

MVV ENERGIE – ENERGISING THE FUTURE

SECURING
TOMORROW'S
ENERGY
TODAY

HALF-YEAR FINANCIAL REPORT 2009/10
1 OCTOBER 2009 – 31 MARCH 2010

Key Figures

from 1.10.2009 to 31.3.2010

Key figures of the MVV Energie Group

| Euro million | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | % change |
|---|---------------------------|---------------------------|----------|
| External sales excluding electricity and natural gas taxes | 1 843 | 1 788 | +3 |
| Adjusted EBITDA ¹ | 278 | 284 | -2 |
| Adjusted EBITA ¹ | 209 | 212 | -1 |
| Adjusted EBIT ¹ | 209 | 212 | -1 |
| Adjusted EBT ¹ | 166 | 171 | -3 |
| Adjusted net surplus for period ¹ | 112 | 115 | -3 |
| Adjusted net surplus for period after minority interests ^{1,2} | 104 | 115 | -10 |
| Adjusted earnings per share ^{1,2} in Euro | 1.57 | 1.75 | -10 |
| Cash flow before working capital and taxes | 282 | 283 | 0 |
| Cash flow before working capital and taxes per share in Euro | 4.28 | 4.30 | 0 |
| Free cash flow | -29 | -185 | +84 |
| Adjusted total assets as of 31.3.2010/30.9.2009 ¹ | 3 719 | 3 566 | +4 |
| Adjusted equity as of 31.3.2010/30.9.2009 ¹ | 1 247 | 1 208 | +3 |
| Adjusted equity ratio as of 31.3.2010/30.9.2009 ¹ | 33.5 % | 33.9 % | -1 |
| Investments | 90 | 84 | +7 |
| Number of employees as of 31.3.2010/31.3.2009 | 6 006 | 5 838 | +3 |

1 excluding non-operative IAS 39 valuation items/fair values of financial derivatives

2 change in reporting in previous year due to amended minority interests calculation methodology

Contents

2 _ To Our Shareholders

2 _ Letter from the CEO

3 _ The Share of MVV Energie AG

4 _ Interim Group Management Report

4 _ Business Framework

4 _ Macroeconomic Situation

4 _ Sector-specific Developments

4 _ Energy Policy and Regulation

5 _ Our New Corporate Strategy

5 _ Generation, Products, Services

5 _ Energy Trading Business

6 _ Business Performance Confirms Forecast

6 _ Research and Development

6 _ Employees

7 _ Business Performance

7 _ Earnings Position of the MVV Energie Group

10 _ Segment Performance

12 _ Net Asset and Financial Position

14 _ Opportunity and Risk Report

14 _ Events After the Balance Sheet Date

15 _ Outlook

18 _ Interim Consolidated Financial Statements

18 _ Balance Sheet

19 _ Statement of Comprehensive Income

20 _ Statement of Changes in Equity

21 _ Segment Report

22 _ Cash Flow Statement

24 _ Notes to the Interim Consolidated Financial Statements

31 _ Responsibility Statement

Financial Calendar, Imprint

1st Half of 2009/10

at a glance

1 October 2009 to 31 March 2010

- ▶ The Annual General Meeting of MVV Energie AG on 12 March 2010 approves payment of a dividend of Euro 0.90 per share, and thus at the same level as in the previous year.
- ▶ Stadtwerke Ingolstadt and various local partners implement Bavaria's largest industrial waste heat and district heating project in Ingolstadt.
- ▶ Energieversorgung Offenbach AG completes the district heating pipeline from its own energy from waste plant to Heusenstamm Industrial Park and supplies the first heating energy.
- ▶ MVV Energiedienstleistungen GmbH takes over the supply of energy and utilities to the university hospital in Tübingen on the basis of a contracting agreement running until 2030.
- ▶ In the latest ranking compiled by the Federal Association of the German Energy and Water Industry (BDEW), the MVV Energie Group was the fifth-largest electricity supplier in Germany, with electricity turnover of 11.6 billion kWh with end consumers in the 2008 calendar year.

Letter from the CEO

Dear Shareholders,

Now that we are half-way through the financial year, it is a good time to take stock. Where do we currently stand with regard to the 2009/10 financial year? Despite positive macroeconomic indicators for the German economy, the economic crisis is not yet over, a factor that is also reflected in the business results of the MVV Energie Group.

At Euro 209 million, our adjusted EBIT for the 1st half of 2009/10 fell Euro 3 million short of the previous year's figure (Euro 212 million). In the 2nd quarter of 2009/10 we managed to make up for much of the shortfall in earnings reported at the end of the 1st quarter of 2009/10. Since the beginning of the 2010 calendar year, we have seen a slight recovery in our industrial customer business compared with the 2009 crisis year, a development particularly noticeable in our electricity business. However, I still see it as premature to talk of any widespread recovery in economic demand. Energy requirements at industrial customers affected by downturns in production can only be expected to increase again once the economy shows a sustainable recovery. The course of this recovery will vary from sector to sector.

Having said that, even though our business climate still involves numerous uncertainties, we can currently nevertheless confirm the forecasts issued previously that we will more or less match the previous year's figures in terms of external sales and adjusted EBIT in the 2009/10 financial year. That is an ambitious target, given the record sales posted for the 2008/09 financial year and the reductions in gas and district heating rates, by double-digit amounts in some cases, introduced during the past financial year. We nevertheless believe these targets to be achievable, especially given our market position and the measures already taken to strengthen the operations of the MVV Energie Group.

With our MVV 2020 strategy project, we have clearly defined our objective of being one of Germany's leading energy companies in 2020 as well. We consistently tackled our new alignment within our "Once Together" group project in the 1st half of 2009/10. This way, we are laying foundations for operational enhancements across our various locations and are making the MVV Energie Group fit in organisational and structural terms to secure its competitiveness and future viability on the basis of further profitable growth.

Following approval by the Annual General Meeting on 12 March 2010, our company has once again distributed a dividend of Euro 0.90 per share, equivalent to a total distribution total of Euro 59.3 million. We successfully guided our group of companies in good shape through the crisis year in 2008/09 and are making every effort to consistently exploit the market opportunities available in the current financial year and beyond.

Yours faithfully,



Dr. Georg Müller
CEO

Mannheim, May 2010

The Share of MVV Energie AG

Stock markets maintain upward trend

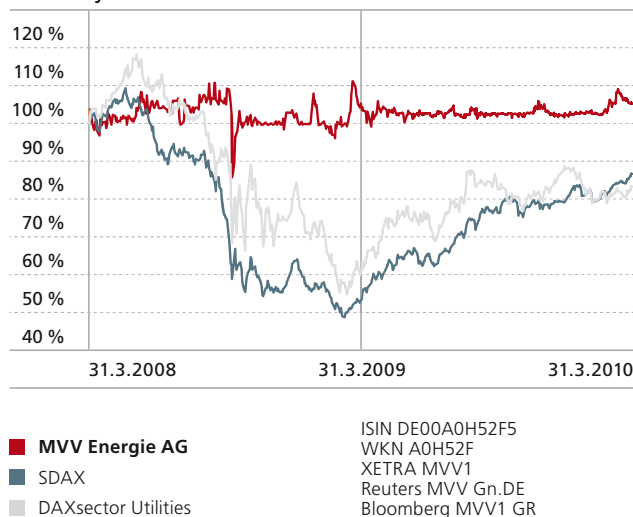
Since March 2009, international stock markets have been rising rapidly. This upward trend has been driven by various factors – macroeconomic indicators consistently point towards improvements, company earnings have been surprisingly positive thanks to successful cost-cutting measures and central banks and governments have upheld their expansive monetary and fiscal policies. Negative factors, such as the weak state of the US labour market and the development in sovereign debt in Dubai and Greece, led to minor temporary dips. Since the end of March 2009, the DAX, Germany's leading index, rose by 50.6 %, and thus exceeded the 6 000 index mark once again. Small and mid cap stock prices performed even better (MDAX + 84.0 %). This positive trend continued between January and March 2010, although the pace of growth slowed considerably, with the DAX only rising by + 3.3 % over this period.

A comparison of the quarterly reporting dates as of 31 March shows that our share price dropped year-on-year by 3.0 %. Including the distribution of a dividend of Euro 0.90 per share in March 2010, however, the performance of our share during the period under report amounted to – 0.3 %. Our comparative indices performed better, with the DAXsector Utilities rising by 37.3 % and the SDAX even improving by 64.1 %. It should be noted, however, that all indices suffered sharp drops in prices in the 2008 crisis year. The stocks included in these indices thus had correspondingly great potential for recovery, while MVV Energie's share even managed to increase by 2.9 % in 2008 despite the difficult capital market climate.

Our share reached its highest closing price in XETRA trading in the quarter under report at Euro 33.35 on 11 March 2010, one day before our Annual General Meeting. Its lowest closing price was recorded at Euro 30.70 on 4 January 2010.

A total of 473 000 MVV Energie shares were traded across all German marketplaces in the quarter under report, and thus around 78 % fewer than in the previous year's period. Trading volumes involving shares in MVV Energie AG correspondingly declined from an equivalent volume of Euro 67 million in the previous year's quarter to Euro 15 million in the 2nd quarter of 2009/10. Due to the decline in the share price, the market capitalisation of MVV Energie AG decreased to around Euro 2 035 million as of 31 March 2010 (previous year: Euro 2 098 million). The free float share of 18.5 % on which the share's weighting in the SDAX is based was valued at around Euro 377 million at the end of the quarter under report (previous year: Euro 388 million).

Performance comparison of the MVV Energie AG share over two years



Measured in terms of its free float market capitalisation, MVV Energie's share was ranked 50th in the joint statistics compiled for the 100 companies in the MDAX and SDAX indices (previous year: 29th). This decline is due to the sharper growth in the share prices of other index members. Measured in terms of stock market trading volumes, our share occupied 82nd position in the statistics (previous year: 68th).

Resolutions adopted by the Annual General Meeting

At the Annual General Meeting held on 12 March 2010, our shareholders approved the proposals made by the Executive and Supervisory Boards with large majorities in each case. The payment of an unchanged dividend of Euro 0.90 per share was approved. Based on the year-end price for the past financial year, this corresponds to a dividend yield of 2.9 %. In all, around 1 100 shareholders, representing 86.4 % of the share capital, accepted the invitation to attend the Annual General Meeting.

New designated sponsor

HSBC Trinkhaus & Burkhardt became the designated sponsor for the share of MVV Energie AG on 1 April 2010. Designated sponsors are responsible for improving trading and price formation processes within electronic stock trading by offering bid and asked prices, thus additionally boosting the stock's liquidity.

Business Framework

Macroeconomic Situation

The overall situation of the German economy did not show any sustainable improvement in the 1st half of our 2009/10 financial year (October 2009 to March 2010). Following the stagnation in gross domestic product in the final calendar quarter of 2009 (October to December 2009), due to the poor weather conditions the German Bundesbank even expects to see a slight downturn in GDP in the first calendar quarter of 2010 (January to March 2010) compared with the equivalent period in the previous year. The economy is expected to recover from the second calendar quarter of 2010 (April to June 2010) onwards.

