

MVV ENERGIE – ENERGISING THE FUTURE

FINANCIAL REPORT
3RD QUARTER OF 2011/12

Key Figures

from 1.10.2011 to 30.6.2012

Key figures of the MVV Energie Group

Euro million	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011	% change
External sales excluding electricity and natural gas taxes ¹	2 978	2 686	+ 11
Adjusted EBITDA ^{1,2}	346	362	- 4
Adjusted EBITA ²	226	248	- 9
Adjusted EBIT ³	226	248	- 9
Adjusted EBT ³	177	202	- 12
Adjusted net surplus for period ³	121	136	- 11
Adjusted net surplus for period after minority interests ³	106	114	- 7
Adjusted earnings per share ³ in Euro	1.60	1.73	- 8
Cash flow before working capital and taxes ¹	353	351	+ 1
Cash flow before working capital and taxes per share ¹ in Euro	5.36	5.33	+ 1
Free cash flow	- 200	37	—
Adjusted total assets at 30.6.2012 / 30.9.2011 ^{1,4}	3 932	3 658	+ 8
Adjusted equity at 30.6.2012 / 30.9.2011 ⁴	1 419	1 378	+ 3
Adjusted equity ratio at 30.6.2012 / 30.9.2011 ^{1,4}	36.1 %	37.7 %	- 4
Investments	196	138	+ 42
Number of employees at 30.6.2012 / 30.6.2011	5 837	5 841	0

1 previous year's figure adjusted. Please see Business Performance chapter for details.

2 excluding non-operating IAS 39 derivative measurement items and including interest income from finance leases

3 excluding non-operating IAS 39 derivative measurement items, including interest income from finance leases and excluding restructuring expenses in previous year

4 excluding non-operating IAS 39 derivative measurement items

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Financial Calendar, Imprint

3rd Quarter of 2011/12 at a Glance

1 April 2012 to 30 June 2012

► Kirchberg Wind Farm, which has been online since February 2012, was officially opened in the presence of Kurt Beck, Minister President of the State of Rheinland-Pfalz, on 13 May 2012. With a total output of 53 MW, this is South-West Germany's highest-capacity wind farm.

► MVV Energie acquired 74.9 % of the shares in Biomethananlage Kroppenstedt GmbH in the quarter under report, thus initiating the construction of a second biomethane plant in Sachsen-Anhalt.

► At the renowned Partnerships Awards held in June 2012, the project to build and operate an efficient cogeneration-based energy from waste plant in Plymouth was singled out for, among other awards, that of "Projects Grand Prix". The overall financing for this, our largest investment project (Euro 250 million), has been successfully agreed and is thus secure.

► In April 2012, MVV Energie AG and the municipality of Ketsch (13 000 inhabitants) signed their first electricity concession agreement; this has a term of 20 years and takes effect as of 1 December 2012.

► At the Stadtwerke Award 2012 for municipal utility companies, our MVV Energiemonitor application was awarded a special prize for outstanding innovation. MVV Energiemonitor offers industrial and business customers all information relevant to their energy procurement.

► We were a premium sponsor for the 98th German Catholic Convention in Mannheim, helping ensure an environmentally-friendly energy supply by providing our Futura Ökostrom green electricity. This partnership underlines our responsibility to society as a regionally rooted company.

Letter from the CEO

*Dear Shareholders,
Dear Ladies and Gentlemen,*

The conversion in the energy supply system is moving forward but, surprisingly for some, not at the pace hoped for. A new approach to energy is required. After all, it is not only a matter of expanding renewable energies themselves, but also of greater energy efficiency, state-of-the-art technologies and product and process innovations. We also have to find the right balance between ecological and economic considerations. What's more, we must ensure that the electricity supply remains reliable and affordable for consumers and companies alike. Having said this, the assumption that renewable energies will take over the leading role within the energy system remains the key point of reference.

It is clear that you cannot have a new energy system at the push of a button or for free! For the foreseeable future, renewable energies alone will not suffice to cover Germany's electricity needs. To ensure an uninterrupted energy supply, additional high-efficiency conventional power plants and storage facilities for surplus electricity volumes generated from renewable sources will be required. A further crucial factor is the expansion and conversion in transmission and distribution grids – here the government must act to create incentives.

MVV Energie intends to play its part in building an energy system fit for the future. Back in 2009, we already set course towards an ecological energy supply with our MVV 2020 growth programme. We see the expansion of onshore wind power as a particularly important aspect here – our wind farm in Kirchberg, where operations with 23 wind turbines were officially launched in May 2012, is set to be followed by further projects. In our biomethane business, we are also pressing ahead with building a second biomethane plant. In Plymouth/UK, we are building an energy from waste plant and thus putting our internationally recognised expertise to good use in the British market. The financing is secure for this, our largest investment project (Euro 250 million). The renowned accolades recently awarded to our project in the UK underline the validity of our modern ecological concept of generating energy from waste by means of efficient cogeneration.

Our adjusted EBIT for the first nine months of 2011/12 declined to Euro 226 million. This was mainly due to the weather-related loss of turnover in the 1st half of 2011/12, downtime at the joint power plant in Kiel in the 1st quarter of 2011/12 and a lower generation margin (clean dark spread). The slight improvement in earnings in the 3rd quarter of 2011/12 was insufficient to compensate for the negative items in the 1st half of the year. For the year as a whole, from an operating perspective we can nevertheless confirm our existing outlook, which is presented in greater detail on Page 17.

Yours faithfully,



Dr. Georg Müller
CEO

Mannheim, August 2012

The Share of MVV Energie AG

Stock markets remain highly volatile

At 6 416 points on 30 June 2012, the DAX, Germany's leading index, was 17.1 % down on 30 June 2011. Share prices were characterised by great volatility between these two dates. From August 2011 onwards, the sovereign debt crises in Europe and the USA led to a massive drop in prices, which nevertheless subsequently recovered. At present, financial markets are mainly influenced by measures taken to support those states particularly affected by the debt crisis.

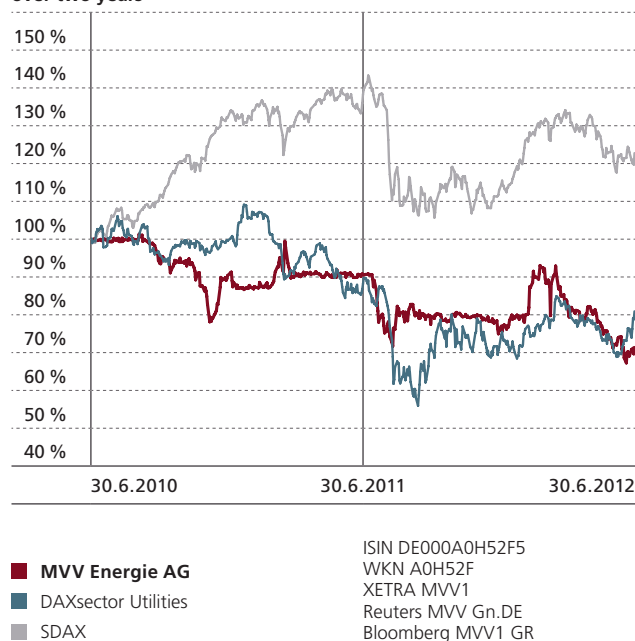
Share price Performance

Between the balance sheet dates on 30 June 2011 and 30 June 2012, the price of MVV Energie's share fell by 24.0 % from Euro 27.25 to Euro 20.70. The two-year share price performance chart accounts for the dividend payments of Euro 0.90 per share made in both 2011 and 2012. Over this period, MVV Energie's share price dropped by 28.8 %, while the DAXsector Utilities reported a 19.2 % downturn in the wake of the catastrophe in Japan and the legislation adopted to bring forward the nuclear energy exit in Germany. The SDAX, by contrast, rose by 23.1 % in the period under comparison and thus reflected the improved economic developments reported by many small-cap companies.

Market capitalisation and trading volumes reduce

Due to the decline in our share price, our market capitalisation amounted to Euro 1 364 million as of 30 June 2012 (previous year: Euro 1 796 million), with the free float share of 12.2 % on which the share's weighting in the SDAX is based being valued at Euro 167 million (previous year: Euro 332 million based on 18.5 % free float). In the joint index statistics compiled for the MDAX and SDAX, the MVV Energie AG share was ranked 78th (previous year: 67th). In terms of its stock market turnover, our share was ranked 105th in the index statistics (previous year: 99th). Overall, around 351 000 shares in MVV Energie AG were traded across all German marketplaces in the 3rd quarter of 2011/12, corresponding to a decline of 18.0 %. This is not surprising in view of the voting right notifications by EnBW on 29 February 2012 and GDF Suez on 3 February 2012. Due above all to the lower number of shares traded, the equivalent value of trading volumes amounted to around Euro 8 million (previous year: Euro 12 million).

Performance comparison of the MVV Energie AG share over two years



Voting right notifications pursuant to WpHG

Barclays plc, London, UK, notified us pursuant to § 21 of the Germany Securities Trading Act (WpHG) that its share of the voting rights in MVV Energie AG amounted to 4.38 % on 2 April 2012 and to 2.71 % on 23 April 2012, thus falling short of the 5 % and 3 % notification thresholds respectively. In a further notification dated 4 July 2012, Barclays notified us that its share of the voting rights had crossed the 3 % threshold once again on 3 July 2012 and amounted to 3.58 %.

Resumption of coverage by Metzler Equities

Having discontinued its reporting in February 2007, Metzler Equities resumed coverage of our share on 24 April 2012. The company's first investment recommendation was "sell", with a share price target of Euro 20. Our company is currently covered by seven equity analysts, as well as by one credit analyst at Helaba. Overall, these have currently issued three recommendations to hold and four to sell MVV Energie's share. The price targets stated by the analysts for our share range between Euro 18.00 and Euro 25.50.

Business Framework

Macroeconomic and Energy Industry Developments

The German economy remains on a moderate growth course, with year-on-year real-term GDP growth of 1.7 % between January and March 2012. Compared with the previous quarter from October to December 2011, GDP rose by 0.5 %. No verifiable data is yet available to ascertain whether this pleasing development also continued in the period from April to June 2012. Information about expected further developments in 2012 can be found in the Outlook on Page 16.

