MVV ENERGIE – ENERGISING THE FUTURE

FINANCIAL REPORT
1ST QUARTER OF 2011/12

MVV Energie

Key Figures
from 1.10.2011 to 31.12.2011

Key figures of the MVV Energie Group

Euro million	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010	% change
External sales excluding electricity and natural gas taxes [1]	1 018	950	+ 7
Adjusted EBITDA [1, 2]	114	129	– 12
Adjusted EBITA [2]	74	91	– 19
Adjusted EBIT [3]	74	91	– 19
Adjusted EBT [3]	59	76	– 22
Adjusted net surplus for period [3]	40	51	– 22
Adjusted net surplus for period after minority interests [3]	37	45	– 18
Adjusted earnings per share [3] in Euro	0.57	0.68	– 16
Cash flow before working capital and taxes [1]	113	114	– 1
Cash flow before working capital and taxes per share [1] in Euro	1.71	1.73	– 1
Free cash flow	– 112	– 5	—
Adjusted total assets (at 31.12.2011 / 30.9.2011) [1, 4]	3 835	3 658	+ 5
Adjusted equity (at 31.12.2011 / 30.9.2011) [4]	1 409	1 378	+ 2
Adjusted equity ratio (at 31.12.2011 / 30.9.2011) [1, 4]	36.7 %	37.7 %	– 3
Investments	92	37	+ 149
Number of employees at 31.12.2011 / 31.12.2010	5 872	5 992	– 2

1 previous year's figure adjusted (please see Business Performance chapter for details)
2 excluding non-operating IAS 39 derivative measurement items and including interest income from finance leases
3 excluding non-operating IAS 39 derivative measurement items, including interest income from finance leases and excluding restructuring expenses in previous year
4 excluding non-operating IAS 39 derivative measurement items

Contents

1st Quarter of 2011/12 at a Glance

1 October 2011 to 31 December 2011

- In December 2011, the Executive and Supervisory Boards of MVV Energie AG decided to propose a dividend of Euro 0.90 per share for the 2010/11 financial year, thus unchanged on the previous year, for approval by the Annual General Meeting on 16 March 2012.

- In December 2011, the Building Committee of the City of Plymouth approved the construction of an energy from waste plant by our MVV Umwelt subsidiary. The building permit was granted in the first days of February. Construction work is planned to start in spring 2012, with operations planned to commence in summer 2014. Currently our largest investment, this project has a volume of around Euro 250 million.

- Our Energieversorgung Offenbach AG subsidiary significantly expanded its wind power business in the 1st quarter of 2011/12. South-western Germany's highest-output wind farm is being built in Kirchberg in the Hunsrück region.

- Since November 2011, Block 3 at the large power plant in Mannheim (GKM), with a capacity of 220 MW, has been available for system reserve output if required. This so-called cold reserve is intended to avert any potential bottlenecks in the electricity supply following the decommissioning of several nuclear energy blocks. The reserve output was called on for the first time on 8 February 2012.

- Due to a damaged turbine, the scheduled inspection of the joint power plant in Kiel (GKK) was delayed by four months. Following repair work, GKK went back online at the beginning of January 2012.

Letter from the CEO

Dear Shareholders,
Dear Ladies and Gentlemen,

Germany is currently implementing a fundamental reorganisation of its energy supply system, one which will increasingly focus on renewable energies and energy efficiency. This far-reaching transformation in the energy system – which has to be implemented while simultaneously safeguarding a reliable, competitive energy supply – is a shared task on the part of politics, business and society as a whole. It requires great efforts from all involved. A task on this scale can only be mastered with targeted management and sustainable monitoring. The energy turnaround resolutions confirm MVV Energie in its strategic course, one already adopted several years ago.

Our growth investments picked up momentum in the 1st quarter of 2011/12. The energy from waste plant in Plymouth in the south-west of the UK was approved by the city's Building Committee in December 2011. We received the building permit at the beginning of February, thus enabling us to start construction on schedule in spring 2012. In the Hunsrück region, we are investing in the highest-output wind farm in south-western Germany. The 23 wind turbines there will generate around 160 GWh of electricity a year. These and further growth projects outlined in this quarterly report will shape our earnings in the coming years.

Our business performance in the 1st quarter of the 2011/12 financial year was severely inhibited by exceptional weather conditions. Outdoor temperatures in the period under report from October to December 2011 were consistently higher than in the very cold 1st quarter of 2010/11. Long-term comparisons also show that temperatures this year were significantly warmer than usual, especially in December 2011. This led to a substantial downturn in our district heating and gas turnover and thus also impacted negatively on our quarterly earnings for 2011/12. Alongside this weather-related factor, for the whole of the 1st quarter of 2011/12 we also had to contend with downtime at the joint power plant in Kiel due to a damaged turbine. Mainly as a result of these two one-off items, our adjusted EBIT for the 1st quarter of 2011/12 fell year-on-year by 19 % to Euro 74 million. The joint power plant in Kiel went back online at the beginning of January 2012. We have introduced measures to compensate for part of these negative factors in the coming three quarters of the financial year.

