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Trianel GmbH

Management Report 2008

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Summarised Management Report of Trianel GmbH for the 2008 financial year

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SUMMARISED

Management Report

OF TRIANEL GMBH FOR THE 2008 FINANCIAL YEAR

A. Business and general conditions

I. Corporate structure and business operations

1. Legal corporate structure

As was the case in the previous years, the reporting period 2008 was characterised by the successful expansion of the shareholder basis of Trianel GmbH (operating until 29.12.2008 as "Trianel European Energy Trading GmbH"). The company gained nine new shareholders by means of (cash) capital increases or by acquisition and transfer of Trianel GmbH treasury stock: Allgäuer Überlandwerk GmbH, Energie Wasser Niederrhein GmbH, GWS Stadtwerke Hameln GmbH, Schleswiger Stadtwerke GmbH, Stadtwerke Bad Salzuflen GmbH, Stadtwerke Elmshorn, Stadtwerke Fröndenberg GmbH, Stadtwerke Tuttlingen GmbH, and SWU Energie GmbH.

Furthermore, the shareholder Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH increased its participating interest in Trianel GmbH by € 1 million. This was also implemented by means of a (cash) capital increase.

Consequently, on the balance sheet date 31.12.2008, 41 municipal utility companies held a participating interest in Trianel GmbH. Overall, the share capital of Trianel GmbH increased during the calendar year 2008 by € 2,357 thousand from € 14,527 thousand to € 16,884 thousand on the balance sheet date.

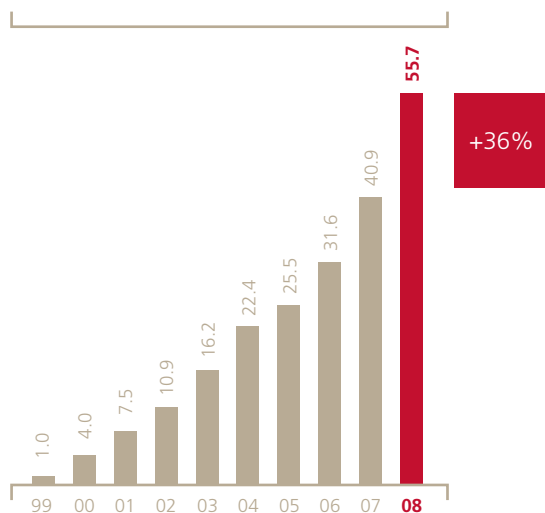
The following chart provides an overview of the shareholder structure of Trianel GmbH as of 31.12.2008.

ewmr – Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH, Bochum (Bochum, Herne, Witten)	29.47%	Energie Wasser Niederrhein GmbH	0.59%
		GWS Stadtwerke Hameln GmbH	0.59%
		Hertener Energiehandelsgesellschaft mbH	0.59%
STAWAG Stadtwerke Aachen AG	14.29%	Schleswiger Stadtwerke GmbH	0.59%
Stadtwerke Bonn GmbH	6.93%	Stadtwerke Bad Salzuflen GmbH	0.59%
Überlandwerk Fulda AG	6.49%	Stadtwerke Dachau	0.59%
Stadtwerke Lübeck Holding GmbH	6.11%	Stadtwerke Elmshorn	0.59%
SWU Energie GmbH, Ulm	4.53%	Stadtwerke Fröndenberg GmbH	0.59%
Stadtwerke Jena-Pöbnek GmbH	3.57%	Stadtwerke Gronau GmbH	0.59%
Stadtwerke Halle GmbH	3.55%	Stadtwerke Sindelfingen	0.59%
Niederrheinwerke Viersen GmbH	3.43%	Stadtwerke Tuttlingen GmbH	0.59%
Salzburg AG für Energie, Verkehr und Telekommunikation, Austria	2.10%	Stadtwerke Detmold GmbH	0.43%
		Stadtwerke Flensburg GmbH	0.40%
enwor – energie & wasser vor ort GmbH, Herzogenrath	2.04%	Stadtwerke Unna GmbH	0.39%
Allgäuer Überlandwerk GmbH	1.48%	Stadtwerke EVB Huntetal GmbH	0.36%
NVB Nordhorner Versorgungsbetriebe GmbH	1.42%	Stadtwerke Lemgo GmbH	0.32%
Stadtwerke Hamm GmbH	1.18%	Stadtwerke Schwäbisch Hall GmbH	0.31%
GSW Gemeinschaftsstadtwerke GmbH Kamen-Bönen-Bergkamen	0.89%	Stadtwerke Georgsmarienhütte GmbH	0.30%
		Stadtwerke Herford GmbH	0.30%
Regio Energie Solothurn, Switzerland	0.71%	Stadtwerke Lengerich GmbH	0.30%
Stadtwerke Lünen GmbH	0.70%	Stadtwerke Soest GmbH	0.30%
Energie- und Wasserversorgung Rheine GmbH	0.59%	Stadtwerke Verden GmbH	0.30%
		Teutoburger Energie Netzwerk e. G., Hagen	0.30%

Trianel GmbH

Taking account of the annual net income of € 6,372 thousand for the 2008 financial year, Trianel GmbH has equity to the value of € 55,722 thousand. The equity development is shown in the following chart:

Equity development of Trianel GmbH (individual financial statements) in €m



On the reporting date of 31.12.2008, Trianel owned twelve subsidiaries and affiliated companies. The participation structure is shown in the following chart:

Trianel GmbH			
Trianel Finanzdienste GmbH Portfolio management/Financial services	100%	Trianel Gaskraftwerk Hamm GmbH & Co. KG Power generation	6.12%
energieGUT GmbH End customer sales, Germany	100%	Trianel Kohlekraftwerk Lünen GmbH & Co. KG Power generation	6.34%
Trianel Energie B.V. Sales, Benelux	100%	Trianel Windkraftwerk Borkum GmbH & Co. KG Power generation	3.56%
Trianel Gaskraftwerk Hamm Verwaltungs GmbH	100%	Trianel Gasspeicher Epe GmbH & Co. KG Gas storage	17.60%
Trianel Gasspeicher Epe Verwaltungs GmbH	100%	Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	100%
Trianel Windkraftwerk Borkum Verwaltungs GmbH	75%	Trianel Service GmbH Technical services	20%
EEX AG	0.25%		

Trianel Finanzdienste GmbH (operating until 29.12.2008 as "Trianel Energy Management GmbH") is a wholly owned subsidiary of Trianel GmbH. The activities of the Trianel Group which require authorisation for the provision of financial services pursuant to § 32, para. 1 of the German Banking Act are concentrated in this company.

Trianel Gaskraftwerk Hamm GmbH & Co. KG (formerly Trianel Power Kraftwerk Hamm-Uentrop GmbH & Co. KG) is responsible for the operation of the first municipal 800 megawatt gas and steam turbine power station in Hamm-Uentrop. On the reporting date, Trianel GmbH's shareholding was 6.12%. The general partner of Trianel Gaskraftwerk Hamm GmbH & Co. KG is Trianel Gaskraftwerk Hamm Verwaltungs GmbH (formerly Trianel Vermögensverwaltungs GmbH). This Aachen-based company is a wholly owned subsidiary of Trianel GmbH.

Trianel Gasspeicher Epe GmbH & Co. KG (formerly Trianel Gasspeichergesellschaft Epe mbH & Co. KG) is responsible for the expansion and operation of a natural gas storage facility located in Epe in the district of Borken (North Rhine-Westphalia). On the reporting date, Trianel's shareholding was 17.6%. The general partner of Trianel Gasspeicher Epe GmbH & Co. KG is Trianel Gasspeicher Epe Verwaltungs GmbH (formerly Trianel Gasspeicher Vermögensverwaltungs GmbH), a wholly owned subsidiary of Trianel GmbH, based in Aachen.

Trianel Kohlekraftwerk Lünen GmbH & Co. KG (formerly Trianel Power-Projektgesellschaft Kohlekraftwerk mbH & Co. KG) has been building a modern, highly efficient 750 MW hard coal-fired power station at the Lünen site since mid-2008. On the reporting date, Trianel GmbH's shareholding was 6.34%. The general partner of Trianel Kohlekraftwerk Lünen GmbH & Co. KG is Trianel Kohlekraftwerk Lünen Verwaltungs GmbH (formerly Trianel Kohlekraftwerk Vermögensverwaltungs GmbH). Based in Aachen, this company is a wholly owned subsidiary of Trianel GmbH.

Trianel Windkraftwerk Borkum GmbH & Co. KG (formerly Trianel Power Windpark Borkum GmbH & Co. KG) was founded in June 2008 and is responsible for the planning and development as well as the construction and operation of the Borkum-West II offshore wind farm. On the reporting date, Trianel GmbH's shareholding was 3.5%. The general partner of Trianel Windkraftwerk Borkum is Trianel Windpark Borkum Verwaltungs GmbH (formerly Trianel Windpark Borkum Verwaltungs GmbH). Based in Aachen, this company is a 75% subsidiary of Trianel GmbH.

The Aachen-based energieGUT GmbH (formerly Trianel Energie GmbH), which was originally founded to support the sales activities of municipal utilities, was restructured during 2008. Due to the great success of internet sales to private customers, with which over 50,000 customers were gained in the period from the market launch in September 2007 to the balance sheet date, it was decided that the company should in future focus solely on marketing energy to private customers. The sales support activities and the sales

business to industrial customers were sold to Trianel GmbH on 31.12.2008. On the reporting date, Trianel GmbH's shareholding in energieGUT GmbH was 100%. A number of municipal utilities are expected to acquire a stake in the company by means of capital increase during 2009, with Trianel GmbH aiming to reduce its participation to between 5% and 10% by the end of the year.

The Dutch sales company Trianel Energie B.V., with its registered office at Maastricht Airport, is a wholly owned subsidiary of Trianel GmbH and bundles the end-customer sales activities of the Trianel Group in the Netherlands and Belgium.

The purpose of the Cologne-based Trianel Service GmbH is the development and bundling of technical energy supply services. On the reporting date, Trianel GmbH's shareholding was 20%. The strategic orientation of the company is under examination, with business operations currently suspended.

2. Business fields

As the largest European municipal utility cooperation, Trianel GmbH opens up the potential of liberalised energy markets for municipal utilities along the entire value added chain. Trianel bundles the complementary interests of the municipal utilities for the collective realisation of projects which would not be possible if the municipal utilities acted alone.

The starting point and core business of Trianel GmbH is the energy supply business. Trianel supports the municipal utilities in their supply responsibility by procuring energy for them on the wholesale markets and assuming forecast risks. The energy supply business is supplemented by a broad spectrum of services. These include consultancy and support services with regard to procurement, trading and generation, risk management, operational and commercial management of generation plants and gas storage facilities, as well as sales advice and sales support services.

Project development services are an important component of the product portfolio. Trianel seeks, evaluates and develops investment projects for upstream activities, i.e. the generation and storage of electricity and the exploration for and storage of gas. It offers these services to its shareholders and other interested municipal utilities.

Trianel markets their power generation capabilities, manages their gas storage capacities and is involved in energy trading. In so doing, it participates in the opportunities and risks of the wholesale markets.

3. Management and control

The Trianel governance bodies include the Management Board with two managing directors, Sven Becker, spokesman for the Management Board, and Reinhard Goethe, until 30.06.2008, succeeded by Dr. Jörg Vogt on 01.08.2008, the Shareholders' Committee and the Supervisory Board which has thirteen members.

4. Important products, services, business processes, projects

In 2008, Trianel expanded its position in the trading business. Both CO₂ trading on the European Climate Exchange as well as gas trading, mainly in the most liquid German market segment, EGT (now renamed NCG, Net Connect Germany), were developed. Due to insufficient market liquidity, in the first stage of gas trading the focus was on market access for the services business. This involved commercial trading for portfolio management customers and standard trading on the spot and futures markets for the gas storage facility.

In 2008, portfolio management was again one of the mainstays of the electricity management business, with earnings significantly higher than planned. Not least due to this success, procurement portfolio management was expanded to a current total of 35 customers.

Trianel's portfolio management service also proved its worth in the generation business, achieving significant added value for Trianel customers, representing a power station segment of some 500 MW. In short-term operation optimisation (day ahead) alone, Trianel was able to gain a significant advantage over other service providers working for the gas power station. This extremely satisfactory result can be traced back to the investment in processes and systems, such as an elaborate model for the stochastic optimisation of power plant operation, as well as long-standing experience of managing generation plants, which is also reflected in the intensive daily readjustment of power plant operation.

Anticipated earnings were also exceeded in the wholesale services business on the Dutch market. By extending our procurement and marketing services to independent redistributors and various producers who were supplied by our Dutch sales subsidiary Trianel Energie B.V., we were able to strengthen the business model for the long term.