Energy prices were without exception listed lower in the quarter under report than in the equivalent quarter in 2011. The price of Brent crude oil fell by an average of US\$ 8.23/barrel to US\$ 108.76/barrel in the period from April to June 2012. At Euro 26.38/MWh, the average natural gas price for the 2013 supply year in the NetConnect Germany market region was Euro 1.45/MWh lower in the period under report than in the equivalent quarter in the previous year. Coal prices for supply in 2013 reduced significantly, with the average price falling by US\$ 27.83/tonne to US\$ 103.99/tonne. Prices for emission certificates also dropped sharply, being listed at an average of Euro 7.02/tonne in the quarter under report, and thus Euro 10.09/tonne lower than in the previous year's quarter (Euro 17.11/tonne). Average electricity prices for the 2013 supply year fell year-on-year by Euro 9.83/MWh and were listed at an average of Euro 49.43/MWh.

Energy Policy and Regulation

The German government has provided new momentum for expanding the high-efficiency technologies of cogeneration and district heating. The amendment to the German Cogeneration Act (KWKG) has been passed by the Federal Parliament and the Federal Council and came into force on 19 July 2012. This provides added financial incentives to build cogeneration plants and to expand district and local heating grids, as well as to increase the density of existing grids. The legislation has also for the first time included promotion for the construction of heating energy storage facilities. These will enable cogeneration plants to react more flexibly to the volatile volumes of electricity fed in from renewable energy sources. MVV Energie took part in the discussions surrounding the KWKG amendment from an early stage and commissioned studies to investigate how the KWKG legislation might be enhanced. We are convinced that this legislative amendment will increase the opportunities available to us in terms of expanding district heating and cogeneration, an area that represents one of our key investment focuses.

Following the adoption of the Wind Power Decree and the State Planning Act in May 2012, conditions for investing in wind power plants have improved in Baden-Württemberg. Now it is a question of how district councils exercise their discretion in designating the relevant land. MVV Energie contributed its expertise as a municipal wind power developer and wind turbine operator to the consultation rounds preceding adoption of the legislation.

Based on an informal agreement between the Council of Ministers, the European Parliament and the European Commission, the contents of the Energy Efficiency Directive were adopted on 14 May 2012. For the years 2014 to 2020, this provides among other aspects for a fixed savings value of 1.5 % of end energy turnover per year. Given the variety in the underlying frameworks, individual member states have been granted a high degree of discretion in terms of how the Directive is implemented. MVV Energie will play an active role in implementing the Directive in Germany and expects this to provide new momentum, above all in its energy-related services business field.

In a White Paper released on 30 April 2012, the Federal Ministry of Economics and Technology (BMWi) set out the next steps for converting and expanding Germany's grid infrastructure. On 30 May 2012, the transmission grid operators published a draft electricity grid development plan. In the discussions surrounding energy policy, MVV Energie is calling for greater account to be taken of the need to convert and expand grids on distribution grid level. Furthermore, greater priority should be accorded to measures with potential to reduce grid expansion needs.

In the field of grid regulation, the initial levels of grid utilisation fee for the second regulatory period are currently being set (gas from 2013 and electricity from 2014). For gas, the cost review already performed will be followed in autumn 2012 by an efficiency comparison to determine the definitive value for the revenue cap for the coming regulatory period. The results are expected to be available by the end of 2012. For electricity, the cost applications submitted by 29 June 2012 are currently being reviewed. The setting of the definitive revenue cap for electricity is expected by the end of 2013, once the efficiency comparison has been completed in autumn 2013.

Cooler Weather in 3rd Quarter of 2011/12

It was notably cooler in April 2012 than in the previous year. An average outdoor temperature of 10.2 degrees Celsius was measured at the Mannheim location, compared with 14.1 degrees Celsius in April 2011.

All in all, with a cumulative value of 3 641, the degree day figures for the MVV Energie Group for the 3rd quarter of 2011/12 were 37 % up on the equivalent figure for the previous year. For the first nine months of 2011/12 (October 2011 to June 2013), the degree day figures of our group of companies reached a cumulative value of 23 348, thus falling 2.5 % short of the cumulative figure of 23 940 for the first nine months of 2010/11. This reduction was attributable to the 1st half of 2011/12, in which, due to the unusually mild weather in the 1st quarter of 2011/12, cumulative degree day figures fell 7.4 % short of the equivalent figures for the 1st half of 2010/11.

Impact of Underlying Framework on Business Performance

Our district heating and gas turnover benefited from the cooler weather conditions in the 3rd quarter of 2011/12. The fact that we nevertheless reported a year-on-year reduction in volumes in the first nine months of 2011/12 is due to the comparatively mild weather in the 1st half of 2011/12.

The Federal Government has recognised the important role to be played by district heating and cogeneration in saving resources and protecting the climate. The amendment to the German Cogeneration Act (KWKG) will benefit the modernisation and refitting of our cogeneration plants, as well as the expansion and concentration of our district heating grids. Further details about the KWKG amendment can be found on Page 4.

Corporate Strategy

Climate protection and the efficient use of resources represent global tasks for the future and are increasingly gaining in importance both nationally and internationally. Germany has decided to phase out its use of nuclear energy. Renewable energies are set to gradually assume the leading role in the future energy system. This transformation away from conventional and towards ecological forms of generation is supported by a broad-based majority within society. The conversion process will take decades and confronts politicians, society, the economy as a whole and the energy industry in particular with great challenges. As a group of companies with municipal and regional roots, MVV Energie is well positioned to seize the economic opportunities for profitable growth arising on account of the transition to the new energy system.

Proactively shaping structural transformation

MVV Energie is wholeheartedly committed to the new course in the energy industry. We aim to play an active role in shaping this course in line with market considerations. By adopting a growth strategy based on sustainability, we acted early to set course for the energy supply of the future. We are building on a broad-based renewable energies generation portfolio. By offering innovative solutions and products, we aim to provide our customers in future as well with a reliable, environmentally-friendly and affordable supply of energy and help them make more efficient use of energy.

One key component of this strategy, which we compiled in 2009 already and have since consistently pursued, is an investment programme of Euro 3 billion. We intend to invest around half of this total in our high-growth business fields by 2020. Here, we are not subject to any specific timing restrictions. Market opportunities often arise at short notice, and we review these closely before making any investment.

Growth investments gain momentum

We are making targeted investments in onshore wind power, biomass and biomethane, cogeneration, district heating and energy from waste.

In May 2012, our new **WIND FARM** in Kirchberg in the Hunsrück region, which has been online since February 2012, was officially opened in the presence of Kurt Beck, Minister President of Rheinland-Pfalz. The operator of this wind farm is Cerventus Naturenergie GmbH, a joint venture between our Energieversorgung Offenbach subsidiary and the juwi Group. This wind farm has 23 wind turbines with a total installed output of 53 MW and a planned annual production total of 125 million kWh. The MVV Energie Group now has total wind power output of 73 MW, enabling 160 million kWh of electricity a year to be generated and fed into the public grid. This is equivalent to the electricity needs of around 45 000 three-person households. We are now developing proprietary projects in this business field. Here, MVV Energie is relying on cooperation with regional partners – with towns and district councils interested in newly entering the wind power business or in expanding their existing activities, with state and private land owners, as well as with municipal utility companies aiming to raise their share of renewable energies. With our innovative participation models, we aim to help increase local acceptance for wind power plants.

We are also making progress in our **BIOMETHANE BUSINESS**. Our first biomethane plant in Klein Wanzleben near Magdeburg is set to go online in autumn 2012. We have thus laid a foundation for growth in this area. In the quarter under report, we acquired 74.9% of the shares in Biomethanlage Kroppenstedt GmbH and have thus initiated the construction of a second biomethane plant in Sachsen-Anhalt.

At our Mannheim, Kiel, Offenbach and Ingolstadt locations, we are investing in expanding **COGENERATION-BASED DISTRICT HEATING**. Our Czech subgroup MVV Energie CZ has boosted its position in the Czech heating energy market, not least by acquiring a modern cogeneration-based energy from waste plant and also making targeted investments to enhance the efficiency of existing plants. Today, our Czech subgroup is one of the five largest district heating providers in the Czech Republic and supplies more than 91 000 customers.

Our growth strategy also includes **ENERGY FROM WASTE**, a business field in which we are one of the technology leaders in Germany.

Currently our largest investment project is the planned cogeneration-based energy from waste plant in the port of Plymouth/UK, with an investment volume of Euro 250 million. The overall financing for this project was successfully agreed and secured on a long-term basis in the quarter under report. The Appeals Court in Cardiff rejected the appeal filed by opponents of the building permit. As the plaintiff no longer intends to uphold the petition, alongside the operating licence already in force the building permit is now also definitive. MVV Umwelt's investment project has received distinguished accolades in the renowned Partnerships Awards organised by Partnerships Bulletin, a specialist British journal. These awards are intended to honour outstanding and trailblazing partnership projects between private companies and public sector authorities or administrative bodies. As well as winning the "Projects Grand Prix", our project partner also came first in the "Best Local Government Project Team" category. Furthermore, we also received awards in the "Best Waste/Energy/Water Project" and "Best Sustainability in a Project" categories.

Following the restructuring initiated in our **ENERGY-RELATED SERVICES BUSINESS**, we are now mainly focusing on industrial parks, energy efficiency consulting and the service-based contracting business for industrial and real estate customers.

Innovative sales strategy

With our electricity and gas energy funds, we aim to consistently and profitably expand our nationwide electricity and sales business for industrial and commercial customers. Via our green electricity products, we also offer electricity generated by way of environmentally-friendly means to industrial and commercial customers.

With the market premium model introduced at the beginning of 2012, the government extended existing possibilities for directly marketing electricity from renewable energy plants (green electricity). In its wholesale customer business and with MVV Trading GmbH, MVV Energie has great expertise when it comes to professionally marketing electricity volumes generated from renewable energies. We have assigned our Group's proprietary plants to the market premium model. Furthermore, we are also offering this service to external customers.

Research and Development

We are currently on the home straight with our e-energy project Model City Mannheim (moma). This project investigates how the integration of renewable energies into the grid and energy efficiency enhancements can be supported with the assistance of information and communication technologies. This innovative approach has been put into practice since 1 March 2012 in an extensive set of field trials with 700 end customers. The customers were equipped with an energy management system to test the possibilities of them controlling their consumption in line with generation considerations. An application for the customer's mobile end appliances acts as the central interface between the energy supplier and the customer. Customer acceptance has been enhanced due to the user-friendly surface for the automated energy management system.

