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Trianel

Management Report 2011

Trianel GmbH

Contents

Summarised

Management report

of Trianel GmbH

1 Business and general conditions

1.1 Corporate structure and business operations

1.1.1 Legal corporate structure

One company was added to the group of shareholders and a decision was made that three others could enter the group.

In the 2011 reporting year, the group of Trianel GmbH partners grew to 50 shareholders listed in the Commercial Register, when the Netherlands-based company N.V. HVC joined the group. Decisions were made to allow three more partners to join at the meetings of Shareholders' Committee in October and December 2011. However, they were not added to the Commercial Register in the 2011 financial year. Also, the existing shareholders Allgäuer Überlandwerk GmbH, enwor – energie & wasser vor ort GmbH, SWU Energie GmbH and Überlandwerk Fulda Aktiengesellschaft decided to implement capital increases to a total of € 100,000 each, which were also not entered in the Commercial Register in the reporting year. One shareholder left Trianel with retroactive effect as of 1 January 2011. Trianel GmbH bought back their shares at the nominal value of € 54,000 and retains them as own shares. Negotiations are currently underway with other municipal utility companies interested in joining the group; accordingly, Trianel GmbH plans to resell the own shares in the 2012 financial year.

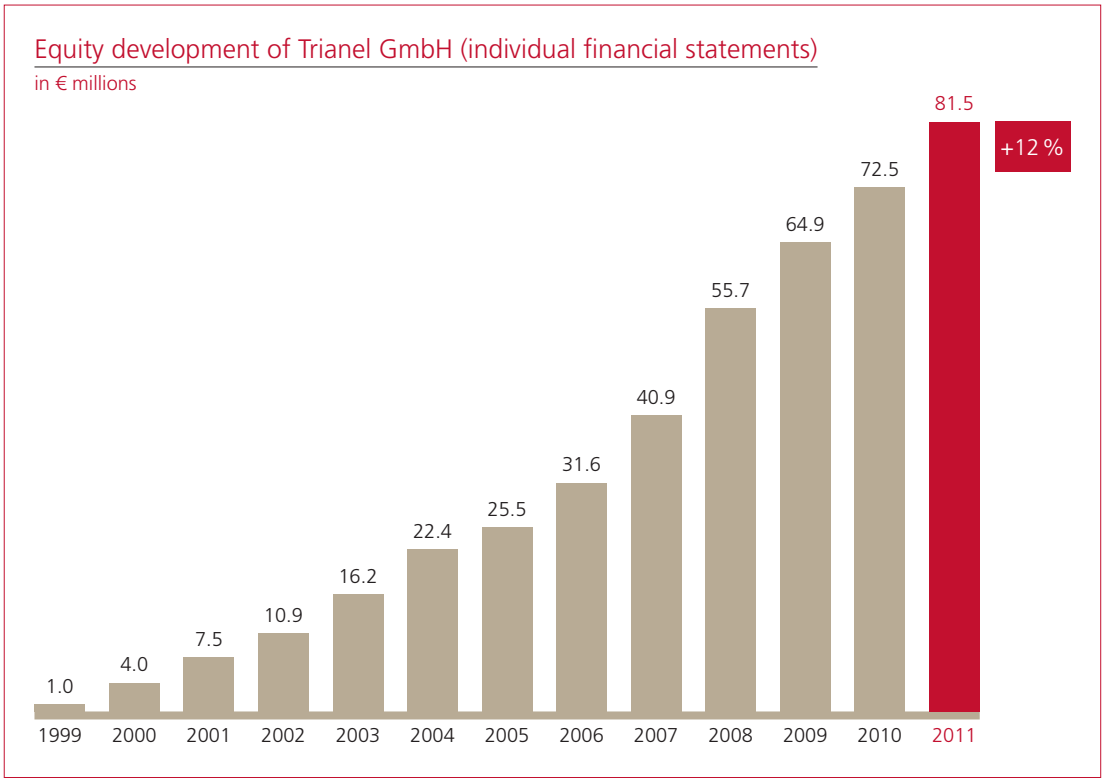
Overall, the share capital of Trianel GmbH increased during the 2011 reporting year by € 446,000 from € 18,146,575 to € 18,592,575 on the balance sheet date.

The following chart provides an overview of the shareholder structure of Trianel GmbH as of 31 December 2011.

Trianel GmbH

Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH, Bochum (Bochum, Herne, Witten)	26.68 %	Ahauser Energie- und Dienstleistungs GmbH	0.54 %
Stadtwerke Aachen AG	12.94 %	ENNI Energie & Umwelt Niederrhein GmbH	0.54 %
Überlandwerk Fulda AG	7.51 %	GWS Stadtwerke Hameln GmbH	0.54 %
Stadtwerke Bonn GmbH	6.27 %	Schleswiger Stadtwerke GmbH	0.54 %
Stadtwerke Lübeck Holding GmbH	5.53 %	Stadtwerke Bad Salzuflen GmbH	0.54 %
SWU Energie GmbH, Ulm	4.10 %	Stadtwerke Dachau	0.54 %
Stadtwerke Energie Jena-Pößneck GmbH	3.23 %	Stadtwerke Elmshorn	0.54 %
Niederrheinwerke Viersen GmbH	3.11 %	Stadtwerke Gronau GmbH	0.54 %
N.V. HVC, Netherlands	2.68 %	Stadtwerke Sindelfingen GmbH	0.54 %
Salzburg AG für Energie, Verkehr und Telekommunikation, Austria	1.90 %	Stadtwerke Tuttlingen GmbH	0.54 %
enwor – energie & wasser vor ort GmbH, Herzogenrath	1.85 %	Stadtwerke Wedel GmbH	0.54 %
Stadtwerke Halle GmbH	1.70 %	Regio Energie Solothurn, Switzerland	0.45 %
SWT Stadtwerke Trier Versorgungs-GmbH	1.61 %	Stadtwerke Bad Pyrmont Beteiligungs und Bäder GmbH	0.40 %
Allgäuer Überlandwerk GmbH	1.34 %	Stadtwerke Uelzen GmbH	0.40 %
NVB Nordhorner Versorgungsbetriebe GmbH	1.29 %	Stadtwerke Detmold GmbH	0.39 %
Stadtwerke Hamm GmbH	1.21 %	Stadtwerke Flensburg GmbH	0.36 %
Stadtwerke Lindau (B) GmbH & Co. KG	1.05 %	Stadtwerke Unna GmbH	0.35 %
GSW Gemeinschaftsstadtwerke GmbH Kamen – Bönen – Bergkamen	0.89 %	Stadtwerke EVB Huntetal GmbH, Diepholz	0.33 %
Stadtwerke Aalen GmbH	0.80 %	Stadtwerke Soest GmbH	0.31 %
Stadtwerke Borken/Westf. GmbH	0.80 %	Trianel GmbH	0.29 %
Stadtwerke Lünen GmbH	0.71 %	Stadtwerke Schwäbisch Hall GmbH	0.28 %
Energie- und Wasserversorgung Rheine GmbH	0.61 %	Stadtwerke Georgsmarienhütte GmbH	0.27 %
Hertener Energiehandelsgesellschaft mbH	0.59 %	Stadtwerke Herford GmbH	0.27 %
Stadtwerke Fröndenberg GmbH	0.58 %	Stadtwerke Lengerich GmbH	0.27 %
		Stadtwerke Verden GmbH	0.27 %
		Teutoburger Energie Netzwerk eG, Hagen a. T. W.	0.27 %
		Trianel Suisse AG, Switzerland	0.19 %

Taking into account the annual net income of € 7,152,465 for the 2011 financial year, Trianel GmbH has equity of € 81,543,824. The equity development is shown in the following chart.



On the reporting date of 31 December 2011, Trianel owned sixteen subsidiaries and affiliated companies. The participation structure is shown in the following chart:

Trianel GmbH

Trianel Gaskraftwerk Hamm GmbH & Co. KG Generation	6.12 %	Trianel Gaskraftwerk Hamm Verwaltungs GmbH	100 %
Trianel Gasspeicher Epe GmbH & Co. KG Gas storage	7.60 %	Trianel Gasspeicher Epe Verwaltungs GmbH	100 %
Trianel Kohlekraftwerk Lünen GmbH & Co. KG Generation	6.34 %	Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	100 %
Trianel Windkraftwerk Borkum GmbH & Co. KG Generation	2.69 %	Trianel Windkraftwerk Borkum Verwaltungs GmbH	100 %
Trianel Erdgasförderung Nordsee GmbH & Co. KG Gas production	25.01 %	Trianel Erdgasförderung Nordsee Verwaltungs GmbH*	100 %
Trianel Finanzdienste GmbH Portfolio management/ Financial services	100 %	Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH*	100 %
GESY Green Energy Systems GmbH Green electricity conversion	24.90 %	Trianel Service GmbH	80 %
Trianel Energie B.V. Sales, Benelux	100 %	EEX AG	0.25 %

* According to financial attribution.

According to the overview above, Trianel GmbH holds shares in the following companies: Gaskraftwerk Hamm GmbH & Co. KG, based in Aachen, is a company which has operated a 840 megawatt municipal gas and steam turbine power plant in Hamm-Uentrop (North Rhine-Westphalia) since 2008. Trianel Gasspeicher Epe GmbH & Co. KG, domiciled in Aachen, operates a natural gas storage facility located in Epe in the district of Borken (North Rhine-Westphalia) since 2009/2010. In the reporting year, Trianel GmbH reduced its holding in the gas storage company by selling and transferring limited partner shares to Gas-Union GmbH by 10% points to a total of 7.6%. Trianel Kohlekraftwerk Lünen GmbH & Co. KG, domiciled in Lünen, has been building a modern, highly efficient 750 megawatt hard coal-fired power station at the Lünen site (North Rhine-Westphalia) since mid-2008. Trianel Windkraftwerk Borkum GmbH & Co. KG, domiciled in Aachen, is building the Borkum West II offshore wind farm with a total capacity of 400 megawatts. According to plan, the first systems shall be commissioned by the end of 2012. Trianel Erdgasförderung Nordsee GmbH & Co. KG, domiciled in Aachen, was established in mid-2010. After ceasing to study possible activities in producing natural gas within the European Economic Area (EEA) in the reporting period, the company is in a rededication phase and is to be used for further project activities of Trianel GmbH in the future.

The personally liable companies Trianel Gaskraftwerk Hamm Verwaltungs GmbH, Trianel Gasspeicher Epe Verwaltungs GmbH, Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, Trianel Windkraftwerk Borkum Verwaltungs GmbH and Trianel Erdgasförderung Nordsee Verwaltungs GmbH – the last company is wholly commercially attributed to Trianel GmbH – are responsible for the management of the above limited partnerships as the general partners. Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH manages the corresponding company for the development of a gas and steam turbine power plant in Krefeld-Uerdingen and is also wholly commercially attributed to Trianel GmbH. All companies are domiciled in Aachen.

Trianel Finanzdienste GmbH, domiciled in Aachen, 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 (Kreditwesengesetz, KWG) are pooled in this company.

The Dutch sales company Trianel Energie B.V., domiciled at Maastricht Airport, is also a wholly owned subsidiary of Trianel GmbH and bundles the sales and distribution activities of the Trianel Group in the Netherlands and Belgium.

The holding in energieGUT GmbH, a company for marketing energy to domestic end consumers via an internet platform, was sold fully in the 2011 financial year. This completes Trianel's withdrawal from the German end consumer business, which was started in 2009.

In the 2011 financial year, Trianel GmbH acquired shares in GESY Green Energy Systems GmbH (GESY). GESY, domiciled in Berlin, develops structures, market models and concepts, to integrate electricity from renewable energy sources in the energy markets.

The purpose of the Cologne-based Trianel Service GmbH is the development and pooling of technical services for energy supply. The strategic orientation of the company is currently under examination, with business operations suspended.

1.1.2 Business sectors

Trianel GmbH operates in all main business sectors along the value chain in the energy industry, with the exception of energy transport and distribution. As the largest European cooperation of municipal utility companies, Trianel GmbH utilises the potential of liberalised energy markets by pooling shared interests. Its declared goal is to enhance the municipal utility companies in their competitiveness and therefore their independence. Consistently working together towards shared goals allows barriers to market entry to be overcome, thus opening business sectors which would not be accessible to individual municipal utility companies.

Its declared goal is to enhance the municipal utility companies in their competitiveness and therefore their independence.

The starting point and core business of Trianel GmbH is the energy supply business. Trianel GmbH assists municipal utility companies in their responsibility of guaranteeing the supply of energy to end consumers by procuring energy on wholesale markets for these distributors. Starting from this core business, Trianel GmbH has expanded its area of activity significantly with the development of major energy industry electricity generation and gas storage systems and their energy industry and commercial management and optimisation, as a second mainstay in their portfolio. With the most recent diversifications of our range of activities in a third pillar, we design and support our business activities in sectors focused on end consumers, such as electromobility, smart metering and energy efficiency.

All activities of Trianel are developed in close coordination with the preferences of the shareholder companies and customised for their needs and circumstances.

In our role as energy service providers for municipal utility companies, we currently operate in the following individual areas of the value chain:

a) Upstream activities
In this area, we develop projects for the construction or purchase of facilities in the energy industry, for example conventional and regenerative power plants and energy storage facilities. This enables municipal utility companies to expand their value creation in the energy industry by adding the energy generation and storage sectors. We continue to monitor these projects after commissioning with our commercial and energy management services. By purchasing minor shares in the project companies, we, as a service provider, ensure that our interests are the same as those of the owners of the facilities, by tangibly commercially participating in their results.

b) Midstream activities
These activities include all services required to manage and administer an energy portfolio – whether for procurement or for generation marketing. Trianel GmbH assumes some risk in this context for its customers, such as forecast risks. Depending on the individual risk propensity of a customer, we offer various solutions. They range from a full-service package to active management of own portfolios. Our access to the OTC markets and energy exchanges mean that we can obtain the energy quantities required by our customers. Where necessary, we avail of the services of Trianel Finanzdienste GmbH, which is authorised to provide financial services.

c) Downstream activities
We provide numerous services for municipal utility companies to support them in the implementation of their sales tasks, such as sales processes, sales controlling and risk management. We also determine business opportunities in conjunction with interested municipal utility companies, including smart marketing, decentralised generation, electromobility and energy efficiency.

We help our customers in all business sectors make the most of new value creation opportunities on the energy market. We rely primarily on joint development of new products with our customers and partners, on innovative solutions as well as rapid identification of changes. The new trend scouting function ensures that Trianel GmbH and our municipal utility partners identify and evaluate relevant trends at an early stage.

With the new function 'trend scouting', it is ensured that relevant trends are identified and evaluated.

