MVV ENERGIE – ENERGISING THE FUTURE

FINANCIAL REPORT
1ST HALF OF 2010/11

Key Figures
from 1.10.2010 to 31.3.2011

Key figures of the MVV Energie Group

Euro million	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010	% change
External sales excluding electricity and natural gas taxes	1 896	1 843	+ 3
Adjusted EBITDA [1]	275	280	− 2
Adjusted EBITA [1]	204	210	− 3
Adjusted EBIT [2]	204	210	− 3
Adjusted EBT [2, 3]	173	166	+ 4
Adjusted net surplus for period [2, 3]	117	112	+ 4
Adjusted net surplus for period after minority interests [2, 3]	98	104	− 6
Adjusted earnings per share [2, 3] in Euro	1.49	1.57	− 5
Cash flow before working capital and taxes	269	282	− 5
Cash flow before working capital and taxes per share in Euro	4.09	4.28	− 4
Free cash flow	26	− 29	—
Adjusted total assets at 31.3.2011 / 30.9.2010 [4]	3 563	3 457	+ 3
Adjusted equity at 31.3.2011 / 30.9.2010 [4]	1 366	1 233	+ 11
Adjusted equity ratio at 31.3.2011 / 30.9.2010 [4]	38.4 %	35.7 %	+ 8
Investments	67	90	− 26
Employees at 31.3.2011 / 31.3.2010	5 909	6 006	− 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 impact of expiry of Kiel put option (explained on Page 12)
4 excluding non-operating IAS 39 derivative measurement items

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2nd Quarter of 2010/11 at a Glance

1 January to 31 March 2011

- The Annual General Meeting held on 18 March 2011 approved the proposal made by the Executive and Supervisory Boards of MVV Energie AG to pay an unchanged dividend of Euro 0.90 per share.

- At the end of March 2011, MVV Umwelt GmbH signed the project contracts for the construction of an energy from waste plant in Plymouth in the South-West of the UK. By incinerating around 245 000 tonnes of waste a year, the power plant should generate electricity and heating energy very efficiently and thus supply the navy base in Plymouth.

- Energieversorgung Offenbach AG (EVO) is increasingly relying on timber and wind. The launch of operations at two wind power plants in Northern Hessen is set to be followed by the start of permanent operations at an EVO wood pellet plant in May 2011. This plant should produce 65 000 tonnes of wood pellets a year, with the option of doubling capacity. Half of the 36 local heating networks EVO operates in the Rhine/Main region are powered by wood pellets.

- On 17 March 2011, Stadtwerke Kiel AG (SWK) signed the contract for a major new order. From January 2012, SWK will be supplying BusinessCampus, a 65 000 m² business park in Kiel-Suchsdorf with around 6 million kWh of environmentally-friendly district heating, with the option of doubling supply volumes in future. What's more, as part of an extensive service package SWK will be supplying electricity of around 8 million kWh and performing consumption invoicing for the business park.

Letter from the CEO

Dear Shareholders,
Dear Ladies and Gentlemen,

The catastrophe at the Fukushima nuclear power plant in Japan in March 2011 has also left an indelible mark on German energy policy. We are witnesses to the fact that even the unimaginable can actually happen. The result is that, just half a year after the Federal Government's 2010 Energy Concept, a more rapid exit from nuclear energy is firmly back on the agenda. We need a convincing new energy concept and clear energy policy guidelines to provide planning and investment reliability. These require a broad-based consensus within society as to what Germany's energy supply should look like in the medium and longer-term future. We welcome the fact that the Federal Government and federal states have initiated a process providing for an accelerated restructuring of and sustainable alignment for the country's energy supply. Having said this, we need more than just statements of intent.

What significance do current developments have for MVV Energie? We adopted a clear position in the discussions last year. We saw the extension to nuclear power plant operating lifetimes resolved in autumn 2010 as representing a step in the wrong direction. We are building on the expansion of renewable energies, which today already account for an above-average share of our electricity generation. We are also drawing on energy efficiency, i.e. on energy-related services aimed at saving energy in terms of both generation and consumption. What's more, we have long relied on cogeneration to make use of environmentally-friendly district heating. In future, it will be a question of integrating renewable energies into existing electricity markets in a way that makes economic sense, with alternative energy forms increasingly taking the leading role.

The Annual General Meeting of MVV Energie AG held on 18 March 2011 approved the payment of an unchanged dividend of Euro 0.90 per share for the 2009/10 financial year. As in the previous year, our Group therefore distributed a total dividend of Euro 59.3 million to its shareholders. So how do we stand in economic terms following the 1st half of the 2010/11 financial year? Sales at the MVV Energie Group rose by 3 % to Euro 1.9 billion in the 1st half of 2010/11. At Euro 204 million, our adjusted EBIT for the 1st half of 2010/11 was Euro 6 million, and thus slightly down on the previous year's figure. Unusually mild weather conditions in the winter months of January to March 2011 led to a substantial downturn in volumes and sales in the district heating and gas businesses in the 2nd quarter.

On 25 March 2011, our MVV Umwelt GmbH subsidiary signed contracts with regional authorities concerning the construction and operation of an energy from waste plant in the British port of Plymouth. This construction project (total investment: Euro 250 million) represents the largest individual investment in our company's history.

Yours faithfully,

Dr. Georg Müller
CEO

Mannheim, May 2011

The Share of MVV Energie AG

Recovery on capital markets in 2010/11

Following the global economic and financial crisis, 2010/11 has brought an increasing process of stabilisation on the stock markets. The recovery in share prices led the DAX, Germany's leading index, to return from 3 666 points in March 2009 to 7 041 points (+ 92.1 %) by the end of March 2011.

Share price: decline on previous year

Year-on-year comparison of the quarterly balance sheet dates as of 31 March shows that MVV Energie's share price fell by 11.4 % from Euro 30.88 in the previous year to Euro 27.35. In a two-year performance comparison, including the dividend payments made in 2010 and 2011, our share price dropped by – 8.9 % (see share performance chart). Our comparative indices performed more positively. Following a sharp drop in prices in the 2008 crisis year, numerous stocks have since benefited from their great potential for recovery. MVV Energie's share long moved sideways during this period and maintained its ground well in the market. Our share reached its highest closing price in XETRA trading in the quarter under report at Euro 29.90 on 17 March 2011. Its lowest closing price was recorded at Euro 26.85 on 21 January 2011.

A total of 1 053 400 MVV Energie AG shares were traded across all German marketplaces in the quarter under report, around 123 % more than in the previous year's period. Due to the higher turnover, the equivalent value of trading volumes involving shares in MVV Energie AG rose from Euro 14 million in the previous year's quarter to Euro 29 million in the 2nd quarter of 2010/11. The market capitalisation of MVV Energie AG amounted to Euro 1 803 million at 31 March 2011 (previous year: Euro 2 035 million). The free float share of 18.5 % on which the share's weighting in the SDAX is based was valued at Euro 333 million at the end of the 2nd quarter of 2010/11 (previous year: Euro 377 million). Measured in terms of its free float market capitalisation, the MVV Energie AG share was ranked 62nd in the joint statistics compiled for the MDAX and SDAX indices (previous year: 50th). Measured in terms of its stock market turnover, our share was ranked 95th in the statistics (previous year: 82nd).

Resolutions adopted by Annual General Meeting

At the Annual General Meeting held on 18 March 2011, shareholders approved all of the proposals made by the Executive and Supervisory Boards with large majorities in each case. Among

Performance comparison of the MVV Energie AG share over two years

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

other agenda items, shareholders approved the payment of an unchanged dividend of Euro 0.90 per share. Based on the year-end price for the past financial year, this corresponds to a dividend yield of 3.1 %. In all, around 1 000 shareholders (86.3 % of share capital) participated in the Annual General Meeting.

Voting right notifications in 2nd quarter of 2010/11

In the quarter under report we received a total of five voting right notifications. Three of these, namely from EDF INTERNATIONAL S.A., Paris, France, the Finance Ministry of the State of Baden-Württemberg, Stuttgart, Germany, and NECKARPRI GmbH, Stuttgart, Germany, relate to the acquisition of EDF's shares in EnBW Energie Baden-Württemberg AG by the State of Baden-Württemberg. Two notifications were received from Barclays Securities Ltd., London, UK. The notifications have been published on the internet at **www.mvv-investor.de**.

Corporate Strategy

New challenges

The events in Japan also mark a turning point in German energy policy. The transformation towards the "ecologisation" of the energy industry, a process we see as irreversible, will now accelerate further. As a municipally rooted group of companies with direct access to customers in local and regional markets, the MVV Energie Group is well-positioned for this conversion in energy supply systems.