The use of natural gas-driven fuel cells to supply energy to private households has the potential to make a positive contribution towards converting the energy system. Thanks to the tests we have been performing since 2008 within the "Callux House Fuel Cell Practical Trials", we have been able to gradually achieve significant improvements in the efficiency and reliability of these systems. In the final phase of this project, MVV Energie will be operating nine further efficiency-optimised fuel cells in private households. The cost savings achieved in the project will be factored into business model calculations, thus enabling the contribution to be made by fuel cells in the future energy system to be evaluated.

Major R&D projects

MODEL CITY MANNHEIM (term: 2008 to 2012): Mannheim-based solution model with practical trials for smart energy grids and regional energy markets using renewable energy plants and achieving high energy efficiency levels

CALLUX (term: 2008 to 2015): Practical trials promoted by Federal Government for house fuel cell heating systems in cooperation with other energy suppliers and manufacturers of those heating systems

MICRO-COGENERATION (term: 2006 to 2012): Field trials of various small cogeneration systems for use in private households, technical and economic feasibility evaluation

DISTRICT HEATING TRANSPORT (term: 2009 to 2013): Identification of potential cost savings in district heating transport to support effective expansion of cogeneration

Employees

As of 30 June 2012, the MVV Energie Group had a total of 5 837 employees, four fewer than one year ago (including external personnel at Mannheim cogeneration plant). When analysing this development, it should be borne in mind that the staff cuts resulting from the reorganisation of the MVV Energiedienstleistungen subgroup have been compensated for by the addition of 29 employees following the acquisition by Energieversorgung Offenbach of the logistics company Frassur GmbH. Compared with the previous quarter (31 March 2012), the total workforce reduced by 36 employees. This was due in particular to the staff cuts at the MVV Energiedienstleistungen subgroup.

The number of employees in Germany reduced year-on-year by 19 to 5 203 as of 30 June 2012. The total workforce at foreign shareholdings rose year-on-year by 19 to 634 employees. Of this total, 631 employees (previous year: 615) work at the Czech subgroup. The addition of personnel at two new companies more than offset the reduction in staff totals at other Czech companies. Our British company MVV Environment Devonport Limited had a total of three employees as of 30 June 2012.

Personnel figures (headcount) at balance sheet date on 30.6.

	2011/12	2010/11	+/- change
MVV Energie AG	1 441	1 439	+ 2
Fully consolidated shareholdings	3 718	3 728	- 10
MVV Energie AG with fully consolidated shareholdings	5 159	5 167	- 8
Proportionately consolidated shareholdings	678	670	+ 8
MVV Energie Group¹	5 837	5 837	0
External personnel at Mannheim cogeneration plant	—	4	- 4
	5 837	5 841	- 4

¹ including 287 trainees (previous year: 314)

Business Performance

Earnings Position of the MVV Energie Group

Sales performance

Excluding electricity and natural gas taxes, the **EXTERNAL SALES** of the MVV Energie Group grew year-on-year by Euro 292 million to Euro 2 978 million in the first nine months of 2011/12 (+ 11 %). In the 3rd quarter of 2011/12 alone, sales rose year-on-year by Euro 103 million to Euro 888 million (+ 13 %). This represents a comparatively strong rate of growth between April and June, generally a weaker period due to seasonal factors. Key factors driving this positive performance were the expansion in the electricity and gas trading portfolios, turnover growth in the district heating and gas businesses due to cooler weather in April 2012 and higher electricity volumes fed into the grid due to the expanded wind power portfolio. Of nine-month sales, 97 % were attributable to the domestic business, while the Czech subgroup accounted for 3 %.

The Trading and Portfolio Management reporting segment made a particularly marked contribution to the 11 % sales growth in the first nine months of 2011/12. The Group's electricity and gas portfolio management activities are structured by MVV Trading GmbH and optimised in line with developments on international energy markets.

In the Sales and Services segment we increased our sales in a highly competitive climate by 1 % year-on-year in the first nine months of 2011/12. This growth was supported by successful developments in turnover in our nationwide electricity and gas sales business, higher revenues from the direct marketing of electricity from generation plants subsidised under the German Renewable Energies Act (EEG) and price adjustments. Cooler weather in the 3rd quarter of 2011/12 led to higher sales in the district heating and gas sales businesses. However, these were insufficient to compensate for the weather-related downturns in the 1st half of 2011/12.

Sales at Strategic Investments, which grew by 8 %, profited not only from volume and price factors, but also from the more active management of the gas trading portfolio at Stadtwerke Ingolstadt. Furthermore, sales at the MVV Czech subgroup benefited from the first-time contribution to consolidated sales by the cogeneration-based energy from waste plant acquired in the city of Liberec in the previous year. The higher sales in the Generation and Infrastructure reporting segment were due above all to the growing wind power business. Information about the contents of this reporting segment can be found on Page 28.

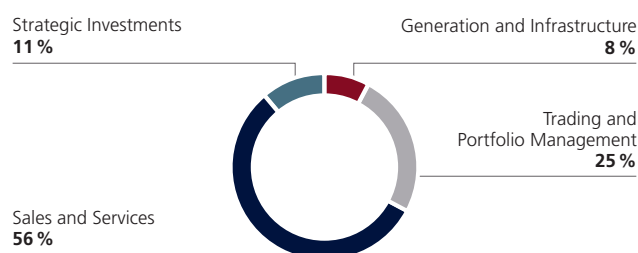
External sales of the MVV Energie Group First nine months, 1.10. to 30.6.

Euro million	2011/12	2010/11 ¹	% change
Generation and Infrastructure	248	244	+ 2
Trading and Portfolio Management	750	506	+ 48
Sales and Services	1 651	1 631	+ 1
Strategic Investments	326	302	+ 8
Other Activities	3	3	0
Total	2 978	2 686	+ 11
of which electricity sales	1 780	1 622	+ 10
of which heating energy sales	352	368	- 4
of which gas sales	520	373	+ 39
of which water sales	81	82	- 1

¹ previous year's figures adjusted (amended presentation of building cost subsidies)

Since the 1st quarter of 2011/12 we have recognised building cost subsidies for house connection costs as liabilities. To facilitate comparison, we have adjusted the previous year's figures. As a result, the previous year's sales revenues as presented in the above table have risen by a total of Euro 7 million compared with the figure reported in the financial report for the first nine months of 2010/11.

Share of external sales of the MVV Energie Group by reporting segment First nine months of 2011/12



Development in turnover

As in previous years, we are continuing to report on the development in our turnover by reference to the relevant products. We have calculated our electricity, heating energy, gas and water volumes using the same methods as in the previous year and allocated these volumes to our reporting segments, which are structured in terms of value creation stages.

Electricity turnover of the MVV Energie Group First nine months, 1.10. to 30.6.

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	59	142	-58
Trading and Portfolio Management	11 789	7 795	+51
Sales and Services	8 195	8 769	-7
of which industrial and commercial customers/secondary distributors	6 747	7 114	-5
of which private and business customers	1 191	1 250	-5
of which services customers	257	405	-37
Strategic Investments	1 048	1 075	-3
Total	21 091	17 781	+19

Electricity turnover showed a marked year-on-year increase of 19 % in the first nine months of 2011/12. This was due in particular to the Trading and Portfolio Management reporting segment, whose share of total electricity turnover rose year-on-year from 44 % to 56 %. This volume growth was the result of more active management of the electricity portfolio in the context of hedge book optimisation at MVV Trading GmbH.

The 58 % drop in electricity turnover in the Generation and Infrastructure reporting segment has structural causes. Since January 2011, electricity volumes generated at MVV Umwelt subgroup plants covered by EEG legislation have been sold directly to third parties via the sales department and reported in the Sales and Services reporting segment. Of sales of 59 million kWh reported for the Generation and Infrastructure reporting segment for the first nine months of 2011/12, 50 million kWh (previous year: 25 million kWh) are due to the wind power plants in Kirchberg (31 million kWh), Plauerhagen (12 million kWh) and Massenhausen (7 million kWh). The rest was contributed by the MVV Umwelt subgroup.

Electricity turnover in the Sales and Services reporting segment fell year-on-year by 7 % in the first nine months of 2011/12. Among industrial and commercial customers/secondary distributors, the volume growth due to ongoing success in nationwide electricity sales was insufficient to compensate for

competition-related downturns due to the loss of two major customers in proprietary grid regions. As a result, electricity turnover with this customer group reduced by 5 %. We have also seen tougher competition among private and business customers. The 37 % decline in turnover with services customers is mostly due to the sale of the biomass cogeneration plant in Altenstadt at the end of the 2010/11 financial year. Furthermore, turnover here was also affected by lower volumes in our green electricity contracting business.

The main cause of the 3 % reduction in electricity turnover in the Strategic Investments reporting segment was the downturn in volumes with secondary distributors at Stadtwerke Solingen.

Heating energy turnover of the MVV Energie Group First nine months, 1.10. to 30.6.

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	175	117	+50
Trading and Portfolio Management	607	603	+1
Sales and Services	4 261	4 684	-9
of which industrial and commercial customers/secondary distributors	582	664	-12
of which private and business customers	2 175	2 311	-6
of which services customers	1 504	1 709	-12
Strategic Investments	1 096	1 176	-7
Total	6 139	6 580	-7

Heating energy turnover fell year-on-year by 441 million kWh (-7 %) in the nine-month period. This was due to the Sales and Services (-9 %) and Strategic Investments (-7 %) segments. In both cases, it was due to lower district heating turnover in the 1st half of 2011/12 on account of mild temperatures. Helped in particular by cool weather in April 2012, we increased our district heating turnover in the 3rd quarter of 2011/12, significantly reducing the downturn in heating energy turnover compared with the 1st half of 2011/12 (-13 %). Alongside the weather, the 12 % fall in volumes with industrial and commercial customers/secondary distributors in the nine-month period was due to lower volumes of heating energy supplied to the US Army, which has begun its withdrawal from the Rhine/Neckar metropolitan region. The decline among private and business customers was chiefly due to weather factors.

Among service customers too, part of the reduction in heating energy turnover (-12 %) was due to the weather-dependent real estate contracting business. Not only that, turnover here suffered from the discontinuation of previous supplies following the termination of projects.

The volume growth in the Generation and Infrastructure reporting segment was driven by the recommencement of steam supplies to an industrial customer by MVV Umwelt GmbH. In the previous year, that customer's production facilities had been out of action due to a fire.

