Financial Report
1st Quarter of 2007/2008

1 October 2007 – 31 December 2007

07/08

MVV Energie

Key Figures

1 October 2007 – 31 December 2007

Key Figures of the MVV Energie Group[1] Euro million	**2007/2008**	2006/2007	% change
Sales[2]	663	582	+ 14
EBITDA	161	104	+ 55
EBITA	124	69	+ 80
EBIT	124	69	+ 80
EBIT before IAS 39	87	69	+ 26
EBT	100	43	+ 133
Net surplus for the period	67	26	+ 158
Net surplus after minority interests	58	21	+ 176
Earnings per share[3] in Euro	0.91	0.38	+ 139
Cash flow before working capital and taxes	125	107	+ 17
Cash flow before working capital and taxes per share[3] in Euro	1.96	1.92	+ 2
Free cash flow[4]	– 19	87	—
Total assets (as of 31. 12. 2007/30. 9. 2007)	3 511	3 278	+ 7
Equity (as of 31. 12. 2007/30. 9. 2007)	1 207	914	+ 32
Investments[5]	45	54	– 17
Number of employees[6]	6 362	6 728	– 5

[1] in accordance with International Financial Reporting Standards (IFRS)

[2] excluding electricity and natural gas taxes

[3] increase in number of shares (weighted quarterly average) from 55.8 million to 63.5 million as a result of capital increase

[4] cash flow from operating activities less investments in intangible assets, property, plant and equipment and investment property

[5] investments in intangible assets, property, plant and equipment, investment property, as well as payments for the acquisition of fully and proportionately consolidated companies and other financial assets

[6] including external personnel at Mannheim waste-to-energy plant of MVV Energie AG

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1 October 2007 – 31 December 2007

Highlights in the 1st Quarter

- Successful capital increase in October 2007
- Sale of shareholding in venture capital fund
- Nationwide electricity product for private customers

Successful 2006/07 financial year

The internet publication of initial key figures from the consolidated financial statements took place on 20 November 2007 and was followed on 28 December 2007 by the current Annual Report of the MVV Energie Group for the 2006/07 financial year ending 30 September 2007. In the past 2006/07 financial year, the MVV Energie Group succeeded in compensating virtually in full for the sharp downturn in earnings resulting from extremely mild weather conditions throughout the entire heating period and brought major strategic and structural measures to a successful conclusion.

Adoption of dividend proposal for Annual General Meeting

Notwithstanding substantial charges on earnings due to weather conditions and the increase in the number of shares with profit entitlement on account of the capital increase in October 2007, the Executive and Supervisory Boards of MVV Energie AG decided in December 2007 to propose the distribution of a dividend of Euro 0.80 per share once again for the 2006/07 financial year for approval by the Annual General Meeting on 14 March 2008.

Successful capital increase in October 2007

In October 2007, MVV Energie AG undertook a capital increase from its available authorised capital, increasing its share capital by 18.2 % to Euro 168.72 million by issuing 10.1 million new shares in return for cash contributions and with subscription rights for shareholders. The new shares entitle their holders to the same rights as existing shares and have profit entitlement from 1 October 2006. It was possible to place the new shares in October 2007 without any difficulty or any negative impact on the share price. The proceeds from the capital increase have enabled us to significantly strengthen our equity base in order to finance our further profitable growth.

MVV Energie AG sells shareholding in venture capital fund

In December 2007, MVV Energie AG sold its 100 % shareholding in Energy Innovations Portfolio AG & Co. KGaA, Mannheim. MVV Energie AG had founded the venture capital fund in 2001 as part of its corporate venture capital activities. We announced in 2005 already that we no longer intended to invest in the venture capital fund.

Extension of contract with Dr. Rudolf Schulten

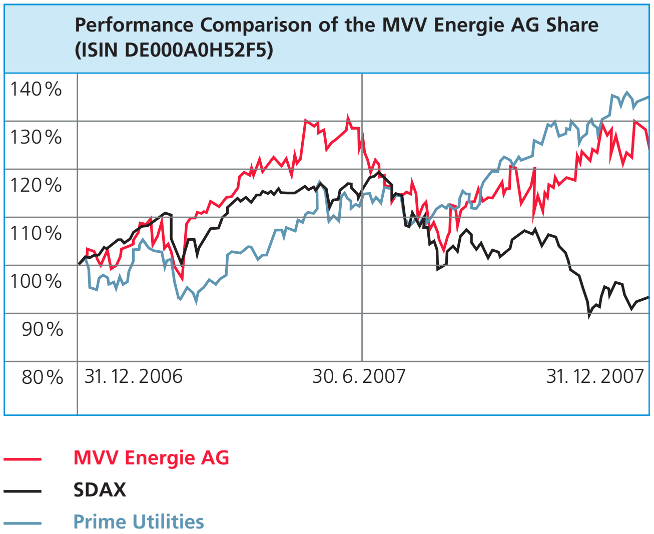
In December 2007, the Supervisory Board of MVV Energie AG extended the contract with the company's CEO, Dr. Rudolf Schulten, for a further five years until September 2013. By extending the contract, the Board has lent its support to a continuation of the successful strategy of profitable, value-based growth at the MVV Energie Group.

Nationwide electricity sales

On 14 December 2007, the Supervisory Board of MVV Energie AG approved the proposal submitted by the Executive Board to enter the nationwide competition for private customers in the German electricity market with a proprietary green electricity product in the 1st quarter of 2008. Our "SECURA Ökostrom" product meets the growing demand for inexpensive, environmentally-friendly electricity, while satisfying customers' need for a secure and reliable supply of electricity (please also see Outlook on Page 13).

Of the customers of our electricity fund product, which we offer to industrial and commercial customers nationwide, 90 % have extended their contracts. This provides proof of the unusually high customer retention rate achieved by MVV Energie AG with this product and the range of services it includes.

The Share of MVV Energie AG



Ongoing positive share price performance

A comparison of the two quarterly reporting dates as of 31 December 2007 and 2006 reveals that our share price showed a substantial year-on-year increase of 20.4 % to Euro 31.29. Accounting for the dividend distribution of Euro 0.80 per share in March 2007, the performance of our share over the same period even amounts to 23.8 %. The comparative indices witnessed disparate developments; the Prime Utilities index improved by 36.3 %, and the SDAX fell by 6.8 %.

Our share reached its highest closing price during the quarter under report on 20 December 2007, at Euro 33.00 in XETRA trading. The lowest closing price was on 16 October 2007 at Euro 28.00. Trading volumes in the share of MVV Energie AG also rose substantially in the run-up to the capital increase from an equivalent value of Euro 27 million in the first quarter of the previous year to Euro 74 million (+ 174 %).

Unlike in many other cases, the capital increase in October 2007 did not have any negative impact on our share price. The increase in our share price, and thus in the market capitalisation of MVV Energie AG to more than Euro 2 billion for the first time, reflects the high degree of trust placed by the capital market and by our shareholders in the growth strategy of the MVV Energie Group. The market capitalisation amounted to Euro 2 062 million as of 31 December 2007 and was thus Euro 612 million higher than a year earlier.

Successful execution of capital increase

On 11 October 2007, the Executive Board of MVV Energie AG resolved, with the consent of the Supervisory Board, to act on the authorisation granted to it by the Articles of Incorporation to increase the company's share capital. By drawing on available authorised capital, in October 2007 MVV Energie AG then increased its share capital by Euro 25.96 million to Euro 168.72 million (+ 18.2 %) by issuing 10.1 million new shares in return for cash contributions and with subscription rights for shareholders. As a result of the capital increase, the number of individual shares rose from 55.8 million to 65.9 million. The new shares entitle their holders to the same rights as existing shares and enjoy dividend entitlement from 1 October 2006.

Shareholders were offered new shares at a ratio of 11:2 and a subscription price of Euro 22.50 per share. The discount on the reference price (Euro 29.85) thus amounted to Euro 7.35, or 24.6 %. Shareholders were able to exercise their subscription rights in the period from 16 October up to and including 30 October 2007. Subscription rights were traded on the markets in connection with the offering of new shares in the period from 16 October up to and including 26 October. The new shares were listed for the first time on the official market of the stock exchanges in Frankfurt am Main (Prime Standard) and Stuttgart on 31 October 2007.

MVV Energie AG intends to use the proceeds of around Euro 228 million from the capital increase (before issue costs) to strengthen its equity base and to expand its municipal utility network, as well as to make targeted investments in its high-growth environmental energy and energy-related services divisions, thus enabling the company to continue to achieve sustainable profitable growth in these areas.

Business Framework

Market climate

The upturn in the German economy continued in 2007, with real-term GDP growth of 2.5 % compared with the previous year. Slightly lower growth rates of less than 2 % have been forecast by leading economic research institutes and the Federal Government alike for 2008, but the performance of the economy is nevertheless expected to remain positive.

Oil prices showed a further very substantial increase during the fourth quarter of 2007. Whereas a barrel of Brent crude oil still cost $ 74.35 per barrel on average in the third quarter of 2007, the price rose to $ 88 per barrel in the following quarter. This increase was largely due to geopolitical tension in Northern Iraq and in Iran, as well to the weak US dollar. Gas trading prices at the Zeebrugge hub for gas due to be supplied in 2008 also rose, being listed at Euro 24/MWh at the end of the quarter.

There was a sharp rise in futures market prices in the fourth quarter of 2007 for electricity to be supplied in 2008 and 2009 as a result of the increased prices of CO_2, coal and gas. While the expected average price level for the 2008 calendar year still amounted to around Euro 55/MWh in the third quarter, three months later this figure had risen to around Euro 60/MWh. Spot market prices virtually doubled to Euro 58/MWh during the quarter under report compared with the preceding quarter.

