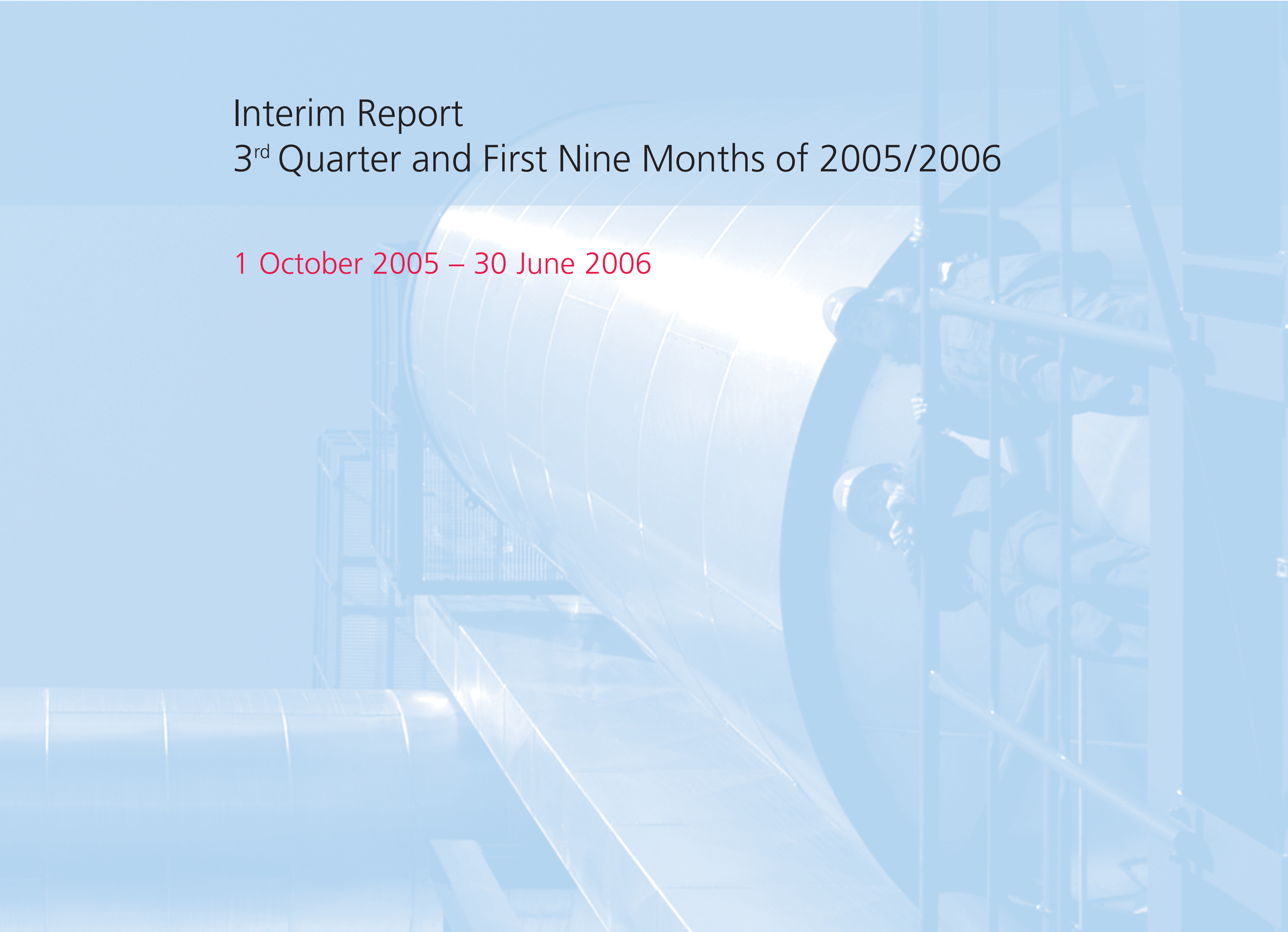
Interim Report
3rd Quarter and First Nine Months of 2005/2006

1 October 2005 – 30 June 2006



MVV Energie

Key Figures First Nine Months of 2005/2006

Key Figures of the MVV Energie Group[1] Euro million	**2005/2006**	2004/2005	% change
Sales	1 797	1 530	+ 17
EBITDA	346	276	+ 25
EBITA	237	174	+ 36
EBIT	238	174	+ 37
EBT	190	125	+ 52
Net surplus for the period	112	77	+ 45
Net surplus for the period after minority interests	90	59	+ 53
Earnings[2] per share[3] (Euro)	1.65	1.16	+ 42
Cash flow based on DVFA/SG	220	176	+ 25
Cash flow per share[3] based on DVFA/SG (Euro)	4.01	3.47	+ 16
Free cash flow[4]	– 57	– 10	– 470
Total assets (as of 30. 6.)	3 283	2 916	+ 13
Equity capital (as of 30. 6.)	998	879	+ 14
Investments	149	155	– 4
Number of employees[5]	6 366	6 429	– 1

[1] based on International Financial Reporting Standards (IFRS)

[2] pursuant to IAS 33

[3] number of shares (weighted nine-month average) increased from 50.7 million to 54.9 million shares as a result of capital increase

[4] inflow of funds from operating activities less investments in property, plant and equipment and in intangible assets

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

Overview of Developments at the Company

Events of Significance in the 3rd Quarter of 2005/2006
1 April 2006 – 30 June 2006

Highlights in the 3rd Quarter

- Increased cooperation in the "Year of the Group"
- Major cooperation in the energy-related services business
- Share price temporarily reaches new all-time high

During the 3rd quarter of the current 2005/06 financial year, the MVV Energie Group focused on extending the degree of cooperation within its municipal utility network. In our environmental energy business, we have now become one of the German market leaders in the field of non-recyclable waste incineration. In our energy-related services business, we have taken a major step towards achieving our objective of becoming one of the three leading providers of energy-related services in Germany in the coming years.

Launch of first shared service company

The Supervisory Boards of MVV Energie AG and Energieversorgung Offenbach AG (EVO) approved the establishment of a joint grid company during the quarter under the report. This was followed on 1 August 2006 by the approval by the Supervisory Board of MVV Energie AG of the establishment of four further joint subsidiaries together with the shareholdings in Kiel, Offenbach, Ingolstadt and Solingen, at which metering, invoicing, information technology and energy trading services are to be pooled from 1 October 2006. This will provide us with a foundation for cost savings and for further cooperation (please see Page 12 onwards).

Environmental energy segment maintains successful course

Our environmental energy segment maintained its dynamic performance in the 3rd quarter of the current 2005/06 financial year. The incineration of waste and biomass has become a highly attractive area of business for our group of companies. With our incineration plants in Mannheim, Offenbach and Leuna, we are superbly positioned in the high-growth market for the disposal of non-recyclable, commercial and industrial waste.

Successful expansion of the value-added services business

MVV Energiedienstleistungen GmbH, a wholly-owned subsidiary of MVV Energie AG, and ista Deutschland GmbH, Essen, the German subsidiary of the world's leading company for consumption-based energy and water invoicing, agreed in June 2006 to cooperate closely. With a joint subsidiary, both companies intend to exploit synergies and to draw on their product ranges, which complement each other ideally, particularly with regard to the marketing of contracting and invoicing services. They aim to acquire market share rapidly, given the ongoing rise in demand for "services from one source". The acquisition of IVB Immobilien Versorgung GmbH Berlin in the previous quarter already marked the company's successful entry into the market for supplying heating in the real estate and housing sector. These strategic partnerships will enable MVV Energiedienstleistungen GmbH to enhance its competence in the field of contracting services for the housing sector.

