MVV Energie

Financial Report 3rd Quarter of 2008/2009

1 October 2008 – 30 June 2009

08/09

Key Figures

1 October 2008 – 30 June 2009

Key Figures of the MVV Energie Group Euro million	**2008/2009**	2007/2008	% change
Sales excluding electricity and natural gas taxes	2 482	2 042	+ 22
EBITDA before IAS 39[1]	357	358	—
EBITA before IAS 39[1]	250	251	—
EBIT before IAS 39[1]	250	251	—
EBT before IAS 39[1]	192	199	– 4
Net surplus for the period before IAS 39[1]	129	138	– 7
Net surplus for the period before IAS 39 after minority interests[1]	117	125	– 6
Earnings per share before IAS 39[1,2] in Euro	1.78	1.92	– 7
Cash flow before working capital and taxes	356	354	+ 1
Cash flow before working capital and taxes per share[2] in Euro	5.40	5.44	– 1
Free cash flow[3]	– 110	26	
Total assets (as of 30. 6. 2009 / 30. 9. 2008)	4 143	3 787	+ 9
Equity (as of 30. 6. 2009 / 30. 9. 2008)	1 168	1 270	– 8
Investments[4]	157	166	– 5
Number of employees[5]	5 926	6 296	– 6

[1] excluding non-operating valuation items for financial derivatives. Please see Page 6 onwards for further information

[2] increase in number of shares (weighted nine-month average) from 65.1 million to 65.9 million as a result of capital increase

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

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

[5] including external personnel at Mannheim energy from waste plant

Contents

Interim Group Management Report

2 Major Events in the 3rd Quarter of 2008/2009
3 The Share of MVV Energie AG
4 Business Framework
5 Earnings Position
9 Net Asset and Financial Position
11 Employees
11 Research and Development
12 Opportunity and Risk Report
12 Events After the Balance Sheet Date
13 Outlook

Business Segments

16 Developments in the Segments

Interim Consolidated Financial Statements

20 Balance Sheet
22 Income Statement
23 Statement of Changes in Equity
24 Segment Report
25 Cash Flow Statement
26 Notes on the Interim Consolidated Financial Statements
36 Responsibility Statement
Financial Calendar, Imprint

Interim Group Management Report

Major Events in 3rd Quarter of 2008/2009
1 April to 30 June 2009

Highlights in the 3rd Quarter

- New strategy project being compiled
- Work begun on expanding district heating grids
- MVV Energiedienstleistungen maintains its growth

Strategy project – setting course for the future

In the context of its MVV 2020 strategy project, the MVV Energie Group is preparing itself for the major challenges in the years ahead. An analysis of the status quo was followed in the quarter under report by the compilation of strategic options in the individual business fields. These are now being pooled into an overall strategy. We are thus laying a foundation for positioning ourselves successfully in the market in the medium to long term as well. At the same time, possibilities of optimising our existing business are currently being reviewed. Both measures are pursuing the objective of setting the right course for sustainable and profitable company growth in an increasingly tough market and competitive climate. The overall strategic concept is to be adopted in autumn 2009 already and subsequently implemented.

Expansion of district heating grids

Work began began in the quarter under report on building the district heating pipeline from Mannheim to Speyer, which is scheduled for completion in autumn 2010 (investment volume: Euro 18 million). The construction of the pipeline is being accompanied by an expansion of district heating to the municipality of Brühl. Construction work here began in July 2009. The municipality of Brühl and MVV Energie AG had signed a new district heating concession agreement in June 2009. The term of the gas concession agreement was extended at the same time for a further 20 years, thus securing the gas supply to those areas where district heating is unavailable. Also in June 2009, MVV Energie AG commenced work on the district heating expansion and consolidation programme in Mannheim, which is due for completion in 2013.

In June 2009, Energieversorgung Offenbach AG (EVO) began work on building a district heating pipeline to the Campus Heusenstamm business park and the municipal swimming pool. Two residential areas are to be connected to the district heating grid in a second stage.

MVV Energiedienstleistungen maintains its growth

MVV Energiedienstleistungen GmbH Berlin took over MVV Energiedienstleistungen Wohnen GmbH Co. KG, Berlin, in its entirety in May 2009. Previously, 49 % of the shares were still held by GSW Immobilien GmbH. The company is to merge with MVV Energiedienstleistungen GmbH Berlin as of 1 October 2009. By pooling expertise in the optimisation of energy and ancillary expenses, our Group is now even better positioned in Berlin. With more than 100 000 residential units supplied, MVV Energiedienstleistungen is already the market leader in supplying utilities to the housing sector in the federal capital.

In June 2009, MVV Energiedienstleistungen GmbH Nord commenced operations at its third biogas plant, located in Vosshöhlen/Schleswig-Holstein. This new plant, which generates environmentally-friendly electricity and heating energy from maize silage and cow dung, will in future supply around 1 500 households with CO_2-neutral energy.

Foundation of 8KU Renewables GmbH

The utility companies associated within 8KU, namely HSE – HEAG Südhessische Energie AG (Darmstadt), Mainova AG (Frankfurt am Main), MVV Energie AG (Mannheim), RheinEnergie AG (Cologne), and N-Ergie Aktiengesellschaft (Nuremberg), as well as the municipal utility companies in Hanover, Leipzig and Munich, established 8KU Renewables GmbH, a renewable energies joint venture, in June 2009. This company will focus in particular on wind projects and biomass plants, which are to be prepared by 8KU Renewables GmbH up to the investment stage. The cooperation will provide an opportunity to gain access to large-scale projects and to reduce entrepreneurial risks by spreading them across several partners. The cooperation will have no impact on existing plants.

The Share of MVV Energie AG

Turbulent capital markets – share largely stable

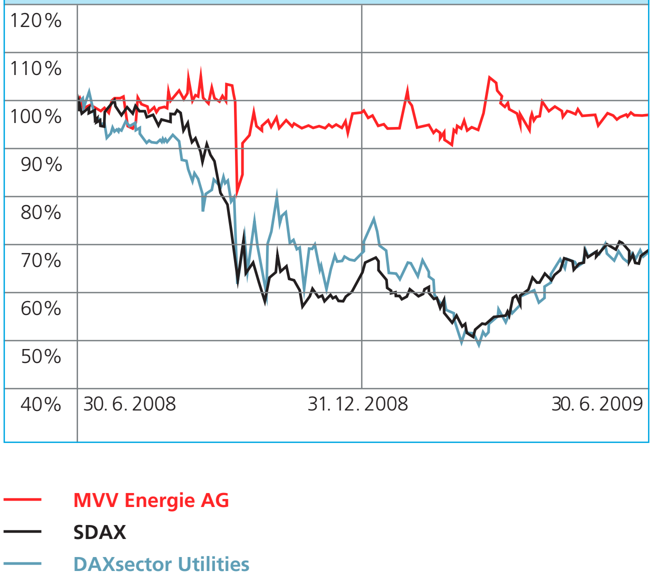
In the wake of the financial and economic crisis, the DAX, Germany's lead index, lost 25.1 % in value between June 2008 and the end of June 2009. In the quarter under report from April to June 2009, however, the index maintained the recovery from its annual lows of around 3 670 points in early March 2009. Notwithstanding significant fluctuations, the DAX rose by more than 16 % to around 4 800 points at the end of June 2009. The index thus lost some ground in the course of a consolidation compared with its highs of around 5 140 points in early June. At present, indices around the world are on the lookout for orientation. Further developments on international stock markets will crucially depend on economic data and the development in commodity prices.

A comparison of the reporting dates as of 30 June shows that MVV Energie's share dropped year-on-year by 5.8 % to Euro 30.99 in 2009. Including the distribution of a dividend of Euro 0.90 per share in March 2009, however, our share price only fell by 3.0 % in the period under report (see share performance chart). Comparative indices, by contrast, declined sharply, with the DAXsector Utilities (previously Prime Utilities) falling by 32.9 % and the SDAX by 31.5 %. The share of MVV Energie AG thus maintained its ground relatively well in this difficult market climate. The company's stable shareholder structure can be assumed to have played a role in this respect. Of its shares, 50.1 % are currently held by the City of Mannheim, 16.3 % by RheinEnergie and 15.1 % by EnBW. 18.5 % of the shares are in free float.

Our share reached its highest closing price in XETRA trading in the quarter under report at Euro 32.00 on 23 April 2009, while its lowest price was at Euro 29.90 on 14 April 2009. Trading volumes with shares in MVV Energie AG dropped by 9.2 % to 0.7 million shares in absolute terms and by 11.8 % to Euro 22.1 million in terms of their equivalent value in the 3rd quarter of 2008/09 compared with the previous year's quarter.

The market capitalisation amounted to Euro 2 042 million on 30 June 2009 and was thus Euro 127 million (– 5.9 %) lower than the equivalent figure for the previous year.

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



Award at Capital Investor Relations Prize 2009

In the 2009 investor relations competition organised by Capital, a business journal, MVV Energie AG was for the first time ranked 3rd among the 50 SDAX companies (15th position in the 2008 ranking). In cooperation with the Society of Investment Professionals in Germany (DVFA), Capital surveyed around 300 financial institutions in Germany and abroad in spring 2009, with almost 400 analysts and fund managers assessing IR activities at SDAX companies based on the criteria of target group focus, transparency, track record and extra financial reporting.

Business Framework

Market climate

The economic and financial crisis has also affected the energy industry, leading consumption to decline in the quarter under report, a development nevertheless only reflected to a limited extent in lower energy prices.

The average price of Brent crude oil rose from around $ 35 per barrel at the beginning of 2009 to just under $ 70 per barrel as of 30 June 2009. The price of natural gas, by contrast, remained relatively stable. As at the end of the previous quarter (31 March 2009), on the EEX NetConnect exchange the price of gas for delivery in 2010 amounted to around Euro 20/MWh as of 30 June 2009. The price of hard coal (2010 delivery) was listed at $ 86 (Euro 62) per tonne in the ARA region (Amsterdam, Rotterdam, Antwerp) as of 30 June 2009.

