2012

Annual Report

Enovos International

enovos

Enovos International S.A.

Registered as a société anonyme
(public limited company)
under Luxembourg law with a capital of
EUR 90,962,900 (31.12.2012)
Registered office: Esch-sur-Alzette
Luxembourg Trade and Companies'
Register B11723

Annual General Meeting of 14th May 2013

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I Introduction

1 Enovos International's mission and values

As a major player in select Western European energy markets and holding company for the energy provider Enovos and the grid operator Creos, Enovos International's mission is to continuously ensure the group's competitive position, as well as its sound strategic development in the interest of all its stakeholders.

While providing shared services in finance, legal, information technologies, human resources, facility management and corporate development to the core group companies, Enovos International contributes to a high level of operational efficiency and to a lively corporate spirit. Its mission is to guide, coordinate and strengthen the effectiveness of diverse undertakings and to promote common objectives and values, which are actively exemplified within the group.

In its bodies of corporate governance, Enovos International convenes representatives of every one of its shareholders and represents the highest authority, entrusted with outlining the group's strategy and coordinating executive management.

Enovos International's corporate values focus on exemplary governance, regional leadership, reliable supply at competitive prices and sustained business growth. Yet, the company also holds itself to a high standard of corporate responsibility by integrating economic, environmental, ethical and social elements into its operations. Satisfying the concrete needs of its clients, be they retail, commercial, industrial or institutional, is, as always, a key driver in the managerial decisions of all group companies.

Employees represent one of the most important stakeholders of the company and its subsidiaries. Competence, talent and creativity, combined with motivation and experience, have proved to be the best assets in all of its undertakings. The growth of Enovos over the last years has had its impact on the number and composition of its workforce, making personnel matters highly important.

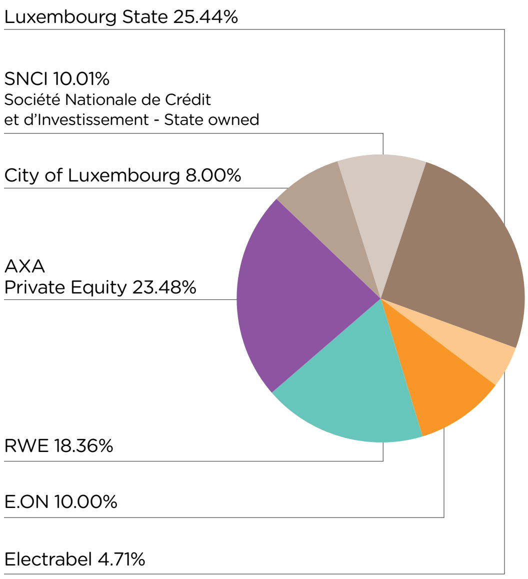
Dedicated to innovation, sustainability and growth, the company shareholders and executive management share a common vision and dedication to their customers, their employees and to the public. At Enovos, past, present and future are merged into one guiding principle: "Energy for today. Caring for tomorrow."

2 Group structure

Enovos International S.A., a holding company headquartered in the Grand Duchy of Luxembourg, heads Enovos Group.

The company's issued share capital is set at 90,962,900 Euros. On 17th July 2012, the shareholding changed when ArcelorMittal Luxembourg S.A. sold its 23.48% stake of the share capital to AXA Redilion ManagementCo S.C.A. ("AXA Private Equity"). Accordingly, the current shareholding of Enovos International S.A. is represented in this chart:

The shareholding



Enovos International S.A. is the mother company of Enovos and Creos.

Enovos Luxembourg S.A., Leo S.A., Enovos Deutschland Verwaltungs SE, Enovos Deutschland AG, Enovos Energie Deutschland GmbH, as well as their related subsidiaries, are active in the fields of production, purchase and resale of natural gas, electric power and renewable energy sources. Related activities to this core business, like the supply of heat and energy services, as well as the step into new technologies and commercial products or services are also provided by the Enovos companies and subsidiaries. The German companies have been re-organised in December 2012.

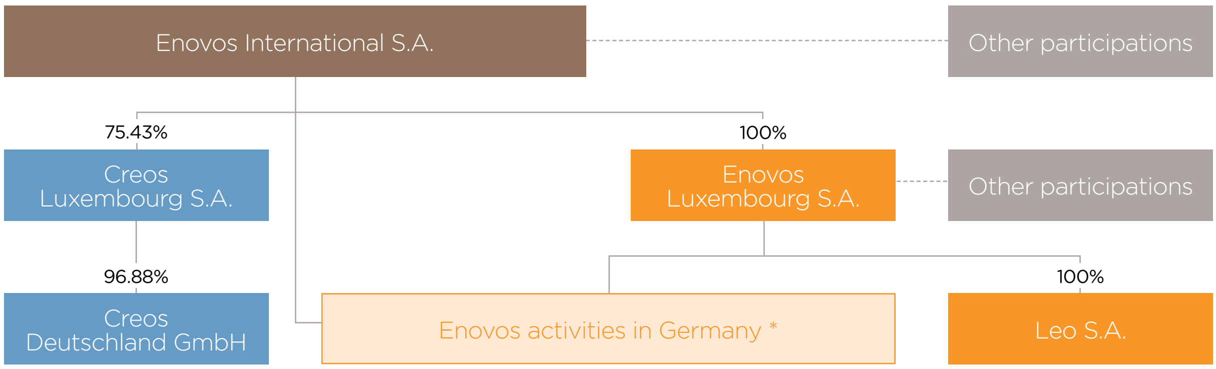
The energy network operators, Creos Luxembourg S.A. and Creos Deutschland GmbH, operate in the fields of energy transport, distribution and grid management. The grid companies provide all required business in the regulated domains of the electric power and natural gas sectors. Besides, they offer adjacent technical services to the consumers connected to the networks.

The two different names reflect the fact that each company, and its subsidiaries, is independent, with its own structure and employees.

Besides that, Enovos International S.A. holds stakes in companies with diversified activities such as telecommunications or facility management, as well as a captive re-insurance company.

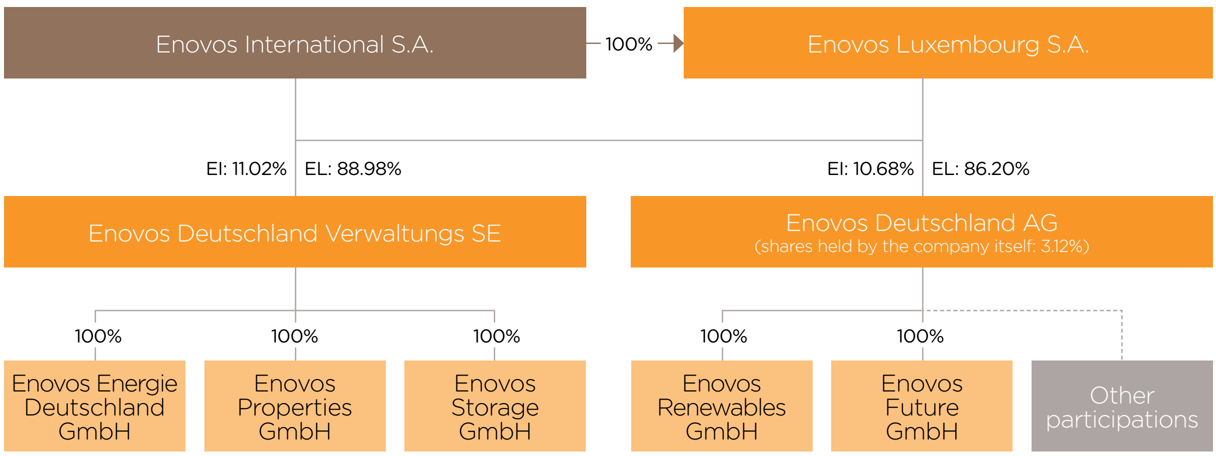
Enovos International S.A. is a holding company providing management services to its group companies, mainly in the domains of financial services, information technologies and human resources.

The group structure is shown below:

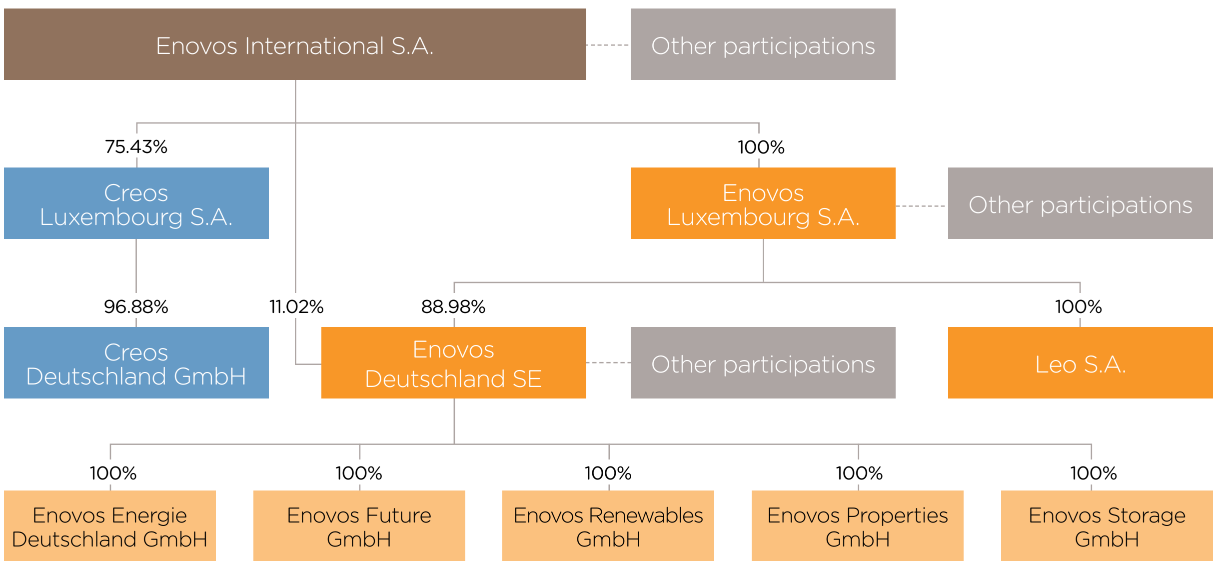


* The activities in Germany are restructured in 2012 and 2013.

As of 31st December 2012, the legal structure of the German Enovos companies is represented in the following chart:



After finalising the restructuring of the German Enovos companies (in the second semester of 2013), the new group structure will be as follow:



3 Summary of consolidated accounts (under Lux GAAP)

The scope of consolidation consists of 47 companies, out of which 29 are fully consolidated and 18 are consolidated under the equity method. The list of consolidated companies is shown in Note 5 to the consolidated financial statements.

Key consolidated figures (in EUR million)	**2012**	**2011**
Total assets	2,226.2	2,043.6
Fixed assets	1,466.8	1,339.3
Capital and reserves, group share	963.6	920.7
Capital and reserves, total	1,157.4	1,109.0
Debenture loans and Amounts owed to credit institutions	297.1	225.4
Sales (excl. trading)	2,641.7	2,485.5
EBITDA	163.3	216.5
EBIT	90.3	148.9
Net profit for the financial year	117.6	118.4
Thereof minority interests	*20.1*	*18.3*

Net profit 2012 is in line with 2011, but operational results 2012 decline due to difficult market conditions

While in 2012, the group continued to increase its sales, 2,641.7 million in 2012 compared to 2,485.5 million in 2011 (+6.3%), mainly from increased electricity sales in Germany, operational results have been negatively impacted by the long-term gas sourcing contracts with purchase prices exceeding short-term market prices, as well as by the overall high volatility in market prices leading to a strong reduction of the spread between gas and electricity prices. The impact could be limited at EBITDA level through significant renegotiation efforts with the main upstream gas suppliers, and further at net profit level through a capital gain realised on the sale of a minority stake held in a German gas company, thus leading to a net profit of for the year 2012 of EUR 117.6 million, nearly at the same level than in 2011 (EUR 118.4 million).

Further growth of the group's consolidated balance sheet

In 2012, the group further grew the consolidated balance sheet, increasing the total fixed assets from EUR 1,339.3 million to EUR 1,466.8 million from continued investments in the grids, in upstream power generation capacities and in the renewable sector. Consequently, to partially finance these investments, the consolidated financial indebtedness (Debenture loans and Amounts owed to credit institutions) increased from EUR 225.4 million in 2011 to EUR 297.1 million in 2012.

The group's total capital and reserves also continued to increase to EUR 1,157.5 million (2011: EUR 1,109.0 million), representing 52.0% of the total assets (54.3% in 2011). The sound balance sheet structure will allow the group to pursue its growth path, in line with its strategy to further invest in securing and modernising its current grid infrastructure as well as in increasing its capacity of renewable energy generation.

4 Corporate governance bodies in 2012

Board of Directors of Enovos International S.A.

Etienne Schneider 1)	Chairman
Marco Hoffmann 2)	Chairman
Benoît Gaillochet 3)	1st Vice-Chairman
Tom Theves 4)	2nd Vice-Chairman
Stephan Illenberger 5)	3rd Vice-Chairman
Eric Bosman 6)	Director
Fernand Felzinger	Director
Peter Frankenberg	Director
André Gilbertz	Director
Tim Hartmann	Director
Charles Hutmacher	Director
Jean-Claude Knebeler	Director
Uwe Leprich 7)	Director
Patrizia Luchetta 8)	Director
Arnold Neudeck	Director
Peter Pichl	Director
Gaston Reinesch 9)	Director
Geneviève Schlink 10)	Director
Claude Seywert 11)	Director
Erik von Scholz 12)	Director
Nico Wietor 13)	Director

1) Mr Etienne Schneider resigned from office on 2nd February 2012
2) Mr Marco Hoffmann was appointed Chairman by the Board of Directors on 27th January 2012, with effect on 2nd February 2012
3) Mr Benoît Gaillochet was appointed director by the Shareholder's General Meeting on 17th July 2012; he was appointed 1st Vice-Chairman by the Board of Directors on 28th September 2012
4) Mr Tom Theves was co-opted by the Board of Directors on 20th April 2012, this appointment having been ratified by the Shareholder's General Meeting on 8th May 2012; he was furthermore appointed 2nd Vice-Chairman by the Board of Directors on 28th September 2012
5) Mr Stephan Illenberger was appointed director by the Shareholder's General Meeting on 17th July 2012; he was appointed 3rd Vice-Chairman by the Board of Directors on 28th September 2012
6) Mr Eric Bosman resigned from office on 8th May 2012
7) Mr Uwe Leprich is the permanent representative of the director "Administration communale de la Ville de (City of) Luxembourg"
8) Mrs Patrizia Luchetta was co-opted by the Board of Directors on 20th April 2012, this appointment having been ratified by the Shareholder's General Meeting on 8th May 2012
9) Mr Gaston Reinesch resigned from office on 30th November 2012
10) Mrs Geneviève Schlink has been co-opted by the Board of Directors on 30th November 2012; this appointment being subject to ratification by the next General Meeting of Shareholders
11) Mr Claude Seywert resigned from office on 17th July 2012
12) Mr Erik von Scholz was appointed director by the Shareholder's General Meeting on 8th May 2012
13) Mr Nico Wietor resigned from office on 17th July 2012

Executive Committee of Enovos International S.A.

Following the retirement of the former CFO, Mr Nestor Didelot, the Board of Directors appointed in its meeting of 28th June 2012, and with effect on 1st July 2012, Messrs Michel Schaus and Guy Weicherding as new members of the Executive Committee.

Since then, the composition of the Executive Committee presents itself as follows:

Romain Becker
Co-Chairman of the Executive Committee, Chief Executive Officer Creos Luxembourg S.A.

Jean Lucius
Co-Chairman of the Executive Committee, Chief Executive Officer Enovos Luxembourg S.A.

Michel Schaus
Member of the Executive Committee, Chief of Operational Support, Enovos International S.A.

Guy Weicherding
Member of the Executive Committee, Chief Financial Officer, Enovos International S.A.

The Board of Directors of Enovos International S.A. formed several committees:

the Audit Committee
the Group Strategy Committee
the Remuneration and Nomination Committee

Corporate Governance at Enovos Group

In 2012, Enovos International S.A. approved a Corporate Governance Charter, published in May 2012. The Charter introduces the global corporate values of the group, its mission and its values. Furthermore, it provides information regarding its shareholders, explains the structure of the organisation and the principal guidelines implemented in the several corporate bodies and management boards. The Charter gives details referring to several articles of association and introduces internal governance processes including compliance, audit, risk management and social responsibility.

The Corporate Governance Charter is completed by an Annual Report of Corporate Governance, first published in 2012. The report presents the activity of the different bodies and departments in charge of governance and internal controlling.

Updated versions of the articles of association of Enovos International S.A. and its main subsidiaries as well as of the Corporate Governance Charter and the Annual Report of Corporate Governance are available either from the headquarters' welcome desk or upon request from corporate-governance@enovos.eu.

Marco Hoffmann

Romain Becker

Jean Lucius

Michel Schaus

Guy Weicherding

5 Message of the Chairman and the Executive Committee

In 2012, Enovos Group, headed by the holding company Enovos International S.A., continued its strategy of growth, investment and innovation, despite a difficult economic situation and the deeply troubled energy market. By polishing its complete range of products and services and by optimising the integration, the competencies and the efficiency of its teams, the group has remained true to its main mission: to generate, stock, transmit and distribute electricity, natural gas and renewable energies. Enovos Group fulfils this mission while guaranteeing high quality and reliability in accordance with the expectations of a steadily growing clientele in Luxembourg, Germany, Belgium and France.

Well-thought-out long-term visions

At group level, the past fiscal year was marked by a change of shareholders of Enovos International S.A. The capital investment company AXA Private Equity has taken over the 23.48% of the shares held up until then by ArcelorMittal S.A. With AXA Private Equity, Enovos benefits from an experienced partner, who shares the group's philosophy of well-thought-out long-term visions.

In 2012, there have been some changes concerning the Executive Committee of Enovos International S.A. Following the retirement of Mr Nestor Didelot, Messrs Michel Schaus and Guy Weicherding have been nominated as new members.

In order to promote its mid- and long-term energy investments, Enovos International S.A. issued a bond debt over seven years. This operation was a genuine success since the debt has been entirely subscribed in record fashion.

The legislative setting

Amongst others, this past year was marked by the passing of the Laws of 7th August 2012 concerning the organisation of the electricity and natural gas markets, which incorporate the so-called "3rd energy package" European directives into the national legislation. These laws contain a number of specifications regarding unbundling provisions and the competencies of the Luxembourg Regulation Institute. Enovos Group respects the provisions at issue as, since its establishment in 2009, the group structure had been decided upon to ensure a separation of regulated and non-regulated activities.

The laws in question determine the framework for the implementation of smart meters in Luxembourg as well the deployment of charging stations for electric vehicles.

The commercial activities

Intervening in the entire value chain, Enovos Luxembourg and its subsidiaries have developed their energy commercialisation and production activities in 2012. Through the integration of the City of Dudelange's gas sales activity, Enovos Luxembourg has grown its portfolio by 5,000 new private end clients. Enovos Luxembourg has also strengthened its presence in the neighbouring countries. With the restructuring of the two subsidiaries Enovos Deutschland AG and Enovos Energie Deutschland GmbH, which will be merged into a single company, under a newly created company, Enovos Deutschland SE, Enovos strengthens its bases and will continue to guarantee high-quality natural gas and electricity supply on the German territory. In France, where Enovos Luxembourg is present since 2006, the company has increased its client portfolio. Last year, it also ensured its first natural gas and electricity supplies on the Belgian market.

In the area of renewable energies, Enovos continues to raise its environmental responsibility by launching new products and by intervening in the development process of renewable projects at an increasingly earlier stage. In Luxembourg, Enovos has relaunched its attractive offer "Fix naturstroum" and, in October 2012, has introduced the "green" natural gas supply called "naturgas". In collaboration with motivated partners, Enovos has increased the charging network for electric vehicles. Besides, a large part of its car pool runs on natural gas.

The rise of renewable energies

The cross-border study "Trendwatch 2020", carried out by Enovos in collaboration with the market study institute TNS, has confirmed the rise of non-polluting energies. Encouraged in its strategic choice, Enovos pursues and develops its investment strategy concerning renewable energy projects. The biogas plant "Biopower" in Tongeren (Belgium), the wind park "Wandpark Bënzelt" (Luxembourg) and the new wind park in Souilly (France) are but a few examples of the projects realised in 2012 that stress the group's dynamic regarding environmental protection and sustainable development.

Moreover, Enovos ensures its awareness of social responsibility by supporting its own foundation, placed under the aegis of the Fondation de Luxembourg. Through the "nova naturstroum" fund, the Fondation Enovos is committed to encourage innovative, promoting or didactic projects in the area of renewable energies. It actively promotes research linked to the environment and sustainable development. Hence, it has just granted its support to its first research project of the CRP Henri Tudor for the development of exact regional forecasts on photovoltaic performances. For the first time in 2012, the foundation has also awarded the "prix d'excellence" to honour the best Master's theses of young engineers. At the same time, the Fondation Enovos supports social projects benefitting citizens with specific needs.

The management of infrastructures

The management of the electricity and natural gas grids, as well as the security of energy supply - a considerable asset for a modern economy - are ensured by the grid management company Creos Luxembourg S.A. and its German subsidiary Creos Deutschland GmbH. In order to suitably adapt the grids to future needs and a growing demand, Creos invests in the expansion and modernisation of its grids, both for natural gas and electric energy. In 2012, advanced preparations were undertaken to define the network development with the neighbouring countries in order to improve the security of supply and to support the future development of the economy. In Luxembourg, the installation of underground electricity grids improves the natural landscapes and everyone's quality of life. Currently, 93% of low-voltage electric power lines and 55% of middle voltages are underground – tendency growing. A new generation of gas insulated substations enabled the harmonious integration of high-voltage transmission substations into the urban landscape.

Grid management takes on a new dimension with the integration of renewable energies, whose flows need far more advanced management and projections. Unlike traditional energies, the energy stemming from wind parks or photovoltaic plants is primarily influenced by weather conditions. Relying on the know-how of its teams, a leading-edge technology and in-depth research, Creos is going all out to handle these highly complex and unpredictable transports by developing its grids' "intelligence" thanks to increased data communication.

"Intelligent" consumption

In order to motivate clients to consume more carefully and more ecologically, the traditional meters are little by little replaced by smart meters. These intelligent meters allow for an interactive communication between suppliers and end clients. A better follow-up of energy consumption entails lower costs for the consumer. Simultaneously, this bidirectional communication will allow offering clients new beneficial services, such as a warning in case of excessive energy consumption of a household appliance.

Looking towards to the future

Proud of the motivation of its some 1,400 employees and of its successful expansion strategy, Enovos Group will address the future challenges with serenity and expertise. More than 280,000 points of supply, more than 9,000 km of electrical power lines and more than 3,600 km of gas pipelines constitute the basis for a high security of supply, which meets the energy demands of a constantly growing clientele. True to its maxim "Energy for today. Caring for tomorrow.", Enovos Group will always bear its principal objectives in mind: to offer flawless quality, to fully commit itself to the development and the production of green energies and to act responsibly towards present and future generations – and this well beyond its core business of grid manager or energy supplier.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II Business Context

1 The economic and energy environment

In early 2012, the macroeconomic situation in the EU showed some signs of stabilisation, but in the end, the year turned out to be marked by low (or negative) growth rates and rising unemployment in much of Europe. While in 2011 a stark divergence in growth rates was visible between the debt-ridden countries of the southern European periphery and the then still growing economies of northern and central Europe, the negative growth rates troubling Greece (-6.4%), Portugal (-3.2%) and now also Italy (-2.2%) impacted negatively on the condition of Central European economies during 2012, as core economies like Germany (0.7%), France (0.0%) and Belgium (-0.2%) posted disappointing growth figures (all figures EUROSTAT).