The German power supply business failed to meet expectations. With regard to Trianel's key product in this market, the open contract, it was again clear that the adopted risks could not be calculated to a satisfactory level due to the continuously changing market conditions.

In the case of the commercial management of the Hamm-Uentrop power station, a maximum level of process stability was achieved from the beginning with a high degree of automation following the start of continuous commercial operation on 01.01.2008. Furthermore, additional business operations on the spot, intraday and minute reserve markets, as well as in shortfall management, resulted in significant additional income which accrued to the power station company under the contract.

In 2008, we significantly extended our gas product range on the gas market. Here, the focus was on both innovative supply products for the gas storage facility in Epe, as well as services in the area of balancing group management. In addition, the services for optimising our customers' procurement portfolios were expanded, taking account of storage capacities. The complete internal data mapping required for the purpose was also expanded. The increasing liquidity in the spot and futures markets also made it possible to trade in significant quantities for our existing and new customers. Within the framework of portfolio management, the existing portfolio volume was increased to 10 TWh at the beginning of the gas financial year. In the gas supply area, the sales volume was increased to approximately 4 TWh. This involved procurement and sales in almost all H-gas market segments as well as the L-gas segment.

Trianel realised further successful import contracts for the "Long-term gas procurement" project, which was initiated in 2006 and involves around 60 public utilities. However, the contracted volume from the project partners remained far below the anticipated level. Here, it was clear that the municipal utilities in the gas sector continue to act far more conservatively than has been observed and experienced by Trianel in the electricity sector. Therefore, as the project progresses, there should be a stronger focus on possible participation in asset projects in the upstream sector. For this purpose, an intensive and systematic process was already initiated towards the end of the reporting period, with the aim of identifying specific business opportunities.

The Trianel gas storage facility in Epe entered commercial operation according to plan and without a hitch on 01.10.2008. For the 4th quarter of 2008, it was possible to fully realise the schedules submitted by the customers. The newly founded department at Trianel, Storage Marketing, has bundled the interests of several storage shareholders into a pool, and initiated the necessary processes prior to the storage facility start. Alongside the active management of the storage facility, stored bundles were also successfully placed on the market.

One product which is becoming increasingly important is risk management services. Demand for control and regulation instruments of this type increased significantly during 2008 due to strong price fluctuations on the market and changes in sales (customer gains and losses). Trianel will also take this trend into account by extending its capacities and systems in 2009.

The project development business of Trianel GmbH again significantly expanded during the 2008 financial year. Trianel provides the associated project companies with management as well as technical expertise in the fields of legislation, energy industry, technology and communication.

Alongside Trianel GmbH, the shareholders of these project companies are municipal utilities who thereby ensure independent and low-cost access to electricity generation and gas storage. Due to the participation of the power stations, the shareholders can limit the risks of further wholesale price rises or the volatility risks of procurement, and participate in the developments of these markets. Investment in the gas storage facility has the same aim: vertical integration starting from the downstream position and access to high-margin stages of the valued added chain.

Gas storage facility project in Epe

In 2008, the construction of the first communal gas storage facility and its first filling were completed according to plan. A decision was also made during the year to extend the facility to almost double the volume, and an immediate start was made on the realisation of the project. The first storage withdrawal period should start in October 2009.

Lünen hard coal-fired power station project

In May 2008, the decision to build was made by the shareholders, and all significant project contracts (financing, coal delivery, coal loading, etc.) were concluded for the construction of a hard coal-fired power station in Lünen with a net output of approximately 750 MW. Connection to the grid is planned for the 4th quarter of 2012. Construction will be undertaken by a consortium consisting of Siemens AG, IHI Corp. and AE&E GmbH at a fixed price. The project will be financed with an equity ratio of 10%.

Krefeld-Uerdingen hard coal-fired power station project

In the light of the high demand for coal-fired power station capacities, a second secured coal-fired power station site will be developed in Uerdingen. It lies in the northern extension of the Uerdingen chemical park owned by Bayer AG. To supply the industrial park, the equivalent of 200 MW of the power station block in Uerdingen can be decoupled as heat, thus achieving a very high efficiency level of over 60%. Commissioning is planned for 2014 at the earliest, depending on the decision to build. As part of the approval procedure, the application for a preliminary determination is with the regional government for a check on completeness. In our view, all aspects are ready for approval. On 19.12.2008, the project results for the planning, construction and commissioning of the hard coal-fired power station in Krefeld were transferred into a separate company: Trianel Kohlekraftwerk Krefeld Projektgesellschaft mbH & Co. KG.

Projects in the field of renewable energies

In September 2007, Trianel GmbH was commissioned by a total of 34 project partners to identify and develop concepts for project development opportunities in the field of renewable energies. After an initial feasibility study, several technologies were shortlisted for analysis during the course of 2008: offshore technology, deep geothermics (both in the hydrothermal field and the innovative hot dry rock method) as well as open area photovoltaics and the development of onshore wind farms.

Borkum West II offshore wind farm project

The first specific project to be handled within the scope of the involvement in renewable energies is the offshore wind farm Borkum-West II. The project has a planned total output of 400 MW and an investment volume of around € 1.3 billion. The rights to 200 MW of this output will be secured by Trianel Windkraftwerk Borkum GmbH & Co. KG., the company founded specifically for this purpose together with 35 municipal utilities. The Borkum West II project is one of the first projects to be realised on this scale off the German coast. The wind farm will be built 45 km north of the island of Borkum, at a water depth of 28-33 m. The deployment of 5 MW offshore wind turbines is planned for the project. Due to the crisis on the financial markets, the start of the construction work, originally planned for 2010, has now been postponed until the second half of 2011. The first wind turbines are scheduled to start grid-feeding in 2011; commissioning of the entire wind park is planned for the autumn of 2012.

5. Key sales markets

The most important sales market for Trianel GmbH continues to be Germany, followed, by a wide margin, by the Netherlands, Luxembourg and Switzerland.

Our most important customers are German municipal utilities, in general the shareholders of Trianel.

The wholesale business extends beyond Germany, both in electricity and gas, since the trading partners of Trianel GmbH are distributed across Europe. However, the vast majority of business is transacted in Germany.

6. Legal and economic influencing factors

Climate change has become an increasingly important issue since the start of the decade. This is influencing European and national legislation to a significant degree, which, in turn, is increasingly effecting the business development of energy companies. As a product of the liberalisation of the electricity market, Trianel's existence is a direct result of legislative action. Against this background, Trianel is proactively involved with the changing energy and climate regulatory framework, and seeks and utilises any opportunities which may result.

The main focus of the debate in the EU was on the energy and climate package, which was adopted in December 2008 during the French presidency of the European Council, in which ambitious targets were agreed. By 2020, 20% of the energy used in the EU should come from renewable sources. At the same time, the aim is to reduce CO₂ emissions by 20% compared to 1990, and to increase energy efficiency by 20%.

In order to achieve these goals, the energy industry has to fulfil certain obligations. On the one hand, the Emissions Trading Directive provides for complete auctioning of CO₂ certificates for the energy industry from 2013 onwards. Emissions certificates will thus no longer be issued free of charge to power station operators. In addition, up to 300 million emission authorisations will be made available by the end of 2015 in order to promote the construction and operation of up to 12 CCS demonstration projects. And here it is the energy companies that could benefit most. For all other market participants, the aim is to secure non-discriminatory access to the new infrastructure. Modernisation of the power generation mix will also be facilitated by a 15% investment cost subsidy for highly efficient power stations. The rapid implementation of this regulation at a national level could therefore have a direct and positive influence on the planned Trianel coal-fired power station in Krefeld-Uerdingen.

The debate surrounding climate change intensified during 2008, and therefore also dominated energy policy. Campaigns against the extension of coal-fired power stations intensified, particularly by environmental organisations. The federal government reacted to concerns about the climate with its integrated energy and climate programme. Ambitious energy and climate policy objectives were already adopted in August 2007. In order to implement the programme, 29 measures were planned, with the aim of reducing CO₂ emissions by 2020 by up to 37% compared to 1990. The most important measures included increasing the share of renewable energies for electricity generation from 25% to 30% by 2020 and to 14% for heat consumption, while expanding combined heat and power generation to increase electricity generation from the current level of 12% to 25%, as well as promoting CCS. In addition, by 2020 macroeconomic energy productivity should be doubled compared to 1990 levels.

As part of the debate on the attainment of a climate-friendly energy supply at competitive prices, the German Energy Agency (dena) has initiated an “electricity supply gap” debate, and identified a replacement requirement of around 40,000 MW in Germany by 2020, which will result solely from the phasing out of nuclear energy. Even assuming that all the announced power station projects in Germany were to be realised, dena forecasts a supply gap of between 12,000 and 16,000 MW, which would lead to a significant increase in electricity prices. This dena study was sharply criticised by environmental associations in particular, who are demanding that coal be phased out as well as nuclear energy. This intransigence is already causing old, environmentally-harmful plants to be retained in the grid, and delaying or even preventing the construction of highly efficient plants. This is damaging the climate. For this reason, Trianel actively supports a modernisation of the generation mix in Germany, and is helping to promote the expansion of renewable energies.

With the amendment to the Combined Heat and Power Generation Act, together with the Renewable Energies Act, two further important milestones have been reached. As well as increasing the subsidy rates for wind and biomass, the opportunity for directly marketing EEG electricity (electricity resulting from the German Renewable Energy Sources Act) was created for the first time for plant operators. It is now in the hands of the politicians to quickly agree on a suitable incentive model so that plant operators can really make use of this opportunity. The abolishment of the physical rollover and the obligation of the transmission system operators to efficiently market the electricity on the stock exchange were stipulated. The market integration of renewable energies thus took a decisive step forward.

With the aim of paving the way for the continued liberalisation of the electricity and gas markets, the third internal energy market package was recently approved. One element of the package which remained highly controversial until the end was the introduction of divestiture measures for the effective separation of energy generation and sales from the operation of electricity and gas transport networks. Here, there has ultimately been a departure from the divesting of property rights as the only divestiture option. The implementation of the package is to be monitored by a new European regulation authority. In order to encourage competition, cross-border electricity trading and the rights of consumers are also to be strengthened. If the introduction of Smart Metering is evaluated positively, 80% of households will receive a digital measuring device by 2020.

Important progress towards greater competition has been achieved in the gas sector. In May 2008, the Federal Network Agency agreed new market regulations for balancing in the gas sector (GaBi Gas: the basic model for compensation and balancing regulations in the gas sector), with the aim of further simplifying the conversion from hourly balancing to daily balancing. These specifications set by the Federal Network Agency were implemented by the BDEW, VKU and GEODE associations in the cooperation agreement which came into force on 01.10.2008. As a result, the highly complex compensation system previously in use has been greatly simplified to the advantage of all market participants. Furthermore, a Gas Network Access Ordinance was stipulated, which specifies the merging of the market segments. It is also particularly welcome that new storage plants and gas power stations will be given priority network access, as with the Power Station Connection Ordinance, and that a new system of capacity allocation is to be introduced to prevent restriction of competition resulting from the "first come, first served" principle.

II. Corporate management, targets and strategy

1. Corporate strategy

Trianel regards itself as being a comprehensive service provider for municipal utilities which is supported by municipal utilities. We pursue the goal of supporting municipal utilities in their independence by providing services along the entire value chain, in which advantages in terms of scale or specialisation are of particular importance. In the long term, we strive to become the most important value driver for municipal utilities in Germany.

Trianel is based on a principle of cooperation. The purpose of the participation of a municipal utility in Trianel is not primarily the maximisation of profits within Trianel, but maximisation of the entire added value for the municipal utility. In this way, a municipal utility benefits on the one hand from the profit made by Trianel as a result of the value increase of the participation, while on the other, gaining added value from the procurement cost advantages and optimisation advantages with regard to asset management, which remain directly with the municipal utilities.

The background to this is that the services offered by Trianel are based on the advantages of scale and expertise, which are paid for at a fixed, cost-plus fee, while the customer retains all the optimisation advantages. This corresponds to our self-conception that the independent status of municipal utilities should be strengthened.

A second long-term and ultimately greater value driver is the range of strategic options opened up by Trianel, which provide access to the opportunities presented by the changes in the sector. Trianel has succeeded in establishing an organisation for all issues relating to the procurement of energy, in order to take of the opportunities presented by the liberalised procurement markets for the municipal utilities. Trianel, together with its shareholders, is currently entering into the value added stages of electricity generation and gas storage. Accordingly, the task during the coming years will be to support the municipal utilities in expanding their position in these upstream activities.

