity	-	-	-	(34.6)
Profit for the period	-	-	-	-
Appropriated result 2006	-	-	-	-
Exceptional dividend paid relating to sale of Essent Kabelcom and ordinary dividend paid 2006	-	-	-	-
At 30 June 2007	149,682,196	149.7	1,512.6	(203.7)
Fair value changes and/or adjustments	-	-	-	467.6
Other changes	-	-	-	2.0
Total income and expenses for the year recognised directly in equity	-	-	-	469.6
Profit for the period	-	-	-	-
Exceptional dividend paid relating to sale of Essent Kabelcom	-	-	-	-
At 31 December 2007	149,682,196	149.7	1,512.6	265.9
Fair value changes and/or adjustments	-	-	-	615.1
Other changes [4]	-	-	-	-
Total income and expenses for the year recognised directly in equity	-	-	-	615.1
Profit for the period	-	-	-	-
Appropriated result 2007	-	-	-	-
Dividend paid	-	-	-	-
At 30 June 2008	149,682,196	149.7	1,512.6	881.0

1. Unaudited figures

2. The IAS 39 reserve is a revaluation reserve and accordingly is not freely distributable. Negative components of the IAS 39 reserve restrict the distribution of the Other reserve.

3. The Other reserve is freely distributable

4. Other changes partly relate to the fair-value step-up of the original equity interest in Abfallbehandlung Nord GmbH (ANO). On 1 January 2008, the Group purchased the remaining shares in this company. Detailed information on this acquisition is given in the note on acquisitions.

The Group has also undertaken to repay the capital of the limited partners in Vamij C.V., so that the equity attributable to equity holders of Essent N.V. is increased and that attributable to minority interests decreased.

Other reserve	Profit for the year	Equity attributable to equity holders of Essent N.V.	Minority interests	Total equity
904.3	760.6	3,158.1	255.9	3,414.0
-	-	(34.6)	1.7	(32.9)
-	-	-	-	-
-	-	(34.6)	1.7	(32.9)
-	2,269.1	2,269.1	18.2	2,287.3
380.3	(380.3)	-	-	-
(600.0)	(380.3)	(980.3)	(39.0)	(1,019.3)
684.6	2,269.1	4,412.3	236.8	4,649.1
-	-	467.6	16.3	483.9
-	-	2.0	-	2.0
-	-	469.6	16.3	485.9
-	325.2	325.2	14.5	339.7
(299.4)	-	(299.4)	(0.3)	(299.7)
385.2	2,594.3	4,907.7	267.3	5,175.0
-	-	615.1	52.7	667.8
16.0	-	16.0	(22.4)	(6.4)
16.0	-	631.1	30.3	661.4
-	461.5	461.5	22.8	484.3
2,594.3	(2,594.3)	-	-	-
(397.8)	-	(397.8)	(22.4)	(420.2)
2,597.7 ^[3]	461.5	5,602.5	298.0	5,900.5

Accounting policies

Essent N.V. is the holding company of a number of Group companies, most of them in the Netherlands, Switzerland, Germany and Belgium (collectively the “Group”), that generate, trade, transport and supply energy, and provide waste management services. The Group also has investments in a number of joint ventures and associates.

The functional currency of Essent N.V. is the euro, and, unless otherwise stated, all amounts are in millions of euros.

The Group has based its accounting policies on International Financial Reporting Standards (IFRS) as adopted by the European Union. In the preparation of this interim statement, the same accounting policies were used as for the 2007 financial statements. The financial statements for 2007 including the complete set of accounting policies can be found on our website www.essent.eu. The 2008 interim statement is prepared in accordance with IAS 34 Interim Financial Reporting.

Interim results are subject to seasonal influences depending on weather conditions, which lead to relatively more of the annual result being realised in the first half of the financial year.

New and/or amended IFRS 2008

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following new and/or amended standards and interpretations for adoption as from the 2008 financial year:

- IFRIC 12 Service Concession Arrangements, effective as from the beginning of the 2008 financial year. This interpretation concerns the presentation and treatment in the financial statements of concession arrangements relating to infrastructure. The effect of the interpretation is being studied in detail. As this interpretation has not yet been adopted by the European Union, Essent N.V. has not applied it to this interim statement.
- IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, effective as from the beginning of the 2008 financial year. IFRIC 14 concerns the treatment of the maximum amount of surplus that can be recognised as an asset in accordance with IAS 19. This surplus corresponds to the difference between the actual value of the liabilities under a defined benefit plan and the fair value of the plan assets. As the Group has no fund investments, the interpretation has no implications for it. The interpretation has not yet been adopted by the European Union.