For emissions certificates, the average prices of EU emissions allowances (EUAs) and Certified Emission Reductions (CERs) both dropped by between Euro 1 and Euro 3 per tonne of CO_2 in the three month period from April to June 2009 compared with the previous quarter. At 30 June 2009, prices for the 2010 delivery year amounted to Euro 14 (EUA) and Euro 12 (CER) per tonne of CO_2.

As coal, natural gas and CO_2 prices changed only slightly, the price of electricity on the futures market also remained relatively stable. Base load deliveries for the 2010 calendar year cost an average of Euro 52/MWh between April and June 2009, and thus around Euro 3 more than in the 1st calendar quarter of 2009. Prices in short-term trading on the EEX spot market, by contrast, showed a further marked decline, falling on average from just under Euro 50/MWh in the previous quarter to Euro 32/MWh.

Energy policy developments

Following the adoption by the German Federal Parliament in early July 2009 of the ordinance reforming the equalisation mechanism in the German Renewable Energies Act (EEG), the mechanism for subsidising electricity generated from renewable energy sources will be significantly more transparent from January 2010. MVV Energie had long campaigned for this reform, which will relieve sales divisions operating in competitive markets of a high volume of risk, and thus also of costs.

As in the electricity market, with the launch of nationwide natural gas supplies at the end of 2008 MVV Energie has assumed a pioneering role in the sector. We are participating in current political discussions on the further development of this market and submitting constructive proposals. A survey we commissioned analyses those deficits still remaining and sketches potential solutions. These proposals aimed at enhancing market design have met with a positive reception within the political discussions.

External Sales of the MVV Energie Group by Segment First Nine Months, 1. 10. – 30. 6.

Euro million	2008/2009	2007/2008	% change
Electricity	1 312	1 013	+ 30
District heating	264	265	—
Gas	438	306	+ 43
Water	74	77	– 4
Value-added services	231	216	+ 7
Environmental energy	145	147	– 1
Other/consolidation	18	18	—
	2 482	2 042	+ 22

Earnings Position

Sales growth and stable operating earning performance in spite of economic crisis

The current economic crisis left its mark more clearly at the MVV Energie Group in the first nine months than in the 1st half of 2008/09. Operating enhancements enabled the effects of the economic crisis, most noticeable in the electricity and environmental energy segments, to be absorbed comparatively well. External sales (excluding electricity and natural gas taxes) rose year-on-year by Euro 440 million (+22%) to around Euro 2.5 billion in the first nine months of 2008/09. Adjusted for non-cash special items due to the fair-value measurement of financial derivatives at the reporting date, earnings for the first nine months of 2008/09 (EBIT before IAS 39) amounted to Euro 250 million and thus fell only slightly short of the previous year's figure of Euro 251 million.

This sales growth was chiefly driven by higher sales in the electricity, gas and value-added services segments. In the electricity segment (+ 30 %), cutbacks in production in the wake of the economic downturn led to lower turnover in the industrial customer business. However, we more than compensated for this downturn with increased electricity trading volumes for third-party customers and the market success of our nationwide electricity sales.

The sales growth in the gas segment amounted to +43%. This increase was mainly due to high initial sales volumes in the newly established nationwide gas business with industrial and commercial customers. Not only that, it was also driven by weather-related volume growth in the 2008/09 heating period, as well as by gas price increases due to the rapid rise in the oil price in previous year.

The value-added services segment (+ 7 %) benefited from initial sales following the launch of operations at the refuse-derived fuel power plant in Korbach, and from further growth in its real estate utility business. The decline in sales in the environmental energy segment was due to price and volume factors.

In the 3rd quarter of 2008/09 (April to June 2009), the external sales of the MVV Energie Group rose by 10 % to Euro 695 million. As expected, the lower rate of growth compared with the strong 1st half of 2008/09 (+ 27 %) was due to weather and price factors.

Cost of materials rose year-on-year by Euro 471 million (+ 34 %) to Euro 1 845 million in the first nine months of 2008/09. This sharp increase was due on the one hand to higher energy procurement costs in the electricity and gas businesses, and on the other to higher material expenses and third-party services. Together with our technology and sales departments, by extending the use of market-based target cost management our procurement department achieved substantial savings on large-scale procurement projects, such as the expansion of district heating in Mannheim.

Personnel expenses grew by Euro 11 million (+ 5 %) to Euro 234 million in the first nine months of 2008/09. This was primarily due to collectively agreed pay rises, as well as to an increase in the workforce in high-growth business fields.

Sales Volumes of the MVV Energie Group[1] First Nine Months, 1.10. – 30.6.

	2008/2009	2007/2008	% change
Electricity in kWh million[2]	15 152	13 328	+ 14
of which wholesale[2, 3]	5 758	4 088	+ 41
of which retail/secondary distributors[3]	9 394	9 240	+ 2
District heating in kWh million	6 701	6 344	+ 6
Gas in kWh million	9 382	8 115	+ 16
of which wholesale[3]	737	859	– 14
of which retail/secondary distributors[3]	8 645	7 256	+ 19
Water in m^3 million	39.4	41.6	– 5
Combustible waste delivered in tonnes 000s	1 167	1 170	—

[1] total volumes of all segments
[2] recalculation of own-account trading in year under report and previous year
[3] reallocation of secondary distributors in year under report and previous year

Other operating income dropped from Euro 710 million to Euro 326 million. This substantial decline was chiefly due to a lower volume of non-cash income from the reporting date measurement of commodities futures (energy trading derivatives, CO_2 emissions certificates and coal swaps), amounting to Euro 253 million (previous year: Euro 671 million).

This valuation-dependent income was countered in the **other operating expenses** item by non-cash expenses of Euro 462 million in connection with derivative financial instruments (previous year: Euro 483 million).

On a net basis, this valuation led to a negative item of Euro 209 million in the period under report. In the previous year, the fair-value measurement of financial derivatives at the reporting date resulted in a positive item of Euro 188 million.

Explanation of EBIT before IAS 39

For internal business management purposes, we refer to EBIT before IAS 39, i.e. operating earnings before interest and taxes excluding the impact of the fair-value measurement of financial derivatives at the reporting date. The reconciliation of the relevant EBIT before IAS 39 figure and EBIT as reported in the income statement is presented on Page 7.

MVV Energie procures the electricity volumes required for its customers via 24/7 Trading GmbH, either from external trading partners or on the exchange. The procurement contracts thereby concluded represent hedges for the sales contracts concluded with customers for delivery at later dates, so-called underlying transactions.

To minimise risk and hedge against price risks, we promptly secure the underlying transactions with hedges (especially forward contracts). At reporting dates, these hedges (financial derivatives) have to be measured and recognised at current fair values (IAS 39), while the underlying transactions may only be recognised in the accounts upon physical delivery on the performance date. The measurement of energy trading transactions as of the reporting dates ultimately balances out over the term from the date of contracting through to the date of delivery.

For a net buyer, such as the MVV Energie Group, the rise in market prices in the previous year led to large positive valuation item of Euro 188 million from the measurement of financial derivatives at the reporting date on 30 June 2008. Periods of falling market prices, such as the current 2008/09 financial year, however, lead to negative valuation items at net buyers.

The opposite impact of the measurement of financial derivatives (energy trading derivatives, CO_2 emissions certificates and coal swaps) reflects the substantial fluctuations in prices on these markets in 2008 and 2009. In line with developments in market prices, the negative valuation item for financial derivatives in the first nine months of 2008/09 (Euro –209 million) has lessened compared with the 1st half of 2008/09 (Euro –245 million). Whether positive or negative, these valuation items have no cash impact and no influence on our operating business.

For the 3rd quarter of 2008/09, the fair-value measurement as of 30 June 2009 led to a positive net valuation item of Euro 36 million for financial derivatives, as against Euro 144 million in the 3rd quarter of 2007/08.

Reconciliation of EBIT before IAS 39
with EBIT of the MVV Energie Group (Income Statement)
First Nine Months, 1. 10. – 30. 06.

Euro million	**2008/2009**	2007/2008	+/– change
EBIT before IAS 39	**250**	251	– 1
net valuation item for financial derivatives	– 209	188	– 397
= EBIT as reported in income statement	**41**	439	– 398

The negative net valuation item of Euro 209 million stated for financial derivatives in the reconciliation with the EBIT before IAS 39 figure used for management purposes is accounted for at the same amount in the other operating earnings figures, EBITDA, EBITA und EBT. For the net surplus for the period and earnings per share, account is taken of the net valuation item (less taxes).

In the interests of transparency and comparability, in our financial market reporting we explain the development in the operating earnings position of the MVV Energie Group and the earnings performance of business segments by reference to earnings after IAS 39, which provide a more meaningful indication of our sustainable earnings power (for all earnings figures including the valuation item, please also see "Notes to the Interim Consolidated Financial Statements" from Page 26 onwards).

Economic crisis impacts on key earnings figures

That operating earnings **(EBIT before IAS 39)** only showed a slight decline in the first nine months of 2008/09 in spite of the economic crisis is a reflection of the operating earnings power of our well-balanced business portfolio and of the support it provides to our earnings performance. The improvements in earnings in the district heating and gas segments made up for the downturns in the electricity and environmental energy segments. The district heating and gas segments benefited from volume growth due to cooler weather conditions in the 2008/09 heating period, price factors and the high share of our private customer business, which is relatively immune to economic developments. Moreover, in the gas segment optimisation and efficiency enhancement measures also facilitated cost savings in our operating business.