While some of this contagion might be a deliberate result of international agreements on a Eurozone stabilisation mechanism, the fact that growth rates seem to converge at a very low level - instead of a more optimistic scenario, where the support of stronger countries would drag southern European countries back onto a growth path - is downright troubling. Structural reforms are more pressing than ever in the latter economies, yet their implementation is proving politically and socially more difficult than many would have imagined at the start of the year. A risk of further contagion exists for those countries of the Eurozone, which hitherto have managed to sustain modestly positive GDP growth, even in the face of homemade challenges (such as deindustrialisation and slumping employment). It is therefore unclear, if and for how much longer this downward trend will continue: current GDP growth in the EU27 is negative at -0.3%. There is almost no growth forecast for 2013 at 0.1% (all figures EUROSTAT).

The Grand Duchy has also been impacted by the generally weak macroeconomic situation in the EU, but simultaneously is increasingly confronted by challenges on the domestic front: Luxembourg's growth rate has fallen for the second year in a row to a mere 0.5% and, while once again well above the average EU27 GDP growth rate, this figure is but short of macroeconomic contraction. For the first time since the 1980s, it is facing the challenge of structural change, as key growth drivers of the past (mainly manufacturing industry and the financial sector) are showing significant weakness in the new economic situation. This is reflected in the steadily growing unemployment rate (preliminary forecast for 2012: 6.1%) and a continuing slide of industrial output over the year (forecast for 2012: -6%).

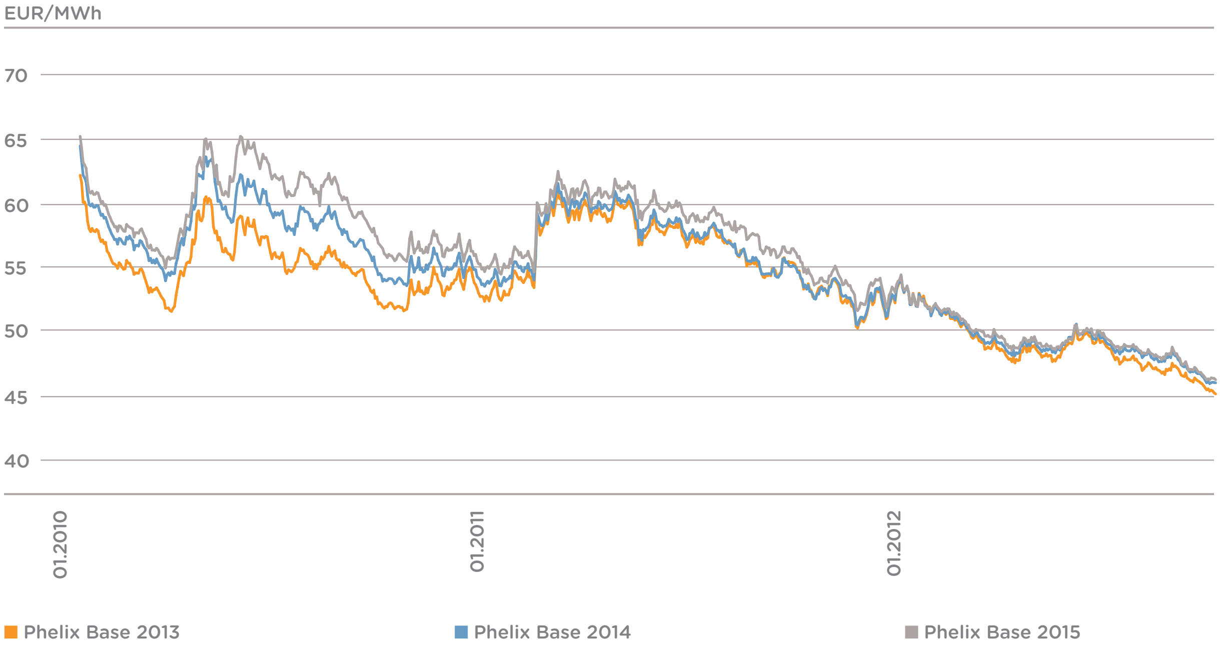
On the positive side, however, the weak economic outlook has prevented upward price pressure and resulted in a reasonably low inflation rate of 2.7% in Luxembourg (all figures STATEC).

The STATEC outlook for Luxembourg's GDP growth in 2013 (1%) is above the EU27 forecast (0.1%). This shouldn't detract from the fact that major structural challenges remain for Luxembourg, as it faces a prolonged downturn in its traditional growth sectors and subsequently has come to terms with lower tax inflows into the national budget.

The currency markets showed medium volatility, as investors repeatedly shifted the currency reserves between Euro and Dollar, responding to negative news from both sides of the Atlantic. The first half of 2012 was marked by stark distrust in the stability of the Euro, which slid to a low of 1.20 US Dollars, before starting a recovery to 1.31 in September and October - following the July EU agreement to aid the struggling Spanish banking sector.

Before rising on the news of a looming fiscal cliff in the United States of America and ending the year at 1.32, the Euro did see another dip in value to 1.27 in November, as worries about Greece's ability to fulfil the restructuring plan agreed with the so-called troika (European Commission, IMF, European Central Bank) emerged.

Evolution of electricity base prices



The stabilisation of electricity prices, which many had expected towards the latter half of 2011, did not materialise. Two phenomena dominated: convergence of futures prices across time periods and the steady fall of wholesale baseload energy prices, which continued to around 45 EUR/MWh at the end of 2012.

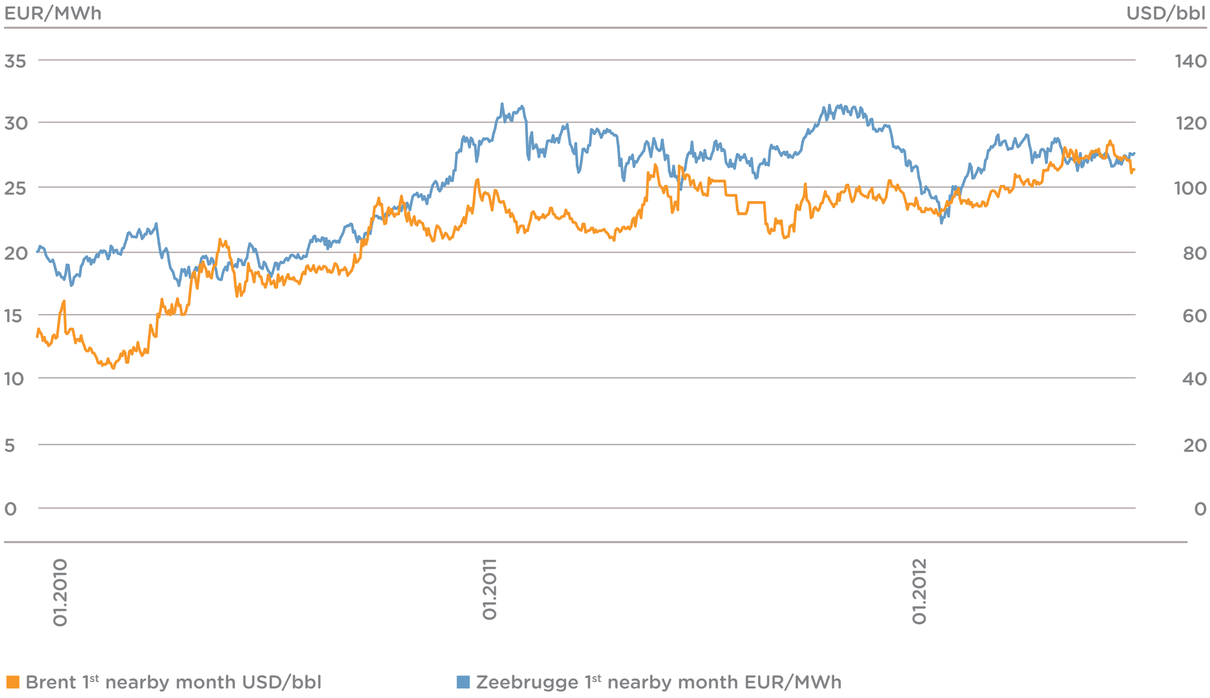
In a trend, which started in 2011, futures contracts for baseload electricity have converged dramatically and are now almost superimposable. This reflects a continued lack of liquidity premium for contracts with longer maturity, undoubtedly associated with the unstable economic outlook.

While the fall of electricity prices to some extent mirrors the downward tendency in macroeconomic growth, electricity prices have also chiefly been influenced by the double impact of shrinking electricity demand (due to deindustrialisation and more stringent energy efficiency programmes) and simultaneously higher-than-prognosticated influx of renewable energy into European grids.

The build-up of renewable power generation installations has been nothing short of phenomenal in many European countries, profiting from feed-in tariffs and priority injection into the grid. This development has prompted political debate in several European states. As an example, Germany has seen market price fall, due to the significant oversupply of electricity at most times of the year. On the other hand the German feed-in apportionment levy ("EEG-Umlage") imposed on all electricity consumers in order to finance feed-in tariffs has increased by 16.9 EUR/MWh to 53 EUR/MWh at the end of 2012, raising end-consumer prices in kind.

This results in an increasingly difficult environment for energy utilities: low wholesale spot prices undercut the energy utilities' legacy long-term-priced supply contracts (struck before the price decline occurred) and furthermore make any investment in conventional power generation, which is priced at wholesale market prices, unprofitable. All the while, consumers' willingness to accept higher end consumer prices has decreased, making it difficult for utilities to maintain margins throughout the value chain.

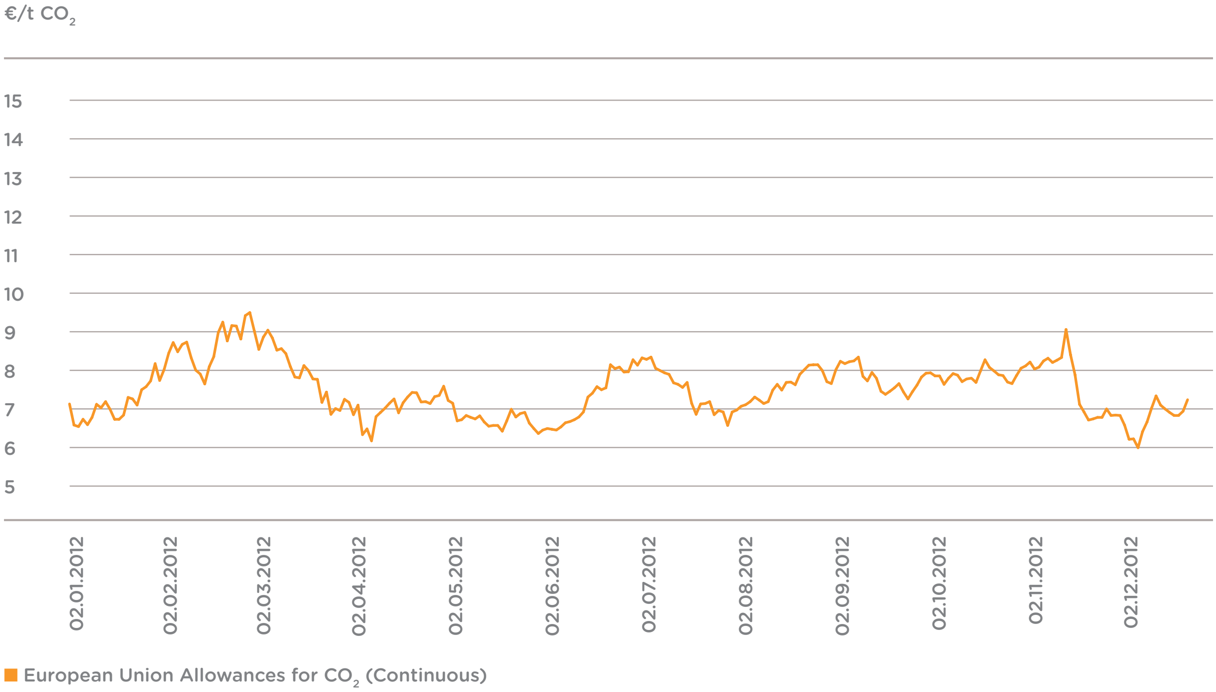
Evolution of Brent versus natural gas spot prices



Much like in 2011, a continued disappearance of the oil-gas price peg (indexing long-term gas contracts to oil) was observable in 2012. Most notably, the 30% plunge of oil prices mid-year, due to growing signs of weakness in the world economy and increased production from the Middle East and the US did not translate into a pronounced downward trend in gas prices.

Gas prices saw a slight recovery in 2012, despite substantial production increases coming from new deposits in the USA, where a true bonanza surrounding shale gas occurred. The resulting transformation of the US from importer to a net exporter of natural gas has displaced large quantities of this energy source towards the rapidly growing economies of Asia and South America. Japan in particular, still recovering from the Fukushima disaster, relies on imports of significant volumes of gas in the form of LNG (liquid natural gas) to keep its economy afloat.

Evolution of CO_2 certificate prices over 2012



As the economic crisis eroded industrial output, 2012 saw severe weakness in EU CO2 emission allowance prices. At the beginning of the year, reports of sustained oversupply of certificates surfaced. Some of these reports went as far as to forecast a long-term glut, threatening the rationale for the system. Worries surfaced that the Emissions Trading System (ETS) of the EU would fail, if it weren't reformed substantially or the European Commission didn't intervene by reducing certificate supply.

On these news, perhaps unsurprisingly, prices did not see significant upward movement before starting a slight recovery in the second half of 2012, only to be beaten down again in July, as press reported looming falls to prices as low as 4€ per tonne of CO_2, should the EU not announce concrete measures to substantially reduce the supply of allowances.

Rising expectations on a supply reduction scheme by the European Commission remained unfulfilled: when in November the Commission proposed to postpone an auction of 900 million allowances to the next phase of the ETS, the certificate price rose, but swiftly fell back well below previous levels, as it became evident that member states would likely not support such a move.

2 Grid activities

The electricity and natural gas networks - a regulated activity

Energy market organisation provides a strict separation of regulated activities (infrastructure management) and non-regulated activities like production, sale and purchase, open to competition.

The principle is that infrastructures should remain a natural monopoly, but accessible to all suppliers under transparent and non-discriminatory conditions. In the Enovos Group, Creos is in charge of the network management including planning, building and maintenance of electric and gas infrastructures.

Network access is organised and supervised by a regulator, in this case the Luxembourg Institute of Regulation (ILR). It is this independent body which for instance approves network access tariffs, "tolls" invoiced to all users of our networks. The regulator's task in particular is to ensure non-discrimination, effective competition and the efficient operation of the markets.

These tariffs are published yearly on our Internet site at www.creos.net, whilst more detailed information on the role and activities of the regulator are to be found at www.ilr.lu.

The framework for the organisation of energy markets as well as the function of the Institute as market regulator have been defined more precisely by the Laws on electricity and gas markets dated 7th August 2012, based on the 3rd European energy package.

Until 2012, network access tariffs had been defined on the basis of a "rate of return regulation" approach ensuring a certain financial return on investments made in networks. During 2011, the ILR announced a new approach to the calculation of tolls, based on the principle of capping controllable operational charges and new procedures in relation to new investments. Furthermore, it was announced that remuneration rates for invested capital would be revised downwards.

This new approach following the principle of "incentive regulation" leaves an advantage to network managers if operational costs are limited so as to remain below the amounts resulting from indexation defined by the regulator, but with the risk of losses in the opposite case. The ILR launched two public consultations on this subject in 2011 and Creos presented its comments and suggestions. Final decisions by the ILR have been published in March 2012 concerning the new method of calculation for the grid tariffs on the basis of the above mentioned principles. Furthermore, it was decided that remuneration rates for invested capital were revised downwards by approximately 10 %, following the trend of financial markets. This new method is applicable for a regulation period from 2013 to 2016. As a consequence, significant work has been performed within Creos in order to prepare for this new calculation method and commit to the new obligations concerning investment projects.

Security of supply

A safe and reliable energy transport and distribution infrastructure is a key element to guarantee the well-being of citizens and the sustainable development of a country's economy. That is why Creos invests all its efforts in designing future electricity and gas networks to achieve a long-term guarantee of the current level of availability and security of supply.

Electricity

In coming years, Luxembourg will have to deal with major changes in the transport and distribution of electricity. The development of renewable energies, new sectors such as heat pumps and electro-mobility as well as demographic evolution in Luxembourg challenge Creos to develop additional capacities vis-à-vis neighbouring countries in order to cover electricity demand requirements by 2020 and 2030.

At a European level, the European Commission has stated the need to progress to a level of integration of the electricity markets and the development of renewable energies. This strategic orientation combined with political decision in some member states to cease nuclear production of electricity obliges grid managers to adapt their networks accordingly. Major investments in networks are necessary to meet the challenges of restructuring the energy sector in Europe.

That is why Creos has collaborated with the managers of adjacent networks to continue studies dedicated to options of additional interconnection mainly with Belgium, and possibly with France. These studies include the analysis of the impact of a new interconnector on network security and market integration. The challenge is to manage this new transit interconnection in collaboration with neighbouring operators while maintaining a guaranteed capacity for Luxembourg. Final decisions on the interconnection investments are expected in 2013.

Natural gas

Within the context of the diversification of the supply of natural gas in Luxembourg and the integration of the energy markets, as recommended by the European Commission, Creos launched end 2010 a market consultation to consider the interest in additional capacity from France to Luxembourg. This new interconnection point would be added to those from Germany and Belgium, now offering three supply routes to local markets and increasing the country's security of supply.

The consultation was run in close collaboration with GRTgas, the French network manager, in line with the standardised Open Season procedure.
This procedure provides for an assessment of the interest for suppliers at the various price levels offered, first of all non-committal and then secondly with suppliers making irrevocable commitments. The non-committal phase, launched in 2010, showed sufficient evidence of interest in continuing the procedure.

The launch of the committal Open Season phase is planned for the first half of the year 2013.

Non-discriminatory treatment of customers

The Laws of 7th August 2012 amending the Laws of 1st August 2007 on the organisation of the energy markets require that the network manager, part of a vertically integrated organisation, respects certain criteria guaranteeing the independence of its management activity vis-à-vis other group activities such as the production and/or supply of electricity and natural gas. The management is asked to establish and monitor a programme containing the appropriate measures to exclude any discriminatory practice in the treatment of different network users.

Within Creos Luxembourg S.A., the legal department has been designated as the department responsible for monitoring the non-discrimination programme. This programme determines all the measures necessary to guarantee the non-discriminatory and confidential treatment of data and the obligations of the personnel of Creos Luxembourg S.A., responsible for network management tasks. The legal department has been transferred as of 1st January 2013 from Enovos International to Creos Luxembourg, according to unbundling obligations of the 3rd EU energy package.

The development of "smart grids"

The Laws of 7th August 2012, based on a 2009 European Directive, require the installation, for all users, of so-called "smart energy meters". The smart meter is an electronic device capable of measuring energy consumption, adding more information than a conventional meter, and capable of transmitting data using electronic means of communication. A key characteristic of the smart meter is its ability to communicate in both directions between the consumer and network managers or suppliers. It should also promote services facilitating energy management by the consumer.

The smart meter is the key element to allow two further steps in the future: it gives a better knowledge on the flows in the grid at all tension levels, allowing a better integration of electricity production from volatile renewable and decentralised energy sources (trend to "smart grid") as well as new services to customers as far as household appliances and demand side management are concerned (trend to "smart home").

Creos is in the process of testing several types of meters and communication technologies (“PLC” or power line carrier, radio frequency and fibre optics). A large-scale test is planned for 2013 with roll-out possible in 2014 as a consequence of the technological choice made and on the basis of a business plan to be validated by the bodies concerned.

Investment activities

Some 90 MEUR have been invested in 2012, mainly in the electricity grids. As a consequence of the above mentioned trends and objectives, the amount of Capex is even foreseen to grow in the next years and a level of some 120 MEUR per year is expected for the period from 2013 to 2017.

Risk management objectives and policies

The main technical risks the company has to manage are accidents to people (internal and outsiders) and network damage in certain climatic events.

Outlook

Creos Luxembourg S.A. will continue in 2013 and the following years to implement a significant plan for investment and maintenance to modernise its networks and ensure their safety and reliability. The company will also actively prepare the introduction of so-called smart meters and smart grids.

Since 1st January 2013, a new “incentive” regulation is in force for a first application period until 2016, according to new ILR regulations as of 22nd March 2012.

At this stage, the company does not foresee any technical or financial development likely to raise issues on its economic or financial situation.

III Enovos International S.A.
and its core group companies

1 Enovos International S.A.

Enovos International S.A., as a holding company, provides the shareholders and the executive management with various services ranging from corporate governance and secretariat, legal and tax advisory, corporate development and strategy to financial controlling, risk management and internal audit.

Furthermore, the company acts as a service provider to its main subsidiaries in the following areas: human resources management, information systems (IT/IS), accounting, group finance and treasury and facility management.

The group holding company is managed by the Executive Committee, established by the Board of Directors according to article 20.8 of the articles of association.

The activities of the Human Resources Department, the Information Systems Department and the Group Financing Department are developed more in detail hereafter.

This information is completed by a chapter dedicated to risk management, and followed by an overview about the activities and results of the main group companies.

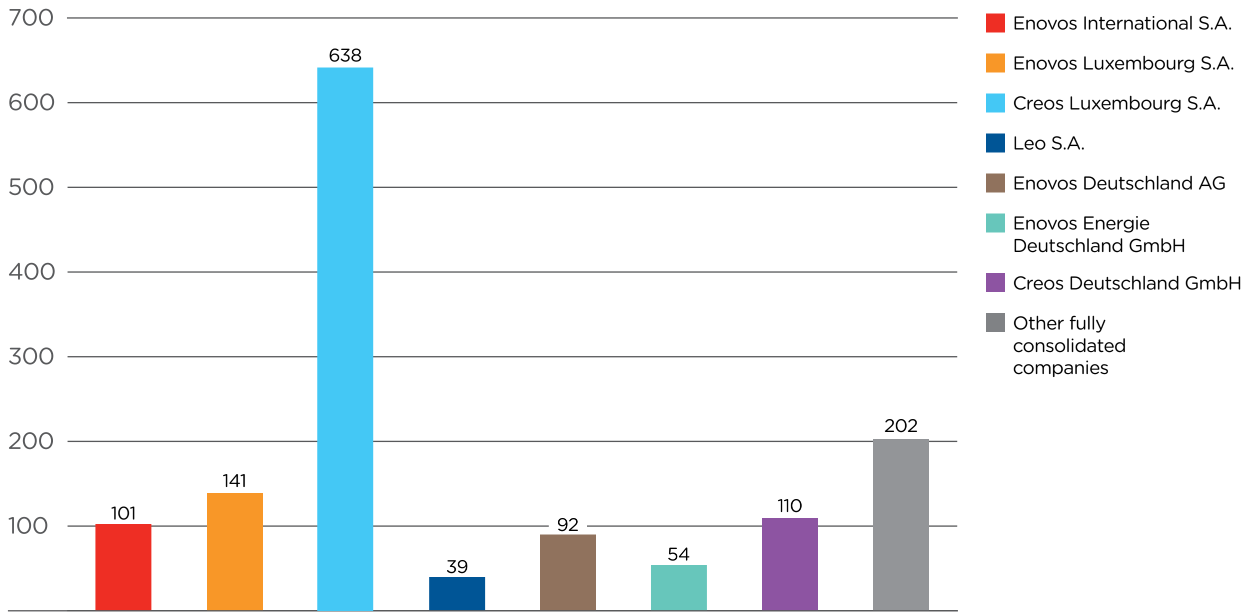
2 Human resources

Evolution of workforce and key figures

From the Human Resources perspective, the year 2012 has been challenging for all employees due to the on-going merger integration, coupled with various projects in the commercial and technical areas.

