2013

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 (31.12.2013)
Registered office: Esch-sur-Alzette
Luxembourg Trade and Companies'
Register B11723

Annual General Meeting of 13th May 2014

Caption

- decentralised energy
- eco.mobility
- smart home
- smart grid
- biogas
- photovoltaic
- wind energy

Nature already holds the answers to our future problems. Enovos is committed to producing more biogas as an alternative to conventional energy. Produced by fermenting different types of organic matter and displaying an almost neutral carbon footprint, biogas can be used to produce heat and electricity or even be injected into the natural gas network.

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Because our children can already feel the wind of change, we are putting even more emphasis on the latest forms of renewable energy. For Enovos, wind energy can contribute significantly to reaching the 2020 targets concerning climate protection. Wind energy has similar production costs to conventional energy production.

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 and treasury, legal, information technologies, human resources, accounting, insurance, 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 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 clients, be they retail, commercial, industrial or institutional, is, as always, a key driver in the managerial decisions of all group companies.

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

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

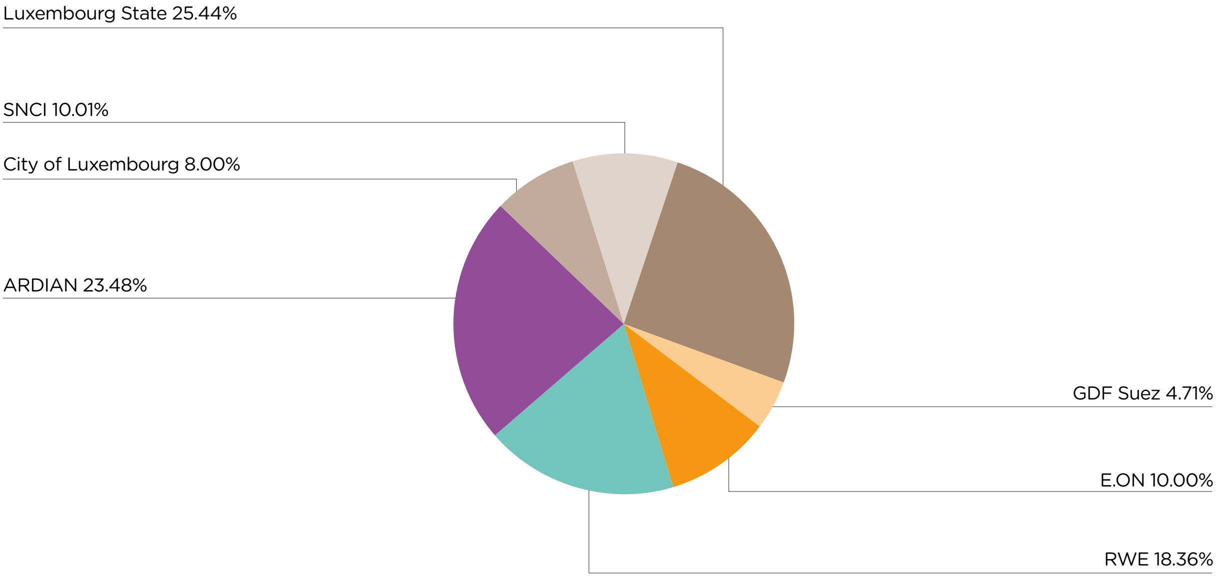
2 Group structure

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

The company's issued share capital is set at 90,962,900 Euros.

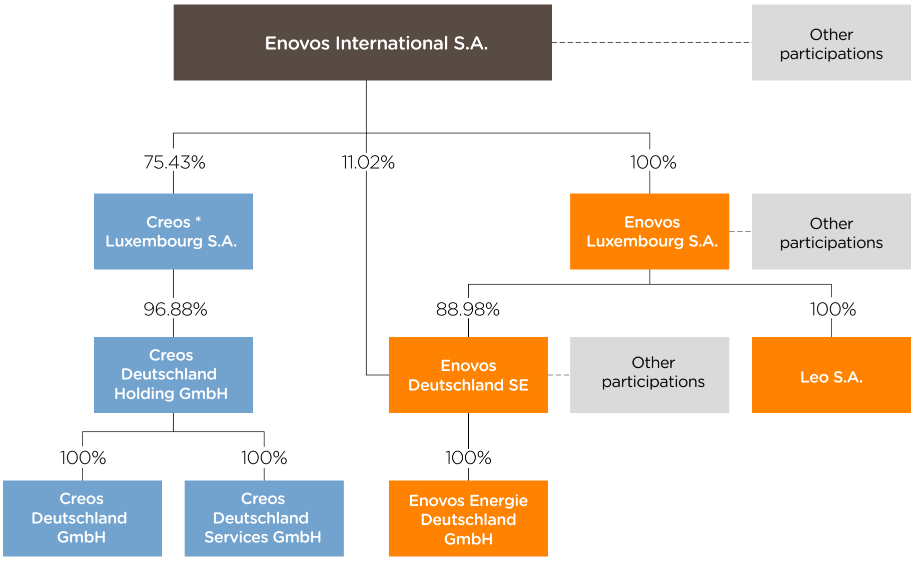
The current shareholding of Enovos International S.A. is as follows:

The shareholding



State of the Grand Duchy of Luxembourg	25.44%
ARDIAN (AXA Redilion ManagementCo S.C.A.)	23.48%
RWE Energy Beteiligungsverwaltung GmbH	18.36%
SNCI (Société Nationale de Crédit et d'Investssiement – State owned)	10.01%
E.ON Ruhrgas International GmbH	10.00%
Administration communale de la Ville de (City of) Luxembourg	8.00%
GDF Suez (Electrabel S.A.)	4.71%
Total	**100.00%**

The group structure is shown below:



* Creos Luxembourg S.A. owns 0.05% own shares.

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

Enovos Luxembourg S.A., Leo S.A. and Enovos Deutschland SE with its subsidiaries, as well as other related participations, are active in the fields of production, purchase and resale of natural gas, electric power and renewable energy sources. Related activities to this core business, like the supply of heat and energy services, as well as the enhanced move into new technologies and commercial products or services are also provided by the Enovos companies and subsidiaries.

The energy network operators, Creos Luxembourg S.A. and Creos Deutschland GmbH, operate in the fields of energy transport, distribution and grid management. The grid companies provide all required business in the regulated domains of the electric power and natural gas sectors. Besides, they offer adjacent technical services to the consumers connected to the networks. In the latter context, Creos Deutschland was restructured in 2013. The Creos mother company in Germany was renamed Creos Deutschland Holding GmbH, and its grid assets and activities as well as its employees were transferred into a new subsidiary, Creos Deutschland GmbH, as of 1st of January 2013. Another subsidiary, Creos Deutschland Services GmbH, was established in October 2013 and is fully operational since 1st of January 2014. Its purpose is to offer not regulated energy services on the non-regulated market.

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

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

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

3 Summary of consolidated accounts (under Lux GAAP)

The scope of consolidation consists of 49 companies, out of which 33 are fully consolidated and 16 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 million euros)	**2013**	**2012**
Total assets	2,538.0	2,226.2
Fixed assets	1,653.4	1,466.8
Capital and reserves, group share	993.9	963.6
Capital and reserves, total	1,199.4	1,157.5
Debenture loans and amounts owed to credit institutions	452.7	297.1
Sales (excl. trading)	2,950.6	2,641.7
EBITDA	193.9	163.3
EBIT	111.3	90.3
Net profit for the financial year	96.7	117.6
Thereof minority interests	*21.3*	*20.2*

A strong recovery of the operational results despite falling electricity market prices

Despite still an overall difficult economic environment, the group managed to further grow its sales to EUR 2,950.6 million in 2013, an increase of 11.7% compared to 2012, mainly in Germany and France.

The EBITDA of EUR 193.9 million also shows a significant recovery of the operational business of the group compared to EUR 163.3 million in 2012. This positive impact in operations is attributable to both increased sales, as well as to the renegotiation of long-term gas supply contracts, which had been the main source of the lower operating results in 2012. The results further improved from the increased contribution of the grid activities as a consequence of the strong investments done mainly in Luxembourg, partially offset by the negative impact of the lower power prices on the sales activities in the German market.

The net profit for the year of EUR 96.7 million is below the previous year, EUR 117.6 million, a decrease of EUR -20.9 million. Excluding the exceptional result of EUR 39.5 million realised in 2012 on the sale of a minority participation in Germany, the consolidated net profit for the financial year exceeds the 2012 net profit by EUR 18.6 million.

Further growth of the group's consolidated balance sheet

In 2013, the group further grew the consolidated balance sheet, increasing the total fixed assets from EUR 1,466.8 million to EUR 1,653.4 million largely from continued investments in the grids and power generation capacities and in the renewable sector, a total of EUR 270 million. Consequently, to partially finance these investments, the consolidated financial indebtedness (Debenture loans and amounts owed to credit institutions) increased from EUR 297 million in 2012 to EUR 453 million in 2013.

The group's total capital and reserves also continued to increase to EUR 1,199.4 million (2012: 1,157.5 million), representing 47% of the total assets (52.0% in 2012). The sound balance sheet structure will allow the group to pursue on its growth path, in line with its strategy to further invest in securing and modernising its current grid infrastructure as well as in increasing its capacity of renewable energy generation.

4 Corporate governance bodies in 2013

Board of Directors of Enovos International S.A. as of 31st December 2013

Marco Hoffmann	Chairman
Benoît Gaillochet	1st Vice-Chairman
Tom Theves	2nd Vice-Chairman
Stephan Illenberger	3rd Vice-Chairman
Fernand Felzinger	Director
Peter Frankenberg	Director
André Gilbertz	Director
Charles Hutmacher	Director
Dr Uwe Leprich[2)]	Director
Patrizia Luchetta	Director
Arnold Neudeck	Director
Peter Pichl	Director
Dr Werner Roos[3)]	Director
Dr Geneviève Schlink[1)]	Director
Erik von Scholz	Director

1) The nomination of Dr Geneviève Schlink was unanimously ratified in the Annual General Meeting on 14th May 2013.
2) Dr Uwe Leprich is the permanent representative of the director "Administration communale de la Ville de (City of) Luxembourg".
3) Dr Werner Roos has been co-opted by the Board of Directors on 27th September 2013.

Resigned from their office on 27th September 2013:	Mr Tim Hartmann Mr Jean-Claude Knebeler

Marco Hoffmann

Executive Committee of Enovos International S.A.

The composition of the Executive Committee presents itself as follows:

Romain Becker	Co-Chairman of the Executive Committee Chief Executive Officer Creos Luxembourg S.A.
Jean Lucius	Co-Chairman of the Executive Committee Chief Executive Officer Enovos Luxembourg S.A.
Michel Schaus	Member of the Executive Committee Chief of Operational Support, Enovos International S.A.
Guy Weicherding	Member of the Executive Committee Chief Financial Officer, Enovos International S.A.

Romain Becker

Jean Lucius

Michel Schaus

Guy Weicherding

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 May 2013, Enovos International S.A. published its updated Corporate Governance Charter. 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 the Annual Report of Corporate Governance, published annually in May. The report presents the activity of the different bodies and departments in charge of governance and internal controlling.

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

5 Message of the Chairman and the Executive Committee

In a turbulent European energy market and an overall economic environment characterised by timid growth, the Enovos Group headed by its holding company, Enovos International S.A., has managed to adapt and to offer innovative solutions to a large customer base. Having finalised the integration phases, refined its services, optimised the competences and efficiency of its teams, the group has been able to concentrate on its main tasks in 2013: generating, supplying, transferring and distributing electricity, natural gas and renewable energy.

In order to prepare for the future and to strengthen its role as a major player in Luxembourg's Greater Region, the Enovos Group has outlined its strategic deliberations: "Vision 20-20" describes the Enovos Group's strategy until the year 2020. With respect to its commercial activity as an energy provider, Enovos' corporate strategy is based, amongst others, on four key areas of innovation: eco-mobility, energy efficiency, decentralised production and smart applications.

The grid operator Creos, for its part, focuses on the development of a high quality grid infrastructure in order to guarantee security of supply. Creos is a reliable operator and able to master the challenges of the future thanks to the new technologies of smart grids and smart meters.

The group has a solid financial structure to achieve the goals set out in Vision 20-20 and to promote investment in energy in the medium and long term.

Enovos, provider of solutions and innovative energy services

Enovos Luxembourg and its subsidiaries have upheld their market share and extended their business activities, especially in the areas of renewable energy and energy efficiency. In the course of 2013, the first projects outlined in the Vision 20-20 have been put into place. In the Grand Duchy, Enovos Luxembourg has launched the product "mobigas", a green natural gas to run natural gas-powered vehicles.

Last year, Enovos Luxembourg took a stake of 34% in City Mov', a young company offering car sharing services in Luxembourg's Greater Region. City Mov's offer is based on an automated and innovative management of electric, hybrid, and thermal vehicles, as well as stations for electrically assisted bicycles.

Improving customer consulting

In cooperation with other partners, Enovos Luxembourg has participated in setting up the "Learning Factory" to improve customer consulting. This organisation teaches business customers about new energy efficiency technology and optimisation in management. Enovos is also evaluating the carbon footprint of industrial clients and municipalities. Within the framework of the "climate pact", Enovos is establishing solar cadastres thus enabling the municipalities to evaluate the possibility of installing photovoltaic or thermal panels.

Strengthening renewable energy

Enovos Luxembourg has increased its stake to 50.98% in the Belgian company NPG energy. The partnership established with developers of renewable energy projects, such as NPG energy, intending to unlock additional added-value in becoming involved in projects at a very early development stage, is an integral part of Enovos's investment strategy. Apart from cooperating with NPG energy on the biogas plant in Tongeren, three more biogas production sites will be operational by summer 2014 and the St.Vith wind power installations will be expanded. With EUR 74 million invested in 2013 in renewable energy projects, the group has increased its energy production out of renewable assets by 34% compared to 2012, and is committed to continue to invest in renewable energy projects, thus further increasing the net installed capacity in the years to come.

In France, Enovos Luxembourg has become a member of the French Independent Association of Electricity and Gas (AFIEG). This renowned association provides new and independent expertise on energy issues in France and beyond its borders.

In the German market, the two sales subsidiaries, Enovos Deutschland AG and Enovos Energie Deutschland GmbH, have been consolidated into one single sales company. This merger allows Enovos Luxembourg and its, now sole, German sales subsidiary to ensure excellent service and reliable supply throughout Germany. The political decisions regarding the German energy transition bring energy providers such as Enovos face to face with the ambitious changes in the transition towards renewable energy.

Enovos, a civic company

Parallel to the business of providing energy, Enovos Luxembourg is eager to prove its social responsibility through its own foundation, placed under the aegis of the Fondation de Luxembourg. The Fondation Enovos actively favours, among other things, research linked to the environment and sustainable development. Together with the CRP Henri Tudor, it is managing a research project in the field of photovoltaic energy. This study will allow Enovos to make accurate regional predictions of photovoltaic production. Last year, the Fondation Enovos also awarded seven engineering students the "Prix d'Excellence". This initiative aims at promoting education and professional careers in engineering in Luxembourg.

Creos, creator of intelligent grids

Creos, part of the Enovos Group, is the owner and operator of natural gas and electricity grids in Luxembourg and Germany. The company is responsible for planning, establishing, maintaining, managing and repairing these networks. It employs some 750 people to operate this public service.

Not only do the 750 employees maintain the classic grids as we know them now, but they are also active in facilitating the transition towards a more "decarbonised" economy, thanks to a growing input of renewable energy. The rising number of wind turbines and solar panels linked to the electricity grid requires the grids to be run more intelligently to ensure that the supply remains stable, thus leaving room to integrate new technologies.

Globally, the strain of investment has increased greatly over the past years, the volume of work having doubled from 2011 to 2013. Grid investments amounted to EUR 135 million in 2013, and will remain at a high level of EUR 125 million per annum in the next five years, in order to sustain the high level of reliability already attained.

One characteristic of the new grids is an increased level of communication and data exchange. Creos Luxembourg is installing 300,000 new smart meters between now and 2020. Reading of these meters, change of power amperage and/or owner-/tenant ship can then be done without any physical presence. Simultaneously, customers will have more information about their energy consumption, encouraging them to monitor their bills thoroughly.

Controlling the flow of energy

Information technology will therefore play an increasing role in the planning of the grids. Creos will have to monitor a less centralised and a more sporadic regional input, generated by wind turbines and photovoltaic panels. Thanks to the development of smart grids, Creos together with the local suppliers will be in a position to optimise output, consumption and electricity storage on a local scale.

Creos is also involved in work on public recharging terminals for electric cars. Approximately 850 recharging terminals will be installed around the country in the next few years, with a view to promoting electric mobility in Luxembourg and thereby contributing to a reduction in CO_2 emissions in the transport sector.

Personnel - motivation and know-how

Confident of its experience, its knowledge of future challenges as well as the motivation and the know-how of its workforce, the Enovos Group shall continue to carry out its profession rigorously. In the following five years the group is investing more than a billion Euros, mainly in improving the grids and developing renewable energy. Particular importance will be placed on a vast programme of advanced training. The series of current and future initiatives aim at pursuing the objectives set out in the "Fit for future" improvement programme and shall increase the efficiency and the competitiveness of the group.

With approximately 1,400 employees, and managing more than 300,000 electricity and natural gas points of delivery, running over 9,000 km of electricity lines and more than 3,600 km of gas pipelines, the Enovos Group will successfully maintain its role as a major player in the energy market.

Because the future is being decided today, our challenge is to provide energy at the right time in the right place. Enovos is investing right now to find solutions for tomorrow.

II Business Context

1 The economic environment and energy markets

Over the course of 2013, the macroeconomic picture across the EU, as pertaining to GDP growth, was varied. With Germany showing a low, but stable 0.4% annual GDP growth and Belgium and France being estimated at 0.2%[e], respectively 0.3%[e], the economies most central to Enovos Group were still performing badly. In a surprise development, the UK (1.9%) managed to outshine Germany, which had hitherto been purported as the Eurozone's single well-performing economy, but suffered from weak intra-EU export activity due to the feeble growth rates of its European neighbours. The brighter mood in the US economy did therefore not translate into persistent growth in Europe, although equity markets rallied throughout the year, with investors taking fewer bad news to be equivalent to good news (all Figures EU Commission DG ECFIN).

The previously feared widening divergence in growth rates between the debt-ridden countries of the Southern periphery and the Northern EU did not materialise. In fact, there were signs that the former's situation was stabilising and that the countries in question were slowly emerging from the acute phase of the debt crisis. While much of this can arguably be attributed to the European stability mechanism, now fully established and operating in its second year, growth rate estimates for the indebted countries, with the exception of Ireland (0.3%[e]) left much to be desired: Greece (-3.7%[e]), Portugal (-1.6%[e]), Italy (-1.9%[e]) (all Figures EU Commission DG ECFIN).

All in all, a weak 2013 can nevertheless be considered a mildly successful year, as recovery in the heart of Europe is now expected to occur, albeit at a measured pace. For the first time in years, an upward tendency is observable (if only just) in the growth data. Labour market conditions are stabilising, with unemployment rates having stopped their upward climb in mid-2013. Looking at inflation, there are currently no signs either that years of expansionary monetary policy will be difficult to reign in, as harmonised consumer price index' inflation measured 1.5% in the EU and is well below the definition of price stability. Most fortunately, the feared contagion of central European economies from the debt crisis in the South did not occur. However, some risks of a prolonged, if only slight, deflationary scenario remain.

With sceptics claiming that the stronger growth prognosticated for 2014 (EU: 1.5%), had already been forecast for 2013 – and therefore a long-announced upswing keeps getting postponed, there is reason to be content with a situation that, while weak, at least shows no reason for downward tendencies gaining pace.