MVV Consulting active in Rumania

The Rumanian government commissioned our MVV Consulting GmbH subsidiary in May 2006 to advise five Rumanian regions, with a total of around one million inhabitants, on the modernisation and expansion of their supply of drinking water and disposal of wastewater. The European Union and Rumania have made more than Euro 3 million available for this advisory mandate, which is set to run until 2007.

Top marks for quality of service

MVV Energie AG is one of only four electricity supply companies to have been awarded top marks in a national comparison of the service quality levels offered by the 100 most important electricity suppliers. The comparison was undertaken by Verivox GmbH, a Heidelberg-based information service provider.

Business Performance

Economic framework

The price of crude oil and gas has risen substantially on the international energy markets compared with the equivalent period in the previous year, as have the electricity futures for future supplies traded on the German EEX electricity exchange. Spot market prices also reached new record highs in July 2006 as a result of the heat wave.

It was decided at the Energy Summit convened by the Federal Chancellor, Angela Merkel, on 3 April 2006 to compile an overall energy concept, which is expected to be available by autumn 2007. We see this as providing a useful opportunity for achieving a more competitive structure for the energy markets.

During the period under report, the regulatory authorities began to approve individual electricity grid utilisation fees. The reductions imposed compared with the applications originally submitted by the grid operators range up to approximately 20 % in the cases which have already been announced. MVV Energie AG had not received any notification of approval by the end of the 3rd quarter.

The Federal Networks Agency presented its report on the structure of incentive regulation on 30 June 2006, thus meeting one of the requirements of the amended Energy Act. This incentive regulation, which is set to come into force at the beginning of 2008, will further increase the pressure on costs at grid operators.

The Federal Government passed the National Allocation Plan for the second stage of EU-wide emissions trading (NAP II) at the end of June 2006. This allocation plan sets out the allocation of CO_2 certificates to participating companies for the period from 2008 to 2012. The energy sector has been set a target reduction of 15 % for its CO_2 emissions. The uncoordinated announcement of CO_2 data on an EU level in mid-May led within a few days to considerable price fluctuations. This development underlines the extent to which electricity prices are affected by CO_2 prices.

Earnings performance of the MVV Energie Group

The MVV Energie Group achieved marked growth in sales and operating earnings once again in the 3rd quarter of 2005/06, in spite of this quarter generally being weaker as a result of seasonal factors.

Sales for the period of April to June 2006 rose by 17 % (Euro +72 million) compared with the equivalent period in the previous year to reach Euro 507 million. The cumulative sales of our group of companies at the end of the first nine months of the 2005/06 financial year reached a new nine-month record of Euro 1797 million. Sales have therefore increased by 17 % (Euro + 267 million) compared with the first nine months of 2004/05. All of our business segments with the exception of the water segment reported sales growth, as did all of the companies in our municipal utility network.

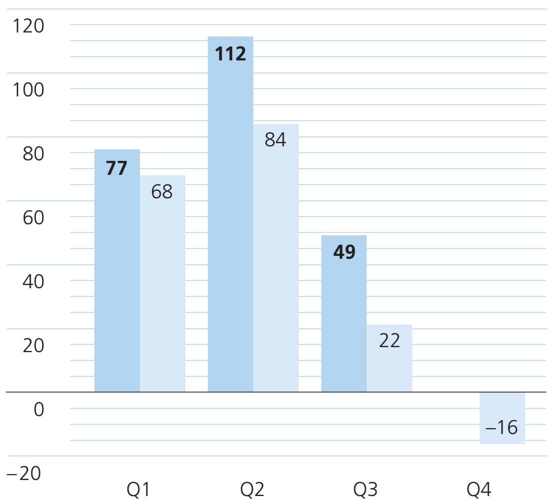
In the competitive electricity business, we achieved some notable market successes in the sale of electricity on a national level. High growth rates were also reported by the district heating and gas businesses. This growth was attributable to price adjustments and to increased volumes as a result of weather conditions during the 2005/06 heating period. However, our companies have only been able to pass on the increase in procurement prices in part. The sharpest increase in sales was reported by the environmental energy segment. The performance of this high-growth area was primarily driven by positive market developments following the entry into force of the Technical Guidelines for the Disposal of Municipal Solid Waste (TASi) on 1 June 2005 and by the launch of operations at the non-recyclable waste incineration plant in Leuna in the autumn of 2005.

The positive business performance and successful cost savings measures mean that all key earnings figures showed double-digit growth both for the 3rd quarter and for the first nine months of 2005/06.

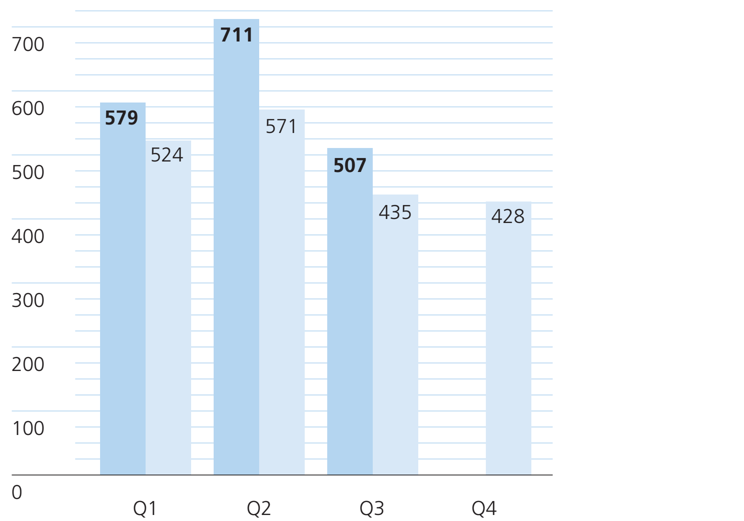
- **Earnings before interest, tax, depreciation and goodwill amortisation (EBITDA)** showed a year-on-year increase of 50 % to Euro 86 million for the 3rd quarter and of 25 % to Euro 346 million for the first nine months.

- **Operating earnings before interest and tax (EBIT)** rose from Euro 22 million to Euro 49 million in the 3rd quarter (+ 123 %). Operating earnings

EBIT by quarter
Euro million



Sales by quarter
Euro million



(EBIT) for the first nine months improved from Euro 174 million to Euro 238 million (+ 37 %).

The **net surplus for the period** rose from Euro 2 million to Euro 20 million for the 3rd quarter and from Euro 77 million to Euro 112 million for the first nine months (+ 45 %).

Earnings per share improved in the first nine months of 2005/06 from Euro 1.16 to Euro 1.65. It should be noted in this respect that the capital increase on 15 November 2005 led to an increase in the number of shares from 50.7 million in the previous year to 54.9 million (weighted nine-month average).

The sharp increase in key earnings figures in the 3rd quarter of 2005/06 is primarily attributable to volume increases and improved margins in the waste-to-energy business of our non-recyclable waste incineration plants (environmental energy segment). We correctly assessed developments on the disposal market and expanded our waste incineration capacities in good time. The dynamic growth shown by the environmental energy segment was the key earnings driver at our group of companies in the 3rd quarter of 2005/06.

Moreover, our earnings in the 3rd quarter of 2005/06 were positively affected by the cost savings achieved by the "FOKUS" efficiency enhancement programme and by intercompany projects within our municipal utility network. These projects had not yet had any impact on earnings in the equivalent quarter in the previous year. The efficient expansion of our materials procurement network is making rapid progress and is on target in spite of the increase in raw material prices.

The earnings performance in the first nine-months of 2005/06 exceeded our expectations. This is particularly the case for our core business and our high-growth environmental energy segment. We have considerably increased our overall operating earnings power.