The Group has not yet applied the following standards and interpretations to the 2008 interim statement:

- Amendment to IAS 23 Borrowing Costs, effective as from the beginning of the 2009 financial year. Subject to certain conditions, this amendment makes it mandatory to include capitalised construction interest as a component of the acquisition price of an asset. It has to be applied prospectively, implying that the amendment only concerns capital expenditures that commence on or after 1 January 2009. The effect of this amendment is not yet clear and is being studied in detail. It has not yet been adopted by the European Union.
- IFRS 8 Operating Segments, effective as from the beginning of the 2009 financial year. This standard prescribes additional requirements for the segment information in the financial statements. In particular, it concerns a stricter definition of a segment and additional disclosures. The effect of this interpretation is being studied in detail.
- Revision to IFRS 3 Business Combinations, effective from the beginning of the 2010 financial year. This revision includes the treatment of acquisition aspects such as cost, goodwill, acquisitions in steps, and the sale of equity interests with or without retention of control. The revision of the standard has not yet been adopted by the European Union.

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- Amendment to IAS 27 Consolidated and Separate Financial Statements, effective from the beginning of the 2010 financial year. This amendment concerns the treatment of the partial sale of an equity interest in a subsidiary, associate or joint venture. The amendment has not yet been adopted by the European Union.
 - Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations, effective from beginning of the 2009 financial year. This amendment comprises a change to the conditions covering unconditional grants and cancellations. As Essent N.V. makes no share-based payments, the amendment has no implications for the Group. This amendment has not yet been adopted by the European Union.
 - Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements, Puttable Financial Instruments and Obligations Arising on Liquidation, effective from the beginning of the 2009 financial year. These amendments provide instructions for the balance sheet presentation and treatment of puttable financial instruments and liabilities arising on the liquidation of a company. The amendments have not yet been adopted by the European Union.
 - IFRIC 13 Customer Loyalty Programmes, effective from the beginning of the 2009 financial year. This interpretation sets out the treatment of customer savings schemes. The effect of the interpretation is being studied in detail. This interpretation has not yet been adopted by the European Union.

Changes in presentation and estimates

The Group reviewed the useful economic lives of all its electricity and gas networks, resulting in their expected useful economic lives being lengthened. The current carrying amounts of these networks will be depreciated over the remainder of their new expected useful economic lives. Because of the longer depreciation periods, the annual depreciation recognised on these networks for 2008 and subsequent financial years will be approximately EUR 69 million less.

Acquisitions

On 8 October 2007, the Group announced its intention to acquire the remaining 50% of the shares in Abfallbehandlung Nord GmbH (ANO). To this end, a letter of intent was signed on 7 January 2008, providing for the Group to have full control as from 1 January 2008. The acquisition agreement itself was concluded on 27 March 2008 and the results of ANO have been consolidated with those of the Group as from 1 January 2008.

The acquisition price amounts to EUR 47.7 million. The table below provides a comparison of the estimated fair values of the assets and liabilities acquired (based on full ownership) with their carrying amounts.

	Estimated fair value	Carrying amount
Property, plant and equipment	118.7	101.4
Intangible assets	25.2	11.4
Inventories	4.6	4.6
Receivables	12.5	12.5
Cash and cash equivalents	0.8	0.8
	161.8	130.7
Deferred tax liabilities	8.5	-
Other non-current liabilities	89.4	86.6
Current liabilities	51.3	49.8
	149.2	136.4
Fair value of net assets based on full ownership	12.6	
Fair value of net assets based on 50% ownership	6.3	
Goodwill	41.4	
Purchase price of the acquisition	47.7	

The measurement of the fair values is not yet final, there may be changes to the above amounts. However, any such changes should not materially affect the result. The costs allocated to the acquisition amount to EUR 0.1 million.