In December 2011, the Executive and Supervisory Boards decided to propose an unchanged dividend of Euro 0.90 per share for the 2010/11 financial year for approval by the Annual General Meeting on 16 March 2012. Subject to approval at our Annual General Meeting, we will thus once again be able to distribute a dividend total of Euro 59.3 million to our shareholders.

Yours faithfully,

Dr. Georg Müller
CEO

Mannheim, February 2012

The Share of MVV Energie AG

Disappointing stock market year in 2011

Due above all to the sovereign debt crises, 2011 was a disappointing year on the stock markets. The DAX, Germany's leading index, closed at 5 898 points at the end of December 2011, 14.7 % down on the beginning of the year. Having recovered from the impact of the global economic and financial crisis to reach 6 914 points by the end of 2010, the pace of growth in DAX share prices initially slowed significantly in the first months of 2011. From August 2011, the sovereign debt crises in Europe and the USA then led to a sharp drop in prices on international financial and stock markets.

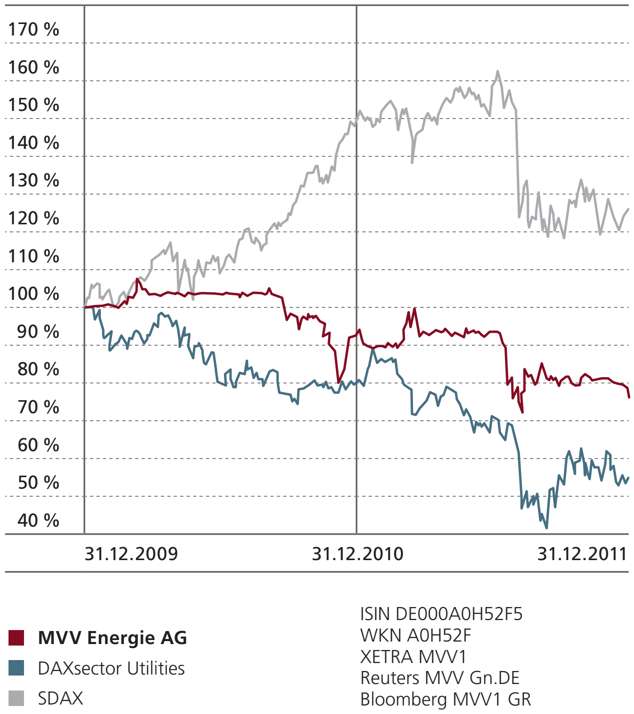
Share price: Decline following period of recovery

MVV Energie's share price was listed at Euro 22.80 on 31 December 2011; it thus fell by 18.6 % from Euro 28.01 on 31 December 2010. Accounting for the distribution of a dividend of Euro 0.90 per share in March 2011, the share price decreased year-on-year by 16.0 %. In our share performance chart we present the performance of our share over two years, including the dividend payments in 2010 and 2011. On this basis, the share price reduced by 21.6 %. Over the two-year period, MVV Energie's share price thus fell less sharply than the DAXsector Utilities, which witnessed a 41.9 % decline. Since March 2011, this index has been negatively affected above all by the implications of the catastrophe in Japan and the subsequent energy turnaround in Germany. The SDAX index, by contrast, grew by 24.6 % over the comparative period. In assessing these figures, however, it should be noted that following the sharp drop in prices in the 2008 crisis year virtually all stocks had great potential for recovery. During this period, MVV Energie's share price showed a disctinct sideways movement before falling off towards the end of the period.

Market capitalisation falls – Trading volumes rise

The decline in the share price also impacted on our market capitalisation. As of 31 December 2011, this amounted to Euro 1 503 million (previous year: Euro 1 846 million), with the free float share of 18.5 % on which the share's weighting in the SDAX is based being valued at around Euro 278 million (previous year: Euro 342 million). In the joint index statistics compiled for the MDAX and SDAX, the MVV Energie AG share was ranked 61st (previous year: 63rd). This ranking is based on the free float

Performance comparison of the MVV Energie AG share over two years



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

market capitalisation at the end of the year. In terms of its stock market turnover, our share was ranked 100th in the index statistics (previous year: 102nd). Overall, a total of around 608 300 shares in MVV Energie AG were traded across all German marketplaces in the 1st quarter of 2011/12 – an increase of around 69 % on the previous year's period! Given this significant rise in turnover, the equivalent value of trading volumes amounted to Euro 14 million despite the decline in the share price (previous year: Euro 10 million). Around 55 % of all stock market turnover took place in XETRA trading.