Due to seasonal factors, a weaker level of earnings is to be expected in the remaining 4th quarter of 2005/06, given that the sales contribution from the heating energy business is largely absent and that inspection and construction measures are generally undertaken during the summer months. Moreover, we expect considerable charges on earnings from the grid regulation measures and from write-downs in Poland. Given the pleasing performance in the first nine months of 2005/06, however, we will be able to absorb these factors. Reference is made to the Outlook (Page 12 onwards) in respect of our earnings forecast.

Earnings performance of major shareholdings

The growth of our group of companies is driven by the expansion of our municipal utility network, the increased linking of the companies within the network and the exploitation of further synergy potential within the Group. Prior to consolidation, the shareholdings in German municipal utility companies and subgroups of MVV Energie AG generated sales of Euro 728 million in the first nine months of 2005/06 (previous year: Euro 655 million) and operating earnings (EBIT) of Euro 96 million (previous year: 85 million).

Stadtwerke Kiel AG increased its sales by 13 % to Euro 307 million and its operating earnings (EBIT) by 37 % to Euro 42 million. This was mainly due to higher sales in its district heating and gas businesses, to cost savings and to a one-off item relating to the statement of a provision in the previous year. Work was begun in June 2006 on the construction of a third gas cavern. Following its completion (2012), this will have a storage capacity of 70 million m^3 of gas. These additional stocks will increase supply reliability and provide additional flexibility in the increasingly liberalised gas market.

Sales at **Energieversorgung Offenbach AG (EVO)** rose by 4 % to Euro 248 million and operating earnings (EBIT) by 6 % to Euro 32 million. The rejection of the price increase applications in the electricity business led margins to decline. EVO will hold 30 % of the shares in the joint grid company to be founded with MVV Energie AG as of 1 October 2006.

Stadtwerke Solingen GmbH (SWS) increased its sales by 15% to Euro 84 million. Successful cost savings measures made it possible to avoid passing on the increase in procurement prices to end customers in full. At Euro 10 million, operating earnings (EBIT) were at the same level as in the previous year. The "IMPULS" efficiency enhancement programme is to be launched following the summer break to enable the company to maintain this pleasing level of earnings following the expected reduction in grid utilisation fees.

Sales at **Stadtwerke Ingolstadt Beteiligungen GmbH (SWI)** rose by 23 % compared with the first nine months of the previous year to reach Euro 75 million. This was chiefly due to a new gas supply agreement with a large industrial customer, as well as to initial sales from energy-related services. Operating earnings (EBIT), by contrast, fell by Euro 1 million to Euro 10 million. This was primarily the result of a decline in margins in the electricity and gas businesses, given that it was not possible to pass on the sharp increase in procurement prices on the sales side in full.

As a result of growth in the gas, district heating and value-added services businesses, sales at **Köthen Energie GmbH** rose to Euro 14 million (+ 31 %) and operating earnings (EBIT) to Euro 2 million (+ 13 %).

Sales at our **Czech** and **Polish subgroups** rose by 16 % and 17 % respectively in the first nine months of 2005/06 to reach around Euro 43 million in each case. As a result of one-off items in the previous year, the operating earnings (EBIT) of our Czech group of companies declined by 4 % to Euro 10 million. Operating earnings (EBIT) at our Polish subgroup rose from Euro 2 million to Euro 4 million, mainly as a result of the release of provisions. The restructuring of our Polish group of companies has not yet been completed. We expect the impairment test at our SEC Szczecin Sp.z o.o. shareholding to result in a charge on earnings in the 4th quarter of 2005/06.

Balance Sheet

In view of IFRS Standard IAS 1 (2004) requiring application for the first time, with effect from the first interim financial statements for the 2005/06 financial year we have structured the assets and liabilities in the balance sheet in terms of their respective maturities. Further details can be found in the supplementary information in the interim financial statements from Page 18 onwards.

The total assets of the MVV Energie Group have risen by 13 % compared with the previous balance sheet reporting date (30 September 2005) to reach Euro 3.3 billion. This increase is primarily attributable to two factors:

On the one hand, mandatory application is to be made for the first time of IAS 39 (2004). This has resulted in a specification of the so-called "Own Use Exemption" and to a change in the depiction of energy trading transactions. The initial application has resulted in an increase of Euro 144 million in other assets and of Euro 143 million in other liabilities (see Page 18 for further details).

Moreover, there has also been an increase in accounts receivable and accounts payable. This is a seasonal factor resulting from the main share of the heating period falling in the first nine months of the financial year (disproportionate consumption compared with fixed payment instalments). This seasonal factor was reinforced by higher prices for energy and waste disposal (price effect) and by a high volume of supplies not yet invoiced, relating in part to the sharp increase in the supply of electricity on a national basis (invoicing effect).

The equity ratio has increased from 29.4 % on 30 September 2005 to 30.4 % as a result of the capital increase in November 2005 and of the pleasing operating earnings performance.

Cash flow

The cash flow based on DVFA/SG increased by Euro 44 million compared with the previous year to reach Euro 220 million. By contrast, the inflow of funds from operating activities declined by Euro 32 million to Euro 72 million. This was mainly due to the rise in accounts receivable as a result of price increases, seasonal factors and invoicing effects. The higher sales volumes resulting from the cooler temperatures in the 2005/06 heating period stand in contrast to the fixed instalments paid by customers, which had been set on the basis of the comparatively mild weather conditions in the 2004/05 heating period.

The outflow of funds for investment activities, which amounted to Euro 135 million, is mainly due to the investments outlined below. The largest share of these relates to the construction of the new Leuna II non-recyclable waste incineration plant. As a result of the high outflow of funds for this investment in our expansion, which will only generate cash flows in subsequent years, and due to the lower inflow of funds from operating activities for the reasons outlined above, a negative free cash flow of Euro 57 million has been reported for the first nine months of 2005/06. Following adjustment for the investments in our expansion / growth (Euro 84 million), the free cash flow is positive and amounts to Euro 27 million.

The inflow of funds from financing activities in the first nine months of 2005/06 was principally attributable to the successful execution of the capital increase.

A detailed cash flow statement can be found on Page 16 of this interim report.

Investments

The MVV Energie Group invested a total of Euro 149 million in the first nine months of the 2005/06 financial year (previous year: Euro 155 million). Of this sum, Euro 130 million was invested in property, plant and equipment and in intangible assets (previous year: Euro 114 million) and Euro 19 million in financial assets (previous year: Euro 41 million).

One focus of investment related to the construction of the new Leuna II non-recyclable waste incineration plant and the optimisation of the biomass heat and power plant in Altenstadt. Further investments in property, plant and equipment related to the replacement of a condensing turbine at the waste-to-energy plant in Mannheim and to the extension and optimisation of supply facilities and distribution grids at MVV Energie AG and its shareholdings in Germany and abroad. Work was begun in Kiel, for example, on the construction of a third gas cavern and was continued in Offenbach on the renewal of the air capacitor at the waste-to-energy plant.

The investments in financial assets include the acquisition of IVB Immobilien Versorgung GmbH Berlin. Furthermore, Stadtwerke Solingen GmbH also contributed its equity share to Trianel Power Projektentwicklungs GmbH & Co. KG (TPPE), thus securing procurement rights for 20 MW of electricity from the steam and gas power plant currently being built in Hamm-Uentrop.

A total of Euro 84 million was invested in our growth areas in the first nine months of the 2005/06 financial year. This is equivalent to 94 % of the proceeds from the capital increase.

Financing

The reduction in short-term financial liabilities was offset by a sharper increase in long-term financial liabilities. The net financial liabilities of the MVV Energie Group (financial liabilities less cash and cash equivalents) increased during the first nine months of 2005/06 by 4 % to Euro 1.2 billion. The changes can be seen in the cash flow statement on Page 16.

As a result of seasonal factors and pricing adjustments, there has also been an increase in accounts payable since 30 September 2005.