We generated EBIT before IAS 39 of Euro 38 million in the 3rd quarter of 2008/09 (3rd quarter of 2007/08: Euro 57 million), generally a weaker period due to seasonal factors. This year-on-year decline was largely due to lower earnings contributions in the electricity, district heating and environmental energy segments. Following the reduction in the oil price in the second half of 2008, our companies with gas activities introduced double-digit percentage price cuts in gas rates as of 1 April 2009. District heating prices were also reduced in Mannheim as of 1 April 2009. Prices are thus currently lower than in the 2007/08 financial year. The environmental energy segment was affected in particular by downtime at the energy from waste plant in Mannheim due to inspection measures, as well as by lower commercial waste prices. Further information can be found in the disclosures on business segments (from Page 16 onwards).

EBT before IAS 39 declined year-on-year by Euro 7 million (– 4 %) to Euro 192 million in the first nine months of 2008/09. When calculating adjusted income taxes before IAS 39, we also eliminate the effects of the fair-value measurement of financial derivatives at the reporting date. Tax expenses based on EBT before IAS 39 for the first nine months of 2008/09 were determined using the tax rate of 32.7 % expected for the overall 2008/09 financial year (previous year: 30.5 %). The variance in the tax rate is chiefly due to higher trade tax additions. Following the deduction of income taxes before IAS 39 of Euro 63 million (previous year: Euro 61 million), the **net surplus for the period before IAS 39** amounted to Euro 129 million in the first nine months of 2008/09, as against Euro 138 million in the first nine months of 2007/08.

The MVV Energie Group reported a **net surplus for the period before IAS 39 after minority interests** of Euro 117 million for the first nine months of 2008/09, compared with Euro 125 million in the first nine months of 2007/08.

On this basis, **earnings per share before IAS 39** amounted to Euro 1.78 in the first nine months of 2008/09 financial year, as against Euro 1.92 in the previous year. It should be noted in this respect that, due to the capital increase in October 2007, the nine-month weighted average number of shares grew from 65.1 million to Euro 65.9 million in the first nine months of 2008/09.

**EBIT before IAS 39
of the MVV Energie Group
by Segment
First Nine Months, 1. 10. – 30. 6.**

Euro million	2008/2009	2007/2008	% change
Electricity	38	68	– 44
District heating	62	56	+ 11
Gas	74	39	+ 90
Water	10	10	—
Value-added services	12	12	—
Environmental energy	54	65	– 17
Other/consolidation	—	1	– 100
	250	251	—

Earnings position of municipal utility and district heating shareholdings

Our municipal utility shareholdings in Kiel, Offenbach, Ingolstadt, Solingen and Köthen and the twelve district heating shareholdings of our wholly-owned Czech subsidiary MVV Energie CZ a.s. generated sales of Euro 1 081 million prior to consolidation in the first nine months of 2008/09 (previous year: Euro 917 million). One reason for this increase was the volume-driven sales growth in the district heating and gas businesses due to cooler weather conditions in the winter months of January to March 2009. Moreover, sales were affected by price increases introduced by our shareholdings in their electricity, district heating and gas businesses at the beginning of the 2008/09 financial year, and in some cases as of 1 January 2009, due to the rapid rise in coal and oil prices.

The EBIT before IAS 39 of the municipal and district heating shareholdings declined year-on-year from Euro 122 million to Euro 119 million (– 2 %) in the first nine months of 2008/09. This was chiefly due to higher electricity procurement costs, which due to competitive factors could not be passed on to customers. Earnings in the water business deteriorated on account of lower turnover.

Energy trading transactions

24/7 Trading GmbH is the central energy trading company of the MVV Energie Group. The business activities pooled at this company focus on procuring, trading and supplying electricity, natural gas, coal and CO_2 certificates, as well as on structured products and services for its five shareholders, namely MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG, Stadtwerke Solingen GmbH and Stadtwerke Ingolstadt Energie GmbH.

Given the recent volatility in market prices for primary energy sources and CO_2 emissions certificates, it has become more important to hedge sales and generation positions with price hedging transactions. In line with the trading strategy of our group of companies, market price risks are largely neutralised on both procurement and sales sides. Business contract volumes on the customer side, for example, are procured and hedged on the wholesale market immediately. Gas trading activities have been significantly expanded. Since 1 January 2009, 24/7 Trading GmbH has concentrated its entire business on Mannheim.

Grids and regulation

The previous practice of cost-based grid fee approval by the regulatory authorities was replaced by incentive regulation as of 1 January 2009. Based on an efficiency comparison of all grid operators performed by the regulatory authority, each grid operator receives an individual revenue path (revenue cap) basically stipulating the respective grid fees for the next four years (gas) or five years (electricity). Revenues have therefore been unbundled from costs.

Revenue caps have now been set by the regulatory authorities for all grids operated by companies in the MVV Energie Group. These assessment notices form the basis both for calculating currently valid price sheets and for the development in grid fees in the years of the first regulation period. Legal objections have been filed against the assessment notices, as MVV Energie believes that the underlying circumstances have not been correctly accounted for by the authorities in all cases.

According to a verdict passed by the Federal Court of Justice (BGH) on 14 August 2008, electricity and gas grid operators should offset any additional revenues generated in the period between submission of their applications and the effective date of the first grid fee approval over the respective periods. The regulatory authorities are expected to offset additional revenues against the revenue cap from 1 January 2010 onwards. Based on the current legal status, no provisions may be stated for this purpose in the IFRS consolidated financial statements of the MVV Energie Group.

Net Asset and Financial Position

Asset and capital structure

The **total assets** of the MVV Energie Group rose to Euro 4.14 billion as of 30 June 2009, up Euro 356 million (+ 9%) on the reporting date at the end of the past 2007/08 financial year (30 September 2008).

On the asset side, **non-current assets** declined by Euro 30 million to Euro 2.70 billion (– 1%). This reduction compared with 30 September 2008 was chiefly due to a lower volume of other receivables and assets. These items were affected above all by the marked fall in the fair prices of energy trading transactions requiring recognition under IAS 39, as well as by the reclassification of energy trading transactions recognised under IAS 39 requiring delivery in the 2009 calendar year from non-current to current assets. Mainly as a result of initial consolidations and increased investments, property, plant and equipment, which account for 74 % and thus the major share of non-current assets (previous year: 72 %), rose by Euro 28 million to Euro 1.98 billion.

Current assets grew by Euro 386 million to Euro 1.45 billion (+ 36 %). This growth was chiefly driven by the increase in other assets due to the reclassification referred to above of energy trading transactions requiring recognition, as well as by security deposits provided by the MVV Energie Group to reduce counterparty risk. Trade receivables rose by Euro 54 million (+ 10 %) compared with 30 September 2008 to Euro 590 million. This increase was mainly the result of higher sales volumes due to seasonal and price factors, as well as of the expansion in the nationwide electricity and gas and energy trading businesses. The volume of receivables dropped by Euro 288 million compared with the previous quarter (31 March 2009). The economic crisis did not lead to any notable receivables defaults in the first nine months of 2008/09. Cash and cash equivalents rose from Euro 97 million compared with the previous year to Euro 241 million. This increase was primarily due to the issuing of promissory note bonds of Euro 203 million to safeguard the company's liquidity reserves, as well as to the utilisation of short-term and long-term credit lines.

On the liabilities side, **the equity** of the MVV Energie Group fell to Euro 1.17 billion, down Euro 102 million (– 8 %) on 30 September 2008. This reduction was chiefly due to lower retained earnings (including unappropriated net profit). This item was affected by the fair-value measurement of financial derivatives under IAS 39.

Compared with the reporting date on 30 September 2008, **non-current debt** rose by Euro 156 million (+ 11%) to Euro 1.60 billion, while **current debt** showed a significantly more marked increase of Euro 302 million (+ 28 %) to Euro 1.37 billion. In the case of non-current and current other liabilities, this increase was due first and foremost to the substantial reduction in the fair values of energy trading derivatives recognised under IAS 39 and to the reclassification already referred to on the asset side of energy trading derivatives requiring recognition under IAS 39 from non-current to current other liabilities.

Investments

The MVV Energie Group invested a total of Euro 158 million in the first nine months of 2008/09 (previous year: Euro 166 million). Of this sum, Euro 145 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 142 million), while Euro 13 million was channelled into the acquisition of fully and proportionately consolidated companies and other financial assets (previous year: Euro 24 million).

Investments focused above all on the construction of boiler 6 at the waste incineration plant in Mannheim, the construction of a third gas cavern at the Kiel subgroup and on optimising and maintaining the substance of supply facilities and distribution grids. Work began in Kiel in April 2009 on renovating the district heating supply pipeline under the fjord. This complex tunnel renovation work (investment costs: Euro 16 million) should be completed by October 2009. Investments in the value-added services segment focused on the construction of decentralised energy generation plants powered by waste timber, wood chips and refuse-derived fuels, as well as on the acquisition and construction of biogas plants.

Financial position and cash flow

Non-current and **current financial debt** grew by Euro 141 million and Euro 194 million respectively. The growth in non-current financial debt was due to the issuing of the promissory note bonds referred to above (with a 5-year term) and the taking up of mostly long-term loans. The increase in current financial debt was chiefly the result of higher short-term financing requirements for higher security payments in the context of energy trading transactions and of reclassifications of items from non-current to current debt. As of the balance sheet date, the rise in non-current and current financial debt is reflected on the asset side under cash and cash equivalents. Net financial debt (financial debt less cash and cash equivalents) rose to Euro 1.33 billion in the first nine months of 2008/09, up Euro 191 million on the previous year's reporting date (30 September 2008).

The **cash flow before working capital and taxes** improved by Euro 2 million to Euro 356 million in the nine-month period under report. The substantial decline in the net surplus for the period before taxes on income compared with the first nine months of 2007/08 as a result of the special IAS 39 valuation item was eliminated in the context of other non-cash income and expenses and changes in working capital.

