



Annual Report 2009  
Enovos Luxembourg





**Enovos Luxembourg S.A.**

Registered as a société anonyme (public limited company) under Luxembourg law with a capital of EUR 103,800,000  
Registered office: Strassen (Luxembourg)  
Luxembourg Trade and Companies' Register B44683

# Annual General Meeting of 11 May 2010

Reports presented to the annual general meeting of shareholders by  
the Board of Directors and the statutory auditors



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# I Introduction

## 1 Enovos Luxembourg's mission and values

As a new, strong energy provider in the Luxembourg, German and European energy market, Enovos Luxembourg's mission is to procure and distribute electricity, natural gas and renewable energies to municipal suppliers, industry and private households. All these services coming from one source at reliable and competitive price – that is the group's strength.

The company acts as an independent energy supplier in the heart of Europe. By its integrated energy solutions, based on an intelligent combination of energy products and services, Enovos aims to offer a true alternative to its costumers.

Enovos' clients are served by an international team of highly motivated and experienced energy experts, fully dedicated to their customers' needs, with fast response times combined with effective communication.

According to its guiding principle, "Energy for today. Caring for tomorrow.", the company acts in a responsible way by integrating economic, environmental and social elements into its operations. It seeks to establish enduring and stable relations with all customers, based on the quality of its service, its development of new innovative energy products and services and its safeguarding of energy provision in the long term. Enovos' work is devoted to sustainability of the environment and the organisation.

Enovos strives to carry out its activities in the interests of all parties concerned, namely customers, the general public, shareholders, public authorities and its employees.



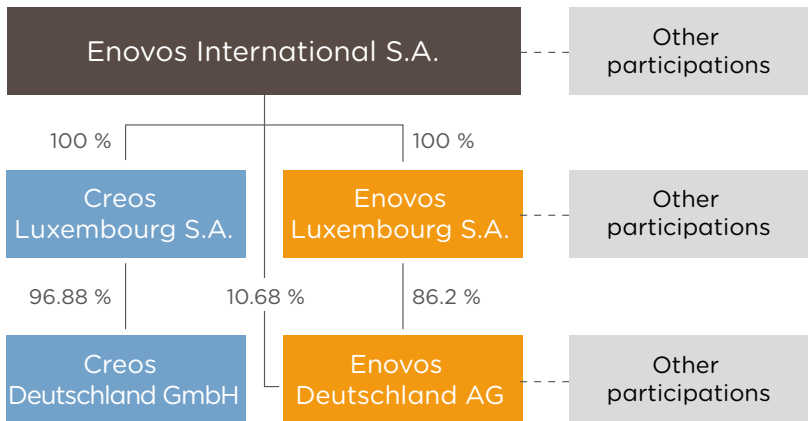
## 2 Group structure

As of 23 January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares into Soteg S.A.. Soteg S.A. launched a mandatory public offer on all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.) and its two main subsidiaries: Creos Luxembourg S.A. (formerly Cegedel S.A.) in charge of grid activities and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) which deals with generation,

sales and trading activities. This restructuring was carried out with retroactive effect as of 1 January 2009. Enovos Luxembourg S.A. has a subsidiary Enovos Deutschland AG for the German market and Creos Luxembourg S.A. has a subsidiary Creos Deutschland GmbH for the German grid.

Enovos Luxembourg S.A. holds several stakes in the energy generation business, including significant shareholding interests in power generation based on renewable energies.

The group structure is shown below:



### 3 Key figures for Enovos Luxembourg S.A. (under Lux GAAP)

Key figures		2009
Sales electricity	GWh	4,130.7
Sales natural gas	GWh	12,923.8
Net turnover (without trading)	€	769,692,047
EBITDA	€	30,084,135
EBIT	€	28,131,560
Income from participating interests and from other investments with regard to participations	€	98,714,847
Net profit for the year	€	118,074,211
Total assets	€	410,178,685
Shareholder's equity (incl. result for the year)	€	232,234,179
Financial debt	€	-
Investments in tangible and intangible assets	€	25,264,040
Personnel (end of year)	Number	96

Financial year 2009 starting on 1 January 2009 and closing on 31 December 2009

## 4 Corporate governance bodies as at 31 December 2009

### Board of Directors of Enovos Luxembourg S.A.

Marco Hoffmann	Chairman
Arno Bux <sup>(1)</sup>	Member of the Board
Luc Diswiscour	Member of the Board
Fernand Felzinger	Member of the Board
Henri Haine	Member of the Board
Tim Hartmann	Member of the Board
Guy Lentz	Member of the Board
Jean Lucius	CEO and Member of the Board
Georges Reding	Member of the Board
Gaston Reinesch	Member of the Board
Georges Reuter	Member of the Board
Dr. Achim Saul <sup>(2)</sup>	Member of the Board
Dr. Claude Seywert	Member of the Board
Nico Wietor	Member of the Board

<sup>(1)</sup> From 2010 onwards, Mr. Arno Bux is replaced by Mr. Johan Van Bragt.

<sup>(2)</sup> From 2010 onwards, Dr. Achim Saul is replaced by Dr. Peter Frankenberg.

## 5 Message of the Chairman and the CEO

### Marco Hoffmann Chairman

On 1 July 2009 the official merger of Cegedel, Soteg and Saar Ferngas permitted the formation of a major Luxembourg-based player in the regional energy sector. The ambitious objective of creating, within a tight time frame, new corporate structures, of formulating and implementing social, industrial and business objectives could certainly not have been achieved without the support of the entire workforce of the original companies. Upon completion of the new company's first year we would like to express our deeply felt gratitude to every individual employee involved in this venture.

#### Restructuring companies

The restructuring process required, even before the formal merger had taken effect, that a fair amount of time and effort be spent on analysing and redefining business procedures, on setting up operational standards, combining individual skills with the aim of empowering leadership in the various departments, creating a decidedly entrepreneurial and market-orientated atmosphere. Positive attitudes are contagious! Furthermore, let there be no doubt that we consider a free and unbiased exchange of information an essential aspect of our common undertaking, be it in the everyday business of dealing with clients and other partners or in the more strategic realm of the pursuit of the shareholders' and the management's goals and objectives.

#### Future challenges

Let us stress, however, that we are obviously still in the

midst of a work in progress. There is no doubt that much has been achieved in these last busy months. Many short- and medium-term issues have been addressed. Problems have been resolved thanks to strenuous work, thoughtful empathy, intelligent insight and plain common sense. Whereas the fine-tuning of procedures is an obligation for every one of us, an equally arduous task will be the structural consolidation throughout the organisation and a sharpened awareness of what is expected from us in tomorrow's energy world.

The concepts "renewable energies" and "green energies" have become household names. Global carbon emission reductions are a subject of passionate political and public debate. Although no new resolute climate treaty has been reached of late, we remain firmly committed to the belief that green, sustainable energy is both a marketable product and a natural choice in a context of socially responsible entrepreneurship. Within Enovos we have created a dedicated department which is focusing exclusively on this energy sector. We are engaged in several partnerships and joint ventures relating to photovoltaic and biogas power plants. We consider investments in wind energy and wind farms as necessary and sound business practice. Taking into account that Europe aims to have 20% of its power consumption produced by renewable energy sources, and considering the inevitable long-term scarcity and rising prices in the traditional production sectors, wind energy is certain to have a bright future ahead. In this promising



**Jean Lucius**  
**CEO & Member of the Board**

and relatively new market, where chances are more equally distributed than in the long-established ones, Enovos intends to play a major part in the months and years to come.

**Adding gas to the core business**

The first half of 2009 was a tough year as far as wholesale energy prices for gas and electricity were concerned. Enovos is the main supplier of energy – electricity as well as gas - in its home market in the Grand-Duchy of Luxembourg. Integrating Luxgaz Distribution S.A., a company operating and supplying local distribution networks is in concordance with our downstream strategy of maintaining proximity to private end users. We intend to offer biogas to this category of end users as well as to interested public institutions in the near future.

If Enovos is to grow significantly as a regional energy supplier in these times of financial, economic and energy turmoil, the neighbouring markets are evident targets. We are going to build on our existing customer-base in the German federal states of Saar and Rhineland-Palatinate in order to expand further and provide electricity and gas to manufacturing industries, commercial businesses, the service sector and to local communities. It should be noted that even now, Enovos ranks among the top ten German energy providers.

Enovos currently supplies natural gas to a number of French clients. It is our intention to continue our sales efforts, focused realistically mainly on the gas sector, in the neighbouring “départements”.

**Power generation**

In the knowledge that growing demand cannot be met by enhanced efficiency and consumption-reduction programs alone, Enovos will continue its ambitious investment program in power generation. Two major investments are currently in progress, namely the extension of the Vianden water turbine power generating plant and the virtual participation in a lignite-powered high-capacity plant in Germany.

Investing strategically upstream in the value chain, in production facilities using both renewable sources and fossil sources, is inevitable if we want to be able to maintain and develop our positioning in an ever more competitive and aggressive marketplace.

Although the main economies seem to be emerging slowly out of the current global crisis, which has its roots in the financial economy, it would be prematurely optimistic to expect a strong, immediate upward trend. The recession has made things harder for many, including our sector. The market is volatile on the supply side and in addition to an appropriate industrial investment strategy, careful portfolio management of long-term contracts and short-term opportunities is an essential measure if we are to continue our mission of delivering, safely and reliably, our gas and electricity to a growing regional community of satisfied customers.



## 6 Highlights in 2009

January	- Start-up of Windpark Mosberg, acquired in 2008 by former Cegedel and located in Nohfelden (Germany), consisting of four wind energy converters with an installed capacity of 6 MW <sub>el</sub>
March	- Signature of a 3-year storage use contract for the use of a part of the Epe storage facility located in the German market area NCG starting from April 2009 onwards
June	- Signature of a 15-year supply agreement for the delivery of H-gas starting from October 2010
July	<p><b>- Launch of Enovos, consisting of an operating holding company, named Enovos International S.A. and its two main subsidiaries, Creos Luxembourg S.A. in charge of grid activities and Enovos Luxembourg S.A. in charge of energy generation, sales and trading activities</b></p> <p>- After only three months construction time, successful commissioning of the 6 MW photovoltaic plant located in Kenn (Germany)</p>
August	- Signature of a contract to take a 50% share in the construction of an eleventh turbine (200 MW) at the SEO storage plant in Vianden
September	- Signature of a 25-year power supply contract guaranteeing a flat base load supply of 50 MW per year starting from 2013 onwards
October	- Signature of a Memorandum of Understanding with Gazprom Marketing & Trading Limited to study the feasibility of a tolling partnership in a 450 MW combined cycle power station at Eisenhüttenstadt in Germany
November	- Acquisition of 80% of "Energiepark Trelder Berg GmbH" operating three biogas plants near Hamburg (Germany) with a capacity of 1.7 MW <sub>el</sub> each
Recent developments	<p>- New standard tariffs for electricity applicable as of 1 January 2010 with a price reduction of approximately 10%</p> <p>- Integration of Luxgaz Distribution S.A. during 2010</p> <p>- Creation of a joint venture with the Avelar group to develop solar power plants mainly in Southern Europe. Besides the majority stake in Aveleos, Enovos Luxembourg S.A. will acquire eleven photovoltaic parks with an energy output of 1 MW each from Avelar Energy.</p>





## II Management Report

### 1 The economic and energy environment

After suffering the rapid and virulent effects of the financial crisis, the global economy is showing initial signs of an end to the recession. The improvements noticed in the economic situation at the end of 2009 are, to a large extent, the result of the various macroeconomic recovery plans but at the expense of unprecedented deterioration in public finances in most of the developed countries. Despite these positive, better-than-expected developments, international organisations are all predicting a sluggish recovery from 2010 for both the US and Europe.

