2011

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 (31.12.2011)
Registered office: Esch-sur-Alzette
Luxembourg Trade and Companies' Register B11723

Annual General Meeting of 8th May 2012

Reports presented to the annual general meeting of shareholders by the Board of Directors and the independent auditor

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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 since January 2011

Enovos International S.A., a holding company headquartered in the Grand Duchy of Luxembourg, heads Enovos Group. Besides its energy providing activities, Enovos Group also consists of the grid operator Creos Luxembourg S.A. and its German subsidiary Creos Deutschland GmbH.

Enovos International S.A. owns to 100% the energy supplier Enovos Luxembourg S.A.

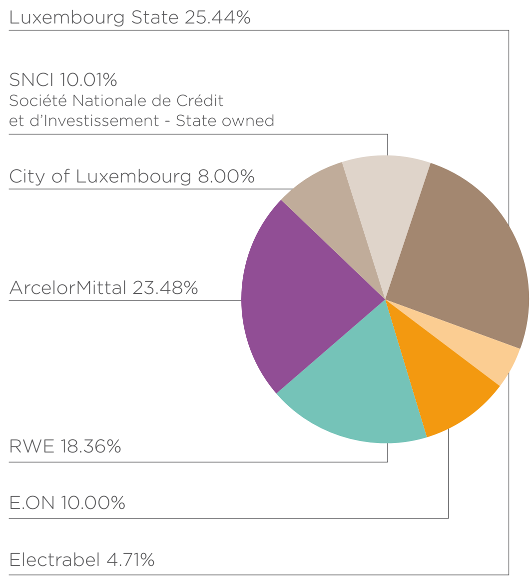
Enovos Deutschland AG and Enovos Energie Deutschland GmbH, the two German subsidiaries of Enovos Luxembourg S.A., provide natural gas, electricity and energy services for the entire German territory. The first subsidiary, headquartered in Saarbrücken, specialises in the segment of municipalities and public utilities, whereas the latter one, headquartered in Wiesbaden, mainly targets industrial and professional customers.

In Luxembourg, Leo S.A. is the preferential contact for City of Luxembourg regarding the supply of electricity and natural gas.

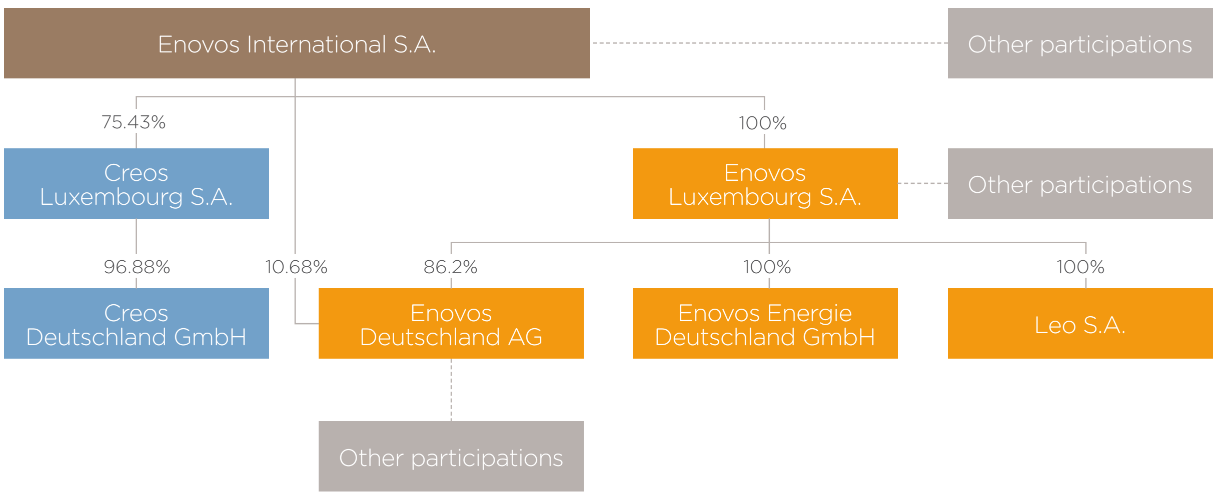
Moreover, Enovos Luxembourg S.A. holds several stakes in the energy generation business, including significant shareholding interests in power generation based on renewable energies, whilst Enovos Deutschland AG is holding participations in other energy supply companies, mainly German utilities ("Stadtwerke").

Besides that, Enovos International S.A. holds stakes in companies with diversified activities such as telecommunications or facility management.

The shareholding



The group structure is shown below:



3 Summary of consolidated accounts (under Lux GAAP)

The scope of consolidation consists of 42 companies, out of which 23 are fully consolidated and 19 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)	**2011**	**2010**
Total assets	2,043.6	1,566.7
Fixed assets	1,339.3	955.5
Capital and reserves, group share	917.4	686.4
Capital and reserves, total	1,105.7	745.6
Amounts owed to credit institutions	225.4	197.8
Sales (excl. trading)	2,485.5	1,543.3
EBITDA	216.5	177.5
EBIT	148.9	132.0
Net profit for the financial year	118.4	112.9
Thereof minority interests	*18.3*	*7.3*

Financial results positively impacted by the group's growth in 2011

While 2010 was the group's first full year of business, 2011 has been characterised by the successful integration of its main acquisitions and a positive development of the group's performance in accordance with its aim to achieve profitable and sustainable growth. The combined effect of the increase in scope as well as of the organic growth on the French and Belgian markets has led to consolidated sales of EUR 2,485.5 million for 2011, an increase of 62% compared to 2010, mainly on the electricity side.

EBITDA improved by 22% despite a competitive environment, especially in the gas market, affected by a strong volatility and reduced margins. Net profit for the financial year also exceeds the previous year with EUR 118.4 million, an increase of nearly 5% compared to 2010 (EUR 112.9 million).

Further strengthening of the group's consolidated balance sheet

Like in 2010, the group's total capital and reserves continued to increase, amounting to EUR 1,105.7 million as at 31st December 2011 (2010: EUR 745.6 million), or 54% of the total balance sheet (48% in 2010), following the integration of Leo S.A. and the grid activities of City of Luxembourg financed through equity. Total fixed assets (including intangible, tangible and financial assets) increased to EUR 1,339.3 million (2010: EUR 955.5 million), also as a consequence of the scope change as well as from continued investments in the existing grids and upstream power generation.

The sound balance sheet structure will allow the group to continue on its growth path, in line with its strategy to invest in gas sourcing and electricity generation based on conventional and renewable sources of energy.

4 Corporate governance bodies in 2011

Board of Directors of Enovos International S.A.

Etienne Schneider (1)	Chairman of the Board
Fernand Felzinger	Vice-Chairman of the Board
Marco Hoffmann (1)	Vice-Chairman of the Board
Dr Claude Seywert	Vice-Chairman of the Board
Eric Bosman	Member of the Board
Dr Peter Frankenberg	Member of the Board
André Gilbertz	Member of the Board
Tim Hartmann	Member of the Board
Charles Hutmacher	Member of the Board
Jean-Claude Knebeler	Member of the Board
Dr Uwe Leprich (2)	Member of the Board
Pierre Rauchs (3)	Member of the Board
Arnold Neudeck	Member of the Board
Peter Pichl	Member of the Board
Gaston Reinesch	Member of the Board
Nico Wietor	Member of the Board

(1) Mr Etienne Schneider resigned from his office on 2nd February 2012. In their meeting of 27th January 2012, the Board of Directors appointed Mr Marco Hoffmann as the new Chairman of the Board.
(2) Dr Uwe Leprich is the permanent representative of the City of Luxembourg, starting from 6th January 2011.
(3) Mr Pierre Rauchs resigned from his office on 30th September 2011.

Executive Committee of Enovos International S.A.

Romain Becker	Member of the Executive Committee, Chief Executive Officer, Creos Luxembourg S.A.
Nestor Didelot	Member of the Executive Committee, Chief Financial Officer, Enovos International S.A.
Jean Lucius	Member of the Executive Committee, Chief Executive Officer, Enovos Luxembourg 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 addressed to corporate-governance@enovos.eu.

5 Message of the Chairman and the Executive Committee

Despite a troubled economic environment, Enovos Group, headed by the holding company Enovos International S.A., managed to pursue its growth and expansion strategy throughout 2011. The group has positioned itself as a major player on the energy market, both in Luxembourg and in the adjacent regions in Germany, France and Belgium. The group's strength resides in its range of products and services related to the production, the transport and the exploitation of electricity and natural gas.

The Enovos Group managed to successfully finalise the merger phase launched in 2009 and to consolidate its acquisitions and takeovers. Today, Enovos Group consists of the energy provider Enovos Luxembourg S.A., its principal companies Enovos Deutschland AG, Enovos Energie Deutschland GmbH, Leo S.A. and the grid operator Creos Luxembourg S.A. with its subsidiary Creos Deutschland GmbH.

Strengthening of activities on the entire value chain

Thanks to the dynamism and the synergies of all of the group's companies and subsidiaries, as well as the motivation and know-how of their teams, Enovos Luxembourg S.A. continues to strengthen its activities on the entire value chain, from energy production to distribution.

In order to be able to offer a well-balanced energy mix and to guarantee all client segments reliable and flexible supply, Enovos has broadened its upstream activities. Concerning electricity, the group companies build on a varied offer composed of different energy sources. For natural gas, the group stocks up through medium- and long-term contracts, which are completed by spot market purchases. A well-balanced and intelligent tailor-made offer meets the requirements of a large clientele of private and professional customers.

True to its commitments and reacting to an increasing demand from clients, Enovos continues to invest in renewable energies. Thus, Enovos Luxembourg S.A. offers all of the group's clients the green energy "naturstroum", expands its "mobistroum" charging station network for electric cars, and supports the development of natural gas vehicles.

To consolidate its ecologic values, Enovos has also invested in renewable energy production sites, in particular through the acquisition of stakes in the areas of wind power, biomass cogeneration plants or biogas production units. Moreover, the group has strengthened its partnerships with the communes, mainly through the implementation of photovoltaic installations.

Mirroring the group companies' high quality level, Enovos (through Enovos Energie Deutschland GmbH) has been awarded the prestigious "Daimler Supplier Award 2011" in its function as electricity supplier of all of Mercedes-Benz's German sites.

Under the aegis of the "Fondation de Luxembourg", Enovos develops the activities of its own foundation, thus demonstrating the group's social responsibility. The "Fondation Enovos" supports research in the area of renewable energies and is involved in social projects. The "Prix d'excellence de la Fondation Enovos", organised together with the ALI (Luxembourg Association of Engineers) and the ANEIL (National Association of Luxembourg Engineering Students), rewards the best Master theses of young engineers. By encouraging this field of study, Enovos Luxembourg S.A. acts against an alarming shortage of a qualified workforce in the technical sectors.

At group level, gender diversity and professional equality between men and women is reinforced. Great efforts will be done to promote jobs for women and to facilitate their promotion within the companies.

A new challenge: the transport of green energy

Thanks to the experience of the grid operator Creos Luxembourg S.A. and its subsidiary Creos Deutschland GmbH, the group was able to guarantee high supply reliability and security. In order to meet the increasing demand on the entire territory of the Grand Duchy and to adapt the grids to future needs, the interconnections with the neighbouring countries, both for natural gas and electricity, will be strengthened step by step. The preliminary analyses and the negotiations with Germany, France and Belgium are moving forward and should result in concrete projects in the near future.

Globally speaking, the increase and success of renewable energies, especially for electricity, lead to longer and technically more complicated trans-

From left to right: Marco Hoffmann, chairman,
Jean Lucius, Nestor Didelot, Romain Becker, members of the Executive Committee

port. Indeed, production and consumption sites are often far away and spread out throughout Europe – from the North Sea to the Mediterranean. This means that, in order to master these more intense and unpredictable flows, the transportation networks need to be strengthened in preparation for the transition towards a production park based on a large proportion of renewable energies, characterised by a more random availability.

To encourage clients to consume less and in a more ecological manner, the traditional meters will be replaced by "smart meters" in the coming years. The "intelligent" meters possess interactive communication, which facilitates the follow-up on energy consumption and allows reducing the energy bills. In 2012, Creos will continue its tests of different technologies and will make a choice in 2013 in order to proceed to the first replacements in 2014. At the same time, Enovos Group supports projects aiming at reducing greenhouse gas emissions. In this manner, the group contributes to reaching the goal of the EU being "carbon free" by 2050.

A future-oriented strategy

The regulation of the energy sector has become more restrictive and the liberalisation of the markets has led to firmer competition. For Creos, as well as for the entire group, this situation leads to significant technical investments and to the implementation of complex price-setting schemes and spread out administrative tasks.

In 2011, Enovos Group represented more than 1,300 employees, more than 280,000 points of delivery, more than 9,000 km of electrical lines and more than 3,600 km of gas pipelines. These sizeable figures are the result of a future-oriented merger strategy and the will to succeed of all of the group's teams. To offer a security of supply at reasonable prices while respecting the environment and the social values remains the highest priority of Enovos Group.

II Business Context

1 The economic and energy environment

2011 was shaped by critical global developments. After a slow recovery compared to the previous year, the economic situation in the European Union marked a clear division in 2011: while the annual growth rate for the common market was forecasted to be 1.5% for 2011 (Eurostat), a strong divergence between countries emerged due to the Eurozone debt crisis. Indeed, heavily indebted countries presented lower growth rates, such as Greece (-6.8%) or Portugal (-1.5%), whereas those with seemingly resilient national economies boasted robust economic growth, such as Germany (3.0%) or Austria (3.1%). Countries with high growth rates continue to reap the benefits of a continuing export-driven recovery. Yet, forecasts for 2012 are bleaker. Germany, in particular, is projected to be growing at a much weaker pace (0.6%) in 2012.

The most noted feature of 2011 has been the intense effort with which EU leaders have been trying to establish support mechanisms for the Eurozone. A resolution to the debt crisis of the Eurozone will have to be found between a communalisation of debt and tough austerity measures in the most indebted countries. Either way, the road to higher and converging growth rates in the Eurozone looks to be long and protracted.

