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MANAGEMENT REPORT 2012

Trianel GmbH

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MANAGEMENT REPORT

OF TRIANEL GMBH

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1 Business and general conditions

1.1 Overview of business development

1.1.1 General macroeconomic conditions

Irrespective of the Euro crisis, the German economy continued to grow on average in 2012. With a rise of 0.7 percent, initial calculations show that the price-adjusted gross domestic product (GDP) was higher than in the previous year. In 2012, the German economy asserted itself in a difficult economic environment and bucked the European recession. Nevertheless, the German economy was no longer able to avoid the recession in the second half of the year and experienced a notable cooling down.

The German economy continued to grow in 2012.

Provisional calculations by the Energy Balance Working Group Arbeitsgemeinschaft Energiebilanzen (AG Energiebilanzen) show that primary energy consumption in Germany increased slightly by 0.9 percent in 2012. Adjusted for temperature influences however, primary energy consumption fell by 0.8% as was the case in the previous year. The decline in the share of nuclear energy relative to the entire energy mix of primary energy consumption in 2012 from 8.7 percent to 8 percent was substituted by a rise in coal. The rise in lignite as an energy source was 5.3 percent, the figure for hard coal was 3.1 percent. Natural gas posted growth of 1.4 percent. Consumption of mineral oil again fell slightly by 0.5 percent

Particularly notable in 2012 was the strong increase in electricity export surpluses. Renewable energy sources increased from 10.8 to 11.6 percent of overall primary energy consumption. With regard to electricity generation, the share from water power rose by 20.2 percent and the share of photovoltaics by 44.8 percent compared to the previous year. Electricity generation from renewable energy sources totalled 136.2 billion kWh. This corresponds to a rise of 10.2 percent on the previous year.

Electricity generation from renewable energy sources increased by more than 10 percent compared to 2011.

1.1.2 Sector-specific general conditions

2012 was characterised by constantly falling futures prices in the electricity market. The continuing high construction of photovoltaic systems generally had a major price-reducing influence on spot prices, with very high or even negative prices also being noted on a few individual dates. There was also an increasing approximation of base and peak prices. With a generation share of around 25 percent and a total installed capacity in the region of 50 percent of the maximum load, feed-in from renewable energy sources is the dominating factor as regards the electricity price on the spot and futures market.

The increased use of cheap shale gas for electricity generation in the USA led to higher US exports of coal, with the result that the global market price for coal fell by over 15 percent during the course of the year. As the price of gas remained relatively constant while wholesale prices for electricity fell sharply, there was a significant deterioration in the economic position of gas power stations on the German electricity market. Some market players announced the closure of unprofitable gas power stations. The on-going erosion of gross margins in generation continued to influence the anticipated results of electricity producers.

The continuing strong drifting apart of oil and gas trading prices as well as the surplus supply in the market, caused by take-off commitments of gas-importing companies, typified the situation on the German gas market. Against this background, gas customers were able to obtain flexible supply products at very favourable conditions. Prices for flexibility, for example from storage facilities, were very low.

Changes to the law are resulting in major requirements on energy suppliers.

Changes to the law within the scope of the energy transition will result in major demands on energy suppliers in the coming years. In addition, decentralised generation is also gaining in importance, above all in the mini/micro CHP sector. Following the amendment to the German Renewable Energy Sources Act (EEG), the so-called market bonus was launched onto the market at the beginning of 2012 as an instrument designed to integrate renewable energy sources. However, due to the considerably higher use compared to expectations and fears of bandwagon effects, this incentive model was again severely restricted as from 1 January 2013.

The uncertainty in the markets, including in terms of future statutory framework conditions, has resulted in potential investors placing high demands on the economic attractiveness and robustness of projects. Many investments in major projects are being put on the back burner with an eye on possible adjustments to the general political conditions. Above all as regards major projects, the project development business of Trianel GmbH is currently oriented towards creating or maintaining options for future investments. Above all decentralised, conventional and renewable generation projects are gaining in importance, with new projects for conventional technologies only having a chance of realisation for Trianel GmbH if sufficient CHP use is possible.

Above all decentralised generation projects are gaining in importance.

For the Trianel GmbH project development business, the financial market is of great importance as the projects have been implemented via project financing to date. Since the financial crisis, this form of financing continues to be provided under more difficult conditions, above all higher risk margins, power station projects for proven technology with investors from the municipal sector and indemnification of the project company against energy market risks. As a result, there is still a sufficiently high number of partners available in the current market environment – including for the financing of major projects. The interest level, which is still relatively low, counteracts the higher risk margins of the financing banks due to increased refinancing costs.

1.1.3 Key events affecting business development

Together with the marketing company Green Energy Systems GmbH (GESY), we were able to make very successful use of the possibility of marketing green electricity through the market bonus model introduced in 2012. Overall, we marketed more than 3,000 megawatts of output of renewable energy sources in 2012.

Overall, we marketed more than 3,000 megawatts of output of renewable energy sources in 2012.

The development at our subsidiary Trianel Energie B.V. (TEBV) had a notably negative effect on our business. TEBV had to apply for insolvency on 27 December 2012 as a result of major default on payments by customers. Due to the insolvency, TEBV was no longer able to service the electricity volumes previously supplied by us within the scope of a market access contract.

The continuing unfavourable market developments for power stations had a negative effect on our results. In particular, the risk precautions for the power station segment of Trianel GmbH at the Lünen coal-fired power station, scheduled for connection to the grid in 2013, had to be increased. The power station segment of Trianel GmbH at the Hamm gas power station was also affected by the further melt-down of the generation spreads. It was only the using up of emissions certificates, allocated free of charge, forward-looking futures marketing and active participation in the balancing energy markets that enabled us to achieve a positive result with our power station segment in the 2012 financial year.

While the surplus supply of gas volumes on the market improved the general conditions from a customer perspective, the attractiveness of the service range of Trianel GmbH in the field of structured procurement was also burdened. The low price for flexibility as a result of the high gas availability on the market continues to lower the value of gas storage facilities for structuring gas procurement portfolios. Nevertheless, successful involvement in the balancing energy market made it possible to achieve a result from the storage business that was above budget.

In contrast to the market for decentralised generation that moved considerably following the entry of the German manufacturers for mini and micro biogas CHP, developments in the field of smart metering stagnated due to the introduction of the protection profile and insufficient framework conditions for a functioning business model. As the subject of smart metering depends greatly on political decisions, it is currently not clear when the market breakthrough will be achieved here.

The subject of energy efficiency has gained significantly in importance at EU level in recent years. In Germany, energy efficiency is also seen as a fundamental success factor for the energy transition. Accordingly, Trianel GmbH established the development of energy efficiency services and business models for municipal utilities in 2012.

Energy efficiency is seen as a fundamental success factor for the energy transition.

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

Trianel GmbH achieved annual net income of around € 2.3 million in 2012.

With pre-tax results of around € 5.2 million, an annual net income of approx. € 2.3 million was achieved in the financial year ended. This result was influenced to a decisive extent by the previously mentioned insolvency of our Dutch subsidiary Trianel Energie B.V. (TEBV). Without the effects of this insolvency, an operating pre-tax result of around € 24 million – a record result – would have been possible. The cause of the pre-tax result, adjusted by the effects of the insolvency, lies in particular in the marketing success of green energy volumes that considerably exceeded expectations as well as in the successful marketing of our power station segment at Trianel Gaskraftwerk Hamm GmbH & Co. KG.

Developments at Trianel Energie B.V. had a notably negative effect on the otherwise outstanding result.

Against the background of the foreseeably lower generation spreads in the coming three years, we have further increased the risk precautions for our procurement contracts from conventional generation systems. We have increased the existing provision for our power station segment at the hard-coal power station in Lünen, currently under construction, by around € 3.5 million to € 12.4 million as well as recognising a risk provision for the first time for our power station segment at the gas power station Hamm in an amount of approx. € 0.9 million. Similarly, we have increased the accounting provision in connection with the storage utilisation agreement for the gas storage facility in Epe by around € 0.7 million to approx. € 2.4 million. As in the previous year, we have, in extension and for precautionary reasons, waived the creation of valuation units in the balance sheet in selected cases; this has resulted in a provision for anticipated losses of around € 5.8 million. The non-period subsequent energy sector profits from the previous years totalled 3,211 thousand € in 2011.

The equity base was significantly further strengthened.

The equity base was again strengthened to a considerable extent in the year under review through the obtaining of five new shareholders, even if one shareholder departed at the same time. In the downstream business in particular, the customer base was expanded further and in association with the shareholder developments. The further extension of business activities as well as the development of future results potential necessitated a further increase in personnel, with the result that the number of employees as of 31 December 2012 rose by 51 compared to the previous year to 287. The profit sharing of our shareholders in the form of distribution of profits, carried out for the first time for the financial year 2011, will be continued.

Other foundations for the implementation of the operative growth path were the internal processes and supporting systems, in particular a successful risk and liquidity management system that is continuously checked and further developed. As a consequence of the TEBV insolvency, there will also be a greater focus in future on the further development of the standards for operating and other risks, in particular the investment risks.

See section 1.2.3 for details on the progress achieved in the projects during the reporting year.

We see the positive result, achieved despite the significant effects of the TEBV insolvency, as an expression of the operative strength and operating expertise of Trianel GmbH in the financial year ended. On this basis, we are confident of being able to find solutions for our shareholders and customers despite an increasingly difficult energy-industry and regulatory environment, and of being able to continue the success story of Trianel.

1.2 Corporate structure and business operations

1.2.1 Legal corporate structure

In the 2012 reporting period, the group of shareholders of Trianel GmbH was expanded to a total of 54 shareholders entered in the Commercial Register with the joining of BBSW Energie GmbH, Gemeindefwerke Steinhagen GmbH, Osterholzer Stadtwerke GmbH & Co. KG, Stadtwerke Heidelberg GmbH T.W.O. as well as Technische Werke Osning GmbH. The joining of further shareholders was approved at the Shareholders' Meetings in September and December 2012. Nevertheless, their entry in the Commercial Register did not take place in the financial year 2012. In addition, increases in capital were decided in the reporting period by the existing shareholders SWU Energie GmbH and Trianel Suisse AG at a nominal value of € 100,000.00 € and € 50,000.00, and entered in the Commercial Register. Furthermore, the Swiss shareholder Regio Energie Solothurn transferred a partial company share with a nominal value of 7,400.00 € to Trianel Suisse AG that acts as pooling agent for municipal utilities in Switzerland. One shareholder left Trianel with retrospective effect as of 1 January 2012. Trianel GmbH re-purchased the company share of this shareholder at a nominal value of € 68,000.00 and now holds it as its own share. The company share, previously held as own share, with a nominal value of € 54,000.00 was assigned to Stadtwerke Heidelberg GmbH as part of the joining of the latter. Negotiations are currently underway with other municipal utility companies interested in joining the group; accordingly, onward sale of the own shares in Trianel GmbH is planned for the 2013 financial year.

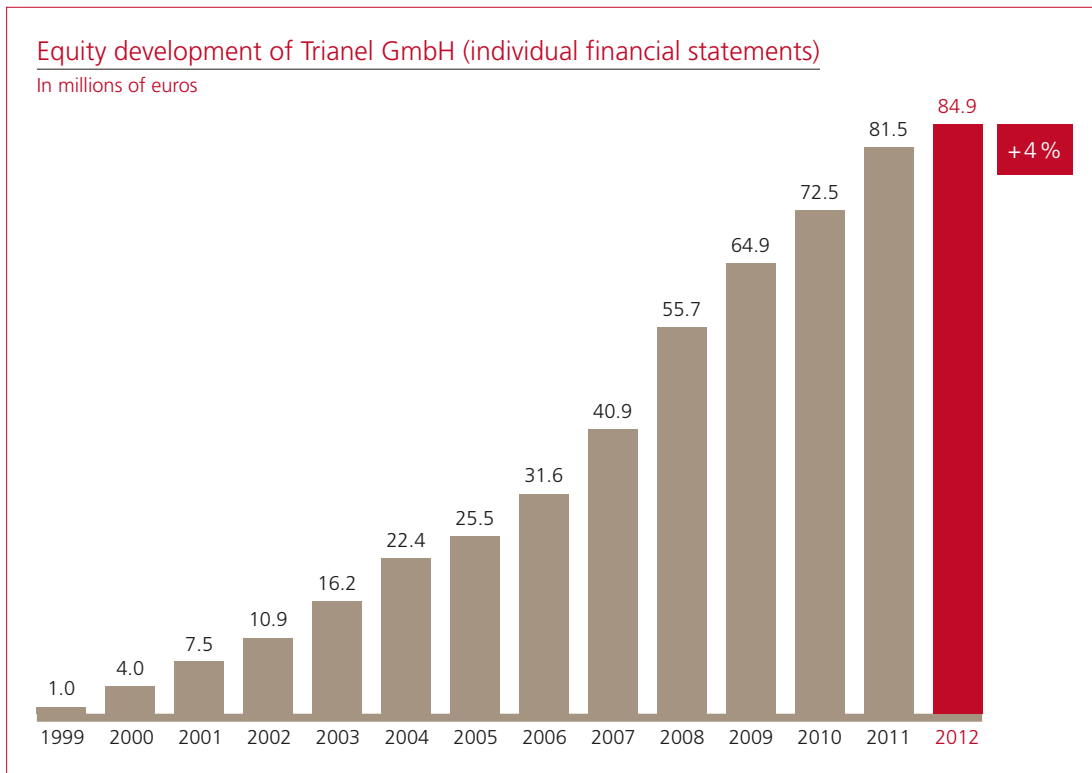
Five new shareholders were acquired in 2012.

