MVV ENERGIE – ENERGISING THE FUTURE

FINANCIAL REPORT
1ST QUARTER OF 2010/11

MVV Energie

Key Figures
from 1.10.2010 to 31.12.2010

Key figures of the MVV Energie Group

Euro million	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009	% change
External sales excluding electricity and natural gas taxes	947	839	+ 13
Adjusted EBITDA [1]	127	121	+ 5
Adjusted EBITA [1]	91	85	+ 7
Adjusted EBIT [2]	91	85	+ 7
Adjusted EBT [2]	76	58	+ 31
Adjusted net surplus for period [2]	51	39	+ 31
Adjusted net surplus for period after minority interests [2]	45	37	+ 22
Adjusted earnings per share [2] in Euro	0.68	0.55	+ 24
Cash flow before working capital and taxes	111	118	– 6
Cash flow before working capital and taxes per share in Euro	1.69	1.80	– 6
Free cash flow	– 5	1	—
Adjusted total assets as of 31.12.2010 / 30.9.2010 [3]	3 571	3 457	+ 3
Adjusted equity as of 31.12.2010 / 30.9.2010 [3]	1 368	1 233	+ 11
Adjusted equity ratio as of 31.12.2010 / 30.9.2010 [3]	38.3 %	35.7 %	+ 7
Investments	37	53	– 30
Number of employees as of 31.12.2010 / 31.12.2009	5 992	6 087	– 2

1 excluding non-operating IAS 39 derivative measurement items and including interest income from finance leases (previous year’s figure adjusted)
2 excluding non-operating IAS 39 derivative measurement items and restructuring expenses and including interest income from finance leases (previous year’s figure adjusted)
3 excluding non-operating IAS 39 derivative measurement items

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1st Quarter of 2010/11 at a glance

1 October 2010 to 31 December 2010

- On 17 December 2010, the Executive and Supervisory Boards of MVV Energie AG decide to propose an unchanged dividend of Euro 0.90 per share for approval by the Annual General Meeting on 18 March 2011.
- Following approval by the Supervisory Boards at our Kiel, Offenbach and Mannheim locations, work begins straight away on implementing the "Once Together" group project. Starting in the 2010/11 financial year, we are managing our business in line with new reporting segments.
- Our electricity/gas energy fund maintains its success. 1 000 industrial and commercial customers already benefit from the advantages of structured procurement to minimise their energy procurement risks.
- 2011 will be affected by the Federal Government's Energy Concept. MVV Energie is playing an active role in helping shape the political debate and is campaigning for an expansion in the high-efficiency technologies of district heating and cogeneration, as well as for market-based promotion for renewable energies.
- As the healthiest company in the energy industry, MVV Energie AG receives the Corporate Health Award for its exemplary company health management, and is also awarded the German Entrepreneurs Prize for Health.
- In January 2011, MVV Umwelt GmbH is awarded preferred bidder status to build and operate a waste-fired heating energy plant in the British port of Plymouth. Further details can be found on Pages 2 and 15.

Letter from the CEO

Dear Shareholders,
Dear Ladies and Gentlemen,

We published our 2009/10 consolidated financial statements on 30 December 2010. These offer further evidence of the stability of our earnings, our financial strength and our economic potential. We thus have a solid basis for upholding our shareholder-friendly dividend policy in future as well. The Executive and Supervisory Boards have resolved to propose an unchanged dividend of Euro 0.90 per share for the 2009/10 financial year for approval by the Annual General Meeting on 18 March 2011. Subject to this approval, we will once again be distributing a dividend total of Euro 59.3 million to our shareholders.

Our 2010/11 financial year has begun on an eventful note. We are already in the midst of implementing our "Once Together" group project, which was approved by the supervisory boards of Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Energie AG in November and December 2010. By introducing numerous measures to enhance efficiency and cut costs, we aim to reduce our material and personnel expenses by between Euro 20 million and Euro 30 million a year in the next three years. This way, we are creating a basis for the growth investments budgeted through to 2020. Our partnership-based project for the future will lead to unavoidable staff cuts of around 450 full-time positions at our Mannheim, Kiel and Offenbach locations by 2020. We will implement these measures in a socially responsible manner. To this end, it has been necessary to recognise provisions of around Euro 31 million in our quarterly financial statements as of 31 December 2010. However, these have no influence on our adjusted EBIT. In the 1st quarter of 2010/11, the MVV Energie Group generated adjusted EBIT of Euro 91 million (previous year: Euro 85 million). Quarterly sales grew year-on-year by 13 % to Euro 947 million.

To enable us to set targeted entrepreneurial focuses in future as well, from the 2010/11 financial year we are basing the planning and control of our Group's business activities on uniform group-wide principles consistent with the respective stages of the value chain. Accordingly, our segment reporting is now also based on these new reporting segments.

We can announce one particular success in our environmental energy business. In January 2011, our subsidiary MVV Umwelt GmbH was awarded preferred bidder status in a pan-European tender for the construction and operation of an energy from waste plant in the British port of Plymouth. For us, this project offers the opportunity of contributing to the British market our extensive expertise in planning, building, operating and financing power plants and in putting waste to ecological use. We are confident that the contract can be signed by the end of March 2011. With five energy from waste plants and biomass power plants with a total capacity of 1.6 million tonnes, our Group is already one of Germany's largest environmental energy players.

Yours faithfully,

Dr. Georg Müller
CEO

Mannheim, February 2011

The Share of MVV Energie AG

Recovery on capital markets in 2010

Following the turbulence on the capital markets in the wake of the global economic and financial crisis, in 2010 stock markets witnessed an increasing process of stabilisation that evolved into a strong upturn as the year progressed. Having reached a low at 3 666 points in March 2009, the DAX, Germany's leading index, benefited from a gradual recovery in prices, one which allowed it to return to 6 914 points by the end of December 2010 (+ 88.6 %).

Share price: decline following long sideways movement

Year-on-year comparison of the balance sheet dates as of 31 December shows that MVV Energie's share price fell by 9.5 % from Euro 30.94 in the previous year to Euro 28.01 in 2010. Including the distribution of a dividend of Euro 0.90 per share in March 2010, our year-on-year share price performance amounted to – 6.9 %. Accounting for the dividend payments made in 2009 and 2010, our share price declined by 7.9 % over the two-year period (see share performance chart). Our comparative indices showed highly disparate developments. While the DAXsector Utilities fell by 9.2 %, the SDAX surged by 84.7 %. It should be noted that all indices suffered sharp drops in prices in the 2008 crisis year. The stocks included in these indices thus had correspondingly great potential for recovery. The MVV Energie AG share long moved sideways during this period, maintaining its ground well in a market climate affected by the economic and financial crisis.

Our share reached its highest closing price in XETRA trading in the quarter under report at Euro 29.55 on 4 October 2010. Its lowest closing price was recorded at Euro 24.19 on 6 December 2010.

A total of 360 500 MVV Energie AG shares were traded across all German marketplaces in the quarter under report, around 20 % less than in the previous year's period. Due to the lower turnover and the reduction in the share price, the equivalent value of trading volumes involving shares in MVV Energie AG decreased from Euro 14 million in the previous year's quarter to Euro 10 million in the 1st quarter of 2010/11. The market capitalisation of MVV Energie AG amounted to Euro 1 846 million as of 30 December 2010 (previous year: Euro 2 039 million). The free float share of 18.5 % on which the share's weighting in the SDAX is based was valued at Euro 342 million at the end of the 1st quarter of 2010/11 (previous year: Euro 377 million).

Performance comparison of the MVV Energie AG share over two years

MVV Energie AG
DAXsector Utilities
SDAX

ISIN DE000A0H52F5
WKN A0H52F
XETRA MVV1
Reuters MVV Gn.DE
Bloomberg MVV1 GR

Measured in terms of its free float market capitalisation, the MVV Energie AG share was ranked 63rd in the joint statistics compiled for the MDAX and SDAX indices (previous year: 46th). Measured in terms of stock market turnover, our share was ranked 102nd in the statistics (previous year: 67th).

Second designated sponsor

On 17 December 2010 we commissioned Close Brothers Seydler Bank AG to act as a second designated sponsor.

Voting rights notifications in 1st quarter of 2010/11

In the quarter under report we received four voting rights notifications from Allianz Global Investors Luxembourg S.A., Luxembourg, Luxembourg, Deka International S.A., Luxembourg, Luxembourg, and Barclays Securities Ltd., London, UK, and published these on the internet at **www.mvv-investor.de**. The shares held by all three companies are attributed to the free float.

Corporate Strategy

Strategic and organisational alignment

We are heading for a new energy age. With its strategic alignment, MVV Energie is actively accounting for the changes in the challenges it faces and in the underlying political framework. We are building on sustainability, efficiency and regionalism. This way, we can offer attractive perspectives for our customers, employees and owners. We set out the core elements of our strategic and organisational alignment in detail from Page 46 onwards of our 2009/10 Annual Report.

Now that the relevant Supervisory Board resolutions have been adopted, we are in the middle of implementing the efficiency enhancement and cost cutting measures compiled within our "Once Together" group project. We are thus taking steps to counter future charges on earnings in the wake of increasing competitive and regulatory pressure, while at the same time creating a basis for our growth investments.

In our measures to optimise and continually improve processes in our existing business, we are concentrating on our group companies in Mannheim, Kiel and Offenbach, as well as on our MVV Energiedienstleistungen and MVV Umwelt subgroups. These measures have been documented in a detailed restructuring plan and have led to a restructuring provision of around Euro 31 million being posted pursuant to IAS 37 in the 1st quarter of 2010/11. In the course of implementation, a net total of around 450 full-time jobs will be cut in a socially responsible manner by 2020. By achieving increasing volumes of material and personnel cost savings each year, we aim to save between Euro 20 million and Euro 30 million a year from the 2012/13 financial year onwards.