For Luxembourg, estimates of growth for 2008 have been revised slightly upwards to reckon now on stagnation. For 2009, as is the case for almost all European countries, the predicted recession for the Grand-Duchy is about 3.6% (European Commission) and 3.9% (STATEC); as a result, 2009 is set to be the worst year seen in Luxembourg since the iron and steel crisis in the mid 1970s.

The recovery, set to take hold as of the second half of 2009, should entail positive growth of about 2% for 2010, a rate significantly lower than Luxembourg's historical average (1960-2008) of 4% annual GDP.

As a consequence of the economic slowdown in 2009, energy demand in the industrial sector dropped by 13% in electricity and by 15% in the gas sector. Consequently, Enovos Luxembourg's sales to industrial customers have been negatively impacted for electricity and natural gas.

On the currency markets, 2009 was characterised by a strong euro versus the dollar. However in 2010, the precarious situation in Southern and Central Europe could weigh on the euro, and oil prices quoted in dollars could have an increasingly adverse effect on energy prices.

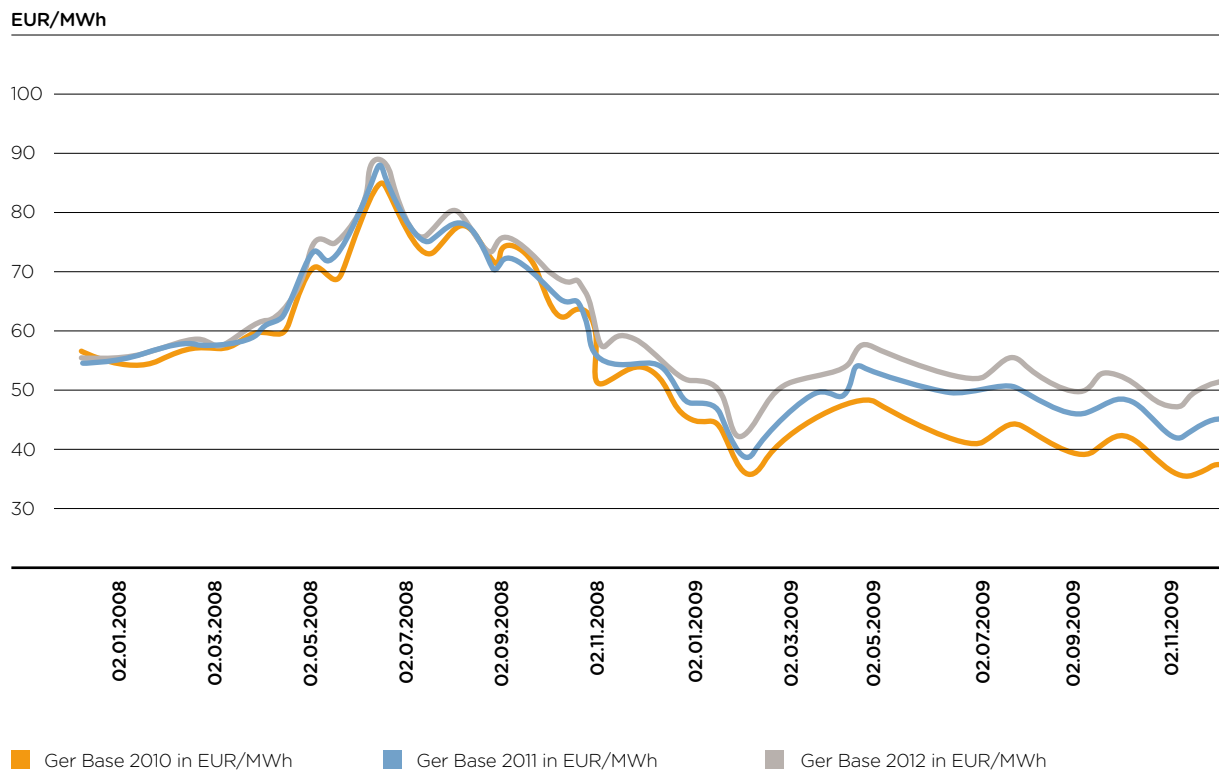


In 2008, prices for all types of energy hit extreme highs, before collapsing spectacularly in the second half of the year. The price of a barrel of oil, which had reached USD 150, fell to roughly USD 40 at the end of the year.

In 2009, less volatility was observed on the electricity market and prices remained at a low level throughout the year, whereas oil prices started to increase again.

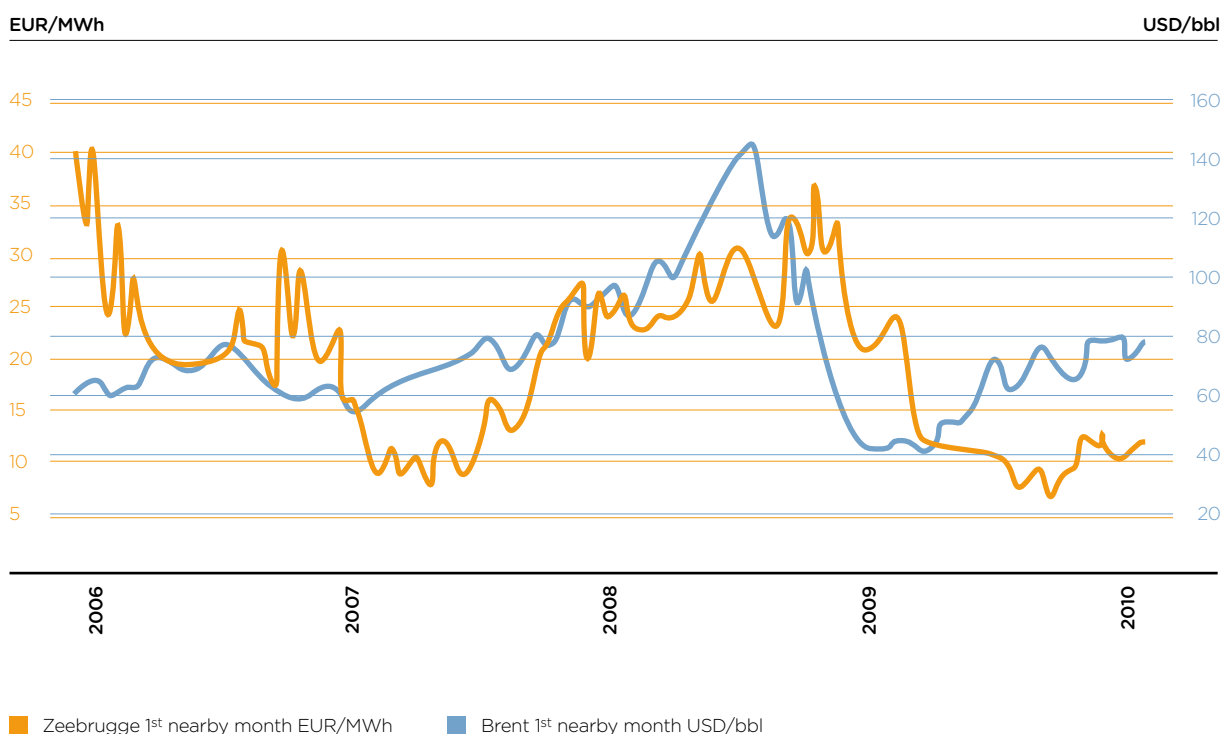
Due to its strategy to secure energy supply one or two years ahead, Enovos Luxembourg was obliged to raise its prices in 2009, whereas an important decrease in its electricity tariffs has been in effect as of 1 January 2010. The market nonetheless expects rising prices for both gas and electricity in the medium term.

### Evolution of electricity base prices



Natural gas prices generally follow the trend in the moving average for oil prices over several months so that the changes in the oil market are reflected in a relatively muted way. After a sharp decrease in prices at the end of 2008, an important decorrelation occurred in 2009 between long-term supply contracts and spot prices. Spot gas prices in Europe during December 2009 averaged some 41% lower than prices paid for gas brought into Europe under long-term, oil-indexed contracts, according to Platts data. Since the economic downturn began, physical gas demand has been cut back, leading to sharp falls in spot gas prices in Europe. But the global oil market has been more resilient to the downturn, meaning that a large gap has opened up between long-term, oil-indexed and short-term spot gas prices.

#### Evolution of brent versus natural gas spot prices



In 2009, overall electricity consumption in Luxembourg totalled 6,195 GWh, a decrease of 7.7% versus the previous year. The annual consumptions in our neighbouring countries were as follows: Germany -5.7%, Belgium -7.6% and France -2.7%.

For natural gas the total consumption in Luxembourg for 2009 was 14,375 GWh, an increase of 1.8%. In our neighbouring countries, the annual variations were: Germany -4.8%, Belgium +1.7% and France -3.3%.

## 2 Sales of Enovos Luxembourg S.A.

Overall electricity sales have been as follows:

in GWh	2009	2008 <sup>(1)</sup>	Change
<b>Final customers</b>	<b>3,170.1</b>	<b>3,127.3</b>	<b>+ 1.4 %</b>
Industrial clients	1,103.0	1,179.9	- 6.5 %
Commercial clients	1,135.3	1,050.9	+ 8.0 %
Residential and small business	931.8	896.5	+ 3.9 %
<b>Wholesale customers <sup>(2)</sup></b>	<b>960.6</b>	<b>985.6</b>	<b>- 2.5 %</b>
of which sales to grid operators	121.0	120.6	+ 0.3 %
<b>Total electricity sales</b>	<b>4,130.7</b>	<b>4,112.8</b>	<b>+ 0.4 %</b>

<sup>(1)</sup> non-audited figures, sum of former Cegedel and Soteg

<sup>(2)</sup> without pure trading activities

Despite the economic crisis, sales of electricity to final customers - industrial, commercial, residential and small business - increased by 1.4% to reach 3,170.1 GWh in 2009. The decrease of 6.5% on industrial customers reflects the general economic slowdown.