Energy policy, regulation and competition

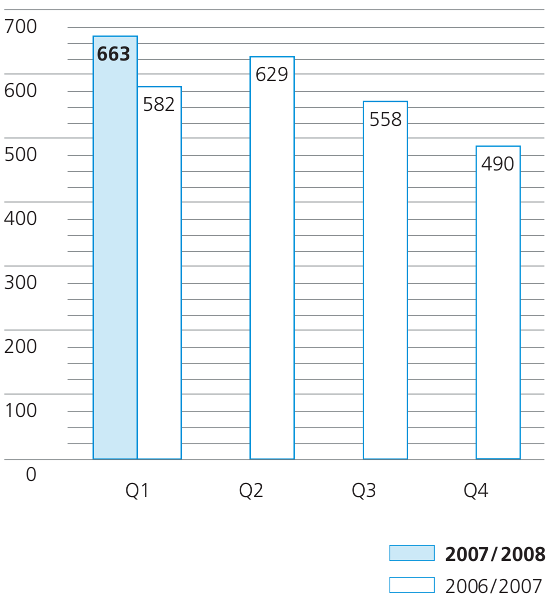
The approval of grid utilisation fees by the regulatory authorities is now in its second round. Grid operators had to submit their cost applications for 2008 before the expiry of the previous fee approval period. The companies in the MVV Energie Group have also applied for fee approvals or extensions to fee approvals. The costs finally approved will form the basis for the incentive regulation due to start on 1 January 2009.

With the adoption on 7 November 2007 of Germany's first law promoting the supply of district heating from renewable energy sources, the State Parliament of Baden-Württemberg has set a requirement for house owners to cover a certain share of their heating requirements from renewable sources. MVV Energie already supplies more than 50 % of households in Mannheim with environmentally-friendly district heating, which the law expressly recognises as an alternative to renewable energy sources.

On 5 December 2007, the Federal Cabinet adopted the first bill in connection with its energy and climate programme ("Meseberg Package"), which aims to cut greenhouse gas emissions in Germany by up to 40 % by 2020. To reach this target, the Federal Government intends to substantially raise the share of renewable energy sources in the electricity and heating supply and to press ahead with the expansion of cogeneration plant and district heating grids as a contribution to greater energy efficiency. The MVV Energie Group already became involved in the field of renewable energies at an early stage and is now one of the leading operators of biomass plants. We welcome the efforts being made by the Federal Government to improve the protection of the climate.

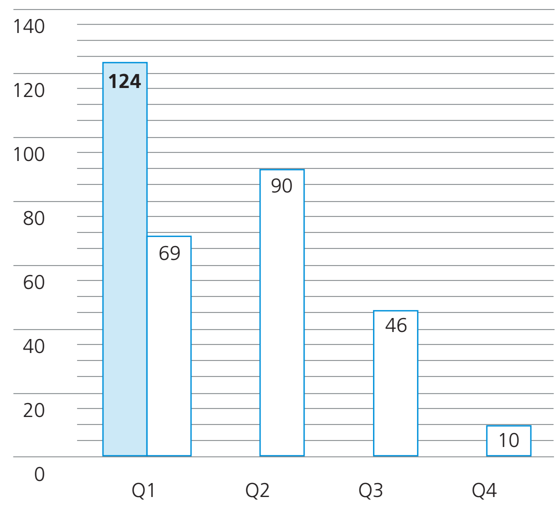
Sales by Quarter

Euro million



EBIT by Quarter

Euro million



Earnings Position

Earnings position of the MVV Energie Group

The sales and earnings performance of the MVV Energie Group benefited from significantly cooler weather conditions in the 1st quarter of 2007/08 compared with the unusually mild temperatures in the same period in the previous year. Measured in degree day figures, our weather indicator for customers' heating requirements, it was 33 % colder at the Mannheim location between October and December 2007 than in the previous year. In terms of the long-term average (10 year annual average), it was 7 % cooler during the quarter under report.

Excluding electricity and natural gas taxes charged on to customers, the **external sales of the MVV Energie Group** rose by Euro 81 million (+ 14 %) to Euro 663 million in the 1st quarter of 2007/08. This growth was chiefly driven by the electricity, district heating and value-added services segments. In the electricity segment, growth of 33 % was achieved in sales volumes of electricity trading transactions at the MVV Energie Group. Sales volumes in the district heating segment rose year-on-year by 32 %. This was due both to weather conditions and to the acquisition in January 2007 of the Czech district heating company Teplárna Liberec and three further district heating companies in neighbouring towns. The weather-related rise in sales in the gas business was countered by a reduction in sales in the secondary distribution business due to competitive factors. Sales growth in the value-added services segment was driven in particular by market success in the target group areas of industrial solutions, consulting and real estate utilities. The foreign companies accounted for 6 % of total sales in the 1st quarter of 2007/08 (previous year: 4 %).

Development in further positions in the income statement

The development in *change in inventories* and *capitalised own-account services,* which have been reported separately for the first time, relates to the completion and invoicing of construction and expansion measures for utility grids and power plants. The previous year's figures were affected by construction work on the second incineration line at the non-recyclable waste incineration plant in Leuna and by increased building activity due to mild weather conditions.

Other operating income rose by Euro 74 million to Euro 100 million. This increase is chiefly due to positive valuation effects in connection with the recognition of financial instruments under IAS 39 (2004). In particular, these involve the reporting date valuation of energy trading transactions (commodities future) requiring physical delivery, which will be realised by means of supplies in the coming months. This valuation-dependent non-cash income of Euro 90 million (previous year: Euro 2 million) is partly offset by valuation-dependent other operating expenses of Euro 53 million (previous year: Euro 2 million). On a net basis, the application of IAS 39 (2004) thus had a positive impact of Euro 37 million on earnings in the 1st quarter of 2007/08.

Cost of materials rose year-on-year by 18 % to Euro 429 million. This development was due on the one hand to volume-driven increases in electricity procurement expenses and on the other to higher procurement costs in the district heating and gas businesses, also due to higher volumes resulting from our customers' increased heating energy requirements on account of weather conditions. The customer-oriented strategic alignment of our procurement structures enabled us to optimise material requirements at our companies and to further extend our procurement network.

Personnel expenses fell year-by-year by Euro 7 million (– 9 %) to Euro 74 million. This decline was mainly due to the discontinuation of provisions stated in the previous year for compensation and future expenses resulting from the extension of part-time early retirement at the Kiel and Mannheim locations (Euro 8 million). Moreover, this item no longer includes personnel expenses at the Polish shareholding in Bydgoszcz (KPEC), which was deconsolidated in July 2007. These factors more than offset the additional costs resulting from wage and salary increases.

Other operating expenses rose year-on-year by Euro 34 million. This increase is due in particular to the aforementioned valuation effects concerning the recognition of financial instruments under IAS 39 (2004). As in the previous year, by analogy with external sales other operating expenses have been reported net of energy taxes.

Earnings before interest, income taxes, depreciation and goodwill amortisation (EBITDA) rose year-on-year by 55 % to reach Euro 161 million.

After depreciation and goodwill amortisation, our company posted **operating earnings before interest and income taxes (EBIT)** of Euro 124 million in the 1st quarter of 2007/08 (previous year: Euro 69 million).

In the interests of transparency, as in the 2006/07 Annual Report the overview of our key figures also includes EBIT before IAS 39 (2004), which depicts our operating earnings performance excluding the impact of this valuation-dependent special item. Our **EBIT before IAS 39 (2004)** increased from Euro 69 million in the previous year to Euro 87 million in the 1st quarter of 2007/08. This growth of Euro 18 million (+ 26 %) is chiefly due to the weather-related increase in sales volumes and the resultant rise in sales in the district heating and gas businesses, to lower personnel expenses and to initial earnings contributions from new companies. These positive factors were countered by a reduction in other operating expenses, which in the previous year had included the release of a debit difference (badwill) from the initial consolidation of Industriepark Gersthofen Servicegesellschaft mbH & Co. KG (IGS).

The development in operating segment earnings (Page 19) reveals the key earnings drivers during the quarter under report. Given the high level of heating energy requirements due to weather conditions, the combined earnings of the district heating and gas segments accounted for 47 % of the total operating earnings – EBIT before IAS 39 (2004) – of the MVV Energie Group in the 1st quarter of 2007/08. At 28 %, the share of earnings attributable to the high-growth environmental energy and value-added services segments, which only depend on temperatures to a limited extent, shows that our business portfolio is well secured against fluctuations in weather conditions.

The rise in *financing income* by Euro 1 million was attributable to an investment-related increase in interest income and the positive impact of contracting transactions increasingly being treated as finance leases.

Financing expenses declined year-on-year by Euro 1 million to Euro 26 million. This was primarily due to a lower level of interest expenses on loan obligations. Moreover, financing expenses also include annual earnings of Euro 10 million distributed to minority shareholders in Stadtwerke Kiel AG (previous year: Euro 13 million) and expenses incurred in connection with changes in the present value of the payment obligation for put options held by the City of Kiel.

Earnings before taxes (EBT) rose by Euro 57 million to Euro 100 million in the 1st quarter of 2007/08, resulting in an income tax charge of Euro 33 million, as against Euro 17 million in the previous year. The effective tax burden amounted to 33.2 % in the quarter under report, compared with 38.8 % in the previous year. This decline is largely due to the reduction in tax rates for corporate income tax and trade tax in Germany introduced as part of the 2008 corporate tax reform and taking effect from the 2007/08 financial year.