The restructuring of the MVV Energiedienstleistungen subgroup was largely completed in the past 2009/10 financial year. We have reorganised this subsidiary in organisational and personnel terms and focused its investment and project portfolio on the attractive fields of contracting and energy efficiency, industrial parks and consulting. In conjunction with leaner structures and standardised processes, the reduction in the number of legal entities and accompanying personnel cuts will sustainably improve the subgroup's cost structures.

Further efficiency enhancements are to be achieved at our shared service companies, namely 24/7 United Billing, 24/7 Metering GmbH and 24/7 IT-Services, by stepping up the degree of cooperation and introducing uniform management and control structures. To this end, we have pooled the three shared service companies under the roof of Shared-Services-Center GmbH. In parallel with these measures to optimise our operations, we are also gradually implementing our budgeted investment programme, which involves investing a total of Euro 3 billion by 2020. Alongside investments in replacements and renewals, we intend to invest Euro 1.5 billion in broadening and deepening our business portfolio. The main focuses of our growth investments involve expanding renewable energies (for example by means of our wind power plants in Plauerhagen and Massenhausen), environmentally-friendly district heating, cogeneration and expanding our energy-related services business. The further development of our nationwide industrial customer sales business is also highly relevant for us, but involves a lower volume of investment outlays (please also see Outlook from Page 16 onwards).

We also see the construction and long-term operation of energy from waste plants in the UK as harbouring opportunities for growth. The awarding of preferred bidder status for a new waste-fired cogeneration plant in Plymouth documents our ability to position ourselves, with our longstanding experience in this business, on an international level as well. Other important future topics for us include the "E-Energy" model project promoted by the Federal Government and electro-mobility (please also see Page 7).

New planning and control approach

As part of the "Once Together" group project we have devised a new planning and control approach for the MVV Energie Group. Starting in the 2010/11 financial year, we are planning and controlling our business in line with the respective value creation stages, from generation and grids via trading through to sales. This new approach enables us to evaluate business-related opportunities and risks clearly, exploit key success factors and efficiency levers in individual value creation stages and thus improve our management of the overall Group. Together with a joint operating process model, this will enable us to achieve synergies.

New reporting segments

In the interim group management report section of this financial report (from Page 8 onwards), we will be commenting on the sales and earnings performance of the MVV Energie Group for the first time on the basis of value creation stages, which have replaced the previous product-based segments of electricity, district heating, gas, water, energy-related services and environmental energy.

The **GENERATION AND INFRASTRUCTURE** reporting segment includes the conventional power plants, energy from waste plants and renewable energies generation plants (such as biomass power plants and wind farms) at the MVV Energie AG, Stadtwerke Kiel AG (SWK), Energieversorgung Offenbach AG (EVO) and MVV Umwelt GmbH subgroups and the waterworks. This segment also includes grid facilities for electricity, district heating, gas and water and the technical service units allocated to the grids business field.

The **TRADING AND PORTFOLIO MANAGEMENT** reporting segment consists of energy procurement and portfolio management, as well as the energy trading activities at 24/7 Trading GmbH. It is thus consistent with international energy markets regulations.

The **SALES AND SERVICES** reporting segment includes the sales activities (electricity, district heating, gas and water) at MVV Energie AG, SWK, EVO and SECURA Energie GmbH, as well as the energy-related services businesses at the MVV Energiedienstleistungen GmbH and EVO subgroups.

The **STRATEGIC INVESTMENTS** reporting segment comprises the Stadtwerke Solingen GmbH, Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups. The Solingen and Ingolstadt subgroups are proportionately included in the consolidated financial statements.

OTHER ACTIVITIES relate in particular to the newly founded company Shared-Services-Center and to cross-divisional activities and consolidation items.

Reporting segments based on value creation stages from 2010/11 financial year

Generation and Infrastructure

Trading and Portfolio Management

Sales and Services

Strategic Investments

Other Activities

Business Framework

Macroeconomic Situation

According to estimates compiled by the Federal Statistics Office, German real-term gross domestic product (GDP) grew by 0.5 % in the period under report from October to December 2010 compared with the previous quarter. Based on preliminary calculations, GDP for 2010 as a whole rose by 3.6 % compared with the 2009 crisis year. This unexpectedly strong growth in 2010 was chiefly driven by increased exports.

Sector-Specific Developments

The economic recovery and cold winter weather led to a higher volume of energy consumption. Based on preliminary figures released by the German Energy and Water Industry Association (BDEW), electricity consumption in the 2010 calendar year grew by 3.9 % compared with 2009. Given the 5.2 % decline reported for 2009, this means that electricity consumption has not yet regained its pre-crisis level. Natural gas consumption rose year-on-year by 3.7 %. Developments on energy markets were dominated in the course of the year by rising prices. The average price of Brent crude oil rose to US$ 87.45 per barrel in the period from October to December 2010, up US$ 11.90 on the equivalent quarterly average in 2009. Consistent with this upward trend, the average price of natural gas for the 2011 supply year amounted to Euro 21.06/MWh in the quarter under report, up Euro 6.44 on the previous year's quarter. The highest price increase was seen on the coal market. The average coal price for supply in 2011 rose by US$ 23.28 to US$ 106.70 per tonne. At Euro 15.08 per tonne, emissions rights prices were also listed Euro 1.10 higher. In parallel, average electricity prices for the 2011 supply year also increased to Euro 49.01/MWh, up Euro 2.72 compared with the 4th calendar quarter of 2009.

Energy Policy and Regulation

Numerous aspects of the legislative framework for the German energy industry are up for discussion in 2011. These include fleshing out the Federal Government's Energy Concept with specific measures, revising the German Energy Act (EnWG), evaluating and amending the German Cogeneration Act (KWKG) and the German Renewable Energies Act (EEG) and specifying grid quality regulation in greater detail (electricity and gas grids).

MVV Energie is actively participating in the political decision-making processes. In particular, we are campaigning for adequate account to be taken of the contribution made by district heating and cogeneration to the heating energy and electricity supply. We are calling for a "2025 Cogeneration and District Heating Pact" to promote the further expansion of these efficient technologies. A survey commissioned by MVV Energie AG from BET, an energy and water industry consultancy, outlines measures enabling cogeneration to attain a 25 % share of electricity generation. To achieve this, it would be necessary to sharpen the focus of the KWKG Act to provide incentives for efficiency enhancements and the expansion of district heating – with no need to increase the existing annual subsidy budget.

In terms of the revision of the EEG Act scheduled for 2011, we are campaigning for a well-balanced enhancement of the legal framework. Incentives must be created for greater market and system integration for renewable energies.

In November 2010, the European Commission published its 2020 Energy Strategy and the infrastructure package setting out its long-term energy policy priorities. MVV Energie welcomes the objective of increasing energy efficiency, a development we expect to provide further momentum for our energy-related services and district heating businesses.

The EEG settlement mechanism obliges transmissions grid operators (TGOs) to sell all electricity volumes covered by the EEG Act on a spot exchange. To avoid high fluctuations in prices, however, TGOs can draw on special regulations in exceptional cases. MVV Energie had criticised the inadequate transparency of these special regulations. This criticism was acknowledged upon the extension of the regulations on 8 December 2010.

Grid regulation is currently focusing on the gas cost reviews as the basis for the second regulation period. On 15 December 2010, the Federal Networks Agency also specified its plans to introduce quality regulation in 2012 in order to counter any decline in quality levels, particularly in view of incentive regulation. MVV Energie is actively participating in the current consultation proceedings concerning the specific structure.

Positive Impact of Weather Conditions

Our Group's business performance is significantly affected by weather conditions. All of our Group's locations reported cooler outdoor temperatures in the 1st quarter of 2010/11 compared with the previous year. Accordingly, the MVV Energie Group's degree day figures (the indicator we use to measure our customers' heating energy needs) were 15 % higher than the previous year's figures. Temperatures in December 2010 in particular were considerably lower than in the previous year and below long-term averages. Following comparatively mild temperatures in January 2011, it remains to be seen what impact weather conditions will have on the 2010/11 financial year as a whole.

Research and Development

Smart energy systems and electro-mobility

Together with 500 customers at its locations in Mannheim, Kiel and Offenbach, MVV Energie tested the use of smart meters in 2010. As well as investigating the technical maturity of the meter systems, these tests also focused in particular on the new technology's energy and process efficiency and on its acceptance by customers. The results are to be used by the company's research partners, the Fraunhofer Institute for Solar Energy Systems (ISE) and the Fraunhofer Institute for System and Innovation Research (ISI), to develop commercial products.

"Model City Mannheim" is one of six subprojects being promoted by the Federal Ministry of Economics and Technology in its "E-Energy" competition. Under the management of MVV Energie AG, the project partners are testing decentralised energy generation, demand-based energy management and its integration with modern information and communications technologies. In Mannheim, 200 household customers are currently taking part in the second project phase.

MVV Energie is also playing a pioneering role in the area of electro-mobility. Within the "Future Fleet" project promoted by the Federal Ministry of the Environment, we have created the infrastructure necessary for a set of field trials that has met with nationwide acknowledgement (please also see Page 17).

Electric vehicles will play a major role in the smart energy system of the future. Today, we are already generating synergies in this respect from our Model City Mannheim E-Energy project.