Equity analysis: Coverage by additional bank

M.M. Warburg & Co newly included our share in its equity research in November 2011. Its first recommendation is "buy" with a share price target of Euro 29. Our share is currently monitored by a total of seven analyst organisations.

Business Framework

Macroeconomic and Energy Industry Developments

According to preliminary figures released by the Federal Statistics Office, Germany's real-term gross domestic product grew by 3 % in 2011 compared with 2010. In our Outlook, we report that a significantly weaker level of economic growth is expected in 2012.

Based on initial estimates compiled by the Association of the German Energy and Water Industries (BDEW), electricity generation volumes in Germany showed a slight year-on-year decline in 2011. The share of electricity generation attributable to renewable energies rose to around 20 %; this strong growth creates greater pressure to act not only in terms of grid expansion, but also with regard to maintaining system stability and improving the market integration of renewable energies.

The average price of Brent crude oil rose to US$ 109.02/barrel in the period from October to December 2011, US$ 21.57/barrel higher than in the equivalent period in 2010. At Euro 25.44/MWh, average natural gas prices for the 2012 supply year in the Net-Connect Germany market region were Euro 4.38/MWh higher in the period under report than one year earlier. Average coal prices for supply in 2012 rose by US$ 9.19/tonne to US$ 116.61/tonne. At Euro 9.21/tonne, average listed emission rights prices, by contrast, were Euro 5.70/tonne lower than in the same period in the previous year. Due to rising primary energy prices, average electricity prices for the 2012 supply year rose to Euro 54.16/MWh, up Euro 5.15/MWh on the previous year's quarter.

Energy Policy and Regulation

The Federal Government presented a proposed **AMENDMENT TO THE GERMAN COGENERATION ACT (KWKG)** on 14 December 2011. As one of the largest district heating suppliers, one whose heating energy is generated almost exclusively using cogeneration, we welcome this proposed legislation. In our 2025 District Heating Pact, we were early to set out proposals as to how the underlying framework for these high-efficiency technologies might be improved. Many of these suggestions have been followed. This is particularly true for the expansion in district heating grids, which is due to be simplified and intensified. Incentives for building heating energy storage facilities and for retrofitting conventional power plants are also planned for the first time in the proposal. In further procedures, MVV Energie is campaigning for larger-scale heating energy storage facilities to be subsidised on a basis of equal treatment and for an appropriate structure for the retrofitting of conventional plants. Over and above the offsetting of emissions trading burdens foreseen in the proposal, it will be necessary to further step up the promotion of cogeneration if the declared aim of achieving a 25 % share of electricity produced using cogeneration is to be achieved in Germany by 2020.

MVV Energie is critical in its assessment of the proposed **MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE** (MiFID) presented by the European Commission on 20 October 2011, particularly in respect of the efforts to include company-based energy traders within the scope of financial market regulation. One consequence of this would be that the costs of energy trading would rise considerably without this contributing towards any increase in financial market stability. In the further course of the process, we will be calling for the existing energy trading exemptions to be retained.

In the **ENERGY ROAD MAP 2050** adopted on 15 December 2011, the European Commission sets out potential development routes towards a low-CO_2 energy industry in seven different scenarios. The road map forms the basis for further discussion in the European institutions concerning the long-term objectives of European energy policy. These will play a key role in shaping the future environment for our business activities.

In the field of **GRID REGULATION**, the starting levels are currently being determined for grid utilisation fees in the second regulation period. These will apply for gas from 2013 and for electricity from 2014. To this end, the relevant applications submitted as of 30 June 2011 are currently being reviewed in the case of gas. The equivalent procedure for electricity is in preparation. Individual draft resolutions are now available for the quality regulation launched for electricity as of 1 January 2012. These will not have any notable financial impact on the earnings of MVV Energie AG. As one consequence of the verdict passed by the Federal Supreme Court (BGH) on 28 June 2011, the Federal Network Agency submitted compromise offers to our grid companies in Mannheim and Kiel. These companies have accepted the offers. As a result, their electricity and gas revenue caps will increase slightly over the next four years. The exemption of specified large customers from grid utilisation fees thereby introduced presents grid operators and suppliers with major challenges.

Negative Impact of Weather Conditions

Temperatures in the quarter under report were significantly higher than in the previous year's quarter. In December 2011 alone, the average temperature of 5.4 degrees Celsius at the Mannheim location was 6.6 degrees warmer than in the comparatively cold month of December 2010, in which temperatures averaged – 1.2 degrees Celsius. Higher outdoor temperatures result in lower degree day figures – the weather indicator we use to assess our customers' heating needs. At 453, the degree day figure for the Mannheim location in December 2011 was 31 % lower than in the December of the previous year and 17 % below the ten-year December monthly average of 549. Temperatures at our other locations were also above average. At 8 655, the cumulative degree day figure for our group of companies for the 1st quarter of 2011/12 (October to December 2011) was 17 % lower than the cumulative figure of 10 401 for the 1st quarter of 2010/11.