Braving economic and environmental difficulties, the group remained active on the employment market, hiring new employees through both internal and external recruitment channels. The participation in various events, such as the job fair organised by the University of Luxembourg, remains relevant to the recruiting strategy.

Headcounts of fully consolidated group companies (Total 2012 on average: 1,377 employees)



Continuing professional development

Cherishing knowledge transfer and know-how and the ability of implementing change management as part of the integration process, the 2012 training budget has been adjusted correspondingly in order to assist all efforts.

The management of personal and professional skills is a vital aspect of the group's human resources strategy. Training and development actions, like on-the-job and in-house training in all fields of management and administration as well as soft skill and language courses are offered and assisted. Due to that approach, the network of internal trainers plays an essential role.

Cultivating team development and finding the right balance between required competencies and everyone's desire for career advancement are objectives that can only be achieved with a highly skilled Human Resources Department. Therefore, Enovos' Human Resources functions tend to ensure the continuous development of activities while offering the best possible career perspectives to the personnel.

Based on a vast programme around the areas of work-related safety, the group continues to target sustainable and responsible development.

Events like the Saint Nicholas celebrations for the employees' kids as well as the organisation of end-of-year festivities aim at furthering staff welfare.

The encouragement of dialogue and transparency, constructive and responsible cooperation between management, staff representatives and personnel has been a key asset over the period of time following the merger and during the subsequent integration phase.

Using the opportunity, we would like to thank and compliment all the qualified and competent employees for their strong commitment and contribution in 2012, their devotion to the implementation of the many important changes and their dedication to achieve the company's objectives.

3 Information systems

The core mission of the Information Systems Department is to provide high-quality, agile, scalable and high-performing IS services to the different companies of the group in order to support automated processes and optimise Enovos Group's business processes.

As such, the department is a primary contributor of Business Value based on the use of Information Technology, mainly by partnering with the business lines in the definition of what their IT needs are, by designing and implementing multiple solutions to address such needs, and by ensuring on a daily basis that ICT Services are available according to business needs.

In 2012, the Information Systems Department continued on its journey towards a complete renewal of the IT organisation and environment.

Regarding IT organisation, the staffing of the department continued with the hiring of highly competent and experienced IT specialists to complete the various teams. A more client-minded and service-oriented approach has been defined with the start of the ITIL framework's implementation, in order to achieve a better structuring and more efficient IT processes benefitting internal and external customers. The implementation of a common project and portfolio management methodology and tooling was another highlight in 2012.

On the application layer, Enovos achieved the integration of the ERP environments on a common platform for the main market companies across the group and prepared for a major re-engineering programme in the coming couple of years, including the upgrade of the ERP systems, the unbundling of the metering and billing systems between Enovos and Creos and the implementation of market communication standards for all players on the Luxembourg energy market, both grid operators and energy providers.

Regarding infrastructure, a new virtualised back-end infrastructure (servers and storage) has been put into production to achieve better scalability, performance and agility for the upcoming challenges due to smart metering, business intelligence applications and customer base increase. This was combined with the implementation of a new, externalised and high-quality data centre.

Fabien Bach
Head of Group Controlling

Chantal Feilen
Head of Human Resources

Armand Gobber
Head of Group Finance

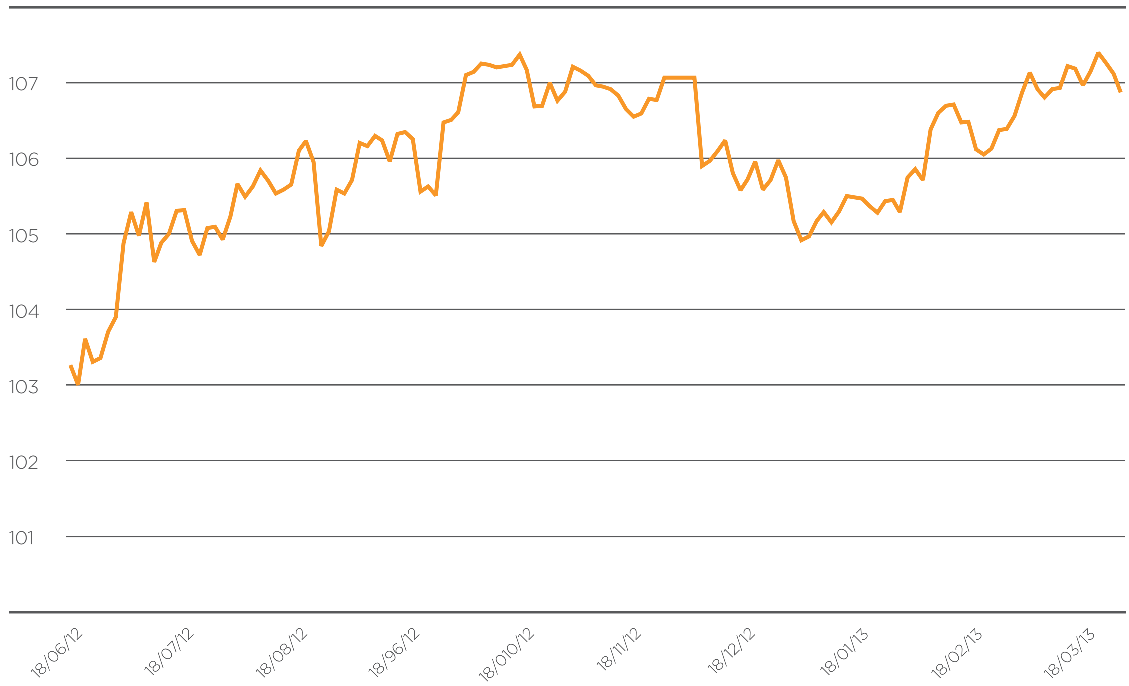
4 Group financing

The financing of Enovos Group is largely centralised at Enovos International, which heads a cash pooling system for the core companies of the group in order to ensure an efficient use of the cash flow generated by these companies. Thus, in 2012, a total of 17 companies are part of the Enovos Group cash pool, representing about 97% of the consolidated turnover or the consolidated equity. To guarantee sufficient liquidity to the main group companies, Enovos International has contracted a number of short- to medium-term confirmed lines of credit of 200 MEUR.

With the growing financing needs, resulting from the group's ambitious investment programme, it has been decided to diversify the funding in 2012 and to access the capital market by issuing a retail bond of 200M EUR. Launched in Luxembourg and Belgium in May 2012, the issue was largely oversubscribed within a couple of days, illustrating the strong credit standing of Enovos Group.

The chart below shows the evolution of the bond at the Luxembourg Euro MTF stock exchange since its issue in June 2012.

Graph of bond price



As the group business plan anticipates further investments in 2013 and beyond, Enovos International will continue to build on the group's strong balance sheet to finance its growth in the years to come.

5 Risk management

Global situation

Enovos Group companies are positioned in markets affected by enhanced regulation, increasing commercial competition, technical evolutions and further uncertainties rising in an environment of continued economic crisis and fluctuating energy demand. More than in the past, external factors have affected the usually quite stable situation of Enovos as the market leader in a basic industry sector in one of Europe's economically strongest regions, i.e. Luxembourg and its neighbouring countries. From a risk point of view, Enovos' strategy of combining dual-fuel (power and natural gas), dual-business (grid operator and commercial supplier) and a multinational footprint (Luxembourg, Germany, Belgium and France), protects the group against strong shifts in a particular sector of activity.

Enovos' risk management procedures have been strengthened by implementing a data-based software that introduces harmonised procedures for risk reporting, assessment and mitigation. Workshops and committees handle potential risks of any kind, including security aspects and operational risks, and thus promote a highly risk-aware culture.

The main business

The grid operating companies Creos face risks regarding the future regulation of the energy distribution networks, both in Luxembourg and in Germany. Furthermore, the physical delivery of energy presents inherent operational and technical risks. The compliance of the grid companies with all legal and regulatory requirements, as well as with the highest and most recent technical standards, is of constant concern. The report of identified risks and the survey of potential threats to the on-going business and to the security of supply have been strengthened in the context of group risk management and group internal audit proceedings. The grid activities' exposure to other risks, such as counterpart and credit risks or other financial risks, is limited, while specific legal provisions set the rules of relationships between the monopolistic and regulated grid operator business and the commercial sectors of the energy markets.

As energy providers, Enovos' market companies' main risks are those towards price movements on

Dr Peter Hamacher
Head of Corporate Development & Strategy

Philippe Malinov
Head of Group Accounting

Alain Nyckees
Head of Group Internal Audit

Marc Schintgen
Head of Information Systems

Marc Wagener
Head of Facility Management

Jean-Paul Wagner
Secretary General of the Board of Directors
Enovos International S.A.
Head of Group Risk Management and Corporate Governance

the power and gas markets, as well as credit risk towards clients and counterparties. Risks are related to the daily business of any company. As such, they are unforeseeable but can be estimated. In compliance with the accepted level and definition of risk, the risk management function, as an independent department from the operational units within Enovos Luxembourg S.A., makes sure that the internal risk policy is duly applied. It is also concerned with the general optimisation on a risk and return basis. The risk management ensures an efficient identification, analysis, assessment and reporting of actual and potential risks. A proactive approach allows avoiding unacceptable risk and should preserve the financial health of Enovos Luxembourg S.A. and its subsidiaries.

Hereafter, specification is given for three main risk categories:

Market price risk

With respect to market risk, i.e. the risk resulting from changes in market prices, Enovos' companies adopt a prudent approach, respecting the limits set by its board. In compliance with internal and generally accepted principles, market risk is evaluated and controlled independently of the risk-taking units. Market risk exposure arises due to Enovos Luxembourg S.A.'s trading and portfolio management activities in order to equalise loads, hedge exposures and optimise power stations. Foreign currency exposures naturally arise from the hedging of fuel and gas prices. The expertise of the risk management staff, as well as comprehensive quantitative models, allow for an accurate representation and management of potential exposures. Quantification is done using the concepts of updated mark-to-market evaluation and value-at-risk based on historical data. Stress test scenarios provide insight into the risk arising due to severe market conditions. Stop-loss and take-profit thresholds are defined and applied to allow for a limitation of overall risks.

Credit risk

In order to mitigate credit risk, Enovos Luxembourg S.A. interacts and trades only with counterparties whose financial health has been proved. In line with the risk policy, credit limits are defined and monitored systematically. The credit limits are determined based on creditworthiness assessments that rely on internal methods as well as external financial opinions provided by rating agencies, credit insurers or credit analysts. Periodic reviews are realised and credit limits adjusted where appropriate.

Since over-the-counter (OTC) market transactions constitute a major share in the daily business, detailed counterparty reports are established. OTC transactions are done on the basis of master agreements, such as those of the European Federation of Energy Traders (EFET) and the International Swaps and Derivatives Association (ISDA). In 2012, additional EFET and ISDA contracts with existing or new counterparties have been concluded. The follow-up of existing contracts has been duly conducted in order to increase counterparty liquidity and spread credit risk.

Considering the economic evolution and the market developments, creditworthiness analyses and thorough "know-your-customer" checks of potential clients are applied before contract conclusion. For existing customers, a periodic reassessment regarding the respect of the contractual clauses is realised.

Liquidity risk

Enovos Group companies signed a cash pool agreement with Enovos International S.A., the holding mother company in charge of shared services, including treasury. The group financing scheme allows addressing capital expenditures in new investments and assets, as well as working capital needs. Enovos International S.A. has agreed a number of committed credit facilities with various banks. As a matter of fact, liquidity risk is notably reduced and constitutes no major concern to Enovos Group companies.

Outlook

Enovos ensured a continuous improvement of its risk management. Further developments in the assessment, quantification and limitation of the risks will be a major challenge and goal for 2013.

The outlook for Luxembourg remains difficult to gauge: the competitiveness of the industrial sector remains on the political agenda, the financial sector faces changing and increasing global regulation, the deficits of the public budgets are confirmed and the unemployment figures reach historical tops. These uncertainties affect the perspective of energy consumption in Enovos' traditional national home markets.

Further risks relate to the movements in the international energy markets. Grid operators are challenged by unstructured decentralised renewable power generation and the implementation of smart technologies. Energy suppliers experience unexpected overthrow in the power generation merit order and price movements for natural gas due to controversial shale gas generation and other evolutions of global effect.

Notwithstanding this, Enovos Group sees itself as well-placed to confront the new technological challenges, low-growth scenarios and enlarged market volatility. Assuming no radical deterioration of the macroeconomic situation, the group is currently not exposed to direct, substantial risks or uncertainties.

6 Core group companies

Market activities

Enovos Luxembourg S.A.
(participating interest: 100%)

Enovos Luxembourg S.A. is owned to 100% by Enovos International S.A. and heads the commercial activities (Enovos "Markets") of Enovos Group.

Enovos Deutschland AG and Enovos Energie Deutschland GmbH (indirectly owned through Enovos Deutschland Verwaltungs SE), the two German subsidiaries of Enovos Luxembourg S.A., provide natural gas, electricity and energy services for the entire German territory. In Luxembourg, Leo S.A. is the preferential contact for Luxembourg-City regarding the supply of electricity and natural gas. Moreover, Enovos Luxembourg S.A. holds several stakes in the energy generation business, including significant shareholding interests in power generation based on renewable energies, whilst Enovos Deutschland AG is holding participations in other energy supply companies, mainly German utilities ("Stadtwerke").

Key figures (in million euros)	**2012**	**2011**
Total assets	1,067.1	774.0
Fixed assets	610.1	521.2
Total capital and reserves (incl. result for the financial year)	429.8	414.5
Amounts owed to credit institutions	0.0	57.0
Net turnover	1,569.5	1,257.2
Result for the financial year	20.1	56.8

In order to further improve the presentation of the financial statements, management has recorded in 2012 some reclassifications between Net turnover and Other operating income. The comparative figures for 2011 have been reclassified accordingly.

Net turnover increase is mainly driven by additional supply volumes to the German subsidiaries and increased sales in France and Belgium. Result for the financial year decreased to EUR 20.1 million, compared to EUR 56.8 million in 2011, since the company has been negatively impacted by the long-term gas sourcing contracts and by the high volatility in market prices leading to a strong reduction of the spread between gas and electricity prices affecting previous trading positions taken by the company.

The company's total capital and reserves as at 31st December 2012 amounted to EUR 429.8 million (2011: EUR 414.5 million). Total fixed assets (including intangible, tangible and financial assets) increased to EUR 610.1 million (2011: EUR 521.2 million), mainly as a consequence of continued investments in upstream capacities in the construction of the 11th turbine at the Vianden pumping station of SEO and the 50 MW slice of a lignite-fired power plant and continued investments in renewable energy generation.

Sales of electricity

The overall sales of Enovos Luxembourg S.A. have increased from 6.6 TWh in 2011 to 9.5 TWh in 2012 (+45.2%).

The Portfolio Management of Enovos Luxembourg S.A. as the central point of sourcing has extended the supply to the subsidiaries in Germany and Luxembourg, resulting in a strong increase of inter-company sales (+3.0 TWh).

Intensified competition on the wholesale market led to reduced sales volumes to public utilities (-21.0 %).

For the company, electricity sales have been as follows:

GWh	2012	2011	Change %
A. Final customers	**4,771**	**4,850**	**-1.6**
Large enterprises	2,459	2,605	-5.6
Small and medium enterprises	1,287	1,275	0.9
Residential customers	757	710	6.6
Professional customers	267	259	3.1
Power plants	0	0	-
B. Wholesale customers	**273**	**266**	**2.7**
Public utilities	159	201	-21.0
Grid operators	115	65	75.3
Other counterparts	0	0	-
C. Intercompany	**4,467**	**1,432**	**>100**
Total	**9,511**	**6,548**	**45.2**

The consumption of residential and professional customers has grown from 970 GWh in 2011 to 1,025 GWh in 2012 (+5.7%).

In 2012, overall electricity consumption in Luxembourg was estimated at 6,336 GWh, a decrease of 4.0% compared to the previous year. The change in annual consumption in Luxembourg's neighbouring countries has been: Germany (-0.5%), Belgium (-1.9%) and France (+2.4%).

Sales of natural gas

Total gas sales of Enovos Luxembourg S.A. have surpassed the previous year by 4.6 TWh (+19.4%).

Lower consumption of industrial clients, due to the economic downturn and the closing of production facilities in Luxembourg, was compensated by a higher demand of household customers and public utilities as a result of the cold climate conditions in 2012.

Since the integration of Luxgas s.à r.l. on 1st July 2011, the household customers were fully integrated into the segment of final customers.

Due to maintenance downtime and the collapse of power prices towards the end of the year, the gas consumption of Twinerg declined (-13.8%).

The centralised Portfolio Management in Luxembourg delivered more gas to the German subsidiaries compared to the previous year (+55.5 %).

For the company, sales of natural gas have been as follows:

GWh	2012	2011	Change %
A. Final customers	**11,537**	**11,198**	**3.0**
Large enterprises	3,225	3,367	-4.2
Small and medium enterprises	3,402	2,696	26.2
Residential customers	710	261	>100
Professional customers	0	0	-
Power plants	4,201	4,874	-13.8
B. Wholesale customers	**1,944**	**1,760**	**10.5**
Public utilities	1,944	1,760	10.5
Grid operators	0	0	-
Other counterparts	0	0	-
C. Intercompany	**14,802**	**10,730**	**37.9**
Total	28,284	23,688	19.4

Due to the successful development of the French and Belgian markets, the sales to these neighbouring countries were increased from 1.8 TWh in 2011 to 2.4 TWh in 2012 (+28.6%).

In 2012, overall gas consumption in Luxembourg totalled 13,582 GWh, an increase of 1.83% compared to the previous year. The change in annual consumption in Luxembourg's neighbouring countries has been: Germany (+1.4%), Belgium (+1.0%) and France (+3.8%).

Outlook

On 1st January 2013, the company took over the natural gas customers from the distributor Ville de Dudelange with a business worth EUR 3.75 million, which has already been booked in the intangible assets in the 2012 accounts. The Ville de Dudelange is a distributor in the South of Luxembourg that delivers energy to roughly 5,000 private households.

Since the beginning of 2013, Enovos Luxembourg S.A. continued to re-negotiate the remaining long-term gas contracts. The company is confident that substantial improvements may be achieved and that potential negative financial impacts will be significantly lower than in 2012.

On 15th January 2013, the company acquired the project developer NPG energy in Belgium for setting up a joint vehicle in charge of project development for renewable energy projects in Belgium and the Netherlands.

On 8th February 2013, the company took an 80% stake in a biomethane plant in Oebisfelde in Germany, which will become operational by June 2013.

By the end of the second quarter of 2013, the legal reorganisation of the company's German subsidiaries will be finalised.

For the year 2013, Enovos Luxembourg S.A. has adopted a prudent planning of its financial evolution due to an overall weak economy with many uncertainties and a high volatility of energy markets with market lows for energy commodities, natural gas and power.

Enovos Deutschland AG

(participating interest: 100%)

Key figures (in million euros)	**2012**	**2011**
Total assets	433.8	354.6
Fixed assets	188.7	203.4
Total capital and reserves (incl. result for the year)	185.3	154.5
Amounts owed to credit institutions	0.0	0.0
Net turnover	812.2	674.5
Result for the financial year	69.6	29.2

The core activities of Enovos Deutschland AG are to supply gas to industrial clients and municipalities in Germany and to hold participations in German utilities ("Stadtwerke"). Since 2010, the company added electricity sales to its business activities.

Enovos Deutschland AG is primarily a regional energy supply company, based in Saarbrücken. The company's activities range from energy sales and services to managing various holdings in other energy supply companies.

In 2012, 17.2 TWh (preceding year: 18.5 TWh) of natural gas were sold to external customers and revenues of EUR 777.7 million (preceding year: EUR 632.4 million) were attained. Of this total, 14.0 TWh (preceding year: 15.0 TWh) were sold to local distributors, 1.5 TWh (preceding year: 1.9 TWh) to industrial and power plant customers and 1.7 TWh (preceding year: 1.6 TWh) to other customers. In 2012, the company realised 386 GWh (preceding year: 441 GWh) of electricity sold, for an amount of EUR 26.9 million (preceding year: EUR 34.8 million). Of this total, 316 GWh (preceding year: 289 GWh) were sold to local distributors and 70 GWh (preceding year: 152 GWh) to industrial customers.

The results of the participations amounted to EUR 22.8 million (preceding year: EUR 26.1 million) and thus accounted for 29.7% of the company's total earnings before taxes of EUR 76.8 million (preceding year: EUR 36.2 million).

The increase of the result for the financial year is mainly related to the sale of financial assets realising an extraordinary capital gain of EUR 40.6 million.

In 2013, in the context of the restructuring of the German activities of Enovos Luxembourg, the company will be merged into Enovos Deutschland Verwaltungs SE and its commercial activities will be further contributed to Enovos Energie Deutschland in order to generate additional synergies between the two companies as well as to offer gas and electricity throughout the entire German territory.

Enovos Deutschland Verwaltungs SE

(participating interest: 100%)

In September 2012, Enovos International S.A. and Enovos Luxembourg S.A. took a stake of 11.02% and 88.98% respectively in the company Foratis Gruendungs GmbH (subsequently renamed Enovos Deutschland Verwaltungs SE). This company will manage the participations of Enovos Luxembourg in Germany. In this context, the stake in Enovos Energie Deutschland GmbH (EED) has been sold for EUR 10,705,000 to this new entity.

Since, in 2012, the company had no activity other than the holding of the shares in Enovos Energie Deutschland GmbH, **the key figures below are those of Enovos Energie Deutschland GmbH ("EED"):**

Key figures (in million euros)	**2012**	**2011**
Total assets	125.2	80.6
Fixed assets	1.7	1.2
Total capital and reserves (incl. result for the year)	5.3	5.5
Amounts owed to credit institutions	0.0	0.0
Net turnover	819.2	661.1
Result for the financial year	1.8	2.0

Headquartered in Wiesbaden, EED supplies industrial clients all over Germany with electricity and, since 2011, also with natural gas. EED's activities range from energy sales to energy services, also covering services regarding energy efficiency.

In 2012, 8,230 GWh (preceding year: 7,331 GWh) of electricity and 293 GWh (preceding year: 4 GWh) of natural gas were sold. Revenues grew from EUR 661.1 million in 2011 to EUR 819.2 million in 2012. The sale of green energy is done via the company's subsidiary Enovos Balance Deutschland GmbH, whose net profit of the financial year is transferred to EED at the end of the year.

Leo S.A.
(participating interest: 100%)

Key figures (in million euros)	2012	2011
Total assets	165.5	183.1
Fixed assets	89.8	97.1
Total capital and reserves (incl. result for the year)	126.6	132.7
Amounts owed to credit institutions	0.0	0.0
Net turnover	211.5	209.3
Result for the financial year	7.8	10.7

Leo S.A. is owned by Enovos Luxembourg S.A. since 6th January 2011.

Leo's purpose is to provide electricity and natural gas to end customers, mainly in the area of the city of Luxembourg. Leo supplied about 80,000 delivery points with electricity and gas.

In 2012, 855 GWh (preceding year: 917 GWh) of electricity and 1,940 GWh (preceding year: 2,038 GWh) of natural gas were sold. Revenues grew from EUR 209.3 million in 2011 to EUR 211.5 million in 2012.

The core business services of the company are currently integrated into departments of Enovos Luxembourg. Leo keeps its own branding, marketing and client relation management.

Result for the financial year 2012 totalled EUR 7.8 million (in 2011: EUR 10.7 million), the decrease mainly resulting from lower margins in the gas activities.