Sector-specific Developments

Prices on the energy markets showed uneven developments. At US\$ 77.37 per barrel, the quarterly average price of Brent crude oil (January to March 2010) was US\$ 31.65 per barrel higher than in the previous year's quarter. Natural gas prices developed independently of the rising oil prices. The average price in the NCG (NetConnect Germany) market region for delivery in 2011 fell to Euro 16.93/MWh, down by Euro 3.94/MWh on the previous year's quarter. By contrast, the average coal price for delivery in 2011 fell by US\$ 12.89 per tonne compared with the previous year's quarter to US\$ 93.91 per tonne. At Euro 13.09 per tonne of CO₂, emissions rights were Euro 1.61 per tonne higher than in the previous year's quarter. At Euro 48.09/MWh, on the other hand, the average electricity price in the first calendar quarter of 2010 for delivery in 2011 was Euro 1.08/MWh lower than in the previous year's quarter.

Energy Policy and Regulation

The Federal Government plans to set out the key cornerstones of its energy policy in an energy concept due to be presented by the autumn of 2010. Among other factors, this concept will draw on the findings of studies commissioned in April 2010 to investigate various scenarios as to how Germany can meet its climate protection targets. One of the main parameters here is the possible extension in operating lifetimes at German nuclear power plants. It is crucial that the negative impact of any such extension on the development of competition and innovation in the German energy industry should be recognised.

MVV Energie is campaigning for these negative consequences for competitors of nuclear power plant operators to be mitigated as far as possible with active measures to promote competition. Given the scale of the implications of the planned energy concept, it should be ensured that all energy industry players are broadly involved in its compilation.

With a resolution dated 16 March 2010, the Federal Networks Agency has obliged transmission grid operators (TGOs) to cooperate more closely when procuring balancing energy. From 31 May 2010 onwards, a further major player, Amprion, is to be accepted into the existing grid balancing association of the three other TGOs, thus enabling opposing secondary and tertiary control regulations to be avoided across the whole of Germany in future. We welcome this development, which we expect to lead to cost savings on the level of transmissions grids.

With the reform of the Renewable Energies Act (EEG) settlement mechanism as of 1 January 2010, the sales operations of electricity and gas suppliers have been relieved of the obligation to accept EEG volumes, and thus of substantial risks. The Federal Networks Agency clarified detailed implementation-related issues in an Implementation Ordinance (from 27 February 2010). Accordingly, transmission grid operators or service providers commissioned by them will in future market EEG electricity volumes in full on the prior-day spot market at the given exchange. Exceptions and transitional regulations valid through till the end of 2010 had created some confusion on the market at the beginning of this year. In certain situations (high wind feed-in, low load), TGOs have been allowed to place limited bids to avoid extremely negative prices on the EEX European Energy Exchange. Should this measure not suffice, then TGOs may also reach bilateral agreements with electricity generators and consumers. With regard to the application of the Implementation Ordinance, MVV Energie has continued to campaign for enhanced transparency concerning the marketing of EEG volumes, which we expect to lead to greater market efficiency.

Our New Corporate Strategy

As a publicly listed energy supplier, MVV Energie is building on its sustainable, balanced and forward-looking business portfolio. With our strategic realignment in the 2008/09 financial year, we created a basis for our investments in the future, providing a firm foundation for further profitable growth to increase the value of our company. The MVV Energie Group will be investing around Euro 3 billion to this end over the next ten years. Renewable energies and the future markets of climate protection and energy efficiency form one focus of our medium to long-term strategy. In our environmental energy segment we are implementing our market entry strategy in the British waste market.

In the 1st half of 2009/10, we set about implementing the realignment of the MVV Energie Group. In our "Once Together" group project we analysed and evaluated all relevant processes and structures at the Group. Based on the logic of the respective business fields, operational enhancements are to be introduced and potential synergies exploited in a structured manner in future. Efficiency, regional identity and sustainability – the core features of our new approach – allow the companies and employees to exploit their respective strengths at their locations and to draw on their regional identities. Further information can be found in the Outlook from Page 15 onwards.

Generation, Products, Services

In terms of our energy generation, we are focusing on a balanced energy mix during the transitional period in the run-up to the renewable energies age. In this, modern, highly-efficient hard coal power plants that simultaneously generate electricity and heating energy using cogeneration represent an indispensable component. Work on the construction of Block 9 at the large power plant in Mannheim (GKM) is progressing on schedule. This will secure the supply of electricity and district heating in the Rhine/Neckar metropolitan region.

In our energy-related services business as well, our decentralised energy generation solutions focus above all on cogeneration and increasingly on renewable energies, especially biomass (wood chips, wood pellets) and biogas. With an 18% share of renewable energies, the MVV Energie Group is already ahead of the national average and is one of the market leaders in the environmentally-friendly use of biomass to generate electricity and heating energy.

On the sales side, we maintained our successful course in the 1st half of 2009/10 as well by drawing on innovative products. This was particularly the case in our nationwide industrial and commercial customer sales business. Our Electricity Fund and our Gas Fund, which we were the first energy company to introduce in the past year, enable our customers to enjoy the benefits of structured procurement on the wholesale market.

In our private customer business, new cooperation partners enabled us to further promote the nationwide sale of our green electricity product SECURA Ökostrom to private customers in the period under report. Since January 2010, gas customers in our own grid region have been able to switch to our climate-friendly sales product NATURA Biogas, which allows them to meet all of the requirements of the "Utilisation of Renewable Heating Energy in Baden-Württemberg Act" (EWärmeG) without any need to invest in new technology.

Energy Trading Business

Energy procurement, the management of procurement and generation portfolios and proprietary trading for five of our group companies are pooled at 24/7 Trading GmbH, the central energy trading company of the MVV Energie Group. All commodities relevant for our Group, such as electricity, natural gas and emissions rights, are reported there, as are the associated physical and financial products and coal and oil price hedging transactions.

The wholesale energy markets in which 24/7 Trading GmbH operates have consolidated at a low level following the drastic fall in prices due to the economic crisis. Depending on the recovery in the global economy, market prices are expected to rise once again in the medium term. The professional risk management and portfolio management of the MVV Energie Group have proven extraordinarily robust in this special market situation and are being continually enhanced.

Business Performance Confirms Forecast

In the forecast for the 2009/10 financial year provided in our financial report for the 1st quarter of 2009/10, we announced that we intended to more or less match the previous year's level of external sales and adjusted EBIT – and that in spite of the difficult economic climate. From a current perspective we can confirm that our actual business performance in the first six months of the 2009/10 financial year is largely consistent with our forecast. Weather conditions, which play a key role in determining the operative business performance of our group of companies, were comparable overall in the 2009/10 winter half-year (October 2009 to March 2010) with those in the previous year. At some of our locations (Kiel, Köthen and the Czech Republic), significantly cooler temperatures were measured, especially in January and February 2010, than at our Group's other locations.

Research and Development

Within the framework of its climate protection fund, MVV Energie is supporting projects helping climate protection in Mannheim with a total of Euro 10 million by 2020. Among other aspects, these funds are being channelled into a grass-roots programme aimed at encouraging private customers to invest in energy-efficient solutions on location. Other measures promoted in 2010 also include the construction of a restaurant complying with the so-called „GreenBuilding Standard“. This will be Germany's first restaurant building to undercut the low energy consumption figures now required of new buildings by a further 25 percent, thus meeting the utmost climate protection standards.

In the real estate sector as a whole, demand for electricity from renewable energy sources is rising. The most common solution found by homeowners to date is that of installing a photovoltaic system on the roof of their own house. In future, small-scale wind power plants could help to cover domestic electricity consumption. To gain initial experience in this technology field, MVV Energie commenced operations with two small-scale wind power plants in front of its head office building at the beginning of 2010. These have been specially designed for operation in built-up areas and operate with virtually no sound or vibration. By testing these products and acquiring insights into their operating behaviour, we aim to support the development of this technology through to market maturity.

Employees

The MVV Energie Group had more than 6 000 employees as of 31 March 2010. The total number of employees at the end of the 1st half of 2009/10 was thus 168 higher than at the equivalent date in the previous year. This increase was chiefly due to personnel joining the Group upon the initial consolidation of companies in the energy-related services business and at the Czech subgroup, as well as to higher numbers of staff at 24/7 Trading GmbH. The number of employees abroad rose year-on-year by 34 to 618 in the 1st half of 2009/10. Compared with the 1st quarter of 2009/10 (31 December 2009), the total workforce of our group of companies declined by 81 in the quarter under report.

Within the group-wide “Once Together” project, the Executive Boards and Works Councils of MVV Energie, EVO and Stadtwerke Kiel have agreed a draft paper outlining key personnel-related issues. These include an agreed ban on redundancies until 30 September 2016 – following achievement of the Group's personnel targets. At the same time, the paper also foresees that the Group's locations will be maintained and that no sites will be closed.

Personnel figures (headcount) at the balance sheet date on 31.3.

| | 2009/10 | 2008/09 | +/-change |
|---|--------------|--------------|--------------|
| MVV Energie AG | 1 474 | 1 477 | -3 |
| Fully consolidated shareholdings | 3 838 | 3 670 | + 168 |
| MVV Energie AG with fully consolidated shareholdings | 5 312 | 5 147 | + 165 |
| Proportionately consolidated shareholdings | 680 | 672 | +8 |
| MVV Energie Group ¹ | 5 992 | 5 819 | + 173 |
| External personnel at Mannheim cogeneration plant | 14 | 19 | -5 |
| | 6 006 | 5 838 | + 168 |

¹ including 411 trainees (previous year: 426)

Business Performance

Earnings Position of the MVV Energie Group

Positive performance in 2nd quarter of 2009/10

Despite initial signs of recovery, there is still no certainty that the German economy will show a sustainable economic upturn. Following the weak market situation in the 1st quarter of 2009/10, since January 2010 we have seen a slight improvement at our industrial customers, particularly in our electricity business. Cool weather conditions in the heating months of January and February 2010 also impacted positively on the business performance of the MVV Energie Group. In the 2nd quarter of 2009/10 (January to March 2010), we were thus able to increase our external sales and adjusted EBIT compared with the same quarter in the previous year. Overall, we can thus report a higher rate of growth in external sales for the 1st half of 2009/10 as a whole than in the 1st quarter of 2009/10 alone. Adjusted EBIT, on the other hand, declined year-on-year by Euro 3 million in the 1st half of 2009/10. Due to the positive performance in the 2nd quarter, however, the shortfall reported at the end of the 1st quarter of 2009/10 (Euro –7 million) has been significantly reduced.

External sales of the MVV Energie Group by segment 1st half, 1.10 to 31.3.

| Euro million | 2009/10 | 2008/09 | % change |
|-----------------------|--------------|--------------|-----------|
| Electricity | 1 014 | 874 | +16 |
| District heating | 210 | 223 | –6 |
| Gas | 297 | 375 | –21 |
| Water | 48 | 48 | 0 |
| Value-added services | 170 | 157 | +8 |
| Environmental energy | 93 | 96 | –3 |
| Other / consolidation | 11 | 15 | –27 |
| | 1 843 | 1 788 | +3 |

EXTERNAL SALES (excluding electricity and natural gas taxes) grew year-on-year by Euro 55 million (+ 3 %) in the 1st half of 2009/10. At Euro 46 million (+ 5 %), the sales growth in the 2nd quarter of 2009/10 was higher than the growth of Euro 9 million (+ 1 %) in the 1st quarter of 2009/10.