The cash flow from operating activities was characterised by the rise in trade receivables and other assets. The high cash flow before working capital and taxes led to a positive overall cash flow from operating activities of Euro 35 million in the first nine months of 2008/09 (previous year: Euro 168 million). In the 1st half of 2008/09, the cash flow from operating activities was still negative (Euro – 108 million). The deduction of investments in intangible assets, property, plant and equipment and investment property amounting to Euro 145 million (previous year: Euro 142 million) resulted in a negative **free cash flow** of Euro – 110 million (previous year: Euro 26 million) in the first nine months of 2008/09. The free cash flow was thus less negative than in the 1st half of 2008/09 (Euro – 185 million).

Due to the inflow of funds from the sale of shareholdings (especially the Polish shareholdings), the **cash flow from investing activities** of Euro – 98 million in the first nine months of 2008/09 was less markedly negative than the figure of Euro – 112 million for the equivalent period in the previous year.

Due to the taking up of higher volumes of loans, including the promissory note bonds, the **cash flow from financing activities** was clearly positive at Euro 207 million. The negative cash flow from financing activities in the previous year (Euro – 43 million) was affected by the inflow of funds from the capital increase and the resultant higher volume of loan redemption. Further information can be found in the cash flow statement in the consolidated financial statements on Page 25 and in the notes from Page 26 onwards.

Personnel Totals	2008/2009 30.6.2009	2007/2008 30.6.2008	+/– change
MVV Energie AG[1]	1 478	1 495	– 17
Fully consolidated shareholdings	3 759	3 762	– 3
MVV Energie AG with fully consolidated shareholdings	**5 237**	**5 257**	**– 20**
Proportionately consolidated shareholdings	670	1 010	– 340
MVV Energie Group[2]	**5 907**	**6 267**	**– 360**
External personnel at Mannheim energy from waste plant	19	29	– 10
	5 926	**6 296**	**– 370**

[1] including employees of MVV RHE GmbH (year under report: 0; previous year: 55)

[2] including 348 trainees (previous year: 342)

Employees

Reduced number of employees

The reduction in the total workforce of the MVV Energie Group by 370 compared with 30 June 2008 to 5 926 employees as of 30 June 2009 is chiefly due to the deconsolidation of the Polish shareholdings, which still accounted for 515 employees in the previous year's figures. This reduction in personnel was countered by higher employee totals at the shared service companies and in the high-growth segments of environmental energy and energy-related services. Our Czech shareholdings had a total workforce of 580 employees as of 30 June 2009.

EVO awarded certificate for family-friendly personnel policies

Energieversorgung Offenbach AG (EVO) is also increasingly taking steps to enable its employees to better combine their family and work commitments. In June 2009, the company was awarded the "Family and Work Audit" certificate by the Federal Minister for Family Affairs, Ursula von der Leyen.

Research and Development

Fuel cells supply heating energy and electricity

Since 2002, MVV Energie has been active in promoting energy-efficient fuel cell technology. In 2008, we launched the "Callux – Practical Trials for Fuel Cells in Private Homes" project together with well-known partners from the energy supply industry and several German fuel cell manufacturers. In the first nine months of the current 2008/09 financial year we have launched operations with five fuel cell heat generators fired by natural gas, which have since generated around 28 000 kWh of heating energy and more than 15 000 kWh of electricity. The generators can already look back on a total operating time of more than 18 000 hours. By 2015, a total of 30 fuel cell heat generators are due to be installed and operated by MVV Energie in the context of this project.

Opportunity and Risk Report

Negative effects of economic crisis mitigated

At the MVV Energie Group, a group-wide systematic opportunity and risk management system represents a key instrument in the company's management. It serves to identify any potential risks to the company's continued existence at an early stage and to optimise the opportunity/risk profile of our business activities.

In the remainder of the 2008/09 financial year we do not expect to see any change in the risk situation as presented in previous financial reports.

The greatest external influences on the business performance of the MVV Energie Group, namely weather-related turnover risks and regulatory risks in respect of electricity and gas grids, are of subordinate significance for the coming months in the 2008/09 financial year. There only remains the risk of our major customer business being negatively affected by potential cuts in production or larger-scale payment difficulties due to the financial and economic crisis. However, any such development would be cushioned by our wide-spread customer base of predominantly medium-sized companies and our share of private customers.

As in previous reporting periods, the MVV Energie Group was not exposed during the quarter under report to any risks which could have endangered the continued existence of the company or which could do so in future. For information about the opportunities facing the MVV Energie Group, please see the comments made in the Outlook from Page 13 onwards.

Events After the Balance Sheet Date

Launch of operations at a new RDF power plant

MVV Energiedienstleistungen GmbH commenced operations at its second industrial cogeneration plant fired by refuse-derived fuel (RDF), located in Gersthofen near Augsburg, on 20 July 2009. Drawing on the efficient process of cogeneration, this new RDF power plant (investment cost: Euro 30 million) will meet the electricity and steam requirements for twelve companies at Gersthofen Industrial Park. The plant has an annual fuel capacity of around 70 000 tonnes, an electricity output of 4.4 MW_e and a steam output of 43 tonnes per hour.

Building permit granted for Block 9 at GKM Mannheim

On 27 July 2009, the regional authorities in Karlsruhe approved the construction of the planned hard coal power plant (Block 9) by Grosskraftwerk Mannheim AG (GKM). Working with cogeneration (electricity output of 911 MW_e, or district heating output of 500 MW_t), the new block will form the economic foundation for securing the electricity supply and further expansion of the environmentally-friendly district heating supply in Mannheim and the Rhine/Neckar metropolitan region in the long term. With a fuel utilization rate of up to 70 %, Block 9 will replace the existing Blocks 3 and 4, which are due to go offline due to age considerations in 2013. MVV Energie AG holds a 28 % share in GKM.

Outlook

Slow-going process of recovery for German economy

It is currently very difficult to provide any precise forecast of ongoing economic developments in 2009 and 2010. In their spring survey for 2009 as a whole, published in April 2009, German economic research institutes forecast a 6 % decline in gross domestic product compared with the previous year. Although individual early indicators of current economic developments point to a trend towards recovery, there are still no signs of any economic upturn in the near future. Despite state economic stimulus and bank rescue packages, it must be assumed that the process of economic recovery will be more protracted than widely expected. The economic crisis and rising unemployment totals will place a great strain on state finances in 2009 and beyond.

Key challenges for the energy industry

Production cutbacks due to the current economic crisis will lead to reduced electricity and gas consumption at industrial customers in the coming months as well. At the same time, in electricity and gas markets our sector is facing an increasing propensity on the part of private and industrial customers to change supplier, as well as rising regulatory and cost pressure due to incentive regulation. The German waste market can be expected to witness further pressure on prices. Additional challenges facing our industry include long-term increases in commodity and energy prices, dependence on ever scarcer primary energy resources, substantial investment requirements for older power plants and infrastructure and the auctioning of CO_2 emissions certificates from 2013. The implementation of the challenging German and European climate protection targets adopted in 2008 will also lead to permanent changes in energy supply systems.

Strategic alignment

MVV Energie is preparing proactively and consistently for the changes arising in its markets in the longer term on account of competition, the political framework and changing consumer behaviour. At the same time, the structuring of our group of companies along the entire value chain provides opportunities in individual markets. With MVV 2020, we are now setting course to acquire market share in existing markets and to access new markets.

Enhancing our operating performance

In changing markets, efficiency enhancement represents a permanent process, one which we faced in the past and which we also have to focus on now and in the future. All business fields must generate adequate returns on capital. Where this is not the case, suitable measures must be introduced to remedy the situation.

Market opportunities due to innovative electricity and gas products

Following the market success of our nationwide electricity sales, in the 2008/09 financial year MVV Energie has successfully launched its nationwide gas business with industrial, commercial and multiple location customers, as well as with secondary distributors. By analogy with our electricity fund, since April 2009 customers in our nationwide gas business have also been able to benefit from the MVV Energie Group's experience in structured procurement on the wholesale market, thus making good use of price fluctuations on the market.

New opportunities due to climate protection and energy efficiency requirements

Given the will on the part of politicians and society at large to achieve greater climate protection and energy efficiency, ever greater importance is being accorded to using renewable energy sources, decentralised generation, innovative technology and energy-conscious behaviour. The federal government is promoting new sustainable investments in the future made by the public sector. A majority of the Euro 14 billion made available by the Federal Government will flow into the municipal investment programme. This focuses on measures aimed at reducing CO_2 emissions, enhancing energy efficiency and furthering the use of renewable energies. Our group of companies has longstanding experience and great technical expertise in the fields now being called for and supported in the political arena. In Mannheim alone, MVV Energie will be investing around Euro 100 million in climate protection measures by 2020.

We see the highly efficient supply of district heating from cogeneration as offering good growth opportunities. With district heating coverage of 59 % in Mannheim, MVV Energie is already one of Germany's leading district heating companies. By 2030, the share of district heating in Mannheim is to be raised to 70 % together with a further expansion in the district heating supply in the region.

In the environmental energy business we have extensive technical expertise and longstanding operating experience in generating energy from waste and biomass. With an incineration capacity of 1.5 million tonnes a year at its cogeneration plants fired by waste and old timber, the MVV Energie Group is Germany's third-largest operator of energy from waste plants. Construction work on Boiler 6 at the Mannheim location, which is due to replace two older boilers, is progressing on schedule. The first waste fire is due to be ignited in December 2009.

MVV Environment Ltd., a British subsidiary founded in September 2008, is currently sounding out a new and interesting market in the UK, one where we can contribute our in-depth expertise in the field of waste incineration. We are participating in a targeted manner in select, promising contract award processes.