With our three-stage MVV 2020 strategy project, we laid foundations for our future more than a year ago now. This involves optimising our existing business, pressing ahead with implementation in our high-growth fields and assessing opportunities. We set out the core elements of our strategic and organisational alignment in detail on Pages 46 to 50 of our 2009/10 Annual Report.

First stage: optimising our existing business

We are currently in the midst of implementing the efficiency enhancement and cost-cutting measures compiled in the "Once Together" group project. We introduced the new organisational structure for MVV Energie and other companies at the Mannheim location as of 1 March 2011. We aim to generate savings of Euro 20 million to Euro 30 million a year by the 2012/13 financial year. In our financial statements for the 1st quarter of 2010/11 we posted restructuring provisions of Euro 31 million, relating in particular to material cost savings, as well as to personnel-related measures. Within our Group, we aim to cut a net total of 450 jobs in a socially responsible manner by 2020, of which around 250 at the Mannheim location, around 150 in Kiel and around 50 in Offenbach. Details of our latest employee figures can be found on Page 7.

The new structure for the shared service companies came into effect on 1 April 2011. At the beginning of 2011, we pooled our shared services, i.e. support functions in the fields of invoicing and customer support, metering and information processing, under uniform management and control at the newly founded company Shared Services Center GmbH (SSC), while at the same time streamlining the relevant shareholder and board structures. This way, we have laid a foundation for faster, more flexible decisions, and ultimately for competitive cost structures.

Second stage: implementing growth options

We have ambitious expansion and investment targets. By 2020, we intend to invest Euro 1.5 billion in the company's growth. With the growth investments made in the past year and the signing of the contract to build a cogeneration plant in Plymouth, we have already made good progress in this respect.

We have set clear focuses in our high-growth business fields. We aim to raise the share of renewable energies in our electricity generation, at 19 % already above average, to 30 %. Here, we are focusing our investments on (onshore) wind power and biomass. By acquiring a wind farm in Plauerhagen in Mecklenburg-Vorpommern, we already took a first step in this direction in summer 2010. Energieversorgung Offenbach followed suit by acquiring a wind farm in Massenhausen in Northern Hessen. We will continue to pursue this course.

District heating and cogeneration are and will remain key components of our long-term corporate strategy. As one of Germany's largest district heating suppliers, we are making further investments in this efficient technology at our locations in Mannheim, Kiel, Offenbach and Ingolstadt. At our Czech subgroup, we are modernising and extending our cogeneration-based heating energy and electricity generation capacities.

In our energy-related services business, we are focusing in our contracting segment on real estate and industrial customers. One equally important factor, albeit involving less investment, is the further development of our nationwide industrial customer sales business (please also see Outlook from Page 16 onwards).

Third stage: assessing opportunities

Over and above the aforementioned areas, we are also assessing further growth options. Numerous concession agreements are due to expire in the German energy market in coming years. Whereas in the past concession agreements were generally extended with the previous grid operator, today there is increasing competition for electricity and gas concessions. The Czech district heating market also harbours chances for acquisitions, opportunities that we are carefully reviewing.

Research and Development

We presented some of our forward-looking research and development projects to our shareholders and guests at this year's Annual General Meeting in March 2011.

One of the exhibits already to have attained market maturity presented at the meeting was micro-cogeneration based on Stirling engine technology used to generate electricity and heating energy in private households. Fuel cell heating systems, whose application in day-to-day life we are currently testing, promise an even higher electricity yield.

Infrastructure for smart meters

We see further interesting market opportunities in the marketing of smart meters, already a legal requirement for new building and fundamental renovation projects. Smart metering involves remotely readable meter facilities intended to enable the energy supplier to improve the efficiency of its processes and offer new products and services, while also enabling customers to cut their consumption and costs. In 2010, we tested the use of smart meters together with 500 customers at our Mannheim, Kiel and Offenbach locations. As well as testing the technical maturity of the meter systems, the practical trials focused in particular on assessing their energy and process efficiency, as well as customer acceptance for the new technology. Data protection and the reliability of information have to be ensured prior to any widespread market launch of the technology.

Model City Mannheim

Given the increase in decentralised energy generation and the expansion of renewable energies, smart energy use is becoming an ever more important factor. The energy management systems of the future are sustainable, efficient, reliable, and combine regional and nationwide factors.

Model City Mannheim is one of six subprojects singled out and promoted in the E-Energy competition organised by the Federal Ministry of Economics and Technology (BMWi). Under the management of MVV Energie AG, in a second stage the project partners are currently testing decentralised energy generation, demand-based energy management and their integration with modern information and communications technologies at 200 household customers.

To promote a cost-effective, flexible solution for market players, one that also meets the data protection and security requirements for new services, MVV Energie is participating, among other areas, in the compilation of protection profiles for smart metering components at the Federal Office for Information Security (BSI).

Electro-mobility

Within the Future Fleet project promoted by the Federal Environment Ministry, we have met the infrastructure requirements for nationally acknowledged car fleet trials, while also gaining important experience to channel into the further development of our electro-mobility strategy.

Overview of major R&D projects

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

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

FUTURE FLEET (term: 2009 to 2011): Design, development and operation of charging infrastructure for car pools in the forward-looking field of electro-mobility

SMART METERING (term: 2007 to 2011): Cross-utility use of smart meters to enhance efficiency and transparency of energy consumption

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

SMART HOUSES/ SMART GRID (EU-project, term: 2008 to 2011): Development of an energy system actively integrating "smart houses" to significantly enhance supply efficiency and sustainability

DISTRICT HEATING TRANSPORT (term: 2010 to 2013): Identification of potential cost savings in district heating transport to support effective expansion of cogeneration

Business Framework

Macroeconomic Situation

German real-term gross domestic product (GDP) grew by 3.6 % in 2010 as a whole, contrasting with the downturn of 4.7 % in the previous year. By the end of the year, the pace of this growth had slowed somewhat due to the early onset of winter. Companies' pleasing order situations and rising domestic demand in the first months of 2011 give reason to expect that this economic growth will continue (please see Outlook on Page 16).

Sector-Specific Developments

Prices on energy markets rose across the board in the first quarter of the 2011 calendar year. The political unrest in North Africa, now spilt over onto the Middle East, has led to a substantial increase in oil prices. Furthermore, prices have also been negatively affected by the natural catastrophes in Japan and by the decision taken by the German Federal Government to impose a moratorium on the extension in the operating lifetimes of German nuclear power plants.

The quarterly average price of Brent crude oil rose to US$ 115.52 per barrel in the period from January to March 2011, up US$ 28.15 on the same period in 2010. Given the significant correlation between oil and gas prices, the average price of natural gas for the 2012 supply year amounted to Euro 25.14/MWh in the quarter under report, up Euro 8.21 on the equivalent figure in 2010. The average coal price for supply in 2012 rose by US$ 27.78 to US$ 121.61 per tonne. At Euro 15.38 per tonne, emissions rights prices were also listed Euro 2.29 higher. Due to the increase in primary energy prices, the average electricity price for the 2012 supply year rose to Euro 53.72/MWh, up Euro 5.63 since the 1st quarter of 2010.

Energy Policy and Regulation

In the wake of the catastrophe at the Japanese nuclear power plant in Fukushima, the German Federal Government has imposed a three-month moraturium in an attempt to achieve a broad consensus within society concerning its future energy policy. It is still unclear whether the seven German nuclear power plants temporarily closed down and one which is currently switched off for inspection work will return to the grid.

There are indications that the act adopted at the end of last year to extend the operating lifetimes of nuclear power plants will be withdrawn, or at least significantly modified. As a result, core aspects of the Federal Government's energy concept are up for discussion once again.

MVV Energie is campaigning for an all-round realignment of energy policy, one whose core components should include exiting from nuclear energy, promoting the expansion of renewable energies and enhancing the efficiency of fossil fuel energy generation. We see this approach as having a broad consensus within society, one which should now be reflected in specific energy policy measures.

There is still considerable potential in Germany to expand energy generation from renewable sources. This potential could be tapped with targeted incentives, for example, by extending subsidies to locations that cannot be economically exploited in the current framework. Further opportunities involve repowering the existing stock of renewable energy power plants, especially first-generation biomass plants and older wind power plants. Repowering involves replacing old plants with new, higher-performance facilities offering greater output efficiency. To provide simultaneous incentives to integrate renewable energies into regular electricity markets, we are also campaigning for the introduction of a market premium model, greater flexibility for direct marketing options when marketing electricity volumes on balancing energy markets and the retention and further development of the "green electricity privilege".

The findings of the "Electricity Generation and Electricity Wholesale" sector study presented by the Federal Cartel Office in January 2011 confirm that the four big generation companies still hold a dominant position in the market. In view of this, the Office backs the creation of a market supervisory body. MVV Energie supports this plan.

