MVV ENERGIE – ENERGISING THE FUTURE

SECURING TOMORROW'S ENERGY TODAY

ANNUAL REPORT 2008/09

MVV Energie

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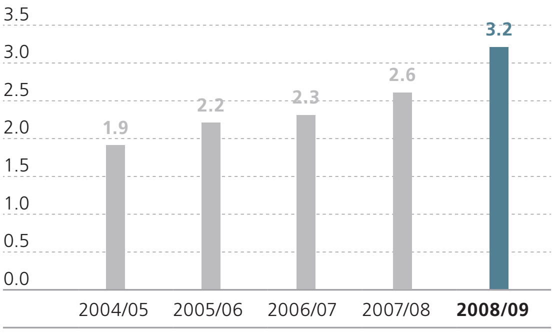
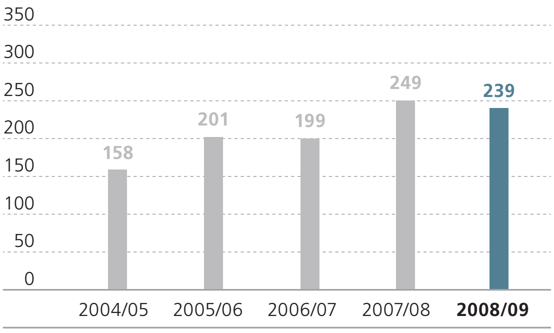
External sales[1] in Euro billion



1 excluding electricity and natural gas taxes

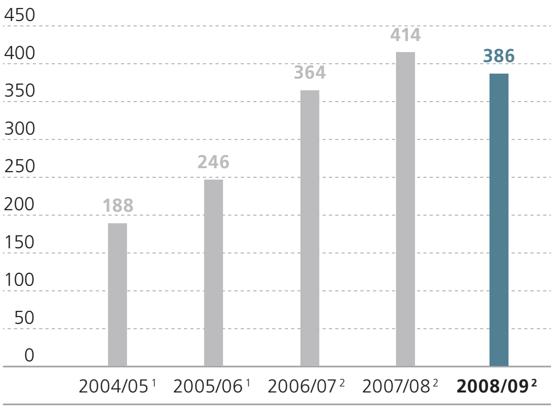
Adjusted EBIT in Euro million



Investments[1] in Euro million

1 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 for other financial assets

Cash flow in Euro million



1 as per DVFA/SG
2 before working capital and taxes

Key Figures

MVV Energie Group

Euro million	**2008/09**	2007/08	% Change
External sales excluding electricity and natural gas taxes	3 161	2 636	+ 20
Adjusted EBITDA [1]	385	398	− 3
Adjusted EBITA [1]	239	249	− 4
Adjusted EBIT [2]	239	249	− 4
Adjusted EBT [2]	165	181	− 9
Adjusted annual net surplus [2]	112	123	− 9
Adjusted annual net surplus after minority interests [2]	98	110	− 11
Adjusted earnings per share in Euro [2, 3]	1.48	1.69	− 12
Cash flow before working capital and taxes	386	414	− 7
Cash flow before working capital and taxes per share [3] in Euro	5.86	6.33	− 7
Free cash flow	20	54	− 63
Adjusted total assets (as of 30.9.) [4]	3 566	3 361	+ 6
Adjusted equity (as of 30.9.) [5]	1 208	1 192	+ 1
Adjusted equity ratio (as of 30.9.)	33.9 %	35.5 %	− 5
Capital employed [6]	2 649	2 444	+ 8
ROCE	9.0 %	10.2 %	− 12
WACC	8.5 %	8.5 %	—
Value spread	0.5 %	1.7 %	− 71
Investments	255	241	+ 6
Number of employees (as of 30.9.)	6 053	5 901	+ 3

1 excluding non-operative IAS 39 valuation items in connection with financial derivatives

2 excluding non-operative IAS 39 valuation items in connection with financial derivatives and excluding one-off charges for write-downs at energy-related services subgroup (see reconciliation of EBIT on page 56)

3 increase in number of shares (weighted annual average) from 65.3 million to 65.9 million due to capital increase

4 excluding positive and negative fair values under IAS 39

5 excluding net balance of positive and negative fair values under IAS 39

6 adjusted equity plus financial debt plus provisions for pensions and similar obligations plus accumulated goodwill amortisation (calculated as an annual average)

Company Portrait

MVV Energie has played a remarkable role among German energy companies since its IPO in 1999. Its business fields of electricity, district heating, gas, water, energy-related services and environmental energy provide it with a unique business portfolio. One further outstanding feature of our Group is its horizontal networking and integration of shareholdings with local and regional operations in the same business fields. With around 6 000 employees, our Group generated consolidated sales of Euro 3.2 billion in the 2008/09 financial year.

We are Germany's sixth-largest electricity supplier and one of the top five district heating companies, while also playing a pioneering role with innovative products in the gas market. In our environmental energy business, we are Germany's third-largest operator of waste and old timber incineration plants. In our energy-related services business too, we have built up a leading position in the German market by offering decentralised energy generation and energy saving contracting services.

With our strategic alignment, we have set course to achieve further profitable and value-adding growth at our Group. To this end, we will be investing around Euro 3 billion over the next ten years. Renewable energies and the future markets of climate protection and energy efficiency are major focuses in our medium and long-term strategy. Our aim is to create lasting value for our investors and to offer sustainable jobs to our employees.

Our profile is clear: MVV Energie – Energising the Future.

MVV Energie – Energising the Future

The future starts now. It is today that we make decisions and lay foundations for our business tomorrow. These decisions affect the security and stability of the energy supply, the affordability of energy prices, the favourability of the impact on the environment and ultimately the further growth of our company.

To energise the future, we think and plan on a long-term basis, while acting quickly and in a targeted manner. We implement our projects effectively. In the 2008/09 financial year we focused closely on developing future scenarios, reviewing strategies and setting course for sustainable, i.e. profitable, environmentally aware and socially responsible growth at our group of companies. We will continue to provide our customers with a reliable supply of energy in future as well, while offering them intelligent and innovative products and solutions. This way, we are working to secure tomorrow's energy today.

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SECURING TOMORROW'S ENERGY TODAY

To shape the future, we need convincing visions to guide our actions. The "Tomorrow..." pages show how we visualise a desirable future. The future is built on present foundations. Without past experience, there can be no progress. The "Today..." pages therefore show what MVV Energie has already achieved in its most important business fields.

TOMORROW…

even more energy will be produced from regenerative sources.

TODAY...

we are making increasing use of timber, a CO_2-neutral fuel.

Embedded in the foothills of Vogelsberg, Central Europe's largest extinct volcanic region, the little town of Laubach lies idyllically situated in a natural park. Within this densely forested landscape, a very special energy pack – an energy forest – is taking shape. On a one hectare trial field, Energieversorgung Offenbach (EVO) has planted 10 000 balsam poplars and willow trees. What makes these timbers special is that they are absolutely energy-charged. They regenerate quickly, and that again and again. Generally speaking, they can be "harvested" every three years at a height of around fifteen feet.

The energy forest comes at the beginning of our value chain, which stretches from producing regenerative raw materials to processing them into wood pellets to generating energy at biomass plants. One trailblazing project planned by EVO is the construction of a new high-performance pellet plant. The existing manufacturing capacity of 20 000 tonnes is due to be supplemented from 2011 with a further 65 000 tonnes to a maximum of 130 000 tonnes of wood pellets a year.

Like EVO, the MVV Energie Group as a whole is increasingly relying on timber as a climate-friendly and environmentally-friendly resource. When it comes to biomass, we have long been the market leader in Germany, can offer in-depth expertise in operating biomass plants and have forged long-term agreements with timber suppliers. Two examples here are our cooperation with the Bavarian State Forestry Commission and our takeover of A+S Naturenergie. With 18 % of the electricity we produce coming from renewable energies, we are already ahead of the national average. We are continually expanding our use of renewable energies to generate electricity and heating energy from biomass and more recently also from biogas. And we intend to make sure our growth in these business fields is just like that at the energy forest – fast and sustainable.

4.5 to 7.5

tonnes of CO_2 a year can be saved at a family home by heating with wood pellets instead of oil.

50 000

tonnes of industrial pellets are enough to replace 30 000 tonnes of hard coal.

139 000

tonnes of CO_2 are saved a year at the 25 biomass and three biogas plants at MVV Energiedienstleistungen GmbH alone.

TOMORROW...

our children should have a secure supply firmly in their grasp.

TODAY...

we are making our supply of gas more secure by building storage facilities.

November 1973: hardly a car in sight on Germany's motorways. Due to the conflict in the Middle East, the OPEC countries impose an oil boycott.

January 2009: the spectre of freezing living rooms is at large in Germany. The energy dispute in Eastern Europe escalates. Russia turns off the supply of gas to Ukraine and Belarus. Transit pipelines to Western Europe remain largely empty.

The oil crisis and gas dispute make it absolutely clear – the globalisation of the energy supply loses much of its appeal when dependencies on imports arise. Calls for long-term supply security follow hot on the heels of any first-hand experience of supply bottlenecks.

Stadtwerke Kiel has adopted a forward-looking approach by storing natural gas in caverns. The advantage here is that unexpected supply shortages can be absorbed and consumption peaks arising at short notice in the winter months can be offset. What's more, procurement costs can also be optimised by purchasing the gas at times of low consumption, such as the summer months.

In Rönne, a district of Kiel, engineers have been digging deep to maintain a secure supply of natural gas for nearly 40 years now. The first gas storage facility was commissioned here in 1971 already and was followed in 1996 by a second larger cavern. A further large-scale storage facility capable of holding 70 million cubic metres of natural gas is due to be completed by 2013. Storing gas on this scale requires specific geological formations. At a depth of between 650 metres and 1 800 metres, solution mining creates a cavity of 500 000 cubic metres which is surrounded and sealed by fixed soil formations. Using high-pressure compressors, the natural gas is compressed many times over and then stored safely in the depths of the earth.

90 000
family homes could be heated for a whole year with natural gas from the storage facilities.

115
million cubic meters of compressed natural gas can be stored in the three gas caverns in Kiel.

TOMORROW...

our energy supply will create the right chemistry at industrial parks.

TODAY...

Industriepark Gersthofen benefits from all-round services from a single source.

Working people are only too aware of the problem. After a busy working day, the housework is still waiting for them when they get home. It would be great if some fairy godmother could just take care of it. This little wish has already come true on a major scale for twelve companies with 1 450 employees at Industriepark Gersthofen. Industriepark Gersthofen Servicegesellschaft mbH (IGS), a subsidiary of MVV Energiedienstleistungen GmbH, takes care of the burdensome "housework" for them. By drawing on the services offered by IGS, the location operator, the companies can channel all of their energies into their actual businesses. Not only that, as they don't have to invest any of their own money in infrastructure facilities, they also help their pockets.

IGS offers an all-round services package to companies on site at the industry park, mainly chemicals manufacturers, as well as to external companies in the Augsburg region. Supplying energy accounts for the lion's share of these services, as energy costs are a significant production factor for the companies. Since July 2009, a new industrial power plant at Gersthofen has helped to reduce energy prices and enhance energy efficiency. The power plant on location, which MVV Energiedienstleistungen invested around Euro 30 million to build, uses the environmentally-friendly cogeneration process to generate electricity and steam from refuse-derived fuel.

As well as supplying energy, IGS offers a variety of services to make life easier for the companies and to free up their time and financial resources for them to focus on their core businesses. Some examples of the services are plant safety, waste management, occupational health and safety, fire service, railway system, facility management and personnel management services. And there is a good reason for the fact that 130 of IGS's 320 employees are trainees – the all-round service package at IGS includes offering training for all companies at the industrial park. With eight training vocations on offer (focusing on the chemicals industry), IGS is the largest trainer in Augsburg district.

43
tonnes of steam are generated by the new power plant from refuse-derived fuel (RDF) every hour.

4.4
MW_e is the electrical output genereated by the RDF power plant for the electricity supply.

TOMORROW ...

we will all appreciate our waste.

TODAY...

we use waste to generate environmentally-friendly energy.

There comes a time when a cherished item has done all it can for its owner and ends up in the rubbish or on the scrap heap. These redundant items, left to their fate on the edge of the street, are often real treasures for collectors and explorers, who proudly take their findings home. Repaired and polished, they then do great service or become faithful companions for their new owners.

MVV Energie has appreciated the energy potential of our cast-offs for more than 45 years now. What we as consumers simply discard as useless rubbish is for MVV Energie a useful resource and valuable raw material at the end of the utilisation cycle, one far too important to be just burned. In its waste incineration activities, MVV Umwelt GmbH, our environmental energy subsidiary, consistently relies on the principle of "Energy from Waste" and sees this resource as an important source of energy for the future. It forms the basis for the generation of steam, with which electricity is produced using the efficient and environmentally-friendly process of cogeneration. Waste already plays a highly significant role as an economical supplement to fossil fuels. By transforming waste into energy, we are thus making a major contribution towards protecting resources. What's more, we reduce emissions and thus actively protect our climate.

MVV Umwelt GmbH operates decentralised disposal and energy generation plants at four locations with a total incineration capacity of 1.5 million tonnes of waste and biomass. This means that the company is now Germany's third-largest operator of energy from waste plants.

4 000 000
inhabitants in 19 municipalities across five federal states and around 350 commercial customers use MVV Umwelt GmbH to dispose of their waste.

794
GWh of electricity were generated at MVV Umwelt GmbH plants in the 2008/09 financial year.

1 400 000
tonnes of waste have been disposed of at the ultra-modern energy from waste plant in Leuna since 2005.

TOMORROW ...

entire regions will warm to efficient heating.

TODAY...

we are extending our leading position in the supply of district heating.

Some like it hot! The gorgeous orchids in the glass house at Luisenpark reach full bloom at a tropical 22 to 24 degrees Celsius. The rich tropical and subtropical flora in Mannheim's "jungle" flourish with district heating from MVV Energie – it's what makes the temperature there feel just right.

The region's most beautiful park is just one example of the forward-looking decisions taken over the past 50 years to prepare the way for our exemplary district heating supply. Today, MVV Energie already has one of Europe's largest and most modern district heating grids. What's more, a district heating study presented in spring 2008 showed that this energy form of the future has further potential for growth in the Rhine/Neckar metropolitan region. By investing more than Euro 66 million, MVV Energie aims to tap precisely this potential. We will concentrate and further extend the district heating grid in Mannheim. Not only that, we are also laying a 21 kilometre district heating pipeline to Speyer with link-up possibilities for the districts of Brühl and Ketsch.

So what is it that makes district heating so good for the environment that the Federal Government is offering substantial support for its expansion? District heating is basically a by-product from the generation of electricity. At GKM, the large power plant in Mannheim, the heat emitted when electricity is generated is channelled off in parallel by application of the cogeneration principle, and then transported via our own grid directly to customers. Compared with the conventional generation of electricity and heating energy separately, cogeneration plants work with up to 30 % less fuel, thus cutting CO_2 emissions. The resources saved by this process make it highly efficient in ecological terms. And customers enjoy further benefits – district heating systems are less susceptible to breakdowns, require little maintenance and are less expensive. Thanks to this clean supply of heating energy, boilers, fireplaces and fuel storage are a thing of the past.

23

million euros is what Stadtwerke Ingolstadt is investing in expanding its district heating. Energieversorgung Offenbach is also extending its district heating grid further by investing around six million euros.

59 %

of households in Mannheim – around 100 000 flats – are connected to the district heating supply via a 525 kilometre pipe grid. The share of district heating is to be raised to 70 %.

TOMORROW...

energy will be individually tailored for every customer.

TODAY...

our electricity and gas products satisfy customers' desires.

According to a representative study carried out by TNS Infratest, the liberalisation of electricity and gas markets has been accompanied by an increase in customers' need to select their own tailored products from the multitude of energy products on offer. Customers want a secure and inexpensive supply of electricity and gas. At the same time, many customers accord great priority to the products being compatible with the environment and climate-friendly.

How to square the circle? This calls for great flexibility at energy suppliers. MVV Energie acted early to tailor its product portfolio to customers' needs. Following TERRA and FUTURA, two green electricity products available regionally, all eyes turned to SECURA Energie GmbH, a subsidiary of the MVV Energie Group, which began by offering SECURA Ökostrom, a green electricity product, on a nationwide basis. This was followed on 1 October 2009 by SECURA Naturgas, a CO_2-neutral natural gas product available in select sales regions. Inexpensive prices and integrated insurance policies make these two green products especially attractive for private customers.

With its Electricity Fund for industrial and commercial customers, MVV Energie has played a pioneering role in the market for structured procurement services. This intelligent way of procuring electricity on the exchange via our trading experts is now a well-established success story. Our customers have benefited from the advantages of modern procurement. One example – 40 member companies in the Bavarian Stone and Soil Industry Association (BIV) procure their electricity via MVV Energie's Electricity Fund. Based on a total volume of around 36 million kilowatt hours, the potential saving for the 2010 supply year amounts to Euro 469 000. That represents a cost saving of no less than 29 % compared with the conventional market price. Customers with an eye not only for their costs, but also for the environment, can at a small premium enjoy the benefits of the Electricity Fund with the ecological option. With its Gas Fund, on offer since April 2009, MVV Energie has taken the same promising, customer-friendly course of inexpensive, risk-minimised procurement via the exchange.

541

GWh a year is the volume of natural gas for 51 customers acquired for the 2010 supply year since the launch of sales with MVV Energie's Gas Fund in April 2009.

4 527

GWh of electricity were purchased by 715 customers across the whole of Germany via MVV Energie's structured procurement in the 2008/09 financial year (previous year: 3 578 GWh).

To Our Shareholders

Letter from the CEO

DR. GEORG MÜLLER

CEO of MVV Energie AG

Dear Shareholders,

We can look back on an unusual 2008/09 financial year. It was marked by the most profound economic and financial crisis seen in decades, one which also did not simply pass the MVV Energie Group by. I am all the more pleased, therefore, that our group of companies has come through this year of crisis in good shape. We successfully maintained our position in the market. We boosted our external sales by 20 % compared with the previous year, enabling them to reach almost Euro 3.2 billion for the first time. We thus clearly exceeded our sales target. We complied with our operating earnings target. At Euro 239 million, our adjusted earnings before interest and taxes for the 2008/09 financial year were 4 %, and thus only marginally, lower than the comparable EBIT figure in the previous year. We therefore met our two most important quantitative targets. And for that I would like to thank all managers and employees at our group of companies for the superb work they have performed.

At the same time, we have also made considerable progress in qualitative terms. Within the framework of our MVV 2020 strategy project we have compiled a long-term strategy for our Group and completed the groundwork for forward-looking investments. This will provide a basis for further profitable growth creating value at our company. From this it should be clear that MVV Energie has its sights firmly set on the future. Our strategy, with its focus on market needs, means that we are laying foundations today already to energise our customers in future as well.

The achievement of our sales and earnings targets underlines both the stability of our business model and the growth opportunities it harbours – even and perhaps especially in periods of difficult underlying conditions. What's more, it also shows that our well-balanced business portfolio, innovative products and permanent process of efficiency enhancement have enabled us to seize market opportunities and sustainably improve our competitive position. That is particularly true of our electricity and gas sales business with industrial customers across the whole of Germany.

We have also set standards in our energy-related services business, where our long-standing experience in using renewable energies in contracting projects (especially biomass) and in supplying utilities to real estate customers has enabled us to achieve notable success in the market.

In our environmental energy business as well, we managed to continue to operate our plants at full capacity within a challenging waste market. This means that we have also made an active and sustainable contribution towards protecting the climate.

We would like to uphold our shareholder-friendly dividend policy in this financial year too. With this in mind, the Executive and Supervisory Boards will be proposing an unchanged dividend of Euro 0.90 per share for the 2008/09 financial year for approval by the Annual General Meeting of MVV Energie AG on 12 March 2010. On behalf of the company, I would like to thank our shareholders for their support and the trust they have placed in us. I would be very pleased if they were to remain loyal to MVV Energie in the 2009/10 financial year as well.

So what does the future hold for us? Our market environment is constantly changing. Increasing cost and competitive pressure, the second stage of incentive regulation, falling demand for energy and political climate protection targets, with their implications for CO_2 certificate trading, will lead to substantial structural changes in our industry. Energy efficiency, renewable energies and efficient cogeneration are the answers to the challenges of the future! And at MVV Energie we will be actively seizing these opportunities.

Our aim is to be one of Germany's leading energy companies, as we are now, in 2020 as well. To ensure this, we laid decisive foundations in the year under report within our MVV 2020 strategy project. We are convinced that we are taking the right course by renewing our strategic alignment and by investing an amount of Euro 3 billion on a long-term basis. This way, we will retain and create safe and sustainable jobs and training posts and generate attractive value growth for our shareholders in future as well.

Mannheim, December 2009

With kind regards.
Yours faithfully,

Georg Müller

Dr. Georg Müller
CEO

From left: Dr. Werner Dub, Dr. Georg Müller, Hans-Jürgen Farrenkopf, Matthias Brückmann

The Executive Board of MVV Energie AG

Dr. Georg Müller
born in 1963

SINCE 1 JANUARY 2009

CEO
of MVV Energie AG

Commercial Director

2008

CEO
of RWE Rhein-Ruhr AG, Essen

2003 TO 2007

Member of Executive Board
of VSE AG, Saarbrücken

Matthias Brückmann
born in 1962

SINCE 1 AUGUST 2007

Member of Executive Board
of MVV Energie AG

Sales Director

2003 TO 2007

CEO
of Energieversorgung Offenbach AG

2000 TO 2003

Head of Marketing and Sales Division
at MVV Energie AG

Dr. Werner Dub
born in 1950

SINCE 1 JANUARY 2000

Member of Executive Board
of MVV Energie AG

Technology Director

1996 TO 2000

Managing Director
of Ferngas Nordbayern GmbH,
Nuremberg

1982 TO 1996

Management roles
at Ruhrgas AG, Essen

Hans-Jürgen Farrenkopf
born in 1949

SINCE 1 JANUARY 2003

Member of Executive Board
of MVV Energie AG

Personnel Director

1994 TO 2002

Chairman of the Group Works Council
of the MVV Energie Group and
Deputy Chairman of the
Supervisory Board of MVV Energie AG
and MVV RHE AG, Mannheim

Report of the Supervisory Board

DR. PETER KURZ

Chairman

Ladies and Gentlemen,

In the 2008/09 financial year, the Supervisory Board dealt closely with the situation of the company and diligently performed the duties incumbent on it by law and under the Articles of Incorporation. We monitored and advised the Executive Board in its management of the business on an ongoing basis and satisfied ourselves as to the correctness of its actions.

In this, we were provided by the Executive Board with regular, prompt and comprehensive information about the performance and position of the company, as well as about all business transactions of particular significance. The reports from the Executive Board included presentations of the company's business, sales and earnings performance, as well as of its net asset and financial position. The Executive Board also regularly briefed us on the company's financial, investment and personnel budgets, its strategic planning and its risk situation and risk management.

The Supervisory Board met on seven occasions during the period under report, while the Audit and Personnel Committees held seven and three meetings respectively. We carefully examined and held detailed discussions, prepared where appropriate by the relevant committees, concerning the presentations and oral reports from the Executive Board. The Supervisory Board reached its decisions on the basis of this information and of the draft resolutions submitted by the Executive Board.

Main topics of our discussions

In the past financial year, the Supervisory Board dealt extensively with the implications of the global financial and economic crisis for the MVV Energie Group. The Executive Board informed us in detail as to the economic consequences for the company of the macroeconomic downturn and the change in conditions on the financial markets.

One key topic of our discussions was the review and realignment of the company's strategy. We discussed the results of the MVV 2020 strategy project presented by the Executive Board on 25 September 2009 in great detail and approved the strategic courses of action identified on this basis. The Executive Board informed us at the same time of the necessity of posting one-off expenses and a write-down in the energy-related services business division.

By resolution dated 8 May 2009, the Supervisory Board awarded the assignment to audit the separate and consolidated financial statements of MVV Energie for the 2008/09 financial year to PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart. The Annual General Meeting in March 2009 had previously resolved in line with the proposal made by the Supervisory Board to appoint PricewaterhouseCoopers as auditors and group auditors for the 2008/09 financial year.

Major personnel matters addressed by the Supervisory Board in the year under report included the appointment of Dr. Georg Müller as CEO of MVV Energie AG and the extension of Dr. Werner Dub's appointment to the Executive Board. Other important topics dealt with at our Supervisory Board meetings were the acquisition by MVV Energiedienstleistungen GmbH of a further 49 % of the shares in MVV Energiedienstleistungen Wohnen GmbH & Co. KG, the acquisition by MVV Energie AG of a shareholding in 8KU Renewables GmbH, the contribution of the gas grid in Sinsheim into a municipal grid company and the raising of the cash pool limit at 24/7 Trading GmbH. The Executive Board provided us with regular status updates concerning the planned construction of a new generation block (Block 9) at Grosskraftwerk Mannheim AG. Furthermore, we also dealt with the 2020 Climate Protection Programme at MVV Energie AG, the progress made on expanding district heating in Mannheim and the construction of the district heating pipeline to Speyer.

Corporate governance

Within the framework of the implementation of the German Corporate Governance Code, the Supervisory Board held an efficiency review pursuant to Point 5.6 of the Code in the past year once again, adopting the resultant enhancements for its work. Moreover, the Supervisory Board also reviewed the independence of its members in line with Point 5.4.2 of the Code. This review concluded that no member of the Supervisory Board had any business or personal dealings with the company or its Executive Board which could provide grounds for any conflict of interest. This is also unrestrictedly the case for Dr. Rolf Martin Schmitz and his successor on the Supervisory Board, Dr. Dieter Steinkamp, in respect of their membership of the Executive Board of RheinEnergie AG. As strategic partners, RheinEnergie AG and MVV Energie AG aim to establish close cooperation. The two companies do not compete with each other on the individual stages of the value chain (generation, grids, sales) either geographically or in terms of their activities. Reference is made to the internet site **www.mvv-investor.de** for details of corporate governance and the Declaration of Conformity adopted for the past financial year. This Declaration of Conformity can also be found on Page 38 of this Annual Report.

Committee meetings

The Supervisory Board has established three committees to prepare topics and resolutions for the full Supervisory Board. The Supervisory Board is informed in detail of the work of the committees by their respective chairmen, namely Dr. Manfred Fuchs (Audit Committee) and Dr. Peter Kurz (Personnel Committee; Mediation Committee).

In the year under report, the Audit Committee discussed the annual, consolidated and quarterly financial statements prepared by the Executive Board in great detail. Furthermore, the Committee also dealt with the 2009/10 business plan and the company's medium-term planning, as well as examining its risk situation and risk management system. Further topics of deliberation included the optimisation of working capital and the implications of the financial market and economic crisis. Moreover, the Committee prepared the procedure for selecting the auditors and submitted a corresponding recommendation to the Supervisory Board.

In the past financial year, the Personnel Committee held preparatory discussions concerning the compensation and contracts of members of the Executive Board and, among other matters, recommended to the Supervisory Board that Dr. Georg Müller be appointed and that Dr. Werner Dub's appointment be extended. Furthermore, the Committee dealt with the variable compensation confirmed by the auditor for members of the Executive Board for the 2007/08 financial year.

The Mediation Committee did not require convening pursuant to § 27 (3) of the German Codetermination Act (MitbestG).

Changes in the composition of the Supervisory Board and Executive Board

Dr. Rolf Martin Schmitz, former CEO of RheinEnergie AG, Cologne, retired from his position on the Supervisory Board of MVV Energie AG upon retiring from his positions at RheinEnergie AG as of 30 April 2009. He was succeeded as of 9 July 2009 by Dr. Dieter Steinkamp, who became CEO of RheinEnergie AG on 15 June 2009.

Furthermore, the following individuals also retired from the Supervisory Board of MVV Energie AG: Uwe Spatz, member of the Works Council of MVV Energie AG, Klaus Lindner, trade union secretary at ver.di Rhine/Neckar, and Dr. Rudolf Friedrich, retired job centre director, who stood down for reasons of ill health as of 30 September 2009. Peter Dinges, Chairman of the Group Works Council of MVV Energie AG, joined the Supervisory Board on 1 February 2009. Bodo Moray, trade union secretary at ver.di Rhine/Neckar, was appointed as a member as of 1 September 2009. We would like to thank all retiring members of the Supervisory Board for their constructive contributions to the work of our body.

Manfred Lösch retired from his position as Deputy Chairman of the Supervisory Board as of 30 September 2009. Pursuant to the proposal made by employee representatives, Peter Dinges was elected to succeed him. We would like to thank Manfred Lösch for his longstanding and committed involvement in the work of the Supervisory Board.

At an extraordinary meeting held on 23 October 2008, the Supervisory Board of MVV Energie AG appointed Dr. Georg Müller to be a member of the Executive Board of MVV Energie AG for a five-year term and appointed him as CEO. Dr. Müller assumed office at the beginning of 2009. The employment contract with Dr. Werner Dub, which was due to expire on schedule, was extended on 12 March 2009 for a further five years until the end of 2014. Since January 2000, Dr. Dub has been responsible for the technology board division.

Approval of the consolidated financial statements

The consolidated financial statements and group management report of the MVV Energie Group for 2008/09 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart, and granted an unqualified audit opinion. Both the consolidated financial statements and the group management report were prepared in accordance with International Financial Reporting Standards (IFRS), taking due account of § 315a of the German Commercial Code (HGB). The annual financial statements of MVV Energie AG prepared in line with HGB and the accompanying management report for the 2008/09 financial year were also audited by the auditor and granted an unqualified audit opinion.

The consolidated financial statements and group management report of the MVV Energie Group, the annual financial statements and management report of MVV Energie AG, the appropriation of profits proposed by the Executive Board and the auditor’s audit reports were all submitted to the Supervisory Board in good time for its respective meeting. These documents were carefully inspected by the Audit Committee and the Supervisory Board and were discussed in detail in the presence of the auditor. We endorse the findings of the audit performed by the auditor. At our meeting on 18 December 2009, we approved the consolidated financial statements and group management report of the MVV Energie Group and the annual financial statements and management report of MVV Energie AG. The annual financial statements are thus adopted. We endorse the appropriation of profits proposed by the Executive Board.

The Executive Board further compiled a report for the 2008/09 financial year on the company's relationships with closely related companies (dependent company report). According to the report, MVV Energie AG was not disadvantaged by the legal transactions performed with associated companies outlined therein. The dependent company report was audited by the auditor, who granted the following audit opinion:

"Following our audit and assessment performed in accordance with professional obligations, we confirm
- that the factual disclosures made in the report are accurate
- that the compensation of the company in the transactions listed in the report was not incommensurately high based on the circumstances known at the time of such transaction being executed."

Both the dependent company report and the audit report compiled by the auditor were provided to us in good time. Following its own review, the Supervisory Board concurred with the auditor's assessment and approved the report. The auditor also audited the early warning risk identification system established at MVV Energie AG by the Executive Board pursuant to § 91 (2) of the German Stock Corporation Act (AktG). Based on the auditor's assessment, this system is suited to fulfil its legal obligations.

The Supervisory Board would like to thank the Executive Board, the executive boards and management teams at the shareholdings, as well as all employees, members of works councils and employee representatives, for their active contributions to the successful development of our company in the 2008/09 financial year.

Addendum to the Report of the Supervisory Board

To ensure compliance with the new legal requirements governing management board compensation (VorstAG), at the end of the year under report the Supervisory Board commissioned a review of the existing compensation system from an independent compensation expert. Any adjustments required to the compensation system once the review is available will be implemented by the Supervisory Board in the course of the 2009/10 financial year.

Mannheim, December 2009

Supervisory Board

Peter Kurz

Dr. Peter Kurz
Chairman

The Share of MVV Energie AG

MVV Energie AG share largely unaffected by turbulence on capital markets

The performance of financial markets in the 2008/09 financial year was largely determined by macroeconomic developments and highly volatile commodity and oil prices. Due to the financial and economic crisis, the DAX, Germany's lead index, fell by 37.1 % between the end of September 2008 and early March 2009. Following lows at around 3 666 points, the DAX finally showed an at times highly volatile recovery, enabling it to return to 5 675 points by the end of September 2009. This growth was driven by the improved economic outlook and resultant expectations that the global recession would soon come to an end. Further developments on international stock markets will crucially depend on future economic data and on the development in commodity and oil prices.

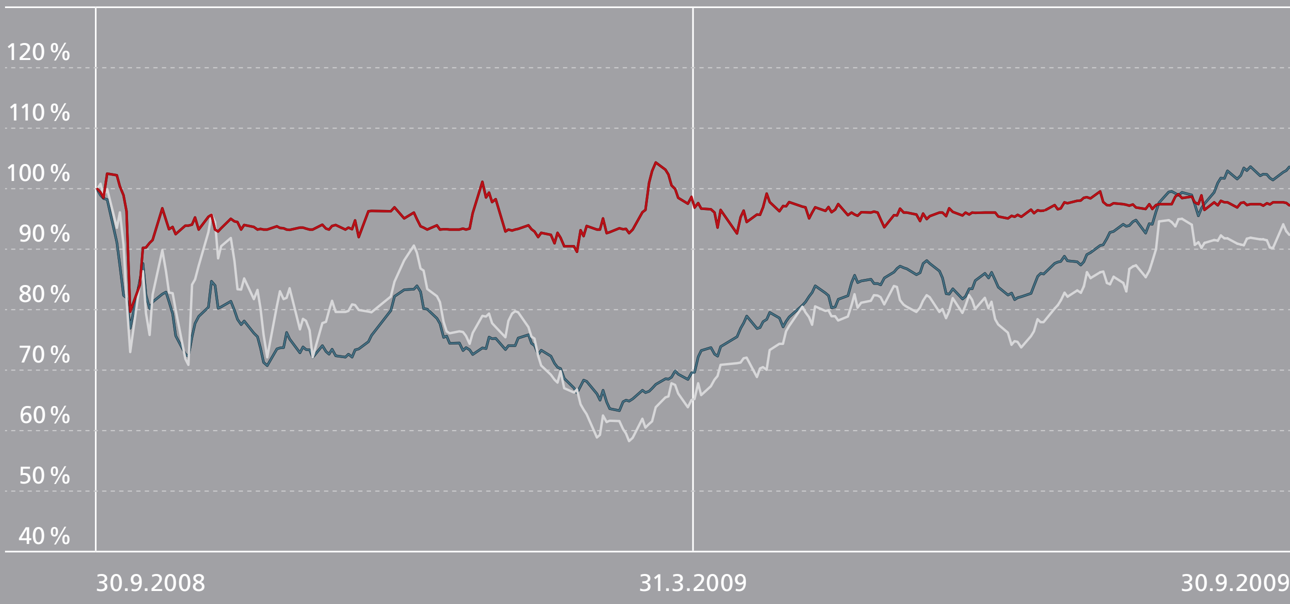
At Euro 30.83, the share price of MVV Energie AG at the end of the financial year on 30 September 2009 was 7.1 % down on the previous year's balance sheet date. Accounting for the dividend distribution of Euro 0.90 per share in March 2009, the share price slipped 3.5 % in the overall period under report and thus remained more or less stable (please see share chart). Our comparative indices showed highly disparate developments over the same period. DAXsector Utilities (previously Prime Utilities), which is largely influenced by large groups such as E.ON and RWE, lost 8.1 % in value, while the SDAX rose by 2.9 %. The share of MVV Energie AG thus maintained its ground relatively well in a difficult market climate marked by the financial and economic crisis.

Key figures on share and dividend

	2008/09	2007/08
Closing price [1] on 30.9. (Euro)	30.83	33.20
Annual high [1]	34.04	33.75
Annual low [1]	26.55	28.00
Market capitalisation on 30.9. (Euro million)	2 032	2 188
Average daily turnover (no. of shares)	19 162	29 575
Number of shares on 30.9. (000s)	65 907	65 907
Number of shares in 000s (annual weighted average)	65 907	65 297
Number of shares with dividend entitlement (000s)	65 907	65 907
Dividend per share (Euro)	0.90 [2]	0.90
Dividend total (Euro million)	59.3 [2]	59.3
Adjusted earnings per share [3, 4] (Euro)	1.48	1.69
Cash flow before working capital and taxes per share [4] (Euro)	5.86	6.33
Adjusted carrying amount per share [4, 5, 6] (Euro)	16.52	16.53
Price / earnings ratio [7]	20.8	19.6
Price / cash flow ratio [7]	5.3	5.2
Dividend yield [7] (%)	2.9 [2]	2.7

1 XETRA trading
2 subject to approval by Annual General Meeting on 12 March 2010
3 excluding non-operating IAS 39 valuation items for financial derivatives and one-off items due to write-downs at energy-related services subgroup
4 number of shares (weighted annual average)
5 excluding net balance of positive and negative fair values under IAS 39
6 excluding minority interests
7 basis: closing price in XETRA trading on 30 September

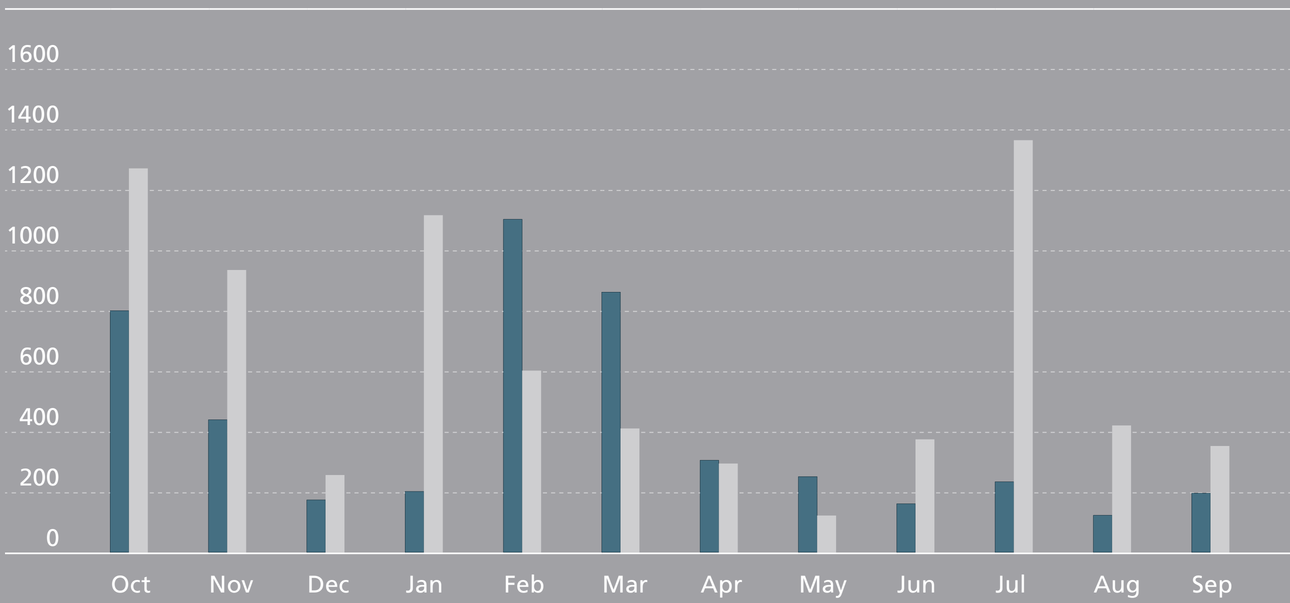
Share of MVV Energie AG: performance comparison



MVV Energie AG SDAX DAXsector Utilities

ISIN DE00A0H52F5
WKN A0H52F
XETRA MVV1
Reuters MVV Gn.DE
Bloomberg MVV1 GR

Monthly trading volumes (no. of shares 000s)



2008/09 2007/08

Market capitalisation remains above Euro 2 billion

Due to the decline in the share price, the market capitalisation of MVV Energie AG reduced to around Euro 2 032 million as of 30 September 2009 (previous year: Euro 2 188 million). The free float share of 18.5 % used to weight the share within the SDAX was thus worth around Euro 376 million at the end of the 2008/09 financial year (previous year: Euro 407 million). Measured in terms of its free float market capitalisation, the share of MVV Energie AG occupied 46th position in the joint index statistics compiled for the 100 companies in the MDAX and SDAX at the end of the financial year (previous year: 51st position). This improvement is indirectly due to the sharp decline in share prices seen at many other index members. Measured in terms of stock market trading volumes, our share reached 61st position in the statistics (previous year: 85th position).

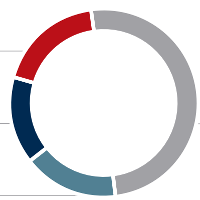
Lower trading volumes due to reduction in number of shares traded

A total of around 4.8 million shares in MVV Energie AG were traded across all German stock markets during the 2008/09 financial year, equivalent to a reduction of around 35 % compared with the previous year. Due to the decline in the share price and the lower number of shares traded, trading volumes were worth Euro 151 million in total (previous year: Euro 235 million). Overall, around 95 % of our stock market turnover takes place on the XETRA trading platform.

Shareholder-friendly dividend policy

The Annual General Meeting of MVV Energie AG held on 13 March 2009 followed the proposal made by the Executive and Supervisory Boards and approved an increase in the dividend for the 2007/08 financial year from Euro 0.80 to Euro 0.90. Due to the higher dividend, the distribution sum based on a total of 65.9 million shares rose year-on-year by Euro 6.6 million to Euro 59.3 million. We intend to pay our shareholders an appropriate dividend consistent with our earnings performance in future as well. As in the previous year, the Executive and Supervisory Boards plan to propose a dividend of Euro 0.90 per share for the 2008/09 financial year for approval by the Annual General Meeting on 12 March 2010. This is equivalent to a dividend yield of 2.9 % in terms of the closing price in XETRA trading on the reporting date on 30 September 2009.

Shareholder structure



Change in shareholder structure

RheinEnergie AG, Cologne, increased its stake in MVV Energie AG by 0.2 % to 16.3 % by acquiring shares on the stock exchange in October 2008. The free float correspondingly reduced to 18.5 %. The stakes held by the other major shareholders, EnBW AG (15.1 %) and the City of Mannheim (50.1 %), remained unchanged. The confidence shown by the capital market in the MVV Energie Group's growth strategy is reflected in the investments made by Deka International S.A., Luxembourg, and Barclays Securities Ltd., UK, which now hold around 3.3 % and 5.1 % of the shares in MVV Energie AG respectively. The shares held by these companies are allocated to the free float.

MVV Energie AG – ten years on the stock exchange

On 2 March 1999, MVV Energie AG became Germany's first municipal utility company to successfully risk an IPO, thus laying the foundations for the company's profitable growth over the past ten years. The issue price at the time amounted to Euro 16 per share and the issue was more than three times oversubscribed.

Active and successful investor relations

Due to the financial crisis, the number of banks analysing the company in their research publications fell from eight in October 2008 to six currently. This is nevertheless a high figure for an SDAX company. The banks regularly tracking the share of MVV Energie AG include DZ Bank, LBBW, UniCredit, Cheuvreux, Kepler Capital Markets and Sal. Oppenheim. The Investor Relations department aims to further extend research coverage for the company's share.

We presented our company to large numbers of institutional investors, as well as private shareholders, at several investors' conferences and in numerous one-to-one meetings. Over and above this, we held telephone and analysts' conferences providing extensive commentaries on the latest earnings performance of our company. One particular focus during the 2008/09 financial year was on road shows and talks with institutional investors in Germany and abroad. We visited investors in Dublin, Düsseldorf, Edinburgh, Frankfurt am Main, Geneva, Cologne, Copenhagen, London, Munich, Oslo, New York, Paris, Stockholm, Vienna and Zurich. Up-to-date information about our share can be found on our homepage at **www.mvv-investor.de.**

We see our pleasing ranking in the 2009 Investor Relations Competition organised by Capital, a business journal, as providing recognition of our intensive work on the capital market. Among the 50 companies in the SDAX, MVV Energie for the first time reached 3rd position (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 early 2009. Around 400 analysts and fund managers assessed IR activities at SDAX companies in terms of the criteria of target group focus, transparency, track record and extra financial reporting.

Accolade for our Annual Report

The German periodical "manager magazin" organises "The Best Annual Reports", an annual competition which is highly regarded on the capital market. The competition involves around 200 annual and interim reports of the most important German and European publicly listed companies being analysed and subsequently ranked. With an overall assessment of "Good", the 2007/08 Annual Report of MVV Energie AG was ranked 7th among SDAX companies in the 2008 competition, thus once again reaching the top ten (previous year: 4th position). Our Annual Report was yet again singled out for an internationally recognised award in the LACP competition "Vision Awards Annual Report Competition" in the US.

The 2008/09 Financial Year at a Glance

Innovative products and customer services in nationwide sales business

MVV Energie has played a pioneering role in the energy market with its nationwide Electricity Fund models for industrial and commercial customers. Building on the success of its Electricity Fund, the company launched nationwide marketing for its Gas Fund product, which has been specially designed for medium-sized and multiple location customers, in April 2009. Gas customers therefore also stand to benefit in future from our experience in structured procurement. Alongside these product innovations, we have also further extended the range of services available to customers. In September 2009, we launched our web-based customer information portal. By entering a password, customers can conveniently view and download their consumption and invoicing data and a great deal of other information about procurement and the energy market.

Competing for private customers with green products

SECURA Energie GmbH, a company owned by the MVV Energie Group (74.9 %) and RheinEnergie AG, Cologne (25.1 %), has been offering both 100 % green electricity and an all-round carefree package including an integrated insurance policy on a nationwide basis since January 2008.

On 1 October 2009, SECURA Energie GmbH also launched its external gas sales business for private customers outside its home regions, offering a CO_2-neutral natural gas product for household customers. CO_2-neutrality will be achieved by financing forestation projects. The trees planted will absorb greenhouse gases, thus offsetting the CO_2 released when the gas is burned.

New block at Grosskraftwerk Mannheim

The Mannheim power plant Grosskraftwerk Mannheim AG (GKM) plans to build a new block powered by hard coal and using efficient cogeneration (Block 9) by 2013. Its gross electricity output will amount to 911 MW_e and its district heating output to 500 MW_t. This power plant block forms the basis for securing the electricity supply in the long term and for further expanding the supply of energy-efficient district heating in Mannheim and the Rhine/Neckar metropolitan region. With a fuel efficiency rate of up to 70 %, Block 9 will be 20 % more efficient than the existing Blocks 3 and 4. These will be taken from the grid for reasons of age once operations begin at Block 9. MVV Energie holds a 28 % stake in GKM. The regional authorities in Karlsruhe approved the construction and operation of Block 9 with assessment notices dated 27 July 2009 (immission control approval) and 3 August 2009 (water pollution control approval).

Expansion of district heating supply

Following an in-depth economic feasibility analysis, MVV Energie AG launched its district heating extension and concentration programme in Mannheim in June 2009. The district heating supply grid is to be extended to areas not yet covered and concentrated in areas that are already supplied. We intend to invest a total of around Euro 66 million by 2020 in expanding district heating in the built-up sections of Mannheim and in connecting district heating grids in the Rhine/Neckar metropolitan region. Construction work on the district heating pipeline from Mannheim to Speyer began in May 2009. During construction, which is due for completion in autumn 2010, it is planned to extend district heating to the districts of Brühl and Ketsch as well. MVV Energie is thus laying a foundation for further profitable growth in its district heating business.

Major new projects in energy-related services business

MVV Energiedienstleistungen GmbH Berlin took over MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin, in its entirety in May 2009. GSW Immobilien GmbH had previously retained a 49 % stake. By pooling its energy and ancillary cost optimisation expertise, our Group has now improved its position in Berlin even further. Supplying more than 100 000 residential units, MVV Energiedienstleistungen is already the leading player in the real estate utility market in the federal capital.

MVV Energiedienstleistungen also reported several successes in its hospital and rehabilitation clinic business. One example is the Association of Private Hospitals (VdPK) in the states of Hessen and Rheinland-Pfalz, which signed a master cooperation agreement in April 2009. This cooperation enables the hospitals to cut their energy costs by around 10 percent without having to make any investments themselves.

In August 2009, MVV Energiedienstleistungen GmbH, Mannheim, founded RNE Rhein-Neckar Energie GmbH, Sinsheim, together with AVR Abfallverwertungsgesellschaft des Rhein-Neckar-Kreises, a waste disposal company in the Rhine/Neckar district. The new company will focus on large-scale environmentally-friendly biomass cogeneration plants and on resource-efficient energy saving contracting projects.

Strategic partnership with Stadtwerke Sinsheim

Contracts governing the foundation of Stadtwerke Sinsheim Versorgungs GmbH & Co. KG were signed in February 2009. Alongside Stadtwerke Sinsheim (10 %), the shareholders are EnBW Regional AG (60 %) and MVV RHE GmbH (30 %), a wholly-owned subsidiary of MVV Energie AG. Within this investment, EnBW is contributing its electricity distribution grid and MVV RHE GmbH its gas distribution grid to the joint grid company, which will take over infrastructure operations for the supply of electricity and gas to around 35 000 inhabitants in Sinsheim.

Further boost in economic efficiency in the environmental energy business

Construction work on Boiler No. 6 and a new condensing turbine is progressing on schedule at the energy-from-waste plant in Mannheim. Boiler No. 6 (investment: Euro 117 million) will replace two older boilers (Nos. 2 and 3). In the final stage, the new boiler was integrated into the existing facilities at the plant during ongoing operations. The first waste is due to be incinerated in December 2009. This ultramodern incineration plant has further enhanced the economic efficiency of the energy-from-waste plant in Mannheim.