Products and services

We wish to continue along the path of strong growth, which the company has followed since its foundation almost ten years ago. We are continuously expanding our product range through innovations, and adapt our services to the requirements which arise from the continued changes in the energy industry. To this end, Trianel is active in four market segments:

- **Supply business:** Trianel supports the municipal utilities in their supply responsibility by procuring energy for them on the wholesale markets and assuming forecast risks. In future, we will be extending our activities in the procurement of gas for municipal utilities.
- **Wholesale business :** Trianel markets and manages the power generation and gas storage capacities of the municipal utilities and is involved in energy trading. In so doing, it participates in the opportunities and risks of the wholesale markets. The related risks are closely and conscientiously monitored and the readiness to assume risk is adapted to what is feasible for the company. Trianel uses the market knowledge gained through these activities to the benefit of its supply and services business.
- **Services business:** The services business is the most profitable segment at Trianel. Here we count on product innovation and made-to-measure solutions for the customer. Our services include the following: consultancy and support services with regard to procurement, trading and generation, operational and commercial management of generation plants and gas storage facilities, as well as sales advice and sales support services.
- **Project development :** Trianel seeks, evaluates and develops investment projects for upstream activities, i.e. the generation and storage of electricity and the exploration for and storage of gas. It offers these services to its shareholders and other interested municipal utilities.

The diversification of our product portfolio is a stabilising element in our business development. But, above all, it is an important tool for providing comprehensive support for our customers. The basis of our diversified product portfolio is our knowledge of the market and our energy management skills. This narrow form of diversification enables us to use the synergies between the business fields and to further strengthen our competitiveness in terms of quality and price.

Customers

The aim of Trianel is to offer its customers a made-to-measure, efficient solution for their needs. In a turbulent market environment, a high degree of innovativeness, process reliability and professionalism are required. But, above all, it means maintaining close contacts with its customers, the municipal utilities. Together with them, we must not only overcome the present challenges, but recognise future trends and develop suitable products and projects. Here, we can build on a customer base consisting of large and small municipal utilities, for whom we provide specific, target-oriented products and solutions.

Employees

As a service provider and trading company, qualified and motivated employees are the basis for our success. The competencies we demand and promote are commitment to and identification with the company, creativity and a sense of responsibility, professionalism and flexibility. We systematically develop the abilities of all our employees, and replenish the potential of our staff by continuous recruitment. For this purpose, we have developed a strong employer brand. By regularly conducting surveys of our employees in a comparative company-wide study, we obtain feedback from employees in order to constantly increase the attractiveness and effectiveness of the company. Here, we have rapidly succeeded in becoming one of the top 100 best German employers.

On 31.12.2008, the Trianel Group employed 182 people in total, corresponding to an increase of approximately 28% over the previous year.

The number of personnel at Trianel GmbH ran to 137 employees on 31.12.2008, representing an overall increase of 26 employees (approx. 23%) compared to the end 2007. The main reason for this increase in personnel is the continued strategic expansion of the business divisions and service offer. Furthermore, individual accounting functions which had previously been fulfilled by external service companies were integrated into our company. The number of employees in our subsidiary companies has also increased slightly.

At the end of the year, the average age of employees at the Trianel Group was 35. A total of eight employees were in part-time employment at the Trianel Group at year end. At the end of 2008 there were 60 women working for the Trianel Group, which corresponds to a percentage share of approximately 33%. Of the eleven second-level management staff at Trianel GmbH, three were women. Recruitment was targeted more broadly in order to further increase the proportion of women working at Trianel.

In 2008, our recruitment strategy was further developed in order to systematically attract candidates to Trianel and retain them for the long term. We are continually developing our employer brand to this end. In 2008 Trianel made the top 100 employers at the first time of asking after participating in the study "Germany's best employers 2008" conducted by the Great Place to Work® Institute Deutschland. We also joined the Fair Company initiative run by the Junge Karriere magazine. Trianel has thereby committed itself to the concept that every employee, whether a trainee or an experienced staff member, is appreciated and treated with respect.

Thanks to the trust-based working hours agreed throughout the company, Trianel offers its employees a high degree of flexibility. Part-time work, the opportunity to work from home and kindergarten places are also offered to help reconcile family commitments and professional life.

To encourage and develop employees in a systematic and structured way, Trianel introduced a company-specific competency model in 2008 which lays out the competencies which are critical for success in all functions and at all levels. This model reflects our specific corporate culture, both through the selection of competencies and the formulation and operationalisation, and is also an important component in terms of recruitment and employee loyalty. On this basis, an integral personnel development programme has been established, in which both the technical as well as the personal and social strengths of our employees are systematically promoted.

For the target group of up-and-coming management staff, a management staff programme was also offered in the 2008 financial year, in which the employees in question were adequately prepared for future management positions and supported in their development.

An attractive salary system is an important component for bonding highly qualified personnel to the company. It contributes towards the motivation and satisfaction of the employees. Trianel has achieved the goal of an appropriate and fair salary system using different measures. Trianel pays at levels which are in line with market trends, in most cases including a 13th month wage payment at the end of the year and a variable performance bonus. Furthermore, special bonuses are paid for high-level performance, in order to recognise the very high personal commitment of employees.

Trianel is also expanding its employee pension scheme. The classic deferred compensation is supported by the company with a compensation allowance. Additionally, an employer-financed company pension scheme is agreed for every employee after their trial period has ended.

All employees of the Trianel Group are eligible for the performance bonus. It is coupled to a target agreement system which consists of three components: a company, a team and a personal component. At the beginning of the financial year, target agreement discussions are held between the manager in question and the employees, in which the targets for the coming financial year are agreed, taking the three components into account. After the financial year has been completed, the level of the bonus is fixed in target achievement discussions.

Society and the environment

Trianel and its shareholders have taken on the task of reducing the dependency of the municipal utility providers on the oligo-political energy market, and of increasing competition on the wholesale markets by building their own power stations and gas storage facilities. As a product of liberalisation, we are committed to the promotion of greater competition and transparency on the markets. We also do this by actively participating in the energy policy dialogue, in which we campaign for a decentralised supply environment which is accessible to the general public, and thereby for the strengthening of the municipal utilities in a highly oligopolised market. In this way we aim to help promote fair prices on the energy markets.

Now that new, modern, and above all, highly efficient gas and coal-fired power stations are being built, the use of old generation plants is becoming increasingly uneconomic. This replacement of old plants will make an important contribution to environmental and climate protection, since lower emissions and less CO₂ will be released while producing the same amount of energy.

In the future, Trianel will also place great emphasis on the expansion of regenerative generation capacities for municipal utilities. We are continuously considering new projects for this purpose.

Regulation and control

As a result of strong growth and increasing diversification, the control and regulation requirements of the company are changing continuously. For this reason, structures and processes are constantly being adapted to meet requirements. Processes are being more clearly formalised and automated, and communication is being organised in a more systematic way. At the same time, it is of great importance that we retain the innovativeness and spontaneity of our employees, our equal opportunities culture with informal communication and the flexibility and speed of the organisation. We are constantly having to find new solutions to these conflicting goals.

Trianel also pursued these aims in 2008 by developing the regulation and control tools, while at the same time promoting innovative strength and flexibility. In this way, the strong growth of Trianel during 2008 was accompanied by ongoing organisational development.

2. Internal corporate control system

The operative control of the company is based on a step-by-step product result assessment and value-at-risk and profit-at-risk calculations. Extreme value considerations are also taken into account during the decision-making process (also see Risk report, p. 32). Important investment decisions are made using discounted cashflow models. The methods, systems and processes required for this purpose are constantly being developed. The company as a whole is regulated on the basis of profit contribution, structure costs and key result figures as well as via the allocation of risk capital.

3. Financial targets

In the long term, earnings before taxes should be oriented to the company's increasing level of equity. The cooperative concept takes priority with the Trianel business model. We pursue the basic principle that the largest part of the added value achieved through our services is created with the customer. We are thus aiming to achieve equity profits which are only just above the average for public municipal utilities.

Other objectives include the strengthening of our equity base in order to finance growth and further stabilise the company.

4. Non-financial targets

Trianel has set itself the goal of enabling its shareholders and other municipal utilities to access and develop upstream value added stages. In order to open up further future-oriented options in the sector for municipal utilities, such as the re-municipalisation of supply functions, electric mobility etc., Trianel aims to examine such options in the energy industry for municipal utilities, and to develop suitable business models for the participation of municipal utilities.

A dynamic development of Trianel is only possible on the basis of well-trained, highly motivated and satisfied employees. For this reason, Trianel is pursuing the goal of creating an employee-oriented working environment and culture which promotes the efficiency and motivation of employees. In this way, we aim to create an atmosphere in which the individual can develop personally and professionally through his or her work at Trianel.

The growth ambitions at Trianel require that the regulation and control mechanisms must be continuously adapted to the size and complexity of the company. The consolidation of structures and processes required for this purpose must be in harmony with our employee-oriented corporate culture, while at the same time doing justice to the essential requirement for process reliability and result and risk transparency.

III. Innovation management

In the energy industry, energy and service contracts are frequently limited to just one year. A service provider in this sector must therefore prove its worth every year, and win the trust of the customer. The good relationship between Trianel and the municipal utilities is based on innovative products and services which offer value increases. These strengthen trust and lead to a long-term customer relationship. For the last ten years, Trianel has been developing market-driven solutions, tailor-made to meet the requirements of our customers in the energy supply business.

At Trianel, innovation management is based on two pillars:

Innovation quality

The Trianel innovation process follows the maxim "Filtering and promoting ideas". The main question is how excellent ideas can be generated, identified and ultimately developed to market maturity. In order to guarantee high innovation quality, we place great value on our close contact with the customer. We identify the customer's needs and future challenges in so-called "innovation workshops". In addition, the ideas and suggestions for improvement that come from our employees form the foundation for the ongoing innovation activities at Trianel.

Innovation process

In our development committees (so-called "product circles"), we ensure that all relevant areas are included and synchronised. The related processes are organised in such a way (by a specially created post) that only a few months pass between the emergence of the idea and the product launch.

The internal innovation management at Trianel is organised as follows:

The company uses different tools in order to monitor technology and market developments, as well as changes in the regulatory environment.

1. Regular visits to specialist conferences and trade fairs.
2. Regular discussions with customers, one-to-one and in meetings.
3. Systematic study of complex and detailed issues in all areas relating to the markets, technology and project development. The Management Board is the direct initiator and addressee as regards these studies.
4. Systematic monitoring of the political and regulatory environment by a post assigned to the Management Board.

Trianel has a Project Development department. As well as developing specific projects, this department monitors market and technology trends and compiles preliminary and feasibility studies. The department is directly answerable to the Management Board.

IV. Overview of business development

1. General macroeconomic conditions

The property crisis which began in the USA in 2007 developed into a global economic crisis during 2008. The general downturn reached the German market around mid-2008. Government financed rescue packages worth billions of euro were unable to halt the trend. The federal government's growth forecast of 2.0% for the year had to be revised down as early as January. Overall, the German gross domestic product increased by just 1.0%, after price and seasonal adjustments, mainly due to a decrease in exports during 2008. In 2007 the growth in GDP was 2.6%. Growth in the Eurozone was weakened to an even greater extent. Here, the actual gross domestic product grew by just 0.8%, compared to growth of 2.6% in 2007. (Source: Federal Statistical Office, Eurostat)

While the stock markets registered the general market erosion at an early stage, the energy industry in Germany was dominated by a price discussion, particularly during the first half of 2008. The price of oil rose from US\$ 100 per barrel in January to US\$ 150 in mid-year. This rapid increase was followed by an abrupt price slump to US\$ 35 per barrel of Opec oil. The gas price followed the development of oil prices with the usual delay. While the oil price fell to new lows on a daily basis, there was a huge increase in the price of gas. In turn, the electricity prices rose in parallel to the price of gas, and lay on average above the price level of 2007. The market trend affected all energy sources; the prices of CO₂ emission rights were also strongly influenced by the economic crisis during 2008. In mid-2008, the prices for CO₂ emission rights reached € 30 per tonne. The price level has settled at around half this amount in 2009.

2. Sector-specific general conditions

During the second half of 2008 in particular, the energy trading markets were negatively influenced by the turbulence on the financial markets. The decline in values on the financial market was followed by an equally rapid fall in raw materials and electricity prices.

As a result of the financial crisis the creditworthiness of a number of energy trading companies sank, particularly those with a strong commitment on the financial markets. In order to avoid counterpart defaults, trade was restricted to just a few trading partners. As a result of these measures and the general market situation, the subjective market liquidity was reduced during the second half year.

The development was positive with regard to the ongoing simplification of market regulations in short-term electricity trading. The increasing liquidity on the intraday and afterday market and the simpler access rules on the minute reserve market were mainly used for optimising power station operations and online forecast optimisation in the supply business.