New framework facilitates market access

On 13 April 2011, the Federal Networks Agency (BNetzA) laid down new tendering terms and disclosure duties for the procurement of primary and secondary balancing energy. This new framework will facilitate market access, especially for smaller and industrial providers. MVV Energie has operated a minute reserve pool since 2007. The company is also playing an active role in the ongoing energy policy discussions.

In the field of grid regulation, the gas cost review on which the 2nd regulation period is to be based is still underway. Since its publication on 15 December 2010, the Federal Networks Agency has not issued any more specific information concerning its plans to introduce quality regulation, a step intended to offset any loss of quality resulting from incentive regulation.

Negative Weather Factor in 2nd Quarter

Following the very cold winter weather in the 1st quarter of 2010/11 (October to December 2010), temperatures in the 2nd quarter (January to March 2011) were considerably milder than in the previous year and the long-term average. This left a tangible mark on our district heating and gas turnover. Degree day figures, the indicator we use to measure our customers' heating energy requirements, were 10 % lower than the equivalent figures for the previous year in the 2nd quarter of 2010/11. In the 1st quarter of 2010/11, degree day figures had been 15 % higher than in the previous year. Overall, degree day figures for the 1st half of 2010/11 were 1 % up on the previous year's figures.

Employees

With a total workforce of 5 909 as of 31 March 2011, the MVV Energie Group had 97 employees fewer than at the same date in the previous year. The sharpest drop was at MVV Energiedienstleistungen, where employee totals were influenced by the streamlining of the subgroup's portfolio and the focusing of its activities on strategic business fields. Personnel totals were also reduced as planned at MVV Energie AG, the Stadtwerke Kiel subgroup and shared service companies. The number of employees at the environmental energy subgroup increased due to the initial consolidation of Götzfried + Pitzer Entsorgungs GmbH, Ulm. The Czech subgroup had a total of 620 employees at the balance sheet date.

The staff cuts identified in the "Once Together" project will be implemented in a socially responsible way by 2020. Here, we are mainly drawing on part-time early-retirement agreements and the Group's internal job market. The new organisational structures identified in the group project for the Mannheim, Kiel and Offenbach locations and for the energy-related services subgroup were implemented as of 1 April 2011.

In February 2011, employer and employee representatives concluded a new collective pay agreement with a term running until 30 September 2012 (21 months) for employees at the Group's Mannheim location. The parties agreed a retrospective 3.0 % increase in basic tabular monthly wages and salaries as of 1 January 2011. This is to be followed by further pay rises of 1.9 % and 0.6 % as of 1 October 2011 and 1 July 2012 respectively. Employer and employee representatives have reached agreement concerning collective pay rates at other group locations as well.

Personnel figures (headcount) at the balance sheet date on 31.3.

	2010/11	2009/10	+/– change
MVV Energie AG	1 451	1 474	– 23
Fully consolidated shareholdings	3 777	3 838	– 61
MVV Energie AG with fully consolidated shareholdings	**5 228**	**5 312**	**– 84**
Proportionately consolidated shareholdings	677	680	– 3
MVV Energie Group [1]	**5 905**	**5 992**	**– 87**
External personnel at Mannheim cogeneration plant	4	14	– 10
	5 909	**6 006**	**– 97**

1 including 338 trainees (previous year: 354)

Business Performance

Earnings Position of the MVV Energie Group

New reporting structure

To enable us to define targeted entrepreneurial focuses in future as well, from the 2010/11 financial year onwards we are managing and controlling our Group's business on a uniform basis in line with the respective stages of the value chain. By adopting this new planning and control approach, we can clearly evaluate business opportunities and risks, exploit key performance and efficiency factors in individual stages of the value chain and improve the overall management of our Group. Our segment reporting has thus also been based on the new reporting segments since the 2010/11 financial year.

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 53 million (+ 3 %) to Euro 1 896 million in the 1st half of 2010/11 (October 2010 to March 2011). Year-on-year, our sales in the 2nd quarter of 2010/11 reduced by Euro 55 million (– 5 %) to Euro 949 million. This decline was chiefly due to lower volumes in the district heating and gas businesses on account of milder outdoor temperatures in the winter months of January to March 2011 compared with the previous year. This reduction in sales in the 2nd quarter of 2010/11 thus diluted the growth reported for the 1st quarter of 2010/11 (+ 13 %), itself mainly due to cooler weather conditions in the period from October to December 2010. The domestic business accounted for 96 % and the Czech subgroup for 4 % of total sales in the 1st half of 2010/11.

Sales and Services, which includes all of our sales activities and the energy-related services business, is our strongest reporting segment in terms of sales, accounting for 61 % of the total sales of the MVV Energie Group in the 1st half of 2010/11. The year-on-year sales growth in the Sales and Services reporting segment in the 1st half of the year was primarily driven by the acquisition of further customers in the nationwide electricity and gas businesses, higher district heating and gas turnover due to cooler temperatures in the 1st quarter 2010/11 and increased contracting tenders in the energy-related services business. These items more than compensated for the weather-related downturn in the district heating and gas businesses in the 2nd quarter of 2010/11. The increase in sales in the Strategic Investments segment was due to growth at Stadtwerke Ingolstadt, Stadtwerke Solingen and Stadtwerke Köthen, as well as at the MVV Czech subgroup.

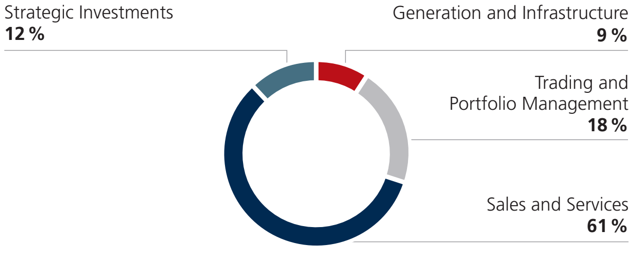
The Generation and Infrastructure reporting segment relates in particular to conventional power plants, the energy from waste and biomass plants in the environmental energy business, the new wind farm plants and the electricity, district heating, gas and water grids. The management and optimised deployment of the power plants, a factor heavily dependent on developments on the wholesale market, takes place in the Trading and Portfolio Management value creation stage.

External sales of the MVV Energie Group
1st half, 1.10. to 31.3.

Euro million	2010/11	2009/10[1] pro forma
Generation and Infrastructure	160	158
Trading and Portfolio Management	347	359
Sales and Services	1 160	1 112
Strategic Investments	227	210
Other Activities	2	4
Total	**1 896**	**1 843**
of which electricity sales	1 082	1 052
of which district heating sales	304	284
of which gas sales	301	302
of which water sales	52	51

1 previous year's figures calculated as pro forma figures

Share of external sales of the MVV Energie Group by reporting segment
1st half 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 half, 1.10. to 31.3.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	133	180	– 26
Trading and Portfolio Management	5 755	4 905	+ 17
Sales and Services	5 828	5 703	+ 2
of which industrial and commercial customers/secondary distributors	4 646	4 544	+ 2
of which private and business customers	911	890	+ 2
of which contracting customers	271	269	+ 1
Strategic Investments	744	596	+ 25
Total	**12 460**	**11 384**	**+ 9**

Almost all reporting segments contributed to the increase in electricity turnover. The reduction in the Generation and Infrastructure segment was due to a lower volume of electricity generation at the energy from waste plants in the 2nd quarter of 2010/11. The new wind farm in Plauerhagen fed around 18 million kWh into the grid in the half year under report. As well as optimising power plant deployment, the Trading and Portfolio Management reporting segment is also responsible for marketing electricity volumes via 24/7 Trading GmbH. The Sales and Services reporting segment reported higher sales volumes in all customer groups. The growth reported with industrial, commercial and secondary distribution customers was driven by the successful acquisition of additional turnover volumes in the nationwide electricity sales business. Among private and business customers, the increased turnover with SECURA green electricity products more than compensated for the competition-related downturns in the company's proprietary grid regions. The substantial volume growth in the Strategic Investments segment was chiefly due to the acquisition of new customers at Stadtwerke Ingolstadt.

District heating turnover of the MVV Energie Group
1st half, 1.10. to 31.3.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	89	222	– 60
Trading and Portfolio Management	516	532	– 3
Sales and Services	4 133	3 707	+ 11
of which industrial and commercial customers/secondary distributors	585	547	+ 7
of which private and business customers	2 032	1 952	+ 4
of which contracting customers	1 516	1 208	+ 25
Strategic Investments	1 026	1 032	– 1
Total	**5 764**	**5 493**	**+ 5**

Of district heating turnover, 90 % involves actual district heating. The 5 % volume growth compared with the 1st half of the previous year was primarily due to the substantial weather-related volume growth in the 1st quarter of 2010/11, which was only partly diluted by the weather-related decline in volumes in the 2nd quarter of 2010/11. Following the launch of operations with the new transit pipeline, 38 million kWh of district heating was supplied to Stadtwerke Speyer in the half year under report, a factor impacting positively on the development in turnover in the Sales and Services reporting segment. The volume growth among contracting customers was due above all to the positive business performance in the housing contracting business, as well as to further expansion in the healthcare customer business. The lower volume of district heating turnover in the Generation and Infrastructure reporting segment was the result of a temporary one-off factor in terms of one customer's procurement behaviour.