**Gas turnover of the MVV Energie Group
First nine months, 1.10. to 30.6.**

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	6 227	1 495	+ 316
Sales and Services	6 357	6 809	- 7
of which industrial and commercial customers/secondary distributors	3 802	3 878	- 2
of which private and business customers	2 208	2 554	- 14
of which services customers	347	377	- 8
Strategic Investments	1 897	1 282	+ 48
Total	14 481	9 586	+ 51

The significant increase in gas turnover by 51 % was chiefly due to more active management of the gas portfolio by our MVV Trading GmbH subsidiary. This led gas volumes in our Trading and Portfolio Management reporting segment to more than quadruple.

In the Sales and Services reporting segment, by contrast, gas turnover reduced year-on-year by 7 % in the first nine months of 2011/12. Alongside weather-related downturns in the 1st half of 2011/12, turnover here was negatively affected by the loss of customers. Competition in the secondary distribution and end customer business has intensified in our grid regions. In our nationwide gas sales business, by contrast, we managed to acquire new industrial and commercial customers. However, these were insufficient to offset the reduction within our grid regions. Gas turnover with private and business customers fell year-on-year by 14 % in the first nine months of 2011/12. This decline was chiefly due to the weather-related downturns in the 1st half of 2011/12, as well as to the loss of customers due to competitive factors.

At Strategic Investments, the negative weather factor was more than offset by higher sales volumes resulting from Stadtwerke Ingolstadt managing its gas portfolio more actively.

**Water turnover of the MVV Energie Group
First nine months, 1.10. to 30.6.**

Water in m ³ million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	34.7	35.1	- 1
of which industrial and commercial customers/secondary distributors	5.1	5.4	- 6
of which private and business customers	29.3	29.4	0
of which services customers	0.3	0.3	0
Strategic investments	4.8	5.3	- 9
Total	39.5	40.4	- 2

Our water turnover continued its decline, not least as a result of consumers making more sparing use of water and a higher volume of precipitation in June 2012 compared with the previous year. In the Strategic Investments segment, the decline was attributable to the Czech and Solingen subgroups.

**Combustible waste delivered at the MVV Energie Group
First nine months, 1.10. to 30.6.**

tonnes 000s	2011/12	2010/11	% change
Generation and Infrastructure	1 190	1 198	- 1
Trading and Portfolio Management	—	—	—
Sales and Services	121	113	+ 7
Strategic Investments	104	39	+ 167
Total	1 415	1 350	+ 5

Year-on-year, waste volumes grew by 5 % to more than 1.4 million tonnes in the first nine months of 2011/12. This growth was driven above all by the Strategic Investments reporting segment. Volumes here benefited for the first time from the municipal and commercial waste delivered at the Czech subgroup to the cogeneration-based energy from waste plant in Liberec taken over by MVV Energie CZ in September 2011.

The lower volume of waste in the Generation and Infrastructure reporting segment resulted from extensive conversion measures at Boiler 5 at the energy from waste plant at the Mannheim location (OptiMa project). This work, intended to optimise energy use, was performed as part of a scheduled inspection. Waste volumes rose, by contrast, in the Sales and Services segment due to increased waste deliveries to the refuse-derived fuel power plants in Gersthofen and Korbach.

Development in further key items in the income statement

COST OF MATERIALS rose year-on-year by 15% to Euro 2 348 million in the first nine months of 2011/12. The expansion in the electricity and gas trading portfolios was thus accompanied by a corresponding substantial increase in procurement costs.

In the first nine months of 2011/12, **PERSONNEL EXPENSES** grew year-on-year by Euro 5 million to Euro 248 million. This 2% increase was chiefly due to the initial consolidation of companies, as well as to collectively agreed pay rises and staff promotions. The cost savings generated by staff cuts were insufficient to offset these items. Information about the development in employee totals can be found on Page 7.

Excluding IAS 39 items, **OTHER OPERATING INCOME** rose year-on-year by Euro 2 million to Euro 85 million. This was mainly due to higher income from the reversal of provisions and from foreign currency valuation, which more than offset the reduction in income from emission rights.

OTHER OPERATING EXPENSES, also excluding IAS 39 measurement items, fell year-on-year from Euro 147 million to Euro 142 million in the first nine months of 2011/12. This reduction was attributable above all to lower expenses for the acquisition of emission rights. The stepping up in construction-related activities for the energy from waste plant in Plymouth have been accompanied by an increase in both foreign currency income and expenses.

The other operating income reported in the income statement for the first nine months of 2011/12 includes IAS 39 measurement items of Euro 163 million (previous year: Euro 134 million), while other operating expenses include IAS 39 items of Euro 194 million (previous year: Euro 88 million). The net measurement item for the first nine months of 2011/12 was negative at Euro –31 million, contrasting with a positive measurement item of Euro 46 million in the previous year. The development in IAS 39 items reflects the movement in market prices on the commodity and energy markets. As of 30 June 2012, current fair values were lower than when the respective hedge transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect our operating business or our dividend.

Reconciliation with adjusted EBIT

For internal management purposes, we refer to **ADJUSTED EBIT**. To calculate this key operating earnings figure before interest and taxes on income we eliminate the impact on earnings of the fair value measurement of derivatives required by IAS 39 as of the reporting date while also adding interest income from finance leases and, in the case of the previous year's figure, restructuring expenses. The interest income from finance leases reported below EBIT in the income statement is attributable to contracting projects and forms part of our operating business. The following table presents the reconciliation of EBIT as reported in the income statement with the more meaningful adjusted EBIT figure.

Reconciliation of EBIT (income statement) with adjusted EBIT First nine months, 1.10. to 30.6.

Euro million	2011/12	2010/11	+/- change
EBIT as reported in income statement	192	260	–68
Derivative measurement item under IAS 39	31	–46	+77
Restructuring expenses	—	31	–31
Interest income from finance leases	3	3	0
Adjusted EBIT	226	248	–22

The following table presents the development in earnings contributions from individual reporting segments.

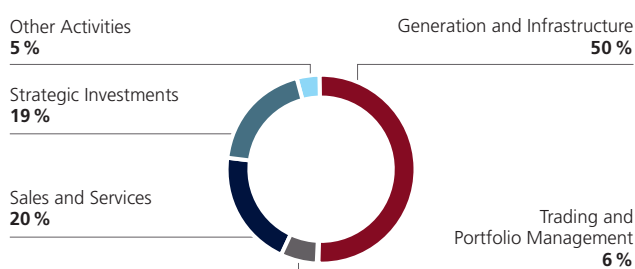
Adjusted EBIT of the MVV Energie Group by reporting segment First nine months, 1.10. to 30.6.

Euro million	2011/12	2010/11	% change
Generation and Infrastructure ¹	114	121	–6
Trading and Portfolio Management ¹	13	28	–54
Sales and Services ¹	45	45	0
Strategic Investments ¹	43	44	–2
Other Activities	11	10	+10
Total	226	248	–9

¹ previous year's figure adjusted

In the 3rd quarter of 2011/12, adjusted EBIT improved year-on-year by Euro 2 million (+5 %) to Euro 46 million. However, this was insufficient to offset the negative factors in the 1st half of the year.

**Share of adjusted EBIT of the MVV Energie Group by reporting segment
First nine months of 2011/12**



At Euro 226 million, adjusted EBIT for the first nine months of 2011/12 were Euro 22 million (–9 %) down on the previous year's figure, even though sales grew by 11 %. This sales growth was driven above all by more active management of the electricity and gas portfolio, as well as by nationwide electricity and gas sales with industrial and commercial customers/secondary distributors. These transactions have comparative low earnings margins. Furthermore, the year-on-year decline in adjusted EBIT in the first nine months of 2011/12 was also attributable to the following main factors:

- Turbine damage at the joint power plant in Kiel (GKK) in the 1st quarter of 2011/12 negatively affected our adjusted EBIT for the first nine months of 2011/12 to the tune of around Euro 10 million. Several months of downtime at this power plant resulted in higher procurement costs, as the missing electricity volumes had to be additionally bought on the market. The necessary district heating volumes had to be generated at higher cost at substitute power plants. This power plant recommenced operations on 8 January 2012.
- Our nine-month earnings were negatively affected overall by a lower electricity generation margin (clean dark spread), as wholesale electricity prices fell more markedly than coal prices.

- Mild weather conditions in the 1st half of 2011/12 led to significantly lower turnover and sales in the district heating and gas businesses. This negative weather factor was slightly mitigated in the 3rd quarter, but has nevertheless impacted negatively on our earnings for the first nine months of 2011/12. This was countered by price increases and other factors that helped improve earnings.

Our strategic investments are already impacting positively on our earnings performance. Our CO₂-free wind farm portfolio, which we expanded significantly with the opening of Kirchberg Wind Farm in the period under report, contributed around Euro 3 million to our earnings for the first nine months of 2011/12.

FINANCING EXPENSES increased year-on-year by Euro 3 million to Euro 52 million in the first nine months of 2011/12. This was due to higher interest expenses on loans taken up to finance investments.

ADJUSTED EBT amounted to Euro 177 million in the first nine months of 2011/12, as against Euro 202 million in the previous year's period. The tax rate based on adjusted EBT amounted to 31.9 % (previous year: 32.7 %).

Net of adjusted taxes on income of Euro 56 million (previous year: Euro 66 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 121 million in the first nine months of 2011/12, as against Euro 136 million in the previous year. The adjusted share of earnings attributable to minority interests dropped year-on-year from Euro 22 million to Euro 15 million in the first nine months of 2011/12.

Net of the adjusted share of earnings attributable to minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 106 million for the first nine months of 2011/12, and thus Euro 8 million (–7 %) lower than in the previous year's period. On this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.60 in the first nine months of 2011/12, down from Euro 1.73 in the previous year's period. As in the previous year, the number of shares amounted to 65.9 million.

Net Asset and Financial Position

The **TOTAL ASSETS** of the MVV Energie Group amounted to Euro 4.21 billion as of 30 June 2012. Compared with the end of the 2010/11 financial year (30 September 2011), total assets thus grew by 9 %, or Euro 340 million.

The asset side of the balance sheet is dominated by **NON-CURRENT ASSETS**, which at Euro 3.00 billion accounted for 71 % of total assets as of 30 June 2012. Compared with the balance sheet date for the 2010/11 financial year, non-current assets rose by 1 %, or Euro 36 million. This was mainly attributable to property, plant and equipment which, as the net balance of investments on the one hand and disposals of assets and depreciation on the other, increased by Euro 33 million. The development in investments has been described on Page 14. At Euro 2.34 billion, property, plant and equipment now account for 56 % of total assets. Non-current other receivables and assets were Euro 14 million lower than at 30 September 2011, on the one hand because energy trading derivatives recognised under IAS 39 with delivery dates in the 2012 calendar year were reclassified as current items and on the other on account of the lower market valuation of energy trading transactions recognised under IAS 39.