This year-on-year sales growth in the period under report was mainly driven by the electricity and value-added services segments. The increases reported here more than compensated for the reduction in sales, mainly due to price factors, in the district heating, gas and environmental energy segments.

The strong growth in the electricity segment was primarily due to volume growth in the electricity trading business, nationwide electricity sales with industrial and commercial customers and the secondary distribution business. The reduction in sales in the gas segment was mainly attributable to the substantial cuts in gas prices introduced by all companies in our Group from the beginning of 2009. Price cuts were also the reason for the downturn in sales in the district heating segment. The increase in external sales in the value-added services segment (+ 8 %) was largely due to sales contributions from companies consolidated for the first time.

The domestic business accounted for 96 % of external sales in the 1st half of 2009/10. The Czech subgroup contributed 4 % of total sales.

Sales volumes of the MVV Energie Group¹ 1st half, 1.10. to 31.3.

| | 2009/10 | 2008/09 | % change |
|---|---------|---------|----------|
| Electricity in kWh million | 11 384 | 9 812 | +16 |
| of which wholesale ^{2,3} | 4 533 | 3 405 | +33 |
| of which retail/secondary distributors ² | 6 851 | 6 407 | +7 |
| District heating in kWh million | 5 493 | 5 164 | +6 |
| Gas in kWh million | 8 522 | 7 243 | +18 |
| of which wholesale ² | 1 126 | 166 | +578 |
| of which retail/secondary distributors ^{2,3} | 7 396 | 7 077 | +4 |
| Water in m ³ million | 26.4 | 25.8 | +2 |
| Combustible waste delivered in tonnes 000s | 860 | 767 | +12 |
| of which environmental energy segment | 753 | 736 | +2 |
| of which value-added services segment | 86 | 31 | +177 |
| of which district heating segment | 21 | — | — |

1 total volumes across all segments

2 reallocation of secondary distributors in previous year

3 correction in previous year

Development in further key items in the income statement

Initial application of IAS 1 Amendment (2007) led to an amended presentation of the income statement in the interim consolidated financial statements as of 31 March 2010 compared with the consolidated financial statements for the 2008/09 financial year (30 September 2009). For financial years beginning on or after 1 January 2009, it is now necessary to report below the income statement those income and expenses recognised not in the income statement, but directly in equity. Specifically, these involve the measurement of cash flow hedges and foreign exchange differences (see statement of comprehensive income on Page 19 and statement of changes in equity on Page 20).

The **COST OF MATERIALS** increased year-on-year by Euro 32 million to Euro 1 340 million in the 1st half of 2009/10. This rise was due above all to higher energy procurement costs on account of increased volumes, and was countered by savings in the gas business due to price reductions.

PERSONNEL EXPENSES grew by Euro 6 million (+ 4 %) to Euro 161 million in the 1st half of 2009/10. This was chiefly the result of collective pay rises and increased personnel totals due to new companies consolidated for the first time from January 2009.

The development in **OTHER OPERATING INCOME** and **OTHER OPERATING EXPENSES** was influenced in the 1st half of 2009/10 as well by the mandatory measurement of commodity derivatives as of the balance sheet date pursuant to IAS 39. This also involves accounting for the fair values as of the balance sheet date of energy trading transactions concluded to hedge underlying transactions (commodities futures).

Other operating income for the 1st half of 2009/10 includes IAS 39 measurement items of Euro 207 million, compared with Euro 424 million in the 1st half of the previous year. These items were offset by IAS 39 measurement items of Euro 227 million reported under other operating expenses (1st half of 2008/09: Euro 669 million). On a net basis, the IAS 39 item for the 1st half of 2009/10 was negative at Euro –20 million. This compares with a substantially more negative measurement item of Euro –245 million in the 1st half of the previous year. The development in IAS 39 items reflects the sharp fluctuations in prices on commodity and energy markets in the past two years.

Notes on the fair value measurement of energy trading derivatives

MVV Energie procures the electricity volumes required for its customers via 24/7 Trading GmbH from external trading partners or on the exchange. The procurement agreements thereby contracted act as hedges for customer sales contracts with delivery at later dates, so-called hedged items. To minimise risks and to hedge against price risks, we cover these hedged items with hedging transactions (especially future contracts). These hedges (financial instruments) have to be measured at fair value as of the balance sheet date (IAS 39).

For a net buyer such as MVV Energie, the measurement of commodity derivatives relating to its energy trading business as of the balance sheet for the 1st half of 2009/10 led to negative fair values. This was because current market prices as of 31 March 2010 were lower than when the respective hedging transactions were concluded. However, the decline in market prices was not as severe as in the 1st half of the previous year. The IAS 39 measurement items are therefore less negative than in the previous year's period. This measurement of derivatives as of the balance sheet date has no impact on payments or taxes and does not affect our operating business. It also does not influence the dividend, which is based on the earnings of MVV Energie AG calculated in accordance with the German Commercial Code (HGB).

Reconciliation with adjusted EBIT used for management purposes

For internal management purposes, as well as to enhance comparability and transparency, we refer to **ADJUSTED EBIT**, i.e. to operating earnings before interest and taxes on income excluding the impact on earnings of the fair value measurement of financial derivatives as of the balance sheet date required by IAS 39. In the consolidated income statement we report both the net result of IAS 39 derivative measurement and EBIT before IAS 39 derivative measurement, i.e. our adjusted EBIT, in the lines beneath the EBIT earnings item. In our financial reporting, we therefore report on the earnings position of the MVV Energie Group and the earnings performance of our business segments on the basis of this key earnings figure, as it provides a more meaningful indication of our ongoing earnings strength. The following table presents the reconciliation of the EBIT reported in the income statement with adjusted EBIT.

**Reconciliation of EBIT (income statement) with adjusted EBIT
1st half, 1.10. to 31.3.**

| Euro million | 2009/10 | 2008/09 | +/- change |
|--|------------|------------|------------|
| EBIT as reported in income statement | 189 | -33 | +222 |
| Financial derivatives measurement item | 20 | 245 | -225 |
| Restructuring expenses | — | — | — |
| = Adjusted EBIT | 209 | 212 | -3 |

The slight year-on-year reduction in adjusted EBIT by Euro 3 million (- 1 %) in the 1st half of the 2009/10 mainly related to the 1st quarter of 2009/10 (Euro - 7 million). In the 2nd quarter of 2009/10, our adjusted EBIT improved year-on-year by Euro 4 million. This improvement was mainly attributable to the electricity segment. There were no write-downs on goodwill or restructuring expenses either in the 1st half of 2009/10 or in the previous year's period.

**Adjusted EBIT of the MVV Energie Group by segment
1st half, 1.10. to 31.3.**

| Euro million | 2009/10 | 2008/09 | % change |
|----------------------|------------|------------|-----------|
| Electricity | 31 | 24 | +29 |
| District heating | 71 | 72 | -1 |
| Gas | 60 | 63 | -5 |
| Water | 5 | 5 | 0 |
| Value-added services | 10 | 10 | 0 |
| Environmental energy | 32 | 38 | -16 |
| Other/consolidation | — | — | — |
| | 209 | 212 | -1 |

Adjusted net surplus for the period

By analogy with the 2008/09 Annual Report, in the 1st half of 2009/10 we have reported our adjusted net surplus for the period and our adjusted net surplus for the period after minority interests, i.e. our two key net income figures after interest, taxes and minority interests, following adjustment for the fair value measurement of financial derivatives as of the balance sheet date required by IAS 39. We have also eliminated this valuation item when determining adjusted taxes on income.

ADJUSTED EBT reduced year-on-year by Euro 5 million from Euro 171 million to Euro 166 million in the 1st half of 2009/10. The tax rate based on adjusted EBT for the 1st half of 2009/10 amounts to 32.9 % (previous year: 32.9 %). The income tax expenses of Euro 49 million reported in the income statement for the 1st half of 2009/10 include deferred tax income of Euro 5 million due to IAS 39 measurement items. In the previous year, income of Euro 18 million was reported under taxes on income in the 1st half of 2008/09. This was mainly attributable to deferred tax income of Euro 74 million arising on account of the high negative IAS 39 measurement item of Euro - 245 million in the previous year.

Having deducted income taxes of Euro 54 million following adjustment for the financial derivatives measurement item (previous year: Euro 56 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 112 million in the 1st half of 2009/10 (previous year: Euro 115 million).

Net of minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 104 million for the half-year under report, as against Euro 115 million in the previous year. On this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.57 in the 1st half of 2009/10, compared with Euro 1.75 in the previous year. As in the previous year, the half-year weighted average number of shares amounted to 65.9 million.

Segment Performance

Sales volumes in the **ELECTRICITY SEGMENT** grew year-on-year by 16 % to 10.9 billion kWh in the 1st half of 2009/10. This growth was driven on the one hand by portfolio structuring and management measures in the electricity trading business and on the other hand by increased deliveries in the end customer business with industrial, commercial and secondary distribution customers. At +12 %, the volume growth with this customer group in the 2nd quarter of 2009/10 was significantly higher than the equivalent figure of +2 % for the 1st quarter of 2009/10. The stronger growth in the 2nd quarter was due partly to the dynamic development in the nationwide electricity sales business and partly to the slight recovery in demand in the industrial customer business since 1 January 2010. Our electricity turnover with private and business customers rose year-on-year by 3 %. This growth was driven in particular by nationwide sales with our SECURA Ökostrom green electricity product.

Electricity sales (excluding electricity taxes) rose by 16 % to Euro 1 014 million. This increase was driven by higher volumes. Partly due to this growth, adjusted EBIT rose year-on-year by Euro 7 million (+29 %) to Euro 31 million in the 1st half of 2009/10. The other main reasons for this earnings growth were positive portfolio management items and special items resulting from the reversal of provisions and the absence of non-period items that had affected earnings negatively in the previous year. These factors more than compensated for the loss of earnings, particularly in the 1st quarter, in the wake of the economic crisis due to the resale of electricity volumes no longer required in the industrial customer portfolio and the start-up losses incurred in the development of the nationwide SECURA Ökostrom product.

Electricity turnover of the MVV Energie Group¹ 1st half, 1.10. to 31.3.

| kWh million | 2009/10 | 2008/09 | % change |
|---|---------------|--------------|------------|
| Wholesale ^{2,3} | 4 533 | 3 405 | +33 |
| Industrial and commercial customers/ secondary distributors ² | 5 350 | 4 981 | +7 |
| Private and business customers | 1 053 | 1 022 | +3 |
| | 10 936 | 9 408 | +16 |

1 excluding electricity turnover in value-added services and environmental energy segments

2 reallocation of secondary distributors in previous year

3 correction in previous year

At 4.0 billion kWh, sales volumes in the **DISTRICT HEATING SEGMENT** in the 1st half of 2009/10 were at the same level as in the previous year. Due to price factors, sales fell year-on-year by Euro 13 million (–6 %). Adjusted EBIT in the district heating segment reduced year-on-year by Euro 1 million (–1 %) to Euro 71 million. This decline was mainly caused by lower margins at the Mannheim and Offenbach subgroups due to price and volume factors. This more than compensated for the improvement in earnings at the Kiel and Czech subgroups, as well as for the EBIT contribution from Českolipská teplárenská a.s., Česká Lípa, the newly consolidated company at our Czech subgroup.