Gas turnover of the MVV Energie Group
1st half, 1.10. to 31.3.

kWh million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	914	2 037	−55
Sales and Services	5 630	4 988	+ 13
of which industrial and commercial customers/secondary distributors	3 101	2 543	+ 22
of which private and business customers	2 282	2 219	+ 3
of which contracting customers	247	226	+ 9
Strategic Investments	1 111	1 497	−26
Total	**7 655**	**8 522**	**−10**

The development in gas turnover was significantly affected by downturns in the Trading and Portfolio Management reporting segment. These were exacerbated by competition-related reductions in turnover in the industrial customer business at Stadtwerke Ingolstadt (Strategic Investments). These two factors more than compensated for the 13 % volume growth in Sales and Services. In this reporting segment, accounting for 74 % of total gas turnover, the higher weather-related volume of gas turnover in the 1st quarter of 2010/11 and the successful acquisition of new turnover volumes in the nationwide gas business more than offset the weather-related downturn in volumes in the 2nd quarter of 2010/11.

Water turnover of the MVV Energie Group
1st half, 1.10. to 31.3.

Water in m³ million	2010/11	2009/10	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	22.6	22.8	−1
of which industrial and commercial customers/secondary distributors	3.5	3.5	0
of which private and business customers	18.9	19.1	−1
of which contracting customers	0.2	0.2	0
Strategic Investments	3.4	3.6	−6
Total	**26.0**	**26.4**	**−2**

Our water turnover is chiefly generated with private, business and secondary distribution customers in the Sales and Services segment. The Strategic Investments reporting segment includes customers at Stadtwerke Solingen and the Czech subgroup. The consistent decline in volumes also observable at other water suppliers reflects consumers' more sparing consumption patterns.

Combustible waste delivered at the MVV Energie Group
1st half, 1.10. to 31.3.

tonnes 000s	2010/11	2009/10	% change
Generation and Infrastructure	799	753	+ 6
Trading and Portfolio Management	—	—	—
Sales and Services	80	86	−7
Strategic Investments	29	21	+ 38
Total	**908**	**860**	**+ 6**

Our combustible waste volumes are attributable to our Generation and Infrastructure reporting segment. The increase reported here was driven in particular by the waste volumes delivered to the new Boiler No. 6 in Mannheim via our Umwelt Ressourcen GmbH subsidiary. Volumes in the Sales and Services reporting segment were affected by a reduction in deliveries to the RDF power plant in Korbach. 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 Euro 62 million (+ 5 %) to Euro 1 431 million in the 1st half of the year. This increase was largely consistent with the sales growth reported. 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 under other operating expenses. The previous year's figures have been adjusted accordingly.

At Euro 162 million, **PERSONNEL EXPENSES** were only slightly higher than in the previous year in the 1st half of 2010/11. Here, the increase in expenses due to collectively agreed pay rises as of 1 January 2011 was largely offset by cost savings on account of lower employee totals.

OTHER OPERATING INCOME fell year-on-year from Euro 260 million to Euro 232 million in the 1st half of 2010/11. This reduction was due to the measurement of commodity derivatives as of the balance sheet date required by IAS 39. At Euro 172 million, the income from this measurement item as of 31 March 2011 was lower than the equivalent figure of Euro 207 million reported as of 31 March 2010. This valuationdependent income was countered by IAS 39 measurement items of Euro 116 million recognised under other operating expenses as of 31 March 2011 (previous year: Euro 227 million). On a net basis, the IAS 39 item for the 1st half of 2010/11 was therefore positive at Euro + 56 million, as against the negative measurement item of Euro – 20 million in the previous year.

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 positive fair values in the 1st half of 2010/11. This was because current fair values 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 53 million to Euro 60 million in the 1st half of 2010/11. Other operating expenses reduced from Euro 105 million to Euro 102 million.

As a result of the subsequent measurement of associates, income from associates declined year-on-year from Euro 7 million to Euro 4 million in the 1st half of 2010/11. At Euro 71 million, depreciation was Euro 2 million higher than in the previous year.

The restructuring expenses of Euro 31 million reported in a separate line item in the interim consolidated financial statements for the 1st half of 2010/11 are due to a restructuring provision that became necessary in the 1st quarter of 2010/11 due to the measures taken to implement the "Once Together" group project. No comparable expenses were incurred in the 2nd quarter of 2010/11 or in the 1st half of the previous year.

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 commodity derivatives as of the balance sheet required by IAS 39 and also excluding restructuring expenses. The interest income from finance leases reported below 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 half, 1.10. to 31.3.

Euro million	**2010/11**	2009/10[1]	+/– change
EBIT as reported in income statement	227	189	+ 38
Derivative measurement item under IAS 39	– 56	+ 20	– 76
Restructuring expenses	+ 31	—	+ 31
Interest income from finance leases	+ 2	+ 1	+ 1
Adjusted EBIT	**204**	**210**	**– 6**

1 previous year's figure adjusted

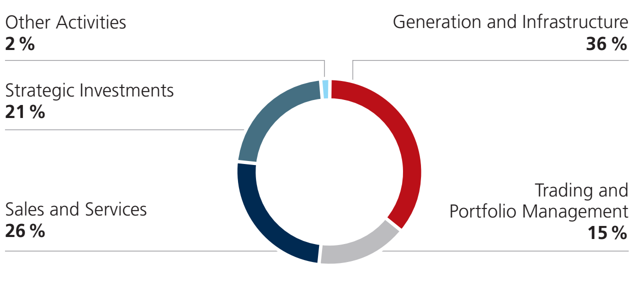
In line with this approach, in our financial reports we comment on the earnings performance of the MVV Energie Group and its reporting segments using this earnings figure, which provides a more meaningful indication of the Group's sustainable earnings strength.

Adjusted EBIT of the MVV Energie Group by reporting segment
1st half, 1.10. to 31.3.

Euro million	**2010/11**	2009/10[1] pro forma
Generation and Infrastructure	74	77
Trading and Portfolio Management	30	32
Sales and Services	54	58
Strategic Investments	42	42
Other Activities	4	1
Total	**204**	**210**

1 previous year's figures calculated as pro forma figures

Share of adjusted EBIT of the MVV Energie Group by reporting segment
1st half of 2010/11, 1.10. to 31.3.



Having risen by Euro 6 million to Euro 91 million in the 1st quarter, adjusted EBIT dropped by Euro 12 million to Euro 113 million in the 2nd quarter of 2010/11, as a result of which our adjusted EBIT for the 1st half of the year as a whole declined by Euro 6 million to Euro 204 million. The reduction in the 2nd quarter of 2010/11 was largely due to the downturn in volumes reported in the district heating and gas businesses on account of the comparatively mild outdoor temperatures compared with the very cold weather in the equivalent quarter in the previous year.

Generation and Infrastructure, our strongest reporting segment in terms of earnings, reported a year-on-year decline in adjusted EBIT in the 1st half of the year. This was chiefly due to a higher volume of third-party services and non-period items in the grid business at the Kiel location. 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 earnings reported for this reporting segment was principally the result of a lower generation margin (clean dark spread).

The Sales and Services reporting segment was affected above all by the non-recurrence of the positive gas portfolio items posted in the previous year. The improvement in the Other Activities segment was attributable to cost savings generated at shared service companies and in cross-divisional functions.

FINANCING EXPENSES dropped year-on-year from Euro 46 million to Euro 32 million in the 1st half of the year. Of this marked reduction, Euro 10 million was due to the amended statement of the prorated dividend payment to the City of Kiel, which has been reported under dividend distributions at minority interests for the first time in the year under report. The put option held by the City of Kiel concerning the sale of the remaining 49 % stake in Stadtwerke Kiel AG to MVV Energie AG was not exercised by 6 November 2010 and expired as of this date. Furthermore, the reduction was also the result of lower loan interest. Overall, the financial result therefore improved year-on-year by Euro 14 million in the 1st half of 2010/11.

As a result, the **ADJUSTED EBT** of Euro 173 million in the 1st half of 2010/11 was higher than the previous year's figure of Euro 166 million. The tax rate for the 1st half of 2010/11 based on adjusted EBT amounted to 32.7 % (previous year: 32.9 %). The income tax expenses of Euro 64 million reported in the income statement for the 1st half of 2010/11 (previous year: Euro 49 million) include deferred tax expenses of Euro 17 million in connection with IAS 39 measurement items (previous year: deferred tax income of Euro 6 million).