Impact of Underlying Framework on Business Performance

The unusually mild weather conditions significantly impeded our district heating and natural gas turnover, and thus also our company earnings for the 1st quarter of 2011/12.

We expect the Energy Turnaround Package to generate positive momentum overall for the MVV Energie Group over time. Our investments in the future will lead to positive earnings contributions in the medium term – this is particularly true for our expansion of renewable energies and district heating supply systems.

Corporate Strategy

The resolutions adopted within the energy turnaround confirm our strategic focuses. We set out our corporate strategy in detail in the 2010/11 Annual Report. In the 1st quarter of the 2011/12 financial year we continued to pursue and implement this strategy in a targeted way.

The nuclear energy exit and implementation of the energy turnaround presents the economy as a whole and the energy industry in particular with great challenges. The future of the German energy market is to be found in more highly decentralised and flexible energy generation increasingly based on renewable energy sources. This will involve a fundamental system change in technological, economic and regulatory terms.

Energy turnaround confirms our strategic course

MVV Energie was among the market-oriented movers shaping the energy turnaround. With our MVV 2020 programme, we have been heading towards a new energy future since 2009 already. We acted early to begin expanding renewable energy sources and enhancing energy efficiency in the way now also called for in the Energy Turnaround Package. We aim to take the restructuring of Germany's generation capacities as an opportunity to further diversify our own portfolio and make it fit for the future by implementing targeted growth investments.

We will contribute actively towards the success of the energy turnaround. As an "Energiser of the Future", we act sustainably – alongside our economic targets, we also accord high priority to ecological and social targets. As a group of companies with municipal roots, we aim to consistently increase the value of our companies at all locations and to enhance our business model to enable us to achieve company growth and economic success in the long term as well.

Progress with implementing investment strategy

We have launched an ambitious programme of investment. By 2020, we intend to invest a total of Euro 3 billion. Half of this sum will be channelled into modernising our existing power plants and grids to ensure their ongoing technological reliability. With the other half, we will be expanding our renewable energies and enhancing energy efficiency, focusing here on onshore wind power, biomass, biomethane, cogeneration-based district heating and energy from waste.

Our **GROWTH INVESTMENTS** have picked up significant momentum. We have thus further raised the share of our electricity generation accounted for by renewable energies and cogeneration. At present, around 20 % of our generation is already attributable to renewable energy sources and a further 28 % to cogeneration. Overall, we currently generate 48 % of our electricity in environmentally-friendly and efficient ways. This is a significantly higher share than the national average of 31 %.

We have made great progress in expanding our **ONSHORE WIND POWER** business. There are sufficient locations in Germany to make use of this proven technology. Following the wind power plants in Plauerhagen and Massenhausen, our Group is currently investing via its Energieversorgung Offenbach subsidiary in a major project at the Kirchberg location in Hunsrück, where south-western Germany's highest-output wind farm is currently under construction. Further details can be found in the Outlook.

Moreover, we aim to actively exploit the market potential offered by local electricity and heating energy generation using **BIOMASS AND BIOMETHANE**. One example here is the new wood pellet production plant at Energieversorgung Offenbach with a capacity of 65 000 tonnes a year. At Tübingen University Hospital we are converting the heating energy supply from oil and gas to biomass (wood chips). In Klein Wanzleben (Sachsen-Anhalt), we are working with partners to build a biomethane plant. Further details of this too can be found in the Outlook.

A further cornerstone of our growth strategy is the expansion in **COGENERATION-BASED DISTRICT AND LOCAL HEATING** and in district heating grids in Mannheim, Kiel, Offenbach and Ingolstadt. At our Czech subgroup we are investing in technological enhancements to existing heating energy generation plants and in building gas-powered cogeneration plants. In the city of Liberec we have taken over a modern cogeneration plant with an energy from waste plant. This way, MVV Energie CZ a.s. has further boosted its position in the Czech heating energy market.

Currently our largest investment project is underway in south-western Britain. In December 2011, the Building Committee of the city of Plymouth approved the construction of an **ENERGY FROM WASTE PLANT** by MVV Umwelt. The building permit was issued at the beginning of February 2012. Construction work is set to begin in spring 2012. Starting in 2014, the new plant should use around 245 000 tonnes a year of household, commercial and industrial waste to generate electricity and heating energy.