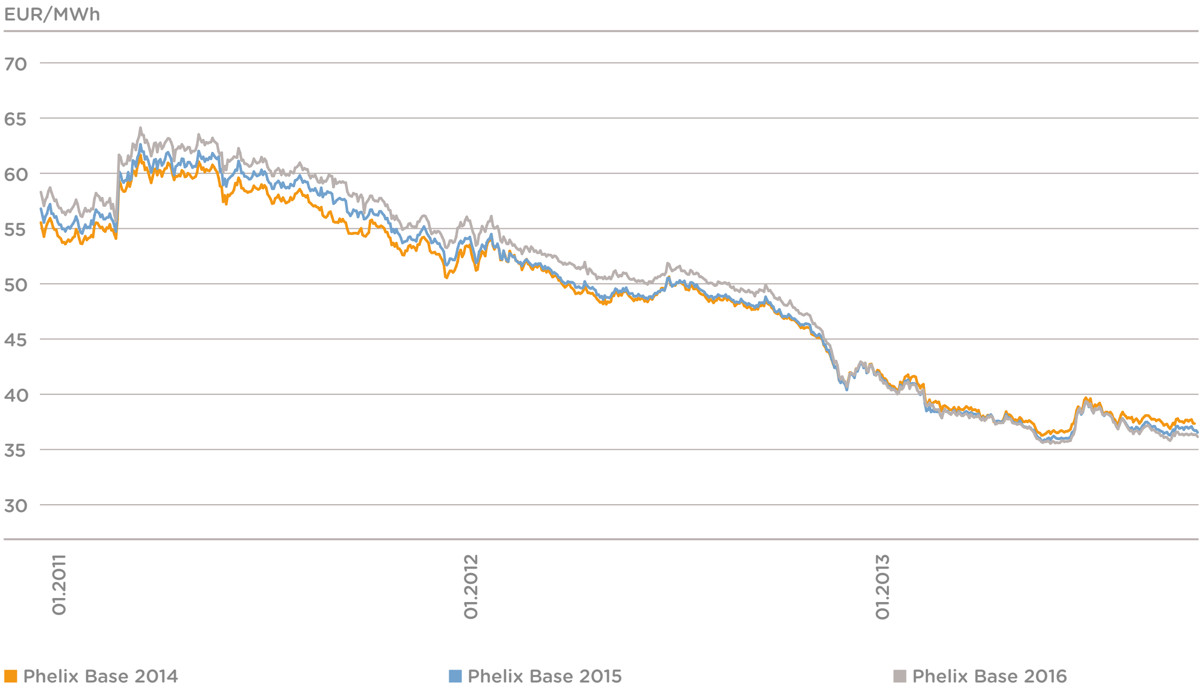
Macroeconomic growth in the Grand Duchy having seen a disappointing 2012[1], current forecasts see 2013 performance much improved at between 2.0% (STATEC) and 2.1% (EC DG ECFIN), due to a mix of public and private investments and a rise in net exports. This above-EU-average trend is forecast to persist into 2014 (2.2%) and 2015 (2.5%). In this positive environment, warnings abound not to ignore the structural changes that Luxembourg is undergoing, most notably employment creation (with the unemployment rate still edging upward) stemming in large part from structural weaknesses in a financial sector confronted by new, more transparent financial rules and deindustrialisation that has, it is hoped, bottomed out in 2013.

Despite the return to growth, headline inflation has been at a low 1.7% for the year.

The currency markets showed high volatility, especially with regard to the Euro-Dollar exchange rate, which was fuelled by an interplay of fundamental performance data from the US, the American Government shutdown and alternating announcements from the Federal Reserve Bank and ECB about the health of their respective economies and their intentions regarding interest rates, quantitative easing and bond buying. At the outset of the year the EUR rallied early on to 1.36 USD in February, following ECB statements on the improving health of the Eurozone economy and the Fed's decision to maintain the stimulus level in the US. The Euro was not to reach this level again until mid-October and instead dipped threefold in early April (1.27 – following ECB comments on the competitiveness of the Eurozone potentially suffering from the rapidly appreciating currency), mid-May (1.28 – as a result of the US FOMC considering an expansion of stimulus) and mid-July (1.27 – as hopes for an imminent tapering of quantitative easing in the US flared), each time followed by smaller recoveries. The Euro embarked on a strong upward climb starting in September, following a continued absence of tapering in the US and the US Government shutdown, reaching a high in late October at 1.38. After another downward correction, the Euro rallied again, as a result of the shock reduction of Eurozone interest rates, following the ECB's Nov 7th meeting. It ended the year at 1.38.

[1] 2012 GDP growth rate data was actually revised down from an initially reported 0.5% to -0.2%
[e] recent estimate at time of writing

Evolution of electricity base prices



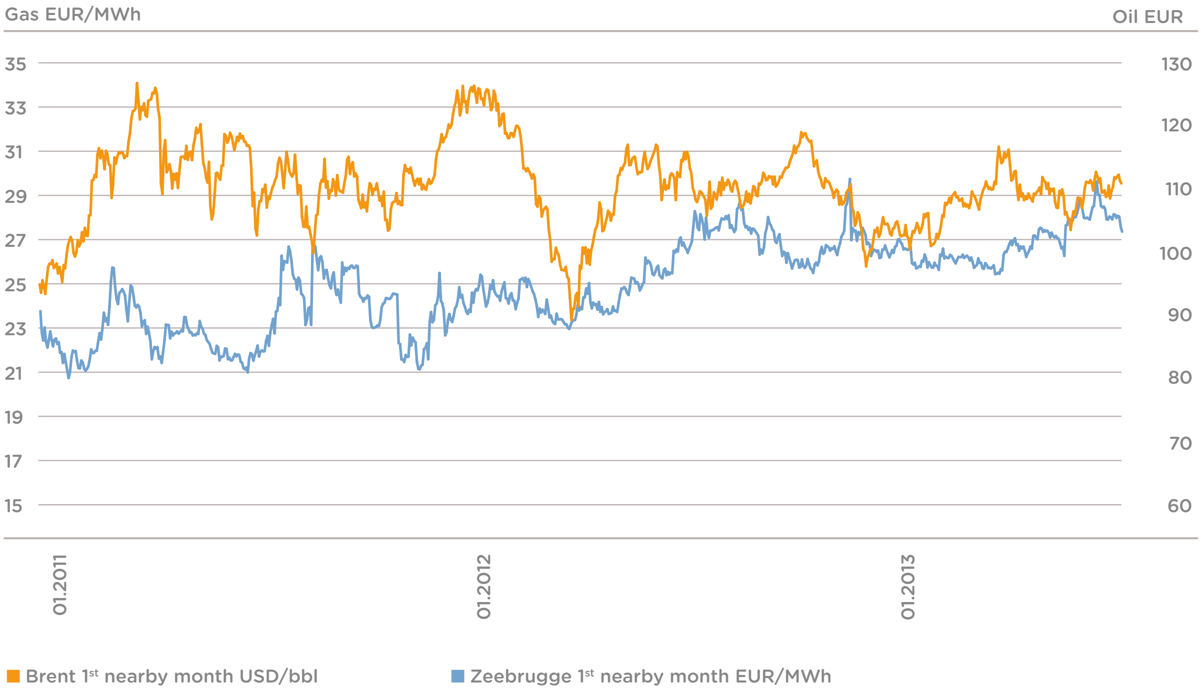
Much like in 2012, power prices in 2013 saw but one way: down, with futures contracts now almost superimposable for the front three years. The former originated in the continually weak situation of the European economies in 2013, while the latter marked a pronounced worry that a major uplift in the price from an industrial revival will likely be hard to come by over the course of the coming years.

The continued faster-than-prognosticated development of renewable energy sources in the EU, supported hitherto by governmental subsidies and feed-in priority, has seen prices shrink to a level, which now actively endangers those market participants, who are strongly engaged in spark-spread-dependent and not yet fully depreciated power plants, such as new CCGTs. It is perhaps not surprising, therefore, that political pressure to extend support to the European energy industry, for example by means of introducing capacity fees, has risen in recent months.

The downward trend in wholesale power prices does not translate into major savings for retail consumers. At the example of Germany, where the feed-in apportionment levy ("EEG-Umlage") imposed on all electricity consumers in order to finance feed-in tariffs has increased from 53 EUR/MWh at the end of 2013 to 62.3 EUR/MWh, the polemic on "making the energy transition affordable" has reached new heights, prompting the German governments to significantly reduce feed-in tariffs for new renewable powergen installations.

The situation for utilities remains difficult. Caught between a rock and a hard place, they are faced with shrinking revenues on renewable investments and highly unprofitable thermal generation (once supposed to be a peak-capable complement to renewables generation), making forays into new and innovative ways to service decentralised power generation close to the client almost indispensable.

Evolution of Brent versus natural gas spot prices



The development of gas and oil prices throughout 2013 has been all but flat, showing a mild correlation between oil and gas prices, albeit with a lag time of between 1-3 months.

Gas prices made only slight gains over the course of 2013, with just two upward spikes in late March and in the course of November to early December, before falling back to a level close to January prices. The March peak was caused by a surprise cold snap hitting most of Europe, while the climb of prices leading up to the December peak resulted from a combination of production outages in Norway, fears about below-seasonal temperatures and LNG supply difficulties in Southern Europe.

The remainder of the year, the variability of the gas price was minimal, reflecting the continued lacklustre situation in the European economies.

Evolution of CO_2 certificate prices over 2013

The year 2013 started with a major decline of certificate prices, reflecting the debate on the viability of the ETS system against the backdrop of excess certificates in the market, followed by a recovery in the second half of the year.

The decline continued initially over the course of the first quarter of the year, before discussions on the introduction of Backloading – i.e. the short term removal of certificates from the market and their reinjection at the end of the ETS period – intensified in Brussels. Said decline was fuelled by unconvincing economic growth, but also by the fact that, from the outset, too many CO_2 emissions certificates had been placed on the market, which was perceived to be a structural deficit of the system.

In the run-up to a July position paper of the European Parliament, prices rebounded, reflecting rumours that Backloading would be brought underway with effect of late 2013. Having been signed off by the COREPER in the European Council in November, it was finally voted on in December 2013 by the European Parliament. Passed with amendments, it thereby removed 900 million allowances from the market, starting 2014.

2 Grid activities

The electricity and natural gas networks - a regulated activity

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

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

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

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

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

Until 2012, network access tariffs had been defined on the basis of a "rate of return regulation" approach ensuring a certain financial return on investments made in networks. Since 2013, a new approach to the calculation of tolls is in place, based on the principle of capping controllable operational charges. Furthermore, the remuneration rates for invested capital have been revised downwards by approximately 10%.

This new approach following the principle of "incentive regulation" leaves an advantage to network managers if operational costs are limited so as to remain below the amounts resulting from indexation defined by the regulator, but with the risk of losses in the opposite case. This new method is applicable for a regulation period from 2013 to 2016. As a consequence, significant work has been performed within Creos Luxembourg S.A. in order to adapt its procedures to the new methodology.

Security of supply

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

Electricity

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

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

That is why Creos Luxembourg S.A. has collaborated with the managers of adjacent networks to continue studies dedicated to additional interconnection mainly with Belgium. These studies include the analysis of the impact of a new interconnector on network security and market integration. The challenge is to manage this new transit interconnection in collaboration with neighbouring operators while maintaining a guaranteed capacity for Luxembourg. In this context a Memorandum of Understanding has been signed with the Belgian grid operator Elia and final decisions on the interconnection investments are expected in 2014.

Natural gas

Within the context of the diversification of the supply of natural gas in Luxembourg and the integration of the energy markets, as recommended by the European Commission, Creos Luxembourg S.A. had launched in 2010 a market consultation to consider the interest in additional capacity from France to Luxembourg. This new interconnection point would be added to those from Germany and Belgium, now offering three supply routes to local markets and increasing the country's security of supply. The launch of the committal standardised Open Season procedure was launched in 2013 and showed little interest for suppliers. Accordingly, this project is on hold at this moment.

On the other hand, discussions on an integration of gas markets continued with the Belgian gas grid operator Fluxys in 2013. Those works confirmed the feasibility of a BeLux market integration with the objective of an improved market functioning and improved security of supply for Luxembourg. Final decisions in this respect are foreseen in 2014.

Non-discriminatory treatment of customers

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

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

The development of “smart grids”

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

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

Creos Luxembourg S.A. has tested several types of meters and communication technologies (“PLC” or power line carrier, radio frequency and fibre optics). It appears that “PLC” would be the best communication technology, combined with fibre optics to transmit the data to a central system operated by Luxmetering, a joint venture created by all Luxembourg grid operators to develop a common and unique platform in Luxembourg for smart meters. A large-scale test is planned for 2014 with general roll-out to start in 2015. It is planned to replace all electric and gas meters in Luxembourg by 2020.

Investment activities

Some EUR 125 million have been invested in 2013, mainly in the electricity grids. As a consequence of the above mentioned trends and objectives, the amount of Capex is foreseen to remain at a high level in the next years with an average value of some EUR 110 million per year in the period from 2014 to 2018.

Outlook

Creos Luxembourg S.A. will continue in 2014 and following years to implement a significant plan for investment and maintenance to modernise its networks in order to ensure their safety and reliability. The company will also actively prepare the introduction of so-called "smart" meters and "smart" grids.

Since 1st January 2013, a new "incentive" regulation is in force for a first application period until 2016, according to the ILR regulations E/12/05 (electricity) and E/12/06 (gas) as of 22 March 2012.

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

Enovos envisages an intelligent future for your home and is investing in the development of smart home applications. In the future this will enable an intelligent management of your house, thereby improving your energy balance and also guaranteeing you comfort and security.

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

1 Enovos International S.A.

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

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

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

In particular, the activities of the Human Resources Department, the Information Systems Department and the Group Finance Department are developed hereafter.

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

2 Human resources

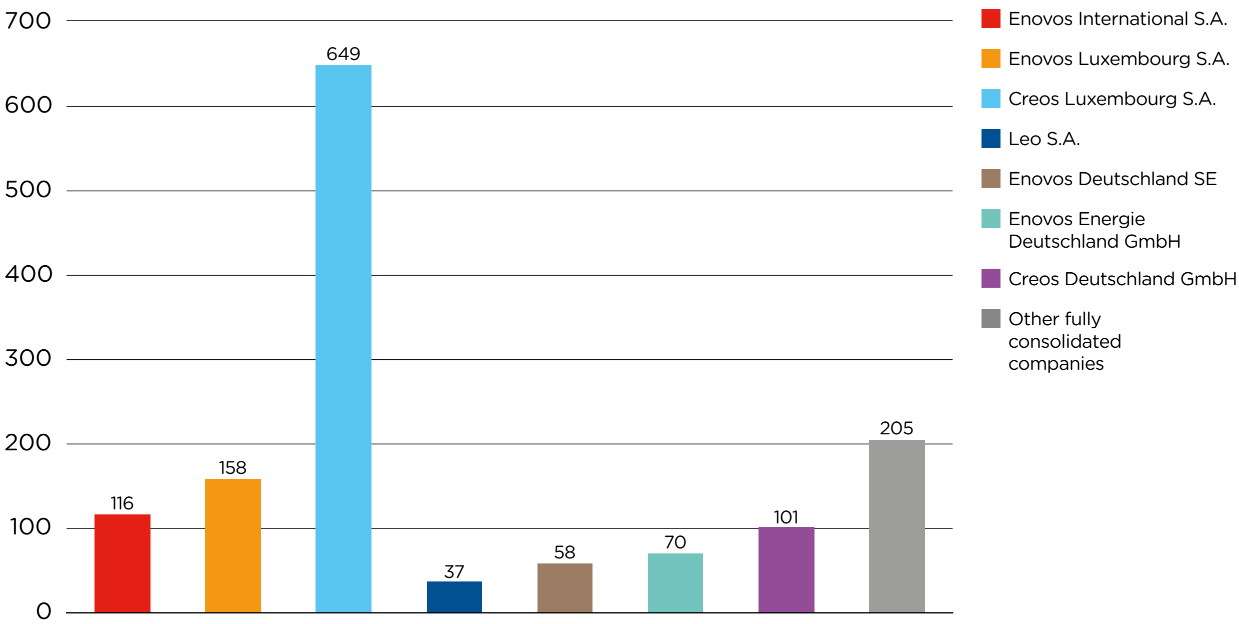
The activities of the Human Resources Department, being of central concern to the executive management, may be highlighted as follows:

Evolution of workforce and key figures

From the Human Resources perspective, the year 2013 has been challenging for all employees due to the ongoing merger integration, coupled with various projects in the commercial and technical areas.

The Enovos 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 2013 (Total: 1,394 employees)



Continuing professional development

Cherishing knowledge transfer and know-how and the ability of implementing change management as part of the integration process, the 2013 training budget has been adjusted correspondingly in order to assist all efforts.

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

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

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

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

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

Using the opportunity, we would like to thank and compliment all the qualified and competent employees for their strong commitment and contribution in 2013, their devotion to the implementation of the many important changes and their dedication to achieve the company's objectives.

3 Information systems

In its continuous efforts to develop and provide high quality, agile, scalable and high performing IT services to the different companies of the group, the Information Systems Department has defined the IS group strategy, which has been validated at the beginning of 2013 by the IS Governance Committee in a first draft form and will be developed further in 2014 in order to fully align to the corporate strategy Vision 20-20.

To achieve the IT strategy within the five coming years, the department is improving its process maturity level to ensure the IT team is trusted by the business lines to deliver value for money. In addition, the harmonisation and standardisation of IT infrastructure and shared applications will create additional synergies across the Enovos Group. The increase of the overall level of IT security with clear emphasis on confidentiality, integrity and availability on both organisational and technical aspects is another major element of the Enovos Group IT strategy. The implementation of a new cost reallocation scheme, corresponding to the needs of the various internal customers will improve financial transparency for IT across the group and will help to optimise overall IT costs. Another important element of the IT strategy is the implementation of the project roadmap, together with the different business lines, in order to achieve business objectives and as decided by the IS Governance Committee.

The main results achieved in those 5 domains for 2013 are the implementation of structured operational processes using the ITIL framework in order to serve efficiently and result-oriented, the definition and implementation of a first internal SLA/OLA with the Business IT Department of Enovos Luxembourg within the Moving Forward III project as well as the definition of a service catalogue with defined service and service levels to achieve.

Regarding cross country harmonisation of services, 3 projects were started in 2013: a globalised support project aiming at ensuring a coherent service desk approach and customer experience for all group locations, based on a managed service approach, an IT resource integration project to have all locations in Luxembourg and Germany on a same integrated company network, using the same integrated networks, servers, storage as well as a Windows7/Office2010 migration project with the objective of standardising the frontend equipment.

In the field of IT security, new network security platforms were implemented or improved and a business continuity plan project was started. Regarding the improvement of financial transparency, a globalised group IT budget was defined in 2013, combining the IS budget under the responsibility of IS and the different IT budgets from all group companies, Enovos and Creos, Luxembourg and Germany.

Finally, numerous projects introducing new business functionalities and improving the efficiency of operational processes across the group were implemented during 2013.

Fabien Bach
Head of Group Controlling

Alain Di Millo
Head of Group Risk Management

4 Group financing

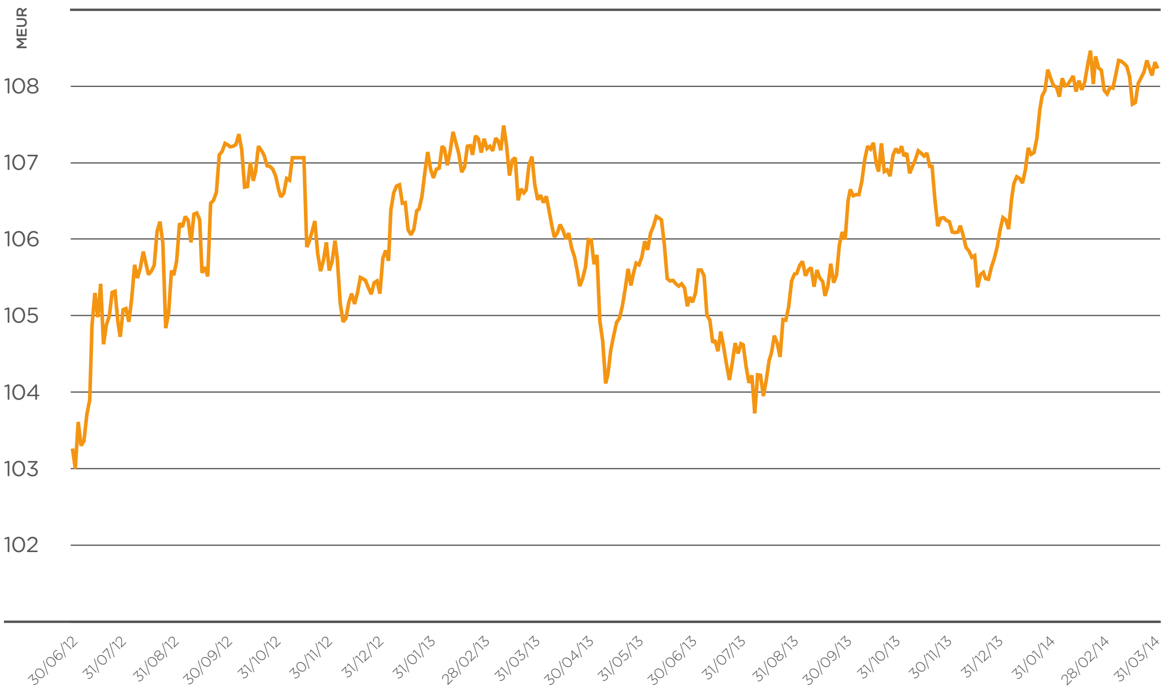
The financing of Enovos Group is largely centralised at Enovos International S.A., which heads a cash pooling system for the core companies of the group in order to ensure an efficient use of the cash flow generated by these companies. Thus, in 2013, a total of 24 companies were part of the Enovos Group cash pool, representing about 97% of the consolidated turnover or the consolidated equity.