Net of adjusted taxes on income of Euro 56 million (previous year: Euro 54 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 117 million in the 1st half of 2010/11, compared with Euro 112 million in the previous year.

The adjusted share of earnings attributable to minority interests rose year-on-year from Euro 8 million to Euro 19 million in the 1st half of the year. This was due to a higher share of earnings at the City of Kiel on account of the non-exercised put option.

Net of minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 98 million for the 1st half of 2010/11, as against Euro 104 million in the previous year. Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.49 in the 1st half of 2010/11, down from Euro 1.57 in the previous year. As in the previous year, the weighted half-year average number of shares amounted to 65.9 million.

Net Asset and Financial Position

At 3.89 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 March 2011 were Euro 250 million (+ 7 %) higher than at the end of the 2009/10 financial year (Euro 3.64 billion).

NON-CURRENT ASSETS, which account for 70 % of assets, rose to Euro 2.71 billion, up Euro 28 million (+ 1 %) compared with 30 September 2010. This increase was chiefly due to higher volumes of non-current other receivables and assets, which were affected above all by the higher fair values of energy trading transactions recognised in line with IAS 39. This item was countered by the reclassification as current items of energy trading derivatives with delivery dates in the 2011 calendar year. Property, plant and equipment, accounting for just over half of total assets, reduced by Euro 15 million to Euro 2.04 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 1.17 billion, up Euro 222 million (+ 23 %) on the balance sheet date as of 30 September 2010. This development was largely driven by trade receivables, which grew by Euro 213 million. This in turn was the result of seasonal factors and expanded business volumes in the nationwide electricity and gas sales businesses. Due to weather and sales-related factors, the volume of receivables as of 31 March 2011 was Euro 21 million higher than as of 31 March 2010 (Euro 624 million). Other receivables and assets grew by Euro 61 million. This increase was chiefly due to the reclassification referred to above of energy trading transactions as current assets, as well as to higher short-term cash investments. The current other receivables and assets reported as of 31 March 2011 include receivables of Euro 4 million in connection with security deposits aimed at reducing counterparty risk with external trading partners (30 September 2010: Euro 69 million). At Euro 99 million, cash and cash equivalents were Euro 48 million lower than at 30 September 2010, a development chiefly attributable to the payment of the dividend for the 2009/10 financial year.

On the liabilities side, the **EQUITY** of the MVV Energie Group rose to Euro 1.37 billion, Euro 186 million (+ 16 %) higher than at 30 September 2010. This increase was due on the one hand to the improvement in the net surplus for the period, which was affected by IAS 39 measurement items, and on the other hand 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 financial derivatives and allocable deferred taxes, amounting to Euro 324 million as of 31 March 2011 (30 September 2010: Euro 180 million). On the capital side, we eliminated negative fair values of Euro 317 million from debt capital as of 31 March 2011 (30 September 2010: Euro 226 million) and the resultant net balance of Euro 7 million from equity (30 September 2010: Euro 46 million). Calculated on this adjusted basis, the equity ratio amounted to 38.4 % as of 31 March 2011 (30 September 2010: 35.7 %).

NON-CURRENT DEBT reduced to Euro 1.40 billion, down Euro 101 million compared with the balance sheet date as of 30 September 2010 (Euro 1.50 billion). This decrease was chiefly due to the reclassification already referred to above of financial 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 1.11 billion, up Euro 164 million compared with 30 September 2010 (Euro 950 million). This increase was due on the one hand to the aforementioned reclassification of financial derivatives to current other liabilities and on the other to a higher volume of trade payables. The current other liabilities reported as of 31 March 2011 included security deposits of Euro 10 million to reduce counterparty risk (30 September 2010: Euro 12 million). Further details can be found under "Financial position and cash flow" on Page 14 and in the notes on the balance sheet in the interim consolidated financial statements from Page 24 onwards.

Investments

At around Euro 67 million, the volume of investment at the MVV Energie Group in the 1st half of 2010/11 was lower than in the 1st half of 2009/10 (Euro 90 million). Of this total, Euro 63 million was invested in intangible assets, property, plant and equipment and investment property (previous year: Euro 84 million). An amount of Euro 4 million was invested in other financial assets (previous year: Euro 3 million). Furthermore, in the previous year an amount of Euro 3 million was also channelled into the acquisition of fully and proportionately consolidated companies.

Investments 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, moreover, funds were also invested in acquiring two wind plants in Massenhausen and in expanding wood pellet production. The district heating project in Ingolstadt is included in the Strategic Investments reporting segment, as are the extension and construction measures for district heating generation and cogeneration plants at the Czech subgroup. The increase in the Other Activities reporting segment mainly relates to investments made at the Kiel location, where the subgroup's administration, including its computer centre, have been brought together at one location and a new office building has been built.

Investments of the MVV Energie Group by reporting segment
1st half, 1.10. to 31.3.

Euro million	**2010/11**	2009/10[1] pro forma
Generation and Infrastructure	32	43
Trading and Portfolio Management	0	0
Sales and Services	7	20
Strategic Investments	13	14
Other Activities	11	7
Investments in property, plant and equipment[2]	**63**	**84**
Investments in financial assets	4	6
Total	**67**	**90**

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

Non-current and current financial debt decreased to Euro 1.26 billion, down Euro 88 million compared with the balance sheet date as of 30 September 2010. This reduction was chiefly due 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 1.16 billion as of 31 March 2011, down Euro 41 million compared with 30 September 2010.

The **CASH FLOW FROM OPERATING ACTIVITIES** grew year-on-year by Euro 35 million to Euro 90 million in the 1st half of 2010/11. The positive change in working capital, largely on account of the repayment of security deposits (margins), more than compensated for the increase in trade receivables.

Net of the lower volume of investments in intangible assets, property, plant and equipment and investment property, amounting to Euro 63 million (previous year: Euro 84 million), the Group generated a positive **FREE CASH FLOW** of Euro 26 million in the 1st half of 2010/11 (previous year: Euro – 29 million).

Due above all to the lower volume of gross investment, the **CASH FLOW FROM INVESTING ACTIVITIES** of Euro – 57 million was less negative in the 1st half of 2010/11 than in the previous year (Euro – 84 million).

At Euro – 80 million, the **CASH FLOW FROM FINANCING ACTIVITIES** was more markedly negative in the 1st half of 2010/11 than in the previous year (Euro – 56 million). The half year under report was characterised in particular by a lower volume of net new borrowing and a higher dividend payment to minority shareholders (Kiel put option). According to the cash flow statement (see Page 22), the MVV Energie Group reported cash and cash equivalents of Euro 99 million at the balance sheet date as of 31 March 2011 (previous year: Euro 236 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 notes to the interim consolidated financial statements from Page 28 onwards.

Opportunity and Risk Report

Opportunity and risk situation still stable

The MVV Energie Group identifies and manages its opportunities and risks on a continuous basis via the group-wide risk management system. This enables us to detect potential risks to the company's continued existence at an early stage. Furthermore, it supports us in optimising our business activities in the relevant energy supply and waste incineration markets in Germany and abroad.

The business performance of the MVV Energie Group is affected in particular by the following exogenous factors: weather conditions, operating risks and opportunities in terms of power plant operations and the development in market prices.

The comparatively mild temperatures in the period from January to March 2011 impacted negatively on weather-dependent district heating and gas turnover in the 2nd quarter of 2010/11, virtually compensating for the corresponding positive factor in the 1st quarter of 2010/11. The very warm weather in April 2011 could further curtail weather-related opportunities in terms of company earnings for the 2010/11 financial year as a whole. Plant operating availability levels remained stable in the first two quarters. This could still possibly deteriorate before the end of the year, however, in the event of any unscheduled downtime and resultant price risks.

Risks to the gas, district heating and electricity businesses due to developments in market prices are limited by 24/7 Trading GmbH, our central energy trading company.

No further risks have been added to the risk categories listed from page 92 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).

Overall the opportunity/risk position of the MVV Energie Group developed in line with expectations in the 2nd quarter of 2010/11, although we cannot with absolute certainty exclude the possibility of one-off negative factors arising before the end of the financial year.

As in previous reporting periods, there are no indications of any risks at the MVV Energie Group that could have endangered its ongoing business activities in the period under report or which could do so in the further course 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 March 2011 and the preparation of these interim consolidated financial statements for the 2nd quarter of 2010/11.

Quality regulation data survey

In mid-April 2011, the Federal Networks Agency resolved to introduce a quality regulation data survey. This is intended to offset the potential loss of quality feared on account of incentive regulation. It is currently not possible to provide any assessment of the implications of forthcoming quality regulation for the grids we operate.