Innovative electricity and gas sales products

Another important pillar of our growth strategy is the nationwide sale of electricity and gas to industrial and commercial customers via our energy fund products. We provide procurement managers at companies fully or partly covering their energy needs via the markets with MVV Energiemonitor, a system offering prompt, easily comprehensible and up-to-date information about the relevant energy markets. In the context of its annual Service Management Prize, the KVD Customer Service Association singled out our app as one of the best three service measures in 2011!

Budgeted cost savings achieved

We still see cost savings and efficient structures and processes as a key prerequisite for financing and implementing our strategic growth. We have already reached the target corridor of budgeted savings within the "Once Together" group programme, namely Euro 20 million to Euro 30 million, two years earlier than planned.

In terms of our personnel totals, we have agreed socially responsible job cuts, mainly by drawing on part-time early retirement agreements. As planned, the personnel expense savings are spread over a longer period. By 2020, we intend to downsize the workforce at the Mannheim, Kiel and Offenbach locations by around 450 full-time positions. Of the personnel reduction target to be achieved by the 2019/20 financial year, 90 % has already been fixed. Details of our current headcount can be found on Page 7.

"Setting Course for the Future" change programme launched

With our new change programme – "Setting Course for the Future" – we aim to sustainably increase the depth of cooperation between companies in the MVV Energie Group. We aim to safeguard and further enhance local roots and identities, as well as regional brands and partnerships, by working in close cooperation and on a basis of trust with our municipal partners. In parallel to this, we are working objectively on finding shared solutions and enhancing our operational excellence. This way, we are boosting the competitiveness and growth capacity of each individual company, and of our Group as a whole.

Research and Development

We pressed further ahead with our research and development activities, presented in detail in our 2010/11 Annual Report, in the 1st quarter of 2011/12 as well. One new project involves initial investigations into economically viable business models for efficient energy management at business customers.

Our “Future Fleet” research project, supported by the Federal Ministry of the Environment, was completed on schedule on 30 September 2011. Together with SAP AG, we tested around 30 electric vehicles in day-to-day car fleet use. Thanks to the linking of this to our other innovation topics, we now have extensive expertise when it comes to building up and operating smart charging infrastructures. Within our region, we have made a name for ourselves as an attractive partner in the field of electro-mobility. Once the market for electro-mobility is further developed, we will be in a position to implement economically viable concepts. Until then, we will be further extending our knowledge in terms of both technology and the relevant processes by participating in innovative research projects for which the Federal Government has once again made funds available.

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 manufacturers of these heating systems

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

DISTRICT HEATING TRANSPORT (term: 2009 to 2013): Identification of potential cost savings in district heating transport to support effective expansion of cogeneration

Employees

As of 31 December 2011, the MVV Energie Group had a total of 5 870 employees (excluding third-party personnel at Mannheim cogeneration plant), and thus 117 fewer than at 31 December 2010. Compared with the previous quarter (30 September 2011), the size of the workforce fell by 29 employees. This scheduled reduction is chiefly due to the implementation of the “Once Together” group programme at MVV Energie AG, Stadtwerke Kiel AG, Energieversorgung Offenbach AG and the MVV Energiedienstleistungen subgroup.

The number of employees in Germany reduced to 5 228, down 137 compared with 31 December 2010. The foreign shareholdings, by contrast, reported a year-on-year increase in their workforce. The number of employees here grew by 20 to 642. This was due in particular to two new companies at the Czech subgroup. Employee totals at our British company MVV Environment Devonport Limited, which had just one employee as of 31 December 2011, are set to rise over the coming years.

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

	2011/12	2010/11	+/– change
MVV Energie AG	1 434	1 477	– 43
Fully consolidated shareholdings	3 759	3 832	– 73
MVV Energie AG with fully consolidated shareholdings	**5 193**	**5 309**	**– 116**
Proportionately consolidated shareholdings	677	678	– 1
MVV Energie Group [1]	**5 870**	**5 987**	**– 117**
External personnel at Mannheim cogeneration plant	2	5	– 3
	5 872	**5 992**	**– 120**

1 including 380 trainees (previous year: 391)

Business Performance

Earnings Position of the MVV Energie Group

Sales performance

The **EXTERNAL SALES** of the MVV Energie Group excluding electricity and natural gas taxes grew year-on-year by Euro 68 million, and thus by 7 %, to Euro 1 018 million in the 1st quarter of 2011/12. Of total sales for the period from October to December 2011, 97 % were attributable to the domestic business, while the Czech subgroup accounted for 3 %.

This sales growth was driven above all by the Trading and Portfolio Management reporting segment, and here in particular by the more active management of the electricity and gas portfolio by our MVV Trading GmbH subsidiary. These activities mainly involve procurement and marketing in the context of portfolio management. Proprietary trading with energy products is not our primary business objective and only has a minor impact on the sales we report. Higher sales in this reporting segment enabled us to more than offset the downturns seen in other reporting segments. Accordingly, this segment's share of the MVV Energie Group's total sales rose to 27 % in the quarter under report (previous year: 21 %).