1.1.3 Important products, services, business processes, projects

Trianel GmbH operates in all trade markets for electricity and gas products, including the relevant exchanges, in the market areas of Germany and the Netherlands. Our activities on the market are the basis for varied sales products in the supply sector and provide our customers with a direct source for trade products. In 2011, comprehensive access to the Swiss electricity market was additionally established.

Procurement portfolio management succeeded in achieving procurement cost advantages totalling tens of millions.

Procurement and generation portfolio management is one of the main pillars of the electricity industry activities. The growth reached in the 2011 financial year was largely due to increased penetration of the existing shareholder and partner group with a more diverse and modular, refined product range. In spite of the difficult market situation, a procurement cost advantage in the tens of millions was attained compared with the benchmark for all of Trianel GmbH's procurement portfolio management customers.

In generation portfolio management for the total 14 shareholders of Trianel Gaskraftwerk Hamm GmbH & Co. KG, Trianel Finanzdienste GmbH (TFD) topped the list of all power station utilisation optimisers for the fourth consecutive year. In addition to this, TFD also positioned itself as a service provider for optimised marketing of other joint power stations outside the Trianel Group, as well as smaller, decentralised systems, including combined heat and power stations (CHP), expanding the customer portfolio of virtual power station segments it manages. The high level of customer satisfaction is reflected in the results of the customer survey and in the almost 100% contract extension rate in this sector, among others.

The flexible supply, as well as the assumption of quantity and price risks for municipal utility companies, stabilised the business while at the same time strictly limiting the overall risk to which Trianel GmbH was exposed. The experience shows that the revised product range, in spite of the absolute liability limitation for worst-case scenarios, still provides significant added value for municipal utility companies.

In commercial operation of the Hamm-Uentrop power station, additional revenues of millions of euros were earned by further optimisation of the service, e.g. by marketing balancing energy and utilising new potential business opportunities. Trianel GmbH benefits from these added revenues through its profit-sharing arrangements. The analogue processes and systems for commercial operation of the joint Trianel power station in Lünen, which is currently under construction, were established on time and in budget in all sub-projects.

Marketing of renewable energy sources in 2011 focused on the green electricity privilege (§ 37 of the German Renewable Energy Sources Act 2009, EEG). Trianel GmbH pooled the renewable generation quantities and made them available to the municipal utility companies which were exempt from the Renewable Energy Sources Act allocation, provided the externally sourced energy accounted for at least 50% of their final consumption sales. In 2011, our portfolio included electricity supply contracts with over 60 wind farm operators. As a result, we had access to over 500 MW of installed wind energy capacity. That allowed us to gather important expertise in managing electricity portfolios under the Renewable Energy Sources Act and sustainable processes, e.g. introducing a 7-day week. In future, we will use this experience to supervise and advance the integration of renewable generation facilities on the energy markets.

Trianel was able to develop important expertise in managing EEG electricity portfolios and sustainable processes.

We succeeded in further expanding our customer portfolio in the gas industry sector in the reporting year. In particular, our portfolio management, balancing group management and market access were in great demand due to the positive developments on the gas trading market. In addition to managing procurement portfolios for municipal utility companies, we also managed our customers' storage segments, taking the market conditions into account. At the end of the reporting year, the service included a managed customer portfolio totalling 20 terawatt hours/year (TWh/a) for a total of 21 customers. The market for classic and flexible supply products remains characterised by extremely aggressive price competition in view of the extremely high volume on offer.

We succeeded in expanding our customer portfolio on the gas sector in the reporting year.

In the reporting year, the expanded storage facility was operated virtually without restriction, with the exception of planned interruptions in summer 2011. Overall, the market environment for storage facilities is difficult. As a result, we were only able to attract a few new customers for subletting activities. However, the storage facilities were used successfully in the short-term trade market (spot market, balancing energy market). Marketing of an interruptible storage product was also extended by a further year. In this context, the required 24/7 standby operation will be expanded further.

In order to limit its risk exposure in the reporting year, Trianel GmbH reduced its holding in the Trianel Gasspeicher Epe GmbH & Co. KG storage company from 17.6% to 7.6% as planned. The shares sold were bought by Gas-Union GmbH, with which Trianel aims to strengthen its cooperation in other gas industry sectors in the future.

In the classic service sector, we expanded our range in conjunction with end consumer-oriented sales of municipal utility companies.

In the classic service sector, we expanded our range in conjunction with end consumer-oriented sales of municipal utility companies in 2011. In over 20 projects, the high practical relevance of our consulting and the expert support in strategic and operative matters, from marketing strategy, to organisation/process design, right up to risk management and marketing controlling, have been confirmed as unique selling positions of Trianel GmbH. Sales portfolio management was expanded for use in the municipal utility provider's sales process as an Application Service Provider (ASP) solution. With the energy-centred services, Trianel GmbH now supports all critical data management processes for sales, starting with customer acquisition and from the interface to procurement, right up to evaluation of the sales success. Municipal utility companies also receive an up-to-date evaluation of their price and quantity risks for the main procurement and generation portfolios in the risk reporting service.

The Trianel GmbH project development business was further enhanced in the 2011 financial year. In particular, the investments for the first construction phase of the Borkum West II offshore wind farm created the basis for further expansion of the wind energy project development sector. In addition to the activities in the offshore wind sector, investments in the development of onshore wind energy projects were also expanded. Furthermore, we succeeded in drawing political and public attention to Trianel, at local and national levels, with the accelerated development of three pumped storage power stations. Repurposing the project site in Krefeld from coal to gas takes the changed political, economic and social conditions of the energy transition into account. The power station now planned will be highly efficient thanks to the planned steam extraction on one hand, and on the other, its flexibility will set new standards for large-scale power stations. That clearly reveals that Trianel GmbH focuses on actively supporting municipal utility companies in reforming the energy industry for the renewable age, while complying with the demands of society to actively advance the energy transition.

The parties involved in managing the projects want an independent and low-cost access to activities at all stages of the value chain.

Trianel GmbH provides the management as well as technical expertise in the fields of legislation, energy industry, technology, financial and commercial tasks and corporate and project communication for the corresponding projects. The parties involved in managing the projects, besides Trianel GmbH, include municipal utility companies, who are looking for an independent and cost-effective way to participate in activities at all levels of the value chain. In detail, our activities in the 2011 financial year primarily included the following projects:

GAS STORAGE FACILITY PROJECT IN EPE: After the expansion of the gas storage facility in 2010, roughly twice the capacity and power was available in 2011. Ongoing measures to fulfil approval requirements and optimise operation are to be completed in 2012. Other measures for adaptation to market developments are planned for 2013.

NATURAL GAS PRODUCTION PROJECT: In the reporting year, a decision was made not to continue the project based on the changed economic conditions in this area of activity.

LÜNEN HARD COAL-FIRED POWER STATION PROJECT: The hard coal-fired power station block, with a net output of roughly 750 megawatts in Lünen is being built by a consortium headed by Siemens as a general contractor. As of 31 December 2011, almost € 1 billion of a total planned approx. € 1.4 billion had been invested. After a two and a half-year process, Münster High Court of Administration (OVG) revoked the preliminary immission control decision for the coal-fired power station, emphasising that the power station is fundamentally suitable for approval. It stated that a new preliminary decision can be issued when Trianel Kohlekraftwerk Lünen GmbH & Co. KG (TKL) provides the missing proofs of FFH compatibility (Fauna-Flora-Habitat). TKL started working on the open points immediately after the decision was announced. It is to be assumed that the power station in Lünen will be connected to the grid in 2013.

KREFELD-UERDINGEN COMBINED HEAT AND POWER STATION (CHP): In the northern extension of the Uerdingen chemical park owned by Bayer AG, plans for a CHP plant were changed from hard coal to gas-fired. The shareholder group and CURRENTA re-evaluated the project primarily due to the changed energy policy conditions and public desire to reduce CO_2. Currently, a double-block gas and steam turbine plant with up to 1,200 MW is being developed at the same site. The approval application for the new project was submitted on 6 February 2012. To supply the industrial park, the equivalent of 200 megawatts can be decoupled as heat, thus achieving a very high efficiency level (energy use level) of over 70%. Combined with additional location advantages, the project offers exceptional relative competitiveness. Commissioning is scheduled for the end of 2016, to replace the existing process steam provision plants at the site (CURRENTA), which are at the end of their service life, for the industrial partner.

RENEWABLE ENERGY PROJECTS: The first project to be implemented as part of Trianel GmbH's involvement in renewable energy is the Borkum West II offshore wind farm. 2011 focused on starting construction and implementing the project contracts. In addition to the option of a second construction phase in the offshore wind project, the onshore wind activities in particular are currently being expanded rapidly. For example, in 2011, the project rights for an initial onshore wind farm with an electrical capacity of roughly 27 megawatts were purchased. In the long-term, additional onshore wind farms are to be developed or purchased, to make them accessible to municipal utility companies via a project company which is to be founded.

BORKUM WEST II OFFSHORE WIND FARM PROJECT: This project entails building a total of 80 wind turbines for electricity generation off the island of Borkum. The permitted overall capacity of the wind farm is up to 400 megawatts; the expected investment volume is approx. € 1.6 billion (400 megawatts). In the first expansion phase, Trianel GmbH and the 33 municipal utility companies involved have created a total capacity of 200 megawatts. After the construction decision in December 2010, construction work started in the reporting year. The components required are under construction and the initial installation work at sea was completed in September 2011. According to the schedule, the wind turbines are to be built from summer 2012, and if everything goes according to plan, electricity feeding can start at the end of the 4th quarter of 2012.

PUMPED STORAGE POWER STATIONS: After initial exploratory work in 2009, and identification of two possible locations in 2010, the reporting year was used to evaluate three sites (two in North Rhine-Westphalia, one in Thuringia) for approval suitability, and to prepare initial measures in the approval process, such as the land use planning processes. This phase focused on communication with the local politicians and the public. The respective planning projects were positioned positively in all three locations. According to energy industry studies, the construction of new storage power stations will be one of the key factors in the transition to making the change required in energy generation to expand renewable energy sources in the decades to come.

SMART METERING PROJECT IMPLEMENTATION CONCEPT: In April 2011, the implementation concept with a total of 41 participating energy utility companies from Germany, Austria and Switzerland started. In total, the project participants represent roughly 4 million meters for various media. The project studies and evaluates the expected value chain, both at a technological and at a process level. The scale effects and roll-out concepts analysed in the final report for phase I show clear action guidelines for positioning the participating companies. Phase II, which started in December 2011, will study areas with future relevance such as smart homes, age-appropriate housing and control technologies and allow the parties to jointly develop new business models. 49 companies are taking part in phase II, which is to end in September 2012.

Key sales markets

Germany is Trianel GmbH's most important sales market. The Netherlands, Luxembourg, Switzerland and Austria follow by a wide margin. Our most important customers are German municipal utility companies, in general the shareholders of Trianel GmbH.

In OTC wholesale trade, we have business relations to most of the German and European utility companies which operate in this market segment. Although the physical performance largely takes place in Germany, many of our competitors are located in other European countries.

1.1.4 Economic and legal influencing factors

At 3%, Germany continues to grow.

The weakened growth of the global economy in 2011 and the national debt crisis in Europe had little effect on the growth of the German economy until the third quarter. At 3%, the economic growth in Germany – the largest national economy in the Euro region – continued its upward trend. The Gross Domestic Product (GDP) adjusted for inflation was 3.0% higher than in the previous year, according to the latest calculations by the Federal Statistics Office. Accordingly, the German economy continued to recover in the second year after the economic crisis.

The defining event for the energy industry in 2011 was the reactor disaster in the Japanese city of Fukushima, which led to a change of direction in German energy policy. On 30 June 2011, the German Parliament passed a legislative package to accelerate the energy transition and the nuclear phase-out. The German Government decided to revoke the lifetime extension it had passed in the previous year and to phase nuclear energy out entirely by 2022. In total, eight nuclear power stations were initially shut down for three months (nuclear power moratorium) and then decommissioned permanently. With the decision to implement the energy transition and the goal of accelerating the expansion of renewable energy to 35% of electricity generation by 2020, the debates on energy policy revolved around the costs of the energy transition. In November 2011, the transmission system operators announced the Renewable Energy Sources Act allocation of 3.53 cents per kilowatt hour (kWh). That meant that the allocation was nearly as high as in the previous year. With the amendment of the Renewable Energy Sources Act as part of the energy transition, the market bonus was introduced as an instrument to integrate renewable energy onto the market. This is intended to prevent the Renewable Energy Sources Act allocation rising in the years to come.

After the energy transition was decided, the focus of the debate on energy policy shifted to its costs.

Originally, requirements for energy refurbishment of buildings were to be passed by the Parliament and Upper House in the summer of 2011 together with the energy package. However, the Federal States did not accept the requirements and the mediation committee failed to reach agreement between the Upper House and Parliament on the distribution of costs to the national government and state governments. In order to guarantee a continued secure supply in spite of the closure of eight nuclear power stations, the Federal Network Agency was charged with designating reserve power stations for emergencies. In this context, discussions on the future electricity market design and how investment incentives for additional power station capacity could be created gathered pace in the last quarter of 2011. In 2011, the German Government therefore also applied to the EU Commission for assessment of a subsidy program for new power stations under state aid law. The decision on this is to be made in the first half of 2012. No agreement was reached by the mediation committee on a law on carbon capture and storage in 2011 either. At the end of the year, the German Government submitted a draft amendment of the Combined Heat and Power Generation Act (KWKG) for parliamentary consideration. The goal of the German government to increase the CHP contribution to 25% by 2020 has not been sufficiently supported by the conditions to date. The legislative procedure will be continued in 2012.

1.1.5 Management and control

In addition to the Management Board with directors, Sven Becker, management spokesman, and Dr. Jörg Vogt, Trianel GmbH's governance bodies include the Shareholders' Committee and the twelve-member Supervisory Board.

1.2 Corporate management, targets and strategy

1.2.1 Corporate strategy

Business model and planned orientation

In the long term, we strive to become the most important value driver for municipal utilities in Germany.

Trianel GmbH regards itself as a comprehensive service provider for municipal utility companies which is supported by municipal utility companies. We pursue the goal of supporting municipal utilities in maintaining their independence by providing the services along the entire value chain where economies 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.

We view ourselves as an independent company which promotes the interests of independent municipal utility companies. Our business model relies on our shareholders and aims to achieve joint success. The advantages developed in Trianel GmbH are to be passed on to customers. In addition to this cooperative and partnership approach, Trianel also performs business activities for other customers and markets, to make best use of existing expertise resources and make an additional value contribution for its shareholders. We view the strategic options resulting from the changed conditions as a second key value driver for our shareholders. Trianel GmbH makes these options accessible, and provides its partners with the opportunities which arise from the options. Trianel GmbH succeeded in pooling all aspects of the procurement of energy in a single organisation in order to allow municipal utility companies to make the most of the opportunities of liberalised procurement markets. Together with our shareholders we are currently entering into the electricity generation and gas storage value chain phases. The future areas of concentration will be in renewable electricity generation. We also support the municipal utility companies in the downstream sector by advising their sales teams or entering new areas together with the municipal utility companies.