Electricity sales to wholesale customers decreased by 2.5% and amounted to 960.6 GWh in 2009. The main reason for this decrease was the takeover of the commercial activities of the public utilities of Echternach and Vianden in 2009, which accounted for as final customers.

Overall natural gas sales have been as follows:

in GWh	2009	2008 <sup>(1)</sup>	Change
<b>Final customers</b>	<b>7,420.0</b>	<b>11,732.2</b>	<b>- 36.8 %</b>
Industrial clients	3,970.2	5,290.7	- 25.0 %
Power plants	3,449.8	6,441.5	- 46.4 %
<b>Wholesale customers <sup>(2)</sup></b>	<b>5,503.8</b>	<b>5,059.3</b>	<b>+ 8.8 %</b>
of which sales to public utilities	5,022.1	5,059.3	- 0.7 %
<b>Total natural gas sales</b>	<b>12,923.8</b>	<b>16,791.5</b>	<b>- 23.0 %</b>

<sup>(1)</sup> non-audited figures, sum of former Cegedel and Soteg

<sup>(2)</sup> without pure trading activities

Natural gas sales to final customers have decreased substantially by 36.8% to reach 7,420 GWh in 2009. The impact of the economic crisis and the resulting slowdown of economic activity had a negative impact on the consumption of our industrial clients by 25%. The reduced supply to power plants is attributed primarily to the flexibility granted in the supply contract to the company's subsidiary Twinerg, where for optimisation reasons, the decision was taken to shift partially from the long-term supply of gas to the more attractive supply on the spot market.

Natural gas sales to public utilities remained almost stable and amounted to 5,022 GWh in 2009.

## Marketing activities

According to its guiding principle, "Energy for today. Caring for tomorrow.", Enovos is aware of its responsibilities towards current and future generations. In its customer relations, Enovos feels committed to its social responsibility.

### Customer relations

Three editions of the customer magazine "Watt's Life" were distributed to every household in Luxembourg in 2009 and the magazine "Watt's Life Pro" was distributed to all of the country's professional consumers.

More and more customers are turning to Enovos' advice service on efficient energy use (energieberodung). In cooperation with the municipal authorities and local organisations, sessions to raise awareness on efficient energy use and to provide information on "nova naturstrom" were organised in different municipalities.

On "fonds nova naturstrom Day", at Enovos' head office in Strassen, the 2008 prize-winners received awards for their commitment to the environment.

Since its launch in July 2004, the non-profit organisation "fonds nova naturstrom" initiated by the former Cegedel, has received 1,329 requests for grants, 753 of them in 2009, and has paid out a total of EUR 967,000 to projects that are appealing in view of their promotional, innovative and educational approach in the area of renewable energy.

### Fairs and Events

The different fairs at the LuxExpo in Kirchberg (Spring Fair, Oeko Fair and Autumn Fair) once again enjoyed a resounding success with a large number of interested visitors.

The "Elektroforum Electriciens" and the first "Enovos Energieforum" were the occasion to intensify the good contacts with the members of the professional organisations (APEL, FIESC). Enovos provides support for events as the "Fest vun der Natur" at the "Haus vun der Natur" in

Kockelscheuer, as well as for the annual "Een Dag um Bauerenhaff", organised by the "Service Jeunesse de la Centrale Paysanne Luxembourgeoise".

### Activities for teenagers and children

"Mega Energie Tour": several schools visited different electricity production sites in Luxembourg.

A number of events and activities for teenagers and children were organised throughout 2009, including participation on the C-Days of the "Lycée Technique d'Ettelbruck", "Mini-Lenster" in Junglinster, holiday activities in the municipality of Dalheim and beginners' courses on electricity and projects concerning efficient energy use in different schools.

### MyClimateLux a.s.b.l.

The non-profit organisation MyClimateLux was founded in April 2008 by the former Cegedel with the Public Research Centre Henri Tudor and "Agence de l'Energie", in partnership with MyClimate (Switzerland). The goal of this association is to provide monitoring and CO<sub>2</sub> offsetting services with an eye to easing climate change. MyClimateLux hopes to provide innovative solutions and to contribute to the development and use of renewable energy and more energy-efficient technology. Several projects were implemented in 2009 with different companies in Luxembourg.

### Patronage and sponsorship

As a responsible company, Enovos considers that it has a certain duty to society, and this is reflected in the level of its sponsorship of sporting, cultural, social and scientific events and projects benefiting the community.

Its new maxim "Energy for today. Caring for tomorrow.", reflecting its eagerness for sustainability, applies perfectly to sport, which at present is the most developed pillar of its commitment.



Enovos is aware of the positive impact of sport on the health and balance of young people in particular. For ten years already, Enovos has been a partner of the “Comité Olympique Sportif Luxembourgeois” (COSL), which brings together all the Olympic and non-Olympic sports federations. This collaboration enables it to support all sports in Luxembourg. And in Germany too, via its subsidiary Enovos Deutschland AG, it supports the “Olympiastützpunkt Rheinland-Pfalz/Saarland” and the “Landessportverband Saarland” in Saarbrücken, which work in close collaboration with the COSL and also benefit Luxembourg athletes.

Among the major sports events, for some years Enovos has been supporting the Tour de Luxembourg by sponsoring the shirt for the best youngster, the Gala Tour de France (cycling), the Escher Kulturlaaf (race) and the BGL Open (tennis).

Enovos is also a patron of the sports federation for the mentally handicapped, ALPAPS Special Olympics, which is active with a great deal of dedication to making various sporting disciplines accessible to people with intellectual deficiencies.

The ambition of Enovos Luxembourg is to develop its commitment even further at a social level and also in the sector of scientific research. At Enovos group level, this ambition goes hand in hand with the support provided by Enovos Deutschland to young talents in the fields of culture, sport and science.

## B2C sales

As early as 1 July 2009, the date on which the operational activity of Enovos began, many promotional and commercial actions were launched in order to make the new company known to the general public.

Despite the fact that the preparatory work for the merger and the establishment of new structures required much effort, it should be noted that this situation had no impact on the company's portfolio of clients at standard tariffs. For this type of customer, there was only very little movement until the end of 2009; sales have increased by 3.9% in the residential and small business segment and by 8% in the commercial segment.

As of 1 January 2009, some 1,000 customers had been integrated from the community of Vianden and on 1 March followed the integration of approximately 3,200 customers from the community of Echternach. These integrations were possible by virtue of the 2008 agreements with the municipalities of Vianden and Echternach respectively to take over their business.

Due to the economic crisis, severe volatility was observed on the oil and fuel markets throughout 2009 with significant up and downside effects on energy prices. In this challenging market environment, the company's specialists managed to secure future deliveries in terms of volumes and to reduce supply cost. For electricity, Enovos' customers will benefit, as of 1 January 2010, from standard tariffs lower by an average 10% compared to 2009 prices.

Enovos took this opportunity of price decreases to offer to its customers a new concept called "Formula FIX", allowing the electric energy price to be frozen for a given period. Launched in fall 2009, this offer was a great success; some 16,000 contracts were signed within three months representing approximately 10% of the company's standard tariff business. For these customers, electric energy prices will remain unchanged over a period of two years, from 1.01.2010 to 31.12.2011 (FIX2); or three years, from 01.01.2010 to 31.12.2012 (FIX3), according to the "fix formula" for which the client has opted. The "enovos connect" service via the Enovos internet platform continues to be requested by the clients. In 2009, the company registered many new clients to join this service and total usage now exceeds 16,000 records. This service is associated with discounts offered to customers as compensation for effective cost management inside Enovos.

The number of subscriptions for green energy "nova naturstrom" has also shown a continuous increase in 2009; +22% compared to 2008 reaching 5,845 customers and representing an annual consumption volume of some 188 GWh.

The increasing success of Enovos' products and services is also confirmed through the numerous

visits of clients in the company's "Customer Service Centre" in the shopping centre "La Belle Etoile". To meet this demand from its customers, the decision was taken to implement other centres throughout Luxembourg. As a first result, the new centre mall "Cactus" at Ingeldorf opened its doors on 1 March 2010. Additional customer service centres in the South of the country are currently being studied.

The work for the integration of Luxgaz Distribution S.A., both its sales organisation and its IT infrastructure, were commenced in 2009, allowing an effective start of activities inside Enovos during 2010.

After finalising this step, Enovos will be the first Luxembourg energy actor with a "dual" offer, electric power and natural gas for all customer segments, from residential to industrial and throughout Luxembourg.

## B2B sales

### Sales Volumes

The negative consumptions trends observed by the company's major industrial customers during the fourth quarter 2008 (start of the financial and economical crisis) were confirmed in 2009. As a consequence, natural gas and electricity sales volumes in this specific business segment have fallen quite significantly; natural gas by 25%, electricity by more than 6%.

Distributors have continued to implement their own portfolio management and as a consequence diversified their procurement needs to multiple suppliers. Therefore, direct sales to this customer segment have decreased for electricity in 2009 and Enovos expects to be faced with a similar situation in natural gas by the end of 2010.

Natural gas volumes sold for power production have decreased by more than 45% as a result of contractual agreements and for economic reasons.

Electricity sales in Germany have increased due to first sales to new global accounts.

In France, natural gas sales to industrial customers have followed the same evolution as in Luxembourg. In addition, price pressure and the associated competition increased the negative trend.

### Price and market evolution

Market prices were under severe pressure during the year and followed the evolution of the stock exchange during the first part of the year. During the second half of the year, oil prices recovered partially, however, electricity and natural gas prices (spot prices) remain at very low levels. A major evolution has been noticed in the energy sector and especially in the natural gas business

## Senior Management of Enovos Luxembourg S.A.



From left to right: Jean-Luc Santinelli, Daniel Christnach, Alex Michels, Louis Radermecker, Dr. Frank Schmeer, Carlo Polidori, Miguel Marroquin, Marc Reiffers

in 2009. Due to the economic recession and the decline of sales volumes, natural gas sales volume surpluses (take or pay obligations in long-term contracts) were made available on the spot market at very attractive prices, especially for alternative suppliers.

An important decorrelation, never seen before for such a long period, between prices linked to long-term contracts and spot prices, has been observed.

Sales prices to customers in 2009 evolved quite differently. For electricity the prices are mainly fixed before physical deliveries, therefore resulting in an overall increase in 2009 of approximately 15% compared to 2008. For natural gas, the prices are on one hand based on formulas indexed mainly on oil prices and on the other hand on spot prices, which follow the evolution of market prices. The overall price level in 2009 was identical to 2008.