The Federal Government's Integrated Energy and Climate Programme (IEKP) and the promotion by the state of the expansion of renewable energies and cogeneration will provide additional impetus to our energy-related services business. MVV Energiedienstleistungen was early to focus on decentralised energy generation concepts, energy saving contracting services, international consulting projects and infrastructure services, as well as on supplying energy and utilities to industrial parks. The company has since built up leading positions in the German market in these areas.

Trend towards partnerships and cooperations

Increasing competition, the entry into force of incentive regulation on 1 January 2009 and the financial and economic crisis are raising the pressure on municipal utility companies to adapt. Ever more municipal utility companies will draw on cooperations in an attempt to get their costs under control, improve their competitiveness and exploit business opportunities. We therefore expect to see increasing numbers of strategic partnerships, cooperations and mergers in the coming years. As the only publicly listed energy supplier with a strong municipal background, we see ourselves as being well-placed in this respect.

Outlook for remainder of financial year

The negative impact of the economic downturn on our industrial customer business and our environmental energy segment can be expected to continue to leave its mark in the coming months. We nevertheless anticipate ongoing expansion in our nationwide sales of electricity and gas to industrial and commercial customers.

We expect to see weaker results in the remaining 4th quarter of 2008/09 due to the virtual absence of sales in the heating energy business in this period and since our companies tend to focus their inspection and construction work on the summer months of July to September. The gas and district heating segments will be affected by the price cuts introduced in 2009. Following the 7.5 % reduction in January 2009, MVV Energie AG cut its gas rates for private customers by a further 15 % as of 1 April 2009, while simultaneously lowering district heating rates by 12 %. In addition to these price cuts, our fixed-rate gas customers also received a bonus payment. Given the development in the oil price, our municipal utility shareholdings also reduced their gas and district heating rates from 1 April 2009, as well as from 1 July 2009 in some cases. We expect earnings in the environmental energy segment to be negatively affected by the decline in commercial waste prices.

With regard to sales for the current 2008/09 financial year as a whole, based on the information now available we expect to exceed the previously forecast growth in sales from Euro 2.6 billion in 2007/08 to Euro 2.8 billion.

In terms of operating earnings (EBIT before IAS 39) for the 2008/09 financial year, we confirm the slight decline previously forecast compared with the previous year's figure (Euro 249 million). The MVV 2020 strategic project may also lead to one-off items already impacting on the consolidated financial statements for 2008/09.

Depending on the further development in prices for primary energy sources and wholesale electricity, as well as on the volume of energy trading derivatives requiring recognition pursuant to IAS 39, the measurement of financial derivatives as of the reporting date required by IAS 39 can be expected to result in a negative non-cash earnings item in the IFRS consolidated financial statements of the MVV Energie Group as of the reporting date on 30 September 2009 as well. As previously communicated on the capital markets, due to continuity considerations and to facilitate comparison we will adjust our key earnings figures to account for this item. We see this valuation as representing an accounting item. It has no influence on our operating business and also has no impact on the dividend to be resolved by the 2010 Annual General Meeting, which is based on the earnings of MVV Energie AG pursuant to the German Commercial Code (HGB). Our company will continue to pursue a dividend policy based on continuity and sustainability which provides our shareholders with a solid return.

In view of our healthy equity ratio and comparatively stable earnings position, we currently do not see any financial restrictions at our group of companies due to rising borrowing costs and also do not expect any implications for investment decisions already taken. However, we cannot exclude the possibility of individual customer or market-driven project developments being affected by the more difficult financing climate.

Research and development

The Federal Government plans to develop Germany into the world's leading market for electro-mobility in the coming years. As a result, several federal ministries have made substantial subsidies available for innovative projects in this area. MVV Energie is currently reviewing various possibilities as to how its expertise in terms of energy efficiency and renewable energies can best be exploited for electro-mobility concepts in Mannheim and the Rhine/Neckar metropolitan region.

Future risks

As outlined in the Opportunity and Risk Report (Page 12), there are currently no indications of any risks which could endanger the company's continued existence in the further course of the 2008/09 financial year.

Successful image campaign continued

The image campaign successfully implemented in the previous year was continued in June and July 2009 with enhanced motifs taken from our electricity, district heating and water business fields presented on numerous advertising surfaces in Mannheim. Using the motto "Mummy, Daddy – it was MVV", the new campaign works with children's drawings to communicate in a humorous, playful way the great extent to which our products are integrated into everyday family life. The campaign is also intended to promote MVV Energie's image as an attractive, innovative and customer-friendly company.

Business Segments

Developments in the Segments

Electricity Segment First Nine Months, 1.10. – 30. 6.	**2008/2009**	2007/2008	% change
Electricity turnover in kWh million			
of which wholesale[1,2]	5 758	4 088	+ 41
of which retail/secondary distributors[2]	8 773	8 674	+ 1
	14 531	12 762	+ 14
External sales in Euro million	1 312	1 013	+ 30
EBIT before IAS 39 in Euro million	38	68	– 44

1 recalculation of own-account sales in year under report and previous year

2 reallocation of secondary distributors in year under report and previous year

Electricity segment – operating earnings decline in spite of higher sales

We achieved substantial electricity turnover growth in the first nine months of the 2008/09 financial year in spite of the economic crisis and increased competition on the German electricity market. We posted volume growth of 41 % in our electricity trading business, where the calculation of wholesale volume statistics received a new standardised basis for the first nine months of 2008/09, and correspondingly for the previous year as well.

Following the launch of a new controlling and management system, the sales activities of our retail and secondary distribution businesses have been reported together for the first time in this nine-month report. The 1 % volume growth in this new group is attributable to higher turnover in the nationwide electricity business with special contract customers and secondary distributors. This growth more than offset the reduction in volumes with industrial and commercial customers due to economic developments, as well as the decline in turnover with fixed-rate customers in the company's grid region due to competitive factors. Our electricity fund models have met with great interest nationwide.

External sales in the electricity segment (excluding electricity tax) grew year-on-year by Euro 299 million (+ 30 %) in the first nine months of 2008/09. This was chiefly driven by increased volumes in the nationwide electricity and electricity trading businesses, as well as by price increases in Mannheim, Kiel, Offenbach, Ingolstadt and Solingen.

In spite of this sales growth, the operating earnings (EBIT before IAS 39) of the electricity segment fell year-on-year by Euro 30 million (– 44 %) in the first nine months. This decline was chiefly due to price and volume adjustments caused by the economic crisis on the sales side, to start-up sales expenses at SECURA Energie GmbH and to positive one-off items in the previous year. Moreover, increased performance costs in the field of generation were accompanied by a decline in revenues from electricity generation.

District Heating Segment First Nine Months, 1.10. – 30.6.	2008/2009	2007/2008	% change
District heating turnover in kWh million	4 646	5 134	– 9
External sales in Euro million	264	265	—
EBIT before IAS 39 in Euro million	62	56	+ 11

Gas Segment First Nine Months, 1.10. – 30.6.	2008/2009	2007/2008	% change
Gas turnover in kWh million			
of which wholesale[1]	737	859	– 14
of which retail/secondary distributors[1]	8 370	6 847	+ 22
	9 107	7 706	+ 18
External sales in Euro million	438	306	+ 43
EBIT before IAS 39 in Euro million	74	39	+ 90

[1] reallocation of secondary distributors in year under report and previous year

District heating segment – affected by one-off items and weather conditions

Apart from weather-related and price factors, the development in turnover and sales in the district heating segment was significantly affected by the sale of Polish activities executed in the second half of the previous financial year. Following adjustment for the impact of the deconsolidation of the former Polish shareholdings (turnover in previous year: 639 kWh million), the district heating turnover of our group of companies grew year-on-year by 3 % in the first nine months. This growth was chiefly driven by cooler weather conditions in the 2nd quarter of 2008/09. External sales for the first nine months of 2008/09 were slightly lower than the equivalent figure for the previous year. Adjusted for the deconsolidation of Polish shareholdings (sales in previous year: Euro 27 million), sales rose year-on-year by 11 % in the first nine months of 2008/09.

Operating earnings (EBIT before IAS 39) in the district heating segment improved year-on-year by Euro 6 million to Euro 62 million in the first nine months. This year-on-year growth was mainly driven by cost savings, volume and price-related margin effects and the charge on the previous year's earnings due to turbine damage at the Offenbach cogeneration plant.

Gas segment – successful development in nationwide gas sales

Cooler weather conditions in the 2nd quarter of 2008/09 and the successful launch of nationwide gas sales by MVV Energie AG led to substantial turnover growth with retail and secondary distribution customers (+ 22 %) in the first nine months of 2008/09. Around 930 GWh of gas was supplied to nationwide industrial and commercial customers in the first three quarters of 2008/09 already. The sales growth of Euro 132 million was chiefly driven by this volume growth, as well as by delayed price increases resulting from the sharp rise in the oil price in the previous year.

Operating earnings (EBIT before IAS 39) in the gas segment rose year-on-year by Euro 35 million to Euro 74 million in the first nine months. This growth was due in particular to positive volume and price factors, the successful launch of nationwide gas sales, the sale of a gas grid and the reversal of provisions at the Mannheim subgroup, cost savings in the procurement of gas for special contract customers and optimisation measures at the Kiel subgroup.

Water Segment First Nine Months, 1.10. – 30. 6.	**2008/2009**	2007/2008	% change
Water turnover in m^3 million	39.2	41.4	– 5
External sales in Euro million	74	77	– 4
EBIT before IAS 39 in Euro million	10	10	—

Value-added Services Segment First Nine Months, 1.10. – 30. 6.	**2008/2009**	2007/2008	% change
Electricity turnover in kWh million	332	275	+ 21
Heating water turnover in kWh million	1 270	579	+ 119
Steam turnover in kWh million	467	316	+ 48
Gas turnover in kWh million	275	409	– 33
Water turnover in m^3 million	0.2	0.2	—
Combustible waste delivered in tonnes 000s	35	—	—
External sales in Euro million	231	216	+ 7
EBIT before IAS 39 in Euro million	12	12	—

Water segment – stable EBIT in spite of reduced turnover and sales

Developments in the water business are dependent on private and business customers, who account for around 83 % of our water turnover. The year-on-year decline in volumes and sales in the first nine months was due above all to reduced consumption in Mannheim and Kiel, caused in particular by customers being more frugal in their water consumption.