The future areas of concentration will be in renewable electricity generation.

Trianel's goal is to continue the growth of previous years and strengthen our position as the largest municipal energy cooperation in Germany. We view continued growth primarily as an opportunity to use the existing resources even more efficiently, and expand the range of services qualitatively and quantitatively.

Products and services

In order to support the targeted growth, we adapt our product range and our services in the various market segments (upstream, midstream, downstream) to the changing requirements on an ongoing basis. The diversified product portfolio based on our market knowledge, close relationship to our customers and energy sector expertise contributes to stabilising our business development and permits comprehensive service provision to our customers. Use of synergies between the business segments is only made possible by the variety of our services. Our process efficiency is the basis for competitive quality and prices. We strive to further optimise the service processes behind our products in order to increase the process efficiency and the corresponding competitiveness.

Only the variety of our services allows us to use the synergies.

Customers

Our typical customers are independent municipal utility companies and regional suppliers of various sizes. We offer our customers tailored and efficient solutions for the respective individual requirements. We want to help them preserve their independence by taking on responsibility for them where we can implement economies of scale or specialisation advantages.

Employees

The most important success factor at Trianel are our employees, without whom our successful business development of the past years would not have been possible. In a highly-competitive environment, we develop advantages over our competitors through our expert, exceptionally motivated and committed colleagues and create the foundation for innovation, product depth and maturity, as well as market penetration. This is why we invest specifically in our employees and particularly in employee development and advanced training.

Trianel's employees make the most important contribution to our success.

Trianel GmbH had a staff of 236 employees on 31 December 2011, representing an overall increase of 38 employees (approx. 20%) compared to the end of 2010. On 31 December 2011, the Trianel Group had a total staff of 259 employees, of whom 20 are part-time employees. The company's staff level increased approximately 22% over the previous year. 32% of Trianel's staff is female, and five of those are second and third-level managers. At the end of the year, the average age of staff in the Trianel Group was 37.

The pillars of personnel strategy are personnel marketing (positioning of Trianel as an attractive employer), recruitment (attracting talent), talent management (developing and binding talents) and organisation development (optimisation of the company and workflow organisation).

Trianel positioned itself as a fair, respectful and attractive employer.

As recruitment was a core activity in 2011, employer branding (positioning of Trianel as an employer brand), and accordingly the harmonised external and internal representation remained strategic focal points. This also included the "Fair Company" mark by the "Junge Karriere" (Young Career) magazine. Trianel positioned itself as a fair, respectful and attractive employer on the market.

In addition to attracting talents, building loyalty and developing qualified employees also play an essential part in our strategy. The starting point for identifying and developing talents is the Trianel-specific skill model, which maps success-critical basic, specialised and leadership skills. Regular status evaluations for all employees allow targeted and systematic derivation of personnel training requirements. The management development program for the next generation of managers is intended to systematically develop the relevant leadership skills for the department management level.

The continued high growth meant that the organisation also developed organisationally in 2011. The Project development department sector was split into the new departments "Generation business development" and "Municipal utility company business development". In addition to a target group-specific communication strategy, the intensive support by managers was a major factor in the success of these change processes.

The new remuneration system developed by Trianel GmbH in 2010 was implemented in 2011. This is intended to take into account the performance-oriented corporate culture and the entrepreneurial responsibility of each individual. Our remuneration system is supplemented via employer contributions to pension plans and an employer-financed company pension scheme. Furthermore, existing social services have been expanded constantly in recent years – in particular with a view to improving the work-life balance. Thanks to the trust-based working hours agreed throughout the company, Trianel GmbH offers its employees a high degree of flexibility, combined with options such as teleworking from home, part-time models and support services for childcare placements.

Society and the environment

Together with our shareholders, Trianel wants to influence the energy transition.

Trianel GmbH was established as a result of the liberalisation of the energy markets and is therefore not only wholly dedicated to competition, but also strives to promote it through its activities. With our partners, we share the common goal of expanding the independence of municipal utility companies, thus ensuring decentralised power supply in close coordination with citizens and customers. In future, we want to better support our shareholders in the new challenges which arise from the energy transition. We want to shape them actively together with our shareholders.

In the asset project sector, a future focus will be renewable generation facilities and maximum flexibility in power station capacities. However, we are also committed to generating energy from high-efficiency coal-fired power stations. They are necessary to guarantee a secure supply on one hand, and on the other, to ensure that the energy transition is affordable. As such, they are a bridge between what society wants and what society finds economically acceptable. As a result, we make a marked contribution to protecting the environment and climate, and contribute to the transition into the renewable energy era.

With enhanced corporate communication at our new Berlin office, we report on inappropriate potential competitive disadvantages of individual municipal utility companies. This is another way in which we contribute to democratic and fair decision-making in energy-related areas of politics.

The new Berlin office gives us a voice.

1.2.2 Internal corporate control system

The management uses a variety of systems and processes to control and monitor the company and to analyse and document risks and opportunities of the company. The control system focuses on the development of profit and liquidity of the company and monitoring risks. For this purpose, contribution margins, structure costs and key performance indicators, as well as various value-at-risk, profit-at-risk and liquidity-at-risk figures are calculated.

The company's liquidity is monitored via a rolling daily liquidity forecast. By allocating risk capital for the risk types relevant in our sector and daily measurement of the respective utilisation, we ensure that risks and opportunities are dealt with appropriately. Extreme value considerations provide findings on events not covered by standard processes (see also Risk report, section 4). Auditors commissioned by the shareholders confirm compliance with the risk guideline every three months.

The product development strategy is marked by thorough observation of future market developments and customer requirements. Important investment decisions are made using discounted cash flow models. The management regularly checks the progress of the main projects and monitors compliance with project plans and targets. The management and control mechanisms are adapted to the growing company structures on an ongoing basis. The Supervisory Board is regularly informed of all major economic developments at Trianel GmbH.

The internal audits are implemented by external service providers who report directly to the management.

1.2.3 Financial targets

The goal of the business model is for us to contribute to adding value for our customers.

Trianel GmbH's business model is primarily aimed at contributing to creating value for our customers with our services. At the same time, we strive to earn pre-tax profits which are an appropriate return on our equity. Another important financial target is to strengthen our equity basis to finance the planned growth and thus to implement the associated development targets.

1.2.4 Non-financial targets

Customer satisfaction is our main non-financial target.

Customer satisfaction is our main non-financial target. Therefore, we strive to maximise quality and customer-oriented design of the products we offer. Also, we aim to anticipate new customer requirements as well and as early as possible, so that we can continue to offer the products required by customers in the future. For this, we continuously and intensively observe market and industry developments by scouting trends. Closely associated to customer satisfaction is the aim of reaching as many of our partners with our product range as possible.

Moreover, we want to increase the value of the company for our shareholders, not just by balance sheet figures, but also contribute in particular to increasing the company value with shareholders. This is also expressed in the target of being the clear number 1 energy cooperation relevant for municipal utility companies on the German market.

We aim for maximum process quality and reliability as a basis for economic success.

Our employees are also a major reason for our success, as they make it possible with their commitment and qualification. Our goal is to create conditions to optimally promote the performance capacity and willingness of our employees with high employee satisfaction. Accordingly, we choose and train our personnel to meet our demanding quality standards. We also want to contribute to an improvement of the conditions for employees in a social context.

Promoting sustainable and safe generation of energy is another objective. We want to continue on the path we have started down, and continue to invest in this area together with our shareholders in the years to come. In doing so, we rely in the short and medium term on a technically and economically implementable energy mix of highly efficient conventional and renewable generation capacity.

1.3 Innovation management

Since the start of liberalisation, the energy industry has been subject to constant pressure to changes. It is now typical for many energy and service contracts to only be concluded on an annual basis. As an innovative service company, Trianel faces these challenges anew every year and must win the trust of customers again and again with new innovative products and services. The good relationship between Trianel GmbH and its customers is also based on close cooperation in a very early phase of product development. This strengthens trust and leads to a long-term customer relationship. For over ten years, Trianel GmbH has developed market-appropriate solutions customised for its customers and always tries to utilise innovative business opportunities and remain one step ahead of the market.

With innovative products and services, Trianel continually wins the trust of its customers.

Innovation management is supplemented with trend scouting. This refers to a multi-phase process to systematically analyse new trends to estimate the corresponding potential for developing a product, project or business sector.

1.3.1 Trend identification

Trend identification involves a systematic analysis of market-relevant developments. A three-phase process was developed for this, consisting of a trend radar, trend analysis and potential analysis.

In the trend radar, Trianel employees systematically observe the developments on the energy market. In addition to technological trends, energy policy trends play an important part in this. This was one of the reasons why Trianel GmbH opened an office in Berlin, to act as an early warning system, allowing the company to identify and process topical debates and developments from various political committees at an early stage.

At regular intervals, a decision-making committee discusses the compiled trends and evaluates them for relevance. Our shareholders are also intensively involved in this discussion. They derive the topics to be examined in greater depth in the trend analysis. At all times, trend analysis focuses on an initial appraisal of the relevance of the trend for Trianel GmbH and its shareholders.

If the individual trends permit the assumption of a relevant usefulness, a more in-depth potential analysis is performed. This detailed study is intended to assess the trend's technical and economic opportunities and its operative feasibility. The compiled potential study contains an initial approach for a business case. On this basis, the specific development of a business model can follow the trend identification process if the trend is sufficiently important.

1.3.2 Product, project and business sector development

After successful completion of the trend identification process, new and promising trends are transitioned to the established development process. These are product, project or business sector developments, depending on the characteristics of the trend.

The individual divisions are responsible for product development, which is implemented in close cooperation between the specialised marketing departments and the technical specialists. This ensures that the products meet the market requirements on one hand, and are first class in process and technical terms on the other.

With appropriate subjects, project development starts where potential analysis leaves off, draws up pilot and feasibility studies and develops specific projects.

The development of business segments, which is embedded in our corporate strategy, is implemented in a close exchange with the Supervisory Board, shareholders and Management. The new divisions "Generation business development" and "Municipal utility companies business development" supplement the activities of business sector development.

The development of our products is controlled for all departments by a central product coordination department and critically reviewed in regular meetings, the product circles. This ensures that all relevant departments are involved and that product calculations are coordinated, robust and reliable. Decentralised responsibility for actual product development speeds up processes and makes them more efficient.

1.4 Overview of business development

1.4.1 General macroeconomic conditions

In 2011, the German economy grew strongly overall.

In 2011, the German economy grew strongly overall. The economic upturn took place largely in the first half of the year, and lost pace significantly in the last quarter. By contrast to the previous year, the growth impetus in 2011 was largely domestic in origin. In particular private consumption expenditure provided a solid basis for economic development: Adjusted for inflation, it increased 1.5%, the highest rise in the last five years. While foreign trade had less of an influence on the GDP growth than domestic demand, it remained dynamic. In the fourth quarter, the economic development likely weakened.

In spite of the economic growth, energy consumption in Germany decreased significantly in 2011. According to preliminary calculations by Arbeitsgemeinschaft Energiebilanzen (AG Energiebilanzen, Energy Balance Working Group), the decrease is likely to be just under 5 percent. Last year's mild weather, which reduced the demand for thermal energy significantly, had the greatest effect on the development of consumption. The high energy prices in 2011 were another influencing factor. The decrease in nuclear energy and the expansion of electricity generation from renewable energy and high efficiency power stations had another statistical effect. Adjusted for the temperature effects, the energy consumption would only have decreased by one percent in 2011. The natural gas consumption was over 10 percent lower than the previous year's value in 2011. Although the national economy had a positive effect on gas sales, higher temperatures than in the previous year, virtually all year, reduced sales on the thermal energy market. In 2011, renewable energy accounted for 4.1 percent more of the energy produced. The contributions of onshore wind (+22%) and photovoltaics (+67%) increased most.

1.4.2 Sector-specific general conditions

The decommissioning of eight German nuclear power stations after the catastrophe in the Japanese nuclear power station Fukushima increased both the spot and future prices for electricity notably. While the spot prices did not decrease until the fourth quarter due to the mild weather, the future prices decreased almost constantly until the end of the year, primarily due to the collapse in CO_2 certificate prices due to the economy as a whole. The raw generation margin, i.e. the difference between the attainable electricity price and the market prices for fuel (coal, gas) and CO_2 certificates, which represent the electricity production costs, remained at a very low level, as was the case in the previous year. This development is associated with corresponding negative effects on the profit forecasts of electricity producers for the years to come.

The raw margin in generation was at a very low level.

The situation on the gas market continued to be characterised by a great divergence of oil and gas trading prices. As a result, customers with older oil-indexed supply contracts were subjected to particular financial duress. This market environment led to increased demand for trade-oriented gas products. In 2011, the municipal utility companies' sales were characterised by the Fukushima effect in particular in the domestic customer segment, in addition to further increasing switchover rates. Energy supply companies' green electricity products, especially products from companies which sell green electricity only, increased significantly during the year. Also, the number of new discount providers continued to grow, with the result that the competition in energy supply sales grew further.

The market environment led to increased demand for trade-oriented gas products.

As part of the legislative changes in the energy transition, significant changes were made in the smart metering sector, which will result in major requirements for power supply companies in the years to come. Decentralised generation is also growing in importance, in particular also in the mini/micro CHP area. The market integration of electricity produced under the Renewable Energy Sources Act (EEG) via the green electricity privilege (§ 37 EEG 2009) was supplemented with a market bonus model in the 2012 EEG amendment.

For the Trianel project development company, the financial market is particularly important as the projects were implemented via project financing through the financial market to date. Even in the third year after the financial crisis, this form of financing is only offered with stricter conditions. While the equity and risk margin requirements are still relatively high, the interest on the part of project-financing banks in power station projects with proven technology, along with investors from the municipal sector and the exemption of the project company from energy market risks, is unabated. Thus, in spite of the more difficult conditions, there are enough banks willing to finance large-scale projects. The interest level, which is still relatively low, counteracts the higher risk margins of the financing banks due to increased refinancing costs. However, it is also noteworthy that long-term financing is currently only possible with the aid of development banks.

1.4.3 Key events affecting business development

The continuing change dynamics on the German energy market, and the resulting challenges for the municipal utility companies fundamentally led to increasing interest in working together. This resulted in increasing demand for our varied products and projects. For example, the metering system installation obligation for withdrawal points with a consumption of >6000 kilowatt hours (kWh) passed in 2011 resulted in rapid growth of interest in smart metering. The number of municipal utility companies participating in our downstream projects has now increased to over 150.