Employees

The MVV Energie Group had a total of 5 992 employees as of 31 December 2010, 95 fewer than as of 31 December 2009. This decline in the workforce related in particular to MVV Energie AG and its fully consolidated shareholdings Stadtwerke Kiel AG and MVV Energiedienstleistungen. In the energy-related services business, the planned process of focusing the business on strategic business fields is being implemented consistently. The initial full consolidation of Götzfried + Pitzer Entsorgungs GmbH, Ulm, led personnel totals to increase at the MVV Umwelt subgroup. As in the previous year, the Group's foreign shareholdings had a total of 622 employees as of 31 December 2010.

MVV Energie AG was singled out for its commitment to company health management in the quarter under report. Firstly, we received the Corporate Health Award, an accolade awarded to Germany's healthiest companies each year under the auspices of the Federal Ministry of Labour and Social Affairs and the Initiative for New Quality at Work (INQA). What's more, MVV Energie was also awarded the "German Entrepreneurs Prize for Health 2010" by an initiative of the Federal Association of German Health Insurers (BKK) and the EU Commission.

Personnel figures (headcount) at the balance sheet date on 31.12.

	2010/11	2009/10	+/– change
MVV Energie AG	1 477	1 508	– 31
Fully consolidated shareholdings	3 832	3 880	– 48
MVV Energie AG with fully consolidated shareholdings	**5 309**	**5 388**	**– 79**
Proportionately consolidated shareholdings	678	684	– 6
MVV Energie Group [1]	**5 987**	**6 072**	**– 85**
External personnel at Mannheim cogeneration plant	5	15	– 10
	5 992	**6 087**	**– 95**

1 including 391 trainees (previous year: 411)

Business Performance

Earnings Position of the MVV Energie Group

New reporting structure

Consistent with our new planning and control approach, from the 2010/11 financial year onwards we are reporting our business performance in line with reporting segments based on the respective stages of the value chain. These include all value creation stages from generation and grids via trading through to sales (please see Page 5). As a result of the amended reporting structure, segment-specific sales and adjusted EBITs are no longer directly comparable with the previous year's figures. For information purposes, we have derived the previous year's figures for the reporting segments in line with the new structure and calculated these in some cases. They thus represent pro forma figures (please also see notes to interim consolidated financial statements from Page 24 onwards).

Sales performance

The **EXTERNAL SALES** of the MVV Energie Group (excluding electricity and natural gas taxes) grew year-on-year by Euro 108 million (+ 13 %) to Euro 947 million in the 1st quarter of 2010/11 (October to December 2010). The domestic business accounted for 96 % and the Czech subgroup for 4 % of total sales.

Alongside Trading and Portfolio Management, Sales and Services and Strategic Investments are our strongest reporting segments in terms of sales. The Sales and Services segment contributed 58 % of the total sales of the MVV Energie Group in the 1st quarter of 2010/11. Quarterly sales were affected by weather-related volume growth in the district heating, gas and contracting business and by further successful acquisitions in the nationwide electricity and gas sales business. Cool outdoor temperatures also led to volume growth in the Strategic Investments segment.

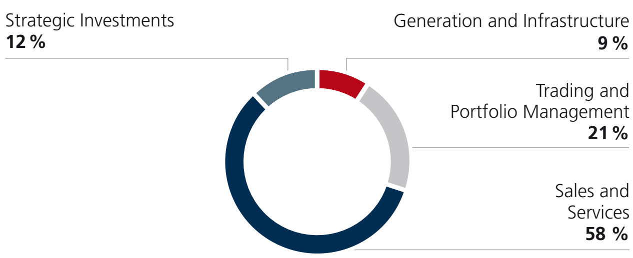
Sales in the Generation and Infrastructure segment are due in particular to waste incineration and energy generation at our Mannheim, Offenbach and Leuna locations, as well as to grid utilisation fees. Power plant deployment, which is heavily dependent on developments on the wholesale market, is controlled and optimised in the Trading and Portfolio Management stage of the value chain. This reporting segment accounted for 21 % of the total sales of the MVV Energie Group.

External sales of the MVV Energie Group
1st quarter, 1.10. to 31.12.

Euro million	**2010/11**	2009/10[1] pro forma
Generation and Infrastructure	87	86
Trading and Portfolio Management	200	136
Sales and Services	549	523
Strategic Investments	110	92
Other Activities	1	2
Total	**947**	**839**
of which electricity sales	555	484
of which district heating sales	142	126
of which gas sales	147	120
of which water sales	26	26

1 previous year's figures calculated as pro forma figures

Share of external sales of the MVV Energie Group by reporting segment
1st quarter of 2010/11



Development in turnover

We have allocated turnover volumes, which remain product-based and are still calculated using the same method as in the previous year, to the new reporting segments.

Electricity turnover of the MVV Energie Group
1st quarter, 1.10. to 31.12.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	121	99	+ 22
Trading and Portfolio Management	3 204	2 090	+ 53
Sales and Services	2 859	2 751	+ 4
of which industrial and commercial customers/secondary distributors	2 257	2 204	+ 2
of which private and business customers	457	426	+ 7
of which contracting customers	145	121	+ 20
Strategic Investments	375	222	+ 69
Total	**6 559**	**5 162**	**+ 27**

Electricity turnover in the Generation and Infrastructure reporting segment is chiefly attributable to the energy from waste and biomass power plants. The wind farm in Plauerhagen fed around 9 million kWh into the grid in the quarter under report. The Trading and Portfolio Management reporting segment, where our generation portfolio is optimised and the resultant volumes are marketed via 24/7 Trading GmbH, accounts for the largest share of our electricity turnover (49 %). In our Sales and Services reporting segment (44 % share), we managed to increase our electricity turnover with all customer groups in spite of intense competition. Electricity turnover in the Strategic Investments segment was boosted by successful acquisitions in the industrial customer business.

District heating turnover of the MVV Energie Group
1st quarter, 1.10. to 31.12.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	41	103	– 60
Trading and Portfolio Management	246	224	+ 10
Sales and Services	1 946	1 581	+ 23
of which industrial and commercial customers/secondary distributors	248	223	+ 11
of which private and business customers	1 024	825	+ 24
of which contracting customers	674	533	+ 26
Strategic Investments	480	447	+ 7
Total	**2 713**	**2 355**	**+ 15**

Cooler outdoor temperatures led to turnover growth in the Sales and Services and Strategic Investments reporting segments in the 1st quarter of 2010/11. Following the launch of operations with the new transit pipeline, 19 million kWh of district heating was supplied to Stadtwerke Speyer in the quarter under report. Turnover with contracting customers was positively affected by the cooler weather conditions and increased business volumes. The reduction in district heating turnover in the Generation and Infrastructure reporting segment was due to the lower volume of steam procured by a Mannheim customer of MVV Umwelt GmbH on account of fire-related loss of production.

Gas turnover of the MVV Energie Group
1st quarter, 1.10. to 31.12.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	403	753	– 46
Sales and Services	2 818	2 012	+ 40
of which industrial and commercial customers/secondary distributors	1 588	980	+ 62
of which private and business customers	1 109	924	+ 20
of which contracting customers	121	108	+ 12
Strategic Investments	541	651	– 17
Total	**3 762**	**3 416**	**+ 10**

The Sales and Services reporting segment, which accounts for 75 % of total gas turnover, also generated the most notable growth momentum. This volume growth was due on the one hand to cooler weather conditions and on the other hand to successful turnover growth in the nationwide gas sales business. The reduction in gas turnover in the Trading and Portfolio Management reporting segment was the result of a decline in volumes in Kiel. The lower gas turnover in the Strategic Investments reporting segment was attributable to the industrial customer business.

Water turnover of the MVV Energie Group
1st quarter, 1.10. to 31.12.

Water in m³ million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	11.3	11.4	– 1
of which industrial and commercial customers/secondary distributors	1.8	1.8	0
of which private and business customers	9.4	9.5	– 1
of which contracting customers	0.1	0.1	0
Strategic Investments	1.8	1.8	0
Total	**13.1**	**13.2**	**– 1**

Our water turnover is chiefly generated with private and business customers in the Sales and Services segment. The Strategic Investments reporting segment also includes customers at Stadtwerke Solingen and the Czech subgroup.

Combustible waste delivered at the MVV Energie Group
1st quarter, 1.10. to 31.12.

tonnes 000s	2010/11	2009/10	% change
Generation and Infrastructure	394	361	+ 9
Trading and Portfolio Management	—	—	—
Sales and Services	42	31	+ 35
Strategic Investments	17	7	+ 143
Total	**453**	**399**	**+ 14**

Our waste volumes are primarily accounted for in the Generation and Infrastructure reporting segment. The growth reported here was due to the first full-year operations at the new Boiler No. 6 in Mannheim. The increase reported under Sales and Services was attributable to the Korbach power plant, which on account of damages was not in operation in the 1st quarter of the previous year. The volume growth reported under Strategic Investments was mainly due to the Czech company IROMEZ.

Development in further key items in the income statement

The **COST OF MATERIALS** rose year-on-year by 16 % to Euro 727 million in the 1st quarter of 2010/11. This increase largely reflects the growth in sales. As a result of our new control approach, from the 2010/11 financial year we are reporting the concession duty under cost of materials rather than in the other operating expenses item in the income statement.

At Euro 81 million, **PERSONNEL EXPENSES** matched the previous year's figure in the 1st quarter of 2010/11. Here, the increase in expenses due to the impact of initial consolidations was largely offset by cost savings on account of lower employee totals.

OTHER OPERATING INCOME fell year-on-year from Euro 547 million to Euro 168 million in the 1st quarter of 2010/11. This reduction was due to the measurement of derivatives as of the balance sheet date required by IAS 39. At Euro 132 million, the income from this measurement item as of 31 December 2010 was significantly lower than the equivalent figure of Euro 522 million reported as of 31 December 2009. This valuation-dependent income was countered by IAS 39 measurement items of Euro 108 million recognised under **OTHER OPERATING EXPENSES** as of 31 December 2010 (previous year: Euro 519 million). On a net basis, the IAS 39 item for the 1st quarter of 2010/11 was therefore positive at Euro 24 million (previous year: Euro 3 million).