The increase in other liabilities resulted from the amended accounting treatment of energy trading transactions, which were subject to valuation for the first time pursuant to IAS 39 (2004). Further details can be found on Page 18 of this interim report.

The increase in tax liabilities is the result of higher earnings, for which the related payments only have to be made at a future date.

The rise in group reserves is mainly attributable to the inflow of funds from the capital increase in the middle of the 1st quarter of 2005/06. This had a positive impact on the development of net interest expenses in the first nine months of 2005/06. In spite of the financing of investments in growth, there has been an improvement in the negative net interest expenses compared with the first nine months of 2004/05.

Segmental Report

Electricity Segment – acquisitions success with the new "Electricity Fund" product

With sales of Euro 797 million in the first nine months of 2005/06, the electricity business is the strongest segment in our group of companies in terms of sales. The increase of Euro 75 million (+ 10 %) compared with the previous year is predominantly due to the higher sales generated at the MVV Energie AG parent company. The highest growth was achieved for electricity sales on a national basis. MVV Energie AG once again succeeded in acquiring numerous new industrial and commercial in this area in the 3rd quarter of 2005/06. The shareholdings in Kiel, Solingen, Offenbach and Ingolstadt also achieved increases in their electricity sales.

The turnover reported for the electricity segment (excluding electricity volumes relating to the environmental energy and value-added services segments) rose to 13.8 billion kWh, an increase of 4 % compared with the first nine months of the previous year. Turnover increased in both the electricity wholesale and the end customer businesses. The pleasing growth of 10 % in volumes in the business with end customers (private, industrial and commercial customers) is primarily attributable to considerable increases in the supply of electricity by MVV Energie AG on a national level.

Our successful "Electricity Fund" product, which is aimed at medium-sized industrial and commercial customers, represents an innovation in the electricity sector. Ever larger numbers of companies are increasingly relying on the electricity fund offered by MVV Energie AG to enable them to purchase electricity as inexpensively as possible. In the first nine months of 2005/06, a sales volume of 503 million kWh was supplied to 66 customers, some of which have switched from special agreements to the electricity fund. Electricity fund volumes of 660 million kWh and 1.8 billion kWh have already been acquired for the overall 2006 calendar year and for 2007 respectively. The electricity fund is now also being marketed by our shareholdings in Offenbach, Kiel and Köthen.

Operating earnings (EBIT) in the electricity segment amounted to Euro 38 million in the first nine months of 2005/06 (previous year: Euro 43 million). The decline in earnings is principally due to a lower level of earnings contributions from Energieversorgung Offenbach AG (EVO). Margins at this company were negatively affected by the rejection of its price increase applications, given that it was not possible to pass on the substantial rise in procurement prices. In Solingen, the price increase applied for as of 1 January 2006 was only approved in part. As announced in the 2nd quarter of 2005/06, MVV Energie AG has not increased its prices.

Sales of the MVV Energie Group by segment

First Nine Months, 1.10. – 30.6.

Euro million	**2005/2006**	2004/2005	% change
Electricity[1]	797	722	+ 10
District heating	246	218	+ 13
Gas[2]	403	319	+ 26
Water	78	79	– 1
Value-added services[3]	98	75	+ 31
Environmental energy	147	90	+ 63
Other/consolidation[3]	28	27	+ 4
	1 797	1 530	+ 17

[1] including electricity tax of Euro 84 million (previous year: Euro 80 million)

[2] including gas tax of Euro 56 million (previous year: Euro 55 million)

[3] see notes on Page 19

District heating segment – improvement in earnings due to higher prices and cooler weather conditions

District heating sales rose by 14 % in the 3rd quarter and by 13 % to Euro 246 million in the first nine months of 2005/06. All of the companies in our Group with district heating activities achieved double-digit growth rates compared with the previous year. This pleasing development is attributable to price adjustments, by means of which we passed on to the sales side the higher procurement prices resulting from the development in oil and coal prices. Moreover, district heating sales also benefited from the cooler weather conditions, particularly in the months from January to April 2006.

The turnover in the district heating segment, excluding the district heating volumes relating to environmental energy and value-added services included in the table on Page 8, rose to 6.0 billion kWh in the first nine months of 2005/06 (+ 3 %). Of this sales volume, 65 % related to the German market and 35 % to our foreign markets in the Czech Republic and Poland.

Operating earnings (EBIT) in the district heating segment increased by 33 % on the previous year to reach Euro 73 million and thus accounted for 31 % of the overall operating earnings (EBIT) of our group of companies in the first nine months of 2005/06. Apart from the positive impact of weather conditions, this increase was primarily due to our shareholdings in Offenbach and Kiel.

Gas segment – high sales growth due to price and volume increases

Sales in our gas segment rose by 18 % in the 3rd quarter and by 26 % in the first nine months of 2005/06. With sales of Euro 403 million in the first nine months of 2005/06, the supply of gas was the second-largest business segment at our group of companies. The high level of sales growth in the first nine months of 2005/06 was attributable to increases at all of the companies operating in the gas business. This growth was chiefly due to price adjustments at the shareholdings and to a higher volume of gas turnover in the end customer business as a result of weather conditions. As announced, the MVV Energie AG parent company did not increase its gas prices during the quarter under report. Our companies are facing intense competition in the secondary distribution and industrial customer businesses. We nevertheless achieved overall growth of 3 % in gas turnover in the first nine months of 2005/06.

The earnings of our companies have been negatively affected by quarterly gas procurement price increases, which follow those on the oil market with a certain delay. Regardless of this factor, cost savings and other income resulting from the release of a provision at our shareholding in Kiel mean that we nevertheless succeeded in increasing our segment earnings (EBIT) to Euro 51 million in the first nine months of 2005/06, equivalent to an increase of Euro 8 million on the same period in the previous year.

Sales Volumes of the MVV Energie Group[1]

First Nine Months, 1.10. – 30.6.	2005/2006	2004/2005	% change
Electricity (kWh million)	14 405	13 557	+ 6
of which wholesale (kWh million)	7 012	6 848	+ 2
of which retail (kWh million)	7 393	6 709	+ 10
District heating[2] (kWh million)	6 749	6 807	– 1
Gas (kWh million)	10 210	9 912	+ 3
Water (m^3 million)	42.5	44.0	– 3
Combustible waste delivered (tonnes 000s)	925	581	+ 59

[1] total sales volumes of all segments
[2] correction in previous year's figure

Water segment – rise in earnings despite lower sales

Our water business provides our customers with superb quality drinking water.

Sales in the water segment fell by Euro 1 million to Euro 78 million in the first nine months of 2005/06. This decline was mainly due to a volume and price-induced downturn in sales at our Offenbach shareholding, as well as to non-period income at the Kiel subgroup in the previous year. The decline in volumes at the MVV Energie AG parent company was compensated for by price increases.

Operating earnings (EBIT) in the water segment rose to Euro 16 million, an increase of Euro 4 million on the equivalent period in the previous year, in spite of the decline in sales. This increase was attributable to an improvement in earnings at MVV Energie AG, as well as at its shareholdings in Solingen and Kiel, which were in some cases due to cost savings and in the case of Kiel to internal sales and a higher level of other income.

Environmental energy segment – strong growth

The environmental energy segment reported the highest rate of year-on-year sales and operating earnings growth of all business segments in the first nine months. Sales rose by Euro 57 million to Euro 147 million (+ 63 %). Operating earnings (EBIT) improved by Euro 37 million to Euro 56 million. The performance of the segment thus exceeded our ambitious budget targets.