The energy price developments in 2011 were greatly characterised by the reactor incident in Fukushima and the developments in the Euro crisis from a trade perspective in 2011, and remained less affected by fundamental matters. In this context, the generation margins remained at an inadequate level. We successfully made use of the opportunity to market green electricity under § 37 of the Renewable Energy Sources Act together with some municipal utility companies.

The continuing low gas price level compared with the heating oil market further improved the conditions for structured procurement in the gas segment. The low price for flexibility as a result of the high gas availability on the market, and the balancing scheme "GABiGas" introduced by the Federal Network Agency, continue to lower the value of gas storage facilities for structuring gas procurement portfolios. As a result, Trianel GmbH reduced its holding in the storage company Trianel Gasspeicher Epe GmbH & Co. KG.

By withdrawing from the German end consumer business by selling our industrial customer portfolios and the shares in energieGUT GmbH, we earned one-off sales revenues.

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

2011 was a very successful year for Trianel GmbH. With a pre-tax profit of € 13,722 thousand, an annual surplus of € 7,152 thousand was earned. As in the previous year, this was a new record. In addition to this, the pre-tax profit was increased again, while also introducing significant balance sheet precautions. We view this as confirmation of the growth trend we expected. The forecast values were significantly exceeded. The successful development encourages us to continue the business orientation with the objective of profitable growth and further strengthening and stabilisation of the company in the years to come.

As in the previous year, this was a new record.

The pre-tax profits of the previous year of € 10,317 thousand was increased by € 3,405 thousand. Thanks to the good forecast quality, wind energy marketing activities to municipal utility companies, which were started in the reporting year, made a positive contribution to the results. In addition, the service fees increased significantly compared with the previous year due to further growth in service activities and a one-off success bonus. The slightly positive result from trade also exceeded the value of the previous year. Sales of shares in Trianel Gasspeicher Epe GmbH & Co. KG and energieGUT GmbH also made positive contributions to the results. As a result of the continued low spread level between fuel costs and electricity prices, we formed a provision for anticipated losses of € 8,909 thousand for our as yet unmarketed power station segments in the Lünen hard coal-fired power station and the Hamm gas power station as a precaution. We also took precautions in the balance sheet totalling € 1,723 thousand in conjunction with the use contract for the gas storage facility in Epe. Also, for precautionary reasons, we did not form valuation units in the balance sheet in selected cases – which, when offset with revenues from the items formed accordingly in the previous year – decreased the revenues by € 5,540 thousand. The non-period subsequent energy sector profits from the previous years totalled € 3,211 thousand in 2011. The loan issued to Trianel Windkraftwerk Borkum GmbH & Co. KG at the start of 2011 to pre-finance EU funding with corresponding refinancing increased the financial result considerably compared with the previous year.

The equity basis was further strengthened in the reporting year by attracting a new shareholder and he annual net income achieved. The first ever dividend planned for the 2011 financial year will allow our shareholders to participate directly in the business success. In the downstream business in particular, the customer base was expanded further. The number of employees also increased significantly in 2011.

The equity base was further strengthened in the reporting year.

Other foundations were the internal processes and supporting systems, in particular a successful risk and liquidity management system.

See section 1.1.4 for details on the progress achieved in the projects during the reporting year.

2 Earnings, financial and asset situation

2.1 Earnings situation

The result from ordinary activates grew strongly by € 3,398 thousand.

The result from ordinary business operations of Trianel GmbH rose by € 3,398 thousand to € 13,721 thousand, thus exceeding the projected result before taxes by € 7,621 thousand. The result of the ordinary business operations is derived in the economic analysis from an operating result of € 21,694 thousand (2010: € 8,114 thousand), the financial result of € 4,101 thousand (2010: € 235 thousand) and a negative neutral result not relating to the period of € 12,074 thousand (2010: € 1,968 thousand).

The annual net income was € 7,152 thousand.

Taxes on income totalled € 6,569 thousand (2010: €3,758 thousand), and other taxes totalled € 0.3 thousand (2010: € 0.0 thousand), resulting in an annual net income of € 7,152 thousand (2010: € 6,559 thousand).

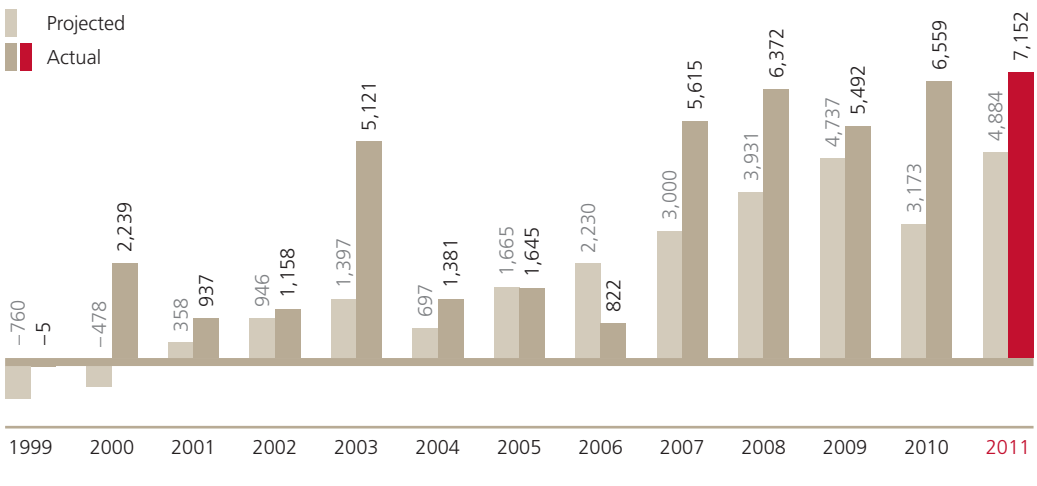
Analysis of the Group result breaks down as follows:

A result of ordinary business operations of € 14,209 thousand (2010: € 9,539 thousand) is offset by a neutral and non-period related result of € –12,070 thousand (2010: € –2,277 thousand). Taking into account the financial result of € 2,963 thousand (2010: € –556 thousand) and the taxes on income of € 6,681 thousand (2010: € 3,589 thousand), the Group annual net income amounted to € 7,529 thousand (2010: € 5,943 thousand).

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 thousands of €



The development in 2011 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 GmbH unless they make specific reference to the Group.

Trianel GmbH's turnover largely reflects our function as providers of market access for our customers. It is largely made up of the activities for third parties involved in procuring and marketing power stations, which in turn are associated with corresponding back-to-back transactions on the wholesale market. The resulting energy purchases are represented in the material expenditures of the profit and loss statement of Trianel GmbH. There were hardly any effects on the result. Fundamentally, the turnover total and the associated total material expenditures do not allow any conclusions to be drawn on the economic success of the company.

The sales proceeds amounted to € 1,898 million in the 2011 financial year (2010: € 1,795 million) and thus increased by 5.7% compared with the previous year. In order to increase the clarity, the proprietary turnover was balanced with the corresponding material expenditures in the reporting year for the first time, totalling € 1,070 million (2010: € 779 million).

The sales proceeds increased 5.7% compared with the previous year.

Other operating income decreased by € 1,679 thousand to € 9,257 thousand. They essentially include income from the reversal of provisions (€ 4,301 thousand; 2010: € 3,859 thousand), from cost transfer of project costs (€ 2,892 thousand, 2010 € 2,144 thousand) and from disposals of fixed assets (€ 1,001 thousand, 2010: € 0 thousand). The income from the dissolution of provisions relate in particular to provisions for outstanding invoices for balancing energy and quantity differences totalling € 3,502 thousand (2010: € 1,795 thousand).

At 98.2%, the material expenditure ratio remained at the same level as the previous year.

Personnel expenses rose from € 15,495 thousand to € 17,907 thousand as a result of the increase in the number of employees.

Other operating expenditure totalled € 15,830 thousand, up from € 14,369 thousand in the previous year. The increase stems mainly from higher expenditure on consulting services, IT costs, insurance, rent and outsourced products and services. In addition, trade accounts receivable totalling € 174 thousand (2011: € 287 thousand) were value adjusted at a flat rate in 2010.

The financial result totalled € 4,101 thousand (2010: € 235 thousand). Net interest income at € 3,071 thousand (2010: € – 568 thousand) and the result from participating interests at € 1,030 thousand (2010: € 761 thousand) developed significantly positively.

The changes in the net interest income are based in particular on two effects. On one hand, the income from miscellaneous securities and loans of financial assets increased significantly, due to the claims made from the loan to Trianel Windkraftwerk Borkum GmbH & Co. KG to pre-finance EU funding of € 29,773, from € 112 thousand to € 3,959. On the other hand, for the first time income associated with investments in securities was included in the results (€ 2,201 thousand). The interest revenue from standard capital investments was kept virtually constant due to increased liquidity at € 460 thousand (2010: € 461 thousand), in spite of worse capital market conditions. At the same time, the increase in the interest expenditure (from € 1,029 thousand to € 3,559 thousand) resulted from the refinancing of the above mentioned loan to Trianel Windkraftwerk Borkum GmbH & Co. KG (€ 268 thousand), and expenditures in conjunction with investments in securities (€ 2,201 thousand). The increase of the result from participating interests results from increased profit sharing by Trianel Finanzdienste GmbH.

The earnings situation has been positive in the first months of 2012.

2.2 Financial situation

Trianel GmbH's operating cashflow in the reporting year was € –11,672 thousand, following € 22,483 thousand in the previous year. The Group cash flow from day-to-day business was € –13,891 thousand in the reporting period following € 17,902 thousand in the previous year. The change in the operating cash flow was mainly due to the increase in accounts receivable and other assets, which was greater than the change in liabilities. The cash flow from investment activities totalling € –30,838 thousand (Group: € –31,679 thousand) is largely based on outgoing payments for investments in financial assets. The cashflow from financing activities largely reflects the refinancing of the investments in financial assets. Overall the total financial resources decreased by € 18,019 thousand and totalled € 42,088 thousand on the balance sheet date. The total financial resources of the Group decreased by € 21,079 thousand, totalling € 46,577 thousand on the balance sheet date. There were sufficient funds available to meet financial obligations.

2.3 Asset situation

Compared with the previous year, the balance sheet total increased by 18.8%.

The balance sheet total of Trianel GmbH was € 284,957 thousand on 31 December 2011 (balance sheet total of the Group: € 294,618 thousand) and has thus increased on the previous year by € 45,038 thousand or 18.8% (Group: € –45,203 thousand).

On the assets side, the increase is due to various effects, some of which offset one another: On one hand, the fixed assets (€ 31,015 thousand, Group: € 31,671 thousand) and accounts receivable and other assets (€ 30,611 thousand, Group: € 33,362 thousand) increased, while on the other hand the liquid assets decreased by € 18,018 thousand (Group: € 21,079 thousand).

In the 2011 financial year, Trianel GmbH invested roughly € 35,631 thousand (2010: € 10,015 thousand) in fixed assets. Of this, € 1,199 thousand (2010: € 1,093 thousand) was incurred for intangible assets. The company invested € 398 thousand (2010: € 262 thousand) in tangible fixed assets, in particular in tenant installations, hardware and office furniture. The major changes involve the financial assets. Trianel GmbH acquired shares in GESY Green Energy Systems GmbH, Berlin and increased its holding in Trianel Service GmbH, Aachen. In addition to this, the affiliated company Trianel Windkraftwerk Borkum GmbH & Co. KG was granted a loan of € 29,773 thousand, plus accrued interest of € 3,790 thousand, to pre-finance EU funding. By contrast, the financial assets decreased via the sale of shares in Trianel Gasspeicher Epe GmbH & Co. KG, Aachen totalling € 2,800 thousand, and the sale of the shares in energieGut GmbH, Aachen which were unscheduled write-offs in the previous year. In addition to this, the book value of the holding in Trianel Gaskraftwerk Hamm GmbH & Co. KG decreased due to a capital repayment of € 149 thousand and the long-term loan to the affiliated company Trianel Energie B.V. via scheduled repayments totalling € 842 thousand.

The inventories include Trianel GmbH's share of working gas which was fed to the caverns of Trianel Gasspeicher Epe GmbH & Co. KG, as well as the Eisleben wind farm, which is planned for sale and currently under construction.

The accounts receivable and other assets form the largest item on the assets side of the balance sheet total at 60.9% (31 December 2010: 59.6%). Trade receivables account for the bulk of accounts receivable. As in the previous year, they were offset against similar trade payables from the same business partners. On 31 December 2011, trade receivables and trade payables were balanced to the value of € 141,496 thousand, following an offset of € 145,125 thousand on the previous balance sheet date. While the trade receivables increased by € 16,715 thousand to € 82,570 thousand, other assets increased by € 1,028 thousand.

The liquid funds decreased by € 18,018 thousand to € 42,088 thousand.

On the liabilities side, the increase in the balance sheet total is largely due to the decreased accounts payable.

In spite of the addition of new shareholders and the annual net income earned in 2011, the equity ratio decreased to 28.6% (31 December 2010: 30.2%) due to the increased balance sheet total. The equity ratio for the Group dropped to 28.0% (31 December 2010: 29.3%). In absolute figures, equity rose by € 9,057 thousand to € 81,543 thousand, of which € 7,152 thousand was derived from the annual net income for 2011 (Group annual net income for 2011: € 7,528 thousand).

The other provisions total € 29,596 thousand (31 December 2010: € 23,975 thousand) and essentially contain provisions for anticipated losses from pending transactions of (€ 21,653 thousand; 31 December 2010: € 8,100 thousand) and for outstanding invoices (€ 7,942 thousand; 31 December 2010: € 12,611 thousand).

2.4 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 2011 of the key companies belonging to the Trianel Group were audited by independent auditors and all were awarded an unrestricted auditor's certificate.

Trianel GmbH can look back on a very successful year 2011. The pre-tax result of € 13,722 thousand exceeded the previous year's result by € 3,405 thousand. Also, the forecast figures were more than doubled. The result confirms the business strategy chosen in the preceding years.

The earnings situation improved in nearly all operative areas.

The earnings situation improved significantly in virtually all operative sectors compared to the previous year. The newly added structuring of electricity from renewable energy sources with subsequent marketing to municipal utility companies played a major role in exceeding the forecast. Also, the revenues from the energy industry optimisation, especially in short-term markets, as well as the project development activities in particular exceeded the forecast values and the results from the previous year.

The asset situation continued to stabilise in the reporting year. In 2011, Trianel GmbH implemented a capital increase by adding a new shareholder and decided seven more – three by new shareholders joining the group and four capital increases. They will be completed in 2012. This positive development clearly shows the continued high esteem in which Trianel GmbH is held in the supply industry. The shareholders also left their 2010 operating profit in the company in order to strengthen the continued growth and financial solidarity at Trianel GmbH.