After income taxes and higher minority interests, the MVV Energie Group posted a **net surplus for the period after minority interests** (share of earnings allocable to shareholders in MVV Energie AG) of Euro 58 million in the 1st quarter of 2007/08, compared with Euro 21 million in the previous year.

On this basis, the MVV Energie Group generated **earnings per share** of Euro 0.91 in the 1st quarter of 2007/08 (previous year: Euro 0.38). It should be noted that the quarterly weighted average number of shares increased from 55.8 million to 63.5 million as a result of the capital increase in October 2007.

Earnings position of major shareholdings

Our municipal utility shareholdings in Germany and district heating shareholdings in Poland and the Czech Republic generated combined sales of Euro 311 million prior to consolidation (previous year: Euro 263 million) and operating earnings (EBIT) of Euro 48 million (previous year: Euro 30 million) in the 1st quarter of 2007/08. All companies within our Group operating in the district heating and gas businesses benefited from cooler weather conditions compared with the unusually mild weather in the first quarter of the previous year.

At **Stadtwerke Kiel AG** sales rose year-on-year by 21 % to Euro 113 million. Operating earnings (EBIT) increased by Euro 14 million to Euro 20 million. In addition to the positive impact of weather conditions, this sharp growth is due in particular to the discontinuation of prorated expenses for personnel provisions stated in the previous year (Euro 8 million) and to a valuation-dependent special item resulting from the recognition of financial instruments under IAS 39 (2004), which affected the Kiel subgroup to the tune of Euro 5 million. The systematic expansion of sales activities with key account and business customers outside the company's own grid region has shown its first success in terms of electricity turnover. The "SWK 2015" project is being implemented on schedule and further promoted to boost the subgroup's competitiveness on an ongoing basis.

Sales at **Energieversorgung Offenbach AG (EVO)** rose by 10 % to Euro 99 million, while operating earnings (EBIT) improved year-on-year by Euro 1 million to Euro 14 million. Improvements in the electricity and value-added services segments more than offset downturns in other business segments. More than 20 000 customers in the town and district of Offenbach switched to the green electricity product EVO futura in the 1st quarter of 2007/08. This was supported by intense advertising measures and a price guarantee for 2008. EVO aims to develop its biomass division into a high-growth business. One first step involved EVO acquiring a 24.9 % shareholding in the Offenbach company iwo Pellet Rhein-Main GmbH, currently the only pellet manufacturer in the Rhine-Main region. Together with MVV Energiedienstleistungen GmbH, EVO founded the company Biokraft as of 1 January 2008. The new company plans to procure material for the production of wood chips, as well as manufacturing and selling such chips.

Mainly due to weather-related growth in the gas business, sales at our shareholding in Nordrhein-Westfalen, **Stadtwerke Solingen GmbH (SWS)** increased year-on-year by 14 % to Euro 29 million. Operating earnings (EBIT) rose by Euro 1 million to Euro 4 million. Operations commenced at the Hamm-Uentrop gas and steam power plant on 26 October 2007. SWS holds a 2.45 % shareholding in the 800 MW plant and will in future cover around 10 % of Solingen's electricity needs from this ultramodern efficient power plant. With its proprietary share of generation, SWS has decreased its dependence on the energy market. The extension of PRO Umwelt, an environmental promotion programme aimed at increasing energy efficiency and customer orientation, has proved to be very popular among customers in Solingen. In its business customer segment, the company successfully concluded numerous new supply agreements for 2008 as well. The supply of utilities to Solingen's largest housing company has been extended from a current total of 105 residential units to 450. Activities within the Rheinisch-Bergisch municipal utility cooperation *(Rheinisch-Bergischer Stadtwerke-Verbund)* are developing in line with expectations.

Sales at **Stadtwerke Ingolstadt Beteiligungen GmbH (SWI)** rose year-on-year by 6 % to Euro 26 million, while operating earnings (EBIT) grew by Euro 2 million to Euro 4 million. This growth was chiefly due to higher turnover with heating water and gas due to cooler weather conditions and to increased gas requirements at two major industrial customers. SWI is countering the further intensification in pressure expected in the electricity business by implementing customer retention campaigns and stepping up its electricity fund sales activities. The regional government of Upper Bavaria has approved the application to extend the electricity and gas grid utilisation fees at SWI Netze GmbH until 31 December 2008.

In the 1st quarter of 2007/08, sales at **Köthen Energie GmbH** rose by 14 % to around Euro 4 million, and operating earnings (EBIT) by Euro 0.1 million to Euro 0.6 million. This growth is mainly the result of a weather-related increase in gas turnover.

The sales of our **Czech subgroup** doubled to Euro 30 million in the 1st quarter of 2007/08. Operating earnings (EBIT) rose by Euro 5 million to Euro 9 million. This sharp growth is principally due to a weather-related upturn in district heating turnover, as well as to initial sales and earnings contributions from the new district heating company Teplárna Liberec and the district heating systems in the neighbouring towns of Litomerice, Louny and Mimon. As a result of the success of the subgroup's activities in the market, as well as of its restructuring, the wholly-owned subsidiary MVV Energie CZ s.r.o. was for the first time able to pay a dividend of Euro 4.8 million to its parent company, MVV Energie AG, for the past 2006/07 financial year. As part of the tax reform, the Czech parliament raised the VAT on district heating supplies from 5 % to 9 % and decided to introduce environmental taxes on electricity, coal and gas consumption with effect from 1 January 2008.

The quarterly comparison of sales and earnings at our **Polish subgroup** is impeded by the transitional consolidation of our shareholding in Bydgoszcz (KPEC) from July 2007. Given the difficult underlying conditions, the restructuring measures at the Polish group of companies have not led to any sustainable economic success. In view of this, the Executive Board of MVV Energie AG has decided to sell its shares in the KPEC shareholding in the current 2007/08 financial year.

Shared service companies

With a workforce of 110 employees, **24/7 Netze GmbH** is responsible for grid operations in the Mannheim and Offenbach regions. Given the normal winter, the first quarter did not suffer from the volume-related downturn in earnings seen in the same period in the past financial year. The economic situation of 24/7 Netze GmbH is marked by growing cost pressure resulting from regulation by the Federal Networks Agency (BNetzA). The new fee applications for electricity grids and the gas distribution grid in Mannheim were submitted to the Federal Networks Agency on time.

Given its strategic position as the exclusive energy trading unit for the MVV Energie Group, **24/7 Trading GmbH** plays a key role in our energy procurement and energy marketing activities in the wholesale market. Its product range includes electricity trading, certified green electricity, natural gas, emissions entitlements, environmental certificates and financial products. Further trading partners, including some in the financial sector, were acquired during the quarter under report. The company is consistently pressing ahead with its expansion of natural gas trading and procurement activities.

Sales at **24/7 Metering GmbH** are largely generated by providing services to affiliated group companies, such as 24/7 Netze GmbH, MVV Umwelt GmbH and 24/7 United Billing GmbH. We expect to generate moderate growth from accessing external customers groups in the current financial year. We also see the planned complete opening up of the metering market to external competitors as providing us with good opportunities for participating in the market.

24/7 IT-Services GmbH has enhanced transparency concerning the IT expenses incurred at the MVV Energie Group. The aim is to draw on consolidation measures to optimise IT expenses at all locations. The telecommunications divisions at the Mannheim, Kiel and Offenbach locations are planned to be integrated into 24/7 IT-Services GmbH in the current financial year.

With more than 1.1 million customer agreements, **24/7 United Billing GmbH** is the top player among non-vertical groups in this segment. In particular, the invoicing company supports MVV Energie AG, EVO, Stadtwerke Kiel AG, Köthen Energie GmbH and the City of Mannheim. Together with MVV Energiedienstleistungen GmbH, it already handles utility expense billing for around 30 000 apartments. It will further step up its involvement in the housing industry in future. The high level of efficiency and quality already achieved is being further optimised as part of a current strategy project.

Stadtwerke Kiel AG acquired a 14 % share in **24/7 Insurance Services GmbH, Mannheim,** which was established on 1 July 2007, with retrospective effect as of 1 October 2007. This company manages the insurance portfolio of the MVV Energie Group and provides services to all group companies. It focuses on optimising insurance expenses and cover concepts at the group of companies. Moreover, it also intends to acquire external customers in the company's immediate environment, such as municipal utility companies and municipalities.

Net Asset and Financial Position

Asset and capital structure

The total assets of the MVV Energie Group amounted to Euro 3.51 billion at 31 December 2007 and had therefore increased by Euro 234 million compared with the reporting date at the end of the past 2006/07 financial year (30 September 2007). This growth solely involves *Current assets*, which rose to Euro 1043 million, up by Euro 244 million on 30 September 2007. This increase is due on the one hand to higher accounts receivable, which rose due to seasonal factors by Euro 115 million compared with 30 September 2007. On the other hand, there was also an increase in other receivables and assets, largely as a result of higher market prices and increased volumes of energy trading transactions involving financial instruments requiring recognition and measurement pursuant to IAS 39 (2004). Moreover, there was also a rise in cash and cash equivalents. This increase was chiefly due to funds received from the capital increase in October 2007.

The value of *Non-current assets* declined by Euro 11 million to Euro 2 468 million. The growth in property, plant and equipment, which accounts for 79 % of non-current assets, was offset by a more marked reduction in other items, notably other financial assets. The decline in this balance sheet item was primarily due to the reclassification of the Polish shareholding in Bydgoszcz (KPEC) from non-current to current assets ("Assets held for sale"). Further details can be found in the notes to the interim consolidated financial statements.