The development in IAS 39 items reflects the movement in market prices on the commodity and energy markets. For MVV Energie as a net buyer, the spot measurement of energy trading derivatives as of the balance sheet date required by IAS 39 led to more positive fair values in the 1st quarter of 2010/11 compared with 30 September 2010. This was because current fair prices were higher at this date than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, does not affect our operating business and also has no influence on the dividend. Excluding IAS 39 items, other operating income rose year-on-year from Euro 25 million to Euro 36 million and other operating expenses from Euro 45 million to Euro 56 million in the 1st quarter of 2010/11. The increase in both items was attributable, among other factors, to the sale and purchase of CO_2 emissions rights.

As a result of the subsequent measurement of associates, income from associates declined year-on-year from Euro 5 million to Euro 2 million in the quarter under report. At Euro 35 million, depreciation was at the same level as in the previous year.

The measures taken to implement the "Once Together" group project led to the posting of restructuring expenses of around Euro 31 million in the interim consolidated financial statements as of 31 December 2010. We have reported these expenses, which are attributable to a restructuring provision recognised pursuant to IAS 37, as a separate item in our income statement as of 31 December 2010. No comparable expenses were incurred in the previous year's quarter.

Reconciliation with adjusted EBIT

For internal management purposes we refer to **ADJUSTED EBIT**. This key earnings figure shows our operating earnings before interest and taxes on income excluding the impact on earnings of the fair value measurement of derivatives as of the balance sheet date required by IAS 39 and also excluding restructuring expenses. The interest income from finance leases reported after EBIT in the income statement is attributable to contracting projects and thus counts as part of our operating business. Such income is therefore also included in adjusted EBIT. The following table presents the reconciliation of EBIT as reported in the income statement with adjusted EBIT.

Reconciliation of EBIT (income statement) with adjusted EBIT
1st quarter, 1.10. to 31.12.

Euro million	2010/11	2009/10[1]	+/– change
EBIT as reported in income statement	83	87	– 4
Derivative measurement items under IAS 39	– 24	– 3	– 21
Restructuring expenses	31	—	+ 31
Interest income from finance leases	1	1	0
Adjusted EBIT	**91**	**85**	**+ 6**

1 previous year's figure adjusted

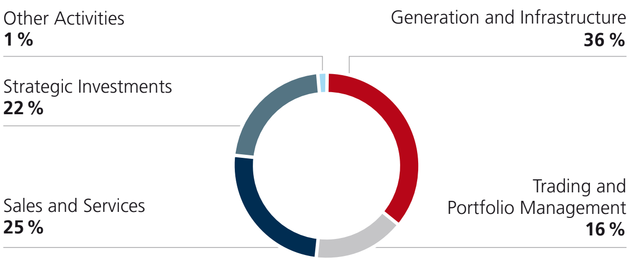
In line with this approach, in our financial reports we comment on the results of the MVV Energie Group and its reporting segments using these earnings figures, which provide a more meaningful basis for any assessment.

Adjusted EBIT of the MVV Energie Group by reporting segment
1st quarter, 1.10. to 31.12.

Euro million	2010/11	2009/10[1] pro forma
Generation and Infrastructure	33	31
Trading and Portfolio Management	14	16
Sales and Services	23	20
Strategic Investments	20	18
Other Activities	1	0
Total	**91**	**85**

1 previous year's figures calculated as pro forma figures

Share of adjusted EBIT of the MVV Energie Group by reporting segment 1st quarter of 2010/11



The Generation and Infrastructure reporting segment, which is characterised in particular by waste incineration and energy generation, as well as by the grid business, accounted for the largest earnings contribution in the 1st quarter of 2010/11. Quarterly earnings were positively affected by Boiler No. 6 and the new turbine at the Mannheim location of MVV Umwelt GmbH.

The Trading and Portfolio Management reporting segment comprises the entire energy procurement and generation portfolio of our group of companies. These activities are structured by 24/7 Trading GmbH and optimised to account for developments on international energy markets. The decline in electricity prices on the wholesale market on the one hand and higher prices for coal and CO_2 rights on the other hand led our generation margin (clean dark spread) to decline in the 1st quarter of 2010/11.

The Sales and Services reporting segment benefited in particular from weather-related turnover growth in the district heating, gas and contracting businesses. The cooler weather conditions also impacted positively on earnings in the Strategic Investments reporting segment.

FINANCING EXPENSES dropped year-on-year by Euro 12 million to Euro 16 million in the 1st quarter of 2010/11. Of this reduction, around Euro 10 million was due to lower interest expenses for the put option held by the City of Kiel for the sale of its remaining 49 % share in Stadtwerke Kiel AG to MVV Energie AG. The put option was not exercised by 6 November 2010 and expired as of this date. Furthermore, the reduction was also the result of lower loan interest. This expiry of the Kiel put option, which has affected financing expenses, has no influence on adjusted EBIT and on the EBIT reported before net financing expenses in the income statement.

ADJUSTED EBT amounted to Euro 76 million in the 1st quarter of 2010/11, as against Euro 58 million in the previous year. The tax rate for the 1st quarter of 2010/11 based on adjusted EBT amounted to 32.7 % (previous year: 32.5 %). Net of adjusted taxes on income of Euro 25 million (previous year: Euro 19 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 51 million in the 1st quarter of 2010/11, compared with Euro 39 million in the previous year.

Adjusted minority interests rose year-on-year from Euro 2 million to Euro 6 million in the quarter under report. This increase was due to the change in circumstances following the expiry of the put option held by the City of Kiel.

Net of adjusted minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 45 million for the 1st quarter of 2010/11, as against Euro 37 million in the previous year.

Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 0.68 in the 1st quarter of 2010/11, up from Euro 0.55 in the previous year. As in the previous year, the weighted quarterly average number of shares amounted to 65.9 million.

Net Asset and Financial Position

At Euro 3.73 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 December 2010 were Euro 98 million (+ 3 %) higher than at the end of the 2009/10 financial year (Euro 3.64 billion).

NON-CURRENT ASSETS, which dominate the asset side of the balance sheet, dropped to Euro 2.62 billion, down Euro 62 million (– 2 %) compared with 30 September 2010. This reduction was chiefly due to lower volumes of non-current other receivables and assets. This item was affected above all by the reclassification as current items of those energy trading derivatives recognised under IAS 39 with delivery dates in the 2011 calendar year. Property, plant and equipment, accounting for 55 % of total assets, fell by Euro 6 million to Euro 2.05 billion. This reduction was calculated as the net balance of investments on the one hand and disposals and depreciation on the other.

CURRENT ASSETS rose to Euro 1.11 billion, up Euro 160 million (+ 17 %) on the balance sheet date as of 30 September 2010. Of this increase, Euro 76 million was mainly due to the higher volume of trade receivables. This in turn was the result of seasonal factors and expanded business volumes in the nationwide electricity and gas sales business. The successful implementation of measures to optimise receivables management meant that, notwithstanding strong sales growth, the volume of receivables as of 31 December 2010 was only Euro 26 million higher than at 31 December 2009 (Euro 482 million). The rise in other receivables and assets by Euro 88 million was mainly attributable to the reclassification referred to above of derivatives recognised under IAS 39 as current assets, as well as to higher short-term cash investments. The current other receivables and assets reported as of 31 December 2010 included receivables of Euro 49 million in connection with security deposits aimed at reducing counterparty risk (30 September 2010: Euro 69 million). At Euro 139 million, cash and cash equivalents were Euro 8 million lower than at 30 September 2010.

On the liabilities side, the **EQUITY** of the MVV Energie Group rose to Euro 1.34 million and was thus Euro 156 million (+ 13 %) higher than at 30 September 2010. This increase was primarily due to increased minority interests within equity. The contractually agreed period in which the City of Kiel could have tendered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010. As a result of the lapsing of the put option, the present value of the payment obligation (Euro 121 million), previously recognised as a liability under current financial debt, was reclassified at fair value to equity (minority interests).

For group management purposes, we also adjust our balance sheet to eliminate cumulative IAS 39 measurement items. We reduced the asset side by the positive fair values of derivatives and allocable deferred taxes, amounting to Euro 164 million as of 31 December 2010 (30 September 2010: Euro 180 million). On the capital side, we eliminated negative fair values of Euro 190 million from debt capital as of 31 December 2010 (30 September 2010: Euro 226 million) and the resultant net balance of Euro 26 million from equity (30 September 2010: Euro 46 million). Calculated on this adjusted basis, the equity ratio amounted to 38.3 % as of 31 December 2010 (30 September 2010: 35.7 %).

NON-CURRENT DEBT reduced to Euro 1.38 billion, down Euro 118 million compared with the balance sheet date as of 30 September 2010 (Euro 1.50 billion). This decrease was due to the reduction in financial debt and the reclassification referred to above of derivatives recognised under IAS 39 with delivery dates in the 2011 calendar year from non-current to current other liabilities.

CURRENT DEBT rose to Euro 1.01 billion, up Euro 60 million compared with 30 September 2010 (Euro 950 million). This increase was due on the one hand to the aforementioned reclassification of derivatives to current other liabilities and on the other to a higher volume of trade payables. These increases more than compensated for the decline in current financial debt, which was affected, among other factors, by the reclassification of the Kiel put option outlined under equity. The current other liabilities reported as of 31 December 2010 included security deposits of Euro 11 million to reduce counterparty risk (30 September 2010: Euro 12 million). Further details can be found in the notes on the balance sheet in the interim consolidated financial statements from Page 27 onwards.