The equity ratio of 28.6% (Group: 28.0%) is characterised by the high level of receivables with simultaneous high liabilities. Both reflect the established process in energy wholesale trade of invoicing and paying for energy accounts on a monthly basis. This means that at the end of the year, the accounts receivable and payable from deliveries in December – one of the months with the highest turnover – must be stated regularly. Since our customers are mainly municipal utility companies with a good credit rating and/or their subsidiaries, both with very low default risks, we regard the equity level as being stable and conservative.

The company's liquidity situation was further stabilised in 2011 with a successful extension of our bank lines, which prove the high level of trust of the financial markets in our company. The decrease of the liquidity stated in the balance sheet is in conjunction with the accounting date-related development of receivables and payables. The increased outstanding accounts receivable returned to the normal level without noteworthy defaults by the time the accounts were compiled. The financial result was increased considerably by granting loans to companies in which a participating interest exist, and increased investment optimisation.

For 2012, we expect a result at the same level as the previous year due to the growing stabilisation.

3 Supplementary report

Report on significant events since the balance sheet date
We are not aware of any events of particular significance.

4 Risk report

The business activity of Trianel GmbH demands that risks are consciously entered into in order to take advantage of opportunities. In particular the constant growth rate in conjunction with the development of new business sectors mean that the resulting risks and opportunities must be integrated into a comprehensive risk and opportunity management system.

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

4.1 Risk management system

Trianel GmbH's risk-bearing capacity forms the framework for the risk management system. This is aligned with the equity capital and liquid funds available, and derived from the company's risk strategy.

Risk management organisation
The Management Board appoints risk officers for every organisational unit. They act as initial contacts for central risk management as part of the risk management process. The risk officers are responsible for the control and development tasks assigned to them within the risk management system. The central risk management is responsible for developing and implementing guidelines, methods and processes for risk measurement and control, as well as reporting risk items. Central risk management also monitors compliance with risk guidelines.

The Trianel Risk Committee regularly meets to discuss the implementation and need for changes to the risk management system. The Risk Committee is also involved in specific issues such as market and product clearance, limit specifications for trade partners and the distribution of risk capital to risk types. In new risk related matters, the Risk Committee develops proposals for solutions and decisions.

The risk management system fulfils the legal requirements. Since Trianel GmbH acts as a service provider for Trianel Finanzdienste GmbH, the standards and ordinances which apply to financial service providers also apply to the Trianel GmbH risk management system. The suitability and functionality of the risk management system are monitored by internal revision and external auditors commissioned by the shareholders.

Risk management process

The risk management process at Trianel GmbH comprises the standardised identification, evaluation, aggregation, control and monitoring of risks and internal and external reporting.

In order to guarantee systematic risk identification, various risk areas and fields are defined. They are areas for monitoring which could result in risks for Trianel. Risk detection also includes identifying inter-dependences between risks.

Risk control comprises all measures and tools used for avoiding, reducing or shifting identified risks, as well as consciously entering into certain (residual) risks, whereby the control period is determined by the underlying risks. Trianel's risk-bearing capacity and the provision of risk capital derived from this form the framework for risk management. 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 at the proposal of the Management Board. The internal risk capital allocation is approved by the Management Board and is checked regularly. In order to evaluate the effectiveness of the risk control measures which have been put in place, the target and actual risk situations are continuously compared as part of risk monitoring.

Internal and external addressees are informed on a regular basis of the current results, liquidity and risk situation. 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, liquidity and risk situation on a quarterly basis during the reporting year.

The specific design of the phases of the risk management process is documented per risk area and regularly checked for a need to update.

4.2 Risk areas and individual risks

The following risk areas summarise the main risks for Trianel GmbH.

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

Market risks as a result of price fluctuations only occur if portfolios contain open trading positions. These arise when the volume of purchasing transactions is greater or less than the sales transactions of similar products. 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 power stations and the gas storage facility in Epe, market price developments and open items in the electricity, gas and CO_2 commodities are particularly relevant to the company's success.

If the supply of certain products or the demand for them fall, their tradability decreases and the market liquidity drops. 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 concluded on the basis of forecast generation or consumption quantities, deviations between the actual physical fulfilment and the planned quantity may occur, leading to open trading positions. Deviations from the forecast must be offset, and thus incur 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. Measures such as 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.

For example, the risk of open forward transactions is assessed by calculating the value-at-risk figure each working day, 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 "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 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 which, to a degree of probability of 99%, will not be exceeded during the physical processing, is calculated.

Possible cash flow fluctuations due to market price changes and associated margin payments are monitored each working day and taken into account as part of liquidity control. For example, in order to measure risk, the liquidity-at-risk is calculated at a confidence level of 99%, and with defined holding periods. This means that the maximum liquidity change due to market price fluctuations within the holding periods does not exceed the calculated value to a degree of probability of 99%. Stress tests are used to simulate the effects of extreme market price fluctuation on the forecast cash flow. In order to guarantee the liquidity requirements, the necessary liquid funds and possible fluctuation ranges are also forecast continuously in the medium to long-term horizon and compensated if necessary via liquidity reserves.

Trianel GmbH also restricts the potential risks via binding market and product release processes. In addition to this, product, portfolio and portfolio group-specific loss limits are specified and the risk capital requirements are determined, reviewed periodically and risk capital is provided where required.

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 and cash flow are regularly calculated and reported, if necessary every working day. The methods and assumptions used are checked during the annual back-up testing, among other times, and at least once a year, and are modified as necessary.

Credit risks

By contrast to stock exchange transactions, as part of bilateral transactions (OTC), Trianel GmbH is exposed to the risk that the contract partners do not fulfil, or are delayed in fulfilling their contractual obligations regarding agreed delivery prices or quantities and the agreed delivery and payment periods. For transactions which have not yet been completed, a risk arises from the difference between the contractual price 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 restrict this risk, Trianel GmbH uses a multi-phase rating system to classify the creditworthiness of their trade partners. Accordingly, the individual trade volume permitted depends on the rating and the risk capital held for the credit risk. The risk from the overall credit portfolio is also simulated regularly. Based on the default and price change scenarios, the quantiles of the resulting distribution provide information on the expected credit risk in the respective period studied.

In some cases, business partners provide collateral to restrict the credit risk. Also, standardised framework agreements containing close-out netting agreements, among others, are used; i.e. in the event of counterparty default, opposite risk items from purchasing and sales transactions are offset. This reduces the credit risks on the wholesale side in particular. 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.

Legal risks are defined as the risk that a contract or a group of contracts may not include the legal items required by Trianel GmbH. 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 GmbH counteracts these risks by involving its own legal department in all relevant procedures, such as the mandatory product approval process described above and by the use of standardised contracts wherever possible. In addition to this, legal and regulatory framework conditions are monitored for each legal area in the responsible organisational units and active association work or active integration of our energy policy positions are used to contribute to decisions in these areas, where this makes sense.

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 sustainable 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 and in the Compliance Guideline.

The communication and information systems are of key importance for the business processes at Trianel. In particular the IT security, data security and data protection aspects have to be taken into account in this respect. 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 German Federal Data Protection Act (BDSG), and are obliged to observe data privacy. Regulations on this issue are also an integral part of the corporate guidelines. Trianel GmbH has also appointed an IT security officer and a data protection officer.

Other risks

Other risks arise in particular as a result of possible deviations from the forecast for affiliated companies and/or the development of asset projects. Corresponding (risk) controlling and audit processes were established for management. The projects provided options for the parties involved in the planning phase. The possibility of not exercising these by not implementing the projects that can make write-offs necessary is part of Trianel GmbH's business strategy. This is taken into consideration in risk calculation. It is used to comply with and monitor the risk capital requirements by the shareholders. Also, the key individual risk positions (e.g. granting loans to companies in which a participating interest exists) are only entered into after a case-specific decision by the Trianel Shareholders' Committee.

In 2011, monitoring and management of regulatory risks were expanded further. As part of trend scouting, political, social, economic and regulatory developments are analysed intensely to identify opportunities and risks of these developments at an early stage and react to them.

The enhanced, active and targeted participation in political debate is a reaction to regulatory risks identified. This is supported significantly by the opening of our Berlin office. In addition to this, we have made precautionary changes to our risk portfolio and adapted products and processes.

Use of financial instruments

The financial instruments include original and derivative financial instruments. The original financial instruments on the assets side fundamentally include accounts receivable, liquid funds and financial assets. On the liabilities side, the original financial instruments fundamentally include the liabilities valued at the amount repayable. The level of the financial assets in the balance sheet indicates the maximum default risk for the items mentioned. When default risks exist, these are taken into account through 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.

4.3 General statement on the risk situation

The existing risk management system continuously creates the transparency required for successful corporate management.

The current risk management system creates the transparency required for successful company management on an ongoing basis, and is thus an important foundation for good business development.

In 2011, neither individual risks nor the overall risk endangered the company's status as a going concern. Instead, the equity basis and risk coverage were further expanded via equity capital, and the liquid funds available were improved by the positive annual result in 2011. Precautions were taken in the balance sheet for risks that are likely to take place.

The key to the business and risk strategy is profitable growth while ensuring risk-bearing capacity. As a result of the adaptation of wholesale-side market risk items (e.g. as part of the development of the investment portfolio), the further diversification of the business activities and the continued shift of focal points to the service business, the company stability will increase further. The absolute level of risk capital has remained stable since 2008. The value specified by the shareholders is based on economic planning and will not require expansion in the years to come in spite of the growth strategy. Relative to the equity capital, the company's risk propensity decreased significantly via an increasingly efficient and effective use of risk capital.

Regarding the credit risks, it remains true that Trianel's business model, which relies on municipal utility companies as customers, will continue to restrict risk of insolvency in this sector in the future. The increased quantities generated will also maintain a stable wholesale credit risk position via the resulting netting of quantities and risks – in spite of the expected quantity and price-related increase of returns on sales.

5 Forecast

5.1 Orientation of Trianel GmbH in the next two financial years

Planned changes in company policy and non-financial objectives

Trianel GmbH will continue the successful strategy of the preceding years. We will rely on using our expertise to grow the new business sectors and penetrate the municipal utility company market with our product range, restricting the risks appropriately.

In Trianel's core business, the mid-stream sector, Trianel GmbH will develop its product range consistently in the years to come, and attempt to expand its market share – beyond the group of shareholders also. The company will strive to further differentiate its products, in particular to meet the needs of small and medium-sized municipal utility companies more precisely and efficiently. In the trade sector, expansion of the market access services to the Belgian electricity market is planned, allowing Trianel Energie B.V. to offer extended services in particular.

In the core business, Trianel GmbH will develop its product range consistently in the years to come.

In the years to come, we aim to root gas services closer in our group of shareholders and to realise the associated business growth. In developing corresponding products, we rely on our gas storage segment and our experience as an active participant in gas trade markets. In future, we also want to actively shape the developments of the gas market for the benefit of our shareholders – also with regard to the further positioning of natural gas in the context of the pending energy transition.

Trianel wants to influence the development of the gas market to the benefit of its shareholders.

In terms of power station services, Trianel GmbH will begin commercial operation of the first municipal offshore wind farm when the commercial operation of the Borkum West II wind farm starts. In addition to this, short-term marketing of the electricity produced during test and trial operation by the joint Trianel power station in Lünen, after the integration tests have been completed and when the commissioning phase starts. The expertise gained from this is to be transferred to optimised marketing of smaller physical plants or virtual power station participation to an even greater extent. Trianel GmbH positions itself as the key service provider for generation marketing in the municipal sector here.

Together with GESY, Trianel uses the new opportunities for direct marketing of renewable energy.

As of the 2012 amendment to the Renewable Energy Sources Act (EEG), the introduction of the market bonus model creates new opportunities for direct marketing of renewable energy. From 2012 on, we will utilise these opportunities together with our new participating interest, GESY Green Energy Systems GmbH. GESY is a marketing platform for medium-sized operators of renewable energy generation plants. Trianel GmbH will provide the energy industry services for GESY, which will enable it to market a large quota of wind power from as early as 2012. Besides wind energy marketing, products are to be offered for all other technologies which are entitled to receive support under the EEG. In addition to this, other business opportunities based on generation are to be developed.

In order to meet the demand by municipal utility companies for renewable generation capacities, Trianel GmbH will focus to a greater extent on the development of renewable generation systems. At the same time, the demand for flexible systems to compensate for fluctuating generation output will increase. Accordingly, this generation segment will also be a focus for our project development capacities in the years to come. By contrast, the demand for generation projects based on fossil fuels – an important area for Trianel GmbH – will be restricted to covering remaining load curves via flexible power station capacities required for market integration of renewable energy sources. This includes the capacities of pumped storage power stations. We believe there are excellent opportunities to use our market position, which is based on our expertise in financing, project organisation and our experience in pooling resources, appropriately for the new focus.

Project development will focus on further onshore wind projects.

In terms of our asset projects, the first expansion phase of the Borkum West II offshore wind farm will begin operation at the end of the fourth quarter of 2012 if everything goes according to schedule. Trianel GmbH's first onshore wind power station project is also to be connected to the public grid at the end of 2012. Among other areas, project development will focus on further development and acquisition of other onshore wind projects, which are to be made accessible to the shareholders of Trianel GmbH. The combined heat and power project in Krefeld will be developed as a gas and steam turbine project. The next steps are to be defined based on current market forecasts by the middle of 2012. Construction of the Lünen coal-fired power station is continuing. The withdrawal of the preliminary decision and the 1st partial construction permit by Münster High Court of Administration in December 2011 will not delay commissioning, according to the management of Trianel Kohlekraftwerk Lünen GmbH. In its decision, the OVG expressly emphasised that a new preliminary decision could be issued for the power station on submission of an improved FFH compatibility study (Fauna-Flora-Habitat). The studies required for the approval of the power station are underway and will be submitted in time to ensure that commissioning can take place on schedule as planned in 2013. In addition to drawing up the approval documents required, the construction of the power station in Lünen will focus on quality assurance in particular. In 2012, first steps in the respective approval processes of the planned pumped storage power stations are to be taken in the locations in North Rhine-Westphalia and Thuringia. The project portfolio can and is to strengthen the generation position of the municipal utility companies involved and Trianel GmbH and contribute to diversification.

In the downstream sector, we expect increasing demand for consulting on sales and will expand our activities here. We perceive the greatest business opportunities here in smart metering, as the now legal implementation obligation for a large number of meters will have significant effects on pricing and thus on the procurement structure. As a result of political demands and promotional measures, decentralised generation and related aspects will also play a very important role. We will develop new business sectors for these areas together with the municipal utility companies. We also want to advance the projects which have been initiated in relation to sustainability.