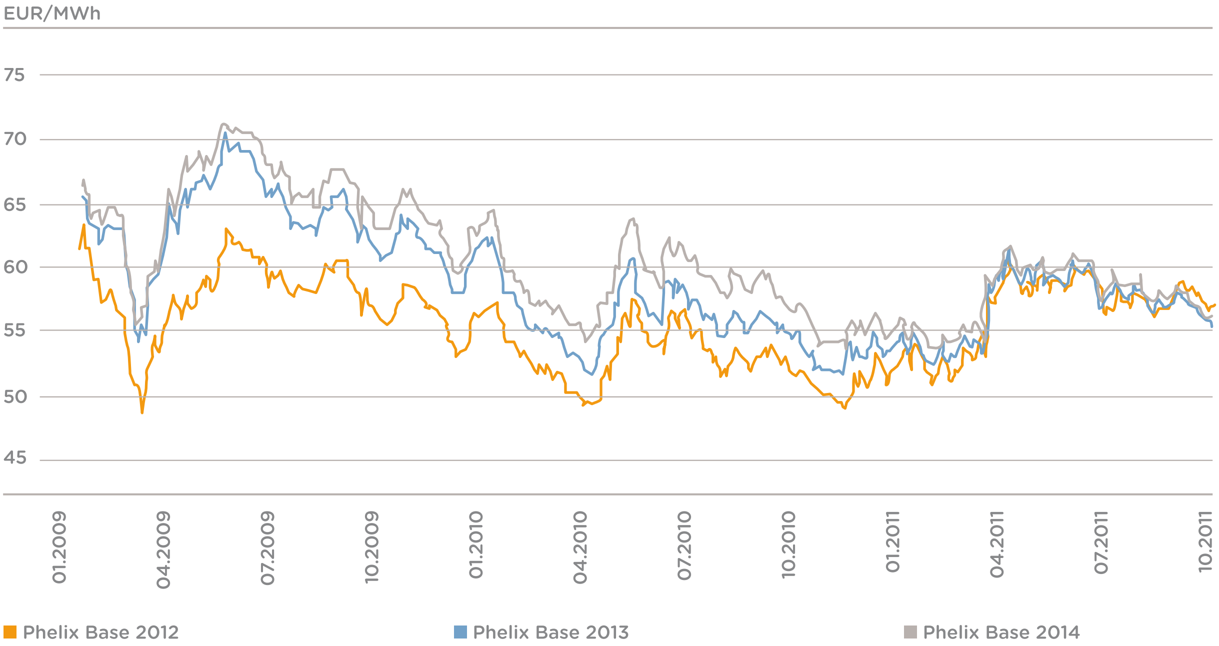
In this fragile environment, it is noteworthy that the Grand Duchy growth rate of 2.0% (STATEC) was above the European average, even if slightly lower than in 2010 (2.7%). Overall, the economic situation is said to be stabilising on a low level after the crisis of previous years. Inflation in Luxembourg, traditionally above the EU average, reached a level of 3.7% in 2011, mostly driven by increases in prices for health services and energy commodities. Nevertheless, inflationary pressures were found to be easing in the fourth quarter of the year (STATEC).

For Luxembourg, the outlook for 2012 remains dependent on the development of its neighbouring countries. In this respect, Luxembourg shares a muted forecast with the remainder of the European Union. While the latter is narrowly escaping recession with a prognosticated GDP growth rate close to zero, the former should stabilise at 0.7%. Luxembourg's future growth will depend on the political will of EU decision-makers to rein in spending, while avoiding a sacrifice of the Euro. In such an environment, long-term predictions seem difficult, perhaps even foolhardy.

As suspected, Luxembourg's industrial production declined over the course of 2011: decreasing by 4.0% in 2011, due to a general decline in demand and a lack of confidence in the financial markets.

On the currency markets, the volatility of the Euro against the dollar continued throughout 2011, due to the uncertainty surrounding the future of the common currency. Starting off at 1.33 US Dollars at year opening, the Euro fell to its low point in mid-January, before steadily recovering to a high of 1.48 in May. When doubts about the Eurozone's future flared up again mid-year, the Euro slid towards its year close at 1.30, only briefly interrupted in October by a temporary recovery to 1.42.

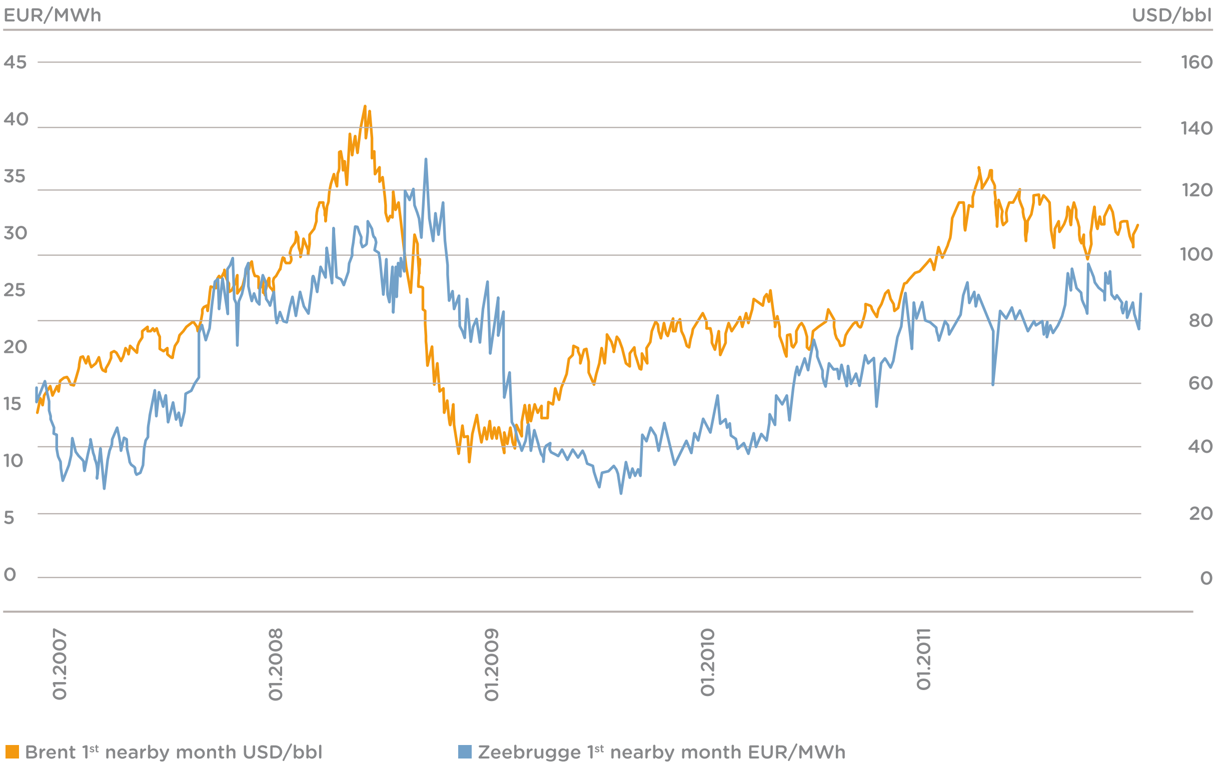
Evolution of electricity base prices



As visible above, future contracts for baseload electricity have shown a heavy convergence since Q4 2010 and have now stabilised, running alongside each other. The traditional liquidity premium for futures contracts with longer maturity (i.e. 2013 and 2014) has decreased. The market is showing signs of uncertainty about the development of energy prices, resulting from insecurity regarding Europe's general macroeconomic outlook. The evolution of prices will depend on what shape recovery in Europe will take and whether it will provide a more stable basis for reasonable forecasts.

Moreover, March 2011 saw a marked price hike following the Fukushima disaster – but prices gradually fell back to pre-Fukushima levels over the course of 2011.

Evolution of brent versus natural gas spot prices



Fuel prices moved upwards in 2011, compared to 2010. Main factors for this development were the increasing demand coming from Asian countries and continuing instability in the Middle East and North Africa, followed by production outages. The price increase was only slightly absorbed by a devaluation of the dollar.

The oil-gas price peg (resulting from an indexation of long-term gas contracts to oil) traditionally led to natural gas prices following the trend of oil prices with a lag of several months. Nevertheless, a persistent increase of short-term contracts without oil-indexation has led to a continuing decorrelation of gas and oil prices.

Evolution of CO_2 Certificate Prices over 2011

Trading in European CO_2 emission allowances saw considerable perturbation in 2011. In the beginning of the second quarter, certificate prices increased. This was due to the German government's announcement of the shutdown of their nuclear power plants, which created a need for more CO_2-intensive sources to substitute nuclear generation. In turn, this had an upward effect on the demand for certificates.

In the second half of the year, this trend was dramatically reversed, more than halving Q2 highs, as the new European directive on energy efficiency imposed mandatory emissions limits, thereby exerting downward pressure on emission allowance demand.

2 Grid activities and regulation

The electricity and natural gas networks – 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 concerned with network management, whilst Enovos looks after commercial activities subject to competition. In fact, today, each and every user is entitled to freely choose his electricity or gas provider.

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, the "tolls" invoiced to all users of our networks.

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

With the entry into force of the Law of 1st August 2007 relating to the organisation of the electricity and the natural gas markets, the function of the Institute as market regulator was confirmed. The regulator's task in particular is to ensure non-discrimination, effective competition and the efficient operation of the markets.

Until now, network access tariffs have been defined on the basis of a "rate of return regulation" approach ensuring a certain financial return on investments made in networks. Different rates are fixed, such as an average weighted cost of capital (pre-tax) of 8.50%, and the equity capital quota is limited to 50%. The method of calculating impairments is also defined by the ILR. The applicable regulations date from February 2009.

During 2011, the ILR announced a new approach to the calculation of tolls, based on the method of indexing controllable operational charges and new procedures in relation to new investments. Furthermore, it was announced that remuneration rates for invested capital were revised downwards.

This new approach followed the principle of "incentive regulation", leaving an advantage to network managers if operational costs are reduced so as to remain below the amounts resulting from indexation, but with the risk of losses in the opposite case. It should be added that a fall of the capital remuneration rate would have a negative impact on Creos results.

The ILR launched two public consultations on this subject in 2011, from 19th May to 5th July on the underlying principles, and from 7th October to 30th November on the draft regulation for a new method of setting tolls. Creos presented its comments and suggestions on the subject, which may be consulted on the ILR Internet site.

A decision by the ILR as to the definitive version of the new method of calculation should be presented in the coming weeks. This new method would then be applicable as from 2013 for a regulation period from 2013 to 2017.

Security of supply

A sure 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 the telecommunication and electromobility sectors as well as Luxembourg's demographic evolution challenge Creos to develop additional capacities vis-à-vis neighbouring countries in order to cover electricity demand requirements by 2020.

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 some member states' political decision to cease nuclear production of electricity obliges European 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 launch a project dedicated to analysing the options of additional interconnections with Belgium or France. Members of the working party signed a White Paper in November 2011, signalling their desire to cooperate in this joint project. The University of Aachen was charged with making a market study and analysing the impact of a new interconnector on network security and market integration. The conclusions of the study enabling Creos to make its selection in relation to the analysed interconnection variants will be available in the second half of 2012.

Natural gas

Within the context of diversifying the supply of natural gas in Luxembourg and the integration of the energy markets as recommended by the European Commission, Creos launched a market consultation at the end of 2010 to consider the interest in transmitting 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 GRTgaz, the French network manager responsible for carrying gas to the Luxembourg border, 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.

Technically, there are two possibilities: either a 9 GWh/day supply route or the development of a 40 GWh/day capacity. The choice between the two depends on the results of the committal phase and remains open.

The past year saw the preparation of different contracts between GRTgaz and Creos on the one hand, and potential customers and Creos on the other, in close collaboration with the French and Luxembourgish regulators.

Similarly, economic viability calculations were launched for the two variants, with a view to the results obtained in the non-committal Open Season phase.

The launch of the committal Open Season phase is planned for the first half of 2012.

Non-discriminatory treatment of customers

With the takeover of the electricity and gas activities of the City of Luxembourg, Creos Luxembourg broadened the scope of its network management. As a result of that takeover, new challenges emerge regarding the non-discriminatory treatment of customers.

Since 1st January 2011, the communal staff of the City of Luxembourg who are involved in those activities have been working for Creos under a contract provided by the Law of 28th November 2009 of the provision of staff by Communes to companies under private law operating in the electricity and gas sector.

The Law of 1st August 2007 relating to "the organisation of the electricity market" requires that the network manager, part of a vertically integrated organisation, respects certain minimal criteria guaranteeing the independence of its management activity vis-à-vis other group activities such as the production and/or supply of electricity. The manager is asked to establish and monitor a programme of undertakings containing the appropriate measures to exclude any discriminatory practice in the treatment of different network users.

Within Creos Luxembourg S.A., the "Regulation Management" section of the "Grid Strategy" 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 development of “smart grids”

A 2009 European Directive requires the installation, for all users, of so-called “smart energy meters”. A new stone in the edifice of intelligent networks, these meters offer new services: tele-statements, remote power changes and commissioning, invoicing on the basis of true consumption, reduced intervention times, and the facilitation of diagnosis in the event of breakdown.

The European Commission has published an explanatory note defining the “smart meter” as “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”.

Since then, much has been said about smart meters and smart grids. In order to establish an initial distinction between the two, smart metering is a system which can be put in place house by house, street by street, town by town. What makes the grid smart is the flow of data. At the present time, the network is extremely smart regarding transmission, but not really so for distribution, and totally ignorant on client behaviour. Smart metering will change all that. It will place intelligence between the consumer and the network, and vice versa. It will permit the integration of micro-production and it will use all the potential of demand management.

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 Regulator.

III Management Report

(under Lux Gaap for companies in Luxembourg and German Gaap for companies in Germany)

1 Enovos International S.A.

Enovos International S.A. is the parent company of the group.

The core activities of Enovos International S.A. are to hold financial interests in affiliated companies and to provide financing and corporate services to group affiliates.

Key figures (in million euros)	2011	2010
Total assets	993.6	849.9
Fixed assets	845.9	677.6
Total capital and reserves (incl. result for the financial year)	717.0	619.1
Amounts owed to credit institutions	119.1	120.8
Result for the financial year	40.1	89.5

The holding is managed by the Group Executive Board.

Mr Romain Becker, CEO Creos Luxembourg S.A., is in charge of corporate governance questions.

Mr Jean Lucius, CEO Enovos Luxembourg S.A., is heading the department of corporate development and strategy, as well as the legal and compliance department.

Mr Nestor Didelot, CFO Enovos International S.A., heads the Internal Audit, the IT, the HR and the Facility Management departments. Together, with the deputy CFO, he also leads the group's Finance, Accounting, Controlling, Tax and Risk Management services.

In 2011, the various competences provided a very large scale of services in order to ensure a high level of qualification in domains where economies of scale join excellence in duty.

The activities of the Human Resources Department, being of central concern to the Executive Management, may be highlighted as follows:

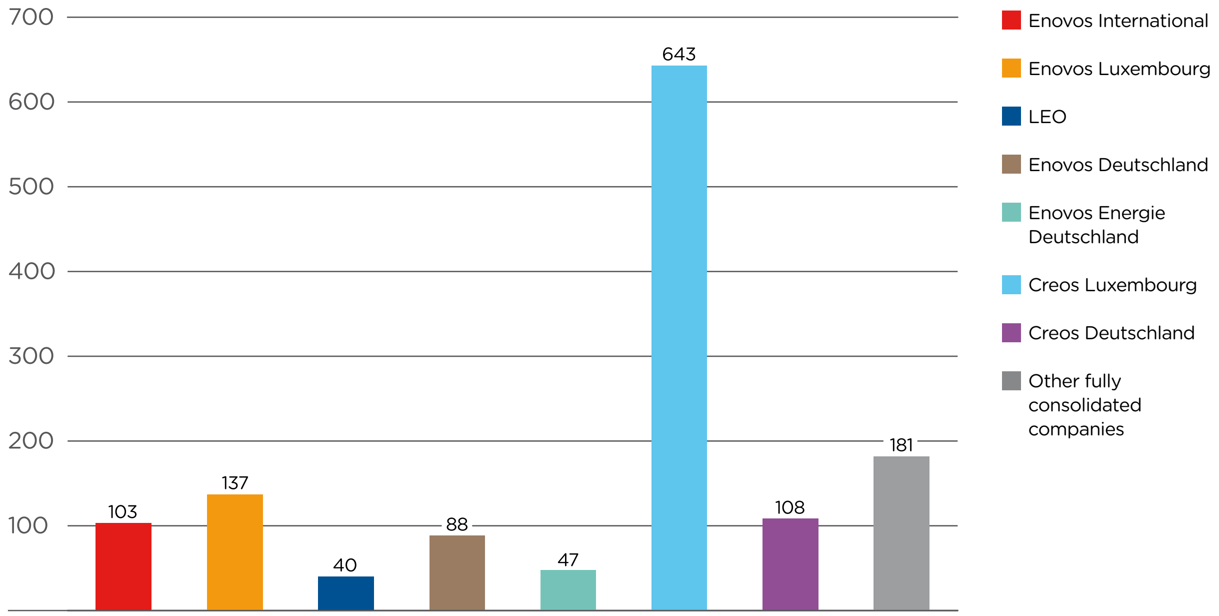
Human resources

Evolution of workforce and key figures

From the Human Resources perspective, the year 2011 has been challenging for all employees due to the ongoing merger integration, coupled with various projects in the commercial and technical areas. In this regard, the staff has been facing numerous challenges like the integration of City of Luxembourg energy activities with its gas and electricity networks into Enovos Group or the integration of Leo S.A. in 2011, although the legal entity of Leo remains.