CURRENT ASSETS rose to Euro 1.21 billion, an increase of 33 %, or Euro 304 million, compared with 30 September 2011. This growth was driven by higher trade receivables and an increase in other receivables and assets.

Compared with 30 September 2011, trade receivables rose by Euro 197 million to Euro 645 million. The higher volume of sales in the first nine months of 2011/12 was also reflected in a higher volume of receivables. Among other factors, this was due to volume growth in the electricity and gas trading businesses, as well as to the expansion in the nationwide electricity and gas sales businesses. As of 30 June 2012, trade receivables were Euro 88 million lower than the figure of Euro 733 million reported as of 31 March 2012, despite substantial sales growth in the 3rd quarter.

Other receivables and assets grew by Euro 141 million compared with 30 September 2011. This increase was attributable in particular to the reclassification referred to above in energy trading derivatives with delivery dates in the 2012 calendar year from the non-current to the current section of the balance sheet, as well as to higher receivables for security deposits made to reduce counterparty risk. This latter item amounted to Euro 93 million as of 30 June 2012, compared with Euro 40 million as of 30 September 2011. At Euro 129 million, cash and cash equivalents were Euro 40 million down on the figure reported

as of 30 September 2011. This reduction was due above all to the payment of the dividend for the 2010/11 financial year following the Annual General Meeting in March 2012, as well as to the financing of growth investments.

On the liabilities side, the **EQUITY** of the MVV Energie Group amounted to Euro 1.32 billion, down by 2 %, or Euro 28 million, compared with 30 September 2011. This development was mainly due to income and expenses recognised in equity and the dividend distribution.

For group management purposes, we also adjust our balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes. These amounted to Euro 313 million as of 30 June 2012, compared with Euro 218 million as of 30 September 2011. On the capital side, we eliminate negative fair values from liabilities. As of 30 June 2012, these amounted to Euro 414 million (30 September 2011: Euro 250 million). We eliminate the resultant net balance from equity. This amounted to Euro 101 million, as against Euro 32 million as of 30 September 2011. Calculated on this adjusted basis, the equity ratio amounted to 36.1 % as of 30 June 2012, compared with a figure of 37.7 % as of 30 September 2011.

NON-CURRENT DEBT increased to Euro 1.83 billion, up by Euro 280 million compared with the balance sheet on 30 September 2011 (Euro 1.55 billion). This was chiefly because we took up new loans used to finance investments. Compared with 30 September 2011, non-current other liabilities rose by Euro 52 million. The addition of energy trading derivatives recognised under IAS 39 exceeded the volume of derivatives with delivery dates in the 2012 calendar year reclassified from this item to current other liabilities.

CURRENT DEBT rose to Euro 1.06 billion, up by Euro 88 million compared with 30 September 2011. This was because the higher volume of current financial debt and increase in other current liabilities more than offset the reduction in other provisions. The increase in current other liabilities was chiefly due to the reclassification of energy trading derivatives with delivery dates in 2012 from non-current other liabilities to this item. Current other liabilities also include security deposits made to reduce counterparty risk (margins). At Euro 8 million as of 30 June 2012, these were Euro 5 million higher than on 30 September 2011. Further details can be found in the notes to the balance sheet in the interim consolidated financial statements from Page 27 onwards.

Investments

At Euro 196 million, the volume of investment made by the MVV Energie Group in the first nine months of 2011/12 was significantly higher than the equivalent figure for the first nine months of 2010/11 (Euro 138 million).

Of total investments, Euro 185 million was channelled into intangible assets, property, plant and equipment and investment property (previous year: Euro 133 million). The key focus of investment in the first nine months of 2011/12 was on expanding renewable energies. The largest single investments related to the construction of the wind farm at the Kirchberg location, the biomethane plant in Klein Wanzleben and the planned energy from waste plant in Plymouth. Further major investment projects included expanding and modernising grid infrastructure, the construction of two new gas turbines at the Kiel subgroup and the OptiMa energy efficiency project at the energy from waste plant in Mannheim.

An amount of Euro 11 million was invested in the acquisition of fully and proportionately consolidated companies and in other financial assets (previous year: Euro 5 million). The newly acquired shares in companies have been listed in the notes to the interim consolidated financial statements on Page 24.

Investments of the MVV Energie Group by reporting segment First nine months, 1.10. to 30.6.

Euro million	2011/12	2010/11
Generation and Infrastructure	151	84
Trading and Portfolio Management	4	0
Sales and Services	8	12
Strategic Investments	10	21
Other Activities	12	16
Investments in property, plant and equipment¹	185	133
Investments in financial assets	11	5
Total	196	138

¹ investments in intangible assets, property, plant and equipment and investment property

Financial position and cash flow

Due to the investments made, current and non-current financial debt grew by Euro 257 million to Euro 1.51 billion in the first nine months of 2011/12 compared with the balance sheet date for the 2010/11 financial year (30 September 2011). Net financial debt also increased as a result. Current and non-current financial debt less cash and cash equivalents amounted to Euro 1.38 billion as of 30 June 2012, up by Euro 297 million compared with 30 September 2011.

Year-on-year, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** showed a slight increase from Euro 351 million to Euro 353 million in the first nine months of 2011/12. The IAS 39 measurement reflected in the lower net surplus for the period before taxes on income has not affected this item, as it was eliminated within other non-cash income and expenses.

The changes in working capital led the **CASH FLOW FROM OPERATING ACTIVITIES** to reduce from Euro 170 million in the first nine months of the previous year to a negative cash flow of Euro –15 million as of 30 June 2012. This development was due above all to other assets, and in particular to the increases in receivables for security deposits and trade receivables.

In conjunction with significantly higher investments of Euro 185 million in intangible assets, property, plant and equipment and investment property (first nine months of previous year: Euro 133 million), the lower cash flow from operating activities led to a negative **FREE CASH FLOW** of Euro –200 million in the first nine months of 2011/12. This contrasts with the positive free cash flow of Euro 37 million in the first nine months of 2010/11.

At Euro –165 million, the **CASH FLOW FROM INVESTING ACTIVITIES** was more significantly negative in the first nine months of 2011/12 than in the previous year (Euro –124 million). This was due in particular to higher outlays for investments in order to further expand the generation of energy from renewable sources.

At Euro 141 million, by contrast, the **CASH FLOW FROM FINANCING ACTIVITIES** was positive in the first nine months of 2011/12 and significantly higher than in the previous year (Euro –104 million). This was mainly due to a higher volume of net new borrowing to finance the major investment projects in the first nine months of 2011/12.

In its cash flow statement, the MVV Energie Group has reported cash and cash equivalents of Euro 129 million as of 30 June 2012 (previous year: Euro 90 million). Further details can be found on Page 29.

Opportunity and Risk Report

Our group-wide risk management system enables us to continually detect and evaluate those opportunities and risks which could have a significant impact on our annual earnings. The systematic monitoring of the most important individual risks allows us to identify and act early to take suitable countermeasures to avert any potential risks to the company's continued existence. By aggregating all opportunities and risks within an opportunity/risk profile, we are able to assess in detail our company's current and future earnings position.

The stable operation of our plants plays a key role in influencing the results of our business operations. In the 1st quarter of 2011/12, we suffered an extended period of downtime at the joint power plant in Kiel (GKK). This has impacted negatively on our earnings for the first nine months of 2011/12. A technical defect arose at one of our energy from waste plants in the 2nd quarter of 2011/12. Following the immediate repair work, we may be obliged to bring forward the inspection scheduled for next year to the 2011/12 financial year. The resultant charge on earnings in the current financial year would be countered by a correspondingly positive item in the next financial year.

Insolvency proceedings began in April 2012 for the Petroplus refinery operator in Ingolstadt. As precaution, we have written down part of the receivables outstanding. Given standby operations at the refinery, supply obligations within the district heating association have had to be secured by way of other capacities and at the price of higher costs. The Gunvor Group, an international commodities trading company, has now bought the refinery. As a result, the prospects of being able to continue with the district heating association as planned have improved significantly.

Growth in our energy-related services business has not lived up to expectations, particularly in terms of biomass processing. This is due above all to lower than planned capacities at those power plants intended to purchase wood chips and treated green waste.

Further risks result from the development in prices on procurement and sales markets. One example here is the ongoing low clean dark spread, which has impacted on earnings at our conventional generation plants. Furthermore, our earnings may also be affected by any intervention by regulatory authorities in our price structures. Overall, there were no indications in the period under report that the company's continued existence might be endangered by existing or future risks.

Events After the Balance Sheet Date

Apart from the matters below, there were no material changes in the underlying framework for our business between the balance sheet date on 30 June 2012 and the preparation of these interim consolidated financial statements for the 3rd quarter and first nine months of 2011/12.

Further development in gas grid access

The so-called Cooperation Agreement V was adopted on 1 July 2012. This lays down the details for cooperation between grid operators in the interests of ensuring grid access that is transparent, non-discriminatory, efficient and suitable for mass business. There was a need for adjustment given amended regulatory requirements and changes requested by the market. These changes are aimed at achieving quality enhancements in terms of accounting management and a further standardisation of specimen contracts between grid operators and transport customers. Furthermore, stricter rules have been introduced for security payments. We support the further development in the contents involved and welcome this form of self-regulation within the regulatory framework via the cooperation agreement.

Outlook

Executive Board summary of future company development

The future of the German energy supply system is to be found in more decentralised, flexible and efficient generation that is increasingly based on renewable energies. We acted early to set course for profitable medium and long-term growth within the changing energy market.

Future macroeconomic and energy industry developments

FUTURE MACROECONOMIC DEVELOPMENTS will be shaped by the further development in the debt and euro crisis. In their spring survey, leading economic research institutes forecast economic growth of 0.9 % and 2.0 % for Germany in 2012 and 2013 respectively.

The transformation of the energy system will lead to fundamental changes in the **FUTURE SITUATION IN THE GERMAN ENERGY INDUSTRY**. Politicians are called on to provide binding decisions in the near future so as to offer energy supply companies budgeting reliability. Increasing use will have to be made of renewable energies. At the same time, flexible conventional generation capacities will be required, as wind power and photovoltaics systems alone will be unable to cover electricity needs at all times of the day and night. One particularly urgent task involves expanding transmission and distribution grids to enable electricity volumes generated on a decentralised basis from renewable energies to be transported to customers. The high volume of investment required and expected increase in the renewable energies allocation (EEG) due to the sharp expansion in photovoltaics capacities can be expected to impact on electricity prices.