The acquisition involved a net cash outflow of EUR 47.0 million from investing activities. This can be broken down as follows:

	Fair value
Net cash and cash equivalents on the acquisition balance sheet	0.8
Acquisition price paid	(47.7)
Costs allocated to the acquisition	(0.1)
Net cash outflow	(47.0)

Since the acquisition date, 1 January 2008, ANO has contributed EUR 2.1 million to Group profit and EUR 22.7 million to Group revenue.

No other substantial acquisitions were made during the first six months of 2008.

Property, plant, equipment and intangible assets

The most important changes in property, plant, equipment and intangible assets in 2008 have been the depreciation, amortisation, additions and proceeds shown in the condensed consolidated cash flow statement in this interim statement and the consolidation of ANO. Detailed information on ANO is given in the note on acquisitions.

Derivatives and guarantee deposits

The balance sheet items representing derivative financial instruments and guarantee deposits show substantial increases. This is true in the case of assets as well as liabilities. The main causes of the increases are the rising prices on the commodity markets and the higher number of trading partners with whom Essent Trading has concluded new contracts. Guarantee deposits from trading partners stay in line with the fair values of the open contracts with them, additional deposits being made if required following fair value changes. Given the increase in the values of the open contracts, additional deposits have been placed with and received from the trading partners of the Group during the first half of 2008.

Effective income tax rate

The Group's activities are subject to income tax in several European countries with different statutory tax rates. The reconciliation between the weighted average of the statutory income tax rates expressed as a percentage of profit before tax and the effective tax rate is as follows:

As a percentage	First half 2008	First half 2007	Full year 2007
Standard statutory income tax rate in the Netherlands	25.5	25.5	25.5
Weighted average difference from the standard statutory income tax rates in other countries	(0.7)	1.9	1.5
Weighted average of standard statutory income tax rates	24.8	27.4	27.0
<i>Tax effect of:</i>			
Non-deductible expenses	0.1	0.1	0.2
Set-off of losses for which no deferred tax assets had been recognised	(0.1)	(0.5)	(0.5)
New losses for which no deferred tax assets had been recognised	0.2	0.5	0.6
Tax incentives	–	(0.3)	(0.2)
Tax-exempt share of result of associates	(1.1)	(1.2)	(1.4)
Tax-exempt profits	–	(0.5)	(0.8)
Changes in deferred tax assets and liabilities	(3.2)	(7.7)	(5.7)
Effect of tax rate change on the carrying amounts of deferred tax assets and liabilities	–	–	(1.5)
Adjustment for prior years	1.1	–	(4.8) [1]
Effective tax rate	21.8	17.8	12.9

1. In 2007, Essent prepared and filed its income tax returns for 2001 to 2006. This provided more clarity concerning its tax position, resulting in a non-recurring tax credit of approximately EUR 45 million for prior years.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows are adjusted for the effects of consolidation and deconsolidation.

In preparing the consolidated cash flow statement, the following are included under net cash and cash equivalents:

	First half 2008	First half 2007	Full year 2007
Cash at bank and cash balances	361.6	423.0	499.0
Short-term deposits	291.6	294.2	518.2
Current bank debt	(43.3)	(47.7)	(0.3)
Total	609.9	669.5	1.016.9

Related parties

There were no significant changes concerning related parties.

> Segment information ^[1]

in millions of euros

This information is segmented according to the operations of the Group, with the segmentation reflecting its management structure. Essent distinguishes the following business segments for continuing operations: Energy Value Chain, Energy Distribution, Waste Management and swb AG. The activities of the Essent Kabelcom segment were classified in 2007 as discontinued operations, as they were sold on 1 February 2007.

The Energy Value Chain segment comprises the generating activities, trading and selling of electricity, gas and energy-related products and services, wind activities in the Netherlands and Germany, and other activities in Germany not part of the swb AG segment.

Pursuant to the Independent Network Management Act (to create a so-called 'fat' network manager), the shares in the companies holding the network assets and the dependent activities relating to the operation of the corresponding infrastructure were transferred to the Energy Distribution segment at the end of 2007. The transfer was at fair value, taking into account new insights into the remaining useful lives of the various assets and/or their components, with any gains or losses being eliminated for consolidation purposes.