The share capital of Trianel GmbH increased during the 2012 reporting year by € 1,250,000 from € 18,646,575 to € 19,896,575 as of the balance sheet date.

The following chart provides an overview of the shareholder structure of Trianel GmbH as of 31 December 2012.

Trianel GmbH			
Energie- und Wasserversorgung Mittleres Ruhrgebiet GmbH, Bochum	25.00 %	Ahauser Energie- und Dienstleistungsgesellschaft mbH	0.50 %
Stadtwerke Aachen AG	12.13 %	BBSW Energie GmbH, Steinheim	0.50 %
Überlandwerk Fulda AG	7.54 %	ENNI Energie & Umwelt Niederrhein GmbH	0.50 %
Stadtwerke Bonn GmbH	5.88 %	Gemeindewerke Steinhagen GmbH	0.50 %
Stadtwerke Lübeck Holding GmbH	5.19 %	GWS Stadtwerke Hameln GmbH	0.50 %
SWU Energie GmbH, Ulm	4.85 %	Osterholzer Stadtwerke GmbH & Co. KG	0.50 %
Stadtwerke Energie Jena-Pößneck GmbH	3.03 %	Schleswiger Stadtwerke GmbH	0.50 %
NEW Viersen GmbH	2.91 %	Stadtwerke Bad Salzuflen GmbH	0.50 %
N.V. HVC, Netherlands	2.51 %	Stadtwerke Dachau	0.50 %
enwor – energie & wasser vor ort GmbH, Herzogenrath	2.24 %	Stadtwerke Elmshorn	0.50 %
Salzburg AG für Energie, Verkehr und Telekommunikation, Austria	1.78 %	Stadtwerke Gronau GmbH	0.50 %
Allgäuer Überlandwerk GmbH	1.76 %	Stadtwerke Sindelfingen GmbH	0.50 %
Stadtwerke Halle GmbH	1.59 %	Stadtwerke Tuttlingen GmbH	0.50 %
SWT Stadtwerke Trier Versorgungs GmbH	1.51 %	Stadtwerke Wedel GmbH	0.50 %
Stadtwerke Heidelberg GmbH	1.26 %	TWO Technische Werke Osning GmbH	0.50 %
NVB Nordhorner Versorgungsbetriebe GmbH	1.21 %	Regio Energie Solothurn, Switzerland	0.38 %
Stadtwerke Hamm GmbH	1.14 %	Stadtwerke Bad Pyrmont Beteiligungs und Bäder GmbH	0.38 %
Trianel Suisse AG, Switzerland	0.99 %	Stadtwerke Uelzen GmbH	0.38 %
Stadtwerke Lindau (B) GmbH & Co. KG	0.98 %	Stadtwerke Detmold GmbH	0.36 %
GSW Gemeinschaftsstadtwerke GmbH Kamen-Bönen-Bergkamen	0.84 %	Trianel GmbH	0.34 %
Stadtwerke Aalen GmbH	0.75 %	Stadtwerke Unna GmbH	0.33 %
Stadtwerke Borken/Westf. GmbH	0.75 %	Stadtwerke EVB Huntetal GmbH	0.31 %
Stadtwerke Lünen GmbH	0.67 %	Stadtwerke Soest GmbH	0.29 %
Energie- und Wasserversorgung Rheine GmbH	0.57 %	Stadtwerke Schwäbisch Hall GmbH	0.27 %
Hertener Energiehandelsgesellschaft mbH	0.55 %	Stadtwerke Georgsmarienhütte GmbH	0.25 %
Stadtwerke Fröndenberg GmbH	0.54 %	Stadtwerke Herford GmbH	0.25 %
		Stadtwerke Lengerich GmbH	0.25 %
		Stadtwerke Verden GmbH	0.25 %
		Teutoburger Energie Netzwerk e.G., Hagen a.T.W.	0.25 %

Taking into account the annual net income of € 2,289,815 for the 2012 financial year, Trianel GmbH has equity of € 84,922,495. The equity development is shown in the following chart.



On the reporting date of 31 December 2012, 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 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 Gasspeicher Epe GmbH & Co. KG Gas storage	7.60 %	Trianel Gasspeicher Epe Verwaltungs GmbH	100 %
Trianel Erdgasförderung Nordsee GmbH & Co. KG	100 %	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 marketing	24.90 %	Trianel Service GmbH	80 %
Trianel Energie B.V. Sales, Benelux	100 %	EEX AG	0.25 %

* According to economic attribution.

According to the overview above, Trianel GmbH holds shares in the following companies:

Gaskraftwerk Hamm GmbH & Co. KG, domiciled in Aachen, is a company that has operated an 850-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, has been operating a natural gas storage facility located in Epe in the district of Borken (North Rhine-Westphalia) since 2009/2010. 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. Commercial commissioning is planned for the third quarter of 2013. 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 current planning, the first systems should go into operation at the end of 2013. Trianel Erdgasförderung Nordsee GmbH & Co. KG, domiciled in Aachen, was established in mid-2010. Following discontinuation of the examination of possible activities in the field of natural gas production within the European Economic Area (EAA) in 2011, the company is in a rededication phase and is to be used for further project activities of Trianel GmbH. During the reporting period, all company shares of the other limited partners of Trianel Erdgasförderung Nordsee GmbH & Co. KG were transferred to Trianel GmbH, meaning that Trianel GmbH is now the company's sole limited partner.

As general partners, the personally liable companies Trianel Gaskraftwerk Hamm Verwaltungs GmbH, Trianel Gasspeicher Epe Verwaltungs GmbH, Trianel Kohlekraftwerk Lünen Verwaltungs GmbH, Trianel Windkraftwerk Borkum Verwaltungs GmbH as well as Trianel Erdgasförderung Nordsee Verwaltungs GmbH assume the management for the above limited partnerships. The company shares in the last of these companies were transferred in full to Trianel GmbH during the reporting period. Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH assumes the management for the corresponding company Trianel Kraftwerk Krefeld GmbH & Co. KG for the development of a gas and steam-turbine power station at the Chempark site in Krefeld-Uerdingen. From an economic perspective, it is allocated 100% to Trianel GmbH. All companies are domiciled in Aachen.

Trianel Finanzdienste GmbH, likewise 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 Section 32, para. 1 of the German Banking Act (Kreditwesengesetz, KWG) are pooled in this company.

The Dutch sales and distribution company Trianel Energie B.V., domiciled in Maastricht, is also a 100 percent subsidiary of Trianel GmbH. As a result of default on payments by customers, Trianel Energie B.V. developed liquidity problems towards the end of the year under review and had to apply for insolvency on 27 December 2012. The insolvency proceedings were opened on the same day. At present, it is not possible to estimate when the insolvency proceedings will be completed.

Green Energy Systems GmbH (GESY) is domiciled in Berlin and pursues the objective of integrating electricity from renewable energy sources into 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.

1.2.2 Business sectors

As the largest European cooperation of municipal utility companies, Trianel GmbH utilises the potential of liberalised energy markets by pooling shared interests in the municipal environment. Its declared goal is to enhance the municipal utility companies in their competitiveness and therefore in their independence. Consistently working together towards shared goals not only allows barriers to market entry to be overcome. Moreover, it is also possible to open up business sectors whose use would not be possible for individual municipal utilities. Trianel GmbH operates in multiple sectors of the energy industry throughout the entire value-added chain.

The starting point and core business of Trianel GmbH are the procurement and supply of energy. As a result of our company procuring energy on the wholesale markets for onward distributors and municipal utilities, Trianel GmbH supports these in guaranteeing the supply of energy to end customers. The second focal point of Trianel GmbH is the development of large energy-industry electricity-generation and gas-storage systems. In recent years, our company has considerably expanded both the energy-industry and the commercial servicing and optimisation of the systems. Our third pillar is the planning and support of business activities of the municipal utilities in the area close to the end customer, for example smart metering, improving energy efficiency and the expansion of electromobility.

All activities of Trianel are developed in close coordination with the business aims 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, and we participate in their results.

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

The starting point and core business of Trianel GmbH are the procurement and supply of energy:

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. In this respect, we offer fitting solutions tailored to the customer's individual risk propensity: They range from a full-service package to active management of own portfolios. Our access to the OTC markets and energy exchanges means that we can procure or market the energy quantities required by our customers at any time. Where necessary, we avail of the services of Trianel Finanzdienste GmbH, which is authorised to provide financial services.

c) Downstream activities

Through the services offered by us and our extensive know-how, we support the municipal utilities in their sales work, for example the coordination of sales processes, sales controlling or risk management. Together with interested municipal utilities, we also research and assess business opportunities that result from current energy-industry topics, such as smart metering or decentralised generation.

We pursue the goal of making new value-added opportunities in the energy market usable together with our customers. We place our faith in early identification of changes and new topics, so as to be able to develop new products and innovative solutions. We have successfully established a trend-scouting system in order to recognise relevant trends in good time.

We have successfully established a "trend-scouting" system in order to recognise relevant trends in good time.

1.2.3 Important products and services, business processes and projects

Trianel GmbH is active in all trading markets for electricity and gas products, not only as a trading partner for bilateral transactions (OTC market) but also as member of the most important energy exchanges. The market access for electricity comprises the German, Dutch and Swiss electricity market, and was extended in 2012 to include the Belgian market as well as membership of the Austrian exchange EXAA. In the gas sector, all German market areas for H-gas and L-gas as well as the liquid TTF market are covered. Our market activities are the basis for diverse selling products in the supply business and they simultaneously enable our customers to obtain corresponding direct procurement of energy trading products.

Services in electricity

In 2012, the portfolio management on the procurement and generation side again formed a main pillar of our activities in the business area electricity. The portfolio management essentially includes the procurement of electricity as well as the generation marketing for our customers. In 2012, we achieved an overall increase in the number of customers in this sector. Growth in procurement portfolio management electricity is based mainly on increased market penetration in the small customer segment.

The customer base was expanded in procurement and generation portfolio management, principal pillars of the electricity industry.

The performance achieved with each individual customer in procurement portfolio management electricity was also measured objectively against a quantitative benchmark in 2012. We anticipated the downward price trend at an early stage, with the result that most sales portfolios could be positioned generally short within the scope of the agreed risk framework. Despite the difficult market environment caused by the euro and economic crisis, the performance level of the prior year was increased from 2.37 percent to 3.34 percent. As a result, a procurement-costs benefit in the two-digit million range was again achieved for the entirety of the around 50 procurement management customers of Trianel GmbH.

New services in the generation portfolio management sector were placed mainly in the communal environment of joint power stations and in the optimisation of CHP systems. With its generation portfolio management for a total of 17 shareholders of the Trianel gas power station in Hamm, Trianel Finanzdienste GmbH (TFD) consolidated its top position among all power-station use optimisers involved for the fifth time in succession. As a result, increased revenue of € 1.6 million was achieved compared to the average performance of the other power station segments for the power-station output used totalling 612.3 megawatts (MW). TFD considers itself to be well equipped for the forthcoming marketing of the Trianel coal-fired power station in Lünen.

TFD also positioned itself as a service provider for the optimised marketing of additional joint power stations in the communal environment, of waste-fired power stations in other European countries as well as in the optimisation of CHP systems. The quality of our generation portfolio management service is not only measured on the basis of performance figures; qualitative aspects must also be assessed: Despite a difficult situation as regards margins in the market for thermal generation systems, customers are convinced by the generation portfolio management service.

The modular product range for flexible supply offers municipal utilities significant added value.

A positive result was achieved in the flexible supply that involves the assumption of quantity and price risks with an insurance character for municipal utilities. Experience shows that our modular product range for municipal utilities provides significant added value. Supplementary products, such as the supply with differing qualities of green electricity, round off the product range in this business area.

The commercial management for the Hamm-Uentrop power station, in combination with our energy-industry optimisation, achieved additional revenue for the power station amounting to millions of euros; Trianel GmbH benefits from this through appropriate profit sharing. 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. Since December 2012, Trianel GmbH has been marketing the electricity volumes resulting from the commissioning. The commencement of continuous commercial operation is scheduled for the third quarter of 2013.

Within the scope of the marketing of renewable energy sources, direct marketing under the market bonus model was at the forefront in 2012. Together with Green Energy Systems GmbH (GESY), Trianel GmbH marketed over 3,000 MW of renewable energy sources directly in the electricity market via the market bonus model, with the overwhelming part of the portfolio made up of wind energy. In 2012, Trianel GmbH held electricity supply contracts with around 300 wind-farm operators via GESY. In addition to the marketing of electricity quantities from renewable energy sources, extensive efforts were also made to further improve the quality of forecasts and, by doing so, to further reduce the costs for balancing energy. New systems and processes for the real-time monitoring of the current actual production as well as for the active control of the renewable energy systems, for example in the event of negative prices, were also installed.

In 2012, Trianel GmbH held electricity supply contracts with around 300 wind-farm operators via GESY.

Services in gas

Activities in the gas-industry sector were further expanded in the year under review. The focus here was above all on the products portfolio management, balancing group management – including the newly created balancing group cooperation – as well as on market access. Despite a more intense competitive environment, portfolio management services in the gas sector – i.e. gas procurement and management of storage facilities – were successfully expanded in the financial year 2012. In gas-procurement and gas-storage portfolio management, TFD supported a total of 19 municipally oriented companies in using the opportunities offered by the established wholesale market. In 2012, the gas volume traded via Trianel within the framework of the portfolio management service was roughly 5 billion kilowatt hours (kWh).

The gas-industry activities were further expanded. The focus was on portfolio management, balancing group management and market access.