Our future markets

In our strategic growth fields, we are focusing on generating energy from renewable sources (especially onshore wind power, biomass and biomethane), environmentally-friendly district heating, cogeneration and energy from waste.

In our **WIND POWER BUSINESS**, we still see great potential for expansion in Germany. MVV Energie is making great efforts to extend its wind power portfolio, especially in Baden-Württemberg. As our aim is to operate wind power plants together successfully over several decades, when it comes to planning and implementing projects we are involving regional parties

– towns, district councils, municipal utility companies and the local population – in transparent processes.

Our first **BIOMETHANE PLANT** in Klein Wanzleben (Sachsen-Anhalt) is expected to be connected to the grid in autumn 2012. After this, together with our partners we will be building a second biomethane plant on the same scale in nearby Kroppenstedt. This plant too should generate around 63.5 million kWh of biomethane a year and feed this into the natural gas grid.

We are continuing to invest in expanding environmentally-friendly **DISTRICT HEATING AND COGENERATION** at all of our locations. Efficient cogeneration plants, generating electricity and heating energy simultaneously, achieve efficiency rates of more than 80 %.

An ultramodern block with an electrical output of 911 MW and thermal energy output of a maximum of 500 MW is currently under construction at GKM, the large power plant in Mannheim in which we hold a 28 % stake. Based on current information, GKM expects to launch operations with Block 9 in the course of the 2015 calendar year. Due to the bursting of a steam conduit in June 2012, Block 3 at GKM is currently switched off. Due to the other blocks available, there are no bottlenecks in terms of electricity and district heating generation.

By acquiring a cogeneration-based energy from waste plant in the city of Liberec, our wholly-owned subsidiary MVV Energie CZ has successfully entered a new business field in the comparatively new Czech waste utilisation market. This plant has an incineration capacity of up to 106 000 tonnes a year.

Unlike the Czech market, the German **WASTE MARKET** is characterised by surplus capacity. Given its longstanding experience and operating expertise, MVV Umwelt GmbH nevertheless remains well positioned in the German waste market.

As part of the energy optimisation at the energy from waste plant in Mannheim, involving an investment volume of Euro 18 million, operations began with one of two new turbines in June 2012. The second turbine is set to start operations before the end of this year as well. This measure, which is being implemented while day-to-day operations continue at the plant, will enhance the efficiency of the cogeneration process in terms of coupling out district steam and electricity generation. Within the Umwelt subgroup, the energy from waste plant in Mannheim has been reallocated from MVV RHE GmbH to MVV Umwelt Asset GmbH. This will enable us to react faster and more effectively to market needs.

We have already begun with the first construction measures at the energy from waste plant in Plymouth. Starting in 2014, this plant will process around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and heating energy.

The nationwide market for **ENERGY-RELATED SERVICES** is developing significantly more slowly than expected. We have therefore initiated additional organisational and personnel adjustments to enable us to further develop our energy-related services business along profitable lines. The measures taken here focus on achieving a leaner corporate structure. The changes have led to further job cuts at our MVV Energiedienstleistungen subsidiary, which are being implemented in a socially responsible manner.

Our **SHARED SERVICE COMPANIES** perform all internal services in the fields of invoicing and customer support, metering and information processing for MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Kiel AG. To take even greater account of the changes in the energy market, the brand profiles of the shared service companies are set to be honed with a change of name as of 1 October 2012. The companies 24/7 Netze GmbH and 24/7 Insurance Services GmbH are also set to be renamed at the same time.

Future research and development activities

In a research project promoted by the Federal Ministry of Economics and Technology, MVV Energie is investigating and evaluating the economic opportunities and perspectives for making greater use of inexpensive, environmentally-friendly heating energy from cogeneration and other waste heat sources within district heating systems. One key factor in effectively expanding cogeneration is the identification of potential cost savings in terms of district heating transport.

Future sales and earnings performance

In our half-year financial report we indicated in our outlook for the 2011/12 financial year that we expect to achieve slight year-on-year sales growth (previous year's sales excluding electricity and natural gas taxes: Euro 3.59 billion). We also stated that, from an operating perspective, we expect to post adjusted EBIT of around Euro 220 million (previous year: Euro 242 million). We thus confirmed our earnings forecast in line with the forecast provided since December 2011. Today as well, we are upholding this outlook. Given the ongoing instability in the underlying framework and volatile energy markets, factors that will impact not only on the 2011/12 financial year, but also on the coming years, and thus make it more difficult for

companies to issue longer-term sales and earnings forecasts, this continuity offers proof of the stability of our business portfolio, with its focus on sustainability and activities along the entire energy industry value chain.

Our adjusted EBIT will be significantly affected by changes and fluctuations in the coming years as well. The main factors relevant here include weather conditions, our generation margin (clean dark spread), waste prices, developments in the competitive framework and in the regulatory framework in the grid, sales and trading businesses, the costs arising due to the implementation of unbundling requirements and charges resulting from conversion of the energy system in Germany along ecological lines. Following the launch of operations with the respective projects, our investments in the future will generate positive earnings contributions in the medium term.

Investments and future net asset and financial position

We have renegotiated and concluded a number of financing agreements with several banks. This will help bolster our liquidity; at the same time, we have been able to even out our maturity profile and secure the favourable interest rates currently available on a long-term basis. We currently do not see any restrictions due to rising borrowing costs.

With an adjusted equity ratio of 36.1 %, we have a solid foundation for obtaining a balanced mix of financing for planned investments. We finance investments in our existing business by way of internal company financing from depreciation. In our growth business, we draw on the cash flow from operating activities and on project-based optimised financing facilities. As guidelines for debt-financed growth, we have defined various key financial figures and also comply with these. This way, we can continue to ensure that the implied rating of the MVV Energie Group remains at investment grade level.

Future opportunities and risks

Alongside basic risks with the potential to affect our earnings, such as fluctuations in prices, we also see the completion on schedule of our major investment projects, such as the energy from waste plant in Plymouth or Block 9 at the large power plant in Mannheim (GKM), as representing a particular source of uncertainty in the next financial years. Measures have been taken here to stabilise the respective project schedules. From a current perspective, there are no indications of any risks that could endanger the continued existence of the company in the 2011/12 financial year or beyond.

Income Statement

from 1.10.2011 to 30.6.2012

Income statement of the MVV Energie Group

Euro 000s	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011	Notes
Sales ¹	944629	834913	3 171 028	2 852 605	
less electricity and natural gas taxes	56321	49418	192894	166553	
Sales less electricity and natural gas taxes	888308	785495	2978134	2686052	1
Changes in inventories	-5541	70	-1199	2018	
Own work capitalised	2891	4106	7039	10388	
Other operating income	38152	-15217	247950	217146	2
Cost of materials	710299	613580	2 348 263	2 044 466	
Personnel expenses	81988	81401	248321	243789	
Other operating expenses	55555	16292	335901	234447	2
Income from associates	5539	6398	10948	10442	3
Other income from shareholdings	1528	1682	1511	2220	
EBITDA	83035	71261	311898	405564	
Depreciation ¹	39950	38114	119956	114469	
EBITA	43085	33147	191942	291095	
Restructuring expenses	—	—	—	30926	
EBIT	43085	33147	191942	260169	
of which result of IAS 39 derivative measurement	-1566	-9620	-31090	46685	
of which EBIT before result of IAS 39 derivative measurement	44651	42767	223032	213484	
Financing income	2104	2024	6581	6258	4
Financing expenses	17162	16502	52140	48919	4
EBT	28027	18669	146383	217508	
Taxes on income	8878	6363	47194	69863	5
Net surplus for period	19149	12306	99189	147645	
of which minority interests	3324	1975	19844	21214	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	15825	10331	79345	126431	
Basic and diluted earnings per share in Euro	0.24	0.16	1.20	1.92	6

¹ previous year's figures adjusted. Further details can be found under "Accounting policies".

Statement of Income and Expenses

Recognised in Group Equity

from 1.10.2011 to 30.6.2012

Statement of income and expenses recognised in group equity of the MVV Energie Group

Euro 000s	1.4.2012 to 30.6.2012	1.4.2011 to 30.6.2011	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Net surplus for period	19149	12306	99189	147645
Cash flow hedges	-21845	-9965	-47491	3323
Differential amounts from currency translation	-3616	673	-3061	892
Other income and expenses	-25461	-9292	-50552	4215
Comprehensive income	-6312	3014	48637	151860
Minority interests	109	24252	11674	23298
Comprehensive income attributable to shareholders in MVV Energie AG	-6421	-21238	36963	128562

Balance Sheet

as of 30.6.2012

Balance sheet of the MVV Energie Group

Euro 000s	30.6.2012	30.9.2011	Notes
Assets			
Non-current assets			
Intangible assets	317 755	309 682	
Property, plant and equipment ¹	2 339 089	2 306 173	
Investment property	5 706	5 885	
Associates	109 748	101 428	
Other financial assets	93 886	93 502	
Other receivables and assets	121 149	135 264	7
Deferred tax assets	12 847	12 746	8
	3 000 180	2 964 680	
Current assets			
Inventories	65 541	65 923	
Trade receivables	645 219	448 056	9
Other receivables and assets	360 492	219 690	7
Tax receivables	12 017	6 346	
Securities	1 840	1 425	
Cash and cash equivalents	128 999	168 518	10
	1 214 108	909 958	
	4 214 288	3 874 638	
Equity and liabilities			
Equity			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	532 092	512 030	11
Accumulated other comprehensive income	-44 931	-2 549	
Capital of the MVV Energie Group	1 111 123	1 133 443	
Minority interests	207 305	212 649	
	1 318 428	1 346 092	
Non-current debt			
Provisions	124 839	123 285	15
Financial debt	1 184 617	933 270	13
Other liabilities ¹	398 464	346 431	12
Deferred tax liabilities	126 190	151 495	8
	1 834 110	1 554 481	
Current debt			
Other provisions	147 920	184 746	15
Tax provisions	24 524	16 289	
Financial debt	327 543	322 197	13
Trade payables	247 414	246 203	
Other liabilities	312 647	204 141	12
Tax liabilities	1 702	489	
	1 061 750	974 065	
	4 214 288	3 874 638	

¹ previous year's figures adjusted. Further details can be found under "Accounting policies".