At Euro 10 million, operating earnings (EBIT before IAS 39) in the water segment were at the same level as in the previous year. The negative impact on margins of the reduction in water turnover was offset by cost savings in Mannheim and Kiel.

Value-added services segment – pleasing sales growth

External sales in the value-added services segment rose year-on-year by Euro 15 million (+ 7 %) to Euro 231 million in the first nine months of 2008/09. This growth was mainly driven by the contracting services offered by MVV Energiedienstleistungen for the real estate sector, as well as by initial sales following the launch of operations at the refuse-derived fuel (RDF) power plant at the Korbach location.

At Euro 12 million, operating earnings (EBIT before IAS 39) in the value-added services segment were at the same level as in the first nine months of the previous year. The improvement in earnings at the MVV Energiedienstleistungen subgroup (Euro + 5 million) was offset by reduced earnings contributions from the municipal utility shareholdings in Offenbach and Kiel. Earnings in the value-added services segment at EVO are also affected by the shared service company 24/7 United Billing GmbH, which is reported under this shareholding.

Environmental Energy Segment First Nine Months, 1.10. – 30.6.	**2008/2009**	2007/2008	% change
Combustible waste delivered in tonnes 000s	1 132	1 170	– 3
Electricity turnover in kWh million	289	291	– 1
Steam turnover in kWh million	318	315	+ 1
External sales in Euro million	145	147	– 1
EBIT before IAS 39 in Euro million	54	65	– 17

Environmental energy segment – decline in sales and earnings

Sales in the environmental energy segment declined year-on-year by 1% to Euro 145 million in the first nine months of 2008/09. This was primarily due to a reduction in non-recyclable waste incineration sales at our locations in Mannheim, Offenbach and Leuna from Euro 120 million to Euro 114 million, mainly on account of volume and price factors. In our energy business, i.e. decentralised steam and electricity generation at the waste incineration and biomass power plants in Mannheim and Königs Wusterhausen, we increased sales from Euro 27 million to Euro 31 million in the first nine months of 2008/09.

Operating earnings (EBIT before IAS 39) dropped year-on-year by Euro 11 million to Euro 54 million. Downtime caused by inspection work and breakdowns meant that the waste incineration plant in Mannheim fell short of its customary throughput in the first nine months of 2008/09. This was also accompanied by higher costs for rerouting measures and temporary storage, as well as for maintenance, especially for boilers 2 and 3, which are more than 40 years old. Both boilers are due to be replaced by a new boiler 6 at the end of 2009. Moreover, earnings in the waste business were also affected by lower prices for commercial waste.

Interim Consolidated Financial Statements

Balance Sheet

as of 30. 6. 2009

Balance Sheet of the MVV Energie Group Euro 000s	**30. 6. 2009**	30. 9. 2008	Notes
Assets			
Non-current assets			
Intangible assets	323 073	314 928	
Property, plant and equipment	1 983 497	1 955 484	
Investment property	6 382	6 583	
Other financial assets	167 551	174 783	
Other receivables and assets	214 490	272 500	1
Deferred tax assets	273	968	2
	2 695 266	**2 725 246**	
Current assets			
Inventories	56 569	57 088	
Trade receivables	590 467	536 142	3
Other receivables and assets	510 858	284 395	1
Tax receivables	49 430	50 327	
Securities	5	7	
Cash and cash equivalents	240 544	97 123	4
Assets held for sale	—	36 681	5
	1 447 873	**1 061 763**	
	4 143 139	**3 787 009**	

Balance Sheet of the MVV Energie Group Euro 000s	**30. 6. 2009**	30. 9. 2008	Notes
Equity and liabilities			
Equity			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Retained earnings, including unappropriated net profit	429 949	505 421	6
Accumulated other comprehensive income	13 021	24 308	
Capital of the MVV Energie Group	**1 066 932**	**1 153 691**	
Minority interests	100 783	116 061	
	1 167 715	**1 269 752**	
Non-current debt			
Provisions	123 039	130 234	
Financial debt	1 053 535	912 572	7
Other liabilities	297 821	213 798	8
Deferred tax liabilities	126 176	188 036	2
	1 600 571	**1 444 640**	
Current debt			
Other provisions	139 319	186 088	9
Tax provisions	40 295	44 428	
Financial debt	517 778	324 020	7
Trade payables	229 597	240 312	
Other liabilities	399 953	249 026	8
Tax liabilities	47 911	28 743	10
	1 374 853	**1 072 617**	
	4 143 139	**3 787 009**	

Income Statement

from 1.10. to 30.6.

Income Statement of the MVV Energie Group Euro 000s	3rd Quarter **1.4.2009 to 30.6.2009**	3rd Quarter 1.4.2008 to 30.6.2008	Nine Months, cumulative **1.10.2008 to 30.6.2009**	Nine Months, cumulative 1.10.2007 to 30.6.2008	Notes
Sales	732 448	665 355	2 619 826	2 168 806	
less electricity and natural gas taxes	37 597	35 556	137 403	126 789	
Sales after electricity and natural gas taxes	**694 851**	629 799	**2 482 423**	2 042 017	12
Changes in inventories	5 756	785	6 704	– 923	
Own work capitalised	2 216	3 052	6 175	7 466	
Other operating income	– 142 621	581 175	326 405	709 572	13
Cost of materials	537 102	432 182	1 845 161	1 374 356	14
Personnel expenses	78 264	75 678	233 733	223 179	
Other operating expenses	– 158 544	475 194	603 046	621 047	13
Other income from shareholdings	6 787	3 550	8 542	6 056	
EBITDA	**110 167**	235 307	**148 309**	545 606	
Depreciation	36 274	33 861	107 481	106 594	
EBITA	**73 893**	201 446	**40 828**	439 012	
Goodwill amortisation	—	—	—	—	
EBIT[1]	**73 893**	201 446	**40 828**	439 012	
Financing income	1 797	1 950	7 655	6 312	
Financing expenses	17 560	16 209	65 253	58 334	
EBT	**58 130**	187 187	**– 16 770**	386 990	
Taxes on income	18 510	51 225	143	117 160	15
Net deficit/surplus for the period	**39 620**	135 962	**– 16 913**	269 830	
Minority interests	– 1 194	8 062	– 1 088	22 339	
Share of earnings allocable to shareholders in MVV Energie AG (net deficit/surplus for the period after minority interests)	**40 814**	127 900	**– 15 825**	247 491	16
Basic earnings per share (Euro)	**0.62**	1.95	**– 0.24**	3.80	16

[1] EBIT before IAS 39: Euro 249 715 thousand in first nine months of 2008/09 (Euro 250 872 thousand in first nine months of 2007/08)

Statement of Changes in Equity

from 1.10. to 30.6.

Statement of Changes in Equity Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Retained earnings, including unappropriated net profit	Accumulated other comprehensive income: Differential amount from currency translation	Accumulated other comprehensive income: Fair value measurement of financial instruments	**Capital of the MVV Energie Group**	Minority interests	**Total capital**
Balance at 1.10.2007	142 764	255 523	383 397	13 170	3 487	**798 341**	115 361	**913 702**
Income and expenses recognised directly in equity	—	—	—	13 300	6 453	19 753	1 340	21 093
Result of business operations	—	—	247 491	—	—	247 491	22 339	269 830
Comprehensive income for the period	—	—	247 491	13 300	6 453	**267 244**	23 679	**290 923**
Distribution of dividend	—	—	– 52 725	—	—	– 52 725	– 10 969	– 63 694
Capital increase	25 957	199 718	—	—	—	225 675	—	225 675
Change in scope of consolidation	—	—	– 1 476	247	—	– 1 229	– 473	– 1 702
Balance at 30.6.2008	168 721	455 241	576 687	26 717	9 940	**1 237 306**	127 598	**1 364 904**
Balance at 1.10.2008	168 721	455 241	505 421	17 256	7 052	**1 153 691**	116 061	**1 269 752**
Income and expenses recognised directly in equity	—	—	—	– 1 956	– 9 331	– 11 287	– 3 349	– 14 636
Result of business operations	—	—	– 15 825	—	—	– 15 825	– 1 088	– 16 913
Comprehensive income for the period	—	—	– 15 825	– 1 956	– 9 331	**– 27 112**	– 4 437	**– 31 549**
Distribution of dividend	—	—	– 59 316	—	—	– 59 316	– 11 064	– 70 380
Change in scope of consolidation	—	—	– 331	—	—	– 331	223	– 108
Balance at 30.6.2009	168 721	455 241	429 949	15 300	– 2 279	**1 006 932**	100 783	**1 167 715**

The statement of changes in equity was adapted to the customary international reporting format at the end of the 2007/08 financial year. The comparable nine-month period has been amended accordingly.

Segment Report

from 1.10. to 30. 6.

Income Statement by Segment	External Sales excluding energy taxes		Intercompany Sales excluding energy taxes		EBIT		EBIT before IAS 39	
Euro 000s	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008
Electricity	1 312 703	1 013 376	46 986	26 820	– 161 861	251 509	37 908	68 172
District heating	264 141	264 991	18 396	20 819	62 599	56 311	61 565	56 311
Gas	437 795	305 443	24 411	31 103	64 211	43 349	74 467	39 071
Water	73 746	77 300	333	187	10 106	9 600	10 106	9 600
Value-added services	231 595	216 278	53 399	59 862	11 814	12 277	11 700	11 752
Environmental energy	144 683	146 927	31 730	29 957	54 305	65 173	54 305	65 173
Other/consolidation	17 761	17 702	– 175 255	– 168 748	– 346	793	– 336	793
MVV Energie Group	**2 482 424**	2 042 017	**—**	—	**40 828**	439 012	**249 715**	250 872

Cash Flow Statement

from 1.10. to 30.6.