Equity rose to Euro 1207 million, an increase of Euro 293 million on 30 September 2007. The capital increase undertaken in October 2007 has increased the company's share capital by Euro 25.96 million and its capital reserve by Euro 199.71 million. *Non-current debt* was reduced by Euro 6 million to Euro 1.37 billion, while *current debt* fell by Euro 53 million to Euro 934 million. There has been an increase in other liabilities due to measurement in line with IAS 39. The equity ratio rose from 27.9 % at 30 September 2007 to 34.4 %.

Investments

The MVV Energie Group invested Euro 45 million in the quarter under report (previous year: Euro 54 million). Of this sum, Euro 41 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 34 million), while Euro 4 million was invested in the acquisition of fully and proportionately consolidated companies and in other financial assets (previous year: Euro 20 million).

The investments made in intangible assets, property, plant and equipment and investment property mainly involved investments in the high-growth environmental energy and energy-related services divisions. Investments in the environmental energy segment focused on the construction of the new waste-fired boiler 6 at the waste incineration plant in Mannheim. The investments made in the value-added services segment primarily related to the construction of the industrial power plant driven by refuse-derived fuel at Korbach, which will supply the production site of Continental AG with process steam and electricity from mid-2008. Investments in the core business fields mainly focused on optimising utility plants and distribution grids at the companies of the MVV Energie Group. Work continued at the Kiel subgroup on the construction of a third gas cavern. The revitalisation of the head office building of MVV Energie AG in Mannheim will be completed on schedule in February 2008.

Financial position

Non-current and current financial liabilities fell to Euro 1.29 billion, down by Euro 127 million on the reporting date for the previous year (30 September 2007). The net financial liabilities (financial liabilities less cash and cash equivalents) of the MVV Energie Group fell by Euro 197 million to Euro 1.11 billion in the quarter under report.

From the 1st quarter of the 2007/08 financial year, we will be reporting interest received, interest paid, net interest expenses and income taxes paid as separate line items in the cash flow statement. In contrast to the procedure adopted in the previous year and at the reporting date on 30 September 2007, within the cash flow from operating activities we will for the first time be reporting the item *Cash flow before working capital and taxes.* The cash flow as per DVFA/SG will no longer be reported. To facilitate comparison, we have adjusted the quarterly figures for the previous year.

The *Cash flow before working capital and taxes* rose from Euro 107 million in the first quarter of the previous year to Euro 125 million. This increase is principally due to the higher net surplus for the period, which was compensated for in part by a lower net balance of other non-cash income and expenses. At Euro 23 million, by contrast, the cash flow from operating activities during the quarter under report was significantly lower than the equivalent figure of Euro 121 million in the previous year. The main reason for the low figure in the quarter under report was the sharp increase in working capital.

The deduction of investments in intangible assets, property, plant and equipment and investment property, led to a negative free cash flow of Euro – 19 million in the quarter under report, compared with positive free cash flow of Euro 87 million in the same period in the previous year. The development in the free cash flow is primarily the result of a substantial rise in the volume of capital tied up in current assets. Of the cash flow from investing activities, Euro 12 million (previous year: Euro 18 million) related to investments in expansion and growth, which will only generate inflows of funds in subsequent years.

In spite of increased outflows of funds for loan repayments, the *Cash flow from financing activities* rose from Euro – 53 million in the first quarter of the previous year to a positive figure of Euro 77 million. This was chiefly attributable to the funds received from the capital increase in October 2007.

More detailed information about the company's financial position can be found in the cash flow statement in the interim consolidated financial statements (Page 25) and the notes to the interim consolidated financial statements (Page 27 onwards).

Personnel Totals	2007/2008 31.12.2007	2006/2007 30.9.2007	2006/2007 31.12.2006	Change on 31.12.2006
MVV Energie AG[1]	1541	1559	1555	– 14
Fully consolidated shareholdings	3755	3765	3560	+ 195
MVV Energie AG with fully consolidated shareholdings	**5296**	**5324**	**5115**	**+ 181**
Proportionately consolidated shareholdings	1028	1031	1563	– 535
MVV Energie Group[2]	**6324**	**6355**	**6678**	**– 354**
External personnel at Mannheim waste-to-energy plant	38	39	50	– 12
	6362	**6394**	**6728**	**– 366**

[1] including 55 employees of MVV RHE AG (previous year: 58)

[2] including 425 trainees (previous year: 446)

Employees

Development in personnel totals affected by consolidation factors

The total workforce of the MVV Energie Group (including external personnel at the Mannheim waste-to-energy plant) fell by 366 employees, or 5 %, compared with the previous year to 6362 employees as of 31 December 2007. This decline mostly involved the 510 employees at the Polish company KPEC in Bydgoszcz, which has been deconsolidated since July 2007. This development was partly offset by an increase by 195 in the number of employees at fully consolidated shareholdings. The growth in the workforce at fully consolidated shareholdings is mainly due to the new district heating companies in the Czech Republic and the new companies in the energy-related services business (especially MVV Energiedienstleistungen Wohnen GmbH & Co. KG), which have been consolidated for the first time since the 2nd quarter of 2006/07. Personnel was also hired in the high-growth environmental energy segment (especially at MVV O&M GmbH), as well as at the shared service companies. Efficiency enhancement programmes are currently underway at numerous locations across our group of companies and are being implemented consistently. As a result, the total workforce at the fully consolidated company Stadtwerke Kiel AG showed a year-on-year decline of 119 employees. Compared with the reporting date for 2006/07 (previous quarter), the total number of employees at the MVV Energie Group dropped by 32, and thus by almost 1 %. Of the total workforce of the MVV Energie Group as of 31 December 2007, (including external personnel at the Mannheim waste-to-energy plant), 5277 individuals were employed in Germany and 1085 abroad.

Research and Development

Expansion of field trials with cogeneration-based house energy plants

MVV Energie has assumed a pioneering role in the decentralised supply of energy to buildings using energy-efficient WhisperGen appliances based on cogeneration. During the quarter under report, the field trials launched at the beginning of 2007 were successfully expanded. In cooperation with Pfalzwerke AG, Ludwigshafen, a further eight private customers will be testing the environmentally-friendly house energy plant, which generates both electricity and heat, for an initial period of two years. These micro-cogeneration plants reduce CO_2 emissions and generate energy cost savings of around Euro 200 per plant per year. Since December 2007, the first WhisperGen appliances have also been at work in public buildings.

MVV Energie AG plans entry into balancing energy market

At its waste-to-energy plant location in Mannheim, MVV Energie AG has qualified to participate in the balancing energy market. The high technical requirements associated with the entry into this market have been met and a cooperation concept established for a pool of interested generation partners. Apart from major transmissions grid operators, MVV Energie AG is thus the first company to provide “balancing energy” as a product in south-western Germany. In the past year, this business had a nationwide market volume of around Euro 1 billion.

Opportunity and Risk Report

The group-wide systematic risk management system in place at the MVV Energie Group forms an integral component of the company's management. It serves to identify any risks to the company's continued existence at an early stage and to optimise the risk/opportunity profile of our business activities.

No further risk categories have been added to the six categories listed in the 2006/07 Annual Report (strategic risks, legal risks, financial risks, price risks, volume risks and operating risks).

Weather risks and regulatory risks represent the greatest external factors influencing the business performance of the MVV Energie Group. Weather-dependent volumes developed on plan in the past 1st quarter of 2007/08. The group-wide opportunity and risk reporting process is focusing on the business implications of the current regulation round for grid utilisation fees. Increasing competition and increased pressure due to grid regulation and future incentive regulation will lead to further consolidation in the municipal utility market. We were early to focus on enhancing our efficiency and have invested very heavily in promising new high-growth business fields. We therefore see the expected structural change as harbouring more opportunities than risks for our group of companies.

The current opportunity and risk situation does not include any indications of any risks which could have endangered the continued existence of the company during the period under report, or which could do so in future.

Events After the Balance Sheet Date

Plunge in stock market prices in January 2008

The incessant flow of negative news from the financial sector coupled with the emerging fears of a recession in the USA, which could also impact on the Asian and European economies, have led to a sharp reduction in stock market prices since the beginning of January 2008. A dramatic fall in stock prices on national and international stock markets occurred on 21 January 2008, with losses suffered across all sectors. The German Stock Index (DAX) lost more than 500 points on this one day alone. The collapse in prices on the German stock exchanges was accompanied by unusually high trading volumes.

Unlike other energy sector stocks, the share of MVV Energie AG has maintained its ground extraordinarily well. Notwithstanding significant fluctuations in the price and trading volumes, from the beginning of January 2008 through to 4 February our share even increased by 2.3 % to Euro 32.00. The comparative indices, Prime Utilities and SDAX, by contrast, fell by 12.1 % and 8.8 % respectively.

Outlook

Future economic framework

Economic growth in Germany is set to lose some of its dynamism in 2008. Following GDP growth of 2.5 % in real terms in 2007, the Annual Economic Report of the Federal Government foresees growth of just 1.7 % in 2008. However, the earnings performance of the MVV Energie Group is basically less dependent on economic developments than on weather conditions and the further development in primary energy prices.

All companies in our sector are currently witnessing rapid change with a further rise in competitive pressure in the energy markets. The market climate is characterised by the regulation of grids by the Federal Network Agency and by an increase in the public and political discussions surrounding the rise in energy prices.

Having reached the industrial and commercial customer segments, competition is now also gaining momentum in the private customer market. We expect to see a substantial increase in the numbers of private households changing energy supplier in the coming years (currently 11 % nationwide according to the Federal Association of the Energy and Water Industry – BDEW). The supplier change rate at our group of companies currently only amounts to around 5 %.