LuxEnergie S.A.
(participating interest: 60.35%)

Key figures (in million euros)	2012	2011
Total assets	76.8	77.4
Fixed assets	62.8	63.8
Total capital and reserves (incl. result for the year)	37.2	36.2
Amounts owed to credit institutions	22.3	24.6
Net turnover	47.7	42.8
Result for the financial year	4.3	4.4

LuxEnergie generates and supplies heat, cold air and electricity in the public, domestic and service sectors, particularly on a cogeneration basis.

Over the course of the year, the company invested EUR 4.9 million. In 2012, the company's result for the financial year in 2012 reached EUR 4.3 million, compared to EUR 4.4 million in 2011. LuxEnergie operates a total of 46 power stations, which produced 275 GWh of heat, 33 GWh of cold and 128 GWh of electricity in 2012. The company also supplies maintenance services to third party cogeneration stations.

LuxEnergie holds three subsidiaries, Kiowatt S.A, Datacenterenergie S.A. and Airport Energy S.A. Kiowatt, a 50% joint venture held together with the Belgion Groupe François is building a plant running with scrap wood for wood pellet production in Roost. Datacenter, after having brought into service two data centres in Bettembourg in 2009 and in 2011, has put into service in 2012 a new data centre in Roost and has further developments expected in 2013. Finally, Airport Energy operates the airport energy centre in Luxembourg-Findel.

Network activities

Creos Luxembourg S.A.
(participating interest: 75.47%)

Creos Luxembourg S.A. transports and distributes electricity and gas in Luxembourg. The main objective of Creos is the maintenance and development of an electricity and natural gas infrastructure, capable of meeting the energy demands of a steadily expanding population and a cutting-edge high-tech industry requiring a high-quality energy supply.

Key figures (in million euros)	**2012**	**2011**
Total assets	645.6	626.0
Fixed assets	560.3	513.6
Total capital and reserves (incl. result for the year)	533.0	512.3
Amounts owed to credit institutions	0.0	0.0
Net turnover	191.4	205.9
Result for the financial year	50.5	44.1

Net turnover reached EUR 191.4 million in 2012 compared to EUR 205.9 million in 2011. The scope of activities for the year 2012 was comparable to 2011, following the integration of the electricity and gas networks of the City of Luxembourg in January 2011 and of the network activity of Luxgaz Distribution S.A. in May 2010 into Creos Luxembourg S.A. The decrease in net turnover is mainly due to lower balancing energy sales (with no impact on the result for the financial year as compensated by purchases for the same amount) and lower electricity grid sales following the grid tariff decrease applied since September 2011. On the opposite side, gas grid revenues and other revenue have increased compared to last year. Result for the financial year was EUR 50.5 million compared to EUR 44.1 million in 2011; the increase is mainly coming from the higher investment activity generating higher grid fees. It includes a dividend received from Creos Deutschland GmbH of EUR 7.2 million compared to EUR 8.0 million in 2011.

Throughout the year, significant work has been performed within Creos Luxembourg S.A. to prepare for the new network access tariff approach following the principle of “incentive regulation” as published by the “Institut Luxembourgeois de Régulation” (“ILR”) in March 2012. This new method, further described in the management report section, is applicable for a regulation period from 2013 to 2016.

In 2012, the slowdown or even stagnation of economic activity observed in 2011 has been confirmed.

Electricity demand slightly decreased in the Creos grids. Furthermore, efforts towards energy saving began to bear fruit, particularly in the residential sector, which has posted stable demand for some years, despite the growth in population.

Natural gas demand slightly increased in the Creos grids, mainly because of the cold weather conditions in February 2012. Gas demand, particularly for household customers, is largely influenced by weather conditions, unlike electricity demand. The increase is additionally explained by the production downturn of the combined cycle gas and steam turbine Twinerg.

Overall electricity demand in the Creos grids evolved as follows by customer segment:

GWh	2012	2011	Change %
Demand of end consumer sectors in GWh			
Industrial sector	1,331.8	1,362.2	-3.7
Commercial sector	1,869.2	1,865.7	0.2
Residential and small business	1,233.6	1,213.0	1.7
Local distributors	283.7	277.1	2.4
Network and other losses	154.2	153.9	0.2
Total	4,852.5	4,871.9	-0.4

Overall natural gas demand in the Creos grids evolved as follows:

GWh	2012	2011	Change %
Demand of end consumer sectors in GWh			
Industrial sector	4,052.8	4,417.7	-9.4
Large scale electricity production	4,244.3	4,036.9	5.1
Local distributors	5,284.8	4,829.8	9.4
of witch Creos	2,889.9	2,640.8	9.4
Total	13,582.0	13,338.0	1.8

The difficult economic conditions in 2012 have resulted in a fall in consumption amongst industrial customers, but this trend has been offset by the increase in demand from residential customers.

Outlook

Some 90 MEUR have been invested in 2012, mainly in the electricity grids. In 2013 and beyond, Creos Luxembourg S.A. will continue to implement a significant plan for investment and maintenance to modernise its networks and ensure their safety and reliability. The company will also actively prepare the introduction of so-called smart meters and smart grids.

Since 1st January 2013, a new "incentive" regulation is in force for a first application period until 2016, according to new ILR regulations as of 22nd March 2012.

At this stage, the company does not anticipate any technical or financial development likely to raise issues regarding its economic or financial situation.

Creos Deutschland GmbH

(participating interest: 73.12%)

Creos Deutschland GmbH is a gas grid operator in Saarland (Germany). It resulted from the combination of the Saar Ferngas AG grid assets with SaarFerngas Transport GmbH in 2009. Gas transported through the grid of Creos Deutschland in 2012 amounted to 28.225 billion kWh, which represents an increase of 4.6% compared to the previous year. The turnover increased by 4.3% in 2012 compared to 2011.

Key figures (in million euros)	2012	2011
Total assets	96.2	90.5
Fixed assets	68.1	59.1
Total capital and reserves (incl. result for the year)	43.5	39.6
Amounts owed to credit institutions	0.0	0.0
Net turnover	74.8	71.7
Result for the financial year	11.3	9.3

Current situation

Creos Deutschland's efforts have finally led to Creos being successfully identified as a distribution system operator (DSO) instead of a transport system operator. This leads to less unbundling obligations as well as a more favourable situation for benchmark exercise by the "Bundesnetzagentur" for the period 2013-2017.

Creos Deutschland's strategy is to become a player of reference in Germany. The core expertise of Creos Deutschland is the technical, economic and commercial management of energy grids. With this expertise, Creos Deutschland has the opportunity to consider cooperating with enterprises owning grids or to contemplate acquiring participations. On the technical side, a continuous investment programme is planned in order to ensure a secure supply of gas in the region on the basis of revised mid-term approach for the future structure of the grid (called Target-Grid).

7 Other group companies

Subsidiaries held by Enovos International S.A.

- **Consolidated subsidiaries**

artelis S.A.
(participating interest: 36.95%)

artelis holds two 100% subsidiaries, Cegecom S.A. in Luxembourg and VSE Net AG in Germany, which both offer a wide range of telecommunications services (voice, data transmission and high-speed Internet access), based on a fibre-optic network and wireless local loop technology.

The 2012 result for the financial year reached EUR 3.5 million, compared to EUR 3.0 million in 2011.

Global Facilities S.A.
(participating interest: 50%)

The company offers facility management services to companies and local authorities in Luxembourg.

In 2012, the company made a profit of EUR 0.9 million, compared to EUR 0.5 million in 2011.

Enovos Re S.A.
(participating interest: 100%)

Enovos Re is a captive reinsurance company with a capital of EUR 1.2 million, whose aim is to insure the group against major operational risks. Technical provisions totalled EUR 11.8 million as of 31st December 2012, compared to 11.2 million in 2011.

In accordance with Luxembourg's insurance law of 6th December 1991 (Art 99-4), reinsurance companies are obliged to set aside an equalisation provision, which means that Enovos Re's profit is zero.

Subsidiaries held by Enovos Luxembourg S.A.

- **Consolidated subsidiaries**

NordEnergie S.A.
(participating interest: 33.33%)

NordEnergie is owned in equal parts by Enovos Luxembourg S.A. and the cities of Ettelbruck and Diekirch.

NordEnergie's purpose is to provide electricity to the supply points connected to the distribution grids of the cities of Ettelbruck and Diekirch, which continue to own their own grids.

The result for the financial year 2012 amounted to EUR 0.04 million (in 2011: EUR 0.04 million).

Steinergy S.A.
(participating interest: 50%)

Steinfort Energy S.A. (abbreviated as Steinergy) is owned in equal parts by Enovos Luxembourg S.A. and the municipality of Steinfort.

The purpose of the company is to sell energy to electricity customers in Steinfort.

The result for the financial year 2012 totalled EUR 0.1 million (in 2011: EUR 0.04 million).

Twinerg S.A.
(participating interest: 17.5%)

Twinerg is a combined cycle gas and steam turbine that has been operating since 2002. Total electricity sales in 2012 were 2,654 GWh (2,927 GWh in 2011).

Loss for the period was EUR 6.5 million (unaudited figure) compared to profit for the period of EUR 5.8 million in 2011. The strong decrease in 2012 mainly results from the litigation settlement of 7.3 MEUR paid by the company to settle a dispute about grid fees.

Windpark Mosberg GmbH & Co KG
(participating interest: 100%)

This company was created to build and operate a wind farm in the Saar, comprising four wind turbines. The total installed capacity of the farm is 6,000 kW.

Construction of the wind farm was completed during the financial year 2008 and the farm went online at the beginning of 2009. Electricity production in 2012 reached 9.9 GWh (2011: 9.2 GWh).

The loss for 2012 amounted to EUR 0.19 million (loss of EUR 0.29 million in 2011).

Ferme éolienne de la côte du Gibet S.à r.l.
(participating interest: 100%)

In November 2011, the company has acquired a new wind park, located in Souilly, near Verdun.

It met the electricity needs of some 5,500 households in an ecological manner. In November 2012, the 10 MW wind farm started its operations. The yearly estimated production is 22.6 GWh.

The company's result for the financial year 2012 was EUR 0.07 million (in 2011, a net loss of EUR 0.01 million).

La Benâte S.à r.l.
(participating interest: 100%)

The wind farm "La Benâte" was acquired in July 2010. It consists of 6 wind turbine generators with a nominal power output of 2.0 MW, each located in La Benâte, France and connected to the grid in 2010.

In 2012, a total of 24.2 GWh were produced.

The company's net loss was EUR 0.2 million in 2012 compared to a net loss of EUR 0.3 million in 2011.

Soler S.A.
(participating interest: 50%)

This company was formed as a joint venture with SEO S.A., in response to the Luxembourg government's initiative to privatise the running of state-owned hydroelectric power stations. Its corporate purpose includes the design and creation of electricity generation facilities, based on renewable sources of energy, and the running of these facilities.

As of 6th December 2011, Soler S.A. expanded its activities and Enovos Luxembourg S.A. decided to contribute its participation in the three wind parks of Wandpark Kehmen-Heischent S.A., Wandpark Hengischt S.A. and Wandpark Burer Bierg S.A. (a total capacity of 46.3 MW) into Soler S.A. SEO S.A. It further contributed its wind production assets in Windpower S.A. and Wandpark Bënzelt S.A. In 2012, Wandpark Bënzelt started production and the total electricity production of the five parks was 64.2 GWh.

The company also operates the hydroelectric stations of Ettelbruck, Esch-sur-Sûre and Rosport. Total electricity production in 2012 was 34.1 GWh (2011: 18.7 GWh).

The company ended the year with a loss of EUR 0.6 million (compared to a loss of EUR 1.6 million in 2011).

Aveleos S.A.
(participating interest: 59.02%)

Aveleos S.A. is a joint venture company, which was founded in May 2010 together with the Zurich-based Avelar Energy Ltd. Its aim is the development, operation and retail of photovoltaic power plants located in the south of Italy.

In 2012, Aveleos sold a first park with a total capacity of 15 MW and entered in additional production capacities for parks of respectively 13 MW and 19 MW.

The company's consolidated result for the financial year 2012 was EUR 5.7 million (in 2011: consolidated net loss of EUR 1.6 million)

Enovos Solar Investment I S.r.l.
(participating interest: 100%)

Enovos Solar Investment I (former Avelar Solar Investments S.r.l.) consists of three photovoltaic parks with a capacity of 3 MWp, located in the south of Italy, which were completed at the end of 2010 and connected to the grid during 2011.

The company's result for the financial year 2012 was EUR 0.07 million (in 2011: EUR 0.2 million).

Enovos Solar Investment II S.r.l.
(participating interest: 100%)

Enovos Solar Investment II (formerly Energetic Source Solar Investments S.r.l.) consists of eight photovoltaic parks with a capacity of 8 MWp, located in the south of Italy, which were completed at the end of 2010 and connected to the grid during 2011.

The company's result for the financial year 2012 was EUR 0.6 million (in 2011: EUR 0.45 million).

Energiepark Trelder Berg GmbH
(participating interest: 80%)

Energiepark Trelder Berg is a biogas plant with a capacity of 5.1 MW located in the south of Hamburg (Germany).

The company's result for the financial year was EUR 0.3 million compared to EUR 0.8 million in 2011.

Biopower Tongeren N.V.
(participating interest: 24.9%)

Acquired in June 2011, Biopower Tongeren N.V. is a biogas plant located in Tongeren, Belgium, providing heat and electricity through maize fermentation.

In May 2012, the 2.8 MW biogas plant started its operations after only ten months of construction.

The company's result for the financial year 2012 was EUR 0.2 million (in 2011: a net loss of EUR 0.01 million).

Biogas Ohretal GmbH
(participating interest: 80%)

In April 2012, Enovos Luxembourg acquired 80% of the shares of Biogas Ohretal GmbH. The company operates a biogas plant in Satuelle in the north of Germany, providing gas through agriculture materials fermentation.

The company's result for the financial year 2012 was EUR 0.05 million.

Ceduco S.A.
(participating interest: 100%)

Ceduco was jointly owned by DuPont de Nemours and Enovos Luxembourg. It operated an industrial cogeneration plant.

During 2012, in the context of the restructuring of the company, the shareholders took the decision to close the operations. Enovos Luxembourg acquired the remaining 50% of the shares from DuPont de Nemours (Luxembourg) S.à r.l. for an amount of EUR 1. The installations of Ceduco S.A. were then sold for EUR 1 and the shares were subsequently depreciated.

The company recorded a loss of EUR 1.5 million, compared to a loss of EUR 1.3 million in 2011.

Cegyco S.A.
(participating interest: 50%)

Cegyco is jointly owned by Goodyear and Enovos Luxembourg. It operates an industrial cogeneration plant.

In 2012, its sales of steam and electricity totalled 210,133 tons and 50.3 GWh respectively, compared to 232,659 tons and 66.4 GWh in 2011.

The company recorded a loss of EUR 0.2 million, compared to a net profit of EUR 0.1 million in 2011.

Real Estate Strassen S.A.
(participating interest: 100%)

The aim of the newly incorporated company is to hold the building of Enovos Luxembourg located in Strassen.

• **Other companies (not consolidated)**

Energieagence S.A.
(percentage owned: 40%)

“Energieagence” continued its activities in 2012, most notably supplying energy consultancy services to individuals, administrations and companies and offering training in the field of energy efficiency for professionals.

As in the past, the company broke even.

Société Electrique de l’Our S.A.
(percentage owned: 4.46%)

“Société Electrique de l’Our” (SEO) owns and operates a 1,100 MW pumping station in the Vianden region and hydroelectric power stations on the Moselle River.

In 2012, the company made a profit of EUR 2.2 million (in 2011: EUR 2.2 million). Works for the extension of the Vianden pumping station by means of an eleventh 200 MW machine are proceeding.

Encasol S.A.
(percentage owned: 50%)

Encasol S.A. is a joint venture company, which was founded in 2012 together with the Luxembourgish retail company Cactus S.A. Its aim is the development, operation and retail of photovoltaic power plants. At the end of the year, three photovoltaic systems were installed on the roofs of the Cactus shopping centres in Bascharage, Ingeldorf and Redange/Attert (Luxembourg) with a total capacity of 1,631 kW providing electricity needs of some 370 households.

Subsidiaries held by Enovos Deutschland AG

• **Consolidated subsidiaries**

Enovos Future GmbH
(participating interest: 100%)

Enovos Future GmbH is a 100% subsidiary of Enovos Deutschland AG and represents the competence centre of the Enovos Group in Germany for energy services related to energy efficiency and commercial services, both for industrial and commercial enterprises as well as for municipalities.

Enovos Future started its operational business in 2012 and recorded a net loss of EUR 0.9 million.

EnergieSüdwest AG
(participating interest: 51%)

EnergieSüdwest AG, a 51% subsidiary of Enovos Deutschland AG, is a municipal utility company selling electricity and water to households and industrial customers in the city of Landau. The company is increasingly engaged in renewable energy generation. In 2012, the company merged with ESW GasVertrieb GmbH.

Over the course of the year 2012, the company invested EUR 9.8 million and the result for the financial year reached EUR 6.4 million, compared to EUR 3.3 million in 2011. The electricity sales reached EUR 30.3 million (182 GWh), the sales of natural gas EUR 24.9 million (492 GWh) and water sales EUR 4.8 million (2,559 Tm^3). At the end of 2012, the company had 47 employees.

EnergieSüdwest Netz GmbH
(participating interest: 51%)

EnergieSüdwest Netz GmbH, a 100% subsidiary of EnergieSüdwest AG, is a municipal grid operator in the region of the city of Landau, employing 70 employees at the end of 2012.

In 2012, sales reached EUR 33.6 million, while the result for the financial year amounted to EUR 0.2 million before profit transfer, compared to a net loss of EUR 0.5 million in 2011.

EnergieSüdwest Projektentwicklung GmbH
(participating interest: 51%)

EnergieSüdwest Projektentwicklung GmbH is a 100% subsidiary of EnergieSüdwest AG and operates cogeneration plants.

In 2012, sales reached EUR 1.6 million while the result for the financial year amounted to EUR 0.086 million before profit transfer, compared to EUR 0.015 million in 2011. At the end of 2012, the company had 4 employees.

energis GmbH
(participating interest: 28.06%)

energis GmbH sells electricity, gas and water to households and industrial customers, and holds participating interests in local municipal utilities. Over the course of the year, the company invested EUR 17.9 million.

In 2012, the company's result for the financial year was EUR 27.7 million, compared to EUR 26.3 million in 2011. The electricity sales reached EUR 213.6 million (1.3 TWh), sales of natural gas EUR 60.8 million (1.1 TWh) and sales of water EUR 8.5 million (7.,5 Tm^3). At the end of 2012, the company had 335 employees.

geo x GmbH
(participating interest: 25.5%)

geo x GmbH is a company jointly owned by EnergieSüdwest AG and Pfalzwerke AG. The company operates the first geothermic power plant (3 MW) installed in Germany, providing power to around 6,000 residents.

For 2012, the net loss amounted to EUR 1.2 million compared to a loss of EUR 1.4 million in 2011.

Projecta 14 GmbH
(participating interest: 50%)

Projecta 14 GmbH is a joint venture between VSE AG and Enovos Deutschland AG, holding a 20% stake in Stadtwerke Saarbrücken AG, which transports and distributes electricity, natural gas and water in the city of Saarbrücken.

For 2012, the result for the financial year amounted to EUR 2.1 million compared to EUR 1.7 million in 2011.

Pfalzgas GmbH
(participating interest: 50%)

Pfalzgas GmbH is a company jointly owned by Enovos Deutschland AG and Pfalzwerke AG. The company solely sells natural gas.

Over the course of the year 2012, the company invested EUR 3.5 million (2011: EUR 2.8 million) and the company's result for the financial year was EUR 6.7 million, compared to EUR 6.1 million in 2011. The gas sales reached EUR 112 million (2.2 TWh). At the end of 2012, the company had 63 employees.

Solarkraftwerk Ahorn GmbH & Co. KG
(participating interest: 27.29%)

Solarkrarftwerk Ahorn GmbH & Co. KG operates a solar farm in the federal state of Baden-Wuerttemberg with a total installed capacity of 11.1 MWp. Partners in this project are Stadtwerke Saarbrücken AG (39%), EnergieSüdwest AG (23.9%), Stadtwerke Homburg GmbH (10%), Stadtwerke GmbH Bad Kreuznach (10%), and the community Ahorn (2%).

The net result for the financial year 2012 amounts to EUR 0.6 million compared to a net profit of EUR 0.3 million in 2011.

Windkraftwerk Wremen GmbH & Co. KG
(participating interest: 30.2%)

Windkraftwerk Wremen GmbH & Co. KG operates a wind farm in Lower Saxony with a capacity of 10.3 MW. Partners in this project are Stadtwerke GmbH Bad Kreuznach/BGK Bad Kreuznach (30%), EnergieSüdwest AG (20%), KEW AG, Neunkirchen (15%) and Stadtwerke Homburg GmbH (15%).

The net result for the financial year 2012 amounts to EUR 0.2 million (same as in 2011).

Solarkraftwerk Frauental GmbH
(participating interest: 75.4%)

Solarkraftwerk Frauental GmbH operates a solar farm in the federal state of Bavaria with a total installed capacity of 3.3 MWp. The partner of Enovos Deutschland AG in this project is Pensionskasse of Enovos Deutschland AG VVaG with a participating interest of 9.6 %. For the next year, it is intended to sell a further interest of 15 % to another utility.

The net result for the financial year 2012 amounts to EUR 0.01 million compared to a net loss of EUR 0.014 million in 2011.

Enovos Properties GmbH
(participating interest: 100%):

The aim of the newly incorporated company is to hold the building of Enovos Deutschland AG, located in Saarbrücken.

• **Other companies (not consolidated)**

Stadtwerke Völklingen Vertrieb GmbH
(percentage owned: 17.60%)

Stadtwerke Völklingen Vertrieb GmbH is a municipal utility selling electricity, gas, water and heat.

In 2011, the electricity sales reached EUR 21.0 million (112 GWh), sales of natural gas EUR 9.5 million (160 GWh) and sales of water EUR 4.8 million (3,065 Tm^3).

In 2011, the company's result for the financial year was EUR 1.9 million before profit transfer.

Stadtwerke Pirmasens Versorgungs GmbH
(percentage owned: 12.99%)

Stadtwerke Pirmasens Versorgungs GmbH is a municipal utility selling electricity, gas, water and heat. In 2012 ?, the electricity sales reached EUR 36.4 million (230 GWh), sales of natural gas EUR 18.4 million (363 GWh), sales of water EUR 4.7 million (3,200 Tm^3) and sales of heat EUR 4.0 million (52.6 GWh).

Over the course of the year 2011, the company invested EUR 3.2 million.

In 2011, the company's result for the financial year was EUR 1.6 million before profit transfer.

Stadtwerke St. Ingbert GmbH
(percentage owned: 12.55%)

Stadtwerke St. Ingbert GmbH is a municipal utility selling electricity, gas, water and heat.

In 2011, the electricity sales reached EUR 32.1 million (208 GWh), sales of natural gas EUR 18 million (363 GWh), sales of water EUR 3.8 million (1,800 Tm^3).

Over the course of the year 2011, the company invested EUR 4.5 million, while its result for the financial year amounted to EUR 4.5 million before profit transfer.

In 2012, Enovos Deutschland AG established together with Pfalzwerke AG the Enovos Pfalzwerke Beteiligungsgesellschaft St. Ingbert mbH, a holding company for the participation in Stadtwerke St. Ingbert. Each shareholder of Enovos Pfalzwerke Beteiligungsgesellschaft has a participating interest of 50 %. Enovos Pfalzwerke Beteiligungsgesellschaft holds 25.1 % in Stadtwerke St. Ingbert GmbH.