Cash Flow Statement of the MVV Energie Group Euro 000s	**1.10.2008 to 30.6.2009**	1.10.2007 to 30.6.2008
Net deficit/surplus for the period before taxes on income	– 16 770	386 990
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	107 481	106 594
Net interest expenses	57 598	52 022
Interest received	6 883	4 581
Change in non-current provisions	– 7 124	– 10 200
Other non-cash income and expenses	209 463	– 184 089
Result from disposal of non-current assets	– 1 936	– 1 907
Cash flow before working capital and taxes	**355 595**	**353 991**
Change in other assets	– 293 744	– 656 716
Change in other liabilities	70 136	557 877
Change in current provisions	– 46 904	– 47 825
Income taxes paid	– 50 343	– 39 369
Cash flow from operating activities	**34 740**	**167 958**
Investments in intangible assets, property, plant and equipment and investment property	– 145 053	– 142 306
(Free cash flow)	**(– 110 313)**	**(25 652)**
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	10 715	7 274
Proceeds from subsidy payments	4 929	5 922
Proceeds from sale of fully and proportionately consolidated companies	34 800	—
Proceeds from sale of other financial assets	10 134	41 138
Payments for acquisition of fully and proportionately consolidated companies	– 1 239	237
Payments for other financial assets	– 11 935	– 24 193
Cash flow from investing activities	**– 97 649**	**– 111 928**
Payments from taking up of loans	584 664	228 836
Payments for redemption of loans	– 247 393	– 377 243
Proceeds from capital increases	—	225 675
Dividend payment	– 59 316	– 52 725
Dividend payment to minority shareholders	– 11 064	– 10 969
Interest paid	– 59 592	– 56 522
Cash flow from financing activities	**207 299**	**– 42 948**
Cash-effective change in cash and cash equivalents	144 390	13 082
Change in cash and cash equivalents due to currency translation	– 969	– 295
Cash and cash equivalents at 1.10.2008 (2007)	97 123	99 583
Cash and cash equivalents at 30.6.2009 (2008)	**240 544**	**112 370**

Cash flow - aggregate presentation Euro 000s	**1.10.2008 to 30.6.2009**	1.10.2007 to 30.6.2008
Cash and cash equivalents at 1.10.2008 (2007)	**97 123**	99 583
Cash flow from operating activities	34 740	167 958
Cash flow from investing activities	– 97 649	– 111 928
Cash flow from financing activities	207 299	– 42 948
Change in cash and cash equivalents due to currency translation	– 969	– 295
Cash and cash equivalents at 30.6.2009 (2008)	**240 544**	112 370

Notes to the Interim Consolidated Financial Statements

for the First Nine Months of 2008/2009

Disclosures concerning the company

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

These abridged interim consolidated financial statements were prepared by the Executive Board and approved on 11 August 2009. The abridged interim consolidated financial statements and interim group management report have not been subject to any audit review.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2008 to 30 June 2009 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 2008. No application has been made of published standards and interpretations not yet requiring mandatory application.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) did not amend or newly adopt any standards or interpretations requiring mandatory application for the first time in the abridged interim consolidated financial statements. The accounting policies applied in the interim consolidated financial statements as of 30 June 2009 are thus consistent with those applied in the annual financial statements as of 30 September 2008.

The statement of changes in equity has been adjusted compared with the abridged interim consolidated financial statements for the first nine months of the 2007/08 financial year to conform to the customary international reporting format. The comparable period has been adjusted accordingly.

In contrast to the presentation in the 2007/08 financial year and in the interests of greater transparency, the dividend payment line item in the cash flow statement has been supplemented by the dividend payment to minority shareholders line item. The comparable figures have been adjusted accordingly. These amendments have not led to any displacements within the cash flow statement.

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

Changes in the scope of consolidation

In addition to MVV Energie AG, 55 German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are fully consolidated in the interim consolidated financial statements of the MVV Energie Group (30 September 2008: 53). 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.

In the 1st quarter of the 2008/09 financial year, DECON Deutsche Energie-Consult Ingenieurgesellschaft mit beschränkter Haftung, Bad Homburg v. d. Höhe, was merged into MVV decon GmbH, Mannheim, and MVV Energiedienstleistungen GmbH IS Südwest, Mannheim, was merged into MVV Energiedienstleistungen GmbH Südwest, Mannheim. The incorporating companies are both group companies. These mergers did not have any implications for the financial, net asset and earnings positions of the Group.

MVV Umwelt Ressourcen GmbH, Mannheim, a newly founded company, was included in the interim consolidated financial statements for the first time by way of full consolidation as of 1 January 2009. The inclusion of this company did not have any material implications for the financial, net asset and earnings position of the Group.

The shareholding in Českolipské teplárenská a.s., Česká Lípa, Czech Republic, a company within the Czech subgroup, was increased from 35.00 % to 94.99 %. Accordingly, this company was fully consolidated in the consolidated financial statements for the first time in the 2nd quarter of the 2008/09 financial year. The fair values of the company's assets and liabilities identifiable upon acquisition are presented in the following table. The purchase price allocation for the company thereby acquired has currently not yet been completed; the figures stated below are therefore still subject to amendment.

Identifiable assets and liabilities of the company Euro 000s	Českolipské teplárenská a.s., Česká Lípa Recognised upon acquisition	Carrying amount	A+S Naturenergie GmbH, Pfaffenhofen Recognised upon initial consolidation	Carrying amount upon initial consolidation
Intangible assets	10	10	310	2
Property, plant and equipment	1888	1888	4571	4571
Deferred tax assets	—	—	216	216
Inventories, receivables, other assets	8 872	8 872	2275	2275
Cash and cash equivalents	7127	7127	87	87
Provisions	263	263	142	142
Other liabilities	10307	10307	5660	5660
Deferred tax liabilities	47	47	256	167
Fair value of net assets	**7280**	**7280**	**1401**	**1182**
Share acquired in company	**4367**	**4367**	**1401**	**1182**
Debit difference	1406	—	—	—
Goodwill	—	—	– 4867	—
of which: goodwill pursuant to IAS 32	—	—	—	—
Earnings contribution since date of initial consolidation	717	—	– 513	—

The debit difference was recognised directly through profit or loss and is included in other operating income. The purchase price obligation was settled in cash. The costs directly allocable to the acquisition amounted to Euro 424 thousand.

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

A+S Naturenergie GmbH, Pfaffenhofen, and MVV Energiedienstleistungen GmbH Nord, Hamburg, were included in the interim consolidated financial statements for the first time in the 3rd quarter of 2008/09. A 70 % shareholding in A+S Naturenergie GmbH was acquired in return for payment in the previous year and recognised under other financial assets. In the quarter under report, the company successfully completed its introduction of IFRS. Upon initial consolidation, the goodwill of A+S Naturenergie amounted to Euro 4 867 thousand. The purchase price obligation was settled in cash. The costs directly allocable to the acquisition amounted to Euro 68 thousand. The remaining 30 % of the shares will be acquired in two further tranches by 2011, with the purchase price having a variable structure. A liability has been recognised for this portion of the purchase price. Goodwill may therefore still change retrospectively.

MVV Energiedienstleistungen GmbH Nord is a newly founded company. The inclusion of this company did not have any material implications for the financial, net asset and earnings position of the Group.

Currency translation

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

1 Euro	Rate on reporting date		Average rate	
	30. 6. 2009	30. 9. 2008	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008
Polish zlotys (PLN)	—	—	—	3.547
Czech crowns (CZK)	25.882	24.660	26.534	25.742
British pounds (GBP)	0.852	0.790	0.879	—

(Source: European Central Bank)

The reporting date and current average rates for Polish zlotys have been omitted due to the disposal of the Polish subgroup in the 2007/08 financial year.

Seasonal influences on business activities

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

Notes on the Balance Sheet

1 Other receivables and assets

The decline in non-current other receivables and assets compared with the annual financial statements is largely attributable to the significant reduction in market prices, as well as to a reclassification to current other assets of energy trading transactions recognised under IAS 39 with delivery dates in the 2009 calendar year.

The increase in current other assets is due on the one hand to security deposits paid in the context of energy trading transactions in order to reduce counterparty risk. Amounting to Euro 90 310 thousand, these were paid by the MVV Energie Group both to the EEX (European Energy Exchange) and to other trading partners within the framework of bilateral agreements. On the other hand, the significant increase is also due to the reclassification already referred to above of energy trading derivatives for delivery in the 2009 calendar year from non-current to current other assets.

Other receivables and assets include positive total fair values of Euro 475 544 thousand, largely in connection with energy trading transactions largely recognised (30 September 2008: Euro 426 399 thousand).

2 Deferred taxes

The decline in deferred tax liabilities is chiefly attributable to the sharp reduction in the fair values of energy trading transactions.

3 Trade receivables

The rise in trade receivables in the first nine months of the 2008/09 financial year corresponds to the customary course of business. Consumption accruals do not compensate in full for the increased energy turnover during the winter moths and thus lead to a seasonal rise in trade receivables. The sales growth in the first nine months of the 2008/09 financial year is also reflected in a higher volume of receivables. Furthermore, conversion measures in the field of receivables management also led in some cases to delays in invoicing.

4 Cash and cash equivalents

The increase in cash and cash equivalents is mainly attributable to the utilisation of short-term credit lines, as well as to the issuing of two promissory note bonds of Euro 203 million. This development was countered by increased security deposits in the context of energy trading transactions (depositing of margining obligations).