To guarantee sufficient liquidity to the main group companies, Enovos International S.A. has contracted a 3-year syndicated revolving credit facility (RCF) amounting to EUR 180 million with 6 banks. The banks have the option to extend the credit facility by 2 years until November 2018.

To finance its 2013 investment programme, it has been decided to further diversify the funding by issuing a German Certificate of Indebtedness (Schuldschein) of EUR 102 million with an average tenor of 10 years. Following the retail bond of EUR 200 million issued in June 2012, this Schuldschein issue further extends the group's debt maturity profile underpinned by an average tenor of 8 years. In none of its major credit facilities (bond, Schuldschein, RCF), Enovos International S.A. had to adhere to contractual restraints such as change of ownerships, disposal of asset clauses or financial covenants.

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

Graph of bond price



Within its financing policy and in order to give additional support to its investors, Enovos International S.A. requested a credit standing certificate from Creditreform (CrefoZert), which granted the company a good credit standing structure with a very low probability of default of 0.08% and a rating of 160, the equivalent of the A category issued by other tier 1 rating agencies.

In 2013, Real Estate Enovos Esch, a dedicated real estate company held to 100% by Enovos Group, signed a term sheet for a 20-year mortgage loan of EUR 27 million to finance the new administrative building in Esch. During the 1st half year 2014, it is scheduled to sign the final contract.

5 Risk management

Global situation

As an energy provider and grid operator, Enovos Group companies operate in markets affected by enhanced regulation and increased commercial competition as well as technical evolution. In an environment of economic uncertainty, the main risks arise from unpredictable fluctuations in energy consumption. The influence of external factors is more pronounced than in the past and has affected the stable situation of Enovos in a fundamental industry sector in one of Europe's economically strongest regions, i.e. Luxembourg and its neighbouring countries. From a risk point of view, Enovos' strategy of combining dual-fuel (power and natural gas), dual-business (grid operator and commercial supplier) and increased positioning as renewable energy producer, aims at protecting the group against strong shifts in a particular sector of activity.

A consolidation of the risk management activity is ensured by documenting each potential risk in a central database. In a first stage, they are evaluated on a matrix according to their probability and possible timeframe of occurrence as well as the severity of their impact. This allows for an early mitigation of perils to our activity. Workshops and committees handle potential risks of any kind, including security aspects and operational risks, and thus promote a practical understanding of risk culture.

The main business

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

The main risks of Enovos' market companies are those towards price movements on the power and gas markets, as well as credit risk towards clients and counterparties. The general definition of risk tolerance, methodology and risk management tools is made certain at the Risk Committee Markets. In compliance with the accepted level and definition of risk, the risk management function, as an independent department from the operational units within Enovos Luxembourg S.A., makes sure that the internal risk policy is duly applied. An early

Chantal Feilen
Head of Human Resources

Armand Gobber
Head of Group Finance

identification of possible risk factors allows maintaining a stable business activity. For this reason, the risk management activity is integrated in the daily business of Enovos across the entire workflow. A proactive approach allows avoiding unacceptable risk and should preserve the financial health of Enovos Luxembourg S.A. and its subsidiaries. Further, a joint project between Enovos Luxembourg S.A. and the University of Luxembourg ensures that Enovos keeps track with current best practice and ensures a forward-looking stance of the risk management activity.

Hereafter, specifications are given for four main risk categories:

Market Price Risk

Market risk, i.e. the risk resulting from price movements naturally arises due to Enovos' trading and portfolio management activities in order to equalise loads, hedge exposure and optimise production assets. Equally, exposure towards foreign currency changes may arise from contracts indexed on fuel or coal prices. Enovos' market companies adopt a prudent approach in respect to market risk, respecting the limits set by its board. The control and well-functioning of the sales, portfolio management and trading activities are crucial for its operations. In order to reduce risks resulting from these activities, Risk & Credit Management closely monitors all reporting from the operations, taking into account possible offsetting positions. Complex consumption structures and sophisticated client offers are subject to a mandatory validation by the risk management team or the Risk Committee Markets. In compliance with internal and generally accepted principles, market risk is evaluated and controlled independently of the risk-taking units. Ongoing developments of the risk management staff as well as comprehensive quantitative and qualitative models allow for an accurate representation and management of potential exposures. The evaluation of potential risks is performed through a daily update of the mark-to-market of the different exposures and the calculation of the value-at-risk based on historical data. Stop-loss, volume and monetary limits further avoid excessive risk taking.

Credit Risk

Enovos' market companies strive to build stable long-term relationships towards all of its business partners. With the purpose of avoiding considerable exposures towards its clients and counterparties, creditworthiness analysis and thorough "know-your-customer" checks are regularly performed. For existing customers, a periodic reassessment regarding compliance with contractual clauses is performed. External as well as internal information and opinions are consulted. Credit limits for trading and sales transactions are defined before the transactions take place and evaluated on a daily basis; changes to the limits are considered in case

Dr Peter Hamacher *
Head of Corporate Development & Strategy

Philippe Malinov
Head of Group Accounting

* As of 1st January 2014, Dr Peter Hamacher was appointed Geschäftsführender Direktor Enovos Deutschland SE

of modifications of credit ratings. Different forms of guarantees and collaterals may be requested if the risk on any counterparty is deemed too high. Trading counterparties are subject to a mandatory validation by the Risk Committee Markets and the signature of EFET (European Federation of Energy Traders) and/or ISDA (International Swaps and Derivatives Association) master agreements which are required for all over-the-counter trading transactions. In 2013, additional EFET and ISDA contracts with existing or new counterparties were concluded.

Liquidity Risk

Liquidity risk does not constitute a major concern to Enovos Group. The main source of liquidity is the cash flow generated by the group operating companies which is further supported by a three-year EUR 180 million syndicated revolving credit facility granted to Enovos International S.A. Enovos companies signed a cash pool agreement with Enovos International S.A., the holding company in charge of shared services, including treasury. The group financing scheme allows addressing capital expenditures and working capital requirements according to the companies' needs.

Regulatory Risk

The EU regulatory framework for energy markets has considerably changed during the past two years and various proposals for amendments to existing regulation as well as adoption of new regulation has increased the future obligations of non-financial entities. On 25th October 2011, the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("REMIT") was adopted, introducing a framework to regulate insider dealing and market manipulation, tailored to the needs and dynamics of wholesale energy markets and imposing a reporting obligation for wholesale energy products. On 4th July 2012, the European Parliament and the Council adopted Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (the so-called European Market Infrastructure Regulation, "EMIR"), which partly came into effect on 16th August 2012 and which introduces provisions to improve transparency and reduce the risks associated with the OTC derivatives market by laying down uniform clearing and bilateral risk-management requirements for OTC derivative contracts.

Whereas EMIR and REMIT are progressively entering into force due to the adoption over time of various implementing acts, Enovos has set up its own regulatory working group to analyse the regulation's implications and prepare for the various obligations that Enovos will have to fulfil in order to ensure that it complies with the various EU obligations. In particular, beginning 2014, Enovos Luxembourg S.A. is working on implementing the mandatory reporting requirements to one of the designated trade repositories.

Alain Nyckees
Head of Group Internal Audit

Marc Schintgen
Head of Information Systems

Outlook

Improving risk assessment, quantification and evaluation is a constant concern of the risk management activity of Enovos Group. Two major projects are planned for 2014, which are to align existing insurance policy to the current needs of the company and to ensure appropriate business continuity management.

The outlook for the countries where Enovos companies operate remains challenging as low-growth scenarios exert continuous pressure on public budgets. In order to balance the budgets, governments are looking at introducing additional taxes, e.g. increase of VAT or introduction of a tax on financial transactions. These uncertainties may have an impact on the prospective energy consumption in these countries.

Subsidy schemes promoting renewable energy around Europe create distortive investment incentives and increase energy supply uncertainty. Likewise, the continued shift in the German energy supply, i.e. the Energiewende, impacts competitiveness of conventional power producers in the German market.

Smart metering and new grid technologies as well as the continuing unstructured decentralisation of the renewable power generation challenge the grid operators. Increasingly volatile energy supply creates the need for more accurate forecasting techniques.

Despite of all the above-mentioned challenges, the Enovos Group sees itself as well-positioned to keep its sustained positive development and guarantee sufficient liquidity for its operations. Assuming no major worsening of the macroeconomic and regulatory environment, the group is not exposed to any substantial perils to its activity.

Marc Wagener
Head of Facility Management

Jean-Paul Wagner
Secretary General, Enovos International S.A.
Group Compliance Officer
Head of Corporate Governance

6 Core group companies

Market activities

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

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

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

Key figures (in million euros)	**2013**	**2012**
Total assets	1,130.3	1,067.1
Fixed assets	674.7	610.1
Total capital and reserves (incl. result for the year)	509.8	429.8
Net turnover	1,993.8	1,569.5
Result for the financial year	90.0	20.1

Net turnover increase is mainly driven by additional supply volumes to the German subsidiaries and increased sales in France and Belgium. Result for the financial year increased to EUR 90.0 million, compared to EUR 20.1 million in 2012. A significant recovery of the operational business, but also a substantial increase in income from participations led to this strong increase. The positive financial impact in operations is highly attributable to global sales performance combined with weather-induced rise in heating needs, to the renegotiation of existing long-term natural gas contracts and overall portfolio optimisations.

The company's total capital and reserves as at 31st December 2013 amounted to EUR 509.8 million (2012: EUR 429.8 million). Total fixed assets (including intangible, tangible and financial assets) increased to EUR 674.7 million (2012: EUR 610.1 million), mainly as a consequence of continued investments in upstream capacities in the construction of the 11th turbine at the Vianden pumping station of SEO and continued investments in renewable energy generation.

Sales of electricity

The overall sales of Enovos Luxembourg S.A. have increased from 9.5 TWh in 2012 to 14.9 TWh in 2013 (+57.0%).

The Portfolio Management of Enovos Luxembourg S.A., as the central point of sourcing, has further extended the supply to the subsidiaries in Germany and Luxembourg, resulting into a strong increase of intercompany sales (+5.2 TWh).

Sales to French and Belgium clients increased, thanks to successful customer acquisition.
For the company, electricity sales have been as follows:

For the company, electricity sales have been as follows:

GWh	2013	2012	Change%
A. Final customers	**4,932**	**4,771**	**3.4**
Large enterprises	2,670	2,459	8.6
Small and medium enterprises	1,299	1,287	1.0
Residential customers	700	757	-7.5
Professional customers	262	267	-1.8
Power plants	0	0	-
B. Wholesale customers	**349**	**273**	**27.5**
Public utilities	197	159	24.3
Grid operators	151	115	31.9
Other counterparts	0	0	-
C. Intercompany	**9,651**	**4,467**	**>100**
Total	14,932	9,511	57.0
of which			
Luxembourg	4,440	4,105	8.2
Germany	8,902	4,027	>100
France	1,392	1,329	4.7
Belgium	198	50	>100

The Luxemburgish customer demand increased by 8% year on year up to 4.4 TWh in 2013. Slight decrease in residential and professional customer's sales could be compensated by higher demand of industrial clients and public utilities.

In 2013, overall electricity consumption in Luxembourg was estimated at 6,297 GWh, a decrease of 0.9% compared to the previous year. The annual consumption in Luxembourg's neighbouring countries has been: Germany (-7.1%), Belgium (1.6%) and France (1.1%) (Data provided by ENTSO-E).

Sales of natural gas

Total gas sales of Enovos Luxembourg S.A. surpassed the previous year by 4.6 TWh (+16.2%).

Decline of sales to Luxembourgish industrial clients was compensated by higher sales to power plants and public utilities. Due to the integration of Dudelange household clients on 1st January 2013, sales to residential customers rose by 39.8% compared to 2012. In addition, Enovos benefited from the weather-induced rise in heating needs.

The rise in intercompany sales can be explained by the fully centralised portfolio management in Luxembourg delivering all subsidiaries in Luxembourg and Germany with natural gas. This led to an increase of 11.8% to 16.6 TWh in 2013.

Due to the successful development of the French and Belgian markets, the sales to these neighbouring countries rose up from 2.4 TWh in 2012 to 4.3 TWh in 2013 (+82%).

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

GWh	2013	2012	Change%
A. Final customers	**14,470**	**11,537**	**25.4%**
Large enterprises	6,320	3,225	96.0%
Small and medium enterprises	1,886	3,402	-44.6%
Residential customers	992	710	39.8%
Professional customers	0	0	-
Power plants	5,272	4,201	25.5%
B. Wholesale customers	**1,836**	**1,944**	**-5.6%**
Public utilities	1,836	1,944	-5.6%
Grid operators	0	0	-
Other counterparts	0	0	-
C. Intercompany	**16,549**	**14,802**	**11.8%**
Total	**32,855**	**28,284**	**16.2%**

of which			
Luxembourg	14,059	13,070	7.6
Germany	14,522	12,863	12.9
France	3,371	2,048	64.6
Belgium	903	303	>100

Please note, that sales to French customers were reclassified from Small and medium enterprises in 2012 to Large enterprises in 2013.

In 2013, overall gas consumption in Luxembourg totalled 11,500 GWh, a decline of 15.3% compared to the previous year. The annual consumption in Luxembourg's neighbouring countries has been: Germany (6.4%), Belgium (-1.3%) and France (1.2%) (Data provided by EUROGAS).

Outlook

In line with the outlook for economic recovery, the company does not expect a major recovery on the energy markets, and hence foresees energy prices remaining at low levels, mainly in power, and continued strong competition on the German gas market for the year 2014. The company will therefore start in the months to come to implement its commercial strategy defined in its "Vision 20-20" paper aiming at providing further energy services to its customers in Luxembourg and neighbouring countries, and continue to improve its operational efficiency through the action plans defined in various projects, notably "Moving Forward" and "Fit for Future".

Enovos Deutschland SE
(participating interest: 100%)

In September 2012, Enovos Luxembourg S.A. took a stake of 88,98% in the company Foratis Gruendungs GmbH (subsequently renamed Enovos Deutschland SE). The company had no operational activity in 2012.

In 2013 in the context of the restructuring of the German activities of Enovos Luxembourg, the former Enovos Deutschland AG has been merged in Enovos Deutschland SE and its commercial activities have been contributed to Enovos Energie Deutschland GmbH ("EED") in order to generate additional synergies between the two companies as well as to offer gas and electricity through the whole German territory. The other activities of the former Enovos Deutschland AG in renewable and gas storage have been contributed to separate companies.

As a result of the final restructuring, the company manages the participations of Enovos Luxembourg in Germany namely Enovos Energie Deutschland GmbH ("EED"), Enovos Renewables GmbH, Enovos Storage GmbH, Enovos Future GmbH, and Enovos Properties GmbH.

With all those companies exists a profit and loss transfer agreement, results of which are shown in a separate caption in the below key figures. The company further owns a wide range portfolio of participations in German utilities ("Stadtwerke") and of renewable energy projects, contributed by the former Enovos Deutschland AG, dividends received are displayed in the below caption "Income from participations".

Key figures (in million euros)	2013	2012
Total assets	318.5	12.6
Fixed assets	224.9	10.8
Total capital and reserves (incl. result for the year)	114.3	1.9
Net turnover	8.4	0.0
Profit and loss transfer agreement	-26.5	0.0
Income from participations	22.6	1.8
Result for the financial year	-6.7	1.8

The main subsidiary of Enovos Deutschland SE, EED, headquartered in Wiesbaden supplies industrial clients all over Germany with both electricity and natural gas. EED's activities range from energy sales to energy services, also covering services regarding energy efficiency.

In 2013, 11,152 GWh (preceding year: 8,230 GWh) of electricity and 20,055 GWh (preceding year: 293 GWh) of natural gas were sold by EED. Revenues grew from EUR 819.2 million in 2012 to EUR 1,531.7 million in 2013. The activities in 2013 incurred losses mainly from lower client nominations in electricity leading to negative long positions in the context of falling market prices.

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

Key figures (in million euros)	2013	2012
Total assets	175.1	165.5
Fixed assets	82.6	89.8
Total capital and reserves (incl. result for the year)	128.5	126.6
Net turnover (*)	207.8	208.4
Result for the financial year	9.5	7.8

(*) 2012 figure restated for comparative purposes

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

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

In 2013, 835 GWh (preceding year: 855 GWh) of electricity and 1,990 GWh (preceding year: 1,940 GWh) of natural gas were sold. Revenues of EUR 207.8 million are in line with previous year's sales (EUR 208.1 million in 2012).

The core business services of the company have been integrated in 2013 into departments of Enovos Luxembourg. Leo keeps its own branding, marketing and client relation management.

The result for the financial year 2013 totalled EUR 9.5 million (in 2012: EUR 7.8 million), the increase is mainly resulting from lower gas purchase prices granted by Enovos Luxembourg S.A.

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

Key figures (in million euros)	2013	2012
Total assets	77.0	76.8
Fixed assets	61.3	62.8
Total capital and reserves (incl. result for the year)	37.5	37.2
Amounts owed to credit institutions	22.4	22.3
Net turnover	50.8	47.7
Result for the financial year	4.0	4.3

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 3.4 million. In 2013, the company's result for the financial year was EUR 4.0 million, compared to EUR 4.3 million in 2012. LuxEnergie operates a total of 46 power stations, which produced 289.9 GWh of heat, 32 GWh of cold and 134.5 GWh of electricity in 2013. The company also supplies maintenance services to third party cogeneration stations.

LuxEnergie holds three subsidiaries, Kiowatt, Datacenterenergie and Airport Energy. Kiowatt, a 50% jointventure held together with the Belgian Groupe François, has built a plant being both a power station running with scrap wood and a production plant for wood pellet production at Roost. Datacenterenergie after having brought in service two data centres in Bettembourg in 2009 and in 2011, has put in service in 2012 a new data center in Roost and is building a new one in Bettembourg foreseen to open in September 2015. Finally, Airport Energy operates the airport energy center at Luxembourg-Findel.

Network activities

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

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

Key figures (in million Euros)	**2013**	**2012**
Total assets	761.0	645.6
Fixed assets	639,6	560.3
Total capital and reserves (incl. result for the year)	567.4	533.0
Amounts owed to credit institutions	0.0	0.0
Net turnover	202.5	191.4
Result for the financial year	64.2	50.5

Net turnover reached EUR 202.5 million in 2013 compared to EUR 191.4 million in 2012. The increase is mainly due to the increase of electricity grid sales following grid tariff increases applied since January 2013 and the impact of balancing energy sales.

Result for the financial year was EUR 64.2 million compared to EUR 50.5 million in 2012; the increase is largely due to the high investment activity, and includes a dividend from Creos Deutschland GmbH of EUR 8.9 million compared to EUR 7.2 million in 2012.

While in Luxembourg, a slight economic recovery was observed in 2013, electricity demand showed hardly any increase. Structural changes (including the industrial electricity demand) and efforts towards energy saving are contributing to this evolution. Total gas demand even decreased by -15.3%; while natural gas demand for household customers increased in the Creos grids mainly from the cold weather conditions in 2013 compared to 2011 and 2012. The industrial demand is at the opposite decreasing in particular in the context of large scale electricity production, the current market conditions for the combined cycle gas and steam turbine Twinerg production being non profitable.

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

Demand of end consumer sectors in GWh	2013	2012	Change%
Industrial sector	1,302.4	1,311.8	-0.7
Commercial sector	1,865.3	1,869.2	-0.2
Residential and small business	1,248.3	1,233.6	1.2
Local distributors	287.7	283.7	1.4
Network and other losses	153.1	154.2	-0.7
Total	4,856.8	4,852.5	0.1

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

Demand of end consumer sectors in GWh	2013	2012	Change%
Industrial sector	3,624.4	4,052.8	-10.6
Large scale electricity production	2,285.2	4,244.3	-46.2
Local distributors	5,589.9	5,284.8	5.7
of which Creos local distribution grid	3,540.9	2,889.9	5,9
Total	11,499	13,582	-15.3

Outlook

Creos Luxembourg S.A. will continue in 2014 and following years to implement a significant plan for investment and maintenance to modernise its networks in order to ensure their safety and reliability. The company will also actively prepare the intro duction of so-called “smart” meters and “smart” grids.

Since 1st January 2013, a new “incentive” regulation is in force for a first application period until 2016, according to the ILR regulations E/12/05 (electricity) and E/12/06 (gas) as of 22nd March 2012.

Creos Deutschland Holding GmbH
(participating interest: 73.62%)

In 2013, Creos Deutschland GmbH was restructured in order to separate the regulated activities from the unregulated ones. Creos Deutschland GmbH first became a holding company renamed Creos Deutschland Holding GmbH, then the grid activities and the service activities were transferred to two separate entities, Creos Deutschland GmbH and Creos Deutschland Service GmbH.