Liquidity also increased in the gas market during 2008. However, there continues to be significant differences between the individual market segments in terms of liquidity and delivery options. The new market segment NetConnect Germany (NCG) has taken on a leading role in this regard.

The general conditions for our services did not change significantly during 2008. These markets were also completely independent from the depressed economic outlook and the developing crisis on the financial markets.

However, the financial market is of great importance to the project development business of Trianel. To date, all funding related to project financing has been realised via the financial market. Until August, this market was sufficiently stable to enable projects to be financed. However, this method of financing has not been offered in this form since September. The banks are avoiding arrangement risks, reducing their maximum commitment in a project and placing higher demands on equity capitalisation. This drastic change in market conditions has made it far more difficult to finance large projects.

3. Key events affecting business development

The balancing energy prices on the electricity market rose compared to previous years. This had a negative impact on the supply business in Germany.

The forward prices for electricity, which rose to a record high by mid-year and the extremely high spot price level throughout the summer led to significant overfulfillment of plan in marketing the Group's own power station segment.

The increasing risk awareness among the municipal utilities on the procurement side brought about an increasing demand for procurement portfolio management and risk management services. Here too, the plan was significantly overfulfilled.

With to the introduction of the new "GABi-Gas" balancing system, the compensation energy risks involved in supplying gas to customers have decreased, leading to a stimulation of competition. However, this situation has a negative effect on the storage requirements among traders, since extended flexibility is now provided directly by the balancing group network operators. Trianel GmbH will therefore extend its strategy in storage marketing to include offering balancing energy for balancing group network operators.

4. General statement on business development by corporate management, and a comparison of actual business development with the previous year's forecast

In 2008, Trianel successfully continued its development from a company focusing on procurement to a comprehensive service provider for municipal utilities. To this end, new business fields were implemented or newly incorporated into the company, while the development of procurement services and products was not neglected.

Furthermore, additional equity could be raised in the form of capital increases. This led to a broader customer base for Trianel, while providing the company with additional financial power.

2008 was a year of two very different halves. While the first half-year was dominated by expectations of growth and escalating raw materials and electricity prices, the consequences of the financial crisis could be felt increasingly strongly during the second half-year. The economic outlook also progressively worsened. This resulted in a severe decline in demand for energy, and in the price of energy and raw materials. Such rapid, far-reaching negative changes in the markets which are relevant to Trianel make conditions significantly harder for us to successfully operate on these markets.

Even so, business development for Trianel was excellent in 2008, and the company was able to clearly exceed its target results despite the precautionary measures which were necessitated by the economic crisis. Earnings before taxes increased in comparison with 2007 from € 6,686 thousand to € 7,143 million. This makes 2008 another record year.

All four market segments made a positive contribution towards exceeding our targets. Business development was particularly positive:

- in the service sector, due to the very high level of capacity utilisation of our personnel, in particular for project development services
- in supply and service products for customers in the Netherlands, since anticipated risks did not occur on a large scale
- in the marketing of our power station segment, due to the favourable market situation and high level of availability.

The growth in the equity base over recent years was continued, due to the successful acquisition of new shareholders and the fact that several older shareholders were willing to increase their shares.

This positive overall development of the company was accompanied by an increase in the number of employees.

Expectations were also exceeded in the case of non-financial targets. In 2008, we commissioned the communal gas storage facility in Epe, together with our municipal utility shareholders. The community project, the coal-fired power station in Lünen, was successfully steered to a decision to build and, despite the financial crisis, project finance to the tune of € 1,479 million was secured (€ 1,331 of which was borrowed). The completion of this project financing, in the middle of the financial crisis which developed during the summer of 2008, shows that Trianel has progressed into becoming a serious market partner.

The expansion of the gas storage facility at Epe was also agreed by its shareholders on the basis of our project development, and the project was financed in the summer of 2008. Both projects, with an investment volume of around € 1.5 billion, are currently under construction.

With the Borkum offshore wind farm, access to offshore wind turbines with an output of 200 MW was secured for the shareholders of the newly founded Trianel Windkraftwerk Borkum GmbH & Co. KG.

In order to secure access to approx. 750 MW of additional thermal power generation, we have pressed ahead with the approval procedure for a further coal-fired power station, and founded Trianel Kohlekraftwerk Krefeld Projektgesellschaft mbH & Co. KG to support the project. We were thus able to continue extending our activities in project development of generation plants, and enable public municipal utilities to access generation projects with an anticipated volume of approximately € 2 billion.

In 2008, Trianel also fulfilled its aim of offering customers and shareholders real added value and enabling them to enter the upstream stages of their value added chains. In combination with the development of major projects over the last year, we further extended our capacity to offer expert energy industry and commercial services for generation and gas storage facilities at market-oriented prices. As a result, further development prospects for the company were created.

In our supply business, we further extended our product portfolio, particularly with regard to gas supplies to municipal utilities. At the end of 2008, we took over the sales service business for municipal utilities and the B2B business of energieGut GmbH. By significantly strengthening our capacities in these segments, we have taken an important step closer to achieving our goal of also providing competent support for municipal utilities in the sales area.

Following the establishment of a Supervisory Board in 2007, the company carried out restructuring measures at management level during 2008. As a result, all risk and control functions were consistently separated from market functions, right up to management level, and the sole right of representation was changed in favour of a shared right of representation. The company has thereby ensured that growth ambitions and risk awareness are applied independently and taken into equal account in all decision-making processes.

B. Earnings, financial and asset situation

I. Earnings situation

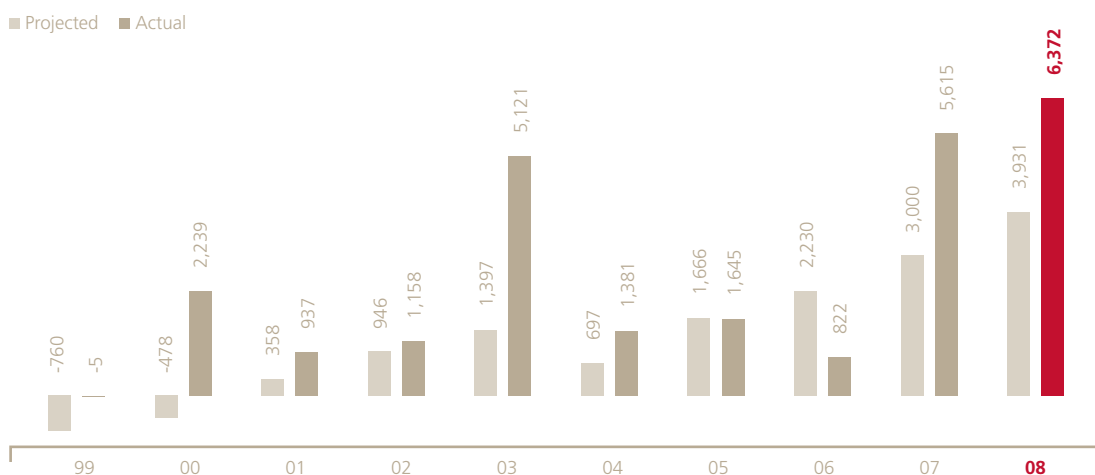
The result of the ordinary business operations of Trianel rose by € 457 thousand to € 7,143 thousand, thus exceeding the projected pre-tax result by € 2,509 thousand. The result of the ordinary business operations is derived in the economic analysis from an operating result of € 9,267 thousand (2007: € 7,835 thousand), the financial result of € 1,257 thousand (2007: € 969 thousand) and a negative neutral result not relating to the period of € 3,381 thousand (2007: -€ 2,118 thousand). Taxes on income totalled € 771 thousand (2007: € 1,069 thousand), and other taxes totalled € 0.1 thousand (2007: € 2 thousand), resulting in an annual net income of € 6,372 thousand (2007: € 5,615 thousand).

Analysis of the Group result breaks down as follows:

An operating result of € 10,120 thousand (2007: € 8,638 thousand) is offset by a negative neutral result not related to the period of € 2,994 thousand (2007: -€ 2,151 thousand). Taking into account the financial result of € 1,210 thousand (2007: € 810 thousand) and the taxes on income of € 993 thousand (2007: € 1,128 thousand), the Group annual net income (before after minority interests) amounted to € 7,343 thousand (2007: € 6,158 thousand). The Group annual net income after minority interests amounted to € 7,340 thousand, compared to € 6,008 thousand in the previous year.

The development of projected and actual annual results since the formation of the company is shown in the following chart.

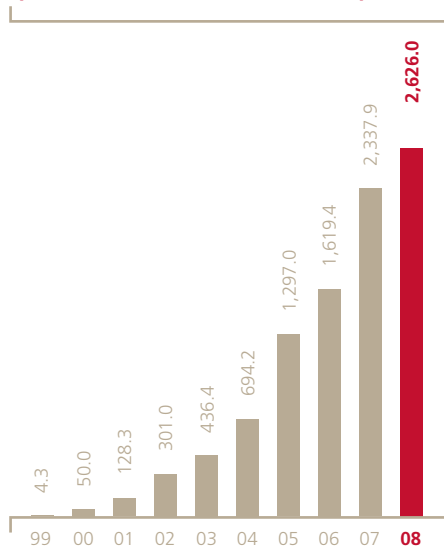
Development of the annual results of Trianel GmbH (individual financial statements) in T€



The development in 2008 is attributable to several effects which are reflected in different items of the income statement. The following comments concern the individual financial statements of Trianel unless they make specific reference to the Group.

The continuous expansion of business activities is reflected in the further increase in sales of Trianel GmbH in the 2008 financial year. The sales proceeds amount to € 2,626 million (in the previous year: € 2,337 million), and have thus increased on the previous year by 12.4%. This growth is mainly due to increased activities in electricity, gas and emissions trading. Sales development since the founding of the company in 1999 is shown in the following chart.

Sales development of Trianel GmbH
(individual financial statements) in €m



Other operating income rose by € 4,431 thousand to € 7,712 thousand. They essentially include income from the dissolution of provisions (€ 3,395 thousand; previous year: € 815 thousand) and cost transfer from project costs (€ 2,793 thousand, previous year: € 1,279 thousand). The income from the dissolution of provisions relate in particular to provisions for outstanding invoices for balancing energy and quantity differences totalling € 2,657 thousand. The increase in income from cost transfer from project costs is mainly attributable to services related to Trianel Windkraftwerk Borkum GmbH & Co. KG, which was founded in 2008.

The cost of materials share improved from 99.07% to 98.91%.

Personnel expenses rose from € 8,639 thousand to € 10,061 thousand as a result of the increase in the number of employees. Expenditure is thus within the projected budget.

Other operating expenditure totalled € 11,899 thousand, following € 9,652 thousand in the previous year. The increase stems mainly from higher expenditure on consulting services, IT costs, insurance, public relations work and rent. In addition, trade receivables totalling € 493 thousand (previous year: € 1,087 thousand) were value adjusted in 2008.

Net interest income was € 820 thousand (previous year: € 673 thousand) and thus exceeded the projected budget by € 1,729 thousand.

The earnings situation has been positive in the first months of 2009.

II. Financial situation

Trianel GmbH's operating cashflow in the reporting year was -€ 1,711 thousand, following +€ 11,654 thousand in the previous year. The operating cashflow of the Group in the reporting year was € 597 thousand, following € 10,357 thousand in the previous year. The change in the operating cashflow was mainly due to the increase in accounts receivable and other assets, which was greater than the increase in accounts payable. The cashflow from investment activities totalling -€ 10,259 thousand (Group: -€ 9,818 thousand) is due in particular to payments made for investments in financial assets, namely in the participations in Trianel in Trianel Kohlekraftwerk Lünen GmbH & Co. KG, Trianel Gasspeicher Epe GmbH & Co. KG and Trianel Windkraftwerk Borkum GmbH & Co. KG. The cash flow from financing activities essentially reflects cash inflows from new shareholders, capital increases and the sale of treasury stock, as well as borrowings for financing the abovementioned participations. Overall the total financial resources increased by € 5,627 thousand and amounted to € 34,684 thousand on the balance sheet date. The total financial resources of the Group increased by € 7,835 thousand, amounting to € 44,692 thousand on the balance sheet date. There were sufficient funds available to meet financial obligations.

III. Asset situation

The balance sheet total of Trianel GmbH was € 228,290 thousand on 31.12.2008 (balance sheet total of the Group: € 259,551 thousand) and has thus increased on the previous year by € 36,420 thousand or 19.0% (Group: +€ 46,440 thousand). The increase can mainly be attributed to two effects. On the one hand, the fixed assets increased by € 9,947 thousand (Group: € 9,159 thousand), while on the other, trade receivables increased by € 21,988 thousand (Group: € 30,155 thousand).