MVV Environment Ltd., the British subsidiary founded in September 2008, is closely examining the British waste market, which offers good development prospects. MVV Environment Ltd. is taking part in tender processes to build energy-from-waste plants in the UK.

MVV 2020 – course set for profitable growth

The MVV 2020 strategy project was successfully completed at the end of September 2009 with Supervisory Board meetings and employee meetings in Mannheim, Offenbach and Kiel. With MVV 2020, we have laid group-wide foundations for the further profitable development of our company. Implementation began in early October 2009.

Corporate Governance

Report of the Executive and Supervisory Boards

The term "corporate governance" describes the entire system of corporate management and supervision, including its organisation, underlying business policy principles and mechanisms of internal and external supervision.

The German Corporate Governance Code presented by the German Corporate Governance Code Government Commission for the first time in 2002 and continuously enhanced since then sets out nationally and internationally recognised standards of high-quality, transparent and responsible corporate management and recommends that publicly listed companies should adopt these standards. The latest new version of the German Corporate Governance Code dated 18 June 2009 with the amendments to the Code adopted by the German Corporate Governance Code Government Commission was published in the official section of the electronic Federal Official Gazette on 5 August 2009.

Good corporate governance ensures that corporate management and supervision focus on safeguarding the company's ongoing existence and generating sustainable value growth. For us, it provides a foundation for gaining and retaining the trust of our shareholders, customers and employees, as well as of the general public, on a permanent basis. The Executive and Supervisory Boards of MVV Energie AG therefore accord high priority to good corporate governance and explicitly endorse the appeal contained in the Code to manage the company in such a way as to secure its continued existence and sustainably increase its value in line with the principles of the social market economy.

We see the recommendations made by the German Corporate Governance Code as representing an important instrument in further developing corporate management and supervision in line with the needs of the capital market. The Executive and Supervisory Boards of MVV Energie AG comply with the overwhelming majority of the Code's recommendations. In our Declaration of Conformity we explain why we have deviated from the recommendations in a few cases.

Transparency

In the past, we have always met the relevant transparency requirements in the German Commercial Code (HGB) and the German Securities Trading Act (WpHG) and also complied in full with the Code's recommendations in this respect. In future, we will continue to ensure that all of our stakeholders have access to the same information at the same time. To this end, we provide information about our company and the latest developments at our Group on our website at **www.mvv-investor.de,** where we also publish a financial calendar with the dates for our regular financial reporting.

Group accounting is based on International Financial Reporting Standards (IFRS), while the separate financial statements of MVV Energie AG are prepared in accordance with the German Commercial Code (HGB).

Compensation Report
(Component of Group Management Report)

The Executive Board was paid compensation totalling Euro 1 901 thousand in the year under report. This was structured as follows:

Compensation

Euro 000s	**Fixed**[1]	**Variable**	**Supervisory Board compensation**[2]	**Total**
Dr. Georg Müller[3]	336	174	11	521
Matthias Brückmann	274	181	9	464
Dr. Werner Dub	263	181	16	460
Hans-Jürgen Farrenkopf	266	181	9	456
Total	**1 139**	**717**	**45**	**1 901**

1 including allowances for pension insurance, health insurance, nursing care insurance, voluntary contributions to employers' mutual insurance association and non-cash benefits, as well as the CEO allowance of Euro 131 thousand for Dr. Georg Müller
2 supervisory board activities at shareholdings
3 from 1 January 2009

The members of the Executive Board of MVV Energie AG also acted as executive board members of MVV RHE AG. Since that company's conversion into a limited company (GmbH), entered in the Commercial Register on 13 January 2009, they have acted as managing directors of MVV RHE GmbH. Moreover, Dr. Werner Dub was managing director of MVV GmbH from 1 October 2008 until 31 December 2008. The costs of the work performed in these functions were charged on to the associate companies.

Variable compensation is calculated on the basis of two components – the annual net surplus of the MVV Energie Group after minority interests pursuant to IFRS adjusted for extraordinary items under IAS 39, and the ROCE (Return on Capital Employed). A suitable cap is in place. No compensation components of a long-term incentive nature were granted in the year under report.

No further payments were either committed or made by third parties.

Upon reaching retirement age, the members of the Executive Board are entitled to receive pension benefits amounting to a certain percentage of their fixed compensation. This percentage rises by 2 % for every full year of service up to a maximum value of 70 % of fixed compensation. Pension payments are reduced by income earned elsewhere, benefits received under the state pension scheme and any other pension benefits attributable at least in half to employers' contributions. If the pension benefits are claimed prematurely, then the monthly pension paid is reduced by 0.5 % for every month by which the claimant falls short of the applicable retirement age.

In the event of any partial reduction in the employee's working capacity, partial reduction in working capacity due to occupational disability or total inability to work, the pension benefit amounts to 55 % of the employee's fixed compensation and rises by 1 % for every full year of service up to a maximum of 70 %.

One component of the pension scheme involves a claim to provision for surviving dependents.

The pension obligations are structured as follows:

Pension obligations

Euro 000s	Value of final pension[1]	Benefit percentage[2]	Benefit percentage[3]	Allocation to pension provision	
				Service cost	Interest expenses
Dr. Georg Müller	192	36 %	68 %	160	—
Matthias Brückmann	144	52 %	70 %	106	12
Dr. Werner Dub	98	58 %	66 %	104	53
Hans-Jürgen Farrenkopf	111	60 %	66 %	162	56
Total	**545**			**532**	**121**

1 achievable claim to retirement pension aged 63, taking due account of amounts deducted
2 total percentage pension rate achieved for retirement pension
3 benefit percentage achievable by the age of 63

Former members of the Executive Board received benefits of Euro 332 thousand in the year under report. Provisions totalling Euro 5 488 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 291 thousand was allocated to this item in the financial year.

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, this group of persons at the MVV Energie Group also includes active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation totalling Euro 2 473 thousand was paid to this group of persons in the year under report, with the predominant share (Euro 2 381 thousand) involving payments with current maturities. Senior employees receive a company pension amounting to up to 8.6 % of their fixed compensation. This exclusively takes the form of a defined contribution plan. Within the channels of execution offered within the Group, senior employees can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned compensation schemes amounted to Euro 93 thousand in the year under report.

Compensation of Supervisory Board members

The compensation of our Supervisory Board members is commensurate to their duties and to the responsibilities they assume.

The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the 2008/09 financial year, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure[1]. The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and the other members of this committee received additional annual compensation of Euro 2.5 thousand. Moreover, until March 2009 a meeting allowance of Euro 300 was paid per person per meeting of the full Supervisory Board and of the committees. By resolution date 13 March 2009, the Annual General Meeting raised the meeting allowance to Euro 1 000. In line with the resolution adopted by the Annual General Meeting on 13 March 2009, the Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee.

Total compensation amounted to Euro 358 242[2] and was distributed as follows:

Supervisory Board compensation

Euro	Supervisory Board compensation	Meeting allowance		Supervisory Board compensation	Meeting allowance
Dr. Peter Kurz	20 000	11 300	Prof. Dr. Norbert Loos	12 500	9 100
Johannes Böttcher	12 500	8 400	Manfred Lösch	17 500	10 600
Holger Buchholz	10 000	4 500	Dr. Reiner Lübke	10 000	4 500
Peter Dinges	6 667	4 200	Bodo Moray	972	2 000
Werner Ehret	10 000	5 700	Barbara Neumann	10 000	4 500
Detlef Falk	10 000	4 200	Wolfgang Raufelder	10 000	4 200
Dr. Rudolf Friedrich	10 000	3 500	Sabine Schlorke	10 000	3 500
Dr. Manfred Fuchs	15 000	13 400	Dr. Rolf Martin Schmitz	5 833	1 500
Dr. Stefan Fulst-Blei	10 000	5 700	Uwe Spatz	3 333	1 500
Reinhold Götz	12 500	8 400	Christian Specht	10 000	4 500
Prof. Dr. Egon Jüttner	10 000	5 400	Dr. Dieter Steinkamp	2 278	1 000
Klaus Lindner	11 458	6 100			

1 Supervisory Board members joining or retiring from the Supervisory Board during the financial year receive prorated compensation in line with the duration of their membership

2 the amount reported corresponds to the precise settlement of compensation for current Supervisory Board members and for those members who retired in the year under report

Declaration of Conformity

The Executive and Supervisory Boards of MVV Energie AG hereby confirm that the company has complied with and continues to comply with the recommendations made by the German Corporate Governance Code Government Commission. In respect of the past, this Declaration refers to the version of the German Corporate Governance Code dated 6 June 2008 and published by the Federal Ministry of Justice in the official section of the electronic Federal Official Gazette on 8 August 2008. With regard to the future, it refers to the recommendations of the new version of the Code dated 18 June 2009 and published in the official section of the electronic Federal Official Gazette on 5 August 2009.

The following recommendations were not and are not complied with:

Deductible for D&O insurance – Point 3.8 (2) (in the version dated 6 June 2008): "If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed." **Point 3.8 (3) (in the version dated 18 June 2009) until 1 July 2010:** "A similar deductible must be agreed upon in any D&O policy for the Supervisory Board."

The D&O insurance policy at MVV Energie AG, which protects the insured parties against possible claims for damages, previously did not provide any insurance cover for intentional wrongdoing or wilful negligence on the part of members of the Executive and Supervisory Boards, neither did it cover against their knowingly committing any dereliction of duty. The issue of deductibles therefore only applied to negligent behaviour. To date, the Executive and Supervisory Boards saw themselves as being committed without qualification to the motivation and responsibility with which they performed their duties and did not believe that this required clarification in the form of a deductible. MVV Energie AG will of course comply with the legal requirements governing deductibles in D&O insurance policies for Executive Board members from 1 July 2010 onwards. In line with the recommendation made in Point 3.8 (3), we will also agree a deductible for members of the Supervisory Board from 1 July 2010 onwards.

Nomination committee – Point 5.3.3: "The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting."

The Supervisory Board sees no need to form a nomination committee, which would oblige it to forego its proven procedure of nominating candidates for the Supervisory Board at meetings of the full Supervisory Board.

Performance-related compensation for members of the Supervisory Board – Point 5.4.6 (2) Sentence 1: "Members of the Supervisory Board shall receive fixed as well as performance-related compensation."

The Articles of Incorporation of MVV Energie AG only provide for the fixed compensation of the Supervisory Board, plus a meeting allowance. MVV Energie AG already commented in the past that it was not convinced by models linking the compensation of Supervisory Board members to the level of dividend or to the share price. We have therefore refrained from introducing any performance-related compensation components for members of the Supervisory Board.

This Declaration of Conformity is also available at our company's website at **www.mvv-investor.de.**

Report on the Compliance System

MVV Energie introduced a comprehensive and stringent compliance system in the 2008/09 financial year. The organisational structures, processes and responsibilities thereby required were determined and the head of the group legal department appointed as Group Compliance Officer.

In the past 2008/09 financial year we provided those employees with contact to customers in the sales, energy-related services and environmental energy businesses with detailed training as to how corruption is to be combated and as to the correct forms of behaviour when offered non-monetary gifts and invitations. All management staff have been briefed on MVV's compliance system. Furthermore, we have compiled an extensive Compliance Handbook, which has been made available to all employees as part of the MVV Management Handbook on the intranet. Here, all company employees can find the relevant regulations and explanations, together with contact partners to approach in cases of doubt.

We have laid down specific business processes for the compliance system. Gratuities and invitations are recorded and all business fields, divisions, group departments and subsidiaries are systematically inspected on a sample basis during the year and within a comprehensive audit once a year. Employees wishing to provide any tip-offs can use the "whistleblower hotline" we have set up. At the end of the financial year, each manager responsible must confirm that legal requirements have been complied with and that the employees have been briefed and trained. Confirmation is provided using a prescribed questionnaire tailored to specific circumstances at the business unit.

MVV's compliance system was audited by the group internal auditors in the 2008/09 financial year and assessed as being appropriate to its function.

Over and above the training already in place for newly appointed managers, we plan to provide systematic training to upcoming management staff in all areas of responsibility as well. To this end, the personnel development, group organisation, technical and group legal departments have jointly prepared a suitable seminar to inform participants on basic features of management responsibility at the MVV Energie Group. From April 2010, the seminar will be obligatory for all levels from section managers upwards.

Group Management Report

Business Framework

Energy Policy and Regulation

Within the increasingly international energy market, the MVV Energie Group sees its role as that of a major municipal energy supplier acting on a national and European stage. We campaign in the political arena and within our industry for a competitive framework which provides all market players with the same opportunities. We actively accompany legislative and regulatory processes in the interests of further enhancing market design in German energy markets.

The MVV Energie Group has already promoted the restructuring of the energy industry in the light of climate protection and supply security by investing in renewable energies and high-efficiency cogeneration for many years now.

Competition gaining momentum on the gas market

The MVV Energie Group has long called for barriers to trading and sales in the gas market to be removed. MVV Energie played an active role in the establishment of a German gas exchange, as well as in the substantial improvements in gas grid access and measures to facilitate customer and supplier changes introduced by the Federal Networks Agency (BNetzA).

These measures have improved the competitive climate in the gas market and enabled us, as one of the pioneers in the industry, to launch nationwide sales of natural gas as of 1 October 2008.

To identify the barriers to competition still in place we commissioned a survey whose recommendations have met with great interest among politicians, at regulatory authorities and within our industry.

One major group of topics involves making better use of available transmission and storage capacities not based on any physical overload of transmission grids. We support the plans to remove contractual bottlenecks, maximise disposable grid capacities, optimise allocation and promote secondary trading. We expect these measures to bring substantial benefits for the expansion of our gas sales activities.

Since October 2009, the grid fees charged by inter-regional long-distance gas grid operators have also been regulated by the Federal Networks Agency. We expect this to lead to greater transparency and efficiency, for example in terms of the fees charged for transmissions between market regions and for balancing group management. We welcome the active role played by the Federal Networks Agency in further developing the gas market.

Electricity: further improvements in market design

In the electricity market, the MVV Energie Group has called for greater efficiency based on a market design driven by competitive considerations. One focus here involves the reform of the settlement mechanism governed by the German Renewable Energies Act (EEG), which was adopted by the Federal Parliament on 3 July 2009. Starting in 2010, this will considerably reduce risks in the sale of electricity, as the electricity generated at EEG plants will no longer have to be physically collected by suppliers. Moreover, there will be greater transparency concerning the settlement of the actual costs of EEG promotion in future.

MVV Energie has already long campaigned for the enhancement of German electricity transmission grids. One key demand involves the abolition of conflicting regulations in the various control areas.

We therefore welcome the proposal made by the Federal Networks Agency to net requirements and only to procure the net balance. The increasing cooperation currently seen between transmission grid operators in the procurement of balancing energy represents another step in the right direction. We hope to see a further substantial improvement in competitive conditions as a result of increased coordination and cooperation between transmission grid operators. This should result in the pooling of control areas and joint operations management for all German transmission grids. We expect this step to lead to a significant improvement in market transparency, closer cooperation and a standardisation of capacity auctions, processes and grid expansion planning. Furthermore, this would accelerate the change in grid operators' perception of their role towards that of "market facilitators", i.e. as operators and promoters of a marketplace on which intense competition is lived. All in all, the factors outlined above should improve market efficiency and thus assist the sales and trading businesses of the MVV Energie Group.

Grid regulation

The economic position of grid operators is largely determined by the regulation of grid fees in the electricity and gas businesses. Fee reductions and the future development in revenue caps represent a major challenge. Alongside the guaranteeing of secure, high-quality grid operations, revenue and cost management are thus becoming ever more significant.

Incentive regulation has been in effect since 1 January 2009. Based on the last cost approval round and individually calculated efficiency figures, the Federal Networks Agency has set revenue caps, initially for four years (gas) and five years (electricity), for each grid operator. The revenue caps form the basis for grid utilisation fees.

Individual inefficiencies identified at the respective grid operators on the basis of the grid operator efficiency comparison now have to be eliminated by 2019. For the grid companies at the MVV Energie Group, the revenue cap for 2009 more or less corresponds to the 2008 revenue cap. Court appeals have been filed against assessment notices in some cases, as MVV Energie does not believe that the authorities have correctly accounted for individual circumstances 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 the additional revenues generated in the period between submission of their applications and the taking effect of the first grid fee approvals in subsequent periods. The regulatory authorities are expected to start offsetting these additional revenues against the revenue cap from 1 January 2010 onwards. The current legal status means that no provisions may be recognised for this item in the IFRS consolidated financial statements of the MVV Energie Group.

Some questions concerning cost recognition are still unsolved within incentive regulation. Discrepancies between regulatory practice at different state authorities concerning the absorption of additional revenues present grid operators with differing scales of challenge. The Federal Networks Agency has set a standard maximum price for energy system losses across the sector (Euro 44/MWh) which is not based on the relevant level of market prices. Cost-covering procurement is thus not possible. We believe that costs incurred for energy system losses should be recognised in full within incentive regulation.

Furthermore, distribution grid operators are dependent on the Federal Networks Agency approving the costs of upstream grids punctually and deciding on investment budgets in good time, so that these costs can be accounted for in revenue caps for distribution grid operators. Discussions are still underway concerning the specific structure of quality regulation due to apply from the second regulation period (2014 for electricity and most likely 2013 for gas).

Brussels promotes climate protection and competition

By adopting extensive legislative packages ("3rd Internal Energy Market Package", "Green Package"), the European Union has set further milestones along the way towards creating pan-European energy markets and restructuring energy generation in the light of climate protection considerations.

MVV Energie hopes that the closer integration of energy markets will lead to an increase in market liquidity and in procurement and investment opportunities. We expect the work of the newly established Agency for the Cooperation of Energy Regulators (ACER) to result in a further harmonisation and strengthening of market design on a European level.

The amendment to the EU's most important climate protection instruments will lead to a far more standardised EU-wide trading system for CO_2 certificates from 2013, thus eliminating many of the market distortions still in place. In terms of the further design of emissions trading, the MVV Energie Group is campaigning in particular for appropriate acknowledgement of the special role played by district heating based on highly-efficient cogeneration.

Market surveillance by Federal Networks Agency

By meeting its market surveillance obligation, the Federal Networks Agency is making an ever more important contribution towards greater energy market transparency. The publications of the Federal Networks Agency enable remaining obstacles to the development in competition to be identified, especially in terms of the use of auction revenues from cross-border supply shortage management, the deployment of balancing energy and contractual bottlenecks in the gas storage market.

Market Climate and Competition

Market position of the MVV Energie Group

ELECTRICITY: according to the 2007 BDEW ranking published in April 2009 we were Germany's sixth-largest electricity supplier in terms of turnover with end customers.

GAS: since the 2008/09 financial year, we have been successfully operating in the nationwide gas business with our innovative Gas Fund models.

DISTRICT HEATING: with district heating turnover of around 6.1 billion kWh in the 2008/09 financial year, MVV Energie is one of Germany's top five district heating providers.

ENERGY-RELATED SERVICES: with sales of Euro 308 million in the value-added services segment in the 2008/09 financial year, we are one of Germany's leading providers of energy-related services.

ENVIRONMENTAL ENERGY: with incineration capacities of 1.5 million tonnes a year, MVV Energie is Germany's third-largest operator of energy from waste plants.

Macroeconomic framework

The German economy underwent the severest recession since World War Two in the past 2008/09 financial year. In the first two quarters, gross domestic product dropped compared with the equivalent periods in the previous year. In particular, the decline in industrial production led to a lower volume of energy consumption.

At the beginning of the 2nd half of the financial year, various macroeconomic indicators pointed towards recovery, albeit at a low level. The Federal Statistics Office expects GDP to have grown by 0.8 % in the 3rd quarter of 2009 compared with the previous quarter. With regard to future developments, reference is made to the information provided in the Outlook starting on Page 81.

The recession also impacted on our foreign market, the Czech Republic. Based on preliminary figures from the Czech CSU statistics office, the economy contracted by 4.9 % in the 2nd quarter compared with the same period in the previous year. According to the Finance Ministry in Prague, the Czech Republic must expect to see a 4.3 % downturn in GDP in 2009.

Energy markets

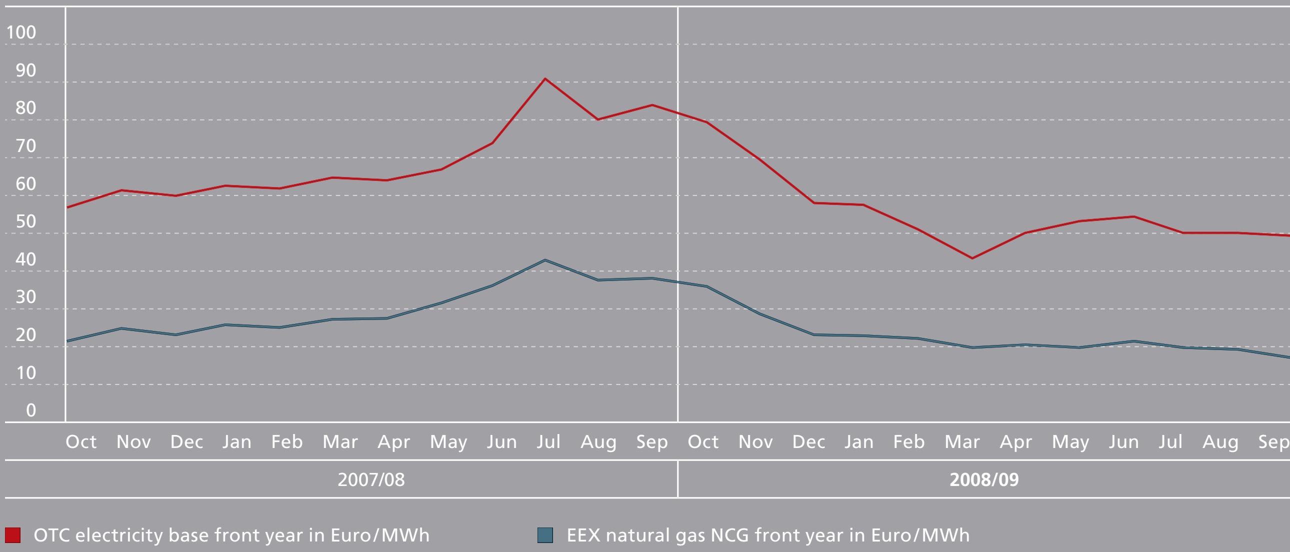
In the 2008/09 financial year, primary energy prices were affected in particular by the fall in demand for commodities in the wake of the global economic and financial crisis (please see charts below). Listed prices for North Sea Brent oil ranged between US$ 41 and US$ 96 per barrel between October 2008 and September 2009 (Reuters IP Brent Index front month). At US$ 59 per barrel, the average price was significantly lower than in the previous year. Parallel developments were also seen in prices on national and international natural gas and coal markets: EEX prices for the natural gas product Cal10 in the NCG (NetConnect Germany) market region fell during the year under report from Euro 35 / MWh to Euro 15 / MWh. Front year prices for hard coal in the ARA region (Amsterdam, Rotterdam, Antwerp) dropped from US$ 151 per metric tonne at the beginning of October 2008 to US$ 82 per metric tonne in September 2009. Part of the decline in hard coal prices was attributable to the development in cargo rates. Sea freight prices between Richards Bay, the most important coal handling port for Europe, and the ARA region temporarily exceeded US$ 60 per tonne (spot market) in summer 2008 but were down to US$ 11 per tonne at the end of the 2008/09 financial year.

Listed prices for EU emissions rights tracked the downturn on energy markets. At an average of Euro 15 per tonne of CO_2, prices for supply in the following year in each case were significantly lower in the year under report than in the previous 2007/08 financial year.

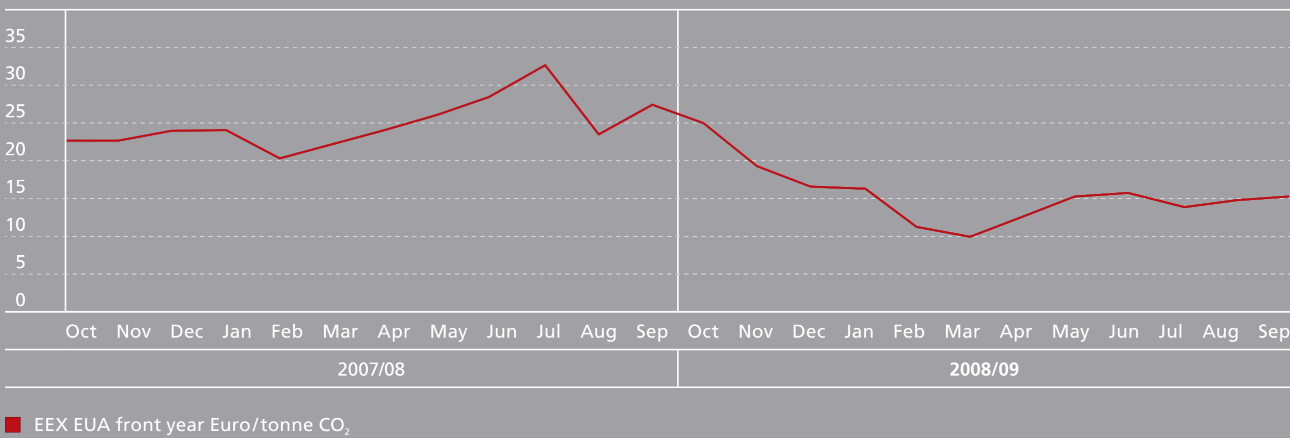
The average price of electricity for supply in the following year amounted to Euro 54 / MWh in the 2008/09 financial year (basic load). Prices thus reduced by more than 20 % compared with the previous financial year. Price levels on wholesale markets in Germany were mainly influenced by the significant year-on-year reduction in primary fuel prices and the fall in listed CO_2 rights prices. Moreover, the decline in economic output also led to decreased electricity consumption at industrial customers.

Demand for gas and electricity in Germany fell significantly in the first nine month of 2009 compared with the same period in the previous year. According to the BDEW, electricity requirements dropped by around 7 %, while gas requirements also fell by around 7 %. This decline in consumption primarily reflects the ongoing weakness in industrial output. Demand received support, on the other hand, from cooler weather conditions at the beginning of the year and from energy demand among private households and in the services sector, both of which are relatively immune to macroeconomic developments.

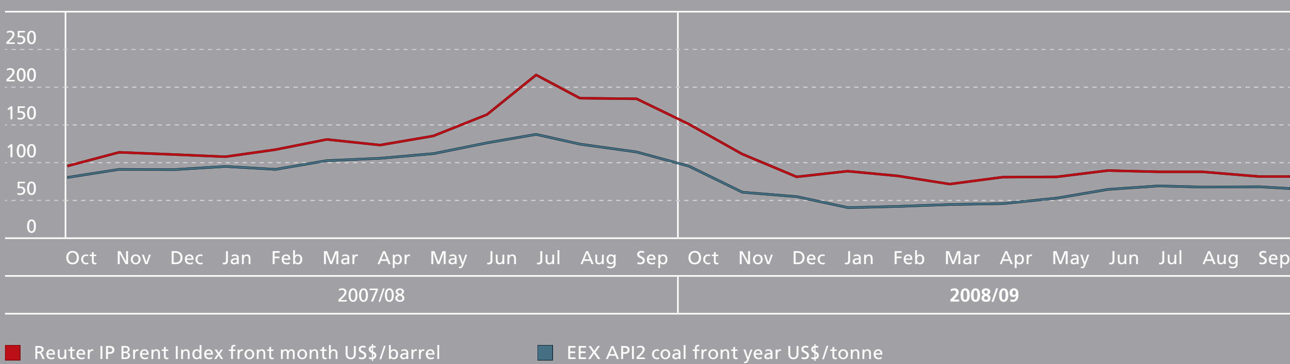
Development in trading prices for electricity and gas (Euro)



Development in CO_2 certificate prices (Euro)



Development in primary energy prices for oil and coal (US$)



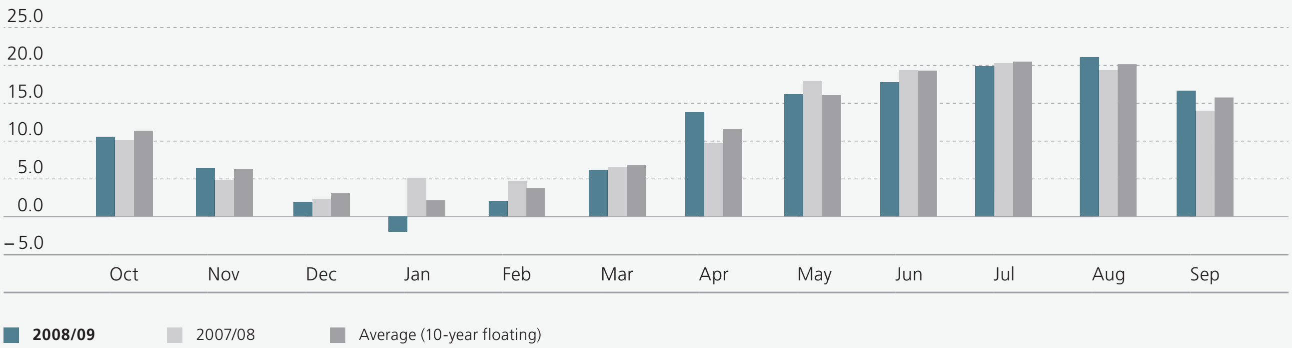
Impact of Weather Conditions

The business performance of our group of companies is heavily dependent on weather conditions. Cold outdoor temperatures during the heating period (especially from October to April) have a positive impact on the district heating and gas turnover of the MVV Energie Group. Sustained high temperatures and low precipitation in the summer months particularly benefit water turnover. However, this factor is of less significance for the earnings performance of our Group than the district heating and gas businesses.

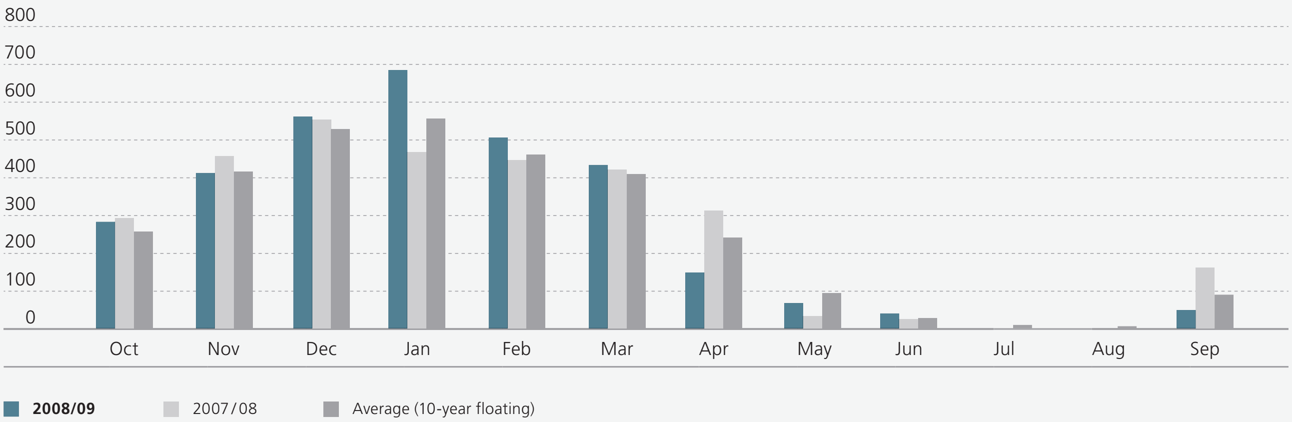
Overall, weather conditions in the 2008/09 financial year were characterised by sharp fluctuations between individual months. Following a relatively mild 1st quarter (October to December 2008), the 2nd quarter (January to March 2009) was colder than in the previous year. Degree day figures, the indicator we use to measure heating energy requirements, were 18 % higher than the previous year's figure in the 2nd quarter. An unusually warm April was then followed by uneven weather conditions in the summer months of 2009.

All in all, measured in terms of average temperatures it was marginally warmer during our 2008/09 financial year (October 2008 to September 2009) than in the corresponding previous year's period. Aggregate degree day figures at our group of companies in the 2008/09 financial year were 0.6 % lower than the previous year's figures.

Average daily outdoor temperature in °C



Degree day figures



Overview of Shareholdings and Business Activities

Selection of direct and indirect shareholdings of MVV Energie AG

Municipal utility shareholdings	Shared services and sales companies
MVV RHE GmbH (100 %)	24/7 Netze GmbH[2] Mannheim
Stadtwerke Kiel Aktiengesellschaft (51 %)	24/7 Trading GmbH[3] Mannheim
Köthen Energie GmbH (100 %)	24/7 IT-Services GmbH[4] Kiel
Stadtwerke Solingen GmbH (49.9 %)	24/7 Metering GmbH[5] Offenbach
Energieversorgung Offenbach Aktiengesellschaft (48.61 %)[1]	24/7 United Billing GmbH[6] Offenbach
Stadtwerke Ingolstadt Beteiligungen GmbH (48.4 %)	24/7 Insurance Services GmbH[7] Mannheim
Stadtwerke Buchen GmbH & Co. KG (25.1 %)	SECURA Energie GmbH[8] Mannheim
Stadtwerke Schwetzingen GmbH & Co. KG (10 %)	
MVV Energie CZ a.s. Czech Republic (100 %)	

Environmental energy and energy-related services

MVV Umwelt GmbH (100 %)	MVV Energiedienstleistungen GmbH (100 %)[9]
MVV O&M GmbH (100 %)	35 majority shareholdings in the business fields of:
MVV BioPower GmbH (100 %)	Contracting
– MVV TREA Leuna GmbH (100 %)	Energy efficiency and management
MVV BMKW Mannheim GmbH (100 %)	Industrial parks
BHG Biomasse Handelsgesellschaft mbH (100 %)	Consulting
Biomasse Rhein-Main GmbH (33.33 %)	
MVV Environment Ltd. UK (100 %)	
MVV Umwelt Ressourcen GmbH (100 %)	

1 majority of voting rights
2 MVV Energie AG (70 %), Energieversorgung Offenbach AG (30 %)
3 MVV Energie AG (54.9 %), Stadtwerke Kiel AG (25.1 %), Energieversorgung Offenbach AG (12.5 %), Stadtwerke Solingen GmbH (5 %), Stadtwerke Ingolstadt Energie GmbH (2.5 %)
4 MVV Energie AG (50 %), Stadtwerke Kiel AG (50 %)
5 MVV Energie AG (49 %), Energieversorgung Offenbach AG (51 %)
6 Energieversorgung Offenbach AG (70 %), Stadtwerke Kiel AG (30 %)
7 MVV Energie AG (68.4 %), Stadtwerke Kiel AG (14 %),Energieversorgung Offenbach AG (17.6 %)
8 MVV Energie AG (54.9 %), RheinEnergie AG (25.1 %), Energieversorgung Offenbach AG (15 %), Stadtwerke Ingolstadt Energie GmbH (5 %)
9 new focus areas resulting from MVV 2020

Status: 30 September 2009

Our Corporate Strategy: MVV Energie – Energising the Future

As a publicly listed energy supplier, MVV Energie can rely on a sustainable well-balanced portfolio of business fields – electricity, district heating, gas, water, energy-related services and environmental energy. Driven by the concept of a horizontal network, we have achieved notable success in recent financial years, and that in spite of difficult markets and underlying conditions. So what strategic decisions have we taken to secure the future success of our group of companies?

We are securing tomorrow's energy today

As part of the MVV 2020 strategy project carried out between March and September 2009 we analysed the medium to long-term challenges facing our Group. In this, we addressed the specific challenges facing each individual level of the value chain. We identified the resulting strategic options and then integrated these into a group strategy. This intensive work was jointly performed by managers and experts at our most important companies.

Conflicting interests in our sector

The energy supply industry faces far-reaching changes in the coming years, a process which will present the industry with considerable challenges but one which also offers new opportunities. Political requirements, such as the introduction of CO_2 certificates and the promotion of the use of renewable energies in the generation of electricity and supply of district heating, are focusing on energy efficiency and climate protection. This trend is being supported by volatile and often high energy prices. Overall, the sector faces the prospect of substantial structural change.

At the same time, consumption of energy, especially heating energy, is consistently falling. In future this will also be the case for electricity. Alongside increasing energy efficiency, an area which is being strongly promoted, the role played by demographic developments and the economic crisis should also not be underestimated. In all, these developments are leading to more intense competition in the industry.

The increase in competition is one of several factors exerting pressure on margins. Alongside the regulation of grid fees, further significant factors in this respect include the expiry of the allocation of CO_2 certificates free of charge and unbundling requirements, which will lead to considerable costs due, for example, to the introduction of new IT systems. At the same time, the changes in our industry are also generating growth opportunities. Two examples here are the new business fields of energy efficiency and renewable energies.

Our claim: Energising the Future

The MVV Energie Group's new alignment enables its companies and employees to draw on their strengths at their various locations and to exploit their regional identities. By ensuring cooperation between all of the shareholdings in our Group, we are able to achieve significantly greater efficiency and make more targeted use of our joint expertise. At the same time, we thus provide our shareholdings with a far wider range of regional entrepreneurial opportunities.

We are focusing on three key aspects:

- Efficiency
- Regionalism
- Sustainability

Our claim across all areas of activity is that of operational excellence. This means that, alongside strategic options, we have also identified areas where optimisation is required. Our objective here is that of "Once Together", i.e. the work should always be performed where the best personnel and organisational conditions are available. Our activities are therefore as decentralised as possible and as centralised as necessary.

This way, we are also able to boost regionalism, the second key aspect of our strategy. We aim to retain and strengthen our regional identities within the Group. We draw on our autonomous brands, our contacts with customers and cooperation partners and our successful business models across the Group to generate growth in our regions.

The third and key success factor in our strategy is sustainability. We see sustainability as involving a balance of the tried and tested and the new, of short-term contingencies and longer-term perspectives, of optimisation and growth, and of security and innovation.

Investments in profitable, value-adding growth

We are and will remain an integrated energy company covering the entire value chain. We have derived our investment focuses on this basis:

We will invest in **EXPANDING RENEWABLE ENERGIES.** We are convinced that the future lies in renewable energies, regardless of how long the period of transition for conventional energies lasts. Energy generation is a very long-term business, and we will now be switching our portfolio of power plants to "renewable" on a step-by-step basis.

This does not mean that we would want or be able to do without the new **BLOCK 9 AT GROSSKRAFTWERK MANNHEIM,** the large power plant in Mannheim, which is a further focus of investment. This is being built and is necessary to ensure the security of the supply of electricity and district heating in the Rhine/Neckar metropolitan region. Apart from this, however, we will no longer be expanding the share of coal in our generation activities. We aim to achieve a broader base of generation activities and will therefore be focusing in future on renewable energies and, where favourable opportunities arise, on other fuels such as gas.

Our third focus of investment remains that of **ENERGY-RELATED SERVICES.** The market for energy efficiency, especially in the industrial sector, is one of the few segments in the energy market for which attractive growth opportunities are forecast. Within this area, we will nevertheless focus on those business fields which we can exploit profitably and with the necessary expertise, namely contracting, energy efficiency consulting, industrial parks and consulting.

We see our fourth strategic cornerstone in **CONCENTRATING AND EXPANDING DISTRICT HEATING.** We have already laid major foundations at all locations for the profitable exploitation of this environmentally-friendly supply of heating energy.

Our fifth focus, one which requires less investment but is no less important, is the profitable **EXPANSION OF NATIONWIDE SALES WITH INDUSTRIAL CUSTOMERS.** Here, we aim to consistently maintain and further develop the successful course we have taken with innovative products such as the Electricity and Gas Funds.

These are the focuses for our investments in the future, for which we intend to make around Euro 1.4 billion available by 2020. Our balance of the new and the tried and tested is also reflected in our investments. Alongside this sum of Euro 1.4 billion we also plan to channel a further Euro 1.6 billion into supply security, i.e. into our grids and plants.

All in all, we will therefore be investing Euro 3 billion over the next 10 years. This way, we will enable the MVV Energie Group to energise the future – efficiently, regionally and sustainably.

Continually monitoring further opportunities

The mobilisation of further growth topics depends on the relevant market circumstances, their ability to retain value, developments in profitability, financing opportunities and the possibility of working together with suitable partners. Among others, these topics include building new gas-steam power plants and expanding the environmental energy segment, as well as cooperating with municipal utility companies.

Investigating further topics for the future

The work undertaken on MVV 2020 gave rise to a series of additional topics for the future. We intend to address these in the longer term so as to position ourselves in these potential new areas at an early stage. Among others, these topics include electromobility, which we are already promoting together with our partner SAP within the "Future Fleet" project (please also see Outlook from Page 81 onwards) and smart grids, which already form part of the "E-Energy Model City of Mannheim" project.

Consistently tracking the implementation of our strategy

To allow us to accompany the implementation of our strategic plans efficiently, we have established comprehensive reporting structures enabling us to monitor the individual process steps at all times.

We are convinced that, by realigning the strategy in this way, we have laid a foundation for the further profitable and value-adding growth of the MVV Energie Group.

Energy Trading Business and Innovative Sales Products

Energy trading business pooled and expanded

The MVV Energie Group pools all of its activities on wholesale energy markets at 24/7 Trading GmbH, a company jointly owned by MVV Energie AG, Stadtwerke Kiel, Energieversorgung Offenbach, Stadtwerke Solingen and Stadtwerke Ingolstadt.

The Group's energy procurement, management of procurement and generation portfolios and proprietary trading are pooled at 24/7 Trading GmbH, with all commodities of relevance for the MVV Energie Group, such as electricity, natural gas and emissions rights, being reported at this company together with the associated physical and financial products and price hedging transactions for coal and oil.

24/7 Trading GmbH plays an active role both on the European bilateral (over-the-counter/OTC) wholesale market and on the EEX and EXAA electricity exchanges. This represents a critical success factor for the competitive and professional procurement of energy for the companies in the MVV Energie Group. To further boost the growth of the MVV Energie Group, all of the activities at 24/7 Trading GmbH were brought together at the Mannheim location as of 1 January 2009. This has enabled due account to be taken of the increasing convergence of wholesale energy markets, especially for electricity and gas. Moreover, it has ensured that a broad range of competitive energy products is made available to the customers of the MVV Energie Group via its various sales structures.

The wholesale energy markets on which 24/7 Trading GmbH is active have undergone far-reaching changes in the course of the financial and economic crisis. The withdrawal of speculative capital from the energy markets has led to a drastic fall in prices and to significantly more volatile market prices. Our professional risk management has shown itself capable of meeting these challenges. The portfolio management in place at the MVV Energie Group has proven to be extremely robust in this market situation. Notwithstanding the difficult market climate, it has been possible to significantly expand the business, particular in the field of gas trading.

Acquiring customers with innovative sales activities

Developments on the energy markets have also led to increased risk awareness among the customers of the MVV Energie Group and to substantial demand for flexible and innovative products. This has been accounted for by intensifying the cooperation between 24/7 Trading and sales departments, with the structured procurement of wholesale products now customary to the market and portfolio management services also being made available with optimised risk and cost structures to further groups of customers. With its nationwide Electricity Fund, MVV Energie has played a pioneering role in the structured procurement service market in Germany.

Following its success in the electricity sales market, MVV Energie was one of the first players to successfully enter the nationwide gas business with multiple location, industrial and commercial customers in the 2008/09 financial year, and that in spite of the difficult underlying framework. By analogy with the Electricity Fund, since April 2009 the Gas Fund has enabled our customers in the gas business as well to benefit from the MVV Energie Group's experience in structured procurement on the wholesale market.

For environmentally-aware and price-conscious customers, MVV Energie's Electricity Fund also makes inexpensive green electricity available to industrial and commercial customers. For our private customers, green electricity products are offered at our various locations and on a nationwide basis with the SECURA Ökostrom product. Alongside SECURA Ökostrom, which supplies 100 % electricity from regenerative sources and an insurance policy integrated into the price, since October 2009 SECURA Energie GmbH has also offered a CO_2-neutral natural gas product.

NATURA Biogas is a further climate-friendly sales product, representing a mixture of conventional natural gas and biogas produced from regenerative sources. This "green heating product", which will be available from 1 January 2010, will enable homeowners to meet the more stringent requirements of the German Renewable Heating Energy Supply Act (E-WärmeG).

Research and Development

One of the key challenges of the future is that of ensuring that the energy supply remains reliable while making it more sustainable in both economic and ecological terms. In view of this, our growth-driven business strategy accords high priority to developing forward-looking products, applications and services relevant to the energy supply. In the foreground of our research and development activities are innovative solutions focusing in particular on the enhancement of decentralised and efficiency-enhancing technologies, as well as on implementing these in our business fields. We made further promising progress with decentralised cogeneration plants for private households in the year under report. The "Model City of Mannheim" showcase project promoted by the Federal Government is developing on schedule and has consistently delivered good results.

Micro-cogeneration systems for private use

In the 2008/09 financial year we further expanded our development focus on "Cogeneration Systems for Detached and Semidetached Houses" using both Stirling engines powered by natural gas and fuel cell heating appliances. The practical trials carried out with around 40 WhisperGen appliances at pilot households at the MVV Energie Group and cooperation partners confirmed the technical, economic and ecological benefits of this innovative technology in everyday use. Working on the basis of cogeneration, the gas-powered WhisperGen house energy plant simultaneously produces heating energy (maximum: 13 kW_t) and electricity (1 kW_e) for detached and semidetached houses on a decentralised basis, and thus without any conduction loss. The electricity generated is remunerated and fed into the public grid when not required in the household. Depending on heating needs at the pilot households, up to one tonne of CO_2 and ten percent of primary energy could be saved per household per year compared with the separate generation of heating energy and electricity.

Fuel cells supply heating energy and electricity

Since 2008, MVV Energie has been a cooperation partner in the nationwide "Callux – Fuel Cell for Private Homes" project promoted by the Federal Ministry of Transport, Building and Urban Development. MVV Energie has so far commenced operations with nine fuel cell heating appliances powered by natural gas at private customers in and around Mannheim and is testing them extensively in terms of their suitability for everyday use over a two-year period in each case.

Smart energy grids

The "Model City of Mannheim" project was launched within the "E-Energy" federal lighthouse project in November 2008. MVV Energie is acting as lead manager in a consortium of nine partners. The first studies were successfully completed at the end of July 2009, thus laying a foundation for the scheduled implementation of new business models and system solutions. The planned launch of the second round of field trials in the summer of 2010 should now demonstrate the functionality of the overall system. By the end of 2011, around 1 500 field trial participants in Mannheim will be able to benefit from innovative energy services. In particular, the consortium will also be addressing future challenges facing the grid infrastructure. The planned system involves a comprehensive solution for a high-efficiency energy system based on intelligent networks (smart grids) and residential units (smart houses). It is intended to involve customers in decentralised energy management, to give them a better overview of their own energy consumption patterns and to manage the distribution of energy from renewable energy sources.

Smart metering at the MVV Energie Group

The introduction of so-called smart meters also represents a major step towards achieving greater energy efficiency in private households. In our field trials for the market launch of the new technology, smart meters are being installed across all divisions at more than 1 000 customers. These customers receive all instruments necessary to track their daily consumption and costs. This way, they can identify potential savings and exploit these to their advantage. At the same time, we are investigating how we can perform our metering and invoicing services even more efficiently and inexpensively in future by making optimal use of smart meters.

The expenditure on R&D aimed at optimising processes, product development and technical enhancements, which has been calculated on the basis of a statistical survey, amounted to around Euro 6 million at the MVV Energie Group in the year under report (please also see Multi-Year Overview from Page 158 onwards). MVV Energie employed six technology and innovation managers in the period under report. Furthermore, more than 70 employees from other divisions commit a significant portion of their time to supporting R&D in current innovation projects.

Business Performance

Earnings Position of the MVV Energie Group

Economic crisis leaves its mark

The implications of the economic and financial crisis have also not left the MVV Energie Group unaffected.

The decline in production accompanying the economic downturn made itself felt in the form of lower demand, especially in the electricity business and to a lesser extent at industrial gas customers. Companies with large shares of industrial customers were affected more severely than those with comparatively low shares of industrial customers. Energy consumption in other customer segments (private, public sector, multiple location and real estate customers), by contrast, has hardly been affected by the economic crisis.

The decline in manufacturing output due to economic developments also led to reduced volumes of industrial and commercial waste on the German market. In conjunction with extended incineration capacities, the lower volume of waste meant that waste prices came under pressure in Germany. This development also impacted on the environmental energy business at the MVV Energie Group. By working with intelligent materials flow management, we could nevertheless operate our waste incineration plants at the MVV Energie Group at full capacity.

In the energy-related services business, the industrial park business was affected by reduced volumes due to the recession.

Sales growth in spite of economic crisis

We were able to increase our external sales (excluding electricity and natural gas taxes) in spite of the economic crisis and the further intensification in competition in electricity and gas markets. Sales improved by 20 % compared with the previous year to reach around Euro 3.2 billion. We therefore exceeded the sales forecast for the 2008/09 financial year provided in last year's management report (around Euro 2.8 billion) by a clear margin.

This substantial increase in sales was driven in particular by growth in the electricity and gas segments. Sales benefited from volume growth in the electricity trading business and in the nationwide electricity and gas business, as well as from price increases. The electricity and gas segments are our Group's strongest divisions in terms of sales.