This strong growth is primarily attributable to initial sales at the new non-recyclable waste incineration plant in Leuna and to increased waste deliveries following the entry into force of the Technical Guidelines for the Disposal of Municipal Solid Waste (TASi), as well as to new deliveries from the Karlsruhe region. Moreover, earnings have also been positively affected by improved capacity utilisation levels at our plants, the considerable increase in commercial waste prices compared with the disposal prices for municipal waste volumes since the entry into force of the TASi and the higher prices for the electricity volumes generated at our non-recyclable waste incineration plants. As a result of scheduled, necessary inspections, however, the high current level of throughput will not be maintained in the 4th quarter.

Value-added services segment – successful integration of new companies

Following the resolution adopted by the Annual General Meeting of MVV Energie AG, the spin-off of energy-related services to MVV Energiedienstleistungen GmbH was entered in the Commercial Register on 24 May 2006 and thus took retrospective effect as of 1 October 2005.

The value-added services segment includes the value-added services provided by MVV Energiedienstleistungen GmbH and its current consolidated shareholdings, as well as the value-added services provided by the municipal utility shareholdings in Offenbach, Kiel, Köthen und Ingolstadt. The segment figures for the previous year have been adjusted in line with the new structure.

EBIT of the MVV Energie Group by segment

First Nine Months, 1.10. – 30.6.

Euro million	**2005/2006**	2004/2005	% change
Electricity	38	43	– 12
District heating	73	55	+ 33
Gas	51	43	+ 19
Water	16	12	+ 33
Value-added services[1]	7	6	+ 17
Environmental energy	56	19	+ 195
Other/consolidation[1]	– 3	– 4	+ 25
	238	174	+ 37

[1] see notes on Page 19

The sales of the value-added services segment rose to Euro 98 million, an increase of Euro 23 million (+ 31 %) on the first nine months of the previous year. Operating earnings (EBIT) improved from Euro 6 million in the equivalent period in the previous year to Euro 7 million during the period under report.

The largest share of the high level of sales growth stems from the "Industrial Solutions" and "Communal Solutions" product areas at MVV Energiedienstleistungen GmbH. The figures for these areas included the services provided by the fully consolidated companies Biomasse-Heizkraftwerk Altenstadt GmbH, Altenstadt, ENSERVA GmbH, Solingen, and MVV Energiedienstleistungen Industrial Solutions Bayern GmbH, Ingolstadt, for the first time during the period under report.

Our municipal utility shareholdings in Offenbach, Kiel and Köthen also expanded their value-added services businesses, contributing to the positive performance of the segment. The value-added services business at Stadtwerke Ingolstadt was consolidated for the first time during the period under report.

Research and Development

Patent for the renovation of district heating pipelines

Following two years of work, employees of MVV Energie AG have developed a novel pipe-in-pipe renovation procedure for district heating pipelines, which was patented during the quarter under report. In the event of any corrosion or isolation damage, a second pipe with a smaller diameter is inserted into the damaged district heating pipe. The lifetime of the renovated pipeline is comparable with that of a newly laid district heating pipeline. The new procedure enables costs to be reduced by around 30 % to 40 %. The procedure is being tested in practice and enhanced in a pilot project at one of our eastern European shareholdings.

Two-year field test with fuel cell prototype

As a result of the technical testing and economic evaluation of smaller-scale energy facilities, such as fuel cells and Stirling motors, MVV Energie AG has already gained several years of operating experience with innovative technologies. Together with EnBW Energie Baden-Württemberg AG, we will be undertaking a two-year field test involving the use of a fuel cell to supply electricity and heating to a building in Schwetzingen. The prototype of a low-temperature fuel cell heating appliance is to be connected to the gas grid, showing an electrical output of 1.5 kW and a heating output of 3 kW. Fuel cell technology enables CO_2 emissions to be reduced.

Personnel Totals	**2005/2006 30. 6. 2006**	2005/2006 31. 3. 2006	2004/2005 30. 6. 2005	Change on 30. 6. 2005
MVV Energie AG[1]	1 545	1 616	1 698	– 153
Fully consolidated shareholdings	3 191	3 138	3 085	+ 106
MVV Energie AG with fully consolidated shareholdings	**4 736**	**4 754**	**4 783**	**– 47**
Proportionately consolidated shareholdings	1 578	1 576	1 588	– 10
MVV Energie Group[2]	**6 314**	**6 330**	**6 371**	**– 57**
External personnel at Mannheim waste-to-energy plant	52	53	58	– 6
	6 366	**6 383**	**6 429**	**– 63**

[1] including 60 employees of MVV RHE AG (previous year: 67)

[2] including 255 trainees (previous year: 242)

Employees

The MVV Energie Group had a total of 6 314 employees as of 30 June 2006. This therefore represented an overall decline of 57 in the number of employees since the previous year, as well as of 16 since the previous quarter. The number of trainees at the MVV Energie Group rose to 255, equivalent to an increase of 13 compared with the same period in the previous year.

The significant year-on-year decline in personnel MVV Energie AG (including MVV RHE AG) by 153 employees is mainly the result of the reduction in personnel within the framework of our "FOKUS" efficiency enhancement programme, which is running on schedule. The decline compared with the previous quarter is chiefly due to the transfer of 64 employees to the MVV Energiedienstleistungen GmbH subsidiary, which was consolidated for the first time following its spin-off in the quarter under report. This transfer of personnel is also responsible for the largest share of the increase in personnel totals at fully consolidated shareholdings. Moreover, the figures have also been supplemented by further employees from other companies fully consolidated for the first time.

The slight reduction in personnel totals at the proportionately consolidated shareholdings compared with the previous year is mainly attributable to the Polish subsidiary SEC Szczecin Sp.z o.o.. Overall, our foreign shareholdings had a total of 1 413 employees at the end of the quarter under report (previous year: 1 479). The number of employees in Germany increased by 9 to 4 901.

The MVV Energie AG Share

Share price temporarily reaches new all-time high

Our share price increased by 24 % compared with 30 June 2005 to reach Euro 21.00. Accounting for the dividend distribution of Euro 0.75 per share, the performance even amounted to +28 %. The market capitalisation of MVV Energie AG rose to Euro 1 170 million as of 30 June 2006.

Our share price thus developed in line with its benchmark indices – the SDAX (+ 23 %) and Prime Utilities (+ 29 %). We see the fact that our share compensated without any difficulty for the negative impact resulting from the capital increase undertaken in November 2005 as proof of the trust placed in our corporate strategy by the capital markets. However, from mid-May onwards the MVV Energie AG share also declined in line with the overall correction on the stock markets. The quarterly high was simultaneously the new all-time high, amounting to Euro 25.40 in Xetra trading. The quarterly low amounted to Euro 19.11. On account of the increase in the free float resulting from the capital increase, there was a renewed substantial increase in the volume of MVV Energie AG shares traded on the stock markets. With an equivalent value of Euro 135 million, trading volumes were 168 % higher than in the first nine months of 2004/05.

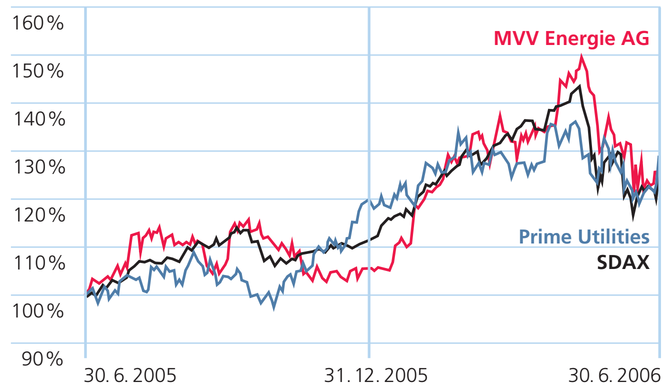
Following the end of the quarter under report, our share price showed a slight decline in the difficult overall market climate, being listed at Euro 20.70 in Xetra trading on 10 August 2006. One reason for this could be the uncertainty surrounding the extent of the charge on earnings expected to result from the level of grid utilisation fees approved by the regulatory authorities.