Statement of Changes in Equity

from 1.10.2011 to 30.6.2012

Statement of changes in equity of the MVV Energie Group

Euro 000s	Equity contributed		Equity generated			Capital of the MVV Energie Group	Non-controlling interests	Total capital
	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Revenue reserves and unappropriated net income	Accumulated other comprehensive income	Differential amount from currency translation			
Balance at 1.10.2010	168 721	455 241	452 089	18 314	-2 630	1 091 735	95 395	1 187 130
Income and expenses recognised in equity	—	—	—	774	1 357	2 131	2 084	4 215
Result of business operations	—	—	126 431	—	—	126 431	21 214	147 645
Comprehensive income for period	—	—	126 431	774	1 357	128 562	23 298	151 860
Sale of minority interests not leading to loss of control	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	-59 316	—	—	-59 316	-24 034	-83 350
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	-154	-154
Change in scope of consolidation	—	—	-1 420	—	—	-1 420	2 046	626
Balance at 30.6.2011	168 721	455 241	517 784	19 088	-1 273	1 159 561	217 129	1 376 690
Balance at 1.10.2011	168 721	455 241	512 030	17 843	-20 392	1 133 443	212 649	1 346 092
Income and expenses recognised in equity	—	—	—	-2 675	-39 707	-42 382	-8 170	-50 552
Result of business operations	—	—	79 345	—	—	79 345	19 844	99 189
Comprehensive income for period	—	—	79 345	-2 675	-39 707	36 963	11 674	48 637
Dividend distribution	—	—	-59 316	—	—	-59 316	-23 239	-82 555
Capital increase/reduction at subsidiaries	—	—	—	—	—	—	7 262	7 262
Change in scope of consolidation	—	—	33	—	—	33	-1 041	-1 008
Balance at 30.6.2012	168 721	455 241	532 092	15 168	-60 099	1 111 123	207 305	1 318 428

Cash Flow Statement

from 1.10.2011 to 30.6.2012

Cash flow statement of the MVV Energie Group

Euro 000s	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Net surplus for period before taxes on income	146 383	217 508
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property ¹	119 956	107 173
Net financial result	45 559	42 661
Interest received	6 569	6 133
Change in non-current provisions	6 990	23 642
Other non-cash income and expenses	30 571	-46 948
Result of disposal of non-current assets	-2 872	958
Cash flow before working capital and taxes	353 156	351 127
Change in other assets	-447 165	-206 932
Change in other liabilities ¹	159 013	127 161
Change in current provisions	-42 878	-53 047
Income taxes paid	-37 128	-47 952
Cash flow from operating activities	-15 002	170 357
Investments in intangible assets, property, plant and equipment and investment property	-184 869	-133 212
(Free cash flow)	(-199 871)	(37 145)
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	23 466	4 714
Proceeds from subsidy payments	3 458	7 903
Proceeds from sale of fully and proportionately consolidated companies	—	1 835
Proceeds from sale of other financial assets	4 536	—
Payments for acquisition of fully and proportionately consolidated companies	-3 418	—
Payments for other financial assets	-8 141	-5 077
Cash flow from investing activities	-164 968	-123 837
Proceeds from taking up of loans	504 617	128 714
Payments for redemption of loans	-240 864	-106 018
Dividend payment	-59 316	-59 316
Dividend payment to minority shareholders	-23 239	-24 034
Change due to changes in capital at minorities	6 733	471
Interest paid	-46 963	-43 672
Cash flow from financing activities	140 968	-103 855
Cash-effective changes in cash and cash equivalents	-39 002	-57 335
Change in cash and cash equivalents due to currency translation	-916	-59
Change in cash and cash equivalents due to changes in scope of consolidation	399	261
Cash and cash equivalents at 1.10.2011 (2010)	168 518	147 101
Cash and cash equivalents at 30.6.2012 (2011)	128 999	89 968

¹ previous year's figure adjusted. Further details can be found under "Accounting policies".

Cash Flow Statement

from 1.10.2011 to 30.6.2012

Cash flow – aggregate presentation

Euro 000s	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Cash and cash equivalents at 1.10.2011 (2010)	168 518	147 101
Cash flow from operating activities	– 15 002	170 357
Cash flow from investing activities	– 164 968	– 123 837
Cash flow from financing activities	140 968	– 103 855
Change in cash and cash equivalents due to currency translation	– 916	– 59
Change in cash and cash equivalents due to changes in scope of consolidation	399	261
Cash and cash equivalents at 30.6.2012 (2011)	128 999	89 968

Notes to the Interim Consolidated Financial Statements

from 1.10.2011 to 30.6.2012

Disclosures concerning the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of the MVV Energie Group and acts as an energy distribution company and service provider in its value creation stages of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services and Strategic Investments.

These abridged interim consolidated financial statements were prepared by the Executive Board on 13 August 2012. Neither the abridged interim consolidated financial statements nor the interim group management report were subject to any audit review requirement.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2011 to 30 June 2012 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2011. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 30 June 2012 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2011.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended and newly adopted some standards and interpretations which require mandatory application for the first time in the abridged interim consolidated financial statements. The following standards and interpretations were therefore applied at the MVV Energie Group for the first time in the 2011/12 financial year:

Amended standards and interpretations		EU endorsement	Application date
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	outstanding	1.7.2011
IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets	23.11.2011	1.7.2011
IFRIC 14	Prepayment of a Minimum Funding Requirement	20.7.2010	1.7.2011
IAS 24	Related Party Disclosures	20.7.2010	1.7.2011

¹ in financial years beginning on or after date stated

The initial application of these new requirements did not have any material implications for the net asset, financial and earnings position of the MVV Energie Group.

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

Starting in the 2011/12 financial year, building cost grants for house connection costs have been recognised as liabilities, as a result of which these items now impact on sales rather than on depreciation. To facilitate comparison, the previous year's figures have been adjusted.

Changes in the scope of consolidation

Alongside MVV Energie AG, those German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are included in the interim consolidated financial statements of the MVV Energie Group. 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. Associates are recognised using the equity method, while significant jointly controlled companies are proportionately consolidated.

The number of companies included is presented in the following table:

Scope of consolidation

	Companies fully consolidated	Companies accounted for at equity	Companies proportionately consolidated
30.9.2011	72	14	7
Mergers	2	—	—
Additions	5	—	—
30.6.2012	75	14	7

The following companies were fully consolidated for the first time in the consolidated financial statements in the period under report.

- e.services s.r.o., Děčín, Czech Republic
- Cerventus Naturenergie Verwaltungs GmbH, Offenbach am Main
- Frassur GmbH, Mörfelden-Walldorf, with its subsidiary AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf
- Biomethananlage Kroppenstedt GmbH, Munich

MVV Nederland B.V., Amsterdam, was merged into MVV RHE GmbH, Mannheim, as of 1 October 2011. The merger did not have any implications for the net asset, financial and earnings position of the Group.

SWKiel Erzeugung GmbH, Kiel, was merged into 24sieben GmbH, Kiel, as of 1 October 2011. The merger did not have any implications for the net asset, financial and earnings position of the Group.

e.services s.r.o., Děčín, a company internally founded, was included in the consolidated financial statements for the first time in the 2011/12 financial year. With e.services s.r.o., it has been possible to centralise the Czech subgroup's accounting activities.

In the 1st half of 2011/12, the company acquired 100 % of the shares in Frassur GmbH, Mörfelden-Walldorf, and its subsidiary AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf. Accordingly, these companies were fully consolidated for the first time in the consolidated financial statements of the MVV Energie Group. The purchase price was paid in April 2012. The acquisition of these companies will ensure that capacity utilisation rates remain high at the energy from waste plant at Energieversorgung Offenbach AG.

In the 3rd quarter of 2011/12, the company acquired 74.9 % of the shares in Biomethananlage Kroppenstedt GmbH, Munich. Accordingly, this company was fully consolidated for the first time in the consolidated financial statements of the MVV Energie Group. The purchase price was settled upon acquisition of the shares. This acquisition will boost our activities in the field of renewable energies.

The option to purchase the remaining shares in A+S Natur-energie GmbH, Pfaffenhofen, was exercised in the 2011/12 financial year. Furthermore, the respective shareholdings in SECURA Energie GmbH, Mannheim, held by Energieversorgung Offenbach AG, Offenbach am Main, Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, and RheinEnergie Aktiengesellschaft, Cologne, were taken over. Moreover, MVV Umwelt Ressourcen GmbH, Mannheim, acted on the options to acquire a further 25.1 % of the shares in the two companies Naunhofer Transportgesellschaft mbH, Parthenstein-Großsteinberg, and W.T.A. Wertstoff Transport Agentur GmbH, Lichtentanne.

The fair value upon acquisition of the identifiable assets and liabilities at the companies consolidated for the first time in the period under report is presented in the following table.

Identifiable assets and liabilities

	Biomethananlage Kroppenstedt GmbH, Munich		Frassur GmbH, Mörfelden-Walldorf, AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf	
	Recognised upon acquisition	Carrying amount	Recognised upon acquisition	Carrying amount
Euro 000s				
Intangible assets	—	—	609	11
Property, plant and equipment	1 276	551	3 148	3 148
Financial assets	—	—	2 073	2 073
Inventories, receivables, other assets	105	105	1 643	1 643
Cash and cash equivalents	4	4	396	396
Provisions	—	—	480	480
Other liabilities	619	619	5 681	5 681
Deferred tax liabilities	223	6	66	66
Fair value of net assets	543	—	1 642	—
Acquired share of company	406	—	1 642	—
Goodwill	99	—	1 270	—

Notes to the Income Statement

The purchase prices were settled from the company's liquid funds. Since initial consolidation, the companies acquired have contributed sales of Euro 2 193 thousand and earnings of Euro 320 thousand.

Neither the transfer nor the acquisition of shares had any significant implications for the net asset, financial and earnings position of the Group.

Currency translation

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

Currency translation

	Rate on reporting date		Average rate	
	30.6.2012	30.9.2011	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
1 Euro				
Czech crowns (CZK)	25.640	24.754	25.208	24.476
British pounds (GBP)	0.807	0.867	0.834	0.868

Source: European Central Bank

Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3rd and 4th quarters. Earnings for the first nine months of 2011/12 were significantly affected by the unusually mild weather conditions in the 1st half of 2011/12.