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 for the recruiting strategy.

Headcounts of fully consolidated group companies as of end 2011 (total: 1347 employees)



Continuing professional development

Cherishing knowledge transfer and know-how and the ability of implementing change management as part of the integration process, the 2011 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.

The project "Healthcare at work" focuses on the group staff's health and well-being at the workplace. In close collaboration with the "Health & Safety" service and with the help of staff representatives, common and individual programmes are celebrated yearly to improve well-being at the workplace and preserve a pleasant work-life balance.

Events like the Family Day in Schengen, the facility-based 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 2011, their devotion to the implementation of the many important changes and their dedication to achieve the company's objectives.

From left to right:

Marc Schintgen	Head of Information Systems
Guy Chaves	Head of Group Internal Audit
Dr Peter Hamacher	Head of Corporate Development & Strategy
Guy Weicherding	Deputy CFO
Chantal Feilen	Head of Human Resources
Marc Wagener	Head of Facility Management
Philippe Malinov	Head of Group Accounting
Jean-Paul Wagner	Secretary General of the Board of Directors, Enovos International S.A. Head of Group Risk Management and Corporate Governance
Armand Gobber	Head of Group Finance
Michel Schaus	Head of Legal/Compliance
Fabien Bach	Head of Group Controlling

State: 1st April 2012

2 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 the Enovos Group.

Enovos Deutschland AG and Enovos Energie Deutschland GmbH, the two German subsidiaries of Enovos Luxembourg S.A., provide natural gas, electricity and energy services for the entire German territory. The first subsidiary, headquartered in Saarbrücken, specialises in the segment of municipalities and public utilities, whereas the latter one, headquartered in Wiesbaden, mainly targets industrial and professional customers.

In Luxembourg, Leo S.A. is the preferential contact for City of Luxembourg 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)	**2011**	**2010**
Total assets	774.0	537.5
Fixed assets	521.2	310.6
Total capital and reserves (incl. result for the financial year)	414.5	240.2
Amounts owed to credit institutions	57.0	-
Sales (excl. trading)	1,245.4	772.7
Result for the financial year	56.8	68.0

Sales increase is driven by intercompany sales due to the portfolio management centralisation in Luxembourg and by the combined effect of the increase in scope as well as of the organic growth on the French and Belgian markets (see following page). Result for the financial year decreased to EUR 56.8 million, compared to EUR 68.0 million in 2010, reflecting the difficult market conditions, particularly in the gas sector affected by a strong volatility and reduced margins.

The company's total capital and reserves as at 31st December 2011 amounted to EUR 414.5 million (2010: EUR 240.2 million) following the acquisition of Leo S.A. financed through equity. Total fixed assets (including intangible, tangible and financial assets) increased to EUR 521.2 million (2010: EUR 310.6 million), mainly as a consequence of the aforementioned acquisition of Leo S.A. and continued investments in upstream power generation.

Sales of electricity

In 2011, overall electricity consumption in Luxembourg was estimated at 6,600 GWh, a decrease of 1.69% compared to the previous year. The annual consumption in Luxembourg's neighbouring countries has been: Germany -0.7%, Belgium -1.6% and France -6.8%.

For the company, electricity sales by customer segment have been as follows:

GWh	2011	2010	Change %
A. Final customers	**4,850**	**3,335**	**45.4%**
Large enterprises	2,605	1,127	>100.0%
Small and medium enterprises	1,275	1,264	0.9%
Residential customers	710	700	1.5%
Professional customers	259	244	6.1%
B. Wholesale customers	**266**	**679**	**-60.8%**
Public utilities	201	554	-63.7%
Grid operators	65	125	-47.6%
C. Intercompany	**1,432**	**277**	**>100.0%**
Total	**6,548**	**4,291**	**52.6%**

Total sales of Enovos Luxembourg S.A. have grown from 4.3 TWh in 2010 to 6.6 TWh in 2011 (+53%).

The main growth factors were primarily due to the increased sales in France (+1.5 TWh) and additional supply volumes to the German subsidiaries (+1.1 TWh).

A supply diversification by its "wholesale customers" led to a reduced supply volume by Enovos Luxembourg S.A.

Due to the 100% acquisition of Leo S.A., sales to Leo were transferred from "public utilities" to "intercompany" accounts.

Sales of natural gas

In 2011, overall gas consumption in Luxembourg totalled 13,338 GWh, a decline of 13.7% compared to the previous year, due primarily to mild weather conditions and a maintenance-related extended outage of the Twinerg power plant. The annual consumption in Luxembourg's neighbouring countries has been: Germany -12.9%, Belgium -13.3% and France -13.1%.

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

GWh	2011	2010	Change %
A. Final customers	**11,198**	**10,000**	**12.0%**
Large enterprises	3,367	3,345	0.7%
Small and medium enterprises	2,696	1,454	85.4%
Residential customers	261	0	0.0%
Professional customers	0	0	0.0%
Power plants	4,874	5,201	-6.3%
B. Wholesale customers	**1,760**	**5,718**	**-69.2%**
Public utilities	1,760	5,718	-69.2%
Grid operators	0	0	0.0%
C. Intercompany	**10,730**	**337**	**>100.0%**
Total	23,688	16,056	47.5%

Despite the overall decrease in gas consumption in Luxembourg, sales of natural gas have increased by 48%, mainly driven by intercompany sales due to the portfolio management centralization in Luxembourg. Another important part of this significant rise was due to the development of the French market (+0.9 TWh) and initial sales to the newly developed Belgian market (+128 GWh).

The integration of Luxgas s.à r.l. on 1st July 2011 generates gas deliveries to households in Luxembourg and led to an internal transfer of supply volumes.

As a result of the 100% acquisition of Leo S.A., sales to Leo were transferred from "public utilities" to "intercompany" accounts.

The aforementioned maintenance shutdown of Twinerg S.A. led to reduced natural gas supply to "power plants".

Outlook

In a difficult commercial environment, Enovos Luxembourg S.A will in 2012 continue to consolidate its market shares in Luxembourg and further develop its policy of acquiring customers in France and Belgium. In Germany, a commercial strategy will be extended to new territories to compensate the negative churn rate. In order to increase effectiveness in supply, Enovos Luxembourg S.A. will further centralise all purchasing contracts within the group. 2012 will also be a challenging year in terms of negotiating the long-term supply contracts of natural gas aiming at reducing their current gap towards market prices, and as such reduce the burden of the take or pay obligations.

In addition, Enovos Luxembourg S.A. will continue its strategy of gaining upstream production capacities and its development in the area of renewable energy generation.

Enovos Deutschland AG

(participating interest: 96.88%)

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”). In 2010, the company added electricity sales to its business activity.

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.

Key figures (in million euros)	2011	2010
Total assets	354.6	378.8
Fixed assets	203.4	204.1
Total capital and reserves (incl. result for the year)	154.5	157.3
Amounts owed to credit institutions	-	-
Sales	674.7	615.2
Result for the financial year	29.2	37.0

In 2011, 20.6 TWh (preceding year: 21.7 TWh) of natural gas were sold and revenues of EUR 632.3 million (preceding year: EUR 589.6 million) were attained. Of this total, 15.0 TWh (preceding year: 18.0 TWh) were sold to local distributors, 1.9 TWh (preceding year: 2.6 TWh) to industrial and power plant customers, and 3.7 TWh (preceding year: 1.1 TWh) to other customers. In 2011, the company realised 441.2 million kWh (preceding year: 268.3 million kWh) of electricity sold, for an amount of EUR 34.6 million (preceding year: EUR 18.3 million).

Of this total, 288.8 million kWh (preceding year: 189.0 million kWh) were sold to local distributors and 152.4 million kWh (preceding year: 79.3 million kWh) to industrial customers.

The results of the participations amounted to EUR 26.1 million (preceding year: EUR 25.3 million) and thus accounted for 75.9% of the company’s total earnings before taxes of EUR 36.2 million (preceding year: EUR 44.9 million).

Enovos Energie Deutschland GmbH
(participating interest: 100%)

Since January 2011, Enovos Energie Deutschland GmbH (EED) is a 100% subsidiary of Enovos Luxembourg S.A. 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.

Key figures (in million euros)	2011	2010 (*)
Total assets	81.6	89.6
Fixed assets	1.2	1.1
Total capital and reserves (incl. result for the financial year)	5.5	7.3
Amounts owed to credit institutions	-	-
Sales	660.6	304.3
Result for the financial year	2.0	5.8

(*) For comparative purposes only as the company is consolidated since 1st January 2011.

In 2011, 7,331 GWh (preceding year: 4,278 GWh) of electricity and 4.2 GWh of natural gas were sold. Revenues grew from EUR 304.2 million in 2010 to EUR 660.6 million in 2011, as the company was able to significantly increase its sales to large industrial customers in 2011.

A 100% subsidiary is Enovos Balance Deutschland GmbH (EBD). EBD supplies industrial clients with renewable energy. In 2011, EBITDA of EBD was EUR 0.897 million.

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

Leo S.A. is owned by Enovos Luxembourg S.A. since 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 natural gas.

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

Key figures (in million euros)	2011	2010 (*)
Total assets	183.1	159.6
Fixed assets	97.1	104.8
Total capital and reserves (incl. result for the financial year)	132.7	82.0
Amounts owed to credit institutions	-	-
Sales	209.3	217.5
Result for the financial year	10.7	8.3

(*) For comparative purposes only as the company is consolidated since 1st January 2011.

Network activities

Creos Luxembourg S.A.
(participating interest: 75.43%)

Enovos International S.A. holds a 75.43% stake in Creos Luxembourg S.A. as of 31st December 2011. 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)	2011	2010
Total assets	626.0	409.2
Fixed assets	513.6	315.0
Total capital and reserves (incl. result for the financial year)	512.3	296.4
Amounts owed to credit institutions	0.6	3.6
Sales	205.9	161.2
Result for the financial year	44.1	22.8

Sales reached EUR 205.9 million compared to EUR 161.2 million in 2010. This increase is principally explained by the integration of the electricity and gas networks of the City of Luxembourg on 1st January 2011. Result for the financial year was EUR 44.1 million compared to EUR 22.8 million in 2010. It includes a dividend from Creos Deutschland GmbH of EUR 8.0 million (2010: EUR 6.6 million). In the context of the merger with Luxgaz Distribution S.A., the 2010 net result included a net exceptional charge of EUR 13.5 million.

During the year, a particular effort was dedicated to strengthening the high-tension infrastructure, above all in the south and south-east of the country. Infrastructures were adapted to the specific conditions of those regions. According to the 2011 investment programme, most of the projects relating to electricity and natural gas were executed on schedule and within the agreed budgets. The programme to bury electricity grids underground has been further pursued. At the end of 2011, the proportion of underground cabling was 64.7% of medium-voltage cables and 94% of low-voltage cables including the electricity network of City of Luxembourg. Regarding the natural gas network, Creos Luxembourg installed 33.35 km of main pipelines in 2011 with 1,375 new connections, so that, at the end of 2011, the total length of the network was 1,845.8 km, including the natural gas network of City of Luxembourg.

Following a net recovery in 2010, the evolution of energy demand showed signs of a slowdown or even a stagnation of economic activity in 2011.

Electricity demand rose only slightly in 2011, with an increase of 0.3%. 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.

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

GWh	2011	2010	Change %
End customers			
Industrial sector	1,372.0	1,334.4	+ 2.8%
Commercial sector	1,952.1	1,936.1	+ 0.8%
Residential and small business	1,121.1	1,156.2	- 3.0%
Local distributors	277.1	276.1	+ 0.4%
Network and other losses	165.7	173.7	- 4.6%
Total	4,887.9	4,875.4	0.3%

In the natural gas sector, a notable fall in demand is observed, essentially due to very mild climatic conditions during the first months of 2011 and a programmed maintenance shutdown of the Twinerg power plant. Home heating is in fact responsible for a major proportion of the demand for this energy source, but this is not the case with electricity, which is less sensitive to the effects of climate.

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

GWh	2011	2010	Change %
End customers			
Industrial sector	4,471.7	4,567.3	-2.1%
Large scale electricity production	4,036.9	5,223.4	-22.7%
Local distributors	4,829.8	5,668.2	-14.8%
of which Creos	3,063.2	3,550.3	-13.7%
Total	13,338.4	15,458.9	-14%

Outlook

In 2012 and the subsequent years, Creos Luxembourg S.A. will continue to implement a plan for investment and major maintenance, to modernise its networks and to ensure safety and reliability. The company will also prepare to meet the major challenges it is expecting, namely introducing the so-called “smart grids and meters”. Moreover, the integration and harmonisation of management systems and procedures will continue. A public consultation is currently being performed by the Luxembourg Institute of Regulation on draft regulations fixing the methods of setting tariffs for the utilisation of transport and distribution networks, with the introduction of new “incentive” regulations on 1st January 2013. At this stage, the company does not foresee any technical or financial development likely to raise issues as to its economic and financial balance.

Creos Deutschland GmbH

(participating interest: 73.08%)

Creos Luxembourg S.A. holds a 96.88% stake in Creos Deutschland GmbH, a gas transport operator in Saarland (Germany). It resulted from the combination of the Saar Ferngas AG grid assets with Saar Ferngas Transport GmbH in 2009. Gas transported through the grid of Creos Deutschland in 2011 amounted to 26.992 billion kWh, which represents a decrease of 15.6% compared to the previous year. In comparison to the years 2008 to 2010 and to the 40-year average, 2011 clearly sticks out with its rather mild weather and consequently reduced demand for heating purposes.

In contrast, the turnover increased by 5.8% in 2011 compared to 2010, mainly driven by additional third party business and additional revenue related to the "Saarländische Kooperation". The "Saarländische Kooperation" is a joint venture by SW Saarbrücken AG, VSE AG and Creos Deutschland to monitor and control the energy networks of electricity and gas, the district heating networks and the water production and distribution.

Key figures (in million euros)	**2011**	**2010**
Total assets	90.5	91.7
Fixed assets	59.1	54.3
Total capital and reserves (incl. result for the financial year)	39.6	38.5
Amounts owed to credit institutions	-	-
Sales	71.7	67.8
Result for the financial year	9.3	10.3

During 2011, Creos Deutschland's efforts have finally led to being successfully identified as distribution system operator (DSO) instead of a transport system operator, meaning to less unbundling obligations as well as a more favourable situation for benchmark exercise by the Federal Network Agency (BNetzA).