In 2012, the trend towards structured gas procurement oriented towards customer segments accelerated in all German H and L-gas market areas. By contrast, the market for classic and flexible supply products remains characterised by extremely aggressive price competition. The reason is a high volume on the supply side. Nevertheless, Trianel GmbH was able to place 4.2 billion kWh in the municipal utilities segment within the framework of the market access. Initial successes were also achieved with niche products for which Trianel GmbH assumes partial risks, above all in the field of forecasting.

In the reporting year, management of the expanded storage facility was performed without restrictions. Overall, the market environment for the management of the TGE cavern storage facility remained at a constant level in the reporting period. Shares in the Trianel cavern storage facility in Epe were marketed for eight municipal companies in accordance with a perfect-fitting sales or market-oriented management strategy. Here, above all long-term retainable products were successfully placed.

Other energy-industry services

We were able to considerably expand the customer base in the classic service segment during the reporting year: More than 50 municipal utilities used the range of services that primarily support the municipal-utility sales organisations in their strategic and operative challenges.

The customer base for services to municipal-utility sales organisations was considerably expanded.

The principal focus of the consulting projects was the re-orientation of the sales organisations to the highly competitive market for electricity and gas customers. The sales units used customer and product figures to re-formulate their strategy concepts, adapt marketing measures and control their selling success. In addition to obtaining and binding new customers, above all competitive processes all around the municipal-utility sales organisation are a guarantee of lasting success. Trianel GmbH therefore strengthened its on-site process consulting on the one hand and its process services from Aachen on the other hand. At the end of the year under review, additional municipal utilities were acquired for the sales portfolio management.

Trianel GmbH further expanded the risk management for municipal utilities, both in terms of the procurement portfolio for electricity and gas as well as in terms of the generation portfolio. The foreseeable effects of the advised new regulatory framework for the European energy trade were included in the risk reporting and in the risk-management consulting.

Project development and projects

The project development business on the generation side developed well.

The project development business of Trianel GmbH developed well during the 2012 financial year. Thanks to our experience from the construction of the offshore wind farm Borkum West II, we successfully created the basis for a future expansion of the project development business in the field of wind power – both onshore and offshore.

Trianel GmbH provides the management as well as all technical expertise required, from the development through to the construction and operation of generation systems. 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 2012 financial year primarily included the following projects:

GAS STORAGE FACILITY IN EPE (STATUS: IN OPERATION): Activities surrounding the cavern storage facility in Epe, in operation since 2008, were characterised by optimisation. This benefited the users of the storage facility in the form of lower charges. Revenues were also improved thanks to the expansion of our product range. The gas storage facility demonstrated its particular efficiency in February 2012 when it provided approx. 40 percent of the entire volume of working gas within 2 weeks. Further optimisation measures are planned in 2013 and will result in a further lowering of the charges for users of the storage facility.

GAS POWER STATION HAMM (STATUS: IN OPERATION): The gas and steam power station, commissioned in 2007, at the Hamm-Uentrop site with an output capacity of around 850 megawatts, was used less in the year under review compared to 2011. The reason lay in the ongoing effects of the energy transition. Use of the power station was influenced mainly by the easing development of electricity prices on the market which, among other things, is directly related to the energy-policy changes in Germany and Europe.

HARD COAL-FIRED POWER STATION LÜNEN (STATUS: UNDER CONSTRUCTION): 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 2012, almost € 1.2 billion of a total planned approx. € 1.4 billion had been invested. The Higher Administrative Court Münster (OVG) set aside the emissions-protection preliminary decision for the coal-fired power station on 1 December 2011 and simultaneously emphasised that a new preliminary decision could be issued if Trianel Kohlekraftwerk Lünen GmbH & Co. KG (TKL) closes the loopholes in the evidence of the FFH compatibility (Fauna-Flora-Habitat). TKL started working on the open points immediately after the decision was announced. The immission control approvals procedures are running as planned. TKL currently assumes that all approvals and permits applied for will be issued on time, with the result that the commissioning phase can be continued and regular operation started in mid-2013.

OFFSHORE WIND FARM BORKUM WEST II (STATUS: UNDER CONSTRUCTION): The project comprises the setting-up of a total of 80 wind turbines with a total capacity of up to 400 megawatts. In the first expansion phase, Trianel GmbH and the 33 municipal utility companies involved have created a total capacity of 200 megawatts. Following the decision to build in December 2010, the focus in 2012 was on the production of the necessary components. The time schedule had to be adapted as a result of delays in the establishment of the grid connection and now provides for setting-up of the wind turbines as from May 2013. The first feed-in is expected towards the end of the fourth quarter 2013.

ONSHORE-WIND FARM EISLEBEN (STATUS: UNDER CONSTRUCTION): The Onshore Wind Farm Eisleben should be connected to the grid in 2013 with an electrical capacity of approx. 27 megawatts. In the long-term, additional onshore wind farms are to be developed or purchased by Trianel GmbH, so as to make them accessible to municipal utility companies via a project company which is to be founded in 2013.

COMBINED HEAT AND POWER STATION (CHP) KREFELD-UERDINGEN (STATUS: IN PLANNING): In view of the restructuring and modernisation of the conventional power station park in Germany, Trianel Netzwerk, together with CURRENTA, is carrying out the project development for a gas and steam-turbine power station at the CHEMPARK Krefeld-Uerdingen site with a capacity of approx. 1,000 megawatts, and intensive and year-round combined heat and power for the provision of up to 500 t/h of process steam. The coupling of electricity and process-steam generation will make it possible to achieve an energy utilisation level of more than 70 percent. The application for approval of the new project was submitted on 6 February 2012; the preliminary decision and the first partial construction permit were issued on 18 February 2013. Commissioning is planned by the turn of the year 2018/2019. The combination of electricity generation and the provision of heat/electricity gives the project a unique position in terms of efficiency perspectives, and gives it very high relative competitiveness compared to other newly-built power stations.

PUMPED-STORAGE HYDROELECTRIC PLANT (STATUS: IN PLANNING): 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. The year under review was used to assess three sites – two in North-Rhine Westphalia, one in Thuringia – in terms of their capacity for approval and to prepare and start initial steps in the necessary approval process, such as the land use planning process. The focus was also on the respective communication with the local politicians and the public.

This preliminary procedure has already been concluded for one site, the procedure for the other two sites will be concluded by mid or end 2013. The policy of starting with three sites was aimed at finding the optimum site for an investment from the perspectives of acceptance and capacity for approval. On the basis of the current revenue situation and the expected market development, economic viability at the time of possible commissioning of the systems (2022 to 2025) is expected for all three sites.

PROJECTS IN THE DOWNSTREAM SECTOR: Developments in 2012 were characterised to a great extent by the energy transition. The subject of decentralised generation in the field of household customers via mini/micro combined heat and power stations (CHP) gained considerably in momentum following the market entry of the German heating manufacturers. While just a handful of manufacturers were in a position to supply usable devices by the end of 2011, the number rose to over 20 manufacturers in 2012. As part of a joint project with over 40 municipal utilities, Trianel GmbH developed business models for the use of mini and micro combined heat and power stations, and built up the "Energieblock" (Energy block) brand. In October 2012, the first virtual fuel-cell power station was commissioned within the framework of the newly formed "Network mini and micro combined heat and power stations".

In order to increase energy efficiency, the new LED street-lighting technology was examined in a project with 18 municipal utilities. More than 20 lighting manufacturers and over 40 lamps were included in the project and subjected to testing by the Technical University of Darmstadt. The result was the issuing of a recommendation for six different lamps.

A further focal point is the subject of smart metering. The introduction of intelligent measuring systems will create major challenges for the energy industry. In order to be well equipped for the upcoming competition, Trianel GmbH has already taken initial steps towards economically efficient integration of this technology into the business model of the municipal utilities in an extensive smart metering project with approx. 50 municipal utilities. Smart metering is an important energy topic of the future and will be further expanded by Trianel GmbH over the coming years.

Smart metering is an important energy topic of the future and will be further expanded.

1.2.4 Economic and legal influencing factors

The year 2012 was characterised by the discussion surrounding the implementation of the energy transition. The subjects security of supply and costs came to the forefront as central aspects for the German economy in this respect. In the winter of 2011/2012, the shut-down of the first eight nuclear power stations resulted in bottlenecks in the electricity supply grid and thus in increased intervention by the transmission system operators. In its report of May 2012, the Federal Network Agency published a notification that the situation concerning nuclear power stations in Germany had been developing negatively since 2011. New building had been delayed and closures of power stations were imminent, thus placing an additional burden on the situation. The Federal Government therefore sees a need for renewed regulatory intervention in the generation market. In April 2012, the Federal Ministry of Economics put forward an initial proposal for a new design of the energy market. This involved proposals that are not to be implemented until as from 2016.

The year 2012 was characterised by the discussion surrounding the implementation of the energy transition.

To secure short-term security of supply for the winter 2012/2013, the Federal Ministry of Economics put forward proposals in summer 2012 for a ruling to be included in the Energy Industry Act (EnWG). The aim was to secure reserve capacities through so-called system-relevant power stations and the procurement of natural gas for gas power stations, combined with a ban on the closure of power stations. This ruling was finally approved in December 2012 through the amendment of the EnWG and came into force on 1 January 2013.

The amendment of the Energy Industry Act also introduced a liability ruling for the delay of the grid connection with offshore wind farms. Section 17 of the EnWG laid down compensation of 90 percent for EEG payments lost as a result of connection delays caused by the transmission system operator.

As regards the costs of the energy transition, above all the strong increase in the EEG allocation from 3.59 to 5.277 cents per kilowatt hour as from 2013 will have a negative effect. This is attributable to several factors. The further expansion of renewable energy sources is responsible for 38 percent of the increase, just under 20 percent is the result of forecasting errors when determining the EEG allocation for the year 2012. The main cause is the decline in wholesale electricity prices, above all as a result of the economic crisis in Europe and the collapse of prices for carbon emission allowances. The creation of a greater liquidity reserve has contributed a further 18 percent to the rise in the EEG allocation.

1.2.5 Management and control

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

1.3 Corporate management, targets and strategy

1.3.1 Corporate strategy

Business model and planned orientation

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 providing municipal utilities with those 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. Trianel GmbH's goal is to continue the growth of previous years and establish itself as the most important 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.

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 supports 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 made accessible by Trianel, and the access to opportunities which result from changed general conditions as a second important value instrument for our shareholders.

Trianel GmbH has succeeded in establishing an organisation for all subjects related to the procurement of energy, in order to take advantage of the opportunities presented by the liberalised procurement markets for the municipal utilities. In addition, we succeed in entering the value added stages electricity generation and energy storage together with our shareholders; in this respect, the future focal points will be in the field of regenerative electricity generation. We also support the municipal utilities in the downstream sector by advising the sales organisations of municipalities utilities or developing new subjects together with municipal utilities. Thanks to the trend-scouting implemented in our organisation, we are in a position, together with our shareholders, to identify possible business opportunities, resulting from the changing framework conditions, at an early stage and to prepare jointly for these challenges.

Products and services

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

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. By offering services and assuming tasks for them in which we can achieve economies of scale or specialisation, we contribute towards enabling public utilities and redistributors to maintain their independence.

Our typical customers are independent municipal utility companies and regional suppliers of various sizes.

Employees

The employees represent the most important success factor at Trianel GmbH. 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.

The employees represent the most important success factor.

Trianel GmbH had a staff of 287 employees on 31 December 2012, representing an overall increase of 51 employees (approx. 22 percent) compared to the end of 2011. On 31 December 2012, the Trianel Group had a total staff of 288 employees, of whom 18 are part-time employees. The Group staff level increased approximately 11 percent over the previous year. Around 35 percent of Trianel's staff are female, and six of these 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 talent) and organisation development (optimisation of the company and workflow organisation).

As recruitment was a core activity in 2012 due to the strong growth of Trianel, 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 talent, building loyalty and developing qualified employees also play an essential part in our strategy. The starting point for identifying and developing talent 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 continued high growth is placing increasingly high demands on management and cooperation at Trianel GmbH. In 2012, the "Lead!" project was introduced for the systematic further development of management expertise and skills at Trianel GmbH.

One important management instrument is our remuneration model. This reflects the performance-oriented corporate culture and underlines the entrepreneurial responsibility of each individual. Furthermore, existing social benefits have been expanded constantly in recent years – in particular with a view to improving the compatibility of work and family.

Society and the environment

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. We and our shareholders have the common goal of ensuring decentralised energy supply in close coordination with citizens and customers. In future, we want to support our shareholders in particular in the new challenges which arise from the energy transition started in 2011, and to actively shape these together with our shareholders.

A future focal point in the field of asset projects is renewable generation systems and pumped-storage hydroelectric plants, with the result that we will also make a notable contribution towards environmental and climate protection here and will support the transition to the era of renewable energy sources.

We are committed to the independence of the municipal utilities and to fair competition on the energy market. We also make our own contributions towards a balanced decision-making process in matters of energy policy.

We and our shareholders have the common goal of ensuring decentralised energy supply in close coordination with citizens and customers.

1.3.2 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 result 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 additional findings on events not covered by standard processes (see also Risk Report, section 4). Auditors appointed by the shareholder companies check compliance with the risk guidelines 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. A new Supervisory Board was elected in 2012. At the same time, the executive body was enlarged from 12 to 15 members.

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

1.3.3 Financial targets

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.

1.3.4 Non-financial targets

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. Here, we continuously and intensively observe market and industry developments together with our shareholders within the scope of the trend-scouting. Closely associated with customer satisfaction is the aim of reaching as many of our partners with our product range as possible.

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

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.