District heating turnover of the MVV Energie Group¹ 1st half, 1.10. to 31.3.

| kWh million | 2009/10 | 2008/09 | % change |
|--|--------------|--------------|----------|
| District heating | | | |
| Secondary distributors | 532 | 539 | –1 |
| Industrial and commercial customers ² | 658 | 840 | –22 |
| Private and business customers ² | 2 690 | 2 502 | +8 |
| | 3 880 | 3 881 | 0 |
| Steam | | | |
| Industrial and commercial customers | 141 | 152 | –7 |
| | 4 021 | 4 033 | – |

1 excluding district heating turnover in value-added services and environmental energy segments

2 partial reallocation of customers in year under report

Sales volumes in the **GAS SEGMENT** rose to 8.3 billion kWh in the 1st half of 2009/10, up 18 % on the previous year. This increase was mainly attributable to growth in the wholesale business and to higher sales volumes in the nationwide gas sales business.

Notwithstanding this volume growth, sales fell by Euro 78 million (–21 %) in the half-year under report. This marked reduction was principally due to the double-digit price cuts introduced by all of the companies in our Group compared with the 1st half of 2008/09. These price cuts also affected the development in adjusted EBIT in the gas segment, which dropped year-on-year by Euro 3 million to Euro 60 million in the 1st half of 2009/10.

**Gas turnover of the MVV Energie Group¹
1st half, 1.10. to 31.3.**

| kWh million | 2009/10 | 2008/09 | % change |
|---|--------------|--------------|------------|
| Wholesale ² | 1 127 | 166 | +579 |
| Industrial and commercial customers/ secondary distributors ^{2,3} | 4 227 | 3 759 | +12 |
| Private and business customers | 2 942 | 3 129 | -6 |
| | 8 296 | 7 054 | +18 |

1 excluding gas turnover in value-added services segment

2 reallocation of secondary distributors in previous year

3 correction in previous year

In the **WATER SEGMENT**, sales volumes increased year-on-year by 2 % to 26.2 million m³ in the 1st half of 2009/10. The water business mainly depends on private and business customers, who account for around 83 % of our water turnover. This volume growth was generated in particular at the Mannheim and Kiel subgroups. Water sales (Euro 48 million) and adjusted EBIT (Euro 5 million) were at the same level as in the previous year.

**Water turnover of the MVV Energie Group¹
1st half, 1.10. to 31.3.**

| m ³ million | 2009/10 | 2008/09 | % change |
|-------------------------------------|-------------|-------------|-----------|
| Secondary distributors | 2.6 | 2.5 | +4 |
| Industrial and commercial customers | 1.8 | 1.8 | 0 |
| Private and business customers | 21.8 | 21.4 | +2 |
| | 26.2 | 25.7 | +2 |

1 excluding water turnover in value-added services segment

Sales in the **VALUE-ADDED SERVICES SEGMENT** grew by 8 % to Euro 170 million in the half-year under report. This increase was primarily driven by higher sales in the energy efficiency and management business field, which benefited above all from the initial consolidation of the companies A + S Naturenergie GmbH, Pfaffenhofen, and MVV Energiedienstleistungen GmbH Nord, Hamburg, as well as from the expansion in heating contracting for the real estate sector. At Euro 10 million, the adjusted EBIT for the 1st half of 2009/10 was at the previous year's level.

**Value-added services sales of the MVV Energie Group
1st half, 1.10. to 31.3.**

| Euro million | 2009/10 | 2008/09 | % change |
|---|------------|------------|-----------|
| ERS holding company | 20 | 23 | -13 |
| Energy efficiency and management | 84 | 67 | +25 |
| Industrial parks and large projects | 42 | 44 | -5 |
| Consulting | 10 | 11 | -9 |
| MVV Energiedienstleistungen | 156 | 145 | +8 |
| Energy-related services at municipal utility shareholdings | 14 | 14 | 0 |
| Energy-related services | 170 | 159 | +7 |
| Other services/consolidation | — | -2 | — |
| | 170 | 157 | +8 |

In the **ENVIRONMENTAL ENERGY SEGMENT**, sales decreased by Euro 3 million to Euro 93 million in the 1st half of 2009/10. Of segment sales, Euro 77 million (previous year: Euro 76 million) were attributable to the incineration of waste at our locations in Mannheim, Offenbach and Leuna. We posted sales of Euro 16 million in our energy business, i.e. from the generation of electricity and steam (previous year: Euro 20 million).

Adjusted EBIT declined year-on-year by Euro 6 million to Euro 32 million. On the one hand, this reduction was due to a price-related drop in earnings in the waste business. Waste prices are still coming under pressure from the reduction in industrial and commercial waste volumes due to the fall in production output, as well as from the expansion in incineration capacities in Germany. Successful materials flow management enabled us to increase the waste volumes at our energy from waste plants by 2 % compared with the same period in the previous year. On the other hand, all plants were affected by lower electricity prices on the sales side in the half-year under report compared with the same period in the previous year.

**Energy turnover in environmental energy segment of the
MVV Energie Group
1st half, 1.10. to 31.3.**

| | 2009/10 | 2008/09 | % change |
|---|---------|---------|----------|
| Electricity turnover (including secondary distributors) in kWh million | 180 | 199 | -10 |
| Steam turnover in kWh million | 222 | 223 | — |

The **OTHER SEGMENT** includes services not directly allocable to any individual segment. Consolidation items are reported separately in the segment report on Page 21.

Net Asset and Financial Position

Asset and capital structure

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended or adopted several standards and interpretations requiring mandatory application for the first time in the interim consolidated financial statements of the MVV Energie Group in the 2009/10 financial year. Information about the new requirements and amendments can be found in the notes to the interim consolidated financial statements from Page 24 onwards.

At Euro 4.09 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 March 2010 were Euro 134 million (+ 3 %) higher than at the end of the 2008/09 financial year (Euro 3.95 billion).

On the asset side, **NON-CURRENT ASSETS** dropped to Euro 2.66 billion, down Euro 138 million (– 5 %) compared with 30 September 2009. This reduction was principally due to a lower volume of other receivables and assets, which were affected above all by the reclassification of those energy trading transactions recognised under IAS 39 requiring delivery in the 2010 calendar year from non-current to current assets. Property, plant and equipment, which account for 76 % and thus the major share of non-current assets (previous year: 71 %), showed a net increase of Euro 13 million to Euro 2.01 billion.

CURRENT ASSETS rose by Euro 272 million to Euro 1.43 billion (+ 23 %). This growth was mainly attributable to a higher volume of other receivables and assets due to the reclassification referred to above of energy trading transactions requiring recognition. Furthermore, the increase was also due to current receivables in connection with security deposits paid to trading partners by the MVV Energie Group in the context of energy trading transactions to reduce counterparty risk given the sharp fluctuations in the fair values of energy trading derivatives. Trade receivables rose to Euro 624 million, up Euro 160 million compared with 30 September 2009. This increase was the result of seasonal factors and of the expansion of activities in the nationwide electricity and gas sales businesses. Due to the successful optimisation of receivables management and the customary netting of transactions in the energy trading business, the volume of receivables as of 31 March 2010 (Euro 624 million) could be substantially reduced compared with 31 March 2009 (Euro 878 million).

At Euro 236 million, cash and cash equivalents were Euro 85 million lower than at 30 September 2009.

On the liabilities side, the **EQUITY** of the MVV Energie Group rose to Euro 1.14 billion, up Euro 27 million (+ 2 %) compared with 30 September 2009. This increase was chiefly driven by the net surplus for the period in the 1st half of 2009/10 (including IAS 39 valuation items). For internal management purposes, we eliminate the positive fair values of financial derivatives, amounting to Euro 368 million, from the asset side of our balance sheet as of 31 March 2010 (30 September 2009: Euro 388 million). On the equity and liabilities side, we eliminate the negative fair values of Euro 476 million from liabilities (30 September 2009: Euro 483 million) and the resultant net balance of Euro 108 million recognised under equity (30 September 2009: Euro 95 million). Calculated on this adjusted basis, the equity ratio of the MVV Energie Group amounted to 33.5 % in the half-year under report (30 September 2009: 33.9 %).

NON-CURRENT DEBT fell to Euro 1.55 billion, down Euro 151 million (– 9 %) compared with the balance sheet date on 30 September 2009. This development was countered by an increase in **CURRENT DEBT** by Euro 258 million (+ 23 %) to Euro 1.40 billion. The changes in non-current and current other liabilities were due to the reclassification already referred to on the asset side of energy trading derivatives requiring recognition under IAS 39. The development in financial debt is reported on Page 13.

Investments

The MVV Energie Group invested a total of Euro 90 million in the 1st half of 2009/10 (previous year: Euro 84 million). Of this sum, Euro 84 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 76 million), while Euro 6 million was channelled into the acquisition of fully and proportionately consolidated companies and other financial assets (previous year: Euro 8 million). The financial investments partly involve the 100 % stake acquired in the Czech company IROMEZ s.r.o., Pelhřimov. in the half-year under report.

The investments made in the 1st half of 2009/10 focused above all on the district heating segment and mainly involved the construction of a district heating pipeline to Speyer, the expansion of district heating grids in Mannheim, Offenbach and Ingolstadt and the renovation of the supply tunnel under the firth at the Kiel subgroup. Investments in the gas and environmental energy segments focused on the cast iron renovation programme and the completion of the new boiler No. 6 at the energy from waste plant in Mannheim respectively.

In the value-added services segment, MVV Energiedienstleistungen and the Bavarian State Forestry Commission launched operations at their first joint biomass cogeneration plant in Mertingen at the end of October 2009. A total of 51 GWh of steam is produced from local timber every year for the Zott dairy plant, with 9.4 GWh of electricity simultaneously being fed into the public grid.

Financial position and cash flow

Non-current financial debt rose by Euro 23 million and current financial debt by Euro 35 million. The rise in current financial debt was chiefly due to increased short-term financing requirements for security deposits (margins) in the context of energy trading transactions and to seasonal financing factors at the Kiel, Offenbach, Solingen and Ingolstadt subgroups. Net financial debt (financial debt less cash and cash equivalents) rose to Euro 1.33 billion in the 1st half of 2009/10, up Euro 143 million on the balance sheet date for the past financial year (30 September 2009).

At Euro 282 million, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** virtually matched the previous year's figure. The substantial increase in the net surplus for the period before taxes on income (including IAS 39 valuation items) in the 1st half of 2009/10 compared with the equivalent quarter in the previous year was eliminated in the context of other non-cash income and expenses.