In the downstream area, Trianel believes smart metering offers the best business opportunities.

All activities are accompanied by continuous development of all processes and systems to further increase both the stability of the processes and their efficiency, via increasing automation and professionalisation.

5.2 General economic conditions in the next two financial years

At the beginning of 2012, development of the German economy will once again be restrained. However, the noticeably increasing orders from industry in December 2011 (+1.7%), in spite of the slight decrease in the fourth quarter (–1.4%), give a positive signal overall. Thus, the overall picture, with all relevant indicators of mood, point to a recovery from the current slight weak phase.

At the beginning of 2012, development of the German economy will once again be slow.

As in the previous year, the development of domestic demand will play a key role in Germany for the continuing economic trends. With the gradual reinvigoration of the global economy, companies should start to invest in replacing and expanding their plants given the fully utilised capacities. In addition to this, the continuing positive consumer climate indicates that the development of private consumer spending remains stable. Retail turnover (excluding the automobile trade) decreased slightly in the last quarter of 2011 (–0.7%). However, the key conditions for private consumption remained favourable. That applies in particular for positive developments on the labour market and income. The weakening inflation in Germany increased purchasing power.

Market integration of renewable energy sources will be a key topic.

In the months to come, energy policy will continue to deal with implementation of the energy transition. Market integration of renewable energy sources will be a key topic. Recently, the system imposed by the Renewable Energy Sources Act (EEG) has come under criticism. However, no fundamental change of the subsidy system is to be expected before the next German Parliamentary Elections in autumn 2013. The expansion of the electricity grids is another important part of the energy transition. The approval process is to be speeded up and regulations on involving citizens, to eliminate acceptance problems at an early stage, are to be introduced in the next two years. In addition to this, the German Government must also first and foremost complete the legal regulations to implement the Energy Efficiency Directive. The amendment of the Renewable Energy Sources Heat Act (EEWärmG) is expected in the coming months. It is intended to avail of the potential savings on the heat market, also in existing buildings. New technologies such as power-to-gas and new sectors such as electromobility, smart metering or contracting also still offer interesting perspectives. The increasingly intense political debates on incentives for building new conventional power stations indicates that politicians recognise the interference with the energy markets as drivers for investment incentives by EEG feed-in. The successful implementation of the energy transition depends on whether the German Government can establish the conditions required before the Parliamentary Election in 2013.

5.3 Anticipated earnings situation

The energy transition is a major challenge, both for the German energy policy and the municipal energy industry.

The energy transition decided in summer 2011, with the phase-out of nuclear power and the accelerated expansion of renewable energy sources on the way to the renewable age, represent major challenges for both German energy policy and the municipal energy industry. In this environment, the change dynamics for energy policy conditions will remain high, and the energy transition will bring many new demands and tasks for the market participants. We want to use these dynamics with our shareholders, and actively shape the energy transition. We assume that we can develop Trianel GmbH's range of activities in this sector in a clear, positive manner, and expect increasing demand in the market and corresponding increasing contribution margins, in particular with regard to the services we offer.

The return forecasts for conventional generation plants have not improved significantly, even after the decision to phase out nuclear power, as a result of the abating steering effect of the EEX price with an increasing proportion of renewable energy sources. We must therefore expect negative result influences for the first operating years, in particular with regard to our power station segment in Lünen, and have taken appropriate risk precautions for this. We can also compensate for the earnings scenarios expected in the medium term as a result of the fluctuating value developments of the assets even in low-profit years, and thus deal with them, as a result of our business model which has been diversified in recent years. In addition to the planned expansion of our portfolio with an increasing focus on renewable energy, further adjustments to the existing investment portfolio in future are also conceivable.

Besides the uncertain development of the generation revenue, we also view the possible disadvantages from construction or commissioning delays for the asset projects currently under construction as primary sources of economic risk. The same applies to possible political or regulatory changes, e.g. in subsidies for renewable energy generation or financial market regulation, which have spillover effects on the energy markets and could affect our business.

The development of turnover at Trianel GmbH largely depends on the trade business and the extent to which we can provide our customers access to energy markets. For this reason, turnover development is difficult to foresee, but also largely irrelevant for the economic success of the company. In order to make our figures clearer, we balanced the sales proceeds with the corresponding costs of materials for certain wholesale transactions for the 2011 financial year for the first time.

We currently expect a positive result before taxes at the same level as the previous year for 2012. We expect further positive business development for 2013.

5.4 Anticipated financial situation

Our business development continues to focus on the service sector.

Our business development continues to focus on the service sector, which means that only moderate investments in fixed assets are required. Investments in financial assets comprise our holdings in the power station and gas storage companies. They were financed via bank loans and own cashflow. In the context of the planned establishment of an onshore wind farm portfolio for municipal utility companies, Trianel GmbH will add projects to its own current assets temporarily and facilitate interim financing. Due to our good credit-worthiness and the good relationship to our core banks, we do not foresee bottlenecks in obtaining funding for Trianel GmbH's planned activities. Current financing of operative business is guaranteed via the increasing liquid funds and also secured via existing credit lines. In summary, we see no restrictions in our solvency.

The debt ratio of the company is primarily characterised by accounts payable for energy purchased in December 2011, which are offset against corresponding accounts receivable for energy supplied in the same period. As a result of the monthly invoicing of energy supplied established in energy wholesale, these are generally short-term items, which do not entail pre-financing effects. The debt ratio therefore does not allow any conclusions on the fundamental creditworthiness of a company.

In 2012, Trianel GmbH will distribute appropriate dividends for the 2011 financial year for the first time.

5.5 Opportunities

The future result will largely depend on the development of the energy and raw material prices, as the revenue of our fuel-dependent assets depends on this. With regard to projects in the renewable energy sector, there are opportunities as a result of a favourable development of system prices and financing costs. The development of the conditions for system integration of renewable energy sources could create further business opportunities.

Faster implementation of the energy transition requires that the municipal utility companies expand and adapt the existing procurement strategies, and in particular that they deal with topics such as procuring green electricity, direct marketing and generation from renewable energy sources. We believe that there are good opportunities for supporting municipal utility companies in these new challenges in the years to come.

The gas service sector offers a great and as yet far from exhausted potential as a result of the market upheaval. Our goal is to allow even smaller municipal utility companies to participate in the advantages of structured procurement. To reach this goal, we developed a modular product catalogue with consulting services, and supplemented them with new delivery products for this customer segment. As a result, we believe that we have further opportunities in this segment.

We see additional potential for earnings in the future expansion of products and business sectors in the downstream area.

We see additional potential for revenue in future expansion of products and business sectors in the downstream area, in particular in smart metering and decentralised generation. Based on our technical expertise, we see this as an opportunity to act as a pooling agent, and thus to represent economic business concepts. In these areas, we can also reach municipal utility companies which had previously been inaccessible to us.

The successful reorganisation of Trianel sales, and the associated practical closer networking of product sales, customer management and operative departments, allowed us to tailor our services to individual customer requirements even better. This organisational structure offers increasing opportunities to refine our services constantly and offer individual solution options via direct interaction between customers and direct service providers.

Many projects we are pursuing also have positive outlooks. Insofar as these projects can continue to be substantiated in 2012 and 2013, we will offer them to our shareholders and other municipal utilities. The necessary services for further project development also create earnings potential.

Opportunities for earnings also derive from marketing generating systems, where we want to use our expertise to develop new products and business models, accessing new groups of customers and creating additional value.

Good opportunities to earn future profit result from our project development process, further optimised by trend scouting, with which we constantly analyse the current market developments for possible potential for joint development with our shareholder companies.

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

We believe that Trianel GmbH is still growing. This is reflected in a further expansion of the group of shareholders, an expansion of our business activities and continued increases in equity and earnings potential. In accordance with the corporate strategy passed in the reporting year with our shareholders, we will continue to expand the service business, which is largely risk-free for us, and focus on the downstream segment in particular. We will also counteract possible fluctuations in revenue from asset items via further diversification of our portfolio of participating interests with the aim of increasing the amount supplied from renewable energy sources. If necessary, further shares could also be sold to accomplish this. After our corporate strategy was passed amicably, we believe that the solidity of our business model is increasing. The numerous projects and topics currently under development confirm that the potential for successful collaboration of municipal utility companies is at an unchanged high level. That is why we look into the future with an overall sense of optimism.

We look into the future with an overall sense of optimism.

6 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 (KWG): proprietary transactions),
c. Financial products relating to energy supply, such as weather derivatives and emission certificates (pursuant to the German Banking Act (KWG): 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, Germany, 9 May 2012

Trianel GmbH

Sven Becker **Dr. Jörg Vogt**

Management Board of Trianel GmbH

Annual Financial Statements

of Trianel GmbH

Balance sheet

as of 31 December 2011

ASSETS in €	31.12.2011	31.12.2010
A. Fixed assets		
I. Intangible assets		
1. Acquired rights of use and similar rights	1,153,845.00	716,768.00
2. Down payments made	1,099,552.74	767,865.73
	2,253,397.74	**1,484,633.73**
II. Tangible assets		
Furniture and fixtures	**1,049,257.00**	**1,044,075.00**
III. Financial assets		
1. Shares in affiliated companies	3,057,235.08	2,900,000.00
2. Loans to affiliated companies	1,856,150.70	2,697,789.44
3. Participating interests	24,057,526.42	26,693,449.86
4. Loans to companies with which a participating interest exists	33,562,736.52	0.00
5. Securities held as fixed assets	220,000.00	220,000.00
6. Other loans	4,121.30	5,121.14
	62,757,770.02	**32,516,360.44**
	66,060,424.76	**35,045,069.17**
B. Current assets		
I. Inventories		
Merchandise	**1,882,696.73**	**384,809.76**
II. Accounts receivable and other assets		
1. Trade accounts receivable	82,570,109.11	65,855,369.11
2. Accounts receivable from affiliated companies	6,377,589.15	6,705,892.16
3. Account receivable from shareholders	31,924,998.91	21,140,386.68
4. Accounts receivable from companies with which a participating interest exists	4,772,631.24	2,360,822.24
5. Other assets	47,934,583.12	46,906,317.21
	173,579,911.53	**142,968,787.40**
III. Cash in hand, cash at bank	**42,088,430.92**	**60,106,028.06**
C. Accruals and deferrals	**1,345,331.20**	**1,414,042.65**
	284,956,795.14	**239,918,737.04**

LIABILITIES in €	31.12.2011	31.12.2010
A. Equity		
I. Capital stock	18,646,575.00	18,146,575.00
Nominal value of own shares	–54,000.00	0.00
Issued capital	18,592,575.00	18,146,575.00
II. Capital reserves	20,812,869.24	19,237,869.24
III. Reserve for own shares	54,000.00	0.00
IV. Earnings reserves		
Other earnings reserves	34,931,915.06	28,543,016.87
V. Annual net income	7,152,464.75	6,558,898.19
	81,543,824.05	**72,486,359.30**
B. Provisions		
1. Provisions for pensions	88,694.00	82,738.00
2. Provisions for taxes	5,223,179.87	2,727,900.00
3. Other provisions	29,595,789.55	23,974,884.70
	34,907,663.42	**26,785,522.70**
C. Liabilities		
1. Accounts payables to credit institutions	34,245,667.68	11,650,480.79
2. Down payments received for orders	392,806.38	418,916.08
3. Trade accounts payable	76,333,090.22	70,829,119.72
4. Accounts payable to affiliated companies	27,153.87	0.00
5. Accounts payable to shareholders	29,672,444.70	16,620,757.51
6. Accounts payables to companies in which the company has a participating interest	2,834,037.22	1,507,798.64
7. Other accounts payable	24,725,810.77	36,601,281.48
	168,231,010.84	**137,628,354.22**
D. Accruals and deferrals	**274,296.83**	**3,018,500.82**
	284,956,795.14	**239,918,737.04**

Profit and loss statement

for the financial year from 1 January 2011 to 31 December 2011

In €	2011	2010
1. Sales proceeds		
a) Gross sales revenues	1,899,030,246.34	1,797,953,951.94
b) Electricity tax	–936,842.24	–3,103,724.82
	1,898,093,404.10	**1,794,850,227.12**
2. Other operating income	9,256,773.38	10,935,895.32
3. Cost of materials		
Expenditure on goods purchased	1,862,209,888.74	1,763,096,137.63
Expenditure on purchased services	958,435.80	72,549.07
	1,863,168,324.54	**1,763,168,686.70**
4. Personnel expenses		
a) Wages and salaries	15,477,086.57	13,113,024.74
b) Social charges and expenditure for pension and support	2,429,869.92	2,381,968.80
	17,906,956.49	**15,494,993.54**
5. Depreciation		
a) On intangible assets and tangible fixed assets	823,626.20	742,191.05
b) On current assets where they exceed the usual depreciation in the corporation	0.00	1,922,424.24
	823,626.20	**2,664,615.29**
6. Other operating expenditure	15,830,498.23	14,369,267.14
	9,620,772.02	**10,088,559.77**
7. Revenues from profit and loss transfer agreements	1,030,385.23	761,347.41
8. Revenues from other securities and loans of financial assets	3,958,504.70	111,654.44
9. Other interest and similar income	2,671,141.49	460,999.89
10. Depreciation on financial assets	0.00	70,199.00
11. Interest and similar expenditure	3,558,648.93	1,029,225.26
	4,101,382.49	**234,577.48**
12. Result on ordinary activities	**13,722,154.51**	**10,323,137.25**
13. Unscheduled revenues	0.00	4,819.32
14. Unscheduled expenditure	0.00	10,742.00
15. Unscheduled result	**0.00**	**–5,922.68**
16. Tax on income	6,569,343.76	3,758,316.38
17. Other taxes	346.00	0.00
18. Annual net income	**7,152,464.75**	**6,558,898.19**

Notes

for the 2011 financial year

1 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).

To improve the clarity of the presentation we have positioned details on affiliations to other items in the balance sheet.

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.

For better presentation of the earnings situation, this financial year the sales proceeds and costs of materials for proprietary business transactions were reported balanced against one another. The figures from the previous year were adapted.

In order to better present the asset situation, the other accounts payable were restructured to trade payables. The figures from the previous year were adapted accordingly.

2 Accounting and valuation principles

The accounting and valuation were performed based on the assumption that company activities would be continued.

The intangible assets and tangible fixed assets were valued at acquisition cost less depreciation.

Depreciation was effected on a straight-line basis and/or using the declining balance method based on the useful life of the capital assets.

The financial assets are evaluated at acquisition cost, taking account of repayment, 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 were taken into account.