Investments

At around Euro 37 million, the volume of investment at the MVV Energie Group in the 1st quarter of 2010/11 was lower than in the 1st quarter of 2009/10 (Euro 53 million). Investments in property, plant and equipment focused on the Generation and Infrastructure reporting segment and primarily related to the expansion of district heating grids in Mannheim and Offenbach. At Energieversorgung Offenbach, investments were made in expanding wood pellet production and in acquiring two wind power plants in Massenhausen. Together, the two plants (installed output: 4 MW) will in future be able to feed more than 9 million kWh of green electricity into the public grid each year. The district heating project in Ingolstadt is included in the Strategic Investments reporting segment. A sum of Euro 3 million was channelled into the acquisition of fully and proportionately consolidated companies and other financial assets (previous year: Euro 3 million).

Investments of the MVV Energie Group by reporting segment
1st quarter, 1.10. to 31.12.

Euro million	**2010/11**	2009/10[1] pro forma
Generation and Infrastructure	17	26
Trading and Portfolio Management	0	0
Sales and Services	6	10
Strategic Investments	6	11
Other Activities	5	3
Investments in property, plant and equipment[2]	**34**	**50**
Investments in financial assets	3	3
Total	**37**	**53**

1 previous year's figures calculated as pro forma figures
2 investments in intangible assets, property, plant and equipment and investment property

Financial position and cash flow

Financial debt reduced to Euro 1.25 billion, down Euro 97 million compared with the balance sheet date as of 30 September 2010. This reduction was chiefly due to the repayment of liabilities to banks and to the reclassification of the lapsed Kiel put option outlined under equity. Net financial debt (financial debt less cash and cash equivalents) decreased to Euro 1.11 billion as of 31 December 2010, down Euro 89 million compared with 30 September 2010.

The **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** dropped year-on-year by Euro 7 million to Euro 111 million in the 1st quarter of 2010/11. The IAS 39 valuation item included in the net surplus for the period before taxes on income was eliminated in the context of other non-cash income and expenses.

The **CASH FLOW FROM OPERATING ACTIVITIES** decreased from Euro 51 million in the previous year to Euro 29 million in the 1st quarter of 2010/11. Alongside the impact of the cash flow before working capital and taxes, this decline was also due to changes within other working capital.

Given the lower cash flow from operating activities and following the deduction of investments of Euro 34 million in intangible assets, property, plant and equipment and investment property (previous year: Euro 50 million), the **FREE CASH FLOW** for the 1st quarter of 2010/11 was negative at Euro – 5 million, compared with a positive free cash flow of Euro 1 million in the previous year.

At Euro – 33 million, the **CASH FLOW FROM INVESTING ACTIVITIES** was less markedly negative in the 1st quarter of 2010/11 than in the previous year (Euro – 50 million). This is the amount by which our payments for investments in property, plant and equipment and financial assets exceeded the proceeds from subsidy grants and the sale of other financial assets.

Due to a high volume of loan repayments, comparatively lower new borrowing and the dividend payment to minority shareholders, the **CASH FLOW FROM FINANCING ACTIVITIES** was negative at Euro – 3 million in the 1st quarter of 2010/11. The equivalent figure for the 1st quarter of the previous year was positive at Euro 3 million due to a higher volume of net new borrowing. According to the cash flow statement (see Page 22), the MVV Energie Group reported cash and cash equivalents of Euro 139 million at the balance sheet date as of 31 December 2010 (previous year: Euro 323 million). The comparatively high previous year's figure was due to the strategic liquidity reserve formed at the beginning of the 2009/10 financial year. These funds were used to repay a significant volume of financial liabilities in the previous year. Further details can be found in the interim consolidated financial statements on Page 29.

Opportunity and Risk Report

Balanced relationship of opportunities and risks

The MVV Energie Group has an established group-wide risk management system which continuously and systematically identifies and manages opportunities and risks. This enables us on the one hand to ensure the early detection of risks potentially threatening the company's continued existence and on the other hand to help optimise business activities in the energy supply and waste incineration markets relevant to the MVV Energie Group in Germany and abroad.

The most important exogenous factors affecting the business performance are volume risks and opportunities due to weather conditions, operating risks and opportunities in terms of power plant operation and the opportunities and risks resulting from developments in market prices. To date, district heating and gas turnover has been positively affected by the cold weather conditions during the heating period. Significantly warmer conditions during the rest of the winter, however, could still lead earnings to deteriorate. Plant availability is the main factor in terms of operating risks and opportunities. The potential offered by longer hours of deployment is offset by the risk of unscheduled downtime, a development which would also involve price risks. Market price developments affect the Group's business performance in terms of the marketing of gas, district heating and electricity. Our generation activities are exposed to volatility in the clean dark spread. Potential changes in the margin are dependent on electricity sales revenues and the costs of fuels and emissions rights. The resultant risks are limited by 24/7 Trading GmbH, our central energy trading company.

Overall, the Group's opportunity/risk profile developed in line with expectations in the 1st quarter of 2010/11. In the further course of the financial year we do not expect to see any change in the opportunity and risks categories presented from Page 91 onwards of the 2009/10 Annual Report (financing risks and opportunities, legal risks, volume risks and opportunities, operating risks and opportunities, price risks and opportunities and strategic risks and opportunities).

Even though the possibility of one-off negative factors can never be excluded with absolute certainty, there are no indications of any risks that could have endangered the ongoing business activities of the MVV Energie Group in the period under report or which could do so in the remainder of the financial year.

Events After the Balance Sheet Date

Apart from the matters reported below, there were no material changes in the underlying framework for our business between the balance sheet date on 31 December 2010 and the preparation of these interim consolidated financial statements for the 1st quarter of 2010/11.

MVV Umwelt preferred bidder for waste-fired heating energy plant in UK

In January 2011, our subsidiary MVV Umwelt GmbH was awarded preferred bidder status in a pan-European tender for the construction and operation of an energy from waste plant in the port of Plymouth in south-western England. From 2014, this waste-fired heating energy plant should incinerate around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and heating energy. The power plant should have a net electricity output of around 22 MW_e and a thermal energy output of around 23 MW_t. This way, the adjacent navy base operated by the British Ministry of Defence is to be supplied with heating energy.

Monitoring report on supply reliability

On 24 January 2011, the Federal Economics Ministry presented its biannual monitoring report on the reliability of the electricity supply required by § 51 of the German Energy Act (EnWG). The report identifies the expansion of electricity grids and maintenance of system stability as two key focuses in the future debate on supply reliability.

Outlook

Future macroeconomic situation

The Federal Statistics Office expects the economy to have grown by 3.6 % in 2010 as a whole. Weaker growth of between 2.2 % and 2.5 % is forecast for 2011. We still see any sustainable economic upturn as being subject to several uncertainties, particularly in terms of global economic and financial developments.

Future situation in the sector

The energy industry is undergoing continued far-reaching structural change. Climate protection and efficient resource use are the key challenges of the future. Looking ahead, our sector will be affected by ever more intense competition and increasing price and regulatory pressure. Alongside the electricity and gas markets, the German district heating and water industries are now also subject to closer supervision by the cartel authorities. The full auctioning of CO_2 emissions rights will place increased burdens on our sector from 2013 onwards.

Furthermore, the Federal Government's Energy Concept, approved by the German Federal Parliament on 28 October 2010 (please also see Page 6), has laid key foundations for the future structures in the energy industry. Even though the Energy Concept still leaves some important points unanswered, it also includes numerous aspects that will impact positively on our business with renewable energies and energy-related services. We see the role of environmentally-friendly district heating and energy-efficient cogeneration (KWK) as being significantly underweighted in the concept. Cogeneration is a tried and tested technology that makes an important contribution towards saving resources, reducing CO_2 emissions harmful to the climate and achieving political efficiency targets. The extension of operating lifetimes at German nuclear power plants will place those competitors not operating such plants at a disadvantage and have a negative overall impact on competition in our sector.

Implementation of strategic alignment

These great challenges require constant willingness to change and adapt. We aim to work together to reinforce and successfully enhance our group of companies, with its municipal roots and strong regional identity, in the changing energy market. With our "Once Together" group project we have laid the foundations necessary to achieve this. The Supervisory Boards endorsed the concept at the end of 2010 and we have agreed the basic points governing the socially responsible implementation of the measures with employee representatives. In the 2010/11 financial year we can therefore press ahead with rapidly implementing our partnership-based company model based on a robust shared understanding of our purpose, as well as implementing the strategic, organisational and operative measures necessary to enhance efficiency and improve structures and internal processes at our locations in Mannheim, Kiel and Offenbach.

Our future markets

Alongside conventional technologies, in our generation of electricity and heating energy we are also increasingly relying on renewable energies. We aim to increase their share of our proprietary electricity generation to 30 % by 2020. In this, we will be focusing on (onshore) wind power and biomass.

As one of Germany's largest suppliers of district heating, we will be working on the further massive expansion of economically and ecologically efficient district and local heating and cogeneration at all of our locations. The expansion and concentration programme in Mannheim is progressing on schedule. The first stage of expansion will mostly be completed by 2013. We are currently implementing a major waste heat and district heating project in Ingolstadt. Our shareholding Stadtwerke Ingolstadt Energie GmbH will supply local key account and private customers with resource-efficient, environmentally-friendly district heating gained from waste industrial heat at Petroplus Raffinerie Ingolstadt GmbH and the City of Ingolstadt's energy from waste plant. Energieversorgung Offenbach AG and Stadtwerke Kiel AG are also investing in expanding and modernising the local district heating supply.