The **CASH FLOW FROM OPERATING ACTIVITIES** was positive to the tune of Euro 55 million in the half-year under report (previous year: Euro – 108 million). Developments here were affected by changes within other working capital. The net changes in other assets and liabilities in the 1st half of 2009/10 were noticeably lower than in the 1st half of the previous year. Furthermore, the cash flow was also affected by the less marked reduction in current provisions. Following the deduction of investments of Euro 84 million in intangible assets, property, plant and equipment and investment property (previous year: Euro 76 million), the **FREE CASH FLOW** for the 1st half of 2009/10 was negative at Euro –29 million. At Euro –185 million, the negative free cash flow in the previous year was considerably higher.

At Euro – 84 million, the negative **CASH FLOW FROM INVESTING ACTIVITIES** was higher in the 1st half of 2009/10 than in the previous year (Euro –32 million). This development was attributable on the one hand to a higher outflow of funds for investments in the year under report and on the other to the inflow of funds in the previous year due to the sale of the Polish subgroup.

The **CASH FLOW FROM FINANCING ACTIVITIES** was negative at Euro –55 million in the half-year under report (previous year: Euro 98 million). This was due to a significantly lower volume of net new lending than in the 1st half of the previous year. Further details can be found in the cash flow statement on Page 22 and the notes to the interim consolidated financial statements on Page 28.

Opportunity and Risk Report

No changes in opportunity and risk items

Our group-wide systematic risk management system serves to identify any potential risks to the company's continued existence at an early stage and to optimise the opportunity and risk profile of our business activities. Identifying and managing those opportunities and risks harboured by the energy supply and waste incineration markets relevant for the MVV Energie Group represents a key success factor in managing the company.

The most important exogenous factors affecting the business performance of the MVV Energie Group are:

- weather-related volume risks and opportunities arising due to weather conditions during the heating period.
- operating risks and opportunities. These include potential restrictions on output at our plant capacities and related price risks, as well as the potential opportunities arising due to higher output at our power plants. Downturns in turnover due to macroeconomic factors are cushioned by our customer structure, with its strong foundation of medium-sized customers and private customers.

All factors developed as planned in the 2nd quarter of the 2009/10 financial year as well. We therefore do not expect any changes in the opportunity and risk situation presented on Pages 78 to 80 of the 2008/09 Annual Report and on Page 14 of our financial report for the 1st quarter of 2009/10 (price risks and opportunities, operating risks and opportunities, volume risks and opportunities, legislative risks, financing risks, strategic risks and opportunities). Further information about future opportunities and risks can be found in the Outlook from Page 15 onwards.

There are no indications that any risks could have endangered the continued existence of the company in the period under report or could do so in the further course of the 2009/10 financial year.

Events After the Balance Sheet Date

Apart from the matters reported below, there were no material changes in the underlying framework between the balance sheet date on 31 March 2010 and the preparation of these interim consolidated financial statements for the 1st half of 2009/10.

Construction begins on heating energy project in Ingolstadt

With the official ground-breaking ceremony for the heating energy association project on 30 April 2010, Stadtwerke Ingolstadt began work on the construction of a 5.3-kilometre district heating pipeline. Once operations are launched with the extended district heating grid (expected in spring 2011), an annual district heating volume of 330 kWh is expected to be fed into the grid (please also see Outlook on Page 15).

Financial markets rocked by debt crisis in Southern Europe

The debt crisis in the euro area intensified further with the downgrading in the creditworthiness of Greece, Portugal and Spain by the rating agency Standard & Poor's (S&P) at the end of April 2010. To avert the risk of national bankruptcy, the International Monetary Fund (IMF), the European Central Bank and the other euro area countries (including Germany) will have to grant large-scale financial assistance over the next three years. It is not yet clear whether these measures will suffice to avoid a renewed financial crisis, one which could also have negative implications for MVV Energie.

Voting rights notification

Barclays Securities Ltd., London, UK, informed us pursuant to § 21 (1) of the German Securities Trading Act (WpHG), that its share of the voting rights in MVV Energie AG fell below the 5 % and 3 % thresholds on 8 April 2010 and 9 April 2010 and on those dates amounted to 4.13 % (around 2.7 million voting rights) and 2.73 % (around 1.8 million voting rights). Deka International S.A., Luxembourg, Luxembourg, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MVV Energie AG exceeded the 3 % and 5 % thresholds on 22 April 2010 and on that date amounted to 6.13 % (around 4.0 million voting rights).

Outlook

Future macroeconomic framework

Germany's leading economic research institutes published their spring survey on 15 April 2010. For 2010 as a whole, they expect to see moderate economic growth of 1.5 % compared with the low figure in the previous year due to the crisis. Growth of 1.4 % is expected in 2011. Based on our assessment, macroeconomic developments still involve numerous uncertainties in spite of the emergent economy recovery. We see the rapid increase in government debt as representing the greatest problem for the German economy.

Future situation in the sector

The energy industry is undergoing prolonged, far-reaching structural change. Increasing cost and competitive pressure, the second phase of incentive regulation, falling energy demand, new technological developments and climate protection requirements will transform our market environment. We see the long-term trend towards the "ecologisation" of the energy industry as being irreversible.

Due to the reduction in industrial output in the wake of the economic crisis, the German waste market is currently still affected by lower waste volumes. This situation is exacerbated by excess capacity due to new incineration plants. Prices, which have fallen as a result, have probably not yet reached their lowest point.

Further development in our organisational structure

During the 2nd half of 2009/10 we will be drawing the necessary conclusions from the evaluation of our cross-locational "Once Together" group project. The key cornerstones of our long-term sustainable strategy are efficiency, regionalism and sustainability. In parallel to this work on our new business model, we are gradually implementing the restructuring of the MVV Energiedienstleistungen subgroup in the course of the 2009/10 financial year.

We have established a new "Shared Service Center" organisational unit, which is intended to ensure the uniform management of the shared service companies 24/7 IT-Services GmbH, 24/7 United Billing GmbH and 24/7 Metering GmbH. This way, we intend to reduce the number of interfaces, exploit consolidation potential and optimise the operating performance for the sales and grid business fields.

Our future markets

The climate protection targets offer potential for MVV Energie to generate profitable growth in the medium to long term. We are building on the future markets of renewable energies, energy efficiency and cogeneration. One example of the "energy turnaround" involves the fast-growing willows and poplars being cultivated in an "energy forest", which can be harvested for the first time this year and used to generate heating energy at a new biomass heating energy plant. Furthermore, EVO is building a new plant with the capacity to produce between 65 000 tonnes and a maximum of 130 000 tonnes of industrial pellets a year. In future, the pellets are set to replace part of the hard coal used at EVO's cogeneration plant.

District heating as focus of investment

We have taken significant steps at all of our Group's locations to exploit the potential offered by heating energy produced using the environmentally-friendly cogeneration process. In Mannheim and the Rhine/Neckar metropolitan region alone, we will be investing more than Euro 60 million in further concentrating and expanding the district heating supply in the coming years. We expect to launch operations with the 21-kilometre supply route to Speyer in October 2010.

In Ingolstadt, the largest industrial waste heat and district heating project in Bavaria is being prepared in a cooperation between our local municipal utility company and the municipal authorities, VW Kraftwerk GmbH, Audi AG, Petroplus Raffinerie Ingolstadt GmbH and the energy from waste plant. Stadtwerke Ingolstadt alone will be investing around Euro 23 million in expanding the district heating grid and converting and extending existing facilities. Numerous major local customers stand to benefit from this environmentally-friendly and resource-effective supply of district heating produced from industrial waste heat. At the same time, it will provide a foundation for connecting additional district heating customers in Ingolstadt. EVO is also expanding its district heating grid and has already connected its fourth municipality. The integrated energy concept at Stadtwerke Kiel involves modernising district heating grids and promoting the expansion of cogeneration so as to acquire additional district heating customers in inner-city areas.

Opportunities in the waste market

In our environmental energy business we have all-round technical expertise and longstanding operating experience. We exploit the material and energy potential offered by household and commercial waste as an important resource. The launch of operations at the new Boiler No. 6 at our Mannheim location marks a further highpoint in our successful track record of generating environmentally-friendly energy from waste. The British waste market offers opportunities for us to successfully export our expertise in generating waste from energy. Via its wholly-owned subsidiary MVV Environment Ltd., MVV Umwelt GmbH is closely investigating the UK market and participating in bidding processes for the construction of energy from waste plants.

Future sales products and services

MVV Energie aims to consistently maintain the successful course it has taken by offering innovative products such as its Electricity and Gas Funds. In the coming years, we intend to focus in particular on profitably expanding our nationwide industrial customer sales. To this end, we aim to supplement our existing product portfolio, boost our sales team and extend our range of business services. In our energy-related services business, we will be concentrating on the promising business fields of contracting and energy efficiency, industrial parks and consulting.

Future research and development activities

In "Future Fleet", the forward-looking electro-mobility project in which we are cooperating with SAP AG and other partners in an attempt to integrate electric vehicles into company car pools, the plans for the electricity charging infrastructure are now largely complete. In the coming months, we will be launching operations at up to 100 charging points for electric vehicles at MVV Energie in Mannheim and at several SAP locations in the Rhine/Neckar metropolitan region. By the end of the project, the same number of electric vehicles should enter service in the car pools at MVV Energie and SAP.

Future earnings position

The effects of the economic and financial crisis and ongoing volatility in commodity and energy prices will continue to impact on our economic performance in the further course of the 2009/10 financial year as well. Energy demand from those industrial customers that have witnessed downturns in production can only be expected to increase once the economy shows a sustainable revival.

Sales forecast

In the past 2008/09 financial year, our group of companies managed to increase its external sales above the 3 billion euro mark for the first time in its history. For the 2009/10 financial year, we currently expect to generate external sales (excluding electricity and gas taxes) at around the previous year's level. Given the record sales in the 2008/09 financial year, we see this target as being ambitious, yet also achievable. Our companies introduced double-digit price cuts in the gas and district heating segments in 2009, and these will take full effect in the 2009/10 financial year as a whole. We are nevertheless confident that we will be able to make up for this price-driven loss of sales with volume growth, and thus also sales growth, in the electricity and gas trading business, as well as in our successful nationwide electricity and gas sales business.

Our energy procurement costs are greatly influenced by ongoing developments in primary energy prices. In its procurement of natural gas, our group of companies relies on a broad portfolio of suppliers and on structured products, rather than on full supply agreements. In our environmental energy segment, we expect our proven materials flow management skills to enable us to operate all energy from waste plants at full capacity in the 2009/10 financial year as well.

Earnings forecast

Our earnings forecast is also affected by several uncertainties. In terms of adjusted EBIT, we can currently uphold the earnings forecast issued in our financial report for the 1st quarter of 2009/10. Despite the ongoing difficult economic climate, we aim to more or less match the previous year's level of earnings (Euro 239 million) in the 2009/10 financial year as a whole. This target is based on the assumptions that there will be no further intensification in the economic and financial crisis, no dramatic changes in those energy prices relevant for our business (electricity, coal, gas, oil, CO₂ certificates), no more far-reaching regulatory or other state intervention and that weather conditions are normal.

We will be upholding our efforts to achieve further cost savings. Within our "Once Together" cross-locational group project, those functions performed by subsidiaries at several locations are to be pooled, taking due account of local requirements.