### Outlook

Despite the severe pressure on prices, especially in the gas sector (previously-mentioned decorrelation between spot and long-term contract prices), Enovos managed to finalise supply contracts with its major customers for 2011 and for some of them

even for a longer period. Despite similar sales volumes, overall sales turnover will decrease however, due to lower market prices.

In the spirit of optimising the group's structure, existing electricity supply contracts for German customers will be transferred to Enovos Deutschland.

According to its strategy of expanding its sales to new markets, Enovos is currently studying potential opportunities in its neighbouring countries. These studies include thorough market analysis and practical solutions in line with the regulatory framework to be respected.

Finally and in order to achieve these goals, Enovos will continue the training and education of sales staff on the different products and aspects of market knowledge. Customer and employee satisfaction is the company's team objective.



### 3 Energy supply

#### Supply

According to its strategy, Enovos is moving into the upstream of power production to take full advantage of the entire value chain. The combined power needs for Enovos Luxembourg and Enovos Deutschland will continuously increase over coming years. The company's numerous projects in the areas of Renewable Energies, a new long-term contract and extension of the SEO storage plant will substantially reduce its external supply needs. Taking into account the completion of the Eisenhüttenstadt power plant (MoU signed with Gazprom) and based on current sales estimates, its total supply needs within the group would almost be covered.

The security of gas supply in Luxembourg is ensured by several long-term gas supply contracts.

As of 1 October 2010, one of the existing long-term supply contracts will be replaced by a new supply contract with a term until 2025 as well as by a further contract with an existing gas supplier for an annual quantity of at least 1.6 TWh for the next three gas years. These supply contracts predominantly serve the supply of the company's distributors and industrial customers. The supply of further industrial customers and of a combined-cycle plant in Esch (Twinerg) with natural gas is guaranteed by two existing supply contracts with a runtime until 30 September 2015 in each case.

The signature of a new long-term lignite contract marks a first milestone in the upstream development of power production. This contract guarantees an annual base load supply of 50 MW electricity for a period of 25 years commencing on 1 January 2013.



The electricity procurement breakdown by production was as follows:

	2009	2008
<b>Imports</b>	<b>67.6 %</b>	<b>64.6 %</b>
of which "nova naturstrom"	5.6 %	4.1 %
<b>Combined cycle gas and steam turbine (Twinerg)</b>	<b>20.0 %</b>	<b>21.4 %</b>
<b>Cogeneration</b>	<b>6.4 %</b>	<b>7.2 %</b>
Industrial plants	1.2 %	1.8 %
Small plants	5.1 %	5.4 %
<b>Hydropower</b>	<b>2.1 %</b>	<b>2.9 %</b>
Plants on the Sauer (Soler)	1.0 %	1.3 %
Plants on the Moselle (SEO)	1.0 %	1.4 %
Small plants	0.1 %	0.2 %
<b>Wind Power</b>	<b>1.5 %</b>	<b>1.5 %</b>
<b>Photovoltaic</b>	<b>0.4 %</b>	<b>0.5 %</b>
<b>Biomass</b>	<b>1.2 %</b>	<b>1.1 %</b>
<b>Waste incineration (Sidor)</b>	<b>0.8 %</b>	<b>0.9 %</b>

Furthermore, Enovos has upgraded its own gas storage portfolio by more than 20%, concluding a storage use contract with a storage system operator. This contract enables the use of a part of the Epe storage facility located in the market area NCG and also ensures a further increase of customers' security of supply with the development of new innovative and competitive products on the German gas market.



## Portfolio Management (PFM)

### Integration

At the launch of the new company, a multidisciplinary team of experts was created, able to deal equally with natural gas or electricity in any Enovos' target region, with any kind of formula and any sort of product; a team able to anticipate and understand the behaviour of the energy markets and to extract value from their opportunities, but also from a wide variety of assets such as flexible energy contracts, cogeneration, real options, and so on.

### Synergies

From the very moment of its foundation, PFM was meant to assist the entire value chain within Enovos for the enhancement of every opportunity to extract further value, playing a central role in determining and realising the synergies derived from the merger. Consequently, PFM has acquired the strategic position required for such undertakings, which proved particularly decisive in the discussions regarding Enovos' cogeneration joint-ventures and the optimisation of the supply portfolio for the following year.

### Sustainability

For Enovos, and especially for PFM, 2009 was a landmark year to lock-in and prove its competitiveness in the energy markets. On the energy supply side, PFM played a decisive role in the definition and negotiation of the flexibilities embedded in the future long-term gas delivery contracts for Luxembourg. Furthermore, PFM assisted along with the trading department in the valuation of a number of new energy supply projects such as the acquisition of machine capacities in the SEO power station in Vianden and the acquisition of a long-term electricity delivery from a brown coal power plant.

On the sales side, the participation of PFM in some energy supply tenders proved decisive, especially in the gas business, where a fresh and new approach allowed Enovos to conclude supply contracts with

its biggest customers in a difficult market environment. In general, the efforts of PFM to provide the sales department with innovative solutions, as well as competitive market prices, allowed Enovos to keep its entire client base in Luxembourg and to continue its expansion in French territory and to explore new territories in Germany.

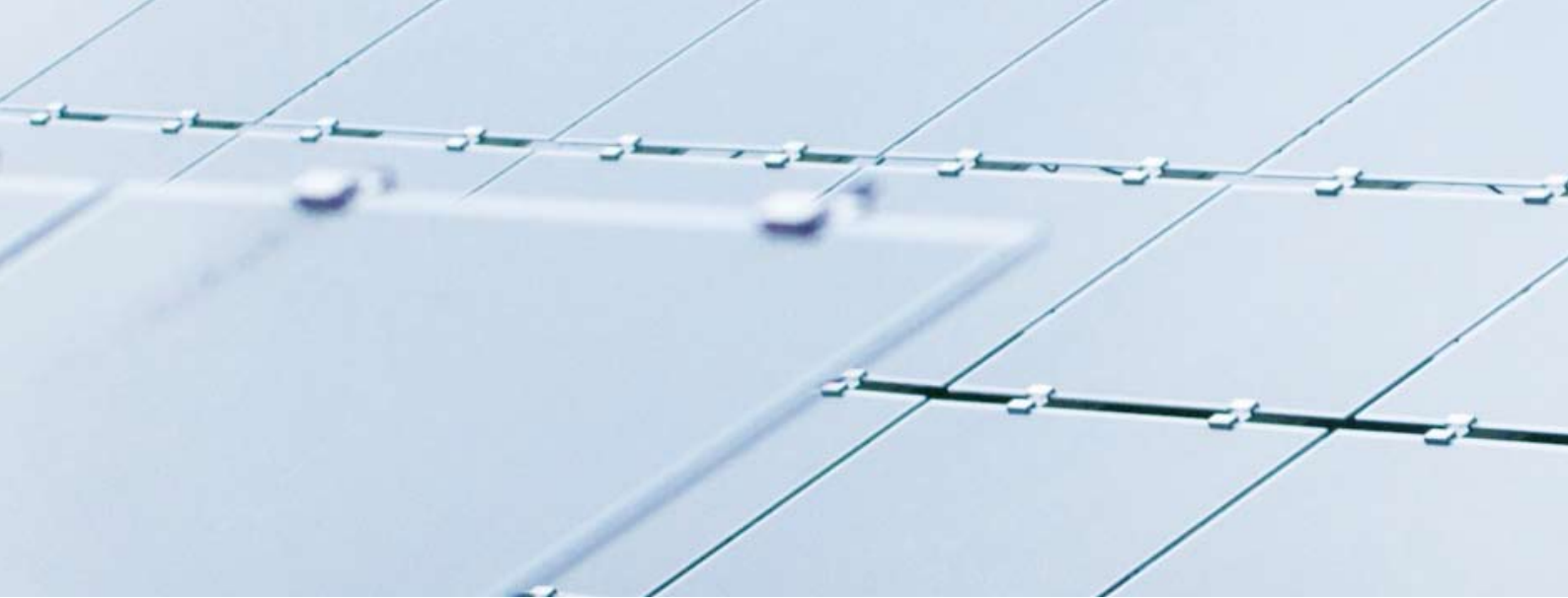
### Trading

Enovos' Trading is responsible for trading activities on the wholesale markets for electricity, natural gas, fossil fuels, derivatives and CO<sub>2</sub> emission quotas. In addition, operational sales activities are supported by this unit. In the year 2009, the trading department successfully dealt with the challenges set by the merger of the three companies.

Enovos' Trading is now present in following physical markets: Germany, France, Belgium and Luxembourg for both power and gas. Activity has been expanded in electricity to gas by centralising all positions, by integrating all risk management policies, by centralising nomination and scheduling, and finally by expanding 7/7 spot activity in electricity to gas.

The trading department has been developed into a true cross-commodity trading floor giving access to the wholesale markets where it trades with more than 50 counterparts. The department provides market prices both internally, for sales and portfolio management departments, and externally, for industrial customers or distributors.

Enovos' Trading manages supply and production portfolios for third parties in Luxembourg and Germany: typical clients are distributors or large industrial customers. The offer includes structured supply and sale of electricity, gas and derivatives on the forward markets or exchanges, the daily consumption or production forecast, risk management and the daily nomination of the load volumes to the respective grid operators. The trading volume for electricity and gas amounted to 9.5 TWh and 0.7 TWh respectively in 2009.



## 4 Conventional energies and infrastructure

Today's energy production portfolio, with a rapidly increasing proportion produced by renewable energies, faces a major problem during night-time or windless periods. The energy then has to be produced by conventional energy power plants, or energy stored before needs to be fed into the power grid. That is why Enovos is investigating and developing projects for highly flexible power production with fast response times for start-up or shut-down. On the other hand, the storage of electrical energy is increasingly important in today's electric power production portfolio.

### Current projects

#### Extension of the SEO pumped storage plant - new machine 11

With an installed capacity of 1,100 MW, the pumped storage plant in Vianden, owned and operated by "Société Electrique de l'Our" (SEO), is currently one of the largest of its kind in Europe. With an increased demand for peak power due to a higher proportion of renewable power production in the total power mix, the possibility was analysed to raise the installed capacity by 200 MW to 1,300 MW by means of an eleventh machine.

In this context, the Luxembourg Government offered Enovos the opportunity to participate in the investment and acquire the option to use 100 MW of capacity. The contract between Luxembourg, SEO, RWE and Enovos Luxembourg S.A. was signed on 18 August 2009.

The construction and extension should last 4-5 years, starting in 2009 and continuing until 2013.

The start of production is scheduled for the last quarter 2013. The lifetime of the plant is planned to be from 2014 to 2063 (end of "convention").