Since the company had no activity in 2013 other than the holding of the shares in Creos Deutschland GmbH and Creos Deutschland Service GmbH, the key figures below are those of Creos Deutschland GmbH.

Key figures (in million euros)	2013	2012
Total assets	101.1	96.2
Fixed assets	73.9	68.1
Total capital and reserves (incl. result for the year)	46.9	43.5
Amounts owed to credit institutions	0.0	0.0
Net turnover	78.4	74.8
Result for the financial year	8.2	11.3

Creos Deutschland GmbH is a gas grid operator in Saarland (Germany). Gas transported through the grid of Creos Deutschland in 2013 amounted to 29.493 billion kWh, which represents an increase of 3.4% compared to the previous year. The turnover increased by 4.8% in 2013 compared to 2012.

Excluding mainly the effect from a change in accounting policy occurred in 2012 on own work capitalisation and the change in the regulation period occurred in 2013, the net profit 2013 is in line with the net profit 2012.

7 Other group companies

Subsidiaries held by Enovos International S.A.

• **Consolidated subsidiaries**

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

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

The 2013 result for the financial year reached EUR 2.7 million, compared to EUR 3.5 million in 2012.

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

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

The company's result for the financial year 2013 was EUR 1 million (not audited) compared to EUR 0.9 million in 2012.

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 13.5 million as at 31st December 2013, compared to EUR 11.8 million in 2012.

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..

Main subsidiaries held by Enovos Luxembourg S.A.

• **Consolidated subsidiaries**

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

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

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

The result for the financial year 2013 amounted to EUR 0.04 million (in 2012: EUR 0.04 million).

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

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

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

The result for the financial year 2013 totalled EUR 0.1 million (in 2012: EUR 0.1 million).

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

Twinerg is a combined cycle gas and steam turbine that has been operating since 2002. Total electricity sales in 2013 were 1,957 GWh (2,654 GWh in 2012).

On 24th December 2013, the shareholders agreed to suspend the existing contractual arrangements leading in particular in the cancellation of the 100 MW supply contract as of 1st January 2014 and to operate Twinerg in Merchant Operation. Enovos Luxembourg S.A. further agreed to cover financial needs of Twinerg up to EUR 8.5 million for the upcoming years. Similar commitments were agreed to by the other shareholders of Twinerg.

Considering the European wide difficult current market conditions for combined cycle power plants, the company decided to impair part of its fixed assets. The loss for 2013 was EUR 13.3 million in 2013 (unaudited figure) compared to a loss of EUR 3.7 million in 2012.

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

This company was created to build and operate a wind farm in the Saarland, comprising 4 wind turbines. The total installed capacity of the farm is 6,000 kW.

Construction of the wind farm was completed during the financial year 2008 and the farm went online at the beginning of 2009. Electricity production in 2013 reached 9.4 GWh (2012: 9.9 GWh).

The loss for 2013 amounted to EUR 0.32 million (loss of EUR 0.19 million in 2012).

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

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

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

The company's net loss was EUR 0.4 million in 2013 compared to a net profit of EUR 0.07 million in 2012.

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

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

In 2013 a total of 24.5 GWh were produced.

The company's net loss was EUR 0.16 million in 2013 compared to a net loss of EUR 0.2 million in 2012.

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.

The company operates the hydroelectric stations of Ettelbruck, Esch-sur-Sûre and Rosport. Total electricity production in 2013 was 41.4 GWh (2012: 34.1 GWh).

Since end of 2011, the company further holds the participations formerly held by Enovos Luxembourg S.A. and SEO S.A. in a total of 5 wind parks, Wandpark Kehmen-Heischent S.A., Wandpark Gemeng Hengischt S.A.,Wandpark Burer Bierg S.A., Windpower S.A. and Wandpark Bënzelt S.A.
The total electricity production of the 5 parks was 71.7 GWh in 2013.

The company ended the year with a net profit of EUR 0.1 million (compared to a loss of EUR 0.5 million in 2012).

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

Aveleos S.A. is a joint venture company, which was founded in May 2010 together with the Zurich-based Avelar Energy Ltd. Its aim is the development, operation and retail of photovoltaic power plants located in the south of Italy. In 2012, Aveleos sold a first park for a total capacity of 15 MW and invested in additional production capacities for parks of respectively 13 MW and 19 MW.

End of December 2013, Aveleos S.A. has entered into a Share Purchase Agreement to sell photovoltaic installations in Italy for a total capacity of 31 MW. The closing of this transaction is foreseen in the second quarter of 2014.

The company is currently subject to several investigations and litigations from public authorities in Italy (see note 9 to the accounts for further details).

The company's consolidated result for the financial year (under I.F.R.S.) was a net loss of EUR 0.5 million in 2013 (in 2012: EUR 6 million). The decrease in the results is due to the delay in the selling of the PV parks and the partial write down of receivables in the context of the bankruptcy of an EPC contractor.

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

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

The company's result for the financial year 2013 was EUR 0.06 million (in 2012: EUR 0.07 million).

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

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

The company's result for the financial year 2013 was EUR 0.48 million (in 2012: EUR 0.03 million in 2012).

Energiepark Trelder Berg GmbH
(participating interest: 80%)

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

The company's result for the financial year 2013 was EUR 0.01 million compared to EUR 0.3 million in 2012.

PNE Biogas Ohretal GmbH
(participating interest: 80%)

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

The company's result for the financial year 2013 was EUR 0.37 million and EUR 0.05 million in 2012

PNE Biogas Oebisfelde GmbH
(participating interest: 80%)

Enovos Luxembourg S.A. acquired 80% of the shares of Oebisfelde GmbH as of 1st January 2013. The company operates a biogas plant in the north of Germany, providing gas through agriculture material fermentation. The operations started in July 2013. The current capacity of 700 m^3/h biomethane will be increased up to 1,400 Nm^3 by 2015.

The company's net loss was EUR 0.12 million in 2013.

NPG energy NV
(participating interest: 50.98%)

Enovos Luxembourg S.A. acquired 24.9% of the shares of NPG energy as of 1st January 2013 and, in August, exercised the option to purchase 50.98% of the capital of the company. NPG energy develops, invests and operates biogas, onshore wind and PV assets in Belgium and the Netherlands for a total capacity of 10.4 MW. Furthermore, three biogas installations with a total capacity of 8 MW, currently under construction, are expected to be operational from the second half of the year 2014 onwards.

The company's consolidated net loss was EUR 0.2 million in 2013.

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

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

In 2013, its sales of steam and electricity totalled 214,147 tons and 32.2 GWh respectively, compared to 210,133 tons and 50.3 GWh in 2012.

The company recorded a net profit of EUR 0.42 million, compared to a loss of EUR 0.2 million in 2012.

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

The aim of the company incorporated in October 2013 is to hold the shares in Real Estate Strassen S.A. which owns the building of Enovos Luxembourg S.A. located in Strassen.

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

In November 2013, Enovos International S.A. and Enovos Luxembourg S.A. transferred their buildings and land located in Esch-sur-Alzette to the newly incorporated company, Real Estate Enovos Esch S.A. and jointly own 100% of the shares of the new entity.

The aim of the company going forward will be to maintain the land and buildings whilst renting the office space to other group companies.

• **Other companies (not consolidated)**

Ceduco S.A.
(percentage owned: 100%)

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

During 2012, in the context of the restructuring of the company, the shareholders took the decision to close the operations. Enovos Luxembourg acquired the remaining 50% of the shares from DuPont de Nemours (Luxembourg) S.à r.l. for an amount of EUR 1.

The company was not active in 2013 and has been deconsolidated.

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 2013, the company result for the financial year was EUR 2.2 million (in 2012: EUR 2.2 million). Works for the extension of the Vianden pumping station by means of an eleventh 200 MW machine are proceeding.

Suncoutim Solar Energy S.A.
(percentage owned: 34.09%)

In 2013, Enovos Luxembourg took a participation of 34.09% in Suncoutim, a concentrated photovoltaic (CPV) demonstration plant located in Southern Portugal (Alcoutim) with a capacity of 1,292 MW. The plant is expected to be operational from March 2014.

The aim of the new company is to establish a center for continued vocational training with practical experience, primarily in the field of energy efficiency and process optimisation.

The not consolidated companies listed above (except Ceduco S.A.) have a book value of more than EUR 1 million each. The full list of not consolidated participations is given in note 9.2 to the consolidated accounts.

Main subsidiaries held by Enovos Deutschland SE

• **Consolidated subsidiaries**

Enovos Future GmbH
(participating interest: 100%)

Enovos Future GmbH, which started its operational business in 2012, is a 100% subsidiary of Enovos Deutschland SE and represents the competence center of the Enovos Group in Germany for energy services related to energy efficiency and commercial services, both for industrial and commercial enterprises as well as for municipalities in Germany.

The result for the financial year 2013 amounted to a loss of EUR 1.3 million, compared to a loss of EUR 0.9 million in 2012.

EnergieSüdwest AG
(participating interest: 51%)

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

Over the course of the year 2013, the company invested EUR 13.3 million and the result for the financial year amounted to EUR 4.7 million, compared to EUR 6.4 million in 2012. In 2013, the electricity sales reached EUR 29.6 million (170 GWh), the sales of natural gas EUR 23.6 million (493 GWh) and water sales EUR 5.0 million (2,544 Tm^3). At the end of 2013, the company had 42 employees.

EnergieSüdwest Netz GmbH
(participating interest: 51%)

EnergieSüdwest Netz GmbH, a 100% subsidiary of EnergieSüdwest AG, is a municipal grid operator in the region of the city of Landau, employing 62 employees at the end of 2013.

In 2013, sales reached EUR 36.8 million, while the result for the financial year amounted to EUR 0.2 million before profit transfer (2012: EUR 0.2 million).

EnergieSüdwest Projektentwicklung GmbH
(participating interest: 51%)

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

In 2013, sales reached EUR 1.3 million while the result for the financial year amounted to EUR 0.1 million before profit transfer, compared to EUR 0.09 million in 2012. At the end of 2013, the company had 5 employees.

energis GmbH
(participating interest: 28.06%)

energis GmbH sells electricity, gas and water to households and industrial customers and holds participating interests in local municipal utilities. Over the course of the year the company invested EUR 14.6 million.

In 2013, the company's result for the financial year was EUR 25.8 million, compared to EUR 27.7 million in 2012. The electricity sales reached EUR 209.5 million (1.2 TWh), sales of natural gas EUR 61.7 million (1.1 TWh) and sales of water EUR 8.5 million (7.2 Tm^3). At the end of 2013, the company had 136 employees.

Projecta 14 GmbH
(participating interest: 50%)

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

For 2013, the result for the financial year amounted to EUR 0.9 million compared to EUR 2.1 million in 2012.

Pfalzgas GmbH
(participating interest: 50%)

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

Over the course of the year 2013, the company invested EUR 5.9 million (2012: EUR 2.5 million) and the company's result for the financial year was EUR 7.3 million, compared to EUR 6.7 million in 2012. The gas sales reached EUR 109 million (2.3 TWh). At the end of 2013, the company had 65 employees.

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

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

The company's result for the financial year 2013 was EUR 0.04 million (not audited) compared to EUR 0.5 million in 2012.

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

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

The company's net loss for the financial year 2013 was EUR -0.02 million (not audited) compared to a net profit of EUR 0.2 million in 2012.

Solarkraftwerk Frauental GmbH
(participating interest: 75.4%)

Solarkraftwerk Frauental GmbH operates a solar farm in the federal state of Bavaria with a total installed capacity of 3.3 MWp. The partner in this project is Pensionskasse of Enovos Deutschland VVaG with a participating interest of 9.6%.

The company's result for the financial year 2013 was EUR 0.01 million (not audited) compared to EUR 0.01 million in 2012.

Enovos Storage GmbH
(participating interest 100%)

Enovos Storage GmbH is a 100% subsidiary of Enovos Deutschland SE. Close to the city of Frankenthal it operates an underground aquifer natural gas storage with two storage horizons at a depth of 700 m and 1,000 m. Clients can store intermediately up to 1 TWh natural gas in 263 storage packages in order to compensate consumption peaks by exploiting price fluctuations and in order to guarantee the security of supply.

The Enovos Storage result for the financial year 2013 reached EUR 2.8 million before profit transfer.

Enovos Renewables GmbH
(participating interest 100%)

Enovos Renewbales GmbH is a 100% subsidiary of Enovos Deutschland SE. The company owns and manages a portfolio of renewable assets in Germany and is focused on the development of renewable projects (wind, photovoltaic and biomass) in Germany which are further sold to third parties.

The result for the financial year 2013 reached EUR 0.6 million before profit transfer.

Enovos Properties GmbH
(participating interest 100%)

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

• **Other companies (not consolidated)**

Stadtwerke Völklingen Vertrieb GmbH
(percentage owned: 17.60%)

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

In 2012 the electricity sales reached EUR 21.4 million (114.2 GWh), sales of natural gas EUR 10.2 million (163.4 GWh) and sales of water EUR 4.4 million (2,846 Tm^3).

In 2012 the company's result for the financial year was EUR 2.6 million before profit transfer.

Stadtwerke Pirmasens Versorgungs GmbH
(percentage owned: 12.99%)

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

In 2012, the electricity sales reached EUR 35.5 million (224 GWh), sales of natural gas EUR 21.4 million (376 GWh), sales of water EUR 4.6 million (2,600 Tm^3) and sales of heat EUR 4.6 million (60 GWh).

Over the course of the year 2012, the company invested EUR 5.4 million.

In 2012, the company's result for the financial year was EUR 3.2 million before profit transfer.

Enovos Pfalzwerke Beteiligungsgesellschaft St. Ingbert GmbH
(percentage owned: 50%)

In 2013, Enovos Deutschland SE and Pfalzwerke AG created this joint-venture by contributing their respective participations in Stadtwerke St. Ingbert GmbH. Enovos Pfalzwerke Beteiligungsgesellschaft thus holds 25.1% in Stadtwerke St. Ingbert GmbH, a municipal utility selling electricity, gas, water and heat.

In 2012, the electricity sales Stadtwerke St. Ingbert GmbH reached EUR 33.6 million (213 GWh), sales of natural gas EUR 19.2 million (392 GWh), sales of water EUR 3.8 million (1,800 Tm^3).

Over the course of the year 2012, the company invested EUR 3.5 million, while its result for the financial year amounted to EUR 6.1 million before profit transfer.

Stadtwerke Sulzbach GmbH
(percentage owned: 15%)

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

In 2012, the electricity sales reached EUR 11.7 million (94 GWh), sales of natural gas EUR 8.9 million (176 GWh) and sales of water EUR 1.5 million (809 Tm^3).

Over the course of the year 2012, the company invested EUR 1.7 million and the result for the financial year was EUR 2.3 million before profit transfer.

Stadtwerke Völklingen Netz GmbH
(percentage owned: 17.6%)

Stadtwerke Völklingen Netz GmbH is a municipal grid operator.

In 2012, the power grid fees reached EUR 13.2 million (144 GWh), gas grid fees EUR 4.4 million (190 GWh), and sales of water EUR 4.2 million (2,839 Tm^3).

Over the course of the year 2012, the company invested EUR 2.3 million.

In 2012, the company's result for the financial year was EUR 1.9 million before profit transfer.

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

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

Over the course of the year 2012, the company invested EUR 17.9 million and the result for the financial year was EUR 9.6 million before profit transfer. The electricity sales reached EUR 161.5 million (1,068 GWh), sales of natural gas EUR 83.7 million (1,748 GWh), sales of water EUR 12.8 million (6,876 Tm^3) and sales of heat EUR 4.3 million (58 GWh).

Stadtwerke GmbH Bad Kreuznach
(percentage owned: 24.52%)

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

In 2012, the company invested EUR 6.0 million and its result for the financial year amounted to EUR 4.6 million before profit transfer. The electricity sales reached EUR 49.0 million (219 GWh), sales of natural gas EUR 35.7 million (670 GWh), sales of water EUR 8.6 million (3,714 Tm^3) and sales of heat EUR 2.3 million (26 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.

The electricity sales reached EUR 9.0 million (54.2 GWh), sales of natural gas EUR 5.3 million (98.1 GWh), sales of water EUR 3.0 million (1,271 Tm^3) and sales of heat EUR 0.121 million (1,125 GWh).

Over the course of the year 2012, the company invested EUR 2.2 million and its result for the financial year was EUR 0.7 million before profit transfer.

At the end of 2012, the company had 33 employees.

prego services GmbH
(percentage owned: 25.1%)

prego services GmbH offers a wide range of IT services, personnel administration and supply management.

Sales in 2013 reached EUR 72.9 million, the net loss for the financial year amounted to EUR 1.87 million, compared to a net loss of EUR 0.78 million in 2012. At the end of 2013, the company had 509 employees.

Enovos Deutschland SE is in the process of selling its stake in prego services GmbH, a transaction which is expected to be finalised in the first semester 2014.

Bioenergie Merzig GmbH
(percentage owned: 39.0%)

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 GmbH (51%) and Stadtwerke Merzig GmbH (10%).

The unaudited net loss for the financial year 2013 amounted to EUR 0.1 million compared to the net profit of EUR 0.09 million in 2012.

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

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

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

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

GasLINE GmbH & Co. KG from Straelen provides services in data solutions, data networks and fiber-optics to telecommunications companies. In addition, GasLINE GmbH & Co. KG offers support in information technology and cable conduits.

The result for the financial year 2012 amounted to EUR 48.0 million.

Pfalzwerke AG
(percentage owned: 1.86%)

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

The result for the financial year 2012 amounted to EUR 36.2 million.

EnergieSüdpfalz GmbH & Co. KG
(percentage owned: 50%)

EnergieSüdpfalz GmbH & Co. KG is a joint venture with the aim to invest in renewable projects. Partners of the company are EnergieSüdwest AG (50%), Stadtwerke Annweiler am Trifels (10%), Verbandsgemeindewerke Annweiler am Trifels (10%), Gemeindewerke Herxheim (10%), Stadtwerke Bad Bergzabern GmbH (10%) and Queichtal Energie AöR (10%)

The result for the financial year 2013 amounted to EUR 0.09 million.

Solarkraftwerk Barderup GmbH & Co. KG
(percentage owned: 26.10%)

Solarkraftwerk Barderup GmbH & Co. KG operates a solar park in Rhineland-Palatinate with a capacity of 22.8 MWp. Partners in this project are Pfalzgas GmbH (26.1%), EnergieSüdwest AG (26.1%), Technische Werke Ludwigshafen AG (21.4%), Stadtwerke GmbH Bad Kreuznach (9.0%), Stadtwerke St. Ingbert GmbH (7.1%) and Pensionskasse of Enovos Deutschland AG VVaG (3.8%).

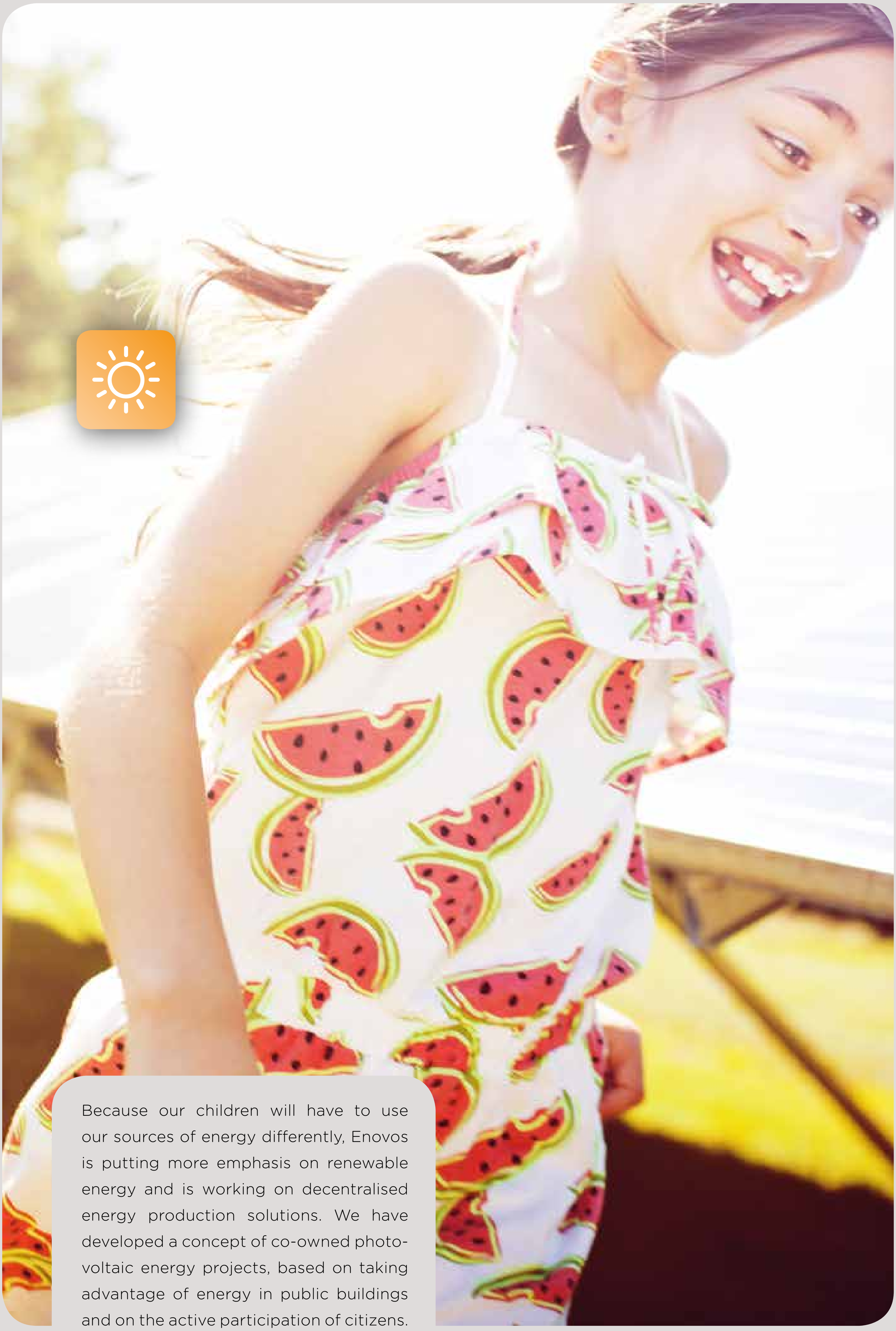
The company's result for the financial year 2013 was EUR 4.5 million (not audited) and includes an extraordinary result from merger gain of EUR 4.0 million. 2013 is the first operating year of the company.