Future financial position: investments and financing

The new strategic alignment will shape our investment planning in the coming financial years. Overall, we will be investing around Euro 3 billion in the next ten years. Of this sum, around Euro 1.5 billion will be made available in the period to 2020 for investments in our future. We will be investing a further Euro 1.5 billion in our existing business. This way, we are countering potential charges on earnings and creating the foundation necessary to implement our growth plans. The MVV Energie Group has a sound equity base and a comparatively stable earnings situation, thus enabling it to continue to obtain a balanced range of financing on the capital market to finance its investments in sustainable growth. We will make efficient use of our financing potential and make targeted investments in value-adding growth projects which fit into our strategic framework and meet our project-specific profitability requirements.

Our group of companies has sufficient funds to meet its future liquidity requirements. We currently see no financial restrictions at our Group due to rising borrowing costs. Our financing funds are chiefly derived from our operating cash flow, by issuing promissory note bonds and by taking up new loans. The companies within our Group have a significant volume of committed credit lines which have not yet been fully utilised. Among other options, we can also cover the refinancing requirements due in the coming months with available cash and cash equivalents.

Future opportunities and risks

Even accounting for prolonged weak economic developments, there are no indications of any risks which could endanger the continued existence of the company in the further course of the 2009/10 financial year and beyond. No further risks have been added to the six risk categories listed on Pages 78 to 80 of our 2008/09 Annual Report (i.e. price risks and opportunities, operating risks and opportunities, volume risks and opportunities, legislative risks, financing risks, strategic risks and opportunities). The key challenges and tasks ahead, namely climate protection, energy efficiency, and ensuring that resources are used sparingly, in conjunction with the strategic realignment we have adopted to account for these, offer opportunities for our Group to generate profitable growth in the medium to long term.

Balance Sheet

as of 31.3.2010

Balance sheet of the MVV Energie Group

| Euro 000s | 31.3.2010 | 30.9.2009 | Notes |
|--|------------------|------------------|-------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 331 046 | 329 850 | |
| Property, plant and equipment | 2 008 160 | 1 995 644 | |
| Investment property | 6 188 | 6 317 | |
| Associates | 81 720 | 75 138 | |
| Other financial assets | 103 312 | 103 377 | |
| Other receivables and assets | 107 845 | 272 389 | 1 |
| Deferred tax assets | 18 244 | 11 991 | 2 |
| | 2 656 515 | 2 794 706 | |
| Current assets | | | |
| Inventories | 53 603 | 50 788 | |
| Trade receivables | 623 666 | 463 294 | 3 |
| Other receivables and assets | 471 621 | 282 356 | 1 |
| Tax receivables | 44 803 | 40 359 | |
| Securities | 1 488 | 1 534 | |
| Cash and cash equivalents | 236 044 | 321 170 | 4 |
| | 1 431 225 | 1 159 501 | |
| | 4 087 740 | 3 954 207 | |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 168 721 | 168 721 | |
| Capital reserve | 455 241 | 455 241 | |
| Retained earnings, including unappropriated net profit | 403 365 | 371 409 | |
| Accumulated other comprehensive income | 15 169 | 14 739 | |
| Capital of the MVV Energie Group | 1 042 496 | 1 010 110 | |
| Minority interests | 97 260 | 103 029 | |
| | 1 139 756 | 1 113 139 | |
| Non-current debt | | | |
| Provisions | 115 559 | 114 387 | |
| Financial debt | 1 095 690 | 1 073 074 | |
| Other liabilities | 200 554 | 376 126 | 6 |
| Deferred tax liabilities | 135 323 | 134 274 | 2 |
| | 1 547 126 | 1 697 861 | |
| Current debt | | | |
| Other provisions | 126 761 | 156 223 | 7 |
| Tax provisions | 46 497 | 24 366 | 8 |
| Financial debt | 474 835 | 439 681 | |
| Trade payables | 273 425 | 236 816 | 9 |
| Other liabilities | 433 742 | 243 620 | 6 |
| Tax liabilities | 45 598 | 42 501 | |
| | 1 400 858 | 1 143 207 | |
| | 4 087 740 | 3 954 207 | |

Statement of Comprehensive Income

from 1.10.2009 to 31.3.2010

Income statement of the MVV Energie Group

| Euro 000s | 1.1.2010 to 31.3.2010 | 1.1.2009 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | Notes |
|---|-----------------------------|-----------------------------|------------------------------|------------------------------|-------|
| Sales | 1 054 669 | 1 009 091 | 1 948 495 | 1 887 378 | |
| less electricity and natural gas taxes | 50 704 | 51 899 | 105 537 | 99 806 | |
| Sales after electricity and natural gas taxes | 1 003 965 | 957 192 | 1 842 958 | 1 787 572 | 11 |
| Changes in inventories | 3 177 | 2 807 | 3 935 | 948 | |
| Own work capitalised | 2 184 | 2 055 | 6 063 | 3 959 | |
| Other operating income | - 286 737 | 280 920 | 260 377 | 469 026 | 12 |
| Cost of materials | 726 177 | 703 565 | 1 339 906 | 1 308 059 | |
| Personnel expenses | 80 366 | 79 772 | 161 235 | 155 469 | |
| Other operating expenses | - 217 556 | 381 380 | 360 997 | 761 590 | 12 |
| Income from associates | 2 132 | — | 6 732 | — | 13 |
| Other income from shareholdings | - 10 | 696 | 108 | 1 755 | |
| EBITDA | 135 724 | 78 953 | 258 035 | 38 142 | |
| Depreciation | 33 981 | 35 778 | 69 190 | 71 207 | |
| EBITA | 101 743 | 43 175 | 188 845 | - 33 065 | |
| Restructuring expenses | — | — | — | — | |
| EBIT | 101 743 | 43 175 | 188 845 | - 33 065 | |
| of which result of IAS 39 derivative measurement | - 22 482 | - 77 399 | - 20 028 | - 245 460 | |
| of which EBIT before result of IAS 39 derivative measurement | 124 225 | 120 574 | 208 873 | 212 395 | |
| Financing income | 2 255 | 1 425 | 4 087 | 5 858 | |
| Financing expenses | 18 424 | 19 418 | 46 539 | 47 693 | |
| EBT | 85 574 | 25 182 | 146 393 | - 74 900 | |
| Taxes on income | 29 040 | 9 686 | 48 744 | - 18 367 | 14 |
| Net surplus/deficit for period | 56 534 | 15 496 | 97 649 | - 56 533 | |
| Minority interests | 3 315 | 2 812 | 6 860 | 106 | |
| Share of earnings attributable to shareholders in MVV Energie AG (net surplus/deficit for period after minority interests) | 53 219 | 12 684 | 90 789 | - 56 639 | 15 |
| Diluted and basic earnings per share (Euro) | 0.81 | 0.19 | 1.38 | - 0.86 | 15 |

Statement of income and expenses recognised in group equity

| Euro 000s | 1.1.2010 to 31.3.2010 | 1.1.2009 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
|---|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Net surplus/deficit for period | 56 534 | 15 496 | 97 649 | - 56 533 |
| Cash flow hedges | - 446 | - 3 735 | 813 | - 15 592 |
| Differential amounts from currency translation | 3 950 | - 2 482 | - 718 | - 9 288 |
| Associates | — | — | — | — |
| Other income and expenses | 3 504 | - 6 217 | 95 | - 24 880 |
| Comprehensive income | 60 038 | 9 279 | 97 744 | - 81 413 |
| Minority interests | 3 408 | 1 365 | 6 525 | - 4 458 |
| Comprehensive income for period attributable to shareholders in MVV Energie AG | 56 630 | 7 914 | 91 219 | - 76 955 |

Statement of Changes in Equity

from 1.10.2009 to 31.3.2010

Statement of changes in equity

| | Equity contributed | | Equity generated | | | | | | | |
|---|---------------------------------|-----------------------------------|---|----------------|------------------------|---|---|----------------------------------|--------------------|------------------|
| | Share capital of MVV Energie AG | Capital reserve of MVV Energie AG | Accumulated earnings recognised in income statement | | | Accumulated other comprehensive income | | Capital of the MVV Energie Group | Minority interests | Total capital |
| Euro 000s | | | Statutory reserve of MVV Energie AG | IAS reserve | Group equity generated | Differential amount from currency translation | Fair value measurement of financial instruments | | | |
| Balance at 1.10.2008 | 168 721 | 455 241 | 1 278 | 171 385 | 332 758 | 17 256 | 7 052 | 1 153 691 | 116 061 | 1 269 752 |
| Income and expenses recognised directly in equity | — | — | — | — | — | -7 730 | -12 586 | -20 316 | -4 564 | -24 880 |
| Result of business operations | — | — | — | — | -56 639 | — | — | -56 639 | 106 | -56 533 |
| Comprehensive income for period | — | — | — | — | -56 639 | -7 730 | -12 586 | -76 955 | -4 458 | -81 413 |
| Dividend distribution | — | — | — | — | -59 316 | — | — | -59 316 | -10 826 | -70 142 |
| Change in scope of consolidation | — | — | — | — | 503 | — | — | 503 | 1 074 | 1 577 |
| Balance at 31.3.2009 | 168 721 | 455 241 | 1 278 | 171 385 | 217 306 | 9 526 | -5 534 | 1 017 923 | 101 851 | 1 119 774 |
| Balance at 1.10.2009 | 168 721 | 455 241 | 1 278 | 171 385 | 198 746 | 16 351 | -1 612 | 1 010 110 | 103 029 | 1 113 139 |
| Income and expenses recognised directly in equity | — | — | — | — | — | -609 | 1 039 | 430 | -335 | 95 |
| Result of business operations | — | — | — | — | 90 789 | — | — | 90 789 | 6 860 | 97 649 |
| Comprehensive income for period | — | — | — | — | 90 789 | -609 | 1 039 | 91 219 | 6 525 | 97 744 |
| Dividend distribution | — | — | — | — | -59 316 | — | — | -59 316 | -10 481 | -69 797 |
| Change in scope of consolidation | — | — | — | — | 483 | — | — | 483 | -1 813 | -1 330 |
| Balance at 31.3.2010 | 168 721 | 455 241 | 1 278 | 171 385 | 230 702 | 15 742 | -573 | 1 042 496 | 97 260 | 1 139 756 |

The amendment to IAS 1 has led to an amended presentation of the statement of changes in equity in the 1st half of 2009/10. The 1st half of the previous year has been adjusted accordingly.