External sales of the MVV Energie Group by segment

Euro million	2008/09	2007/08	% change
Electricity	1 760	1 382	+ 27
District heating	294	303	– 3
Gas	486	356	+ 37
Water	101	102	– 1
Value-added services	308	277	+ 11
Environmental energy	194	194	—
Other/consolidation	18	22	– 18
	3 161	**2 636**	**+ 20**

In the value-added services segment we launched operations at the new refuse-derived fuel (RDF) power plant in Korbach, consolidated A+S Naturenergie GmbH, Pfaffenhofen, for the first time and extended our supply to real estate customers in Berlin, thus boosting our sales.

Sales volumes of the MVV Energie Group[1]

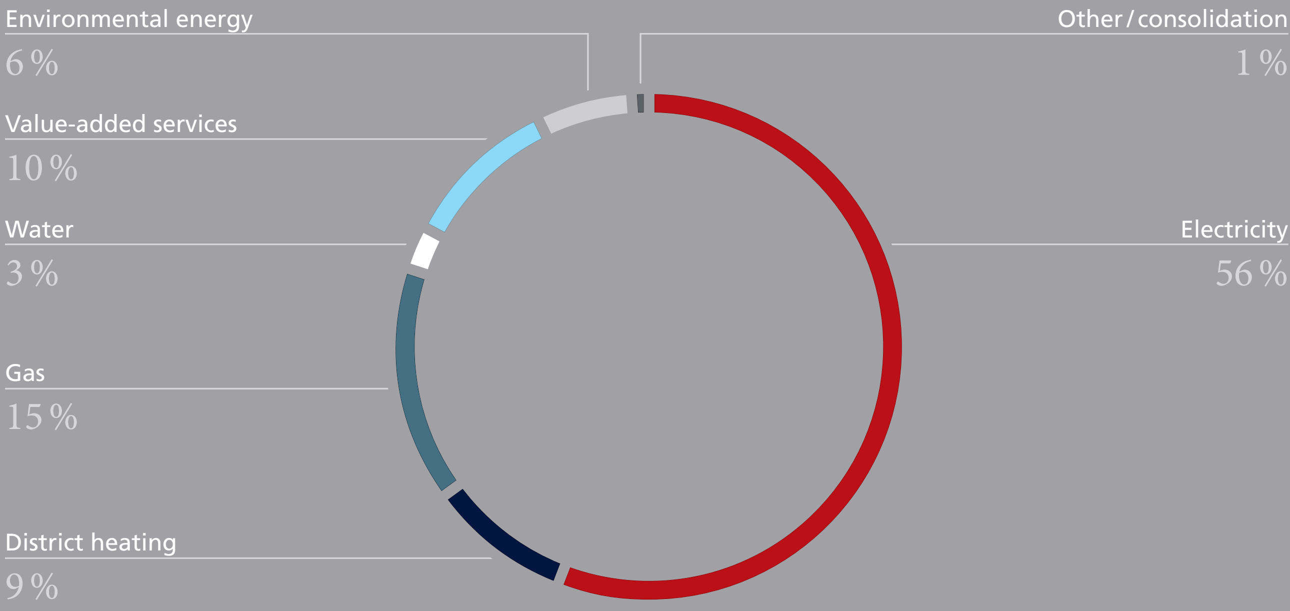
	2008/09	2007/08	% change
Electricity kWh million	19 582	18 188	+ 8
of which wholesale[2,3]	6 939	5 797	+ 20
of which retail/secondary distributors[3]	12 643	12 391	+ 2
District heating in kWh million	7 217	7 006	+ 3
Gas in kWh million	10 851	9 166	+ 18
of which wholesale[3]	1 529	864	+ 77
of which retail/secondary distributors[3]	9 322	8 302	+ 12
Water in m³ million	53.2	55.1	– 3
Combustible waste delivered in tonnes 000s	1 599	1 550	+ 3

1 total volumes from all segments
2 recalculation of proprietary trading in year under report and previous year
3 reallocation of secondary distributors in year under report and previous year

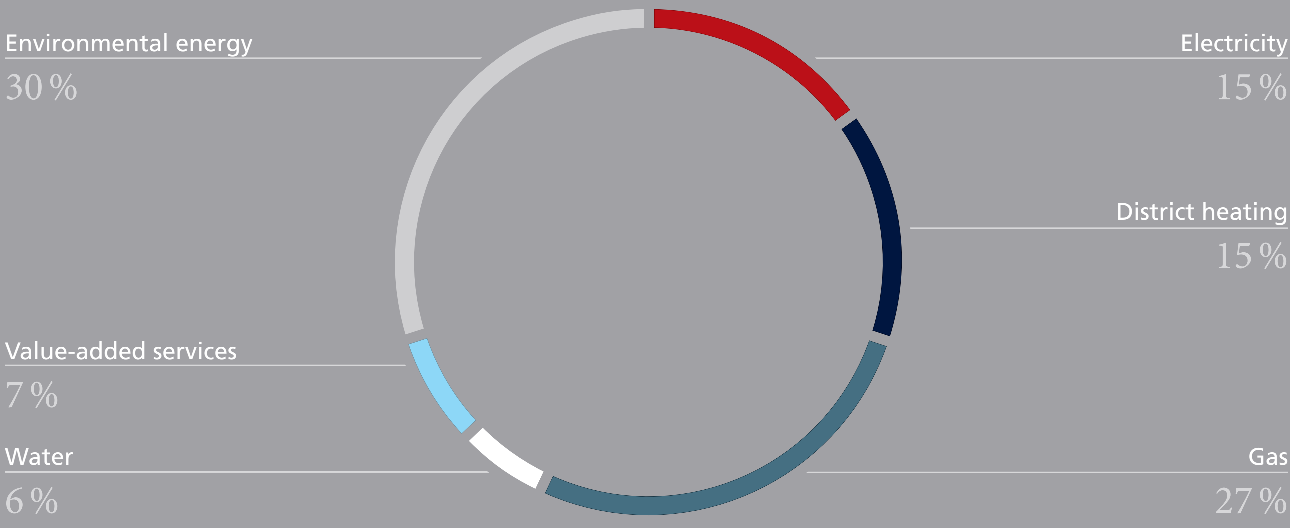
Development in further key items in the income statement

Costs of materials showed disproportionate year-on-year growth compared with sales, rising by 28 % to Euro 2 344 million. This development was due above all to increased energy procurement costs in the electricity, district heating and gas businesses. These costs were affected not only by higher volumes, but also by price increases. Costs of purchased services rose by Euro 28 million to Euro 305 million. These largely involved a higher volume of third-party services for plant

External sales of the MVV Energie Group by segment



Adjusted EBIT of the MVV Energie Group by segment



operation and maintenance. These factors more than compensated for the cost savings we achieved by pooling materials procurement across our Group's locations.

Personnel expenses rose by Euro 9 million (+ 3 %) to Euro 314 million in the 2008/09 financial year. The main reasons for this increase were collectively agreed pay rises and changes in the scope of consolidation.

The development in other operating income and expenses was determined by the mandatory measurement of commodity derivatives as of the balance sheet date required by IAS 39. On a net basis, expenses of Euro 229 million were posted in the year under report due to the substantial year-on-year reduction in market prices for commodities futures (energy trading derivatives, CO_2 emissions rights and coal swaps). This negative valuation item contrasts with the positive valuation item of Euro 88 million reported in the previous year. These high opposing valuation items reflect the sharp fluctuations in prices on these markets in 2008 and 2009, as well as our position as a net buyer on the wholesale market. The spot measurement of commodity derivatives as of the balance sheet date is not cash-effective and has no influence on our operating business.

Excluding IAS 39 valuation items, other operating income rose year-on-year by Euro 44 million to Euro 122 million. This increase was chiefly due to reversals of provisions, sales of emissions rights and disposals of assets. The other operating income generated from the sale of emissions rights was countered by other operating expenses partly offsetting this item.

Notes on the fair value measurement of commodity derivatives

MVV Energie procures the electricity volumes required for its customers via 24/7 Trading GmbH from external trading partners or on the exchange. The procurement agreements thereby contracted act as hedges for customer sales contracts with delivery at later dates, so-called hedged items. To minimise risks and to hedge against price risks, we cover these hedged items promptly with hedging transactions (especially futures contracts). These hedges (financial instruments) have to be measured at current market prices as of the balance sheet dates (IAS 39). Procurement agreements contracted and retained to cover expected proprietary procurement and sales needs generally do not require measurement at current market prices as of the balance sheet date. Hedged items are only recognised upon physical delivery on the performance date. These measurements of energy trading transactions as of the balance sheet dates ultimately balance out over the term from the contracting date through to delivery. The commodity derivatives for the energy trading business showed negative fair values at the balance sheet date for the 2008/09 financial year, as current market prices as of 30 September 2009 were lower than when the hedge transactions were concluded. Given the rise in listed market prices in the previous year as of 30 September 2008, the spot measurement of energy trading derivatives as of the balance sheet date for the 2007/08 financial year resulted in positive fair values at our group of companies.

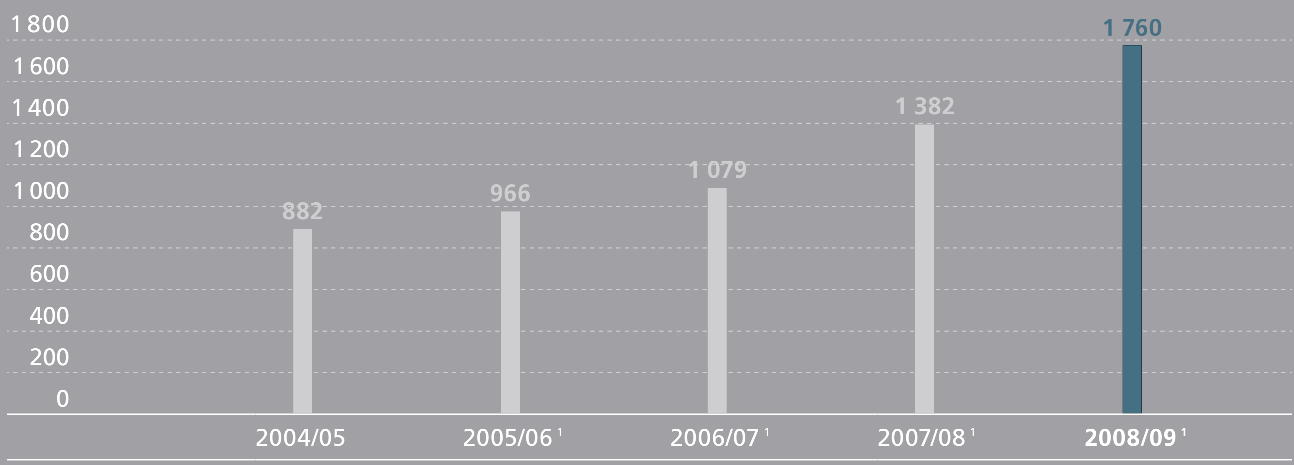
One-off item due to restructuring expenses

In September 2009, the MVV Energie Group approved a new strategic alignment for the Group on the basis of its MVV 2020 strategy project. Among other measures, the implementation of the new strategy requires a realignment of the energy-related services subgroup. To this end, a restructuring plan was compiled and approved before the end of the year under report. This aims to achieve sustainable efficiency and earnings enhancements at the energy-related services subgroup. The restructuring plan triggered event-specific impairment tests under IAS 36. These made it necessary to post impairment losses in the 2008/09 financial year. The restructuring expenses for the 2008/09 financial year mainly involve impairments of assets. Moreover, other items have also arisen and have been recognised as provisions for restructuring. The restructuring expenses amount to around Euro 33 million in total.

Reconciliation with adjusted EBIT used for management purposes

For internal management purposes we refer to adjusted EBIT, i.e. to operating earnings before interest and taxes excluding the impact on earnings of the fair value measurement of commodity derivatives as of the balance sheet date required by IAS 39 and excluding the aforementioned one-off restructuring expenses. In the interests of comparability and transparency, we comment in our financial reporting on the earnings position of the MVV Energie Group and the earnings performance of our business segments on the basis of this key

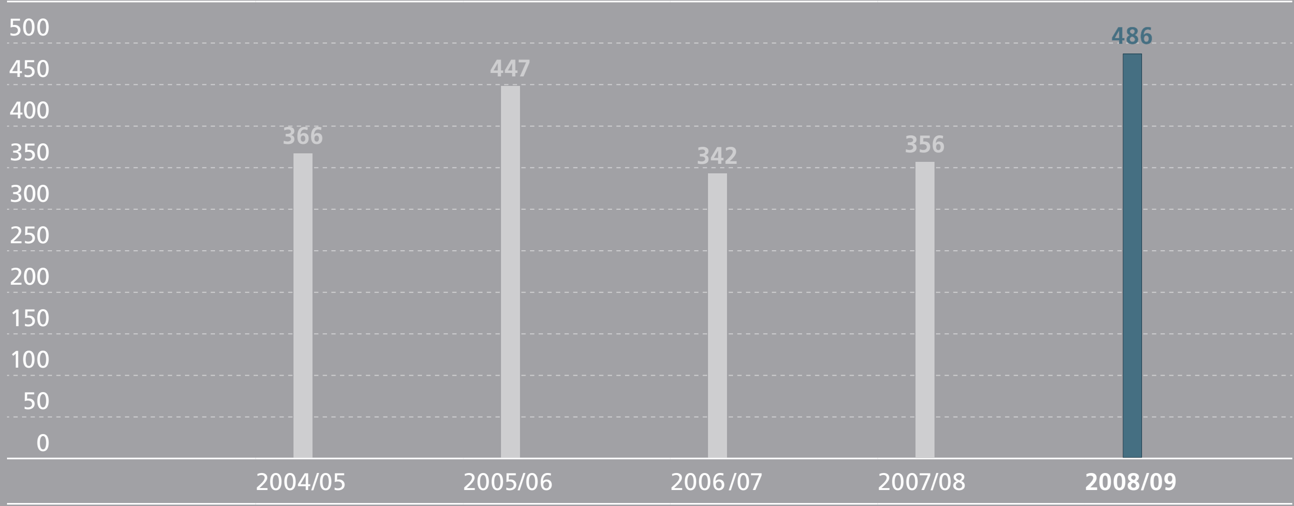
Electricity sales of the MVV Energie Group in Euro million



1 proprietary electricity trading sales reported on a net basis, i.e. only showing the gross margin generated

District heating sales of the MVV Energie Group in Euro million

Gas sales of the MVV Energie Group in Euro million



earnings figure, as it provides a more meaningful indication of our ongoing earnings strength.

Reconciliation of EBIT (income statement) with adjusted EBIT

Euro million	**2008/09**	2007/08	+/– change
EBIT as reported in income statement	–23	337	–360
Financial derivatives measurement item	229	–88	+317
Restructuring expenses	33	—	+33
= Adjusted EBIT	**239**	**249**	**–10**

Adjusted EBIT for 2008/09 within expected range in spite of economic crisis

Our Group managed to absorb the effects of the economic crisis felt across all sectors comparatively well. The adjusted EBIT generated by the MVV Energie Group in the 2008/09 financial year amounted to Euro 239 million and were thus slightly lower (–4 %) than in the previous year (Euro 249 million). Despite the economic crisis, we thus managed to meet the earnings forecast provided in last year's group management report. The marginal year-on-year decline in adjusted EBIT was chiefly due to the electricity and environmental energy segments. The reasons for the decline in segment earnings are outlined on Page 58 onwards.

Adjusted EBIT of the MVV Energie Group by segment

Euro million	**2008/09**	2007/08	% change
Electricity	35	64	–45
District heating	36	38	–5
Gas	66	35	+ 89
Water	14	10	+ 40
Value-added services	18	20	–10
Environmental energy	71	81	–12
Other/consolidation	–1	1	–200
	239	**249**	**–4**

Presentation of adjusted annual net surplus

With our adjusted annual net surplus and adjusted annual net surplus after minority interests we have reported our two key net income figures following adjustment for the fair value measurement of commodity derivatives as of the balance sheet required by IFRS and for one-off restructuring expenses. We have also eliminated the IAS 39 item when determining adjusted taxes on income. The one-off restructuring expenses are largely not deductible for tax purposes.

Our adjusted EBT decreased by Euro 16 million (–9 %) from Euro 181 million in the previous year to Euro 165 million in the 2008/09 financial year. The tax rate for the 2008/09 financial year based on adjusted EBT amounts to 32.4 % (previous year: 31.2 %).

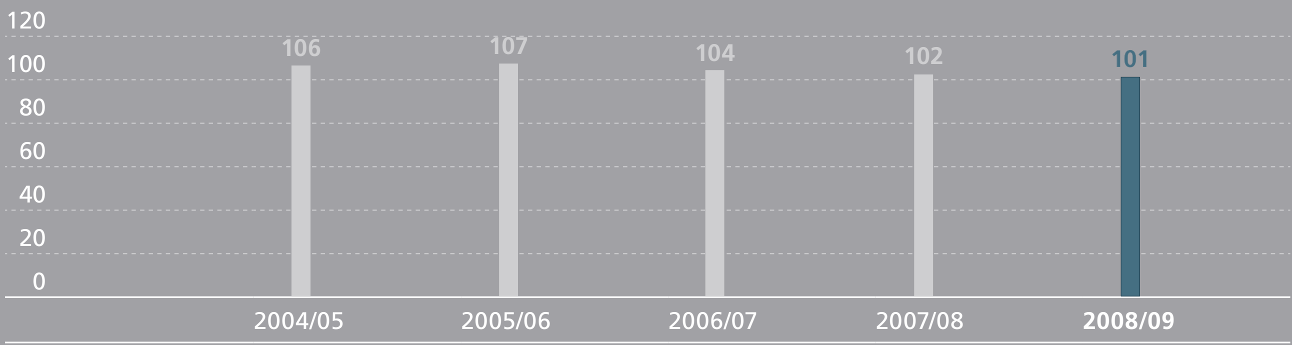
Based on the EBT of Euro –96 million reported in the income statement (previous year: Euro 269 million), the tax rate amounts to 22.2 % (previous year: 31.2 %). The low tax rate in the year under report was primarily due to deferred tax income from the IAS 39 valuation item. The income tax expenses of Euro –21 million stated for the year under report consist of current taxes of Euro 37 million and deferred taxes of Euro –58 million (tax income). The previous year's income tax expenses of Euro 84 million included current taxes of Euro 56 million and deferred taxes of Euro 28 million (tax expenses). Deferred taxes were affected by IAS 39 valuation items both in the year under report and in the previous year.

Net of restructuring expenses and having deducted taxes on income adjusted for the commodity derivatives measurement item, the adjusted net surplus for the 2008/09 financial year amounted to Euro 112 million (previous year: Euro 123 million).

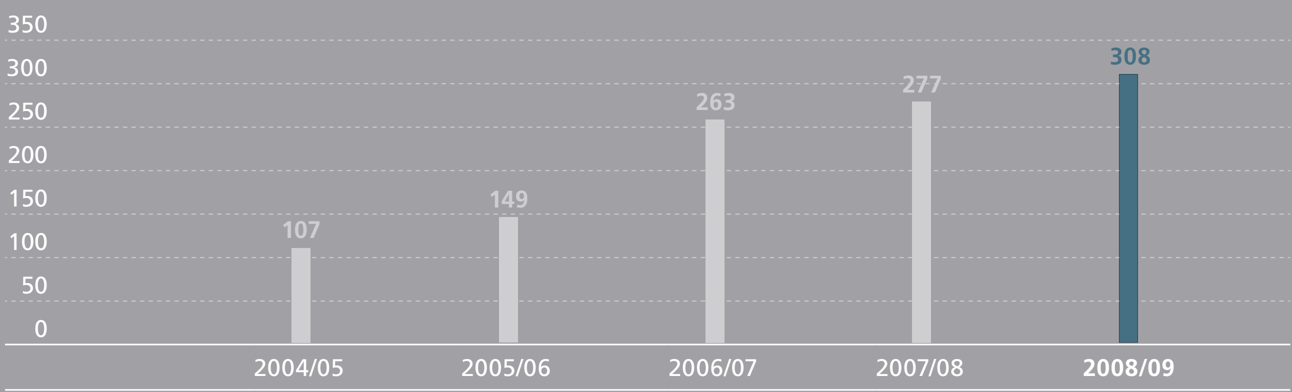
Having accounted for the share of earnings attributable to minority shareholders, the MVV Energie Group reported an adjusted net surplus after minority interests of Euro 98 million for the year under report, compared with a figure of Euro 110 million in the previous year.

Calculated on this basis, adjusted earnings per share for the 2008/09 financial year amounted to Euro 1.48, as against Euro 1.69 in the previous year. As a result of the capital increase in October 2007, the weighted annual average number of shares rose from 65.3 million to 65.9 million in the 2008/09 financial year. This factor reduced adjusted earnings per share by one cent.

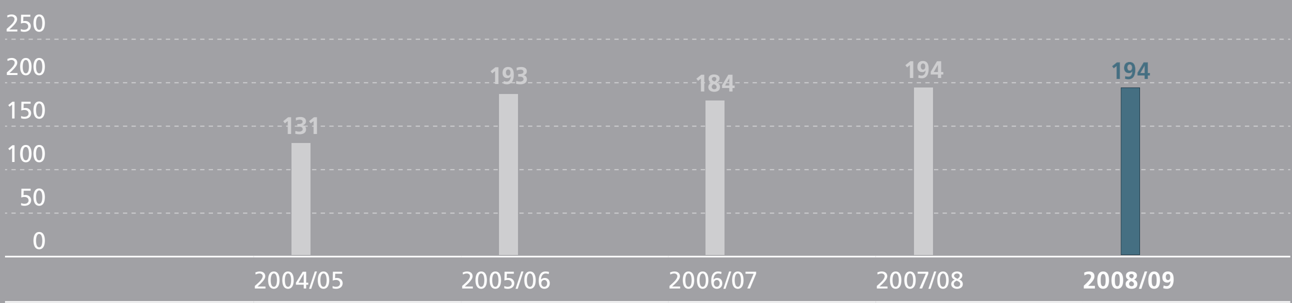
Water sales of the MVV Energie Group in Euro million



Value-added services sales of the MVV Energie Group in Euro million



Environmental energy sales of the MVV Energie Group in Euro million



Earnings position at our shareholdings in the energy business

Our German municipal utility shareholdings in Kiel, Offenbach, Ingolstadt, Solingen and Köthen and the twelve district heating shareholdings at our wholly-owned Czech subsidiary MVV Energie CZ a.s. generated sales of Euro 1 222 million prior to consolidation in the 2008/09 financial year. The previous year's sales (including the Polish subgroup) amounted to Euro 1 138 million (+ 7 %). All of the aforementioned shareholdings reported sales growth.

As a result of the period of high coal and oil prices, the majority of our municipal utility shareholdings raised their prices in the electricity, district heating and gas businesses at the beginning of the 2008/09 financial year and in some cases as of 1 January 2009. Given the reduction in listed oil prices, all shareholdings introduced double-digit percentage cuts in their gas rates as of 1 April 2009. MVV Energie AG also reduced its district heating rates as of the same date.

Adjusted EBIT at our municipal utility and district heating shareholdings decreased year-on-year by Euro 1 million (– 1 %) to Euro 111 million.

The cost-cutting and efficiency enhancement measures already introduced by Stadtwerke Kiel AG (SWK) are being upheld. Of crucial importance for SWK is the future alignment of the power plant Gemeinschaftskraftwerk Kiel (GKK). As well as an extension to the plant's lifecycle, alternatives to coal, the fuel currently used, are also under review.

In December 2008, the supervisory boards of Stadtwerke Velbert and the investment company of the town of Velbert decided against Rheinisch-Bergischer Stadtwerke-Verbund (RBSV), an association of the municipal utility companies of the towns of Solingen, Remscheid and Velbert due to be launched on 1 January 2009. Following the failure of this three-way merger with Velbert, the municipal utility companies in Remscheid and Solingen investigated the possibility of a grid cooperation and rejected this at the end of September 2009. Overall, it was apparent that the regulatory risks virtually balanced out the synergies expected from a joint grid company.

Segment performance

Electricity turnover of the MVV Energie Group[1]

kWh million	2008/09	2007/08	% change
Wholesale[2,3]	6 939	5 797	+ 20
Industrial and commercial customers/ secondary distributors[3]	9 902	9 735	+ 2
Private and business customers	1 828	1 898	– 4
	18 669	**17 430**	**+ 7**

1 excluding electricity turnover in environmental energy and value-added services segments
2 recalculation of proprietary trading in year under report and previous year
3 reallocation of secondary distributors in year under report and previous year

Our electricity turnover rose year-on-year by 7 % to 18.7 billion kWh. This growth was driven by the expansion in the electricity trading business. Substantial volume growth in the nationwide sale of electricity to industrial, commercial and secondary distribution customers enabled us to more than compensate for the reduction in volumes at industrial customers in the end customer business on account of the economic crisis. Due to competitive factors, our electricity turnover with private and business customers declined by 4 %. The rate of private household customers changing supplier at our Group was lower than the national average of around 21 % calculated by the Federal Association of the German Energy and Water Industries (BDEW) in September 2009. Our low rate of customers changing supplier is the result of successful customer retention measures and attractive electricity products.

Electricity sales (excluding electricity taxes) grew by 27 % to Euro 1.8 billion. This growth was driven by volumes and prices.

Notwithstanding this sales growth, adjusted EBIT in the electricity segment fell year-on-year by Euro 29 million to Euro 35 million (– 45 %). The reduction in earnings was attributable to numerous individual factors. The main causes included increased performance and CO_2 costs for electricity procurement, lower revenues from electricity generated at proprietary power plants, positive one-off effects in the previous year, the costs of building up sales activities at SECURA Energie GmbH and the effects of the economic crisis. The economic downturn led to a production-related decline in turnover in the industrial customer portfolio and to losses on the resale of electricity volumes not required. The losses incurred on resale resulted from the difference between original procurement prices on the futures market and current market prices.

District heating turnover of the MVV Energie Group[1]

kWh million	2008/09	2007/08	% change
District heating			
Secondary distributors	691	686	+ 1
Industrial and commercial customers	1 054	1 638	– 36
Private and business customers	3 004	2 900	+ 4
	4 749	**5 224**	**– 9**
Steam			
Industrial and commercial customers	188	337	– 44
	4 937	**5 561**	**– 11**

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

Sales volumes in the district heating segment fell year-on-year by 624 million kWh (– 11 %) to 4 937 million kWh, while sales dropped by Euro 9 million (– 3 %) to Euro 294 million. These reductions were largely due to a deconsolidation item. Excluding the sales volumes supplied in the previous year through to the sale of the Polish shareholdings (639 million kWh), our district heating turnover showed a slight year-on-year increase of 0.3 %. Sales in the district heating segment excluding the Polish deconsolidation item (Euro 26 million) grew year-on-year by Euro 17 million (+ 6 %).

Adjusted EBIT in the district heating segment decreased by Euro 2 million to Euro 36 million (– 5 %). This reduction was attributable in particular to the deconsolidation of our Polish activities in the previous year.

Gas turnover of the MVV Energie Group[1]

kWh million	2008/09	2007/08	% change
Wholesale[2]	1 529	864	+ 77
Industrial and commercial customers/ secondary distributors[2]	5 193	3 860	+ 35
Private and business customers	3 756	3 907	– 4
	10 478	**8 631**	**+ 21**

1 excluding gas turnover in environmental energy and value-added services segments
2 reallocation of secondary distributors in year under report and previous year

In the gas segment, sales volumes rose to 10.5 billion kWh, up 21 % on the previous year. This strong growth was driven above all by increased sales volumes in the nationwide gas business. MVV Energie AG already supplied around 1.1 billion kWh of gas in the first year of activity in its successfully established nationwide gas business.

Unlike in the previous year and by analogy with the electricity segment, following the introduction of a new controlling and management system we now report sales activities with industrial and commercial customers and those with secondary distribution customers in combined form in the gas segment.

The year-on-year increase in sales by Euro 130 million (+ 37 %) was due first and foremost to volume growth and to the delayed introduction of price increases at our companies as of 1 October 2008 and in some cases also as of 1 January 2009. These were attributable to the sharp rise in oil prices in the previous year. In the wake of falling oil price listings, gas prices were cut by double-digit percentage amounts in the course of the 2009 calendar year. Overall, gas rates at the end of the reporting year were in some cases lower than in October 2006.

Adjusted EBIT in the gas segment improved by Euro 31 million to Euro 66 million. This increase was driven in particular by strong volume growth and the resultant positive margin effects, as well as by the aforementioned price factors. Furthermore, earnings benefited from one-off income on the sale of two local gas grids at the Mannheim subgroup and prorated revenues on the sale of a gas cavern at the Kiel subgroup. Further positive earnings items included the reversal of provisions and cost savings due to the optimisation of gas procurement for special contract customers.

Water turnover of the MVV Energie Group[1]

m^3 million	2008/09	2007/08	% change
Secondary distributors	5.4	5.3	+ 2
Industrial and commercial customers	3.7	4.3	– 14
Private and business customers	43.8	45.2	– 3
	52.9	**54.8**	**– 3**

1 excluding water turnover in value-added services segment

Turnover in the water segment decreased by 3 % to 52.9 million m^3 in the year under report. The water business is heavily dependent on private and business customers, who account for around 83 % of our water turnover. The decline was chiefly the result of lower water turnover in Kiel. The steady reduction in volumes also felt at other water supply companies in Germany is a reflection of more sparing consumption, for example due to increasing use of water-efficient household appliances.

Water sales fell by 1 % to Euro 101 million, mainly on account of lower volumes. Adjusted EBIT nevertheless rose by Euro 4 million to Euro 14 million. Alongside cost savings, this improvement was due above all to lower maintenance costs.

Contracting: energy and water turnover of the MVV Energie Group

	2008/09	2007/08	% change
Electricity turnover in kWh million	525	371	+ 42
Heating water turnover in kWh million	1 247	616	+ 102
Steam turnover in kWh million	632	414	+ 53
Gas turnover in kWh million	373	535	– 30
Water turnover in m^3 million	0.3	0.3	—
Combustible waste delivered in tonnes 000s	72	8	+ 800

Value-added services sales of the MVV Energie Group

Euro million	**2008/09**	2007/08	% change
ERS holding company	40	43	– 7
Energy efficiency and management	132	82	+ 61
Industrial parks and large projects	85	79	+ 8
Consulting	25	22	+ 14
MVV Energiedienstleistungen	**282**	**226**	**+ 25**
Energy-related services at municipal utility shareholdings	25	55	– 55
Energy-related services	**307**	**281**	**+ 9**
Other value-added services/consolidation	1	– 4	—
	308	**277**	**+ 11**

Sales in the value-added services segment rose by 11 % to Euro 308 million. Adjusted EBIT dropped year-on-year by Euro 2 million to Euro 18 million. Positive sales and earnings contributions came from the expansion in the heating contracting business for the real estate sector, from Industriepark Gersthofen Servicegesellschaft mbH and from the launch of operations at the refuse-derived fuel (RDF) power plant at the Korbach location. However, these were more than offset by reduced earnings contributions at the Offenbach and Kiel shareholdings, whose value-added services businesses are influenced by the shared service companies reported there, namely 24 / 7 IT-Services GmbH, Kiel, and 24 / 7 United Billing GmbH, Offenbach.

Environmental energy turnover and incineration volumes of the MVV Energie Group

	2008/09	2007/08	% change
Electricity turnover (including secondary distributors) in kWh million	388	387	—
Steam turnover in kWh million	401	415	– 3
Combustible waste delivered in tonnes 000s	1 527	1 542	– 1

At Euro 194 million, sales in the environmental energy segment were at the same level as in the previous year. Of segment sales in the 2008/09 financial year, a sum of Euro 154 million was generated from waste incineration at our Mannheim, Offenbach and Leuna locations (previous year: Euro 157 million). We generated sales of Euro 40 million in our energy business, i.e. from the generation of electricity and steam, in the year under report (previous year: Euro 37 million).

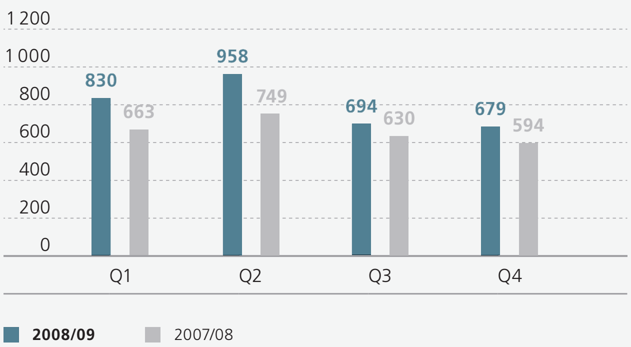
Adjusted EBIT declined year-on-year by Euro 10 million to Euro 71 million. In conjunction with excess capacity at incineration plants in Germany, the economic downturn led commercial waste prices to fall in the waste business. Moreover, earnings were also negatively affected by downtime at the energy from waste plants in Mannheim and Leuna due to inspection measures and interruptions to operations. These led to increased costs for the procurement of gas, as well as for reorganisation, temporary storage and maintenance measures, especially at Boilers 2 and 3, which are more than 40 years old. The new Boiler 6 will commence operations in December 2009.

The "Other" line item includes services not directly allocable to any individual segment, as well as consolidation items.

Quarterly performance

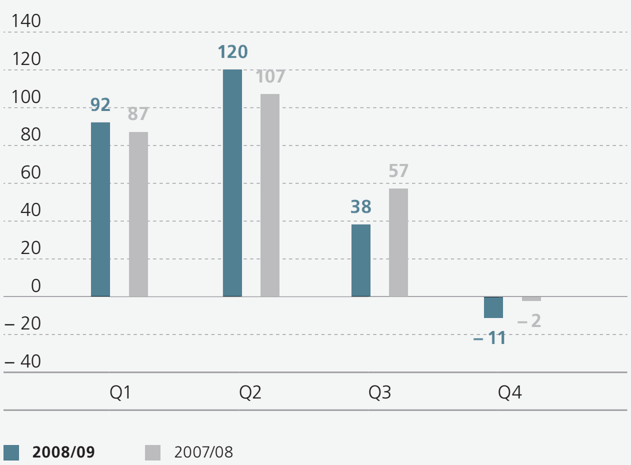
Our sales in the 4th quarter of 2008/09 (July to September 2009) grew year-on-year by 14 % to Euro 679 million. This growth was driven in particular by the electricity and value-added services segments.

Sales by quarter in Euro million



Adjusted EBIT for the 4th quarter of 2008/09 amounted to Euro – 11 million. By comparison, adjusted EBIT for the 4th quarter of the previous year amounted to Euro – 2 million. This downturn was chiefly due to the reduction in price rates as of 1 April 2009 and to falling prices in the waste business. These were exacerbated by the negative impact of the economic crisis on earnings in the electricity business in the 4th quarter of 2008/09. This factor had not yet made itself felt to the same extent in the previous year's quarter.

Adjusted EBIT by quarter in Euro million



The earnings of the MVV Energie Group are traditionally weak in the 4th quarter due to the lack of earnings contributions from the heating energy business in the summer months. Moreover, we prefer to perform maintenance and inspection measures during this period.

Value-based company management in 2008/09

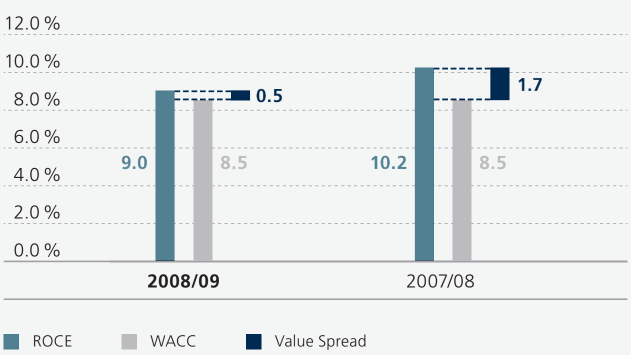
The most important key figure in our value-based company management and the related capital management is the value spread. This key figure corresponds to the difference between the period-specific return on capital employed (ROCE) and the weighted average cost of capital (WACC). It therefore provides an indication of the value added we have generated measured in terms of our costs of capital. ROCE expresses operating earnings before interest, taxes on income and goodwill amortisation (adjusted EBITA) as a percentage of the capital employed to generate such earnings. The ROCE for the year under report amounts to 9.0 % (previous year excluding IAS 39 item: 10.2 %).

The WACC figure, the second component in our key value spread figure, represents the long-term minimum economic return generated on operations. Capital costs are weighted on the basis of the shares of equity and debt capital in the capital employed. The calculation of these capital shares is based not on the carrying values, but rather on the market values by which potential investors measure their investment alternatives.

There were no changes in basic capital management requirements compared with the previous year. As in the previous year, the WACC indicator for the year under report was based on borrowing interest of 5.5 %, a tax shield of 30 % and an equity ratio market value of 50 %. The other parameters used to calculate the WACC figure were also left unchanged (risk-free interest: 4.5 %; beta factor: 0.7; market risk premium: 5.0 %). As in the previous year, the weighted costs of capital before taxes thus amounted to 8.5 % in the year under report.

Net Asset Position

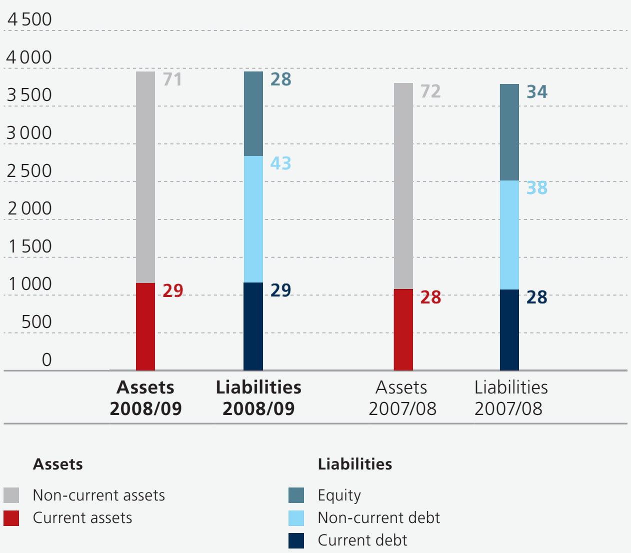
Key figures in %



Subtracting the WACC of 8.5 % (previous year: 8.5 %) from the ROCE of 9.0 % (previous year: 10.2 %) produces a positive value spread of 0.5 % for the 2008/09 financial year (previous year: 1.7 %). The decline in the adjusted value spread reflects the impact of the economic and financial crisis on the earnings strength of the MVV Energie Group.

The expansion in our Group's business activities is clearly reflected in the balance sheet, where the total assets of the MVV Energie Group grew to Euro 3 954 million as of 30 September 2009, up Euro 167 million (+ 4 %) compared with 30 September 2008.

Balance sheet structure in Euro million (shares in %)



The asset side of the balance sheet is dominated by non-current assets. Due mainly to a higher volume of property, plant and equipment and an increase in intangible assets, these rose to Euro 2 795 million, equivalent to growth of Euro 70 million (+ 3 %) compared with 30 September 2008. Following investments and additions (initial consolidations) on the one hand and disposals, scheduled depreciation and asset impairments on the other, property, plant and equipment, which account for 50 % of total assets (previous year: 52 %), showed an overall net increase of Euro 40 million (+ 2 %) to Euro 1 996 million. The high share of property, plant and equipment underlines the intensity of investment at our group of companies.

We have reported shareholdings that were mainly recognised under other financial assets in previous years in the associates item (Euro 75 million) for the first time in the year under report. In particular, these include our shareholdings in the power plants Grosskraftwerk Mannheim AG and Gemeinschaftskraftwerk Kiel GmbH, in ZVO Energie GmbH and in Biomasse Rhein-Main GmbH. This reclassification is also the main reason for the reduction in other financial assets from Euro 175 million in the previous year to Euro 103 million. Details on changes in the scope of consolidation have been provided in the notes to the consolidated financial statements (Page 92).

At Euro 272 million as of 30 September 2009, non-current other receivables and assets were at the same level as in the previous year. The largest item here involved the positive fair values of energy trading transactions requiring recognition under IAS 39 (financial derivatives). Current assets rose to Euro 1 160 million, up Euro 98 million (+ 9 %) on the previous year's balance sheet date, and thus now make up 29 % of total assets (previous year: 28 %). This increase was chiefly driven by the year-on-year rise in cash and cash equivalents by Euro 224 million to Euro 321 million. This in turn was mainly due to the issuing of promissory note bonds amounting to Euro 203 million to secure liquidity reserves, as well as to the utilisation of credit lines.

Trade receivables fell to Euro 463 million, down Euro 73 million on 30 September 2008. Compared with the volume reported at the end of the previous quarter on 30 June 2009 (Euro 590 million), trade receivables reduced by Euro 127 million. Alongside seasonal factors, this decline – in spite of a higher overall volume of receivables due to sales growth – was the result of optimised receivables management and the netting of transactions customary in the energy trading business. The economic crisis did not lead to any material defaults on receivables in the 2008/09 financial year.

At Euro 282 million, current other receivables and assets were at the same level as in the previous year. Within this item, current receivables from security deposits for energy trading transactions, which are exchanged with external trading partners to reduce counterparty risk given the sharp fluctuations in fair values of energy trading derivatives, increased year-on-year from Euro 11 million to Euro 91 million. This effect was countered by a reduction in loans and a lower volume of current derivative financial instruments.

The amount of Euro 37 million reported in the assets held for sale item in the previous year related in particular to the purchase price receivable agreed for the Polish subgroup, which had not yet been realised at the previous year's balance sheet date and was initially contributed to the newly founded company MVV Nederland B.V., Netherlands. The inflow of funds from this sale was received in the 1st quarter of the 2008/09 financial year.

On the liabilities side, the equity of the MVV Energie Group declined year-on-year by Euro 157 million to Euro 1 113 million. This development was chiefly due to the annual net deficit for the year under report (including IAS 39 valuation items and one-off restructuring expenses) and to the higher dividend distributed for the 2007/08 financial year. The share of equity attributable to minority interests amounted to Euro 103 million as of 30 September 2009 (previous year: Euro 116 million). The equity ratio amounted to 28.1 % as of 30 September 2009 (previous year: 33.5 %).

For the internal management of our Group, we also eliminate the cumulative valuation items for financial derivatives recognised under IAS 39 from our balance sheet. It is then apparent that there was a slight increase in the capital generated by the MVV Energie Group and that the outflow due to the higher dividend could be compensated for by the capital generated from operations. On the asset side, we eliminate the positive fair values of financial derivatives amounting to Euro 388 million (previous year: Euro 426 million). On the equity and liabilities side, we eliminate the negative fair values of Euro 483 million from liabilities (previous year: Euro 348 million) and the resultant net balance of Euro 94 million recognised under equity (previous year: Euro 78 million). On this adjusted basis, the equity ratio of the MVV Energie Group amounted to 33.9 % in the year under report (previous year: 35.5 %).

Compared with the previous year, non-current debt rose by Euro 253 million to Euro 1 698 million and current debt by Euro 71 million to Euro 1 143 million. By analogy with the asset side of the balance sheet, the development in non-current and current other liabilities was determined by the negative fair values of financial instruments recognised under IAS 39 (energy trading derivatives). No security deposits bilaterally agreed with trading partners to alleviate the sharp fluctuations in fair values of energy trading transactions were reported under current other liabilities as of 30 September 2009 (previous year: Euro 44 million). The development in financial debt has been reported on the following pages.

Investments

The volume of investment amounted to Euro 255 million in the year under report (previous year: Euro 241 million). A total of Euro 238 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 208 million), while Euro 17 million was invested in the acquisition of fully and proportionately consolidated companies and other financial assets (previous year: Euro 33 million).

The growth in investments in intangible assets, property, plant and equipment and investment property related in particular to the environmental energy, district heating and value-added services segments. The largest investment projects were the construction of Boiler No. 6 at the energy from waste plant in Mannheim, extending the supply of district heating in Mannheim, Kiel and Offenbach and the start of construction work on the district heating transport pipeline to Speyer. Focuses of investment in the value-added services segment included the construction of the industrial power plants at Korbach and Gersthofen, which were completed on schedule and commenced operations during the year under report. In Mertingen in Bavaria, MVV Energiedienstleistungen GmbH invested together with the Bavarian State Forestry Commission in a biomass cogeneration plant where operations commenced on schedule at the beginning of November 2009.

Investments of the MVV Energie Group[1] in the 2008/09 financial year

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

In its electricity, district heating, gas and water businesses, the Group invested above all in modernising and optimising its supply facilities and distribution grids. Work continued at the Kiel subgroup on the construction of the third gas cavern. A further major project relates to the renovation of the supply tunnel under Kiel Firth.

Investments in financial assets primarily involved the acquisition of new shareholdings in the energy-related services business. These related to the acquisition of the remaining 49 % of the shares in MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin. This shareholding was thus stocked up to 100 %. The shareholding in the Czech company Českolipská teplárenská a.s., Česká Lípa, was raised significantly from 35 % to 94.99 %.

Investments of the MVV Energie Group[1]

Euro million	2008/09	2007/08	% change
Electricity	27	29	– 7
District heating	56	25	+ 124
Gas	13	16	– 19
Water	12	10	+ 20
Value-added services	52	49	+ 6
Environmental energy	64	59	+ 8
Other	14	20	– 30
	238	**208**	**+ 14**

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

Financial Position

Cash flow statement

The cash flow before working capital and taxes showed a slight year-on-year reduction of Euro 28 million to Euro 386 million. The special IAS 39 valuation item and one-off restructuring expenses, which were largely responsible for the year-on-year decline in annual earnings before taxes on income in the 2008/09 financial year, were neutralised completely on the level of changes in other non-cash income and expenses (IAS 39 item) and of depreciation and amortisation (impairments). Furthermore, a higher volume of non-current provisions for personnel items and refurbishment were utilised than in the previous year's period and a higher volume of gains on the disposal of non-current assets not effective in the cash flow before working capital and taxes were generated. Moreover, the inflows from interest payments received were higher in the previous year's period than in the current financial year.

The cash flow from operating activities amounted to Euro 258 million and thus showed a slight reduction of Euro 4 million compared with the previous year. This decrease was largely due to a high outflow of funds for security deposits (margins) and a simultaneous outflow of financial funds due to margins deposited with us in the previous year. This outflow was compensated for virtually in full by significantly improved cash management of trade receivables and payables.

Following the deduction of increased investments of Euro 238 million in intangible assets, property, plant and equipment and investment property (previous year: Euro 208 million), the Group generated a positive free cash flow of Euro 20 million in the 2008/09 financial year (previous year: Euro 54 million). Our free cash flow thus improved markedly compared with the first nine months of 2008/09, for which the free cash flow reported was still negative at Euro – 110 million (previous year: Euro + 26 million).

At the same time, the cash flow of Euro – 178 million from investing activities (previous year: Euro – 176 million) underlines the ongoing efforts to maintain our Group's growth course. The funds required for this chiefly came from a higher volume of new borrowing, including promissory note bonds. As a result, the cash flow from financing activities was clearly positive at Euro 146 million in the year under report. Mainly due to high loan repayments, the previous year's figure was still negative at Euro – 90 million. Further details can be found in the consolidated financial statements from Page 86 onwards.

Financial position and financial management

The MVV Energie Group reported cash and cash equivalents of Euro 321 million in its cash flow statement as of the balance sheet date on 30 September 2009 (previous year: Euro 97 million). Our group of companies thus has sufficient funds to cover its liquidity requirements. In the year under report, financial funds were primarily obtained from the cash flow from operations, the issuing of promissory note bonds and the taking up of credit facilities. MVV Energie AG and other companies within the Group have bilateral credit lines.

Our financing policy focuses on flexibility and the use of both short-term and long-term sources of financing. The parent company MVV Energie AG manages a cash pool for itself and 14 other companies within our Group. In this capacity, it procures and safeguards both its own liquidity, as well as the financial funds of the shareholdings included in the cash pool. The capital required for investments is made available in the form of shareholder loans.

In the course of the international financial crisis two developments impacting on our Group have become apparent. When concluding new short and medium-term loan agreements we have benefited from the widespread reduction in interest rates. These were offset by significantly higher lending rates required by lenders even though the creditworthiness of MVV Energie AG has actually improved. Overall, this resulted in slightly higher credit terms than before the financial crisis.

Our non-current financial debt amounted to Euro 1 073 million as of 30 September 2009, up Euro 160 million on 30 September 2008. This increase was due to the issuing of the aforementioned promissory note bonds (with a five-year term) and to the taking up of mostly long-term loans. Current financial debt grew year-on-year by Euro 116 million to Euro 440 million. The rise in current financial debt was chiefly attributable to increased short-term financing requirements for higher security deposits in the context of energy trading transactions, as well as to reclassifications from non-current to current items. The growth in non-current and current financial debt is reflected at the balance sheet date in cash and cash equivalents on the asset side of the balance sheet.

Net financial debt (financial debt less cash and cash equivalents) amounted to Euro 1 192 million, up Euro 52 million on the previous year's balance sheet date (30 September 2008).

All in all, our equity base provides us with a good foundation for maintaining a balanced mix of capital market financing for investments in our sustainable growth, even in times of limited liquidity on the financial markets.