In the first assessment notices issued within the second cost approval round for 2008, the Federal Network Agency cut the electricity grid utilisation fees submitted by the larger transmissions grid operators by between 15 % and 30 %. Incentive regulation, due to take effect from January 2009, will lead to further reductions in grid utilisation fees. For the companies in our Group, we expect to receive the grid utilisation fee assessment notices submitted for electricity and gas during the first half of 2008.

Strategic alignment in the next two years

We prepared at an early stage for the increase in competition and growing cost pressure resulting from grid regulation. The MVV Energie Group can and will consistently exploit any opportunities arising along the way.

Within our value-based growth strategy, we are focusing in our core business on the cost efficiency of our own operations and administration, on acquiring further shareholdings and on tapping additional synergy potential in our municipal utility group. In our successful high-growth environmental energy and energy-related services businesses, we aim to achieve growth both organically and via new investments and acquisitions.

Expansion of national electricity sales

In the nationwide electricity business with industrial and commercial customers, we see our successful "Electricity Fund" product as harbouring further growth potential. To date, we have already acquired Electricity Fund volumes of 3.9 billion kWh across the Group for the 2008 calendar year; for 2009, we have already acquired 3.2 billion kWh.

We are now drawing on the experience and success gained in our nationwide business with industrial and commercial customers since 1999 in order to investigate our market opportunities for an attractive product in the private customer business as well. In the light of the discussions currently surrounding prices and climate protection, we are offering a nationwide product tailored to our customers' needs. Moreover, in view of the tangible increase in private customers' willingness to change supplier, we expect the traditional links between private consumers and their local municipal utility suppliers to become less significant.

Having carefully analysed the market, we therefore believe this to be the suitable time to build up our national sales activities for private customers. Our "SECURA-Ökostrom" product has already been on the market since January 2008 in some grid regions. It will become available nationwide from 1 March 2008.

We have also started supplying gas to our first industrial and commercial customers outside our grid region. We are using these trial customers to develop the gas dispatching and gas logistics capabilities and instruments necessary for us to be able to offer a nationwide gas product by October 2008.

Pleasing market position in environmental energy and energy-related services businesses

In the environmental energy business, the MVV Energie Group now occupies a leading position in the German market for waste incineration, with an incineration capacity of 1.6 million tonnes of waste and biomass per year following the launch of operations at the second non-recyclable waste incineration plant operated by MVV Umwelt GmbH in Leuna (Leuna II). Given the long-term supply agreements in place and our successful materials flow management, we expect to be able to continue to operate our waste incineration plants at full capacity. Construction work on the new waste-fired boiler 6 at the Mannheim location, which is due to replace two older waste-fired boilers, is progressing on schedule. Operations are scheduled to begin at the end of 1999.

We have now acquired and incinerated more than 10 million tonnes of waste at our two locations in Mannheim and Leuna. Our longstanding operating expertise guarantees the further successful expansion of our environmental energy business. By making acquisitions and entering into cooperations, we aim to seize new market opportunities for using waste and biomass for energy generation purposes.

In our energy-related services business, our innovative energy concepts for large industrial locations and our energy-efficient contracting solutions are being warmly received by the market. The acquisitions and market successes seen in the previous year in the fields of Industrial Solutions (energy contracting), consulting and real estate utilities, as well as the product range on offer in the field of Municipal Solutions, which is increasingly in demand from towns, district authorities and public sector organisations, form a superb basis for achieving further profitable expansion in our energy-related services business nationwide.

High-growth market for environmental energy and climate protection

The MVV Energie Group has built up a leading position in the German market with its environmental energy and energy-related services businesses. Climate protection, energy-efficient and resource-saving processes and technologies are already accorded great importance at our group of companies, as is the increased use of regenerative energies. In view of the climate protection efforts being made by the Federal Government and the European Commission, we see our group of companies as being well positioned in the growing market for energy efficiency and renewable energies.

Opportunities for further expanding our municipal utility network

The fall in revenues due to grid regulation means that many German municipal utility companies will also feel the pressure on their sales activities and margins in their electricity and gas businesses. Municipal utility companies, which generally only live from grid operations and the regulated electricity and gas businesses, will not be able to withstand this pressure. We therefore expect to see a variety of cooperations and mergers in the field of grid operations. Moreover, we expect the sales market to be dominated by providers with nationwide sales activities.

Where opportunities arise, we aim to acquire further municipal utility companies and to offer partnerships and cooperations, for example with our successfully established shared service companies, to work together to enhance efficiency and to reduce costs.

Basic decision taken to expand large power plant Grosskraftwerk Mannheim

In December 2007, the Supervisory Board of Grosskraftwerk Mannheim AG (GKM) decided to press ahead with planning activities for the construction of a new block with an electricity output of 900 MW and a district heating output of 500 MWth. By 2013, this new Block 9 would replace two blocks due to be removed from the grid for age considerations. This highly efficient new power plant block, which will be around 20 % more energy-efficient, will raise the share of electricity produced internally. At the same time, it will safeguard the expansion planned by MVV Energie of the supply of district heating, an environmentally-friendly and resource-saving form of heating energy, in the Rhine/Neckar metropolitan region.

Expected earnings position

The current 2007/08 financial year will benefit from the cooler weather conditions seen in the first quarter compared with the previous year. For the 2007/08 financial year as a whole, the MVV Energie Group aims to achieve double-digit growth compared with the previous year both in sales (excluding electricity and natural gas taxes) and operating earnings before interest and taxes (EBIT before IAS 39). The key growth drivers will be the nationwide expansion of electricity sales and the high-growth environmental energy and energy-related services businesses.

Expected financial position

Within the cash flow statement, we expect to see an increase in our cash flow from financing activities in the current 2007/08 financial year due to funds received from the capital increase in October 2007. In line with our strategy, the largest share of the investments of Euro 268 million budgeted for property, plant and equipment, will be channelled into our high-growth environmental energy and energy-related services businesses.

Future research and development

We see the generation and distribution of district heating based on the highly-efficient cogeneration process as one of our core competencies. We aim to further strengthen and, where economically expedient, to expand the supply of district heating in Mannheim and the region. The findings of our district heating study, compiled in cooperation with eight other energy suppliers in the region and successfully completed in December 2007, should result in specific projects in the coming months. In the field of house energy plants based on the micro-cogeneration principle, we are working on further optimisations aimed at facilitating a rapid market launch at a later date.

Future risks

As outlined in the opportunity and risk report (Page 12), there are no indications of any risks which could threaten the continued existence of the company in the further course of the 2007/08 financial year.

Securing the future by means of sustainable action

The rapid transformation of energy markets also requires changes to be made within our group of companies. Lasting, healthy company growth and sustainable further development depend not only on pleasing key earnings and financial figures ("hard" facts) but also on so-called "soft" factors, such as values, guiding principles and a transformation in corporate culture. We aim to press ahead with our "move" programme (Courage, Openness, Change, Success). Already successfully launched, this programme, in which employees, managers and the Executive Board of MVV Energie AG are participating with great commitment and willingness to change, aims to change our corporate culture, thus boosting our competitiveness from within. We also live our values in our sponsoring activities. By promoting people, especially upcoming talent, we will continue to take our responsibility towards society seriously in future as well.

Business Segments

Developments in the Segments

Electricity segment – success in electricity trading business

Net of the electricity tax charged on to customers, external sales in the electricity segment rose by Euro 43 million (+ 16 %) to Euro 306 million in the 1st quarter of 2007/08. This growth is chiefly due to higher volumes and prices in the electricity wholesale and secondary distribution business.

Segment electricity turnover (excluding electricity volumes in the environmental energy and value-added services segments) rose year-on-year by 0.8 billion kWh (+ 16 %) to 6.2 billion kWh in the 1st quarter of 2007/08. This sharp increase was mainly driven by the electricity wholesale and secondary distribution business at the Kiel and EVO subgroups (old trading contracts) and by 24/7 Trading GmbH, at which all new energy trading transactions at our Group have been pooled since spring 2007. Electricity wholesale and secondary distribution account for a 60 % share of total electricity turnover.

Turnover in the end customer business, which makes up 40 % of electricity volumes, was 4 % down on the previous year. The market has become notably more dynamic. At 5 % the rate of customers at our group of companies changing supplier is markedly below the national average (11 % for private household customers and 9 % for business customers according to the Kundenfokus customer barometer undertaken by the Federal Association of the Energy and Water Industry – BDEW).

The successful electricity fund models we offer to industrial and commercial customers nationwide enabled us to offset part of the downturn in volumes resulting from competitive factors. The electricity fund has proven to be the leading procurement strategy for medium-sized energy consumers. Electricity costs for fund customers are below average prices on the EEX electricity exchange in Leipzig for the third procurement year now. More than 300 industrial customers now place their trust in our CLASSIC and HORIZONT electricity fund models – and in the expertise of our electricity fund managers. Customer retention rates are very high in this area. The opening up of the electricity fund to industrial and commercial companies with annual consumption of 300 000 kWh or more (previously 500 000 kWh) has also proven to be successful. Electricity fund volumes of 3.9 billion kWh and of 3.2 billion kWh have already been acquired for the 2008 and 2009 calendar years respectively.

Despite the tangible increase in competition, MVV Energie can also point to above-average rates of customer retention in its private and business customer businesses. Apart from customer relationships built up over many years, this is largely due to the structure of the electricity products, which enable MVV Energie to set itself apart from those offered by competitors. We are able to exploit synergies by harmonising our product range, marketing and sales logistics as part of the close cooperation with our shareholdings in Kiel and Offenbach.