Segment Report

from 1.10.2009 to 31.3.2010

Income statement by segment

| | External sales excluding energy taxes | | Intercompany sales excluding energy taxes | | Scheduled depreciation | | Adjusted EBIT | |
|--------------------------|--|------------------------------|--|------------------------------|---------------------------------------|------------------------------|---------------------------------------|------------------------------|
| | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
| Euro 000s | | | | | | | | |
| Electricity | 1 014 423 | 873 698 | 31 324 | 27 212 | 10 785 | 11 959 | 30 879 | 24 109 |
| District heating | 209 640 | 223 162 | 11 286 | 22 340 | 13 532 | 12 894 | 70 718 | 72 330 |
| Gas | 296 981 | 375 373 | 18 257 | 41 879 | 7 011 | 7 548 | 59 992 | 62 565 |
| Water | 47 953 | 48 304 | 104 | 329 | 5 296 | 5 294 | 5 431 | 4 954 |
| Value-added services | 169 636 | 156 438 | 28 800 | 39 677 | 9 472 | 9 123 | 9 756 | 10 117 |
| Environmental energy | 93 384 | 95 370 | 17 523 | 21 585 | 16 667 | 17 880 | 32 123 | 38 436 |
| Other | 10 941 | 15 227 | 40 633 | 54 598 | 6 427 | 6 509 | 218 | - 116 |
| Consolidation | — | — | - 147 927 | - 207 620 | — | — | - 244 | — |
| MVV Energie Group | 1 842 958 | 1 787 572 | — | — | 69 190 | 71 207 | 208 873 | 212 395 |

Initial application of IFRS 8 has led to amendments in the presentation of the segment report.
Further information can be found in Note 16. The previous year's figures have been adjusted accordingly.

Cash Flow Statement

from 1.10.2009 to 31.3.2010

Cash flow statement of the MVV Energie Group

| Euro 000s | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
|--|-----------------------------------|---------------------------|
| Net surplus/deficit for period before taxes on income | 146 393 | – 74 900 |
| Amortisation of intangible assets, depreciation of property, plant and equipment and investment property | 69 190 | 71 207 |
| Net financial result | 42 452 | 41 835 |
| Interest received | 4 006 | 4 134 |
| Change in non-current provisions | 4 450 | – 2 908 |
| Other non-cash income and expenses | 15 463 | 245 278 |
| Result of disposal of non-current assets | – 9 | – 1 157 |
| Cash flow before working capital and taxes | 281 945 | 283 489 |
| Change in other assets | – 319 645 | – 440 696 |
| Change in other liabilities | 159 696 | 137 325 |
| Change in current provisions | – 32 668 | – 44 596 |
| Income taxes paid | – 34 352 | – 43 989 |
| Cash flow from operating activities | 54 976 | – 108 467 |
| Investments in intangible assets, property, plant and equipment and investment property | – 84 152 | – 76 071 |
| (Free cash flow) | (– 29 176) | (– 184 538) |
| Proceeds from disposal of intangible assets, property, plant and equipment and investment property | 791 | 7 942 |
| Proceeds from subsidy payments | 3 266 | 3 427 |
| Proceeds from sale of fully and proportionately consolidated companies | — | 34 800 |
| Proceeds from sale of other financial assets | 1 894 | 6 302 |
| Payments for acquisition of fully and proportionately consolidated companies ¹ | – 2 795 | 1 617 |
| Payments for other financial assets | – 2 961 | – 10 031 |
| Cash flow from investing activities | – 83 957 | – 32 014 |
| Proceeds from taking up of loans | 126 947 | 378 645 |
| Payments for redemption of loans | – 69 912 | – 166 581 |
| Dividend payment | – 59 316 | – 59 316 |
| Dividend payment to minority shareholders | – 10 481 | – 10 826 |
| Interest paid | – 43 216 | – 44 040 |
| Cash flow from financing activities | – 55 978 | 97 882 |
| Cash-effective changes in cash and cash equivalents | – 84 959 | – 42 599 |
| Change in cash and cash equivalents due to currency translation | – 167 | – 1 167 |
| Cash and cash equivalents as of 1.10.2009 (2008) | 321 170 | 97 123 |
| Cash and cash equivalents as of 31.3.2010 (2009) | 236 044 | 53 357 |

Cash flow – aggregate presentation

| Euro 000s | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
|---|-----------------------------------|---------------------------|
| Cash and cash equivalents as of 1.10.2009 (2008) | 321 170 | 97 123 |
| Cash flow from operating activities | 54 976 | – 108 467 |
| Cash flow from investing activities | – 83 957 | – 32 014 |
| Cash flow from financing activities | – 55 978 | 97 882 |
| Change in cash and cash equivalents due to currency translation | – 167 | – 1 167 |
| Cash and cash equivalents as of 31.3.2010 (2009) | 236 044 | 53 357 |

1 please see explanations under "Changes in Scope of Consolidation"

Notes to the Interim Consolidated Financial Statements

1st Half of 2009/10

Disclosures concerning the company

MVV Energie AG has its domicile in Mannheim, Germany. The MVV Energie Group acts as an energy distribution company and service provider in the fields of electricity, district heating, gas, water, environmental energy and value-added services. Its environmental energy activities focus on waste incineration.

These abridged interim consolidated financial statements were prepared and approved by the Executive Board on 12 May 2010. The abridged interim consolidated financial statements and interim group management report were not subject to any audit review requirement.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2009 to 31 March 2010 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2009. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 March 2010 therefore correspond to those applied in the consolidated financial statements as of 30 September 2009.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended and newly adopted some standards and interpretations which require mandatory application for the first time in the abridged interim consolidated financial statements. The following standards and interpretations were applied at the MVV Energie Group for the first time in the 2009/10 financial year:

| | |
|-----------------------------------|---|
| Improvement Project (2008/2009) | Omnibus standard amending various IFRSs |
| IAS 1 Amendment (2007) | Presentation of Financial Statements |
| IAS 23 Amendment (2007) | Capitalisation of Borrowing Costs |
| IAS 32 and IAS 1 | Financial Instruments: Presentation (Puttable Instruments) |
| IFRS 1 / IAS 27 Amendments (2008) | First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements |
| IFRS 2 Amendment (2008) | Share-based Payment (Vesting Conditions and Cancellation) |
| IFRS 2 Amendment (2009) | Clarification of Accounting for Group Cash-settled Share-based Payment Transactions |
| IFRS 3 / IAS 27 Amendment (2008) | Business Combinations and Consolidated and Separate Financial Statements |
| IFRS 7 Amendment (2009) | Improving Disclosures on Financial Instruments |
| IFRS 8 | Operating Segments |
| IFRIC 9 / IAS 39 Amendment (2009) | Embedded Derivatives |
| IFRIC 12 | Service Concession Arrangements |
| IFRIC 15 | Agreements for the Construction of Real Estate |
| IAS 39 (2008) | Recognition and Measurement (Eligible Hedge Item) |
| IAS 39 (2008) | Reclassifications of Financial Assets |

The initial application of these new requirements did not have any material implications for the net asset, financial and earnings position of the MVV Energie Group. The initial application of IAS 1 led to amendments in the presentation of the income statement and of the statement of changes in equity. The amendments in the presentation of the segment report due to initial application of IFRS 8 have been outlined in the segment report chapter. The figures for the comparable period have been adjusted accordingly.

The preparation of the interim consolidated financial statements in some cases required the use of assumptions and estimates which impacted on the values stated for the assets, liabilities, income and expenses thereby reported. Actual figures could in individual cases deviate at a later point in time from the assumptions and estimates thereby made. Resultant amendments would have a corresponding impact on earnings upon more accurate information becoming available.

Changes in the scope of consolidation

Alongside MVV Energie AG, 57 German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are fully consolidated in the interim consolidated financial statements of the MVV Energie Group (30 September 2009: 56). The relevant control concept requires the parent company to exercise a controlling influence for a company to be fully consolidated. This is the case for all fully consolidated companies.

MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin, was merged into MVV Energiedienstleistungen GmbH Mitte, Berlin, as of 1 October 2009. The incorporating company is a group company. The merger did not have any implications for the net asset, financial and earnings position of the Group.

MVV Holding CZ s.r.o., Prague, Czech Republic, was included in the scope of consolidation for the first time in the 1st quarter of the 2009/10 financial year. This is a company of MVV Energie AG which was previously not operationally active. It was acquired at carrying amount by MVV Energie CZ a.s., Prague, Czech Republic, in the 1st quarter of the 2009/10 financial year.

A 100 % stake was acquired in IROMEZ s.r.o., Pelhřimov, Czech Republic, on the basis of a contract dated 23 October 2009. Accordingly, this company was fully consolidated in the consolidated financial statements of the MVV Energie Group for the first time in the 1st quarter of the 2009/10 financial year. The fair values of the company's assets and liabilities identifiable upon acquisition are presented in the following table. The purchase price allocation for the company thereby acquired has currently not yet been completed; the figures stated in the table are therefore still subject to amendment.

Identifiable assets and liabilities

| Euro 000s | IROMEZ s.r.o., Pelhřimov | |
|---|-----------------------------|-----------------|
| | Recognised upon acquisition | Carrying amount |
| Intangible assets | 2 | 2 |
| Property, plant and equipment | 2 356 | 1 169 |
| Deferred tax assets | — | 88 |
| Inventories, receivables, other assets | 908 | 908 |
| Cash and cash equivalents | 99 | 99 |
| Provisions | — | — |
| Other liabilities | 1 835 | 1 835 |
| Deferred tax liabilities | 84 | — |
| Fair value of net assets | 1 446 | 431 |
| Share acquired in company | 1 446 | 431 |
| Goodwill | 1 448 | — |
| Earnings contribution since date of initial consolidation | 404 | — |

The goodwill thereby arising was recognised under intangible assets. The purchase price obligation was settled in cash. The costs directly attributable to the acquisition amounted to Euro 139 thousand.

The disclosure of proforma sales and earnings has been omitted, as the aggregate implications of the company acquisition are not material for the MVV Energie Group.

MVV Umwelt GmbH, Mannheim, acquired the remaining 10.2 % of the shares in MVV BMKW Mannheim GmbH, Mannheim, from BHG Biomasse Handelsgesellschaft mbH, Mannheim, in the 2nd quarter of 2009/10. The purchase price amounted to Euro 1 450 thousand. As a wholly-owned other investment with majority ownership, BHG Biomasse Handelsgesellschaft mbH is not included in the scope of consolidation of the MVV Energie Group. Minority interests have been correspondingly reduced.

Currency translation

The currency translation in the abridged interim consolidated financial statements has been based on the following exchange rates:

Currency translation

| | Rate on reporting date | | Average rate | |
|----------------------|------------------------|-----------|------------------------------|------------------------------|
| | 31.3.2010 | 30.9.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
| 1 Euro | | | | |
| Czech crowns (CZK) | 25.440 | 25.164 | 25.896 | 26.464 |
| British pounds (GBP) | 0.890 | 0.909 | 0.896 | 0.874 |

(Source: European Central Bank)

Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3rd and 4th quarters.

Notes on the Balance Sheet

1 Other receivables and assets

The decline in non-current other receivables and assets compared with 30 September 2009 is mainly attributable to the reclassification of those energy trading transactions recognised under IAS 39 with delivery dates in the 2010 calendar year from non-current to current other assets.

The increase in other current receivables and assets is chiefly the result of the aforementioned reclassification of energy trading derivatives with delivery dates in the 2010 calendar year from non-current to current other assets.

2 Deferred taxes

The increase in deferred tax assets and deferred tax liabilities is primarily due to measurement items in connection with energy trading transactions and the resultant possibility of netting such transactions in line with the respective fiscal units.

3 Trade receivables

The rise in trade receivables in the 1st half of the 2009/10 financial year corresponds to the customary seasonal course of business. Customer instalments do not compensate in full for the increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables. The slight increase in sales in the first six months of the 2009/10 financial year is also reflected in a higher volume of receivables.