Stadtwerke Sulzbach GmbH
(percentage owned: 15%)

Stadtwerke Sulzbach GmbH is a municipal utility selling electricity, gas, water and heat.

In 2011, the electricity sales reached EUR 13.4 million (102 GWh), sales of natural gas EUR 8.3 million (165 GWh), sales of water EUR 1.6 million (841 Tm^3) and sales of heat EUR 1.2 million (14 GWh).

Over the course of the year 2011, the company invested EUR 1.7 million, and the result for the financial year was EUR 2.7 million before profit transfer.

Stadtwerke Völklingen Netz GmbH
(percentage owned: 17.6%)

Stadtwerke Völklingen Netz GmbH is a municipal grid operator.

In 2011, the power grid fees reached EUR 12.2 million (146 GWh), gas grid fees EUR 3.8 million (176 GWh), and sales of water EUR 4.2 million (3,065 Tm^3).

Over the course of the year 2011, the company invested EUR 3.6 million.

In 2011, the company's result for the financial year was EUR 1.7 million before profit transfer.

Stadtwerke Trier Versorgungs-GmbH
(percentage owned: 24.9%)

Stadtwerke Trier Versorgungs-GmbH is a municipal utility company, selling electricity, gas, water and heat to households and industrial customers.

Over the course of the year 2011, the company invested EUR 22.1 million, and the result for the financial year was EUR 8.5 million before profit transfer. The electricity sales reached EUR 133.7 million (844 GWh), sales of natural gas EUR 78.0 million (1,737 GWh), sales of water EUR 12.6 million (7,130 Tm^3) and sales of heat EUR 3.7 million (53 GWh).

Stadtwerke GmbH Bad Kreuznach
(percentage owned: 24.52%)

Stadtwerke GmbH Bad Kreuznach is a municipal utility company selling electricity, gas, water and heat to households and industrial customers.

In 2011, the company invested EUR 6.8 million and its result for the financial year in 2011 amounted to EUR 5.2 million before profit transfer. The electricity sales reached EUR 48.0 million (223 GWh), sales of natural gas EUR 34.5 million (729 GWh), sales of water EUR 8.7 million (3,826 Tm^3) and sales of heat EUR 1.9 million (23.4 GWh).

Stadtwerke Bliestal GmbH
(percentage owned: 23.5%)

Stadtwerke Bliestal GmbH is a municipal utility company selling electricity, gas and water to households and industrial customers.

Over the course of the year 2011, the company invested EUR 2.6 million, and its result for the financial year 2011 was EUR 1.0 million before profit transfer.

The electricity sales reached EUR 9.5 million (59.2 GWh), sales of natural gas EUR 4.7 million (90 GWh), sales of water EUR 3.0 million (1,265 Tm^3) and sales of heat EUR 0.3 million (3.4 GWh).

prego services GmbH
(percentage owned: 25.1%)

prego services GmbH is a company jointly owned by Enovos Deutschland AG (25.10%), VSE AG (37.45%) and Pfalzwerke AG (37.45%). The company offers a wide range of IT services, personnel administration and supply management.

Sales in 2012 reached EUR 68.6 million, the net loss for the financial year amounted to EUR 0.8 million, compared to a net profit of EUR 0.2 million in 2011. At the end of 2012, the company had 447 employees.

Bioenergie Merzig GmbH
(percentage owned: 39.0%)

The Bioenergie Merzig GmbH started its production of bio methane gas in June 2011 with a total installed capacity of 550 Nm3/h. Partners in this project are E.ON Bioerdgas (51%) and Stadtwerke Merzig GmbH (10%).

The unaudited net result for the financial year 2012 amounts EUR 0.4 million compared to the net loss of EUR 0.8 million in 2011.

SWT Erneuerbare Energien GmbH & Co. KG
(percentage owned: 49%)

The company is operating two photovoltaic power plants with a capacity of 5.6 MWp and 2.2 MWp respectively, which are located near the city of Trier.

The result of the financial year 2012 amounted to EUR 0.3 million (similar to 2011)

GasLINE Telekommunikationsnetzgesellschaft deutscher Gasversorgungsunternehmen mbH & Co. KG
(percentage owned: 5.0%)

Gas Line GmbH & Co. KG from Straelen provides services in data solutions, data networks and fiber-fibre-optics to telecommunications companies. In addition, Gas Line GmbH & Co. KG offers support in Information Technology and cable conduits.

The result for the financial year 2011 amounted to EUR 42.1 million.

Pfalzwerke AG
(percentage owned: 1.86%)

Pfalzwerke AG is a regional energy provider and a service company in the Palatinate and the Saar-Palatinate district. Pfalzwerke AG and its subsidiaries and affiliates in the region offer solutions for electricity, heat and natural gas.

The result for the financial year 2011 amounted to EUR 18.8 million.

The not consolidated companies listed above have a book value of more than EUR 1 million each. The full list of not consolidated participations is given in note 8.2to the consolidated accounts.

IV Management Report and Consolidated Annual Accounts

1 Management report

As a major player in select Western European energy markets and holding company for the energy provider Enovos (“non regulated activities”) and the grid operator Creos (“regulated activities”), Enovos International’s mission is to continuously ensure the group’s competitive position, as well as its sound strategic development in the interest of all its stakeholders.

The consolidated annual accounts include those of Enovos International S.A. and those of its affiliates (the “group”), including 47 companies, out of which 29 are fully consolidated and 18 are consolidated under the equity method.

In July 2012, the shareholding in Enovos International changed: ArcelorMittal Luxembourg S.A. sold its 23.48% participation to AXA Private Equity, participation to be held through a subsidiary located in Luxembourg, AXA Redilion Management Co S.C.A.

Highlights

Although initial signs of economic recovery in Europe were observed, these did not reveal sustainable and the global economy remained weak throughout 2012. During the year, electricity prices continued to decrease and current outlooks don’t show any signs of short- to medium-term recovery. 2012 was also characterised by strong volatilities of energy market prices. Furthermore, a fierce competition takes place in the natural gas market, leading to a strong pressure on margins and volumes.

Over the year, the group pursued its development strategy and in order to finance its investment projects mainly in conventional and renewable energy generation, Enovos International issued in June 2012 a 7 year retail bond amounting to EUR 200,000,000 with a coupon of 3.75%. The bond is listed on the secondary Euro MTF market in Luxembourg.

Non regulated activities

Total sales of electricity of Enovos Group have grown from 13,807 GWh in 2011 to 14,094 GWh in 2012 (+2.1%) mainly due to additional supply volumes in the German market through our subsidiary Enovos Energie Deutschland GmbH.

Total sales of natural gas of Enovos Group have slightly decreased from 34,074 GWh in 2011 to 32,922 GWh in 2012 (-3.4%) due to increased competition and volume decrease of the public utilities in the context of a diversification of their purchases in the German Market.

In Luxembourg, natural gas sales and electricity sales were stable. The group has developed a large combined electricity and natural gas offer on the Grand Duchy’s entire territory, made available to a growing number of residential, professional and industrial clients. True to its philosophy of proximity, Enovos Luxembourg takes over the gas sales activities from the City of Dudelange last year (with effective date as of 1st January 2013). This integration leads to some 5,000 new private end customers. Leo S.A. is the Enovos Group preferential contact for Luxembourg-City regarding the supply of electricity and natural gas.

In France, Enovos continued its commercial development by extending its products and service offers, both for electricity and natural gas.

In 2012, Enovos supplied electricity to its first industrial clients in Belgium (deliveries of natural gas started in 2011). Processes have been successfully put in place in order to integrate the specificities of this new market into the organisation. The supply license for the Brussels Region has been granted to Enovos Luxembourg in February 2013. In line with its strategy, the group concentrated its efforts in 2012 to further enlarge its growing asset base in onshore wind, biomass and photovoltaic plants. A particular focus was put on the development of collaboration models with renewable project developers with the objective to secure additional value by entering projects in a very early stage of development.

In January 2012, the construction works started for the 10 MW wind park in Souilly (F). In May 2012, the 2.8 MW biogas plant in Tongeren (B) started its operations after only ten months of construction. In June 2012, Enovos Luxembourg acquired 80% of the shares of Biogas Ohretal GmbH from Pure Nature Energy GmbH, who will remain a minority shareholder in the company with a 20% stake; the company operates a biogas plant in Satuelle (D). In December 2012, Enovos finalised negotiations with Pure Nature Energy GmbH for the acquisition of a further 80% stake in a 1,250 Nm3/h biomethane plant in Oebisfelde (D), to be operational by June 2013. The signing of the contracts was in place in February 2013.

In 2011, Enovos and Société Electrique de l'Our (SEO) brought their respective stakes in the wind parks of Hengischt, Kehmen-Heischent, Burer Bierg, Windpower and Bënzelt (under construction) into the joint venture Soler S.A. to develop renewable energy projects in Luxembourg. With Wandpark Bënzelt, a first new onshore project with a total capacity of 10 MW was built and successfully commissioned in 2012.

Aveleos, the joint venture between Enovos and the Swiss group Avelar Energy, has been impacted by a changing legislation in Italy, seeing reduced feed-in tariffs for new parks to be connected in the future. Therefore it has been decided to discontinue further investments and concentrate on the sales of operational parks to potential investors.

Total renewable energy production within Enovos Luxembourg progressed from 240 GWh in 2011 to 380 GWh in 2012 (+58%). Installed net capacity of the renewable plants grew in the same period from 175 MW to 243 MW. The installed capacity according to Enovos consolidation reaches 134 MW.

Regarding conventional energies, the market price evolution of the two main commodities, gas and power, showed a downward trend, which made conventional and power storage plants economically less viable and thus, Enovos held back its investment in this area. Nevertheless, Enovos continued its investment in gaining upstream production capacities in the construction of the 11th turbine at the Vianden pumping station of SEO and completed the investment of a 50 MW slice of a lignite-fired power plant.

On 5th October 2012, the Supervisory Board of Enovos Deutschland approved the restructuring activities in Germany, with the aim to further develop the market activities of Enovos Deutschland AG and Enovos Energie Deutschland GmbH under a common structure to achieve a dynamic and successful organisation. The restructuring started in 2012, through the implementation of an operational holding Enovos Deutschland SE, with subsidiaries specialised in dedicated core activities; the stake held by Enovos Luxembourg S.A. in Enovos Energie Deutschland GmbH has been sold to Enovos Deutschland SE.

Regulated activities

Energy market organisation provides a strict separation of regulated activities (infrastructure management) and non-regulated activities like production, sale and purchase, open to competition.

The principle is that infrastructures should remain a natural monopoly, but accessible to all suppliers under transparent and non-discriminatory conditions. In the Enovos Group, Creos Luxembourg S.A. and its subsidiary Creos Germany GmbH are in charge of the network management including planning, building and maintenance of electric and gas infrastructures.

The total electricity transport volumes of the group have slightly decreased from 4.9 TWh in 2011 to 4.8 TWh in 2012 (-0.7%) mainly from a lower industrial activity in Luxembourg, whereas total gas transport volumes have increased from 40.3 TWh in 2011 to 41.8 TWh (+3.7%), mainly in Germany.

Until 2012, in Luxembourg network access tariffs had been defined on the basis of a "rate of return regulation" approach ensuring a financial return on investments made in networks. During 2011, the "Institut Luxembourgeois de Régulation" (ILR) announced a new approach to the calculation of tolls, based on the principle of capping controllable operational charges and new procedures in relation to new investments. Furthermore, it was announced that remuneration rates for invested capital would be revised downwards.

This new approach following the principle of "incentive regulation" leaves an advantage to network managers if operational costs are limited so as to remain below the amounts resulting from indexation defined by the regulator, but with the risk of losses in the opposite case. The ILR launched two public consultations on this subject in 2011 and Creos presented its comments and suggestions.
Final decisions by the ILR have been published in March 2012 concerning the new method of calculation for the grid tariffs on the basis of the above mentioned principles. Furthermore, it was decided that remuneration rates for invested capital were revised downwards by approximately 10 %, following the trend of financial markets. This new method is applicable for a regulation period from 2013 to 2016. As a consequence, significant work has been performed within Creos in order to prepare for this new calculation method and commit to the new obligations concerning investment projects. The same method had been applied in 2012.

A safe and reliable energy transport and distribution infrastructure is a key element to guarantee the well-being of citizens and the sustainable development of a country's economy. That is why Creos invests all its efforts in designing future electricity and gas networks to achieve a long-term guarantee of the current level of availability and security of supply.

Headcount

In order to support its growth strategy, the average number of employees of the Enovos Group increased from 1,301 in 2011 to 1,377 people in 2012. The Board of Directors and the Management of Enovos International S.A. would like to thank all the employees for their duties and contributions throughout 2012 and for their full support in implementing important changes.

Financials

The consolidated net profit for the financial year of EUR 117,641,930, despite the difficult market conditions, is almost in line with the 2011 result of EUR 118,388,940. The decrease stemming from the operational side on the supply side has been almost offset by a capital gain of EUR 39,477,392 on the sale of a minority participation of 20% held in Ferngas Nordbayern GmbH.

The decrease of the operational results from the supply side is mainly coming from two factors: first, like most energy suppliers in the European market place, the group has, in particular, been negatively impacted by the long-term gas sourcing contracts. The purchase prices of these contracts, largely indexed on oil, showed a significant gap in the lower market prices. As a consequence of this price differential and its take or pay obligations, the group had to account for this gap in its 2012 results. The management could nevertheless limit such effects through significant renegotiation efforts with its main suppliers.

Furthermore, the high volatility in market prices also led to a strong reduction of the spread between gas and electricity prices affecting previous trading positions taken by the group.

The contribution to the consolidated accounts of the grid companies remained almost constant to previous year at operational level and has been further improving at net profit level.

The contribution to the consolidated accounts of the renewable investments realised by the group in the last years has improved in 2012, with a positive contribution to the Enovos Group consolidated net profit in 2012, thus confirming the strategic orientation of the group in these activities.

A deferred tax asset based on the fiscal loss in 2012 of the tax unity has been recognised. The group has accounted for the first time deferred tax assets amounting to 4.3 MEUR in the consolidated accounts ending 31st December 2012.The amount will be recovered with future taxable profits.

In 2012, the group further grew the consolidated balance sheet, increasing the total fixed assets from EUR 1,339,319,986 to EUR 1,466,827,979 from continued investments in the grids, in upstream power generation capacities and in the renewable sector, a total of EUR 220 million. Consequently, to partially finance these investments, the consolidated financial indebtedness (Amounts owed to credit institutions and Debenture loans) increased from EUR 225 million in 2011 to EUR 297 million in 2012.

The group's total capital and reserves also continued to increase to EUR 1,157,473,838 (2011: 1,109,022,989), representing 52.0% of the total assets (54.3% in 2011). The sound balance sheet structure will allow the group to pursue on its growth path, in line with its strategy to further invest in securing and modernising its current grid infrastructure as well as in increasing its capacity of renewable energy generation.

Risk management objectives and policies

The main risks the group has to manage are the inherent market risks and all the long-term procurement and trading risks, i.e. energy volume risks, commodity price risks, competition risks, energy market liquidity risks, counterparty risks, proprietary trading risks and climate-related risks.

On 4th July 2012, the European Parliament and the Council adopted Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (the so-called European Market Infrastructure Regulation, "EMIR") which came into effect on 16th August 2012. Enovos has set up its own EMIR working group to analyse and prepare the eventual clearing and bilateral risk management requirements for OTC derivative contracts. On top of that, detailed reporting for all derivative contracts is performed. Hence, Enovos Luxembourg S.A., in charge of OTC trading for the group, makes sure that it complies with the various EU obligations.

With the help of an external consultant, a risk analysis has been performed, reviewing the risk management processes and controls in the Trading, Sales and Portfolio management departments. The critical recommendations have directly been decided by management and most of them are already implemented since the beginning of 2013, whereas supplementary action plans for further improvements will be carried out during the year 2013.

From the risk mitigation point of view, it can be noted that Enovos has significantly reduced any future negative impacts from its remaining take or pay obligations out of its long-term gas contracts. Additionally, the operational improvements initiated with the Moving Forward project as well as the implementation of the audit recommendations will allow to better control the risks of its operations.

On the grid side the main technical risks the company has to manage are accidents to people (internal and outsiders) and network damage in certain climatic events.

Outlook

In the first months of 2013, the group has pursued on its growth path, further investing in renewable and grid activities, and will continue to do so throughout the year. Enovos Group has adopted, though, a prudent financial planning of its financial evolution in light of a still fragile economy and of the high volatility of the energy market.

On the supply side, since the beginning of 2013, the group continued to re-negotiate the remaining long-term gas contracts. The group is confident that substantial improvements may be achieved and will have a positive financial impact on the results for 2013.

The legal reorganisation of the group's German subsidiaries will be finalised during the 2nd quarter of the year, thus laying the foundation for the group's enhanced competitiveness on the German market.

The grid companies will continue in 2013 and the following years to implement a significant investment and maintenance plan to modernise its networks and ensure their safety and reliability. They will also actively prepare the introduction of so-called smart meters and smart grids. Since 1st January 2013, a new "incentive regulation" is in force in Luxembourg for a first application period until 2016, according to new ILR regulations as of 22nd March 2012.

Enovos International will provide further financing means to the main group companies which are implementing the ambitious investment program mentioned above. As current financial market conditions are favourable, and interest rates are expected to remain at low levels, management is confident that such long-term financing will be arranged in the course of the year.

At this stage, the group does not foresee any major technical, commercial or financial development likely to raise concerns over its economic or financial situation.

Own shares

In the wake of the restructuring of the group's affiliates in Germany, Enovos Deutschland AG purchased the outstanding shares (3.22%) not yet owned by the group from the minority shareholders for a total amount of EUR 9,827,000. Also during 2012, Creos Luxembourg bought back its shares held by one of its minority shareholders, the municipality of Schengen, for EUR 469,595. The total amount of both operations of EUR 10,296,595 has been recorded in equity under the caption Own shares.

The Board of Directors
26th April 2013

2 Consolidated Annual Accounts

2.1 Consolidated balance sheet as at 31st December 2012

ASSETS	Notes	2012	2011
Denominated in EUR		€	€
Goodwill			
Goodwill on first consolidation	Note 4	67,572,676	65,489,048
Total Goodwill		**67,572,676**	**65,489,048**
Fixed assets			
Intangible assets	Note 6		
Concessions, patents, licences, trade marks and similar rights and assets, if they are			
a) acquired for valuable consideration		9,081,483	8,809,824
Goodwill, to the extent that it was acquired for valuable consideration		92,461,257	96,573,750
Payments on account and intangible fixed assets under development		95,153,325	66,538,231
Tangible assets	Note 7		
Land and buildings		79,618,383	78,054,129
Plant and machinery		713,185,111	684,895,334
Other fixtures and fittings, tools and equipment		31,888,195	18,236,930
Payments on account and tangible assets in course of construction		197,695,784	124,235,403
Financial assets			
Companies consolidated under the equity method	Note 8.1	148,574,780	158,884,145
Investments carried at cost	Note 8.2	58,956,137	61,663,089
Loans to undertakings with which the company is linked by virtue of participating interests		11,664,775	12,252,279
Investments held as fixed assets	Note 11	28,543,781	29,176,872
Loans and claims held as fixed assets		4,968	0
Total Fixed Assets		**1,466,827,979**	**1,339,319,986**
Current assets			
Stocks	Note 9		
Raw materials and consumables		8,377,403	5,774,085
Work and contracts in progress		10,452,608	8,921,289
Finished goods and goods for resale		30,283,310	24,121,973
Debtors			
Trade debtors	Note 10.1		
a) becoming due and payable after less than one year		434,337,713	392,118,064
b) becoming due and payable after more than one year		207	516
Amounts owed by undertakings with which the company is linked by virtue of participating interests	Note 10.2		
a) becoming due and payable after less than one year		41,006,876	47,282,019
Other debtors	Note 10.3		
a) becoming due and payable after less than one year		90,202,290	52,496,819
b) becoming due and payable after more than one year		2,982,784	4,404,472
Deferred tax assets	Note 10.4	4,300,000	0
Investments	Note 11		
Other investments		15,459,378	15,355,135
Cash at bank and in hand	Note 12	15,601,111	75,845,558
Total Current Assets		**653,003,678**	**626,319,930**
Prepayments	Note 13	**38,802,263**	**12,464,398**
Total Assets		**2,226,206,596**	**2,043,593,362**

LIABILITIES	Notes	2012	2011
Denominated in EUR		€	€
Capital and reserves	Note 14		
Subscribed capital		90,962,900	90,962,900
Share premium and similar premiums		387,028,449	387,028,449
Consolidated reserves		385,158,044	332,622,094
Profit brought forward		195,013	6,724,672
Investment subsidies		2,730,022	3,315,094
Consolidated result for the financial year, group share		**97,485,120**	**100,055,292**
Total Capital and reserves, group share		**963,559,548**	**920,708,501**
Minority interests		**193,914,290**	**188,314,488**
Total Capital and reserves		**1,157,473,838**	**1,109,022,989**
Provisions			
Provisions for pensions and similar obligations	Note 15.1	88,350,164	86,928,253
Other provisions	Note 15.2	66,800,047	67,731,923
Total Provisions		**155,150,211**	**154,660,176**
Non subordinated debts			
Debenture loans	Note 16		
b) Non convertible loans			
i) becoming due and payable after less than one year		4,062,500	0
ii) becoming due and payable after more than one year		195,973,831	0
Amounts owed to credit institutions	Note 17		
a) becoming due and payable after less than one year		47,758,647	121,911,078
b) becoming due and payable after more than one year		49,271,008	103,445,065
Payments received on account of orders in so far as they are not shown separately as deductions from stocks	Note 18		
a) becoming due and payable after less than one year		10,640,806	20,845,602
Trade creditors	Note 19		
a) becoming due and payable after less than one year		325,643,474	281,174,235
b) becoming due and payable after more than one year		103,886	108,963
Amounts owed to undertakings with which the company is linked by virtue of participating interests	Note 20		
a) becoming due and payable after less than one year		10,647,495	14,197,222
Tax and social security	Note 21		
a) Tax		80,626,276	72,589,496
b) Social security		3,618,869	3,227,364
Deferred income tax	Note 22	48,651,232	47,458,744
Other creditors	Note 23		
a) becoming due and payable after less than one year		5,655,700	13,370,421
b) becoming due and payable after more than one year		98,234,761	73,035,512
Total Non subordinated debts		**880,888,485**	**751,363,702**
Deferred income	Note 24	**32,694,062**	**28,546,494**
Total Liabilities		**2,226,206,596**	**2,043,593,362**

2.2 Consolidated profit and loss account for the year ended 31st December 2012

CHARGES	Notes	2012	2011
Denominated in EUR		€	€
Raw materials and consumables	Note 25	2,317,168,069	2,092,970,079
Other external charges	Note 26	87,356,640	79,858,181
Staff costs	Note 27		
a) Wages and salaries		103,503,031	103,239,937
b) Social security costs		12,224,197	11,359,076
c) Social security costs relating to pensions		11,187,910	11,457,544
d) Other social security costs		114,799	7,199
Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets	Notes 4, 6, 7	73,001,385	67,624,719
b) on elements of current assets		3,351,328	6,487,143
Interest payable and similar charges			
b) other interest payable and similar charges	Note 30	17,985,600	12,448,535
Extraordinary charges	Note 32	12,804,869	0
Tax on profit or loss	Note 33	20,894,170	47,113,740
Other taxes not included in the previous caption		1,350,235	0
Profit for the financial year			
a) Group share		97,485,120	100,055,292
b) Minority interests		20,156,810	18,333,648
Total Charges		2,778,584,163	2,550,955,095