Promoting sustainable and safe generation of energy is another objective. We want to continue on the path we have started down, and make more investments 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.

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.

1.4 Innovation management

As an innovative service company, Trianel GmbH must face up to the challenges created for market participants by the constantly growing pressure to change in the energy market. This includes continually winning the trust of customers 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. We are constantly attempting to be a step ahead of the market with the market-oriented and customised solutions developed by us.

The success of the innovation management at Trianel GmbH is also reflected not least by the fact that we have repeatedly won the TOP 100 innovation prize. Trianel GmbH received the award, decided by an independent institute, for the fourth time and was included among the 100 most innovative medium-sized enterprises in Germany.

The innovation management is embedded in the so-called 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.

1.4.1 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 from the discussion process. At all times, the 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. The specific development of a business model can build on from this in the event of a significant trend.

1.4.2 Product, project and business sector development

After successful completion of the trend identification process, promising trends are transferred to the established development process. A distinction is made here between product, project or business sector developments, depending on the characteristics of the trend.

The development of business segments, which is embedded in our corporate strategy, is implemented by the management in close consultation with the executive bodies. The two divisions "Generation business development" and "Municipal utility companies business development" supplement the activities of the business sector development.

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

The individual corporate divisions are responsible for product development, which is implemented in close cooperation between the specialised marketing departments and the technical specialists. The development of our products is controlled for all departments by a central product coordination department and critically reviewed in regular meetings (product circles). This ensures that the products meet the market requirements, that a sound and viable product calculation is carried out and that the products are also first class in process and technical terms. Decentralised responsibility for actual product development speeds up processes and makes them more efficient.

2 Earnings, financial and asset situation

2.1 Earnings situation

The result from ordinary business operations of Trianel GmbH fell sharply by € 8,539 thousand to € 5,183 thousand, thus falling below the budgeted pre-tax result by € 8,996 thousand. The result of the ordinary business operations is derived in the economic analysis from an operating result of € 19,307 thousand (2011: € 17,164 thousand), the financial result of € 2,240 thousand (2011: € 4,101 thousand) and a negative neutral result not relating to the period of € 16,365 thousand (2011: € 7,544 thousand¹⁾).

Income tax of € 2,892 thousand was incurred (2011: € 6,569 thousand) and other taxes amounted to € 1.6 thousand (2011: € 0.3 thousand), thus resulting in annual net income of € 2,290 thousand (2011: € 7,152 thousand).

The analysis of the Group result breaks down as follows:

A result of ordinary business operations of € 4,555 thousand (2011: € 14,209 thousand) is offset by a neutral and non-period related result of € -16,997 thousand (2011: € -7,879 thousand¹⁾). Taking into account the financial result of € 83 thousand (2011: € 2,963 thousand) and the taxes on income of € 3,032 thousand (2011: € 6,681 thousand), the Group annual net income amounted to € 1,521 thousand (2011: € 7,529 thousand).

The development in 2012 is attributable to several effects which are reflected in different items of the profit and loss statement. Significant effects to be mentioned here are the insolvency of Trianel Energie B.V. as well as the marketing of green electricity. 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 in procuring energy and marketing power stations, which in turn are associated with corresponding back-to-back transactions on the wholesale market. The resulting energy purchases are mapped 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 significant conclusions to be drawn on the economic success of the company.

The sales proceeds amounted to € 2,006 million in the 2012 financial year (2011: € 1,898 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, totalling € 1,571 million (2011: € 1,070 million).

¹⁾ The figures of the previous year have been adjusted for the purpose of improved comparability.

Other operating income rose by € 5,181 thousand to € 14,437 thousand. They essentially include income from the dissolution of provisions (€ 5,844 thousand; 2011: € 4,301 thousand) and income from cost transfer from project costs (€ 4,161 thousand, 2011: € 2,892 thousand). The income from the dissolution of provisions relates in particular to provisions for anticipated losses totalling € 3,814 thousand (2011: € 65 thousand) as well as provisions for outstanding invoices for balancing energy and quantity differences totalling € 1,073 thousand (2011: € 3,502 thousand).

At 97.6 percent, the cost of materials share fell slightly compared to the previous year.

Personnel expenses rose from € 17,907 thousand to € 20,524 thousand as a result of the increase in the number of employees.

Other operating expenditure totalled € 36,318 thousand, up from € 15,830 thousand in the previous year. The increase is due in particular to a guarantee of € 3,400 thousand included under other operating expenditure. Furthermore, the expenditure for consulting services, IT costs, marketing and advertising measures as well as outside deliveries and services increased. By contrast, expenditure for insurance, memberships and charges fell.

The financial result totalled € 1,763 thousand (2011: € 4,101 thousand). In this context, the interest result was considerably worse than in the previous year at € 854 thousand (2011: € 3,071 thousand). On the other hand, the result from participating interests improved compared to the previous year to € 910 thousand (2011: adjusted € 1,030 thousand).

The changes in the interest result are based on various effects in addition to the generally poorer conditions on the capital market. Income from other securities and lending of financial assets fell notably in the context of the scheduled partial repayment of the loan to Trianel Windkraftwerk Borkum GmbH & Co. KG for the pre-financing of an EU subsidy of € 11,869 thousand. The rise in other interest and similar income results mainly from the increase in the volume of securities investments from € 2,110 thousand 1) to € 4,011 thousand in 2012. The income from securities investments is offset by expense of € 4,000 thousand (2011: € 2,201 thousand) under interest and similar expense. In addition, interest and similar expense have increased essentially due to higher requirements for collateral in wind marketing, the findings of the tax audit totalling € 289 thousand and depreciation on the investment carrying value of Trianel Energie B.V. amounting to € 250 thousand.

The earnings situation has been positive in the first months of 2013.

2.2 Financial situation

Trianel GmbH's operating cashflow in the reporting year was € –20,939 thousand, following € –15,462 thousand¹⁾ 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 increase in liabilities. Authoritative for this development in addition to the increase in the trading volume and the related rise in trade receivables and payables as of the balance sheet date was in particular the increase in inventories that reflects the building progress of our Eisleben onshore wind farm.

The cashflow from investment activities totalling € 8,427 thousand (previous year – € 27,048 thousand¹⁾) is due in particular to contributions from disposals of financial assets. Here, the repayments made from a loan, extended to Trianel Windkraftwerk Borkum GmbH & Co. KG (TWB) for the pre-financing of an EU subsidy (now in part paid out), exceeded the outgoings for investments in intangible fixed assets, property plant and equipment and financial assets.

In addition to the contributions from additions of equity and contrary distributions of profits, the cashflow from financing activities totalling € 31,425 thousand includes mainly the taking out of loans for the financing of the onshore wind farm Eisleben as well as the repayment of a loan for the refinancing of the loan extended to TWB.

Overall, the total financial resources increased to € 61,002 thousand (previous year: € 42,088 thousand) as of the balance sheet date. There were sufficient funds available to meet all financial obligations at all times.

2.3 Asset situation

The balance sheet total of Trianel GmbH was € 347,922 thousand on 31.12.2012 (balance sheet total of the Group: € 349,034 thousand) and thus increased on the previous year by € 62,965 thousand or 22.1% (Group: € 54,416 thousand).

On the asset side, the increase is due to various, in part contrary effects: On the one hand, fixed assets fell by € 8,671 thousand (Group € 7,179 thousand). On the other hand, inventories increased by € 22,905 thousand (Group € 22,905 thousand), receivables and other assets by € 26,429 thousand (Group: € 16,781 thousand) and liquid funds by € 18,913 thousand (Group: € 18,666 thousand).

¹⁾ The figures of the previous year have been adjusted for the purpose of improved comparability.

The reduction in fixed assets in the financial year 2012 is mainly due to the reduction in financial assets (€ – 11,053 thousand). By contrast, Trianel also invested in intangible assets (€ + 504 thousand) and property, plant and equipment (€ + 1,878 thousand) in the financial year 2012. The investments in property, plant and equipment are related in particular to the building of the headquarters of Trianel GmbH in Aachen.

The reduction in financial assets is related in particular to the change in the loans to Trianel Windkraftwerk Borkum GmbH & Co. KG. On balance, these fell by € 8,192 thousand to € 25,370 thousand.

In addition, the carrying values of investments have decreased to € 23,264 thousand (2011: € 24,058 thousand), essentially as a result of capital repayments on the part of Trianel Gaskraftwerk Hamm GmbH & Co. KG as well as of Trianel Gasspeicher Epe GmbH & Co. KG.

Further effects on the financial assets result from the insolvency of Trianel Energie B.V. In addition to the non-scheduled depreciation on the investment carrying value of € 250 thousand, the loan from the portfolio sale with a residual carrying value of € 1,035 thousand was terminated, reclassified under other assets and value adjusted.

In addition to the Onshore Windpark Eisleben, under construction and held for sale, with a value of € 19,918 thousand (2011: € 373 thousand), the inventories of Trianel GmbH include mainly the share, attributable to Trianel GmbH, of the working gas that was fed into the caverns of Trianel Gasspeicher Epe GmbH & Co. KG.

At 57.5 percent (31.12.2011: 60.9 percent) of the balance sheet total, receivables and other assets constitute the largest item on the assets side. For the first time, other assets accounted for the largest share this year at € 83,385 thousand (31.12.2011: € 47,935 thousand). The largest share in the increase stems from the time deposit in connection with the financing of the Onshore Windpark Eisleben. As in the previous year, trade receivables were balanced against similar trade payables from the same business partners. On 31 December 2012, trade receivables and trade payables were balanced to the value of € 188,034 thousand, following an offset of € 141,496 thousand on the previous year balance sheet date. In this respect, trade receivables fell by € 5,107 thousand to € 77,463 thousand.

The liquid funds increased by € 18,913 thousand to € 61,002 thousand.

On the liabilities side, the increase in the balance sheet total is due mainly to higher liabilities with respect to banks related to the financing of the Onshore Windpark Eisleben, as well as to the liabilities with respect to Green Energy Systems GmbH from the marketing of green electricity.

Despite the adoption of new shareholders and the annual net income achieved in 2012, the equity ratio fell to 24.4 percent (31.12.2011: 28.6 percent) as a result of the notably higher balance sheet total. The equity ratio for the Group fell to 24.4 percent (31.12.2011: 28.0 percent). This is mainly due to the fact that the planned sale of our onshore wind farm was postponed to 2013. In absolute figures, equity rose by € 3,379 thousand to € 84,922 thousand, of which € 2,290 thousand was derived from the annual net income for 2012 (Group annual net income for 2012: € 1,521 thousand).

The other provisions total € 37,833 thousand (31.12.2011: € 29,596 thousand) and essentially contain provisions for anticipated losses from pending transactions (€ 25,971 thousand; 31.12.2011: € 21,653 thousand) and for outstanding invoices (€ 7,363 thousand; 31.12.2011: € 3,993 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 financial statements as of 31 December 2012 of the companies belonging to the Trianel Group were audited by independent auditors and all were issued with an unrestricted auditor's certificate.

At the end of 2012, Trianel GmbH can look back on a very successful year from an operating perspective.

At the end of 2012, Trianel GmbH can look back on a very successful year from an operating perspective with a notable surpassing of operating budget figures. In this respect, the operating result achieved was overshadowed by the insolvency of Trianel Energie B.V. The pre-tax results of € 5,183 thousand represented a decrease of € 8,539 thousand on the previous year with an overall result that was considerably below budget.

The newly added structuring of electricity from renewable energy sources with subsequent direct marketing played a major role in exceeding the budget. Also, the revenues from the energy industry optimisation, especially in short-term markets, exceeded the budget figures and the results from the previous year.

The asset situation continued to stabilise in the reporting year. The three adoptions of new shareholders and four increases in capital, already decided in 2011, were implemented in the financial year. In addition, Trianel GmbH welcomed two further new shareholders and carried out a further increase in capital. This positive development clearly shows the continued high esteem in which Trianel GmbH is held in the supply industry. The shareholders also left a share of the 2011 results in the company, in order to strengthen the continued growth and financial soundness at Trianel GmbH.

The asset situation continued to stabilise in the reporting year.

This year, the equity ratio of 24.4 percent (Group: 24.4 percent) has been influenced to a particular extent by the Onshore Windpark Eisleben which is under construction and which is to be transferred to a project company, still to be formed, in 2013. In addition to the carrying value of the wind farm itself (€ 19,918 thousand; 31.12.2011: € 373 thousand), the liabilities to banks have increased by € 41,500 thousand due to the project financing, and other assets have increased by € 19,500 thousand as a result of a time deposit. Furthermore and as in previous years, the balance sheet total is also characterised by the high level of receivables with simultaneously 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 again further improved in 2012 with a continuous extension of our bank lines, which proves the continued high level of trust of the financial markets in our company. The increase in the liquidity shown in the balance sheet is related in particular to the cash funds held in the context of the Trianel wind farm in Eisleben. The increased outstanding accounts receivable returned to the normal level without noteworthy defaults by the time the accounts were compiled. The lower financial result is due mainly to the in part repaid loan to Trianel Windkraftwerk Borkum GmbH & Co. KG and the weaker interest environment. We again expect a notably positive result in line with budget for the year 2013.

The company's liquidity situation was again further improved in 2012.

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, among other things, 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 GmbH 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 internal 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 the activities of the internal revision, currently performed by two revision service providers, as well as of the 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 GmbH. Risk detection also includes identifying interdependences 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 GmbH'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, operational and other risks – is determined by the Shareholders' Meeting 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 as well as concerning the accounting precautions taken. The frequency, type and scope of the reporting vary according to the type and the significance of the risk. The Supervisory Board and Shareholders' Meeting 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 commodities electricity, gas and CO₂ 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 so-called market liquidity drops. This creates the risk for Trianel GmbH that trading positions which are still open can only be closed to a limited degree, or closed at less favourable conditions. To minimise risks, volume limitations are used for certain products and time periods; adherence to these is monitored each working day.