Conversion to registered shares

On 20 June 2006, we converted our share, which had previously been listed as a bearer share, into a registered share. We aim to draw on the data resulting from the maintenance of a shareholder register in order to achieve even more targeted and direct communications with our shareholders.

We are confident that the media, which did not account for the conversion to registered shares from the very beginning in their reports on the share price, will in future also return to their customary degree of accuracy in their reports on the development of our share price.

Performance Comparison
of the MVV Energie AG Share (ISIN DE000A0H52F5)



Active investor relations

We outlined the strategy and performance of the MVV Energie Group during the 3rd quarter of 2005/06 at road shows in Paris and Amsterdam, at a teleconference and within the framework of a conference held for private investors in Stuttgart, as well as at numerous discussions with financial investors.

In the 2006 Investor Relations Prize awarded by the business magazine Capital, we came ninth out of the 50 companies in the SDAX, thus once again achieving a position in the top ten.

Outlook

Markets

We do not expect either the price increases for oil, gas, coal and electricity or macroeconomic developments to have any major impact on our earnings situation for the remainder of the 2005/06 financial year. As a result of the entry into force of the Technical Guidelines for the Disposal of Municipal Solid Waste (TASi) on 1 June 2005, we expect there to be a high level of demand on the waste market for incineration capacities in Germany in the next one to two years and that prices for the incineration of industrial and commercial waste will therefore remain high. This is also expected to impact positively on our business performance, as is the development in the market for energy-related services in Germany, where we expect to continue to see annual growth in the high double digit percentage range.

Regulation

The applications we submitted to the respective regulatory authorities for the approval of grid utilisation fees for electricity and gas have not yet been conclusively decided on. It is therefore difficult to assess the extent of the impact on our grid utilisation fees and revenues. However, we assume that the annual impairment tests could result in write-downs being required at some municipal utility shareholdings as a result of the new regulatory and pricing framework. We assume that the entry into force of incentive regulation expected from 1 January 2008 will lead to further pressure on grid utilisation fees. Similar to the agreement concerning market areas and access conditions in the gas market on the basis of cooperation agreements, this could also intensify competition in the German electricity and gas market.

Further cost savings and efficiency enhancement measures targeted

We will offset the charge on earnings expected from regulation in order to maintain the required degree of competitiveness. The "FOKUS" efficiency enhancement programme in the administrative divisions at Mannheim is running on schedule. The "Optimisation of Operating Processes" project already underway aims to achieve further cost savings in the technical operations management divisions in Mannheim . The new organisational structure is to be implemented as of 1 January 2007.

We also expect to achieve efficiency enhancements and cost savings from the pooling of the internal services of the MVV Energie AG parent company and the municipal utility shareholdings in Kiel, Offenbach, Ingolstadt and Solingen at a total of five joint subsidiaries, which are expected to commence operations as of 1 October 2006 (please see "Special events after the end of the quarter" on Page 13).

Further expansion planned for our municipal utility network and our high-growth divisions

Grid regulation will result in a marked downturn in earnings at many municipal utility companies in Germany. We expect this pressure on earnings to lead numerous municipalities to look for a strong partner for their municipal utility companies or to sell their shares in such companies. As the largest municipal utility group in Germany, the MVV Energie Group intends to expand its existing network further by means of shareholdings and cooperations. In view of our proven track record in the further development of our municipal utility shareholdings and given the antitrust restrictions on large vertical players, we believe that we have a good chance of prevailing over other bidders at any sales of municipal utility companies.

Further growth potential could arise in Eastern Europe, where we intend to participate in a bidding process for district heating companies in Slovakia via our profitable shareholding in the Czech Republic.

We are also closely monitoring developments on the waste market and are investigating further possible locations for non-recyclable waste incineration plants in terms of their economic feasibility. We expect to be able to make further investments in this area in the foreseeable future. Our second non-recyclable waste incineration plant currently being built at Leuna is expected to commence operations in the autumn of 2007.

In the rapidly growing market for energy-related services we intend to expand with additional projects and, if appropriate, also by means of further acquisitions.

To finance future investments, we expect to undertake a capital increase not excluding shareholders' subscription rights in the coming 2006/07 financial year.

Earnings forecast on target

The dependence of our district heating and gas businesses on weather conditions means that we expect to see a negative EBIT contribution in the 4^{th} quarter of 2005/06, as in previous years, as a result of seasonal factors. Moreover, partly due to necessary inspection work, we expect our waste-to-energy plants to generate a lower earnings contribution than in the previous quarters. Finally, particularly as a result of the implications of the forthcoming grid regulation, we expect write-downs to be required at some our municipal utility shareholdings before the end of the current financial year.

Given the very positive development seen in operating earnings, however, we will be able to compensate for the negative factors outlined above and therefore affirm the increased forecasts published in January 2006 for sales (Euro 2.25 billion), operating earnings (EBIT: Euro 195 million) and earnings before tax (EBT: Euro 133 million).

Special events after the end of the quarter

MVV Energie AG sold its telecommunications subsidiary MAnet GmbH on the basis of a notarised purchase agreement dated 6 July 2006 to the Ludwigshafen-based company PfalzKom GmbH, a subsidiary of Pfalzwerke AG, as of 1 October 2006 and has thus parted company with a further peripheral business division.

On 21 July 2006, MVV Energie AG and EnBW Regional AG each acquired 10 % of the shares in Stadtwerke Schwetzingen. The municipality of Schwetzingen continues to hold a majority of 59.9 % of the shares, while Stadtwerke Heidelberg AG owns 20.1 %. We view our acquisition of shares in Schwetzingen as representing an initial step in our cooperation with other municipal utility companies in the Rhine/Neckar region.

With an image campaign launched at the end of July 2006, MVV Energie AG is presenting itself to its customers in the metropolitan Rhine/Neckar region as a reliable, quality-conscious, forward-looking and environmentally-aware company conscious of its responsibilities. We intend to use advertisements, posters, media advertisements and campaigns in the coming months in order to actively address our customers, thus raising customer retention levels. With this campaign we are confidently confronting the change in market conditions and the increasing competitive pressure.

On 1 August 2006, the Supervisory Board of MVV Energie AG approved the proposal made by the Executive Board in respect of the establishment of five shared-service companies. This proposal involves the MVV Energie AG parent company cooperating with its shareholdings in Stadtwerke Kiel AG and Energieversorgung Offenbach AG, as well as with Stadtwerke Solingen AG and Stadtwerke Ingolstadt Beteiligungen GmbH, to establish joint subsidiaries for grid operations, information technology, metering, invoicing and energy trading by the end of September 2006. The pooling of tasks will enable us to meet the new legal requirements governing grids, as well as to realise synergy potential amounting to around Euro 12 million per year in the coming years.

A basic agreement has been reached between the executive boards of the companies and the Group Works Council with regard to the employees affected by the establishment of the shared service companies. A total of 130 jobs, 50 of which in Mannheim, are to be cut in a socially responsible manner at the group of companies over a period of five years. The proposal still has to be approved by the supervisory bodies of the shareholdings in the coming weeks.