In the financial year 2008, Trianel GmbH invested around € 12,662 thousand (2007: € 4,011 thousand) in fixed assets. Of this, € 448 thousand (2007: € 158 thousand) was allotted to intangible assets. The company invested € 424 thousand in tangible assets (2007: € 639 thousand), mainly in hardware and office furniture. The main investments in fixed assets concern the financial assets. Trianel GmbH participated on the one hand in the capital increases of Trianel Kohlekraftwerk Lünen GmbH & Co. KG with € 7,189 thousand, Trianel Gasspeicher Epe GmbH & Co. KG (€ 2,288 thousand) and with € 1,750 thousand in Trianel Windkraftwerk Borkum GmbH & Co. KG. On the other hand, shares in Trianel Kohlekraftwerk Lünen GmbH & Co. KG were sold at a nominal value of € 1,562 thousand. Overall, the fixed assets increased by 58.7% compared with the previous year.

The inventories include Trianel GmbH's share of working gas which was fed to the caverns of Trianel Gasspeicher Epe GmbH & Co. KG.

The accounts receivable and other assets from the largest item on the assets side of the balance sheet total with 70.1% (previous year: 73.1%). Trade receivables account for the bulk of accounts receivable. These have been offset against similar trade payables since the previous year. On 31.12.2008, trade receivables and trade payables were netted to the value of € 116,552 thousand, following an offset of € 137,494 thousand on the previous balance sheet date.

The liquid funds increased by € 5,627 thousand to € 34,683 thousand.

Despite the increase in the balance sheet total, the equity ratio increased to 24.4% (2007: 23.7%) due to the addition of new shareholders, capital increases by existing shareholders and net income for 2008. The equity ratio for the Group rose to 22.1% (2007: 21.7%). In absolute figures, equity rose by € 14,858 thousand to € 55,722 thousand, of which € 6,372 thousand are allocated to the annual net income for 2008 (Group: annual net income for 2008 after minority interests: € 7,340 thousand).

The other provisions total € 16,276 thousand (€ 18,141 thousand in the previous year) and essentially contain provisions for outstanding invoices of € 7,486 thousand (€ 13,741 thousand in the previous year) and for anticipated losses from pending transactions of € 6,953 thousand (€ 1,485 thousand in the previous year).

The provisions for anticipated losses from pending transactions relate to the trading portfolio and open contracts.

Trianel will determine the requirement for the formation of provisions for pending transactions for specific groups of contracts; i.e. pending transactions will be summarised, into valuation units, taking account of the limit specifications in the German Commercial Code (HGB). The 2008 result is significantly influenced by the formation of the following provisions: In the energy trading sector, the projected result was far exceeded in 2008. Additional income was also achieved through the receipt of premiums on options which expired in 2008. These premiums are offset in 2009 by charges due to necessary hedging, which, despite the generally positive cross-year energy trading result, led to a negative anticipated result on the deadline for provision formation, and a requirement for provisions of € 2,953 thousand.

Furthermore, due to the current economic situation, the sales division has experienced a systematic reduction in sales to the majority of supplied municipal utilities in recent months, which goes beyond the normal weather and trade-cycle sales fluctuations. Since an intensification of this effect cannot be ruled out in the case of continued recession, and since, despite countermeasures which were introduced in good time, losses from electricity supply contracts with municipal utilities must be anticipated, further provisions of approximately € 4,000 thousand have been formed for the electricity sales division.

IV. General statement on the business situation

On the one hand, Trianel GmbH has a holding function in the Trianel Group, while on the other performing essential operative tasks. The business situation of the Trianel Group is to a large extent determined by Trianel GmbH.

The annual accounts as of 31 December 2008 of the key companies belonging to the Group alongside Trianel GmbH were inspected by independent auditors and were awarded an unrestricted auditor's certificate. The 2008 annual financial statement of Trianel BeNeLux B.V., which was consolidated at equity and is now in liquidation, was not inspected.

Despite the incipient financial and economic crisis, Trianel GmbH experienced an exceptionally successful year in 2008. Earnings before taxes thus increased by € 457 thousand on the 2007 figure to € 7,143 thousand in 2008. Overall, the company is in a more stable position than it has been in the past. Beside the good operating result, the growing solidity of the company is expressed in the increasing equity basis, the diversification of our income flows and the good financial result as a reflection of our growing financial power.

The earnings situation has further improved and has led to the best operating result since Trianel was founded. This was due partly our highly competitiveness services in all areas relating to the procurement of energy for our customers, essentially municipal utilities. The gas and steam turbine power station in Hamm proved to be technically reliable in 2008, and was very well positioned on the market. In the project development area we were able to maintain the high performance levels of our diverse activities. The demand for project services is greater than the company's capacities. In addition, a wide range of commercial and energy industry services for the power station in Hamm and the municipal gas storage facility in Epe were successfully provided. Due to the significant reduction in gas prices, we were obliged to reduce the value of our gas inventory by a total of € 1,819 thousand on 31 December. Of this sum, € 569 thousand is accounted for by reporting date depreciations already made on 31 December 2007. Precautions were taken in the annual financial statement on 31 December 2008 for anticipated losses at the current level, arising from excess procurement of energy quantities, with the formation of provisions for anticipated losses from pending transactions totalling € 4,000 thousand (see Risk report p. 32). Although the value of our proprietary trading portfolio developed very positively, it was necessary to form provisions totalling € 2,953 thousand in conformance with the relevant commercial regulations (see Risk report p. 32).

The asset situation also continued to improve. In 2008, Trianel implemented several capital increases through new or already existing shareholders. This reflects the increasing esteem in which Trianel is held in the supply sector. In addition, the shareholders left their 2007 operating profit in the company in order to support the continued growth at Trianel.

The consistently low calculative equity ratio of below 24.4% (Group: 22.1%) is characterised by the high level of receivables with simultaneous high liabilities. Both reflect the practise commonly used in the wholesale business of settling energy accounts on the 20th of the following month. As a result, regular receivables and liabilities from December systematically occur at year end, which is one of the highest sales months of the year. Since our customers are mainly municipal utilities with a good credit rating and/or their subsidiaries with very low default risks, we regard the equity level as being appropriate and stable.

The ratio of long-term financial liabilities to equity is low, at only 22.9%.

Despite the financial crisis, the company's financial situation improved during 2008. Our guarantee limit was significantly extended. Both our shareholders and our business partners from the banking and insurance sector increased the provision of deficit guarantees for Trianel in our dealings with trading partners on the wholesale market, thus expressing the growing confidence in the company. A further increase by the shareholders is envisaged by the end of 2009. In addition, credit lines could be extended and new credit approvals agreed for further investments. The increase in liquidity holdings, which was an important goal in the emerging financial, is reflected in the good financial result.

In 2009, the business situation at Trianel may worsen due to the economic and financial crisis. The main causes could be a reduction in sales or default of payment by customers as a result of market conditions.

C. Supplementary report

Report on significance events since the balance sheet date

We are not aware of any events of particular significance.

D. Risk report

The business activity of Trianel GmbH demands that risks are consciously entered into in order to take advantage of opportunities. Due to the collapse in domestic and foreign growth rates, as well as the development of new business fields such as the construction and operation of generation and storage assets, it was appropriate to integrate the resulting risks and opportunities into a comprehensive risk and opportunities management system.

Since an event can lead to both risks and opportunities, depending on its nature, the term "risk" will be used below to describe both risks and opportunities.

I. Risk and opportunities management system

The risk management system at Trianel GmbH comprises the standardised recording, evaluation, control and monitoring of risks, in particular from the use of financial instruments. Risks are evaluated on the basis of their probability of occurrence, potential damage and controllability. Risk control comprises all measures and tools used for avoiding, reducing or shifting identified risks, as well as consciously entering into certain (residual) risks.

In order to support a systematic approach, decentralised “risk officers” were nominated in 2008 for each organisational unit, responsible for recording and evaluating risks relevant to the respective organisational unit. In this role, they also support and assist the central risk management department which has already been established. The risk officers are also responsible for the control and development tasks assigned to them within the risk management field. The risk evaluation and/or assessment of models and methods used by the central risk management department and the risk officers is carried out at least once a year.

Trianel's risk-bearing capacity forms the framework for risk control. This is aligned to the equity capital and liquid funds available Trianel, and derives from the company's risk strategy. The level of approved risk capital and its distribution to the risk areas which are defined in this context – market, credit and operational/ other risks – are determined by the Shareholders' Committee. The internal risk capital location is approved by the Management Board and is checked at least once a year.

Risk reporting is used to provide information to internal and external recipients, and falls under the responsibility of central risk management. The frequency, type and scope of the reporting vary according to the type and the significance of the risk. The Supervisory Board and Shareholders' Committee were informed of the current results and risk situation on a quarterly basis during the reporting year.

In order to monitor the risk situation, the Risk Committee at Trianel regularly discusses the implementation and adaptation of the risk management system. The Risk Committee is involved in specific issues such as market and product clearance, limit specifications and the distribution of risk capital.

The risk management system conforms to the requirements of the German Corporate Sector Supervision and Transparency Act. Since Trianel acts as a service provider for Trianel Finanzdienste GmbH, the standards and ordinances which apply to financial service providers also apply to the Trianel risk management system.

The suitability and functionality of the risk management system are monitored by external auditors who are commissioned by the shareholders and are subject to inspection by the annual auditor.

II. Risk areas and individual risks

The most important risks at Trianel can be allocated to the following risk areas.

Market risks

Market risks in the form of market price fluctuations, market liquidity changes and quantity deviations can significantly influence the results situation at Trianel.

Market risks as a result of price fluctuations only occur if portfolios contain open trading positions at the same time. These arise when the volume of purchasing transactions is greater than the sales transactions of similar products, or vice-versa. The related market risk is determined by the size of the discrepancy, and by the course the price fluctuation takes. Due to the sales and trading activities of the company, together with its holdings in the gas and steam turbine station in Hamm-Uentrop and the gas storage facility in Epe, market price developments and open trading positions in the commodities electricity, gas and CO₂ are particularly relevant to the company's success.

If the supply or demand for certain products fall, their suitability for trading decreases and their so-called "market liquidity" declines. This creates the risk for Trianel that trading positions which are still open can only be closed to a limited degree, or closed at less favourable conditions.

If physical delivery transactions are closed on the basis of forecast consumption quantities, deviations between the actual physical consumption and the planned quantity may occur, leading to open trading positions. Deviations from the forecast must be offset, and thus present additional costs. Further changes in quantity can occur due to failed or restricted physical deliveries as a result of generation, transportation or storage capacity shortfalls. Regular updates of forecast load curves, agreement of tolerance ranges in combination with a transfer of the risk to third parties when the tolerances are exceeded, as well as optimisations on the basis of the latest forecast can reduce this type of risk.

Trianel also limits the potential risks by means of mandatory market and product approval processes. Furthermore, product, portfolio and portfolio group-related volumes and/or value or risk limits are specified. For example, the risk of open forward transactions is assessed by means of the value-at-risk calculation, with a confidence level of 99%, and a defined holding period. This means that the loss due to an open trading position within the holding period does not exceed the calculated value to a degree of probability of 99%. The risk reporting is supplemented by so-called "stress values". Stress tests are used to examine the effects of external market situations on the portfolio values. The given result is the worst case loss that can be expected within the holding period. In addition, the profit-at-risk is calculated with a confidence level of 99% to evaluate open spot and balancing energy positions. This means that the loss is calculated, to a degree of probability of 99%, which will not be exceeded during the physical processing. Furthermore, the risk capital requirement is determined, periodically appraised and made available for products, portfolios and portfolio groups. Limit systems, measuring methods and the limits of individual portfolios are documented in the appendix of the risk manual.

The current portfolio values and anticipated results are regularly calculated and reported, if necessary on a daily basis. The methods and assumptions used are checked during the annual back-up testing and are modified as necessary.

Credit risks

Due to its business relations, Trianel is exposed to the risk that its contractual partners fail to meet their contractual obligations with regard to agreed delivery prices or quantities, as well as the agreed delivery and payment deadlines. For transactions which have not yet been completed, a risk arises from the difference between the contractual prices and the current market price. For transactions which have already been completed, or completed by Trianel, the risk is composed of the advance performances minus payments which have already been received.

To limit this risk, Trianel uses a multi-stage rating system for classifying the credit standing of its trading partners that makes individually permissible trading volumes dependent on the rating and the risk capital held in reserve for the credit risk. Furthermore, security is provided by the business partners as well as the (indirect) shareholders of Trianel, which can be used to reduce losses in the case of counterparty default by a business partner. Standardised framework contracts are also used. Adherence to the limits is regularly monitored and reported within the scope of the standard risk report.

Operational risks

Risks arising from the legal, personnel, process and systems areas are generally referred to as operational risks.