Overall Summary of Business Performance

During the period covered by our financial year the German economy underwent its severest recession since the end of World War Two, one which has also left its mark on the earnings performance of the MVV Energie Group. Notwithstanding the slight revival in the economy apparent in the second half of 2009, macroeconomic developments up to the time at which our 2008/09 consolidated financial statements were prepared still harboured great uncertainties.

In view of this difficult underlying framework, our group of companies maintained its ground well in the 2008/09 financial year. We see the fact that we reached the operating earnings target announced at the beginning of the year in spite of the economic crisis as representing a success. We also assess the development in our net asset and financial positions positively. The increased volume of investment could be financed in full from the cash flow from operating activities once again in the year under report. With an equity ratio of 28.1 %, we have a good foundation for maintaining our ability to obtain a balanced mix of capital market financing for the investments in our further growth.

We launched our "Once Together" project at the beginning of October 2009. In this, we will be working together with our major shareholdings to gradually implement the priorities identified within the MVV 2020 strategy project. We are confident that our investments, with their long-term focus, will enable us to achieve our target of generating sustainable profitable growth.

Basic Features of the Compensation System of the Executive and Supervisory Boards

We have provided a summary of the basic features of the compensation system and disclosures concerning the compensation of members of the Executive and Supervisory Boards for the 2008/09 financial year in the Compensation Report. This takes due account of the requirements of the German Commercial Code (HGB) and the recommendations of the German Corporate Governance Code.

For its activity, the Executive Board receives total compensation that is divided into fixed and variable components. The compensation of the Executive and Supervisory Boards has been presented in the Compensation Report, which forms part of the Corporate Governance Report on Pages 34 to 38 and is also part of the combined Group Management Report. This component has therefore not been duplicated here.

Disclosures under § 289 (4) and § 315 (4) HGB

Composition of share capital and restrictions on voting rights or assignment of shares

The company's share capital amounted to Euro 168.72 million in total at the balance sheet date on 30 September 2009 and was divided into 65.9 million individual registered shares with a prorated amount in the share capital of Euro 2.56 per share. Each share entitles its holder to one vote at the Annual General Meeting of MVV Energie AG. The City of Mannheim indirectly held 50.1% of the shares in MVV Energie AG at the balance sheet date. RheinEnergie AG, Cologne, increased its direct shareholding by 0.2 % to 16.3 % in October 2008 by acquiring shares on the stock exchange. EnBW AG, Karlsruhe, continued to hold a direct stake of 15.1 % of the shares. The remaining 18.5 % of the shares were in free float at the balance sheet date.

There are no restrictions on voting rights or the assignment of shares. There are also no shares with special rights lending powers of control, neither is there any control of voting rights as defined in § 289 (4) No. 5 and § 315 (4) No. 5 of the German Commercial Code (HGB).

Regulations for appointment and dismissal of Executive Board members and amendments to Articles of Incorporation

Pursuant to the company's Articles of Incorporation, the Executive Board of MVV Energie AG consists of at least two members. The Supervisory Board is responsible for determining the number of members, their appointment and dismissal. Members are appointed for a maximum of five years, with repeated appointments permitted.

Amendments to the Articles of Incorporation must be undertaken in accordance with § 133 and § 179 of the German Stock Corporation Act (AktG). Pursuant to § 11 (3) of the Articles of Incorporation, the Supervisory Board is authorised to amend the Articles of Incorporation only in respect of their wording. Pursuant to § 19 (1) of the Articles of Incorporation, a simple majority of the share capital with voting entitlement participating in the adoption of a resolution is sufficient to amend the Articles of Incorporation, unless mandatory legal provisions require a larger majority.

Powers of the Executive Board to issue and buy back shares

The Annual General Meeting of MVV Energie AG authorised the Executive Board by resolution on 4 March 2005 to increase the company's share capital on one or several occasions by up to Euro 39.0 million, equivalent to around 30 % of existing share capital upon adoption of the resolution (Authorised Capital I).

Having drawn on Authorised Capital I to the extent of almost 10 % on 15 November 2005 by issuing 5.0 million new shares on the capital market by way of an accelerated book building process, there remained Authorised Capital I amounting to Euro 26.2 million. On 11 October 2007, the Executive Board of MVV Energie AG resolved with the approval of the Supervisory Board to act on the authorisation granted to it by the Articles of Incorporation and to increase the share capital by Euro 25.96 million. This capital increase was successfully completed at the beginning of November 2007. The share capital of MVV Energie AG was increased by Euro 25.96 million to Euro 168.72 million from the available Authorised Capital I by issuing 10.1 million new shares in return for cash contributions with subscription rights for shareholders in MVV Energie AG. These new shares, which enjoyed dividend entitlement from 1 October 2006, were offered to shareholders at a price of Euro 22.50 per share.

The 2006 Annual General Meeting authorised the Executive Board of MVV Energie AG, subject to approval by the Supervisory Board, to increase the company's share capital within the framework of an employee share programme by issuing new shares from Authorised Capital II on one or several occasions up to 9 March 2011 up to a total of Euro 3.4 million to the exclusion of shareholders' subscription rights (Authorised Capital II). This was equivalent to 2.4 % of existing share capital upon adoption of the resolution. The Executive Board acted on this authorisation on 20 September 2006 by issuing 63,290 new shares amounting to Euro 162 thousand, equivalent to 0.1 % of the share capital. The Executive Board made no use of this authorisation in the 2007/08 and 2008/09 financial years.

By resolution on 13 March 2009, the Annual General Meeting authorised the Executive Board until 10 September 2010 to acquire treasury stock by way of one or several buybacks with a prorated amount in the share capital of Euro 16.87 million attributable to these shares, equivalent to 10 % of existing share capital upon adoption of the resolution. The Executive Board of MVV Energie AG did not act on this authorisation in the 2008/09 financial year.

Compensation agreements (change of control clauses)

There are no provisions, generally agreements, governing any change of control due to a takeover bid (change of control clauses), neither has the company concluded any compensation agreements with members of the Executive Board or employees for the event of a takeover bid.

Sustainability

Our Basis: Economic Responsibility

MVV Energie's commitment to sustainable business practice is at the heart of its claim: MVV Energie – Energising the Future. If the Group is to meet its economic, social and ecological sustainability targets then it must maintain its economic stability and generate further profitable growth. Only this way can we secure the supply of utilities to our customers in the long term, create and retain sustainable jobs and training positions, generate attractive dividends for our shareholders and make our contribution towards restructuring the energy industry along ecological lines. It is on these high standards that we base our strategic planning.

The key figures in the Multi-Year Overview on pages 158 to 161 underline the economic strength and potential of our group of companies. Over the past five years, sales at the MVV Energie Group have shown consistent growth in the difficult market climate in the energy sector, increasing from Euro 1.9 billion (2004/05) to their current level of around Euro 3.2 billion. Adjusted EBIT grew by 51 % from Euro 158 million in the 2004/05 financial year to Euro 239 million in the year under report. Due in particular to the sale of our Polish shareholdings, the total workforce at our Group reduced over the same period from 6 449 to 6 053 employees.

During this five-year period we invested around Euro 1 billion in maintaining, optimising, modernising and expanding our supply facilities and distribution grids. Our investments in the energy, disposal and water businesses are of a long-term nature and require high volumes of capital outlay. Our economic and financial strength is the foundation which allows us to assume a level of social and ecological responsibility that goes beyond legal requirements. The key future topics of climate protection, energy efficiency and supply security play an outstanding role in our business activities. To ensure that tomorrow's energy supply is environmentally-friendly and energy-efficient, we are already working today on developing innovative and modern products, concepts and services. By offering the utmost quality, good products and comprehensive services, we aim to be a reliable partner for our customers.

Our Claim: Ecological Responsibility

Focus on climate protection targets

To cut greenhouse gas emissions, the share of electricity generated from renewable energies in Germany is to be increased from 13 % in 2007, the base year, to at least 30 % by 2020. Moreover, the share of electricity produced using cogeneration is to be raised to around 25 % over the same period. The MVV Energie Group is making a major contribution in a variety of ways to support the achievement of the Federal Government's climate protection targets and of a sustainable energy supply.

With its climate protection programme, MVV Energie AG intends to invest a total of more than Euro 100 million by 2020 in climate protection projects in Mannheim and the Rhine/Neckar metropolitan region, such as extending district heating and optimising energy use at municipal properties. We are thus taking our responsibility towards the region seriously and helping the population and city administration in Mannheim to achieve their climate protection targets.

The Climate Protection Fund, which has a volume of Euro 10 million by 2020, also forms part of the climate protection programme. In cooperation with the City of Mannheim and the Climate Protection Agency founded in spring 2009, this fund will support projects aimed at enhancing energy efficiency and expanding renewable energies. It awards non-repayable grants within the framework of a mass promotion programme and an individual promotion programme. The main focuses and guidelines for this promotion are currently being compiled. Together with the "Energy Refurbishment" subsidy programme offered by the municipal council, this means that funds of more than Euro 1 million a year are available for climate protection in Mannheim. This way, individual inhabitants can have their very own climate protection measures directly supported and subsidised.

The Climate Protection Agency of the City of Mannheim and MVV Energie AG acts as an information and advice centre for small and medium-sized companies, schools, clubs and citizens, helping them to save energy, improve their energy efficiency and use renewable energies. Our shareholdings in Offenbach, Kiel, Solingen and Ingolstadt also have their own climate protection projects.

The share of electricity we generate using renewable energies and cogeneration is growing

In our energy generation, we focused on the efficient and resource-saving principle of cogeneration and on renewable energies at an early stage, while also investing in efficiency-enhancing measures and technologies. This way, we are contributing actively towards the process of structural change in the energy industry required due to climate policy.

Our Group produced around 3.8 TWh of electricity at its own generation facilities in the 2008/09 financial year (previous year: 4.1 TWh). This reduction was due to lower volumes of electricity generated at the Grosskraftwerk Mannheim (GKM) and Gemeinschaftskraftwerk Kiel (GKK) power plants. Although the overall volume of electricity generated declined, the volumes produced from renewable energies (0.7 TWh) and using energy-efficient cogeneration (0.9 TWh) nevertheless remained at the same level as in the previous year. Most of the electricity we generate from renewable energies is derived from biomass and the biogenic share in waste incineration. Other electricity generation relates above all to the electricity volumes generated in the condensing turbines at the GKM and GKK power plants.

MVV Energie is well ahead of the national average with the share of electricity it generates using environmentally-friendly and energy-efficient means. Our Group generated 18 % of its electricity using renewable energies in the 2008/09 financial year (previous year: 17 %). Cogeneration accounts for a further 25 % of our electricity volumes (previous year: 24 %). All in all, MVV Energie produced 43 % of its electricity using environmentally-friendly renewable energies and energy-efficient cogeneration in the year under report (previous year: 41 %). By comparison, an average of 15 % of gross electricity generation volumes in Germany in 2008 came from renewable energies (previous year: 14 %) and 9 % from cogeneration (previous year: 9 %). Together, they therefore made up around 24 % of electricity volumes in 2008 (previous year: 23 %). Please also see the charts on Page 71.

To ensure comparability, our data only refers to Germany. These figures therefore do not include power plant, generation and emissions data for our Czech subgroup, which accounts for around 2.5 % of total electricity generation volumes at our Group.

Net electricity generation from renewable energies (including biomass cogeneration) of the MVV Energie Group in Germany

GWh	2008/09
Biomass power plants	478
Biogas plants	14
Subtotal for biomass	**492**
Biogenic share of waste/RDF	198
Hydroelectricity	4
Total	**694**

Installed renewable energies and waste/RDF capacity of the MVV Energie Group in Germany

MW_e	2008/09
Biomass power plants	71
Biogas plants	2
Subtotal for biomass	**73**
Waste/RDF	118
Hydroelectricity	2
Total	**193**

Waste and biomass replace fossil fuels

When using waste and biomass, we exploit the energy potential within household and commercial waste to generate steam and electricity using the highly efficient cogeneration method. Using waste and biomass for energy generation purposes helps us to protect the limited supply of fossil fuels.

The materials flow management pooled at MVV Umwelt Ressourcen GmbH safeguards capacity utilisation rates at our waste incineration and biomass plants. This company also manages the shareholding in BAS Bergsträsser Aufbereitungs- und Sortiergesellschaft, a company which has been supplying waste volumes from the newly built sorting plant in Heppenheim since the beginning of the 2008/09 financial year.

In the 2008/09 financial year, we used a total of around 1.6 million tonnes of non-recyclable waste and biomass for energy generation purposes at our energy from waste plants in Mannheim, Leuna and Offenbach, our biomass power plants in Mannheim and Königs Wusterhausen, our refuse-derived fuel (RDF) power plants in Gersthofen and Korbach and a further 25 biomass power plants and biomass cogeneration plants currently operated in the energy-related services business.

In our energy-related services business as well, our decentralised energy generation also mainly relies on efficient cogeneration and increasingly on the use of renewable energies, especially biomass (wood chips and pellets) and biogas.

In August, the industrial cogeneration plant in Korbach reported increased mercury emissions due to the delivery of contaminated fuel. The plant operator immediately implemented all of the changes required by the environmental authorities for the Kassel region. As a result, waste incineration could be recommenced at the beginning of November 2009. In the interim period, the waste incineration boiler was powered by natural gas. As confirmed by the regional authorities, there was no danger for local residents.

Energy-efficient energy supply concepts in value-added services business

Our alternative energy supply concepts, which on the one hand involve modern energy-saving technologies and on the other the use of regenerative fuels, have met with great interest on the market.

Since May 2009, the district authorities in Neckar-Odenwald have been relying on the expertise offered by MVV Energiedienstleistungen. Energy costs at eight schools there are to be cut by a total of more than Euro 500 000 a year. The measures to achieve this include installing two wood chip plants and two solar energy facilities.

Wood chips are used for energy generation purposes at the biomass cogeneration plants in Pfalzgrafenweiler and Mertingen. The steam and hot water thereby generated are supplied to companies on location, while the electricity additionally produced from cogeneration is fed into the public grid.

Long-term contracts with timber suppliers enable us to extend our value chain and to secure an adequate supply of fuel. Over and above our cooperation with the Bavarian State Forestry Commission, we have also acquired a 70 % stake in A+S Naturenergie GmbH, Pfaffenhofen. We have thus supplemented our value chain to include fuel production in the states of Baden-Württemberg, Rheinland-Pfalz and Saarland and now supply energy produced from regenerative sources “from the region and for the region”.

To cover the entire value chain from fuel through to operation, in February 2008 MVV Energiedienstleistungen jointly founded Biokraft Naturbrennstoffe GmbH together with Energieversorgung Offenbach AG. This company procures landscape conservation materials for use as a regenerative fuel, especially in Hessen, and then prepares these for use. Energieversorgung Offenbach AG (EVO) now operates more than 30 local heating grids in the Rhine/Main region. Here, the necessary heating energy volumes are generated mostly from natural gas, but increasingly also from pellets. In the 2009/10 financial year EVO plans to build a proprietary plant to manufacture industrial pellets. These can then be incinerated at the heating plant instead of coal. Via its shareholding in IWO-Pellet Rhein-Main GmbH, EVO now supplies pellets to more than 400 customers in the wider Rhine/Main region. To promote its own production of timber, a regenerative fuel, EVO is planting 10 000 fast-growing balsam poplars and willow trees on a one hectare trial field.

Biogas plants

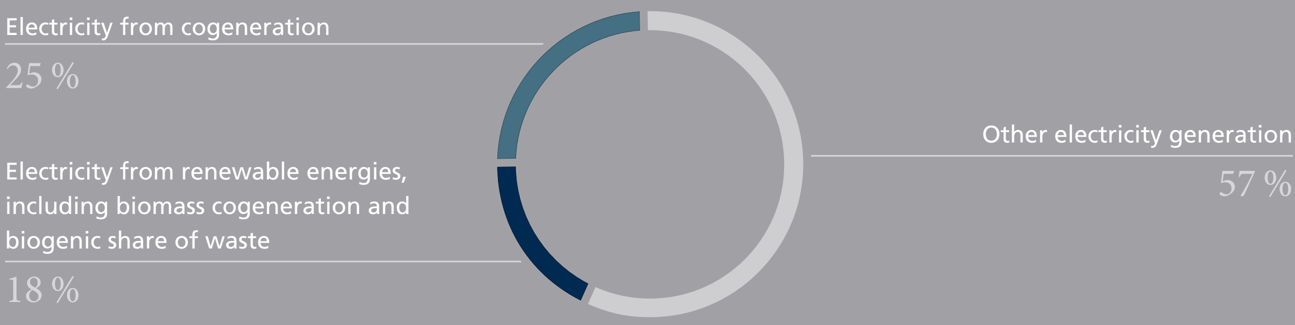
Since the 2007/08 financial year we have been investing in the biogas business, building plants with capacities of between 500 kW and 1 000 kW. These generate environmentally-friendly electricity and heating energy from regenerative fuels. Our MVV Energiedienstleistungen GmbH subsidiary now operates three biogas plants in Mechau / Sachsen-Anhalt, Karow / Mecklenburg-Vorpommern and Vosshöhlen / Schleswig-Holstein.

Funds channelled into environmental protection measures

The MVV Umwelt subgroup invested around Euro 61 million in modern, environmentally-friendly waste utilisation facilities in the year under report (previous year: Euro 54 million). The major share of these funds (87 %) was channelled into waste disposal in Mannheim with the construction of the new waste-fired boiler No. 6. Around 10 % was channelled into keeping the air clean and a further 3 % into water protection measures. Expenditure on environmental protection measures for ongoing operations totalled around Euro 66 million in the 2008/09 financial year (previous year: Euro 43 million). Of this, 64 % related to waste disposal (previous year: 50 %), 35 % to air purification (previous year: 49 %) and 1 % to water protection and noise reduction measures (previous year: 1 %).

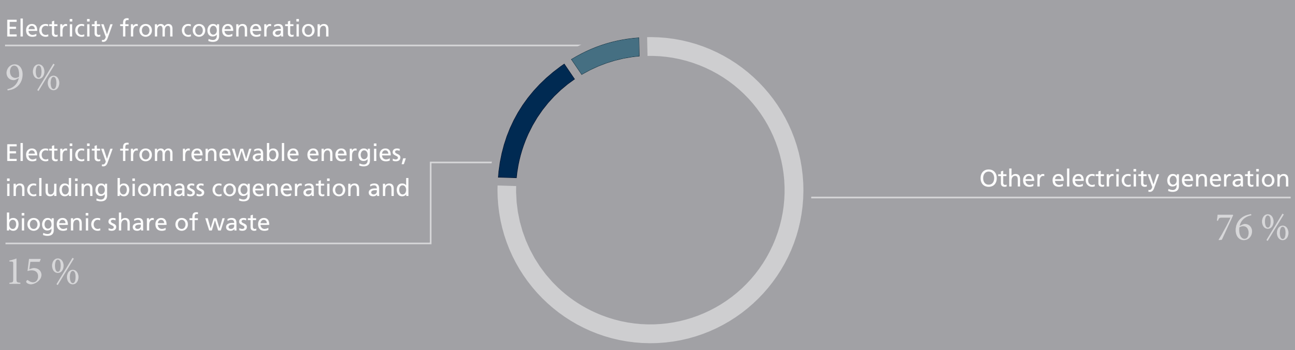
A new water purification plant took up operations at the Mannheim cogeneration plant at the beginning of 2009. This has significantly reduced well water requirements and

Electricity generated at the MVV Energie Group in Germany 2008/09: 3.8 TWh



Electricity generated at the MVV Energie Group in Germany 2007/08: 4.1 TWh

Gross electricity generated in Germany in 2008: 639 TWh[1]



1 preliminary total

resultant wastewater volumes. Accompanying process optimisations have enabled us to avoid wastewater by recycling it internally. Since August 2009, the cogeneration plant has been a wastewater-free operation in terms of its processes. This way, we have helped the environment while at the same time reducing our operating costs.

Building up trust by communicating with the public

MVV Umwelt runs visitor centres at its waste-fired power plants in Mannheim and Leuna. Here, members of the public can inform themselves about operating processes and the resultant emissions. In more than forty years, these have welcomed well over 100 000 guests to guided tours and events. This reflects the great interest shown by the general public and enables us to build up a valuable basis of trust in this sensitive area.

CO_2 emissions

The thermal and electricity generation plants at MVV Energie that are governed by emissions trading regulations emitted around 3.4 million tonnes of CO_2 in the year under report. This figure is partly based on estimations.

CO_2 emissions rights

million tonnes	2008/09
CO_2 emissions certificates purchased[1]	1.1
CO_2 emissions certificates sold[1]	1.0

1 by 24/7 Trading GmbH for the MVV Energie Group

Extending the supply of resource-saving district heating

Generating electricity and heating energy simultaneously by means of cogeneration enables the use of primary fuels, and thus CO_2 emissions, per kilowatt hour to be cut substantially compared with separate generation. Once the transit pipeline to Speyer has been completed, this city too will also be supplied with district heating from the GKM power plant from 2010 onwards. The new district heating pipeline is viewed as representing a milestone in terms of connecting district heating grids across federal state boundaries in the Rhine/Neckar metropolitan region.

Energieversorgung Offenbach AG (EVO) is also extending and concentrating its district heating grid. Following Offenbach, the Gravenbruch district in Neu-Isenburg and Dietzenbach, Heusenstamm is now the fourth district to be linked up to EVO's district heating grid.

One important project for the future relates to the preparations made in the district heating business field at Stadtwerke Ingolstadt Energie GmbH. The contracts to procure heating energy from a refinery and to supply district heating to a large industrial customer were signed in the year under report. This will promote the extension of the district heating grid in Ingolstadt, a key cornerstone of the company's future development.

The integrated energy concept at Stadtwerke Kiel is pressing ahead with expanding cogeneration, thus enabling the company to acquire further district heating customers in inner city districts.

Ecological sales products

With our green electricity products, we offer private customers at our locations and nationwide the opportunity to purchase electricity from environmentally-friendly sources. Customers who have opted for FUTURA Ökostrom at MVV Energie AG, for example, only pay around one euro more a month than the usual rate and thus make a valuable contribution towards protecting resources. This attractive price for FUTURA Ökostrom is guaranteed to the end of 2010. FUTURA Ökostrom is also offered by EVO and Köthen Energie. Our shareholdings in Kiel, Ingolstadt and Solingen also offer their customers green electricity products.

SECURA Ökostrom, which offers electricity from 100 % regenerative sources, is sold nationwide and also has an insurance policy integrated into the rate. What's more, since October 2009 SECURA Energie GmbH has also been offering a CO_2-neutral natural gas product in the form of SECURA Naturgas. CO_2-neutrality is guaranteed by our cooperation partner First Climate, one of the leading providers in this market. By analogy with SECURA Ökostrom, as well as ecological compatibility SECURA Naturgas also offers customers a security package. Should the heating break down, the product covers one free installation engineer callout and rapid repair work costing up to Euro 250. SECURA Naturgas began to be supplied in selected sales regions in Germany from 1 October 2009.

As of 30 September 2009, our companies in Mannheim, Offenbach, Kiel, Ingolstadt, Solingen and Köthen supplied around 60 000 customers with green electricity products. That is around 10 % of the total of around 637 000 private household customers at the MVV Energie Group. The equivalent figure for 30 September 2008 was still only 36 000 customers, or 6 % of all household customers.

Employees

Personnel totals develop on target

The Group's workforce grew year-on-year by a total of 152 employees in the 2008/09 financial year. This was chiefly due to 52 employees joining the Group upon the initial consolidation of A+S Naturenergie GmbH, as well as to growth in the environmental energy segment and at the shared service companies 24/7 United Billing GmbH and 24/7 Trading GmbH. Employee totals at the municipal utility shareholdings in Offenbach and Köthen decreased in line with the respective budgets. Due to initial consolidation, the number of employees abroad rose by 18 to 580.

Personnel figures (headcount) at the balance sheet date

	2008/09	2007/08	+/– change
MVV Energie AG	1 523	1 527	– 4
Fully consolidated shareholdings	3 833	3 661	+ 172
MVV Energie AG with fully consolidated shareholdings	**5 356**	5 188	+ 168
Proportionately consolidated shareholdings	681	685	– 4
MVV Energie Group[1]	**6 037**	5 873	+ 164
External personnel at MHKW Mannheim	16	28	– 12
	6 053	**5 901**	**+ 152**

1 including 418 trainees (previous year 433)

Forward-looking HR activities

Our HR activities support the implementation of our corporate strategy. The key objectives of our personnel policies are to attract and retain well-qualified staff, to compensate them in line with their performance, to promote them with further training and development measures and to create a working environment which motivates them and enhances their performance.

New compensation system introduced

A new employee classification and compensation contract was agreed together with a new job evaluation process for MVV Energie AG and the companies affiliated to the in-house compensation system in March 2009. As a result, basic monthly compensation was raised by 4.1 % retrospectively as of 1 January 2009 for a term of twelve months and the existing job evaluation process was replaced by an analytical assessment process. In conjunction with salary analyses, the new compensation system should ensure that employees are paid in line with market norms. Performance-related profit participation, which is based on the performance of the company and the employee's individual performance, has not been affected. The total level of variable compensation for employees is determined using the same criteria which also apply for the Executive Board and management staff.

Personnel development programmes

We are preparing for the challenges of the future, and in particular for demographic change, by offering all-round personnel development and a variety of training, development and promotional measures. In meeting our need for specialist and management staff, we accord equal priority to training our staff with the existing range of management and promotion programmes available to the various classes of employees and to offering vocational training based on future requirements. The vocations on offer range from energy electrician to Bachelor of Engineering at the Baden-Wuerttemberg Cooperative State University.

The Junior Consulting Team (JCT) at MVV Energie AG is an interdisciplinary team consisting of ten university graduates from various academic backgrounds whose tasks are derived from strategic and operating projects. The members of the team base their work on the objectives set by the internal client, develop suitable potential solutions and thus gain experience in the kind of tasks they will face after their time in the JCT.

The success of our employee promotion is also reflected in individual awards. Katrin Geeb, our employee responsible for the HR foundation programmes, was singled out for the "HR Next Generation Award" at the HRM Expo fair in Cologne.

Family-friendly personnel policies extended

We support our employees in combining their professional commitments with their family lives. Following in the footsteps of MVV Energie AG in Mannheim, in the year under report EVO AG too was awarded the berufundfamilie® certificate, a government certification of family-friendly employment policies. EVO AG also received the 2008 Hessen State Prize in the large company category for its exemplary employment and integration of people with severe disabilities.

In terms of the measures intended to help employees to meet both family and work commitments, MVV Energie AG supplemented its existing childcare possibilities in the 2008/09 financial year with a further focus on the topic of relatives in need of care. The family-friendly services for parents were extended to include emergency care for children aged six months upwards.

Occupational health and safety

The MVV Energie Group has introduced health and safety management systems to help in meeting its statutory occupational health and safety obligations. These systems are necessary for the performance of intragroup occupational health and safety audits. In October 2008, the technical safety management (TSM) in place at companies in the consolidated group was successfully audited by the VDN, DVGW and AGFW specialist associations. The certificates attest that MVV Energie AG maintains a high level of technical and organisational safety across all operating processes in the electricity, gas, water and district heating segments. With MVV Energie AG, Energieversorgung Offenbach AG and 24/7 Netze GmbH, this is the first time in Germany that technical safety management (TSM) has been simultaneously audited at two energy suppliers and a grid operator. 24/7 Metering GmbH, which operates around 500 000 meters on behalf of the grid company, was also involved in the certification process.

An integrated management system (IMS) was introduced at MVV Umwelt GmbH in June 2009 in order to secure certification for Quality Management (ISO 9001), Environmental Management (ISO 14001), Energy Management Systems (EN 16001) and Occupational Health and Safety (BS 18001).

An average of 11 work-related accidents occurred per 1 000 employees at our parent company MVV Energie AG and our shareholdings Stadtwerke Kiel AG, Energieversorgung Offenbach AG, Stadtwerke Ingolstadt Beteiligungen GmbH, Stadtwerke Solingen GmbH, MVV Energiedienstleistungen GmbH and MVV O&M GmbH in the 2008/09 financial year, compared with the sector average of 21 work-related accidents per 1 000 employees. The number of work-related accidents averaged 7 per million working hours at our companies, as against 17 in our sector. Our comparison is based on the most recent available figures issued by the Gas, Water and District Heating Industry Employers Liability Association for 2007. We regret to report that one employee of an external company commissioned to perform inspection work at our energy from waste plant in Mannheim suffered a fatal accident.

Corporate culture on the move

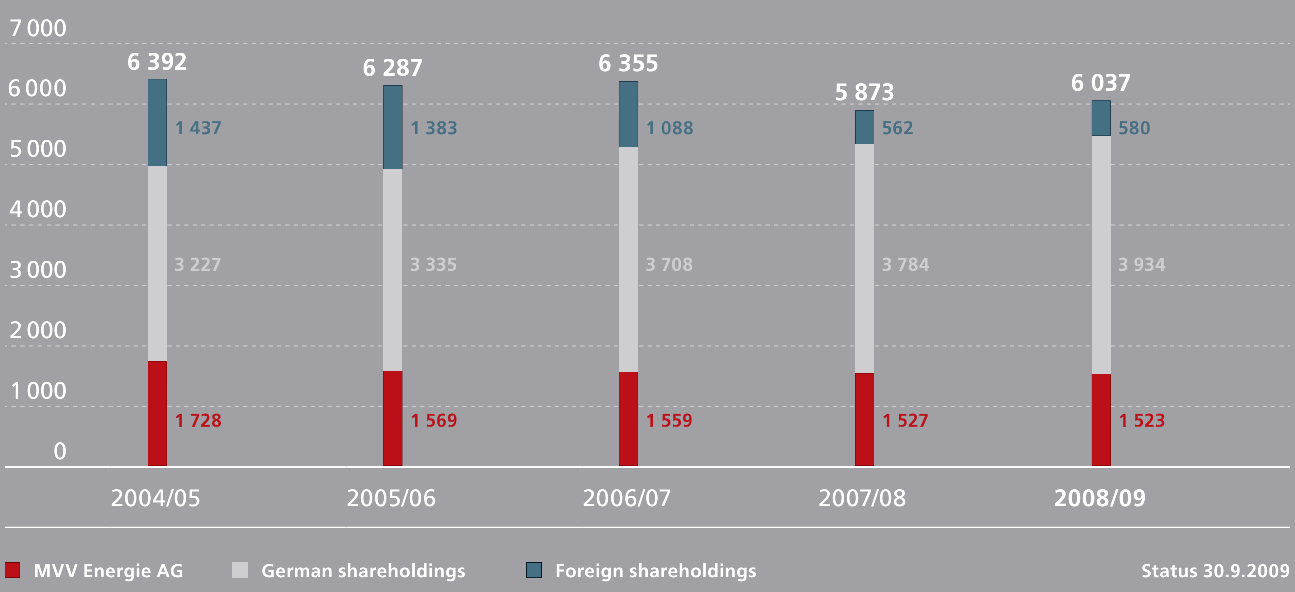
Building on the success of the previous “move” dialogues, a second phase, in which a member of the Executive Board was available to answer questions from employees, began in autumn 2008. This has provided a forum for open, and at times also controversial, discussion. MVV Energie AG and Stadtwerke Kiel AG both held moderated feedback rounds for the first time, at which managers received professional bottom-up appraisals from their employees. This was followed up by the agreement of measures to optimise cooperation.

Since June 2009, our After Work Academy (AWA) has offered employees at MVV Energie AG the opportunity to attend brief lectures given by in-house experts, providing insights into their areas of work or a topic of current relevance. To enable the change process at the company to be accompanied more effectively, some employees have been appointed as “Change Agents” in order to support the “move” programme.

Successful start to health programmes

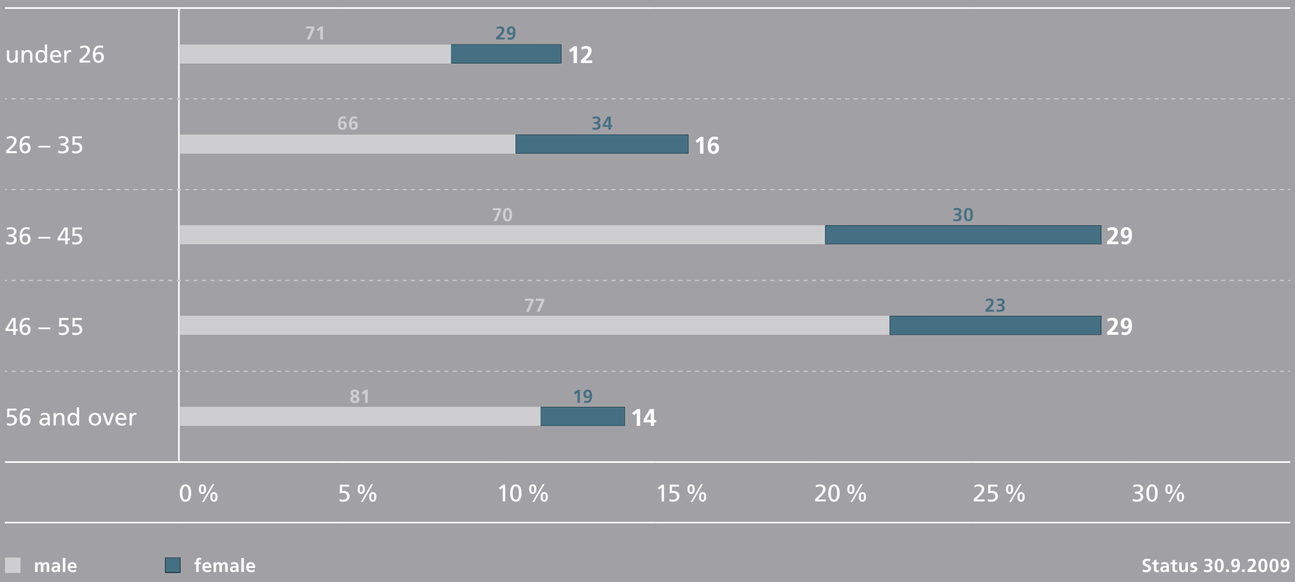
Within the framework of the five-star health programme a range of activities intended to protect and promote employees’ health has been developed in Mannheim in cooperation with the Institute of Sports and Exercise Science at the University of Heidelberg. These can be monitored using a specially developed balanced scorecard. In Offenbach too, an extensive health promotion programme has been introduced in cooperation with health insurance companies and the Offenbach Adult Education Centre. Stadtwerke Kiel AG performed a scientifically-based employee survey on “Work and Health” with the University of Kiel, the findings of which are now in the process of being implemented.

Employees of the MVV Energie Group



Status 30.9.2009

Employee age structure of the MVV Energie Group in %



Status 30.9.2009

Social Responsibility

Focus on regional responsibility

The companies within the MVV Energie Group bear a particular economic, social and ecological responsibility towards the locations where they operate. As reliable energy, water and waste disposal providers for industry, business, public sector organisations and private households, and as employers also offering vocational training and not least as investors, we are key drivers in the economic development of our respective towns and regions.

With the extensive sponsorship and promotion they provide in the fields of science, culture and sport, our companies make valuable contributions to the benefit of the local populations in their various regions. One key focus of our social commitment is on promoting upcoming talent. What's more, we are greatly committed to offering high-quality training positions to young people. We also make a major contribution towards promoting education and science. This is also in our own interests, as it helps us to recruit the next generation of well-qualified managers. That is why we cooperate closely with the universities in Mannheim and the Mannheim Business School.

As energy supplier to the region, **MVV ENERGIE AG** meets its responsibility both towards its home city of Mannheim and to the entire Rhine/Neckar metropolitan region. One particular priority for us here is strengthening cooperation within the region. Under the motto of "Strength for City and Region", the Sponsorship Fund of MVV Energie AG, which has supported initiatives in the Rhine/Neckar metropolitan region with a total of Euro 100 000 a year, is now entering its tenth round. Since its launch, more than 1 000 clubs and groups have applied for support from the Sponsorship Fund in the various application rounds. 217 sports, cultural, scientific and social projects have already been promoted with a total of Euro 450 000.

MVV Energie AG is supporting the Rhine/Neckar metropolitan region as one of the patrons after which the new Rhine/Neckar Arena in Sinsheim, the stadium used by the national league team TSG 1899 Hoffenheim, is named. At the same time, MVV Energie AG is also the official energy partner of TSG 1899 Hoffenheim. In terms of our sport sponsorship activities, since 2007 we have cooperated within a five-year partnership with the record-holding German ice hockey league team, the Mannheim Eagles (Adler) and are also continuing to promote their next generation team, the Mannheim Young Eagles.

MVV Energie AG made funds of Euro 100 000 available to an emergency assistance fund in both 2008 and 2009. In liaison with independent welfare organisations and the City of Mannheim, this fund assists private customers who through no fault of their own are in financial difficulties to cover their energy and water costs.

ENERGIEVERSORGUNG OFFENBACH AG (EVO) has extended its sponsorship agreement with the Offenbacher Kickers and has thus been principal sponsor to this traditional football club for eight years now. Moreover, EVO has introduced sports jersey sponsoring in acknowledgement of the valuable work performed in other popular sports clubs.

In its social commitment, **STADTWERKE KIEL AG** focused above all on popular sport and sponsoring upcoming talent. Within its sports sponsorship activities, the organisation of the 24sieben sailing camp is an especially successful project. This cooperation between the state capital of Kiel and Stadtwerke Kiel, the only one of its kind in Germany, introduced children and young people to sailing for the seventh year already. In the year under report, the camp gave 7 500 interested young people the opportunity of gaining initial experience of sailing.

STADTWERKE SOLINGEN GMBH (SWS) maintained its focus on supporting children and young people in the 2008/09 financial year as well. In cooperation with Deutsche Umwelt-Aktion e.V., an environmental protection organisation, a series of lessons on renewable energies and natural gas were held in 70 classes each school semester. In its "Fifty-fifty" project, SWS helps schools to save energy by making more than half of the energy costs thereby saved directly available to schools. Together with a gymnastics club, SWS offers a welfare fund offering assistance to parents who find themselves in situations of need.

In its sponsorship activities, **STADTWERKE INGOLSTADT GMBH** focused in the year under report on education. In its "KLASSE!Kids" project, primary school pupils were provided with targeted tuition on environmental protection and climate change.

KÖTHEN ENERGIE GMBH is committed to supporting sports, cultural, educational and welfare projects. Among other activities, it assists people living with disabilities via the local disabled persons association. In the support it provides to schools it has focused in particular on promoting musical education for young people.

Value Added Statement

The value added statement portrays the contribution made by the business activities of the MVV Energie Group to society and to the aggregate total for the German economy. Moreover, the statement also shows which groups and players have benefited from the value added thereby generated.

The value added corresponds to the company's performance net of input costs, such as costs of materials, other expenses and other taxes, and less depreciation and amortisation. In the 2008/09 financial year, the adjusted value added of the MVV Energie Group fell year-on-year by 5 % to Euro 756 million. This decline was chiefly due to higher input costs, which more than compensated for the growth in the company's performance. The increase in the company's performance was driven above all by sales.

Value added statement

Euro million	**2008/09**	2007/08	% change
Company performance	3 440	2 928	+ 17
Input costs	– 2 538	– 1 977	+ 28
Depreciation/amortisation	– 146	– 152	– 4
Value added	**756**	**799**	**– 5**
to Employees	314	305	+ 3
to Shareholders[1]	59	53	+ 11
to Lenders	65	57	+ 14
to State authorities	274	292	– 6
to the MVV Energie Group	44	92	– 52

1 dividend paid in financial year

At 41 %, the largest share of our value added benefited our employees (previous year: 38 %).

Of the value added for local, regional and national authorities, a sum of Euro 180 million, mainly consisting of energy taxes, is attributable to the state (previous year: Euro 179 million). This corresponds to a 24 % share (previous year: 23 %). The remaining Euro 94 million (previous year: Euro 113 million) is attributable to local authorities (taxes and concession fees). Their share of value added amounts to 12 % (previous year: 14 %).

The share attributable to lenders rose from 7 % to 9 %. Our shareholders received an 8 % share of value added (previous year: 7 %). The remaining share of 6 % (previous year: 11 %) remains at the MVV Energie Group to finance the company's further growth.

Events After the Balance Sheet Date

Following the successful completion of the MVV 2020 strategy project, implementation began directly at the onset of the 2009/10 financial year. At the kick-off meeting, workgroups were set up with managers from all operating and administrative divisions at the companies involved and work schedules and a timeplan were laid down. All relevant processes and structures are being analysed and evaluated in order to identify the best solution in each case.

The title of the implementation project "Energising the Future – Once Together" underlines its objective. By pooling our resources, we can achieve a joint operating model ensuring competitive and efficient business processes based on best practice principles, as well as cost savings, at our group of companies. This way, we are laying foundations for the successful implementation of the growth strategy formulated within MVV 2020.

On 13 October 2009, the Federal Networks Agency (BNetzA) presented its 2009 Monitoring Report to the public. Accordingly, competition in the German electricity and gas markets gained further momentum in 2008, with increasing numbers of companies offering electricity as well as gas products to households outside their own regions and nationwide.

Over and above the factors outlined in the group management report, the economic and financial crisis has not had any further material implications for the net asset, financial and earnings position of the Group since the end of the financial year.

Opportunity and Risk Report

One cornerstone of our corporate management, with its focus on long-term success, is risk management. This enables us not only to meet legal requirements, but also to identify opportunities and risks at an early stage and manage them effectively. The system includes risk policy guidelines, responsibilities, analytical and evaluative procedures and key risk figures. The risk limit system reacts sensitively to any potential risks to the company's existence. Such risks can therefore be identified at an early stage on both group and company level. The effectiveness of the risk management system forms part of the annual audit performed by the internal auditors. Moreover, the early warning risk system pursuant to § 91 (2) of the German Stock Corporation Act (AktG) is also audited by the auditors.

Our organisational structure facilitates the comprehensive and rapid analysis of risks and opportunities within the MVV Energie Group. Working within an established process, each unit with risk exposure reports risks and opportunities to the central risk controlling department on a monthly basis. This department then analyses and aggregates this data and initiates measures to avert, reduce or reallocate risk. Risk reports outlining the current risk and opportunity situation are provided to Executive Board members and individual companies on a monthly basis and to the Supervisory Board on a quarterly basis. The Executive Board is informed of special cases immediately and reports these in turn to the Supervisory Board. Within our risk aggregation framework we have classified six major types of risk.

Price risks and opportunities

Price risks and opportunities arise on account of changes in market prices and exchange rates. Significant sources of uncertainty faced by the MVV Energie Group include changes in market prices for electricity on the sales side and changes in emission rights and fuel prices on the procurement side. Fuel prices, and especially coal, gas and oil prices, have shown great volatility in recent years. Both falling and rising prices may lead to reductions in margins, as we are not always able to pass on increased costs to end customers, or only following a certain delay.

We limit our price risks and optimise our potential opportunities with the assistance of derivative financial instruments such as swaps and other financial hedging instruments. Risks and opportunities resulting from changes in prices are managed by 24/7 Trading GmbH, the central energy trading company of the MVV Energie Group.

Movements in exchange rates are only of subordinate significance.

Operating risks and opportunities

Operational, organisational, IT, personnel, security and model risks are pooled in the operating risks category. In particular, operational risks also include potential breakdowns at the power plants of the MVV Energie Group, a factor which could lead to financial losses. As a precaution, insurance policies have been concluded to reduce risks. Moreover, plant operating capacity is safeguarded with continuous supervision of ongoing operations and scheduled inspections. Equally, there is the opportunity of exploiting favourable market developments and shorter inspection periods to boost power plant deployment levels.

Given that energy supply projects often have very long terms, the design and costing standards for these projects are especially high. We minimise the resultant risks with stringent project and quality management and by continuously enhancing our internal instruments.

Well-qualified employees and managers provide the basis for the company's success. Attracting and retaining such employees therefore represents a critical success factor. The employees of the MVV Energie Group are promoted with targeted personnel development programmes offered on all levels and also receive ongoing training. The risk of it not being possible to find suitable replacements in the event of key personnel leaving the company is thus viewed as low.

Volume risks and opportunities

Volume risks and opportunities relate to the turnover of the MVV Energie Group's products and to the procurement of input materials. A major share of these risks and opportunities is attributable to weather conditions during the winter months. Relatively high temperatures in the winter months lead to lower volumes of district heating and gas being sold, a factor which could impact negatively on the company's earnings position. Correspondingly, very cold winters harbour potential opportunities for the MVV Energie Group. The business activities of the MVV Energie Group are only partly dependent on developments in the overall economy, but were nevertheless affected in the year under report by lower electricity, heating and gas sales to individual industrial and business customers on account of the recession. Not only that, sales volumes may also fluctuate due to defective quality, substitution, customer dependency or new competitors in the liberalised market. Furthermore, procurement also involves risks in the form of any deficiency in the quality or quantity of raw materials and supplies, supply bottlenecks and dependence on suppliers for specific products and utilities.

We rely on our energy trading activities in particular to reduce volume risks and exploit opportunities and we are also designing new competitive products.

Legislative risks

Legislative risks are subdivided into legal and regulatory risks.

Those risks arising due to legal proceedings, supply obligations or product liability are summarised under legal risks. Moreover, legal risks also include risks relating to erroneous or unenforceable contracts. These risks are limited centrally by the Group's legal department, which is also responsible for the correct drafting of contracts and, if necessary, for managing legal proceedings.

Regulatory risks involve those risks arising due to antitrust, patent, accounting and tax law, as well as approval procedures, special legal conditions, special public sector conditions and the provisions of environmental law. The most significant regulatory risk to date entailed the reduction of grid fees due to incentive regulation, which came into force on 1 January 2009. Following the approvals issued by the regulatory authorities in 2009, revenue caps have now basically been set for electricity and gas grids for the entire first regulatory period up to 2012 and 2013 respectively. Changes in the legal framework provided by the German Incentive Regulation Ordinance could nevertheless lead to a further reduction in grid fee revenues in future.

To be able to counter future regulatory risks adequately and in good time, we constantly monitor developments in the energy industry and play an active role in the energy policy opinion-forming process.

Financing risks

Financing risks comprise liquidity and interest rate risks, as well as receivable default risks and risks relating to non-compliance with financial covenants agreed when taking up debt capital.

One financial covenant based on the equity ratio was agreed in connection with the placement of two promissory note bonds taken up in the 2008/09 financial year. Non-compliance would allow the lenders to terminate the facility prematurely. The MVV Energie Group is not subject to any statutory minimum capital requirements, but aims to maintain an appropriate equity ratio enabling it to obtain a good rating on the capital market. This allows us to optimise our costs of capital. The equity ratio depicts group shareholders' equity as a proportion of total assets. Shareholders' equity consists of the share capital, capital reserve, retained earnings, unappropriated net profit and minority interests. Measures aimed at ensuring compliance with the targeted equity ratio are initially identified within the business planning process and also within the investment planning process for major (unbudgeted) investment measures. By issuing shares, the company can adjust its equity base to requirements. Given our comparatively strong equity base, we only see a low risk of non-compliance with this contractual requirement.

The MVV Energie Group was not affected by any bank insolvencies during the financial market crisis from September 2008 onwards. As a precaution, we established a system of ongoing bank risk supervision and implemented a number of preventative and other measures in response. These included increasing our available liquidity and extending the range of lenders. Where possible, we diversified our business relationships across all segments of the banking sector (cooperative, public sector, private sector). The Group optimises its liquidity position by means of internal group cash pooling, a system which also impacts positively on net interest expenses. Due to two opposing factors, financing terms showed a slight net deterioration in the past 2008/09 financial year in the course of the financial market crisis. While base rates fell due to central bank measures, risk premiums increased even though the credit standing of the MVV Energie Group remained stable and even improved partly.

Alongside the risk of customers failing to settle their liabilities in part or in total, receivables default risk is also seen as including the risk of any deterioration in customers' creditworthiness. To limit the impact of such risks, we only perform our transactions with banks and trading partners of good credit standing. Where necessary, the provision of security and guarantees is agreed.

Strategic risks and opportunities

By strategic risks, we mean those investment risks which may arise on account of the MVV Energie Group's growth focus. These include erroneous, poorly prepared or inaccurate strategic assessments concerning company takeovers, shareholdings in municipal utility companies, joint ventures, alliances, projects or new markets and technologies. To avert such risks, projects are evaluated by the relevant specialist departments in a structured process and then decided on by a body chaired by the Executive Board. Particularly significant acquisition projects (M&A) are reviewed on the basis of strict economic criteria in conjunction with an overall assessment of the opportunity/risk position of the existing portfolio.

The MVV Energie Group also faces strategic opportunities due to the growing importance of renewable energies and energy efficiency. We have longstanding experience and great technical expertise in these areas, which are also being promoted by the government. This head start over the competition provides the MVV Energie Group with good opportunities within the market.

Overall risk

The Executive Board has assessed the present overall risk situation of the MVV Energie Group. From a current perspective, there are no indications of any risks which could have endangered the continued existence of the company during the period under report, or which could do so in future.

Outlook

Strategic realignment

We are facing the fundamental changes in the underlying framework and the market climate in a spirit of entrepreneurship. That is why we have compiled a long-term strategy up to 2020 to enable us to proactively confront the growing challenges in the energy market and consistently draw on the opportunities thereby arising. We laid the foundations and took the decisions necessary for this in the 2008/09 financial year within the framework of a five-month strategy project called MVV 2020 (please also see “Corporate Strategy” on Page 48). Implementation of the reformulated strategy already began at the start of the new 2009/10 financial year. Our business policies continue to be based on stability and profitability, even in difficult times. Our aim is to remain an integrated energy company covering all stages of the value chain and to be one of Germany's leading regional energy companies in ten years' time as well. With this aim in mind, we intend to make Euro 3 billion available up to 2020 for investments in our future.