The next challenge for Creos Deutschland is trying to convince the BNetzA of the necessity of the full amount of grid costs that have been submitted, the goal being to achieve an as high as possible accepted cost level. In a second step, these finally accepted costs will be subject to an efficiency element which is developed in a benchmark produced in comparison with grid operators featuring a similar grid structure. The finally approved costs and the achieved efficiency element together will determine the basis for the initial grid fee level of the 2nd incentive regulation period from 2013 to 2017.

Creos Deutschland's strategy for the coming years is its continuous reinvestment programme which, among other goals, will ensure a secure supply of gas in the region. Recent developments have forced the company to supplement this programme with revised technical requirements that also have extensive influence on the design of the grid in its final stage of development – the Target-Grid. It is crucial that the BNetzA recognises the necessary investment budgets annually applied for, and to cover the capital costs in accordance with the German Regulation Ordinance (ARegV).

The core expertise of Creos Deutschland is the technical and economic management of energy grids. The operation of energy grids is immanently connected with the long-term optimisation of the grid infrastructure taking technical, commercial as well as economic aspects into consideration. With this expertise, Creos Deutschland has the opportunity to consider cooperating with enterprises owning grids or to contemplate acquiring participations.

3 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.

2011 result for the financial year reached EUR 3.0 million, compared to EUR 3.1 million in 2010.

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

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

In 2011, the company made a profit of EUR 0.5 million, compared to EUR 0.7 million in 2010.

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 11.2 million as at 31st December 2011, compared to 8.4 million in 2010.

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.

• Other companies (not consolidated)

European Energy Exchange (EEX) AG
(percentage owned: 1%)

Based in Leipzig, the European Energy Exchange (EEX) is the management company for the German electricity exchange, the largest in Europe. EEX is active on spot and forward electricity markets as well as in natural gas, coal and CO_2 certificates.

Subsidiaries held by Enovos Luxembourg S.A.

• Consolidated subsidiaries

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 2011 were 2,927 GWh (2,644 GWh in 2010). The (unaudited) result for the financial year decreased to EUR 5.8 million (compared to EUR 10.7 million in 2010) as a consequence of the programmed maintenance shutdown during 2011.

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

Ceduco is jointly owned by Dupont de Nemours Luxembourg and Enovos Luxembourg S.A. It operates an industrial cogeneration plant.

In 2011, its sales of steam and electricity totalled 95,264 tons and 52.0 GWh respectively, compared to 99,652 tons and 54.5 GWh in 2010. The company recorded a loss of EUR 1.3 million, compared to a loss of EUR 1.5 million in 2010.

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

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

In 2011, its sales of steam and electricity totalled 232,659 tons and 66.4 GWh respectively, compared to 219,381 tons and 61.9 GWh in 2010. The company recorded a profit of EUR 0.2 million, compared to EUR 0.8 million in 2010.

Airport Energy S.A.
(participating interest: 30.18%)

This company operates a cogeneration plant in the Luxembourg Airport zone.

Result for the financial year in 2011 amounted to EUR 0.14 million, compared to EUR 0.22 million in 2010.

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

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 5 million. In 2011, the company's result for the financial year was EUR 4.4 million, compared to EUR 3.50 million in 2010. LuxEnergie operates a total of 45 power stations, which produced 256.5 GWh of heat, 34.6 GWh of cold and 121.9 GWh of electricity in 2011. The company also supplies maintenance services to third party cogeneration stations. At the end of 2011, the company had 71 employees.

DataCenterEnergie S.A.
(participating interest: 30.18%)

This company builds and operates IT data centres in Luxembourg.

Net loss in 2011 amounted to EUR 1.5 million, compared to a loss of EUR 1.9 million in 2010.

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

This company was created to build and operate a wind farm in the Saar, comprising six wind turbines. The total installed capacity of the farm is 6,000 kW. Construction of the wind farm was completed in financial year 2008, and the farm went online at the start of 2009.

Electricity production in 2011 reached 9.2 GWh (8.3 GWh in 2010). The loss for 2011 amounted to EUR 0.29 million, compared to a loss of EUR 0.35 million in 2010.

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 Gemeng Hengischt S.A. and Wandpark Burer Bierg S.A. (a total capacity of 46.3 MW) into Soler S.A. SEO S.A. further contributed their wind production assets in Windpower S.A. and Wandpark Bënzelt S.A.

As at 31st December 2011, the company further operated the hydroelectric stations of Ettelbrück, Esch-sur-Sûre and Rosport. Total electricity production in 2011 was 18.7 GWh (2010: 38.7 GWh). The company ended the year with a loss of EUR 1.6 million, compared to a loss of EUR 0.1 million in 2010.

Luxgas S.à r.l.

Luxgas S.à r.l. has been created in 2010 to take over the energy sales activities of former Luxgaz Distribution S.A.

In 2011, Enovos Luxembourg S.A. completed the acquisition transaction and purchased the last 10% from Creos Luxembourg S.A. The company has been merged in Enovos Luxembourg S.A. with effective date as of 30th June, 2011. At the merger date, result for the financial year amounted to EUR 6.6 million.

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

NordEnergie S.A. is owned in equal parts by Enovos Luxembourg S.A. and the cities of Ettelbrück and Diekirch. NordEnergie's purpose is to provide electricity to the supply points connected to the distribution grids of the cities of Ettelbrück and Diekirch, which continue to own their own grids. It serves 7,607 customers.

In 2011, result for the financial year amounted to EUR 0.04 million, compared to EUR 0.01 million in 2010.

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 Steinfort municipality. The purpose of the company is to sell energy to electricity customers in Steinfort. The company serves 2,152 customers.

In 2011, result for the financial year amounted to EUR 0.04 million, compared to EUR 0.01 million in 2010.

Energiepark Trelder Berg GmbH
(participating interest: 80%)

Enovos Luxembourg S.A. purchased Energiepark Trelder Berg GmbH end of 2009, a biogas plant with a capacity of 5.1 MW in the south of Hamburg (Germany). In 2011, 43.8 GWh of electricity were produced, compared to 43.0 GWh in the previous year.

In 2011, result for the financial year amounted to EUR 0.8 million, compared to EUR 0.9 million in 2010.

La Benâte Energies 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.

In 2011, a total of 22.9 GWh were produced. The company's net loss was EUR 0.3 million in 2011, compared to a net loss of EUR 1.1 million in 2010.

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

Enovos Solar Investment I (former Avelar Solar Investments S.r.l.) was acquired in October 2010. The company consists of 3 parks with a capacity of 3 MWp, which were completed at the end of 2010 and connected to the grid during 2011.

The company's result for the financial year was EUR 0.2 million in 2011, compared to EUR 0.3 million in 2010.

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

Enovos Solar Investment II (formerly Energetic Source Solar Investments S.r.l.) was acquired in October 2010. The company consists of 8 parks with a capacity of 8 MWp, which were completed at the end of 2010 and connected to the grid during 2011.

The company's result for the financial year was EUR 0.45 million in 2011, compared to a net loss of EUR 0.2 million in 2010.

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. The aim is the development, operation and retail of photovoltaic power plants. At the end of the year, 46 MW were completed, and another 39 MW are anticipated for 2012.

The company's consolidated net loss was EUR 1.576 million in 2011, compared to a net loss of EUR 2.1 million in 2010.

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

In November 2011, Enovos Luxembourg S.A. has acquired this new wind park, located in Souilly close to Verdun. It will meet the electricity needs of some 5,500 households in an ecological manner. Start of production is planned for September 2012.

The company's net loss was EUR 0.01 million in 2011.

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

In June 2011, Enovos Luxembourg S.A. acquired a 24.9% stake in Biopower Tongeren N.V., a biogas plant located in Tongeren, Belgium, providing heat and electricity through maize fermentation.

The company's net loss was EUR 0.01 million in 2011.

• Other companies (not consolidated)

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 2011, just like the year before, the company made a profit of EUR 2.19 million. Works for the extension of the Vianden pumping station by means of an eleventh 200 MW machine have continued.

Südweststrom GmbH
(percentage owned: 29%)

In 2010, Enovos Luxembourg S.A. has subscribed shares in that company with the aim to ultimately hold a stake of 10.7%, providing it with a 30 MW capacity in an offshore wind turbine project in the North Sea with a total capacity of 280 MW. Negotiations to finalise the transaction are still ongoing.

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

"Energieagence" continued its activities in 2011, 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.

Subsidiaries held by Enovos Deutschland AG

• Consolidated subsidiaries

Enovos Services GmbH
(participating interest: 96.88%)

The company's main activity is to offer facility management to Enovos Deutschland AG.

The sales in 2011 reached EUR 1.1 million and the result for the financial year amounted to EUR 0.1 million before profit transfer, just as in 2010.

EnergieSüdwest AG
(participating interest: 49.41%)

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.

Over the course of the year 2011, the company invested EUR 9.1 million and the result for the financial year reached EUR 2.0 million, compared to EUR 5.6 million in 2010. The electricity sales reached EUR 32.4 million (201 GWh). The water sales reached EUR 4.5 million (2,544 Tm^3). At the end of 2011, the company had 40 employees.

EnergieSüdwest Netz GmbH
(participating interest: 49.41%)

EnergieSüdwest Netz GmbH, a 100% subsidiary of EnergieSüdwest AG, is a municipal grid operator in the region of the city of Landau, employing 54 employees at the end of 2011.

In 2011, sales reached EUR 21.6, while the net loss amounted to EUR 0.5 million before profit transfer, compared to a net profit of EUR 0.4 million in 2010.

Lantec Gebäudetechnikmanagement GmbH
(participating interest: 49.41%)

Lantec Gebäudetechnikmanagement GmbH is a 100% subsidiary of EnergieSüdwest AG and operates cogeneration plants. In 2011, turnover reached EUR 1.5 million while the result for the financial year amounted to EUR 0.015 million before profit transfer, compared to EUR 0.1 million in 2010. At the end of 2011, the company had 4 employees.

energis GmbH
(participating interest: 27.19%)

energis GmbH sells electricity, gas and water to households and industrial customers. They also hold participating interests in local municipal utilities. Over the course of the year, the company invested EUR 20.9 million.

In 2011, the company's result for the financial year was EUR 26.3 million, compared to EUR 26.9 million in 2010. The electricity sales reached EUR 206.4 million (1.3 TWh), sales of natural gas EUR 53.1 million (1.0 TWh) and sales of water EUR 9 million (8,000 Tm^3). At the end of 2011, the company had 332 employees.

geo x GmbH
(participating interest : 24.70%)

geo x GmbH is a company jointly owned by Energie Südwest 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 2011, the unaudited net loss amounted to EUR 1.3 million compared to a loss of EUR 0.6 million in 2010.

Projecta 14 GmbH
(participating interest: 48.44%)

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 2011, the result for the financial year amounted to EUR 1.7 million compared to a loss of EUR 1.0 million in 2010.

Pfalzgas GmbH
(participating interest: 48.44%)

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 2011, the company invested EUR 2.8 million and the company's result for the financial year was EUR 6.1 million, compared to EUR 6.2 million in 2010. The gas sales reached EUR 100 million (2.0 TWh). At the end of 2011, the company had 65 employees.

Ferngas Nordbayern GmbH
(participating interest : 19.38%)

Ferngas Nordbayern GmbH solely sells natural gas to redistributors and large industrial customers.

Over the course of the year 2011, the company invested EUR 1.6 million and the company's result for the financial year was EUR 19.5 million, compared to EUR 17.7 million in 2010. The gas sales reached EUR 582 million (21.9 TWh). At the end of 2011, the company had 36 employees.

Solarkraftwerk Ahorn GmbH & Co. KG
(participating interest: 26.44%)

Solarkrarftwerk Ahorn GmbH & Co. KG, owns a solar farm in the federal state of Baden-Württemberg and started its production in June 2010 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 of Ahorn (2%).

The company had a result for the financial year of EUR 0.3 million in 2011.

Windkraftwerk Wremen GmbH & Co. KG
(participating interest: 29.26%)

Windkraftwerk Wremen GmbH & Co. KG owns a wind farm in Lower Saxony with a capacity of 10.25 MW. The farm was repowered in June 2010. 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 company had a result for the financial year of EUR 0.2 million in 2011.

• **Other companies (not consolidated)**

Stadtwerke Lambrecht GmbH
(percentage owned: 14.13%)

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

In 2010, the electricity sales reached EUR 2.7 million (14.5 GWh), sales of natural gas EUR 7.3 million (182.1 GWh) and sales of water EUR 0.6 million (248 Tm^3).

Over the course of the year, the company invested EUR 0.6 million. In 2010, the company's result for the financial year before profit transfer was EUR 0.3 million.

Stadtwerke Völklingen Vertrieb GmbH
(percentage owned: 17.60%)

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

In 2010, the electricity sales reached EUR 21.0 million (119 GWh), sales of natural gas EUR 10.9 million (202 GWh) and sales of water EUR 4.7 million (3,344 Tm^3). In 2010, the company's result for the financial year was EUR 2.3 million before profit transfer.

SSG Saar Services GmbH
(percentage owned: 10%)

The company's main activity is to offer a wide range of services: facility management, winter services, etc.

Over the course of the year 2011, the sales of the company reached EUR 15.0 million and the result for the financial year EUR 0.13 million, compared to EUR 0.07 million in 2010.

Stadtwerke Homburg GmbH
(percentage owned: 10.67%)

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

In 2010, the electricity sales reached EUR 62.2 million (592 GWh), sales of natural gas EUR 46.5 million (1,117 GWh) and sales of water EUR 5.8 million (3,336 Tm^3).

Over the course of the year 2010, the company invested EUR 8.2 million and achieved a result for the financial year of EUR 8.4 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 2010, the electricity sales reached EUR 26.9 million (153.6 GWh), sales of natural gas EUR 20.9 million (455.5 GWh), sales of water EUR 4.6 million (3,200 Tm^3) and sales of heat EUR 4.4 million (64 million kWh).

Over the course of the year 2010, the company invested EUR 2.8 million. In 2010, the company's result for the financial year was EUR 2.8 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 2010, the electricity sales reached EUR 30 million (204 GWh), sales of natural gas EUR 20.1 million 439 GWh), sales of water EUR 3.8 million (1,781 Tm^3).

Over the course of the year 2010, the company invested EUR 6.2 million, while its result for the financial year amounted to EUR 4.8 million before profit transfer.

Stadtwerke Sulzbach GmbH
(percentage owned: 15%)

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

In 2010, the electricity sales reached EUR 12.3 million (102 GWh), sales of natural gas EUR 9.0 million (206 GWh), sales of water EUR 1.6 million (859 Tm^3) and sales of heat EUR 1.2 million (17 GWh).

Over the course of the year 2010, the company invested EUR 1.5 million, and the result for the financial year was EUR 2.8 million before profit transfer.

Stadtwerke Völklingen Netz GmbH
(percentage owned: 17.6%)

Stadtwerke Völklingen Netz GmbH is a municipal grid operator.

In 2010, the power grid fees reached EUR 10.5 million (148 GWh), gas grid fees EUR 4.8 million (214 GWh), and sales of water EUR 4.3 million (3,300 Tm^3).

Over the course of the year 2010, the company invested EUR 2.4 million. In 2010, the company's result for the financial year was EUR 2.6 million before profit transfer.

ESW Gasvertrieb GmbH
(percentage owned: 10%)

ESW Gasvertrieb GmbH solely sells natural gas.

The gas sales in 2011 reached EUR 17.8 million (386 GWh). The company's result for the financial year was EUR 1.3 million before profit transfer, compared to EUR 0.8 million in 2010.