The risk that a contract or a group of contracts may not include the legal items required by Trianel is regarded as a legal risk. Furthermore, the uncertainty must be taken into account that (unforeseeable) changes to the legal or regulatory framework may have negative effects on the achievement of planned corporate goals, and that damage may occur as a result. Trianel counteracts these risks by involving its own legal department in all relevant procedures, by means of the mandatory product approval process described above and by the use of standardised contracts wherever possible. In addition, the legal and regulatory frameworks are monitored by the Energy Policy Department and co-determined wherever possible.

The company's success is also determined to a large extent by the expertise, commitment and contacts of its employees. Thanks to flat hierarchies, interdepartmental work and a high degree of personal responsibility, employees are able to use their qualifications in the most effective way. The ongoing development of all employees, together with support for potential managers from an early stage, is aimed at facilitating the continued achievement of corporate goals.

In order to enable effective risk management, there is a functional separation between those areas, posts and functions that enter into risks in the course of their activities and those that monitor the risks entered into and limit and report them where necessary. The specific design of the risk management system, particularly in relation to the content, responsibilities, processes, reporting obligations and documentation requirements is documented in the company's Risk Manual. Trianel also handles further organisational and process risks with binding regulations and process descriptions which are documented in the Organisation Manual.

The communication and information systems are of key importance for the business processes at Trianel. In order to further homogenise and standardise the application environment, a single specialist application strategy has been derived from the business processes. The IT security, data security and data protection aspects also have to be taken into account. Alongside the general security of applications and data in the IT network, service level agreements oblige IT service providers to guarantee that the required standards are met. All Trianel employees are instructed with regard to data protection according to §5 of the Federal Data Protection Act, and are obliged to observe data privacy. Regulations on this issue are an inherent part of the Organisation Manual.

Other risks

Other risks can arise, particularly as a result of deviations from the plan with affiliated companies and/or projects. Appropriate controlling systems have been established to detect such risks at an early stage.

The use of financial instruments

The financial instruments include original and derivative financial instruments. The original financial instruments on the assets side mainly include accounts receivable, liquid funds and financial assets. On the liabilities side, the original financial instruments consist mainly of liabilities valued at the amount repayable. The financial assets are reported in the balance sheet at maximum default risk. When default risks exist, they are taken into account by value adjustments.

Trianel GmbH uses derivative financial instruments to hedge against market risks. These include financial swaps, futures and options on energy or emission certificates. In addition, financial instruments in the form of interest swap agreements are used to secure bank loans. Transactions with financial instruments are subject to risk guidelines in accordance with the risk management system described above.

III. General statement on the risk situation

No threat to the continued existence of the company could be ascertained in 2008 on the basis of individual risks or the overall risk. Due to financial and operative precautions, we have further reduced the risk to the company. The reinforced equity basis and the continued diversification, especially into the service sector, have made the company more robust in the face of risks.

In 2008 our risk management and risk reporting was further improved, and adapted to suit the company's development. As a result, transparency regarding existing risks has increased. The Management Board receives daily reports on the development of our key risks. The Supervisory Board is informed of key risks on a quarterly basis.

Overall, however, the business risks facing Trianel increased significantly due to the economic and financial crisis of 2008. They result from higher failure probabilities among business partners, substantial changes in market prices and the quantity risks precipitated by the economic crisis. Due to the effective risk management system, the negative effects, particularly the credit risks, have so far been closely restricted. Here, the Trianel business model, in which the focus is on the municipal utilities as customers, makes a significant contribution. Since the majority of our customers are also shareholders, we can build on a high level of customer loyalty and intensive relations which are oriented towards complementary interests. Furthermore, the energy sector is relatively stable with regard to economic fluctuations, so that with a basically high level of creditworthiness among our customers, the risk of insolvency only increases slightly, even with economic downturns as significant as the one we have been experiencing since mid-2008.

According to our current assessment, sufficient operative and financial precautions were taken in 2008 for the quantity and price risks which arose from the economic crisis, so that the company is now in a position to cope well, even in the event of further possible risks.

E. Forecast

I. Orientation of Trianel GmbH in the next two financial years

Planned changes in company policy and non-financial objectives

In financial years 2009 and 2010, Trianel GmbH will continue the successful strategy pursued in recent years. The strategy will focus on the demand among municipal utilities for energy business services resulting from the current and future changes in the supply sector. Here, we will systematically continue along our chosen path, of growing in each of our four core segments.

In the supply business, growth should be driven forward as in previous years, by winning new customers and shareholders, and by intensified marketing of our gas supply products. The relatively low-margin supply business is the basis of almost all activities at Trianel, firstly since here, an important component of knowledge development with regard to markets and customers takes place, and also because a large part of our high-margin range of services has been built around the supply business. The further development

of our gas supply business is of particular importance for Trianel. An increasing number of municipal utilities wish to abandon the classic full supply packages by one of the large upstream suppliers in favour of structured procurement; a development we have observed in recent years in the electricity supply sector. In future Trianel will therefore be focusing even more sharply on the demands of the municipal utilities in the gas procurement sector, and intensifying its service offer. Especially customers in the L-gas market segment should be able to make use of an extended product range. However, the success of this strategy depends on whether the liquidity of the gas markets continues to rise, so that the risks associated with gas supply products remain controllable. In order to develop appropriate products, Trianel is also promoting the use of its gas storage segment.

The wholesale business will achieve only low growth rates over the next two years. The marketing of our own gas and steam turbine power station segment will be extended. For the first time, following successful prequalification, Trianel will use the secondary balancing reserve market as an additional sales channel for the Hamm power station. In the area of power station operation planning, Trianel will continue along the successful path of stochastic optimisation, and also use the models developed there to optimise the gas storage facility in Epe. 2010 will see the start of futures marketing of the coal-fired power station which is currently under construction. The expansion of the gas storage facility for the gas business year 2009/2010, will see an extension of our trading activity in the gas sector, depending, however, on the liquidity of those markets. We are currently checking whether entry into further sub-segments of the gas and electricity markets can help increase the earnings power of our own plants, or whether significant added value can be achieved by marketing the plants of third parties.

We expect the most significant growth impulse to come from our service business. The construction of the communal coal-fired power station in Lünen will provide important impetus. Trianel is supporting this construction as the project developer. This essentially involves control, organisation and financing services. The service contract concluded with Trianel Kohlekraftwerk Lünen regarding commercial and energy industry services also includes the development of all necessary systems (such as materials flow management and the accounting system). The marketing processes which are now established at the Hamm-Uentrop power station will also be applied at Lünen. We also anticipate that Trianel will succeed in providing generation portfolio management services to many of the municipal utilities that hold a stake in the Lünen power station.

With regard to the generation services, Trianel is also planning to extend its product and services range for the 2009 financial year. Our commercial and energy business services for the gas storage facility in Epe and the gas and steam turbine power station in Hamm have developed well and are being provided on a reliable basis. This expertise will in future be transferred to the management of other customer plants and virtual power station contracts. In addition, Trianel will develop a minute reserve pool of decentralised plants, and begin marketing wind power.

The importance of our risk management service will also continue to grow, not least due to the increasing risk awareness among the municipal utilities. The current financial crisis is aiding our efforts to develop further sales potential among our customers. We expect that Trianel's policy of offering structured energy procurement, portfolio management and risk management as an integrated service to help municipal utilities take advantage of the opportunities presented by liberalised energy markets will continue to prosper.

In our business with energy industry consultancy and support services, we anticipate an increase in added value for our company and for our customers resulting from the increasing importance of structured gas procurement as part of sales and procurement portfolio management. With the increasing liquidity on the gas market, we will offer our customers market access to all key gas trading centres in Western Europe.

In 2009, the range of services offered by Trianel will be extended by the consultancy and service business for sales support arising from energieGut. Through our entry into this segment, we wish to achieve even greater, more efficient interlinking of procurement and sales activities among the municipal utilities. This service offer also aims to position Trianel as a partner of municipal authorities or existing supply companies in the development of new public utility companies.

After assessing the strategy for the Netherlands, in 2008 we decided against selling Trianel Energie B.V. and ending business operations in the Netherlands. Instead, Trianel Energie B.V. will be strategically repositioned to focus more sharply on profitable customer segments, while sales and wholesale services will be more closely interlinked. In the course of this process, we not only plan further organic growth on the Dutch market, but also an extension of the business model to Belgium.

The pipeline for project development services is full for 2009 and 2010. Besides accompanying the construction of the coal-fired power station in Lünen, we are developing a coal-fired power station in Krefeld and an offshore wind farm off Borkum. In the renewable energies sector, we are currently looking into project proposals in the fields of geothermal energy, open area solar plants and onshore wind farms. The high level of demand will be met by continued expansion of the relevant service capacities.

In this respect, the Management Board of Trianel is confident that in 2009 and 2010 we will continue on our course of growth, despite the economic and financial crisis, and will move closer to achieving our goal of making Trianel the most important value driver for independent public municipal utilities.

II. General economic conditions in the next two financial years

The consequences of the financial crisis cannot yet be fully assessed. However, it can clearly be seen that the real economic effects are leading to a recession in all highly industrialised regions in the world. Germany is also caught up in this downwards trend.

The EU Commission declared in its spring forecast, published at the beginning of May 2009, that the EU economy is currently in the worst recession of the post-war era. The economic performance in the Eurozone will decrease by four percentage points during 2009. For Germany, the Commission forecasts a reduction in exports of 16%, with negative growth of 5.5% in as a result. According to the Commission, however, the economic stimulus packages could mitigate the negative developments. The Commission does not envision an improvement for 2010. Only over the course of the year can an upturn in the global economy give new impulse to the German economy.

The economic development has direct and indirect consequences for Trianel. The continued hesitancy in issuing loans is one of the barriers which make investment in the Borkum West II wind farm more difficult. State hedging of loans in the form of a federal guarantee is under discussion.

A high level of volatility can be observed on the electricity market. Clear expectations among market participants that the economy will improve in the long term are reflected in the price of future electricity supplies from 2011 and 2012 onwards.

III. Anticipated earnings situation

Future overall economic development is burdened with a high level of insecurity. For this reason, forecasts regarding short-term business development are difficult to make. Although the Trianel business model is fundamentally robust in the face of economic fluctuations, shock-type changes in the energy markets such as the one experienced since the summer of 2008 also have significant effects on the profitability of the company.

The economic crisis has led to considerable quantity and price risks for 2009, against which, according to our current assessment, we have taken adequate financial and operative precautions. However, the forecast remains extremely unstable, making it almost impossible to reliably predict future risks. (For more detailed information see Risk report p. 32).

Trianel's sales development depends above all on trading business and the extent to which customers choose to access the energy markets via Trianel. And this cannot be reliably estimated. However, it is of hardly any importance for the development of the result.

Currently, after the record years 2007 and 2008, we anticipate a positive result before taxes for 2009, albeit one which is noticeably lower than 2008. This estimate is based on the fact that the results of 2007 and 2008 were affected by particularly positive events (in 2007, the commissioning of the gas and steam turbine power station in Hamm, and in 2008, very good results from power plant marketing) which are not envisaged for 2009. In general, it appears more likely that risks will be encountered rather than opportunities as a result of the overall economic situation. The dent in income in 2009 will be offset in 2010, assuming that the economic crisis comes to an end. In this respect, given the prevailing conditions, we aim to achieve a result for 2010 which is equal to that of 2008.

IV. Anticipated financial situation

The growth strategy at Trianel is essentially based on services, and to this extent requires only low-level investments in tangible fixed assets. Participation in further power station projects is planned, but is burdened with a high level of insecurity. The aim is to fund participations in 2009 and 2010 through bank loans and the company's own cashflow. Due to our good credit rating and good relationship with a number of banks, we at Trianel foresee no problems with regard to planned loan funding, even in the continuing financial crisis.

The financing of current assets is secured through the cashflow and by existing credit lines.

The borrowed capital ratio of the company is shaped by a high level of current assets, which essentially consist of accounts receivable for energy supplies and services from the previous month, and accounts payable from corresponding pre-deliveries. Since we have both customer and supplier relationships with many business partners, accounts receivable and payable of the same type are offset against each other. With these service relationships, monthly values are affected by random events and cannot be anticipated, although they have no influence on the fundamental creditworthiness of the company.

V. Opportunities

The future result depends on how energy and raw materials prices develop, because the earning power of our asset positions essentially depends on these. A positive development will result in good earnings opportunities.

Opportunities also arise from different projects which we are pursuing. Insofar as these projects can continue to be substantiated in 2009 and 2010, we will offer them to our shareholders and other municipal utilities. The necessary services for further project development create earnings potential.

The gas supply business offers the opportunity of developing and marketing supply products due to the high level of interest on the market, particularly relating to our own gas storage facilities. However, this development depends strongly on increasing liquidity in the gas markets and dismantling continued restrictions to competition.