The Czech subgroup is drawing on the operating experience gained from the Cogeneration I (COGEN I) project in the implementation of its COGEN II investment project. The subgroup is investing at several locations in technological upgrades to existing heating energy generation plants and in building new cogeneration plants.

In our energy-related services business we are concentrating our activities on the areas of contracting and energy efficiency, industrial parks and consulting. In the contracting and energy efficiency business field we are focusing above all on our healthcare, real estate and industrial customer groups.

Further expansion in nationwide sales activities

The structured energy procurement concept MVV Energie has developed is well on the way to becoming the industry standard for companies with high levels of energy consumption. In future, we will increasingly be offering our electricity/gas energy funds to medium-sized customers as well.

Opportunities in waste market

In the waste market, we are in the top league of German and European companies with our subsidiary MVV Umwelt GmbH. The awarding of preferred bidder status in a pan-European tender for a new waste-fired heating energy plant in Plymouth has provided the latest confirmation here. We can now contribute our expertise and extensive experience in working with the forward-looking technology of waste incineration to the attractive British market as well.

Future research and development activities

The Model City Mannheim project is focusing above all on innovative, energy-saving concepts. The third trial phase is set to begin in 1 500 households in autumn 2011.

MVV Energie is pressing ahead with environmentally-friendly electro-mobility in a number of projects. Working together with SAP AG, we are planning to convert part of the two companies' car pools to electric vehicles powered exclusively by green electricity. MVV Energie is providing the necessary infrastructure for this. In our Future Fleet project, we are investigating user acceptance for electric vehicles in company car pools and the integration of such into smart energy systems.

Sales and earnings forecast

We expect the underlying framework to remain unstable in the 2010/11 financial year, a factor which makes it more difficult to issue any forecast. Even after the adoption of the Energy Concept by the Federal Government, key aspects of the future energy industry framework are still unclear or subject to review. Given this backdrop, we are cautiously optimistic about our sales and earnings performance in the 2010/11 financial year. We expect to match the high previous year's figures once again in terms of both sales and operating earnings (adjusted EBIT). Having said this, our earnings target is subject to further developments in the clean dark spread. This key figure for our generation activities is determined by ongoing developments in electricity prices on the one hand and fuel prices (coal) and CO_2 emissions rights prices on the other. Furthermore, we have assumed that there will be no further decline in prices in the waste business in Germany and no tightening up in the regulatory framework. The comparatively mild temperatures in January 2011 have already devoured most of the positive impact of weather conditions in the 1st quarter of 2010/11, as a result of which we expect weather conditions to be normal overall in the 2010/11 financial year as a whole. Alongside these external factors, the future earnings performance of the MVV Energie Group will be significantly affected by the implementation of its investment strategy and the material and personnel expense savings arising due to the "Once Together" group project (please also see Page 4). The restructuring provision necessary in the 1st quarter of 2010/11 has no influence on adjusted EBIT.

Future financial position: investments and financing

The new strategic alignment will also shape our investment and financial planning in the coming financial years. With an adjusted equity ratio of 38.3 %, the MVV Energie Group has a solid financial foundation and comparatively stable earnings situation. These factors will enable the Group to maintain its balanced mix of internally generated and capital market funds when financing the investments of around Euro 3 billion it has budgeted for the next ten years. We will make efficient use of our financing potential and make targeted investments in high-growth projects consistent with our strategic requirements profile and meeting our project-specific profitability targets. Our group of companies has sufficient funds to cover its future liquidity requirements. We currently see no financial restrictions at our Group due to rising borrowing costs.

Future opportunities and risks

There are currently no indications of any risks which could endanger the continued existence of the company in the further course of the 2010/11 financial year or beyond. No further risks have been added to the six opportunity and risk categories listed in our 2009/10 Annual Report (Pages 91 to 94). The implementation of our strategic alignment and our success in the British waste market offer opportunities for our Group to generate profitable growth in the medium to long term.

Statement of Comprehensive Income
from 1.10.2010 to 31.12.2010

Income statement of the MVV Energie Group

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009[1] to 31.12.2009	Notes
Sales	1 000 574	893 826	
less electricity and natural gas taxes	53 227	54 833	
Sales after electricity and natural gas taxes	**947 347**	**838 993**	1
Changes in inventories	2 133	758	
Own work capitalised	2 345	3 879	
Other operating income	168 190	547 114	2
Cost of materials	727 462	627 712	
Personnel expenses	81 317	80 869	
Other operating expenses	163 318	564 570	2
Income from associates	1 758	4 600	3
Other income from shareholdings	187	118	
EBITDA	**149 863**	**122 311**	
Depreciation	35 410	35 209	
EBITA	**114 453**	**87 102**	
Restructuring expenses	30 926	—	4
EBIT	**83 527**	**87 102**	
of which result of IAS 39 derivative measurement	24 177	2 454	
of which EBIT before result of IAS 39 derivative measurement	59 350	84 648	
Financing income	1 842	1 832	5
Financing expenses	16 017	28 115	5
EBT	**69 352**	**60 819**	
Taxes on income	22 028	19 704	6
Net surplus for period	**47 324**	**41 115**	
of which minority interests	6 332	3 545	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	**40 992**	**37 570**	
Basic and diluted earnings per share in Euro	**0.62**	**0.57**	

Statement of income and expenses recognised in group equity

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Net surplus for period	**47 324**	**41 115**
Cash flow hedges	3 564	1 259
Differential amounts from currency translation	– 1 809	– 4 668
Other income and expenses	**1 755**	**– 3 409**
Comprehensive income for period	**49 079**	**37 706**
Minority interests	7 188	3 117
Comprehensive income for period attributable to shareholders in MVV Energie AG	**41 891**	**34 589**

1 previous year's figures adjusted. Further details can be found under "Notes on the Income Statement"

Balance Sheet
as of 31.12.2010

Balance sheet of the MVV Energie Group

Euro 000s	**31.12.2010**	30.9.2010	Notes
Assets			
Non-current assets			
Intangible assets	309 613	310 946	
Property, plant and equipment	2 051 837	2 057 796	
Investment property	5 994	6 058	
Associates	94 318	92 960	
Other financial assets	92 989	91 900	
Other receivables and assets	61 952	121 989	8
Deferred tax assets	6 098	2 907	9
	2 622 801	**2 684 556**	
Current assets			
Inventories	56 666	57 448	
Trade receivables	507 864	432 151	10
Other receivables and assets	358 501	270 631	8
Tax receivables	48 660	44 011	
Securities	1 475	1 495	
Cash and cash equivalents	139 255	147 101	
	1 112 421	**952 837**	
	3 735 222	**3 637 393**	
Equity and liabilities			
Equity			12
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	493 382	452 089	
Accumulated other comprehensive income	16 583	15 684	
Capital of the MVV Energie Group	**1 133 927**	**1 091 735**	
Minority interests	209 110	95 395	
	1 343 037	**1 187 130**	
Non-current debt			
Provisions	134 532	114 395	17
Financial debt	1 003 729	1 055 804	14
Other liabilities	87 252	183 077	13
Deferred tax liabilities	156 816	147 171	9
	1 382 329	**1 500 447**	
Current debt			
Other provisions	180 097	181 872	17
Tax provisions	22 672	23 010	
Financial debt	248 307	293 009	14
Trade payables	289 540	251 979	
Other liabilities	212 701	156 360	13
Tax liabilities	56 539	43 586	15
	1 009 856	**949 816**	
	3 735 222	**3 637 393**	

Statement of Changes in Equity
from 1.10.2010 to 31.12.2010

Statement of changes in equity of the MVV Energie Group

	Equity contributed		Equity generated							
			Accumulated net income			Accumulated other comprehensive income				
Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Statutory reserve of MVV Energie AG	IAS reserve	Group equity generated	Differential amount from currency translation	Fair value measure-ment of financial instruments	**Capital of the MVV Energie Group**	Minority interests	**Total capital**
Balance at 1.10.2009	**168 721**	**455 241**	**1 278**	**171 385**	**198 746**	**16 351**	**– 1 612**	**1 010 110**	**103 029**	**1 113 139**
Income and expenses recognised in equity	—	—	—	—	—	– 4 059	1 078	– 2 981	– 428	– 3 409
Result of business operations	—	—	—	—	37 570	—	—	37 570	3 545	41 115
Comprehensive income for period	**—**	**—**	**—**	**—**	**37 570**	**– 4 059**	**1 078**	**34 589**	**3 117**	**37 706**
Dividend distribution	—	—	—	—	—	—	—	—	—	—
Change in retained earnings	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	– 10	—	—	– 10	—	– 10
Balance at 31.12.2009	**168 721**	**455 241**	**1 278**	**171 385**	**236 306**	**12 292**	**– 534**	**1 044 689**	**106 146**	**1 150 835**
Balance at 1.10.2010	**168 721**	**455 241**	**1 278**	**171 385**	**279 426**	**18 314**	**– 2 630**	**1 091 735**	**95 395**	**1 187 130**
Income and expenses recognised in equity	—	—	—	—	—	– 1 605	2 504	899	856	1 755
Result of business operations	—	—	—	—	40 992	—	—	40 992	6 332	47 324
Comprehensive income for period	**—**	**—**	**—**	**—**	**40 992**	**– 1 605**	**2 504**	**41 891**	**7 188**	**49 079**
Sale of minority interests not leading to loss of control	—	—	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	—	—	—	—	—	—	– 13 905	– 13 905
Change in scope of consolidation	—	—	—	—	301	—	—	301	– 146	155
Balance at 31.12.2010	**168 721**	**455 241**	**1 278**	**171 385**	**320 719**	**16 709**	**– 126**	**1 133 927**	**209 110**	**1 343 037**

Segment Report

from 1.10.2010 to 31.12.2010

Income statement of the MVV Energie Group by segment from 1.10.2010 to 31.12.2010

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	86 698	139 775	23 486	33 447
Trading and Portfolio Management	199 557	275 978	74	14 257
Sales and Services	549 515	74 947	4 198	22 727
Strategic Investments	110 421	3 183	4 495	19 813
Other Activities	1 156	6 225	3 157	802
Consolidation	—	– 500 108	—	220
Total	**947 347**	**—**	**35 410**	**91 266**

The conversion of reporting segments to the respective value creation stages has led to amendments in the presentation of the Segment Report. Further details can be found under Note 18.