Future sales markets and products

The MVV Energie Group sees numerous growth opportunities for its diversified business portfolio. We aim to acquire additional market share in existing markets and to access new markets. One major focus in this respect is on expanding the use of renewable energy sources in energy generation. In this, we will rely in particular on wind energy, biomass and geothermal energy. A second focus involves the energy-related services business field, which we intend to strengthen following its restructuring and to further develop in a targeted manner with a particular focus on energy efficiency, an important topic for the future. We have the necessary competence and longstanding experience here to enable us to offer economically viable solutions to our customers.

The same is true for the district heating supply, which we intend to extend and concentrate at all locations in line with the doubling of the volume of electricity produced using cogeneration planned by the German government. We will uphold our commitment to the construction of Block 9 at the Mannheim power plant Grosskraftwerk Mannheim (GKM). This block, which will work with cogeneration, forms the basis for a secure, resource-efficient supply of electricity in the long term while at the same time providing a foundation for the planned extension and concentration of the district heating supply in Mannheim and the Rhine/Neckar metropolitan region. No further expansion in our portfolio of coal-fired power plants is planned.

The British waste market offers pleasing development prospects. MVV Environment Ltd., the British subsidiary founded in September 2008, is examining the British market and has already taken part in bidding processes for the construction of energy from waste plants. An initial tender decision is to be expected in spring 2010.

MVV Energie has built up a promising market position by offering innovative products meeting customers' needs in the electricity and gas markets. In the coming years, we aim to achieve profitable expansion, especially in our nationwide sales with industrial customers. To this end, we will supplement existing products, boost our sales team and expand our business services.

Macroeconomic framework

We expect the development in the overall economy to continue to be held back by the consequences of the economic and financial crisis in the next two years as well. In their autumn survey published on 15 October 2009, German economic research institutes forecast a 5 % year-on-year decline in German gross domestic product in 2009 as a whole. Following this drastic downturn, 2010 is expected to bring marginal economic growth of 1.2 % compared with the low level in 2009. It is difficult to make any forecasts concerning developments further down the line. Notwithstanding the emerging revival in the economy, we see these developments as still being subject to numerous uncertainties. The high volume of public sector debt incurred to master the economic crisis, falling trade tax receipts due to economic developments and higher unemployment totals will severely burden state budgets in 2009 and 2010.

Future situation in the sector

Viewed realistically, it will not be possible to cover our future energy requirements with renewable energies alone, even if we expand regenerative energies, save energy and achieve efficiency enhancements. In terms of the energy mix, it will not yet be possible to do without fossil fuels in the coming decades. Price competition has intensified on the electricity and gas markets and private and industrial customers' willingness to change supplier has risen. The use of innovative technologies with increased energy efficiency and the trend towards saving energy will lead energy consumption volumes in Germany to stagnate, or even to decline. According to further forecasts, commodity and energy prices will rise again in the longer term. Starting in 2013, CO_2 emissions rights will no longer be allocated free of charge. This will impact negatively on the profitability of electricity generation.

In our waste business, we see the market climate as becoming more difficult. We expect to see further incineration facilities, especially refuse-derived fuel (RDF) power plants, taking up operations in Germany. The introduction of additional capacity and the expected decline in waste volumes will lead to a fall in waste prices.

Trend towards cooperation in the municipal utility market

Increasing competition, incentive regulation and the financial and economic crisis have raised the pressure on municipal utility companies to adapt. Falling profitability and the trend towards utility companies and grid operators being returned into municipal ownership upon the expiry of concession agreements give rise to a greater need for cooperation. We will closely examine any cooperation or acquisition opportunities arising in cases where this makes strategic and economic sense. New shareholdings are only interesting for us when the companies in question are consistent with our strategy.

Expected earnings position and sales performance

The exceptional circumstances due to the economic and financial crisis and the resultant uncertainties also affecting our sector limit our ability to issue any forecast concerning our future earnings position. Our sales performance in the 2009/10 financial year will depend not only on weather conditions, but also on the as yet unforeseeable consequences and duration of the economic crisis. We expect to achieve further expansion in our nationwide electricity and gas sales due to new industrial, commercial and multiple location customers. In the environmental energy segment we expect the decline in waste prices to affect sales negatively. By actively managing materials flows and expanding our scope of action, we expect to be able to operate our plants at full capacity in the 2009/10 financial year as well. By launching operations at the waste-fired boiler No. 6 at the Mannheim location, which will replace two older boilers, and at a new condensing turbine (expected in December 2009), we will substantially raise the energy yield and economic efficiency of the energy from waste plant in Mannheim.

Expected development in key income and expenses items

Our energy procurement costs are largely determined by ongoing developments in primary energy prices. A high degree of volatility is to be expected on energy markets in future, also depending on the further development in the global economy. In its procurement of natural gas, our group of companies has relied on a broad-based portfolio of suppliers and on structured products, rather than on full supply agreements, for many years now.

Expected earnings performance

The great uncertainties in the current economic climate make it more difficult to issue an earnings forecast. Furthermore, expectations concerning our earnings performance in the 2009/10 and 2010/11 financial years are also influenced by the implementation of our MVV 2020 strategy, which began in October 2009. We are currently analysing and evaluating all relevant structures and processes. On this basis, we are developing a joint operational model in order to ensure competitive and efficient business processes and realise cost savings at the Group. We cannot exclude the possibility of one-off charges on earnings in the further course of the 2009/10 financial year. The implications of the economic and financial crisis, which we cannot yet assess, could also lead to further provision or impairment requirements.

Furthermore, depending on future developments in primary fuel and wholesale electricity prices and the volume of energy trading derivatives requiring recognition under IAS 39, the MVV Energie Group may be obliged to post non-cash earnings items on a currently unquantifiable scale as a result of the measurement of financial derivatives as of the balance sheet date under IAS 39 in the 2009/10 financial year as well. We expect the strategic course we are taking to impact on earnings, contributing to increased profitability at the MVV Energie Group in the following 2010/11 financial year.

Development in dividend

The Executive Board plans to uphold the shareholder-friendly dividend policy and, as in the previous year, intends to propose a dividend of Euro 0.90 per share for approval by the Annual General Meeting for the 2008/09 financial year on 12 March 2010.

Investments

Our investment budgets for the 2009/10 financial year and following 2010/11 financial year will be significantly influenced by the implementation of the new strategic alignment published in October 2009. Our future investments will focus on energy generation from renewable energy sources, the district heating supply, the construction of Block 9 at GKM, energy-related services and industrial customer sales.

Expected financial position

Given our solid financial structure, we see good possibilities of being able to implement the planned investments in our future in the 2009/10 financial year and subsequent 2010/11 financial year, thus enabling us then to profit from the resultant returns.

Future opportunities and risks

Even accounting for the current financial and economic crisis, there are still no indications of any risks which could endanger the continued existence of the company in future. No further risks have been added to the six risk categories listed in our Opportunity and Risk Report for 2008/09 (Page 78 onwards).

Climate protection targets harbour opportunities for our Group to generate profitable growth in the medium and long terms. In particular, the state promotion for the expansion of renewable energies and cogeneration will boost our business in the coming years.

Future research and development

The market launch of WhisperGen appliances, which have been tested in field trials, is scheduled for the 2009/10 financial year. Within the multi-year "Callux" group project, MVV Energie will operate a total of around 30 fuel cell heating appliances until 2013 and prepare the widespread market launch of this energy-efficient technology in close cooperation with the manufacturers of the appliances.

In cooperation with SAP AG and other partners, MVV Energie plans to implement a groundbreaking nationwide project in the seminal market of electro-mobility in the coming financial year. Electric vehicles are to be included in the company's car fleet for the first time and used in regular everyday traffic. For this, we will not only be supplying and operating the necessary charging infrastructure, but will also be supplying the fleet with electricity from 100 % renewable energy sources. As the winning region in the "Smart Grids, Renewable Energy and Electro-mobility" competition, the project is being promoted with more than Euro 2 million from the Federal Ministry of the Environment.

Overall summary of expected developments at the Group

The implications of the economic and financial crisis will continue to make themselves felt in the 2009/10 financial year as well. Demand for energy at industrial customers is only expected to rise following sustained growth in new orders and a resultant increase in production. Alongside these external factors, the 2009/10 financial year will also be significantly influenced within the Group by the implementation of the MVV 2020 strategy and the restructuring and strategic realignment of the MVV Energiedienstleistungen subgroup. The implementation of these measures will enhance the earnings strength of the high-growth energy-related services division and sustainably boost the future earnings performance of our entire group of companies.

Consolidated Financial Statements

Balance Sheet
as of 30.9.2009

Balance sheet of the MVV Energie Group

Euro 000s	**30.9.2009**	30.9.2008	Notes
Assets			
Non-current assets			
Intangible assets	329 850	314 928	1
Property, plant and equipment	1 995 644	1 955 484	2
Investment property	6 317	6 583	3
Associates	75 138	—	4
Other financial assets	103 377	174 783	5
Other receivables and assets	272 389	272 500	6
Deferred tax assets	11 991	968	20
	2 794 706	**2 725 246**	
Current assets			
Inventories	50 788	57 088	7
Trade receivables	463 294	536 142	8
Other receivables and assets	282 356	284 395	6
Tax receivables	40 359	50 327	9
Securities	1 534	7	
Cash and cash equivalents	321 170	97 123	10
Assets held for sale	—	36 681	11
	1 159 501	**1 061 763**	
	3 954 207	**3 787 009**	
Equity and liabilities			
Equity			12
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Retained earnings, including unappropriated net profit	371 409	505 421	
Accumulated other comprehensive income	14 739	24 308	
Capital of the MVV Energie Group	**1 010 110**	**1 153 691**	
Minority interests	103 029	116 061	
	1 113 139	**1 269 752**	
Non-current debt			
Provisions	114 387	130 234	13, 14, 15
Financial debt	1 073 074	912 572	16
Other liabilities	376 126	213 798	17
Deferred tax liabilities	134 274	188 036	20
	1 697 861	**1 444 640**	
Current debt			
Other provisions	156 223	186 088	13, 15
Tax provisions	24 366	44 428	13, 15
Financial debt	439 681	324 020	16
Trade payables	236 816	240 312	18
Other liabilities	243 620	249 026	17
Tax liabilities	42 501	28 743	19
	1 143 207	**1 072 617**	
	3 954 207	**3 787 009**	

Income Statement

from 1.10.2008 to 30.9.2009

Income statement of the MVV Energie Group

Euro 000s	**2008/2009**	2007/2008	Notes
Sales	3 330 960	2 809 372	
less electricity and natural gas taxes	169 965	173 629	
Sales after electricity and natural gas taxes	**3 160 995**	**2 635 743**	23
Changes in inventories	– 4 290	6 553	
Own work capitalised	16 662	14 148	24
Other operating income	317 228	452 047	25
Cost of materials	2 343 563	1 832 376	26
Personnel expenses	314 186	304 900	27
Other operating expenses	685 224	493 591	28
Income from associates	4 287	—	29
Other income from shareholdings	4 511	8 456	29
EBITDA	**156 420**	**486 080**	
Depreciation	146 033	149 438	30
EBITA	**10 387**	**336 642**	
Restructuring expenses	32 952	—	31
EBIT	**– 22 565**	**336 642**	
of which result of IAS 39 derivative measurement	– 228 557	88 158	
of which EBIT before result of IAS 39 derivative measurement	205 992	248 484	
Financing income	10 392	9 407	32
Financing expenses	84 213	77 269	33
EBT	**– 96 386**	**268 780**	
Taxes on income	– 21 374	83 764	34
Annual net deficit / surplus	**– 75 012**	**185 016**	
Minority interests	701	15 059	
Share of earnings attributable to shareholders in MVV Energie AG (annual net deficit /surplus after minority interests)	**– 75 713**	**169 957**	35
Diluted and basic earnings per share (Euro)	**– 1.15**	**2.60**	35

Statement of Changes in Equity

Statement of changes in equity

				Accumulated other comprehensive income				
Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Retained earnings, including un-appropriated net profit	Differential amount from currency translation	Fair value measure-ment 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	—	—	—	9 585	3 565	13 150	– 367	12 783
Result of business operations	—	—	169 957	—	—	169 957	15 059	185 016
Comprehensive income for period	**—**	**—**	**169 957**	**9 585**	**3 565**	**183 107**	**14 692**	**197 799**
Distribution of dividend	—	—	– 52 725	—	—	– 52 725	– 10 415	– 63 140
Capital increase	25 957	199 718	—	—	—	225 675	—	225 675
Change in scope of consolidation	—	—	4 792	– 5 499	—	– 707	– 3 577	– 4 284
Balance at 30.9.2008	**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	—	—	—	– 905	– 8 664	– 9 569	– 3 166	– 12 735
Result of business operations	—	—	– 75 713	—	—	– 75 713	701	– 75 012
Comprehensive income for period	**—**	**—**	**– 75 713**	**– 905**	**– 8 664**	**– 85 282**	**– 2 465**	**– 87 747**
Distribution of dividend	—	—	– 59 316	—	—	– 59 316	– 12 034	– 71 350
Change in retained earnings	—	—	423	—	—	423	– 117	306
Change in scope of consolidation	—	—	594	—	—	594	1 584	2 178
Balance at 30.9.2009	**168 721**	**455 241**	**371 409**	**16 351**	**– 1 612**	**1 010 110**	**103 029**	**1 113 139**

Further information about equity has been provided under Note 12

Segment Report

Income statement by segment

	External sales excluding energy taxes		Intercompany sales excluding energy taxes		Scheduled depreciation		Impairment losses and restructuring	
Euro 000s	**2008/2009**	2007/2008	**2008/2009**	2007/2008	**2008/2009**	2007/2008	**2008/2009**	2007/2008
Electricity	1 760 137	1 381 737	58 115	36 029	24 567	24 452	—	—
District heating	293 453	303 101	24 304	24 297	25 924	28 096	487	10
Gas	486 383	356 390	30 580	43 244	15 663	15 220	—	—
Water	100 514	102 496	398	380	10 767	10 572	—	—
Value-added services	308 156	276 737	75 056	84 887	19 159	11 185	33 052	183
Environmental energy	194 402	193 655	44 147	41 512	35 944	36 645	—	27
Other / consolidation	17 950	21 627	– 232 600	– 230 349	13 005	18 020	417	5 028
MVV Energie Group	**3 160 995**	**2 635 743**	**—**	**—**	**145 029**	**144 190**	**33 956**	**5 248**

Income statement by segment

	EBIT		EBIT before IAS 39 and restructuring		Non-cash expenses		Income from associates	
Euro 000s	**2008/2009**	2007/2008	**2008/2009**	2007/2008	**2008/2009**	2007/2008	**2008/2009**	2007/2008
Electricity	– 166 346	143 672	34 605	64 522	11 185	6 358	1 614	—
District heating	36 651	38 723	35 554	38 106	823	4 943	—	—
Gas	37 905	43 462	66 272	35 071	– 833	2 101	307	—
Water	14 061	9 574	14 061	9 574	707	680	—	—
Value-added services	– 14 643	19 858	18 195	19 858	594	2 985	—	—
Environmental energy	70 668	80 741	70 668	80 741	3 794	2 955	48	—
Other / consolidation	– 861	612	– 411	612	12 847	14 369	2 318	—
MVV Energie Group	**– 22 565**	**336 642**	**238 944**	**248 484**	**29 117**	**34 391**	**4 287**	**—**

Balance sheet by segment

	Investments		Assets		Liabilities		Carrying amount of associates	
Euro 000s	**30.9.2009**	30.9.2008	**30.9.2009**	30.9.2008	**30.9.2009**	30.9.2008	**30.9.2009**	30.9.2008
Electricity	27 411	28 574	889 254	1 318 539	277 176	304 424	34 059	—
District heating	55 802	25 253	496 229	547 254	133 371	124 345	—	—
Gas	12 663	16 144	399 465	381 210	116 515	86 952	5 660	—
Water	11 661	10 559	242 325	288 438	60 499	58 467	—	—
Value-added services	51 633	48 622	333 614	249 140	117 920	133 866	—	—
Environmental energy	64 596	59 374	535 520	438 410	133 227	139 784	—	—
Other / consolidation	13 991	19 807	564 838	355 974	290 267	190 041	2 898	—
Unallocated (balance sheet)	—	—	492 962	208 044	1 712 093	1 479 378	32 521	—
MVV Energie Group	**237 757**	**208 333**	**3 954 207**	**3 787 009**	**2 841 068**	**2 517 257**	**75 138**	**—**

Further information about Segment Reporting has been provided under Note 36

Cash Flow Statement [1, 3]

Cash flow statement

Euro 000s	**2008/2009**	2007/2008
Annual net surplus before taxes on income	– 96 386	268 780
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	177 504	149 438
Net financial result	73 821	67 862
Interest received	7 644	9 497
Change in non-current provisions	– 7 206	– 550
Other non-cash income and expenses	238 544	– 76 437
Result of disposal of non-current assets	– 7 701	– 4 958
Cash flow before working capital and taxes	**386 220**	**413 632**
Change in other assets	– 99 358	– 151 668
Change in other liabilities	66 031	57 030
Change in current provisions	– 38 580	– 21 032
Income taxes paid	– 56 643	– 36 021
Cash flow from operating activities	**257 670**	**261 941**
Investments in intangible assets, property, plant and equipment and investment property	– 237 757	– 208 333
(Free cash flow)	**(19 913)**	**(53 608)**
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	20 981	19 650
Proceeds from subsidy payments	12 632	12 143
Proceeds from sale of fully and proportionately consolidated companies	34 800	—
Proceeds from sale of other financial assets	8 909	42 173
Payments for acquisition of fully and proportionately consolidated companies[2]	1 193	237
Payments for other financial assets	– 18 811	– 32 909
Payments of cash and cash equivalents due to disposal of group companies	—	– 8 550
Cash flow from investing activities	**– 178 053**	**– 175 589**
Proceeds from taking up of loans	672 867	304 136
Payments for redemption of loans	– 380 676	– 485 115
Proceeds from capital increases	—	225 675
Dividend payment	– 59 316	– 52 725
Dividend payment to minority shareholders	– 12 034	– 10 415
Interest paid	– 74 959	– 71 502
Cash flow from financing activities	**145 882**	**– 89 946**
Cash-effective changes in cash and cash equivalents	225 499	– 3 594
Change in cash and cash equivalents due to currency translation	– 1 452	1 134
Cash and cash equivalents at 1.10.2008 (2007)	97 123	99 583
Cash and cash equivalents at 30.9.2009 (2008)[3]	**321 170**	**97 123**

Cash flow – aggregate presentation

Euro 000s	2008/2009	2007/2008
Cash and cash equivalents at 1.10.2008 (2007)	**97 123**	**99 583**
Cash flow from operating activities	257 670	261 941
Cash flow from investing activities	– 178 053	– 175 589
Cash flow from financing activities	145 882	– 89 946
Change in cash and cash equivalents due to currency translation	– 1 452	1 134
Cash and cash equivalents at 30.9.2009 (2008)[3]	**321 170**	**97 123**

1 explanations of changes in the previous year's figures can be found under "Changes in Accounting Policies"
2 please see explanations under "Scope of Consolidation and Changes in Scope of Consolidation"
3 further information about the Cash Flow Statement has been provided under Note 37

Notes to the 2008/2009 Consolidated Financial Statements
of the MVV Energie Group

General principles

The consolidated financial statements of the MVV Energie Group have been prepared pursuant to § 315a (1) of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Full application has been made of all of the standards of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU and requiring mandatory application as of 30 September 2009.

The consolidated financial statements have been prepared as of the reporting date for the annual financial statements of MVV Energie AG and refer to the 2008/09 financial year (1 October 2008 to 30 September 2009). MVV Energie AG has its legal domicile in Mannheim, Germany. The MVV Energie Group acts as an energy distributor and service provider in the fields of electricity, district heating, gas, water, environmental energy and value-added services. Environmental energy activities focus on the incineration of waste. The consolidated financial statements have been compiled in euros. Unless otherwise indicated, all amounts have been stated in thousand euros (Euro 000s).

In addition to the balance sheet and income statement, the statement of changes in equity, the segment report and the cash flow statement have been presented separately. The income statement has been prepared in accordance with the total cost method. In the interests of clarity, individual items have been presented in summarised form in the balance sheet and income statement and broken down and outlined separately in the notes.

The Executive Board of MVV Energie AG is responsible for the preparation, completeness and accuracy of the consolidated financial statements and the group management report. The consolidated financial statements and group management report were prepared by the Executive Board and forwarded to the Supervisory Board on 27 November 2009 for adoption and publication.

The consolidated financial statements of MVV Energie AG (MVV Energie Group) are included in the consolidated financial statements of MVV GmbH, Mannheim, (MVV Group), which are published in the electronic Federal Gazette (Bundesanzeiger).

Changes in accounting policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have revised or newly adopted some standards and interpretations which require mandatory application for the first time in the 2008/09 financial year. The MVV Energie Group applied the following standards and interpretations for the first time in the 2008/09 financial year:

IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

IFRIC 13 "CUSTOMER LOYALTY PROGRAMMES": This interpretation governs the recognition of sales revenues in connection with customer loyalty programmes organised by the manufacturers and services providers themselves or by third parties. The interpretation requires first-time application in financial years beginning on or after 1 July 2008. It was endorsed by the EU in December 2008.

IFRIC 14 "IAS 19 – THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION": This interpretation provides guidelines for determining the maximum surplus which may be recognised as an asset under IAS 19 Employee Benefits in connection with a defined benefit plan. The interpretation requires first-time application in financial years beginning on or after 1 July 2008. It was endorsed by the EU in December 2008.

IFRIC 16 "HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION": This governs the application of hedge accounting to the hedge pursuant to IAS 39.71 et seq. and clarifies doubtful questions concerning the hedging of a foreign operation. The interpretation requires first-time application in financial years beginning on or after 1 October 2008. It was endorsed by the EU in June 2009.

Apart from extended disclosures in the notes, the initial application of these new requirements did not have any material implications for the net asset, financial or earnings position of the MVV Energie Group.

Implications of new accounting standards not yet requiring application:

The IASB and the IFRIC have adopted the following standards and interpretations not yet requiring mandatory application in the 2008/09 financial year and of which no voluntary premature application has been made:

Improvement Project (2008/2009)	Omnibus Standard Amending Various IFRSs
IAS 1 Amendment (2007)	Presentation of Financial Statements
IAS 23 Amendment (2007)	Capitalisation of Borrowing Costs
IAS 32 and IAS 1	Financial Instruments: Presentation (Puttable Instruments)
IFRS 1/IAS 27 Amendments (2008)	First-time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements
IFRS 1 Amendment (2008)	First-time Adoption of International Financial Reporting Standards
IFRS 2 Amendment (2008)	Share-based Compensation (Vesting Conditions and Cancellation)
IFRS 2 Amendment (2009)	Clarification of Accounting for Group Cash-settled Share-based Payment Transactions
IFRS 3/IAS 27 Amendment (2008)	Business Combinations and Consolidated and Separate Financial Statements
IFRS 7 Amendment (2009)	Improving Disclosures on Financial Instruments
IFRS 8	Operating Segments
IFRIC 9/IAS 39 Amendment (2009)	Embedded Derivatives
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IAS 39 (2008)	Recognition and Measurement (Eligible Hedged Item)
IAS 39 (2008)	Reclassifications of Financial Assets

IMPROVEMENT PROJECT (2008) AND (2009) "IMPROVEMENTS TO IFRSs": Within the framework of its annual improvement projects, the IASB has pooled minor amendments and clarifications to various standards in an omnibus standard. These amendments are intended to specify requirements and to eliminate unintended inconsistencies between the standards. The amendments require first-time application in financial years beginning on or after 1 January 2009 and 1 July 2009 respectively. The amendments for 2008 were endorsed by the EU in January 2009. EU endorsement of the amendments for 2009 was still outstanding as of 30 September 2009.

IAS 1 AMENDMENT (2007) "PRESENTATION OF FINANCIAL STATEMENTS": The amendments relate in particular to the introduction of a statement of comprehensive income including both the earnings generated in a given period and as yet unrealised gains and losses previously recognised in equity. This statement is due to replace the income statement in its existing form. As a result of this amendment, non-owner-related changes in equity will in future be strictly separated from owner-related changes in equity. Extended disclosures will also have to be made on other comprehensive income. This amendment to the standard requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in December 2008.

IAS 23 AMENDMENT (2007) "CAPITALISATION OF BORROWING COSTS": The revised version of IAS 23 has abolished the option previously permitted of recognising borrowing costs directly incurred on the acquisition, construction or production of qualifying assets immediately through profit or loss. In future, these borrowing costs will require mandatory capitalisation as costs of acquisition or manufacture. The amendment to this standard requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in December 2008.

IAS 32 AND IAS 1 (2008) "FINANCIAL INSTRUMENTS: PRESENTATION (PUTTABLE INSTRUMENTS)": This standard is of crucial importance for the delineation of equity and debt capital. The new version allows puttable instruments to be classified as equity in specific circumstances. This is dependent on compensation being agreed at fair value and that the contributions thereby made represent the most subordinate claim to the net assets of the company. The amendment to the standard requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in January 2009.

IFRS 1 / IAS 27 AMENDMENTS (2008) "FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS" AND "CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS": These amendments mainly involve the introduction of simplifications for the initial measurement of subsidiaries and for the separation of profits in the acquisition period. The amendment to the standard requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in January 2009.

IFRS 1 AMENDMENTS (2008) "FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS": The version of IFRS 1 now published retains the contents of the previous version with an amended structure. The amendment to the standard requires first-time application in financial years beginning on or after 1 July 2009. EU endorsement was still outstanding as of 30 September 2009.

IFRS 2 AMENDMENT (2008) "SHARE-BASED PAYMENT (VESTING CONDITIONS AND CANCELLATION)": This defines the vesting conditions for share-based compensation plans more precisely and specifies the regulations applicable in the event of the premature termination of compensation plans. The amendment to the standard requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in December 2008.

IFRS 2 AMENDMENT (2009) "CLARIFICATION OF ACCOUNTING FOR GROUP CASH-SETTLED SHARE-BASED PAYMENT TRANSACTIONS": This amendment clarifies how an individual subsidiary within a group should account for specific share-based compensation agreements in its own financial statements. The amendment to the standard requires first-time application in financial years beginning on or after 1 January 2010. EU endorsement was still outstanding as of 30 September 2009.

IFRS 3 / IAS 27 AMENDMENTS (2008) "BUSINESS COMBINATIONS" AND "CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS": As well as the option of measuring minority interests at fair value (full goodwill approach) or at prorated net assets upon a business acquisition, these amendments introduce the reassessment through profit or loss of shares held upon control ultimately being gained and the recognition directly in equity of changes in the level of shareholding not leading to a loss of control. Also worthy of mention are the mandatory recognition upon acquisition of any consideration contingent on future events and the recognition of transactions expenses through profit or loss. The amendment to the standard requires first-time application in financial years beginning on or after 1 July 2009. It was endorsed by the EU in June 2009.

IFRS 7 AMENDMENT (2009) "IMPROVING DISCLOSURES ON FINANCIAL INSTRUMENTS": This amendment provides for extended disclosures on fair value measurements and liquidity risk. The amendment to the standard requires first-time application in financial years beginning on or after 1 January 2009. EU endorsement was still outstanding as of 30 September 2009.

IFRS 8 "OPERATING SEGMENTS": IFRS 8 replaces the previous standard IAS 14. This standard stipulates that operating segments must be identified on the basis of the company's internal reporting structures (management approach). This interpretation requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in November 2007.

IFRIC 9 / IAS 39 AMENDMENT (2009) "EMBEDDED DERIVATIVES": This amendment clarifies the accounting treatment of embedded derivatives for companies which make use of a reclassification amendment. The amendment to this interpretation and standard requires first-time application in financial years beginning on or after 30 June 2009. EU endorsement was still outstanding as of 30 September 2009.

IFRIC 12 "SERVICE CONCESSION ARRANGEMENTS": This interpretation governs the recognition of arrangements where the public sector concludes contracts with private companies involving the performance of public sector tasks. To perform these tasks, the private company uses infrastructure which remains at the disposal of the public sector. The private company is responsible for the construction, operation and maintenance of the infrastructure. This interpretation requires first-time application in financial years beginning on or after 1 January 2008. It was endorsed by the EU in March 2009.

IFRIC 15 "AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE": This interpretation governs the applicability of the competing standards IAS 11 and IAS 18 in respect of real estate sales where the contract is concluded with the buyer prior to the completion of construction work. This interpretation requires first-time application in financial years beginning on or after 1 January 2009. It was endorsed by the EU in July 2009.

IFRIC 17 "DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS": This interpretation governs how a company must measure assets other than cash which it transfers to owners by way of profit distribution. This interpretation requires first-time application in financial years beginning on or after 1 July 2009. EU endorsement was still outstanding as of 30 September 2009.

IFRIC 18 "TRANSFERS OF ASSETS FROM CUSTOMERS": This interpretation clarifies the requirements of IFRS for arrangements in which a company receives property, plant or operating funds from a customer which the company must then use either to connect the customer to a distribution network or to provide the customer with ongoing access to a supply of goods or services. It also deals with cases where a company receives cash on the condition that it will acquire or manufacture one of the aforementioned assets. This interpretation, which was published in January 2009, requires first-time application in financial years beginning on or after 1 July 2009. EU endorsement was still outstanding as of 30 September 2009.

IAS 39 (2008) "RECOGNITION AND MEASUREMENT (ELIGIBLE HEDGED ITEM)": This standard specifies the application of hedge accounting to hedges of the unilateral risks involved in a hedged item and to hedged items involving inflation. The amendment to the standard requires first-time application in financial years beginning on or after 1 July 2008. It was endorsed by the EU in September 2009.

IAS 39 AMENDMENT "RECLASSIFICATIONS OF FINANCIAL ASSETS": This revision of the standard allows the reclassification of some financial instruments out of the measured at fair value through profit or loss and available for sale categories in specified circumstances and deems such reclassification to be permissible. The amendment to the standard requires first-time application in financial years beginning on or after 1 July 2009. It was endorsed by the EU in September 2009.

The implications of the first-time application of IFRIC 9, IFRIC 17 and IFRIC 18, as well as of the improvement project (2008) and IFRS 3, on the consolidated financial statements of the MVV Energie Group are currently under review. IAS 23 and IFRIC 12 will have implications for the net asset, financial and earnings position. The application of IAS 1 will lead to changes in the presentation of the income statement and the statement of changes in equity. These cannot yet be reliably determined. The application of IFRS 8 will not result in any material changes to segment reporting. Apart from the amendments required in the presentation of the financial statements, the first-time application of the other requirements is not expected to have any material implications for the consolidated financial statements of the MVV Energie Group.

To enhance transparency and in contrast to the presentation in the 2007/08 financial year, in the cash flow statement the dividend payment line item has been supplemented by the dividend payment to minority shareholders line item. The comparable figures have been adjusted as appropriate. These amendments did not lead to any displacements within the cash flow statement.

Scope of consolidation and changes in the scope of consolidation

In addition to MVV Energie AG, 56 German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights have been fully consolidated in the consolidated financial statements of the MVV Energie Group for the 2008/09 financial year (previous year: 53). The relevant control concept requires the parent company to exercise a controlling influence in the case of fully consolidated companies. This is the case for all companies fully consolidated.

A list of the shareholdings of the MVV Energie Group has been provided from Page 151 onwards and has also been published in the electronic Federal Gazette (Bundesanzeiger).

The following companies were included in the consolidated financial statements by way of full consolidation for the first time during the period under report:

- MVV Umwelt Ressourcen GmbH, Mannheim
- Českolipská teplárenská a.s., Česká Lípa, Czech Republic
- A+S Naturenergie GmbH, Pfaffenhofen
- MVV Energiedienstleistungen GmbH Nord, Hamburg
- Waldenergie Bayern GmbH, Gersthofen

The initial inclusion of these companies in the consolidated financial statements did not result in any material changes in the net asset, financial or earnings position of the Group.

MVV Umwelt Ressourcen GmbH, Mannheim, MVV Energiedienstleistungen GmbH Nord, Hamburg, and Waldenergie Bayern GmbH, Gersthofen, are newly founded 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 had no implications for the net asset, financial and earnings position of the Group.

The remaining 49 % of the shares in MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin, were acquired in the 1st quarter of the 2008/09 financial year at a purchase price of Euro 13 000 thousand. The shareholding was thus stocked up to 100 %, with a corresponding reduction in minority interests.

The shareholding held in Českolipská teplárenská a.s., Česká Lípa, Czech Republic, a company in 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 not yet been completed; the figures stated below are therefore still subject to amendment.

Identifiable assets and liabilities

	Českolipská teplárenská a.s., Ceská Lípa		A+S Naturenergie GmbH, Pfaffenhofen	
Euro 000s	**Recognised upon acquisition**	**Carrying amount**	**Recognised upon initial consolidation**	**Carrying amount upon initial consolidation**
Intangible assets	10	10	310	2
Property, plant and equipment	1 888	1 888	4 571	4 571
Deferred tax assets	—	—	216	216
Inventories, receivables, other assets	8 872	8 872	2 275	2 275
Cash and cash equivalents	7 127	7 127	87	87
Provisions	263	263	142	142
Other liabilities	10 307	10 307	5 660	5 660
Deferred tax liabilities	47	47	256	167
Fair value of net assets	**7 280**	**7 280**	**1 401**	**1 182**
Share acquired in company	4 367	4 367	1 401	827
Debit difference	1 339	—	—	—
Goodwill	—	—	4 867	—
Earnings contribution since date of initial consolidation	2 648	—	– 727	—

The debit difference of Euro 1 339 thousand 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 attributable 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 acquisition for MVV Energie AG are not material.

A+S Naturenergie GmbH, Pfaffenhofen, and MVV Energiedienstleistungen GmbH Nord, Hamburg, were included in the scope of consolidation in the 3rd quarter of 2008/09. A 70 % stake in A+S Naturenergie GmbH was acquired in return for payment in the previous year (1 April 2008) and recognised under other financial assets. The company successfully completed its introduction of IFRS in the year under report. 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 attributable 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.

The assets of Euro 36 681 thousand reported as held for sale as of 30 September 2008 mainly involved the shareholding of Euro 34 049 thousand in MVV Polska Sp. z o.o., Warsaw, Poland, which had been contributed to MVV Nederland B.V., Amsterdam, Netherlands. A sale price of Euro 34 800 thousand was received in the current 2008/09 financial year. The sale price was settled in cash. No assets or liabilities were classified as available for sale as of 30 September 2009.

Overall, the changes in the scope of consolidation have not had any material influence on the net asset, financial and earnings position of the MVV Energie Group.

All companies included in the consolidated financial statements have 30 September as their uniform reporting date. The annual financial statements of the companies included in the consolidated financial statements of the MVV Energie Group have been based on uniform accounting policies.

Stadtwerke Solingen and Stadtwerke Ingolstadt represent the Group's principal joint ventures. Their business fields are congruent with those of MVV Energie AG. Kielspeicher 103 GmbH & Co. KG, Kiel, was included in the consolidated financial statements of the MVV Energie Group on a proportionate basis for the first time in the 2008/09 financial year. Its business activities focus on the storage of gas.

Joint ventures account for the following shares of the balance sheet and income statement of the MVV Energie Group:

Balance sheet

Euro million	**30.9.2009**	30.9.2008
Assets		
Non-current assets	144.4	138.6
Current assets	48.4	41.0
	192.8	**179.6**
Equity and liabilities		
Equity	88.2	98.4
Non-current debt	52.8	42.1
Current debt	51.8	39.1
	192.8	**179.6**

Income statement

Euro million	**2008/2009**	2007/2008
Sales	226.4	201.1
Own work capitalised and changes in inventories	1.0	2.0
Other operating income	11.8	11.1
Cost of materials	169.1	141.7
Personnel expenses	18.2	17.7
Other operating expenses	38.5	22.9
Other income from shareholdings	0.3	0.3
EBITDA	**13.7**	**32.2**
Depreciation	7.5	7.5
EBITA	**6.2**	**24.7**
Goodwill amortisation	—	—
EBIT	**6.2**	**24.7**
Financing income	0.1	0.1
Financing expenses	2.1	2.3
EBT	**4.2**	**22.5**
Taxes on income	2.3	7.1
Annual net surplus	**1.9**	**15.4**

The following companies were included in the consolidated financial statements for the first time using the equity method in the period under report:

- Biomasse Rhein-Main GmbH, Flörsheim-Wicker
- Gemeinschaftskraftwerk Kiel GmbH, Kiel
- Grosskraftwerk Mannheim AG, Mannheim
- Stadtwerke Buchen GmbH & Co. KG, Buchen
- Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim
- ZVO Energie GmbH, Timmendorfer Strand

Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim, was acquired in the 2008/09 financial year. The other companies listed were recognised under other shareholdings in previous years.

The companies included in the consolidated financial statements as of 30 September 2009 have been presented in the list of shareholdings from Page 151 onwards.

Consolidation methods

The annual financial statements included in consolidation have been prepared on the basis of uniform accounting policies as of 30 September 2009.

Subsidiaries are fully consolidated upon acquisition, i.e. from the time at which the Group gains control. Their inclusion in the consolidated financial statements ends as soon as they are no longer controlled by the parent company. Capital consolidation is performed using the purchase method. This involves the costs of acquisition relating to the business combination being allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed on the basis of their fair values upon acquisition. Any remaining credit difference is reported under intangible assets as goodwill. Capitalised goodwill is not subject to scheduled amortisation, but is rather tested for impairment once a year or if there are any indications of impairment. Goodwill remaining upon deconsolidation is accounted for in the proceeds on disposal. Any debit differences arising are recognised directly through profit or loss.

Minority interests represent the share of earnings and net assets not attributable to the Group. Minority interests are recognised separately in the consolidated income statement and consolidated balance sheet. In the consolidated balance sheet, they are recognised within equity, separately from the equity attributable to shareholders in the parent company. Where the capital does not qualify as equity under IFRS, the minority interests acquired are recognised as debt capital. This debt capital is measured in line with the respective contractual terms.

Receivables and liabilities have been offset against each other, as have income and expenses between consolidated companies. Material intercompany results have also been eliminated.

The proportionate consolidation of joint ventures is performed in accordance with the same principles. Interests in associates are accounted for using the equity method.

Shareholdings in companies not included by way of full or proportionate consolidation or by application of the equity method have been accounted for pursuant to IAS 39 (2008).

Currency translation

Transactions in foreign currencies are recognised at consolidated companies at the spot rate applicable at the time of the transaction. Monetary assets and liabilities stated in a foreign currency are translated at each balance sheet date at the rate valid on the balance sheet date. Non-monetary items measured at historic cost in a foreign currency are translated at the rate valid on the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rate valid upon the fair value being determined. Any resultant exchange rate gains and losses are recognised directly through profit or loss as other operating income or other operating expenses.

The annual financial statements of foreign group companies are translated into euros (the reporting currency of the Group) in accordance with the functional currency concept. This involves the respective national currency at all companies thereby affected in view of the fact that they conduct their business in their national currencies as independent foreign entities within the Group in financial, economic and organisational terms. Modified reporting date rates are used to translate the financial statements of foreign companies. This involves assets and liabilities being translated from their national currencies into euros at the mean exchange rate valid on the balance sheet date (reporting date rate). Income and expense items are translated using annual average exchange rates. Currency differences resulting from the translation of the equity of the foreign companies or from the application of differing translation rates for the balance sheet and the income statement are recognised directly in equity as retained earnings (differential amount from currency translation).

Currency translation has been based on the following exchange rates:

Currency translation

	Reporting date rate		Average rate	
1 Euro	**30.9.2009**	30.9.2008	**2008/2009**	2007/2008
Polish zloty (PLN)	—	—	—	3.516
Czech crown (CZK)	25.164	24.660	26.292	25.317
British pound (GBP)	0.909	0.790	0.874	0.793

Due to the disposal of the Polish subgroup in the previous financial year, the relevant reporting date rates have been omitted. The exchange rate upon the disposal of the Polish subgroup amounted to 3.206 (Euro / PLN). The average rate for the 2007/08 financial year was calculated up to the date of deconsolidation.

Accounting policies

Assets and liabilities are measured at amortised cost in all cases with the exception of certain financial assets, liabilities and instruments which IAS 39 (2008) requires to be measured at fair value and where this can be reliably determined. Non-current receivables and debt are recognised at present value. Assets and liabilities are netted where the relevant requirements are met. Assets and liabilities with different dates of transaction and financial performance are recognised as of the transaction dates. Income and expenses derived from assets or liabilities are recognised under earnings from operations or net interest expenses depending on the respective balance sheet item. Period deferrals are accounted for where necessary. Such items are recognised directly in equity where International Accounting Standards so require and are presented separately in the statement of changes in equity.

The underlying principles of recognition and measurement applied when preparing the consolidated financial statements of the MVV Energie Group are set out below.

Intangible assets

Intangible assets were acquired in return for payment and are carried at cost. Apart from goodwill, they are subject to scheduled straight-line amortisation based on their pattern of consumption. There are no intangible assets with useful lives classified as indefinite. CO_2 emissions rights with holding periods longer than one year and requiring purchase by the MVV Energie Group are recognised as intangible assets at cost, while rights allocated free of charge are recognised at Euro 0.

Development expenses are capitalised where a newly developed product or process can be clearly delineated, is technically feasible and is intended for internal use or sale. A further condition for capitalisation is sufficient likelihood that the development expenses will lead to future inflows of funds. Capitalised development expenses are subject to scheduled amortisation over the estimated period of sale of the products. Research expenses are not eligible for capitalisation and are expensed in the period in which they are incurred.

Goodwill is not subject to scheduled amortisation, but is rather tested for impairment annually or more frequently should any specific indications of impairment arise. Goodwill is allocated for this purpose to cash generating units on the level of the legal entities or of subgroups consisting of legal entities belonging together in geographical or material terms.

Property, plant and equipment

Property, plant and equipment is stated at cost, less proportionate depreciation to account for the decline in the value of the assets. In the case of internally generated property, plant and equipment, the costs of manufacture are based on allocable direct costs and a commensurate share of overhead expenses. Borrowing costs are not capitalised.

The costs of assets are reduced by public subsidies (investment grants) received and by customer payments for construction and house connection costs in the case of new connections or extensions to existing connections. Public subsidies are recognised where it is reasonably certain that the subsidies will be granted and the relevant conditions have been met. Investment grants relate exclusively to asset-based subsidies. These grants are reported separately from investments in the overview of property, plant and equipment.

Items of property, plant and equipment have been subject to straight-line depreciation consistent with their pattern of consumption. Depreciation is undertaken pro rata temporis in the year of addition. Scheduled depreciation is based on the following useful lives:

Useful lives in years

Buildings	25 – 50
Technical equipment and machinery	8 – 40
Transmission grids	30 – 40
Plant and office equipment	4 – 15

Investment property

The investment property item includes real estate held for the purpose of generating rental income or long-term value growth and which is not used for operating purposes. Such property is measured at amortised cost. Transaction expenses are included in the initial measurement. The real estate thereby recognised is subject to straight-line depreciation over a period of 25 to 33 years. The fair values are determined in regular impairment tests undertaken in the form of independent surveys based on internationally recognised methods.

Impairment of intangible assets, property, plant and equipment and investment property

The carrying amounts of intangible assets, property, plant and equipment and investment property are assessed for impairment at each reporting date. An impairment test pursuant to IAS 36 is undertaken should there be any indication of impairment. Where the carrying amount of an asset is higher than its recoverable amount (the higher of its fair value less disposal costs or its value in use), the carrying amount is written down to the recoverable amount. The fair value represents a best estimate of the recoverable amount. The recoverable amount must be determined for each asset, unless the asset does not generate any largely independent cash flows. In this case, the amount should be stated for which an independent third party would acquire the cash generating unit at the balance sheet date. The fair value / value in use of the cash generating units are determined based on the cash flow forecasts approved by the management and supervisory bodies of MVV Energie AG. Such cash flow forecasts are based on the experience and results in previous financial years, as well as on expectations as to future market developments. The cash flow forecasts also refer to the expected development in key macroeconomic figures derived from economic and financial studies. Key assumptions used in the forecast concern the development of the price of crude oil, natural gas and coal on the global markets, the price of electricity and gas on the wholesale and end consumer markets and the development of market shares and of the relevant regulatory framework. The cash flow forecasts cover a detailed budgeting period of five years. Figures for subsequent financial years are based on an extrapolation of the results of the final year in the detailed budgeting period. Reference is made to current estimates of growth rates. These growth rates correspond to the average long-term growth rates on the markets in which the companies operate and are consistent with external sources of information concerning market expectations. Impairment losses are recognised when the recoverable amount of the asset (value in use) falls short of its carrying amount. Where the recoverable amount exceeds the carrying amount in subsequent periods, the assets are written up to a maximum of amortised cost.

Goodwill is not written up. Should the carrying amount of a cash generating unit to which the goodwill has been allocated exceed its recoverable amount, the goodwill thereby allocated is written down first. Any further write-down requirement is then accounted for by means of a prorated reduction in the carrying amounts of the other assets at the cash generating unit.

The MVV Energie Group leases specific items of property, plant and equipment (leased items). Lease contracts for items in which the MVV Energie Group bears the principal risks and rewards resulting from ownership of the leased item are classified as finance leases. Assets in connection with finance leases are capitalised at the beginning of the leasing term at the lower of the fair value of the leased item and the present value of minimum leasing payments. Leasing liabilities of the same amount are recognised under non-current and current liabilities.

Each leasing instalment is divided into its respective interest and principal components in such a way that the leasing liabilities remain constant. The interest component of the leasing instalment is recognised through profit or loss in the income statement. Items of property, plant and equipment governed by finance leases are depreciated over the shorter of their economic useful life or the term of the lease.

Associates

Associates are recognised using the equity method and are measured initially at cost and subsequently at the amortised value of the prorated net assets. The carrying amounts are increased or reduced annually to account for prorated earnings, dividend distributions and other changes in equity. Any goodwill thereby recognised is included in the value of the shareholding, rather than being reported separately. Impairment losses are recognised when the recoverable amount falls short of the carrying amount.

Other financial assets

Other financial assets consist of loans, leasing receivables, securities and other shareholdings, which are measured and classified as follows. Loans are classified under loans and receivables and leasing receivables under leases. These items are measured at amortised cost, less impairments where applicable. Other shareholdings and other majority shareholdings have also been allocated to other financial assets. Other majority shareholdings and other shareholdings are measured at amortised cost, corrected where necessary to account for impairment due to a reduction in expected cash flows or for existing default risks. Finance leases where all risks and rewards of ownership are transferred to the lessee are recognised as a receivable at the present value of the minimum leasing payments (net investment value). Securities are recognised at fair value.

Any default risks identifiable for financial assets are accounted for with write-downs. These write-downs are recognised under income from shareholdings or under net interest expenses.

Receivables and other assets

Receivables and other assets include trade receivables, other receivables and assets and tax receivables. Apart from derivative financial instruments, these are measured at amortised cost. Initial measurement is undertaken as of the date of the transaction. Any write-downs required are based on the actual level of default risk. The value of receivables is generally corrected by means of a write-down account. Current other assets also include the current portion of leasing receivables and loans. Measurement of the current portions of leasing receivables and loans is based on the same principles as measurement of the non-current portions. These principles were outlined under financial assets.

Trade receivables include accruals / deferrals to cover energy and water sales not yet read or invoiced as of the balance sheet date. Part-payments made in the context of annual consumption invoicing are deducted from the receivables. Receivables from customers are recognised at amortised cost. Default risks existing at the balance sheet date are covered by adequate write-downs. Receivables are derecognised immediately upon becoming uncollectible. The carrying amounts reported are basically equivalent to their respective fair values.

CO_2 emissions rights with remaining terms of less than one year requiring purchase or exchange by the MVV Energie Group are recognised at cost as other assets, while rights allocated free of charge have been recognised at Euro 0.

Customer-specific construction contracts

Customer-specific construction contracts are recognised at percentage of completion. This means that the prorated sales and the costs of sales incurred are recognised at the percentage of completion, based on the contractual arrangements with the customers, reached by the balance sheet date, as soon as the results of the construction contract can be reliably estimated. Percentage of completion is calculated on the basis of the project costs incurred by the balance sheet date as a proportion of the total costs of the project. In the balance sheet, the sales posted in line with their percentage of completion are reduced by advance payments received and recognised under trade receivables. As soon as the result of a construction contract cannot be reliably estimated, the revenues from the contract are only recognised at the level of the contract costs incurred and which are probably collectible. Losses on contracts are immediately expensed in full as soon as they are expected.

Inventories

Inventories consist of raw materials and supplies, unfinished and finished products and services, as well as advance payments made for such. They are measured at the lower of cost or net sale value. Cost of acquisition or manufacture for raw materials and supplies has been calculated using the average cost method. The manufacturing costs of unfinished and finished products and services include allocable direct costs and a commensurate share of the material and production overheads required based on normal capacity utilisation levels and thus include production-related full costs. The amounts stated are reduced as appropriate to account for risks resulting from any impairment in their utility.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and credit balances at banks with original terms of less than three months.