Neustromland Solarkraftwerke 1 GmbH & Co. KG
(percentage owned: 100%)

Neustromland Solarkraftwerke 1 GmbH & Co. KG operates three solar plants in Saarland with a total capacity of 4.8 MWp.

The company's net loss for the financial year 2013 was EUR -0.05 million (not audited) compared to a net loss of EUR -0.2 million in 2012.

The not consolidated companies listed above have a book value of more than EUR 1 million each. The full list of not consolidated participations is given in note 9.2 to the consolidated accounts.



Because our children will have to use our sources of energy differently, Enovos is putting more emphasis on renewable energy and is working on decentralised energy production solutions. We have developed a concept of co-owned photo-voltaic energy projects, based on taking advantage of energy in public buildings and on the active participation of citizens.

IV Management Report and Consolidated Annual Accounts

1 Management report

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

The consolidated annual accounts include those of Enovos International S.A. and those of its affiliates (the "group"), including 50 companies, out of which 34 are fully consolidated and 16 are consolidated under the equity method.

Highlights

Overall, the major European economies seemed to have bottomed out in 2013, with GDP estimated to have stagnated during the last year. Consequently, electricity prices continued to decrease, while the outlook for 2014 is calling for a feeble economic recovery at best. This negative evolution in power prices has negatively impacted the results of Enovos' German entities. Furthermore, the German natural gas market continues to be highly competitive, leading to further pressure on margins and volumes.

Over the year, the group pursued its growth strategy and in order to finance its investment projects mainly in grid and renewable energy generation, Enovos International S.A. decided in June 2013 to further diversify its funding by issuing a German Certificate of Indebtedness ("Schuldschein") for an amount of EUR 102 million with a tenor of 7, 10, 12 and 15 years leading to an average tenor of 10 years. The Schuldschein bears a floating interest rate for the 7 year tenor and a fixed interest rate of 2.81%, 3.22% and 3.5% for the 10, 12 and 15 years tenors respectively.

Non regulated activities

Total sales of electricity of the Enovos Group have grown from 14,094 GWh in 2012 to 17,260 GWh in 2013 (+22.5%) mainly due to additional supply volumes in the German market through our subsidiary Enovos Energie Deutschland GmbH.

Total sales of natural gas of the Enovos Group have grown from 32,922 GWh in 2012 to 34,869 GWh in 2013 (+5.9%) mainly due to weather-induced rise in heating needs and increased sales in France and Belgium.

In Luxembourg, Enovos Luxembourg S.A. has managed, in a challenging commercial environment, to consolidate its market shares, both on the electricity and natural gas markets; in all lines of business – from residential to professional customers to industry. Furthermore, on 1st January 2013, Enovos Luxembourg S.A. successfully took over the natural gas customers of the distributor Ville de Dudelange. In France, Enovos Luxembourg S.A. continued its commercial development by extending its products and service offers, both for electricity and natural gas. In Belgium, Enovos Luxembourg S.A. has managed to substantially increase its volumes, both in electricity and in natural gas.

In Germany, the group successfully completed its restructuring into subsidiaries specialised in dedicated core activities, Enovos Luxembourg S.A. now owns 88.98% of the shares of Enovos Deutschland SE, the parent holding company in Germany, the remaining shares belonging to Enovos International S.A.. Enovos Energie Deutschland GmbH, a 100% subsidiary of Enovos Deutschland SE, is providing natural gas, electricity and energy services for the entire German territory. Enovos Deutschland SE is furthermore holding participations in other energy supply companies, mainly German utilities ("Stadtwerke"), whilst participations in renewable energies are regrouped under Enovos Renewables GmbH.

Over the course of 2013, the group has successfully re-negotiated the majority of its long-term gas contracts and substantially reduced its exposure to oil linked gas prices.

Enovos Group continued its investment in gaining upstream production capacities in the construction of the 11th turbine at the Vianden pumping station of

SEO, while the investment in a 50 MW slice of a lignite-fired power plant, completed already in 2012, came on stream as of 1st January 2013.

In line with its strategy, Enovos Luxembourg S.A. acquired, in January, 24.9% of the shares in NPG energy NV, a Belgian project development company active in biogas, onshore wind and PV power plant development and operations in Belgium and the Netherlands. Through this participation, Enovos Luxembourg S.A. got access to a large portfolio of projects under development as well as operational projects. Since September 2013, 3 biogas plants in Peer, Bocholt and the port of Antwerp are under construction. These projects are running smoothly and their commissioning is expected in spring 2014. On the operational assets' side, Enovos Luxembourg S.A. thus increased its renewable generation capacity via its participation in NPG energy by a total of 21 MW. In August 2013, Enovos Luxembourg S.A. executed its option to increase its stake in NPG energy to 50.98%.

In Germany, Enovos Luxembourg S.A. acquired, in February, 80% of the shares of a 1,250 Nm^3/h biogas plant located in Oebisfelde from Pure Nature Energy GmbH. Commissioning took place in July and only a few weeks later the plant was running at nominal production level. In 2014, it is planned to double the capacity of the asset.

In 2013, total energy production from the Enovos Group's renewable assets was 510 GWh (+34% compared to 2012). The installed net capacity grew in the same period from 243 MW to 290 MW. The group will continue to invest in renewable energy projects, thus further increasing the net installed capacity in the years to come.

Regulated activities

The total electricity transport volumes of the group are in line with last year at 4.9 TWh in 2013 (+0.1%) whereas total gas transport volumes have decreased from 42.1 TWh in 2012 to 41 TWh (-2.6%), mainly in Luxembourg from lower demand on the electricity production.

Until 2012, network access tariffs had been defined on the basis of a "rate of return regulation" approach ensuring a certain financial return on investments made in networks. Since 2013 a new approach to the calculation of tolls is in place, based on the principle of capping controllable operational charges. Furthermore, the remuneration rates for invested capital have been revised downwards by approximately 10%.

This new approach following the principle of "incentive regulation" leaves an advantage to network managers if operational costs are limited so as to remain below the amounts resulting from indexation defined by the regulator, but with the risk of losses in the opposite case. This new method is applicable for a regulation period from 2013 to 2016. As a consequence, significant work has been performed within Creos Luxembourg S.A. in order to adapt its procedures to the new methodology.

A safe and reliable energy transport and distribution infrastructure is a key element to guarantee the well-being of citizens and the sustainable development of a country's economy. That is why Creos Luxembourg S.A. 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 in Luxembourg and in Germany. A total of 135.6 MEUR have been invested in 2013, mainly in the electricity grids. The amount of Capex is foreseen to remain at a high level in the next years with an average value of some 125 MEUR per year in Luxembourg and Germany from 2014 to 2018.

One key element of the investment plan in Luxembourg concerns the so-called "smart energy meters". The smart meter is an electronic device capable of measuring energy consumption, adding more information than a conventional meter, and capable of transmitting data using electronic means of communication. A key characteristic of the smart meter is its ability to communicate in both directions between the consumer and network managers or suppliers. It should also promote services facilitating energy management by the consumer.

Creos Luxembourg S.A. has tested several types of meters and communication technologies ("PLC" or power line carrier, radio frequency and fibre optics). It appears that "PLC" would be the best communication technology, combined with fibre optics to transmit the data to a central system operated by Luxmetering, a joint venture created by all Luxembourg grid operators to develop a common and unique platform in Luxembourg for smart meters. A large-scale test is planned for 2014 with general roll-out to start in 2015. It is planned to replace all electric and gas meters in Luxembourg by 2020.

Finally, as far as Germany is concerned, in 2013, Creos Deutschland GmbH was restructured in order to separate the regulated activities from the unregulated ones. Creos Deutschland GmbH first became a holding company renamed Creos Deutschland Holding GmbH, then the grid activities and the service activities were transferred to two separate entities, Creos Deutschland GmbH and Creos Deutschland Service GmbH.

Headcount

In order to support its growth strategy, the average number of employees of the Enovos Group increased from 1,377 in 2012 to 1,401 people in 2013. The Board of Directors and the Management of Enovos International S.A. would like to thank all the employees for their duties and contributions throughout 2013 and for their full support in implementing important changes.

Financials

The consolidated ordinary operating profit (EBITDA) of EUR 193,922,980 (2012: 163,345,701) shows a significant recovery of the operational business of the group.

The positive financial impact in operations is highly attributable to global sales performances combined with weather-induced rise in heating needs, to the renegotiation of existing long-term natural gas contracts and overall portfolio optimisations. The positive impacts are nevertheless negatively impacted by losses incurred in the activities in Germany mainly from lower industrial client nominations in electricity leading to negative long positions in the context of falling market prices. The already low power prices at the beginning of the year and their continued decrease in 2013 further leaded also to negative impacts on our upstream assets.

The contribution to the consolidated ordinary operating profit of the grid companies largely improved in 2013 linked to cost savings and higher own work capitalised due to a stronger investment activity.

The contribution to the consolidated accounts of the renewable investments realised by the group in the last years has further improved in 2013, with an increased positive contribution to the Enovos Group consolidated ordinary operating profit in 2013, thus confirming the strategic orientation of the group in these activities.

Income from the companies accounted under the equity method of EUR 10,378,179 (2012: EUR 15,333,133) has decreased largely due to the lower results of the Aveleos S.A. JV as a consequence of the delay in the sale of the PV parks into 2014 as well as from a partial write down of receivables in the context of the bankruptcy of an EPC contractor.

Excluding the capital gain realised in 2012 of EUR 39,477,392 on the sale of a minority participation in Germany, the consolidated net profit for the financial year of EUR 96,677,506 exceeds the 2012 net profit by EUR 18,512,968.

Deferred tax assets of 2.6 MEUR have been activated, to the extent of the recoverability demonstrated in the 5 years business plan, on the group's part of the fiscal unity in Germany as a result of the fiscal loss incurred in 2013. The deferred tax assets of 4.3 MEUR recognised in 2012 in Luxembourg have been fully recovered with taxable profits in 2013.

In 2013, the group further grew the consolidated balance sheet, increasing the total fixed assets from EUR 1,466,827,979 to EUR 1,653,405,265 largely from continued investments in the grids and power generation capacities and in the renewable sector. Consequently, to partially finance these investments, the consolidated financial indebtedness (Amounts owed to credit institutions and Debenture loans) increased from EUR 297 million in 2012 to EUR 453 million in 2013.

The group's total capital and reserves also continued to increase to EUR 1,199,400,993 (2012: 1,157,473,838), representing 47% of the total assets (52.0% in 2012). The sound balance sheet structure will allow the group to pursue on its growth path, in line with its strategy to further invest in securing and modernising its current grid infrastructure as well as in increasing its capacity of renewable energy generation.

Risk management objectives and policies

The main risks the group has to manage are those relating to price movements on the power and gas markets, credit risk towards clients and counterparties as well as regulatory risks that may redefine the functioning of the energy markets.

The risk organisation introduced in 2012 has been fine-tuned in 2013. An early identification of possible risk factors allows maintaining a stable business activity. For this reason, the risk management activity is integrated in the daily business of Enovos across the entire workflow. A centralisation of possible risks as well as the definition of policies and guidelines assist the managers and foster the value-creation process.

The Risk Committee Markets is in charge of the general definition of risk tolerance, methodology and risk management tools, while risk limits are approved by the board of directors. Through monthly and ad-hoc meetings, the Risk Committee Markets ensures the implementation of the risk policy.

In regards to the EU Regulation on wholesale energy market integrity and transparency ("REMIT") and to the European Market Infrastructure Regulation, ("EMIR") introducing provisions to improve transparency and reduce the risks associated with the OTC derivatives market, the group has set up its own regulatory working group to analyse the regulation' implications and prepare for the various obligations that the group will have to fulfil in order to ensure that it complies with the various EU obligations. In particular, beginning 2014, Enovos Luxembourg S.A. is working on implementing the mandatory reporting requirements to one of the designated trade repositories.

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

Outlook

In line with the outlook for economic recovery, the group does not expect a major recovery on the energy markets, and hence foresees energy prices remaining at low levels, mainly in power, and continued strong competition on the German gas market for the year 2014. The group will therefore start in the months to come to implement its commercial strategy defined in its "Vision 20-20" paper aiming to provide further energy services to its customers in Luxembourg and neighbouring countries, In parallel the group is committed to streamline its organization and processes throughout the actions plans identified in the various projects underway, notably "Moving Forward" and "Fit for Future".

Some organisational changes are effective as of 1st January 2014. In line with its strategy "Vision 20-20", a new department "Energy Solutions & Services" has been created to regroup and further develop its initiatives in the areas of Energy Efficiency, Eco-Mobility, Smart Applications and Distributed Energy Systems, integrating also the former department Conventional Energies. On the operational side, the German power portfolio has been centralised in the Portfolio Management & Energy Sourcing department of Enovos Luxembourg S.A. to better control the overall risk exposure and to increase synergies.

The Twinerg renegotiation resulted in the cancellation of the 100 MW power supply contract as of 1st January 2014. As the initial contract was valid until end 2015, this cancellation will significantly improve Enovos Luxembourg S.A. situation by avoiding forecasted losses.

The grid companies will continue in 2014 and following years to implement a significant plan for investment and maintenance to modernize the networks in order to ensure their safety and reliability. In Luxembourg, the group will also actively prepare the introduction of so-called "smart" meters and "smart" grids.

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

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

Own shares

No movements occurred in the course of the year.

The Board of Directors
25th April 2014

2 Consolidated Annual Accounts

2.1 Consolidated balance sheet as at 31st December 2013

ASSETS	Notes	2013	2012
Denominated in EUR		€	€
Goodwill			
Goodwill on first consolidation	Note 4	74,743,378	67,572,676
Total Goodwill		**74,743,378**	**67,572,676**
Formation expenses	Note 6		
Formation expenses		570,744	0
Total Formation expenses		**570,744**	**0**
Fixed assets			
Intangible fixed assets	Note 7		
Concessions, patents, licences, trade marks and similar rights and assets, if they were			
a) acquired for valuable consideration		97,088,838	9,081,483
Goodwill, to the extent that it was acquired for valuable consideration		83,817,320	92,461,257
Payments on account and intangible fixed assets under development		16,000,510	95,153,325
Tangible fixed assets	Note 8		
Land and buildings		92,168,017	79,618,383
Plant and machinery		795,173,863	713,185,111
Other fixtures and fittings, tools and equipment		31,916,507	31,888,195
Payments on account and tangible fixed assets under development		273,035,813	197,695,784
Financial fixed assets			
Companies consolidated under the equity method	Note 9.1	144,982,066	148,574,780
Investments carried at cost	Note 9.2	66,747,485	58,956,137
Amounts owed by undertakings with which the company is linked by virtue of			
participating interests		24,841,687	11,664,775
Securities held as fixed assets	Note 12	27,622,734	28,543,781
Loans and claims held as fixed assets		10,426	4,968
Total Fixed Assets		1,653,405,265	1,466,827,979
Current assets			
Inventories	Note 10		
Raw materials and consumables		12,804,367	8,377,403
Work and contracts in progress		17,318,379	10,452,608
Finished goods and merchandise		33,664,240	30,283,310
Debtors			
Trade receivables	Note 11.1		
a) becoming due and payable within one year		460,636,089	434,337,713
b) becoming due and payable after more than one year		0	207
Amounts owed by undertakings with which the company is linked	Note 11.2		
by virtue of participating interests			
a) becoming due and payable within one year		55,679,008	41,006,876
b) becoming due and payable after more than one year		26,000	0
Other receivables	Note 11.3		
a) becoming due and payable within one year		119,083,516	90,202,290
b) becoming due and payable after more than one year		32,000	2,982,784
Deferred tax assets	Note 11.4	3,263,703	4,300,000
Transferable securities	Note 12		
Other transferable securities		14,891,783	15,459,378
Cash at bank, cash in postal cheque accounts, cheques and cash in hand	Note 13	55,260,800	15,601,111
Total Current Assets		772,659,885	653,003,678
Prepayments	Note 14	36,650,535	38,802,263
Total Assets		2,538,029,807	2,226,206,596

LIABILITIES	Notes	2013	2012
Denominated in EUR		€	€
Capital and reserves	Note 15		
Subscribed capital		90,962,900	90,962,900
Share premium and similar premiums		387,028,449	387,028,449
Consolidated reserves		425,478,665	385,158,044
Profit brought forward		8,936,930	195,013
Capital investment subsidies		6,182,148	2,730,022
Consolidated result for the financial year, group share		75,341,768	97,485,120
Total Capital and reserves, group share		**993,930,859**	**963,559,548**
Minority interests		205,470,134	193,914,290
Total Capital and reserves		1,199,400,993	1,157,473,838
Provisions			
Provisions for pensions and similar obligations	Note 16.1	89,536,909	88,350,164
Other provisions	Note 16.2	64,382,664	66,800,047
Total Provisions		**153,919,574**	**155,150,211**
Non subordinated debts			
Debenture loans	Note 17		
b) Non convertible loans			
i) becoming due and payable after less than one year		5,276,438	4,062,500
ii) becoming due and payable after more than one year		302,562,358	195,973,831
Amounts owed to credit institutions	Note 18		
a) becoming due and payable within one year		78,143,807	47,758,647
b) becoming due and payable after more than one year		66,724,440	49,271,008
Payments received on account of orders as far as they are not deducted distinctly from inventories	Note 19		
a) becoming due and payable within one year		10,117,763	10,640,806
Trade creditors	Note 20		
a) becoming due and payable within one year		389,751,367	325,643,474
b) becoming due and payable after more than one year		98,767	103,886
Amounts owed to undertakings with which the company is linked by virtue of participating interests	Note 21		
a) becoming due and payable within one year		12,821,652	10,647,495
Tax and social security debts	Note 22		
a) Tax debts		110,242,593	80,626,276
b) Social security debts		3,864,777	3,618,869
Deferred income tax	Note 23	53,108,320	48,651,232
Other creditors	Note 24		
a) becoming due and payable within one year		7,890,563	5,655,700
b) becoming due and payable after more than one year		114,380,077	98,234,761
Total Non subordinated debts		**1,154,982,922**	**880,888,485**
Deferred income	Note 25	**29,726,318**	**32,694,062**
Total Liabilities		**2,538,029,807**	**2,226,206,596**

2.2 Consolidated profit and loss account for the year ended 31st December 2013

Legal presentation

CHARGES	Notes	2013	2012
Denominated in EUR		€	€
Use of merchandise, raw materials and consumable materials	Note 26	2,579,304,462	2,317,168,069
Other external charges	Note 27	97,514,451	87,356,640
Staff costs	Note 28		
a) Salaries and wages		110,262,891	103,503,031
b) Social security on salaries and wages		13,352,539	12,224,197
c) Supplementary pension costs		9,179,613	11,187,910
d) Other social costs		92,318	114,799
Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets	Notes 4, 6, 7, 8	82,614,867	73,001,385
b) on current assets		7,190,314	3,351,328
Interest and other financial charges			
b) other interest and similar financial charges	Note 31	19,211,771	17,985,600
Extraordinary charges	Note 33	-	12,804,869
Income tax	Note 34	20,313,119	20,894,170
Other taxes not included in the previous caption		28,125	1,350,235
Profit for the financial year			
a) Group share		75,341,768	97,485,120
b) Minority interests		21,335,738	20,156,810
Total Charges		3,035,741,977	2,778,584,163