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 2010, the company invested EUR 17.7 million, and the result for the financial year was EUR 9.0 million before profit transfer. The electricity sales reached EUR 106.8 million (707 GWh), sales of natural gas EUR 68.7 million (1,676.5 GWh), sales of water EUR 12.8 million (7,200 Tm^3) and sales of heat EUR 3.6 million (58 GWh).

Stadtwerke GmbH Bad Kreuznach
(percentage owned: 24.55%)

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

In 2010, the company invested EUR 6.1 million and its result for the financial year in 2010 amounted to EUR 3.9 million before profit transfer. The electricity sales reached EUR 49.4 million (232 GWh), sales of natural gas EUR 33.8 million (822 GWh), sales of water EUR 8.5 million (3,700 Tm^3) and sales of heat EUR 2.2 million (39.3 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 2010, the company invested EUR 1.3 million, and its result for the financial year 2010 was EUR 1.0 million before profit transfer. The electricity sales reached EUR 9.0 million (60.6 GWh), sales of natural gas EUR 5.2 million (114 GWh), sales of water EUR 3.2 million (1,300 Tm^3) and sales of heat EUR 0.3 million (3.5 GWh).

Solarkraftwerk Kenn GmbH
(percentage owned: 25.1%)

This company operates a solar power plant in Germany. The total installed capacity of the plant is 5.8 MWp. Partners in this project are Stadtwerke Trier Versorgungs-GmbH (51%) and Stadtwerke Saarbrücken AG (23.9%).

In 2011, revenue was EUR 1.9 million (2010: EUR 1.7 million), the result for the financial year amounted to EUR 0.05 million, compared to a net loss of EUR 0.1 million in 2010.

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 2011 reached EUR 74.6 million, the net loss for the financial year amounted to EUR 0.7 million, compared to a net profit of EUR 2.1 million in 2010.

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 Nm^3/h. Partners in this project are E.ON Bioerdgas (51%) and Stadtwerke Merzig GmbH (10%).

The net loss of the financial year amounted to EUR -0.5 million.

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 amounted to EUR 0.3 million.

Enovos Future GmbH
(percentage owned: 100%)

The purpose of the company (starting its operational business in 2012) is the design, construction, operation and decommissioning, as well as the purchase and sale of plants to produce and/or distribute energy, heat and other media such as compressed air, cold, water, and the trade in these media and all incidences of related businesses.

Blue Wizzard Beteiligungsverwaltungsgesellschaft GmbH
(percentage owned: 100%)

The company was formed to buy and manage investments in renewable energies and to take personal responsibility and the management in private companies. It currently serves as general partner for the Windkraftwerk Meckel/Gilzem GmbH & Co. KG and the Solarkraftwerk Ahorn GmbH & Co. KG.

Windkraftwerk Meckel/Gilzem GmbH & Co. KG
(percentage owned: 34%)

The wind farm located in the Eifel region comprises seven wind turbines with a total capacity of 11.5 MW to supply about 5,000 households with environmentally friendly electricity. Partners in this project are SWT Stadtwerke Trier Versorgungs-GmbH (51%), ESW EnergieSüdwest AG (24%), Stadtwerke Sulzbach/Saar GmbH (7.5%), Stadtwerke St. Ingbert GmbH (7.5%) and Enovos Deutschland AG (10%).

Solarpark St. Wendel GmbH
(percentage owned: 15%)

The new ground-mounted solar system officially started its operation on 27th September 2011. The expected energy yield is about 3.4 million kWh/yr, which corresponds to a current consumption of 800 to 1,000 households. The shareholders are SSW-Stadtwerke St. Wendel GmbH & Co. KG (50%), WVE GmbH Kaiserslautern (20%), energis GmbH Saarbrücken (15%) and Enovos Deutschland AG, Saarbrücken (15%).

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-optics to telecommunications companies. In addition, Gas Line GmbH & Co. KG offers support in Information Technology and cable conduits.

Pfalzwerke AG
(percentage owned: 1.86%)
The Pfalzwerke Aktiengesellschaft 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.

Subsidiary held by Creos Luxembourg S.A.

CASC.EU S.A.
(Capacity Allocation Service Company.EU S.A.) - not consolidated
(percentage owned: 8.33%)

This company based in Luxembourg was created on 1st October 2008 and offers stock markets and brokers a contact point with a single set of harmonised rules for the auction of power shipping capacities over the borders of Benelux, France and Germany.

Result for the financial year 2010 was EUR 0.1 million.

4 Risk management

Principles

As an energy provider, Enovos' main risks are those towards price movements on 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 reliably estimated. In compliance with the accepted level and definition of risk, the risk management function, as an independent department from the operational units within the group, makes sure that the internal risk policy is respected, and is concerned with the efficient allocation of capital and 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.

As grid operator, Enovos faces risks regarding 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 Enovos' grid companies with all legal and regulation requirements, as well as with the highest and most recent technical standards, is of constant concern in the group. The report of identified risks and the survey of potential threats to the ongoing 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 market price risks, to counterpart and credit risks, or other financial risks, is limited, while specific legal provisions set the rules of relationship between the monopolistic and regulated grid operator business and the commercial sectors of the energy markets.

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 adopts 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 mainly due to Enovos Luxembourg S.A.'s trading and portfolio management activity in order to equalise loads, manage price risk, hedge exposures and optimise power stations. Foreign currency exposures naturally may 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 concept 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-losses and take-profits are applied to allow for a limitation of overall risks.

Credit risk

In order to mitigate credit risk, Enovos interacts and trades only with counterparties whose financial health has been proved. Since over-the-counter (OTC) market transactions constitute a large share in the daily business, detailed reports highlighting the exposure towards single counterparties are established – both on a volume and a nominal basis. OTC transactions are generally 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). Credit limits based on credit worthiness are defined and watched systematically. A reduction in counterparty risk is achieved with the increase in importance of regulated exchanges such as ICE or EEX.

Liquidity risk

Enovos International S.A., as the holding company heading the group in charge of several corporate services like financial and cash flow management, provides cash pool services to all of its core group companies. The group financing scheme allows reducing financial counterpart risk as well as the cost of re-financing of corporate investments. Liquidity risk is notably reduced and of no major concern to Enovos.

Ongoing improvements and outlook for 2012

Enovos ensured a continuous improvement of its risk management throughout 2011. Turbulent market movements in the end of the first quarter were efficiently handled. Further developments in the assessment, quantification and limitation of the risks will be the major challenge and goal for 2012.

The outlook for the coming year for Luxembourg remains difficult to gauge: early confidence indicators point to a slight fall in overall consumer confidence and no immediate reversal of the upward trend in unemployment numbers. While these leading indicators might change substantially over the course of the year, the current official estimates for 2012 GDP assume a low growth scenario (0.7%) for 2012, with higher growth forecast no earlier than 2013.

Notwithstanding this, Enovos sees itself as well-placed to confront even a low-growth scenario. Assuming no radical deterioration of the macro-economic situation, the company is currently not exposed to direct, substantial risks or uncertainties.

The Board of Directors

20th April 2012

IV Consolidated Annual Accounts Enovos Group

1 Consolidated balance sheet as at 31st December 2011

ASSETS	Notes	2011 €	2010 €
Goodwill			
Goodwill on first consolidation	Note 4	65,489,048	40,432,114
Total Goodwill		**65,489,048**	**40,432,114**
Fixed assets			
Intangible fixed assets	Note 6		
Licences		8,809,824	5,008,130
Goodwill and trademarks		96,573,750	892,500
Intangible fixed assets under development		66,538,231	81,250,139
Tangible fixed assets	Note 7		
Land and buildings		78,054,129	79,995,366
Plant and machinery		684,895,334	465,310,743
Other fixtures and fittings, tools and equipment		18,236,930	12,048,991
Payments on account and tangible assets in course of construction		124,235,403	67,633,038
Financial fixed assets			
Companies consolidated under the equity method	Note 8.1	158,884,145	139,980,943
Investments carried at cost	Note 8.2	61,663,089	61,291,926
Amounts owed by undertakings with which the company is linked by virtue of participating interests		12,252,279	11,854,208
Securities held as fixed assets	Note 11	29,176,872	30,273,563
Total Fixed Assets		**1,339,319,986**	**955,539,547**
Current assets			
Inventories	Note 9		
Raw materials and consumables		5,774,085	4,713,184
Work and contracts in progress		8,921,289	7,095,789
Finished goods and goods for resale		24,121,973	17,975,602
Payments on account		2,889,722	2,187,729
Debtors			
Trade debtors	Note 10.1		
- becoming due and payable within one year		389,228,342	204,922,590
- becoming due and payable after more than one year		516	413
Amounts owed by undertakings with which the company is linked by virtue of participating interests	Note 10.2		
- becoming due and payable within one year		47,282,019	75,239,758
- becoming due and payable after more than one year		-	-
Other receivables	Note 10.3		
- becoming due and payable within one year		52,496,819	60,995,812
- becoming due and payable after more than one year		4,404,472	5,010,000
Cash at bank, cash in postal cheque accounts, cheques and cash in hand	Note 11		
Securities		15,355,135	21,417,662
Cash at bank		75,845,558	144,513,137
Total Current Assets		**626,319,930**	**544,071,676**
Deferred charges	Note 12	**12,464,398**	**26,646,084**
Total Assets		**2,043,593,362**	**1,566,689,422**

LIABILITIES	Notes	2011 €	2010 €
Capital and reserves	Note 13		
Subscribed capital		90,962,900	84,450,000
Share premium		387,028,449	255,686,349
Consolidated reserves		332,622,094	240,585,899
Results brought forward		6,724,672	70,562
Consolidated result for the financial year, group share		**100,055,292**	**105,569,536**
Total Capital and reserves, group share		**917,393,407**	**686,362,347**
Minority interests		**188,314,488**	**59,276,650**
Total Capital and reserves		**1,105,707,895**	**745,638,997**
Capital investment subsidies	Note 14	**3,315,094**	**3,974,185**
Provisions			
Provisions for pensions and similar obligations	Note 15.1	86,928,253	86,375,273
Provisions for taxation	Note 15.2	26,892,043	27,848,439
Other provisions	Note 15.3	67,731,923	76,036,125
Total Provisions		**181,552,219**	**190,259,837**
Non-Subordinated debt			
Amounts owed to credit institutions	Note 16		
- becoming due and payable within one year		121,911,078	38,371,480
- becoming due and payable after more than one year		103,445,065	159,432,845
Payments received on account of orders insofar as they are not shown separately as deductions from inventory	Note 17		
- becoming due and payable within one year		20,845,602	15,496,877
- becoming due and payable after more than one year		-	-
Debts to trade creditors	Note 18		
- becoming due and payable within one year		281,174,235	262,012,578
- becoming due and payable after more than one year		108,963	114,027
Amounts owed to undertakings with which the company is linked by virtue of participating interests	Note 19		
- becoming due and payable within one year		14,197,222	37,070,030
- becoming due and payable after more than one year		-	-
Tax and social security debts	Note 20		
Tax debts		45,697,453	9,002,328
Social security debts		3,227,364	2,147,291
Deferred income tax	Note 21	47,458,744	41,872,327
Other creditors	Note 22		
- becoming due and payable within one year		13,370,421	5,967,923
- becoming due and payable after more than one year		73,035,512	12,444,084
Total Non-Subordinated debt		**724,471,659**	**583,931,791**
Deferred income	Note 23	**28,546,494**	**42,884,612**
Total Liabilities		**2,043,593,362**	**1,566,689,422**

2 Consolidated profit and loss account for the year 2011

from 1st January to 31st December	Notes	2011 €	2010 €
Sales	Note 24	2,485,460,407	1,534,134,277
Other operating income	Note 25	20,994,580	19,790,486
Own work capitalized		15,452,984	12,935,828
Cost of sales	Note 26	(2,092,970,079)	(1,237,400,519)
Personnel expenses	Note 27	(126,063,756)	(88,640,168)
Other operating expenses	Note 28	(86,345,325)	(63,356,374)
Ordinary operating profit (EBITDA)		**216,528,811**	**177,463,529**
Depreciation	Notes 4, 6, 7	(67,624,719)	(45,447,379)
Operating profit (EBIT)		**148,904,092**	**132,016,151**
Financial income	Note 29	4,662,619	6,292,519
Income from investments carried at cost	Note 29	9,800,574	10,145,171
Share in result of companies accounted under the equity method	Note 30	14,583,930	14,201,275
Financial expenses	Note 29	(12,448,535)	(9,891,367)
Earnings before tax		**165,502,681**	**152,763,748**
Current income tax	Note 31	(41,873,232)	(37,095,572)
Deferred income tax	Note 31	(5,240,508)	(2,780,036)
Result for the financial year		**118,388,940**	**112,888,140**
Minority interests		(18,333,648)	(7,318,605)
Result for the financial year, group share		**100,055,292**	**105,569,536**

3 Consolidated cash flow statement for the year 2011

from 1st January to 31st December	2011 €	2010 €
Result for the financial year, group share	100,055,292	105,569,536
+ Minority interests	18,333,648	7,318,605
+ Amortization and depreciation	67,624,719	45,447,378
+ / - Change in provisions	(7,936,313)	(7,500,437)
- Share in result of companies accounted under the equity method	(14,583,930)	(14,201,275)
+ Dividends received from companies accounted under the equity method	16,272,540	16,476,067
+ Current and deferred income taxes	47,113,740	39,875,608
- Taxes paid	(42,483,719)	(35,097,805)
- Increase / (+) Decrease in current assets	(139,949,226)	(75,716,653)
+ Increase / (-) Decrease in current liabilities	32,710,507	111,367,724
Operating cash flow	**77,157,259**	**193,538,749**
- Capital expenditures on intangible assets	(27,242,045)	(58,005,826)
+ Cash received from the reclassification of intangible fixed assets (see note 6)	35,177,334	-
- Capital expenditures on tangible assets	(110,085,400)	(86,093,570)
- Impact of change in scope	(271,124,715)	(49,356,023)
+ Cash received from disposal of fixed assets	4,471,227	2,536,694
- Capital expenditures on financial assets	(51,702,442)	(69,603,570)
+ / - Change in loans to participations	(398,071)	1,154,160
Cash flow from investing activities	**(420,904,113)**	**(259,368,137)**
- Dividends paid to the group shareholders	(80,047,352)	(80,007,930)
- Dividends paid to the minorities of consolidated companies	(12,829,744)	(8,098,988)
+ Increase in equity	334,342,025	42,263,513
- Net change in financial liabilities	27,551,818	(21,299,658)
+ Cash from new loans (scope change)	-	36,169,285
Cash Flow from financing activities	**269,016,748**	**(30,973,778)**
CHANGE IN CASH	(74,730,106)	(96,803,165)
Situation at the beginning of the year	165,930,800	262,733,965
Situation at the end of the year	91,200,693	165,930,800

4 Notes to the consolidated annual accounts

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Statement of conformity and preparation base

The consolidated annual accounts of Enovos International S.A. (the "Enovos Group") for the years that ended on 31st December 2010 and 2011 have been prepared in accordance with current Luxembourg legal and regulatory requirements. These principles comply with the EU's 4th directive.

The group's consolidated accounts have been prepared under the historical cost convention.

Comparability

In order to further improve the presentation of the consolidated annual accounts, management has recorded some reclassification in equity and liabilities in 2011. The consolidated accounts of 2010 have been reclassified accordingly.