Unusually high temperatures in the period from October to December 2011 contrasted with especially cold weather in the same period in the previous year. This led to a sharp drop in volumes in Sales and Services, our strongest reporting segment in terms of sales, affecting both district heating and gas turnover, as well as heating energy turnover in the contracting business. These downturns were countered by volume-driven sales growth in nationwide electricity and gas sales with industrial and commercial customers. This was sufficient to compensate for the weather-related reductions. The unusually mild outdoor temperatures also impacted negatively on the development in sales and turnover in our Strategic Investments segment (Ingolstadt, Solingen, Köthen and MVV's Czech subgroup).

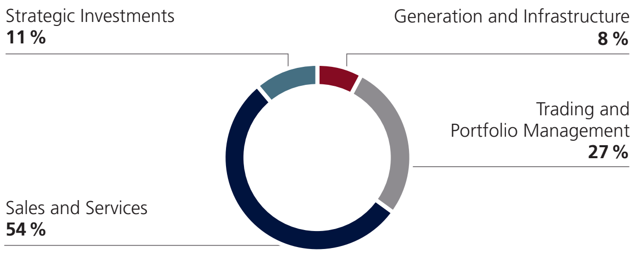
Starting in the 1st quarter of 2011/12, we have recognised building cost subsidies for house connection costs as liabilities. In the income statement, these items now impact on sales rather than on depreciation. To facilitate comparison, we have adjusted the previous year's figures. As a result, the previous year's sales revenues as presented in the following table have risen by a total of Euro 3 million compared with the figure reported in the financial report for the 1st quarter of 2010/11.

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

Euro million	2011/12	2010/11[1]	% change
Generation and Infrastructure	79	89	– 11
Trading and Portfolio Management	277	200	+ 39
Sales and Services	551	549	0
Strategic Investments	109	111	– 2
Other Activities	2	1	+ 100
Total	**1 018**	**950**	**+ 7**
of which electricity sales	607	556	+ 9
of which heating energy sales	126	143	– 12
of which gas sales	181	148	+ 22
of which water sales	26	26	0

1 previous year's figures adjusted (amended presentation of building cost subsidies)

Share of external sales of the MVV Energie Group by reporting segment
1st quarter of 2011/12



Development in turnover

As in previous years, we report on the development in our turnover by reference to the relevant products. We have calculated our electricity, heating energy, gas and water volumes using the same methods as in the previous year and allocated these volumes to our reporting segments, which are structured in terms of value creation stages.

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	17	121	– 86
Trading and Portfolio Management	4 119	3 204	+ 29
Sales and Services	2 893	2 859	+ 1
of which industrial and commercial customers/secondary distributors	2 361	2 257	+ 5
of which private and business customers	444	457	– 3
of which services customers	88	145	– 39
Strategic Investments	358	375	– 5
Total	**7 387**	**6 559**	**+ 13**

The 13 % growth in our electricity turnover was primarily due to the Trading and Portfolio Management reporting segment. In the 1st quarter of 2011/12, this segment accounted for 56 %, and thus more than half of our total electricity turnover (previous year: 49%). Alongside the optimised deployment of power plant capacities, this value chain stage also includes the marketing of electricity via MVV Trading GmbH. The 29 % growth at Trading and Portfolio Management is the result of more active management of the electricity portfolio.

The Generation and Infrastructure reporting structure posted a decline in volumes, due above all to structural changes. Since January 2011, electricity volumes generated at the biomass power plants in Mannheim and Königs Wusterhausen (plants covered by renewable energies (EEG) legislation) have been marketed directly to third parties via sales activities at MVV Energie AG. This reclassification of volumes to the Sales and Services reporting segment more than offset higher generation volumes from wind power. The wind power plants in Plauerhagen and Massenhausen generated and fed 15 million kWh of electricity into the public grid in the 1st quarter of 2011/12 (previous year: 9 million kWh).

In our Sales and Services reporting segment, which accounted for 39 % of total electricity turnover in the quarter under report (previous year: 44 %), we achieved slight growth of 1 % in our electricity turnover. We sold more electricity to industrial, commercial and secondary distribution customers. We owe the 5 % volume growth in this customer group above all to successful turnover in our nationwide electricity business and to the direct marketing of so-called EEG electricity, i.e. volumes generated in line with the relevant renewable energies legislation. This contrasted with the 3 % decline in volumes in the private and business customer group, which was chiefly due to competitive factors. The lower volume of electricity turnover with services customers was mainly attributable to the contracting business and the loss of electricity volumes due to the sale of Altenstadt biomass cogeneration plant in the 2010/11 financial year. The reduction in volumes in the Strategic Investments segment was due in particular to a downturn in the secondary distribution business at Stadtwerke Solingen. This factor more than offset the increase in electricity volumes at the Czech subgroup resulting from the cogeneration plant taken over in Liberec.