5 Assets held for sale

The assets of Euro 36 681 thousand reported as held for sale as of 30 September 2008 mainly consisted of the shareholding held in MVV Polska Sp. z o.o., Warsaw, Poland, amounting to Euro 34 049 thousand, which was spun off to MVV Nederland B.V., Amsterdam, Netherlands. A selling price of Euro 34 800 thousand was realised in the nine-month period under report.

Moreover, an office building reported as held for sale was transferred to its new owner as of 1 October 2008. The selling price of Euro 3 700 thousand has also been realised.

6 Distribution of dividend

The Annual General Meeting held on 13 March 2009 approved the distribution of a dividend of Euro 0.90 per individual share for the 2007/08 financial year (total distribution: Euro 59 316 thousand). Moreover, a sum of Euro 11 064 thousand was distributed to minority shareholders on the level of the subgroups.

7 Financial debt

The increase in current financial debt is primarily the result of increased short-term demand for financial funds at MVV Energie AG in connection with higher security deposits paid in the context of energy trading transactions. Security payments deposited with us, a factor which still influenced financial debt positively in the equivalent period in the previous year, have been reduced on account of the current valuation of energy trading items.

The rise in non-current debt is due to the taking up of two promissory note bonds totalling Euro 203 million with a term running until 2014. This item was countered by a reclassification of items as current in line with their respective maturities.

Due to balance sheet date factors, the increase in current and non-current financial debt is reflected in cash and cash equivalents.

8 Other liabilities

The increase in non-current other liabilities compared with 30 September 2008 is mainly due to the significant reduction in the fair prices of energy trading transactions recognised under IAS 39. This factor was countered by a reclassification of energy trading derivatives with delivery dates in the 2009 calendar year from non-current to current other liabilities.

The increase in current other liabilities compared with 30 September 2008 is due above all to the significant reduction in market prices, as well as to the reclassification to current other liabilities of energy trading transactions recognised under IAS 39 with delivery dates in the 2009 calendar year. The impact of this development was countered by the discontinuation of security deposits received in the context of energy trading transactions.

Other liabilities include total negative fair values of Euro 612 831 thousand in connection with energy trading transactions recognised (30 September 2008: Euro 314 727 thousand).

9 Other provisions

The reduction in current other provisions was chiefly due to the utilisation of personnel provisions, which mainly took place in the 1st quarter of the 2008/09 financial year. Moreover, there has been a significant decline in provisions for services not yet invoiced, a development largely attributable to electricity deliveries. Furthermore, provisions previously recognised for the procurement of energy trading certificates have been utilised and reversed.

10 Tax liabilities

The rise in tax liabilities is principally due to an increased VAT payment charge and to higher energy tax liabilities as a result of higher turnover volumes.

11 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2008.

Notes on the Income Statement

12 Sales

A depiction of sales broken down into their respective segments has been provided in the segment report. The growth in sales compared with the equivalent period in the previous year is due to increased volumes in electricity trading and the nationwide electricity and gas businesses, as well as to higher prices.

13 Other operating income and other operating expenses

The decline in other operating income and other operating expenses is mainly due to the recognition of energy trading derivatives measured in accordance with IAS 39. The disproportionate decrease in other operating income in the 3rd quarter of 2008/09 is chiefly due to the marked decline in commodity prices. The negative impact on earnings of the IAS 39 valuation amounted to Euro 208 886 thousand in the first nine months of 2008/09. The application of IAS 39 in the equivalent nine-month period of the previous year still resulted in a positive valuation item of Euro 188 140 thousand. These IAS 39 valuation items are reflected at an amount of Euro 252 685 thousand under other operating income (first nine months of 2007/08: Euro 670 780 thousand) and at an amount of Euro 461 571 thousand under other operating expenses (first nine months of 2007/08: Euro 482 640 thousand).

14 Cost of materials

The increase in the cost of materials compared with the equivalent period in the previous year is primarily the result of seasonal volume and price factors.

15 Taxes on income

The recognition of deferred tax assets mainly attributable to the IAS valuation items in connection with the development in the fair value of energy trading transactions meant that tax expenses only amounted to Euro 143 thousand in the nine-month reporting period. Tax expenses for earnings after IAS 39 thus amount to – 0.9 %. Pursuant to IAS 34.30 (c), the tax expenses on earnings before IAS 39 were calculated in the period under report using the tax rate of 32.7 % expected for the 2008/09 financial year as a whole.

Taxes on income Euro 000s	**1.10.2008 to 30.6.2009**	1.10.2007 to 30.6.2008
Taxes on income	143	117 160
Effective tax rate in %	– 0.9	30.3

16 Earnings per share

Earnings per share	3rd Quarter 1. 4. 2009 to 30. 6. 2009	3rd Quarter 1. 4. 2008 to 30. 6. 2008	Nine Months, cumulative 1. 10. 2008 to 30. 6. 2009	Nine Months, cumulative 1. 10. 2007 to 30. 6. 2008
Share of earnings allocable to shareholders in MVV Energie AG (Euro 000s)	40 814	127 900	– 15 825	247 491
No. of shares in 000s (weighted average)	65 907	65 907	65 907	65 093
Earnings per share (Euro)	0.62	1.95	– 0.24	3.80

It was not necessary to account for any dilution effects.

17 Segment reporting

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

In addition to the activities of the MVV Energiedienstleistungen subgroup, the value-added services segment also includes the value-added services businesses at the municipal utility companies. The shared service companies 24/7 Metering GmbH, 24/7 United Billing GmbH and 24/7 IT-Services GmbH are also reported in the value-added services segment.

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

The other/consolidation line item depicts consolidation items, as well as those activities not allocable to individual business segments.

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

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

Operating earnings (EBIT) have been selected to represent segment earnings. We have refrained from depicting the transition to the net deficit/surplus for the period in our segment reporting, as this information is already provided in the income statement.

18 Cash flow statement

In contrast to the presentation in the 2007/08 financial year and in the interests of greater transparency, the dividend payment line item has been supplemented by the dividend payment to minority shareholders line item. The comparable figures have been adjusted accordingly. These amendments have not led to any displacements within the cash flow statement.

The cash flow before working capital and taxes showed a slight improvement compared with the first nine months of the 2007/08 financial year. Significant changes compared with the equivalent period in the previous year relate to the net surplus/deficit for the period before taxes on income, as well as to other non-cash income and expenses. These are attributable to the IAS 39 measurement and are eliminated on the level of changes in working capital.

The cash flow from operating activities is characterised by the increase in trade receivables and other assets. Due to the high level of cash flow before working capital and taxes, the cash flow from operating activities was positive overall.

The cash flow from financing activities is clearly positive due to increased taking up of loans. The comparable period in the previous year was characterised by a capital increase and the resultant possibility of loan redemption. Due to the sale of shareholdings, the cash flow from investing activities was less markedly negative than in the equivalent period in the previous year.

19 Relationships to closely related companies, individuals and entities

	Goods and services provided	
	Income	
Euro 000s	**1. 10. 2008 to 30. 6. 2009**	1. 10. 2007 to 30. 6. 2008
Abfallwirtschaft Mannheim	227	75
ABG Abfallbeseitigungs-gesellschaft mbH	24 948	17 020
GBG Mannheimer Wohnungsbau-gesellschaft mbH	10 278	10 785
m:con – Mannheimer Kongress- und Touristik GmbH	2 422	2 860
MVV GmbH	820	650
MVV OEG AG	388	334
MVV Verkehr AG	805	1 282
Rhein-Neckar-Verkehr GmbH	5 537	4 878
Stadtentwässerung Mannheim	655	2 318
City of Mannheim	7 874	10 768
Proportionately consolidated companies	42 805	58 277
Other companies controlled by the City of Mannheim	3 583	9 314
	100 342	**118 561**

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

Goods and services provided

Expenses		Receivables		Liabilities	
1. 10. 2008 to 30. 6. 2009	1. 10. 2007 to 30. 6. 2008	**30. 6. 2009**	30. 9. 2008	**30. 6. 2009**	30. 9. 2008
3 507	3 711	464	282	1	—
3 605	2 348	5	26	432	8
34	28	3 623	2 059	7	—
445	3 113	8 223	5 676	—	—
1 649	1 688	67 336	164	45 844	38 991
1	—	55	52	1	—
42	56	853	1 079	—	1
190	—	4 877	5 384	3	—
482	1 611	5	966	121	—
15 545	16 267	5 704	1 445	—	19
7 283	18 788	10 334	3 861	3 924	4 135
1 704	66	1 538	5 171	145	151
34 487	47 676	**103 017**	26 165	**50 478**	43 305

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

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

20 Events after the balance sheet date

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

Mannheim, 11 August 2009
MVV Energie AG
Executive Board

Dr. Müller Brückmann Dr. Dub Farrenkopf

Responsibility Statement

"We affirm that, to the best of our knowledge and in accordance with the accounting principles applicable to interim financial reporting, the interim consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group up to the end of the 2008/09 financial year."

Mannheim, 11 August 2009
MVV Energie AG
Executive Board

Dr. Müller Brückmann Dr. Dub Farrenkopf

Financial Calendar

19. 11. 2009	Publication of Preliminary Results for the 2008/2009 Financial Year
30. 12. 2009	Annual Financial Report 2008/2009 (Annual Report)
27. 1. 2010	Annual Results Press Conference and Analysts' Conference
15. 2. 2010	Financial Report 1st Quarter of 2009/2010
12. 3. 2010	Annual General Meeting
15. 3. 2010	Payment of Dividend
15. 5. 2010	Financial Report 2nd Quarter of 2009/2010
15. 8. 2010	Financial Report 3rd Quarter of 2009/2010

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