Note 1 - Summary of accounting principles

Judgement and use of estimates

The preparation of consolidated annual accounts requires estimates and assumptions to a) determine the value of assets and liabilities, b) assess market trends at the closure date of the accounts, and c) estimate annual income and costs.

Due to the elements of uncertainty inherent in any valuation process, the group revises its estimates on the basis of information that is updated regularly. Future results for the operations in question may differ from estimates.

Significant estimates made by the group in drawing up consolidated annual accounts are based mainly on the evaluation of provisions, in particular for litigation and as concerns pension obligations, financial instruments and net profit earned but not yet booked.

Management estimates that intercompany transactions are in line with market conditions.

Current / non-current classification

The group presents current and non-current assets and current and non-current liabilities separately on the balance sheet. Regarding most of the group's activities, the key criterion for classification is the length of time before the asset is received or the liability settled: an asset or liability is classified as current if this period is less than 12 months and non-current if it is greater than 12 months.

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 consolidated 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. Similarly, the dividends shown in the parent company's results are replaced by the parent company's share of the results of the equity-reported company. 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 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.

Revenue recognition

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.

Currency translation

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 fixed assets

Intangible fixed assets are booked at their acquisition price and are depreciated over their estimated useful lives.

Computer licences are amortised over their estimated useful lives.

Goodwill related to the acquisition of a customer base is amortised over the estimated useful life.

Advance payments made according to long-term contracts giving a right of energy supply are recorded as intangible assets, and are amortised on a linear basis over the period during which the right of energy supply is granted.

Intangible fixed assets are reviewed for impairment on annual basis.

Tangible fixed assets

Tangible fixed assets are valued at initial cost less accumulated depreciation.

Tangible fixed assets are booked at their acquisition price or at construction cost.

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 fixed assets are as follows:

Electricity transformation substation buildings: 50 years
Overhead electric lines: 33 years
Underground electric cables: 25 years
Substation and electric transformer equipment: 20 years
Industrial buildings: 25 years
High pressure gas tubes: 50 years
Low pressure gas tubes: 35 years
Gas stations: 30-35 years
Meters: 10-15 years
Cogeneration plants: 20 years
Commercial vehicles: 5 years
IT equipment: 5 years

Tangible fixed assets in course of construction are valued at cost, based on the direct and indirect costs incurred by the company.

Tangible fixed assets are reviewed for impairment on annual basis.

Investments carried at cost

Investments carried at cost are recorded in the balance sheet at their acquisition cost and may be written down as required.

Inventories

Inventories are recorded at the lower of their historical cost and their net realisable value. Historical cost is calculated on the basis of the weighted average cost. Value adjustments are made in respect of old inventory items or items with low rotation.

Works and contracts in progress equate to services being performed and to be invoiced to third parties. These services are valued at cost, based on the direct and indirect costs incurred by the company. Instalments invoiced to customers during construction in progress are recorded in the balance sheet as Payments received on account of orders.

Trade debtors

Trade debtors in respect of sales and services provided are recorded at their nominal value. They are written down when there is a risk of partial or total non-recovery. Amounts recorded in the balance sheet are net of any write-downs.

Cash at bank, cash in postal cheque accounts, cheques and cash in hand

Cash includes liquidity, short-term investments that are considered liquid and convertible to a known cash amount and other assets held for transactions that are valued at the closing of the financial year at the lower value of cost or market. Value changes are recognised in profit or loss.

Provisions

A provision is booked as soon as a requirement (legal or implicit) exists whose settlement is likely to lead to an outflow of economic resources and which can be reliably estimated. The best estimate of the amount necessary to settle a current obligation is used as valuation base.

Different group companies have granted their personnel a supplementary pension scheme. The cost of the benefits granted to personnel is calculated according to the actuarial projected unit credit method. Actuarial gains and losses are recognised and booked as income or cost in the year in which they arise.

Current and deferred income tax

Provisions for current income tax include the current charged taxes. 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.

Approval of the company consolidated annual accounts

The consolidated annual accounts were prepared by the Board of Directors on 20th April 2012 and will be submitted for approval to the Annual General Meeting on 8th May 2012.

Presentation of consolidated accounts

The consolidated annual accounts have been prepared under the historical cost convention in accordance with Luxembourg legal and regulatory requirements applicable to commercial companies. The company believes that the layout adopted for the profit and loss account is more suitable to the international investor base of the company.

Note 2 - Creation of the new Enovos Group

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. 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 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 for the German market, Enovos Deutschland AG, and Creos Luxembourg S.A. has a subsidiary for the German grid, Creos Deutschland GmbH.
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.
An extraordinary dividend of EUR 100,000,750 was distributed by Creos Luxembourg S.A. as part of the buyout of Creos Luxembourg S.A. by Enovos International S.A. Cegedel Net S.A. was merged into Cegedel S.A. and Creos Luxembourg S.A. acquired Creos Deutschland GmbH, resulting from the merger of Saar Ferngas Transport GmbH with the German grid activities of Saar Ferngas AG.

Note 3 - Authorisations

In accordance with the two European directives 2003/54 and 55 of 26th June 2003 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 1st August 2007 in Luxembourg 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 electric or gas power generation and sale.

In the context of the restructuring, all the authorisations have been granted according to this legal framework.

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. During 2010 and 2011, the group has recognised goodwill on the following acquisitions (see also note 5):

		Goodwill Gross value €	Goodwill Net value €
Trelder Berg GmbH	1st January 2010	11,698,283	10,138,512
Surré S.A.	1st January 2010	989,661	857,706
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	1st May 2010	14,871,586	13,219,188
Creos Luxembourg S.A.	1st May 2010	9,285,305	8,253,605
La Benâte S.à r.l.	1st July 2010	1,771,954	1,594,759
Enovos Solar Investment I S.r.l.	1st October 2010	805,849	738,695
Enovos Solar Investment II S.r.l.	1st November 2010	3,035,199	2,799,128
Enovos Energie Deutschland GmbH	1st January 2011	7,221,109	6,739,702
Enovos Balance Deutschland GmbH	1st January 2011	75,000	70,000
Leo S.A.	6th January 2011	21,157,085	19,746,613
Biopower Tongeren NV	22nd June 2011	64,382	62,236
Solarkraftwerk Ahorn GmbH & Co.Kg	1st November 2011	148,429	146,780
Ferme Eolienne de la Côte du Gibet S.à r.l.	2nd November 2011	51,800	48,922
Windpark Wremen GmbH & Co.Kg	16th November 2011	647,949	644,349
Soler S.A.	6th December 2011	431,250	428,854
		72,254,841	65,489,048

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

	31/12/2011 €	31/12/2010 €
Gross value at beginning of year	42,457,837	-
Change in consolidation scope	29,797,004	42,457,837
Gross value at end of year	72,254,841	42,457,837
Value adjustment at beginning of year	(2,025,723)	-
Value adjustment for year	(4,740,070)	(2,025,723)
Value adjustment at end of year	**(6,765,793)**	**(2,025,723)**
Net value at end of year	65,489,048	40,432,114

Note 5 - Scope of consolidation and list of consolidated companies

The consolidation scope is as follows as at 31st December 2011:

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	75.43%	75.43%	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	96.88%	96.88%	Supply of power and gas
Creos Deutschland GmbH	Germany	96.88%	73.08%	Transport and distribution of gas
EnergieSüdwest AG	Germany	51.00%	49.41%	Supply of power, gas and heat
EnergieSüdwest Netz GmbH	Germany	51.00%	49.41%	Transport and distribution of gas, power, water and heat
Lan Tec Gebäudetechnik Management GmbH	Germany	51.00%	49.41%	Supply of heat / Provider of services in gas and power
Enovos Services GmbH	Germany	100.00%	96.88%	Facility management
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 Energy 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

During the year, the group completed a number of transactions to which it was already committed in 2010 (see also note 4):

- Acquisition of 100% of Leo S.A. from the City of Luxembourg against issuance of new shares and cash payments for a total amount of EUR 149,940,712. A goodwill of EUR 21,157,085 has been recognised on that acquisition.

- Acquisition of BKW Energie GmbH and BKW Balance GmbH from BKW FMB Energie AG for EUR 10,805,000. BKW Balance GmbH (renamed Enovos Balance Deutschland GmbH) was subsequently sold to BKW Energie GmbH which was then renamed Enovos Energie Deutschland GmbH. Goodwills of EUR 7,221,109 and EUR 75,000 respectively were recognised on these two acquisitions.

- As of 15th April 2011, Enovos Luxembourg S.A. acquired the remaining 10% of the shares of Luxgas S.à r.l. from Creos Luxembourg S.A. and subsequently merged with Luxgas S.à r.l. as of 30th June 2011. The goodwill on first consolidation recognised on 1st May 2010 was transferred to Enovos Luxembourg S.A.

During the year, the group increased the equity of La Benâte Energies S.à r.l. by EUR 1,650,000.

On 2nd November 2011, Enovos Luxembourg S.A. acquired Ferme Eolienne de la Côte du Gibet S.à r.l., a company which is going to construct a wind farm near Souilly in France. A goodwill of EUR 51,800 was recognised on that acquisition.

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
Ceduco 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
Airportenergy 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
Pfalzgas GmbH	Germany	50.00%	48.44%	Supply of energy
Projecta 14 GmbH	Germany	50.00%	48.44%	Holding company
energis GmbH	Germany	28.06%	27.19%	Supply of energy
geo x GmbH	Germany	50.00%	24.70%	Production of geothermal energy
Ferngas Nordbayern GmbH	Germany	20.00%	19.38%	Supply of energy
Biopower Tongeren NV	Belgium	24.90%	24.90%	Production of power
Windpark Wremen GmbH & Co. KG	Germany	40.00%	29.26%	Production of power
SK Ahorn GmbH & Co. KG	Germany	39.00%	26.44%	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 June 2011, Enovos Luxembourg S.A. acquired a 24.9% stake in Biopower Tongeren NV in Belgium, a biogas plant located in Tongeren, Belgium, providing heat and electricity through maize fermentation. A goodwill of EUR 64,382 was recognised on that transaction (see note 4).

- As of 6th December 2011, Soler S.A. expanded its activities and Enovos Luxembourg S.A. decided to contribute its participation in the 3 windparks of Wandpark Burer Bierg S.A., Wandpark Kehmen-Heischent S.A., and Wandpark Gemeng Hengischt S.A. into Soler S.A. SEO S.A. further contributed their wind production assets in Windpower S.A. and Wandpark Bënzelt S.A. A goodwill of EUR 431,250 was recognised on that transaction (see note 4).

- Increase in equity of EUR 2,000,000 in Datacenterenergie S.A., which produces heat and electricity for a data center facility.

- Increase in equity of EUR 13,626,774 in Aveleos S.A., a joint venture to develop, operate and bring to the market photovoltaic plants in Italy.

- Acquisition of 20% of Windkraftwerk Wremen GmbH&Co.KG by EnergieSüdwest AG and 20% by Enovos Deutschland AG. A goodwill of EUR 647,949 was recognised on that transaction (see note 4).

- Acquisition of 23.9% of Solarkraftwerk Ahorn GmbH & Co. KG by EnergieSüdwest AG and 15.1% by Enovos Deutschland AG. A goodwill of EUR 148,429 was recognised on that transaction (see note 4).

Note 6 - Intangible fixed assets

	Licenses and projects	Goodwill and trademarks	Intangible fixed assets under development	31/12/2011	31/12/2010
	€	€	€	€	€
Gross value at beginning of year	32,587,648	1,530,000	81,250,139	115,367,787	56,385,208
Additions during year	4,968,883	-	22,273,162	27,242,045	57,969,201
Disposals during year	(56,249)	-	0	(56,249)	(37,210)
Transfer during year	2,124,792	-	(35,283,318)	(33,158,526)	36,626
Change in consolidation scope	2,946,826	120,000,000	68,002	123,014,827	1,013,963
Gross value at end of year	**42,571,899**	**121,530,000**	**68,307,985**	**232,409,884**	**115,367,787**
Value adjustment at beginning of year	(27,579,517)	(637,500)	-	(28,217,017)	(26,037,719)
Value adjustment for year	(3,247,513)	(8,318,750)	(1,769,754)	(13,336,017)	(2,123,909)
Amounts released for year	(1,090,576)	-	-	(1,090,576)	-
Change in consolidation scope	(1,844,468)	(16,000,000)	-	(17,844,468)	(55,390)
Value adjustment at end of year	**(33,762,075)**	**(24,956,250)**	**(1,769,754)**	**(60,488,079)**	**(28,217,017)**
Net value at end of year	**8,809,824**	**96,573,750**	**66,538,231**	**171,921,805**	**87,150,769**

In January 2011, the City of Luxembourg contributed its electricity and gas grid assets into Creos Luxembourg S.A. (see note 34). In this context, the City of Luxembourg has contributed into the company intangible fixed assets for a net amount of EUR 770,430. These movements are included in the captions "Transfer during year" and "Amounts released for year".

In the context of the acquisition of Leo S.A., the group acquired intangible assets worth EUR 120,000,000, representing the goodwill of Leo S.A.'s customer base, which is depreciated over 15 years.

The group is participating in the construction of the 11th turbine at the Vianden pumping station of SEO (see also note 35). From a tax point of view, this investment qualifies as a finance lease and consequently has been recorded as a finance lease in accounting as well (in the caption "Other creditors", see note 22). In 2011, the financing agreement with SEO has been replaced by a bank financing, based on which the advance payments previously made to SEO, for a total amount of EUR 35,177,334 have been reimbursed in 2011 and the asset has been reclassified under tangible assets in course of construction (see also note 7).

Under a contract signed with RWE, total advance payments for EUR 65,710,545 (2010: EUR 44,144,851) related to the acquisition of a 50 MW tranche in two pulverised coal fired power plants have been made by the end of 2011 (see also note 35).

The group recognised an impairment of EUR 824,537 in the context of its activities within Enovos Eisenhüttenstadt GmbH & Co. KG and EUR 945,217 for capitalised loan costs within Enovos Solar Investment II S.r.l.

Note 7 - Tangible fixed assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets in course of construction	31/12/2011	31/12/2010
	€	€	€	€	€	€
Gross value at beginning of year	135,181,243	1,188,366,885	74,630,146	67,633,038	1,465,811,312	1,327,414,012
Additions during year	352,790	44,864,839	9,911,010	79,057,427	134,186,066	41,655,861
Disposals during year	(66,711)	(1,162,321)	(1,574,229)	(1,611,716)	(4,414,977)	(2,499,484)
Transfer during year	2,025,460	359,960,522	5,730,253	(23,593,346)	344,122,889	50,898,863
Change in consolidation scope	319,005	142,614	970,306	2,750,000	4,181,925	48,342,061
Gross value at end of year	**137,811,787**	**1,592,172,538**	**89,667,486**	**124,235,403**	**1,943,887,215**	**1,465,811,312**
Value adjustment at beginning of year	(55,185,877)	(723,056,141)	(62,581,155)	-	(840,823,173)	(791,488,551)
Value adjustment for year	(4,635,300)	(39,738,167)	(5,167,423)	-	(49,540,890)	(41,182,372)
Amounts released for year	63,518	(144,482,895)	(3,003,629)	-	(147,423,006)	(6,461,153)
Change in consolidation scope	-	-	(678,349)	-	(678,349)	(1,691,097)
Value adjustment at end of year	**(59,757,659)**	**(907,277,204)**	**(71,430,557)**	**-**	**(1,038,465,419)**	**(840,823,173)**
Net value at end of year	**78,054,129**	**684,895,334**	**18,236,930**	**124,235,403**	**905,421,796**	**624,988,139**

In January 2011, the City of Luxembourg contributed its electricity and gas grid assets into Creos Luxembourg S.A. (see note 34). In this context, the City of Luxembourg has contributed into the company tangible fixed assets for an amount of EUR 185,229,570. In accordance with the agreement, a price adjustment of EUR 6,126,323 has been recorded during the year. These movements are included in the captions "Transfer during year" and "Amounts released for year".