If the trend towards re-communalisation of energy supply functions continue to stabilise, we foresee good opportunities for Trianel to advise municipal authorities or existing suppliers on the development of new public utilities, and to be able to market service packages which are made-to-measure for the individual situation.

Trianel GmbH regards the further development on the gas market as being of great strategic importance, since the developments that occur in this area are decisive for the future. Our goal is to raise the gas business at Trianel to the same level as electricity within the next five years, and thus to become one of the leading providers on the German gas market. Transport bottlenecks at import/entry points and market territory transfer points continue to obstruct the development of the planned expansion. However, Trianel is confident that these problems can soon be resolved with the arbitration of the Federal Network Agency and the cartel authorities.

VI. General statement on the business outlook and development forecast of Trianel GmbH by corporate management

In the light of the deep recession and the resultant dramatic fall in energy prices, a reduction of the company's earning power compared to 2008 is anticipated. Our business model includes the partial adoption of quantity risks resulting from fluctuations in the economy. Since due to the recession, a reduction in electricity sales is anticipated, and energy prices are significantly lower in comparison with the time of purchase, losses will occur due to the sale of excess quantities of energy procured during 2009. Precautions were taken for these losses in the 2008 balance sheet, on the scale currently anticipated (see Forecast, p. 38). Further quantity reductions are also possible. The continuing low price level for generation quantities in comparison with 2008 will also have a negative impact on the business situation of the company. Nevertheless, we anticipate a positive result for 2009, albeit a significantly lower one than in 2008. For 2010, we assume that we will again reach the result level of 2008.

Apart from these temporary economic effects, Trianel is experiencing stable growth and will again be able to show improving results in coming years, depending on how the economy develops. The company has a strong position on the market for energy industry services for public utilities, and all the preconditions are in place to build on this in the future.

F. Reporting pursuant to § 108 para. 2 no. 2 GO NW

The purpose of the company is national and international energy trading, with the objective of improving local energy supply. The company may undertake the following tasks to implement this objective:

1.1 Trading in

- a. Energy (electricity, gas, oil, coal)
- b. Energy derivatives and energy-related financial derivatives (pursuant to the German Banking Act: proprietary transactions)
- c. Financial products relating to energy supply, such as weather derivatives and emission certificates (pursuant to the German Banking Act: proprietary transactions)

1.2 Energy sales

1.3 Provision of consulting and other fee-based services directly related to energy supply.

The company is entitled to conduct all measures and business transactions through which the purpose of the company can directly or indirectly be promoted. It may, in order to fulfil its tasks, operate other companies, participate in them or establish, acquire and lease such companies as well as auxiliary and ancillary companies, furthermore it may enter into joint ventures and establish subsidiary branches.

The comments and data in the Notes and the Management Report illustrate that we have conformed fully with the public purpose based on our terms of reference as per the Shareholders' Agreement.

Aachen, May 2009

Sven Becker

Dr. Jörg Vogt

Management Board of Trianel GmbH

Annual Financial Statements 2008

TRIANEL GMBH

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Profit and Loss Statement

for the financial year from 1 January to 31 December 2008

in EUR	2008	2007
1. Sales proceeds	2,625,647,125.18	2,337,874,920.27
2. Other operating income	7,712,377.29	3,281,432.76
3. Cost of materials		
Expenditure on goods purchased	2,604,683,343.59	2,316,328,108.85
4. Personnel expenses		
a) Wages and salaries	8,738,791.56	7,525,951.03
b) Social charges and expenditure for pension provision and support	1,322,238.38	1,112,757.06
	10,061,029.94	8,638,708.09
5. Depreciation on intangible fixed assets and tangible fixed assets	830,591.53	820,600.23
6. Other operating expenditure	11,898,582.82	9,652,474.58
	5,885,954.59	5,716,461.28
7. Other interest and similar income	1,900,613.11	1,418,963.53
8. Income from profit and loss transfer agreements	437,666.32	296,404.11
9. Interest and similar expenditure	1,080,790.36	745,818.51
	1,257,489.07	969,549.13
10. Results on ordinary activities	7,143,443.66	6,686,010.41
11. Tax on income	771,720.09	1,069,293.62
12. Other taxes	133.00	1,667.00
13. Net income for the year	6,371,590.57	5,615,049.79
14. Withdrawals from earnings reserves		
a) From the reserve for own shares	1,129,480.00	1,929,900.00
b) From other earnings reserves	0.00	1,129,480.00
	1,129,480.00	3,059,380.00
15. Allocations to earnings reserves		
a) In reserve for own shares	0.00	1,129,480.00
b) In other earnings reserves	1,129,480.00	1,929,900.00
	1,129,480.00	3,059,380.00
16. Unappropriated retained earnings	6,371,590.57	5,615,049.79

Balance Sheet as of 31 December 2008

ASSETS		
in EUR	2008	2007
A. Fixed assets		
I. Intangible assets		
1. Rights of use and similar rights	511,726.00	540,352.00
2. Down payments made	48,000.00	32,908.00
	559,726.00	573,260.00
II. Tangible assets		
Furnitures and fixtures	934,999.00	898,169.00
III. Financial assets		
1. Shares in affiliated companies	4,181,445.00	3,618,295.00
2. Participating interests	20,999,454.86	11,732,025.86
3. Securities held as fixed assets	220,000.00	127,000.00
	25,400,899.86	15,477,320.86
	26,895,624.86	16,948,749.86
B. Current assets		
I. Inventories		
Merchandise	4,460,206.98	1,625,201.32
II. Accounts receivable and other assets		
1. Trade receivables	85,421,957.95	63,434,100.14
2. Accounts receivable from affiliated companies	10,008,363.72	10,921,685.97
3. Accounts receivable from shareholders	17,972,661.75	27,026,965.14
4. Accounts receivable from companies with which a participating interest exists	1,365,083.21	4,493,092.39
5. Other assets	45,420,833.54	34,429,429.10
	160,188,900.17	140,305,272.74
III. Securities		
Own shares	0.00	1,129,480.00
IV. Cash in hand, cash at bank	34,683,507.54	29,056,520.45
C. Accruals and deferrals	2,061,495.02	2,804,020.98
	228,289,734.57	191,869,245.35

LIABILITIES		
in EUR	2008	2007
A. Equity		
I. Capital stock	16,883,850.00	14,526,650.00
II. Capital reserves	15,786,868.00	9,658,148.00
III. Earnings reserves		
1. Reserve for own shares	0.00	1,129,480.00
2. Other earnings reserves	16,679,591.18	9,935,061.39
IV. Unappropriated retained earnings	6,371,590.57	5,615,049.79
	55,721,899.75	40,864,389.18
B. On the implementation of the agreed increase in capital Deposits made	380,000.00	0.00
C. Provisions		
1. Provisions for taxes	589,000.00	1,137,200.04
2. Other provisions	16,276,436.64	18,140,862.36
	16,865,436.64	19,278,062.40
D. Liabilities		
1. Liabilities to credit institutions	14,426,548.12	6,625,697.42
2. Trade accounts payable	98,138,758.81	90,310,681.43
3. Liabilities to shareholders	3,870,014.97	371,357.62
4. Liabilities to companies with which a participating interest exists	3,072,399.88	20,508.80
5. Other liabilities	32,602,826.40	31,921,508.73
	152,110,548.18	129,249,754.00
E. Accruals and deferrals	3,211,850.00	2,477,039.77
	228,289,734.57	191,869,245.35

Development of Fixed Assets in financial year 2008

in EUR	Acquisition costs			
	Status 1.1.2008	Additions	Cross entries	Divestitures
A. Fixed assets				
I. Intangible assets				
1. Rights of use and similar rights	1,955,650.08	400,307.13	32,908.00	0.00
2. Down payments made	32,908.00	48,000.00	-32,908.00	0.00
TOTAL intangible assets	1,988,558.08	448,307.13	0.00	0.00
II. Tangible assets				
1. Furnitures and fixtures	1,874,366.57	424,117.40	0.00	97,640.49
TOTAL tangible assets	1,874,366.57	424,117.40	0.00	97,640.49
III. Financial assets				
1. Shares in affiliated companies	3,618,295.00	563,150.00	0.00	0.00
2. Participating interests	13,202,024.86	11,227,152.79	0.00	1,959,723.79
3. Securities held as fixed assets	220,000.00	0.00	0.00	0.00
TOTAL financial assets	17,040,319.86	11,790,302.79	0.00	1,959,723.79
TOTAL fixed assets	20,903,244.51	12,662,727.32	0.00	2,057,364.28

Depreciation					Book values		
Status 31.12.2008	Status 1.1.2008	Additions	Write-up	Divestitures	Status 31.12.2008	Status 31.12.2008	Status 31.12.2007
2,388,865.21	1,415,298.08	461,841.13	0.00	0.00	1,877,139.21	511,726.00	540,352.00
48,000.00	0.00	0.00	0.00	0.00	0.00	48,000.00	32,908.00
2,436,865.21	1,415,298.08	461,841.13	0.00	0.00	1,877,139.21	559,726.00	573,260.00
2,200,843.48	976,197.57	368,750.40	0.00	79,103.49	1,265,844.48	934,999.00	898,169.00
2,200,843.48	976,197.57	368,750.40	0.00	79,103.49	1,265,844.48	934,999.00	898,169.00
4,181,445.00	0.00	0.00	0.00	0.00	0.00	4,181,445.00	3,618,295.00
22,469,453.86	1,469,999.00	0.00	0.00	0.00	1,469,999.00	20,999,454.86	11,732,025.86
220,000.00	93,000.00	0.00	93,000.00	0.00	0.00	220,000.00	127,000.00
26,870,898.86	1,562,999.00	0.00	93,000.00	0.00	1,469,999.00	25,400,899.86	15,477,320.86
31,508,607.55	3,954,494.65	830,591.53	93,000.00	79,103.49	4,612,982.69	26,895,624.86	16,948,749.86

Notes

FOR THE 2008 FINANCIAL YEAR

I. Form and presentation of the annual financial statements

The financial statements have been prepared in accordance with the regulations of the German Commercial Code (HGB) for large incorporated companies in conjunction with the supplementary provisions of the GmbH-Gesetz (German Limited Liability Company Law).

The balance sheet was extended in conformance with § 265 para. 5 no. 2 of the German Commercial Code by the item "Investments made for the implementation of the agreed capital increase".

In the interests of improved clarity of the presentation, we have included information on joint allocation to other balance sheet items in the Notes.

The profit and loss statement is structured according to the expenditure format.

Separate explanatory notes have been provided in respect of the main items in the balance sheet and the profit and loss statement.

Due to a change in VAT identification, the figures for the preceding year for Other Assets and Other Liabilities have been respectively adjusted by +€ 19,618 thousand.

II. Accounting and valuation principles

The intangible assets and tangible fixed assets were valued at acquisition cost less depreciation and plus write-ups.

Depreciation was effected in accordance with the tax depreciation tables on a straight-line basis and – as far as possible – using the declining balance method based on the useful life of capital assets. The straight-line method is introduced in the year when it results in higher annual depreciation. Low-value capital assets with a value of between € 60,00 and € 150,00 are fully written off in the year of acquisition; they are retired in the following year. Capital assets with a value of between € 150,00 and € 1,000,00 will be recorded in a general item and written off over five years.

The financial assets will be evaluated at acquisition cost, taking account of depreciation and write-ups.

Inventories are valued at acquisition cost using the lower of cost or market principle for depreciation.

Accounts receivable and other assets are shown in the balance sheet at their nominal value; necessary value adjustments are created.

Accounts receivable and liabilities in foreign currencies are converted at the applicable exchange rate on the posting date unless a fixed exchange rate for the Euro exists. Losses incurred due to exchange rate movements up to the balance sheet date are taken into account.

Liquid funds are shown in the balance sheet at nominal value.

The subscribed capital is included at nominal value.

Provisions are valued on the basis of reasonable commercial assessment and adequately take into account all identifiable risks and contingent liabilities. Provisions are carried as liabilities up to the envisaged settlement value.

The liabilities are valued at the amount repayable.

For the purpose of valuing the physical trading transactions, the posted and pending transactions are always summarised together with the corresponding financial transactions under the portfolios Electricity Asset, Gas Asset, Trading, Electricity Sales and Gas Sales.

Four derivative financial instruments are used to secure bank loans, which form one valuation unit together with the debt item.

III. Balance sheet notes

Fixed assets

The development of fixed assets and depreciation during the financial year under review is shown in the fixed-asset movement schedule, which is enclosed as a separate document with the Notes.