#### C.Gen

Enovos Luxembourg S.A. has a holding in C.Gen B.V., a Dutch company currently studying the construction of a clean electric power production plant in the harbour at Rotterdam. The aim is to produce electric power and/or hydrogen from coal with CO<sub>2</sub> capture before firing, which means very few or no CO<sub>2</sub> emissions into the air. The plant will have an overall net electricity generating capacity of 400-450 MW and the ability to separate and prepare the CO<sub>2</sub> for transport and storage from the start of its commercial operation.

#### CCGT Eisenhüttenstadt

On 7 October 2009, Gazprom Marketing & Trading Limited and Enovos Luxembourg S.A. signed a Memorandum of Understanding to study the feasibility of a tolling partnership in a 450 MW combined cycle power station at Eisenhüttenstadt in Germany.

Enovos plans to build, own and operate the plant, aiming for operation to commence by the end of 2013. Initial contract negotiations began in 2009 as well as detailed discussions with different general planners, possible EPC contractors and possible operation and maintenance operators. Initial studies will be completed early in 2010, when Enovos aims to commence detailed project development.



## 5 Renewable energies and cogeneration

The initial activities of the newly created “Renewable Energies and Cogeneration” business unit began well before the official merger with the definition of a mission statement, the set-up of the unit’s organisational structure and the elaboration of a detailed investment strategy.

From a geographical point of view, the potential targets are spread across all Western European countries, depending on the attractiveness of the local guaranteed feed-in tariff in conjunction with the availability and quality of renewable energy sources in these areas.

From a technical point of view, in addition to on-shore wind and photovoltaic, the investment strategy also focuses on technologies with higher full-load hours like biomass, biogas and small hydro.

On top of the traditional project development activities consisting of identifying and evaluating potential opportunities, setting-up business plans, acquiring the necessary land and feedstock, obtaining permits and authorisations, defining and validating the technical plant specifications, the Renewable Energies team members are also responsible as project managers for the construction, commissioning, technical and commercial operations of these plants.

In January 2009, the Windpark Mosberg, acquired in 2008 by the former Cegedel and located in Nohfelden (Germany), became operational. The four wind energy converters with an installed capacity generator of 1.5 MW<sub>e</sub> capacity each produced some 9.45 GWh of electricity in 2009.

The first realisation in 2009 has been the construction and the commissioning of the 6 MW photovoltaic plant located in Kenn (Germany) where in only three months construction time some 75,000 modules were installed on a 33-hectare area and produce around 6 GWh per year of renewable electricity. The total production in the commissioning year 2009 from July was 2.6 GWh.

In November 2009, Enovos acquired 80% of “Energiepark Trelder Berg GmbH”, operating three biogas plants near Hamburg (Germany) with a capacity of 1.7 MW<sub>e</sub> each. From 11 million m<sup>3</sup> biogas three highly efficient cogeneration engines on-site produce more than 40 GWh per annum of green electricity sold to the local grid. 100% of the produced heat is sold to the nearby wood-pellet factory. Finally, the residues from the biogas process are used as high-quality fertiliser by local farmers.

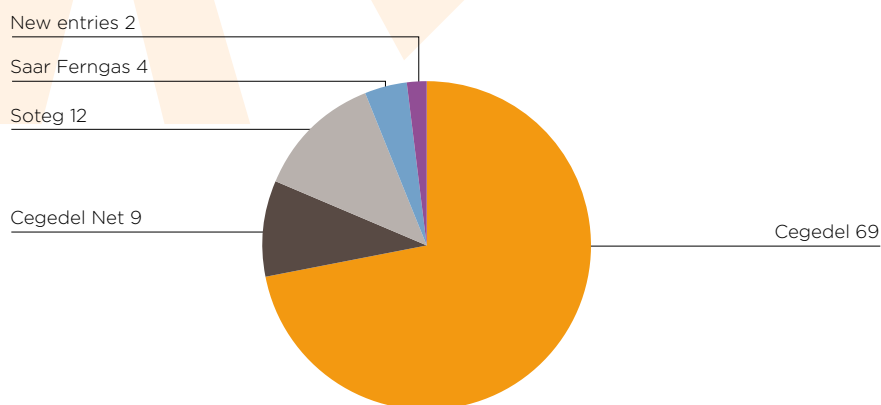
The three wind parks located in Luxembourg (Gemeng Hengischt, Kehmen-Heischent and Burer Bierg) with a total capacity of 32.8 MW in which Enovos Luxembourg has stakes between 20% and 36% produced in 2009 some 51 GWh. Due to unfavourable meteorological conditions in 2009, this represents a 6% lower production than in 2008. The hydro power plants in Ettelbrück, Esch-sur-Sûre and Rosport from Soler S.A., in which Enovos holds a 50% stake, produced 42.84 GWh of electricity in 2009.

Total renewable energy production in 2009 was 105 GWh compared to 100 GWh in 2008. Installed net capacity of the renewable plants grew from 56 MW to 61.8 MW.

## 6 Human resources

Due to the merger, 2009 has been a very challenging year for all employees. On 1 July, the official start date for Enovos Luxembourg S.A., the company had 96 employees from the various former entities as shown in the chart below.

### Transfer of employees to Enovos Luxembourg S.A.



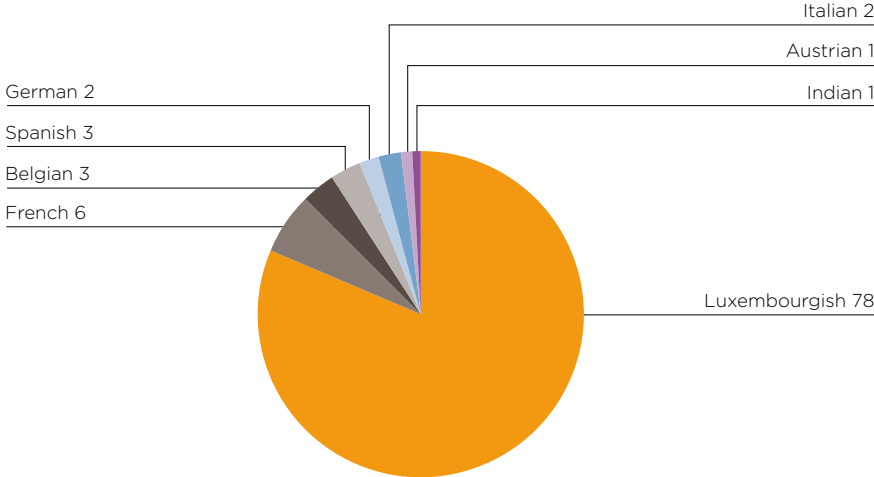
Whilst 2009 was marked by geographic expansion, there was also a high degree of internal mobility following the reorganisation of posts and procedures specific to each of the three companies and the creation of new departments.

Enovos remained active on the employment market, despite the tense economic context, by hiring new employees through internal and external search and participation in various events, such as the one organised by the University of Luxembourg. In 2009, Enovos Luxembourg S.A. recruited eight persons under indefinite-term contracts, of which seven had university degrees and one employee for its services. These recruitments were necessary to offset retirement departures and to fill some gaps in line with a needs analysis.

At end of 2009, Enovos Luxembourg S.A. employed 96 people, of which 7% worked on a temporary basis. The breakdown of staff by gender is 70% men and 30% women. The average age is 36.5 years for men and 37.4 years for women, leading to an average for the company of 36.8 years.

Even though Luxembourg is the main nationality, the overall employment of Enovos Luxembourg S.A. is composed of eight different nationalities as shown in the chart below.

**Enovos Luxembourg S.A. nationalities of employees**



**Ongoing professional training**

In order to ensure the transfer of knowledge, know-how and ability, as part of the integration process, the development of skills and the acquisition of additional skills, the training budget increased in 2009. The management and development of skills remain vital aspects of the group’s human resources strategy.

Ensuring the development of its teams, reconciling needs and skills as well as everyone’s desires for progress, must enable the group to have the qualified human resources necessary for good performance and their constant development, whilst offering prospects for career advancement.

Alongside a vast programme in all the fields affecting safety at work, a new initiative, to promote sustainable and responsible development, was taken in 2009, with the project entitled ‘Healthcare at Work’, geared to understanding such problems better and to paying particular attention to the health and well-being of the group’s employees. The concept involves individual health assessments via a questionnaire validated scientifically and by personalised feedback. Joint and specific action programmes, to improve and protect health are being studied, in relation to requirements and in close collaboration with the Health and Safety Department and with the support of the staff delegation.

## 7 Subsidiaries of Enovos Luxembourg S.A.

### Enovos Deutschland AG

(participating interest: 86.2%)

The core activities of Enovos Deutschland AG are to supply gas to industrial clients and municipalities in Germany and to hold participations in German utilities ("Stadtwerke").

Key figures (in million euros)	2009	2008*
Total assets	332.7	412.5
Fixed assets	182.1	202.5
Shareholders' equity (incl. result for the year)	172.8	138.2
Amounts owed to credit institutions	-	-
Net turnover	645.2	1171.3
Net profit for the year	89.6	44.9

\* figures in 2008 relate to Saar Ferngas AG due to the change in activity, the comparability between the annual accounts as of 2009 with those as of 2008 is difficult.

Enovos Deutschland AG is primarily a regional energy supply company, based in Saarbrücken. The company's activities range from energy sales to managing various holdings in other energy supply companies. Until 2009 Enovos Deutschland AG focused exclusively on the natural gas sales, with customers that included regional and local energy supply companies, as well as industrial businesses and power plants. In 2010, the electricity sales were incorporated into its business activities for the first time.

In 2009, 21.3 TWh of natural gas were sold and revenues of EUR 645.2 million were achieved. Of this total, 17.7 TWh were sold to local utilities, 3.3 TWh to industrial and power plant customers and 0.4 TWh to other customers.

The results of the participations amounted to EUR 21.5 million and thus accounted for 20.5% of the company's total earnings before taxes of EUR 105.3 million.

### Twinerg S.A.

(participating interest: 17.5%)

Twinerg is a combined cycle gas and steam turbine that has been operating since 2002.

Total electricity production in 2009 was 3,209 GWh (3,609 GWh in 2008). Profit for the period was EUR 9.0 million (compared with EUR 8.64 million in 2008).

### Ceduco S.A.

(participating interest: 50%)

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

In 2009, its sales of steam and electricity totalled 56,297 tons and 32.37 GWh respectively, compared with 104,446 tons and 59.97 GWh in 2008. The company recorded a loss of EUR 1.875 million, compared with a loss of EUR 0.17 million in 2008.

### **Cegyco S.A.**

(participating interest: 50%)

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

In 2009, its sales of steam and electricity totalled 168,866 tons and 54.34 GWh respectively, compared with 248,882 tons and 75.52 GWh in 2008. The company recorded a loss of EUR 0.18 million, compared with a profit of EUR 0.19 million in 2008.