New structure at shared service companies

The new structure for the Group's shared service companies came into effect as of 1 April 2011. At their locations in Mannheim, Offenbach and Kiel, and with a combined total of nearly 600 employees, the shared service companies 24/7 United Billing, 24/7 IT-Services and 24/7 Metering are now working under the roof of the newly founded company Shared Services Center GmbH (SSC).

Outlook

Future macroeconomic situation

Germany has recovered from the economic and financial crisis faster than expected. In their spring survey issued on 6 April 2011, leading economic research institutes corrected their growth forecasts for 2011 upwards from 2 % to 2.8 %. Gross domestic product is expected to grow by a further 2 % in 2012. Ongoing economic growth could be threatened by any escalation in the Arab region, which would lead commodity prices to rise significantly. Further sources of uncertainty are the difficult sovereign debt situation in many countries within the euro area and the as yet unforeseeable consequences of the reactor catastrophe in Japan.

Future situation in the sector

Following the events in Fukushima, energy policy is under review both in Germany and on European level. The Federal Government's "nuclear moratorium" is due to end in mid-June 2011. By then, the government intends to clarify what Germany's future energy supply should look like. The path towards expanding renewable energies, energy efficiency and energy saving would seem to be mapped out. Nuclear energy will play a less important role in future. Due to the ongoing unrest in the Middle East and North Africa, experts expect the price of Brent North Sea oil to remain well above US$ 100 per barrel in 2011. Electricity prices in Germany can be expected to rise due to the accelerated exit from nuclear energy. We nevertheless expect this price increase to remain within reasonable limits.

Implementation of strategic alignment

We are continuing to press ahead with rapidly implementing the strategic, organisational and operative measures aimed at enhancing our efficiency and improving structures and internal processes at our Mannheim, Kiel and Offenbach locations. This way, we are countering increasing competitive and regulatory pressure, while at the same time creating a basis for investments in our future growth.

Our future markets

We have to rethink our energy approach. The energy environment will continue to develop in technological terms. From our point of view, primary fuels could be put to more efficient use by working with cogeneration, reducing energy consumption by renovating existing buildings and making optimal use of energy in industrial production processes. Energy saving and enhanced energy efficiency will have notable consequences for energy supply companies, with a decline in demand for heating energy and electricity. At the same time, the market for energy-related services will grow and district heating generated using cogeneration will become increasingly important as an efficient and ecological source of heating energy for private households, businesses and industry, especially in large built-up areas. All of these are markets in which MVV Energie already operates successfully.

Investments in the future

As one of Germany's largest suppliers of district heating, we will be working on the further massive expansion of district and local heating based on cogeneration at all of our locations. In Mannheim, three new districts are currently being connected, while the density of the grid is being increased in several areas. The first stage of expansion will mostly be completed by 2013. The construction of Block 9 at the large power plant in Mannheim (GKM) is the precondition for expanding district heating in the Rhine/Neckar metropolitan region, and thus for ensuring supply reliability. The potential reduction in the operating lifetimes of German nuclear power plants now expected would underline the appropriateness of the investment decision taken by GKM and its shareholders.

Stadtwerke Ingolstadt is working together with Petroplus-Raffinerie and Audi on Bavaria's largest waste heat and district heating project. The installation of heat exchangers in January 2011 marked an important milestone here. The expansion of the district heating grid will be completed in the near future, so that operations are expected to be launched in July 2011. Energieversorgung Offenbach AG (EVO) is extending its district heating grids in Heusenstamm and Dietzenbach. Stadtwerke Kiel will be supplying a large business park in Kiel-Suchsdorf with district heating and electricity from January 2012. Construction work is due to begin in summer 2011.

The Czech subgroup is investing at several locations in technological upgrades to existing heating generation plants and in building new cogeneration plants (COGEN II project). The building work is expected to be completed in the 2012/13 financial year.

Many customers opting for green electricity products

We expect competition to remain tough in our business and private customer electricity and gas sales businesses. In future, we will increasingly be offering our successful electricity and gas energy funds to medium-sized customers as well. Our companies have witnessed rising demand for green electricity products in the wake of events in Japan and the new nuclear energy debate in Germany.

Opportunities in the international waste market

In the waste business, our Group is already one of Germany's largest environmental energy companies, with five energy from waste and biomass power plants (total capacity: 1.6 million tonnes). The major order received by our MVV Umwelt GmbH subsidiary in March 2011 to build and operate an energy from waste plant in the British port of Plymouth represents a notable success. This offers the opportunity of contributing our extensive experience in putting waste to ecological use to the British market. Starting in 2014, the new plant should process around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and district heating.

Future research and development activities

Within our Future Fleet project, around 30 electric vehicles are currently in use at five locations within the car pools of SAP and MVV Energie. Building on the experience gained here, MVV Energie intends to further develop its already extensive technological expertise in this area following the completion of the research project in September 2011.

Sales and earnings forecast

Given the turbulent developments in the energy industry in recent months, we expect the underlying framework to be unstable and energy markets to remain volatile in the 2nd half of the 2010/11 financial year. We are therefore cautious with regard to our sales and earnings forecast for the overall 2010/11 financial year. Following very mild temperatures in April 2011, it remains to be seen how the weather factor will impact on 2010/11 as a whole. From a current perspective, however, we still expect to be able to match the high previous year's figures both in terms of our sales and of our operating earnings (adjusted EBIT).

The earnings performance of the MVV Energie Group will continue to be shaped in coming years as well by the implementation of our investment strategy on the one hand and by the material and personnel cost savings within the "Once Together" group project on the other (please see Page 4).

Our earnings target is nevertheless subject to the assumption that the clean dark spread does not narrow any further. Given the developments in the cost of commodities and $C0_2$ emissions rights prices, our generation margin remains under pressure despite the higher electricity prices currently observable on wholesale markets. Moreover, we assume that there will be no further decline in prices in the waste business in Germany or further tightening up in the regulatory framework. We currently cannot assess the potential implications of any possible delay in the construction of Block 9 at the large power plant in Mannheim (GKM).

Future financial position: investments and financing

The MVV Energie Group has a solid financial foundation, with an equity ratio of 38.4 %, and a comparatively stable earnings situation. These factors will enable the Group to obtain a balanced mix of internally generated and capital market funds when financing the investments of around Euro 3 billion it has budgeted through to 2020. In our high-growth business, we draw not only on our cash flow from operations, but also on project-based optimised financing structures. Moreover, various projects with similar structures and comparable terms will be pooled and placed on the capital market. 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. Our strategic alignment and our success in the British waste market offer opportunities for our Group to generate profitable growth in the medium and long term.

Statement of Comprehensive Income

from 1.10.2010 to 31.3.2011

Income statement of the MVV Energie Group

Euro 000s	**1.1.2011 to 31.3.2011**	1.1.2010[1] to 31.3.2010	**1.10.2010 to 31.3.2011**	1.10.2009[1] to 31.3.2010	Notes
Sales	1 012 254	1 054 669	2 012 828	1 948 495	
less electricity and natural gas taxes	63 908	50 704	117 135	105 537	
Sales after electricity and natural gas taxes	**948 346**	**1 003 965**	**1 895 693**	**1 842 958**	1
Changes in inventories	–185	3 177	1 948	3 935	
Own work capitalised	3 937	2 184	6 282	6 063	
Other operating income	64 173	–286 737	232 363	260 377	2
Cost of materials	703 424	741 393	1 430 886	1 369 105	
Personnel expenses	81 071	80 366	162 388	161 235	
Other operating expenses	54 837	–232 772	218 155	331 798	2
Income from associates	2 286	2 132	4 044	6 732	
Other income from shareholdings	351	–10	538	108	
EBITDA	**179 576**	**135 724**	**329 439**	**258 035**	
Depreciation	36 081	33 981	71 491	69 190	
EBITA	**143 495**	**101 743**	**257 948**	**188 845**	
Restructuring expenses	—	—	30 926	—	3
EBIT[2]	**143 495**	**101 743**	**227 022**	**188 845**	
of which result of IAS 39 derivative measurement	32 128	–22 482	56 305	–20 028	
of which EBIT before result of IAS 39 derivative measurement	111 367	124 225	170 717	208 873	
Financing income	2 392	2 255	4 234	4 087	4
Financing expenses	16 400	18 424	32 417	46 539	4
EBT	**129 487**	**85 574**	**198 839**	**146 393**	
Taxes on income	41 472	29 040	63 500	48 744	5
Net surplus for period	**88 015**	**56 534**	**135 339**	**97 649**	
of which minority interests	12 907	3 315	19 239	6 860	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	**75 108**	**53 219**	**116 100**	**90 789**	
Basic and diluted earnings per share in Euro	**1.14**	**0.81**	**1.76**	**1.38**	6

Statement of income and expenses recognised in group equity

Euro 000s	**1.1.2011 to 31.3.2011**	1.1.2010 to 31.3.2010	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Net surplus for period	**88 015**	**56 534**	**135 339**	**97 649**
Cash flow hedges	9 724	–446	13 288	813
Differential amounts from currency translation	2 028	3 950	219	–718
Other income and expenses	**11 752**	**3 504**	**13 507**	**95**
Comprehensive income for period	**99 767**	**60 038**	**148 846**	**97 744**
Minority interests	–8 142	3 408	–954	6 525
Comprehensive income for period attributable to shareholders in MVV Energie AG	**107 909**	**56 630**	**149 800**	**91 219**

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

2 information about the reconciliation of EBIT as reported in the income statement with the adjusted EBIT figure used for management purposes can be found in the interim group management report on Page 11.