For information purposes, the previous year's figures for the reporting segments have been derived and calculated in line with the new structure. The previous year's figures in the table below have been adjusted and thus represent pro forma figures.

Income statement of the MVV Energie Group by segment from 1.10.2009 to 31.12.2009

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	86 101	175 142	23 396	31 351
Trading and Portfolio Management	135 930	455 757	75	15 979
Sales and Services	522 645	66 127	4 385	19 629
Strategic Investments	92 440	10 988	4 312	18 487
Other Activities	1 877	7 137	3 041	78
Consolidation	—	– 715 151	—	– 95
Total	**838 993**	**—**	**35 209**	**85 429**

Cash Flow Statement
from 1.10.2010 to 31.12.2010

Cash flow statement of the MVV Energie Group

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Net surplus for period before taxes on income	69 352	60 819
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	35 410	35 209
Net financial result	14 175	26 283
Interest received	1 837	1 796
Change in non-current provisions	21 568	872
Other non-cash income and expenses	– 30 576	– 6 733
Result of disposal of non-current assets	– 348	137
Cash flow before working capital and taxes	**111 418**	**118 383**
Change in other assets	– 117 098	– 135 666
Change in other liabilities	57 762	95 823
Change in current provisions	– 3 135	– 16 529
Income taxes paid	– 20 087	– 11 300
Cash flow from operating activities	**28 860**	**50 711**
Investments in intangible assets, property, plant and equipment and investment property	– 33 794	– 49 920
(Free cash flow)	**(– 4 934)**	**(791)**
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	1 101	194
Proceeds from subsidy payments	2 515	2 072
Proceeds from sale of other financial assets	421	709
Payments for acquisition of fully and proportionately consolidated companies	—	– 2 795
Payments for other financial assets	– 3 451	– 718
Cash flow from investing activities	**– 33 208**	**– 50 458**
Proceeds from taking up of loans	56 453	47 682
Payments for redemption of loans	– 31 694	– 18 538
Dividend payment to minority shareholders	– 13 905	—
Changes due to capital reduction/increase at minority shareholders	155	—
Interest paid	– 14 231	– 26 541
Cash flow from financing activities	**– 3 222**	**2 603**
Cash-effective changes in cash and cash equivalents	– 7 570	2 856
Change in cash and cash equivalents due to currency translation	– 276	– 769
Cash and cash equivalents at 1.10.2010 (2009)	147 101	321 170
Cash and cash equivalents at 31.12.2010 (2009)	**139 255**	**323 257**

Cash flow – aggregate presentation

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Cash and cash equivalents at 1.10.2010 (2009)	**147 101**	**321 170**
Cash flow from operating activities	28 860	50 711
Cash flow from investing activities	– 33 208	– 50 458
Cash flow from financing activities	– 3 222	2 603
Change in cash and cash equivalents due to currency translation	– 276	– 769
Cash and cash equivalents at 31.12.2010 (2009)	**139 255**	**323 257**

Notes to the Interim Consolidated Financial Statements

1st Quarter of 2010/11

Disclosures concerning the company

MVV Energie AG has its legal domicile in Mannheim, Germany. The MVV Energie Group acts as an energy distribution company and service provider in the value chain stages of generation and infrastructure, trading and portfolio management, sales and services and strategic investments.

These abridged interim consolidated financial statements were prepared by the Executive Board on 9 February 2011. The abridged interim consolidated financial statements and interim group management report were not subject to any audit review requirement.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2010 to 31 December 2010 have been prepared in accordance with IFRS accounting requirements as adopted by the EU, and in particular with IAS 34 "Interim Financial Reporting". These interim consolidated financial statements do not include all notes and disclosures required of a complete set of annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 30 September 2010. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 December 2010 therefore correspond to those applied in the consolidated financial statements as of 30 September 2010.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended and newly adopted some standards and interpretations which require mandatory application for the first time in the abridged interim consolidated financial statements. The following standards and interpretations were applied at the MVV Energie Group for the first time in the 2010/11 financial year:

IFRS 1 Amendment (2010)	Limited Exemption from IFRS 7 Disclosures for First-time Adopters
IFRS 1 Amendment (2008)	First-time Adoption of International Financial Reporting Standards
IFRS 2 Amendments (2009)	Clarification of Accounting for Group Cash-settled Share-based Payment Transactions
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
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

Changes in scope of consolidation

Alongside MVV Energie AG, those German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights are included in the interim consolidated financial statements of the MVV Energie Group. The relevant control concept requires the parent company to exercise a controlling influence for a company to be fully consolidated. This is the case for all fully consolidated companies. Associates are recognised using the equity method, while jointly controlled companies are proportionately consolidated.

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

Scope of consolidation

	Companies fully consolidated	Companies accounted for at equity	Companies proportionately consolidated
30.09.2010	61	12	7
Additions	2	—	—
31.12.2010	**63**	**12**	**7**

MVV Grünenergie GmbH, Mannheim, and Shared Services Center GmbH, Mannheim, were founded in the 2010/11 financial year and included in the scope of consolidation. Shared Services Center GmbH, Mannheim, will in future own the shared service companies 24/7 IT-Services GmbH, Kiel, 24/7 Metering GmbH, Offenbach am Main, and 24/7 United Billing GmbH, Offenbach am Main.

The inclusion of these companies did not have any implications for the financial, net asset and earnings position of the MVV Energie Group.

Currency translation

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

Currency translation

	Rate on reporting date		Average rate	
1 Euro	**31.12.2010**	30.9.2010	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Czech crowns (CZK)	25.061	24.600	24.789	25.923
British pounds (GBP)	0.861	0.860	0.859	0.905

Source: European Central Bank

Seasonal influences on business activities

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

Notes on the Income Statement

1 Sales

A depiction of sales broken down into their respective value chain stages has been provided in the segment report. The growth in sales compared with the 1st quarter of the previous year was driven above all by volume growth in the electricity trading and nationwide electricity and gas sales businesses, as well as by weather-related turnover growth. These developments were slightly offset by price factors.

2 Other operating income and other operating expenses

Other operating income

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Income from derivatives recognised under IAS 39	131 844	521 684
Income from emissions rights	14 325	9 168
Reversal of provisions	1 253	2 093
Other	20 768	14 169
Total	**168 190**	**547 114**

Other operating expenses

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Expenses for derivatives recognised under IAS 39	107 667	519 230
Expenses for emissions rights	12 594	9 441
Other	43 057	35 899
Total	**163 318**	**564 570**

Material items within other operating income and expenses have been reported in detail for the first time in the quarter under report.

The decline in other operating income and other operating expenses was mainly attributable to the recognition of derivatives measured in accordance with IAS 39.

The positive net item resulting from IAS 39 measurement amounted to a Euro 24 177 thousand in the 1st quarter of 2010/11 (previous year: Euro 2 454 thousand).

As a result of our new control approach, in the 2010/11 financial year we are reporting the concession duty under cost of materials and not, as in previous years, under other operating expenses. The figures reported for the previous year have been adjusted accordingly.

3 Income from associates

The income of Euro 1 758 thousand from associates is attributable to the subsequent measurement of the associates of the MVV Energie Group (previous year: Euro 4 600 thousand).

4 Restructuring expenses

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, the MVV Energie Group incurred restructuring expenses at the end of the 1st quarter of the 2010/11 financial year. These restructuring expenses, which represent a non-operating earnings item, have been reported in a separate item in the income statement.

The restructuring expenses amount to Euro 30 926 thousand and mainly involve the recognition of restructuring provisions for socially responsible personnel cuts. A smaller share relates to restructuring provisions for material expenses. The restructuring provisions are not of any relevance for control purposes. In the interests of transparency, they have been reported in a separate item within operating earnings. These expenses are not included in the adjusted EBIT figure.

5 Financing income and financing expenses

Financing income includes an amount of Euro 990 thousand relating to interest income from finance leases (previous year: Euro 781 thousand).

The contractually agreed period in which the City of Kiel could have tendered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

In the period under report, the share of the dividend distribution due to the City of Kiel, amounting to Euro 12 740 thousand, was recognised for the first time under minority interests. In the previous year, this item had been recognised under interest expenses (Euro 9 611 thousand). Further details can be found in Note 12.

6 Taxes on income

Taxes on income

Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009
Taxes on income	22 028	19 704
Effective tax rate in %	31.8	32.4

In the period under report, the tax expenses for earnings before IAS 39 were calculated using the tax rate of 32.7 % expected for the 2010/11 financial year as a whole. The tax rate for earnings after IAS 39 amounts to 31.8 %.

7 Earnings per share

Earnings per share

	1.10.2010 to 31.12.2010	1.10.2009 to 31.12.2009
Share of earnings attributable to shareholders in MVV Energie AG (Euro 000s)	40 992	37 570
No. of shares in 000s (weighted average)	65 907	65 907
Earnings per share (Euro)	0.62	0.57

It was not necessary to account for any dilution effects.