Assets and liabilities held for sale

Assets which can be sold in their current state and whose sale is highly probable are reported as assets held for sale. These may involve individual non-current assets, groups of assets or business divisions. Liabilities due to be dispensed with in a transaction together with assets are reported separately as "liabilities held for sale."

Non-current assets held for sale are no longer subject to scheduled depreciation and amortisation, but are rather recognised at fair value, less disposal costs, where this is lower than the carrying amount. Gains or losses resulting from the measurement of individual assets held for sale or disposal groups are recognised under earnings from continuing operations until their ultimate disposal. Gains or losses resulting from the measurement of discontinued operations at fair value less disposal costs are recognised as earnings from discontinued operations.

Deferred taxes

Deferred taxes are stated for temporary differences between the tax balance sheets and IFRS balance sheets at individual companies arising from the measurement of assets and liabilities for tax purposes on the one hand and for external IFRS accounting on the other, as well as from consolidation processes impacting on earnings. Moreover, deferred tax assets have also been recognised for tax reduction claims resulting from the expected utilisation in subsequent years of existing losses carried forward. Such claims are capitalised if the realisation of these losses carried forward can be assumed with adequate certainty on the basis of existing business plans. Deferred taxes have been calculated based on the tax rates valid or expected at the individual organisational units upon realisation. Account is taken of the tax regulations valid or already adopted at the balance sheet date. The calculation of deferred taxes in Germany has been based on a tax rate of 30 % (previous year: 30 %). This results from the unchanged corporate income tax rate of 15 %, the unchanged solidarity surcharge of 5.5 % and the Group's average trade tax rate of 14 % (previous year: 14 %). The equivalent calculations for foreign companies are based on the respective national tax rates. Where the requirements of IAS 12 are met, deferred tax assets and liabilities are stated on a net basis for each company or fiscal unit.

Provisions

Provisions are recognised for all legal or constructive obligations to third parties at the balance sheet date as a result of past events, when it is probable that a future outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. Provisions are recognised at their expected performance amounts and are not netted with refund claims. Provisions based on large numbers of events of the same nature are recognised at the expected value of the potential results.

All non-current provisions have been recognised at their expected performance amounts discounted as of the balance sheet date.

Provisions for pensions and similar obligations are stated exclusively for defined benefit plans. Pursuant to IAS 19, these pension provisions are calculated using the projected unit credit method. As well as pensions and vested claims known at the balance sheet date, this method also accounts for salary and pension increases expected in future. The calculation made application of the 2005 G mortality tables published by Prof. Dr. Klaus Heubeck. As the Group does not have any plan assets, its pension obligations are covered in full by provisions. To the extent that they exceed 10 % of the scope of the obligation, actuarial gains and losses resulting from changes in the assumptions underlying the calculation are recognised through profit or loss over the average remaining working life of the employees entitled.

The key parameters used in the calculation of the defined benefit plans as of 30 September 2009 are:

	30.9.2009	30.9.2008
Discount rate	5.40 %	6.00 %
Future salary increases	0.50 – 3.25 %	2.00 – 2.75 %
Future pensions increases	0.50 – 2.70 %	1.00 – 2.75 %

The pension scheme for employees of the MVV Energie Group is largely arranged in line with collective wage and salary agreements specific to the respective companies. This results in indirect pension obligations to employees which are covered almost exclusively by municipal supplementary pension companies (ZVK). This requires allocations to be made for retirement periods. The payments made in this context serve to finance current pension outlays. According to IFRS, this type of pension plan represents a defined benefit plan, as the individual benefits provided by the ZVK to former employees of member companies are not dependent on the level of contributions paid into the pension fund. Moreover, as the employees of several member companies are insured by the ZVK, this type of pension plan is to be considered a multi-employer plan and thus requires the application of special regulations.

Given the redistribution of the benefits provided by the ZVK among its member companies and the lack of adequate information about the age structures, personnel turnover and salaries of the employees thereby covered, no information is available on the proportion of future financial obligations (economic obligation) accruing to the MVV Energie Group. In view of this, IFRS does not permit recognition of the provisions and the scheme has to be treated as a defined contribution plan.

Liabilities

Liabilities are recognised at their repayment amounts or, where necessary, at present value.

Liabilities from finance leases are carried at the present value of future leasing payments. Apart from derivative financial instruments, other liabilities are measured at amortised cost, which is basically equivalent to their fair values.

Trade payables are measured at amortised cost.

The other financial debt item includes the present value of payment obligations resulting from puttable instruments. According to IAS 32, agreements involving an obligation to purchase equity instruments represent a financial liability in the amount of the present value of the purchase price, irrespective of whether fulfilment of this obligation is dependent on an option right being exercised by the contractual partner and of the probability of such right being exercised. Accordingly, minority interests are recognised as current or non-current debt in line with the contractual arrangements. These financial obligations are measured at fair value in accordance with IAS 39 (2008). The difference between the exercise price and the carrying amount of the minority interests is treated as a purchase price obligation dependent on future events by analogy with the requirements for the presentation of business combinations, unless other contractual arrangements require application. The earnings distributed to minority shareholders are recognised as financing expenses, as are changes in the present value of the potential payment obligations.

Contingent liabilities and financial obligations

Contingent liabilities involve potential obligations to third parties or existing obligations for which an outflow of resources is unlikely or whose amount cannot be reliably determined. Contingent liabilities are not recognised in the balance sheet. The volume of obligations stated in the notes for contingent liabilities corresponds to the scope of liability at the balance sheet date.

Derivative financial instruments

Derivative financial instruments are carried at fair value through profit or loss and recognised as assets or liabilities. Derivative financial instruments include interest and currency derivatives, as well as derivative commodities contracts, mainly for electricity, gas and coal. The amounts recognised are derived from market values or using generally recognised valuation methods (present value method or option pricing models based on current market parameters). Changes in the value of derivative financial instruments are recognised directly in equity under fair value measurement of financial instruments in cases where they serve to hedge future cash flows and form part of a hedging relationship with such, and where they meet the requirements of hedge accounting set out in IAS 39. Other changes in their value are recognised as income or expenses under other operating income or expenses.

Cash flow hedges serve to hedge against the risk of fluctuations in future cash flows relating to a recognised asset or liability, or to a highly likely planned transaction. Where the financial instrument is a cash flow hedge, the unrealised gains and losses on the hedge are initially recognised in equity under the fair value measurement of financial instruments. They are only taken into the income statement upon the hedged item taking effect through profit or loss and thus compensate for the impact of the underlying transaction on the income statement.

IAS 39 sets out hedge accounting requirements. In particular, it requires hedging relationships to be extensively documented and effective, i.e. both prospective and retrospective changes in the fair value of the hedge have to lie within a range of 80 % to 125 % of the opposing changes in the fair value of the hedged item. Only the effective portion of a hedging relationship may be recognised in equity under retained earnings. The ineffective portion must be credited or charged directly to earnings in the income statement.

The Group makes no use of the fair value option.

Measurement uncertainties

Discretionary decisions have to be made when applying the accounting policies. Moreover, the preparation of consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made which could impact on the values stated for the assets and liabilities, income and expenses thereby recognised, as well as on the disclosure of contingent liabilities.

Discretionary decisions in the application of accounting policies

The exercising of discretion in the application of accounting policies has not had any material influence on the values of the assets and liabilities as reported in the financial statements.

Uncertainties involved in estimate

The following section provides information on the most important forward-looking assumptions and major sources of uncertainty involved in estimates made at the balance sheet date, as a result of which there is a risk that a major adjustment will be required in the carrying amounts of assets and liabilities in the coming financial year.

The fair values of assets and liabilities and the useful lives of assets have been determined on the basis of management assessment. The same applies to the calculation of any impairment of assets. In the 2008/09 financial year, changes arose in the measurement of receivables. The implications of this are described in Note 8. This involved adjusting impairment rates for overdue receivables to current market circumstances.

The MVV Energie Group tests its carrying amounts and goodwill for impairment at least once a year and when any events or changes in circumstances indicate that this might be the case. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. To estimate the value in use, the MVV Energie Group has to estimate the cash flow surpluses expected to be generated by the cash generating unit in future and furthermore to select an appropriate discount rate to calculate the present value of the cash flow. All assumptions and estimates are based on circumstances and assessments at the balance sheet date or at the date during the financial year on which event-specific impairment becomes necessary. Any deviation in the development of the underlying framework could result in differences arising between such estimates and actual values. Appropriate amendments are made in such cases to the assumptions and if necessary to the carrying amount of the goodwill. Further details can be found in Note 1.

Moreover, assumptions also have to be made when calculating actual and deferred taxes. In particular, the possibility of generating corresponding future taxable income plays a major role in the assessment as to whether it will be possible to use deferred tax assets.

The principal estimates involved in the measurement of provisions for pensions and similar obligations include the discount factor, biometrical probabilities and trend assumptions. Any deviation in the development of these estimates could result in differences arising between the amounts recognised and the obligations actually arising in the course of time. As actuarial gains and losses are only recognised when they exceed 10 % of the higher of the scope of obligation or the fair value of the plan assets, changes in the discount factor generally do not have any material influence on the carrying amount of the provision recognised at the MVV Energie Group in the next financial year.

The measurement of sales and costs of materials is dependent on estimates to the extent that consumption deferrals have been undertaken as of the balance sheet date for trade receivables and payables already incurred but not yet invoiced.

Compensation liabilities for partnerships are recognised at prorated fair value. This is determined by compiling a company valuation, taking due account of current budgets and the yield curve.

When assessing these measurement uncertainties, reference is always made to the best information available at the balance sheet date. Actual amounts may differ from estimates. The carrying amounts recognised in the financial statements which are subject to these uncertainties have been stated in the balance sheet and the accompanying information provided in the notes.

No material changes in the assumptions underlying the accounting policies were to be expected upon the preparation of these consolidated financial statements. In this respect, no noteworthy adjustments are currently to be expected in the assumptions and estimates or in the carrying amounts of the relevant assets and liabilities in the 2009/10 financial year.

Notes on the Balance Sheet

1 Intangible assets

Intangible assets include concessions, industrial property rights and similar rights, goodwill and advance payments.

The requirements governing the capitalisation of development expenses were not met in the 2008/09 financial year. Like research expenses, these have therefore been recognised as expenses in the period in which they were incurred. The volume of expenses qualifying as research expenses under IFRS amounted to Euro 3 415 thousand in the 2008/09 financial year (previous year: Euro 1 871 thousand). Research and development expenses mainly relate to activities aimed at achieving ongoing improvements in working processes, product development and technological enhancements.

Concessions, industrial property rights and similar rights and values consist of software and of contractually agreed grants to customers and suppliers. The useful lives of such rights are based on the relevant economic aspects or contractual requirements and range from 3 to 50 years.

Goodwill is tested for impairment at least once a year. As in the previous year, growth rates ranging from 0.5 % to 1.0 % were used in the budgets for the impairment test performed in the 2008/09 financial year.

The recoverable amount / value in use was determined by discounting the cash flows expected at the German shareholdings using discount rates (weighted cost of capital) averaging 8.5 % before taxes. The discount rates have been determined on the basis of available market data.

The carrying amounts stated for goodwill are structured as follows:

Euro 000s	**30.9.2009**	30.9.2008
Energieversorgung Offenbach subgroup	65 066	65 066
Stadtwerke Solingen subgroup	59 472	59 472
Stadtwerke Ingolstadt subgroup	53 759	53 759
MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin	13 220	13 220
MVV Energiedienstleistungen GmbH Mitte, Berlin	12 346	12 346
MVV Czech subgroup	5 170	5 307
A+S Naturenergie GmbH, Pfaffenhofen	4 867	—
Biomassen-Heizkraftwerk Altenstadt GmbH, Altenstadt	3 343	3 343
Other	7 003	7 003
	224 246	**219 516**

For the purposes of performing impairment tests, goodwill was allocated to cash generating units. The cash generating units basically correspond to the legal subgroups or individual companies. No write-downs were undertaken in the 2008/09 financial year. After the inclusion of A+S Naturenergie GmbH in the scope of consolidation of the MVV Energie Group, its goodwill of Euro 4 867 thousand has been reported openly for the first time. The change at the MVV Czech subgroup was due to currency translation effects in the 2008/09 financial year.

In the 2008/09 financial year, accumulated historic scheduled amortisation was offset against accumulated costs of acquisition and manufacture amounting to Euro 29 063 thousand pursuant to IFRS 3.79.b. The previous year's figures were adjusted accordingly.

Intangible assets

Euro 000s	Concessions, industrial property rights and similar rights and values	Goodwill	Advance payments	**Total**
Gross value at 1.10.2007	216 930	258 921	2 216	478 067
Change in scope of consolidation	– 521	– 7 312	—	– 7 833
Currency adjustments	225	1 081	3	1 309
Investments	2 299	—	3 093	5 392
Disposals	1 870	—	—	1 870
Reclassifications	2 688	5 454	– 1 403	6 739
Gross value at 30.9.2008	**219 751**	**258 144**	**3 909**	**481 804**
Amortisation at 1.10.2007	115 117	37 870	3	152 990
Change in scope of consolidation	– 352	– 4 995	—	– 5 347
Currency adjustment	168	299	—	467
Scheduled amortisation	15 051	—	—	15 051
Disposals	1 568	—	—	1 568
Reclassifications	– 171	5 454	—	5 283
Amortisation at 30.9.2008	**128 245**	**38 628**	**3**	**166 876**
Net value at 30.9.2008	**91 506**	**219 516**	**3 906**	**314 928**
Gross value at 1.10.2008	219 751	258 144	3 909	481 804
Change in scope of consolidation	593	4 867	—	5 460
Currency adjustments	– 33	– 190	1	– 222
Investments	3 733	—	19 885	23 618
Disposals	349	—	3	352
Reclassifications	6 388	—	– 3 269	3 119
Gross value at 30.9.2009	**230 083**	**262 821**	**20 523**	**513 427**
Amortisation at 1.10.2008	128 245	38 628	3	166 876
Change in scope of consolidation	203	—	—	203
Currency adjustments	– 27	– 53	—	– 80
Scheduled amortisation	15 999	—	—	15 999
Extraordinary amortisation	361	—	—	361
Disposals	271	—	3	274
Reclassifications	492	—	—	492
Amortisation at 30.9.2009	**145 002**	**38 575**	**—**	**183 577**
Net value at 30.9.2009	**85 081**	**224 246**	**20 523**	**329 850**

The extraordinary amortisation posted in the 2008/09 financial year took the form of asset impairments due to the restructuring measures implemented at the energy-related services subgroup.

2 Property, plant and equipment

Property, plant and equipment

Euro 000s	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other assets, plant and office equipment	Advance payments and construction in progress	**Total**
Gross value at 1.10.2007	720 905	3 220 599	217 982	96 446	4 255 932
Change in scope of consolidation	– 35 393	– 23 275	– 1 281	– 1 387	– 61 336
Currency adjustments	13 938	11 136	338	377	25 789
Investments	8 840	49 733	11 938	132 430	202 941
Subsidy payments received	12	12 113	18	—	12 143
Disposals	21 658	25 955	19 930	365	67 908
Reclassifications	11 061	42 133	4 710	– 59 105	– 1 201
Gross value at 30.9.2008	**697 681**	**3 262 258**	**213 739**	**168 396**	**4 342 074**
Depreciation at 1.10.2007	304 413	1 864 091	151 272	253	2 320 029
Change in scope of consolidation	– 14 495	– 12 670	– 972	—	– 28 137
Currency adjustments	4 287	6 556	262	30	11 135
Scheduled depreciation	16 111	100 877	11 881	—	128 869
Extraordinary depreciation	3 071	1 772	395	10	5 248
Disposals	14 706	18 644	17 375	—	50 725
Reclassifications	—	171	—	—	171
Depreciation at 30.9.2008	**298 681**	**1 942 153**	**145 463**	**293**	**2 386 590**
Net value at 30.9.2008	**399 000**	**1 320 105**	**68 276**	**168 103**	**1 955 484**
Gross value at 1.10.2008	697 681	3 262 258	213 739	168 396	4 342 074
Change in scope of consolidation	1 847	11 494	888	15 403	29 632
Currency adjustments	– 1 700	– 1 277	– 15	152	– 2 840
Investments	9 648	55 639	7 322	143 360	215 969
Subsidy payments received	6	11 552	3	1 071	12 632
Disposals	7 347	48 134	11 033	537	67 051
Reclassifications	20 105	106 022	– 1 241	– 128 005	– 3 119
Gross value at 30.9.2009	**720 228**	**3 374 450**	**209 657**	**197 698**	**4 502 033**
Depreciation at 1.10.2008	298 681	1 942 153	145 463	293	2 386 590
Change in scope of consolidation	497	7 717	609	—	8 823
Currency adjustments	– 468	– 736	—	– 19	– 1 223
Scheduled depreciation	15 061	104 505	9 198	—	128 764
Extraordinary depreciation	5 988	25 981	145	—	32 114
Disposals	3 802	33 796	10 307	282	48 187
Reclassifications	– 27	995	– 1 468	8	– 492
Depreciation at 30.9.2009	**315 930**	**2 046 819**	**143 640**	**—**	**2 506 389**
Net value at 30.9.2009	**404 298**	**1 327 631**	**66 017**	**197 698**	**1 995 644**

The majority of extraordinary depreciation involved asset impairments due to the restructuring measures implemented at the energy-related services subgroup (Euro 31 110 thousand). Other extraordinary depreciation mainly involved impairments of land and buildings, technical equipment, machinery, plant and office equipment. This was due to adjustments to prevailing market conditions or to a reduction in the earnings expected from future use.

Rented or leased items of property, plant and equipment in which economic ownership was attributable to the MVV Energie Group as a result of the relevant contractual terms were of immaterial significance in the 2008/09 financial year.

Property, plant and equipment up to an equivalent value of Euro 81 million have been provided as security for financial liabilities (previous year: Euro 82 million). This mainly involves land and buildings.

3 Investment property

The fair value of investment property is determined on the basis of valuations performed by independent surveyors. A new survey will be obtained as of 30 September 2010, as there have been no indications of potential impairment in the meantime. The fair value corresponds to the amount for which an asset could be exchanged between informed parties willing to reach agreement at arm's length on the balance sheet date. Rental income amounted to Euro 665 thousand in the financial year (previous year: Euro 664 thousand). Direct operating expenses (excluding scheduled depreciation) amounted to Euro 115 thousand (previous year: Euro 65 thousand). There were no changes in the holdings of investment property compared with the previous year. The investment property relates to a retirement home in Solingen and a residential and office building let out in Köthen.

Investment property

Euro 000s	**2008/2009**	2007/2008
Gross value at 1.10.	7 479	7 479
Investments	—	—
Gross value at 30.9.	**7 479**	**7 479**
Depreciation at 1.10.	896	626
Depreciation	266	270
Depreciation at 30.9.	**1 162**	**896**
Net value at 30.9.	**6 317**	**6 583**

4 Associates

In previous years, associates were reported under other financial assets. They have therefore been presented in the 2008/09 financial year as reclassifications from other financial assets to associates. The change in the scope of consolidation relates to the shareholding in Stadtwerke Sinsheim, which was first included in the 2008/09 financial year. The following overviews present the development in the carrying amounts of associates and in key items in their balance sheets and income statements.

Associates

Euro 000s	**2008/2009**	2007/2008
Gross value at 1.10.	—	—
Change in scope of consolidation	5 353	—
Measurement at equity	– 859	—
Addition	—	—
Reclassification	71 901	—
Gross value at 30.9.	**76 395**	**—**
Amortisation at 1.10.	—	—
Change in scope of consolidation	—	—
Amortisation	—	—
Reclassification	1 257	—
Amortisation at 30.9.	**1 257**	**—**
Net value at 30.9.	**75 138**	**—**

Associates account for the following assets, liabilities, equity, sales and annual net surplus:

Euro 000s	**2008/2009**	2007/2008
Non-current assets	653 255	—
Current assets	255 392	—
Provisions	505 287	—
Liabilities	213 580	—
Equity	189 780	—
Sales	722 629	—
Annual net surplus	11 244	—

The investment income received by the MVV Energie Group from these associates in the 2008/09 financial year amounted to Euro 5 146 thousand.

Apart from Biomasse Rhein-Main GmbH, Flörsheim-Wicker, and in contrast to the MVV Energie Group, the associates have financial years ending on 31 December. No publicly listed market price is available.

There are no restrictions on disposal or other encumbrances.

5 Other financial assets

Other financial assets include other majority shareholdings, other shareholdings, general loans, loans in connection with finance leases and securities.

Write-downs and the development in other financial assets have been reported in the table below, as well under income from associates and other income from shareholdings (Note 29) and financing income (Note 32) and financing expenses (Note 33).

Loans and the loans in connection with finance leases have fixed interest rates, with an average interest rate of 3.4 % (previous year: 5.5 %). The average period for which interest rates remain fixed amounts to 9 years (previous year: 11 years) in the case of fixed-rate loans and to 16 years (previous year: 13 years) in the case of finance leases. The reclassifications mainly involve the reclassification of the aforementioned items to current financial assets in line with their respective maturities.

Further information about financial instruments has been provided under Note 22.

Other financial assets

Euro 000s	Other majority shareholdings	Other shareholdings	Loans general	Loans in connection with finance leases	Securities	**Total**
Gross value at 1.10.2007	14 276	118 667	15 178	25 695	3 583	177 399
Currency adjustments	—	1 918	—	—	—	1 918
Change in scope of consolidation	—	– 333	—	—	—	– 333
Investments/additions	11 798	3 449	6 881	8 501	2 280	32 909
Disposals	3 816	18 670	5 291	2 968	823	31 568
Reclassifications	– 796	796	– 4 492	4 574	—	82
Balance at 30.9.2008	**21 462**	**105 827**	**12 276**	**35 802**	**5 040**	**180 407**
Amortisation at 1.10.2007	5 066	1 579	4 823	—	48	11 516
Amortisation	—	1 997	—	—	531	2 528
Disposals	3 606	486	4 328	—	—	8 420
Amortisation at 30.9.2008	**1 460**	**3 090**	**495**	**—**	**579**	**5 624**
Net value at 30.9.2008	**20 002**	**102 737**	**11 781**	**35 802**	**4 441**	**174 783**
Gross value at 1.10.2008	21 462	105 827	12 276	35 802	5 040	180 407
Currency adjustments	– 10	—	– 3	—	—	– 13
Change in scope of consolidation	– 9 053	– 1 936	—	52	—	– 10 937
Investments/additions	7 639	408	4 478	9 286	1 993	23 804
Disposals	340	6 027	5 527	789	1 695	14 378
Reclassifications	– 4 904	– 66 997	– 2 644	4 024	– 1 528	– 72 049
Balance at 30.9.2009	**14 794**	**31 275**	**8 580**	**48 375**	**3 810**	**106 834**
Amortisation at 1.10.2008	1 460	3 090	495	—	579	5 624
Currency adjustments	– 10	—	—	—	—	– 10
Change in scope of consolidation	1 036	75	—	—	—	1 111
Amortisation	536	42	—	33	69	680
Write-ups	—	—	—	—	479	479
Disposals	—	1 717	495	—	—	2 212
Reclassifications	—	– 1 257	—	—	—	– 1 257
Amortisation at 30.9.2009	**3 022**	**233**	**—**	**33**	**169**	**3 457**
Net value at 30.9.2009	**11 772**	**31 042**	**8 580**	**48 342**	**3 641**	**103 377**

The reduction in other majority shareholdings is chiefly due to the change in the scope of consolidation resulting from the initial consolidation of A+S Naturenergie GmbH, Pfaffenhofen, and Kielspeicher 103 GmbH & Co. KG, Kiel.

The reduction in other shareholdings is mainly attributable to the reclassification as associates of the shareholdings held in Biomasse Rhein-Main GmbH, Flörsheim-Wicker, (carrying amount: Euro 3 050 thousand), Gemeinschaftskraftwerk Kiel GmbH, Kiel, (carrying amount: Euro 9 673 thousand), Grosskraftwerk Mannheim AG, Mannheim, (carrying amount: Euro 25 400 thousand), Stadtwerke Buchen GmbH & Co. KG, Buchen, (carrying amount: Euro 4 383 thousand) and ZVO Energie GmbH, Timmendorfer Strand, (carrying amount: Euro 28 138 thousand).

Securities chiefly consist of shareholdings in funds held in most cases to secure part-time early retirement credit balances.

Other financial assets also include the non-current share of finance leases. In several contracting projects, the MVV Energie Group acts as lessor in the context of finance lease agreements. In finance lease agreements, the major risks and rewards are assigned to the lessee. The respective assets are recognised at the present value of the minimum leasing payments.

The transition from these payments to gross investments in leases is as follows:

Euro 000s	**30.9.2009**	30.9.2008
Present value of minimum leasing payments with maturities < 1 year	12 939	5 070
Present value of minimum leasing payments with maturities > 1 year		
one to five years	20 734	16 011
longer than five years	36 465	19 791
Present value of minimum leasing payments with maturities > 1 year	**57 199**	**35 802**
Total present value of minimum leasing payments	**70 138**	**40 872**
Financing income not yet realised	11 027	15 441
Gross investments in finance leases	**81 165**	**56 313**

6 Other receivables and assets

Other receivables and assets have been broken down into their respective contents and counterparties in the tables below. The hedging relationship has also been stated in the case of derivative financial instruments.

Other receivables and assets

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments	256 351	119 853	376 204	262 033	164 367	426 400
Receivables from security deposits for energy trading transactions	—	91 416	91 416	—	11 396	11 396
Deferred expenses and accrued income	4 616	8 956	13 572	2 596	20 566	23 162
Receivables and assets from contracting agreements without finance leases	7 207	485	7 692	7 468	462	7 930
Receivables in connection with finance leases	—	5 789	5 789	—	2 737	2 737
Suppliers with debit balances	—	3 566	3 566	—	4 174	4 174
Loans	—	2 712	2 712	—	39 720	39 720
Refund claims	1 934	424	2 358	—	3 227	3 227
Escrow accounts	—	1 389	1 389	—	500	500
Emissions rights	—	1 041	1 041	—	3 481	3 481
Receivables from employees	—	986	986	—	590	590
Cash pool receivables	—	—	—	—	218	218
Miscellaneous other assets	2 281	45 739	48 020	403	32 957	33 360
	272 389	**282 356**	**554 745**	**272 500**	**284 395**	**556 895**

Derivative financial instruments

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments	256 351	119 853	376 204	262 033	164 367	426 400
of which without hedge	256 138	119 493	375 631	254 745	160 183	414 928
of which cash flow hedges	213	360	573	7 288	4 184	11 472

Derivative financial instruments involve interest, currency and commodity derivatives mainly for electricity, gas and coal. Further information about financial instruments can be found under Note 22.

Other receivables and assets

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Other receivables and assets						
from other shareholdings	—	524	524	—	352	352
from other majority shareholdings	107	113	220	83	2 724	2 807
from third parties	272 282	281 719	554 001	272 417	281 319	553 736
	272 389	**282 356**	**554 745**	**272 500**	**284 395**	**556 895**

Write-downs on other receivables and assets developed as follows:

Write-downs

Euro 000s	**2008/2009**	2007/2008
Balance at 1.10.	257	96
Net reversals/additions	– 138	161
Balance at 30.9.	**119**	**257**

The credit risks involved in other receivables and assets and their maturity structure were as follows:

Credit risks and maturity

Euro 000s	**30.9.2009**	30.9.2008
Neither overdue nor impaired	550 756	552 058
Overdue but not impaired		
≤ 6 months	2 571	3 784
> 6 months ≤ 1 year	828	201
> 1 year	74	557
Net value of assets written down	516	295
	554 745	**556 895**

To minimise the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits are exchanged with external partners. These involve margins. To reduce counterparty risks, payments are made both on the EEX (European Energy Exchange) and in some cases within the framework of bilateral agreements. These are reflected in receivables from security deposits for energy trading transactions. Receivables from security deposits amount to Euro 91 416 thousand (previous year: Euro 11 396 thousand).

Loans mainly involve current loans to MVV GmbH amounting to Euro 2 712 thousand (previous year: Euro 32 233 thousand). Receivables and assets from contracting agreements without finance leases involve investments in the value-added services segment leading to energy savings at customers and thus to a receipt of revenues at the MVV Energie Group in future.

Miscellaneous other assets largely involve input tax only eligible for deduction upon invoicing (Euro 31 824 thousand; previous year: Euro 11 495 thousand). There were no indications of impairment in the case of non-impaired other receivables and assets. All write-downs undertaken were calculated following individual consideration of each case and were not based on any general allowance.

7 Inventories

Inventories

Euro 000s	**30.9.2009**	30.9.2008
Raw materials and supplies	30 323	30 533
Unfinished and finished products and services and merchandise	20 465	26 243
Advance payments	—	312
	50 788	**57 088**

There were no restrictions on disposal or other encumbrances (apart from retentions of title). Write-downs of Euro 730 thousand were recognised on inventories (previous year: Euro 499 thousand; including write-backs of Euro 609 thousand). Write-downs were based on the inventory turnover rates of the assets in question.

8 Trade receivables

Trade receivables

Euro 000s	**30.9.2009**	30.9.2008
Trade receivables	463 294	536 142
of which due from other majority shareholdings	2 946	257
of which due from associates	3 885	—
of which due from other shareholdings	2 063	—

Trade receivables have terms of under one year.

The trade receivables recognised as of 30 September 2009 include receivables of Euro 8 486 thousand for the settlement of construction contracts in line with their percentage of completion. The advance payments of Euro 10 800 thousand received for these projects have already been accounted for. Revenues of Euro 5 649 thousand were recognised for contract construction in the year under report. Total costs incurred as of the balance sheet date amounted to Euro 17 636 thousand. Construction contracts thus resulted in a loss of Euro 91 thousand.

Write-downs on trade receivables developed as follows:

Write-downs

Euro 000s	**2008/2009**	2007/2008
Balance at 1.10.	22 738	19 449
Utilised	1 696	2 022
Net additions	12 012	5 311
Balance at 30.9.	**33 054**	**22 738**

The calculation of write-down requirements was adapted to the current market situation in the 2008/09 financial year. Since then, receivables have been written down on the basis of manual dunning indicators and their actual age. To account for the declining collectibility of receivables with increasing age, write-down requirements are now determined based on the age of the receivable. For large receivables, this is accompanied by an individual case assessment in order to determine a correct write-down requirement. This adjustment in the calculation of write-downs resulted in additional expenses of Euro 8 704 thousand.

The credit risks and maturity structure of trade receivables were as follows:

Credit risks and maturity

Euro 000s	**30.9.2009**	30.9.2008
Neither overdue nor impaired	366 148	403 141
Overdue but not impaired		
≤ 6 months	71 861	88 795
> 6 months ≤ 1 year	2 491	10 347
> 1 year	5 783	7 446
Net value of receivables written down	17 011	26 413
	463 294	**536 142**

There were no indications of write-down requirements for non-impaired trade receivables. All write-downs undertaken were calculated on the basis of individual or group consideration and were not based on general allowances.

9 Tax receivables

The tax receivables of Euro 40 359 thousand (previous year: Euro 50 327 thousand) mainly relate to refund claims for corporate income tax and capital gains tax, as well as to input tax credits, and have been recognised at face value and where necessary at present value.

10 Cash and cash equivalents

Cash and cash equivalents primarily consist of credit balances at banks. Proportionately consolidated companies account for a total of Euro 3 056 thousand (previous year: Euro 1 349 thousand). No cash or cash equivalents are subject to restrictions on disposal.

Within the framework of short-term liquidity management structures, credit balances are exclusively deposited at banks of impeccable creditworthiness. As in the previous year, such balances bear interest at interbank levels.

11 Assets held for sale

The amount of Euro 36 681 thousand reported under assets held for sale as of 30 September 2008 chiefly related to the shareholding in MVV Polska Sp. z o.o., Warsaw, Poland, which had been deposited at MVV Nederland B.V., Netherlands (Euro 34 049 thousand). A sale price of Euro 34 800 thousand was realised in the year under report.

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

12 Equity

The structure and development of equity have been presented in the "Statement of changes in equity".

SHARE CAPITAL: The share capital of MVV Energie AG amounts to Euro 168 721 thousand and is divided into 65 906 796 individual registered shares of Euro 2.56 each. All registered shares are paid up in full. The City of Mannheim indirectly owned 50.1 % of the share capital as of 30 September 2009, while RheinEnergie AG held 16.3 % and EnBW Energie Baden-Württemberg AG 15.1 % of the shares. The remaining 18.5 % of the shares were in free float.

AUTHORISED CAPITAL I: By resolution dated 4 March 2005, the Annual General Meeting authorised the Executive Board, subject to the consent of the Supervisory Board, to increase the share capital by up to Euro 39 000 thousand (Authorised Capital I). The Executive Board acted on this authorisation with the consent of the Supervisory Board for the first time on 15 November 2005. As a result of the issue of 5 million new shares, the share capital was increased by Euro 12 800 thousand (9.86 %) from Euro 129 802 thousand to Euro 142 602 thousand.

On 11 October 2007, the Executive Board of MVV Energie AG resolved with the consent of the Supervisory Board to act on the authorisation granted to it by the Articles of Incorporation and to increase the share capital by Euro 25.96 million. The capital increase was successfully completed at the beginning of November 2007. The share capital of MVV Energie AG was increased from available Authorised Capital I by Euro 25.96 million to Euro 168.72 million by issuing 10.1 million new shares in return for cash contributions and with shareholders' subscription rights.

The authorisation dated 4 March 2005 was amended at the Supervisory Board meeting on 11 October 2007, taking due account of the previous utilisation of the authorisation, to empower the Executive Board until 3 March 2010 to increase the share capital by an additional amount of up to Euro 243 thousand (Authorised Capital I).

AUTHORISED CAPITAL II: By resolution adopted on 10 March 2006, the Annual General Meeting of MVV Energie AG authorised the Executive Board to increase the company's share capital on one or several occasions by a total of up to Euro 3 400 thousand within the framework of the employee share programme. The Executive Board acted on this authorisation with the consent of the Supervisory Board on 20 September 2006. As a result of the issue of 63 290 new shares, the share capital increased by 0.11 % from Euro 142 602 thousand to Euro 142 764 thousand. Shareholders' subscription rights were excluded. An amount of Euro 3 238 thousand of Authorised Capital II is therefore still available.

CAPITAL RESERVE: The capital reserve relates to MVV Energie AG. This reserve includes external inflows of funds requiring inclusion under § 272 of the German Commercial Code (HGB). The transaction costs of the capital increase executed on 11 October 2007, which are recognised as a reduction in equity (capital reserve), amounted to Euro 2 464 thousand. The income tax relief of Euro 1 164 thousand in connection with the transaction costs was accounted for in the capital reserve.

RETAINED EARNINGS: In addition to the prorated retained earnings of MVV Energie AG and of the other consolidated companies since the date of initial consolidation, retained earnings also include accumulated changes recognised directly in equity as a result of the measurement of financial instruments at fair value, which mainly relate to hedging relationships recognised under IAS 39 (2008), as well as currency translation differences arising upon the translation of foreign financial statements and accumulated annual results. An amount of Euro 8 664 thousand was withdrawn from the fair value reserve during the financial year (previous year: transfer into reserve of Euro 3 565 thousand)

PROPOSED APPROPRIATION OF EARNINGS: The Executive Board proposes appropriating the unappropriated net profit of MVV Energie AG for the 2008/09 financial year as follows:

Distribution of a dividend of Euro 0.90 per individual share for the 2008/09 financial year (total: Euro 59 316 116.40). The Annual General Meeting to be held on 12 March 2010 will decide on payment of the dividend.

13 Provisions

Provisions

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Provisions for pensions and similar obligations	36 567	—	36 567	35 922	—	35 922
Tax provisions	—	24 366	24 366	—	44 428	44 428
Other provisions						
Personnel expenses	24 805	42 205	67 010	24 242	44 907	69 149
Early retirement	36 810	6 345	43 155	46 293	—	46 293
Services not yet invoiced	—	42 578	42 578	—	70 850	70 850
Restructuring obligations	—	911	911	—	—	—
Refurbishment measures	7 017	—	7 017	11 246	—	11 246
Miscellaneous contingencies	9 188	64 184	73 372	12 531	70 331	82 862
Total	**114 387**	**180 589**	**294 976**	**130 234**	**230 516**	**360 750**

Detailed explanations of provisions have been provided under Notes 14 and 15.

14 Provisions for pensions and similar obligations

The company pension plans consist of defined contribution and defined benefit plans.

An amount of Euro 22 323 thousand was paid into state pension systems in the 2008/09 financial year (previous year: Euro 22 195 thousand). The payments made to municipal supplementary pension companies (ZVK) and the state pension system are viewed as payments to defined contribution pension plans. These contributions have been recognised as expenses and reported under personnel expenses.

Current payments to the municipal supplementary pension company (ZVK) represent expenses incurred in the given financial year. These expenses amounted to Euro 14 531 thousand in the past financial year (previous year: Euro 13 912 thousand). The pension obligations of the ZVK as determined in an approximate calculation pursuant to IFRS for current and former members of the MVV Energie Group are Euro 273 million (previous year: Euro 261 million) above the proportion accruing to the MVV Energie Group from the policy reserve recognised at the ZVK (labour law obligation). The structure of the relevant contracts means that the policy reserve required pursuant to labour law obligations cannot be clearly allocated. The figures stated therefore correspond to the most probable values.

Furthermore, there are direct pension obligations resulting from former collectively agreed provisions (measured in terms of duration of company service and remuneration of employees), as well as individual commitments made to members of the Executive Board.

The expenses recognised for these pensions and similar obligations structured as defined benefit plans comprise the following items:

Pension provision expenses

Euro 000s	**2008/2009**	2007/2008
Service cost	921	2 013
Interest expenses	1 951	1 705
Adjustment due to retrospective service cost recognised	—	96
Adjustment due to actuarial gains/losses recognised	– 32	– 8
	2 840	**3 806**

The interest expenses for vested pension claims have been reported in the income statement under financing expenses (interest and similar expenses). Other expenses have been recognised as personnel expenses. The increase in service cost in the previous year's period was principally due to the departure of Dr. Rudolf Schulten.

The present value of defined benefit obligations developed as follows:

Development in pension claims

Euro 000s	**2008/2009**	2007/2008
Present value of pension claims as of 1.10.	**34 896**	**35 194**
Current service cost	921	2 109
Interest expenses	1 951	1 705
Payments made to beneficiaries	– 2 195	– 2 195
Actuarial gains/losses	1 011	– 1 285
Changes in scope of consolidation	—	– 504
Other changes	—	– 128
Present value of pension claims as of 30.9.	**36 584**	**34 896**

The transition from the amount recognised for claims relating to pensions and similar obligations to the present value of pension claims is structured as follows:

Amount recognised for pensions and similar obligations

Euro 000s	**30.9.2009**	30.9.2008	30.9.2007	30.9.2006	30.9.2005
Present value of pensions claims	36 584	34 896	35 194	32 444	34 414
Actuarial gains / losses not yet settled	– 17	1 026	– 921	– 3 360	– 3 032
Provisions for pensions and similar obligations	**36 567**	**35 922**	**34 273**	**29 084**	**31 382**
Empirical adjustments (changes in assumptions)	1 157	– 881	542	669	N/A

The empirical adjustments to the present value of pension claims (changes in assumptions) represent part of the actuarial gains and losses attributable to pension claims for the given year. No data was collected for the balance sheet date on 30 September 2005 as these disclosures were not mandatory at that time.

Pension payments of Euro 2 183 thousand are forecast for existing pension obligations for the following financial year.

No plan assets have been created.

15 Other provisions

Other provisions

Euro 000s	Balance at 1.10.2008	Change in scope of consoli-dation	Currency adjust-ments	Utilised	Reversed	Added	Re-classified	Interest portion	Balance at 30.9.2009
Non-current provisions									
Pensions and similar obligations	**35 922**	**—**	**—**	**2 195**	**—**	**889**	**—**	**1 951**	**36 567**
Other provisions									
Early retirement	46 293	—	—	10 114	439	4 624	– 5 813	2 259	36 810
Personnel expenses	24 242	—	—	1 128	223	2 830	– 2 205	1 289	24 805
Refurbishment	11 246	—	—	2 762	1 892	—	—	425	7 017
Miscellaneous contingencies	12 531	—	– 90	529	4 111	4 348	– 3 325	364	9 188
Total other provisions	**94 312**	**—**	**– 90**	**14 533**	**6 665**	**11 802**	**– 11 343**	**4 337**	**77 820**
Total non-current provisions	**130 234**	**—**	**– 90**	**16 728**	**6 665**	**12 691**	**– 11 343**	**6 288**	**114 387**
Current provisions									
Tax provisions	**44 428**	**—**	**– 15**	**24 275**	**9 268**	**13 496**	**—**	**—**	**24 366**
Other provisions									
Personnel expenses	44 907	121	2	39 213	4 601	39 316	8 018	—	48 550
Services not yet invoiced	70 850	26	—	60 281	6 285	38 268	—	—	42 578
Miscellaneous contingencies	70 331	282	– 91	38 747	13 334	43 329	3 325	—	65 095
Total other provisions	**186 088**	**429**	**– 89**	**138 241**	**24 220**	**120 913**	**11 343**	**—**	**156 223**
Total current provisions	**230 516**	**429**	**– 104**	**162 516**	**33 488**	**134 409**	**11 343**	**—**	**180 589**
Total provisions	**360 750**	**429**	**– 194**	**179 244**	**40 153**	**147 100**	**—**	**6 288**	**294 976**

Tax provisions include provisions for taxes on income, such as corporate income tax including the solidarity surcharge, and trade tax. The level of provision recognised was mainly influenced by the receipt of trade tax assessment notices for previous years.

The provisions for early retirement expenses mainly relate to legal and constructive obligations towards employees as a result of part-time early retirement agreements.

The actuarial assumptions correspond to those used in the measurement of pensions and comparable provisions. The decline in provisions for early retirement is the result of lower utilisation of part-time early retirement agreements.

The provision for personnel expenses mainly includes collectively agreed obligations, such as allowances, compensation payments, bonus payments, benefits in kind, employee working hours credits and anniversary bonuses.

The services not yet invoiced item principally involves supplies and services from third parties which have already been provided but not yet invoiced. These have been measured on the basis of appropriate estimates. The decline in this item is chiefly due to a lower volume of electricity trading transactions.

Miscellaneous contingencies include provisions for energy supplies and for disposal and dismantling obligations. Furthermore, this item also includes provisions for litigation risks. These involve several individual risks for which the level of claim is uncertain. The valuation has been based on the most likely outcome of the litigation expected on the basis of the information currently available. Moreover, this item includes restructuring obligations mainly involving realignment measures within the energy-related services subgroup.

We expect the provisions recognised to be utilised in line with their respective terms.

16 Financial debt

Financial debt

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Liabilities						
to banks	1 010 393	288 569	1 298 962	838 808	186 234	1 025 042
in connection with finance leases	5 160	777	5 937	4 015	946	4 961
to other shareholdings	—	460	460	—	3 425	3 425
to other majority shareholdings	—	1 309	1 309	—	—	—
Kiel put option	—	120 578	120 578	—	120 578	120 578
Partnership compensation liabilities	—	—	—	14 257	895	15 152
Other financial debt	57 521	27 988	85 509	55 492	11 942	67 434
	1 073 074	**439 681**	**1 512 755**	912 572	324 020	1 236 592

Maturities in years

	30.9.2009			30.9.2008		
Euro 000s	**< 1 year**	**1 – 5 years**	**> 5 years**	< 1 year	1 – 5 years	> 5 years
Liabilities						
to banks	288 569	691 967	318 426	186 234	520 625	318 183
in connection with finance leases	777	3 543	1 617	946	2 137	1 878
to other shareholdings and majority shareholdings	1 769	—	—	3 425	—	—
Other financial debt	148 566	14 347	43 174	133 415	13 723	56 026
	439 681	**709 857**	**363 217**	324 020	536 485	376 087

The fixed-rate liabilities to banks amounting to Euro 946 million (previous year: Euro 627 million) have an average interest rate of 4.7 % (previous year: 4.9 %). The floating-rate liabilities to banks amounting to Euro 353 million (previous year: Euro 398 million) have an average interest rate of 3.9 % (previous year: 4.6 %). As in the previous year, the average remaining period of the fixed rate in the case of fixed-rate liabilities amounts to seven years.

As of 30 September 2009, the MVV Energie Group had unutilised committed credit lines of Euro 354 million at its disposal (previous year: Euro 268 million).

Liabilities in connection with finance leases are recognised at the present value of future leasing payments. The fair values of the other financial debt are basically equivalent to the carrying amounts reported.

The liabilities in connection with finance leases involve various items of technical equipment and plant and office equipment. The agreements provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The transition from the present value of future minimum leasing payments to the liabilities reported is as follows:

Present value of minimum leasing payments

Euro 000s	**30.9.2009**	30.9.2008
Present value of minimum leasing payments by maturity		
up to 1 year	825	946
1 to 5 years	3 453	2 137
longer than 5 years	1 617	1 878
Total	**5 895**	**4 961**
Financing costs not yet recognised	2 131	1 779
Gross liabilities in connection with finance leases	**8 026**	**6 740**

The Kiel put option includes the present value of the payment obligations resulting from the writer obligation on the part of MVV Energie AG towards the City of Kiel for its shareholding in Stadtwerke Kiel AG. The put option held by the City of Kiel may be exercised at any time up to 6 November 2010.

In the previous year, partnership compensation liabilities related to the limited capital and annual earnings allocable to minority shareholders in MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin. The remaining shares in MVV Energiedienstleistungen Wohnen GmbH & Co KG, Berlin, were acquired in the 2008/09 financial year.

Other financial debt includes a liability of Euro 37 764 thousand due to MVV GmbH, Mannheim (previous year: Euro 38 991 thousand), which charged interest at an average of 6.2 % in the year under report (previous year: 5.6 %).

Of the financial debt, an amount of Euro 81 million is secured by the pledging of property, plant and equipment (previous year: Euro 82 million).

17 Other liabilities

Other liabilities have been broken down into their respective contents and counterparties in the tables below. The hedging relationship has also been stated in the case of derivative financial instruments.

Other liabilities

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments	355 649	155 401	511 050	192 407	122 320	314 727
Advance payments received	—	36 156	36 156	523	25 572	26 095
Deferred income and accrued expenses	16 246	12 647	28 893	18 944	9 050	27 994
Interest liabilities	—	7 512	7 512	—	4 098	4 098
Customer credit balances	—	7 490	7 490	—	4 380	4 380
Concession duties	—	1 659	1 659	—	11 665	11 665
Social security liabilities	—	237	237	—	294	294
Liabilities for security deposits for energy trading transactions	—	—	—	—	44 386	44 386
Miscellaneous other liabilities	4 231	22 518	26 749	1 924	27 261	29 185
	376 126	**243 620**	**619 746**	**213 798**	**249 026**	**462 824**

Liabilities

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Liabilities						
to third parties	374 286	204 925	579 211	212 967	216 656	429 623
to majority shareholdings	—	1	1	—	3 844	3 844
to other related parties	1 840	2 538	4 378	308	2 953	3 261
to other shareholdings	—	—	—	—	1	1
Advance payments received for orders	—	36 156	36 156	523	25 572	26 095
	376 126	**243 620**	**619 746**	**213 798**	**249 026**	**462 824**

Derivative financial instruments involve interest, currency and commodity derivatives for electricity, gas and coal. Further information about financial instruments can be found under Note 22.

Derivative financial instruments

	30.9.2009			30.9.2008		
Euro 000s	**Non-current**	**Current**	**Total**	Non-current	Current	Total
Derivative financial instruments	355 649	155 401	511 050	192 407	122 320	314 727
of which without hedges	352 385	150 606	502 991	191 543	122 308	313 851
of which cash flow hedges	3 264	4 795	8 059	864	12	876

The most significant item under deferred income and accrued expenses is an advance fee amounting to Euro 11 540 thousand received for the incineration of waste in conjunction with the takeover of an energy from waste plant by Energieversorgung Offenbach AG (previous year: Euro 14 256 thousand).

To reduce the counterparty risk involved in highly fluctuating fair values of energy trading derivatives, security deposits (margins) are exchanged with the EEX. Moreover, the Group has also entered into bilateral risk reduction agreements in some cases. There were no longer any liabilities for security deposits as of the balance sheet date (previous year: Euro 44 386 thousand).

18 Trade payables

Trade payables

Euro 000s	**30.9.2009**	30.9.2008
To suppliers	223 443	238 869
To other majority shareholdings	1 774	901
To associates	10 808	—
To other shareholdings	791	542
	236 816	**240 312**

All trade payables have terms of under one year.

19 Tax liabilities

The tax liabilities of Euro 42 501 thousand (previous year: Euro 28 743 thousand) mainly relate to energy taxes and value added tax.