Income statement	Energy Value Chain		Energy Distribution		Waste Management		swb AG	
	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007	First half 2008	First half 2007
<i>Revenue</i>								
Third parties	3,004.0	2,366.1	664.7	582.5	161.2	169.9	540.8	449.3
Intersegment	98.7	332.3	3.0	39.5	20.4	18.0	43.3	47.1
Total	3,102.7	2,698.4	667.7	622.0	181.6	187.9	584.1	496.4
Segment result	290.0	440.4 ^[2]	204.8	76.9 ^[3]	39.3	32.6	61.9	51.2
Unallocated income/expenses								
Operating profit								
Share of result of joint ventures and associates	13.1	16.5	1.2	0.5	0.4	0.4	17.5	12.5
Finance income and expenses								
Profit before tax								
Income tax expense								
Gain from the sale of Essent Kabelcom								
Profit for the period								

1. Unaudited figures

2. Including the profit of EUR 161.6 million of the companies holding the network assets. As from 1 January 2008, the profit of these companies is included in the result of the Energy distribution segment. The profit of the Energy Value Chain for 2007 excluding the result of the companies holding the network assets amounts to EUR 278.8 million.

3. Excluding the profit of EUR 161.6 million of the companies holding the network assets. As from 1 January 2008, the profit of these companies is included in the result of the Energy distribution segment. The profit of the Energy Distribution segment for 2007 including the result of the companies holding the network assets amounts to EUR 238.5 million.

Commencing with the 2008 financial year, the effects of the transfer will be reflected either in the segment result of Energy Distribution or in unallocated expense or income items.

The Energy Distribution segment comprises the activities involved in the management of the electricity and gas networks. As stated above, the Energy Distribution segment will also be responsible for the operation of the corresponding infrastructure from the beginning of 2008.

The Waste Management segment comprises all the activities relating to the incineration and composting of waste and the management of landfills.

The swb AG segment comprises all the activities of the subsidiary swb AG. Apart from the sale and distribution of electricity, gas and drinking water, operations in the Bremen region (Germany) include the generation of electricity and heat, as well as waste-stream processing and the management of investments in associates. The segment is managed separately because of the 49% minority interest in swb AG.

Intercompany supplies are settled at arm's length prices.

Eliminations		Total		Discontinued operations		Eliminations		Total	
		continuing operations		Essent Kabelcom					
First half	First half	First half	First half	First half	First half	First half	First half	First half	First half
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
-	-	4,370.7	3,567.8	-	42.9	-	-	4,370.7	3,610.7
(165.4)	(432.3)	-	4.6	-	1.9	-	(6.5)	-	-
(165.4)	(432.3)	4,370.7	3,572.4	-	44.8	-	(6.5)	4,370.7	3,610.7
-	-	596.0	601.1	-	20.8	-	-	596.0	621.9
		19.8	(18.9)	-	-	-	-	19.8	(18.9)
		615.8	582.2	-	20.8	-	-	615.8	603.0
-	-	32.2	29.9	-	-	-	-	32.2	29.9
		(28.4)	(3.0)	-	(4.4)	-	-	(28.4)	(7.4)
		619.6	609.1	-	16.4	-	-	619.6	625.5
		(135.3)	(108.2)	-	(2.7)	-	-	(135.3)	(110.9)
		-	-	-	1,772.7	-	-	-	1,772.7
		484.3	500.9	-	1,786.4	-	-	484.3	2,287.3

> Other disclosures

Exceptional items

Exceptional items comprise income and expense items that, in the view of management, do not arise in the normal course of business and items that, because of their nature and size, should be presented separately to enable a better analysis of the results. The Group uses a threshold of EUR 20.0 million for exceptional items, except for (reversals of) impairments.

Operating profit includes the exceptional items shown in the following reconciliation:

	First half 2008 ^[1]	First half 2007 ^[1,2]	Full year 2007 ^[2]
Reported profit before interest and tax (EBIT)	648.0	612.2	991.2
Gain from the sale of property, plant and equipment (other operating income)	–	–	(30.6)
Depreciation due to extending the useful lives of electricity and gas networks (depreciation, amortisation and impairments)	–	34.3	68.9
Addition to provision for ownership unbundling costs (other operating expense)	–	–	21.3
Non-recurring costs of termination of Block 21 project (other operating expense)	–	–	16.8
Addition to other provisions (other operating expense and cost of energy, raw materials and consumables)	46.1	–	24.0
Impairments of property, plant, equipment and intangible assets (depreciation, amortisation and impairments)	11.9	–	19.3
Net total exceptional items	58.0	34.3	119.7
Normalised profit before interest and tax (EBIT)	706.0	646.5	1,110.9