As of 31st December 2011, the group has recognised an amount of EUR 59,278,000 in its accounts, representing its participation in the construction of the 11th turbine at the Vianden pumping station of SEO S.A. (see notes 6 and 22). This amount is posted under the caption "Payments on account and tangible assets in course of construction" and a corresponding amount of EUR 59,278,000 is posted under the caption "Other creditors becoming due and payable after more than one year" (see also note 35). During the year, EUR 24,100,666 were added to the caption.

In 2011, the depreciation policies of Creos Deutschland GmbH were harmonised with those of the group. Value adjustment for the year increased by an amount of EUR 4.9 million, of which EUR 3.7 million are related to prior years.

Note 8 – Financial fixed 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:

	31/12/2011 €	31/12/2010 €
energis GmbH	38,208,353	38,319,793
Aveleos S.A. (*)	29,747,225	16,921,993
Pfalzgas GmbH	20,477,363	20,505,620
Projecta 14 GmbH	19,150,754	18,304,023
Ferngas Nordbayern GmbH	17,412,930	17,069,517
artelis S.A.	13,600,517	13,423,326
Twinerg S.A.	8,376,971	7,895,540
Soler S.A.	5,102,715	1,240,756
Datacenterenergie S.A.	3,459,828	2,668,265
Windpark Wremen GmbH & Co. KG	1,174,556	-
SK Ahorn GmbH & Co. KG	1,453,292	-
Cegyco S.A.	1,339,310	1,592,485
Global Facilities S.A.	996,231	1,012,095
Biopower Tongeren NV	408,716	-
NordEnergie S.A.	145,139	136,460
Steinergy S.A.	77,510	74,311
Wandpark Burer Bierg S.A.	-	506,853
Wandpark Kehmen-Heischent S.A.	-	811,631
Wandpark Hengischt S.A.	-	814,999
Airportenergy S.A.	(137,309)	(179,723)
geo X GmbH	(430,521)	(111,643)
Ceduco S.A.	(1,679,433)	(1,025,357)
	158,884,145	139,980,943

* Aveleos S.A. has been consolidated under the equity method based on the consolidated annual accounts prepared under the international accounting standards (IFRS) corrected by the hedge accounting effects.

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 2011:

			2011		2010
Name	**Country**	**Percentage owned**	**"Net value €"**	**Percentage owned**	**"Net value €"**
Stadtwerke Bad Kreuznach GmbH	Germany	24.55%	15,000,000	24.55%	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%	4,038,647	24.90%	3,880,926
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%	2,186,915
Kiowatt S.A.	Luxembourg	50.00%	1,400,000	50.00%	25,000
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%	835,204	10.67%	835,204
Solar Kraftwerk Kenn GmbH	Germany	25.10%	833,079	25.10%	833,079
SüdwestStrom WP GmbH	Germany	29.00%	750,000	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	30.00%	397,500	-	-
EnergieSüdwest GasVertrieb GmbH	Germany	10.00%	386,000	10.00%	386,000
Stadtwerke Lambrecht GmbH	Germany	14.13%	231,739	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	-	-
Enovos Future GmbH	Germany	100.00%	100,000	100.00%	100,000
Windpark Meckel-Gilzem GmbH&Co.KG	Germany	34.00%	50,340	-	-
Blue Wizzard BG GmbH	Germany	100.00%	50,000	100.00%	50,000
SSG Saar Service GmbH	Germany	10.00%	32,565	10.00%	32,565
Windpark Gimpweiler&Mosb. GBR	Germany	60.00%	31,065	60.00%	26,103
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	-	-
Neustromland Beteiligungs GmbH	Germany	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
C-Gen NV	Netherlands	5.00%	5,400	5.00%	5,400
GasLINE Geschäftsführungs GmbH	Germany	4.50%	1,278	4.50%	1,278
Neustromland GmbH & Co. KG	Germany	100.00%	500	-	-
VG Offenbach GmbH & Co.KG	Germany	100.00%	100	-	-
Forward Forst	Germany	16.31%	1	-	-
ETM GmbH Erdgas-Transport-Management i.L.	Germany	-	-	32.30%	300,000
Energiekontor Windpower GmbH & Co. ÜWP WER II KG	Germany	-	-	19.38%	301,761
SK Ahorn Nord GmbH & Co. KG	Germany	-	-	14.63%	422,532
SK Ahorn Süd GmbH & Co. KG	Germany	-	-	14.63%	309,168
			61,663,089		61,291,926

Note 9 - Inventories

This caption comprises mainly a natural gas inventory site operated by Enovos Deutschland AG near the town of Frankenthal in Germany. No value adjustment has been recorded in 2011 (2010: EUR 301,458).

Note 10 - Debtors

10.1. Trade debtors

Trade receivables are mainly related to energy sales.

	31/12/2011 €	31/12/2010 €
Trade receivables - Gross value	399,485,593	216,068,709
Value adjustment	(10,256,735)	(11,145,706)
Trade receivables - Net value	**389,228,858**	**204,923,003**

10.2. Amounts owed by undertakings with which the company 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 receivables

At the end of 2010, German tax authorities owed the group a withholding tax of EUR 23,747,759. This withholding tax has been reimbursed during the first quarter 2011.

Further EUR 22,076,931 are tax advances paid in Germany (2010: EUR 20,752,496).

This caption also includes a tax receivable in Luxembourg of EUR 18,813,676 relative to the years 2006 to 2011.

Note 11 - Cash at bank, cash in postal cheques, cheques and cash in hand

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

In 2010, this caption included the payment of EUR 14,700,000 for the acquisition of BKW Energie GmbH (renamed Enovos Energie Deutschland GmbH) and BKW Balance GmbH (renamed Enovos Balance Deutschland GmbH) Germany, effective as of 1st January 2011.

In 2011, the caption mainly includes prepayments related to virtual gas storage and leasing fees.

Note 13 - Capital and reserves

As at 31st December 2011, the share capital of Enovos International S.A. amounted to EUR 90,962,900. It was fully paid-up and represented by 909,629 ordinary shares (2010: 844,500 shares), with a nominal value of EUR 100 per share and with no preferential rights.

Consolidated capital and reserves, group share

	31/12/2010	Distribution of dividends	Appropriation of profit	Change in scope		Other		Profit of year	31/12/2011
				Increase	Decrease	Increase	Decrease		
	€	€	€	€	€	€	€	€	€
Subscribed capital	84,450,000					6,512,900			90,962,900
Share premium	255,686,349					131,342,100			387,028,449
Consolidated Reserves	240,585,899		18,868,074	196,487,025	(125,872,812)	2,553,907	0		332,622,094
Legal Reserve	*8,445,000*		*651,290*						*9,096,290*
Reserve of 1st consolidation	*(52,934,034)*				*(337,025)*				*(53,271,059)*
Consolidation reserves	*220,142,782*		*18,216,784*	*196,487,025*	*(125,535,787)*	*2,553,907*			*311,864,712*
Other reserves	*64,932,152*								*64,932,152*
Retained earnings	70,562		6,654,110						6,724,672
Profit for the year	105,569,536	(80,047,352)	(25,522,184)					100,055,292	100,055,292
Total shareholder's equity Group share	**686,362,347**	**(80,047,352)**	**(0)**	**196,487,025**	**(125,872,812)**	**140,408,907**	**0**	**100,055,292**	**917,393,407**
Minority interest	59,276,650	(12,829,744)		125,535,787	(94,853)	(774)	(1,906,225)	18,333,648	188,314,488
Total shareholder's equity	**745,638,997**	**(92,877,096)**	**(0)**	**322,022,812**	**(125,967,665)**	**140,408,133**	**(1,906,225)**	**118,388,940**	**1,105,707,895**

The main movements in the variation of shareholder's equity are related to the acquisition of Leo S.A. and the integration of the gas and electricity grid of the City of Luxembourg (see also notes 5, 6, 7 and 34).

On 6th January 2011, the meeting of the shareholders of Enovos International S.A. decided to issue 65,129 new shares with a nominal value of EUR 100 each that have been fully subscribed by the City of Luxembourg for a total value of EUR 137,855,000, in exchange of a contribution in kind of Enovos Luxembourg S.A. shares owned and acquired following the contribution of all the shares of Leo S.A. in Enovos Luxembourg S.A.

That same date, the meeting of the shareholders of Creos Luxembourg S.A. decided to increase its equity by EUR 196,150,000 to pay for the integration of the electricity and gas grid of the City of Luxembourg.

The dilution of the group in the shareholding of Creos Luxembourg S.A., and consequently of Creos Deutschland GmbH, leads to a decrease in consolidation reserves of EUR 125,535,787 and to the corresponding increase in the minority interests.

Note 14 - Capital investment subsidies

Enovos Deutschland AG and EnergieSüdwest AG have received capital investment subsidies for the investment in their gas grids. These are depreciated over 20 years.

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 Provisions for taxation

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. 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 existed;
- 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 loss-making subsidiary;
- 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 this five-year period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

In accordance with paragraph 8a of the law dated 16th October 1934 as amended, Enovos International S.A. will opt for the reduction of the net wealth tax due for the year 2011 by setting up a special reserve equal to five times the amount of the net wealth tax reduced. Enovos International S.A. has decided to set up and maintain in its accounts the special reserve for the companies included in the scope of the fiscal unity.

15.3 Other provisions

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

	31/12/2011 €	31/12/2010 €
Provisions for regulatory and environmental risks	35,115,162	36,424,010
Provisions for purchases	11,992,536	10,332,163
Provisions for staff costs	10,999,179	6,537,162
Provisions for derivatives	234,063	5,369,771
Provisions for litigation	255,000	118,938
Provisions for maintenance costs	12,900	1,718,762
Other provisions	9,123,084	15,535,318
	67,731,923	76,036,125

Note 16 - Amounts owed to credit institutions

The financial payables break down as follows:

	31/12/2011 €	31/12/2010 €
Non-current financial liabilities due to financial institutions		
due within one to five years	83,984,931	121,325,250
due in more than five years	19,460,134	38,107,595
Current financial liabilities due to financial institutions		
due within one year	121,911,078	38,371,480

Note 17 – Payments received on account of orders

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

Note 18 - Debts to trade creditors

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

Note 19 - Amounts owed to undertakings with which the company 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 20 - Tax and social security liabilities

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

Note 21 - 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 22 - Other creditors

"Other creditors" are short-term debts due mostly within a year. The group has a long-term liability to the city of Landau of EUR 11,675,000 (2010: EUR 11,783,000) in the context of the acquisition of EnergieSüdwest AG. 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 59,278,000 has been posted under this caption in 2011 (see note 7).

Note 23 - Deferred income

In 2010, this caption included advance payments in relation with the acquisition of Leo S.A., effective as of 6th January 2011.

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

Note 24 - Sales

Sales break down as follows:

	2011 €	2010 €
Sales electricity	1,163,224,698	388,906,218
Sales gas	1,074,348,880	989,639,275
Other energy sales	25,250,396	24,490,233
Grid sales electricity	101,215,402	31,321,826
Grid sales gas	58,102,511	63,220,906
Other sales	65,152,935	38,087,348
Rebates & discounts	(1,834,414)	(1,531,529)
Total sales	2,485,460,407	1,534,134,277

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 "cost of sales".

Geographical sales break down as follows:

	2011 €		2010 €	
Luxembourg	1,566,096,622	46.5%	967,504,753	55.11%
Germany	1,672,010,817	49.7%	765,335,335	43.59%
France	120,148,599	3.6%	22,635,746	1.29%
Other countries	6,857,336	0.20%	239,676	0.01%
Total sales	**3,365,113,374**	**100%**	**1,755,715,510**	**100%**
Intercompany sales	(879,652,966)		(221,581,233)	
Total net sales	**2,485,460,407**		**1,534,134,277**	

Note 25 - Other operating income

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

Note 26 - Cost of sales

	2011 €	2010 €
Electricity supplies	1,464,047,247	895,111,006
Trading sales	(542,088,060)	(654,655,512)
Gas supplies	982,932,779	882,259,509
Other supplies	186,815,856	101,130,606
Derivatives	1,262,256	13,554,910
Total cost of sales	2,092,970,079	1,237,400,519

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 "Cost of sales", as well as the realised profit or loss and the unrealised loss on derivative financial instruments.

Note 27 - Personnel expenses

The group had on average of 1,294 employees in 2011 (2010: 969). The figure in 2011 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A. (180 employees), the costs of which are shown under wages and salaries for EUR 15,114,901 as at 31st December 2011.

Personnel expenses break down as follows:

	2011 €	2010 €
Salaries	103,239,937	70,434,758
Social security	11,359,076	8,407,773
Pensions	11,457,544	9,780,470
Miscellaneous social costs	7,199	17,167
Total personnel expenses	**126,063,756**	**88,640,168**

Note 28 - Other operating expenses

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

Note 29 - Financial income, financial expenses and income from investments carried at cost

Financial income is mostly interest received on short-term bank deposits. Income from investments carried at cost relates to dividends received from unconsolidated entities. Financial expenses are mostly interest paid on short-term bank deposits.

Note 30 - 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:

	2011 €	2010 €
energis GmbH	7,158,860	7,279,320
Ferngas Nordbayern GmbH	3,769,604	3,426,190
Pfalzgas GmbH	2,975,185	2,985,842
artelis S.A.	1,100,941	1,132,491
Twinerg S.A.	1,010,891	1,867,884
Projecta 14 GmbH	846,731	(484,400)
Global Facilities S.A.	254,136	381,741
Cegyco S.A.	96,824	381,127
Airportenergy S.A.	42,414	66,743
Wandpark Gemeng Hengischt S.A. (*)	41,297	38,335
Wandpark Kehmen-Heischent S.A. (*)	34,001	37,034
Solarkraftwerk Ahorn GmbH&Co.KG	13,025	-
NordEnergie S.A.	11,679	3,541
Steinergy S.A.	7,510	3,627
Windpark Wremen GmbH&Co.KG	5,127	-
Biopower Tongeren NV	426	-
Wandpark Burer Bierg S.A. (*)	(108,313)	(44,683)
geo x GmbH	(318,877)	(148,200)
DataCenterEnergie S.A.	(415,637)	(589,026)
Soler S.A.	(486,277)	(57,946)
Ceduco S.A.	(654,076)	(835,360)
Aveleos S.A.	(801,542)	(1,242,984)
Total	**14,583,930**	**14,201,275**

(*) for the period from 1st January to 30th November (date of deconsolidation)

Note 31 - 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 32 - 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 550,000 in 2011 (2010: EUR 395,500). The remuneration paid in one year mainly relating to the attendance to the administration and management bodies of the prior year, the amounts paid in 2011 and relating to 2010 attendance have increased, as 2010 was the first full year in operation for the Enovos Group. 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.

Audit and audit-related fees for the year 2011 amount to EUR 376,569 (2010: EUR 365,587).

Note 33 - Financial derivatives

The group is further engaged in spot and forward electricity and gas trading on organised markets and by private sale. 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.