4 Cash and cash equivalents

The reduction in cash and cash equivalents is principally due to the payment of the dividend for the 2008/09 financial year.

5 Dividend distribution

The Annual General Meeting held on 12 March 2010 approved the distribution of a dividend of Euro 0.90 per share for the 2008/09 financial year (distribution total: Euro 59 316 thousand). Moreover, a sum of Euro 10 481 thousand was distributed to minority shareholders on the level of the subgroups.

Notes on the Income Statement

6 Other liabilities

The reduction in non-current other liabilities is mainly due to the reclassification of energy trading derivatives with delivery dates in the 2010 calendar year from non-current to current other liabilities.

The increase in current other liabilities compared with 30 September 2009 is chiefly attributable to the reclassification referred to above of energy trading derivatives with delivery dates in the 2010 calendar year from non-current to current other liabilities, as well as to security deposits of Euro 18 055 thousand provided in the context of energy trading transactions.

7 Other provisions

The decline in current other provisions was mainly due to the utilisation of personnel provisions, which largely occurred in the 1st quarter of the 2009/10 financial year. Furthermore, there was also a significant reduction in provisions for miscellaneous items. This was primarily the result of ongoing utilisation and reversals.

8 Tax provisions

The increase in tax provisions largely relates to taxes on income in view of the higher level of half-yearly earnings before the IAS 39 measurement item.

9 Trade payables

The rise in trade payables is due to seasonal factors. As a result of increased energy procurement by the MVV Energie Group during the winter months, the corresponding accrual of consumption leads to increased volumes of trade payables.

10 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2009.

11 Sales

A depiction of sales broken down into their respective segments has been provided in the segment report. The slight growth in sales compared with the 1st half of the previous year is due above all to volume growth in the electricity and gas trading business and the nationwide electricity and gas sales business. This was partly compensated for by price factors in the gas and district heating segments.

12 Other operating income and other operating expenses

The reduction in other operating income and other operating expenses is mainly due to the recognition of energy trading derivatives measured in accordance with IAS 39. The negative item resulting from IAS 39 valuation amounted to Euro –20 028 thousand in the 1st half of 2009/10. In the previous year's period, IAS 39 measurement still led to a negative item of Euro –245 460 thousand. These IAS 39 valuation items are reflected at an amount of Euro 207 205 thousand under other operating income (previous year's period: Euro 423 809 thousand) and at an amount of Euro 227 233 thousand under other operating expenses (previous year's period: Euro 669 269 thousand).

The negative other operating income and expenses in the 2nd quarter of the 2009/10 financial year are due to the restructuring of energy trading portfolios, which led to a reduction in the number of trading transactions requiring measurement at fair value. Moreover, the reduction in income and expenses also accounts for the decline in prices on the energy markets and for netting items within energy trading derivatives measured under IAS 39 that were recognised for the first time in the 2nd quarter of the 2009/10 financial year. Excluding energy trading derivatives measured under IAS 39, other operating income rose from Euro 25 430 thousand in the 1st quarter to Euro 53 172 thousand at the end of the 2nd quarter of 2009/10, while other operating expenses increased over the same period from Euro 59 323 thousand to Euro 133 764 thousand.

13 Income from associates

The income of Euro 6 732 thousand from associates is attributable to the subsequent measurement of the associates of the MVV Energie Group. As these associates were recognised for the first time in the 4th quarter of the 2008/09 financial year, no figures are available for the previous year's period.

14 Taxes on income

Taxes on income

| Euro 000s | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
|-------------------------|---------------------------|---------------------------|
| Taxes on income | 48 744 | - 18 367 |
| Effective tax rate in % | 33.3 | 24.5 |

Pursuant to IAS 34.30 (c), tax expenses on earnings before IAS 39 were calculated for the period under report using the tax rate of 32.9 % expected for the overall 2009/10 financial year. The tax rate on earnings after IAS 39 amounts to 33.3 %. The income reported under taxes on income in the previous year's period chiefly involved deferred tax income of Euro 74 million in connection with the high negative IAS 39 valuation item.

15 Earnings per share

Earnings per share

| | 1.1.2010 to 31.3.2010 | 1.1.2009 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 |
|--|-----------------------------|-----------------------------|------------------------------|------------------------------|
| Share of earnings attributable to shareholders in MVV Energie AG Euro 000s | 53 219 | 12 684 | 90 789 | - 56 639 |
| No. of shares in 000s (weighted average) | 65 907 | 65 907 | 65 907 | 65 907 |
| Earnings per share (Euro) | 0.81 | 0.19 | 1.38 | - 0.86 |

It was not necessary to account for any dilution effects.

16 Segment report

The electricity segment includes the value creation steps involved in the generation, trading, distribution and sale of electricity. The gas and district heating segments include the value creation stages involved in the procurement, distribution and sale of gas and of heating water and steam. As well as procurement, distribution and sale, the water segment also includes the value creation stage of production (waterworks).

As well as the activities of the MVV Energiedienstleistungen subgroup, the value-added services segment also includes the value-added services businesses at the municipal utility companies.

The shared service companies 24/7 Metering GmbH, 24/7 United Billing GmbH and 24/7 IT-Services GmbH are also reported in the value-added services segment.

The environmental energy segment includes the activities relating to the incineration of non-recyclable waste and the operation of biomass power plants.

The other line item depicts those activities not allocable to individual business segments. The consolidated line item presents the elimination for the purposes of consolidation of values involving transactions with other segments.

Segment revenues have been reported net of energy taxes in the abridged interim consolidated financial statements.

Intercompany sales represent the volume of sales between segments. The transfer prices applied to transfers between the segments correspond to customary market prices. Segment sales are equivalent to the total of intercompany and external sales.

The income statement segment report presented in accordance with IFRS 8 is based on the segment earnings (adjusted EBIT) used for internal management purposes. The segment earnings of individual business segments do not include the results of non-operating IAS 39 measurement items in connection with financial derivatives (Euro - 20 028 thousand; previous year's period: Euro - 245 460 thousand). Information about the structure of adjusted EBIT can be found on Page 9 of the interim group management report.

17 Cash flow statement

The cash flow before working capital and taxes did not show any significant changes on the previous year's period. The substantial year-on-year changes in the net surplus/deficit for the period before taxes on income, which are attributable to the IAS 39 valuation, are largely eliminated under other non-cash income and expenses.

The cash flow from operating activities was affected by the changes within other working capital. The net balance of these changes was significantly lower in the 1st half of 2009/10 than in the previous year's period, as a result of which the cash flow from operating activities was positive in the 2009/10 financial year. This positive development in the 1st half of 2009/10 was supported by the less marked decline in current provisions.

Largely on account of the higher volume of investment, the cash flow from investing activities was more negative than in the previous year's period. Unlike in the previous year's period, which witnessed the sale of the Polish subgroup, there was no compensating inflow of funds in the half year under report.

The cash flow from financing activities is negative on account of the dividend distribution and interest payments. The previous year's period was characterised by a substantially higher volume of net new lending, as a result of which the cash flow from financing activities was positive in the 1st half of the previous year.

18 Related party disclosures

Numerous contractually agreed legal relationships are in place between companies of the MVV Energie Group and the City of Mannheim and the companies controlled by the latter (electricity, gas, water and district heating supply agreements, as well as rental, leasing and service agreements). Moreover, a concession agreement is in place between MVV Energie AG and the City of Mannheim.

All business arrangements have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with other companies.

The liabilities towards the City of Mannheim and its associates mainly relate to loan liabilities towards MVV GmbH.

Related party disclosures

| Euro 000s | Goods and services provided | | | | Receivables | | Liabilities | |
|--|-----------------------------|------------------------|------------------------|------------------------|---------------|---------------|---------------|---------------|
| | Income | | Expenses | | 31.3.2010 | 30.9.2009 | 31.3.2010 | 30.9.2009 |
| | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | 1.10.2009 to 31.3.2010 | 1.10.2008 to 31.3.2009 | | | | |
| Abfallwirtschaft Mannheim | 145 | 157 | 1 856 | 3 939 | 278 | 283 | 2 716 | 2 656 |
| ABG Abfallbeseitigungsgesellschaft mbH | 15 814 | 14 975 | 2 309 | 1 819 | — | 5 | 10 | 2 463 |
| GBG Mannheimer Wohnungsbaugesellschaft mbH | 10 413 | 9 837 | 34 | 21 | 29 | 2 651 | 7 | 1 828 |
| m:con – Mannheimer Kongress- und Touristik GmbH | 1 768 | 1 752 | 164 | 302 | 7 995 | 8 265 | — | — |
| MVV GmbH | 348 | 435 | 1 183 | 1 089 | 663 | 156 | 37 791 | 38 933 |
| MVV OEG AG | 209 | 242 | 3 | — | 80 | 100 | — | — |
| MVV Verkehr AG | 477 | 395 | — | 36 | 694 | 946 | — | 7 |
| Rhein-Neckar-Verkehr GmbH | 5 464 | 2 499 | 363 | — | 6 073 | 5 567 | 388 | 678 |
| Stadtentwässerung Mannheim | 1 204 | 999 | 344 | 272 | 126 | 539 | 36 | 151 |
| City of Mannheim | 4 757 | 6 424 | 11 457 | 10 852 | 1 497 | 5 489 | 3 474 | 74 |
| Other companies controlled by the City of Mannheim | 4 603 | 4 192 | 187 | 37 | 637 | 1 292 | 43 | 1 001 |
| Associates | 27 576 | 29 953 | 99 350 | 99 224 | 6 563 | 3 885 | 9 599 | 10 808 |
| Proportionately consolidated companies | 46 509 | 44 632 | 7 570 | 6 031 | 38 555 | 21 571 | 22 929 | 4 718 |
| Other majority shareholdings | 1 804 | 2 607 | 3 746 | 2 188 | 6 764 | 7 733 | 2 888 | 3 085 |
| Total | 121 091 | 119 099 | 128 566 | 125 810 | 69 954 | 58 482 | 79 881 | 66 402 |

19 Events after the balance sheet date

We are not aware of any events after the balance sheet date.

Mannheim, 12 May 2010

MVV Energie AG

Executive Board



Dr. Müller



Brückmann



Dr. Dub



Farrenkopf

Responsibility Statement

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2009/10 financial year.”

Mannheim, 12 May 2010

MVV Energie AG

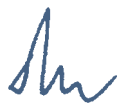
Executive Board



Dr. Müller



Brückmann



Dr. Dub



Farrenkopf

Financial Calendar

- 12. 3. 2010** Annual General Meeting
- 15. 3. 2010** Payment of Dividend
- 14. 5. 2010** Half-year Financial Report of 2009/10
- 14. 5. 2010** Press Conference and Analysts' Conference 1st Half of 2009/10
- 13. 8. 2010** Financial Report 3rd Quarter of 2009/10
- 13. 8. 2010** Analysts' Conference 3rd Quarter of 2009/10

Imprint

Published by

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This financial report was published on the internet
on 14 May 2010.

All financial reports of the MVV Energie Group can
be downloaded from our website. The German
and English editions of the Annual Report can also
be accessed as interactive online reports

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