Balance Sheet

as of 31.3.2011

Balance sheet of the MVV Energie Group

Euro 000s	31.3.2011	30.9.2010	Notes
Assets			
Non-current assets			
Intangible assets	309 893	310 946	
Property, plant and equipment	2 042 880	2 057 796	
Investment property	6 005	6 058	
Associates	96 604	92 960	
Other financial assets	91 102	91 900	
Other receivables and assets	158 148	121 989	7
Deferred tax assets	7 830	2 907	8
	2 712 462	**2 684 556**	
Current assets			
Inventories	55 202	57 448	
Trade receivables	645 056	432 151	9
Other receivables and assets	331 205	270 631	7
Tax receivables	42 303	44 011	
Securities	1 457	1 495	
Cash and cash equivalents	99 369	147 101	10
	1 174 592	**952 837**	
	3 887 054	**3 637 393**	
Equity and liabilities			
Equity			12
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	509 175	452 089	
Accumulated other comprehensive income	25 487	15 684	
Capital of the MVV Energie Group	**1 158 624**	**1 091 735**	
Minority interests	214 735	95 395	
	1 373 359	**1 187 130**	
Non-current debt			
Provisions	133 810	114 395	13
Financial debt	948 954	1 055 804	14
Other liabilities	144 222	183 077	15
Deferred tax liabilities	172 670	147 171	8
	1 399 656	**1 500 447**	
Current debt			
Other provisions	146 338	181 872	13
Tax provisions	36 390	23 010	16
Financial debt	311 442	293 009	14
Trade payables	293 652	251 979	
Other liabilities	276 144	156 360	15
Tax liabilities	50 073	43 586	
	1 114 039	**949 816**	
	3 887 054	**3 637 393**	

Statement of Changes in Equity

from 1.10.2010 to 31.3.2011

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	—	—	—	—	—	– 609	1 039	430	– 335	95
Result of business operations	—	—	—	—	90 789	—	—	90 789	6 860	97 649
Comprehensive income for period	**—**	**—**	**—**	**—**	**90 789**	**– 609**	**1 039**	**91 219**	**6 525**	**97 744**
Dividend distribution	—	—	—	—	– 59 316	—	—	– 59 316	– 10 481	– 69 797
Change in retained earnings	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	—	—	483	—	—	483	– 1 813	– 1 330
Balance at 31.3.2010	**168 721**	**455 241**	**1 278**	**171 385**	**230 702**	**15 742**	**– 573**	**1 042 496**	**97 260**	**1 139 756**
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	—	—	—	—	—	192	9 611	9 803	3 704	13 507
Result of business operations	—	—	—	—	116 100	—	—	116 100	19 239	135 339
Comprehensive income for period	**—**	**—**	**—**	**—**	**116 100**	**192**	**9 611**	**125 903**	**22 943**	**148 846**
Sales of minority interests not leading to loss of control	—	—	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	—	—	– 59 316	—	—	– 59 316	– 24 034	– 83 350
Change in scope of consolidation	—	—	—	—	302	—	—	302	– 147	155
Balance at 31.3.2011	**168 721**	**455 241**	**1 278**	**171 385**	**336 512**	**18 506**	**6 981**	**1 158 624**	**214 735**	**1 373 359**

Segment Report

from 1.10.2010 to 31.3.2011

Income statement of the MVV Energie Group by segment from 1.10.2010 to 31.3.2011

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	159 487	294 021	47 316	74 453
Trading and Portfolio Management	347 016	550 745	145	29 979
Sales and Services	1 160 130	154 953	8 387	53 562
Strategic Investments	227 029	5 901	9 065	41 787
Other Activities	2 031	12 387	6 578	3 731
Consolidation	—	– 1 018 007	—	111
Total	**1 895 693**	**—**	**71 491**	**203 623**

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 have been adjusted correspondingly and thus represent pro forma figures.

Income statement of the MVV Energie Group by segment from 1.10.2009 to 31.3.2010

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation	Adjusted EBIT
Generation and Infrastructure	157 981	369 668	45 382	77 229
Trading and Portfolio Management	359 242	960 055	150	32 216
Sales and Services	1 112 269	126 918	8 821	57 823
Strategic Investments	209 765	4 428	8 586	42 022
Other Activities	3 701	12 588	6 251	1 382
Consolidation	—	– 1 473 657	—	– 247
Total	**1 842 958**	**—**	**69 190**	**210 425**

Cash Flow Statement

from 1.10.2010 to 31.3.2011

Cash flow statement of the MVV Energie Group

Euro 000s	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Net surpus for period before taxes on income	198 839	146 393
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	71 491	69 190
Net financial result	28 183	42 452
Interest received	4 218	4 006
Change in non-current provisions	22 653	4 450
Other non-cash income and expenses	– 55 752	15 463
Result of disposal of non-current assets	– 305	– 9
Cash flow before working capital and taxes	**269 327**	**281 945**
Change in other assets	– 162 372	– 319 645
Change in other liabilities	52 014	159 696
Change in current provisions	– 38 780	– 32 668
Income taxes paid	– 30 558	– 34 352
Cash flow from operating activities	**89 631**	**54 976**
Investments in intangible assets, property, plant and equipment and investment property	– 63 230	– 84 152
(Free cash flow)	**(26 401)**	**(– 29 176)**
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	3 184	791
Proceeds from subsidy payments	5 184	3 266
Proceeds from sale of other financial assets	1 162	1 894
Payments for acquisition of fully and proportionately consolidated companies	—	– 2 795
Payments for other financial assets	– 3 386	– 2 961
Cash flow from investing activities	**– 57 086**	**– 83 957**
Proceeds from taking up of loans	107 374	126 947
Payments for redemption of loans	– 75 291	– 69 912
Dividend payment	– 59 316	– 59 316
Dividend payment to minority shareholders	– 24 034	– 10 481
Changes due to capital reduction/increase at minority shareholders	155	—
Interest paid	– 29 269	– 43 216
Cash flow from financing activities	**– 80 381**	**– 55 978**
Cash-effective changes in cash and cash equivalents	– 47 836	– 84 959
Change in cash and cash equivalents due to currency translation	104	– 167
Cash and cash equivalents at 1.10.2010 (2009)	147 101	321 170
Cash and cash equivalents at 31.3.2011 (2010)	**99 369**	**236 044**

Cash flow – aggregate presentation

Euro 000s	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Cash and cash equivalents at 1.10.2010 (2009)	**147 101**	**321 170**
Cash flow from operating activities	89 631	54 976
Cash flow from investing activities	– 57 086	– 83 957
Cash flow from financing activities	– 80 381	– 55 978
Change in cash and cash equivalents due to currency translation	104	– 167
Cash and cash equivalents at 31.3.2011 (2010)	**99 369**	**236 044**

Notes to the Interim Consolidated Financial Statements

1st Half 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 its reporting segments based on value chain stages, namely 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 10 May 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 March 2011 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 March 2011 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:

Improvement Project (2010)	Omnibus standard amending various IFRSs
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 the scope of consolidation

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

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

Scope of consolidation

	Companies fully consolidated	Companies accounted for at equity	Companies proportionately consolidated
30.9.2010	61	12	7
Mergers	3	—	—
Additions	2	—	—
31.3.2011	**60**	**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, now owns 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.

MVV Energiedienstleistungen GmbH Nord, Hamburg, MVV Energiedienstleistungen GmbH Süd, Gersthofen, and MVV Energiedienstleistungen GmbH West, Solingen, were merged into MVV Energiedienstleistungen Regional GmbH, Mannheim, in the 2010/11 financial year. These mergers did not have any implications for the financial, net asset and earnings position of the Group.