Profit for the period includes the exceptional items shown in the following reconciliation:

Reported profit for the period	484.3	2,287.3	2,627.0
Net total exceptional items	58.0	34.3	119.7
Income tax in respect of exceptional items (income tax expense)	(14.8)	(8.7)	(30.5)
Exceptional deferred tax effects	–	(25.5)	(23.1)
Profit for the period from discontinued operations	–	(1,772.7)	(1,789.2)
Normalised profit for the period	527.5	514.7	903.9
Normalised earnings per share from continuing operations			
attributable to equity holders of Essent N.V. (in euros) ^[3]	3.37	3.32	5.82

1. Unaudited figures

2. Restated for comparison between the 2007 and 2008 figures, given the extension of the useful lives of all electricity networks (low-voltage, medium-voltage and high-voltage grids) and gas networks in 2008, and that fair value changes in derivative financial instruments are treated as results from normal business operations

3. Basic and diluted earnings per share

Commitments and contingencies

Cross-Border Leases

Commencing in 1994, Group companies and their predecessors entered into US-Dutch cross-border lease transactions (CBLs) on several power generation plants (GasEdon, Swentibold, Amer-9 and Moerdijk), waste incineration plants in Wijster, gas networks in the provinces of Drenthe, Friesland, Groningen, Limburg (including the gas network of Maastricht), Noord-Brabant and Overijssel and the electricity grid in Maastricht. In 1996, German leases were concluded on the turbines at the Moerdijk combined heat and power plant.

The Group entered into the CBLs with US investors and Dutch and foreign lenders and collateral support providers. When entering into the CBLs, the US investors often established separate legal entities, some in the form of trusts. On the respective closing dates, the appraised aggregate value of the referenced assets subject to the now remaining CBLs entered into with US investors was approximately US dollar 5.4 billion and of the assets subject to the German leases was approximately EUR 200 million.

All CBLs are subject to conditional and unconditional contractual rights and obligations. Essent N.V. guarantees substantially all these obligations including, in the event of a termination of the CBLs, stipulated Termination Value amounts due to US investors and certain of the other CBL parties, in each case as described below. Pursuant to arrangements concluded in 2007, under certain agreed conditions (including, without limitation, if there are breaches of CBL covenants by network related companies that result in CBL liabilities) Essent Netwerk B.V. would be required to reimburse Essent N.V. for amounts paid out by Essent N.V. under these guarantees.

CBLs are long term leasing transactions under which Group companies transferred the use of, or similar rights with respect to, the assets referred to above to US investors (or special trusts established for the benefit of such investors) for extended periods of time and subsequently leased back these assets from the US investors (or trusts) for shorter periods of time. At the end of the respective lease back periods, the relevant Group companies have the right (subject to certain conditions) to purchase the interests of the US investors (or trusts) in the relevant assets by payment of an agreed amount (established at the closing of the transactions), pursuant to a fixed price purchase option. If the fixed price purchase options are exercised, it is expected that amounts payable in connection therewith would be funded from the proceeds of financial instruments purchased at the time the transactions were entered into.

As in previous years, the structure of the transactions does not require that the rights and obligations under the CBLs be included in Essent's Balance sheet, nor in that of any other Group entity.

Certain aspects of the CBLs can be summarised as follows:

Amounts in millions	Year of contractual termination option	Net book-value at 30 June 2008 [1]	Transaction value at inception of CBL	Equity	Equity
				Termination Value at 30 June 2008 [2]	Termination Value at 31 December 2007 [2]
		EUR	US dollar	US dollar	US dollar
Energy networks	2016-2029	1,270	2,902	1,060	1,159
Generating facilities	2016-2026	257	2,077	639	632
Waste incineration facilities	2023	174	460	128	125
Total US CBLs		1,701	5,439	1,827	1,916
		EUR	EUR	EUR	EUR
Total US CBLs		1,701	3,441	1,156	1,314
German lease on Moerdijk plant	2009	–	205	33	33
Total all CBLs		1,701	3,646	1,189	1,347

1 Book value of assets relating to the German lease on the Moerdijk plant is included in generating facilities. Book value of network assets reflects revaluation thereof at internal transferpricing, based on fair value, as at 31 December 2007.