INCOME	Notes	2012	2011
Denominated in EUR		€	€
Net turnover	Note 28	2,641,693,562	2,485,460,407
Fixed assets under development		28,663,429	15,452,984
Reversal of value adjustments			
b) on elements of currents assets	Note 32	4,157,733	0
Other operating income	Note 29	28,241,822	20,994,580
Income from financial fixed assets	Note 30		
b) other income from participating interests		8,205,561	9,800,574
Other interest and other financial income	Note 30		
b) other interests receivable and similar income		3,502,697	4,276,744
Share in result of companies accounted under the equity method	Note 31	15,333,133	14,583,930
Extraordinary income	Note 32	48,786,227	385,875
Total Income		2,778,584,163	2,550,955,095

List presentation

Denominated in EUR	2012 €	2011 €
Sales	2,641,693,562	2,485,460,407
Other operating income	32,695,123	20,994,580
Own work capitalized	28,663,429	15,452,984
Cost of sales	(2,317,168,069)	(2,092,970,079)
Personnel expenses	(127,029,938)	(126,063,756)
Other operating expenses	(95,508,407)	(86,345,325)
Ordinary operating profit (EBITDA)	**163,345,700**	**216,528,811**
Depreciation	(73,001,383)	(67,624,719)
Operating profit (EBIT)	**90,344,318**	**148,904,092**
Financial income	3,502,697	4,662,619
Gains on disposals	40,486,227	0
Income from investments carried at cost	8,205,561	9,800,574
Share in result of companies accounted under the equity method	15,333,133	14,583,930
Financial expenses	(17,985,600)	(12,448,535)
Earnings before tax	**139,886,335**	**165,502,681**
Current income tax	(25,341,796)	(41,873,232)
Deferred income tax	3,097,391	(5,240,508)
Net profit for the year	**117,641,930**	**118,388,940**
Minority interests	(20,156,810)	(18,333,648)
Net profit for the year, group share	**97,485,120**	**100,055,292**

2.3 Consolidated cash flow statement for the year ended 31st December 2012

Denominated in EUR	2012 €	2011 €
Result for the financial year, group share	97,485,120	100,055,292
+ Minority interests	20,156,810	18,333,648
+ Amortization and depreciation	73,001,383	67,624,719
- Capital gain on disposals	(40,486,227)	0
+ / - Change in provisions	1,873,126	(7,936,313)
- Share in result of companies accounted under the equity method	(15,333,133)	(14,583,930)
+ Dividends received from companies accounted under the equity method	16,075,246	16,272,540
+ Current and deferred income taxes	22,244,405	47,113,740
- Taxes paid	(26,399,754)	(42,483,719)
- Increase / (+) Decrease in current assets	(109,073,170)	(139,949,226)
+ Increase / (-) Decrease in current liabilities	61,822,933	32,710,507
Operating cash flow	**101,366,739**	**77,157,259**
- Capital expenditures on intangible assets	(36,565,894)	(27,242,045)
+ Cash received from the reclassification of intangible fixed assets (see note 6)	0	35,177,334
- Capital expenditures on tangible assets	(154,642,192)	(110,085,400)
- Impact of change in scope	(27,671,066)	(271,124,715)
+ Cash received from disposal of fixed assets	1,913	4,471,227
- Capital expenditures on financial assets	(2,324,317)	(51,702,442)
+ Cash received from disposal of financial assets	54,656,075	0
+ / - Change in loans to participations	587,504	(398,071)
Cash flow from investing activities	**(165,957,977)**	**(420,904,113)**
- Dividends paid to the group shareholders	(48,210,337)	(80,047,352)
- Dividends paid to the minorities of consolidated companies	(10,055,091)	(12,829,744)
+ Change in equity	(8,993,381)	334,342,025
- Net change in financial liabilities	71,709,843	27,551,818
Cash Flow from financing activities	**4,451,034**	**269,016,748**
CHANGE IN CASH	(60,140,204)	(74,730,106)
Situation at the beginning of the year	91,200,693	165,930,800
Situation at the end of the year	31,060,489	91,200,693

2.4 Notes to the consolidated annual accounts

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Note 1 - Summary of significant accounting principles

Basis of preparation

The consolidated annual accounts of Enovos International S.A. (the "group") have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19th December 2002, determined and applied by the Board of Directors.

The preparation of consolidated annual accounts requires the use of certain important accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the consolidated annual accounts therefore present the financial position and results fairly.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Presentation of the comparative financial data

In order to further improve the presentation of the consolidated annual accounts, management has recorded in 2012 some reclassifications between the captions "Provision for taxation" and "Tax debts" and between "Inventories – Payment on account" and "Trade debtors". The comparative figures for 2011 have been reclassified accordingly.

Significant accounting policies

The main valuation rules applied by the group are the following:

Scope of consolidation

The consolidated annual accounts include those of Enovos International S.A. and those of its affiliates, including jointly controlled entities, and its associated companies. Together they form the group. The consolidated companies are listed in Note 5, "Scope of consolidation and list of consolidated companies".

All consolidated companies prepare their statutory annual accounts as at 31st December.

Consolidation methods

The methods used are:

- Full consolidation in the case of those companies that the Enovos Group directly or indirectly controls (generally with more than 50% of the voting rights). With this method, the assets and liabilities of the consolidated companies are incorporated into the consolidated accounts, rather than the book value of the equity interests held by the group in the companies concerned. Use of this method leads to goodwill on consolidation and minority interests being reported. Similarly, the income and expenses of these subsidiaries are consolidated with those of the parent company and their results for the financial year are apportioned between the group and the minority interests. Intercompany accounts and transactions are eliminated.

- The equity method in the case of those companies over which the Enovos Group exercises either joint control with a limited number of associates or significant influence. With this method, the parent company's share of its affiliate's equity, based on its equity interest, is entered in its balance sheet, rather than the acquisition cost of the equity holding itself. The difference thus generated is posted to group capital and reserves. The dividends received by the respective parent company are eliminated. The other balance sheet and income statement items are not affected and intercompany accounts and transactions are not eliminated.

- Goodwill on consolidation is calculated at the time of acquisition or consolidation of an equity interest. Goodwill on first consolidation represents the excess of the acquisition price over the group's interest share in the equity of the acquired entity. Negative goodwill is accounted for in profit and loss or in provisions if it relates to anticipated future losses. Positive goodwill is recorded as an asset and depreciated over 15 years, unless a different amortisation period is justified. The positive and negative goodwills resulting from the restructuring process in 2009 have been recorded in 2009 against the consolidated reserves in shareholder's equity.

- If the Board of Directors considers that an impairment must be recognised on consolidated entities, a corresponding depreciation is posted.

Foreign currency conversion

With the exception of fixed assets, assets and liabilities denominated in foreign currencies are converted at the exchange rates in effect at the end of the year. Transactions denominated in foreign currencies are recorded at the exchange rates of the transaction day. Realised exchange gains and realised and unrealised exchange losses are recognised in the income statement. Unrealised exchange gains are not recognised.

All group companies use EUR as their working currency.

Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Concessions, patents, licences, trademarks and similar rights and assets	20% - 33.33%	Straight-line
Goodwill, to extent that it was acquired for valuable consideration	20%	Straight-line

Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto or at production cost. Tangible assets are depreciated over their estimated useful economic lives.

Investments which qualify from a tax point of view as finance lease are treated in accounting as finance lease as well.

The acquisition price is made up of the purchase price, including customs due and non-refundable taxes, after deduction of commercial discounts and rebates, and any cost directly attributable to the asset's transfer to its place of operation and any adaptation needed for its operation.

Depreciation is recorded on the basis of an asset's useful life under the straight line method. The estimated useful lives of the main components of tangible assets are as follows:

	Depreciation rate	Depreciation method
Land and buildings	2% - 10%	Straight-line
Plant and machinery	2% - 10%	Straight-line
Other fixtures and fittings, tools and equipment	10% - 33,33%	Straight-line

When a part of grid assets is to be replaced and cannot be separately identified, no disposal of assets is accounted for and the replaced assets continue to be depreciated with normal rates. This accounting principle has been agreed with the Regulator for the determination of grid tariffs.

Where the group considers that a tangible asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible assets in the course of construction are valued at cost, based on the direct and indirect costs of the group and are reviewed for impairment annually.

The costs incurred on fixed assets under development created by the group itself are recorded in the profit and loss account under caption "Fixed assets under development" during the year and are transferred at balance sheet date to the appropriate balance sheet caption.

Investments carried at cost

Investments carried at cost are recorded in the balance sheet at their acquisition cost including the expenses incidental thereto. In the case of an impairment that the Board of Directors considers as permanent in nature, value adjustments are made in respect to these long-term investments to apply the lower value to be assigned to them at the balance sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.

Stocks

Raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average cost and market value. Value adjustments are recorded when the estimated realisable value of stocks is lower than the weighted average cost. The value adjustments are not maintained if the reasons for recording them have ceased to exist.

Stocks of finished goods and work and contracts in progress

Stocks of finished goods and work and contracts in progress are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and a proportion of the costs indirectly attributable to the product/contract in question, and market value. A value adjustment is recorded where the market value is below the production cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are recorded at their nominal value. Value adjustments are recorded when there is a risk that all or part of the amounts concerned may not be recovered. These value adjustments are not maintained if the reasons for recording them have ceased to exist.

Investments

Investments are valued at the purchase price, including expenses incidental thereto, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the latest available quote on the valuation day for investments listed on a stock exchange or traded on another regulated market.

Derivative financial instruments

The group may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The group records initially derivative financial instruments at costs.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised. In the case of hedging of an asset or a liability which is not recorded at fair value, unrealised gains or losses are deferred until the recognition of the realised gains or losses on the hedged item.

Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

Provisions

The aim of provisions to cover clearly defined charges and liabilities, which, on the balance sheet date, are either probable or certain but for which the amount or date of occurrence cannot be determined with certainty. A review is carried out at year-end to determine the provisions to be recorded for the group's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred as to their amount or the date on which they will arise.

Provisions for pensions and similar obligations

Different group companies offer its employees a defined benefit plan and a defined contribution plan.

Defined benefit plan

A defined benefit plan defines 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 liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method under IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the balance sheet date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited in the profit or loss in the period in which they arise.

Past-service costs are recognised immediately in the profit or loss.

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity and 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. Contributions paid are directly registered in the profit and loss during the year they are paid. The commitment of the group is limited to the contributions that the group agreed to pay into the fund on behalf of its employees.

Non subordinated debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

Deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

Current and deferred income tax

Provisions for current income tax include the current taxes charged. Deferred taxes are recorded on the time differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

Net turnover

Net turnover relates to transportation and distribution of electricity and gas, sales of gas and electricity, cogeneration provided as well as related activities as part of the group's ordinary activities, net of discounts, value-added tax and other taxes directly linked to sales.

In energy supply, revenue is recognised at the time of physical delivery except for supplies of low voltage electricity from Enovos Luxembourg S.A. and Leo S.A. for which revenue recognition is based on five respectively eleven flat-rate advance payments and one detailed account following meter reading as invoiced annually.

Other operating income

Other operating income comprises all income only indirectly linked to usual business activities.

Income from financial fixed assets

Dividend income is recorded when dividends are paid.

Note 2 - Creation of the new Enovos Group

Enovos International S.A. was incorporated under the name of Soteg S.A. in Luxembourg on 5th February 1974. The Company is registered under RCS nr. B11723. In the context of the below described operations, the Company has been renamed Enovos International S.A. in 2009. The registered office of the Company is established in Esch-sur-Alzette.

As of 23rd January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares into Soteg S.A. Soteg S.A. then launched a mandatory public offer on all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.) and its two main subsidiaries, Creos Luxembourg S.A. (formerly Cegedel S.A.) in charge of grid activities and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) dealing with energy generation, sales and trading activities. This restructuring has been made with retroactive effect as of 1st January 2009. Enovos Luxembourg S.A. has a subsidiary, Enovos Deutschland AG, for the German Market and Creos Luxembourg S.A. has a subsidiary, Creos Deutschland GmbH, for the German grid.

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against issuing new shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland AG. Cegedel Participations S.A. was sold to Soteg S.A. and the former Cegedel S.A. sales activity has been contributed to Enovos

Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities have been contributed to Creos Luxembourg S.A. in exchange for shares.

Note 3 - Authorisations

Following the two European directives 2009/72 and 73 of 13th July 2009 concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national laws, namely the laws of 7th August 2012, regarding the organisation of the electricity and natural gas markets, transport and distribution grid management activities have been legally separated from the other activities of generation and sale of electricity and gas.

Note 4 - Goodwill on first consolidation

The restructuring process put in place in 2009 to create the new Enovos Group as described in Note 2 has led to the recognition of a net goodwill on first consolidation that has been recorded in 2009 against the consolidated reserves in shareholder's equity for a total initial amount of EUR 44,495,640.

Since 2010, goodwill on acquisitions is recognised on the asset side and is depreciated over a period of 15 years, unless a different depreciation period is justified. From 2010 to 2012, the group has recognised goodwill on the following acquisitions (see also note 5):

		31/12/2012 Goodwill Gross value €	31/12/2012 Goodwill Net value €
Trelder Berg GmbH	1st January 2010	11,698,283	9,358,626
Surré S.A.	1st January 2010	989,661	791,729
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	1st May 2010	14,871,586	12,227,749
Creos Luxembourg S.A.	1st May 2010	9,285,305	7,634,585
La Benâte S.à r.l.	1st July 2010	1,771,954	1,476,629
Enovos Solar Investment I S.r.l.	1st October 2010	805,849	684,972
Enovos Solar Investment II S.r.l.	1st November 2010	3,035,199	2,596,781
Enovos Energie Deutschland GmbH	1st January 2011	7,221,109	6,258,295
Enovos Balance Deutschland GmbH	1st January 2011	75,000	65,000
Leo S.A.	6th January 2011	21,157,085	18,336,141
Ferme Eolienne de la Côte du Gibet S.à r.l.	2nd November 2011	51,800	45,469
Biogas Ohretal GmbH	1st January 2012	5,131,075	4,789,003
ESW Energie Südwest AG	1st January 2012	2,205,965	2,095,667
Enovos Deutschland Verwaltungs SE	20th September 2012	1,212,031	1,212,031
		79,511,902	67,572,676

Value adjustments have been recorded using a straight line depreciation method:

	31/12/2012 €	31/12/2011 €
Gross book value - opening balance	**72,254,841**	**42,457,837**
Additions for the year	8,549,071	29,797,004
Reversals for the year	(1,292,010)	0
Gross book value - closing balance	**79,511,902**	**72,254,841**
Accumulated value adjustment - opening balance	**(6,765,793)**	**(2,025,723)**
Allocations for the year	(5,183,224)	(4,740,070)
Reversals for the year	9,791	0
Accumulated value adjustment - closing balance	**(11,939,226)**	**(6,765,793)**
Net book value - closing balance	67,572,676	65,489,048

The Board of Directors is of the opinion that no value adjustments are necessary.

Note 5 - Scope of consolidation and list of consolidated companies

The consolidation scope is as follows as at 31st December 2012:

Fully consolidated group companies:

Name	Country	Percentage of control	Percentage of interest	Main activity
Enovos International S.A.	Luxembourg	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	Luxembourg	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	Luxembourg	75.47%	75.47%	Transport and distribution of gas and power
Cegedel International S.A.	Luxembourg	100.00%	100.00%	Holding company
Enovos Re S.A.	Luxembourg	100.00%	100.00%	Reinsurance
Luxenergie S.A.	Luxembourg	60.35%	60.35%	Production of heat and power
Surré S.A.	Luxembourg	100.00%	60.35%	Production of heat and power
Windpark Mosberg GmbH & Co KG	Germany	100.00%	100.00%	Production of power
Enovos Deutschland AG	Germany	100.00%	100.00%	Supply of power and gas
Creos Deutschland GmbH	Germany	96.88%	73.12%	Transport and distribution of gas
EnergieSüdwest AG	Germany	51.00%	51.00%	Supply of power, gas and heat
EnergieSüdwest Netz GmbH	Germany	100.00%	51.00%	Transport and distribution of gas, power, water and heat
EnergieSüdwest Projektentwicklung GmbH (formerly Lan Tec Gebäudetechnik Management GmbH)	Germany	100.00%	51.00%	Supply of heat / Provider of services in gas and power
Energiepark Trelder Berg GmbH	Germany	80.00%	80.00%	Production of power
Enovos Eisenhüttenstadt GmbH	Germany	100.00%	100.00%	Production of power
La Benâte Energies S.à r.l.	France	100.00%	100.00%	Production of power
Enovos Solar Investment I S.r.l.	Italy	100.00%	100.00%	Production of power
Enovos Solar Investment II S.r.l.	Italy	100.00%	100.00%	Production of power
Leo S.A.	Luxembourg	100.00%	100.00%	Supply of power and gas
Enovos Energie Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Enovos Balance Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Ferme Eolienne de la Côte du Gibet S.à r.l.	France	100.00%	100.00%	Production of power
Real Estate Strassen S.A.	Luxembourg	100.00%	100.00%	Facility management
Biogas Ohretal GmbH	Germany	80.00%	80.00%	Production of power
Ceduco S.A.	Luxembourg	100.00%	100.00%	Production of power
Enovos Future GmbH	Germany	100.00%	100.00%	Facility management
Enovos Deutschland Verwaltungs SE	Germany	100.00%	100.00%	Holding company
Enovos Properties GmbH	Germany	100.00%	100.00%	Facility management
Frauental Solar 1 GmbH	Germany	75.40%	75.40%	Production of power

During the year, the group completed a number of transactions:

- As of 19th December 2012, Enovos Luxembourg transferred its building situated 2, Rue Thomas Edison to Real Estate Strassen S.A. for an amount of EUR 36,000,000. The capital gain on that operation has been reversed on consolidated level.

- On 23th April 2012, the group acquired 80% of PNE Biogas Ohretal GmbH (subsequently renamed Biogas Ohretal GmbH) for EUR 4,796,930, a company which operates a biomethane plant located in Satuelle in Northern Germany. A goodwill of EUR 5,131,075 has been recognised on that acquisition.

- As of 23th July 2012, Enovos Luxembourg, in the context of the restructuring of Ceduco S.A., decided to contribute a cash amount of EUR 2,038,147 and a shareholder loan for EUR 400,000 as capital increase. Subsequently the group acquired the remaining 50% of the shares from DuPont de Nemours (Luxembourg) S.à r.l. for an amount of EUR 1. The installations of Ceduco S.A. were then sold for EUR 1 to DuPont de Nemours.

- Enovos Future GmbH was set up to develop the group's facility management activities in Germany. As operations really started in 2012, the entity was fully consolidated. No goodwill was recognised.

- In September 2012, the group acquired 100% of Foratis Gruendungs GmbH (subsequently renamed Enovos Deutschland Verwaltungs SE). This Company will manage the participations of Enovos Luxembourg in Germany which are restructured in 2012 and 2013. As the costs related to these restructurings have been capitalised, a goodwill of EUR 1,212,030 has been recognised in 2012 in the consolidated accounts. In the same context of that restructuring, Enovos Luxembourg S.A. has sold its participation in Enovos Energie Deutschland GmbH to this new entity for EUR 10,705,000. As the latter was already part of the consolidation scope in 2011, that operation had no impact on consolidated level.

- Enovos Properties GmbH was created to manage the group's real estate properties in Germany. In that context the group acquired several buildings and land from Enovos Deutschland AG for EUR 8,497,106. The capital gain on that operation on the accounts of Enovos Deutschland AG was reversed on consolidated level.

- The company Frauental Solar 1 GmbH was set up by Enovos Deutschland AG. At the end of 2011, a participation of 30% was posted at cost under the caption Financial assets, the rest was held for sale and posted in current assets under the caption Investments. Following a change in the investment strategy, it has been decided to keep a majority stake of 75.40% in that company, which has been fully consolidated in 2012.

- During the year, Enovos Deutschland AG bought 41% of EnergieSüdwest Gasvertrieb GmbH for EUR 2,158,000, increasing its participation from 10% to 51%. The company was subsequently contributed to and merged with EnergieSüdwest AG with effective date 1st January 2012, and the existing shareholders were given shares in EnergieSüdwest AG. The merger was organised in a manner to assure that the group's 51% stake didn't change. A goodwill of EUR 2,205,965 has been recognised on that acquisition.

- Enovos Services GmbH was merged with Enovos Deutschland AG and is no longer part of the consolidation scope. The capital gain on that operation on the accounts of Enovos Deutschland AG was reversed on consolidated level.

- Due to purchase of own shares by Creos Luxembourg S.A. and Enovos Deutschland AG, the percentage of interest has changed for both companies as well as for their subsidiaries.

Companies consolidated under the equity method:

Name	Country	Percentage of control	Percentage of interest	Main activity
Global Facilities S.A.	Luxembourg	50.00%	50.00%	Facility management
Steinergy S.A.	Luxembourg	50.00%	50.00%	Supply of power
Soler S.A.	Luxembourg	50.00%	50.00%	Production of power
Cegyco S.A.	Luxembourg	50.00%	50.00%	Production of power
artelis S.A.	Luxembourg	36.95%	36.95%	Telecommunications
NordEnergie S.A.	Luxembourg	33.33%	33.33%	Supply of power
Airport Energy S.A.	Luxembourg	50.00%	30.18%	Production of heat and power
DataCenterEnergie S.A.	Luxembourg	50.00%	30.18%	Production of heat and power
Twinerg S.A.	Luxembourg	17.50%	17.50%	Production of power
Aveleos S.A.	Luxembourg	59.02%	59.02%	Construction of solar parks
Kiowatt S.A.	Luxembourg	50.00%	30.18%	Production of power
Pfalzgas GmbH	Germany	50.00%	50.00%	Supply of energy
Projecta 14 GmbH	Germany	50.00%	50.00%	Holding company
Energis GmbH	Germany	28.06%	28.06%	Supply of energy
Geo x GmbH	Germany	50.00%	25.50%	Production of geothermal energy
Windpark Wremen GmbH & Co. KG	Germany	40.00%	30.20%	Production of power
SK Ahorn GmbH & Co. KG	Germany	39.00%	27.29%	Production of power
Biopower Tongeren NV	Belgium	24.90%	24.90%	Production of power

For the companies above where less than 20% of voting rights are held, the Enovos Group exercises significant influence over them by virtue of its representation in their boards of directors and the strategic interest that their activities represent for the group.

Movements of the year were as follows:

- In 2012, Enovos Deutschland AG sold its participation in Ferngas Nordbayern GmbH for EUR 53,000,000. A capital gain of EUR 39,477,392 was posted under the caption Extraordinary income (see also note 32).

- Kiowatt S.A., a joint-venture between Luxenergie S.A. and the Belgian Groupe François, will build a cogeneration plant near the municipality of Mersch. Construction for the plant started in October 2012.

- As the group increased its participation in Ceduco S.A. from 50% to 100%, the consolidation method of that company has changed from “consolidated under the equity method” to “full consolidation”.

- Due to purchase of own shares by Enovos Deutschland AG, the percentage of interest has changed for all the German subsidiaries.