INCOME	Notes	2013	2012
Denominated in EUR		€	€
Net turnover	Note 29	2,950,600,837	2,641,693,562
Fixed assets under development	Note 1	34,105,472	28,663,429
Reversal of value adjustments			
b) on current assets		68,501	4,157,733
Other operating income	Note 30	26,044,760	28,241,822
Income from financial fixed assets	Note 31		
b) other income from participating interests		8,542,092	8,205,561
Other interest and other financial income	Note 31		
b) other interest and similar financial income		5,757,841	3,502,697
Share in result of companies accounted under the equity method	Note 32	10,378,179	15,333,133
Extraordinary income	Note 33	244,295	48,786,227
Total Income		3,035,741,977	2,778,584,163

List presentation

Denominated in EUR	2013 €	2012 €
Sales	2,950,600,837	2,641,693,562
Other operating income	20,723,738	32,695,123
Own work capitalised	34,105,472	28,663,429
Cost of sales	(2,579,304,462)	(2,317,168,069)
Personnel expenses	(132,887,362)	(127,029,938)
Other operating expenses	(99,315,243)	(95,508,407)
Ordinary operating profit (EBITDA)	**193,922,980**	**163,345,701**
Depreciation	(82,614,867)	(73,001,383)
Operating profit (EBIT)	**111,308,114**	**90,344,318**
Financial income	5,757,841	3,502,697
Gains on disposals	244,295	40,486,227
Income from investments carried at cost	8,542,092	8,205,561
Share in result of companies accounted under the equity method	10,378,179	15,333,133
Financial expenses	(19,211,771)	(17,985,600)
Earnings before tax	**117,018,750**	**139,886,335**
Current income tax	(14,028,947)	(25,341,796)
Deferred income tax	(6,312,296)	3,097,391
Net profit for the year	**96,677,506**	**117,641,930**
Minority interests	(21,335,738)	(20,156,810)
Net profit for the year, group share	**75,341,768**	**97,485,120**

2.3 Consolidated cash flow statement for the year ended 31st December 2013

Denominated in EUR	2013 €	2012 €
Result for the financial year, group share	75,341,768	97,485,120
+ Minority interests	21,335,738	20,156,810
+ Amortisation and depreciation	82,133,298	73,001,383
- Capital gain on disposals	(244,295)	(40,486,227)
+ / - Change in provisions	(1,230,638)	1,873,126
- Share in result of companies accounted under the equity method	(10,378,179)	(15,333,133)
+ Dividends received from companies accounted under the equity method	14,095,564	16,075,246
+ Current and deferred income taxes	20,341,244	22,244,405
- Taxes paid	(38,461,771)	(26,399,754)
- Increase / (+) Decrease in current assets	(79,297,828)	(109,073,170)
+ Increase / (-) Decrease in current liabilities	134,642,460	61,822,933
Operating cash flow	**218,277,361**	**101,366,739**
- Capital expenditures on intangible assets	(15,631,180)	(36,565,894)
- Capital expenditures on tangible assets	(196,478,782)	(154,642,192)
- Impact of change in scope	(48,924,575)	(27,671,066)
+ Cash received from disposal of fixed assets	497,344	1,913
- Capital expenditures on financial assets	(9,408,733)	(2,324,317)
+ Cash received from disposal of financial assets	2,565,297	54,656,075
+ / - Change in loans to participations	(13,176,912)	587,504
Cash flow from investing activities	**(280,557,541)**	**(165,957,977)**
- Dividends paid to the group shareholders	(49,119,966)	(48,210,337)
- Dividends paid to the minorities of consolidated companies	(13,519,379)	(10,055,091)
+ Change in equity	8,370,563	(8,993,381)
- Net change in financial liabilities	123,184,478	55,191,843
- Impact of change in scope on financial liabilities	32,456,579	16,518,000
Cash Flow from financing activities	**101,372,274**	**4,451,034**
CHANGE IN CASH	**39,092,094**	**(60,140,204)**
Situation at the beginning of the year	31,060,489	91,200,693
Situation at the end of the year	70,152,583	31,060,489

2.4 Notes to the consolidated annual accounts

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Note 1 –
Summary of significant accounting principles

Basis of preparation

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

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

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

Scope of consolidation

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

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

Significant accounting policies

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

Consolidation methods

The methods used are:

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

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

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

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

Foreign currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formations expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date, Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

All group companies use EUR as their working currency.

Formation expenses

Formation expenses are written off on a straight-line basis over a period of 5 years.

Intangible fixed assets

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

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Concessions, patents, licences, trade marks and similar rights and assets	4% - 33.33%	Straight-line
Goodwill, to extent that it was acquired for valuable consideration	20%	Straight-line

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

Tangible fixed assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost.

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:

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

When a part of grid assets is to be replaced and cannot be separately identified, no disposal of assets is accounted for and the replaced assets continue to be depreciated with normal rates. This accounting principle has been agreed with the Regulator for the determination of grid tariffs. Where the group considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible fixed assets under development are valued at cost, based on the direct and indirect costs of the group and are reviewed for impairment annually.

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

Investments carried at cost and securities held as fixed assets

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

Securities held as fixed assets are classified as long term financial assets if they are not available for sale. A value adjustment is recorded where the market value is lower than the purchase price.

Inventories of raw materials and consumables

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

Inventories of finished goods and work and contracts in progress

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

Debtors

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

Transferable securities

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

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

For non-listed securities the market value is equivalent to the purchase price.

Derivative financial instruments

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

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

Prepayments

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

Provisions

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

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

Provisions for pensions and similar obligations

Different group companies offer its employees a defined benefit plan and a defined contribution plan. Those plans are provided for based on acceptable principles in the different countries of the group companies.

Defined benefit plan

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to historical evolution of long term interest rates.

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

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

Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly registered in the profit and loss during the year they are paid. The commitment of the group is limited to the contributions that the group agreed to pay into the fund on behalf of its employees.

Non subordinated debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued. All fixed costs related to setting up the facilities are depreciated over the duration of the loan.

Deferred income

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

Current and deferred income tax

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

Net turnover

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

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

Other operating income

Other operating income comprises all income only indirectly linked to usual business activities.
Income from financial fixed assets

Dividend income is recorded when dividends are paid.

Note 2 – Creation of the new Enovos Group

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

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

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against issuing new shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland SE (former Enovos Deutschland AG). Cegedel Participations S.A. was sold to Soteg S.A. and the former Cegedel S.A. sales activity has been contributed to Enovos Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities have been contributed to Creos Luxembourg S.A. in exchange for shares.

Note 3 - Authorisations

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

Note 4 – Goodwill on first consolidation

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

Since 2010, goodwill on acquisitions is recognised on the asset side and is depreciated over a period of 15 years. From 2010 to 2013, the group has recognised goodwill on the following acquisitions (see also note 5):

	Take-over date	31/12/2013 Goodwill Gross value €	31/12/2013 Goodwill Net value €
Trelder Berg GmbH	1st January 2010	11,698,283	8,578,740
Surré S.A.	1st January 2010	989,661	725,752
Enovos Luxembourg S.A. (Luxgas S.à r.l.)	1st May 2010	14,871,586	11,236,310
Creos Luxembourg S.A.	1st May 2010	9,285,305	7,015,565
La Benâte S.à r.l.	1st July 2010	1,771,954	1,358,499
Enovos Solar Investment I S.r.l.	1st October 2010	805,849	631,249
Enovos Solar Investment II S.r.l.	1st November 2010	3,035,199	2,394,434
Enovos Energie Deutschland GmbH	1st January 2011	7,221,109	5,776,888
Enovos Balance Deutschland GmbH	1st January 2011	75,000	60,000
Leo S.A.	6th January 2011	21,157,085	16,925,669
Ferme Eolienne de la Côte du Gibet S.à r.l.	2nd November 2011	51,800	42,016
Biogas Ohretal GmbH	1st January 2012	5,131,075	4,446,932
ESW Energie Südwest AG	1st January 2012	2,205,965	1,948,602
Enovos Deutschland SE	20th September 2012	1,992,075	1,859,270
Creos Deutschland Holding GmbH	1st January 2013	527,677	492,499
PNE Biogas Oebisfelde GmbH	8th February 2013	7,153,792	6,676,873
NPG energy Group	15th January 2013	4,892,469	4,574,082
		92,865,884	74,743,378

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

	31/12/2013 €	31/12/2012 €
Gross book value - opening balance	**79,511,902**	**72,254,841**
Additions for the year	13,353,982	8,549,071
Reversals for the year	0	(1,292,010)
Gross book value - closing balance	**92,865,884**	**79,511,902**
Accumulated value adjustment - opening balance	**(11,939,226)**	**(6,765,793)**
Allocations for the year	(6,183,280)	(5,183,224)
Reversals for the year	0	9,791
Accumulated value adjustment - closing balance	**(18,122,506)**	**(11,939,226)**
Net book value - closing balance	74,743,378	67,572,676

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

Note 5 - Scope of consolidation and list of consolidated companies

The consolidation scope is as follows as at 31st December 2013:

Fully consolidated group companies:

Name	Country	Percentage of control	Percentage of interest	Main activity
Enovos International S.A.	Luxembourg	100.00%	100.00%	Holding company and shared service provider
Enovos Luxembourg S.A.	Luxembourg	100.00%	100.00%	Supply of power and gas
Creos Luxembourg S.A.	Luxembourg	75.47%	75.47%	Transport and distribution of gas and power
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 SE	Germany	100.00%	100.00%	Holding company and shared service provider
Enovos Energie Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Enovos Future GmbH	Germany	100.00%	100.00%	Facility management
Enovos Properties GmbH	Germany	100.00%	100.00%	Real estate
Enovos Storage GmbH	Germany	100.00%	100.00%	Gas Storage
Enovos Renewables GmbH	Germany	100.00%	100.00%	Holding company for power producers
Enovos Balance Deutschland GmbH	Germany	100.00%	100.00%	Supply of power and gas
Creos Deutschland Holding GmbH	Germany	97.86%	73.62%	Holding company and shared service provider
Creos Deutschland GmbH	Germany	100.00%	73.62%	Transport and distribution of gas
Creos Deutschland Services GmbH	Germany	100.00%	73.62%	Service provider
EnergieSüdwest AG	Germany	51.00%	51.00%	Supply of power. gas and heat
EnergieSüdwest Netz GmbH	Germany	100.00%	51.00%	Transport and distribution of gas. power. water and heat
EnergieSüdwest Projektentwicklung GmbH	Germany	100.00%	51.00%	Supply of heat / Provider of services in gas and power
Energiepark Trelder Berg GmbH	Germany	80.00%	80.00%	Production of power
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
Ferme Eolienne de la Côte du Gibet S.à r.l.	France	100.00%	100.00%	Production of power
Real Estate Strassen S.A.	Luxembourg	100.00%	100.00%	Real estate
PNE Biogas Ohretal GmbH	Germany	80.00%	80.00%	Production of power
Solarkraftwerk Frauental GmbH	Germany	90.40%	90.40%	Production of power
PNE Biogas Oebisfelde GmbH	Germany	80.00%	80.00%	Production of power
Real Estate Enovos Esch S.A.	Luxembourg	100.00%	100.00%	Real estate
Enovos Real Estate Luxembourg S.A.	Luxembourg	100.00%	100.00%	Holding company
NPG energy Group	Belgium	50.98%	50.98%	Production of heat and power

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

- With retroactive effect as of 1st January 2013, Enovos Deutschland Verwaltungs SE merged with Enovos Deutschland AG and has been renamed Enovos Deutschland SE. As the merger happened at cost, no capital gain or loss resulted from that operation. During the year, transaction costs for EUR 780,045 have been activated as additional purchase price of Enovos Deutschland SE. These additional costs have been recognised as a goodwill.

- The merged company subsequently restructured its activities in Germany by contributing them into separate entities. The commercial activities were transferred to Enovos Energie Deutschland GmbH. The gas storage facilities in Frankental were transferred to Enovos Storage GmbH, the participations in power producers were transferred to Enovos Renewables GmbH. As all these operations happened at cost, no goodwill had to be recognised.

- In 2013, Creos Deutschland GmbH was restructured in order to separate the regulated activities from the unregulated ones. Creos Deutschland GmbH first became a holding company renamed Creos Deutschland Holding GmbH, then the grid activities and the service activities were transferred to two separate entities, Creos Deutschland GmbH and Creos Deutschland Service GmbH. These transactions had only a minor impact on consolidated level.

- Furthermore EnergieSüdwest AG bought the shares of Creos Deutschland Holding GmbH held by Technische Werke Ludwigshafen am Rhein AG for EUR 955,486. A goodwill of EUR 527,677 was recognised on that operation.

- In January 2013, Enovos Luxembourg S.A. took a stake of 24.88% in the company NPG energy NV for a purchase price of EUR 2,448,180, a company which builds and runs renewable energy projects in Belgium. In August 2013, Enovos Luxembourg exercised its option to purchase an additional stake for a purchase price of EUR 2,568,780 increasing its participation to 50.98% and the company further subscribed to a capital increase of EUR 615,060. Transaction costs for EUR 150,738 have been activated as additional purchase price. NPG energy NV has participations of more than 50% of a total value of EUR 2,835,754 in eight companies. All nine entities are fully consolidated in Enovos Group. A goodwill of EUR 4,892,469 was recognised on the entire operation.

- In 2011, Enovos Luxembourg S.A. had bought 24.9% of Biopower Tongeren NV, which was subsequently consolidated under the equity method. As NPG energy NV had a participation of 47.6% in that company and as the remaining 27.5% were bought in 2013, that company, which is now 100% owned by the group, is fully consolidated.

- On 8th February 2013, Enovos Luxembourg S.A. acquired 80% of PNE Biogas Oebisfelde GmbH for a purchase price of EUR 9,800,000. Transaction costs for EUR 100,937 have been activated as additional purchase price. The new entity operates a biomethane plant located in Lossburg in Southern Germany. A goodwill of EUR 7,153,792 was recognised on that transaction.

- As of 17th October 2013, Enovos Luxembourg transferred its participation in Real Estate Strassen S.A. to Enovos Real Estate Luxembourg S.A. for an amount of EUR 36,000,000. As the transaction was at cost, there was no impact on consolidated level.

- As of 14th November 2013, Enovos International S.A. and Enovos Luxembourg S.A. created a new company, Real Estate Enovos Esch S.A., to which they transferred their respective land and buildings in Esch-sur-Alzette. Enovos International S.A. took a stake of 51.53% for a value of EUR 10,150,000 and Enovos Luxembourg S.A. took a stake of 48.47% for a value of EUR 9,550,000. As the transaction was at cost, there was no impact on consolidated level.

- Enovos Eisenhüttenstadt GmbH & Co. KG is no longer in the consolidation scope, as it has been decided to liquidate that company.

- Cegedel International S.A. and Ceduco S.A. have been taken out of the consolidation scope, as these companies have no longer commercial activities.

Companies consolidated under the equity method:

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

For Twinerg S.A., where less than 20% of voting rights are held, the Enovos Group exercises significant influence by virtue of its representation in the Board of Directors and the strategic interest that the activities represent for the group.

In 2013, the group reduced its stake in geo x GmbH to 10%, so the company is no longer consolidated.

Note 6 – Formation expenses

Formation expenses comprise expenses incurred in the course of the creation of a company. An amount of EUR 402,423 was thus recognised on Real Estate Strassen S.A., and EUR 221,920 on Real Estate Enovos Esch S.A. A further amount of EUR 32,722 is due to the first consolidation of NPG energy Group.

Movements of the year are as follows:

	Total 2013 €
Gross book value - opening balance	0
Additions for the year	657,066
Disposals for the year	0
Gross book value - closing balance	**657,066**
Accumulated value adjustment - opening balance	0
Allocations for the year	(86,321)
Reversals for the year	**0**
Accumulated value adjustment - closing balance	(86,321)
Net book value - closing balance	570,744

The Board of Directors considers that no value adjustments are needed as of 31st December 2013.

Note 7 – Intangible fixed assets

Movements for the year are as follows:

	Concessions, patents, licences, trademarks and similar rights and assets	Goodwill acquired for valuable conside-ration	Payments on account and intangible assets under development	Total 2013	Total 2012
	€	€	€	€	€
Gross book value - opening balance	45,187,964	125,771,654	96,926,858	267,886,476	232,409,884
Additions for the year	4,754,103	25,000	10,818,104	15,597,207	35,454,706
Disposals for the year	(460,750)	0	0	(460,750)	(1,404,355)
Transfers for the year	90,020,779	0	(89,965,460)	55,319	1,376,241
Change in consolidation scope	219,198	0	0	219,198	50,000
Gross book value - closing balance	**139,721,294**	**125,796,654**	**17,779,502**	**283,297,450**	**267,886,476**
Accumulated value adjustment - opening balance	(36,106,481)	(33,310,397)	(1,773,533)	(71,190,410)	(60,488,079)
Allocations for the year	(6,882,894)	(8,668,937)	(5,460)	(15,557,291)	(11,810,766)
Reversals for the year	460,750	0	0	460,750	1,380,154
Transfers for the year	(21,446)	0	0	(21,446)	(265,052)
Change in consolidation scope	(82,384)	0	0	(82,384)	(6,667)
Accumulated value adjustment - closing balance	**(42,632,456)**	**(41,979,334)**	**(1,778,993)**	**(86,390,782)**	**(71,190,410)**
Net book value - closing balance	**97,088,838**	**83,817,320**	**16,000,510**	**196,906,668**	**196,696,065**

On 1st January 2013, the group started buying a flat base load of 50 MW power from two pulverised coal fired power plants under the terms and conditions of a long term contract signed with RWE (see also note 37). Its part in the financing of the plants of EUR 89,466,245 has been fully paid up and is depreciated over a period of 25 years, which corresponds to the duration of the commitment. The amount has accordingly been reclassified from the caption “Payments on account and intangible assets under development” to “Concessions, patents, licences, trademarks and similar rights and assets”. Additions for the year of EUR 15,597,207 represent mainly IT related investments.

The Board of Directors considers that no value adjustments are needed as of 31st December 2013.

Note 8 – Tangible fixed assets

Movements for the year are as follows:

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Payments on account and tangible assets under development	Total 2013	Total 2012
	€	€	€	€	€	€
Gross book value - opening balance	142,791,477	1,665,651,618	107,303,379	197,695,784	2,113,442,257	1,943,887,215
Additions for the year	1,303,125	34,512,738	3,842,226	157,240,058	196,898,147	152,543,184
Disposals for the year	(70,763)	(1,123,544)	(13,848,993)	(79,314)	(15,122,615)	(5,054,163)
Transfers for the year	1,274,921	78,551,040	3,728,665	(84,005,944)	(451,319)	3,446,829
Change in consolidation scope	15,724,289	19,032,549	4,478	2,185,230	36,946,546	18,619,192
Gross book value - closing balance	**161,023,047**	**1,796,624,401**	**101,029,755**	**273,035,813**	**2,331,713,016**	**2,113,442,257**
Accumulated value adjustment - opening balance	(63,173,094)	(952,466,507)	(75,415,184)	0	(1,091,054,785)	(1,038,465,419)
Allocations for the year	(4,445,284)	(49,267,669)	(7,109,817)	0	(60,822,770)	(55,993,966)
Reversals for the year	66,220	777,551	13,781,501	0	14,625,271	5,076,451
Transfers for the year	45,404	390,878	(369,432)	0	66,851	(1,347,822)
Change in consolidation scope	(1,348,276)	(884,791)	(316)	0	(2,233,384)	(324,029)
Accumulated value adjustment - closing balance	**(68,855,031)**	**(1,001,450,538)**	**(69,113,248)**	**0**	**(1,139,418,817)**	**(1,091,054,785)**
Net book value - closing balance	**92,168,017**	**795,173,863**	**31,916,507**	**273,035,813**	**1,192,294,199**	**1,022,387,472**

The additions include mainly investments in the gas and electricity grid in Luxembourg and in Germany.

The group is participating in the construction of the 11th turbine at the Vianden pumping station of SEO S.A. (see also note 37). This investment qualifies as a finance lease and consequently has been recorded in the books of the group. As of 31st December 2013, the group has recognised an amount of EUR 101,772,000 in its accounts. This amount is posted under the caption "Payments on account and tangible fixed assets under development" and a corresponding amount of EUR 98,162,146 is posted under the caption "Other creditors becoming due and payable after more than one year". During the year, an amount of EUR 18,522,000 was added to this caption.