### **LuxEnergie S.A.**

(participating interest: 60.35%)

LuxEnergie generates and supplies heat, cold air and electricity in the public, domestic and service sectors, particularly on a cogeneration basis.

In the course of the year, the company invested EUR 5.4 million. In 2009, the company's net profit was EUR 2.48 million, compared with EUR 2.61 million in 2008. LuxEnergie operates a total of 39 power stations, which in 2009 produced 256.3 GWh of heat, 30.4 GWh of cold and 115.3 GWh of electricity. The company also supplies maintenance services to third-party cogeneration stations. At the end of 2009, the company had 62 employees.

### **Airport Energy S.A.**

(participating interest: 30.18%)

This company operates a cogeneration plant in the Luxembourg airport zone. Net result in 2009 amounted to EUR 0.01 million.

### **DataCenterEnergie S.A.**

(participating interest: 30.18%)

This company builds and operates IT data centers in Luxembourg. Net loss in 2009 amounted to EUR 0.7 million.

### **Wandpark Gemeng Hengischt S.A.**

(participating interest: 20%)

This company built and operates a wind farm of around ten turbines in Heinerscheid. The total installed capacity of the farm is 12,200 kW.

In 2009, electricity production amounted to 19.7 GWh, compared with 20.6 GWh in 2008. Profit for 2009 reached EUR 0.36 million, compared with EUR 0.45 million in 2008.



### **Wandpark Kehmen-Heischent S.A.**

(participating interest: 20%)

This company was created to build and operate a wind farm in Kehmen comprising seven wind turbines with a total installed capacity of 12,600 kW.

In 2009, wind power added 21.4 GWh of electricity to Creos Luxembourg S.A.'s grid, compared with 22.6 GWh in 2008. The financial year ended with a profit of EUR 0.52 million (EUR 0.47 million in 2008).

### **Wandpark Burer Bierg S.A.**

(participating interest: 36.25%)

This company was created to build and operate a wind farm with a total installed capacity of 7,200 kW.

In 2009, wind power added 10.3 GWh of electricity to Creos Luxembourg S.A.'s grid, compared with 3.9 GWh in 2008. The financial year ended with a loss of EUR 0.2 million (loss of EUR 0.1 million in 2008).

### **Windpark Mosberg GmbH & Co KG**

(participating interest: 100%)

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

Construction of the wind farm was completed in financial year 2008, and the farm came on line at the start of 2009. 2009 loss was EUR 0.2 million (loss of EUR 0.03 million in 2008).

### **Soler S.A.**

(participating interest: 50%)

This company was formed in response to the Luxembourg government's initiative to privatise the running of state-owned hydroelectric power stations. Its corporate purpose includes the design and creation of electricity generation facilities, based on renewable sources of energy, and the running of these facilities.

As at 31 December 2009, the company operated the hydroelectric stations of Ettelbruck, Esch-sur-Sûre and Rosport. The company ended the year with a profit of EUR 0.67 million (compared to EUR 1.18 million in 2008).

### **Luxgaz Distribution S.A.**

(participating interest: 39.19%)

This company sets up and operates local gas distribution networks in regions recently connected following the extension of the natural gas grid.

Gas sales increased 2.6% in 2009 to reach 102.1 million m<sup>3</sup> (99.5 million m<sup>3</sup> in 2008). The company made a profit of EUR 4.51 million in 2009, compared with EUR 3.24 million in 2008.



In March 2010, certain public shareholders of Luxgaz Distribution S.A. contributed their shares in Luxgaz Distribution S.A. in Creos Luxembourg S.A. and Enovos Luxembourg S.A. sold its 39.19% participation in Luxgaz Distribution S.A. to Creos Luxembourg S.A.. It is then intended to integrate the Luxgaz Distribution S.A. grid activities in Creos Luxembourg S.A. and the Luxgaz Distribution S.A. sales activities in Enovos Luxembourg S.A..

### **NordEnergie S.A.**

(participating interest: 33.33%)

NordEnergie is owned in equal parts by Enovos Luxembourg S.A. and the cities of Ettelbruck and Diekirch. NordEnergie's purpose is to provide electricity to the supply points connected to the distribution grids of the cities of Ettelbruck and Diekirch, which continue to own their own grids. It serves 7,448 customers (46 of which are medium-voltage clients). In 2009, net profit amounted to EUR 0.098 million (in 2008: EUR -0.06 million).

### **Steinergy S.A.**

(participating interest: 50%)

Steinfort Energy S.A. (abbreviated in Steinergy) is owned in equal parts by Enovos Luxembourg S.A. and the Steinfort municipality. The purpose of the company is to sell energy to the electricity customers in Steinfort. The company serves 2,037 customers (18 of which are medium-voltage clients). Net loss in 2009 totalled EUR -1,710 (profit of EUR 24,651 in 2008).

### **Société Electrique de l'Our S.A.**

(participating interest: 4.46%)

"Société Electrique de l'Our" (SEO) owns and operates a 1,100 MW pumping station in the Vianden region and hydroelectric power stations on the Moselle river. Like last year, the company made a profit of EUR 2.19 million in 2009. Works for the extension of the Vianden pumping station by means of an eleventh 200 MW machine have continued.

### **Agence de l'Energie S.A.**

(participating interest: 40 %)

"Agence de l'Energie" continued its activities in 2009, most notably raising awareness, providing information and giving technical advice to the general public about how to use energy efficiently, and encouraging the use of renewable energies following the implementation of Luxembourg's new regulations in this area.

As in the past, the company broke even.

# III Annual Accounts of Enovos Luxembourg S.A.

## 1 Balance sheet as at 31 December 2009

ASSETS	Notes	2009	2008
		€	€
Fixed assets			
Intangible fixed assets	note 4		
Goodwill		1,211,250	-
Intangible assets in course of construction		24,886,784	-
Tangible fixed assets	note 5		
Land and buildings		13,389,489	-
Other fixtures and fittings, tools and equipment		806,646	-
Payments on account and tangible assets in course of construction		187,294	-
Financial assets	note 6		
Shares in affiliated undertakings		107,845,734	5,213,935
Participating interests		9,962,277	42,106,338
Loans to undertakings with which the company is linked by virtue of participating interests		995,888	8,293,758
<b>Total Fixed Assets</b>		<b>159,285,363</b>	<b>55,614,031</b>
Current assets	note 7		
Inventories			
Raw materials and consumables		382,512	-
Payments on account		1,023,185	-
Receivables			
Trade receivables			
- becoming due and payable within one year		158,064,993	-
- becoming due and payable after more than one year		-	-
Amounts owed by affiliated undertakings			
- becoming due and payable within one year	note 8	54,441,358	-
- becoming due and payable after more than one year		-	268
Amounts owed by undertakings with which the company is linked by virtue of participating interests			
- becoming due and payable within one year		9,988,902	-
- becoming due and payable after more than one year		-	-
Other receivables			
- becoming due and payable within one year		8,068,237	302
- becoming due and payable after more than one year		-	-
Cash at bank, cash in postal cheque accounts, cheques and cash in hand			
Securities		1,146,914	-
Cash at bank		9,500,242	4,537,911
<b>Total Current Assets</b>		<b>242,616,343</b>	<b>4,538,481</b>
Prepayments and accrued income		8,276,979	-
<b>Total Assets</b>		<b>410,178,685</b>	<b>60,152,512</b>

The accompanying notes form an integral part of the annual accounts.

LIABILITIES	Notes	2009	2008
		€	€
Shareholder's equity	note 9		
Subscribed capital		103,800,000	37,500,000
Share premium		27,602	-
Legal reserve		1,333,423	1,110,550
Other reserves		1,600,000	1,600,000
Profit or loss brought forward		7,398,943	3,164,360
Profit or loss for the financial year		<b>118,074,211</b>	<b>4,457,456</b>
<b>Total Shareholder's equity</b>		<b>232,234,179</b>	<b>47,832,366</b>
Provisions for liabilities and charges			
Provisions for pensions and similar obligations	note 10.1	4,441,134	-
Provisions for taxation	note 10.2	155	93
Other provisions	note 10.3	12,104,082	-
<b>Total Provisions</b>		<b>16,545,371</b>	<b>93</b>
Liabilities			
Trade creditors			
- becoming due and payable within one year		121,422,266	
- becoming due and payable after more than one year		-	-
Amounts owed to affiliated undertakings			
- becoming due and payable within one year		30,382,220	-
- becoming due and payable after more than one year		339,227	12,314,160
Amounts owed to undertakings with which the company is linked by virtue of participating interests			
- becoming due and payable within one year		3,734,993	5,893
- becoming due and payable after more than one year		-	-
Tax and social security			
Tax		3,837,815	-
Social security		-	-
<b>Total</b>		<b>159,716,520</b>	<b>12,320,053</b>
Accruals and deferred income		<b>1,682,615</b>	-
<b>Total Liabilities</b>		<b>410,178,685</b>	<b>60,152,512</b>

The accompanying notes form an integral part of the annual accounts.

## 2 Income statement for the year 2009

EXPENSES	Notes	2009	2008
		€	€
Supplies			
a) Cost of sales		712,379,202	23,159
b) Other external charges		20,973,838	-
Staff costs	note 11		
a) wages and salaries		6,785,468	-
b) Social security costs		689,182	-
c) Pension plans		349,023	-
Value adjustments in respect of tangible and intangible fixed assets	note 12	1,952,575	-
Net value adjustments in respect of current assets	note 7.2	1,630,556	-
Interest and similar charges			
a) with regard to affiliated undertakings		-	-
b) other interest payable and similar charges		47,531	-
Tax on profit from ordinary activities	note 13	8,900,186	181,012
Profit for the financial year		118,074,211	4,457,456
<b>Total Expenses</b>		<b>871,781,772</b>	<b>4,661,627</b>

The accompanying notes form an integral part of the annual accounts.

INCOME	Notes	2009	2008
		€	€
Net turnover	note 14	769,692,047	-
Other operating income		2,148,427	-
Income from participating interests			
a) with regard to affiliated undertakings	note 15	95,788,712	724,270
b) other income from participating interests		-	-
Income from other investments and loans forming part of the fixed assets			
a) with regard to participations	note 15	2,926,135	3,318,371
b) other income		-	-
Other interest and similar income			
a) with regard to affiliated undertakings		7,530	407,315
b) other interest and similar income		167,991	207,099
Write-back of value adjustments to current assets		1,050,929	-
Extraordinary income		-	4,572
<b>Total Income</b>		<b>871,781,772</b>	<b>4,661,627</b>

The accompanying notes form an integral part of the annual accounts.