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 and limited by calculating the value-at-risk figure each working day, with a confidence level of 99 percent, 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 percent. The value-at-risk is calculated both assignment-specifically for individual assets as well as the trading positions, and is also shown and monitored as an overall key figure to map assignment-spanning portfolio effects.

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 be expected within the holding period. In addition, the profit-at-risk is calculated with a confidence level of 99 percent to evaluate open spot and balancing energy positions. This means that the loss is calculated, to a degree of probability of 99 percent, which will not be exceeded during the physical processing.

Possible cashflow fluctuations due to market price changes and associated margin payments are limited via position management, 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 percent 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 percent. 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 and products 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 regularly during the clean back-up testing, among other times, and are modified as necessary.

Credit risks

By contrast to stock exchange transactions, as part of bilateral OTC transactions, 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. The current credit risk and the credit risk to be expected in future given specific assumptions concerning changes to the market price, are determined daily for all contract partners.

To restrict this risk, Trianel GmbH uses a multi-phase rating system to classify the creditworthiness of their trade partners. In addition to this, business partners provide securities in some cases. The credit limit per business partner depends among other things on the rating, the collateral provided and the risk capital held for the credit risk.

The current credit risk and the expected future credit risk per business partner are compared to the respective credit limit on a daily basis. This is then used as the basis for determining the permissible trading volume per business partner and the remaining room for manoeuvre per product.

The risk from the overall credit portfolio is also simulated regularly. Based on the default and price change scenarios, the quantities of the resulting distribution provide information on the expected credit risk in the respective period studied.

Adherence to the limits is regularly monitored and reported within the scope of the standard risk report.

Operational and other 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 of a legal nature may have negative effects on the achievement of planned corporate goals, and that damage may occur as a result. Trianel GmbH counteracts these risks for example by involving its own legal department in all relevant procedures, through the mandatory product approval process described above and by the use of standardised contracts wherever possible.

The company's success is also determined to a large extent by the expertise, commitment and contacts of its employees. Thanks to flat hierarchies, interdepartmental work and a high degree of personal responsibility, employees are able to use their qualifications in the most effective way. The on-going 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 GmbH also handles further organisational and process risks with binding regulations and process descriptions which are documented for example in the Organisation Manual and in the Compliance Guideline.

The communication and information systems are of key importance for the business processes at Trianel GmbH. 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, framework contracts and service level agreements oblige IT service providers to guarantee that the required standards are met. All Trianel GmbH employees are instructed with regard to data protection according to Section 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 arise in particular as a result of possible deviations from the forecast for affiliated companies and/or the development of asset projects. In order to be able to manage possible risks, corresponding (risk) controlling and audit processes have been set up that are continuously further developed. The projects provided options for the parties involved in the planning phase. The possibility of non-exercising these by waiving transition to the realisation phase and the need for depreciation that may be associated with this, are part of Trianel GmbH's business strategy. This is taken into consideration in the 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 Shareholders' Meeting of Trianel GmbH.

Further risks result from potential changes to regulatory framework conditions. To be mentioned here in addition to the uncertainties concerning the energy transition are in particular possible changing requirements from the regulation of the financial and energy markets. In 2012, monitoring and management of regulatory uncertainties were expanded further. As part of the 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 area of corporate management was further strengthened in terms of personnel in 2012, to ensure continued ability to handle the growing market-regulation requirements in future. Active and purposeful participation in the political debate is supported to a decisive extent through the presence of our Berlin office. In addition, the composition of the risk portfolios and means requirements are repeatedly checked and adjusted; products and processes are adapted in accordance with the regulatory requirements via project teams created for this purpose.

The 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

In 2012, neither individual risks nor the overall risk endangered the company's status as a going concern. Instead, the equity basis and risk cover were further expanded via equity capital, and liquidity flexibility increased. 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. Compared to the 2012 financial year and based on current estimations, market risks will tend downwards in 2013 and the following years as a result of the further diversification of business activities as well as the continued shift of focus to the service business.

Regarding the credit risks, the estimation is that Trianel GmbH's business model, which focusses on municipal utility companies as customers, currently still involves only a restricted risk of insolvency. In the medium to long term however, an increase in the counterparty default risk must also be reckoned with for some companies in this sector. The assumed increases in quantities and prices also give rise to expectations of an increase in the medium term as regards the credit risk on the wholesale side. Expectations of increasing marketing of volumes generated have a dampening effect. Based on the assumption of netting of quantities and risks, no increasing need is seen for credit risk capital. Nevertheless, whether and to what extent the possibility of continued netting can be assumed with German contract partners depends on the interpretation and legal consequences of the judgement on insolvency-related solution clauses, passed by the Federal Supreme Court (BGH) on 15 November 2012. This could possibly result in a considerably higher need for credit risk capital, collateral or liquidity for Trianel GmbH.

5 Forecast

5.1 Orientation of Trianel GmbH in the next two financial years

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

Trianel GmbH will continue the strategy of the preceding years.

In its 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. To this end and in addition to a clearly differentiated product range, there will be increased emphasis on customised solutions based on existing basic energy-industry functions and infrastructure.

On the supply side, Trianel GmbH would like to position itself as a comprehensive procurement service provider for all sizes of municipal utilities. In addition to portfolio management, balancing group management and flexible supply, this also includes all supplementing topics such as trade in green electricity certificates and services in energy data management for suppliers and distribution grid operators. In all its services in the midstream sector, Trianel GmbH, as a provider of quality, will continue to be measured by its performance and the added value for customers, including with variable remuneration models.

Trianel GmbH would like to position itself as a comprehensive procurement service provider for all sizes of municipal utilities.

Despite the insolvency of TEBV, the market access business will be continued in the Netherlands with the focus on existing customers.

In the years to come, we aim to root the gas sector closer in our group of shareholders and to realise the associated business growth. Market expertise in the gas sector should be further strengthened in particular through the development of quantitative price models to support the trading and portfolio-management activities. In developing products in the gas sector, we shall continue to rely on use of our gas storage segment and on our experience as an active participant in gas trade markets. In addition, we also plan to intensify the development of the gas market in future even beyond procurement in the interests of our shareholders at a political level – including with a view to the further positioning of natural gas within the scope of the upcoming energy turnaround and the related challenges for municipal utilities.

In the years to come, we aim to root the gas sector closer in our group of shareholders and to realise the associated business growth.

In power-station services, commercial operative management of the first municipal offshore wind farm was started.

In terms of power-station services, Trianel GmbH has started commercial operative management of the first municipal offshore wind farm. Commercial operation is expected at the end of 2013 following postponement of the grid connection by the transmission grid operator. Trianel GmbH wishes to position itself as the leading address in the municipal environment for optimised marketing and the use of all forms of physical and virtual generation units. To this end, major investments were made last year in the expansion of know-how and infrastructure for decentralised systems in addition to the focal point of joint power stations. The infrastructure for the operative management of the Trianel joint power stations in Hamm and Lünen, with access to the increasingly important short-term and balancing-energy markets as well as a 24/7 availability, offer the professional basis for this. As a further business area, a start will also be made on the marketing of secondary balancing services as from mid-2013 through the commissioning of a pool of numerous small individual systems, such as CHP or gas turbines.

Trianel GmbH wishes to remain one of the leading direct marketers of renewable energy sources in 2013.

As of the 2012 amendment to the Renewable Energy Sources Act (EEG), the introduction of the market bonus model has created new opportunities for direct marketing of renewable energy, which had already been adapted in the first year of implementation. This has made the framework conditions for direct marketing considerably more difficult, with the result that in particular improvement of the processes and related cost reductions will be critical to success in this business area in the future. Together with our affiliated company Green Energy Systems GmbH (GESY), a marketing platform for medium-sized operators of renewable generation systems, we shall again market a large quota of wind power in 2013. We shall also expand the marketing to include additional technologies, so as to remain one of the leading direct marketers in 2013. In addition to this, other business opportunities based on generation are to be developed.

Trianel GmbH will focus to a greater extent on the development of renewable generation systems.

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. Due to delays in the grid connection as well as the in part delayed supply of components, completion of the Offshore-Windpark Borkum-West II will be delayed by around 12 months. Assumption of regular operation is now planned for the end of 2013. The first onshore wind farm project of Trianel GmbH is scheduled to be connected to the public grid in mid-2013. 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 formation of a corresponding joint company for the bundling of numerous small and medium-sized onshore projects is expected to take place at the end of 2013.

We also expect an increased demand for flexible systems for compensating fluctuating generation output. Accordingly, this generation segment will also be a focus for our project development capacities in the years to come. By contrast, demand for conventional generation projects – an important domain of Trianel GmbH – will be limited to opportunities that are highly attractive in terms of economic viability and risk profile and that are required to cover remaining load curves through flexible power-station capacities within the framework of the market integration of the renewable energy sources. These include above all (industrial) central and decentralised CHP projects as well as the capacities of the pumped-storage hydroelectric plants. We believe there are very good opportunities to use our market position, which is based on our expertise in financing, project organisation and our experience in pooling resources, appropriately when determining new focal points. In view of the dynamic development of the framework conditions, the aim is to develop viable and calculable options over the coming two years, so as to then be able to invest quickly in lucrative projects when the framework conditions stabilise.

The generation segment for flexible systems for compensating fluctuating generation output forms a focal point of our project development capacities.

The combined heat and power project in Krefeld will be further developed as gas and steam turbine project. Against the background of current market estimations, the next steps will be checked at regular intervals during the course of 2013. Commissioning of the Lünen coal-fired power station will be further advanced. The withdrawal of the preliminary decision and the first 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 & Co. KG (TKL). On the contrary, TKL currently assumes that all approvals and permits applied for will be issued on time, with the result that the commissioning phase can be continued and regular operation started in mid-2013; consequently, there will be no effect on the setting-up and operation of the power station. It can therefore be assumed that the Lünen power station will be completed in mid-2013.

The portfolio of the planned pumped-storage hydroelectric plants at the sites in North-Rhine Westphalia and in Thuringia can and should strengthen the generation position of the municipal authorities involved as well of Trianel GmbH, and contribute towards diversification. The land use planning process has already been concluded for the first site, the process for the other two sites will be concluded by mid or end 2013. On the basis of the current revenue situation and the expected market development, economic viability at the time of possible commissioning of the systems (2022 to 2025) is expected for all three sites. This own project development, with its very long-term approach, offers the opportunity of creating options for actions and implementing these at the suitable time.

The subject of electromobility has lost momentum considerably compared to recent years and is currently being maintained with only a low priority. The lack of pure electrical vehicles by German manufacturers must be seen as one reason for this development. Nevertheless, continued consideration of the subject is imperative as the market can develop very quickly given the availability of suitable vehicles.

All preconditions for establishment of the subject of smart metering will foreseeably be given in 2013.

All preconditions for establishment of the subject of smart metering will foreseeably be given in 2013. The installation of intelligent metering systems will have significant effects on other business areas such as energy efficiency. The visualisation of consumption is seen as a fundamental precondition for a change in consumption behaviour among end customers. The monitoring of decentralised generation in the photovoltaic and mini/micro CHP area will also experience changes as a result of the introduction of smart metering. We shall take the said topics forward together with municipal authorities in the projects established for this purpose.

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

The outlook for economic development in the euro zone remains cloudy for 2013 and 2014.

The outlook for economic development in the euro zone remains cloudy for 2013 and 2014, and characterised by the debt or banking and financial crisis. Demand in the crisis-ridden countries is extremely weak as a result of increased unemployment and the falling public spending ratio. This also has an effect on demand for imports from these countries. While there is no expectation of a global recession, many countries in the euro zone will remain in recession for the time being. Germany has in part been able to buck this trend as a result of growing exports to China and other regions of the world. The 6-month winter period 2012/2013 was somewhat weaker for the German economy compared to the previous quarters as the euro crisis also had an effect on German exports. Nevertheless, this development is likely to improve during the course of 2013. The situation on the German employment market must also still be assessed as positive, and has a corresponding effect on consumer demand. We expect a growth rate of 0.9 percent over the average of the year. The growth trend will strengthen in the second half of 2013 and continue in 2014. Growth rates could then even again reach two percent. There is also likely to be an increased willingness to invest. Companies are benefiting from the favourable financing terms that will continue to apply in the euro zone for the time being. The global economy will also become increasingly dynamic and will support German exports.

General energy-policy conditions are likely to remain unchanged in 2013.

General energy-policy conditions are likely to remain unchanged in 2013. Given the majority situation in the German Upper House, amendments to the Renewable Energy Sources Act (EEG) are likely to be very difficult to implement before the German Parliamentary Elections. The principle of discontinuity means that the next Federal government cannot continue discussions on current draft legislation following the Parliamentary Elections in September 2013. The government is expected to be formed in the fourth quarter of 2013, meaning that possible draft legislation by the newly elected government will probably not be available until as from 2014. The agenda of all parties will then include further regulatory developments such as the reform of the EEG and initial steps towards the development of a new energy market design (EMD). In addition to the expansion of renewable generation systems – a matter of dispute between the parties – the subjects of security of supply and the costs of the energy transition are likely to be on the agenda. Specifically, the limitation of the EEG allocation and the creation of investment incentives for fossil power stations will have to be regulated. Different models are currently being discussed for both problems. When and in what form significant amendments come about is something that cannot be forecast at present.