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	40	41	– 2
Trading and Portfolio Management	221	246	– 10
Sales and Services	1 579	1 946	– 19
of which industrial and commercial customers/secondary distributors	244	248	– 2
of which private and business customers	812	1 024	– 21
of which services customers	523	674	– 22
Strategic Investments	401	480	– 16
Total	**2 241**	**2 713**	**– 17**

The unusually mild temperatures in the 1st quarter of 2011/12 led to lower heating requirements on the part of our customers and to a 17 % drop in our heating energy turnover. One reason why this reduction was so sharp was the fact that it had been comparatively cold in the previous year's period, especially in December 2010. This weather-related decline in volumes impacted above all on the Sales and Services and Strategic Investments reporting segments. The decline in volumes in the heating energy business is consistent with the development in degree day figures at our Group, which were 17 % lower in the 1st quarter of 2011/12 than in the same period one year earlier.

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	2 219	403	+ 451
Sales and Services	2 229	2 818	– 21
of which industrial and commercial customers/secondary distributors	1 338	1 588	– 16
of which private and business customers	788	1 109	– 29
of which services customers	103	121	– 15
Strategic Investments	669	541	+ 24
Total	**5 117**	**3 762**	**+ 36**

In the case of gas turnover, which grew year-on-year by 36 % in the quarter under report, the weather-related downturn was more than offset by strong volume growth in the Trading and Portfolio Management reporting segment. This sharp increase resulted from more active management of our gas trading portfolios by our MVV Trading GmbH subsidiary. The impact of weather conditions on our gas turnover is reflected in the Sales and Services segment. In the Strategic Investments reporting segment, the weather-related loss of gas turnover was more than offset by the more active management of the gas trading portfolio at Stadtwerke Ingolstadt.

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

Water in m³ million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	11.2	11.3	– 1
of which industrial and commercial customers/secondary distributors	1.8	1.8	0
of which private and business customers	9.3	9.4	– 1
of which services customers	0.1	0.1	0
Strategic Investments	1.6	1.8	– 11
Total	**12.8**	**13.1**	**– 2**

The negative trend seen in water turnover for years now continued in the quarter under report as well. Having said this, our water business is chiefly dependent on the summer months. Our largest customer group here involves private and business customers in the Sales and Services reporting segment. The Strategic Investments reporting segment includes customers at Stadtwerke Solingen and the Czech subgroup.

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

tonnes 000s	2011/12	2010/11	% change
Generation and Infrastructure	379	394	– 4
Trading and Portfolio Management	—	—	—
Sales and Services	39	42	– 7
Strategic Investments	33	17	+ 94
Total	**451**	**453**	**0**

Waste volumes were at the same level as in the previous year. The Generation and Infrastructure reporting segment, which accounts for 84 % of waste volumes, was affected by inspection and conversion measures at the energy from waste plant at the Mannheim location. The reduction in waste volumes in the Sales and Services reporting segment was attributable to Korbach power plant and Gersthofen Industrial Park. These downturns were countered by increased waste volumes in the Strategic Investments segment, which benefited for the first time from volumes at the energy from waste facility at the cogeneration plant in the Czech city of Liberec.

Development in further key items in the income statement

COST OF MATERIALS rose year-on-year by 11 % to Euro 804 million in the 1st quarter of 2011/12. This increase was largely consistent with the sales growth reported.

At Euro 83 million, **PERSONNEL EXPENSES** were slightly up on the previous year's figure in the 1st quarter of 2011/12. Here, the personnel expense savings due to the year-on-year decline in employee totals were offset in particular by collectively agreed pay rises.

Excluding IAS 39 items, **OTHER OPERATING INCOME** reduced from Euro 36 million to Euro 32 million, a development chiefly due to lower income from emission rights.

OTHER OPERATING EXPENSES, also excluding IAS 39 measurement items, increased in the 1st quarter of 2011/12 from Euro 55 million to Euro 58 million as of 31 December 2011. This increase was due above all to higher expenses for emission rights.

The other operating income reported in the income statement for the 1st quarter of 2011/12 includes IAS 39 measurement items of Euro 202 million (previous year: Euro 132 million), while other operating expenses include IAS 39 items of Euro 238 million (previous year: Euro 108 million). The net balance of IAS 39 items for the 1st quarter of 2011/12 was negative at Euro – 36 million, as against a positive measurement item of Euro 24 million in the previous year's quarter. The development in IAS 39 items reflects the development 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 negative fair values as of 31 December 2011 compared with 30 September 2011. As of 31 December 2011, current fair values were thus lower 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.