Derivative financial instruments – Sell positions

	31/12/2011 €
Financial derivatives on electricity futures	93,811,735
Swap on coal	6,874,620
Other financial derivatives	1,768,584
Total	**102,454,938**

Derivative financial instruments – Buy positions

	31/12/2011 €
Financial derivatives on electricity futures	86,781,908
Swap on coal	6,226,388
Other financial derivatives	218,855
Total	**93,227,151**

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

	31/12/2011 €	
	Nominal value	Fair value
Financial derivatives on electricity futures	2,604,338,260	7,029,827
Swap on coal	148,843,061	648,232
Other financial derivatives	57,637,998	1,549,729

Note 34 - Note on City of Luxembourg transaction

Extraordinary general meetings of Enovos International S.A., Enovos Luxembourg S.A. and Creos Luxembourg S.A. were held on 6th January 2011, which approved the contribution of the gas and electricity networks of the City of Luxembourg into Creos Luxembourg S.A., and of the energy sales activities of the City of Luxembourg (Leo S.A.) into Enovos Luxembourg S.A. As these contributions were made by issuing new shares in the respective group companies, the ownership structure of the Enovos group companies has changed as of 6th January 2011, the main changes being the following: the City of Luxembourg owns a total of 8% of the share capital of Enovos International S.A., all existing shareholders being diluted accordingly.

In connection with the integration of the City of Luxembourg grid activities into those of Creos Luxembourg S.A., the following operations have been realised in 2011.

On 6th January 2011, an extraordinary general meeting of Creos Luxembourg S.A. was held, which approved the contribution of the gas and electricity networks of the City of Luxembourg to Creos Luxembourg S.A.

In this context, the City of Luxembourg has contributed into Creos Luxembourg S.A. tangible assets for a net amount of EUR 186,000,000 (see notes 6 and 7) and a cash amount of EUR 10,150,000 (paid and recorded as accruals and deferred income as of 31st December 2010). This contribution was made by issuing new shares of Creos Luxembourg S.A. The capital increased by EUR 39,770,260 and the share premium by EUR 156,379,740. In accordance with the agreement, a price adjustment of EUR 6,126,323 has been recorded during the year.

The City of Luxembourg thus became a new shareholder of Creos Luxembourg S.A. with a 20% participation in the company. Through this transaction, the percentages of ownership of the other shareholders in Creos Luxembourg S.A. respectively became 75.43% (Enovos International S.A.), 2.28% (State of Luxembourg), 2.18% (other municipalities), and 0.10% ("Fédération des Artisans").

Note 35 - Off-balance sheet liabilities and commitments

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

Enovos International S.A. has signed a bank guarantee for Solarkraftwerk Kenn GmbH, a 25.1% subsidiary of Enovos Deutschland AG, for an amount of EUR 6,505,314 (2010: EUR 6,869,070).

In 2010, Enovos International S.A. entered into a swap agreement in order to hedge the bank loan of EUR 150,000,000 and to lock-in the interest rate for the remaining maturities of EUR 90,000,000 from 2012 to 2014. As at 31st December 2011, the net fair value of the hedge is EUR -758,293.

As of 23rd May, 2011, Enovos International S.A. has entered into three interest rate swaps (IRS) for an aggregate nominal amount of 200 million and with a final maturity in 2019, 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 of 31st December 2011, the fair value of the three IRS amounts to EUR -16.7 million. Due to the hedging nature of the investment, the fair value has not been recorded in the profit and loss account as of 31st December 2011, but will be deferred over the lifetime of the underlying long-term financing. Management is confident that a long-term financing will be arranged during the first half of 2012.

As of 30th December 2011, Enovos International S.A. entered into a swap agreement in order to hedge part of the credit facility for EUR 21,269,878 granted to Enovos Luxembourg S.A. for the refinancing of a bank loan of EUR 28,100,000 of one of its photovoltaic participations and to lock-in the interest rate for the maturities of 2012 to 2026.

During 2011, Enovos Luxembourg S.A. concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The company thus has contracted purchase commitments for electricity and gas amounting to EUR 520 million as of 31st December 2011 (2010: EUR 251 million). The amount of the above forward purchase contracts include only forward contracts signed with counterparties and not contractual purchase commitments with local producers whose prices are not known in advance. Enovos Luxembourg S.A. also committed to buy an annual 100 MW band of electricity from a local producer until 31st December 2015.

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 2011, the total nominal value of these swaps was EUR 0.8 million (2010: EUR 4 million).

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 10,262,187 as at 31st December 2011 (2010: EUR 9,945,468).

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 company committed to finance the bank loan contracted by SEO for the part of its rights in the Vianden pumping station. In addition, under a contract signed with RWE for the acquisition of a 50 MW tranche in two pulverised coal fired power plants, one final instalment will be paid in 2012. In total for the two projects, the company is still committed to pay a remaining principal amount of EUR 46,632,000.

Enovos Luxembourg S.A. further entered in 3 CO_2 swaps transactions in order to hedge the power procurement prices under the RWE agreement (see paragraph above). As at 31st December 2011, the net fair value of the swaps transactions is EUR – 1.16 million.

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.

Enovos Luxembourg S.A. 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 12,272,857 (2010: EUR 3,199,464).

There was a disagreement over the invoices that have been issued by Amprion GmbH (formerly RWE Transportnetz Strom GmbH) to Cegedel Net S.A. (merged in 2009 into Creos Luxembourg S.A.) since January 2006, corresponding to the transport in Germany of quantities concerning electricity supply from Twinerg S.A. to Cegedel S.A. In February 2011, the two parties Amprion GmbH and Creos Luxembourg S.A. have concluded a settlement agreement according to which the latter paid EUR 3.8 million to settle the issue with Amprion GmbH for costs accrued until end of 2008.

As per a further agreement dated 12th November 2008 between Creos Luxembourg S.A. and Amprion GmbH, the latter, as from 1st January 2009 on, invoices the transport costs to Creos Luxembourg S.A., which re-invoices them to Twinerg S.A. No agreement has been reached yet with Twinerg S.A. for the payment of these invoices. The management of Creos Luxembourg S.A. considers that the ultimate resolution of this issue will require further negotiations with all the parties involved.

Enovos Solar Investment I S.r.l. has leasing obligations in the context of operating its photovoltaic parks for a total amount of EUR 18.7 million (2010: EUR 18.9 million) maturing in 2029.

Note 36 - Significant events after closing of accounts

No major post balance sheet event has occurred.

5 Independent auditor's report on the consolidated annual accounts

To the Shareholders of Enovos International S.A.

Report on the consolidated annual accounts

Following our appointment by the General Meeting of the Shareholders dated 10 May 2011, we have audited the accompanying consolidated annual accounts of Enovos International S.A., which comprise the consolidated balance sheet as at 31 December 2011, 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 and presentation of the consolidated annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation 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 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation 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.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Jeannot WEYER

Luxembourg, 20th April 2012

V Summarised Annual Accounts of Enovos International S.A.

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. Corporate services costs are reallocated to group companies based on specific keys or individual projects.

As the group holding company is centralising the financing for the group companies, the management of the company follows net financial debt and gearing ratio as key performance indicators. To do so, management implemented the adequate treasury tools and ensures a strict cash flow follow-up, including monthly forecasting, to support the development of the group.

As of 31st December, net financial debt reaches EUR 79,631,411, leading to a gearing of 11.1% so that no credit risk exists in the short and medium-term period.

2011 Highlights

The meeting of the shareholders decided as of 6th January 2011 to issue 65,129 new shares with a nominal value of EUR 100 that have been fully subscribed by the City of Luxembourg for a total value of EUR 137,855,000 in exchange for a contribution in kind of Enovos Luxembourg S.A. shares owned by the City of Luxembourg and acquired following the contribution of all the shares of Leo S.A. to Enovos Luxembourg S.A.

As of 31st December 2011, the shareholding in Enovos International S.A. is as follows:

State of Grand-Duchy of Luxembourg	231.405 shares	25,44%
ArcelorMittal Luxembourg S.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 City of Luxembourg	72.770 shares	8,00%
Electrabel S.A.	42.800 shares	4,71%
TOTAL	909.629 shares	100,00%

During the year 2011, the company established a long-term loan facility with Enovos Luxembourg S.A. of EUR 28,100,000 in the context of the refinancing of one of its photovoltaic participations in Italy. Total drawdowns as at 31st December 2011 amounted to EUR 28,054,653. As of 31st December 2011, the net cash amount managed on behalf of the subsidiaries with which the company entered into a cash pooling agreement is EUR 74,133,521 EUR (2010: EUR 39,538,008). The dividend payments of EUR 80,047,352 and the reimbursement of the long-term loan of EUR 30,000,000 led to a decrease in cash and cash equivalents from EUR 81,203,496 to EUR 39,518,413 and an increase in amounts owed to credit institutions becoming due and payable within one year from EUR 30,852,991 to EUR 57,872,900 between the end of 2010 and the end of 2011.

In 2011, the operating income amounted to EUR 31,159,883 (2010: EUR 15,591,163) 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 all the subsidiaries and re-invoiced through a transparent and systematic allocation key.

Income from financial fixed assets reached EUR 42,332,054 (2010: EUR 93,892,405). It should be noted that the 2010 figure was largely made up of a dividend payout by Enovos Luxembourg S.A. of EUR 60,037,920, whereas the dividend paid by Enovos Luxembourg S.A. in 2011 amounted to EUR 20,411,166.

Interest receivables of EUR 2,053,486 (2010: EUR 1,432,402) are related to the interests paid by the subsidiaries in the context of the cash pooling. Remuneration rate is at market conditions (Euribor 1 month + margin of 0.60%). Other financial revenues of EUR 540,769 (2010: EUR 1,509,403) are mainly related to the interests received from the current accounts and deposit accounts.

As a consequence of the lower income from financial fixed assets mentioned above, results for the financial year decrease to EUR 40,318,252, compared to EUR 89,552,752 in 2010 in spite of the increased operating income.

No major event affected the financial situation of Enovos International S.A. since 31st December 2011.

Outlook

The company will provide further financing means to realise the ambitious development plan of its subsidiaries, especially for the investments of Enovos Luxembourg S.A. Management is confident that a long-term financing will be arranged in the first half of 2012.

Annual accounts

The company's financial year runs from 1st January to 31st December each year. The company also prepares and publishes consolidated accounts as required by law.

General principles

The annual accounts have been prepared in accordance with Luxembourg legislation and regulations and generally accepted accounting principles. Pursuant to Article 29 paragraph 2 of the law of 19th December 2002, the presentation of the company's annual accounts takes account of the specific nature of the company.

Balance sheet as at 31st December 2011

ASSETS	2011 €	2010 €
Fixed assets		
Intangible fixed assets		
Concessions, patents, licences and trademarks	2,330,995	1,664,791
Tangible fixed assets		
Land and buildings	10,350,346	10,705,010
Other fixtures and fittings, tools and equipment	3,842,920	2,220,234
Payments on account and tangible assets in course of construction	12,313	903,239
Financial fixed assets		
Shares in affiliated undertakings	763,066,817	625,211,817
Amounts owed by affiliated undertakings	30,134,426	-
Shares in undertakings with which the company is linked by virtue of participating interests	30,670,763	30,670,763
Amounts owed by undertakings with which the company is linked by virtue of participating interests	5,441,433	6,241,433
Total Fixed Assets	845,850,013	677,617,288
Current assets		
Debtors		
Trade debtors		
- becoming due and payable within one year	23,345	23,345
- becoming due and payable after more than one year	-	-
Amounts owed by affiliated undertakings		
- becoming due and payable within one year	72,313,577	62,509,985
- becoming due and payable after more than one year	23,296,000	17,906,000
Amounts owed by undertakings with which the company is linked by virtue of participating interests		
- becoming due and payable within one year	5,535	-
- becoming due and payable after more than one year	-	-
Other receivables		
- becoming due and payable within one year	11,936,989	10,000,338
- becoming due and payable after more than one year	-	-
Cash at bank, cash in postal cheque accounts, cheques and cash in hand	**39,518,413**	**81,203,496**
Total Current Assets	147,093,859	171,643,164
Deferred charges	638,133	610,911
Total Assets	993,582,005	849,871,363

LIABILITIES	2011 €	2010 €
Capital and reserves		
Subscribed capital	90,962,900	84,450,000
Share premium	387,028,449	255,686,349
Legal reserve	9,096,290	8,445,000
Other reserves	183,141,164	180,941,164
Results brought forward	6,724,672	70,562
Result for the financial year	**40,077,678**	**89,552,752**
Total Capital and reserves	717,031,153	619,145,827
Provisions		
Provisions for pensions and similar obligations	8,775,726	7,411,048
Provisions for taxation	3,250,118	3,250,118
Other provisions	1,394,861	800,000
Total Provisions	13,420,705	11,461,166
Non-Subordinated debt		
Amounts owed to credit institutions		
- becoming due and payable within one year	57,872,900	30,852,991
- becoming due and payable after more than one year	61,276,924	90,000,000
Debts to trade creditors		
- becoming due and payable within one year	3,584,794	3,504,463
- becoming due and payable after more than one year	-	-
Amounts owed to affiliated undertakings		
- becoming due and payable within one year	138,503,550	94,158,684
- becoming due and payable after more than one year	-	-
Amounts owed to undertakings with which the company is linked by virtue of participating interests		
- becoming due and payable within one year	649,056	-
- becoming due and payable after more than one year	-	-
Tax and social security debts		
Tax debts	466,506	29,491
Social security debts	385,290	362,097
Other creditors		
- becoming due and payable within one year	391,127	356,644
- becoming due and payable after more than one year	-	-
Total Non-Subordinated debt	263,130,146	219,264,369
Deferred income	-	-
Total Liabilities	993,582,005	849,871,363

Profit and loss account for the period

From 1st January to 31st December 2011

	2011 €	2010 €
Sales	0	0
Other operating income	31,519,882	15,591,163
Other external charges	(31,062,148)	(19,848,489)
Ordinary operating profit (EBITDA)	**457,734**	**(4,257,326)**
Depreciation	(2,191,279)	(1,430,850)
Operating profit (EBIT)	**(1,733,545)**	**(5,688,177)**
Other interest and financial income	2.594.254	2.941.805
Income from financial fixed assets	42,332,054	93,892,005
Financial expenses	(3,804,086)	(2,692,882)
Earnings before tax	**39,388,678**	**88,452,752**
Current income tax	689,000	1,100,000
Result for the financial year	**40,077,678**	**89,552,752**

Proposed appropriation of net profit

The profit available for appropriation of EUR 49,805,350 includes the net profit for the year of EUR 40,077,678, the reversal of the blocked reserve (wealth tax) of EUR 3,003,000 and the profit brought forward of EUR 6,724,672.

The Board of Directors proposes to the Annual Shareholders' Meeting on 8th May 2012 the following appropriation of net profit:

	€
Dividend of 53.00 euros per share*	48,210,337
Allocation to the legal reserve	0
Allocation to the blocked reserve	1,400,000
Allocation to other reserves	
Amount carried forward	195,013
	49,805,350

* Number of shares: 909,629

Ernst & Young has been appointed as independent auditor for fiscal year 2011 by the annual ordinary shareholders' meeting on 10th May 2011.

Enovos International Annual Report is published in French and English.

Only the English version may be considered the original; others are simply free translations.

We would like to thank all those involved in the preparation and publication of this annual report.

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