Currency translation

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

Currency translation

	Rate on reporting date		Average rate	
1 Euro	**31.3.2011**	30.9.2010	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Czech crowns (CZK)	24.543	24.600	24.583	25.896
British pounds (GBP)	0.884	0.860	0.857	0.896

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 creation stages has been provided in the segment report. The growth in sales compared with the 1st half of the previous year was driven above all by volume growth in the electricity trading business and in nationwide electricity sales, as well as by a weather-related increase in turnover. 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 31.3.2011**	1.10.2009 to 31.3.2010
Income from derivatives recognised under IAS 39	172 136	207 205
Income from emissions rights	23 735	16 513
Reversal of provisions	3 671	7 822
Other	32 821	28 837
Total	**232 363**	**260 377**

Other operating expenses

Euro 000s	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Expenses for derivatives recognised under IAS 39	115 831	227 233
Expenses for emissions rights	19 122	18 788
Other	83 202	85 777
Total	**218 155**	**331 798**

Material items within other operating income and expenses have been reported in detail for the first time in the half-year 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 EUR 56 305 thousand in the 1st half of 2010/11 (previous year: negative item of EUR 20 028 thousand).

As part of the 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 (Euro 29 199 thousand).

3 Restructuring expenses

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, restructuring expenses were incurred at the MVV Energie Group 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 line item in the income statement.

The restructuring expenses amount to Euro 30 926 thousand and mainly relate to the recognition of restructuring provisions for socially responsible personnel cuts. A smaller share involves 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 line item within operating earnings. These expenses are not included in the adjusted EBIT figure.

Notes on the Balance Sheet

4 Financing income and financing expenses

Financing income includes an amount of Euro 1 980 thousand resulting from interest income in connection with finance leases (previous year: Euro 1 552 thousand).

The contractually agreed period in which the City of Kiel could have offered 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 relating to the City of Kiel, amounting to Euro 12 740 thousand, was recognised for the first time under dividend distributions at 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.

5 Taxes on income

Taxes on income

Euro 000s	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Taxes on income	63 500	48 744
Effective tax rate in %	31.9	33.3

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 31.9 %.

6 Earnings per share

Earnings per share

	1.1.2011 to 31.3.2011	1.1.2010 to 31.3.2010	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010
Earnings attributable to shareholders in MVV Energie AG (Euro 000s)	75 108	53 219	116 100	90 789
No. of shares in 000s (weighted average)	65 907	65 907	65 907	65 907
Earnings per share (Euro)	1.14	0.81	1.76	1.38

It was not necessary to account for any dilution effects.

7 Other receivables and assets

The increase in non-current other receivables and assets compared with 30 September 2010 was mainly due to the higher fair values of energy trading transactions recognised in line with IAS 39. This factor was countered by the reclassification as current items of energy trading transactions recognised in line with IAS 39.

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. These factors were countered by a decline in the security deposits made to reduce the counterparty risk resulting from substantial fluctuations in the fair values of energy trading derivatives. These involve margins.

8 Deferred taxes

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

9 Trade receivables

The increase in trade receivables in the 1st half 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 slight increase in sales in the 1st half of the 2010/11 financial year is also reflected in a higher volume of receivables.

10 Cash and cash equivalents

The reduction in cash and cash equivalents was primarily due to payment of the dividend for the 2009/10 financial year.

11 Dividend distribution

The Annual General Meeting held on 18 March 2011 approved the distribution of a dividend of Euro 0.90 per share for the 2009/10 financial year (total: Euro 59 316 thousand). Furthermore, a total sum of Euro 24 034 thousand was distributed to minority shareholders on the level of the subgroups.

12 Equity

The contractually agreed period in which the City of Kiel could have offered 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 until 6 November 2010 under current financial debt (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 minority interest, 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 see Note 4). In the period under report, this item, amounting to Euro 12 740 thousand, was reported in the dividend distributions at minority interests.

13 Provisions

Following the conclusion of the MVV 2020 project and the related "Once Together" implementation project, restructuring provisions amounting to Euro 30 926 thousand were recognised at the MVV Energie Group. These mainly involve provisions for socially responsible personnel cuts. A smaller share involves restructuring provisions for material expenses. The non-current share of these provisions amounts to Euro 19 582 thousand. The restructuring provisions are not of any relevance for control purposes. In view of this, they have been reported as a separate line item within operating earnings (please see Note 3).

The reduction in current other provisions was chiefly due to the utilization of personnel provisions. Furthermore, there was a marked reduction in provisions for services not yet invoiced due to receipt of the relevant invoices, as well as in provisions for miscellaneous items, in this case mainly as a result of ongoing utilization.

14 Financial debt

The contractually agreed period in which the City of Kiel could have offered 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 minority interest, 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 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. This item was opposed by the increase in the fair value of energy trading transactions recognised in line with IAS 39.

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, deferrals also led to an increase in this item.

16 Tax provisions

The increase in tax provisions was due on the one hand to back payments of tax due to new findings in the tax audit now completed for the period from 2002 to 2006, and on the other hand to higher income tax provisions due to the increase in half-year earnings before IAS 39 measurement.

17 Contingent liabilities

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

18 Segment report

In the course of our new planning and control approach, both our internal controlling structures and our external reporting have been amended since the 2010/11 financial year. This realignment was intended to group units in line with their individual performance factors in such a way that the pooling of suitable specialist competence under one roof forms the basis for stringent portfolio management at the Group. The product 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 perform this task.

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 further broken down by subgroup 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 and technical service units allocated to the grids business field for the grid-based distribution of electricity, district heating, gas and water.
- The Trading and Portfolio Management reporting segment includes energy procurement and portfolio management and the energy trading business at 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 functions. Consolidation includes figures relating to transactions with other reporting segments that are eliminated for consolidation purposes.

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 basis of data is available to calculate 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 proforma 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 business segments do not include the results of non-operating IAS 39 measurement items in connection with financial derivatives (Euro 56 305 thousand; 1st half of previous year: Euro – 20 028 thousand). The figures also do not include any restructuring expenses. On segment level, the figures also do not include any income on shareholdings held in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by that income in connection with finance leases forming part of our business model (especially contracting) and that we therefore believe form part of operating earnings contributions.

19 Cash flow statement

The cash flow before working capital and taxes declined slightly in the period under comparison. The marked year-on-year increase in the net surplus for the period before taxes was due on the one hand to IAS 39 measurement, which has in turn been eliminated under other non-cash income and expenses. The cash flow before working capital and taxes was also significantly influenced by the recognition of non-current provisions for restructuring.

The increase in the cash flow from operating activities was mainly due to the significant changes in other working capital in the 1st half of 2010/11.

Largely on account of the lower volume of investment compared with the previous year, the cash flow from investing activities was less negative than in the previous year. The cash flow from financing activities was characterised by a lower volume of net new borrowing compared with the previous year. The dividend payment to minorities chiefly related to the distribution made to the City of Kiel, reported in the past 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 31.3.2011**	1.10.2009 to 31.3.2010	**1.10.2010 to 31.3.2011**	1.10.2009 to 31.3.2010	**31.3.2011**	30.9.2010	**31.3.2011**	30.9.2010
Abfallwirtschaft Mannheim	146	145	1 800	1 856	351	346	894	792
ABG Abfallbeseitigungs-gesellschaft mbH	14 471	15 814	2 316	2 309	1 627	300	483	315
GBG Mannheimer Wohnungsbaugesellschaft mbH	10 292	10 413	90	34	5	5	1	—
m:con – Mannheimer Kongress- und Touristik GmbH	1 779	1 768	182	164	7 392	8 121	—	—
MVV GmbH	213	348	48	1 183	80	154	—	2
MVV Verkehr GmbH	214	686	2	3	202	397	2	1
Rhein-Neckar-Verkehr GmbH	3 909	5 464	209	363	1 767	5 293	864	1 170
Stadtentwässerung Mannheim	1 253	1 204	297	344	135	168	21	53
City of Mannheim	4 426	4 757	11 254	11 457	903	1 743	10 845	1 807
Other companies controlled by the City of Mannheim	3 529	4 603	168	187	503	261	4	190
Associates	40 531	27 576	125 412	99 350	13 501	4 671	16 602	7 468
Proportionately consolidated companies	57 049	46 509	14 816	7 570	30 483	32 491	16 822	15 274
Other majority shareholdings	1 137	1 804	1 690	3 746	4 385	4 375	552	1 064
Total	**138 949**	**121 091**	**158 284**	**128 566**	**61 334**	**58 325**	**47 090**	**28 136**

21 Events after the balance sheet date

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

Mannheim, 10 May 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 picture of the net asset, financial and earnings position of the Group in accordance with the accounting principles applicable for interim reporting and the interim group management report provides a fair review of the development and performance of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group through to the end of the 2010/11 financial year.”

Mannheim, 10 May 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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www.mvv-investor.de