### Proposed appropriation of net profit

The Board of Directors proposes the following appropriation of net profit:

	2009
	€
Profit brought forward	7,398,943
Net profit for the year	118,074,211
Profit available for appropriation	125,473,154
Transfer of 5% of net profit to the legal reserve	-5,903,711
Dividends	-60,037,920
Transfer to other reserves	-59,500,000
Amount carried forward	31,523

## 3 Notes to the annual accounts

### Note 1 - General

Enovos Luxembourg S.A. ("the company") was incorporated in Luxembourg under the name of Cegedel Participations S.A. on 2 August 1993. The company is registered RCS nr B 44683. In the context of the below described operations, the company has been renamed in Enovos Luxembourg S.A. in 2009.

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

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland AG.

Main activities of Enovos Luxembourg S.A. is to supply electricity and gas to customers in Luxembourg and abroad and to perform trading activities. Enovos Luxembourg S.A. also holds several interests in power production companies based on conventional or renewable energies.

## **Annual accounts**

The company's financial year runs from 1 January to 31 December each year. Enovos Luxembourg S.A. accounts are consolidated in Enovos group financial statements.

## **Note 2 – Accounting policies**

### **General principles**

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

### **Comparability**

2009 figures relate to Enovos Luxembourg S.A. (formerly Cegedel Participations). 2008 figures relate to Cegedel Participations S.A, a company holding participations within the Cegedel group. Due to the change in activity as described in Note 1, the comparability between the annual accounts as of 2009 with those as of 2008 is difficult. In the same context, some reclassifications have been recorded in the 2008 annual accounts. Foreign currency conversion

With the exception of fixed assets, assets and liabilities denominated in foreign currencies are converted at the exchange rates in effect at the end of the year. Transactions denominated in foreign currencies are recorded at the exchange rates of the transaction day. Realised exchange gains and realised and unrealised exchange losses are recognised in the income statement. Unrealised exchange gains are not recognised.

### **Intangible and tangible fixed assets**

Intangible and tangible fixed assets are booked at their acquisition price or at cost and are depreciated over their estimated useful life. These assets are reviewed for impairment annually.

### **Financial assets**

Shares in affiliated undertakings and participating interests are recorded in the balance sheet at their acquisition cost. Loans to affiliated undertakings and loans to undertakings with which the company is linked by virtue of participating interests are included at their nominal value. In the case of impairment that the Board of Directors considers as permanent in nature, value adjustments are recorded to these long-term investments to apply the lower value to be assigned to them at the balance sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.

### **Inventories**

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

### **Receivables**

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

### **Provisions for liabilities and charges**

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

### **Net turnover**

Net turnover comprises sales of gaz and electricity provided as part of the company's ordinary activities,

net of discounts, value-added tax and other taxes directly linked to sales. Trading sales are shown net of supplies, since they were made partly to reduce procurement costs.

### Income from participating interests

Dividend income is recorded when dividends are declared

## Note 3 - Authorisations

Following the two European directives 2003/54 and 55 of 26 June 2003 concerning common rules for the internal markets in electricity and natural gas and the laws that transposed these directives into national laws, namely the laws of 1 August 2007 regarding the organisation of the electricity and natural gas markets, transport and distribution grid management activities have been legally separated from the other activities of electric or gas power generation and sale.

In the context of the restructuring, all the authorizations have been requested according to this legal framework.

## Note 4 - Intangible fixed assets

Movements for the year were as follows:

	Computer licences	Goodwill	Advance payments made and new intangible fixed assets	Total 2009
	€	€	€	€
Gross values at beginning of year	-	-	-	-
Additions during year	-	1,530,000	23,012,049	24,542,049
Disposals during year	-	-	-	-
Transfer of property	4,752	-	1,874,736	1,879,488
Gross values at end of year	4,752	1,530,000	24,886,784	26,421,536
Value adjustments at beginning of year	-	-	-	-
Allowances for year	-1,188	-318,750	-	-319,938
Amounts released for year	-3,564	-	-	-3,564
Value adjustments at end of year	-4,752	-318,750	-	-323,502
<b>Net value at end of year</b>	-	1,211,250	24,886,784	26,098,034

In 2009, the company acquired the customer bases of two local distributors, the municipalities of Echternach and Vianden. The acquisition price is posted as goodwill and depreciated over 5 years.

In the context of the restructuring, the company has acquired from Creos S.A. the right to buy 100 MW of power from the production of a new turbine to be built at the Vianden pumping station (see also note 17). An amount of EUR 1,874,736 have thus been disbursed by Creos Luxembourg S.A. as a first instalment. In 2009, a further instalment of EUR 803,598 has been paid. All these movements are included in the captions "Transfer of property" (for gross amounts) and "Amounts released for year" (for value adjustment).

Under a contract signed with RWE related to a long-term power contract, one advance payment for EUR 22,208,450 related to the financing of two pulverized coal fired power plants has been paid in 2009 (see also note 17).

## Note 5 – Tangible fixed assets

Movements for the year were as follows:

	Land and buildings	Other equipment, machines and furniture	Payments on account and tangible assets in course of construction	Total 2009
	€	€	€	€
Gross values at beginning of year	-	-	-	-
Additions during year	-	721,991	-	721,991
Disposals during year	-	-	-	-
Transfer of property	22,517,621	3,166,863	187,294	25,871,778
Gross values at end of year	<b>22,517,621</b>	<b>3,888,854</b>	<b>187,294</b>	<b>26,593,769</b>
Value adjustments at beginning of year	-	-	-	-
Allowances for year	-920,127	-712,510	-	-1,632,637
Amounts released for year	-8,208,005	-2,369,698	-	-10,577,703
Value adjustments at end of year	<b>-9,128,132</b>	<b>-3,082,208</b>	-	<b>-12,210,340</b>
<b>Net value at end of year</b>	<b>13,389,489</b>	<b>806,646</b>	<b>187,294</b>	<b>14,383,429</b>

In the context of the restructuring, a building and its equipment for a net amount of EUR 14,511,405 has been contributed by Creos Luxembourg S.A. to Enovos Luxembourg S.A. against an increase in equity and share premium (see also note 9). The company also acquired from Enovos International S.A. equipment and assets in course of construction for a net amount of EUR 729,539.

During the year, further equipment has been transferred from Creos Luxembourg S.A. for a net amount of EUR 53,130.

All these movements are recorded under the caption “Transfer of property” and “Amounts released for the year”.

## Note 6 – Financial assets

Movements for the year were as follows:

	Investments in affiliated undertakings	Participating interests	Loans to undertakings with which the company is linked by virtue of participating interests	Total
	€	€	€	€
<b>Value at beginning of year</b>	5,213,935	42,106,338	8,293,758	55,614,031
<b>Contribution during year</b>	102,631,799	310,334	1,275,000	104,217,133
Enovos Deutschland AG	99,771,716	-	-	99,771,716
Windpark Mosberg GmbH & Co KG	2,860,083	-	-	2,860,083
Luxgaz Distribution S.A.	-	154,934	-	154,934
NordEnergie S.A.	-	100,000	150,000	250,000
Steinergy S.A.	-	50,000	1,125,000	1,175,000
C-Gen NV	-	5,400	-	5,400
<b>Disposals during year</b>	-	-11,303,945	-	-11,303,945
Soteg S.A.	-	-11,303,945	-	-11,303,945
<b>Contribution to other companies</b>	-	-21,150,450	-8,572,870	-29,723,320
Artelis S.A.	-	-19,830,413	-	-19,830,413
Global Facilities S.A.	-	-1,224,350	-	-1,224,350
Surré S.A.	-	-95,687	-	-95,687
Cegecom S.A.	-	-	-8,293,758	-8,293,758
NordEnergie S.A.	-	-	-279,112	-279,112
<b>Value at end of year</b>	107,845,734	9,962,277	995,888	118,803,899

In the context of the restructuring, the company acquired 86.2 % of Enovos Deutschland AG from Enovos International S.A.. 100% of Windpark Mosberg GmbH & Co KG and 5% of C-Gen were acquired from Cegebel International S.A.. 50% of Steinergy and 33.33% of NordEnergie S.A. as well as the loans related to those companies were transferred from Creos Luxembourg S.A..

25% of Luxgaz Distribution S.A. was contributed to the company against an increase in equity (see also note 9). Enovos Luxembourg S.A. held 19% of Soteg S.A. (now Enovos International S.A.) at the beginning of the year, which was sold back to Enovos International S.A., generating a profit of EUR 64,696,055 (see also note 15).

Artelis S.A. and Global Facilities S.A. were transferred to Enovos International S.A. in the context of the restructuring, as well as the loan of Artelis S.A.. During the year, the shares held in Surré S.A. by Enovos Luxembourg S.A. were acquired by Luxenergie S.A., creating a gain of EUR 126,070 (see also note 15). NordEnergie S.A. paid back part of its loan with Enovos Luxembourg during 2009. The company holds the following affiliated undertakings and participating interests (all above 20%, except Twienerg):

Company name	Headquarters	Proportion of capital held	Last year-end	Shareholders' equity at year-end	Of which profit for the year	Net book value 31/12/2009
		%	€	€	€	€
Enovos Deutschland AG	Germany	86.20	31/12/09	172,813,301	89,632,157	99,771,716
Luxgaz Distribution S.A.	Luxembourg	39.19	31/12/09	26,665,300	4,513,096	307,389
LuxEnergie S.A.	Luxembourg	60.35	31/12/09	32,276,638	3,081,084	5,213,935
Twinerg S.A.	Luxembourg	17.5	31/12/09	43,435,633	9,007,381	4,338,137
Wandpark Hengischt S.A. (*)	Luxembourg	20	31/12/09	4,267,315	355,951	636,630
Wandpark Kehmen S.A. (*)	Luxembourg	20	31/12/09	4,292,984	522,712	600,000
Wandpark Burer Bierg S.A. (*)	Luxembourg	36.25	31/12/09	1,443,916	-281,680	725,000
Windpark Mosberg CoKG (*)	Germany	100	31/12/09	1,704,941	-208,066	2,860,083
Steinergy S.A.	Luxembourg	50	31/12/09	141,369	-1,710	50,000
Soler S.A.	Luxembourg	50	31/12/09	2,597,403	674,358	125,000
Cegyco S.A.	Luxembourg	50	31/12/09	2,422,718	-178,210	954,390
Ceduco S.A.	Luxembourg	50	31/12/09	-379,996	-1,705,855	0
NordEnergie S.A.	Luxembourg	33.33	31/12/09	458,797	98,016	100,000
Agence de l'Energie S.A.	Luxembourg	40	31/12/08	472,263	7,415	148,736

(\*) unaudited figures

## Note 7 - Current assets

### 7.1. Inventories

In the context of the restructuring, gas stocks were contributed to Enovos Luxembourg S.A. by Enovos International S.A. for an amount of EUR 892,476.

### 7.2. Trade receivables

Trade receivables are related to the operational activities contributed to the company during 2009 in the context of the restructuring of the group. Trade receivables are mainly related to energy sales.