Interim Financial Statements First Nine Months of 2005/2006 (IFRS)

Balance Sheet as of 30. 6. 2006

Balance Sheet of the MVV Energie Group Euro 000s	**30. 6. 2006**	30. 9. 2005
Assets		
Fixed assets		
Intangible assets	324 531	317 485
Property, plant and equipment	1 867 167	1 843 290
Shareholdings valued at equity	91 316	90 897
Other financial assets	57 500	52 142
Receivables and other assets	8 232	4 094
	2 348 746	2 307 908
Current assets		
Inventories	48 624	45 348
Accounts receivable	488 891	327 123
Other assets	241 136	72 284
Tax claims	47 217	18 454
Cash and cash equivalents	108 118	127 975
	933 986	591 184
	3 282 732	2 899 092
Equity and Liabilities		
Equity		
Share capital of MVV Energie AG	142 602	129 802
Group reserves	481 833	423 986
Net earnings of the MVV Energie Group for the period	138 316	68 976
Capital of the MVV Energie Group	**762 751**	622 764
Minority interests	235 092	230 839
	997 843	853 603
Long-term debt		
Provisions for pensions and similar obligations	32 533	31 382
Other provisions	82 450	86 045
Financial liabilities	1 080 130	917 110
Other liabilities	29 464	27 052
Deferred tax liabilities	186 312	187 761
	1 410 889	1 249 350
Short-term debt		
Provisions	159 767	167 635
Financial liabilities	235 410	373 578
Accounts payable	157 840	151 464
Other liabilities	234 475	76 551
Tax liabilities	86 508	26 911
	874 000	796 139
	3 282 732	2 899 092

Income Statement from 1.4.2006 to 30.6.2006 and cumulative from 1.10.2005 to 30.6.2006

Income Statement of the MVV Energie Group Euro 000s	3rd Quarter, 1.4. – 30.6. **2005/2006**	2004/2005	Nine Months, 1.10. – 30.6. cumulative **2005/2006**	2004/2005
Sales	506 839	434 770	1 797 050	1 529 903
Capitalised own-account services	8 154	18 062	26 853	45 977
Other operating income	22 084	19 561	69 153	51 174
Cost of materials	306 637	278479	1 086 593	933 807
Personnel expenses	68 424	70 189	206 964	210 866
Other operating expenses	82 533	72 198	256 957	211 245
Income from shareholdings in associated companies	6 255	6 855	6 401	6 955
Other income from shareholdings	237	– 968	– 3 169	– 2 371
EBITDA	**85 975**	57 414	**345 774**	275 720
Depreciation	37 009	35 637	108 499	101 538
EBITA	**48 966**	21 777	**237 275**	174 182
Amortisation of goodwill	– 2	—	– 285	—
EBIT	**48 968**	21 777	**237 560**	174 182
Net interest expenses	– 15 736	– 17 011	– 47 325	– 49 119
EBT	**33 232**	4 766	**190 235**	125 063
Taxes on income	13 371	2 801	78 481	47 719
Net surplus for the period	**19 861**	1 965	**111 754**	77 344
Minority interests	2 298	2 176	21 381	18 549
Net surplus for the period after minority interests	**17 563**	– 211	**90 373**	58 795

Reconciliation:				
Net surplus for the period after minority interests			**90 373**	58 795
Earnings retained at MVV Energie AG from the previous year			48 152	36 398
Transfer of the at equity results of the MVV Energie Group for the current financial year to revenue reserves			– 209	– 2 712
Net surplus of the MVV Energie Group for the period as reported in the statement of changes in equity			**138 316**	92 481

Cash Flow Statement
1. 10. 2005 to 30. 6. 2006

Cash Flow Statement of the MVV Energie Group Euro 000s	2005/2006	2004/2005
Net surplus for the period	111 754	77 344
Depreciation of fixed assets	111 062	96 959
Change in long-term provisions	– 2 652	4 477
Other income and expenses not affecting payments	– 209	– 2 712
Subtotal for cash flow in accordance with DVFA/SG	**219 955**	**176 068**
Change in short-term provisions	37 645	27 178
Profit (previous year: loss) on disposals of property, plant and equipment	– 1 084	2 136
Profit (previous year: loss) on disposals of financial assets	– 2 181	1 193
Change in other assets	– 359 622	– 148 752
Change in other liabilities	177 762	46 061
Inflow of funds from operating activities	**72 475**	**103 884**
Proceeds from disposals of property, plant and equipment	5 678	2 681
Proceeds from disposals of financial assets	8 599	75 067
Investments in property, plant and equipment and in intangible assets	– 129 560	– 114 343
Investments in acquisitions, shareholdings and loans	– 19 344	– 41 038
Outflow of funds for investment activities	**– 134 627**	**– 77 633**
Proceeds from subsidy payments	5 898	7 649
Proceeds from the taking up of loans and leasing obligations	269 131	560 692
Payments for the redemption of loans	– 264 514	– 309 036
Inflow of funds from capital increase	88 769	—
Change in financial liabilities from cash pooling	893	– 262 860
Dividend payment	– 60 167	– 52 749
Inflow of funds (previous year: outflow) from financing activities	**40 010**	**– 56 304**
Change in cash and cash equivalents affecting payments	– 22 142	– 30 053
Change in cash and cash equivalents due to changes in reporting entity	2 193	– 15 303
Change in cash and cash equivalents due to currency conversion	92	2 351
Cash and cash equivalents as of 1. 10. 2005 (and/or 2004)	127 975	125 167
Cash and cash equivalents as of 30. 6. 2006 (and/or 2005)	**108 118**	**82 162**

Statement of Changes in Equity

Statement of Changes in Equity of the MVV Energie Group including minority interests Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Group reserves Statutory reserve and other retained earnings / consolidation	Differential amount from currency conversion	Market valuation of financial instruments	Net earnings of the MVV Energie Group	**Capital of the MVV Energie Group**	Minority interests	**Total**
Balance at 1. 10. 2004	129 797	178 270	201 831	– 3 390	– 870	104 034	**609 672**	239 788	**849 460**
Distribution of dividend	—	—	—	—	—	– 38 027	– 38 027	– 14 722	– 52 749
Net surplus for the period	—	—	—	—	—	58 795	58 795	18 549	77 344
Change in revenue reserves	—	—	32 321	—	—	– 32 321	—	—	—
Currency adjustments	—	—	—	5 925	—	—	5 925	1 550	7 475
Change in reporting entity	—	—	—	—	—	—	—	– 8 117	– 8 117
Adjustments not affecting earnings	—	—	5 102	—	1 549	—	6 651	– 869	5 782
Balance at 30. 6. 2005	129 797	178 270	239 254	2 535	679	92 481	**643 016**	236 179	**879 195**
Balance at 1. 10. 2005	129 802	178 293	237 215	8 367	111	68 976	**622 764**	230 839	**853 603**
Distribution of dividend	—	—	—	—	—	– 41 778	– 41 778	– 18 389	– 60 167
Capital increase	12 800	75 969	—	—	—	—	88 769	—	88 769
Net surplus for the period	—	—	—	—	—	90 373	90 373	21 381	111 754
Change in revenue reserves	—	—	– 20 745	—	—	20 745	—	—	—
Currency adjustments	—	—	—	– 31	—	—	– 31	212	181
Change in reporting entity	—	—	—	—	—	—	—	– 913	– 913
Adjustments not affecting earnings	—	—	—	—	2 654	—	2 654	1 962	4 616
Balance at 30. 6. 2006	142 602	254 262	216 470	8 336	2 765	138 316	**762 751**	235 092	**997 843**

Supplementary Information
3rd Quarter and First Nine Months of 2005/2006

Principles and methods

The interim financial statements of the MVV Energie Group compiled in accordance with International Financial Reporting Standards (IFRS) take account of the standards of the International Accounting Standards Board (IASB) valid as of 30 June 2006.

The financial statements of the companies fully or proportionately consolidated in the interim financial statements of the MVV Energie Group have been compiled on the basis of uniform accounting and valuation methods.

In addition to the balance sheet, the income statement and the statement of changes in equity pursuant to IAS 1, the financial statements also include a cash flow statement pursuant to IAS 7 and segmental reporting pursuant to IAS 14.