Shares to the amount of € 4,181,445.00 are held in the following affiliated companies:

Company	Registered office	Level of participation in %	Participation book value in €	Equity in €	Annual net income in €
Trianel Finanzdienste GmbH (formerly Trianel Energy Management GmbH)	Aachen	100.0	2,500,000	2,500,000	0*
energieGUT GmbH (formerly Trianel Energie GmbH)	Aachen	100.0	1,337,695	1,767,331	606,438
Trianel Energie B.V.	Maastricht, NL	100.0	250,000	1,309,767	333,694
Trianel Gaskraftwerk Hamm Verwaltungs GmbH (formerly Trianel Vermögens- verwaltungs GmbH)	Aachen	100.0	25,000	32,761	2,323
Trianel Gasspeicher Epe Verwaltungs GmbH (formerly Trianel Gasspeicher Vermögens-Verwaltungs GmbH)	Aachen	100.0	25,000	71,637	24,767
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH (formerly Trianel Kohle-Kraftwerk Vermögensverwaltungs GmbH)	Aachen	100.0	25,000	27,130	1,095
Trianel Windkraftwerk Borkum Verwaltungs GmbH	Aachen	75.0	18,750	37,397	12,397

* A profit and loss transfer agreement exists between Trianel Finanzdienste GmbH and Trianel GmbH.

Holdings totalling € 20,999,454.86 are attributed to:

Company	Registered office	Level of participation in %	Participation book value in €	Equity in €	Annual net income in €
Trianel Gaskraftwerk Hamm GmbH & Co. KG (formerly Trianel Power Kraftwerk Hamm-Uentrop GmbH & Co. KG)	Aachen	6.12	4,848,009.27	85,061,552	4,980,604
Trianel Gasspeicher Epe GmbH & Co. KG (formerly Trianel Gasspeichergesellschaft Epe mbH & Co. KG)	Aachen	17.60	4,928,000.00	30,606,306	5,542,727
Trianel Kohlekraftwerk Lünen GmbH & Co. KG (formerly Trianel Power – Projektgesellschaft Kohlekraftwerk mbH & Co. KG)	Aachen	6.335	9,373,444.59	139,955,612	-6,254,945
Trianel Windkraftwerk Borkum GmbH & Co. KG	Aachen	3.56	1,750,000.00	Not yet available	(founded in 2008)
Trianel Service GmbH	Cologne	20.00	100,000.00	208,264	16,262
Trianel Energy Trading BeNeLux B.V. i.L.	Schiedam, NL	39.10	1.00	0	3,888,000*

* The annual financial statements of Trianel Energy Trading BeNeLux B.V. i.L. were prepared in accordance with Dutch accounting regulations, whereby valuation options were applied in conformity with International Financial Reporting Standards (IFRS). The annual financial statements were not adapted to reflect proper German accounting standards.

Current assets

The goods inventories are stored quantities of gas.

Trade receivables mainly consist of outstanding payments for electricity and gas supplies, which were offset against similar liabilities to the value of € 116,552 thousand.

The accounts receivable from affiliated companies pertain to trade receivables of € 13,442 thousand. (2007: € 11,392 thousand). Other amounts are mainly cost allocations. Payables totalling € 8,329 thousand (2007: € 2,509 thousand) were offset against the receivables.

The accounts receivable from shareholders, € 38,609 thousand (2007: € 48,177 thousand) are trade receivables. Liabilities totalling € 20,700 thousand (2007: € 22,175 thousand) were offset against accounts receivable.

The accounts receivable from affiliated companies are mainly trade receivables resulting from the provision of services.

Other assets mainly consist of collateral security relating to energy trading, including non-accessible bank credits totalling € 12,695 thousand (€ 13,962 thousand pre-tax), which is deductible only in the following year.

All accounts receivable and other assets are, up to € 2 thousand, due within one year (in the previous year due in full within one year).

Treasury stock to the amount of € 1,129 thousand, which was acquired in the previous year, was sold on in the 2008 financial year. No treasury stock was held by the company on 31.12.2008.

Provisions

The tax provisions include provisions for corporation tax including solidarity surcharge for the 2008 assessment period. Payments made for interest income tax and solidarity surcharge were offset against the provisions for corporation tax.

Other provisions to the amount of € 16,276 thousand include provisions for uncertain liabilities to the amount of € 9,323 thousand, mainly pertaining to outstanding invoices for energy procurement and personnel costs. Furthermore, provisions for anticipated losses from pending transactions totalling € 6,953 thousand are included.

Liabilities

The amounts due to banks include long-term bank loans and accrued interest.

Trade accounts payable predominantly result from energy procurement and transport charges, as well as consulting services.

Liabilities to shareholders mainly relate to trade accounts payable resulting from energy supplies.

Liabilities to companies with which a participating interest exists are exclusively trade payables.

Other liabilities include liabilities to shareholders to the amount of € 973 thousand (2007: € 448 thousand).

Liabilities movement schedule

in €	Total	Residual terms			
		to 1 year	1 year to 5 years	over 5 years	to 1 year
Amounts due to banks	14,426,548.12	1,656,848.12	4,654,133.00	8,115,567.00	704,197.42
Trade payables	98,138,758.81	98,138,758.81	0.00	0.00	90,310,681.43
Liabilities to shareholders	3,870,014.97	3,870,014.97	0.00	0.00	371,357.62
Payables to affiliated companies	3,072,399.88	3,072,399.88	0.00	0.00	20,508.80
Other liabilities	32,602,826.40	28,173,961.40	916,094.00	3,512,771.00	27,186,975.73
Total liabilities	152,110,548.18	134,911,983.18	5,570,227.00	11,628,338.00	118,593,721.00

Other liabilities include liabilities from taxes to the amount of € 10,302 thousand (2007: € 20,567 thousand).

IV. Notes on the profit and loss statement

Sales proceeds

Sales can be broken down into the following areas of activity:

Business field	Sales in € thousand	Sales in %
Electricity	2,461,979	93.77
Gas	120,981	4.60
Emissions trading	29,359	1.12
Services	13,328	0.51
Total	2,625,647	100.00

Sales not relating to the period amount to € 3,466 thousand (2007: € 6,735 thousand).

Other operating income

Other operating income includes earnings not relating to the period totalling € 3,395 thousand (2007: € 880 thousand).

Cost of materials

The cost of materials not relating to the period amounts to € 4,654 thousand (2007: € 6,935 thousand).

Personnel expenses

Personnel expenses were incurred in respect of an average of 129 (2007: 100) employees. Personnel expenses include costs for pension provision to the amount of €66 thousand (2007: €143 thousand).

Earnings from profit and loss transfer agreements

Earnings from profit and loss transfer agreements relate to the 2008 annual net profit of Trianel Finanzdienst GmbH totalling € 438 thousand (2007: € 296 thousand).

Interest income

The interest income to the amount of € 1,900 thousand (2007: €1,419 thousand) includes income from affiliated companies to the amount of € 10 thousand (2007: €158 thousand).

Income tax

Tax expenditure during the reporting period is accounted for by corporation tax to the amount of € 1,027 thousand (2007: € 1,112 thousand). This is offset by income totalling € 255 thousand from corporation tax and trade tax for the previous years.

V. Other information

Information on derivative financial instruments

Trianel uses derivative financial instruments to hedge against price risks. Futures were used in the financial year under review. The nominal value was € 1,844 thousand; the fair value is -€ 4,501 thousand. These transactions are reported under other assets and under other liabilities to the corresponding value.

Trianel GmbH transacted various interest rate swaps with a nominal amounting to € 11,967 thousand on 31.12.2008. With these transactions, variable interest liabilities totalling up to € 13,678 thousand were converted into fixed interest liabilities. The agreements have different terms, which were concluded in correspondence with the loan agreements. The fair value according to the lending bank's internal risk model is -€ 726 thousand.

The market values are determined using the cash value method. According to this, all future payments, on both the fixed and variable side of the interest rate swap, are discounted on the valuation date. Payments on the variable side are determined on the basis of additional due dates which result from the current interest rate structure curve.

Other financial obligations

in € thousand

Obligations arising from power purchase agreements	3,668,748
	(104,178)
of which due in 2009	2,598,605
	(91,197)
Obligations arising from gas purchase agreements	218,154
of which due in 2009	147,504
Obligations arising from emission certificates	85,240
of which due in 2009	29,235
Obligations arising from lease and rental contracts	4,207
of which due in 2009	703

() = of which payable to affiliated companies

Contingencies

As collateral for bank loans to Trianel Gaskraftwerk Hamm GmbH & Co. KG, Trianel Kohlekraftwerk Lünen GmbH & Co. KG and Trianel Gasspeicher Epe GmbH & Co. KG, Trianel GmbH has pledged its shares in these companies, including dividends, to the banks concerned.

Trianel GmbH is liable for a total monthly sum of € 1,361 thousand (direct debit), arising from a credit mandate. The credit mandate was awarded in favour of an affiliated company.

Supervisory Board

In the 2008 financial year the Supervisory Board was composed of the following members:

Bernhard Wilmert, Bochum, Spokesman for the Management Board of Energie- und Wasserversorgung mittleres Ruhrgebiet GmbH (Chairman),

Waldemar Opalla, Diepholz, Managing Director of Stadtwerke EVB Huntetal GmbH (Vice Chairman),

Dr. Christian Becker, Aachen, Member of the Management Board of Stadtwerke Aachen Aktiengesellschaft,

Kurt Kuhn, Lübeck, Managing Director of Stadtwerke Lübeck Holding GmbH,

Günter Bury, Fulda, Chairman of the Management Board of Überlandwerke Fulda Aktiengesellschaft,

Marco Westphal, Bonn, Managing Director of Stadtwerke Bonn GmbH,

Alfons Bröker, Soest, Managing Director of Stadtwerke Soest GmbH,

Dr. Achim Grunenberg, Lünen, Managing Director of Stadtwerke Lünen GmbH,

Frank Kindervatter, Viersen, Managing Director of Niederrheinwerke Viersen GmbH,

Dr. Arno Gasteiger, Salzburg, Spokesman for the Management Board of Salzburg AG für Energie, Verkehr und Telekommunikation,

Michael Hegel, Cologne, Banker,

Dr. Ulf Böge, Meckenheim, retired President of the Federal Cartel Office (from 18 September 2008)

Trianel GmbH reimbursed a total of € 13 thousand as expenses in the 2008 financial year.

Management Board

The Managing Directors of the company on the balance sheet date were Dipl.-Volkswirt Sven Becker, certified economist (Spokesman) and Dr. Jörg Vogt (Dipl.-Verwaltungswissenschaftler; certified public administrator). Dr. Vogt has been Managing Director since 1 August 2008. Dip.-Ing Johann-Reinhard Goethe resigned from the Management Board on 30 June 2008.

The company has opted not to disclose the emoluments paid to the Managing Directors in the financial year under review in accordance with § 286, para. 4 of the German Commercial Code.

Annual financial statements

The annual financial statements are published in the Electronic Federal Bulletin under number HRB 7729.

Aachen, Germany, 11 May 2009

Trianel GmbH

Sven Becker

Dr. Jörg Vogt

Management Board of Trianel GmbH

Auditor's Report

We have audited the annual financial statements, consisting of balance sheet, income statement and notes, including the accounts and the management report, of Trianel GmbH (formerly: Trianel European Energy Trading GmbH), Aachen, for the period 1 January to 31 December 2008. The accounts, the annual financial statements and the management report were prepared in accordance with the German Commercial Code and the supplementary provisions of the articles of association at the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual financial statements, the company's accounts and the management report.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and observing the auditing principles generally accepted in Germany as stipulated by the Institute of German Certified Public Accountants (IDW). Those principles require that we plan and perform the audit to obtain reasonable assurance about the detection of any errors or irregularities with regard to the impression given of the company's net worth, financial and profit situation, as reported through its annual financial statements, set up in accordance with the generally accepted accounting principles, its company accounts, and its management report. When determining audit procedures, knowledge of the company's business operations, as well as its economic and legal environment, and anticipation of possible errors are taken into consideration. The audit includes examining, mainly on a test basis, the effectiveness of accounting-related internal control systems and evidence supporting the amounts and disclosures in the company accounts, annual financial statements and the management report. The audit also examines the accounting and valuation methods that the company uses, the significant estimates made by legal representatives, as well as evaluating the overall presentation of the financial statements and the management report. In our view, our audit provides a sufficiently reliable basis for our opinion.

Our audit has resulted in no objections.

In our opinion, based on the information gained in the audit, the annual financial statements are in conformity with statutory requirements and the supplementary provisions of the articles of association and, in compliance with the generally accepted accounting principles, they give a true and fair view of the net assets, financial situation and results of operations of the company. The management report is consistent with the annual financial statements, provides a suitable understanding of the company's situation and accurately presents the opportunities and risks of future development.

Cologne, 27 May 2009
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