20 Deferred taxes

The deferred taxes reported for 2008/09 relate to the following items:

Deferred taxes

	30.9.2009		30.9.2008	
Euro 000s	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets	3 831	– 15 237	3 743	– 17 261
Property, plant and equipment, including investment property	8 273	– 131 197	2 804	– 130 304
Inventories	1 189	– 362	1 708	– 562
Special item	—	– 9 243	—	– 7 997
Other assets and positive fair values of derivatives	10 696	– 304 249	929	– 177 223
Provisions for pensions	2 651	—	2 998	—
Non-current other provisions	5 603	– 235	10 067	– 2
Current other provisions	4 538	– 17 740	3 194	– 1 682
Liabilities and negative fair values of derivatives	331 663	– 11 674	131 441	– 7 405
Losses carried forward	1 887	—	2 816	—
Consolidation	—	– 895	—	– 4 111
Deferred taxes (gross)	**370 331**	**– 490 832**	**159 700**	**– 346 547**
Value adjustment	– 1 782	—	– 221	—
Netting	– 356 558	356 558	– 158 511	158 511
Deferred taxes (net)	**11 991**	**– 134 274**	**968**	**– 188 036**

Of the (net) deferred taxes presented above, Euro 8 869 thousand relate to current deferred tax assets and Euro 5 352 thousand to current deferred tax liabilities. In addition to the aforementioned deferred tax assets, the company also has tax claims relating to unutilised losses carried forward not eligible for imputation amounting to Euro 24.4 million for corporate income tax (previous year: Euro 16.0 million) and to Euro 30.6 million for trade tax (previous year: Euro 17.7 million). Of these, Euro 0.3 million may only be used until 2014.

No deferred tax liabilities have been stated for temporary differences of Euro 2 540 thousand (previous year: Euro 992 thousand) between the value of shareholdings in the tax balance sheet and their respective value in the consolidated financial statements, as such differences are unlikely to be reversed by means of dividend distributions or by disposal of the respective companies in the foreseeable future.

Deferred taxes amounting to Euro 2 202 thousand (previous year: Euro – 3 150 thousand) were recognised directly in equity in the 2008/09 financial year. This corresponds to a year-on-year change of Euro – 5 352 thousand in the volume of deferred taxes recognised in equity (previous year: Euro 1 556 thousand).

21 Contingent claims, contingent liabilities and financial obligations

The volume of obligations listed below corresponds to the scope of liability pertaining at the balance sheet date. The company has such obligations in the form of guarantees and bills of exchange amounting to Euro 73.9 million (previous year: Euro 6.9 million). No collateral has been provided for third-party liabilities (previous year: Euro 10.8 million).

The purchase commitments of the MVV Energie Group in connection with orders placed for investments in intangible assets and property, plant and equipment amounted to Euro 26.4 million (previous year: Euro 12.2 million).

The financial obligations relating to operating leases primarily involve water grids, the car pool and IT equipment. The minimum leasing payments have the following maturity.

Minimum leasing payments for operating leases

	Nominal value	
Euro 000s	**30.9.2009**	30.9.2008
Operating leases		
up to 1 year	11 879	9 884
1 year to 5 years	22 457	25 066
longer than 5 years	17 037	14 321
	51 373	**49 271**

In leasing agreements where economic ownership remains with the lessor (operating leasing), the assets thereby leased are recognised at the lessor. The leasing expenses incurred are recognised as expenses over the term of the leasing contract.

The contracts provide for extension options in some cases, but do not include any purchase options or price adjustment clauses.

The Group has a contingent claim from the State of Baden-Württemberg and the City of Mannheim in connection with a land decontamination measure. The contingent claim has a cash value of Euro 2.0 million.

22 Financial instruments

Financial instruments can be divided into primary and derivative financial instruments.

PRIMARY FINANCIAL INSTRUMENTS: shareholdings, loans, securities, trade receivables, other cash receivables and cash and cash equivalents are reported as financial assets on the asset side of the balance sheet. These are initially measured at cost. Transaction costs are included.

Financial assets are subsequently measured either at fair value or at amortised cost. The subsequent measurement of financial assets in the "financial assets available for sale" category is generally based on their fair values. Pursuant to IAS 39 (2008), changes in fair values are recognised directly in equity, taking due account of deferred taxes. Upon retirement, these are taken into the income statement. The asset is written down through profit or loss in the event of there being any objective indications of impairment. Assets whose fair value cannot be reliably estimated are measured at amortised cost. The subsequent measurement of financial assets in the "loans and receivables granted by the company" and "financial instruments held to maturity" categories has been based on amortised cost, with application of the effective interest rate method where appropriate. The amortised cost of a financial asset is equivalent to the fair value of the consideration provided, adjusted to account for impairments, interest payments and principal repayments. Impairment losses are recognised for any identifiable risks, especially those resulting from expected payment defaults or from a reduction in expected cash flows. Impairment losses are recognised directly in period earnings.

Purchases and sales of financial assets executed on customary market terms are recognised on the date of the transaction, i.e. on the date on which the company assumed the liability to purchase the asset. Purchases and sales executed on customary market terms are purchases or sales requiring transfer of the assets within a period determined by market regulations or conventions.

The fair values of financial instruments traded on organised markets are determined by reference to the bid prices listed on the stock market on the balance sheet date. The fair value of financial instruments for which there is no active market are estimated with due application of valuation techniques.

These methods are based on recent transactions performed on customary market terms, on the current market value of other instruments which are essentially the same instruments, on analysis of discounted cash flows or on option pricing models.

Financial assets are retired when the contractual rights to cash flows from the asset expire or when the financial asset is transferred, provided that all significant risks and rewards relating to ownership of the asset are also transferred and the power to dispose over the asset has been ceded.

Financial debt, trade payables and other liabilities are reported as financial liabilities on the liabilities side of the balance sheet. Financial liabilities are mainly recognised at amortised cost, with application of the effective interest method where appropriate. In the case of financial debt, cost is equivalent to the amount paid out. In the case of trade payables and other liabilities, cost is equivalent to the fair value of the consideration received.

Financial liabilities are retired when the underlying obligation has been met or has terminated or expired.

As in the previous year, no use was made of the option of allocating financial assets and financial liabilities to the "measured at fair value through profit or loss" category.

DERIVATIVE FINANCIAL INSTRUMENTS: Derivative financial instruments mainly include interest rate derivatives, as well as currency and commodity derivatives for electricity, gas and coal. Commodity derivatives are in most cases fulfilled by physical delivery.

Interest rate risks are limited by drawing in particular on interest swaps. These instruments secure the cash flows from interest-bearing non-current financial liabilities by means of cash flow hedge accounting. Forward exchange contracts are concluded in US dollars to secure currency fluctuations in financial coal.

Pending transactions intended to secure market prices in the field of energy trading fall within the scope of IAS 39 (2008) and have to be recognised as financial instruments, while the hedged items (sales contracts) are generally not covered by IAS 39 (2008). The accounting treatment under IAS 39 (2008) relates in particular to commodity futures transactions requiring physical delivery which have to be resold in the context of adjustments to actual loads. This has led to increased earnings volatility.

Swaps also largely falling within the scope of cash flow hedge accounting have been used to limit fluctuations in future cash flows from the gas business resulting from variable market prices. In the field of interest hedges, existing underlying transactions have been included in cash flow hedges with terms of up to nine years as of 30 September 2009. In the field of commodity hedges, the terms of planned hedged items amount to up to three years. Both interest rate hedging instruments and commodity derivatives require net settlements to be paid at contractually fixed dates largely corresponding to the hedged items. The hedging instruments involve swaps which generate cash flows throughout the entire contractual term.

Expenses of Euro 8 664 thousand were recognised directly in equity in the 2008/09 financial year (previous year: income of Euro 3 565 thousand).

The amounts withdrawn from equity in connection with cash flow hedge accounting were as follows:

Euro 000s	**30.9.2009**	30.9.2008
Included in EBIT	1 808	159
Included in financing expenses	– 3 013	1 013
Total amounts withdrawn	**– 1 205**	**1 172**

The ineffective portion of cash flow hedges resulted in income of Euro 114 thousand in the 2008/09 financial year (previous year: Euro 0 thousand). The results of ineffective portions of cash flow hedges are recognised as other operating income or expenses. For interest rate hedges, the results are recognised under other interest income and expenses.

The carrying amounts have been presented and broken down into IAS 39 measurement categories in the following tables. The fair values are basically equivalent to the carrying amounts. The classes presented are based on the measurement categories defined in IAS 39. As in the previous year, there were no reclassifications between IAS 39 measurement categories in the 2008/09 financial year.

Assets

as of 30.9.2008	Not within scope of IFRS 7	Loans and receivables	Held for trading	Available for sale	Derivatives in hedge accounting	Value recognised under IAS 17
Euro 000s	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Financial assets	—	11 781	4 461	122 739	—	35 802
Trade receivables	—	536 142	—	—	—	—
Other receivables and assets	38 138	87 287	414 928	—	11 472	5 070
Cash, cash equivalents and securities	—	97 123	7	—	—	—
	38 138	**732 333**	**419 396**	**122 739**	**11 472**	**40 872**

Liabilities

as of 30.9.2008	Not within scope of IFRS 7	At amortised cost	Held for trading	Derivatives in hedge accounting	Value recognised under IAS 17
Euro 000s	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Financial debt	—	1 231 631	—	—	4 961
Trade payables	—	240 312	—	—	—
Other liabilities	54 409	93 688	313 851	876	—
	54 409	**1 565 631**	**313 851**	**876**	**4 961**

Assets

as of 30.9.2009	**Not within scope of IFRS 7**	**Loans and receivables**	**Held for trading**	**Available for sale**	**Derivatives in hedge accounting**	**Value recognised under IAS 17**
Euro 000s	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Financial assets	75 138	8 580	3 641	42 814	—	48 342
Trade receivables	—	463 294	—	—	—	—
Other receivables and assets	62 657	110 072	375 631	23	573	5 789
Cash, cash equivalents and securities	—	321 170	1 534	—	—	—
	137 795	**903 116**	**380 806**	**42 837**	**573**	**54 131**

Liabilities

as of 30.9.2009	**Not within scope of IFRS 7**	**At amortised cost**	**Held for trading**	**Derivatives in hedge accounting**	**Value recognised under IAS 17**
Euro 000s	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Financial debt	—	1 506 818	—	—	5 937
Trade payables	—	236 816	—	—	—
Other liabilities	65 329	43 367	502 991	8 059	—
	65 329	**1 787 001**	**502 991**	**8 059**	**5 937**

NET RESULTS BY MEASUREMENT CATEGORY: Financial instruments have been recognised in the income statement with the following net results (pursuant to IFRS 7). The interest income and interest expenses in connection with financial assets and financial liabilities not measured at fair value are reported under total interest income and expenses in the following section.

Net results (IFRS 7)

Euro 000s	2008/2009	2007/2008
Financial assets and financial liabilities held for trading	– 254 739	87 627
Financial assets available for sale	3 974	8 456
Loans and receivables	– 15 825	– 5 848
Financial liabilities measured at amortised cost	—	—

The presentation of net results takes due account of standalone derivatives included in the "financial assets and financial liabilities held for trading" measurement category. The net result in the "financial assets and financial liabilities held for trading" category is largely attributable to fair value measurement under IAS 39.

The net result in the "available for sale" category chiefly involves income and distributions from shareholdings, as well as disposal gains and write-downs.

The net results in the "loans and receivables" category predominantly relate to write-downs and additions.

The development in financial liabilities measured at amortised cost is attributable to the total interest income and expenses presented below.

The write-downs undertaken on financial assets in the "available for sale" category amounted to Euro 578 thousand in the 2008/09 financial year (previous year: Euro 1 997 thousand). Financial assets amounting to Euro 16 991 thousand were written down in the "loans and receivables" category (previous year: Euro 8 560 thousand).

Total interest income and expenses

Euro 000s	2008/2009	2007/2008
Total interest income	9 805	9 407
Total interest expenses	77 152	71 125

Total interest income and expenses are attributable to financial assets and financial liabilities not measured at fair value. The net financing result also includes interest components for provisions not covered by IFRS 7 disclosure requirements, as a result of which the figures published here differ from the net financing result. The interest income reported here mainly results from credit balances at banks, overnight and fixed-term deposits and loans. The interest expenses largely relate to loan obligations. As in the previous year, total interest income does not include any interest on financial assets already impaired.

FINANCING AND PRICE RISKS: General information on financing and price risks: The MVV Energie Group is exposed to market price risks resulting from changes in interest rates and exchange rates, as well as in other prices. The Group is exposed to commodity price risks in terms of its procurement and sales activities. Furthermore, the MVV Energie Group is subject to credit risks resulting in particular from trade receivables. Moreover, the Group also faces liquidity risks in connection with credit and market price risks or with a deterioration in its operating business or disturbances on financial markets. Financing risks include liquidity and interest rate risks, as well as receivables default risks and risks resulting from non-compliance with key figures agreed in connection with the taking up of debt capital (financial covenants).

Market price risks result in particular from fluctuations in prices on the energy markets, as well as from changes in interest rates. Apart from the US dollar, exchange rate risk is of subordinate significance for the MVV Energie Group. This is due to the international commitments of the MVV Energie Group not being classified as material. The US dollar is the most important foreign currency at the Group, as this is the currency used to settle all key raw materials and fuels. The MVV Energie Group pursues the objective of covering itself against risks by means of systematic risk management. To this end, discretionary frameworks, responsibilities, separation of functions and checks are laid down on the basis of internal guidelines.

Derivative financial instruments are used to cover against market price risks. For interest rate risks, these mainly involve interest swaps. Commodity derivatives are deployed in the field of energy trading. The use of commodity derivatives for proprietary energy trading purposes is only permitted within narrow limits and is restricted and monitored by separate organisational units.

CREDIT RISKS: The risk of economic loss arising as a result of a counterparty failing to meet its contractual payment obligations is defined as credit risk. Credit risk encompasses both the risk of direct default and the risk of reduced creditworthiness. The MVV Energie Group maintains its credit and trading relationships predominantly with banks and other trading partners of impeccable creditworthiness. Credit risks towards contractual partners are inspected upon conclusion of the contract and monitored continuously. Credit risk is limited by setting trading limits for business partners and, where appropriate, by the provision of cash collateral. Where possible, default risk is already reduced in advance by means of suitable framework agreements with trading partners.

The MVV Energie Group is exposed to credit risks in its sales business, as customers may potentially fail to meet their payment obligations. This risk is limited by regularly inspecting the creditworthiness of major items in our customer portfolio.

The maximum default risk for the financial assets reported in the balance sheet (receivables, derivatives and other assets, as well as cash and cash equivalents and assets held for sale) is equivalent to their carrying amounts. The volume of defaults was immaterial both in the year under report and the previous year.

As derivatives may be subject to substantial fluctuations in their fair values, the counterparty risk of the derivative financial assets has been presented in the following overview. In general, only recognised accounts have been included. Where netting agreements are in place with a trading partner, the actual risk, i.e. the net risk, has been presented. No account has been taken of counterparties with negative net balances, i.e. where there is no counterparty risk. In all other cases, the figures have not been netted against negative fair values.

Counterparty risk at 30.9.2009

in Euro 000s	Total		of which < 1 year		of which 1 – 5 years		of which > 5 years	
Counterparty rating as per Standard & Poor's and/or Moody's	Nominal value	Counter-party risk	Nominal value	Counter-party risk	Nominal value	Counter-party risk	Nominal value	Counter-party risk
AAA and Aaa to AA- and Aa3	4 112	291	2 826	127	1 286	164	—	—
AA- and A1 or A+ and Aa3 to A- and A3	1 172 425	11 386	844 677	8 916	327 605	2 467	143	3
A- and Baa1 or BBB+ and A3 to BBB- or Baa3	26 721	2 287	21 857	986	4 864	1 301	—	—
BBB- and Ba1 or BB+ and Baa3 to BB- and Ba3	—	—	—	—	—	—	—	—
Other	1 381 384	30 778	876 187	8 126	505 197	22 652	—	—
	2 584 642	**44 742**	**1 745 547**	**18 155**	**838 952**	**26 584**	**143**	**3**

Counterparty risk at 30.9.2008

in Euro 000s	Total		of which < 1 year		of which 1 – 5 years		of which > 5 years	
Counterparty rating as per Standard & Poor's and/or Moody's	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk	Nominal value	Counterparty risk
AAA and Aaa to AA- and Aa3	184 637	20 759	130 388	16 083	54 249	4 676	—	—
AA- and A1 or A+ and Aa3 to A- and A3	1 552 153	67 347	964 104	18 841	579 627	48 261	8 422	245
A- and Baa1 or BBB+ and A3 to BBB- or Baa3	19 103	—	10 196	—	8 907	—	—	—
BBB- and Ba1 or BB+ and Baa3 to BB- and Ba3	—	—	—	—	—	—	—	—
Other	1 193 452	38 858	643 496	14 688	549 956	24 170	—	—
	2 949 345	**126 964**	**1 748 184**	**49 612**	**1 192 739**	**77 107**	**8 422**	**245**

The major share of the nominal derivative volume involves trading partners for which external ratings are available. Internal ratings are available for the nominal derivative volumes reported under "Other".

Due to clearing agreements, there was no credit risk as of 30 September 2009 for trading transactions concluded with stock exchanges with a nominal value of Euro 459 090 thousand (previous year: Euro 496 549 thousand).

LIQUIDITY RISKS: Liquidity risk involves the risk of a company not being able to meet its financial obligations adequately. The MVV Energie Group is subject to liquidity risks as a result of its obligation to meet its liabilities in full and on time, as well as its obligation to service security payments (margins) from energy trading partners. Cash and liquidity management at the MVV Energie Group is responsible for maintaining the Group's solvency at all times. This involves calculating all cash requirements and all cash surpluses. The major subgroups have a cash pooling process which enables bank transactions to be reduced to a reasonable limit.

A financial budget is compiled for liquidity management purposes. Any financing requirements arising are covered by means of suitable liquidity management instruments. Alongside the liquidity available on a daily basis, the MVV Energie Group has further liquidity reserves in the form of committed credit lines. The volume of committed credit lines available was extended in the period under report to provide the Group with additional liquidity reserves in the difficult market climate resulting from the international financial market crisis. In view of its available liquidity and existing credit lines, the MVV Energie Group does not see itself as being exposed to any major liquidity risks.

Group companies within the MVV Energie Group are generally refinanced by local banks of impeccable creditworthiness, as well as by MVV Energie AG.

Contractually agreed outflows of funds for financial liabilities are presented in undiscounted form in the table below. The figures include the corresponding interest payments.

Undiscounted cash flows	**as of 30.9.2009**			as of 30.9.2008		
Euro 000s	**Maturities < 1 year**	**Maturities 1 – 5 years**	**Maturities > 5 years**	Maturities < 1 year	Maturities 1 – 5 years	Maturities > 5 years
Non-derivative financial liabilities						
Liabilities to banks	340 099	831 405	371 064	227 026	626 990	380 399
Liabilities in connection with finance leases	1 265	4 765	1 996	946	3 479	2315
Trade payables	236 816	—	—	240 312	—	—
Other financial debt	151 523	18 065	47 828	138 190	15 979	61 353
Other financial liabilities	39 137	3 928	302	91 789	1 555	344
Derivative financial liabilities	506 975	1 237 491	84	938 883	673 462	1 140
	1 275 815	**2 095 654**	**421 274**	**1 637 146**	**1 321 465**	**445 551**

INTEREST RATE RISKS: Interest rate risks relate to credit balances at banks on the asset side and to floating-rate liabilities to banks on the liabilities side of the balance sheet. Apart from these items, interest rate risks chiefly involve derivatives in the form of swap transactions. The interest rate risks mainly relate to the euro area.

The impact of changes in interest rates on annual earnings and equity are analysed below. This analysis has been based on the assumption that there are no changes in any other parameters, such as exchange rates. The analysis only includes financial instruments where interest rate risk could impact on equity or annual earnings. Reference has been made in the analysis to the median value of changes in the current yield in the past ten years.

Any upward or downward variance in the level of interest rates in the euro area by 10 % as of the balance sheet date on 30 September 2009 would have increased / decreased the annual net surplus by a total of Euro 218 thousand / Euro 189 thousand (previous year: Euro 0 / Euro 0). This variance would have increased / reduced equity by a total of Euro 1 241 thousand / Euro 1 193 thousand (previous year: Euro 716 thousand / Euro 735 thousand).

FOREIGN CURRENCY RISKS: Foreign currency risks mainly arise in the context of procuring raw materials and fuels settled in US dollars on international markets. These are procured by means of commodities futures intended to secure the commodity and fuel requirements known of at a given point in time. The resultant payment obligations in US dollars whose amounts and maturities are already known when the commodities futures are agreed are subject to foreign currency risk. The major part of this risk is eliminated by concluding forward exchange contracts congruent with the cash flows in US dollars.

COMMODITY PRICE RISKS: Within the framework of our energy trading activities, energy trading contracts are concluded for the purposes of price risk management, adjustments to actual loads and margin optimisation. These proprietary trading contracts primarily serve economic hedging purposes and are only permitted within narrow, clearly defined limits.

Price change risks mainly arise in connection with the procurement and sale of electricity and gas and the procurement of coal and emissions rights. These price risks are hedged with suitable financial instruments with reference to continuously reviewed market price expectations. The Group made use of derivative hedging instruments during the year under report. The hedging instruments used mainly involved forwards, futures, swaps and options.

The sensitivity involved in the measurement of electricity, coal, gas and emissions rights derivatives is analysed in the following section. The analysis has been based on the assumption that there are no changes in other parameters and that there is a high degree of mutual dependency between individual commodities. The analysis only includes derivatives for which fluctuations in market values could impact on equity or on annual earnings. These involve derivatives requiring mandatory recognition. The analysis does not include derivatives earmarked for the physical delivery of non-financial items in line with the company's expected proprietary procurement, sale or utilisation (own use). These do not require recognition under IAS 39. The sensitivities set out below therefore do not correspond to the actual economic risks and merely serve to meet IFRS 7 disclosure requirements.

If the market price at the balance sheet date on 30 September 2009 had been 10 % higher / lower (previous year: 10 %), then this would have increased / decreased the annual net surplus by Euro 36 850 thousand / Euro 37 888 thousand (previous year: Euro 34 747 thousand / Euro 34 409 thousand). Equity would have increased / reduced by Euro 37 098 thousand / Euro 38 136 thousand as of the same date (previous year: Euro 35 838 thousand / Euro 35 500 thousand).

The following table depicts the nominal volumes and fair values of the derivatives used:

Nominal volumes and fair values

	as of 30.9.2009			as of 30.9.2008		
Euro 000s	Nominal volumes		Fair values	Nominal volumes		Fair values
	Total	with remaining terms of more than 1 year		Total	with remaining terms of more than 1 year	
Interest derivatives	237 793	122 147	– 8 804	286 178	247 530	2 769
Commodity derivatives	3 374 005	1 382 719	– 123 241	3 950 207	1 979 491	108 904
Currency derivatives	39 905	17 775	– 2 801	—	—	—
	3 651 703	**1 522 641**	**– 134 846**	**4 236 385**	**2 227 021**	**111 673**

Interest derivatives almost exclusively involve interest swaps. The currency derivatives are intended to hedge financial coal in US dollars.

Commodity derivatives can be subdivided as follows:

Commodity derivatives

	30.9.2009		30.9.2008	
Euro 000s	Nominal volumes	Fair values	Nominal volumes	Fair values
Commodity derivatives				
Electricity	3 242 805	– 85 159	3 826 852	82 263
Coal	16 982	– 14 547	57 209	22 250
Gas	114 218	– 23 535	66 146	4 391
	3 374 005	**– 123 241**	**3 950 207**	**108 904**
Commodity derivatives				
Futures	3 354 039	– 110 019	3 725 157	72 106
Swaps	19 966	– 13 222	220 442	36 775
Swaptions	—	—	4 608	23
	3 374 005	**– 123 241**	**3 950 207**	**108 904**

The positive fair values amounting to Euro 376 204 thousand (previous year: Euro 426 400 thousand) were not offset by any margining liabilities (previous year: Euro 44 386 thousand). These are reported under other liabilities. The negative fair values amounting to Euro 511 050 thousand (previous year: Euro 314 181 thousand) are countered by cash collateral amounting to Euro 91 416 thousand (previous year: Euro 11 396 thousand).

Notes on the Income Statement

23 Sales after electricity and natural gas taxes

Sales include all revenues generated by the typical business activities of the Group. They are recognised upon the transfer of significant risks and rewards to customers or upon performance of the respective services, provided that payment can reliably be expected. The composition of sales broken down into individual segments can be found in the segment report under Note 36.

24 Own work capitalised

Own work capitalised chiefly involves construction and expansion measures relating to distribution grids and power plants.

25 Other operating income

Other operating income

Euro 000s	**2008/2009**	2007/2008
Income		
from energy trading transactions recognised under IAS 39	195 418	374 286
from reversals of provisions	30 885	19 648
from emissions rights	27 208	4 231
from sales of assets	12 761	3 163
from agency agreements and personnel supplies	8 221	6 544
from credits and refunds	5 758	1 567
from benefits to employees	2 500	2 529
from collections of outstanding receivables	2 497	2 467
from foreign currency effects	2 354	1 420
from rental agreements	1 985	1 741
from reimbursements of damages claims	1 575	4 458
from reversals of debit differences upon initial consolidation	1 339	—
from IT services and telecommunications	1 315	373
from reversals of write-downs and receipts on receivables already retired	1 165	2 712
Other	22 247	26 908
	317 228	**452 047**

Other operating income includes positive valuation items relating to energy trading transactions requiring measurement under IAS 39 (2008). Valuation items relating to energy trading transactions have been reported on a gross basis. This valuation-dependent income is offset by corresponding expenses.

The increase in income from reversals of provisions was mainly due to a review of the chances of success in legal disputes and to the non-utilisation of provisions for personnel-related measures.

The other operating income from emissions rights is countered by other operating expenses partly compensating for this item. This income arises from the sale of emissions certificates above cost of acquisition or from the conclusion of derivative swap transactions.

The increase in income from sales of assets was chiefly due to the disposal of two gas grids and one gas storage facility.

The income from reversals of debit differences (badwill) was attributable to the initial consolidation of Českolipská teplárenská a.s., Česká Lípa, Czech Republic.

26 Cost of materials

Cost of materials

Euro 000s	**2008/2009**	2007/2008
Raw materials, supplies and purchased goods	2 038 359	1 555 873
Purchased services	305 204	276 503
	2 343 563	**1 832 376**

The cost of materials includes write-downs on raw materials and supplies amounting to Euro 730 thousand (previous year: Euro 1 108 thousand). Write-backs of raw materials and supplies due to increased net disposal prices are also included at Euro 0 thousand (previous year: Euro 609 thousand).

Expenses for purchased services mainly relate to expenses for grid utilisation fees, third-party services for operating and maintaining plant and the provision of personnel.

The rise in cost of materials is primarily due to the increase in energy procurement costs.

27 Personnel expenses

Personnel expenses

Euro 000s	2008/2009	2007/2008
Wages and salaries	251 028	238 342
Social security expenses and welfare expenses	45 112	42 223
Pension expenses	18 046	24 335
	314 186	**304 900**

The MVV Energie Group had an annual average of 5 908 employees (previous year: 6 180). This figure includes 418 trainees (previous year: 388). Of the total workforce, 675 individuals were employed at proportionately consolidated companies (previous year: 1 022). The reduction in the number of employees was chiefly due to the sale of KPEC Komunalne Przedsiebiorstwo Energetyki Cieplnej Sp. z o.o., Bydgoszcz, Poland, as well as to the deconsolidation of the Polish subgroup in the 2007/08 financial year.

The decline in pension expenses was principally due to the provisions, particularly for benefits in kind, recognised in the previous year.

28 Other operating expenses

Other operating expenses

Euro 000s	2008/2009	2007/2008
Expenses for energy trading transactions recognised under IAS 39	423 975	286 128
Concession duty	56 655	56 915
Expenses for emissions rights	25 669	—
Contributions, fees and duties	23 737	23 649
Legal, consulting and surveyor expenses	18 327	16 922
Maintenance, repair and IT service expenses	18 097	5 738
Additions to write-downs and receivables defaults	16 991	8 487
Rental and leasing expenses	16 312	16 916
Public relations expenses	12 473	12 347
Personnel and welfare expenses	12 416	12 889
Operating taxes (including energy taxes)	9 834	5 454
Losses incurred sales of assets	6 879	8 003
Expenses for foreign currency effects	2 633	675
Accounting and year-end expenses	1 581	2 145
Office materials and specialist literature	1 370	1 682
Business hospitality	595	475
Damages expenses	389	587
Other	37 291	34 579
	685 224	**493 591**

Other operating expenses include negative valuation items relating to energy trading transactions requiring measurement under IAS 39 (2008). Valuation items relating to energy trading transactions have been reported on a gross basis. These valuation-dependent expenses are countered by other operating income partly offsetting this item.

The figures stated have been supplemented to include expenses for emissions rights. The previous year's figures have been adjusted accordingly. The other operating expenses for emissions rights are countered by other operating income partly offsetting this item. These expenses arise from the sale of emissions certificates below cost of acquisition or from the conclusion of derivative swap transactions.

The increase in maintenance, repair and IT service expenses was chiefly due to IT consulting services procured externally in connection with projects.

The increase in write-downs and receivables defaults was mainly due to a change in the write-down concept used. Reference is made to the information provided under Note 8.

The information stated for operating taxes has been extended to include energy taxes attributable to own use. In the previous year, these were still included in other operating expenses.

29 Income from associates and other income from shareholdings

Income from associates

Euro 000s	2008/2009	2007/2008
Income from associates	4 287	—
Income from other shareholdings	3 800	7 910
Income from sales of financial assets	782	1 928
Income/expenses from assumption of results	– 29	615
Write-downs on other shareholdings	– 42	– 1 997
	8 798	**8 456**

30 Depreciation and amortisation

Depreciation and amortisation

Euro 000s	2008/2009	2007/2008
Depreciation and amortisation	146 033	149 438
of which extraordinary	1 004	5 248

Extraordinary depreciation and amortisation mainly related to adjustments to current market values amounting to Euro 835 thousand for buildings (previous year: Euro 3 071 thousand), to Euro 24 thousand for technical equipment and machinery (previous year: Euro 1 772 thousand) and to Euro 145 thousand for plant and office equipment. This was necessary due to adjustments to market conditions or to a reduction in the income expected from future use.

31 Restructuring expenses

In September 2009, the MVV Energie Group approved a new strategic alignment for the Group on the basis of its MVV 2020 strategy project. Among other measures, the implementation of the new strategy requires a realignment of the energy-related services subgroup. To this end, a restructuring plan was compiled and approved before the end of the year under report. This aims to achieve sustainable efficiency and earnings enhancements at the energy-related services subgroup.

Restructuring plans trigger event-specific impairment tests under IAS 36. These made it necessary to post impairment losses in the past financial year.

The restructuring expenses for the current 2008/09 financial year mainly involve impairments of assets. Moreover, other items have also arisen within the restructuring plan and have been recognised as provisions for restructuring. The restructuring expenses amount to Euro 32 952 thousand in total.

32 Financing income

Financing income

Euro 000s	**2008/2009**	2007/2008
Interest income from finance leases	2 497	2 220
Interest income from minority ownership of commercial partnerships	2 152	—
Interest income from current account, overnight and fixed-term deposits	1 488	3 362
Write-backs to securities	479	—
Income from general loans	182	605
Other interest and similar income	3 594	3 220
	10 392	**9 407**

The information stated for the previous year has been extended to include interest income from overdraft, overnight and fixed-term deposits. In the previous year, these were still reported under other interest and similar income. The previous year's figures have been adjusted accordingly.

The measurement of minority ownership of commercial partnerships resulted for the first time in interest income of Euro 2 152 thousand in the 2008/09 financial year. Corresponding interest expenses were reported in the previous year.

33 Financing expenses

Financing expenses

Euro 000s	**2008/2009**	2007/2008
Interest expenses on overdraft facilities, non-current and current loans	51 663	48 080
Kiel put option	12 740	10 231
Compounding of provisions	6 288	5 540
Write-downs on securities	69	531
Interest expenses from minority ownership of commercial partnerships	—	3 866
Write-downs on current loans	—	73
Interest and similar expenses	13 453	8 948
	84 213	**77 269**

The information for the previous year has been extended to include interest expenses on overdraft facilities, non-current and current loans. In the previous year these were still shown under interest and similar expenses. The interest expenses recognised for the valuation of minority ownership of commercial partnerships in the 2007/08 financial year were countered by corresponding interest income in the 2008/09 financial year.

34 Taxes on income

Taxes on income

Euro 000s	**2008/2009**	2007/2008
Actual taxes	36 808	55 581
Deferred taxes	– 58 182	28 183
	– 21 374	**83 764**

Current tax expenses include the trade and corporate income tax charge, as well as foreign taxes on income.

Of deferred tax income, an amount of Euro 55 million relates to the arising and / or reversal of temporary differences (previous year: Euro 27.5 million). The difference to overall deferred tax income is due to the change in the write-down on losses carried forward and the utilisation through profit or loss of losses carried forward.

Actual tax expenses were reduced by Euro 1 million by using tax losses not previously recognised (previous year: Euro 416 thousand).

The transition from expected tax expenses to those actually reported is presented in the following table:

Transition to income tax rate

Euro 000s	2008/2009	2007/2008
Earnings before taxes (EBT)	**–96 386**	**268 780**
Expected tax expenses based on tax rate of 30 %	**–28 916**	**80 634**
Deviations resulting from trade tax assessment base	5 587	3 328
Income from capitalisation of corporate income tax credit claims	—	—
Deviations from expected tax rate	–1 451	–1 483
Change in tax rate and tax legislation	—	–283
Change in write-downs for losses and losses for which no deferred taxes are recognised	3 209	–1 598
Non-deductible expenses	1 855	3 904
Tax-exempt income	–2 270	–2 572
Earnings of shareholdings recognised at equity	258	—
Non-deductible goodwill amortisation and other consolidation measures	2 085	–2 889
Non-deductible items resulting from application of IAS 32 (2003)	3 822	4 229
Taxes for previous years	–4 376	225
Effect of equity procurement expenses	—	819
Other	–1 177	–550
Effective tax expenses	**–21 374**	**83 764**
Effective tax rate in %	**22.2**	**31.2**

35 Share of earnings attributable to shareholders in MVV Energie AG and earnings per share

Share of earnings attributable to shareholders in MVV Energie AG

	2008/2009	2007/2008
Share of earnings attributable to shareholders in MVV Energie AG (Euro 000s)	–75 713	169 957
Number of shares (weighted annual average in thousands)	65 907	65 297
Earnings per share (Euro)	–1.15	2.60
Dividend per share (Euro)	0.90	0.90

The number of individual registered shares of MVV Energie AG amounts to 65 906 796. The weighted annual average is calculated to the nearest day.

The dividend for the 2008/09 financial year is based on the proposal made by the Executive Board and is subject to approval by the Annual General Meeting on 12 March 2010. This proposal involves the distribution of a dividend totalling Euro 59 316 thousand. The appropriation of earnings proposed for the 2007/08 financial year was approved by the Annual General Meeting on 13 March 2009. A total dividend of Euro 59 316 thousand was distributed. As there were no option rights to shares in MVV Energie AG at the balance sheet date, it is not necessary to account for any dilution effects.

36 Segment reporting

The segmentation of the MVV Energie Group has been based on the internal reporting structures to the Executive Board and the Supervisory Board. Of segment sales with external customers, 96.8 % were generated in Germany (previous year: 95.5 %). The total carrying amount of the assets located in Germany amounts Euro 3 728 259 thousand, or 94.3 % of total assets (previous year: Euro 3 617 290 thousand or 95.5 %). The MVV Energie Group does not exceed the limits set out in IAS 14.69 in terms of its volume of sales, assets and investments and has therefore foregone disclosures on geographical segmentation.

The electricity segment includes the value creation stages 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). Alongside the activities of the MVV Energiedienstleistungen subgroup, the value-added services segment also includes the value-added services business at the municipal utility companies, and in particular the shared service companies for IT, billing and metering. The environmental energy segment includes the activities relating to the generation of energy from waste (municipal and private waste) and from waste timber.

The other / consolidation line item depicts both consolidation items and those activities not allocable to the business segments. The carrying amounts of shareholdings are also reported in the segment earnings and segment assets of the other / consolidation section in cases where they largely cannot be allocated to one of the business segments.

Internal sales represent the volume of sales between the group companies. Transfer prices applied to transfers between the segments correspond to customary market prices. Segment sales are equivalent to the sum of internal and external sales.

Operating earnings (EBIT) have been selected to represent segment earnings. We have refrained from depicting the transition to unappropriated net profit in our segment report as this is already presented in the income statement.

Other non-cash expenses principally relate to additions to write-downs on receivables and to non-current provisions.

Segment assets and segment liabilities represent the gross assets and gross liabilities of the respective business segments, excluding any times which cannot be allocated. Unallocable items mainly involve current and deferred income taxes, cash and cash equivalents, financial receivables and financial debt.

37 Cash flow statement

The cash flow statement portrays the flow of funds from operating activities, investing activities and financing activities. The cash flows from investing and financing activities have been calculated directly. The cash flow from operating activities, by contrast, has been derived indirectly.

Inflows of funds from the acquisition and disposal of consolidated companies are included in the cash flow from investing activities. The cash and cash equivalents thereby acquired (disposed of) have been offset against payments made for the acquisition (proceeds from the divestment).

The structure of the cash flow statement has been amended compared with the annual financial statements as of 30 September 2008. 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 for the 2008/09 financial year is only slightly lower than the previous year’s figure, as the decline in earnings (EBT) was compensated for by increased depreciation and amortisation, mainly in connection with asset impairments at the energy-related services subgroup. The most significant year-on-year changes are to be found in the net surplus before taxes on income and in other non-cash income and expenses. These are due to the IAS 39 valuation and are eliminated in the context of changes in working capital.

The decline in the cash flow from operating activities was due to a substantial increase in income tax payments. This effect was exacerbated by the decline in current provisions. The changes in other assets and liabilities were largely due to non-cash changes, mainly as a result of the derivatives recognised in the accounts (IAS 39 valuation). The high volume of cash flow before working capital and taxes meant that the cash flow from operating activities was positive overall.

As a result of increased investments in intangible assets, property, plant and equipment and investment property, the free cash flow of the MVV Energie Group declined compared with the previous year. The negative cash flow from investing activities also reduced slightly compared with the previous year. The main changes in this respect were the lower volume of investments in financial assets and the inflow of funds from the sale of the Polish subgroup, which was already reported as available for sale in the previous year.

Due to increased borrowing, the cash flow from financing activities was markedly positive. This factor was opposed by the higher dividend payment and increased interest payments. The cash flow from financing activities for the 2007/08 financial year was significantly affected by the capital increase.

38 Capital management

MVV Energie AG is not subject to any statutory minimum capital requirements, but pursues its internal objective of using effective financial management to maintain its equity ratio at a level necessary to attain a good rating in the banking market. This enables the costs of capital to be optimised.

The equity ratio represents consolidated shareholders’ equity as a proportion of total assets. Shareholders’ equity consists of share capital, capital reserves, retained earnings, the respective unappropriated net profit and minority interests.

Measures to comply with the targeted equity ratio initially take place within the business planning process and within the framework of investment budgeting in the case of major (unplanned) investment measures. By issuing shares, the company is able to adjust its equity base to requirements.

The key figure used in the value-based management of the company and the capital management thereby required is the value spread. This key figure is calculated as the difference between the period-based return on capital employed (ROCE) and the weighted average cost of capital (WACC).

There have been no changes in underlying capital management requirements compared with the previous year.

39 Related party disclosures

Business transactions performed between the parent company and its consolidated subsidiaries, which constitute related parties, are not outlined in this section, as they have been eliminated in the course of consolidation.

The City of Mannheim is the sole shareholder of MVV GmbH. MVV GmbH owns 99.99 % of the shares in MVV Verkehr AG, which in turn has a 50.1 % shareholding in MVV Energie AG. The City of Mannheim and the companies it controls therefore represent related parties as defined in IFRS.

Numerous contractually agreed legal relationships are in place between companies of the MVV Energie Group and the City of Mannheim and the companies which it controls (electricity, gas, water, district heating supply agreements, rental, leasing and service agreements). Moreover, there is also a concession agreement between MVV Energie AG and the City of Mannheim.

Related party disclosures

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses					
Euro 000s	**2008/2009**	2007/2008	**2008/2009**	2007/2008	**30.9.2009**	30.9.2008	**30.9.2009**	30.9.2008
Abfallwirtschaft Mannheim	285	754	6 208	3 597	283	282	2 656	—
ABG Abfallbeseitigungs-gesellschaft mbH	30 605	23 608	5 213	3 474	5	26	2 463	8
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 502	10 038	83	35	2 651	2 059	1 828	—
m:con – Mannheimer Kongress- und Touristik GmbH	3 186	3 985	557	3 175	8 265	5 676	—	—
MVV GmbH	1 072	925	2 269	2 293	156	164	38 933	38 991
MVV OEG AG	531	445	1	—	100	52	—	—
MVV Verkehr AG	1 042	1 769	51	60	946	1 079	7	1
Rhein-Neckar-Verkehr GmbH	7 920	7 554	432	—	5 567	5 384	678	—
Stadtentwässerung Mannheim	1 400	2 968	963	1 671	539	966	151	—
City of Mannheim	10 632	13 902	19 891	21 039	5 489	1 445	74	19
Other companies controlled by the City of Mannheim	4 675	9 108	232	92	1 292	5 171	1 001	151
Associates	43 915	—	172 266	—	3 885	—	10 808	—
Proportionately consolidated companies	55 602	77 723	9 086	22 181	21 571	3 861	4 718	4 135
Other majority shareholdings	5 294	7 972	6 239	5 224	7 733	9 981	3 085	4 745
Total	**176 661**	**160 751**	**223 491**	**62 841**	**58 482**	**36 146**	**66 402**	**48 050**

The supply and service relationships with companies affiliated to MVV Energie AG in most cases involve unilateral supply and service relationships. The supply and service relationships with the City of Mannheim have mainly been offset against the relevant concession duties in the presentation. The concession duties to the City of Mannheim amounted to Euro 19 746 thousand (previous year: Euro 19 891 thousand). For reasons of transparency, the overview of relationships with related parties has been extended to include disclosures on companies in which majority shareholdings are held. The corresponding figures for the previous year have been supplemented. Furthermore, the business transactions relevant to the first-time recognition of associates by way of equity consolidation have been listed.

All business agreements have been concluded on customary market terms and are basically analogous to the supply and service agreements concluded with other companies. MVV Energie AG has compiled a dependent company report in accordance with § 312 of the German Stock Corporation Act (AktG) for the financial year ending on 30 September 2009.

The Executive Board received total compensation of Euro 1 901 thousand in the year under report. This was structured as follows:

Compensation

Euro 000s	Fixed[1]	Variable	Board compen-sation[2]	Total
Dr. Georg Müller[3]	336	174	11	521
Matthias Brückmann	274	181	9	464
Dr. Werner Dub	263	181	16	460
Hans-Jürgen Farrenkopf	266	181	9	456
Total	**1 139**	**717**	**45**	**1 901**

1 including allowances for pension insurance, health insurance, nursing care insurance, voluntary contributions to employers' mutual insurance association and non-cash benefits, as well as the CEO allowance of Euro 131 thousand for Dr. Georg Müller

2 supervisory board activities at shareholdings

3 since joining the company on 1 January 2009

The members of the Executive Board of MVV Energie AG also acted as executive board members of MVV RHE AG. Since that company's conversion into a limited company (GmbH), entered in the Commercial Register on 13 January 2009, they have acted as managing directors of MVV RHE GmbH. Moreover, Dr. Werner Dub was managing director of MVV GmbH from 1 October 2008 until 31 December 2008.

The costs of the work performed in these functions were charged on to the associate companies.

Variable compensation is calculated on the basis of two components: the annual net surplus of the MVV Energie Group after minority interests pursuant to IFRS adjusted for extraordinary items under IAS 39, and the ROCE (Return on Capital Employed). A suitable cap is in place.

No compensation components of a long-term incentive nature were granted in the year under report.

No further payments were either committed or made by third parties.

Upon reaching retirement age, the members of the Executive Board are entitled to receive pension benefits amounting to a certain percentage of their fixed compensation. This percentage rises by 2 % for every full year of service up to a maximum value of 70 % of fixed compensation. Pension payments are reduced by income earned elsewhere, benefits received under the state pension scheme and any other pension benefits attributable at least in half to employers' contributions. If the pension benefits are claimed prematurely, then the monthly pension paid is reduced by 0.5 % for every month by which the claimant falls short of the applicable retirement age.

In the event of any partial reduction in the employee's working capacity, partial reduction in working capacity due to occupational disability or total inability to work, the pension benefit amounts to 55 % of the employee's fixed compensation and rises by 1 % for every full year of service up to a maximum of 70 %. One component of the pension scheme involves a claim to provision for surviving dependents.

The pension obligations are structured as follows:

Pension obligations

Euro 000s	Value of final pension[1]	Benefit percentage[2]	Benefit percentage[3]	Allocation to pension provision	
				Service cost	Interest expense
Dr. Georg Müller	192	36 %	68 %	160	—
Matthias Brückmann	144	52 %	70 %	106	12
Dr. Werner Dub	98	58 %	66 %	104	53
Hans-Jürgen Farrenkopf	111	60 %	66 %	162	56
Total	**545**			**532**	**121**

1 achievable claim to retirement pension aged 63, taking due account of amounts deducted
2 total percentage pension rate achieved for retirement pension
3 benefit percentage achievable by the age of 63

Former members of the Executive Board received benefits of Euro 332 thousand in the year under report. Provisions totalling Euro 5 488 thousand have been stated for pension obligations towards former members of the Executive Board. A total of Euro 291 thousand was allocated to this item in the financial year.

Pursuant to IAS 24, related parties also include management staff performing key functions. Alongside the Executive Board, at the MVV Energie Group these also include active heads of division and authorised company representatives of MVV Energie AG. This group of persons receives its compensation exclusively from MVV Energie AG. Compensation totalling Euro 2 473 thousand was paid to this group of persons in the year under report, with the predominant share (Euro 2 381 thousand) involving payments with current maturities.

Senior employees receive a company pension amounting to up to 8.6 % of their fixed compensation. This exclusively takes the form of a defined contribution plan. Within the channels of execution offered within the Group, senior employees can determine which biometric risks they would like to cover. Total expenses incurred for the aforementioned compensation schemes amounted to Euro 93 thousand in the year under report.

The members of the Supervisory Board received annual compensation of Euro 10 thousand each in the 2008/09 financial year, with the Chairman of the Supervisory Board receiving twice and his deputy one and a half times this figure. The Chairman of the Audit Committee received additional annual compensation of Euro 5 thousand and the other members of this committee received additional annual compensation of Euro 2.5 thousand.

Moreover, up to and including March 2009 a meeting allowance of Euro 300 was paid per person per meeting of the full Supervisory Board and of the committees. By resolution dated 13 March 2009, the Annual General Meeting raised the allowance for participating in meetings of the Supervisory Board and of Supervisory Board committees to Euro 1 000. The Chairman of the Supervisory Board receives double the meeting allowance for meetings of the Supervisory Board, as does the Chairman of the Audit Committee for meetings of the Audit Committee. Total compensation amounted to Euro 358 thousand.

The members of the Supervisory Board and the Executive Board have been presented in a separate overview.

40 Auditor’s fee

The following fees were recognised as expenses for the services performed by the auditor of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart (previous year: Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Mannheim), in the 2008/09 financial year:

Auditor’s fee

Euro 000s	**2008/2009**	2007/2008
Audit	788	818
Other auditing services	20	153
Tax advisory services	42	1
Other services	531	484
	1 381	**1 456**

41 Declaration of Conformity (§ 161 AktG)

The Executive Board and Supervisory Board of MVV Energie AG have submitted their Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and have made it available to the company's shareholders.

The complete declaration has been published on the internet at **www.mvv-investor.de.**

42 Information on concessions

In addition to the concession between the City of Mannheim and MVV Energie AG (please see Note 39 "Related party disclosures"), further concessions have also been concluded between companies of the MVV Energie Group and local and regional authorities. The remaining terms range from three to 21 years. In these agreements, responsibility has been assigned for operating the respective supply networks and providing for their maintenance. Should these agreements not be extended upon expiry, the facilities for supplying the respective utility service must be taken over by the municipalities upon payment of commensurate compensation.

43 Events after the balance sheet date

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

Mannheim, 27 November 2009

MVV Energie AG

Executive Board

Dr. Müller Brückmann Dr. Dub Farrenkopf

Responsibility Statement

"We affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group in accordance with applicable accounting principles and the group management report provides 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."