Quarterly operating earnings (EBIT) in the electricity segment rose by Euro 50 million to Euro 56 million. Following adjustment for the valuation-dependent special item of Euro 37 million in connection with IAS 39 (previous year: Euro 0 million), operating earnings in the segment rose year-on-year by Euro 14 million to Euro 19 million. This increase is chiefly due to the marketing of electricity volumes generated by MVV Energie AG and to cost savings resulting from efficiency enhancement measures. One factor benefiting earnings to the tune of Euro 3 million is the discontinuation of prorated charges reported in the previous year for the statement of provisions for restructuring measures at the Kiel and Mannheim locations. This enabled us to more than offset the reduction in margins due to the cutting of grid utilisation fees, our moderate pricing policies and the rejection or curtailing of electricity rate adjustments submitted for approval (e.g. at EVO).

External Sales of the MVV Energie Group by segment

1st Quarter, 1. 10. – 31. 12.

Euro million	**2007/2008**	2006/2007	% change
Electricity [1]	306	263	+ 16
District heating	99	76	+ 30
Gas [2]	113	111	+ 2
Water	25	25	—
Value-added services [3]	71	57	+ 25
Environmental energy	48	47	+ 2
Other/consolidation	1	3	– 67
	663	582	+ 14

[1] excluding electricity tax of Euro 27 million (previous year: Euro 26 million)
[2] excluding natural gas tax of Euro 14 million (previous year: Euro 11 million)
[3] excluding electricity and natural gas taxes of Euro 1 million

District heating segment – increases due to cooler weather and external growth

District heating sales rose to Euro 99 million in the 1st quarter of 2007/08, up 30 % on the previous year. This was chiefly the result of increased turnover due to significantly cooler weather conditions in the 1st quarter of 2007/08 compared with the previous year. The weather indicator we use for our customers' heating requirements (degree day figures) was 33 % lower at the Mannheim location between October and December 2007 than in the same period in the previous year, which was marked by unusually mild outdoor temperatures. Further turnover growth resulted from the district heating shareholdings acquired at the Czech subgroup in January 2007. Total sales volumes in the district heating segment – excluding volumes reported in the environmental energy and value-added services segments – rose to 2.1 billion kWh, up 31 % on the first quarter of the previous year.

The weather-related sales growth and initial earnings contributions from new shareholdings in the Czech subgroup were countered by reduced margins due to increased procurement costs not being charged on to customers. Overall, operating earnings (EBIT) in the district heating segment improved by Euro 2 million (+ 8 %) to Euro 26 million in the 1st quarter of 2007/08.

Gas segment – weather conditions offset negative competitive factors

The gas segment also benefited from the cooler weather compared with the very mild temperatures in the previous year. The resultant volume growth more than offset the downturn in volumes suffered in the highly competitive secondary distribution business. At 3.0 billion kWh, total gas turnover – excluding volumes reported in the value-added services segment – was 6 % higher than in the first quarter of the previous year. Following the deduction of natural gas tax charged on to customers, external sales rose year-on-year by 2 % to Euro 113 million in the quarter under report.

Operating earnings (EBIT) improved to Euro 15 million, up by Euro 8 million (+ 114 %) on the first quarter of the previous year. Weather-related sales growth in the end customer business, coupled with efficiency enhancements and cost savings, enabled us to offset most of the increase in procurement expenses and the loss of revenues resulting from competitive and regulatory factors. In the interests of our customers, we were therefore able to avoid any price increases in the quarter under report. We were assisted in this by the trading and procurement activities of 24/7 Trading GmbH. The quarterly earnings figures benefited to the tune of Euro 2 million from the discontinuation of prorated charges stated in the previous year in connection with personnel expense provisions at the Kiel subgroup and at MVV Energie AG.

Sales Volumes of the MVV Energie Group[1]

1st Quarter, 1. 10. – 31. 12.	2007/2008	2006/2007	% change
Electricity in kWh million	6 347	5 515	+ 15
of which wholesale[2]	3 757	2 816	+ 33
of which retail[2]	2 590	2 699	– 4
District heating in kWh million	2 429	1 838	+ 32
Gas in kWh million	3 138	2 964	+ 6
Water in m^3 million	13.5	13.4	+ 1
Combustible waste delivered in tonnes 000s	386	332	+ 16

[1] total volumes of all segments

[2] correction in previous year's figure

Water segment – stable water segment

The development of turnover and sales in the water business primarily depends on weather conditions in the second half of the financial year. In view of this, the water segment made the lowest contributions to sales and earnings of all six business segments at our group of companies in the 1st quarter of 2007/08.

Sales volumes in the water segment – excluding water supplied in the value-added services segment – showed a slight year-on-year increase (+ 1 %). At Euro 25 million, by contrast, sales remained unchanged on the previous year.

As in the previous year, the water segment posted operating earnings (EBIT) of around Euro 2 million in the 1st quarter of 2007/08. The positive impact of the discontinuation of the prorated allocation of personnel expense provisions stated in the previous year for restructuring measures at the Kiel and Mannheim locations (Euro 1 million) was countered by a downturn in margins due to further price reductions at Energieversorgung Offenbach as of 1 July 2007. This price factor has impacted disproportionately due to the low seasonal level of earnings in the first quarter.

Environmental energy segment – higher sales in spite of price pressure

Segment sales rose to Euro 48 million, up 2 % on the first quarter of the previous year. The price-driven downturn in waste revenues could be offset, largely as a result of initial sales at the second line of the non-recyclable waste incineration plant in Leuna (Leuna II), where operations began in September 2007. Of total segment sales for the 1st quarter of 2007/08, Euro 39 million (previous year: Euro 38 million) were attributable to non-recyclable waste incineration at our locations in Mannheim, Offenbach and Leuna. In the quarter under report, we generated sales of Euro 8 million (previous year: Euro 6 million) from decentralised electricity generation at the biomass power plants in Mannheim and Königs Wusterhausen.

Our waste incineration and biomass power plants worked at capacity in the first quarter. Notwithstanding the tense market situation for combustible waste, we expect to be able to continue to operate our plants at full capacity in future as well.

At Euro 20 million, operating earnings (EBIT) in the environmental energy segment at the end of the first three months of the 2007/08 financial year were slightly down on the high previous year's figure (Euro 21 million), thus accounting for 23 % of the quarterly operating earnings before IAS 39 at our group of companies. The negative impact on earnings resulting from the price adjustment was compensated virtually in full by initial earnings contributions from Leuna II and by cost savings resulting from optimisation measures.

EBIT of the MVV Energie Group by segment[1]

1st Quarter, 1. 10. – 31. 12.

Euro million	2007/2008	2006/2007	% change
Electricity	56	6	+ 833
District heating	26	24	+ 8
Gas	15	7	+ 114
Water	2	2	—
Value-added services	4	9	– 56
Environmental energy	20	21	– 5
Other/consolidation	1	—	+ 100
	124	69	+ 80

[1] including IAS 39

Value-added services segment – further sales growth

As planned, the value-added services segment has started well in terms of growth. Segment sales rose by Euro 14 million (+ 25 %) on the previous year to reach Euro 71 million in the 1st quarter of 2007/08. This growth is chiefly due to the MVV Energiedienstleistungen subgroup, where sales rose from Euro 47 million in the previous year to Euro 63 million, largely as a result of substantial growth in the municipal contracting business. A large share of this sales increase is attributable to external sales growth, and in particular to MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin, a company fully consolidated from July 2007. Sales at the value-added services businesses of the municipal utility shareholdings in Kiel, Offenbach, Ingolstadt and Köthen fell to Euro 8 million, down Euro 4 million on the first quarter of the previous year.

Operating earnings (EBIT) fell from Euro 9 million in the first quarter of the previous year to Euro 4 million. It should be noted that the figure for the previous year included income of around Euro 6 million from the release of a debit difference upon the initial consolidation of IGS Industriepark Gersthofen Service mbH & Co. KG.

We have pooled all of the companies operating under MVV Energiedienstleistungen GmbH in the Eastern Region at our Berlin location. Our business activities in the state of Nordrhein-Westfalen are also being reorganised and merged at MVV Energiedienstleistungen GmbH West. Numerous contracts have been newly signed, expanded or extended in the national and international consulting business. In the biogas market, MVV Energiedienstleistungen has launched operations at the first biogas plant it has taken over. The CO_2-neutral electricity volumes generated from maize silage and cow dung are sufficient to supply 1000 households. The heat incurred in generating the electricity is supplied as process heat to a neighbouring commercial company.