In 2013, IT Hardware and telecommunication assets as well as other sundry assets of a total value of EUR 13,470,897, which are no longer used, have been reversed from the tangible fixed assets.
The change in scope is due to the integration of the assets of NPG energy Group NV and PNE Biogas Oebisfelde GmbH.

The Board of Directors considers that no value adjustments are needed as of 31st December 2013.

Note 9 – Financial fixed assets

9.1. 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:

	31/12/2013	31/12/2012
	€	€
energis GmbH	39,226,487	39,762,370
Aveleos S.A. (*)	31,540,033	32,049,035
Pfalzgas GmbH	21,855,388	21,382,838
Projecta 14 GmbH	18,563,371	19,179,747
artelis S.A.	13,841,277	13,958,802
Twinerg S.A.	5,396,716	7,234,285
Soler S.A.	4,894,617	4,855,474
Datacenterenergie S.A.	2,664,198	3,099,994
Kiowatt	1,496,491	1,693,348
Windpark Wremen GmbH & Co. KG	1,188,296	1,257,705
SK Ahorn GmbH & Co. KG	1,347,310	1,650,176
Cegyco S.A.	1,318,068	1,106,242
Global Facilities S.A.	1,228,962	1,188,085
Biopower Tongeren NV	0	674,820
NordEnergie S.A.	249,871	148,470
Steinergy S.A.	164,653	121,774
Airport Energy S.A.	6,327	(81,012)
geo x GmbH	0	(707,371)
	144,982,066	148,574,780

In 2013, the group acquired the additional 75.1% of Biopower Tongeren NV, which was subsequently fully consolidated (see also note 9.2).

Furthermore, the group reduced its participation in geo x GmbH to 10%. The company was taken out of the consolidation scope and reclassified to investments carried at cost (see also note 9.2).

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

The Aveleos Group is currently subject to several investigations and litigations from public authorities in Italy. Some of these investigations started after the year-end. As at the day of these annual accounts, the Board of Directors of Aveleos S.A. estimates that the outcome of the litigations will not have any material negative impact on the accounts of the Aveleos Group.

9.2. 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 the activities have not yet started as at 31st December 2013:

		2013		2012	
Name	Location	Percentage owned	Net value €	Percentage owned	Net value €
Stadtwerke Bad Kreuznach GmbH	Germany	24.52%	15,000,000	24.52%	15,000,000
Stadtwerke Pirmasens Versorgungs 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
Enovos Pfalzwerke BG St. Ingbert GmbH	Germany	50.00%	5,000,000	-	-
Stadtwerke St. Ingbert GmbH	Germany	-	-	12.55%	5,000,000
Stadtwerke Trier Versorgungs GmbH	Germany	24.90%	4,202,008	24.90%	4,087,514
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
Energie Südpfalz GmbH & Co. KG	Germany	50.00%	2,899,712	50.00%	50,500
Solarkraftwerk Barderup GmbH & Co. KG	Germany	26.10%	2,310,157	-	-
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 services GmbH	Germany	25.10%	1,712,915	25.10%	1,712,915
Suncoutim Solar Energy S.A.	Portugal	34.09%	1,496,604	-	-
Neustromland Solarkraftwerk 1 GmbH & Co. KG	Germany	100.00%	1,401,000	100.00%	1,000
Stadtwerke Bliestal GmbH	Germany	23.50%	1,333,000	23.50%	1,333,000
SWT Erneuerbare Energie GmbH & Co. KG	Germany	49.00%	1,323,000	49.00%	2,156,000
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
Solar Kraftwerk Kenn GmbH	Germany	25.10%	782,879	25.10%	782,879
CASC EU S.A.	Luxembourg	7.14%	430,000	8.33%	430,000
Stadtwerke Homburg GmbH	Germany	10.67%	406,354	10.67%	492,604
Encasol S.A.	Luxembourg	50.00%	320,000	50.00%	320,000
Stadtwerke Lambrecht GmbH	Germany	15.00%	237,278	15.00%	237,278
NPG Green NV	Belgium	10.00%	236,875	-	-
Windpark Meckel/Gilzem GmbH & Co. KG	Germany	34.00%	220,340	34.00%	50,340
Learning Factory S.A.	Luxembourg	32.90%	200,000	-	-
Alro Solar n.v.	Belgium	10.00%	183,125	-	-
Neustromland GmbH & Co. KG	Germany	5.26%	150,000	100.00%	500
energieagence S.A.	Luxembourg	40.00%	148,736	40.00%	148,736
GuD KW Krefeld GmbH	Germany	-	147,024	-	102,864
EnergieSüdpfalz PV-Anlage Leinefelde-Worbis GmbH & Co. KG	Germany	70.00%	144,950	-	-
Solarpark St. Wendel GmbH	Germany	15.00%	142,500	15.00%	142,500
Blue Wizzard Beteiligungsverwaltungsgesellschaft GmbH	Germany	100.00%	50,000	100.00%	50,000
NPG Groningen NV	Netherlands	85.00%	38,250	-	-
Gastmotive Erdgastankstellen GmbH & Co. KG	Germany	11.70%	35,000	11.70%	35,000
Windpark Gimbweiler & Mosberg Infr. GbR	Germany	50.00%	33,892	50.00%	31,969
SSG Saar Service GmbH	Germany	10.00%	32,565	10.00%	32,565
Cegedel International S.A.	Luxembourg	100.00%	31,000	100.00%	(**)
Enovos Generation GmbH	Germany	100.00%	25,000	100.00%	25,000
Enovos Power 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 Verwaltung GmbH	Germany	100.00%	25,000	100.00%	25,000
Neustromland Solarkraftwerk 1 VG GmbH	Germany	100.00%	25,000	-	-
Windpark Mosberg Verwaltungs GmbH	Germany	100.00%	25,000	100.00%	25,000
Windpark Bliesgau GmbH	Germany	100.00%	25,000	100.00%	25,000
Enovos Participations GmbH	Germany	100.00%	25,000	100.00%	25,000
Neustromland Projekt 1 GmbH	Germany	100.00%	25,000	100.00%	25,000
Neustromland Projekt 2 GmbH	Germany	100.00%	25,000	100.00%	25,000
Enovos Projektgesellschaft 1 GmbH	Germany	100.00%	25,000	-	-
Enovos Projektgesellschaft 2 GmbH	Germany	100.00%	25,000	-	-
EnergieSüdpfalz Shared Service GmbH	Germany	64.00%	16,000	-	-
Energie Südpfalz Verwaltung GmbH	Germany	50.00%	12,500	100.00%	12,500
Solarkraftwerk Wunstorf GmbH	Germany	49.00%	12,250	49.00%	12,250
Trifels Gas GmbH	Germany	49.00%	12,250	-	-
City Mov S.à r.l.	Luxembourg	34.00%	11,098	-	-
C-Gen NV	Netherlands	5.00%	5,400	5.00%	5,400
gastmotive Erdgastankstellen GmbH	Germany	11.70%	2,925	11.70%	2,925
GasLINE Geschäftsführungs GmbH	Germany	5.00%	1,278	5.00%	1,278
Neustromland Energieprojekt 1 GmbH & Co. KG	Germany	100.00%	1,000	100.00%	1,000
Neustromland Energieprojekt 2 GmbH & Co. KG	Germany	100.00%	1,000	100.00%	1,000
Solarpark Nordband GmbH & Co. KG	Germany	100.00%	1,000	-	-
VG Offenbach GmbH & Co. KG	Germany	100.00%	100	100.00%	100
Forward Forstservice GmbH	Germany	33.00%	1	33.00%	1
SüdwestStrom Windpark GmbH i.L. (*)	Germany	29.00%	0	29.00%	0
Ceduco S.A.	Luxembourg	100.00%	0	100.00%	(**)
EEX AG	Germany	-	-	1.00%	700,000
Neustromland Beteiligungs GmbH	Germany	-	-	100.00%	25,000
Enovos Renewables GmbH	Germany	100.00%	(***)	100.00%	25,000
Enovos Storage GmbH	Germany	100.00%	(***)	100.00%	25,000
			66,747,485		58,956,137

(*) Company in liquidation process as of 31st december 2013
(**) Companies consolidated in 2012 and taken out of scope in 2013
(***) Company consolidated in 2013

Enovos Deutschland SE and Pfalzwerke AG created a new joint-venture, Enovos Pfalzwerke BG St. Ingbert, by contributing their respective participations in Stadtwerke St. Ingbert GmbH.

ESW AG also bought a stake of 21.6% in Solarkraftwerke Baderup GmbH & Co. KG and created a new company, Energie Südpfalz GmbH, which will invest in renewable energy projects.

On 4th October 2013, Enovos Luxembourg S.A. took a stake of 34.09% in Suncoutim Solar Energy SA, a Portuguese company which operates a photovoltaic plant near the town of Alcoutin in southern Portugal for a purchase price of EUR 17,045, and subsequently subscribed to an equity increase of EUR 1,479,559.

In December 2013, Enovos International S.A. signed a sale agreement for its 1% shares held in the participation European Energy Exchange AG for a value of EUR 2,412,000. Since the transaction will enter in application after the formal acceptance by the European Energy Exchange AG Board of Directors, the corresponding gain on sale of EUR 1,712,000 will be recognised in 2014 and the shares have been reclassified from the caption "Investments carried at cost" to "Transferable securities".

The Board of Directors considers that no value adjustments are needed as of 31st December 2013.

Note 10 – Inventories

Raw materials consist mainly of parts inventories of Creos Luxembourg and of feedstock of the green electricity production companies. The increase in 2013 is mainly due to the change in consolidation scope for renewable companies.

Work and contracts in progress are mainly made up of work in progress for grid customers by Creos Luxembourg S.A. and projects under development by Enovos Renewables GmbH which will be invoiced to customers once finished.

Finished goods of EUR 33,664,240 (EUR 30,283,310 in 2012) mainly consist of gas stocks held in France and Germany. A value adjustment of EUR 648,127 has been recognised in 2013 (2012: 0).

Note 11 – Debtors

11.1. Trade receivables

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

	31/12/2013 €	31/12/2012 €
Trade receivables - Gross value	477,076,146	447,654,893
Value adjustment	(16,440,057)	(13,316,973)
Trade receivables - Net value	**460,636,089**	**434,337,920**

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

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

11.3. Other receivables

This caption mainly includes tax receivable in Luxembourg of EUR 36,442,271 (2012: EUR 34,702,521) and in Germany of EUR 26,741,097 (2012: EUR 18,421,373).

Furthermore, VAT recoverable in Luxembourg amounts to EUR 10,372,440 (2012: EUR 2,771,986).

As of 31st December 2013, this caption also comprises a receivable on the "Institut Luxembourgeois de Régulation" ("ILR") of EUR 16,691,620 (2012: EUR 11,790,825) in the context of the mechanism of the "Fond de compensation" for Creos Luxembourg S.A..

Furthermore, an amount of EUR 8,800,000 includes advance payments by Enovos Future GmbH for the purchase of maintenance contracts from Global PVQ SE. This transaction is expected to be finalised in 2014.

11.4 Deferred tax assets

Deferred tax assets for a total of 2,552,000 (2012: EUR 4,300,000) have been computed on the German companies part of the fiscal unity of Enovos Deutschland SE as a result of the fiscal loss in 2013. The amount is expected to be recovered with future taxable profits. The deferred tax assets computed in 2012 of EUR 4,300,000 on behalf of those companies part of the fiscal unity of Enovos International S.A. have been entirely released as they have been recovered with taxable profits in 2013.

Note 12 – Transferable securities

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

In 2013, the participation in EEX has been transferred for EUR 700,000 from the caption" Investments carried at cost" to the caption "Transferable securities" (see also note 9).

Note 13 – Cash at bank, cash in postal cheque accounts, cheques and cash in hand

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

Note 14 – Prepayments

As of 23th May 2011, the company has entered into three interest rate swaps (IRS) for an aggregate nominal amount of EUR 200 million and a final maturity 7 years later, in order to hedge a long term financing initially planned for September 2011. Since the planned financing has been postponed to May 2012, the IRS have been extended up to this date. As the EUR 200 million bond was definitely launched in May 2012 and issued on 15th June with a maturity in 2019, the three IRS contracts have been unwound and the related costs of EUR 23.9 million were deferred, as part of the financing fees, over the life time of the underlying retail bond financing. As of 31st December 2013, an amount of EUR 18,658,143 was posted under the caption "Prepayments" (2012: EUR 22,076,429).

The caption includes also a hedge on coal of EUR 2,319,480 (2012: 0) and EUR 3,776,076 (2012: EUR 2,477,827) related to clearing accounts linked to the portfolio management and trading activities at Enovos Luxembourg S.A. level.

Creos Luxembourg S.A., according to the regulation scheme, a cumulated difference (2012 and prior years) is calculated individually for each regulated activities (electricity, gas transport, gas distribution, metering electricity, metering gas) and is provided for, when positive, in the caption "Prepayments" for an amount of EUR 2,860,584 (2012: EUR 4,150,751) and when negative, in the caption "Deferred income" for an amount of EUR 20,667,847 (2012: EUR 18,150,374).

Note 15 – Capital and reserves

As at 31st December 2013, the share capital of Enovos International S.A. amounted to EUR 90,962,900. It was fully paid-up and was represented by 909,629 ordinary shares (2012: 909,629), with a nominal value of EUR 100 per share and with no preferential rights.

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

Consolidated capital and reserves, group share

	31/12/2012 €	Distribution of dividends €	Appropriation of profit €	Change in scope €	Other €	Profit for the year €	31/12/2013 €
Subscribed capital	90,962,900						90,962,900
Share premium	387,028,449						387,028,449
Consolidated Reserves	385,158,044		39,623,237	172,214	525,169		425,478,665
Legal Reserve	*9,096,290*						*9,096,290*
Reserve of 1st consolidation	*(57,960,816)*						*(57,960,816)*
Consolidation reserves	*369,090,419*		*39,623,237*	*172,214*	*525,169*		*409,411,039*
Other reserves	*64,932,152*						*64,932,152*
Retained earnings	195,013		8,741,917				8,936,930
Capital investment subsidies	2,730,022			3,933,696	(481,570)		6,182,148
Profit for the year	97,485,120	(49,119,966)	(48,365,154)			75,341,768	75,341,768
Total shareholder's equity Group share	**963,559,548**	**(49,119,966)**	**0**	**4,105,910**	**43,599**	**75,341,768**	**993,930,859**
Minority interest	193,914,290	(13,519,379)		1,960,785	1,778,701	21,335,738	205,470,134
Total shareholder's equity	**1,157,473,838**	**(62,639,345)**	**0**	**6,066,695**	**1,822,300**	**96,677,505**	**1,199,400,993**

The caption "Change in scope" mainly comprises the impact on Minority interest of the first consolidation of NPG energy Group. The impact on minority interests of the caption "Others" results from the increase in equity of Energie Südwest AG.

Note 16 – Provisions

16.1. 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 SE and its subsidiaries and Creos Deutschland Holding GmbH and its subsidiaries 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.

Whereas in Luxembourg, the application of the group assumptions has been accepted by the tax authorities, there is a difference in Germany between local HGB and group assumptions. Consequently, consolidated pension provisions booked under group assumptions are lower than those booked locally under HGB by EUR 11,600,622 (2012: EUR 10,861,065).

16.2 Other provisions

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

	31/12/2013	31/12/2012
	€	€
Provisions for regulatory and environmental risks	34,399,116	32,776,457
Provisions for purchases	1,129,469	681,736
Provisions for staff costs	11,427,400	10,739,100
Provisions for sales risks	813,074	3,564,576
Provisions for derivatives	7,011,655	13,279,530
Provisions for litigation	637,993	637,993
Other provisions	8,963,958	5,120,654
	64,382,664	66,800,047

Note 17 – Non convertible debenture loans

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

Furthermore, on 26th June 2013, the company issued a German Certificate of Indebtedness ("Schuldschein") of EUR 102 million with tenors of 7, 10, 12 and 15 years. The Schuldschein bears a floating interest rate for the 7 year tenor and a fixed interest rate of 2.81%, 3.22% and 3.5% for the 10, 12 and 15 years tenors respectively. The interests for the floating 7 years tenor are paid twice a year in June and December whereas the interests on the fixed tenors are paid in June every year. The interests are appropriately provisioned in the accounts. The accrued interests payable as at 31st December 2013 amount to EUR 1,082,739.

In 2012, as Enovos RE S.A. had invested EUR 4,026,169 in the public bond for its own purposes, this amount had been eliminated as an intercompany operation on consolidated level. In 2013 Enovos Re S.A. sold the bond, and the amount has been reversed on consolidated level.

Note 18 – Amounts owed to credit institutions

To guarantee sufficient liquidity to the main group companies, Enovos International S.A. has contracted in November 2013 a 3 year syndicated revolving credit facility ("RCF") amounting to EUR 180 million with 6 banks, with an option to extend by another 2 years until November 2018. The amount drawn of the committed RCF as of 31st December 2013 is EUR 40,000,000. In addition the company has a medium term credit facility in place with one of the banks, maturing in May 2015, for an amount of EUR 20 million, amount fully drawn as of 31st December 2013.

The financial payables break down as follows:

	31/12/2013	31/12/2012
	€	€
Non-current financial liabilities due to financial institutions		
due within one to five years	31,832,514	23,714,654
due in more than five years	34,891,926	25,556,354
Current financial liabilities due to financial institutions		
due within one year	78,143,807	47,758,647

Note 19 – Payments received on account of orders

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

Note 20 – Trade creditors

Trade creditors are mainly related to energy purchases / supplies and trading activities.

Note 21 – Amounts owed to undertakings with which the group is linked by virtue of participating interests

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

Note 22 – Tax and social security debts

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

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

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

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

Note 23 – 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 S.A. in the consolidated accounts.

Enovos Luxembourg S.A. is currently in discussion with the Luxembourgish VAT Administration ("Administration de l'Enregistrement") in regards to the specific treatment of the VAT that relates to certain transactions executed by its Trading department. As no final decision has been taken yet, and no final assessment made by the Administration in regards to the VAT declarations submitted by the company, the outcome of the discussion is not known as of today. The Board of Directors considers that the final decision will not have a material impact on the financial results of the Company, and consequently no provision has been recorded as of 31st December 2013.

Note 24 – Other creditors

Other creditors are mostly becoming due and payable after more than one year. In the course of the financing agreement reached with SEO S.A. over the financing of the 11th turbine at the Vianden pumping station of SEO, an amount of EUR 98,162,146 (2012: EUR 81,265,561) has been posted under this caption in 2013 (see note 8).

The group has a long-term liability to the city of Landau of EUR 11,702,000 (2012: EUR 12,996,000) in the context of the acquisition of EnergieSüdwest AG.

Furthermore, as of 31st December 2013, Enovos Deutschland SE has a long term liability of EUR 1,700,000 towards "Pensionskasse der Enovos Deutschland VVaG" (2012: EUR 3,500,000).

Note 25 – Deferred income

Same as in 2012, this caption mainly includes derivatives which are to hedge operations to be settled in subsequent years and advance payments by customers.

In addition, as described in note 14, Creos Luxembourg S.A. has posted under this caption an amount of EUR 20,667,847 (2012: EUR 18,150,374) related to the regulated activities.

Note 26 – Use of merchandise, raw materials and consumable materials

	2013 €	2012 €
Electricity supplies	1,893,403,095	1,625,447,827
Trading sales	(639,884,791)	(559,036,430)
Gas supplies	1,002,427,338	1,023,467,974
Other supplies	306,017,121	203,759,049
Derivatives	17,341,700	23,529,649
Total Raw materials and consumables	**2,579,304,462**	**2,317,168,069**

Note 27 – Other external charges

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

Note 28 – Staff costs

The group had on average 1,401 employees in 2013 (2012: 1,377). The figure in 2013 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A. (131 employees), the costs of which are shown under wages and salaries for EUR 12,312,680 (2012: EUR 13,045,875).

Note 29 – Net turnover

Sales break down as follows:

	2013 €	2012 €
Sales electricity	1,664,034,638	1,355,954,434
Sales gas	1,112,075,927	1,116,164,371
Other energy sales	29,625,435	27,939,850
Grid sales electricity	28,244,916	9,225,315
Grid sales gas	61,034,132	61,063,819
Other sales	58,788,103	73,007,593
Rebates & discounts	(3,202,313)	(1,661,820)
Total sales	**2,950,600,837**	**2,641,693,562**

Other sales include sales of services to electricity and gas customers like metering and costs for grid connections. Sales relating to gas and electricity trading on the international market are shown net of purchases under “Raw materials and consumables”.