Mannheim, 27 November 2009

MVV Energie AG

Executive Board

Dr. Müller Brückmann Dr. Dub Farrenkopf

Directors & Officers

Executive Board of MVV Energie AG

Dr. Georg Müller
(since 1 January 2009)
Chairman
Commercial Director

Matthias Brückmann
Sales

Dr. Werner Dub
Technology

Hans-Jürgen Farrenkopf
Personnel

Supervisory Board of MVV Energie AG

Dr. Peter Kurz
Chairman
Lord High Mayor of City of Mannheim

Manfred Lösch[1]
Deputy Chairman
(until 30 September 2009)
Works Council of MVV Energie AG

Johannes Böttcher[1]
Chairman of Works Council of
Energieversorgung Offenbach AG

Holger Buchholz[1]
Trade Union Secretary at ver.di Kiel

Peter Dinges[1]
(since 1 February 2009)
Chairman of Works Council of MVV Group
(since 1 October 2009)
Deputy Chairman

Werner Ehret[1]
Deputy Chairman
of Works Council of MVV Energie AG

Detlef Falk[1]
Deputy Chairman
of Works Council of Stadtwerke Kiel AG

Dr. Rudolf Friedrich
Retired Job Centre Director

Dr. Manfred Fuchs
Deputy Chairman
of Supervisory Board of
FUCHS PETROLUB AG, Mannheim

Dr. Stefan Fulst-Blei
Vocational Training College Lecturer

Reinhold Götz
Graduate in Commercial Training
1st Representative IG Metall Mannheim

Prof. Dr. Egon Jüttner
Member of Federal Parliament (MdB)

Klaus Lindner[1]
(until 31 August 2009)
Trade Union Secretary at ver.di

Prof. Dr. Norbert Loos
Managing Partner
of Loos Beteiligungs-GmbH

Dr. Reiner Lübke[1]
Head of Infrastructure Service Division
at MVV Energie AG

Bodo Moray[1]
(since 1 September 2009)
Trade Union Secretary at ver.di
Rhine / Neckar

Barbara Neumann[1]
Chairman of Works Council
of Stadtwerke Kiel AG

Wolfgang Raufelder
Architect

Sabine Schlorke[1]
Trade Union Secretary
at ver.di Rhine / Neckar

Dr. Rolf Martin Schmitz
(until 30 April 2009)
CEO of RheinEnergie AG, Cologne
(until 30 April 2009)

Uwe Spatz[1]
(until 31 January 2009)
Works Council of MVV Energie AG

Christian Specht
First Mayor of City of Mannheim

Dr. Dieter Steinkamp
(since 9 July 2009)
CEO of RheinEnergie AG, Cologne
(since 15 June 2009)

The additional positions and activities of the members of the Supervisory Board are listed in detail on the following pages.

1 employee representative

Members of the Supervisory Board of MVV Energie AG

Name and occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Peter Kurz Chairman Lord High Mayor of the City of Mannheim	• Faculty of Clinical Medicine at the University of Heidelberg, Klinikum Mannheim GmbH University Hospital, Mannheim (Chairman) • MVV GmbH, Mannheim (Chairman) • MVV OEG AG, Mannheim (Chairman) • MVV RHE AG, Mannheim (Chairman) (until 19 December 2008) • MVV Verkehr AG, Mannheim (Chairman)	• GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim (Chairman) • m:con – Mannheimer Kongress- und Touristik GmbH, Mannheim (Chairman) • Popakademie Baden-Württemberg GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim (Chairman) • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
Manfred Lösch Deputy Chairman (until 30 September 2009) Works Council of MVV Energie AG	• Energieversorgung Offenbach AG (EVO), Offenbach • MVV GmbH, Mannheim	• —
Johannes Böttcher Chairman of Works Council of Energieversorgung Offenbach AG	• Energieversorgung Offenbach AG (EVO), Offenbach	• —
Holger Buchholz Trade Union Secretary at ver.di Kiel	• MVV GmbH, Mannheim • Stadtwerke Kiel AG, Kiel	• —
Peter Dinges (since 1 February 2009) Chairman of Works Council of MVV Group (since 1 October 2009) Deputy Chairman	• 24/7 Netze GmbH, Mannheim • MVV Umwelt GmbH, Mannheim	• SECURA Energie GmbH, Mannheim
Werner Ehret Deputy Chairman of Works Council of MVV Energie AG	• MVV GmbH, Mannheim	• —
Detlef Falk Deputy Chairman of Works Council of Stadtwerke Kiel AG	• Stadtwerke Kiel AG, Kiel	• —

Name and occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Rudolf Friedrich Retired Job Centre Director	• MVV Verkehr AG, Mannheim (until 21 July 2009)	• BBS Bau- und Betriebsservice GmbH, Mannheim • Fleischversorgungszentrum Mannheim GmbH, Mannheim
Dr. Manfred Fuchs Deputy Chairman of Supervisory Board of FUCHS PETROLUB AG, Mannheim	• FUCHS PETROLUB AG, Mannheim (Deputy Chairman)	• Hilger u. Kern GmbH, Mannheim (Chairman of Advisory Board)
Dr. Stefan Fulst-Blei Vocational Training College Lecturer	• MVV GmbH, Mannheim • MVV OEG AG, Mannheim	• GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim • Mannheimer Abendakademie und Volkshochschule GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim • Sparkasse Rhein Neckar Nord, Mannheim • Stadtmarketing Mannheim GmbH, Mannheim
Reinhold Götz Graduate in Commercial Training 1st Representative IG Metall Mannheim	• MVV GmbH, Mannheim	• —
Prof. Dr. Egon Jüttner Member of Federal Parliament (MdB)	• MVV GmbH, Mannheim • MVV RHE AG, Mannheim (until 19 December 2008)	• Haus-, Wohnungs- und Grundeigentümerverein Mannheim e.V., Mannheim
Klaus Lindner (until 31 August 2009) Trade Union Secretary at ver.di Rhine / Neckar (until 30 April 2009) Trade Union Secretary at ver.di Federal Administration (since 1 May 2009)	• MVV GmbH, Mannheim (until 31 August 2009)	• Eurogate Geschäftsführungs GmbH & Co. KGaA, Bremen (since 24 June 2009)

Name and occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Prof. Dr. Norbert Loos Managing Partner of Loos Beteiligungs-GmbH	• BHS tabletop AG, Selb (Chairman) • Dürr AG, Stuttgart (Deputy Chairman) • Hans R. Schmidt Holding AG, Offenburg (Chairman) • LTS Lohmann Therapie-Systeme AG, Andernach (Chairman) • MVV GmbH, Mannheim	• LTS Corp. West Caldwell, NJ, USA (Chairman) • m:con – Mannheimer Kongress- und Touristik GmbH, Mannheim • Stadt Mannheim Beteiligungsgesellschaft mbH, Mannheim
Dr. Reiner Lübke Head of Infrastructure Service Division at MVV Energie AG	• —	• Stadtwerke Schwetzingen GmbH & Co. KG, Schwetzingen • Stadtwerke Schwetzingen Verwaltungs-gesellschaft mbH, Schwetzingen
Bodo Moray (since 1 September 2009) Trade Union Secretary at ver.di Rhine / Neckar	• —	• —
Barbara Neumann Chairman of Works Council of Stadtwerke Kiel AG	• 24/7 IT-Services GmbH, Kiel • MVV GmbH, Mannheim • Stadtwerke Kiel AG, Kiel	• —
Wolfgang Raufelder Architect	• MVV GmbH, Mannheim • MVV Verkehr AG, Mannheim	• Mannheimer Parkhausbetriebe GmbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim
Sabine Schlorke Trade Union Secretary at ver.di Rhine / Neckar	• —	• —

Name and occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Rolf Martin Schmitz (until 30 April 2009) CEO of RheinEnergie AG, Cologne (until 30 April 2009)	• NetCologne Gesellschaft für Telekommunikation mbH, Cologne (Chairman) (until 21 April 2009) • rhenag Rheinische Energie Aktiengesellschaft, Cologne (until 21 April 2009)	• AggerEnergie GmbH, Gummersbach (Chairman) (until 21 April 2009) • AVG Abfallentsorgungs- und Verwertungsgesellschaft Köln mbH, Cologne (until 30 April 2009) • AWB Abfallwirtschaftsbetriebe Köln GmbH & Co. KG, Cologne (until 31 December 2008) • Bergische Licht-, Kraft- und Wasserwerke (BELKAW) GmbH, Bergisch Gladbach (until 21 April 2009) • BRUNATA-METRONA Wärmemesser-Gesellschaft Schultheiß GmbH & Co, Hürth (until 21 April 2009) • Energie- und Wasserversorgung Bonn / Rhein-Sieg GmbH, Bonn (until 31 March 2009) • Energieversorgung Leverkusen GmbH & Co.KG (EVL), Leverkusen (until 21 April 2009) • evd energieversorgung dormagen GmbH, Dormagen (until 21 April 2009) • Gasversorgungsgesellschaft mbH Rhein-Erft, Hürth (until 21 April 2009) • Kölner Außenwerbung GmbH, Cologne (until 31 December 2008) • Stadtwerke Troisdorf GmbH, Troisdorf (until 21 April 2009)
Uwe Spatz (until 31 January 2009) Works Council of MVV Energie AG	• 24/7 Netze GmbH, Mannheim • 24/7 Trading GmbH, Mannheim • MVV GmbH, Mannheim • MVV Umwelt GmbH, Mannheim	• SECURA Energie GmbH, Mannheim
Christian Specht First Mayor of City of Mannheim	• MVV GmbH, Mannheim • MVV RHE AG, Mannheim (until 19 December 2008) • MVV Verkehr AG, Mannheim	• BBS Bau- und Betriebsservice GmbH Mannheim • GBG Mannheimer Wohnungsbaugesellschaft mbH, Mannheim • Mannheimer Stadtreklame GmbH, Mannheim • Rhein-Neckar Flugplatz GmbH, Mannheim • Rhein-Neckar-Verkehr GmbH, Mannheim

Name and occupation	Positions held on other statutory supervisory boards of German companies	Membership of comparable German and foreign company supervisory boards
Dr. Dieter Steinkamp (since 9 July 2009) CEO of RheinEnergie AG, Cologne (since 15 June 2009)	• NetCologne Gesellschaft für Telekommunikation mbH, Cologne (Chairman) • rhenag Rheinische Energie Aktiengesellschaft, Cologne	• AggerEnergie GmbH, Gummersbach (Chairman) • Bergische Licht-, Kraft- u. Wasser-Werke (BELKAW) GmbH, Bergisch Gladbach (Deputy Chairman of Supervisory Board) • BRUNATA-METRONA Wärmemesser-Gesellschaft Schultheiss GmbH & Co, Hürth • Energieversorgung Leverkusen GmbH & Co. KG (EVL), Leverkusen • Gasversorgungsgesellschaft mbH Rhein-Erft, Hürth, (Chairman of Supervisory Board) • METRONA Wärmemesser-Gesellschaft Schultheiß GmbH & Co. KG, Hürth • SECURA Energie GmbH, Mannheim, (Deputy Chairman of Supervisory Board) • Stadtwerke Leichlingen GmbH, Leichlingen • Stadtwerke Troisdorf GmbH, Troisdorf

Division heads at MVV Energie AG[1]

Dr. Christoph Helle
General Director
Energy Business and Group Strategy

Hans-Georg Hägele
Group Controlling

Gunter Kühn
Personnel, Social and Welfare Services

Dr. Reiner Lübke
Infrastructure Service

Ralph Rischmüller
Real Estate Management

Bernhard Schumacher
Sales

Elke Zinser
Business Controlling and Materials Management

1 not Directors and Officers

Scope of Consolidation of the MVV Energie Group

Scope of consolidation of the MVV Energie Group

as of 30.9.2009	Share of capital in %	Equity 000s (local currency)	Annual result 000s (local currency)	Local currency
Associates (fully consolidated subsidiaries) Germany				
24/7 IT-Services GmbH, Kiel [7]	100.00	680	– 184	EUR
24/7 Metering GmbH, Offenbach am Main	100.00	1 496	910	EUR
24/7 Netze GmbH, Mannheim [5]	100.00	5 999	– 8 835	EUR
24/7 Trading GmbH, Mannheim [5, 7]	92.50	10 804	407	EUR
24/7 United Billing GmbH, Offenbach am Main	100.00	39	– 123	EUR
24sieben GmbH, Kiel [5, 7]	100.00	1	10 383	EUR
A+S Naturenergie GmbH, Pfaffenhofen [7, 13]	100.00	129	– 1 047	EUR
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	51.00	367	68	EUR
BFE Institut für Energie und Umwelt GmbH, Mühlhausen [5, 7]	100.00	700	1 132	EUR
Biomassen-Heizkraftwerk Altenstadt GmbH, Altenstadt [7]	100.00	– 298	– 2 343	EUR
Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main [2]	48.61	128 867	21 019	EUR
eternegy GmbH, Mannheim	100.00	– 8 978	176	EUR
Gasversorgung Offenbach GmbH, Offenbach am Main	74.90	15 574	5 099	EUR
GeTeBe Gesellschaft für Technologieberatung mbH, Berlin [7]	100.00	14 478	776	EUR
Industriepark Gersthofen Servicegesellschaft mbH, Gersthofen (previously: Industriepark Gersthofen Servicegesellschaft mbH & Co. KG, Gersthofen) [5, 7]	100.00	10 773	2 611	EUR
Köthen Energie GmbH, Köthen [7]	100.00	5 171	729	EUR
Köthen Energie Netz GmbH, Köthen [5, 7]	100.00	24	120	EUR
MVV BioPower GmbH, Königs Wusterhausen [7]	100.00	16 143	4 117	EUR
MVV BMKW Mannheim GmbH, Mannheim [5, 7]	100.00	12 304	3 410	EUR
MVV decon GmbH, Mannheim [7]	100.00	488	– 913	EUR
MVV Energiedienstleistungen GmbH, Mannheim [5]	100.00	76 543	– 35 242	EUR
MVV Energiedienstleistungen GmbH & Co. KG IK Korbach, Korbach [7]	100.00	1 767	– 5 994	EUR
MVV Energiedienstleistungen GmbH Mitte, Berlin (previously: MVV Energiedienstleistungen GmbH Berlin, Berlin) [5, 7]	100.00	23 926	1 624	EUR
MVV Energiedienstleistungen GmbH IK Ludwigshafen, Mannheim [7]	100.00	– 3 903	– 5 039	EUR
MVV Energiedienstleistungen GmbH Nord, Hamburg [5, 7]	100.00	1 743	471	EUR
MVV Energiedienstleistungen GmbH Solingen, Solingen (previously: ENSERVA GmbH, Solingen) [7]	51.00	2 617	298	EUR
MVV Energiedienstleistungen GmbH Süd, Gersthofen (previously: MVV Energiedienstleistungen GmbH IS Bayern, Gersthofen) [5, 7]	100.00	1 746	– 349	EUR
MVV Energiedienstleistungen GmbH Südwest, Mannheim [5, 7]	100.00	5 515	986	EUR
MVV Energiedienstleistungen GmbH West, Solingen [5, 7]	100.00	520	– 575	EUR
MVV Energiedienstleistungen Wohnen GmbH & Co. KG, Berlin [7]	100.00	4 280	2 834	EUR
MVV O&M GmbH, Mannheim [5, 7]	100.00	1 226	11 899	EUR
MVV RHE GmbH, Mannheim (previously: MVV RHE AG, Mannheim) [5]	100.00	56 389	4 850	EUR
MVV TREA Leuna GmbH, Leuna [5, 7]	100.00	5 280	6 130	EUR
MVV Umwelt GmbH, Mannheim [5, 7]	100.00	49 473	34 630	EUR
MVV Umwelt Ressourcen GmbH, Mannheim [5, 7]	100.00	2 225	1 240	EUR
SECURA Energie GmbH, Mannheim [5, 7]	69.90	1 000	– 3 773	EUR
Stadtwerke Kiel Aktiengesellschaft, Kiel [7]	51.00	138 465	15 614	EUR

Scope of consolidation of the MVV Energie Group

as of 30.9.2009	Share of capital in %	Equity 000s (local currency)	Annual result 000s (local currency)	Local currency
SWKiel Erzeugung GmbH, Kiel [5, 7]	100.00	25	1 843	EUR
SWKiel Netz GmbH, Kiel [5, 7]	100.00	25	– 31 405	EUR
SWKiel Service GmbH, Kiel [5, 7]	100.00	25	– 865	EUR
Waldenergie Bayern GmbH, Gersthofen (previously: MVV Alpha neun GmbH, Gersthofen) [7]	50.10	2 312	– 382	EUR
ZEDER Verwaltungsgesellschaft mbH & Co. Vermietungs KG, Pullach [3, 9]	0.00	– 7 524	– 1 175	EUR
Associates (fully consolidated subsidiaries) International				
Českolipská teplárenská a.s., Česká Lípa, Czech Republic [12]	94.99	90 859	392	CZK
Českolipské teplo a.s., Prague, Czech Republic	100.00	105 933	96 883	CZK
CTZ s.r.o., Uherské Hradiště, Czech Republic	50.96	99 629	7 459	CZK
ENERGIE Holding a.s., Prague, Czech Republic	100.00	483 190	65 915	CZK
Jablonecká teplárenská a realitní a.s., Jablonec nad Nisou, Czech Republic	65.78	350 439	34 907	CZK
Městské inženýrské sítě Studénka a.s., Studénka, Czech Republic	100.00	68 188	– 7 347	CZK
MVV Energie CZ a.s., Prague (previously: MVV Energie CZ s.r.o., Prague), Czech Republic	100.00	1 795 648	170 431	CZK
MVV enservis a.s., Česká Lípa, Czech Republic	100.00	– 12 567	– 6 087	CZK
MVV Nederland B.V., Amsterdam, Netherlands	100.00	36 428	1 626	EUR
OPATHERM a.s., Opava, Czech Republic	100.00	95 089	11 184	CZK
POWGEN a.s., Prague, Czech Republic	100.00	18 328	7 188	CZK
Teplárna Liberec a.s., Liberec, Czech Republic	70.00	394 346	– 4 795	CZK
TERMO Děčín a.s., Děčín, Czech Republic	96.91	262 887	24 174	CZK
Zásobování teplem Vsetín a.s., Vsetín, Czech Republic	98.82	194 518	47 490	CZK
Other majority shareholdings Germany				
24/7 Insurance Services GmbH, Mannheim [9]	100.00	202	131	EUR
24solution S-H GmbH, Kiel [9]	90.00	39	10	EUR
8KU Renewables GmbH, Berlin [9]	100.00	24	– 1	EUR
BHG Biomasse Handelsgesellschaft mbH, Mannheim [8]	100.00	1 388	94	EUR
Bioenergie Pfalzgrafenweiler GmbH, Pfalzgrafenweiler [9]	51.00	417	– 415	EUR
Biokraft Naturbrennstoffe GmbH, Offenbach am Main [9]	100.00	67	– 948	EUR
Erschließungsträgergesellschaft St. Leon-Rot mbH, St. Leon-Rot [9]	80.00	26	1	EUR
Erschließungsträgergesellschaft Weeze mbH, Weeze [9]	75.00	13	– 6	EUR
Gersthofen Verwaltungs GmbH, Gersthofen [9]	100.00	30	1	EUR
Kielspeicher 103 Verwaltungs-GmbH, Kiel [9]	51.00	42	– 8	EUR
Manfred Pitzer GmbH Entsorgung, Recycling, Transporte, Ulm [6, 8]	100.00	279	217	EUR
MVV Energiedienstleistungen GmbH Regioplan, Mannheim [5, 9]	100.00	950	198	EUR
MVV Energiedienstleistungen Verwaltungs GmbH Biogas Mechau, Mannheim [9]	100.00	21	– 4	EUR
MVV Energiedienstleistungen Verwaltungs GmbH IK Korbach, Mannheim [9]	100.00	24	– 2	EUR

Scope of consolidation of the MVV Energie Group

as of 30.9.2009	Share of capital in %	Equity 000s (local currency)	Annual result 000s (local currency)	Local currency
MVV Energiedienstleistungen Wohnen Geschäftsführungs GmbH, Berlin [9]	100.00	18	2	EUR
MVV Industriekraftwerk Gengenbach GmbH (MVV IKG), Mannheim [9]	100.00	428	– 79	EUR
Nordland Energie GmbH, Kiel [9]	69.90	1 024	30	EUR
REGIOPLAN Projekt GmbH, Mannheim [9]	100.00	13	– 15	EUR
RNE Rhein-Neckar Energie GmbH, Sinsheim [6, 11]	50.10	—	—	EUR
Zweckverband Wasserversorgung Kurpfalz (ZWK), Heidelberg [8]	51.00	7 071	0	EUR
International				
BFE Institut für Energie und Umwelt GmbH, Romanshorn, Switzerland [9]	100.00	54	11	CHF
East-West-Energy-Agency (EWEA), Moscow, Russian Federation [8]	100.00	382	– 188	RUB
EMB Instituut voor Energie en Milieu B.V., Oosterhout (previously: BFE Nederland B.V., Oosterhout), Netherlands [9, 12]	100.00	9	– 9	EUR
MVV decon Nigeria Ltd., Abuja, Nigeria [6, 11]	98.00	—	—	NGN
MVV Environment Limited, London, UK [7]	100.00	110	60	GBP
Regioplan Ingenieure Salzburg GmbH, Salzburg, Austria [9]	100.00	27	– 39	EUR
Jointly owned companies (proportionate consolidation) Germany				
Kielspeicher 103 GmbH & Co. KG, Kiel [7]	51.00	6 919	2 512	EUR
reginova GmbH, Ingolstadt [5, 7, 15]	100.00	500	3	EUR
Stadtwerke Ingolstadt Beteiligungen GmbH, Ingolstadt [4, 7]	48.40	42 607	16 526	EUR
Stadtwerke Ingolstadt Energie GmbH, Ingolstadt [5, 7, 15]	100.00	1 048	9 665	EUR
Stadtwerke Ingolstadt Netze GmbH, Ingolstadt [5, 7, 15]	100.00	25 834	11 012	EUR
Stadtwerke Solingen GmbH, Solingen [4, 7]	49.90	61 350	8 667	EUR
Stadtwerke Solingen Netz GmbH, Solingen [5, 7, 12, 15]	100.00	250	– 14 425	EUR
Associates (at equity) Germany				
Biomasse Rhein-Main GmbH, Flörsheim-Wicker [7]	33.33	11 373	143	EUR
Gemeinschaftskraftwerk Kiel GmbH, Kiel [8]	50.00	17 770	1 534	EUR
Grosskraftwerk Mannheim AG, Mannheim [8]	28.00	114 142	6 647	EUR
Stadtwerke Buchen GmbH & Co. KG, Buchen [8]	25.10	6 648	1 759	EUR
Stadtwerke Sinsheim Versorgungs GmbH & Co. KG, Sinsheim [6, 11]	30.00	—	—	EUR
ZVO Energie GmbH, Timmendorfer Strand [8]	49.90	54 379	3 762	EUR

Scope of consolidation of the MVV Energie Group

as of 30.9.2009	Share of capital in %	Equity 000s (local currency)	Annual result 000s (local currency)	Local currency
Other shareholdings Germany				
24sieben aqua nord GmbH, Kiel [9]	50.00	76	– 11	EUR
BAS – Bergsträßer Aufbereitungs- und Sortierungsgesellschaft mbH, Heppenheim [9]	49.00	42	15	EUR
beka ebusiness GmbH, Cologne [8]	30.00	156	5	EUR
e:duo GmbH, Essen [9]	50.00	– 631	– 419	EUR
Energiedienstleistungen Dannenberg (Elbe) GmbH, Dannenberg [9]	49.00	265	– 39	EUR
enserva GmbH, Solingen [5, 6, 8, 12, 15]	100.00	500	– 65	EUR
ESN EnergieSystemeNord GmbH, Schwentinental (previously: Energiesysteme Nord GmbH, Schwentinental) [8]	25.00	2 512	588	EUR
Fernwärme Rhein-Neckar GmbH, Mannheim [8]	50.00	3 323	1 534	EUR
HEN HolzEnergie Nordschwarzwald GmbH, Nagold [8]	30.00	707	– 52	EUR
itec Informationstechnologie Solingen GmbH, Solingen [8, 15]	100.00	1 366	619	EUR
iwo Pellet Rhein-Main GmbH, Offenbach am Main [9, 12]	24.92	– 548	– 160	EUR
KielNET GmbH Gesellschaft für Kommunikation, Kiel [8]	50.00	8 004	3 004	EUR
Klimaschutzagentur Mannheim gemeinnützige GmbH, Mannheim [6, 11]	40.00	—	—	EUR
Kommunaler Windenergiepark Schleswig-Holstein GbR, Neumünster [10]	20.00	847	336	EUR
Main-Kinzig-Entsorgungs- und Verwertungs GmbH, Hanau [8]	49.00	235	3	EUR
Maintal-Werke Gesellschaft mit beschränkter Haftung, Maintal [8]	49.00	12 121	1 357	EUR
Management Stadtwerke Buchen GmbH, Buchen [8]	25.20	34	2	EUR
ÖPP Rhein Neckar GmbH, Mannheim [9, 14]	50.00	36	0	EUR
RBSV GmbH, Solingen [8, 12]	21.40	584	– 16	EUR
Stadtwerke Langen Gesellschaft mit beschränkter Haftung, Langen [8]	10.00	21 395	3 723	EUR
Stadtwerke Schwetzingen GmbH & Co. KG, Schwetzingen [8]	10.00	14 782	1 783	EUR
Stadtwerke Schwetzingen Verwaltungsgesellschaft mbH, Schwetzingen [8]	10.00	36	13	EUR
Stadtwerke Sinsheim Verwaltungs GmbH, Sinsheim [6, 11]	30.00	—	—	EUR
Wasserversorgungsverband "Neckargruppe", Edingen-Neckarhausen [10]	25.00	377	0	EUR
Wasserwerk Baumberg GmbH, Solingen [8, 15]	50.00	615	– 999	EUR
WVE Wasserversorgungs- und -entsorgungsgesellschaft Schriesheim mbH, Schriesheim [8]	24.50	1 025	0	EUR

1 share of capital pursuant to § 16 (4) of the German Stock Corporation Act (AktG)
2 majority of voting rights
3 special purpose entity
4 joint management pursuant to contractual agreement
5 profit transfer agreement, annual result before transfer
6 addition in current financial year
7 preliminary figures
8 annual financial statements as of 31.12.2008
9 annual financial statements as of 30.9.2008
10 annual financial statements as of 31.12.2007
11 first annual financial statements not available
12 financial statements for short financial year
13 100 % due to purchase options
14 company sold, ownership transferred as of 1.10.2009
15 subsidiary of proportionately consolidated company

Auditor's Report

"We have audited the consolidated financial statements prepared by MVV Energie AG, Mannheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 October 2008 to 30 September 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU and/or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, 27 November 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Claus Banschbach
German Public Auditor

Rolf Küpfer
German Public Auditor

Other Disclosures

Multi-Year Overview

Multi-year overview of the MVV Energie Group

	2004/05 [1]	2005/06	2006/07 [2]	2007/08 [2]	**2008/09 [2, 3]**
Income statement (Euro million)					
Sales excluding electricity and natural gas taxes	1 864 [4]	2 170 [4]	2 259 [4]	2 636 [4]	3 161 [4]
Adjusted EBITDA	287	370	344	398	385
Adjusted EBITA	156	223	200	249	239
Adjusted EBIT	158	201	199	249	239
Adjusted EBT	80	128	123	181	165
Adjusted annual net surplus	41	64	126	123	112
Adjusted annual net surplus after minority interests	28	50	109	110	98
External sales excluding electricity and natural gas taxes (Euro million)					
Electricity	882 [4]	966 [4]	1 079 [4]	1 382 [4]	1 760 [4]
District heating	250	276	272	303	294
Gas	366	447	342	356	486
Water	106	107	104	102	101
Value-added services	107	149	263	277	308
Environmental energy	131	193	184	194	194
Other/consolidation	22	32	15	22	18
MVV Energie Group	**1 864**	**2 170**	**2 259**	**2 636**	**3 161**
Adjusted EBIT (Euro million)					
Electricity	39	20	38 [2]	64	35 [2]
District heating	40	51	42	38	36
Gas	35	31	11	35	66 [2]
Water	15	21	19	10	14
Value-added services	16	12	19	20	18 [3]
Environmental energy	27	68	71	81	71
Other/consolidation	– 14	– 12	– 11	1	– 11
MVV Energie Group	**158**	**201**	**199**	**249**	**239**
Assets (Euro million)					
Electricity	734	845	860	1 319	889
District heating	474	505	562	547	496
Gas	331	318	331	381	399
Water	288	273	282	289	242
Value-added services	145	159	285	249	334
Environmental energy	445	468	474	438	536
Other/consolidation	230	395	293	356	565
Unallocated (balance sheet)	273	190	191	208	493
MVV Energie Group	**2 920**	**3 153**	**3 278**	**3 787**	**3 954**

Multi-year overview of the MVV Energie Group

	2004/05 [1]	2005/06	2006/07 [2]	2007/08 [2]	**2008/09 [2, 3]**
Investments (Euro million)					
Electricity	22	18	22	29	27
District heating	24	19	28	25	56
Gas	17	22	19	16	13
Water	13	12	12	10	12
Value-added services	8	18	30	49	52
Environmental energy	64	81	34	59	64
Other/consolidation	14	20	20	20	14
Investments in property, plant and equipment	**162**	**190**	**165**	**208**	**238**
Investments in financial assets	52	29	90	33	17
MVV Energie Group	**214**	**219**	**255**	**241**	**255**
R&D expenditure (Euro million)					
Process optimisation	1	1	2	5	2
Product development	2	1	4	3	3
Technical enhancement	1	1	3	1	1
MVV Energie Group	**4**	**3**	**9**	**9**	**6**
Balance sheet figures (Euro million)					
Non-current assets	2 339	2 361	2 479	2 725	2 795
Current assets	579	792	799	1 062	1 159
Share capital	130	143	143	169	169
Capital reserve	178	255	255	455	455
Retained earnings, including unappropriated net profit	315	324	383	506	371
Accumulated other comprehensive income	9	10	17	24	15
Minority interests	105	105	116	116	103
Equity	737	837	914	1 270	1 113
Non-current debt	1 397	1 366	1 377	1 445	1 698
Current debt	784	950	987	1 072	1 143
Total assets	2 918	3 153	3 278	3 787	3 954
Key balance sheet figures and ratios					
Cash flow (Euro million)	188 [5]	246 [5]	364 [6]	414 [6]	386 [6]
Free cash flow [7] (Euro million)	53	– 152	188	54	20
Adjusted equity ratio [8] in %	25.3	26.5	27.9	33.5	33.9
Capital employed [9]	2 263	2 293	2 390	2 444	2 649
ROCE [10] in %	6.9	9.7	8.4	10.2	9.0
WACC [11] in %	7.5	7.5	7.5	8.5	8.5
Value spread [4, 12] in %	– 0.6	2.2	0.9	1.7	0.5

Multi-year overview of the MVV Energie Group

	2004/05 [1]	2005/06	2006/07 [2]	2007/08 [2]	**2008/09 [2, 3]**
Share and dividend					
Closing price on 30.9. (Euro)	19.29	23.23	29.49	33.20	30.83
Annual high [13] (Euro)	19.50	25.40	34.24	33.75	34.04
Annual low [13] (Euro)	13.90	17.40	22.00	28.00	26.55
Market capitalisation on 30.9. (Euro million)	978	1 295	1 645	2 188	2 032
Average daily trading volume (no. of shares)	18 149	27 289	32 396	29 575	19 162
No. of individual shares on 30.9. (million)	50.704	55.767	55.767	65.907	65.907
No. of shares entitled to dividends (million)	55.704	55.767	55.767	65.907	65.907
Dividend per share (Euro)	0.75	0.80	0.80	0.90	0.90 [14]
Total dividend (Euro million)	41.8	44.6	52.7 [15]	59.3	59.3 [14]
Adjusted earnings per share (Euro)	0.55	0.91	1.96	1.69	1.48 [16]
Cash flow per share (Euro)	3.71 [5]	4.47 [5]	6.52 [6]	6.33 [6]	5.86 [6, 16]
Adjusted book value per share [17] (Euro)	12.46	13.29	14.32	16.53 [18]	16.52 [16, 18]
Price/earnings ratio	35.1	25.5	15.0	19.6 [19]	20.8 [16, 19]
Price/cash flow ratio	5.2 [5]	5.2 [5]	4.5 [6]	5.2 [6, 19]	5.3 [6, 16, 19]
Dividend yield [19] in %	3.9	3.4	2.7	2.7	2.9 [14]
Sales volumes [20]					
Electricity turnover [21] (kWh million)	13 022	14 343	14 302	18 188	19 582
of which wholesale [21, 22] (kWh million)	3 227	3 368	3 003	5 797	6 939
of which retail/secondary distributors [22] (kWh million)	10 695	10 975	11 299	12 391	12 643
District heating turnover (kWh million)	7 446	7 343	6 299	7 006	7 217
Gas turnover (kWh million)	11 096	11 513	9 456	9 166	10 851
of which wholesale [22] (kWh million)	—	490	624	864	1 529
of which retail/secondary distributors [22] (kWh million)	11 096	11 023	8 332	8 302	9 322
Water turnover (m^3 million)	58	58	55	55	53
Combustible waste delivered (tonnes 000s)	872	1 229	1 409	1 550	1 599

Multi-year overview of the MVV Energie Group

	2004/05 [1]	2005/06	2006/07 [2]	2007/08 [2]	**2008/09 [2]**
Employees (as of 30.9.)					
MVV Energie AG including MVV RHE GmbH	1 728	1 569	1 559	1 527	1 523
Fully consolidated shareholdings	3 114	3 156	3 765	3 661	3 833
MVV Energie AG with fully consolidated shareholdings	**4 842**	**4 725**	**5 324**	**5 188**	**5 356**
Proportionately consolidated shareholdings	1 550	1 562	1 031	685	681
MVV Energie Group	**6 392**	**6 287**	**6 355**	**5 873**	**6 037**
External personnel at Mannheim energy from waste plant	57	51	39	28	16
	6 449	**6 338**	**6 394**	**5 901**	**6 053**

1 starting in the 2005/06 financial year: initial recognition of put option at Stadtwerke Kiel AG (previous year's figures adjusted)
2 starting in the 2006/07 financial year: adjusted, i.e. excluding non-operative IAS 39 valuation items in connection with financial derivatives
3 2008/09 financial year: adjusted, i.e. excluding non-operative IAS 39 valuation items in connection with financial derivatives and excluding one-off charges for write-downs at energy-related services subgroup
4 energy trading sales reported on a net basis, i.e. only showing the margin actually realised
5 pursuant to the Society of Investment Professionals in Germany (DVFA)/Schmalenbach-Gesellschaft
6 starting in the 2006/07 financial year: before working capital and taxes
7 inflow of funds from operating activities, less investments in intangible assets, property, plant and equipment and investment property
8 starting in the 2007/08 financial year: adjusted equity as a proportion of adjusted total assets
9 adjusted equity plus financial debt plus provisions for pensions and similar obligations plus accumulated goodwill amortisation (calculated as an annual average)
10 return on capital employed (adjusted EBITA as a percentage of capital employed)
11 weighted average cost of capital
12 value spread (ROCE less WACC)
13 XETRA trading
14 pending approval by the Annual General Meeting on 12 March 2010
15 entitled to dividend from 23 October 2007: 65 906 796 individual shares
16 weighted number of individual shares: 65 906 796
17 excluding minority interests, weighted annual average number of shares
18 excluding net balance of positive and negative fair values under IAS 39
19 basis: closing price in XETRA trading on 30 September
20 total volume for all segments
21 recalculation of proprietary trading in year under report (previous years adjusted)
22 reallocation of secondary distributors in year under report (previous years adjusted)

Financial Glossary

ADJUSTED EARNINGS PER SHARE

Earnings per share represent the annual net surplus after minority interests divided by the number of shares. Adjusted earnings per share are based on the adjusted net surplus after minority interests. This key earnings figure is stated net of the earnings and tax impact of the measurement of financial derivatives as of the balance sheet date under IAS 39 and one-off write-downs on non-current assets. The number of shares corresponds to the weighted average number of our shares in circulation during the period under report.

ADJUSTED EBIT

The abbreviation EBIT stands for Earnings Before Interest and Taxes. For internal management purposes we use adjusted EBIT, i.e. EBIT excluding the impact on earnings of the measurement of financial derivatives at fair value as of the balance sheet date under IAS 39 and excluding one-off and special items (e.g. one-off write-downs on non-current assets).

ADJUSTED EQUITY RATIO

The equity ratio presents equity as a proportion of total assets. For internal management purposes, we adjust both sides of our balance sheet to eliminate the cumulative measurement items for financial derivatives measured under IAS 39. We adjust equity to exclude the relevant net balance of the positive fair values on the asset side and the negative fair values on the liabilities side.

BETA FACTOR

The beta factor (ß) portrays the relative risk harboured by an individual share compared with an index. A beta factor higher than one means that the share involves greater risk than its comparative market. The reverse is the case for a beta factor lower than one.

CAPITAL EMPLOYED

This is the capital used by a company on which external providers of capital are entitled to a return.

CASH FLOW

The cash flow presents all inflows and outflows of cash and cash equivalents in a given period.

D&O INSURANCE

Directors and officers insurance is a financial loss liability insurance policy concluded by a company to protect its directors and officers against costs arising as a result of legal disputes.

DIVIDEND

Profit-based payment to shareholders.

DIVIDEND YIELD

Key figure portraying the dividend distribution made by a stock corporation as a percentage of its share price.

FREE CASH FLOW

The free cash flow portrays the extent to which a company is able to cover its investments from its cash flow from operating activities, i.e. net of investments in intangible assets, property, plant and equipment and investment property.

IMPAIRMENT TEST

An impairment test is a test performed on intangible assets (goodwill, patents, licences etc.) and financial assets (values of shareholdings) to ascertain their ongoing value.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International accounting regulations issued by the International Accounting Standards Board (IASB). Based on a Regulation adopted by the European Union (EU), parent companies oriented towards the capital market in the EU have been obliged since 1 January 2005, and at the latest since 1 January 2007, to apply IFRS when preparing their consolidated financial statements. These regulations aim to achieve an international harmonisation of accounting requirements and thus to enhance the comparability of consolidated financial statements.

MARKET CAPITALISATION

This key figure is calculated by multiplying the number of shares issued by their share price.

MARKET RISK PREMIUM

Represents the additional return which the market as a whole or a specific share must offer over and above the risk-free interest rate to reward the additional risk assumed by the investor.

PRICE / CASH FLOW (P/CF) RATIO

The price/cash flow ratio is calculated by dividing the share price by the cash flow per share. This ratio thus presents the multiple by which the cash flow per share is valued on the stock market.

PRICE / EARNINGS (P/E) RATIO

Also known as the P/E ratio. This key figure places the earnings of a company in relation to its current stock market valuation. An important key figure in assessing the earnings power of a company compared with one or several other companies.

RISK-FREE INTEREST RATE

The return which an investor can expect on a risk-free investment, such as a government bond.

ROCE

Abbreviation for Return on Capital Employed. This key figure shows how effectively and profitably a company uses its capital. The ROCE presents operating earnings before interest, taxes on income and goodwill amortisation (EBITA) as a proportion of capital employed.

SUSTAINABILITY

Sustainability means using natural resources in such a way that future generations will also be able to meet their needs. From a company perspective, sustainable business activity involves taking due account of economic, ecological and social aspects. This is also referred to as corporate social responsibility (CSR).

SWAPS (COMMODITY SWAPS)

A commodity swap is an agreement governing the exchange of a series of fixed commodity price payments (fixed amount) and variable commodity price payments (market price). This only involves an exchange of cash (settlement amount).

TAX RATE

The tax rate corresponds to actual tax expenses as a proportion of earnings before taxes.

TAX SHIELD

The tax shield designates the value of the tax benefit contributed by borrowing interest, debts or losses carried forward to the value of a company. As companies are permitted in most tax jurisdictions to deploy debts or losses to reduce their tax burdens, these items raise the value of a company for potential buyers, as they can be offset against profits at the acquirer. When a company is correspondingly indebted or carries forward old losses in its balance sheet, its market value is higher by precisely this amount of tax benefit than that of a comparable company that is not indebted.

VALUE SPREAD

Principal key figure used in our value-based company management. It is calculated by subtracting the weighted average cost of capital (WACC) from the return on capital employed (ROCE).

WACC

Abbreviation for Weighted Average Cost of Capital. This key figure represents the long-term minimum economic return generated on operations based on the ratio of debt capital and equity. Equity costs are calculated at the risk-free interest rate, a risk premium for market risk and the beta factor. Debt capital costs are calculated using the risk-free interest rate plus a premium for default risk. This key figure may be calculated both before taxes and after taxes. As a pre-tax figure, it represents the minimum economic ROCE.

XETRA

Abbreviation for Exchange Electronic Trading. This is the electronic stock market trading system for shares and options at Deutsche Börse AG. It is characterised by automatic order handling, an open order book, i.e. transparent to all market participants, and equal access for all market participants irrespective of their location. Due to its high speed and low cost of executing orders, it has largely replaced floor trading on German stock exchanges.

Technical Glossary

BALANCING ENERGY

In the electricity supply, balancing energy is required to offset unforeseeable load fluctuations and power plant outages. To ensure the necessary volume of energy can be supplied immediately, output is reserved at easily controllable power plants. Throttled steam, water storage, pump water storage and gas turbine power plants are used as sources of balancing energy.

BIOGAS

As defined in the German Energy Industry Act (EnWG): biomethane, gas from biomass, landfill gas, sewage gas and mine gas.

BIOMASS

Biomass includes all life forms, dead organisms, organic metabolites and residual organic materials. Our biomass cogeneration plants are mainly fuelled by timber (waste timber, wood chips and pellets).

CO_2 EMISSIONS RIGHTS

An environmental policy instrument aimed at cutting CO_2 emissions at the lowest possible cost to the economy. To achieve this goal, a market is created for CO_2. The price signals emitted by this market provide participating companies with an incentive to reduce their CO_2 emissions. Upon implementation, a cap first has to be set on a political level for specified emissions within a specified area (regional, national, international) in a specified period (e.g. calendar year) and for a specified group of participants (e.g. energy industry, heavy industry). Based on this cap, so-called CO_2 rights entitling their holders to emit specific volumes of CO_2 are then issued. There are penalties for any emissions not covered by emissions rights. By lowering the cap step by step, the incentive to save CO_2 can gradually be increased.

COGENERATION

Simultaneous generation at a cogeneration plant of mechanical energy usually converted directly into electricity and heating energy useable for heating purposes (district heating) or production processes (process heat). This therefore involves extracting useful heat, particularly when generating electricity from combustible fuels. As the total specific energy input in cogeneration systems is lower than that in separate electricity generation (with no use of surplus heat behind the turbine) and standalone heating plants, cogeneration can contribute towards achieving energy saving targets.

COMMODITY

Designation for a standardised tradeable good, such as electricity, gas, coal or CO_2 rights.

CONTRACTING

This is taken to mean the construction or takeover and operation of an energy generation plant supplying utility energy, such as electricity, heating energy, cooling energy or compressed air, by a contractor (external third party) on a long-term contractual basis. The aim is to achieve substantial economic and ecological benefits by optimising processes.

CONTROL AREA

The German electricity grid is divided into four control areas. The transmission grid operator responsible for each control area guarantees stable grid operations by correcting fluctuations in generation and consumption by means of balancing energy.

DEGREE DAY FIGURES

Degree day figures are a weather indicator used to assess temperature-dependent heating energy requirements. According to VDI Guideline 4710, the calculation of degree day figures is based on the difference between an indoor room temperature of 20 degrees Celsius and the average daily outdoor temperature below the so-called heating threshold temperature of 15 degrees Celsius. That is the average daily outdoor temperature below which heating is required according to the degree day method.

EEG SETTLEMENT MECHANISM

Refers to the transfer payment with which the EEG compensation received by plant operators subsidised under the Renewable Energies Act (EEG) is allocated via grid operators and electricity suppliers to end customers. This EEG allocation must be paid by end customers (financial settlement). Physical settlement, which involves the prorated transmission of EEG electricity volumes to all customers, will be discontinued from 1 January 2010.

EFFICIENCY

Ratio of output yielded and absorbed upon energy conversion. The efficiency figure for thermal power plants indicates the percentage of the thermal energy contained in the fuel which can be converted into electricity. The higher the efficiency figure, the more effectively the energy content of the input fuel is used. Modern gas power plants attain efficiency levels of up to 60 %, while power plants fired with hard coal and brown coal reach 46 % and 43 % respectively.

ELECTRICITY GENERATION CAPACITY (GROSS BOTTLENECK CAPACITY)

Installed electrical gross bottleneck capacity at entire electricity generation plant in MW_e. The generation unit’s gross bottleneck capacity is the output yielded at the generator clamp.

ELECTRICITY NET BOTTLENECK CAPACITY

Output in MW_e yielded to the supply system (transmission grid, distribution grid or consumers). Calculated by deducting average own electricity consumption from gross bottleneck capacity.

ENERGY SYSTEM LOSSES

Energy required to offset grid losses caused by physical factors.

ENERGY TRADING DERIVATIVES

Energy trading derivatives are futures transactions (structured as fixed or options transactions) whose price directly or indirectly depends on the exchange or market price of a reference value. Such instruments are characterised by their future date of performance (hence the designation as futures) and their dependence of the derivative price on an exchange or market price. We trade in derivatives in the primary fuels of gas and coal and the energy product of electricity.

GAS-STEAM POWER PLANT

A combined gas-steam power plant is a power plant where the principles of a gas turbine power plant are combined with those of a steam power plant.

GRID FEES

In the liberalised energy market, grid fees, also known as grid utilisation fees, are the fees collected by electricity and gas grid operators as consideration for grid use or grid transmission by the various users.

GROSS ELECTRICITY OUTPUT

The gross electricity output of a generation unit refers to the electricity output produced at the generator clamps in MWh/a.

H-GAS

H is short for high. H-gas designates gas with high calorific value (natural gas).

L-GAS

L is short for low. L-gas designates gas with low calorific value.

MARKET DESIGN IN THE ENERGY MARKET

Detailed definitions of "market rules" governing the interaction between the regulated value chain stage of grid operation and the competitive value chain stages of generation, trading and sales.

MARKET FACILITATORS

Ideal underlying a new understanding of the role to be played by grid operators, who then see themselves as promoters of competition on the energy markets. The market facilitator bases its actions on the needs of its customers (sales businesses, traders, generators) and provides efficient infrastructure and services to meet these needs.

NET ELECTRICITY OUTPUT

The generation unit's output to the supply system (transmission grid, distribution grid or consumers). This figure is calculated by deducting own consumption at the plant from the gross electricity output.

RDF

Abbreviation for refuse-derived fuels produced from high-calorific household, industrial and commercial waste. RDF is already partly substituted for coal, natural gas and heating oil at conventional power plants and cement factories.

RENEWABLE ENERGIES ACT (EEG)

Law dated 29 March 2000 which accords priority to renewable energies, most recently amended as of 1 January 2009 (EEG 2009). Key component of German climate protection strategy. Under EEG, the share of electricity generated from renewable energies is to be increased to above 30 % by 2020. Renewable energies include biomass, the biogenic share of waste (50 %), photovoltaics, hydroelectricity and wind energy.

SMART GRIDS

By working with the latest technologies and developments, smart grids offer extended possibilities of actively and flexibly adjusting generation, grid control, storage and consumption to the constantly changing needs of the energy markets.

SMART METERING

A smart meter is an electronic meter enabling consumption data for electricity, gas, district heating and water to be recorded and automatically read and processed by energy suppliers in future. The latest smart metering technology provides customers with detailed information on their current consumption and costs.

WHISPERGEN

House energy plant powered by natural gas. This uses a Stirling motor to simultaneously produce heating energy and electricity for detached and semidetached houses. It is operated on a decentralised basis – and thus without conduction losses – and works on the principle of cogeneration.

printed carbon neutral
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Financial Calendar

27. 1. 2010	Annual Results Press Conference and Analysts' Conference
15. 2. 2010	Financial Report 1st Quarter of 2009/10
12. 3. 2010	Annual General Meeting
15. 3. 2010	Payment of Dividend
14. 5. 2010	Financial Report 2nd Quarter of 2009/10
14. 5. 2010	Press Conference and Analysts' Conference 2nd Quarter of 2009/10
13. 8. 2010	Financial Report 3rd Quarter of 2009/10
13. 8. 2010	Analysts' Conference 3rd Quarter of 2009/10
30. 12. 2010	2009/10 Annual Report

Imprint

Editorial responsibility

MVV Energie AG

Wilfried Schwannecke
Tel: +49 (0) 621 290-2392
Fax: +49 (0) 621 290-3075
w.schwannecke@mvv.de

Editing and project coordination

Bettina von Rebenstock
Tel: +49 (0) 621 290-3614
Fax: +49 (0) 621 290-3075
b.rebenstock@mvv.de

Petra Wandernoth
Tel: +49 (0) 621 290-3417
Fax: +49 (0) 621 290-3075
p.wandernoth@mvv.de

Conception, design and project management

Scheufele Hesse Eigler
Kommunikationsagentur GmbH
Frankfurt am Main

Translation

Daniel Clark
Business Communication Services
Berlin

Photography

Stephan Minx
Fürth

Ingo Boddenberg
Düsseldorf
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Luisenring 49
D-68159 Mannheim

Postal address
D-68142 Mannheim

Tel: +49 (0) 621 290-0
Fax: +49 (0) 621 290-2324

www.mvv-energie.de
energie@mvv.de

Contact
Annual Report

Wilfried Schwannecke
Tel: +49 (0) 621 290-2392
Fax: +49 (0) 621 290-3075
w.schwannecke@mvv.de

Frank Nagel
Tel: +49 (0) 621 290-2692
Fax: +49 (0) 621 290-3075
f.nagel@mvv.de

Contact
Investor Relations

Marcus Jentsch
Head of Group Department
Investor Relations
Tel: +49 (0) 621 290-2292
Fax: +49 (0) 621 290-3075
m.jentsch@mvv.de

Contact

Investor Relations
Tel: +49 (0) 621 290-3708
Fax: +49 (0) 621 290-3075
www.mvv-investor.de
ir@mvv.de

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