Interim Consolidated Financial Statements

Balance Sheet

as of 31. 12. 2007

Balance Sheet of the MVV Energie Group Euro 000s	**31. 12. 2007**	30. 9. 2007	Notes
Assets			
Non-current assets			
Intangible assets	322 683	325 077	
Property, plant and equipment	1 945 072	1 935 903	
Investment property	6 785	6 853	
Other financial assets	153 591	165 883	1
Other receivables and assets	37 775	42 784	2
Deferred tax assets	2 529	2 529	
	2 468 435	**2 479 029**	
Current assets			
Inventories	52 404	53 758	
Accounts receivable	544 218	429 604	3
Other receivables and assets	210 527	155 817	2
Tax receivables	49 416	45 400	
Securities	543	529	
Cash and cash equivalents	168 973	99 583	4
Assets held for sale	16 917	13 839	5
	1 042 998	798 530	
	3 511 433	3 277 559	

Balance Sheet of the MVV Energie Group Euro 000s	**31. 12. 2007**	30. 9. 2007	Notes
Equity and liabilities			
Equity			7
Share capital	168 721	142 764	
Capital reserve	455 232	255 523	
Retained earnings	235 005	236 604	
Net earnings	224 930	163 450	
Capital of the MVV Energie Group	**1 083 888**	**798 341**	
Minority interests	122 677	115 361	
	1 206 565	**913 702**	
Non-current debt			
Provisions	129 305	131 232	
Financial liabilities	1 041 944	1 044 781	
Other liabilities	38 686	42 164	
Deferred tax liabilities	161 354	159 015	
	1 371 289	**1 377 192**	
Current debt			
Other provisions	205 769	206 992	
Tax provisions	61 572	40 049	8
Financial liabilities	243 895	368 332	9
Accounts payable	196 657	203 737	
Other liabilities	201 176	143 927	10
Tax liabilities	24 510	23 628	
	933 579	**986 665**	
	3 511 433	3 277 559	

Income Statement

from 1.10. to 31.12.2007

Income Statement of the MVV Energie Group[1] Euro 000s	**1.10.2007 to 31.12.2007**	1.10.2006 to 31.12.2006	Notes
Sales	704 922	619 424	12
less electricity and natural gas taxes	42 384	37 060	
Sales after electricity and natural gas taxes	**662 538**	**582 364**	
Change in inventories	– 4 386	– 220	
Capitalised own-account services	1 894	4 182	
Other operating income	100 314	26 798	13
Cost of materials	428 782	363 925	
Personnel expenses	73 943	81 267	14
Other operating expenses	97 727	64 093	13
Income from shareholdings measured at equity	—	– 400	
Other income from shareholdings	1 193	615	
EBITDA	**161 101**	**104 054**	
Depreciation	36 975	34 804	
EBITA	**124 126**	**69 250**	
Goodwill amortisation	—	—	
EBIT	**124 126**	**69 250**	
Financing income	2 369	1 342	
Financing expenses	26 412	27 390	
EBT	**100 083**	**43 202**	
Taxes on income	33 259	16 762	15
Net surplus for the period	**66 824**	**26 440**	
Minority interests	8 850	5 392	
Share of earnings allocable to shareholders in MVV Energie AG (net surplus for the period after minority interests)	**57 974**	**21 048**	
Basic and diluted earnings per share (Euro)	**0.91**	**0.38**	16

[1] Changes in the first quarter of the previous year have been outlined under "Accounting policies"

Statement of Changes in Equity

from 1. 10. to 31. 12. 2007

Statement of Changes in Equity Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Retained earnings: Statutory reserve and other retained earnings/ consolidation	Retained earnings: Differential amount from currency translation	Retained earnings: Fair value valuation of financial instruments	Net earnings	**Capital of the MVV Energie Group**	Minority interests	**Total**
Balance at 1. 10. 2006	142 764	255 523	226 451	9 364	722	97 240	**732 064**	104 912	**836 976**
Earnings recognised directly in equity	—	—	—	3 267	338	—	3 605	282	3 887
Net surplus for the period	—	—	—	—	—	21 048	21 048	5 392	26 440
	—	—	—	3 267	338	21 048	**24 653**	5 674	**30 327**
Distribution of dividend	—	—	—	—	—	—	—	– 475	– 475
Change in scope of consolidation	—	—	– 1 402	—	—	—	– 1 402	54	– 1 348
Balance at 31. 12. 2006	142 764	255 523	225 049	12 631	1 060	118 288	**755 315**	110 165	**865 480**
Balance at 1. 10. 2007	142 764	255 523	219 947	13 170	3 487	163 450	**798 341**	115 361	**913 702**
Earnings recognised directly in equity	—	—	—	432	1 051	—	1 483	– 635	848
Net surplus for the period	—	—	—	—	—	57 974	57 974	8 850	66 824
	—	—	—	432	1 051	57 974	**59 457**	8 215	**67 672**
Distribution of dividend	—	—	—	—	—	—	—	– 475	– 475
Capital increase	25 957	199 709	—	—	—	—	225 666	—	225 666
Change in retained earnings	—	—	– 3 082	—	—	3 506	424	– 424	—
Balance at 31. 12. 2007	168 721	455 232	216 865	13 602	4 538	224 930	**1 083 888**	122 677	**1 206 565**

Segment Report

from 1. 10. to 31. 12. 2007

Income Statement by Segment	External sales after electricity and natural gas taxes		Intercompany sales after electricity and natural gas taxes		EBIT	
Euro 000s	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Electricity	305 516	262 990	2 154	12 203	55 852	5 599
District heating	99 235	76 092	5 394	11 243	25 788	24 317
Gas	112 961	110 721	11 654	7 070	15 548	6 941
Water	24 986	25 438	78	4 365	2 331	2 547
Value-added services	71 362	57 143	22 826	21 349	3 665	9 075
Environmental energy	47 519	46 931	9 284	7 872	19 677	20 609
Other/consolidation	959	3 049	– 51 390	– 64 102	1 265	162
MVV Energie Group	**662 538**	582 364	—	—	**124 126**	69 250

Cash Flow Statement

from 1. 10. to 31. 12. 2007

Cash Flow Statement of the MVV Energie Group[1] Euro 000s	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Net surplus for the period before taxes on income	100 083	43 202
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	36 975	34 804
Net interest expenses	24 043	26 048
Interest received	1 568	1 218
Change in non-current provisions	– 2 879	7 645
Other non-cash income and expenses	– 35 053	– 5 592
Result generated from disposal of non-current assets	– 76	13
Cash flow before working capital and taxes	**124 661**	**107 338**
Change in other assets	– 135 423	33 701
Change in other liabilities	40 560	– 7 742
Change in current provisions	– 361	– 7 171
Income taxes paid	– 6 632	– 5 427
Cash flow from operating activities	**22 805**	**120 699**
Investments in intangible assets, property plant and equipment and investment property	– 41 309	– 33 654
(Free cash flow)	**(– 18 504)**	**(87 045)**
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	620	1 954
Proceeds from subsidy payments	1 913	1 793
Proceeds from sale of other financial assets	14 000	1 348
Payments for acquisition of fully and proportionately consolidated companies[2]	237	– 17 803
Payments for other financial assets	– 3 828	– 2 092
Cash flow from investing activities	**– 28 367**	**– 48 454**
Proceeds from taking up of loans	73 556	54 140
Payments for redemption of loans	– 202 938	– 95 392
Proceeds from capital increases	225 666	—
Dividend payment	– 475	– 475
Interest paid	– 18 598	– 11 645
Cash flow from financing activities	**77 211**	**– 53 372**
Cash-effective changes in cash and cash equivalents	71 649	18 873
Change in cash and cash equivalents due to currency translation	– 2 259	407
Cash and cash equivalents at 1. 10. 2007 (2006)	99 583	119 367
Cash and cash equivalents at 31. 12. 2007 (2006)	**168 973**	**138 647**

[1] Changes in the first quarter of the previous year have been outlined under "Accounting policies"

[2] See notes under "Change in scope of consolidation"

Cash Flow – Aggregate Depiction Euro 000s	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Cash and cash equivalents at 1. 10. 2007 (2006)	**99 583**	119 367
Cash flow from operating activities	22 805	120 699
Cash flow from investing activities	– 28 367	– 48 454
Cash flow from financing activities	77 211	– 53 372
Change in cash and cash equivalents due to currency translation	– 2 259	407
Cash and cash equivalents at 31. 12. 2007 (2006)	**168 973**	138 647

Notes to the Interim Consolidated Financial Statements

for the 1st Quarter of 2007/2008

Disclosures concerning the company

MVV Energie AG has its legal 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 and value-added services. Its activities in the field of environmental energy focus on the incineration of non-recyclable waste.

These abridged interim consolidated financial statements were compiled by the Executive Board and approved on 6 February 2008.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2007 to 31 December 2007 have been compiled in accordance with IFRS accounting requirements as applicable in 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 2007. No application has been made of published standards and interpretations not yet requiring mandatory application.

With the exception of the new provisions outlined below, the accounting polices applied in the interim consolidated financial statements as of 31 December 2007 correspond to those applied in the consolidated financial statements as of 30 September 2007.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended or newly adopted some standards and interpretations requiring mandatory application for the first time in the abridged interim consolidated financial statements. The MVV Energie Group has applied the following standards and interpretations for the first time in the 2007/08 financial year:

IAS 1	2005 and 2007 amendments "Presentation of Financial Statements"
IFRS 7	Financial Instruments: Disclosures
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions

The disclosures concerning IFRS 7 are not relevant for the compilation of the abridged interim consolidated financial statements for the 1st quarter 2007/08 financial year. However, extended disclosures concerning the type and scope of risks associated with financial instruments can be expected in the 2007/08 consolidated financial statements of the MVV Energie Group.

The initial application of these amendments did not have any notable implications.

The comparative period has been adjusted retrospectively. The impact on the interim consolidated financial statements for the 1st quarter of 2006/07 of the financial year can be depicted as follows:

Cash flow statement	Change in Euro 000s
Cash flow from operating activities	11 645
Cash flow from investing activities	215
Cash flow from financing activities	– 11 645
Change in cash and cash equivalents due to changes in scope of consolidation	– 215

The reporting structure in the cash flow statement has been amended compared with the 1st quarter of the 2006/07 financial year and the consolidated financial statements as of 30 September 2007. From the 1st quarter of the 2007/08 financial year, interest received, interest paid, net interest expenses and income taxes paid have been reported as separate line items. Furthermore, the statement of the cash flow as per DVFA/SG has been omitted. The cash flow before working capital and taxes has been reported for the first time within the cash flow from operating activities.

Moreover, capitalised own-account services and changes in inventories have been reported separately in the income statement. Corresponding amendments have been made to the comparative period.