Geographical sales break down as follows:

	2013 €		2012 €	
Luxembourg	1,505,392,605	33,66%	1,490,199,011	36,55%
Germany	2,742,943,960	61,33%	2,440,564,625	59,86%
France	164,364,352	3,68%	122,076,272	2,99%
Other countries	59,530,372	1,33%	24,578,963	0,60%
Total sales	4,472,231,289	100%	4,077,418,871	100%
Intercompany sales	(1,521,630,452)		(1,435,725,309)	
Total net sales	2,950,600,837		2,641,693,562	

Note 30 – Other operating income

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

Note 31 – Income from financial fixed assets, other interest and other financial income, interest and other financial charges

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

The caption "Interest and other financial charges" is mostly composed of interests paid on bank loans, on the public bond and on the German certificate of indebtedness, as well as of the depreciation of the hedge costs related to the bond issue.

Note 32 – 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:

	2013 €	2012 €
energis GmbH	7,240,848	7,756,906
Pfalzgas GmbH	3,672,550	3,346,000
artelis S.A.	990,975	1,282,035
Global Facilities S.A.	490,877	461,854
Projecta 14 GmbH	450,871	1,054,443
Cegyco S.A.	211,826	(158,068)
NordEnergie S.A.	118,400	13,330
Airport Energy S.A.	87,340	56,296
Steinergy S.A.	67,880	51,764
Soler S.A.	39,142	(280,255)
Ceduco S.A. (*)	0	(758,713)
geo x GmbH (*)	0	(262,905)
Biopower Tongeren NV (**)	0	53,803
Windpark Wremen GmbH & Co. KG	(5,908)	45,416
Solarkraftwerk Ahorn GmbH & Co. KG	(7,399)	150,163
Kiowatt S.A.	(196,857)	(107,847)
Datacenterenergie S.A.	(435,796)	(359,833)
Aveleos S.A.	(509,002)	4,131,430
Twinerg S.A.	(1,837,569)	(1,142,686)
Total	10,378,179	15,333,133

Note 33 – Extraordinary income and charges, reversal of value adjustments on elements of current assets

In 2012, this caption mainly comprised the capital gain of EUR 39,477,392 realised on the sale of Ferngas Nordbayern GmbH.

Also in 2012, there was an agreement between Amprion GmbH, Twinerg S.A., Electrabel S.A. and Creos Luxembourg S.A. to settle a dispute about grid fees. According to this agreement, an extraordinary charge of EUR 10,316,002 has been recorded to cancel the outstanding invoices, and the existing provision on these receivables of EUR 3,666,360 has been reversed. Twinerg agreed to pay an indemnity of EUR 7,300,000 to settle the dispute.

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

In 2013, there were no noticeable extraordinary income and charges.

Note 34 – 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 35.1 – Remuneration paid to members of the administration and management bodies

Remuneration paid to members of the management and supervisory bodies of Enovos International S.A. totalled EUR 564,400 in 2013 (2012: EUR 578,750). No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

Note 35.2 – Auditor's fees

Audit and audit-related fees for the year 2013 amount to EUR 522,000 (2012: EUR 462,000).

Note 36 – Financial derivatives

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

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

Derivative financial instruments – Sell positions

	2013 €	2012 €
Financial derivatives on electricity futures	298,331,425	225,534,693
Other financial derivatives	3,547,620	49,048,353
Total	301,879,045	274,583,046

Derivative financial instruments – Buy positions

	2013 €	2012 €
Financial derivatives on electricity futures	(289,688,648)	(224,246,442)
Other financial derivatives	(18,326,858)	(61,490,578)
Total	**(308,015,506)**	**(285,737,020)**

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

	2013		2012	
	Nominal value €	Unrealised gain or loss €	Nominal value €	Unrealised gain or loss €
Financial derivatives on electricity futures	2,277,920,730	8,642,778	3,611,407,538	1,288,251
Other financial derivatives	114,253,415	(14,779,239)	604,872,878	(12,422,226)

The net fair value of the derivative contracts amounts to EUR –6,136,461. A provision of EUR 7,011,655 is recorded in the books of the group to account for this negative position (see also note 16.2. – Other provisions).

Note 37 – Off-balance sheet liabilities and commitments

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

Enovos International S.A. has given customary parental support letters to a few energy providers and trading counterparts of Enovos Luxembourg S.A. For electricity and gas trades Enovos International S.A. has issued customary letters of support to a few trading counterparties of Enovos Luxembourg S.A. amounting to EUR 50,000,000.

For electricity and gas trades Enovos Luxembourg S.A. has received by counterparties parental support letters amounting to EUR 40,000,000.

Enovos International S.A. has signed a bank guarantee for Solarkraftwerk Kenn GmbH, a 25.1% subsidiary of Enovos Deutschland SE., for an initial loan amount of EUR 15,071,000 in 2009; at the end of 2013 the loan amounted to EUR 11,710,848 (2012: EUR 12,508,316). Enovos International S.A. received from Stadtwerke Trier a counter guarantee valued at EUR 5,972,532 on 31st December 2013 (2012: EUR 6,379,241).

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

The State and/or the SNCI, as applicable, agree not to transfer for commercial reasons, during a period of ten (10) years, starting at the date of the acquisition of the relevant shares in Creos Luxembourg S.A., all or part of the shares it/they has/have acquired in the share capital of the Grid group, subject to certain exceptions, including transfers between the State and SNCI, transfers to their affiliates or municipalities or public bodies or transfers pursuant to legal or regulatory constraints or a court order. Subject to the same exceptions, if at any time after the above 10 year period, the State and/or the SNCI (or the affiliates, municipalities or public bodies referred to in the preceding sentence), as applicable, propose to make a transfer of all or part of such shares Enovos International S.A. has a pre-emption right over such shares.

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

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. Enovos International S.A. thus has contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 1,793 million as of 31st December 2013 (2012: EUR 2,137 million). The amount of the above forward purchase contracts include only forward contracts signed with counterparties. In addition Enovos International S.A. concluded several long term gas sourcing contracts until 2016 amounting to EUR 1,513 million as of 31st December 2013 (2012: EUR 1,246 million) and long term electricity sourcing contracts amounting to EUR 251 million (2012: EUR 352 million).

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

Enovos Luxembourg S.A. has issued a counter-guarantee for Electrabel S.A.'s benefit and in relation to the financing of the Twinerg combined turbine power plant for a total amount of EUR 4,595,625 as at 31st December 2013 (2012: EUR 6,378,906). A further counter-guarantee of EUR 2,100,000 has been issued for GDF-Suez, also in relation with the financing of Twinerg (2012: EUR 2,100,000).

On 24th December 2013 Enovos Luxembourg S.A. further agreed to cover financial needs of Twinerg up to EUR 8.5 million for the upcoming years. Similar commitments were agreed to by the other shareholders of Twinerg.

Enovos Luxembourg S.A. took over a commitment related to a Memorandum of Understanding signed with SEO S.A., RWE Power AG and the State of Luxembourg for the enlargement of the Vianden pumping station. Enovos Luxembourg S.A. will thus have the right to 100 MW on a virtual basis that is half the production of a new turbine to be built. Under an amendment dated 16th June 2011 the group committed to finance for the part of its rights in the Vianden pumping station the bank loan contracted by SEO. During 2013 additional financing was required and Enovos Luxembourg S.A. granted to SEO two loans amounting to EUR 20,500,000, thereof EUR 5,000,000 was still undrawn as of 31st December 2013.

Enovos Luxembourg S.A. has issued to the lenders of Biopower Tongeren NV a guarantee for a total amount of EUR 8,262,708 as at 31st December 2013 (2012: EUR 9,509,926).

Enovos Luxembourg S.A. further entered into a variety of financially settled derivative contracts (mainly futures and swaps in gas and electricity) in order to hedge the procurements for customer business and assets. As at 31st December 2013, the unrealised gain of these transactions amounts to EUR 1,289,556.

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 11,274,204 (2012: EUR 10,181,843).

End of December 2013 Aveleos S.A. has entered into a Share Purchase Agreement to sell photovoltaic installations in Italy. At the closing of this transaction foreseen in the second quarter of 2014

Enovos Luxembourg S.A. has to provide several customary corporate guarantees to hold the Buyer harmless from and against certain claims and risks estimated at EUR 9.7 million.

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,000 (2012: EUR 1,000,000).

Leo S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 4,068,000 (2012: EUR 8.568.000).

Enovos Solar Investment I S.r.l. has leasing obligations in the context of operating its photovoltaic parks for a total amount of EUR 16.3 million (2012: EUR 17.7 million) maturing in 2029.

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

Note 38 – Post-balance sheet events

On 19th December 2013 Enovos Deutschland SE sold its participation in Prego Services GmbH. As the sale was pendant on the written acknowledgment of the Bundeskartellamt, the sale was not yet posted in the accounts as of 31st December 2013.

No other major post balance-sheet event has occurred.

Because our children will need a lot of energy to travel the world, Enovos is contributing to the promotion of ecological mobility technology by providing the answers to the specific needs of our country and its travellers.

2.5 Audit report on the consolidated annual accounts

To the Shareholders of Enovos International S.A.

Report on the consolidated annual accounts

We have audited the accompanying consolidated annual accounts of Enovos International S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated profit and loss account and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated annual accounts

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

Responsibility of the "Réviseur d'entreprises agréé"

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of the Group as of 31 December 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated annual accounts.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luc Henzig

Luxembourg, 25th April 2014

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

To reach new horizons tomorrow, Creos is expanding a high quality infrastructure of grids, thus taking on the challenges of the future and providing a security of supply.

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

1 Management Report

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

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

As of 31st December 2013, net financial debt reached EUR 336,249,154 (2012: EUR 243,316,062) mainly as a consequence of the financing transactions described below.

2013 Highlights

In order to finance the main group companies' investment programme, Enovos International S.A. decided in June 2013 to further diversify its funding by issuing a German Certificate of Indebtness ("Schuldschein") for an amount of EUR 102 million with a tenor of 7, 10, 12 and 15 years leading to an average tenor of 10 years. The Schuldschein bears a floating interest rate for the 7 year tenor and a fixed interest rate of 2,81%, 3,22% and 3,5% for the 10,12 and 15 years tenors respectively.

Considering the retail bond of EUR 200 million issued in June 2012, this Schuldschein issue further extends the group's maturity profile underpinned by an average tenor of 8 years.

In July 2013, the proceeds of the Schuldschein have been allocated for a total amount of EUR 65 million to the subsidiary Creos Luxembourg S.A. through a back to back shareholder loan with mirror conditions in order for the latter to finance its grid investment projects. The remaining proceeds were allocated to various subsidiaries for renewable energy generation projects.

In November 2013, Enovos International S.A., in order to guarantee sufficient liquidity to the main group companies, contracted a 3 year syndicated revolving credit facility (RCF) amounting to EUR 180 million with 6 banks and renewed ancillary lines of credit, committed and uncommitted, with a number of credit institutions up to EUR 70 million. At the option of the banks the credit facility may be extended by 2 years until November 2018. The unused portion of the RCF was EUR 140 million at the end of 2013 thus ensuring adequate liquidity for the group companies.

As of 31st December 2013, the net cash amount managed on behalf of the subsidiaries with which the company entered into a cash pooling agreement is EUR 124,376,490 (2012: EUR 111,338,093).

The financing transactions described above lead to an increase in cash and cash equivalents from EUR 707,333 to EUR 30,996,261 and an increase in amounts owed to credit institutions from EUR 39,960,895 to EUR 60,100,176 between end of 2012 and end of 2013.

In November 2013, Enovos International S.A. and Enovos Luxembourg S.A. contributed their respective land and buildings in Esch-sur-Alzette into a new company named Real Estate Enovos Esch S.A. ("R3E") for a respective value of EUR 10,150,000 and EUR 9,550,000. The resulting gain on sale in Enovos International has been, in accordance with the tax law art.54 LIR, immunised in a specific equity reserve shown under the caption "temporarily not taxable capital gains". Real Estate Enovos Esch S.A. thus holds the new administrative building under construction of Enovos International S.A. and Enovos Luxembourg S.A., both shareholders owning respectively 51.53% and 48.47% of the new company.

In December 2013, Enovos International S.A. signed a sale agreement for its 1% shares held in the participation European Energy Exchange AG for a value of EUR 2,412,000. Since the transaction will enter in application after the formal acceptance by the European Energy Exchange AG Board of Directors, the corresponding gain on sale of EUR 1,712,000 will be recognised in 2014 and the shares have been reclassified from the caption "Shares in undertakings with which the company is linked by virtue of participating interests" to "Transferable securities".

Finally, in 2013 the company launched an ambitious cost management and efficiency improvement programme "fit for future" covering also its core subsidiaries. The detailed action plan will be finalised by the end of the 1st quarter 2014, while implementation work starts in parallel, thus an impact on the financial results of the company and its main subsidiaries is expected as soon as 2014.

Financial results

In 2013, the net turnover amounted to EUR 32,318,653 (2011: EUR 30,368,981) and relates mainly to the service level agreements with its affiliated companies. The shared services are related to central services for Facility Management, Human Resources, IT, Internal Communication, Finance and Tax, Corporate Development, Risk Management, Insurance, Legal, Internal audit, Management and Controlling, rendered by Enovos International to the main subsidiaries and re-invoiced through a transparent and systematic allocation key or through specific projects for which the company has rendered these services.

Income from financial fixed assets decreased from EUR 55,217,962 to EUR 41,410,611 mainly due to the lower dividends from the subsidiary Enovos Luxembourg S.A.

The increase in interest income from EUR 8,287,492 in 2012 to EUR 13,708,467 in 2013 is mainly related to the back to back shareholder loan granted to Enovos Luxembourg S.A. in June 2012 with mirror conditions of the retail bond issued for EUR 200,000,000 and EUR 65,000,000 granted to Creos Luxembourg S.A. in June 2013 as further described above, both with no impact on the profit for the financial year. Other financial revenues of EUR 74,521 (2012:46,431) are mainly related to the parental guarantee fees and interests received from the current accounts and deposit accounts.

The increase in other interest and similar financial charges from EUR 9,590,722 in 2012 to EUR 13,785,678 in 2013 is mainly related to the interests accrued on the long term financings (retail bond and Schuldschein) as well as to the depreciation of the associated hedge costs and the all-in financing arrangement costs.

As a consequence of the lower income from financial fixed assets mentioned above, the profit for the financial year decreases to EUR 43,677,868 compared to EUR 54,861,882 in 2012.

No major event affected the financial situation of Enovos International S.A. since 31st December 2013.

Risk management

Specific risks directly managed at the company level relate to the financial liquidity risk, the credit risk of the subsidiaries supported by financing from Enovos International S.A. as well the interest rate risk. While the credit risk of the subsidiaries is followed on a monthly basis for the core companies and on a quarterly basis for the noncore companies by the Group Controlling department, the liquidity risk is mitigated by the Group Finance & Tax department through the setting up of the aforementioned revolving credit facility which ensures sufficient liquidity to the main group companies. Group Finance & Tax department is further monitoring on a continuous basis the evolution of short and long term interest rates to evaluate the need to further hedge the interest rate risk. It should be noted that in regards to the long term financing in place, EUR 200 million retail bond and EUR 102 million German certificate of Indebtedness, only a portion of EUR 35 million of the latter bears a floating interest rate.

The Group Risk Management department is centralising all risk management reporting from the core group companies and reports to the Group Risk Committee who monitors the main risks identified across the Enovos Group.

Outlook

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

As the group will continue to expand both on the supply side as well as on the grid side, management is furthermore expecting that the company will continue to provide corporate services in order to support the various business units to achieve their respective targets. Implementing the improvement potential identified in the "fit for future" programme will allow the company to do so with increased efficiency.

The Board of Directors

Esch-sur-Alzette
14th March 2014

Appropriation of net profit

The profit available for appropriation of EUR 56,314,798 includes the net profit for the year of EUR 43,677,868 , the reversal of the blocked reserve (wealth tax) of EUR 3,700,000 and the profit brought forward of EUR 8,936,930.

The Board of Directors proposes to the Annual Shareholder's Meeting to be held on 13th May 2014 the following appropriation of net profit:

	€
Dividend of 54 Euros per share*	49,119,966
Allocation to the legal reserve	0
Allocation to the blocked reserve (wealth tax)	4,700,000
Amount carried forward	2,494,832
Total	**56,314,798**

(*) Number of shares: 909.629 shares

2 Balance sheet as at 31st December 2013

ASSETS Denominated in EUR	2013 €	2012 €
Fixed assets		
Intangible fixed assets		
Concessions, patents, licences, trademarks and similar rights		
and assets, if they were		
a) acquired for valuable consideration	1,017,255	1,527,686
Payments on account and intangible fixed assets under development	1,008,488	432,137
Tangible fixed assets		
Land and buildings	0	9,991,846
Other fixtures and fittings, tools and equipment	1,926,740	3,001,689
Payments on account and tangible fixed assets under development	960,848	433,416
Financial fixed assets		
Shares in affiliated undertakings	773,231,363	763,081,363
Amounts owed by affiliated undertakings	303,413,990	208,343,651
Shares in undertakings with which the company is linked by virtue of participating interests	29,970,763	30,670,763
Amounts owed by undertakings with which the company is linked by virtue of participating interests	3,620,290	5,335,809
Total Fixed Assets	1,115,149,737	1,022,818,360
Current assets		
Debtors		
Trade receivables		
a) becoming due and payable within one year	0	29,318
Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	54,649,496	114,794,311
Amounts owed by undertakings with which the company is linked by virtue of participating interests		
a) becoming due and payable within one year	22,899	33,532
Other receivables		
a) becoming due and payable within one year	22,127,681	18,257,171
b) becoming due and payable after more than one year	12,000	9,000
Transferable securities		
Other transferable securities	700,000	0
Cash at bank, cash in postal cheque accounts, cheques and in hand	**30,996,261**	**707,333**
Total Current Assets	108,508,337	133,830,665
Prepayments	20,547,915	23,148,967
Total Assets	1,244,205,989	1,179,797,992

LIABILITIES Denominated in EUR	2013 €	2012 €
Capital and reserves		
Subscribed capital	90,962,900	90,962,900
Share premium and similar premiums	387,028,449	387,028,449
Reserves		
Legal reserve	9,096,290	9,096,290
Other reserves	178,538,164	181,538,164
Profit brought forward	8,936,930	195,013
Temporarily not taxable capital gains	439,674	0
Profit for the financial year	**43,677,868**	**54,861,882**
Total Capital and reserves	718,680,274	723,682,699
Provisions		
Provisions for pensions and similar obligations	8,166,778	8,304,953
Other provisions	693,785	1,458,285
Total Provisions	**8,860,563**	**9,763,238**
Non subordinated debts		
Debenture loans		
b) Non convertible loans		
i) becoming due and payable within one year	5,145,239	4,062,500
ii) becoming due and payable after more than one year	302,000,000	200,000,000
Amounts owed to credit institutions		
a) becoming due and payable within one year	60,100,176	39,960,895
Trade creditors		
a) becoming due and payable within one year	4,634,036	3,021,802
Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	139,635,979	194,080,458
Amounts owed to undertakings with which the company is linked by virtue of participating interests		
a) becoming due and payable within one year	243,545	105,363
Tax and social security debts		
a) Tax debts	3,594,529	4,108,264
b) Social security debts	459,368	440,678
Other creditors		
a) becoming due and payable within one year	852,280	572,094
Total Non subordinated debts	516,665,152	446,352,056
Total Liabilities	1,244,205,989	1,179,797,992

3 Profit and loss account for the year ended 31st December 2013

Charges Denominated in EUR	**2013** **€**	**2012** **€**
Use of merchandise, raw materials and consumable materials	**459,982**	**461,851**
Other external charges	**18,695,326**	**16,241,052**
Staff costs		
a) Salaries and wages	11,127,350	10,610,107
b) Social security on salaries and wages	1,245,638	1,148,345
c) Supplementary pension costs	1,105,672	1,215,693
Value adjustments		
a) on formation expenses and on tangible and intangible fixed assets	2,347,185	2,909,368
Interest and other financial charges		
a) concerning affiliated undertakings	106,493	284,010
b) other interest and similar financial charges	13,785,678	9,590,721
Income tax	**(3,522,998)**	**(3,152,480)**
Other taxes not included in the previous caption	**0**	**265,000**
Profit for the financial year	**43,677,868**	**54,861,882**
Total Charges	**89,028,193**	**94,435,550**

Income Denominated in EUR	**2013** €	**2012** €
Net turnover	**32,318,653**	**30,368,981**
Fixed assets under development	**224,398**	**368,497**
Other operating income	**1,291,544**	**146,187**
Income from financial fixed assets		
a) derived from affiliated undertakings	39,799,101	53,971,202
b) other income from participating interests	1,611,510	1,246,760
Other interest and other financial income		
a) derived from affiliated undertakings	13,708,467	8,287,492
b) other interest and similar financial income	74,521	46,431
Total Income	**89,028,193**	**94,435,550**

The fully set of annual accounts is available at

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PricewaterhouseCoopers has
been appointed as independent
auditor for fiscal year 2013 by
the annual ordinary shareholder's
meeting on 8th May 2012.

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