Notes on the Balance Sheet

8 Other receivables and assets

The reduction in non-current other receivables and assets compared with 30 September 2010 was mainly due to the reclassification as current items of those energy trading transactions recognised pursuant to IAS 39 with delivery dates in the 2011 calendar year.

The increase in other current assets was chiefly due to the aforementioned reclassification of energy trading derivatives with delivery dates in the 2011 calendar year from non-current to current other assets, as well as to a higher volume of short-term cash investments.

9 Deferred taxes

The increase in deferred tax assets and deferred tax liabilities was mainly due to measurement items in connection with energy trading transactions and the resultant possibility of netting these items.

10 Trade receivables

The rise in trade receivables in the 1st quarter of the 2010/11 financial year corresponds to the customary seasonal course of business. Customer instalments do not compensate in full for the increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables. The increase in sales in the 1st quarter of the 2010/11 financial year is also reflected in a higher volume of receivables.

11 Dividend distribution

The Annual General Meeting on 18 March 2011 will resolve on the distribution of a dividend of Euro 0.90 per individual share for the 2009/10 financial year as proposed by the Executive and Supervisory Boards of MVV Energie AG (distribution total: Euro 59 316 thousand).

12 Equity

The contractually agreed period in which the City of Kiel could have tendered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

Consistent with the relevant International Financial Reporting Standards, this put option represented a financial obligation (debt capital) which was recognised under current financial debt until 6 November 2010 (please also see Note 14). The expiry of the put option and resultant discontinuation of the purchase price payment previously liable on a daily basis has been treated as a sale of minority interests not leading to a loss of control. The fair value of the purchase price payment, amounting to Euro 120 578 thousand, has therefore been allocated to minority interests. This item had no implications for the cash flow of the MVV Energie Group.

In previous years, the share of the dividend distribution due to the City of Kiel (in the 2009/10 financial year: Euro 9 611 thousand) was accordingly treated as interest expenses (please also see Note 5). In the period under report, this item, amounting to Euro 12 740 thousand, was reported in the dividend distributions under minority interests.

13 Other liabilities

The reduction in non-current other liabilities was chiefly due to the reclassification of energy trading derivatives with delivery dates in the 2011 calendar year from non-current to current other liabilities.

The increase in current other liabilities compared with 30 September 2010 was above all the result of the aforementioned reclassification of energy trading derivatives with delivery dates in the 2011 calendar year from non-current to current other liabilities. Moreover, the increase in this item was also due to deferrals.

14 Financial debt

The contractually agreed period in which the City of Kiel could have tendered its 49 % share in Stadtwerke Kiel AG for purchase by MVV Energie AG (put option) expired upon the conclusion of 6 November 2010.

Consistent with the relevant International Financial Reporting Standards, this put option represented a financial obligation (debt capital). Until 6 November 2010, this item was recognised at fair value under current financial debt. The expiry of the put option and resultant discontinuation of the purchase price payment liable on a daily basis has been treated as a sale of minority interests not leading to a loss of control. The fair value of the purchase price payment, amounting to Euro 120 578 thousand, has therefore been allocated to minority interests (please also see Note 12).

This item was countered in particular by reclassifications of items with congruent terms out of non-current financial debt.

15 Tax liabilities

The rise in tax liabilities was chiefly attributable to an increase in energy tax liabilities.

16 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2010.

17 Provisions

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, the MVV Energie Group recognised restructuring provisions of Euro 30 926 thousand at the end of the 1st quarter of the 2010/11 financial year. These mainly involve provisions for socially responsible personnel cuts. A smaller share relates to restructuring provisions for material expenses. The restructuring provisions are not of any relevance for control purposes. In view of this, they have been reported as a separate item within operating earnings (please also see Note 4).

18 Segment report

As a result of our new planning and control approach, we have amended both our internal controlling structures and our external reporting since the 2010/11 financial year. This realignment is intended to group units in line with their individual performance characteristics in such a way as to ensure that, by pooling suitable specialist competence under one roof, the Group has a basis for strict portfolio management. The product-based segments stated in line with the risk and reward approach set out in IAS 14, namely electricity, gas, district heating, water, value-added services and environmental energy, were no longer able to meet this requirement.

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

In analytical terms, the business fields can be broken down further into subgroups and individual companies with their products.

- The Generation and Infrastructure reporting segment comprises the conventional power plants, energy from waste plants and biomass power plants at the MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and MVV Umwelt GmbH subgroups, as well as the waterworks and wind farm portfolio. Moreover, this segment also includes grid facilities for electricity, district heating, gas and water, as well as technical service units allocated to the grids business field in connection with the grid-based distribution of electricity, district heating, gas and water.
- The Trading and Portfolio Management reporting segment includes energy procurement and portfolio management and the energy trading business at 24/7 Trading GmbH.
- The Sales and Services reporting segment includes the retail business at the MVV Energie AG, Stadtwerke Kiel AG and Energieversorgung Offenbach AG subgroups. It encompasses supplies of electricity, district heating, gas and water to end customers and the energy-related services business at the MVV Energiedienstleistungen GmbH and Energieversorgung Offenbach AG subgroups.
- The Strategic Investments reporting segment consists of the Stadtwerke Solingen GmbH, Stadtwerke Ingolstadt GmbH, Köthen Energie GmbH and MVV Energie CZ a.s. subgroups. The Solingen GmbH and Stadtwerke Ingolstadt GmbH subgroups are proportionately reported.
- The Other Activities reporting segment consists in particular of the newly founded company Shared-Services-Center and of cross-divisional departments and consolidation items.

Given the scope and complexity of the structural changes introduced as of 1 October 2010 and the resultant substantial change in group-internal supply relationships within the business fields, no fundamental data basis is available to calculate the previous year's figures. In view of this, for information purposes we have derived the previous year's figures on aggregate level in line with the new reporting structure and calculated these figures in some cases; these represent pro forma figures.

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

The income statement segment report presented in accordance with IFRS 8 is based on the segment earnings (adjusted EBIT) used for internal management purposes. The segment earnings of individual reporting segments do not include the results of non-operating IAS 39 measurement items in connection with financial derivatives (Euro 24 177 thousand; previous year's quarter: Euro 2 454 thousand). The figures also do not include any restructuring expenses, neither on segment level do they include any income from shareholdings held in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by income from those finance leases that form part of our business model (especially contracting) and that we therefore classify as operating earnings contributions.

19 Cash flow statement

The cash flow before working capital and taxes showed no significant change compared with the previous year's quarter. The year-on-year increase in the net surplus/deficit for the period before taxes on income was due in part to IAS 39 measurement, which is eliminated once again under other non-cash income and expenses, and in part to increased operating earnings. The cash flow before working capital and taxes was also significantly influenced by the recognition of non-current restructuring provisions.

The decline in the positive cash flow from operating activities in the 1st quarter of 2010/11 was mainly due to the reduction in other working capital.

Due largely to the lower volume of investment compared with the previous year, the cash flow from investing activities was less negative than in the previous year. As in the previous year, the cash flow from financing activities was characterised by net new borrowing. The dividend payment to minorities chiefly related to the distribution made to the City of Kiel, which in the past had been reported under interest paid. This amended presentation is due to the expiry of the put option held by the City of Kiel.

20 Related party disclosures

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

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

Related party disclosures

	Goods and services provided				Receivables		Liabilities	
	Income		Expenses					
Euro 000s	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009	**1.10.2010 to 31.12.2010**	1.10.2009 to 31.12.2009	**31.12.2010**	30.9.2010	**31.12.2010**	30.9.2010
Abfallwirtschaft Mannheim	70	71	912	798	346	346	1 693	792
ABG Abfallbeseitigungs-gesellschaft mbH	7 190	7 456	1 192	1 208	—	300	1 054	315
GBG Mannheimer Wohnungsbaugesellschaft mbH	154	421	33	14	14	5	65	—
m:con – Mannheimer Kongress- und Touristik GmbH	935	823	120	62	8 133	8 121	60	—
MVV GmbH	110	211	—	639	97	154	—	2
MVV Verkehr GmbH	97	235	2	3	202	397	1	1
Rhein-Neckar-Verkehr GmbH	2 153	3 846	209	361	3 711	5 293	548	1 170
Stadtentwässerung Mannheim	451	494	166	233	135	168	124	53
City of Mannheim	2 332	2 486	5 234	5 018	1 687	1 743	6 942	1 807
Other companies controlled by the City of Mannheim	1 183	2 335	140	33	315	261	14	190
Associates	16 043	16 483	60 152	44 797	8 186	4 671	18 488	7 468
Proportionately consolidated companies	28 890	16 876	5 753	6 681	31 768	32 491	15 320	15 274
Other majority shareholdings	571	899	686	2 081	5 852	4 375	334	1 064
Total	**60 179**	**52 636**	**74 599**	**61 928**	**60 446**	**58 325**	**44 643**	**28 136**

21 Events after the balance sheet date

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

Mannheim, 9 February 2011

MVV Energie AG

Executive Board

Dr. Müller Brückmann Dr. Dub Farrenkopf

Responsibility Statement

"We affirm that, to the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the 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 through to the end of the 2010/11 financial year."

Mannheim, 9 February 2011

MVV Energie AG

Executive Board

Dr. Müller   Brückmann   Dr. Dub   Farrenkopf

Financial Calendar

18. 3. 2011	Annual General Meeting
21. 3. 2011	Dividend Payment
13. 5. 2011	Half-Year Financial Report 2010/11
13. 5. 2011	Press Conference and Analysts' Conference 1st Half of 2010/11
12. 8. 2011	Financial Report 3rd Quarter of 2010/11

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All financial reports of the MVV Energie Group can be downloaded from our internet sites. The German and English editions of the Annual Report can also be accessed in Flash format.

www.mvv-investor.de