1 Sales

A depiction of sales broken down into their respective value creation stages has been provided in the segment report. The growth in sales compared with the first nine months of the previous year was driven above all by volume growth in the electricity and gas trading businesses, as well as in the nationwide electricity sales business, thus significantly offsetting the weather-related turnover in weather conditions. Consistent with the overall market trend, price increases took effect for special and collective rate customers.

Translated into the group currency, sales at our foreign subsidiaries amounted to Euro 96 233 thousand.

2 Other operating income and other operating expenses

Other operating income

	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Euro 000s		
Income from derivatives recognised under IAS 39	162 808	134 210
Reversal of provisions	13 032	6 890
Foreign currency income	10 992	184
Income from emission rights	9 175	24 600
Income from reversal of write-downs	5 464	8 659
Income from sale of assets	4 680	778
Other	41 799	41 825
Total	247 950	217 146

Other operating expenses

	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Euro 000s		
Expenses for derivatives recognised under IAS 39	193 898	87 525
Expenses for emission rights	14 600	21 317
Foreign currency expenses	8 736	20
Other	118 667	125 585
Total	335 901	234 447

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured in accordance with IAS 39. The measurement of these items under IAS 39 resulted in a negative net item of Euro –31 090 thousand in the first nine months of 2011/12 (previous year: positive net item of Euro 46 685 thousand).

Given the increasing activities in Plymouth/UK, foreign currency income grew to Euro 10 992 thousand in the period under report (previous year: Euro 184 thousand), while foreign currency expenses also rose to Euro 8 736 thousand (previous year: Euro 20 thousand).

3 Income from associates

The income of Euro 10 948 thousand from associates (previous year: Euro 10 442 thousand) is attributable to the subsequent measurement of associates at the MVV Energie Group.

4 Financing income and financing expenses

Financing income includes an amount of Euro 3 380 thousand resulting from interest income in connection with finance leases (previous year: Euro 3 214 thousand).

5 Taxes on income

Taxes on income

Euro 000s	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Taxes on income	47 194	69 863
Effective tax rate in %	32.2	32.1

In the period under report, the tax expenses for earnings before IAS 39 were calculated using the tax rate of 31.9 % expected for the 2011/12 financial year as a whole. The tax rate for earnings after IAS 39 amounts to 32.2 %.

6 Earnings per share

Earnings attributable to shareholders in MVV Energie AG and earnings per share

Euro 000s	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011
Earnings attributable to shareholders in MVV Energie AG (Euro 000s)	79 345	126 431
No. of shares in 000s (weighted average)	65 907	65 907
Earnings per share in Euro	1.20	1.92

It was not necessary to account for any dilution effects.

Notes to the Balance Sheet

7 Other receivables and assets

The increase in other receivables and assets compared with 30 September 2011 was primarily attributable to the higher volume of energy trading transactions recognised under IAS 39.

8 Deferred taxes

The decline in deferred tax liabilities was chiefly due to measurement items in connection with energy trading transactions.

9 Trade receivables

The increase in trade receivables in the first nine months of 2011/12 corresponds to the customary seasonal course of business. Customer instalments do not compensate in full for the increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables. The increase in sales in the first nine months of 2011/12 is also reflected in a higher volume of receivables.

10 Cash and cash equivalents

The reduction in cash and cash equivalents is attributable to payment of the dividend for the 2010/11 financial year, as well as to investments in expanding the Group's generation of energy from renewable energy sources

11 Dividend distribution

The Annual General Meeting on 16 March 2012 approved the distribution of a dividend of Euro 0.90 per share for the 2010/11 financial year (total: Euro 59 316 thousand). Furthermore, a total amount of Euro 23 239 thousand was distributed to minority shareholders on subgroup level

12 Other liabilities

The increase in other liabilities compared with 30 September 2011 was attributable in particular to the higher volume of energy trading transactions recognised under IAS 39.

13 Financial debt

The increase in financial debt is chiefly due to the taking up of new loans for project investments, as well as to seasonal factors.

14 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2011.

15 Provisions

The measures performed in the period under report in connection with the "Once Together" group programme have resulted in the utilisation, without any impact on earnings, of the provisions recognised in the 2010/11 financial year.

16 Segment report

Income statement of the MVV Energie Group from 1.10.2011 to 30.6.2012

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	248 045	492 901	79 500	114 154
Trading and Portfolio Management	749 828	960 318	217	13 162
Sales and Services	1 651 297	271 469	13 130	45 261
Strategic Investments	325 699	20 529	17 414	43 072
Other	3 265	17 461	9 693	10 433
Consolidation	—	-1 762 678	—	313
Total	2 978 134	—	119 954	226 395

Income statement of the MVV Energie Group by segment from 1.10.2010 to 30.6.2011

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	243 582	423 979	76 450	121 162
Trading and Portfolio Management	505 691	777 269	218	27 917
Sales and Services	1 631 116	234 987	12 805	44 680
Strategic Investments	302 283	8 440	15 286	43 859
Other	3 380	20 511	9 710	9 827
Consolidation	—	-1 465 186	—	179
Total	2 686 052	—	114 469	247 624

Business fields based on the respective stages of the value chain have been allocated to the reporting segments of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services, Strategic Investments and Other Activities.

For analytical purposes, the business fields can be further broken down by subgroup and individual company with their products.

- The **GENERATION AND INFRASTRUCTURE** reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, as well as the waterworks and wind farm portfolio. Moreover, this segment also includes grid facilities for electricity, district heating, gas and water and technical service units allocated to the grids business field for the grid-based distribution of electricity, district heating, gas and water.
- The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment includes energy procurement and portfolio management and the energy trading business at MVV Trading GmbH.
- The **SALES AND SERVICES** reporting segment includes the retail business at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups. It encompasses supplies of electricity, district heating, gas and water to end customers and the energy-related services business at the MVV Energiedienstleistungen GmbH and Energieversorgung Offenbach AG subgroups.
- The **STRATEGIC INVESTMENTS** reporting segment consists of the Stadtwerke Solingen GmbH, Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups. The Stadtwerke Solingen GmbH and Stadtwerke Ingolstadt GmbH subgroups are proportionately consolidated.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the company Shared-Services-Center and of cross-divisional functions. Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

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

Of segment sales with external customers, 96.8 % were generated in Germany (previous year: 96.5 %). The regional breakdown of sales is based on the geographical location of the customers.

No individual customers of the MVV Energie Group account for or exceed 10% of the Group's total sales.

The income statement segment report presented in accordance with IFRS 8 is based on the segment earnings (adjusted EBIT) used for internal management purposes. The segment earnings of individual business segments do not include the results of non-operating IAS 39 measurement items in connection with financial derivatives (first nine months of 2011/12: Euro –31 090 thousand; first nine months of 2010/11: Euro 46 685 thousand). The figures also do not include any restructuring expenses. On segment level, the figures also do not include any income from shareholdings held in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by income in connection with finance leases forming part of our business model (especially contracting) and which we therefore see as forming part of our operating earnings contributions.

The distribution of overhead expenses was optimised in the 2011/12 financial year. From this financial year, overhead expenses based on capital employed have been allocated to the reporting segments in line with their respective causation. This has merely led to reclassifications of items between the adjusted EBIT of individual segments. It has no implications for the net asset, financial and earnings position of the Group.

17 Cash flow statement

The cash flow before working capital and taxes showed a slight year-on-year increase in the first nine months of 2011/12. The substantial reduction in the net surplus for the period before taxes on income compared with the previous year's period was chiefly due to IAS 39 measurement, a factor eliminated once again under other non-cash income and expenses.

The negative cash flow from operating activities in the first nine months of 2011/12 was due in particular to the increase in working capital.

Due above all to outlays for investments in renewable energies, the cash flow from investing activities was lower than in the equivalent period in the previous year.

The year-on-year development in the cash flow from financing activities was characterised in the nine-month period under report by increased borrowing in connection with wind farm projects.

18 Related party disclosures

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

All business relationships have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with third parties.

Related party disclosures

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses		30.6.2012	30.9.2011	30.6.2012	30.9.2011
	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011	1.10.2011 to 30.6.2012	1.10.2010 to 30.6.2011				
Euro 000s								
Abfallwirtschaft Mannheim	280	160	3 066	2 680	2	22	2 075	3 055
ABG Abfallbeseitigungs- gesellschaft mbH	22 805	21 682	2 875	3 521	2 513	—	313	2 006
GBG Mannheimer Wohnungsbaugesellschaft mbH	9 700	10 347	162	101	149	96	10	—
m:con – Mannheimer Kongress- und Touristik GmbH	2 698	2 677	257	263	3 941	4 037	—	—
MVV GmbH	282	355	291	218	35	14	—	—
MVV Verkehr GmbH	130	242	6	2	90	127	—	9
Rhein-Neckar-Verkehr GmbH	5 811	5 574	26	605	3 470	2 720	527	954
Stadtentwässerung Mannheim	2 102	1 576	354	396	119	129	57	116
City of Mannheim	12 423	8 990	16 244	16 634	628	1 028	10 932	3 215
Other companies controlled by the City of Mannheim	4 914	4 760	227	206	464	207	6	745
Associates	46 480	56 613	162 948	172 272	18 822	13 527	10 923	13 086
Proportionately consolidated companies	130 399	84 798	25 927	14 435	35 186	31 391	10 757	8 004
Other majority shareholdings	2 313	1 428	2 176	2 637	3 017	4 289	595	1 028
Total	240 337	199 202	214 559	213 970	68 436	57 587	36 195	32 218

19 Events after the balance sheet date

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

Mannheim, 13 August 2012

MVV Energie AG

Executive Board



Dr. Müller



Brückmann



Dr. Dub



Farrenkopf

Responsibility Statement

“We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2011/12 financial year.”

Mannheim, 13 August 2012

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Financial Calendar

- 15. 8. 2012** Financial Report
3rd Quarter of 2011/12
- 18. 12. 2012** Annual Financial Report 2011/12
(Annual Report)
- 18. 12. 2012** Annual Results Press Conference
and Analysts' Conference
- 14. 2. 2013** Financial Report
1st Quarter of 2012/13
- 8. 3. 2013** Annual General Meeting
- 11. 3. 2013** Dividend Payment
- 15. 5. 2013** Half-Year Financial Report 2012/13
- 15. 5. 2013** Press Conference
and Analysts' Conference
1st Half of 2012/13
- 15. 8. 2013** Financial Report
3rd Quarter of 2012/13

Imprint

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All financial reports of the MVV Energie
Group can be downloaded from our
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www.mvv-investor.de