The value of trade receivables was adjusted as follows:

	Cumulative total		Of which net allocation (amounts released) for the year	
	31/12/09	31/12/08	2009	2008
	€	€	€	€
Adjustments to the value of receivables	1,357,522	-	1,328,456	-
Adjustments to the value of securities	844,350	-	302,100	-

In general, trade receivables are payable within 30 days.

## Note 8 – Amounts owed by affiliated undertakings

Enovos Luxembourg S.A. has entered a cash pooling agreement with Enovos International S.A. which, as of 31 December 2009, owed a cash amount of EUR 41,226,560 to the company. This amount is recorded under the caption “Amounts owed by affiliated undertakings”.

## Note 9 – Shareholder’s equity

As at 31 December 2009, the company’s subscribed capital was EUR 103,800,000. The capital is fully paid-up and represented by 4,152,000 shares with a nominal value of EUR 25 each.

	31/12/08	Distribution of dividends	Appropriation of profit	Profit of year	Other Increase	31/12/09
	€	€	€	€	€	€
Subscribed capital	37,500,000	-	-	-	66,300,000 <sup>1) 2)</sup>	103,800,000
Share premium	-	-	-	-	27,602 <sup>1)</sup>	27,602
Legal reserve	1,110,550	-	222,873	-	-	1,333,423
Reserves	1,600,000	-	-	-	-	1,600,000
Other reserves	1,600,000	-	-	-	-	1,600,000
Profit brought forward	3,164,360	-	4,234,583	-	-	7,398,943
Profit for the year	4,457,456	-	-4,457,456	118,074,211	-	118,074,211
<b>Total</b>	<b>47,832,366</b>	<b>-</b>	<b>-</b>	<b>118,074,211</b>	<b>66,327,602</b>	<b>232,234,179</b>

- 1) Decision of the Ordinary General Meeting of Shareholders of 23 January 2009: Creos Luxembourg S.A. contributed its sales activities as well as a building to Enovos Luxembourg S.A. against an increase in capital and share premium of EUR 14,511,405 (see also note 5). Enovos International S.A. also contributed its sales activities to Enovos Luxembourg S.A. against an increase in capital and share premium of EUR 1,816,197. (see also notes 4-7)
- 2) Decision of the Extraordinary General Meeting of Shareholders of 28 October 2009: increase in capital of EUR 50,000,000.

## Note 10 – Provisions for liabilities and charges

### 10.1. Provisions for pensions and similar obligations

Under a supplementary pension scheme, Enovos Luxembourg S.A. has contracted a defined benefit scheme for staff who entered service before 1 January 2001. The company is committed to pay a lump sum on the retirement of each employee. The amount reported in the balance sheet is based on the following assumptions:

- retirement age taken into account for financing: 60 years
- yearly discount rate of 4.2%
- estimated wage at time of retirement.

Actuarial profits and losses are immediately recognised in the income statement.

In addition, in a defined contribution pension scheme for staff who entered service after 1 January 2001, the company pays a contribution to an insurance company that is recorded under expenses for the year. For 2009, expenses for the defined contribution pension scheme amount to EUR 72,102 (2008).

### 10.2. Provisions for taxation

Enovos Luxembourg S.A. is consolidated for tax purposes with its parent company the latter being liable for the tax liabilities of the company (see also note 13). The tax liabilities of Enovos Luxembourg are recorded under the caption “Amounts owed to affiliated undertakings”. The amounts recorded under “Provisions for taxation” are residual tax liabilities from prior years.

### 10.3. Other provisions

The caption “Other provisions” comprises provisions to cover risks related to energy trading and to energy sales.

## Note 11 – Staff costs

At year-end, company’s staff as is as follows:

	2009	2008
Employees	96	-

In 2008, Enovos Luxembourg had no employees, as a holding company within Cegedel group.

## Note 12 – Value adjustments in respect of tangible and intangible fixed assets

	Notes	2009	2008
Value adjustments in respect of buildings	note 5	920,127	-
Value adjustments in respect of intangible fixed assets	note 4	319,938	-
Value adjustments in respect of tangible fixed assets	note 5	712,510	-
<b>Total</b>		<b>1,952,575</b>	<b>-</b>

## Note 13 – Tax on profit from ordinary activities

Enovos Luxembourg S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws.

As of the year 2009, Enovos International S.A. is part of the fiscal unity with Enovos Luxembourg S.A., Cegedel International and Enovos Ré. In the frame of the fiscal unity, the taxes are recorded as follows:

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

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

In accordance with paragraph 8a of the law dated 16 October 1934 as amended, Enovos Luxembourg S.A. will opt for the reduction of the net wealth tax due for the year 2009 by setting up a special reserve equal to five times the amount of the net wealth tax reduced. Enovos International S.A. has decided to set up and maintain in its accounts the special reserve for the companies being part of the fiscal unity.

## Note 14 – Net turnover

	2009	2008
Electricity sales and accessories for the supply of electricity	404,484,042	-
Gas sales and accessories for the supply of gas	365,208,005	-
<b>Total</b>	<b>769,692,047</b>	<b>-</b>

Trading sales are shown net of supplies, since they were made partly to reduce procurement costs. In 2008, Enovos Luxembourg had no turnover, as a holding company within the Cegedel group.

## **Note 15 – Income from participating interests and from other investments with regard to participations**

Income from participating interests includes a capital gain of EUR 64,696,055 realised from the sale of Soteg S.A. shares to Enovos International S.A., a capital gain of EUR 126,070 from the sale of Surré S.A. to Luxenergie S.A. and the dividend received from Enovos Deutschland A.G. (EUR 30,170,000).

Income from other investments with regard to participations includes dividends received from other participations.

## **Note 16 – Remuneration paid to members of the administration and supervisory bodies**

Remuneration paid to members of the board totalled EUR 40,100 (2008: EUR 0). No advances or loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

## **Note 17 – Off-balance-sheet commitments**

During 2009, the company concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. In the context of its operations, the company has contracted purchase commitments for electricity and gas amounting to EUR 301 million as of 31 December 2009 (2008: 0). The amount of the above forward purchase contracts include only forward contracts signed with counterparties and not contractual purchase commitments with local producers whose prices are not known in advance. Enovos Luxembourg S.A. also committed to buy an annual 100 MW band of electricity from a local producer until 31 December 2015.

The company also engaged in spot and forward electricity and gas trading on organised markets and by private sale. These transactions are made using different instruments. Among these instruments are forward contracts, which imply final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options or other contractual agreements. The fair values of these derivative purchases and sales amounted as of 31 December 2009 to EUR 93.5 million and to EUR 90.4 million respectively.

Enovos Luxembourg S.A. has issued a counter-guarantee for Electrabel S.A.'s benefit and in relation to the financing of the Twinerg combined turbine power plant for a total of EUR 11,728,750 as at 31 December 2009 (2008: EUR 13,512,031).

At 31 December 2008, Luxenergie S.A., along with Aéroport de Luxembourg S.A., signed a long-term credit agreement to finance Airport Energy S.A. In the agreement, all parties agree to act as joint and several guarantors for a total EUR 12,500,000 (2008: EUR 12,500,000).

Enovos Luxembourg S.A. took over a commitment related to a Memorandum of Understanding signed with SEO S.A., RWE Power AG and the State of Luxembourg for the enlargement of the Vianden pumping station. Enovos Luxembourg S.A. will thus have the right to 100 MW on a virtual basis, that is half the production of a new turbine to be built. Preliminary construction studies began at the end of 2007. In return, Enovos Luxembourg S.A. has agreed to provide roughly EUR 78.6 million in financing, or half of total investment, to be advanced as necessary as works progress.

Enovos Luxembourg S.A. and Gazprom Marketing & Trading Limited signed in 2009 a Memorandum of Understanding to study the feasibility of a tolling partnership in a 450 MW combined cycle power station in Germany. Under the proposed tolling partnership, Gazprom would buy the long-term capacity of the plant for gas tolling and would sell power to Enovos Luxembourg under a long term contract.

Under a contract signed with RWE related to a long-term power contract, one instalment related to the financing of two pulverized coal fired power plants has been paid in 2009 (see note 4) and three other instalments (for a total amount of 67.7 millions EUR) will be paid in 2010, 2011 and 2012. These investments will enable Enovos Luxembourg to be supplied under a long-term contract with 50 MW power, independent on the real working time of the plants.

## **Note 18 – Post-balance sheet events**

In January 2010, Enovos Luxembourg acquired the company Energiepark Trelder Berg GmbH, a bio gas plant in Germany with an electricity production capacity of 5.1 MW.

On 3 March 2010, Enovos Luxembourg S.A. and Avelar Energy Ltd. (based in Zurich), signed a contract to form a joint venture under the name 'Aveleos S.A.'. The objective of this new company, which is headquartered in Luxembourg, is to develop, operate and bring to the market photovoltaic plants in Italy and France with a total capacity of up to 95 MW. Enovos Luxembourg S.A. is a 59% shareholder in the new company with an investment of EUR 36 million. Avelar is investing EUR 25 million, giving it a 41% stake. Aveleos S.A. makes use of attractive feed-in tariffs and high sun intensity in Italy and France. Besides the majority stake in Aveleos, Enovos Luxembourg S.A. will acquire 11 photovoltaic parks with an energy output of 1 MW each from Avelar Energy Ltd. The plants, which are all located in the region of Apulia, Italy, will go into operation later in 2010.

In March 2010, certain public shareholders of Luxgaz Distribution S.A. contributed their shares in Luxgaz Distribution S.A. in Creos Luxembourg S.A. and Enovos Luxembourg S.A. sold its 39.19% participation in Luxgaz Distribution S.A. to Creos Luxembourg S.A.. It is then intended to integrate the Luxgaz Distribution S.A. grid activities in Creos Luxembourg S.A. and the Luxgaz Distribution S.A. sales activities in Enovos Luxembourg S.A.

Negotiations are currently ongoing with the City of Luxembourg regarding the integration of its grid activities in Creos Luxembourg S.A. and its energy sales activities in Enovos Luxembourg S.A.

## 4 Independent Auditor's report

### To the Board of Directors of Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.)

#### **Report on the annual accounts**

We have audited the accompanying annual accounts of Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.), which comprise the balance sheet as at 31 December 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Responsibility of the "réviseur d'entreprises"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) as of 31 December 2009, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

**Report on other legal and regulatory requirements**

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

ERNST & YOUNG S.A.  
Société Anonyme  
Réviseur d'entreprises

Jeannot WEYER  
Luxembourg, 21 April 2010



Enovos Luxembourg Annual Report is published in both French and English.  
Only the English version may be considered the original; others are simply free translations.

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Caring for tomorrow.

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