A further important energy-policy matter over the coming two years will be the national implementation of the Energy Efficiency Directive and of the Energy Services Directive. This subject is of particular importance for the municipal utilities and thus for the target customer segment of Trianel GmbH. This creates opportunities for new service products of Trianel GmbH. At European level, the subject of emissions trading will continue to play an important role in the medium term, with possibly far-reaching consequences for the economic viability of conventional generation systems. In this respect, it remains unclear whether and, if applicable, how the originally planned steering effect of emissions trading can be strengthened again. Great Britain has therefore introduced a CO₂ tax on fossil fuels. Similar ideas are also being discussed in Germany and will depend, among other things, on the outcome of the German Parliamentary Elections in September 2013.

5.3 Anticipated earnings situation

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, continues to represent major challenges for both German energy policy and the municipal energy industry. Given this environment, the change dynamics as well as the uncertainty regarding the economic effects of the general energy-policy conditions will remain high. The energy transition will continue to create many new challenges and tasks for market participants. In accordance with our basic approach and our strategy, 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 a positive manner in this respect, and expect increasing demand in particular with regard to the services we offer.

Earnings expectations for conventional generation systems have fallen notably in recent years.

Earnings expectations for conventional generation systems have fallen notably in recent years. The main reason for this is the lower EEX price caused by an increasing share of renewable energy sources. As a result and in particular in terms of our power station segment in Lünen, we must expect negative result influences for the first operating years. We have taken account of this outlook through an appropriate risk provision. Nevertheless, we should be able to balance out and thus compensate for the earnings scenarios, expected in the medium term as a result of the fluctuating value developments of the assets, very well even in low-profit years, and thus cope with them, as a result of our business model which was diversified in recent years. Through the planned completion in the second half of 2013 of the offshore wind farm in Borkum as well as of the offshore wind farm Eisleben, we are advancing the expansion of our generation portfolio with an increasing focus on renewable energy sources. We expect increased market integration of renewable generation systems to create good market opportunities for our business area Green electricity marketing, even if earnings here are likely to fall further.

We see economic risks above all in a detrimental change to the regulatory framework, in particular in terms of the development of the generation spreads, in building delays and increased costs for our asset projects currently under construction as well as in possible regulatory changes for the financial markets. Above all requirements under the EU EMIR and REMIT regulations could have negative effects on achievable earnings in our wholesale business. The power-station projects currently under development also face high uncertainty in the future as a result of the regulatory framework conditions. This concerns the pumped-storage hydroelectric and gas/steam turbine power-station activities as well as our project development activities in onshore and offshore wind projects. In addition, our power-station segment in Hamm is exposed to the low risk of a significant adjustment of gas procurement terms that would have an effect on the economic viability of the power-station segment. In our estimation, the insolvency of TEBV has been covered extensively by the annual financial statements as of 31 December 2012, meaning that no significant negative effects are to be expected for the current year 2013. On the contrary, a significant insolvency dividend can be expected as part of the winding up of TEBV, although this will probably not have a positive effect on results until after 2013/2014.

The development of turnover at Trianel GmbH depends above all 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.

Trianel GmbH expects continued positive business development for 2014.

We currently expect a positive pre-tax result of approx. € 9 million for 2013. We expect a continued positive development of business in 2014, although the uncertainties concerning the regulatory framework conditions remain high and risks cannot be excluded above all within the context of our upstream business.

5.4 Anticipated financial situation

Compared to the previous year, Trianel GmbH reports increased financial resources and a higher debt ratio as at the balance sheet date. This is due essentially to two effects. On the one hand, the refinancing of the Onshore Windpark Eisleben is resulting in an increased share of external capital as a result of corresponding loans. In view of the envisaged transfer to an independent project company, this financing has already been designed as project-financing in the long term, and is therefore geared directly and exclusively to the cash-flow of the wind farm. In accordance with the planning for the development of an onshore wind farm portfolio for municipal utilities, Trianel GmbH has reported the Onshore Windpark Eisleben under current assets on a transitional basis as at the balance sheet date. Both the wind farm as well as the refinanced loans are to be transferred to an independent company upon completion at the end of 2013.

On the other hand, the liabilities for energy procurement from December 2012, associated with the higher trading volume, have increased the debt ratio – even if these are offset by corresponding receivables for the energy deliveries made in the same period. As a result of the established monthly settlement rhythm in the energy wholesale trade, these are short-term items that do not trigger pre-financing effects.

Our business development continues to focus on the service sector, which means that only moderate investments in fixed assets are expected in 2013. Investments in the field of financial assets concern our shareholdings in the power-station companies. These continue to be financed via bank loans and own cashflow.

Given the good credit rating of Trianel GmbH, most recently confirmed in November 2012 by an external rating agency on the basis of a high liquidity level and a sound basis for internal financing, we see no bottlenecks as regards the financing of our planned activities. The good relationship with our key banks was also continued. Accordingly, the current financing of operative business – for which we expect a high liquidity requirement in future, among other things due to current market-price and regulatory developments – is secured flexibly through extended credit lines. In summary, we see no restrictions whatsoever as regards servicing our debts.

Thanks to our good credit rating, we see no bottlenecks as regards the financing of our planned activities.

5.5 Opportunities

The energy transition requires municipal utilities to expand and adapt existing procurement strategies.

The future development of energy and raw-materials prices as well as of the market design for power stations is a major determining factor as regards the earnings power of our fuel-dependent asset items. In the medium-term, the investment climate in this sector should improve, as capacity bottlenecks are generally expected in the field of conventional generation. 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 energy transition requires that the municipal utility companies expand and adapt the existing procurement strategies, and also that they deal with topics such as procuring green electricity, direct marketing and generation from renewable energy sources. We see good opportunities for being able to offer municipal utilities increased support in these new challenges over the coming years with innovative services and products.

Over the coming years, the energy trade will be affected to a significant extent by increased regulation of the financial and energy markets at European level. In addition to the resulting risks, this subject also involves opportunities for Trianel GmbH. Trianel GmbH has held a license as a financial service provider since 2005 via its subsidiary Trianel Finanzdienste GmbH and is therefore entitled to provide portfolio management services without restrictions. This could result in a competitive advantage over competitors in the coming years as these must first apply for a corresponding license and develop the necessary reporting and risk-management processes. Furthermore, additional opportunities will also arise in this context in the form of supplementary services to our customers, for example in the fields of consulting and transaction reporting.

The service business in the field of gas procurement offers great and as yet far from exhausted potential.

The service business in the field of gas procurement continues to offer great and as yet far from exhausted potential as a result of the market upheaval. In addition, we shall also place greater emphasis on market opportunities for natural gas within the context of the energy transition and make these accessible to our customers via corresponding business models.

The topics of electromobility, decentralised generation, energy efficiency and smart metering, developed in the downstream sector in recent years, will acquire farther-reaching starting points for cooperation as the depth of their consideration increases. The cooperative development of the topics can lead to higher added value. In future, it will also be a matter of combining the topics connected here with additional topics from the field of the classic supply industry on both the electricity and the gas sides, so as to be able to create overlapping products from these. As has already been seen, these topics can also enable us to appeal to municipal utilities to which we have not previously had access.

Many projects we are pursuing also have positive outlooks, in particular in the asset field. Insofar as these projects can be continued in 2013 and 2014 as options with a chance of realisation, 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, such as the secondary balancing service pool, accessing new groups of customers and creating additional value.

Good opportunities to earn future profit generally result from our 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

Even in an environment that is becoming increasingly difficult due to the uncertainty concerning marketing opportunities for conventional generation capacities as well as rising regulatory requirements, we continue to believe that Trianel GmbH is still growing. This growth should be achieved through the planned broadening of the group of shareholders and an expansion of our business activities, which should also be supported by a change to the organisational structure of Trianel GmbH that is geared to customer needs, market requirements as well as increasing efficiency. Business activities will be expanded in particular in terms of services with a focus on commercial operative management as well as in the downstream segment as regards the development of new products. 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 and also, depending on the further design of the electricity market, through the development of flexible generation capacities, for example pumped-storage hydroelectric plants. Furthermore, we likewise do not exclude the sale of shares if necessary and given corresponding opportunities. Overall, the numerous projects and topics in the development stage confirm to us that Trianel GmbH will be an important partner for our municipal-utility shareholders in coping with the energy transition and the increasing regulatory requirements, and that the opportunities arising can be used successfully to our common benefit. Consequently, we continue to look into the future with an overall sense of optimism, despite the demanding general conditions.

Trianel GmbH is an important partner for our shareholders in coping with the energy transition and the increasing regulatory requirements.

6 Reporting pursuant to Section 108 para. 2 no. 2 of the North Rhine-Westphalian Local Government Ordinance (GO NRW)

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:

6.1 Trading in

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

6.2 Energy sales

6.3 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, 31 March 2013

Trianel GmbH

Sven Becker

Dr. Jörg Vogt

Management Board of Trianel GmbH

ANNUAL FINANCIAL STATEMENTS

OF TRIANEL GMBH

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Balance sheet

as of 31 December 2012

ASSETS in €	31.12.2012	31.12.2011
A. Fixed assets		
I. Intangible assets		
1. Acquired rights of use and similar rights	2,472,913.50	1,153,845.00
2. Down payments made	284,117.41	1,099,552.74
	2,757,030.91	2,253,397.74
II. Tangible assets		
1. Real property, rights equivalent to real property and buildings, including buildings on third-party land	81,752.00	0.00
2. Furniture and fixtures	1,097,090.00	1,049,257.00
3. Down payments made and plant under construction	1,748,687.61	0.00
	2,927,529.61	1,049,257.00
III. Financial assets		
1. Shares in affiliated companies	2,815,232.08	3,057,235.08
2. Loans to affiliated companies	0.00	1,856,150.70
3. Participating interests	23,263,958.14	24,057,526.42
4. Loans to companies with which a participating interest exists	25,370,443.71	33,562,736.52
5. Securities held as fixed assets	220,000.00	220,000.00
6. Other loans	35,485.40	4,121.30
	51,705,119.33	62,757,770.02
	57,389,679.85	66,060,424.76
B. Current assets		
I. Inventories		
1. Unfinished buildings	19,918,372.28	373,336.58
2. Merchandise	4,869,806.41	1,509,360.15
	24,788,178.69	1,882,696.73
II. Accounts receivable and other assets		
1. Trade accounts receivable	77,462,615.30	82,570,109.11
2. Accounts receivable from affiliated companies	2,591,069.23	6,377,589.15
3. Account receivable from shareholders	31,190,950.67	31,924,998.91
4. Accounts receivable from companies with which a participating interest exists	5,380,143.35	4,772,631.24
5. Other assets	83,384,544.59	47,934,583.12
	200,009,323.14	173,579,911.53
III. Cash in hand, cash at bank	61,001,907.63	42,088,430.92
C. Accruals and deferrals	4,733,389.52	1,345,331.20
	347,922,478.83	284,956,795.14

Balance sheet

LIABILITIES in €	31.12.2012	31.12.2011
A. Equity		
I. Capital stock	19,896,575.00	18,646,575.00
Nominal value of own shares	-68,000.00	-54,000.00
Issued capital	19,828,575.00	18,592,575.00
II. Capital reserves	25,024,469.24	20,812,869.24
III. Reserve for own shares	68,000.00	54,000.00
IV. Earnings reserves		
Other earnings reserves	37,711,635.41	34,931,915.06
V. Annual net income	2,289,815.21	7,152,464.75
	84,922,494.86	81,543,824.05
B. Provisions		
1. Provisions for pensions	94,650.00	88,694.00
2. Provisions for taxes	6,666,030.36	5,223,179.87
3. Other provisions	37,832,837.80	29,595,789.55
	44,593,518.16	34,907,663.42
C. Liabilities		
1. Accounts payables to credit institutions	64,697,303.77	34,245,667.68
2. Down payments received for orders	506,999.83	392,806.38
3. Trade accounts payable	88,627,081.85	76,797,691.78
4. Accounts payable to affiliated companies	310,611.56	27,153.87
5. Accounts payable to shareholders	25,581,661.67	29,672,444.70
6. Accounts payable to companies in which the company has a participating interest	22,201,879.00	2,834,037.22
7. Other accounts payable	15,638,048.13	24,261,209.21
	217,563,585.81	168,231,010.84
D. Accruals and deferrals		
	842,880.00	274,296.83
	347,922,478.83	284,956,795.14

Profit and loss statement

for the financial year from 1 January to 31 December 2012

In €	2012	2011
1. Sales proceeds		
a) Gross sales proceeds	2,008,264,675.84	1,899,030,246.34
b) Electricity tax	-2,717,730.94	-936,842.24
	2,005,546,944.90	1,898,093,404.10
2. Increase or reduction in inventory of finished and semi-finished products	609,091.34	0.00
3. Other internally produced and capitalised assets	107,529.79	0.00
4. Other operating revenue	14,437,397.85	9,256,773.38
5. Cost of materials		
Expenditure on goods purchased	1,957,961,409.38	1,863,168,324.54
	1,957,961,409.38	1,863,168,324.54
6. Personnel expenditure		
a) Wages and salaries	17,751,943.44	15,477,086.57
b) Social contributions and expenditure on pension provision and support	2,772,344.49	2,429,869.92
	20,524,287.93	17,906,956.49
7. Depreciation		
a) on intangible assets and tangible fixed assets	1,435,833.74	823,626.20
b) on current assets where they exceed the usual depreciation in the corporation	1,041,483.17	0.00
	2,477,316.91	823,626.20
8. Other operating expenditure	36,318,053.13	15,830,498.23
	3,419,896.53	9,620,772.02
9. Revenues from participating interests	158,354.49	0.00
10. Revenues from profit and loss transfer agreements	1,001,555.27	1,030,385.23
11. Revenues from other securities and loans of financial assets	2,589,343.87	3,958,504.70
12. Other interest and similar revenues	4,569,988.84	2,671,141.49
13. Depreciation on financial assets and securities held as fixed assets	249,999.00	0.00
14. Interest and similar expenditure	6,305,802.81	3,558,648.93
	1,763,440.66	4,101,382.49
15. Result from ordinary activities	5,183,337.19	13,722,154.51
16. Tax on income and revenue	2,891,882.98	6,569,343.76
17. Other taxes	1,639.00	346.00
18. Annual net income	2,289,815.21	7,152,464.75

Notes

for the 2012 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 provided details on affiliations to other items in the balance sheet.