Note 6 - Intangible assets

	Concessions, patents, licences, trademarks and similar rights and assets	Goodwill acquired for valuable conside-ration	Payments on account and intangible assets under development	Total 2012	Total 2011
	€	€	€	€	€
Gross book value - opening balance	42,571,899	121,530,000	68,307,985	232,409,884	115,367,787
Additions for the year	2,969,481	3,775,000	28,710,225	35,454,706	27,242,045
Disposals for the year	(1,404,355)	0	0	(1,404,355)	(56,249)
Transfers for the year	1,050,939	416,654	(91,352)	1,376,241	(33,158,526)
Change in consolidation scope	0	50,000	0	50,000	123,014,827
Gross book value - closing balance	**45,187,964**	**125,771,654**	**96,926,858**	**267,886,476**	**232,409,884**
Accumulated value adjustment - opening balance	(33,762,075)	(24,956,250)	(1,769,754)	(60,488,079)	(28,217,017)
Allocations for the year	(3,459,507)	(8,347,480)	(3,779)	(11,810,766)	(13,336,017)
Reversals for the year	1,380,154	0	0	1,380,154	(1,090,576)
Transfers for the year	(265,052)	0	0	(265,052)	0
Change in consolidation scope	0	(6,667)	0	(6,667)	(17,844,468)
Accumulated value adjustment - closing balance	**(36,106,481)**	**(33,310,397)**	**(1,773,533)**	**(71,190,410)**	**(60,488,079)**
Net book value - closing balance	**9,081,483**	**92,461,257**	**95,153,325**	**196,696,065**	**171,921,805**

The group acquired the customer base of the municipality of Dudelange in 2012 for an amount of EUR 3,750,000 with effective date 1st January 2013 included in the caption “Goodwill acquired for valuable consideration”.

Under a contract signed with RWE, total advance payments for EUR 89,466,245 (2011: EUR 65,710,545) related to the financing of two pulverised coal fired power plants have been made by the end of 2012 (see also note 36). Through this payment Enovos Luxembourg S.A. will be guaranteed a long-term flat base load supply of 50 MW per year starting in 2013 for 25 years with a possible extension of another 15 years.

The Board of Directors considers that no value adjustments are needed as of 31st December 2012.

Note 7 - Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets in course of construction	Total 2012	Total 2011
	€	€	€	€	€	€
Gross book value - opening balance	137,811,787	1,592,172,538	89,667,486	124,235,403	1,943,887,215	1,465,811,312
Additions for the year	1,691,862	9,682,169	15,753,633	125,415,520	152,543,184	134,186,066
Disposals for the year	(112,830)	(1,616,888)	(2,852,799)	(471,647)	(5,054,163)	(4,414,977)
Transfers for the year	2,451,503	56,987,411	4,690,755	(60,682,841)	3,446,829	344,122,889
Change in consolidation scope	949,155	8,426,386	44,303	9,199,348	18,619,192	4,181,925
Gross book value - closing balance	**142,791,477**	**1,665,651,618**	**107,303,378**	**197,695,784**	**2,113,442,257**	**1,943,887,215**
Accumulated value adjustment - opening balance	(59,757,659)	(907,277,204)	(71,430,557)	0	(1,038,465,419)	(840,823,173)
Allocations for the year	(3,669,793)	(46,048,499)	(6,275,674)	0	(55,993,966)	(49,540,890)
Reversals for the year	1,102,043	1,476,612	2,497,796	0	5,076,451	(147,423,006)
Transfers for the year	(843,640)	(299,919)	(204,263)	0	(1,347,822)	0
Change in consolidation scope	(4,046)	(317,496)	(2,487)	0	(324,029)	(678,349)
Accumulated value adjustment - closing balance	**(63,173,094)**	**(952,466,507)**	**(75,415,184)**	**0**	**(1,091,054,785)**	**(1,038,465,419)**
Net book value - closing balance	**79,618,383**	**713,185,111**	**31,888,195**	**197,695,784**	**1,022,387,472**	**905,421,796**

The additions include mainly investments in the gas and electricity grid in Luxembourg and in Germany. Furthermore, in 2012, the City of Echternach had contributed its grid assets into a group company for an amount of EUR 3,293,233. This movement is included in the caption "Transfers for the year".

The group is participating in the construction of the 11th turbine at the Vianden pumping station of SEO (see also note 24). This investment qualifies as a finance lease and consequently has been recorded in the books of the group. As of 31st December 2012, the group has recognised an amount of EUR 83,250,000 in its accounts. This amount is posted under the caption "Payments on account and tangible assets in course of construction" and a corresponding amount of EUR 81,265,561 is posted under the caption "Other creditors becoming due and payable after more than one year". During the year, an amount of EUR 23,972,000 was added to this caption.

The Board of Directors considers that no value adjustments are needed as of 31st December 2012.

Note 8 - Financial assets

8.1. Companies consolidated under the equity method

Companies consolidated under the equity method are companies in which the group has a significant influence. The undertakings consolidated accordingly break down as follows:

	31/12/2012 €	31/12/2011 €
energis GmbH	39,762,370	38,208,353
Aveleos S.A. (*)	32,049,035	29,747,225
Pfalzgas GmbH	21,382,838	20,477,363
Projecta 14 GmbH	19,179,747	19,150,754
Ferngas Nordbayern GmbH	0	17,412,930
artelis S.A.	13,958,802	13,600,517
Twinerg S.A.	7,234,285	8,376,971
Soler S.A.	4,855,474	5,102,715
DataCenterEnergie S.A.	3,099,994	3,459,828
Kiowatt S.A.	1,693,348	0
Windpark Wremen GmbH & Co. KG	1,257,705	1,174,556
SK Ahorn GmbH & Co. KG	1,650,176	1,453,292
Cegyco S.A.	1,106,242	1,339,310
Global Facilities S.A.	1,188,085	996,231
Biopower Tongeren NV	674,820	408,716
NordEnergie S.A.	148,470	145,139
Steinergy S.A.	121,774	77,510
Airport Energy S.A.	(81,072)	(137,309)
geo x GmbH	(707,371)	(430,521)
Ceduco S.A.	0	(1,679,433)
	148,574,780	158,884,145

Main movement of the year consists in the sale of Ferngas Nordbayern GmbH (see also note 32). Following the restructuring of the joint venture company Ceduco S.A. the group repurchased the remaining 50% of the shares from Dupont de Nemours; consequently the company is fully consolidated in 2012 (see also note 5).

8.2. Investments carried at cost

Investments carried at cost are recorded at acquisition cost. This caption also includes companies which are not consolidated because of minor significance or for which no financial information is available as at 31st December 2012:

		2012		2011	
Name	Location	Percentage owned	Net value €	Percentage owned	Net value €
Stadtwerke Bad Kreuznach GmbH	Germany	24.52%	15,000,000	24.52%	15,000,000
Stadtwerke Pirmasens GmbH	Germany	12.99%	6,667,000	12.99%	6,667,000
Pfalzwerke AG	Germany	1.86%	5,206,000	1.86%	5,206,000
Stadtwerke St. Ingbert GmbH	Germany	12.55%	5,000,000	12.55%	5,000,000
Stadtwerke Trier Versorgungs GmbH	Germany	24.90%	4,087,514	24.90%	4,038,647
Stadtwerke Sulzbach GmbH	Germany	15.00%	3,982,062	15.00%	3,982,062
Stadtwerke Völklingen Netz GmbH	Germany	17.60%	3,500,000	17.60%	3,500,000
SWT Erneuerbare Energie Co&KG	Germany	49.00%	2,156,000	49.00%	2,156,000
GasLINE GmbH & Co. KG	Germany	5.00%	2,017,612	5.00%	2,017,612
Seo S.A.	Luxembourg	4.46%	1,971,596	4.46%	1,971,596
prego service GmbH	Germany	25.10%	1,712,915	25.10%	1,712,915
Kiowatt S.A.	Luxembourg	50.00%	(*)	50.00%	1,400,000
Stadtwerke Bliestal GmbH	Germany	23.50%	1,333,000	23.50%	1,333,000
Bioenergie Merzig GmbH	Germany	39.00%	1,277,250	39.00%	1,277,250
Stadtwerke Völklingen Vertrieb GmbH	Germany	17.60%	1,100,000	17.60%	1,100,000
Stadtwerke Homburg GmbH (**)	Germany	10.67%	492,604	10.67%	835,204
Solar Kraftwerk Kenn GmbH (**)	Germany	25.10%	782,879	25.10%	833,079
SüdwestStrom WP GmbH i.L. (***)	Germany	29.00%	0	29.00%	750,000
EEX AG	Germany	1.00%	700,000	1.00%	700,000
CASC CWE S.A.	Luxembourg	8.33%	430,000	8.33%	430,000
Solarkraftwerk Frauental GmbH	Germany	75.40%	(*)	30.00%	397,500
EnergieSüdwest GasVertrieb GmbH	Germany	100.00%	(*)	10.00%	386,000
Encasol	Luxembourg	50.00%	320,000	0.00%	0
Stadtwerke Lambrecht GmbH	Germany	15.00%	237,278	14.13%	231,739
energieagence S.A.	Luxembourg	40.00%	148,736	40.00%	148,736
Solarpark St. Wendel GmbH	Germany	15.00%	142,500	15.00%	142,500
GuD KW Krefeld GmbH	Germany	NA	102,864	0.00%	0
Enovos Future GmbH	Germany	100.00%	(*)	100.00%	100,000
Energie Südpfalz CoKG	Germany	50.00%	50,500	0.00%	0
Windpark Meckel-Gilzem GmbH&Co.KG	Germany	34.00%	50,340	34.00%	50,340
Blue Wizzard BG GmbH	Germany	100.00%	50,000	100.00%	50,000
Gastmotive Erdgastankstellen GmbH & Co.KG	Germany	11.70%	35,000	0.00%	0
SSG Saar Service GmbH	Germany	10.00%	32,565	10.00%	32,565
Windpark Gimpweiler&Mosb. GBR	Germany	50.00%	31,969	60.00%	31,065
Eisenhüttenstadt Generation GmbH	Germany	100.00%	25,000	100.00%	25,000
Eisenhüttenstadt Beteiligung GmbH	Germany	100.00%	25,000	100.00%	25,000
ESW - Grüne Energie GmbH	Germany	100.00%	25,000	100.00%	25,000
VG Offenbach Verwalt.GmbH	Germany	100.00%	25,000	100.00%	25,000
Neustromland Beteiligungs-Verwaltungs GmbH	Germany	100.00%	25,000	100.00%	25,000
Windpark Mosberg Verwaltungs GmbH	Germany	100.00%	25,000	100.00%	25,000
Windkraft Bliesgau GmbH	Germany	100.00%	25,000	100.00%	25,000
Enovos Participations GmbH	Germany	100.00%	25,000	0.00%	0
Enovos Renewables GmbH	Germany	100.00%	25,000	0.00%	0
Neustromland Projekt 1 GmbH	Germany	100.00%	25,000	0.00%	0
Neustromland Projekt 2 GmbH	Germany	100.00%	25,000	0.00%	0
Enovos Storage GmbH	Germany	100.00%	25,000	0.00%	0
Energie Südpfalz Beteiligung GmbH	Germany	100.00%	12,500	0.00%	0
Solarkraftwerk Wunstorf GmbH	Germany	49.00%	12,250	0.00%	0
C-Gen NV	Netherlands	5.00%	5,400	5.00%	5,400
Gastmotive Erdgastankstellen GmbH	Germany	11.70%	2,925	0.00%	0
GasLINE Geschäftsführungs GmbH	Germany	5.00%	1,278	5.00%	1,278
Neustromland Solarkraftwerke 1 GmbH & Co.KG	Germany	100.00%	1,000	0.00%	0
Neustromland Energieprojekt 1 GmbH &Co.KG	Germany	100.00%	1,000	0.00%	0
Neustromland Energieprojekt 2 GmbH &Co.KG	Germany	100.00%	1,000	0.00%	0
Neustromland GmbH & Co.KG	Germany	100.00%	500	100.00%	500
VG Offenbach GmbH & Co.KG	Germany	100.00%	100	100.00%	100
Forward Forstservice GmbH	Germany	33.00%	1	33.00%	1
			58,956,137		61,663,089

(*) Companies consolidated in 2012
(**) The lower values in 2012 compared to 2011 are due to capital reductions in these companies
(***) Company in liquidation process as of 31st December 2012

The Board of Directors considers that no value adjustments are needed as of 31st December 2012.

Note 9 - Stocks

This caption comprises mainly a natural gas inventory site operated by Enovos Deutschland AG near the town of Frankental in Germany. No value adjustment has been recorded in 2012.

Note 10 - Debtors

10.1. Trade debtors

Trade receivables are mainly related to energy sales, transportation and distribution of electricity and gas.

	31/12/2012 €	31/12/2011 €
Trade receivables - Gross value	447.654.893	399.485.593
Value adjustment	(13.316.973)	(10.256.735)
Trade receivables - Net value	**434.337.920**	**389.228.858**

10.2. Amounts owed by undertakings with which the group is linked by virtue of participating interests

All receivables due by undertakings with which the group is linked by virtue of participating interests are due within 30 days and relate to commercial activities.

10.3. Other debtors

This caption mainly includes tax receivable in Luxembourg of EUR 39,702,521 (2011: EUR 13,813,676) and in Germany of EUR 18,421,373 (2011: EUR 22,076,931).

As of 31st December 2012, this caption also comprises a receivable on the "Institut Luxembourgeois de Régulation" (ILR) of EUR 11,790,825 (2011: EUR 4,477,316) in the context of the mechanism of the "Fond de compensation".

Furthermore, an amount of EUR 8,464,000 includes assets held for sale (2011: EUR 0).

10.4 Deferred tax assets

Deferred tax assets for a total of EUR 4,300,000 (2011: EUR 0) have been computed on the companies part of the fiscal unity as a result of the fiscal loss in 2012. The amount will be recovered with future taxable profits.

Note 11 - Investments

Securities held as fixed assets relate to a portfolio of equities and bonds held at maturity whereas securities posted in cash relate to money market investments.

Note 12 - Cash at bank and in hand

This caption comprises sight deposits and term deposits for investment periods of less than three months.

Note 13 – Prepayments

As of 23th May 2011, the group has entered into three interest rate swaps (IRS) for an aggregate nominal amount of EUR 200 million and a final maturity 7 years later, in order to hedge a long-term financing initially planned for September 2011. Since the planned financing has been postponed to May 2012, the IRS have been extended up to this date. As the EUR 200 million bond was definitely launched in May 2012 and issued on 15th June with a maturity in 2019, the three IRS contracts have been unwound and the related costs of EUR 23.9 million were deferred, as part of the financing fees, over the life time of the underlying retail bond financing.

The caption includes also prepayments related to the purchase of biogas certificates in Germany of EUR 2,321,348 (2011: EUR 0) and to green electricity certificates in Belgium of EUR 1,064,126 (2011: EUR 0). Finally, EUR 2,477,827 are related to clearing accounts linked to the portfolio management and trading activities (2011: EUR 0).

According to the regulation scheme, a cumulated difference (2012 and prior years) is calculated individually for each regulated activities (electricity, gas transport, gas distribution, metering electricity, metering gas) and is provided for, when positive, in the caption Prepayments for an amount of EUR 4,150,751 (2011: EUR 0) and when negative, in the caption Deferred income for an amount of EUR 18,150,374 (2011: EUR 4,678,493).

Note 14 - Capital and reserves

As at 31st December 2012, the share capital of Enovos International S.A. amounted to EUR 90,962,900. It was fully paid-up and was represented by 909,629 ordinary shares (2011: 909,629), with a nominal value of EUR 100 per share and with no preferential rights.

The group is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Consolidated capital and reserves, group share

	31/12/2011 €	Distribution of dividends €	Appropriation of profit €	Change in scope €	Other €	Own shares €	Profit for the year €	31/12/2012 €
Subscribed capital	90,962,900							90,962,900
Share premium	387,028,449							387,028,449
Consolidated Reserves	332,622,094		58,374,614	5,377,278	(919,347)	(10,296,595)		385,158,044
Legal Reserve	*9,096,290*							*9,096,290*
Reserve of 1st consolidation	*(53,271,059)*			*(4,689,756)*				*(57,960,816)*
Consolidation reserves	*311,864,712*		*58,374,614*	*10,067,034*	*(919,347)*	*(10,296,595)*		*369,090,419*
Other reserves	*64,932,152*							*64,932,152*
Retained earnings	6,724,672		(6,529,659)					195,013
Capital investment subsidies	3,315,094				(585,073)			2,730,022
Profit for the year	100,055,292	(48,210,337)	(51,844,955)				97,485,120	97,485,120
Total shareholder's equity Group share	**920,708,501**	**(48,210,337)**	**0**	**5,377,278**	**(1,504,420)**	**(10,296,595)**	**97,485,120**	**963,559,548**
Minority interest	188,314,488	(10,055,091)		(4,350,503)	(151,414)		20,156,810	193,914,290
Total shareholder's equity	**1,109,022,990**	**(58,265,428)**	**0**	**1,026,775**	**(1,655,834)**	**(10,296,595)**	**117,641,930**	**1,157,473,838**

In the wake of the restructuring of the group's affiliates in Germany, Enovos Deutschland AG purchased the outstanding shares (3.12%) not yet owned by the group from the minority shareholders for a total amount of EUR 9,827,000. In 2012, one of the minority shareholders of Creos Luxembourg S.A., the municipality of Schengen, sold its Creos shares to Creos for EUR 469,595. The total amount of both operations of EUR 10,296,595 has been computed in equity under the caption Own shares.

Due to these two share purchases the rate of participation in all the affiliates of Enovos Deutschland AG and Creos Luxembourg S.A. comprised in the consolidation scope changed in 2012 (see also note 5). These changes are reported in the caption "Change in scope". The caption also includes the impact from the 1st consolidation of Kiowatt S.A.

The caption "Others" mainly comprises the minority interest of the dividends received by the companies in the consolidation scope and the impact of the companies consolidated at equity.

Note 15 - Provisions

15.1. Provisions for pensions and similar obligations

This caption includes provisions relating to pension commitments. Under a supplementary pension scheme, Enovos International S.A., Enovos Luxembourg S.A., Creos Luxembourg S.A., Enovos Deutschland AG and Creos Deutschland GmbH have contracted defined benefit schemes. The amount reported in the balance sheet is based on the following assumptions:

- retirement age taken into account for financing: 60 years (for Luxembourg), 62 years (for Germany)
- yearly discount rate of 4.2%
- estimated salary at time of retirement based on past experience.

Actuarial profits and losses are immediately recognised in the income statement.

15.2 Other provisions

The caption "Other provisions" comprises provisions to cover the following risks:

	31/12/2012 €	31/12/2011 €
Provisions for regulatory and environmental risks	32,776,457	35,115,162
Provisions for purchases	681,736	9,157,145
Provisions for staff costs	10,739,100	10,999,179
Provisions for sales risks	3,564,576	2,835,391
Provisions for derivatives	13,279,530	234,063
Provisions for litigation	637,993	255,000
Provisions for maintenance costs	0	12,900
Other provisions	5,120,654	9,123,084
	66,800,047	67,731,923

Note 16 - Non convertible debenture loans

On 15th June 2012, Enovos International S.A. issued a public bond of EUR 200,000,000 which is listed on the secondary Euro MTF market in Luxembourg. The bond bears an interest of 3,75% and will be entirely redeemed on 15th June 2019. Interests on the coupons are paid on 15th June of every year from 2013 to 2019 and are appropriately provisioned in the accounts. The accrued interest payable as at 31st December 2012 amounts to EUR 4,062,500 (2011: EUR 0).

As Enovos RE S.A. invested EUR 4,026,169 in the public bond for its own purposes, this amount has been eliminated as an intercompany operation on consolidated level.

Note 17 - Amounts owed to credit institutions

The financial payables break down as follows:

	31/12/2012 €	31/12/2011 €
Non-current financial liabilities due to financial institutions		
due within one to five years	23,714,654	83,984,931
due in more than five years	25,556,354	19,460,134
Current financial liabilities due to financial institutions		
due within one year	47,758,647	121,911,078

Note 18 - Payments received on account of orders

Are recorded under this caption payments made by customers for services rendered.

Note 19 - Trade creditors

Trade creditors are mainly related to energy sales and trading activities.

Note 20 - Amounts owed to undertakings with which the group is linked by virtue of participating interests

Amounts owed to undertakings with which the group is linked by virtue of participating interests are usually due within 30 days, and related largely to commercial activities.

Note 21 - Tax and social security

This caption includes value added tax (VAT) liabilities, taxes on gas and electricity sales, and social taxes on pensions and salaries.

Enovos International S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws. Since 2009, Enovos International S.A. is part of the fiscal unity with Enovos Luxembourg S.A., Cegedel International S.A. and Enovos Ré S.A. Beginning 2012, Leo S.A. has joined that fiscal unity. In the frame of the fiscal unity, the taxes in the accounts are recorded as follows:

- Tax expenses are booked in the subsidiaries' accounts as would be the case if no tax unity exists;
- Tax savings relating to a loss-making subsidiary are reallocated to this subsidiary in the same year as the loss arises; these tax savings are recorded as income in the head of the fiscal unity;
- Enovos International S.A., as the head of the fiscal unity, books the tax provisions on the basis of the consolidated results of the companies included in the scope of the fiscal unity.

In order to benefit from the fiscal unity regime, the companies concerned have agreed to be part of the fiscal unity for a period of at least five financial years. This means that if the conditions laid down in Article 164bis LIR (Income tax law) are not met at any time during these five years period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

Note 22 - Deferred income tax

The deferred income tax liability is mainly related

- to the different depreciation methods used in consolidated accounts (linear) compared with the statutory accounts (degressive) of several group companies
- to the different calculation method of the pension obligations in consolidated accounts compared with statutory accounts of several group companies
- to a provision reversal at Enovos Re in the consolidated accounts.

Note 23 - Other creditors

Other creditors are mostly becoming due and payable after more than one year. In the course of the financing agreement reached with SEO S.A. over the financing of the 11th turbine at the Vianden pumping station of SEO, an amount of EUR 81,265,561 (2011: EUR 59,278,000) has been posted under this caption in 2012 (see note 7).

The group has a long-term liability to the city of Landau of EUR 12,996,000 (2011: EUR 12,675,000) in the context of the acquisition of EnergieSüdwest AG.

Furthermore, as of 31st December 2012, Enovos Deutschland AG has a long-term liability of EUR 3,500,000 towards "Pensionskasse der Enovos Deutschland VVaG" (2011: EUR 0).

Note 24 - Deferred income

Same as in 2011, this caption mainly includes derivatives which are to hedge operations to be settled in subsequent years and advance payments by customers.

In addition, as described in note 13, Creos Luxembourg has posted under this caption an amount of EUR 18,150,374 (2011: EUR 4,678,493) related to the regulated activities.

Note 25 - Raw materials and consumables

	2012 €	2011 €
Electricity supplies	1,625,447,827	1,464,047,247
Trading sales	(559,036,430)	(542,088,060)
Gas supplies	1,023,467,974	982,932,779
Other supplies	203,759,049	186,815,856
Derivatives	23,529,649	1,262,256
Total Raw materials and consumables	**2,317,168,069**	**2,092,970,079**

This caption includes energy procurement and electricity trading costs. Electricity and gas trading sales are shown net of cost of sales, since they were made partly to reduce procurement costs. The margin achieved on trading activities is therefore included under "Raw materials and consumables", as well as the realised profit or loss and the unrealised loss on derivative financial instruments.

Note 26 - Other external charges

This caption includes among others, professional fees, subcontracting and maintenance costs, marketing and communication costs, rental costs and insurance premiums.

Note 27 - Staff costs

The group had on average 1,377 employees in 2012 (2011: 1,301). The figure in 2012 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A. (152 employees), the costs of which are shown under wages and salaries for EUR 13,045,875 (2011: EUR 15,114,901).