The method of calculating deferred and actual taxes has been amended compared with the abridged interim consolidated financial statements for the 1st quarter of the 2006/07 financial year. Pursuant to the requirements of IAS 34, tax expenses have been recorded on the basis of a current estimate made at the quarterly reporting date of the income tax rate expected for the individual units for the entire 2007/08 financial year. This estimate amounts to 33.2 %.

The compilation of the interim consolidated financial statements in some cases requires the use of assumptions and estimates which could impact 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

In addition to MVV Energie AG, 53 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 2007: 52). 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.

During the period under report, Köthen Energie Netz GmbH, Köthen, was included in the interim consolidated financial statements for the first time by means of full consolidation. The initial inclusion of this company did not have any major implications for the financial, net asset and earnings position of the Group.

In the 2006/07 financial year, the Czech subgroup purchased companies including Teplárna Liberec a.s., Liberec. Within the framework of the integration, the purchase price was reduced by Euro 237 thousand during the quarter under report. This factor is reflected in other operating income and the cash flow statement.

Currency translation

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

1 Euro	Rate on reporting date		Average rate	
	31. 12. 2007	30. 9. 2007	**1. 10. 2007 to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Polish zlotys (PLN)	3.594	3.773	3.662	3.848
Czech crowns (CZK)	26.628	27.532	26.317	28.036

(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 than in the third and fourth quarters.

Notes on the Balance Sheet

1 Other financial assets

The decline in other financial assets compared with 30 September 2007 is largely due to the reclassification of the shareholding KPEC Komunalne Przedsiebiorstwo Energetyki Cieplnej Sp. z o. o., Bydgoszcz, Poland. This shareholding has been classified as available for sale. Reference is made to the notes under "Assets held for sale".

2 Other receivables and assets

The rise in other current receivables and assets is chiefly due to higher market prices and to increased volumes of energy trading transactions requiring measurement under IAS 39. Moreover, there has also been an increase in prepayments made.

The decline in other non-current receivables and assets is due to a reduction in prepayments made.

3 Accounts receivable

The increase in accounts receivable in the 1st quarter of the 2007/08 financial year is a customary seasonal phenomenon. As a result of increased energy turnover during the winter months, the corresponding accrual of consumption leads to increased volumes of accounts receivable.

4 Cash and cash equivalents

The rise in cash and cash equivalents is mainly due to the funds received from the capital increase undertaken at MVV Energie AG in October 2007.

5 Assets held for sale

The asset held for sale reported as of 30 September 2007 included Energy Innovations Portfolio AG & Co. KGaA, Mannheim. The purchase option was exercised in December 2007 and the sale price of Euro 14 000 thousand thereby realised.

The Executive Board of MVV Energie AG has decided to dispose of KPEC Komunalne Przedsiebiorstwo Energetyki Cieplnej Sp. z o. o., Bydgoszcz, Poland. This shareholding has been reclassified from financial assets to assets held for sale. The shares in the company had previously been recognised at fair value under other financial assets. The sale price has not yet been finally determined.

6 Distribution of dividend

The Annual General Meeting on 14 March 2008 will decide on the distribution of a dividend of Euro 0.80 per individual share for the 2006/07 financial year (Euro 52 725 thousand in total).

7 Equity

A capital increase involving 10 139 506 ordinary registered shares was undertaken in October 2007. The new shares were offered to existing shareholders at a subscription price of Euro 22.50 per individual share. This has increased the share capital by Euro 25 957 thousand and the capital reserve by Euro 199 709 thousand. The costs of Euro 2 551 incurred for the capital increase have been deducted from the allocation to the capital reserve.

8 Tax provisions

The rise in tax provisions mainly involves corporate income tax resulting from the increase in quarterly earnings.

9 Financial liabilities

It has been possible to reduce current liabilities to banks as a result of the funds received from the capital increase undertaken at MVV Energie AG in October 2007.

10 Current other liabilities

The rise in other liabilities is due in part to the increased volume of energy trading transactions requiring measurement under IAS 39. Furthermore, this item also includes an increased volume of prepayments received.

11 Contingent liabilities

Within contingent liabilities, security provided to cover third parties has increased from Euro 4.5 million to Euro 16.5 million. There have been no significant changes in other contingent liabilities since 30 September 2007.

Notes on the Income Statement

12 Sales

A depiction of sales broken down into their respective segments has been provided in the segment report. The rise in sales is mainly attributable to increased energy prices.

13 Other operating income and other operating expenses

The rise in other operating income and other operating expenses is primarily attributable to the recognition of energy trading derivatives measured pursuant to IAS 39. The first significant implications of these transactions were apparent in the 3rd quarter of the previous year.

14 Personnel expenses

The decline in personnel expenses is mainly due to the provisions stated in the comparative quarter for socially responsible measures to reduce personnel. There has been a slight decline in personnel totals compared with 31 December 2006.

15 Taxes on income

Taxes on income Euro 000s	**1. 10. 2007** **to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Taxes on income	33 259	16 762
Effective tax rate in %	33.2	38.8

The decline in the effective tax burden compared with the previous year is principally due to the reduction in corporate income and trade tax rates in Germany to around 30 % as a result of the 2008 corporate income tax reform (2006/07 financial year: 39 %).

Pursuant to IAS 34.30 (c), tax expenses for the period under report have been calculated using the tax rate amounting to 33.2 % expected for the overall 2007/08 financial year.

16 Earnings per share

Earnings per share	**1. 10. 2007** **to 31. 12. 2007**	1. 10. 2006 to 31. 12. 2006
Share of earnings allocable to shareholders in MVV Energie AG	57 974	21 048
No. of shares in 000s (quarterly weighted average)	63 482	55 767
Earnings per share (Euro)	0.91	0.38

It was not necessary to account for any dilution effects.

17 Segment reporting

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).

In addition to 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/consolidation section depicts consolidation items, as well as those activities not allocable to individual business 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 the group companies. 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.

Operating earnings (EBIT) have been selected to represent segment earnings. We have refrained from depicting the transition to net earnings for the period in our segment reporting in view of the fact that such transition has already been depicted in the income statement.

18 Cash flow statement

In contrast to the depiction in the 2006/07 financial year, in the 1st quarter of 2007/08 interest paid has been reported as a separate item within the cash flow from financing activities. Furthermore, interest received, net interest expenses and income taxes paid have been reported as separate items within the cash flow from operating activities.

The cash flow as per DVFA/SG was calculated for the last time at the end of the financial year as of 30 September 2007. The cash flow before working capital and taxes has been calculated for the first time for the 1st quarter of 2007/08.

The cash flow from operating activities is characterised by the substantial increase in accounts receivable and other assets. This factor was countered by the increase in the net surplus for the period compared with the equivalent quarter in the previous year. Overall, this resulted in a significantly lower level of cash flow from operating activities than in the comparative period.

The cash flow from financing activities is positive on account of the capital increase undertaken in the 1st quarter of 2007/08. Due to the sale of shareholdings, by contrast, the negative cash flow from investing activities is lower than in the comparative quarter in the previous year, which included company acquisitions.

19 Relationships to related companies, individuals and entities

Euro 000s	Goods and services provided Income		Goods and services provided Expenses		Receivables	
	1.10.2007 to 31.12.2007	1.10.2006 to 31.12.2006	**1.10.2007 to 31.12.2007**	1.10.2006 to 31.12.2006	**1.10.2007 to 31.12.2007**	1.10.2006 to 31.12.2006
Abfallwirtschaft Mannheim	10	446	25	—	—	34
ABG Abfallbeseitigungs-gesellschaft mbH	9 249	9 350	1 560	—	6 008	3230
GBG Mannheimer Wohnungsbau-gesellschaft mbH	139	2 747	—	—	1 191	778
m:con – Mannheimer Kongress- und Touristik GmbH	772	2 384	74	—	322	7
MVV GmbH	782	206	645	881	1 404	140
MVV OEG AG	112	100	—	—	49	52
MVV Verkehr AG	267	387	4	—	407	1 143
Rhein-Neckar-Verkehr GmbH	2 139	1 873	—	49	2 272	802
Stadtentwässerung Mannheim	1 311	499	260	171	414	291
City of Mannheim	3 250	7 391	5 742	5 241	2 092	14 559
Proportionately consolidated companies	16 024	12 535	4 032	1 058	1 683	1 278
Other companies controlled by the City of Mannheim	1 873	1 371	14	1	362	309
	35 928	39 289	**12 356**	7 401	**16 204**	22 623

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, 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 at customary market conditions and are basically analogous to the supply and service agreements concluded with other companies.

Liabilities

1. 10. 2007 to 31. 12. 2007	1. 10. 2006 to 31. 12. 2006
7	—
—	—
—	—
5 468	2 846
43 050	41 533
—	—
37	—
—	—
13	—
96	10 509
6 016	10 207
—	—
54 687	65 095

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

20 Events after the balance sheet date

No events requiring report here have occurred since the balance sheet date.

Mannheim, 6 February 2008
MVV Energie AG
Executive Board

Dr. Schulten Brückmann Dr. Dub Farrenkopf

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group up to the end of the 2007/08 financial year."

Mannheim, 6 February 2008
MVV Energie AG
Executive Board

Dr. Schulten Brückmann Dr. Dub Farrenkopf

Financial Calendar

14. 3. 2008	Annual General Meeting
17. 3. 2008	Payment of Dividend
16. 5. 2008	Half-Year Financial Report 2nd Quarter of 2007/2008
16. 5. 2008	Press Conference and Analysts' Conference 2nd Quarter of 2007/2008
15. 8. 2008	Financial Report 3rd Quarter of 2007/2008
20. 11. 2008	Publication of Preliminary Results for the 2007/2008 Financial Year

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