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

The fundamental items of the balance sheet and profit and loss statement are explained separately in the Notes.

For better presentation of the earnings situation, the sales proceeds and costs of materials for proprietary business transactions are reported balanced against one another. In addition, reclassifications have been made within the costs of materials from the expense for outside services to the expense for goods bought in. The figures from the previous year were adapted.

In order to better present the asset situation, reclassifications have been made from other payables 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 scheduled on a straight-line basis and/or using the declining balance method based on the normal 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 2012 financial year, own shares to a nominal value of € 68 thousand were purchased. This was offset by the sale of own shares with a nominal value of € 54 thousand. These transactions reduced the earnings reserves by € 52 thousand.

Per the profit use decision dated 29 June 2012, an amount of € 3,576 thousand from the annual net income for 2011 was distributed. The remaining annual net income of € 3,576 thousand was transferred to the earnings reserves. It was also decided to distribute the retained net earnings from the year 2001, totalling € 745 thousand, from 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. Provisions with a residual term of more than one year are discounted using a market interest rate adequate for the residual term.

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 and foreign currency transactions, which respectively form a valuation unit together with the debt items.

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 € 2,815,232.08 are held in the following affiliated companies:

Company	Registered office	Participation in %	Participation book value in €	Equity capital in €	Annual result in €
Trianel Finanzdienste GmbH	Aachen	100.0	2,500,000	2,500,000	0 ¹⁾
Trianel Energie B.V. ³⁾	Maastricht, NL	100.0	1	– ³⁾	– ³⁾
Trianel Gaskraftwerk Hamm Verwaltungs GmbH	Aachen	100.0	25,000	37,735	1,124
Trianel Gasspeicher Epe Verwaltungs GmbH	Aachen	100.0	25,000	166,902	23,681
Trianel Kohlekraftwerk Krefeld Verwaltungs GmbH	Aachen	100.0 ²⁾	25,000	87,760	12,702
Trianel Erdgasförderung Nordsee Verwaltungs GmbH	Aachen	100.0	25,000	37,874	4,243
Trianel Kohlekraftwerk Lünen Verwaltungs GmbH	Aachen	100.0	25,000	31,955	1,095
Trianel Windkraftwerk Borkum Verwaltungs GmbH	Aachen	100.0	25,000	89,632	12,696
Trianel Service GmbH	Aachen	80.0	157,235	174,440	–9,542
Trianel Erdgasförderung Nordsee GmbH & Co. KG	Aachen	100.0	7,996	10,846 ⁴⁾	2,850 ⁴⁾

¹⁾ A profit and loss transfer agreement exists between Trianel Finanzdienste GmbH and Trianel GmbH.
²⁾ The shares are wholly commercially attributed to Trianel GmbH.
³⁾ Trianel Energie B.V. applied for insolvency on 27 December 2012 and therefore does not prepare annual financial statements as of 31 December 2012. As such, the book value of the holding was written down to a reminder value of € 1.
⁴⁾ Last revised: 31 December 2011.

With a value dated 1 July 2010, Trianel GmbH granted the affiliated company Trianel Energie B.V., Maastricht/Netherlands (TEBV) a loan subject to interest of € 3,098,586.00. The loan was terminated with immediate effect by letter dated 21 December 2012. At this time, the loan was reclassified to the other assets in an amount of € 1,035,222.95 and written off at 100%.

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

Company	Registered office	Participation in %	Participation book value in €	Equity capital in €	Annual net income/ deficit in €
GESY Green Energy Systems GmbH	Berlin	24.9	378,480	1,077,284 ¹⁾	-439,806 ¹⁾

¹⁾ Last revised: 31 December 2011.

3.2 Current assets

The goods inventories comprise stored quantities of gas, CO₂ certificates as well as an onshore wind farm which is under construction and held for sale. Interest on borrowings of € 239 thousand was capitalised in the context of the production of the onshore wind farm.

Trade accounts receivable primarily consist of outstanding payments for electricity and gas supplies, which were offset against similar accounts payable to a value of € 188,034 thousand (prev. year: € 141,496 thousand).

Of the accounts receivable from affiliated companies, € 1,034 thousand (prev. year: € 4,720 thousand) are trade accounts receivable. Other than this, the accounts receivable include mainly cost allocations. Similar accounts payable totalling € 0 thousand (previous year: € 3,463 thousand) were offset against accounts receivable.

Of the accounts receivable from shareholders, € 30,971 thousand (previous year: € 31,552 thousand) are trade accounts receivable. Similar accounts payable totalling € 14,932 thousand (prev. year: € 25,561 thousand) were offset against accounts receivable.

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

Other assets mainly consist of time deposits of € 19,500 thousand, collateral security relating to energy trading, including non-accessible bank credit balances totalling € 12,759 thousand and € 31,026 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 € 1 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 payments were incorporated.

Other provisions to the amount of € 37,833 thousand (previous year: € 29,596 thousand) include provisions for uncertain accounts payable totalling € 11,862 thousand (previous year: € 7,942 thousand), mainly pertaining to outstanding invoices for energy procurement and personnel costs.

Apart from this, it contains provisions for potential losses from pending transactions totalling € 25,970 thousand (previous year: € 21,654 thousand), of which € 5,807 thousand (previous year: € 10,070 thousand) result from foregoing the option to form balance sheet valuation units. In addition, provisions for anticipated losses totalling € 16,198 thousand (previous year: € 10,633 thousand) were included on the liabilities side for our asset positions as of the balance sheet date. Provisions for anticipated losses from pending procurement transactions totalling € 2,939 thousand had to be recognised for the outstanding items caused by the insolvency of Trianel Energie B.V.

Accumulation of long-term provisions resulted in interest expenditures totalling € 44 thousand in the financial year. This was offset by interest income from the discounting of long-term provisions, likewise totalling € 44 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.

Notes

Accounts payable to companies with which a participating interest exists are exclusively trade accounts payable.

The other accounts payable include accounts payable to shareholders totalling € 0 thousand (previous year: € 1,954 thousand) and accounts payable for taxes to a value of € 2,008 thousand (previous year: € 11,590 thousand).

Liabilities movement schedule

In €	31.12.2012 Total	31.12.2012 Residual terms			31.12.2011 Residual terms
		up to 1 year	1 year to 5 years	More than 5 years	prev. year up to 1 year
Accounts payables to credit institutions	64,697,303.77	15,081,737.14	14,759,966.69	34,855,599.94	1,216,567.71
Down payments received for orders	506,999.83	506,999.83	0.00	0.00	392,806.38
Trade payables	88,627,081.85	88,627,081.85	0.00	0.00	76,333,090.22
Accounts payable to affiliated companies	310,611.56	310,611.56	0.00	0.00	27,153.87
Accounts payable to shareholders	25,581,661.67	25,581,661.67	0.00	0.00	29,672,444.70
Accounts payable to affiliated companies	22,201,879.00	22,201,879.00	0.00	0.00	2,834,037.22
Other accounts payable	15,638,048.13	12,123,444.13	0.00	3,514,604.00	21,153,821.77
Total accounts payable	217,563,585.81	164,433,415.18	14,759,966.69	38,370,203.94	131,629,921.87

3.5 Valuation units/derivative financial instruments

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. Control via mandates does not exclude the possibility of individual contract groups being shown and valued separately in partial portfolios within the mandates, so as to enable higher dissolution as well as the delegation of partial tasks if necessary. 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 mandate-specific controlling means that open trade items are restricted appropriately at all times.

Individually, the following valuation units existed on the balance sheet date:

3.5.1 Valuation unit: Asset electricity mandate

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 2013 VU contains base transactions to a value of € 10,155 thousand. The VU hedges risks from an individual transaction perspective to a total of € 1.045 thousand.

The 2014 VU contains base transactions to a value of € 4,052 thousand. The VU hedges risks from an individual transaction perspective to a total of € 630 thousand.

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

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 2013 VU contains base transactions to a value of € 1,363,005 thousand. The VU hedges risks from an individual transaction perspective to a total of € 192,633 thousand for 2013. The 2014 VU contains base transactions to a value of € 620,830 thousand. The VU hedges risks from an individual transaction perspective to a total of € 67,910 thousand for 2014. The 2015 VU contains base transactions to a value of € 155,911 thousand. The VU hedges risks from an individual transaction perspective to a total of € 12,612 thousand for 2015.

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 2013 VU contains base transactions to a value of € 700,513 thousand. The VU hedges risks from an individual transaction perspective to a total of € 107,785 thousand for 2013. The 2014 VU contains base transactions to a value of € 395,765 thousand. The VU hedges risks from an individual transaction perspective to a total of € 46,840 thousand for 2014. The 2015 VU contains base transactions to a value of € 106,728 thousand. The VU hedges risks from an individual transaction perspective to a total of € 9,306 thousand for 2015.

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 2013 VU contains base transactions to a value of € 60,995 thousand. The VU hedges risks from an individual transaction perspective to a total of € 4,865 thousand for 2013. The 2014 VU contains base transactions to a value of € 15,075 thousand. The VU hedges risks from an individual transaction perspective to a total of € 818 thousand for 2014. The 2015 VU contains base transactions to a value of € 12,922 thousand. The VU hedges risks from an individual transaction perspective to a total of € 386 thousand for 2015.

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 2013 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 € 236,512 thousand. The VU hedges risks from an individual transaction perspective to a total of € 28.332 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 of € 7,401 thousand (previous year: € 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 (€ 928 thousand)
In this transaction, starting from 6 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 € 40 thousand as of 31 December 2012.
- Interest rate swap (€ 672 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 € -58 thousand as of 31 December 2012.

- Interest rate swap (€ 4,200 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 € –839 thousand as of 31 December 2012.
- Interest rate swap (€ 1,602 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 € –338 thousand as of 31 December 2012.

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 revenues

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

Business field	31.12.2012		31.12.2011	
	Sales in € thousand	Sales in %	Sales in € thousand	Sales in %
Electricity (unbalanced)	3,034,454	84.8	2,493,683	84.0
Balancing	-1,332,697	84.8	-942,165	88.1
Electricity	1,701,757	84.8	1,551,518	81.7
Gas (unbalanced)	466,679	13.0	434,663	14.6
Balancing	-226,116	14.4	-123,382	11.5
Gas	240,563	12.0	311,281	16.4
Certificates trading (unbalanced)	37,913	1.1	9,579	0.3
Balancing	-12,179	0.8	-4,211	0.4
Emissions trading	25,734	1.3	5,368	0.3
Coal (unbalanced)	6,674	0.2	1,037	0.00
Balancing	0		0	
Coal	6,674	0.3	1,037	0.1
Services (unbalanced)	31,020	0.9	29,144	1.0
Balancing	0		0	
Services	31,020	1.60	29,144	1.5
Total (unbalanced)	3,576,740	100.00	2,968,106	100.0
Total (balancing)	-1,570,992	100.00	-1,069,758	100.0
Total (balanced)	2,005,748	100.00	1,898,348	100.0

In the financial year, customer discounts of € 200 thousand were granted. These have not been taken into account in the list.

Non-period turnover totalled € 5,062 thousand (prev. year: € 3,289 thousand).

4.2 Other operating revenues

A claim was made against Trianel GmbH from a guarantee undertaking in connection with the insolvency of Trianel Energie B.V. The resulting claim against Trianel Energie B.V. increased other operating income by € 3,400 thousand. The claim was fully value adjusted. The other operating income includes earnings not relating to the period to the amount of € 5,859 thousand (previous year: € 4,499 thousand), mainly from the derecognising of provisions as well as income from currency translation totalling € 205 thousand (previous year: € 16 thousand).

4.3 Cost of materials

Non-period cost of materials totalled € 2,404 thousand (prev. year: € 78 thousand). The material expenditures include unscheduled depreciation on the gas inventories totalling € 0 thousand (prev. year: € 28 thousand).

4.4 Personnel expenditure

Personnel expenses were incurred in respect of an average of 265 employees (previous year 224 employees). Personnel expenses include costs for pensions totalling € 191 thousand (previous year € 189 thousand) and non-period expenditure of € 4 thousand (previous year € 5 thousand).

4.5 Other operating expenditure

Other operating expenditure increased by € 17,263 thousand in connection with the insolvency of Trianel Energie B.V. The other operating expenditure also includes non-period expenditure of € 802 thousand (previous year: € 47 thousand) as well as expenditure from currency translation totalling € 166 thousand (previous year € 15 thousand).

4.6 Revenues from other securities as financial assets

The income from other securities as financial assets totalling € 2,589 thousand € (previous year: € 3,959 thousand) includes income from affiliated companies of € 89 thousand (previous year: € 151 thousand).

4.7 Interest revenues

The interest revenues totalling € 4,570 thousand (previous year: € 2,671 thousand) include revenues from affiliated companies of € 154 thousand (previous year: € 51 thousand).