Personnel expenses break down as follows:

	2012 €	2011 €
Salaries	103,503,031	103,239,937
Social security	12,224,197	11,359,076
Pensions	11,187,910	11,457,544
Miscellaneous social costs	114,799	7,199
Total personnel expenses	**127,029,938**	**126,063,756**

Note 28 - Net turnover

Sales break down as follows:

	2012 €	2011 €
Sales electricity	1,249,129,226	1,163,224,698
Sales gas	1,116,164,371	1,074,348,880
Other energy sales	27,939,850	25,250,396
Grid sales electricity	116,050,523	101,215,402
Grid sales gas	61,063,819	58,102,511
Other sales	73,007,593	65,152,935
Rebates & discounts	(1,661,820)	(1,834,414)
Total sales	2,641,693,562	2,485,460,407

Other sales include sales to customers in the context of traditional energy supply activities. Sales relating to gas and electricity trading on the international market are shown net of purchases under "Raw materials and consumables".

Geographical sales break down as follows:

	2012 €		2011 €	
Luxembourg	1,490,199,011	36.5%	1,566,096,622	46.54%
Germany	2,440,564,625	59.9%	1,672,010,817	49.69%
France	122,076,272	3.0%	120,148,599	3.57%
Other countries	24,578,963	0.60%	6,857,336	0.20%
Total sales	**4,077,418,871**	**100%**	**3,365,113,374**	**100%**
Intercompany sales	(1,435,725,309)		(879,652,966)	
Total net sales	2,641,693,562		2,485,460,407	

Note 29 - Other operating income

The caption "Other operating income" includes mainly the activities unrelated to the supply of gas and electricity.

Note 30 - Income from financial fixed assets, other interest and other financial income, interest payable and similar charges

Income from financial fixed assets relates to dividends received from not consolidated entities. Other interest and financial income is mostly composed of interests received on short-term bank deposits.

The caption "Interest payable and similar charges" is mostly composed of interests paid on bank loans and on the retail bond, as well as of the depreciation of the hedge costs related to the bond issue.

Note 31 - Share in result of companies accounted under the equity method

The share in result of companies accounted under the equity method breaks down as follows:

	2012 €	2011 €
energis GmbH	7,756,906	7,158,860
Pfalzgas GmbH	3,346,000	2,975,185
Aveleos S.A.	4,131,430	(801,542)
artelis S.A.	1,282,035	1,100,941
Projecta 14 GmbH	1,054,443	846,731
Global Facilities S.A.	461,854	254,136
Solarkraftwerk Ahorn GmbH&Co.KG	150,163	13,025
Airport Energy S.A.	56,296	42,414
Biopower Tongeren NV	53,803	426
Steinergy S.A.	51,764	7,510
Windpark Wremen GmbH&Co.KG	45,416	5,127
NordEnergie S.A.	13,330	11,679
Ferngas Nordbayern GmbH (*)	0	3,769,604
Wandpark Gemeng Hengischt S.A. (**)	0	41,297
Wandpark Kehmen-Heischent S.A. (**)	0	34,001
Wandpark Burer Bierg S.A. (**)	0	(108,313)
Kiowatt S.A.	(107,847)	0
Cegyco S.A.	(158,068)	96,824
geo x GmbH	(262,905)	(318,877)
Soler S.A.	(280,255)	(486,277)
DataCenterEnergie S.A.	(359,833)	(415,637)
Ceduco S.A.	(758,713)	(654,076)
Twinerg S.A.	(1,142,686)	1,010,891
Total	**15,333,133**	**14,583,930**

(*) deconsolidated 1st January 2013

(**) deconsolidated 30th November 2011

Note 32 - Extraordinary income and charges, reversal of value adjustments on elements of current assets

This caption mainly comprises the capital gain of EUR 39,477,392 realised on the sale of Ferngas Nordbayern GmbH (see also note 5).

Furthermore, there was an agreement between Amprion GmbH, Twinerg S.A., Electrabel S.A. and Creos Luxembourg S.A. to settle a dispute about grid fees. According to this agreement, an extraordinary charge of EUR 10,316,002 has been recorded to cancel the outstanding invoices, and the existing provision on these receivables of EUR 3,666,360 has been reversed. Twinerg agreed to pay an indemnity of EUR 7,300,000 to settle the dispute.

On the 30th June 2012, the group entered into a settlement agreement, under which an amount of EUR 2,433,867 has been paid to DuPont de Nemours (Luxembourg) S.à r.l., as final compensation for the early termination of the joint venture in Ceduco S.A.
.

Note 33 - Current and deferred income tax expense

The current tax provisions have been provided in accordance with the relevant laws applicable in Luxembourg, Germany and Italy.

Deferred taxes are recorded on the time differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

Note 34.1 - Remuneration paid to members of the administration and management bodies

Remuneration paid to members of the administration and supervisory bodies of Enovos International S.A. totalled EUR 578,750 in 2012 (2011: EUR 550,000). No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

Note 34.2 - Auditor's fees

Audit and audit-related fees for the year 2012 amount to EUR 462,000 (2011: EUR 376,569).

Note 35 - Financial derivatives

The group is further engaged in spot and forward electricity and gas trading on organised markets and by private sales. These transactions are made using different instruments. Among these instruments are forward contracts, which imply final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options or other contractual agreements.

These contracts are not accounted for in the balance sheet as the group has opted to not use fair value accounting in its annual accounts. Only the unrealised losses are accounted for in P&L according to prudence principles.

Derivative financial instruments – Sell positions

	2012 €	2011 €
Financial derivatives on electricity futures	225,534,693	93,811,735
Swap on coal	7,471,149	6,874,620
Other financial derivatives	41,577,204	1,768,584
Total	274,583,046	102,454,938

Derivative financial instruments – Buy positions

	2012 €	2011 €
Financial derivatives on electricity futures	(224,246,442)	(86,781,908)
Swap on coal	(7,635,860)	(6,226,388)
Other financial derivatives	(53,854,718)	(218,855)
Total	(285,737,020)	(93,227,151)

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

	2012		2011	
	Nominal value €	Unrealised gain or loss €	Nominal value €	Unrealised gain or loss €
Financial derivatives on electricity futures	3,611,407,538	1,288,251	2,604,338,260	7,029,327
Swap on coal	95,330,858	(164,711)	148,843,061	648,232
Other financial derivatives	509,542,020	(12,227,515)	57,637,998	1,549,729

Note 36 - Off-balance sheet liabilities and commitments

Enovos International S.A. has issued a bank guarantee of EUR 12,000 in the context of its regular business.

Enovos International S.A. has given customary parent company guarantees or comfort letters to a few energy providers and trading counterparts of Enovos Luxembourg S.A.

Enovos International S.A. has signed a bank guarantee for Solarkraftwerk Kenn GmbH, a 25.1% subsidiary of Enovos Deutschland A.G., for an initial loan amount of EUR 15,071,000 in 2009; at the end of 2012 the loan was at EUR 12,508,315.75 (2011: EUR 13,276,170.46). Enovos International received from Stadtwerke Trier a counter guarantee valued at EUR 6,379,241.05 for 2012 (2011: EUR 6,770,846.93).

Under the shareholder agreements to which Enovos International is a signatory, and as mentioned in the bylaws of the Company, the Luxembourg State (the "State"), and/or the SNCI, a Luxembourg public law banking institution, shall obtain at any time upon one or more successive requests from the State individually or the State and the SNCI jointly, if applicable each time for a portion (and regardless of the level of participation of Enovos International in the subsidiaries) a direct participation and if so requested even a qualified (e.g. two third) majority in the share capital of Creos Luxembourg and the shareholders shall take the necessary actions, resolutions and approvals to be taken to such effect (including by Enovos International) and in particular to cause the resolutions of the shareholders and/or the subsidiaries to be taken in order to allow the State and/or the SNCI to obtain the participation(s) as set forth here above in one or more successive operations. All transactions necessary in that respect must respect the arm's length principle.

The State and/or the SNCI, as applicable, agree not to transfer for commercial reasons, during a period of ten (10) years, starting at the date of the acquisition of the relevant shares in Creos Luxembourg, all or part of the shares it/they has/have acquired in the share capital of the Grid group, subject to certain exceptions, including transfers between the State and SNCI, transfers to their affiliates or municipalities or public bodies or transfers pursuant to legal or regulatory constraints or a court order.

Subject to the same exceptions, if at any time after the above 10 year period, the State and/or the SNCI (or the affiliates, municipalities or public bodies referred to in the preceding sentence), as applicable, propose to make a transfer of all or part of such shares Enovos International has a pre-emption right over such shares.

Transfer of shares in Enovos International by the shareholders will be subject to pre-emption rights (with certain exceptions in case of transfer to affiliates) which are largely reflected in the Articles of Association of Enovos International. The same pre-emption rights apply in case of a change of control of a shareholder.

The group concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The group thus has contracted purchase commitments for physical delivery of electricity and gas amounting to 2,137 EUR million as of 31st December 2012 (2011: EUR 520 million). The amount of the above forward purchase contracts include only forward contracts signed with counterparties. In addition the group concluded several long-term gas sourcing contracts until 2016 amounting to EUR 1,246 million as of 31st December 2012.

Enovos Luxembourg S.A. also committed to buy an annual 100 MW band of electricity from a local producer until 31st December 2015.

In the context of an investment participation (finalised in 2012) in two pulverised coal fired power plants of RWE AG, Enovos Luxembourg also committed to buy a flat base load of 50 MW of electricity per year until the year 2037.

Enovos Luxembourg S.A. has issued a counter-guarantee for Electrabel S.A.'s benefit and in relation to the financing of the Twinerg combined turbine power plant for a total amount of EUR 6,378,906 as at 31st December 2012 (2011: EUR 8,162,187). A further counter-guarantee of EUR 2,100,000 has been issued for GDF-Suez, also in relation with the financing of Twinerg (2011: EUR 2,100,000).

Enovos Luxembourg S.A. took over a commitment related to a Memorandum of Understanding signed with SEO S.A., RWE Power AG and the State of

Luxembourg for the enlargement of the Vianden pumping station. Enovos Luxembourg S.A. will thus have the right to 100 MW on a virtual basis that is half the production of a new turbine to be built. Under an amendment dated 16th June 2011 the group committed to finance for the part of its rights in the Vianden pumping station the bank loan contracted by SEO.

Enovos Luxembourg has issued to the lenders of Biogas Tongeren NV a guarantee for a total amount of EUR 9,509,926.

The group further entered in 3 CO2 swaps transactions in order to hedge the power procurement prices under the 50 MW RWE agreement (see above). As at 31st December 2012, the net fair value of the swaps transactions is -1.2 million. (2011: -1.16 million).

The group has issued a number of bank guarantees in favour of its suppliers in the context of its regular business for a total amount of EUR 10,181,843 (2011: EUR 12,272,857).

Enovos Luxembourg S.A. has a call option to increase its stake in Biogas Tongeren NV from 24.9% to 45% after the end of a certain period which cannot be later than 1st January 2018.

For electricity and gas trades Enovos Luxembourg has issued parental support letters to counterparties amounting to EUR 30,000,000.

For electricity and gas trades Enovos Luxembourg has received by counterparties parental support letters amounting to EUR 10,000,000.

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,000 (2011: EUR 750,000).

Enovos Deutschland AG has concluded a number of oil future swaps in order to hedge price variations in its gas contracts. These swaps have the same specific valuation parameters than the underlying gas contracts. As at 31st December 2012, the total nominal value of these swaps was EUR -0.4 million (2011: EUR 0.8 million).

Enovos Solar Investment I S.r.l. has leasing obligations in the context of operating its photovoltaic parks for a total amount of EUR 17.7 million (2011: EUR 18.7 million) maturing in 2029.

In March 2013, the company Aion Renewables S.p.A. (from which Aveleos S.A. purchased the subsidiaries acquired in 2012, and which provides engineering, procurement and construction services to some entities within the Aveleos Group and to ESI II) was declared bankrupt. At this stage it is not possible to estimate any financial impact for Aveleos and its subsidiairies as well as for ESI II from this bankruptcy.

The Board of Directors is of the opinion that all necessary provisions have been made to cover potential losses out of the off balance sheet liabilities and commitments.

Note 37 - Post-balance sheet events

No major post balance-sheet event has occurred.


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2.5 Audit report on the consolidated annual accounts

To the Shareholders of Enovos International S.A.

Report on the consolidated annual accounts

We have audited the accompanying consolidated annual accounts of Enovos International S.A., which comprise the consolidated balance sheet as at 31 December 2012, the consolidated profit and loss account and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these consolidated annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated annual accounts.

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 consolidated annual accounts give a true and fair view of the financial position of Enovos International S.A. as of 31 December 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated annual accounts.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated annual accounts.

PricewaterhouseCoopers,
Société coopérative

Luxembourg, 26th April 2013

Represented by Luc Henzig


creos

V Extract of the Annual Accounts of Enovos International S.A.

1 Management Report

The main activity of Enovos International S.A. (formerly Soteg S.A), as the parent company of the Enovos Group, is the holding of financial interests in affiliated companies and to provide them with financing and corporate services. The balance sheet and profit and loss account are therefore largely influenced by the financing needs of the group subsidiaries, the dividend income from its subsidiaries, as well as the income from corporate services and the costs associated to provide these services, costs which are re-allocated to group companies based on specific keys or individual projects.

As the company is centralising the financing for the main group companies, management follows external net financial debt as one of the key performance indicators. To do so management implemented the adequate treasury tools and ensures a strict cash flow follow-up, including daily reporting of consolidated cash in the cash pool which regroups the main group companies, as well as a monthly cash forecast, in order to support the development of the group and to insure sufficient liquidity.

As of 31st December 2012, net financial debt reached EUR 243,316,062 (2011: EUR 79,631,411) mainly as a consequence of the financing transactions described below. In addition, the company has contracted a number of short to medium term lines of credit, committed and uncommitted, with a number of credit institutions, the unused portion of these lines of credit exceeded 210 MEUR at the end of 2012, thus ensuring adequate liquidity for the group companies.

2012 Highlights

In July 2012, the shareholding in Enovos International changed: ArcelorMittal Luxembourg S.A. sold its 23.48% participation to AXA Private Equity, participation to be held through a subsidiary located in Luxembourg, AXA Redilion Management Co S.C.A..

As of 31st December 2012, the shareholding in Enovos International S.A. is as follows:

State of Grand-Duchy of Luxembourg	231,405 shares	25.44 %
AXA Redilion Management Co S.C.A.	213,600 shares	23.48 %
RWE Energy Beteiligungsverwaltung GmbH	167,000 shares	18.36 %
SNCI (Société Nationale de Crédit et d'Investissement)	91,054 shares	10.01 %
E.ON Ruhrgas International GmbH	91,000 shares	10.00 %
Administration communale de la Ville de Luxembourg	72,770 shares	8.00 %
Electrabel S.A.	42,800 shares	4.71 %
TOTAL	**909,629 shares**	**100.00 %**

The main event in group financing occurred in June 2012, when Enovos International issued a 7 year retail bond amounting to EUR 200,000,000 with a coupon of 3.75%. The bond is listed on the secondary Euro MTF market in Luxembourg. The related Interest Rate Swap contracts that the Company had entered into in 2011 were unwound in June 2012; the costs of EUR 23,900,000 have been fully paid by the Company and are depreciated, as part of the financing fees, over the life time of the retail bond. In July 2012, the proceeds of the retail bond have been allocated to the subsidiary Enovos Luxembourg through a back to back shareholder loan with mirror conditions in order for the latter to finance its investment projects mainly in conventional and renewable energy generation.

In November 2012, as a result of the improved group cash situation, the Company decided, in addition to the annuity of EUR 30,000,000 paid in May 2012, to early redeem the remaining balance of EUR 60,000,000 of a loan agreement entered into in 2009 with a syndicate of banks for a total principal amount of EUR 150,000,000.

As of 31st December 2012, the net cash amount managed on behalf of the subsidiaries with which the Company entered into a cash pooling agreement is EUR 111,340,520 (2011: EUR 74,133,521).

The dividend payment of EUR 48,210,337 coupled with the financing transactions described above lead to a decrease in cash and cash equivalents from EUR 39,518,412 to EUR 707,333 and a decrease in amounts owed to credit institutions from EUR 119,149,824 to EUR 39,960,895 between end of 2011 and end of 2012.

In 2012 the net turnover amounted to EUR 30,368,981 (2011: EUR 31,146,280) and related mainly to the revised and increased service level agreements with its affiliated companies. The shared services are related to central services for Facility Management, Human Resources, IT, Internal Communication, Finance and Tax, Corporate Development, Risk Management, Insurance, Legal, Internal audit, Management and Controlling, rendered by Enovos International to the main subsidiaries and re-invoiced through a transparent and systematic allocation key or through specific projects for which the Company has rendered these services.

Income from financial fixed assets reached EUR 55,217,962 (2011: EUR 42,332,054) mainly from increased dividends from the subsidiaries Enovos Luxembourg and Creos Luxembourg.

The increase in interest income from EUR 2,053,486 in 2011 to EUR 8,287,492 in 2012 is mainly related to the back to back loans of EUR 200,000,000 and EUR 28,100,000 to Enovos Luxembourg, with no impact on the profit for the financial year. Other financial revenues of EUR 46,431 (2011: 540,769) are mainly related to the parental guarantee fees and interests received from the current accounts and deposit accounts.

The increase in interest expense from EUR 2,302,451 in 2011 to EUR 9,590,722 in 2012 is mainly related to the interests accrued on the retail bond and the depreciation of the associated hedge cost.

As a consequence of the higher income from financial fixed assets mentioned above, the profit for the financial year increases to EUR 54,861,882, compared to EUR 40,077,678 in 2011.

No major event affected the financial situation of Enovos International S.A. since 31st December 2012.

Outlook

The Company will provide further financing means to realise the ambitious investment program of its subsidiaries mainly in renewable energy generation and into grid activities. As current financial market conditions are favourable, and interest rates are expected to remain at low levels, management is confident that such long-term financing will be arranged in the course of the year.

As the group will continue to expand both on the supply side as well as on the grid side, management is furthermore expecting that the Company will continue to provide corporate services in order to support the various business units to achieve their respective targets.

Appropriation of net profit

The profit available for appropriation of EUR 58,056,895 includes the net profit for the year of EUR 54,861,882, the reversal of the blocked reserve (wealth tax) of EUR 3,000,000 and the profit brought forward of EUR 195,013.

The Board of Directors proposes to the Annual Shareholder's Meeting to be held on 14th May 2013 the following appropriation of net profit:

	€
Dividend of 54 Euros per share*	49,119,966
Allocation to the legal reserve	0
Allocation to the blocked reserve	0
Allocation to other reserves	0
Amount carried forward	8,936,929
	58,056,895

*Number of shares: 909,629

Esch-sur-Alzette

26th April 2013

2 Balance sheet as at 31st December 2012

ASSETS	2012	2011
Denominated in EUR	€	€
Fixed assets		
Intangible assets		
Concessions, patents, licences, trademarks and similar rights and assets, if they were		
a) acquired for valuable consideration	1,527,686	2,278,437
Payments on account and intangible fixed assets under development	432,137	52,558
Tangible assets		
Land and buildings	9,991,846	10,350,346
Other fixtures and fittings, tools and equipment	3,001,689	3,842,920
Payments on account and tangible assets in course of construction	433,416	12,313
Financial assets		
Shares in affiliated undertakings	763,081,363	763,066,817
Loans to affiliated undertakings	208,343,651	30,134,426
Shares in undertakings with which the company is linked by virtue of participating interests	30,670,763	30,670,763
Loans to undertakings with which the company is linked by virtue of participating interests	5,335,809	5,441,433
Total Fixed Assets	1,022,818,360	845,850,013
Current assets		
Debtors		
Trade debtors		
a) becoming due and payable after less than one year	29,318	23,345
Amounts owed by affiliated undertakings		
a) becoming due and payable after less than one year	91,498,311	72,313,577
b) becoming due and payable after more than one year	23,296,000	23,296,000
Amounts owed by undertakings with which the company is linked by virtue of participating interests		
a) becoming due and payable after less than one year	33,532	5,535
Other debtors		
a) becoming due and payable after less than one year	18,257,171	11,936,989
b) becoming due and payable after more than one year	9,000	0
Cash at bank and in hand	**707,333**	**39,518,413**
Total Current Assets	133,830,665	147,093,859
Prepayments	23,148,967	638,133
Total Assets	1,179,797,992	993,582,005

LIABILITIES	2012	2011
Denominated in EUR	€	€
Capital and reserves		
Subscribed capital	90,962,900	90,962,900
Share premium and similar premiums	387,028,449	387,028,449
Reserves		
Legal reserve	9,096,290	9,096,290
Other reserves	181,538,164	183,141,164
Profit brought forward	195,013	6,724,672
Result for the financial year	**54,861,882**	**40,077,678**
Total Capital and reserves	723,682,699	717,031,153
Provisions		
Provisions for pensions and similar obligations	8,304,953	8,775,726
Other provisions	1,458,285	1,394,861
Total Provisions	9,763,238	10,170,587
Non subordinated debts		
Debenture loans		
b) Non convertible loans		
i) becoming due and payable after less than one year	4,062,500	0
ii) becoming due and payable after more than one year	200,000,000	0
Amounts owed to credit institutions		
a) becoming due and payable after less than one year	39,960,895	57,872,900
b) becoming due and payable after more than one year	0	61,276,924
Trade creditors		
a) becoming due and payable after less than one year	3,021,802	3,584,794
Amounts owed to affiliated undertakings		
a) becoming due and payable after less than one year	194,080,458	138,503,550
Amounts owed to undertakings with which the company is linked by virtue of participating interests		
a) becoming due and payable after less than one year	105,363	649,056
Tax and social security		
a) Tax	4,108,264	3,716,624
b) Social security	440,678	385,290
Other creditors		
a) becoming due and payable after less than one year	572,094	391,127
Total Non subordinated debts	446,352,056	266,380,264
Total Liabilities	1,179,797,992	993,582,005

3 Profit and loss account for the year ended 31st December 2012

Charges	2012	2011
Denominated in EUR	€	€
Raw materials and consumables	**461,851**	**425,968**
Other external charges	**16,241,052**	**16,074,708**
Staff costs		
a) Wages and salaries	10,610,107	10,466,565
b) Social security costs	1,148,345	1,083,845
c) Social security costs relating to pensions	1,215,693	2,154,876
Value adjustments		
a) on formation expenses and on tangible and intangible fixed assets	2,909,368	2,191,279
b) on elements of current assets	0	856,185
Interest payable and similar charges		
a) concerning affiliated undertakings	284,010	1,501,636
b) other interest payable and similar charges	9,590,721	2,302,450
Tax on profit or loss	**(3,152,480)**	**(689,000)**
Other taxes not included in the previous caption	**265,000**	**0**
Profit for the financial year	**54,861,882**	**40,077,678**
Total Charges	**94,435,551**	**76,446,191**

Income	2012	2011
Denominated in EUR	€	€
Net turnover	**30,368,981**	**31,146,280**
Fixed assets under development	**368,497**	**0**
Other operating income	**146,187**	**373,603**
Income from financial fixed assets		
a) derived from affiliated undertakings	53,971,202	41,077,294
b) other income from participating interests	1,246,760	1,254,760
Other interest and other financial income		
a) derived from affiliated undertakings	8,287,492	2,053,486
b) other interest receivable and similar income	46,431	540,769
Total Income	**94,435,551**	**76,446,191**

The fully set of annual accounts is available at

Enovos International S.A.
Domaine Schlassgoart
Bâtiment 9
66, rue de Luxembourg
L-4221 Esch/Alzette

PricewaterhouseCoopers has been appointed as independent auditor for fiscal year 2012 by the annual ordinary shareholders' meeting on 8th May 2012.


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Enovos International S.A.
Domaine Schlassgoart
Bâtiment 9
66, rue de Luxembourg
L-4221 Esch/Alzette

Postal address:
L-2089 Luxembourg

T +(352) 2737-1
F +(352) 2737-9100
info@enovos.eu
enovos.eu