Accounts receivable and payable in foreign currencies are converted at the applicable exchange rate on the posting date unless a fixed exchange rate for the Euro exists. Profits and losses incurred due to exchange rate movements up to the balance sheet date are taken into account per § 256a of the German Commercial Code (HGB).

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

The subscribed capital is included at nominal value.

In the 2011 financial year, own shares to a nominal value of € 45 thousand were purchased. That reduced the earnings reserves by € 116 thousand.

Per the profit use decision dated 1 June 2011, the full annual net income for 2010 was added to the earnings reserves.

Pension obligations are calculated according to actuarial principles using the Projected Unit Credit Method (PUC Method). In the PUC Method, the provision amount is defined as the actuarial cash value of the pension obligations earned by the employees until this time based on work performed in the past in accordance with the pension formula and vesting regulation. The "Guide Tables 2005 G" by Klaus Heubeck are used as a biometric calculation basis. The mathematical interest rate is 5.14%, which is equal to the average market interest rate for an assumed residual term of the obligations of 15 years. The pension trend was also incorporated at 1%. Appropriately, the wage trend was not incorporated. The addition to the pension provision as a result of the changes of the calculation method in relation to evaluation per the requirements of the German Reporting Modernisation Act (BilMoG) was entered in full in the unscheduled expenditures in the 2010 financial year. The option per § 67 para. 1 no. 1 of the Introductory Act for the German Commercial Code (EGHGB) was not exercised.

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

The option of capitalising deferred taxes was not exercised.

Accounts payable are stated at the amount repayable.

In order to evaluate the physical trade transactions, the posted and pending transactions and gas inventories are always combined in an annual consideration with the corresponding financial transactions to the Asset Electricity, Trade, Electricity Sales and Gas Sales portfolios, i.e. in the event of the use of the option to form an accounting valuation unit.

Derivative financial instruments were used to secure bank loans, which form a valuation unit together with the debt item.

3 Balance sheet notes

3.1 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 € 3,057,235.08 are held in the following affiliated companies:

Gesellschaft	Registered office	Participation (%)	Participation book value in €	Equity in €	Annual net income in €
Trianel Finanzdienste GmbH	Aachen	100.0	2,500,000	2,500,000	* 0
Trianel Energie B.V.	Maastricht, NL	100.0	250,000	1,586,233	95,593
Trianel Gaskraftwerk Hamm Verwaltungs GmbH	Aachen	100.0	25,000	36,611	1,411
Trianel Gasspeicher Epe Verwaltungs GmbH	Aachen	100.0	25,000	143,220	24,192
Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH	Aachen	** 100.0	25,000	75,058	13,019
Trianel Erdgasförderung Nordsee Verwaltungs GmbH	Aachen	** 100.0	25,000	33,630	4,389
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	Aachen	100.0	25,000	30,860	1,237
Trianel Windkraftwerk Borkum Verwaltungs GmbH	Aachen	100.0	25,000	76,936	12,966
Trianel Service GmbH	Aachen	80.0	157,235	183,982	–11,409

* Trianel Finanzdienste GmbH and Trianel GmbH have concluded a profit and loss transfer agreement.
** The shares are wholly commercially attributed to Trianel GmbH.

With a value dated 1 July 2010, Trianel GmbH granted the affiliated company Trianel Energie B.V., Maastricht/Netherlands, a loan subject to interest of € 3,098,586.00. The loan is to be repaid by 31 December 2013. As of 31 December 2011, the loan to a value of € 1,856,150.70 was stated under the loans to affiliated companies.

Holdings in which Trianel GmbH maintains at least one fifth of the shares:

Gesellschaft	Registered office	Participation (%)	Participation book value in €	Equity in €	Annual net income/ deficit in €
Trianel Erdgasförderung Nordsee GmbH & Co. KG	Aachen	25.01	2,000	10,846	2,850
GESY Green Energy Systems GmbH	Berlin	24.9	353,082	*25,000	*–2,910

* Status: 31.12.2010.

3.2 Current assets

The goods inventories comprise stored quantities of gas, as well as assets from an onshore wind farm which is under construction and reserved for sale.

Trade accounts receivable primarily consist of outstanding payments for electricity and gas supplies, which were offset against similar accounts payable to a value of € 141,496 thousand (prev. year: € 145,125 thousand).

Of the accounts receivable from affiliated companies, € 4,720 thousand (prev. year: € 5,442 thousand) are trade accounts receivable. Other than this, the accounts receivable include mainly cost allocations. Similar accounts payable totalling € 3,4643 thousand (prev. year: € 966 thousand) were offset against accounts receivable.

The accounts receivable from shareholders, € 31,552 thousand (previous year: € 33,649 thousand) are trade accounts receivable. Similar accounts payable totalling € 25,561 thousand (prev. year: € 13,289 thousand) were offset against accounts receivable.

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

Other assets mainly consist of collateral security relating to energy trading, including non-accessible bank credits totalling € 13,927 thousand (€ 26,045 thousand pre-tax), which is not deductible until the following year.

As in the previous year, all accounts receivable and other assets with the exception of € 2 thousand are due within one year.

3.3 Provisions

The tax provisions primarily include provisions for corporation tax including solidarity surcharge and trade tax for the 2011 assessment period. Advance payments and payments made for interest income tax and solidarity surcharge were incorporated in the calculation of the provisions for corporation tax. When calculating the provisions for corporation tax, advance payment were incorporated.

Other provisions to the amount of € 29,596 thousand include provisions for uncertain accounts payable totalling € 7,942 thousand, mainly pertaining to outstanding invoices for energy procurement and personnel costs. In addition to this, it contains provisions for potential losses from pending transactions totalling € 21,654 thousand, of which € 10,070 thousand result from foregoing the option to form balance sheet valuation units. Accumulation of long-term provisions resulted in interest expenditures totalling € 58 thousand (previous year € 0 thousand).

3.4 Liabilities

The accounts payable to credit institutions include long-term bank loans and accrued interest.

The down payments received for orders included are instalments from B2B customers.

Trade accounts payable predominantly result from energy procurement and grid fees, as well as consulting services.

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

Liabilities to companies with which a participating interest exist are exclusively trade accounts payable.

The other accounts payable include accounts payable to shareholders totalling € 1,954 thousand (prev. year: € 607 thousand) and accounts payable for taxes to a value of € 11,590 thousand (prev. year: € 27,319 thousand).

Liabilities movement schedule

In €	31.12.2011 Total	31.12.2011 Residual terms Up to 1 year	1 year to 5 years	More than 5 years	31.12.2010 Residual term Previous year to 1 year
Accounts payable to credit institutions	34,245,667.68	1,216,567.71	29,437,633.36	3,591,466.61	1,207,847.48
Down payments received for orders	392,806.38	392,806.38	0.00	0.00	418,916.08
Trade accounts payable	76,333,090.22	76,333,090.22	0.00	0.00	70,386,905.46
Accounts payable to shareholders	29,672,444.70	29,672,444.70	0.00	0.00	16,620,757.51
Accounts payable to affiliated companies	2,834,037.22	2,834,037.22	0.00	0.00	1,507,798.64
Other accounts payable	24,725,810.77	21,153,821.77	0.00	3,571,989.00	33,138,561.70
Total accounts payable	**168,203,856.97**	**131,602,768.00**	**29,437,633.36**	**7,163,455.61**	**123,280,786.87**

3.5 Valuation units/derivative financial instruments

Valuation units and provisions for potential losses from operative business:

The option of forming balance sheet valuation units per § 254 of the German Commercial Code (HGB) was utilised to the extent stated below. The effectiveness is documented by measuring the physical delivery equivalents or compliance with specified rules, such as VaR limits as part of the existing risk management system.

Trianel GmbH's operative business is managed and controlled in mandates. The items in the electricity asset mandate which cannot be grouped in a valuation unit must be evaluated according to classic rules under balance sheet aspects. Provisions for potential losses were formed for negative valuation balances for the year.

The figures specified on the risks secured via valuation units and losses reported limited via balancing are theoretical, as all individual transactions were evaluated here, while portfolio-specific controlling means that open trade items are restricted appropriately at all times.

Individually, the following valuation units and provisions for potential losses existed on the balance sheet date:

3.5.1 Valuation unit and provision for potential loss for electricity mandate asset

This VU combines the marketed shares of existing contracts in relation to our holdings in power station companies with corresponding hedging transactions as portfolio hedges. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2012 VU contains base transactions to a value of € 14,904 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1,175 thousand.

The opposing value changes compensate one another as a result of the existing spread hedging in the respective years in question.

The unmarketed shares of the existing electricity procurement contracts with the power station companies were evaluated together with the corresponding hedge transactions over a year for accounting purposes.

In this context, provisions for potential losses totalling € 4,263 thousand were formed for the 2013 delivery year and € 4,646 for the 2014 delivery year.

3.5.2 Valuation unit: Trade mandate

This VU combines the existing wholesale energy transactions with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2012 VU contains base transactions to a value of € 1,989,126 thousand. The VU hedges risks from an individual transaction perspective to a total of € 172,016 thousand for 2012. The 2013 VU contains base transactions to a value of € 648,648 thousand. The VU hedges risks from an individual transaction perspective to a total of € 37,538 thousand for 2013. The 2014 VU contains base transactions to a value of € 178,263 thousand. The VU hedges risks from an individual transaction perspective to a total of € 9,743 thousand for 2014.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.5.3 Valuation unit: Electricity sales mandate

This VU combines the existing electricity contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2012 VU contains base transactions to a value of € 555,208 thousand. The VU hedges risks from an individual transaction perspective to a total of € 36,774 thousand for 2012. The 2013 VU contains base transactions to a value of € 298,677 thousand. The VU hedges risks from an individual transaction perspective to a total of € 15,446 thousand for 2013. The 2014 VU contains base transactions to a value of € 136,826 thousand. The VU hedges risks from an individual transaction perspective to a total of € 6,934 thousand for 2014.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.5.4 Valuation unit: Gas sales mandate

This VU combines the existing gas contracts with customers with the corresponding hedging transactions as a portfolio hedge. The risk of price changes from market price fluctuations is hedged. Pending transactions are incorporated in the VUs, which are each considered on an annual basis.

The 2012 VU contains base transactions to a value of € 46,086 thousand. The VU hedges risks from an individual transaction perspective to a total of € 7,715 thousand for 2012. The 2013 VU contains base transactions to a value of € 13,556 thousand. The VU hedges risks from an individual transaction perspective to a total of € 2,961 thousand for 2013. The 2014 VU contains base transactions to a value of € 3,792 thousand. The VU hedges risks from an individual transaction perspective to a total of € 411 thousand for 2014.

The opposing value changes compensate one another as a result of the existing hedging relationships in the respective years in question.

3.5.5 Valuation unit: Individual hedge portfolio mandate

The individual hedge portfolio contains opposing purchase and sales transactions for the 2012 delivery year, which are presented in pairs. Some of the corresponding transactions are combined to VUs. The base transactions of the delivery contracts treated as VUs totalled € 186,550 thousand. The VU hedges risks from an individual transaction perspective to a total of € 14,940 thousand.

3.5.6 Interest rate swaps

The option of forming valuation units was utilised in full. The freezing method was used to depict the effective parts of the valuation units formed in the accounts.

Individually, as of the balance sheet date, there are four micro-hedges, consisting of one base transaction and one hedge transaction each. The four base transactions are reported as accounts payable for bank loans (€ 8,493 thousand), while the four hedge transactions are not reported as derivative financial instruments (interest rate swaps) as they are pending transactions. The accounts payable for loans are subject to interest at the 6 month EURIBOR plus 75, 90 or 100 base points. The interest rate swaps exchange an interest received at the 6 month EURIBOR for a fixed interest rate to be paid of 3.26%, 4.35%, 4.88% and 5.09%. The risk of interest rate changes from interest rate fluctuation is hedged.

Trianel GmbH has concluded the following unreported derivative financial instruments:

- Interest rate swap (€ 1,299 thousand)
  In this transaction, starting from 06 May 2005, a variable interest rate account payable with an initial total of € 3,710 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until May 2015. The fair value according to the internal risk models of the issuing bank is € –46 thousand as of 31 December 2011.

- Interest rate swap (€ 840 thousand)
  In this transaction, starting from 21 July 2006, a variable interest rate account payable with an initial total of € 1,680 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until July 2016. The fair value according to the internal risk models of the issuing bank is € –64 thousand as of 31 December 2011.

- Interest rate swap (€ 4,600 thousand)
  In this transaction, starting from 28 May 2008, a variable interest rate account payable with an initial total of € 6,000 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until June 2023. The fair value according to the internal risk models of the issuing bank is € –709 thousand as of 31 December 2011.

- Interest rate swap (€ 1,754 thousand)
  In this transaction, starting from 18 July 2008, a variable interest rate account payable with an initial total of € 2,288 thousand is exchanged for a fixed interest rate account payable, thus hedging against market fluctuations. The agreement runs until June 2023. The fair value according to the internal risk models of the issuing bank is € –291 thousand as of 31 December 2011.

The market values were 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.

The market value changes of the derivatives are offset by opposing market value changes of the base transactions.

3.6 Latent taxes

The trade and tax law value assessments of the financial assets and other provisions result in differences, which are compensated in subsequent financial years. These differences led to a latent tax accrual. A tax rate of 31.4% is applied when determining the tax accrual.

The option under § 274 para. 1 no. 2 of the German Commercial Code (HGB) is not used, and thus no latent tax accrual is formed.

4 Notes on the profit and loss statement

4.1 Sales proceeds

The gross sales less electricity tax can be broken down into the following areas of activity:

	31.12.2011		31.12.2010	
Business sector	Sales in € thousand	Turnover in %	Sales in € thousand	Turnover in %
Electricity (unbalanced)	2,493,683.00	84.0	2,333,582.00	90.7
Balancing	–942,165.00	88.1	–765,604.00	98.3
Electricity	**1,551,518.00**	**81.7**	**1,567,978.00**	**87.4**
Gas (unbalanced)	434,663.00	14.6	199,631.00	7.8
Balancing	–123,382.00	11.5	–13,595.00	1.7
Gas	**311,281.00**	**16.4**	**186,036.00**	**10.4**
Emission trade (unbalanced)	9,579.00	0.3	17,383.00	0.7
Balancing	–4,211.00	0.4	0.00	0.0
Emissions trade	**5,368.00**	**0.3**	**17,383.00**	**1.0**
Coal (unbalanced)	1,037.00	0.0	119.00	0.0
Balancing	0.00	0.0	0.00	0.0
Coal	**1,037.00**	**0.1**	**119.00**	**0.0**
Services (unbalanced)	29,144.00	1.0	23,333.00	0.9
Balancing	0.00	0.0	0.00	0.0
Services	**29,144.00**	**1.5**	**23,333.00**	**1.3**
Total (unbalanced)	**2,968,106.00**	**100.0**	**2,574,048.00**	**100.0**
Total (balancing)	–1,069,758.00	100.0	–779,199.00	100.0
Total (balanced)	**1,898,348.00**	**100.0**	**1,794,849.00**	**100.0**

In the financial year, customer discounts of € 255 thousand were granted.