2 Excluding the debt portion of the 'Termination Values' in respect of which financial instruments, other collateral or internal reserves have been established.

The CBLs are subject to early termination if certain events (as defined in the contracts) occur. Early termination events may include (but are not limited to) events of default and events of loss (including certain changes in Dutch law that, subject to the exact provisions of the CBL documentation, adversely affect the relevant investors or other parties).

If an early termination event were to occur, the Group companies, and hence Essent N.V. also, could be liable for considerable equity termination value payments (and other related damages and financing costs) to the US investors and/or other parties involved in the CBLs and/or could be required to relinquish possession of the assets subject to the relevant CBL(s).

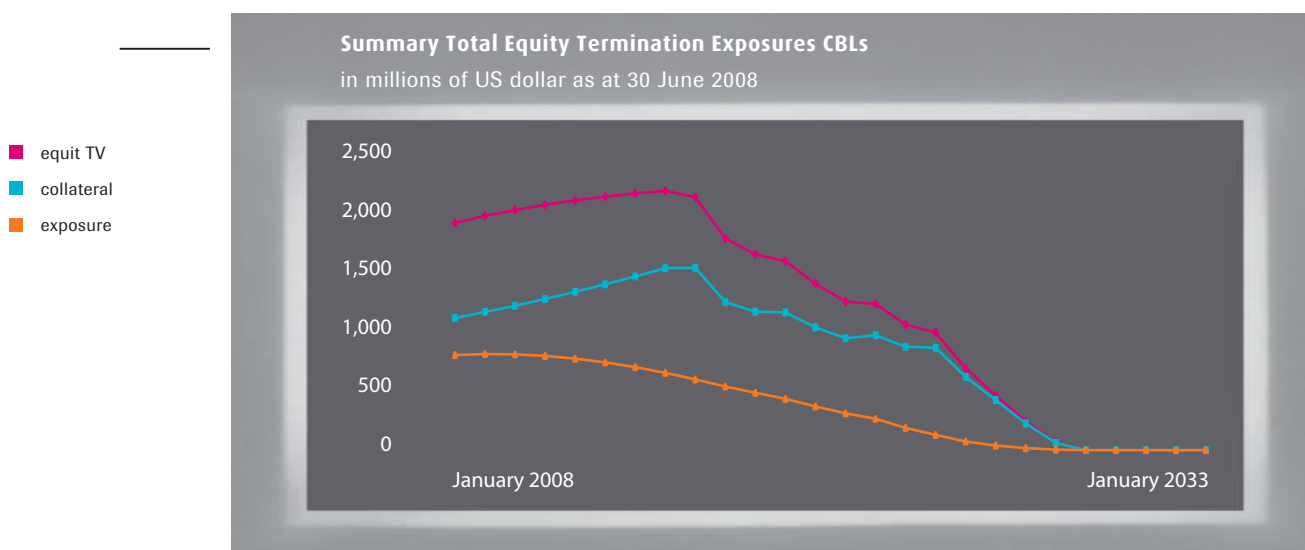
As at 30 June 2008, the aggregate Equity Termination Value exposure, which would be payable to the US investors (or their trusts) were an early termination event to occur and financial damages were to be claimed, was equal to approximately US dollar 1.8 billion (see table above). If required to be paid, part of this amount would be covered by the amounts available under certain of the financial instruments purchased to fund payment of the relevant purchase prices in the event the above-mentioned fixed price purchase options were to be exercised.

As at 30 June 2008, the estimated aggregate value of these financial instruments, which are sensitive to movements in interest rates, was equal to approximately US dollar 1.1 billion (31 December 2007: approximately 1.1 billion US dollar). To illustrate this sensitivity, it is estimated that an increase in the US treasuries interest yield of 10 basis points (0.10 percentage points) would cause a loss in market value of these financial instruments of approximately US dollar 14 million.

The portion of the Equity Termination Value exposure not covered by the financial instruments (approximately US dollar 769 million as at 30 June 2008) is from Essent's perspective sensitive to movements in the US dollar/EUR exchange rate. For example,

a loss in value of the Euro relative to the US dollar of US dollar 0.01 would cause an increase in this exposure of approximately EUR 3 million.