Several revised IFRS standards are to be applied as of the beginning of the 2005/06 financial year. These had the following principal implications for the interim financial statements as of 30 June 2006:

As a result of the initial application of **IAS 1 (2004)** "Presentation of the Financial Statements", the balance sheet is structured in terms of maturities. Assets and liabilities have accordingly been reported as short-term or long-term. In addition to cash and cash equivalents, short-term assets involve assets expected to be sold, utilised or realised within twelve months or within the usual course of a business cycle. Liabilities are reported as short-term in cases where they are to be redeemed within twelve months or within the usual course of a business cycle. Accordingly, inventories, accounts receivable and accounts payable are generally allocated to the short-term section. Loans and other assets are reported as short-term or long-term in accordance with their respective maturities.

Deferred taxes are generally classified as long-term.

In line with their long-term nature, provisions for pensions and similar obligations are reported under long-term liabilities. Other liabilities are classified in accordance with their respective maturities.

The initial application of **IAS 39 (2004)** "Financial Instruments: Recognition and Measurement" as of the beginning of the financial year and the resultant specification of the "Own Use Exemption" have resulted in amendments in the depiction of energy trading transactions. Accordingly, pending transactions intended to secure the market price in the field of energy trading increasingly fall under the scope of IAS 39 (2004) and have to be recorded as financial instruments, while the underlying transactions thereby secured (sales contracts) are generally not affected by IAS 39 (2004). This particularly affects energy trading commodity future transactions which require physical performance and which have to be resold in the context of adjustments to actual loads. The initial application of IAS 39 (2004) resulted in an increase of Euro 143 532 thousand in short-term other assets compared with their previous depiction, as well as in an increase of Euro 143 367 thousand in short-term other liabilities. The valuation of these contracts at market values has resulted in an increase of Euro 165 thousand in earnings before tax. Given that the initial application of IAS 39 (2004) has resulted in a reclassification of energy trading transactions in line with accounting requirements, the adjustment of the previous year's figures is not possible.

Some detailed issues concerning the application of IAS 39 (2004) to energy trading transactions have currently not yet been conclusively clarified. The possibility of there being refinements in the IFRS rules concerning the depiction of such items therefore cannot be excluded.

The initial application of the following standards had no implications or only minor implications on the interim financial statements: IAS 2 (2004) "Inventories", IAS 8 (2004) "Accounting Policies, Changes in Accounting Estimates and Errors", IAS 10 (2004) "Events After the Balance Sheet Date", IAS 16 (2004) "Property, Plant and Equipment", IAS 17 (2004) "Leases", IAS 21 (2004) "The Effects of Changes in Foreign Exchange Rates", IAS 24 (2004) "Related Party Disclosures", IAS 27 (2004) "Consolidated and Separate Financial Statements", IAS 28 (2004) "Investments in Associates", IAS 31 (2004) "Interests in Joint Ventures", IAS 32 (2004) "Financial Instruments: Disclosure and Presentation", IAS 33 (2004) "Earnings per Share" and SIC 12 (2004) "Consolidation – Special Purpose Entities".

Notes to the segments

With effect from the 2005/06 financial year, the companies MAnet GmbH and ENERGY InnovationsPortfolio AG & Co. KGaA will no longer be reported under the value-added services segment, but rather in the Other segment, in view of the fact that the business activities of these companies do not correspond to the traditional energy-related services business. The previous year's figures have been adjusted for reasons of comparison. The net impact on operating earnings (EBIT) from both companies amounts to Euro –0.2 million for the nine months under report and to Euro – 4.7 million for the first nine months of the previous year.

Reporting entity

In addition to MVV Energie AG, 44 German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights have been fully consolidated in the interim financial statements of the MVV Energie Group. The relevant control concept set out in IAS 27 requires the parent company to exercise a controlling influence in the case of fully consolidated companies. Eight companies have been proportionately consolidated. Eleven associated companies have been valued using the equity method.

The companies Biomasse-Heizkraftwerke Altenstadt GmbH, Altenstadt, ENSERVA GmbH, Solingen, and MVV Energiedienstleistungen Industrial Solutions Bayern GmbH, Ingolstadt, have been fully consolidated for the first time during the current financial year. The companies reginova GmbH, Ingolstadt, and Stadtwerke Solingen Netz GmbH, Solingen, have been proportionately consolidated for the first time.

The companies Cogebar – Cogeração de Barcelos Lda. and Cogesac – Cogeração do Ave, Lda., both based in Portugal, were removed from the reporting entity on account of their disposal.

There has been no change in the number of companies valued using the equity method.

The quarterly financial statements as of 30 June 2006 incorporate interim financial statements compiled as of the same reporting date by those companies which are fully and proportionately included in the consolidated financial statements.

Furthermore, those subsidiaries which, when considered both on an individual basis and as an entirety, are of minor significance to the consolidated financial statements in terms of sales, total assets and earnings contributions have not been included in the reporting entity, but have rather been reported as financial assets in the consolidated balance sheet.

Consolidation methods

The financial statements included in the consolidation have been converted into commercial balance sheets pursuant to IFRS on the basis of uniform standards.

The capital consolidation has been undertaken pursuant to IFRS 3 using the acquisition method based on the values assigned at the time of acquisition. Any resultant credit difference has been reported under fixed assets as goodwill, with its ongoing value being reviewed in line with IAS 36. Any remaining debit difference has been recorded in the income statement. Inter-company receivables and liabilities, as well as inter-company sales, income and expenses, have been offset against each other pursuant to IAS 27.

Major joint ventures have been proportionately included in the consolidated financial statements in line with IAS 31. Such joint ventures have been consolidated on the basis of the principles outlined above.

Key shareholdings in associated companies have been valued at equity pursuant to IAS 28.

1 Euro	Rate on reporting date		Average rate 1.10. – 30.6.	
	30.6. 2006	30.9. 2005	**2005/2006**	2004/2005
Polish zloty (PLN)	4.055	3.918	3.899	4.133
Czech crowns (CZK)	28.493	29.553	28.764	30.432

(Source: European Central Bank)

Currency conversion

The interim financial statements of foreign group companies have been converted into Euros in accordance with the functional currency concept outlined in IAS 21. This relates to the respective national currency at all companies thereby affected, in view of the fact that they conduct their business in their respective national currencies as independent foreign entities within the Group in financial, economic and organisational terms.

The conversion of separate financial statements compiled in foreign currencies has been based on the exchange rates depicted in the above table.

Assets and liabilities have been converted from their respective national currencies into Euros using the mean exchange rate valid on the reporting date. Income and expense items have been converted using the average exchange rate for the period under report.

Currency differences resulting from the conversion of the equity of the foreign companies in question or from the application of differing conversion rates for the balance sheet and the income statement have been offset against the equity without any impact on earnings.

Accounting and valuation principles

Assets have generally been stated at their cost of acquisition or manufacture, less scheduled depreciation. Liabilities have been stated at their updated cost of acquisition or at their expected repayment amounts. Long-term liabilities have been reported at current values.

One exception in this respect relates to certain financial instruments as defined in IAS 39, which have been stated at current values.

Earnings per share have been calculated as follows:

Earnings per share 1.10. – 30.6.	**2005/2006**	2004/2005
Net surplus for the period after minority interests (Euro 000s)	90 373	58 795
Number of shares in thousands (weighted nine-month average)	54 880	50 702
Earnings per share (Euro) pursuant to IAS 33	1.65	1.16

The calculation of earnings per share pursuant to IAS 33 for the quarter under report did not result in any dilution effects.

Financial Calendar

14. 11. 2006	Publication of preliminary results for the 2005/2006 financial year
11. 1. 2007	Annual Results Press Conference and Analysts' Conference
14. 2. 2007	Interim Report 1st Quarter of 2006/2007
9. 3. 2007	Annual General Meeting
12. 3. 2007	Payment of dividend

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