Non-period turnover totalled € 3,289 thousand (prev. year: € 17,296 thousand). The non-period turnover includes credit notes issued totalling € 94 thousand.

4.2 Other operating revenue

Other operating revenue includes earnings not relating to the period totalling € 4,499 thousand (2007: € 3,859 thousand). The non-period revenue includes credit notes issued totalling € 25 thousand. The other operating revenue also includes revenue from currency conversion totalling € 16 thousand (previous year € 1 thousand).

4.3 Cost of materials

Non-period cost of materials totalled € 78 thousand (prev. year: € 15,664 thousand). The non-period cost of materials includes credit notes received totalling € 1,490 thousand. The material expenditures include unscheduled depreciation on the gas inventories totalling € 28 thousand (prev. year: € 83 thousand).

4.4 Personnel expenses

Personnel expenses were incurred in respect of an average of 224 employees (previous year 190 employees). Personnel expenses include costs for pensions totalling € 189 thousand (previous year € 193 thousand) and non-period expenditure of € 5 thousand (previous year € 0 thousand).

4.5 Other operating expenditure

Other operating expenditure includes non-period expenditure totalling € 47 thousand (prev. year: € 0 thousand). The non-period expenditure includes credit notes received totalling € 27 thousand. The other operating expenditure also includes expenditure from currency conversion totalling € 15 thousand (previous year € 1 thousand).

4.6 Revenues from other securities as financial assets

The interest revenues totalling € 3,959 thousand (previous year: € 112 thousand) include revenues from affiliated companies of € 151 thousand (previous year: € 97 thousand).

4.7 Interest revenues

The interest revenues totalling € 2,671 thousand (previous year: € 461 thousand) include revenues from affiliated companies of € 51 thousand (previous year: € 21 thousand).

4.8 Tax on income

Expenditure on taxes in the reporting year includes € 4,021 thousand (prev. year: € 2,919 thousand) for corporation tax and € 2,653 thousand (prev. year: € 805 thousand) for trade tax. Income from previous years arising from corporation tax totalling € 32 thousand (prev. year: € 33 thousand) and trade tax of € 73 thousand (prev. year: € 0 thousand) were incurred.

5 Other information

5.1 Other financial obligations

In € thousands		Of which due in 2012
Obligations from electricity supply contracts	3,033,392	2,151,227
of which payable to affiliated companies	14,604	20,008
of which payable to shareholders	306,304	243,399
Obligations arising from gas supply agreements	157,655	120,206
of which payable to shareholders	26,446	21,884
Obligations arising from emission certificates	30,357	29,163
of which payable to shareholders	1,036	109
Obligations arising from coal swaps	6,732	6,732
of which payable to affiliated companies	6,732	6,732
Obligations from leasing and rental agreements	3,741	912
Obligations arising from green electricity certificates	162	90
Obligations arising from investments	12,131	12,131

Trianel GmbH concluded a loan agreement for an overdraft facility to Trianel Energie B.V., Maastricht/ Netherlands. In the agreement, Trianel GmbH grants Trianel Energie B.V. a loan totalling € 3 million subject to interest. The loan can be drawn down in various tranches and with various terms. The loan agreement ends on 31 December 2011, but is extended by one year if the agreement is not terminated six months before expiry. As of 31 December 2011, € 150 thousand of the loan had been drawn down.

Trianel GmbH concluded a loan agreement with Trianel Windkraftwerk Borkum GmbH & Co. KG (TWB), Aachen, to pre-finance EU funding totalling € 29,773 thousand. The loan was drawn down in full in January 2011. Repayment by TWB is scheduled on receipt of the funding from the EU by mid-2013. The loan had been used in full by 31 December 2011.

5.2 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 provided sureties for electricity deliveries for three customers of Trianel Energie B.V. Our subsidiary, Trianel Energie B.V., will be authorised to perform the corresponding business activities. In general, the risk arises from changes in price and is restricted to cases in which Trianel Energie B.V. fails to fulfil its contractual obligations.

As a result of Trianel Energie B.V.'s financial situation, it is not expected that this loan will be drawn down.

5.3 Auditor's fees

In accordance with § 285 no. 17 of the German Commercial Code (HGB), this information is provided in the consolidated financial statements of Trianel GmbH.

5.4 Supervisory Board

In the 2011 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 (until May 2011),
- **Stefan Fritz,** Lübeck, Managing Director of Stadtwerke Lübeck Holding GmbH (from June 2011),
- **Günter Bury,** Fulda, Chairman of the Management Board of Überlandwerk 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 Gassteiger,** 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

As in the previous year, Trianel GmbH reimbursed a total of € 28 thousand as expenses in the 2011 financial year.

5.5 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).

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.

5.6 Financial statements

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

Aachen, Germany, 9 May 2011

Trianel GmbH

Sven Becker **Dr. Jörg Vogt**

Management Board of Trianel GmbH

Development of fixed assets
in financial year 2011

€	Acquisition costs				
	Status 1.1.2011	Additions	Divestitures	Cross entries	Status 31.12.2011
I. Intangible assets					
1. Acquired rights of use and similar rights	3,232,808.07	859,080.61	0.00	8,367.86	4,100,256.54
2. Down payments made	767,865.73	340,054.87	0.00	–8,367.86	1,099,552.74
Total intangible assets	**4,000,673.80**	**1,199,135.48**	**0.00**	**0.00**	**5,199,809.28**
II. Tangible assets					
Furniture and fixtures	3,079,554.37	398,436.73	75,751.13	0.00	3,402,239.97
Total tangible assets	**3,079,554.37**	**398,436.73**	**75,751.13**	**0.00**	**3,402,239.97**
III. Financial assets					
1. Shares in affiliated companies	2,900,000.00	117,235.08	0.00	100,000.00	3,117,235.08
2. Loans to affiliated companies	2,697,789.44	0.00	841,638.74	0.00	1,856,150.70
3. Participating interests	26,823,648.86	353,082.00	3,019,204.44	–100,000.00	24,057,526.42
4. Loans to affiliated companies	0.00	33,562,736.52	0.00	0.00	33,562,736.52
5. Securities held as fixed assets	220,000.00	0.00	0.00	0.00	220,000.00
6. Other loans	5,121.14	0.00	999.84	0.00	4,121.30
Total financial assets	**32,646,559.44**	**34,033,053.60**	**3,861,843.02**	**0.00**	**62,817,770.02**
Total fixed assets	**39,726,787.61**	**35,630,625.81**	**3,937,594.15**	**0.00**	**71,419,819.27**

	Depreciation				Book values	
Status 1.1.2011	Additions	Divestitures	Cross entries	Status 31.12.2011	Status 31.12.2011	Status 31.12.2010
2,516,040.07	430,371.47	0.00	0.00	2,946,411.54	1,153,845.00	716,768.00
0.00	0.00	0.00	0.00	0.00	1,099,552.74	767,865.73
2,516,040.07	**430,371.47**	**0.00**	**0.00**	**2,946,411.54**	**2,253,397.74**	**1,484,633.73**
2,035,479.37	393,254.73	75,751.13	0.00	2,352,982.97	1,049,257.00	1,044,075.00
2,035,479.37	**393,254.73**	**75,751.13**	**0.00**	**2,352,982.97**	**1,049,257.00**	**1,044,075.00**
0.00	0.00	0.00	60,000.00	60,000.00	3,057,235.08	2,900,000.00
0.00	0.00	0.00	0.00	0.00	1,856,150.70	2,697,789.44
130,199.00	0.00	70,199.00	–60,000.00	0.00	24,057,526.42	26,693,449.86
0.00	0.00	0.00	0.00	0.00	33,562,736.52	0.00
0.00	0.00	0.00	0.00	0.00	220,000.00	220,000.00
0.00	0.00	0.00	0.00	0.00	4,121.30	5,121.14
130,199.00	**0.00**	**70,199.00**	**0.00**	**60,000.00**	**62,757,770.02**	**32,516,360.44**
4,681,718.44	**823,626.20**	**145,950.13**	**0.00**	**5,359,394.51**	**66,060,424.76**	**35,045,069.17**

Auditor's report

We audited the annual financial statements – consisting of the balance sheet, income statement and notes – taking the accounts and management report into account, of Trianel GmbH, Aachen, for the financial year from 1 January 2011 to 31 December 2011. The company's management is responsible for the accounts and compiling the annual financial statements and management report in accordance with the German Commercial Code. 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 regarding the detection of any errors or irregularities with respect 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 the management, 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, 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, Germany, 14 May 2012

KPMG Prüfungs- und Beratungsgesellschaft
für den Öffentlichen Sektor
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

zur Mühlen
Auditor

Kopp
Auditor

Consolidated balance sheet

as of 31 December 2011

ASSETS in €	31.12.2011	31.12.2010
A. Fixed assets		
I. Intangible assets		
1. Purchased licenses, commercial Industrial property and similar rights and values as well as licences to such rights and values	1,610,998.40	1,167,888.00
2. Down payments made	1,099,552.74	767,865.73
	2,710,551.14	**1,935,753.73**
II. Tangible assets		
Other assets, furniture and fixtures	**1,198,129.00**	**1,226,561.00**
III. Financial assets		
1. Participating interests in affiliated companies	355,082.00	42,000.00
2. Participating interests	23,702,444.42	26,651,449.86
3. Loans to companies with which a participating interest exists	33,562,736.52	0.00
4. Securities held as fixed assets	220,000.00	220,000.00
5. Other loans	4,121.30	5,121.14
	57,844,384.24	**26,918,571.00**
	61,753,064.38	**30,080,885.73**
B. Current assets		
I. Inventories		
Merchandise	**1,882,696.73**	**384,809.76**
II. Accounts receivable and other assets		
1. Trade accounts receivable	94,258,373.68	78,712,253.01
2. Receivables from shareholders	33,104,504.04	21,140,386.68
3. Accounts receivable from affiliated companies	142,748.51	6,818.16
4. Receivables from companies with which a participating interest exists	4,838,240.69	2,429,048.45
5. Other assets	50,570,321.24	47,263,225.90
	182,914,188.16	**149,551,732.20**
III. Cash in hand, cash at bank	**46,576,678.04**	**67,656,485.34**
C. Accruals and deferrals	**1,345,331.20**	**1,538,515.65**
D. Latent tax accruals	**146,539.86**	**202,890.93**
	294,618,498.37	**249,415,319.61**

LIABILITIES in €	31.12.2011	31.12.2010
A. Equity		
I. Capital stock	18,646,575.00	18,146,575.00
Nominal amount of own shares	–54,000.00	0.00
Issued capital	18,592,575.00	18,146,575.00
II. Capital reserves	20,812,869.24	19,237,869.24
III. Provision for own shares	54,000.00	0.00
IV. Earnings reserves	35,575,478.23	29,799,965.02
V. Group annual net income	7,527,810.50	5,943,231.57
VI. Shares of other shareholders in the capital	36,796.49	0.00
	82,599,529.45	**73,127,640.83**
B. Difference from capital consolidation	**27,401.71**	**27,401.71**
C. Provisions		
1. Provisions for pensions	88,694.00	82,738.00
2. Provisions for taxes	5,224,494.33	2,729,364.70
3. Other provisions	31,207,060.85	24,489,838.10
	36,520,249.18	**27,301,940.80**
D. Liabilities		
1. Payables to credit institutions	34,245,667.68	11,650,480.79
2. Down payments received for orders	2,456,164.38	2,753,107.08
3. Trade accounts payable	76,497,571.35	71,753,414.12
4. Accounts payable to shareholders	29,672,444.70	16,620,757.51
5. Accounts payable to affiliated companies	219,544.61	442,248.16
6. Payables to companies in which the company has a participating interest	2,614,492.61	1,009,239.76
7. Other accounts payable - of which from taxes € 15,673,363.24 (previous year: € 31,420,660.46) - of which for social security € 74,690.89 (previous year: € 47,926.13)	29,491,135.87	41,709,065.03
	175,197,021.20	**145,938,312.45**
E. Accruals and deferrals	**274,296.83**	**3,018,500.82**
F. Latent tax deferrals	**0.00**	**1,523.00**
	294,618,498.37	**249,415,319.61**

Consolidated profit and loss statement

for the financial year from 1 January 2011 to 31 December 2011

In €	2011	2010
1. Sales proceeds		
a) Gross sales revenues	1,905,997,540.56	1,764,012,887.66
b) Electricity tax	–13,033,989.22	–13,888,411.20
	1,892,963,551.34	**1,750,124,476.46**
2. Other operating revenue	9,242,101.01	6,811,386.12
3. Cost of materials		
a) Expenditure on raw and auxiliary materials and operating supplies for purchased goods	–1,851,760,433.33	–1,710,557,455.46
b) Expenditure on purchased services	–958,435.80	–72,549.07
	–1,852,718,869.13	**–1,710,630,004.53**
4. Personnel expenditure		
a) Wages and salaries	–17,270,557.75	–14,807,619.94
b) Social charges and expenditure for pension and support	–2,867,002.81	–2,757,435.81
	–20,137,560.56	**–17,565,055.75**
5. Depreciation		
a) On intangible assets and tangible fixed assets	–1,001,155.43	–893,142.05
b) On current assets, where they exceed the usual depreciation in the corporation	0.00	–1,922,424.24
	–1,001,155.43	**–2,815,566.29**
6. Other operating expenditure	–17,101,917.87	–15,830,246.00
7. Revenues from other securities	3,807,928.74	15,000.00
8. Other interest and similar revenues	2,714,030.05	483,211.70
9. Depreciation on financial assets	0.00	–24,363.11
10. Interest and similar expenditure	–3,559,336.23	–1,029,697.04
	2,962,622.56	**–555,848.45**
11. Result on ordinary activities	**14,208,771.92**	**9,539,141.56**
12. Unscheduled revenues	0.00	4,819.32
13. Unscheduled expenditure	0.00	–10,742.00
14. Unscheduled result	0.00	–5,922.68
15. Tax on income		
a) Actual tax expenditure	–6,625,787.28	–3,800,698.24
b) Latent taxes	–54,828.14	211,848.93
	–6,680,615.42	**–3,588,849.31**
16. Other taxes	–346.00	–1,138.00
17. Consolidated annual net income before minority interests	**7,527,810.50**	**5,943,231.57**
18. Annual net income accrued by shareholders Annual deficit	2,281.87	0.00
19. Consolidated annual net income after minority interests	**7,530,092.37**	**5,943,231.57**

Imprint

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