4.8 Tax on income

Expenditure on taxes in the reporting year includes € 1,807 thousand (prev. year: € 4,021 thousand) for corporation tax and € 1,055 thousand (prev. year: € 2,653 thousand) for trade tax. Expenditure from previous years arising from corporation tax to the amount of € 174 thousand (previous year: income of € 32 thousand) and income from trade tax of € 144 thousand (previous year: € 73 thousand) were also incurred.

5 Other information

5.1 Other financial obligations

In € thousand		of which due in 2013
Obligations from electricity supply contracts	2,570,041	1,666,178
of which payable to shareholders	317,703	215,280
Obligations arising from gas supply agreements	179,002	137,012
of which payable to shareholders	29,911	17,159
Obligations arising from emission certificates	6,054	1,460
of which payable to shareholders	1,004	0
Obligations arising from coal swaps	3,457	3,334
of which payable to affiliated companies	3,457	3,334
Obligations from leasing and rental agreements	2,948	1,196
Obligations arising from certificates	137	133
Obligations from currency transactions	25	14
Obligations arising from investments	47,850	43,400

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. As of 31 December 2012 the outstanding amount of the loan was € 17,904 thousand.

5.2 Contingencies

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

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 2012 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,
- **Stefan Fritz**, Kaufbeuren,
Managing Director of Stadtwerke Lübeck
Holding GmbH,
- **Günter Bury**, Fulda,
Member of the Management Board
of Überlandwerk Fulda Aktiengesellschaft,
- **Dr. Arno Gasteiger**, Salzburg,
Member of the Management Board
of Salzburg AG für Energie, Verkehr und
Telekommunikation, (Member of the
Supervisory Board until 7 February 2012),
- **Marco Westphal**, Bonn,
Managing Director of Stadtwerke Bonn GmbH,
- **Matthias Berz**, Ulm,
Managing Director of Stadtwerke
Ulm/Neu-Ulm GmbH (Member of the
Supervisory Board since 26 September 2012),
- **Alfons Bröker**, Soest,
Managing Director of Stadtwerke Soest GmbH,
(Member of the Supervisory Board
until 26 September 2012),
- **Dr. Achim Grünenberg**, Lünen,
Managing Director of Stadtwerke Lünen GmbH,
- **Dr. Leonhard Schitter**, Salzburg,
Member of the Management Board
of Salzburg AG für Energie, Verkehr und
Telekommunikation (Member of the
Supervisory Board since 26 September 2012),
- **Frank Kindervatter**, Viersen,
Managing Director of Niederrheinwerke
Viersen GmbH, (Member of the
Supervisory Board until 26 September 2012),
- **Christoph Hüls**, Detmold,
Managing Director of Stadtwerke Detmold
GmbH (Member of the Supervisory Board
since 26 September 2012),
- **Michael Lucke**, Kempten,
Managing Director of Allgäuer Überlandwerk
GmbH (Member of the Supervisory Board
since 26 September 2012),
- **Thomas Zaremba**, Jena,
Managing Director of Stadtwerke Energie
Jena-Pößneck GmbH (Member of the
Supervisory Board since 26 September 2012),

- **Michael Hegel**, Cologne,
Banker
(elected Expert Member
of the Supervisory Board),
- **Dr. Ulf Böge**, Meckenheim,
retired President of the Federal Cartel Office
(elected Expert Member
of the Supervisory Board),
- **Prof Dr. Marc Oliver Bettzüge**, Cologne,
Director of the Institute of Energy
at the University of Cologne,
(elected Expert Member of the
Supervisory Board since 26 September 2012).

As in the previous year, Trianel GmbH reimbursed a total of € 26 thousand as expenses in the 2012 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 Annual Financial Statements

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

Aachen, 31 March 2013

Trianel GmbH

Sven Becker

Dr. Jörg Vogt

Management Board of Trianel GmbH

Development of fixed assets

in the financial year 2012

In €	Acquisition costs				Status 31.12.2012
	Status 1.1.2012	Additions	Divestitures	Cross entries	
I. Intangible assets					
1. Acquired rights of use and similar rights	4,100,256.54	1,288,162.36	13,875.00	1,069,707.87	6,444,251.77
2. Down payments made	1,099,552.74	276,557.41	0.00	-1,091,992.74	284,117.41
Total Intangible assets	5,199,809.28	1,564,719.77	13,875.00	-22,284.87	6,728,369.18
II. Tangible assets					
1. Real property, rights equivalent to real property and buildings, including buildings on third-party land	0.00	83,242.56	0.00	0.00	83,242.56
2. Furniture and fixtures	3,402,239.97	426,848.58	79,813.24	22,284.87	3,771,560.18
3. Down payments made and plant under construction	0.00	1,748,687.61	0.00	0.00	1,748,687.61
Total tangible assets	3,402,239.97	2,258,778.75	79,813.24	22,284.87	5,603,490.35
III. Financial assets					
1. Shares in affiliated companies	3,117,235.08	5,996.00	0.00	2,000.00	3,125,231.08
2. Loans to affiliated companies	1,856,150.70	0.00	1,856,150.70	0.00	0.00
3. Participating interests	24,057,526.42	25,398.00	816,966.28	-2,000.00	23,263,958.14
4. Loans to affiliated companies	33,562,736.52	3,676,517.08	11,868,809.89	0.00	25,370,443.71
5. Securities held as fixed assets	220,000.00	0.00	0.00	0.00	220,000.00
6. Other loans	4,121.30	32,404.16	1,040.06	0.00	35,485.40
Total financial assets	62,817,770.02	3,740,315.24	14,542,966.93	0.00	52,015,118.33
Total fixed assets	71,419,819.27	7,563,813.76	14,636,655.17	0.00	64,346,977.86

Development of fixed assets

Status 1.1.2012	Depreciation			Status 31.12.2012	Book values	
	Additions	Divestitures	Cross entries		Status 31.12.2012	Status 31.12.2011
2,946,411.54	1,038,801.73	13,875.00	0.00	3,971,338.27	2,472,913.50	1,153,845.00
0.00	0.00	0.00	0.00	0.00	284,117.41	1,099,552.74
2,946,411.54	1,038,801.73	13,875.00	0.00	3,971,338.27	2,757,030.91	2,253,397.74
0.00	1,490.56	0.00	0.00	1,490.56	81,752.00	0.00
2,352,982.97	395,541.45	74,054.24	0.00	2,674,470.18	1,097,090.00	1,049,257.00
0.00	0.00	0.00	0.00	0.00	1,748,687.61	0.00
2,352,982.97	397,032.01	74,054.24	0.00	2,675,960.74	2,927,529.61	1,049,257.00
60,000.00	249,999.00	0.00	0.00	309,999.00	2,815,232.08	3,057,235.08
0.00	0.00	0.00	0.00	0.00	0.00	1,856,150.70
0.00	0.00	0.00	0.00	0.00	23,263,958.14	24,057,526.42
0.00	0.00	0.00	0.00	0.00	25,370,443.71	33,562,736.52
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	35,485.40	4,121.30
60,000.00	249,999.00	0.00	0.00	309,999.00	51,705,119.33	62,757,770.02
5,359,394.51	1,685,832.74	87,929.24	0.00	6,957,298.01	57,389,679.85	66,060,424.76

Auditor's report

We have issued the unrestricted auditor's certificate.

We have audited the annual financial statements – consisting of the balance sheet, profit and loss statement and notes – taking the accounts and management report into account – of Trianel GmbH, Aachen, for the financial year from 1 January 2012 to 31 December 2012. 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, 10 May 2013

KPMG Auditors and Consultants
for the Public Sector
Aktiengesellschaft (PLC) Wirtschaftsprüfungsgesellschaft (Auditing Firm)

zur Mühlen
Auditor

Kopp
Auditor

Consolidated balance sheet

as of 31 December 2012

ASSETS in €	31.12.2012	31.12.2011
A. Fixed assets		
I. Intangible assets		
1. Purchased licenses, commercial Industrial property and similar rights and values as well as as well as licences to such rights and values	2,472,913.50	1,610,998.40
2. Down payments made	284,117.41	1,099,552.74
	2,757,030.91	2,710,551.14
II. Tangible assets		
1. Real property, rights equivalent to real property and buildings including buildings on third-party land	81,752.00	0.00
2. Other assets, furniture and fixtures	1,097,090.00	1,198,129.00
3. Down payments made and plant under construction	1,748,687.61	0.00
	2,927,529.61	1,198,129.00
III. Financial assets		
1. Participating interests in affiliated companies	378,480.00	355,082.00
2. Participating interests	22,885,479.14	23,702,444.42
3. Loans to companies with which a participating interest exists	25,370,443.71	33,562,736.52
4. Securities held as fixed assets	220,000.00	220,000.00
5. Other loans	35,485.40	4,121.30
	48,889,888.25	57,844,384.24
	54,574,448.77	61,753,064.38
B. Current assets		
I. Inventories		
1. Unfinished buildings	19,918,372.28	0.00
2. Merchandise	4,869,806.41	1,882,696.73
	24,788,178.69	1,882,696.73
II. Accounts receivable and other assets		
1. Trade accounts receivable	77,783,797.43	94,258,373.68
2. Account receivable from shareholders	32,823,221.29	33,104,504.04
3. Accounts receivable from affiliated companies	360,276.71	142,748.51
4. Receivables from companies with which a participating participating interest exists	5,320,454.82	4,838,240.69
5. Other assets	83,407,172.12	50,570,321.24
	199,694,922.37	182,914,188.16
III. Cash in hand and cash at bank	65,243,080.12	46,576,678.04
C. Accruals and deferrals	4,733,389.52	1,345,331.20
D. Tax accruals	0.00	146,539.86
	349,034,019.47	294,618,498.37

LIABILITIES in €	31.12.2012	31.12.2011
A. Equity		
I. Capital stock	19,896,575.00	18,646,575.00
Nominal amount of own shares	–68,000.00	–54,000.00
Issued capital	19,828,575.00	18,592,575.00
II. Capital reserves	25,024,469.24	20,812,869.24
III. Reserve for own shares	68,000.00	54,000.00
IV. Earnings reserves	38,730,169.86	35,575,478.22
V. Group annual net income	1,520,614.77	7,527,810.50
VI. Shares of other shareholders in the capital	37,169.95	36,796.49
	85,208,998.82	82,599,529.45
B. Difference from capital consolidation	30,252.03	27,401.71
C. Provisions		
1. Provisions for pensions	94,650.00	88,694.00
2. Provisions for taxes	6,666,446.20	5,224,494.33
3. Other provisions	38,080,174.58	31,207,060.85
	44,841,270.78	36,520,249.18
D. Accounts payable		
1. Accounts payables to credit institutions	64,697,303.77	34,245,667.68
2. Down payments received for orders	506,999.83	2,456,164.38
3. Trade accounts payable	89,190,242.38	76,962,172.91
4. Accounts payable to shareholders	25,581,661.67	29,672,444.70
5. Accounts payable to affiliated companies	15,098,730.08	219,544.61
6. Accounts payables to companies in which a participating interest exists	7,135,182.85	2,614,492.61
7. Other accounts payable		
– of which from taxes 2,046,674.97 €		
(previous year: 15,673,363.24 €)		
– of which for social security 88,646.70		
(previous year: 74,690.89 €)	15,900,497.26	29,026,534.31
	218,110,617.84	175,197,021.20
E. Accruals and deferrals	842,880.00	274,296.83
	349,034,019.47	294,618,498.37

Consolidated profit and loss statement

for the financial year 1 January to 31 December 2012

In €	2012	2011
1. Sales revenues		
a) Gross sales proceeds	2,016,669,033.04	1,905,997,540.56
b) Electricity tax	-2,717,730.94	-13,033,989.22
	2,013,951,302.10	1,892,963,551.34
2. Increase or reduction in inventory of finished and semi-finished products	609,091.34	0.00
3. Other internally produced and capitalised assets	107,529.79	0.00
4. Other operating revenue	14,459,636.62	9,242,101.01
5. Cost of materials		
Expenses associated with raw materials and supplies and for purchased goods	-1,964,954,300.60	-1,852,718,869.13
6. Personnel expenditure		
a) Wages and salaries	-17,972,999.77	-17,270,557.75
b) Social contributions and expenditure on pension provision and support	-2,790,589.70	-2,867,002.81
	-20,763,589.47	-20,137,560.56
7. Depreciation		
a) on intangible assets and tangible fixed assets	-1,435,930.74	-1,001,155.43
b) on current assets, where they exceed the usual depreciation in the corporation	-1,041,483.17	0.00
	-2,477,413.91	-1,001,155.43
8. Other operating expenditure	-36,460,152.57	-17,101,917.87
9. Revenues from participating interests	158,354.49	
10. Revenues from other securities	2,589,343.87	3,807,928.74
11. Other interest and similar revenues	4,575,337.82	2,714,030.05
12. Depreciation on financial assets	-249,999.00	0.00
13. Interest and similar expenditure	-6,306,843.22	-3,559,336.23
14. Losses from final consolidation	-683,414.82	0.00
	82,779.14	2,962,622.56
15. Result from ordinary activities	4,554,882.44	14,208,771.92
16. Tax on income and revenue		
a) Actual tax expenditure	-2,902,374.81	-6,625,787.28
b) Deferred taxes	-130,253.86	-54,828.14
	-3,032,628.67	-6,680,615.42
17. Other taxes	-1,639.00	-346.00
18. Consolidated annual net income before minority interests	1,520,614.77	7,527,810.50
19. Annual net income accrued by shareholders Annual deficit	1,908.41	2,281.87
20. Consolidated annual net income after minority interests	1,522,523.18	7,530,092.37

Imprint

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