The following graph illustrates the pattern of net financial exposure that is anticipated for Equity Termination Values; this exposure is the difference between the aggregate Equity Termination Values and the aggregate value of the relevant financial instruments, based on market conditions as at 30 June 2008, should early termination payments under the CBLs be required. From the top line of such graph, it can be seen that the maximum US dollar gross exposure to Equity Termination Value will be reached in 2015. However, based on the referenced market conditions and the expected increase in value of the above referenced financial instruments, it can also be seen that the maximum US dollar net exposure to Equity Termination Value (i.e., Equity Termination Value minus the expected value of such financial instruments) will be reached in 2009 (estimated to be US dollar 825 million).



If an early termination event were to occur under a CBL and financial damages were to be claimed, the Group companies (and thus Essent N.V.) would also be liable for the balance of any scheduled termination value payments in addition to the above-mentioned Equity Termination Value payments. It is anticipated that these amounts, which would be payable to the lenders and other parties involved in the CBLs and are estimated to be equal to approximately US dollar 5.2 billion as at 30 June 2008 (31 December 2007: US dollar 5.3 billion), will be substantially covered by the financial instruments, collateral and internal reserves referred to in footnote 2 to the table above.

If there were to be a simultaneous early termination of all CBLs and financial damages were to be claimed in connection therewith, it is estimated that the aggregate net cost for Essent and the relevant Group companies could be approximately EUR 1 billion. This amount is based on, inter alia, the termination values as at 30 June 2008, the valuations of the above-mentioned financial instruments, other collateral and internal reserves as at this date and the potential impact of market volatility with respect thereto, potential breakage or other costs in respect of specific items and other related cost items that would be expected to be incurred in connection with an early termination.

The contractual CBL-rental obligations for the next five years are shown in the following table:

amounts in millions USD	2008	2009	2010	2011	2012	2013>	Total
	Second half						
<i>CBL-rental obligations:</i>							
Energy networks	93	221	277	288	254	2,501	3,633
Generating facilities	74	153	158	159	159	901	1,604
Waste incineration facilities	15	30	46	47	33	268	437
Total	182	403	481	494	446	3,669	5,674

Under the terms of some CBLs, mortgages, pledges or other security rights have been placed on the underlying assets. For all CBLs the net book value of the assets concerned as at 30 June 2008 is approximately EUR 149 million.

in millions of euros	Net book value at 30 June 2008 [1]	Net book value at 31 December 2007	Net book value of assets encumbered by mortgage, pledge or other security at 30 June 2008	Net book value of assets encumbered by mortgage, pledge or other security at 31 December 2007
Energy networks	1,270	1,157	82	115
Generating facilities	257	272	257	272
Waste management facilities	174	184	174	184
Total all CBLs	1,701	1,613	513	571

1. Book value of network assets reflects revaluation thereof at internal transferpricing based on fair value as at 31 December 2007.

Letters of credit and other collateral on Cross-Border Lease Transactions

Under the terms of the CBLs, letters of credit and/or other collateral instruments were required to be delivered at closing in favour of certain CBL parties. The total amount of letters of credit that were provided by financial institutions to CBL parties in the Essent CBLs was at 30 June 2008 US dollar 179 million (2007 US dollar 442 million). The required coverages in respect of these letters of credit are sensitive to changes in the values of the relevant underlying financial instruments (including by reason of changing credit spreads applicable to the issuers thereof) and to the level of US interest rates.

Based on arrangements entered into on 2 January 2008, existing letters of credit for a total amount of US dollar 149 million, were terminated in respect of one of the CBLs. The investor in this CBL no longer requires a letter of credit except upon the occurrence of circumstances that are presently considered to be remote.

Certain CBLs require that additional letters of credit and/or other collateral be delivered (and/or that existing letters of credit and/or other collateral be replaced) if certain events occur. These events include (without limitation) (i) the failure to satisfy specified credit rating tests, (ii) certain changes in respect of the identity of Essent's shareholders, (iii) breaches of financial covenants and/or (iv) the occurrence of certain adverse Dutch legislative or regulatory changes.

In the case of the credit rating tests, if the credit rating of Essent N.V. and/or other relevant Group companies were to decrease to A- (S&P), additional collateral would have to be furnished in an amount equal to approximately US dollar 601 million, an additional amount of up to approximately US dollar 118 million would be required at a higher credit rating level if the relevant credit rating downgrade were to be combined with certain other events. A further decrease to BBB+ would in certain circumstances require further collateral in an incremental amount equal to US dollar 231 million (less USD dollar 118 million if the afore mentioned events have already become applicable), and a decrease to BBB would require further additional collateral in an amount equal to approximately US dollar 38 million. The above amounts apply as at 30 June 2008, are based solely on the amount of additional collateral required to be provided in the event of a decrease in credit rating of Essent N.V. and/or other relevant Group companies and are sensitive to changes in the values of the relevant underlying financial instruments (including by reason of changing credit spreads applicable to the issuers thereof) and to the level of US interest rates. If additional events occur, either alone or in combination with credit rating downgrades, different amounts of additional collateral may be required.

Consensual Early Terminations CBLs

As a way of managing the inherent risk associated with the CBLs, Essent has been exploring the possibility of agreeing to consensual early terminations of certain of the CBLs.

Since June 2008, Essent has successfully terminated four CBLs with 3 different US investors and the relevant related CBL parties (three of these terminations occurred after the mid-year balance sheet close date of 30 June). All of these terminations allowed pre-existing letters of credit to be cancelled and each related to a network CBL transaction. As a result of these terminations, the Essent Group's electricity networks are no longer subject to CBL related obligations.

Essent will continue to pursue additional consensual terminations as opportunities arise with particular CBL parties.

Independent Network Management Act

On the proposal of the Minister of Economic Affairs, the Dutch Cabinet, following consultation with the Upper and Lower Houses of Parliament, announced on 13 July 2007 that the provisions of the Independent Network Management Act that relate to the unbundling of integrated energy companies like Essent into regulated and commercial operations will come into effect on 1 July 2008. This was reflected in a Royal Decree ("Koninklijk Besluit") on 3 August 2007. The Act's clauses for effecting the mandatory unbundling will be required to be complied with no later than 1 January 2011.

Essent is assessing all provisions of the Independent Network Management Act, and is considering available options with respect thereto. It is possible that the implementation of the Independent Network Management Act may cause Essent and/or other relevant Group companies to incur significant costs. These costs could result from, inter alia, possible renegotiations and/or terminations of various financing and other contracts and/or changes in credit ratings.

> Review report

To:
The General Meeting of Shareholders and the Supervisory Board of Essent N.V.

Introduction

We have reviewed the accompanying consolidated interim financial information of Essent N.V., Arnhem, on pages 13 to 33 inclusive of this interim statement for 2008, which comprises the consolidated income statement, the consolidated balance sheet as at 30 June 2008, the condensed cash flow statement for the period 1 January 2008 to 30 June 2008 inclusive and the consolidated statement of changes in equity. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law, including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information as at 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

's-Hertogenbosch, 6 August 2008

for Ernst & Young Accountants LLP

was signed by M. Hartkoorn

> Significant financial ratios ^[1]

Financial ratios	Target	First half	First half	Full year
		2008 ^[2]	2007 ^[2]	2007
Leverage (total debt basis %)	<50%	13.4	11.9	12.3
Solvency (%)		32.4	39.6	37.5
EBITDA/total interest-bearing liabilities (%)	>35%	165.1 ^[3]	240.1 ^[3]	207.0
Interest coverage	7.5x	24.8x ^[4]	22.8x ^[4]	42.5x
Non-current interest-bearing liabilities as % of total interest-bearing liabilities	>75%	87.2	80.9	91.7

1 The calculation of the ratios is based on the figures presented in the balance sheet and income statement

2 Unaudited figures

3 Calculation based on interest-bearing liabilities as at 30 June of the year under review and EBITDA of the preceding 12 months

4 Calculation based on EBITDA and net interest expenses of the preceding 12 months

Definitions of financial ratios and terms

Leverage (total debt basis)

Total interest-bearing liabilities divided by total interest-bearing liabilities plus equity, expressed as a percentage.

Solvency

Total equity divided by total assets, expressed as a percentage.

EBITDA

Operating profit plus depreciation, amortisation and impairments, and the share of profit of joint ventures and associates.

Interest coverage

EBITDA divided by net interest expense.

EBIT

Operating profit plus share of profit of joint ventures and associates.

Cash balance

Cash and cash equivalents less interest-bearing liabilities.

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