Our income statement as of 31 December 2011 includes restructuring expenses of around Euro 31 million reported for the previous year's quarter as of 31 December 2010. This expense item, recognised as a separate line item, involved the measures required to implement the "Once Together" group programme. No corresponding expenses were incurred in the quarter under report. Further details can be found on Page 25.

Reconciliation with adjusted EBIT

For internal management purposes we refer to **ADJUSTED EBIT**. This key operating 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 date required by IAS 39, while also adding restructuring expenses and interest income from finance leases. 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.

The following table presents the reconciliation of EBIT as reported in the income statement with the more meaningful adjusted EBIT figure.

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

Euro million	2011/12	2010/11	+/– change
EBIT as reported in income statement	37	83	– 46
Derivative measurement item under IAS 39	36	– 24	+ 60
Restructuring expenses	—	31	– 31
Interest income from finance leases	1	1	0
Adjusted EBIT	**74**	**91**	– 17

The following table presents the development in earnings contributions from individual reporting segments.

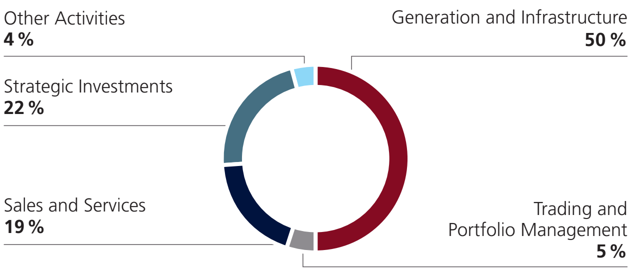
Adjusted EBIT of the MVV Energie Group by reporting segment
1st quarter, 1.10. to 31.12.

Euro million	2011/12	2010/11[1]	% change
Generation and Infrastructure	37	37	0
Trading and Portfolio Management	4	14	– 71
Sales and Services	14	20	– 30
Strategic Investments	16	19	– 16
Other Activities	3	1	+ 200
Total	**74**	**91**	**– 19**

1 previous year's figure adjusted

Starting in the 2011/12 financial year, we have allocated overhead expenses to the reporting segments in line with their causation on a capital employed basis. To facilitate comparison, in the above table we have adjusted the previous year's figures for the Generation and Infrastructure, Sales and Services and Strategic Investments reporting segments compared with the pro forma figures published in the financial report for the 1st quarter of 2010/11.

Share of adjusted EBIT of the MVV Energie Group by reporting segment 1st quarter of 2011/12



The significant reduction in adjusted EBIT by Euro 17 million in the 1st quarter of 2011/12 was chiefly due to the following factors:

- The weather-induced decline in heating energy and gas turnover led to a year-on-year reduction in earnings in the Sales and Services and Strategic Investments reporting segments.
- The extended downtime at the joint power plant in Kiel (GKK) in the 1st quarter of 2011/12 resulted in higher procurement costs for electricity purchased on the market in the Trading and Portfolio Management reporting segment. The generation of district heating at substitute power plants impacted negatively on earnings in the Sales and Services reporting segment.
- Furthermore, the Trading and Portfolio Management reporting segment was negatively affected by a reduction in the clean dark spread. Here, coal procurement costs were influenced above all by increased transport expenses due to low river water levels.

FINANCING EXPENSES rose year-on-year from Euro 16 million to Euro 17 million in the 1st quarter of 2011/12. This increase resulted in particular from higher loan interest due to the investment-driven rise in financial debt.

ADJUSTED EBT amounted to Euro 59 million in the 1st quarter of 2011/12, as against Euro 76 million in the previous year. The tax rate for the 1st quarter of 2011/12 based on adjusted EBT amounted to 31.9 % (previous year: 32.7 %).

Net of adjusted taxes on income of Euro 19 million (previous year: Euro 25 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 40 million in the 1st quarter of 2011/12, as against Euro 51 million in the previous year. The adjusted share of earnings attributable to minority interests dropped year-on-year from Euro 6 million to Euro 3 million.

Net of the adjusted share of earnings attributable to minority interests, the MVV Energie Group reported an **ADJUSTED NET SURPLUS FOR THE PERIOD AFTER MINORITY INTERESTS** of Euro 37 million for the 1st quarter of 2011/12, as against Euro 45 million in the previous year. Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 0.57 in the 1st quarter of 2011/12, down from Euro 0.68 in the previous year. As in the previous year, the number of shares amounted to 65.9 million.

Net Asset and Financial Position

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have amended and newly adopted several standards and interpretations requiring mandatory application for the first time in the abridged interim consolidated financial statements of the MVV Energie Group for the 1st quarter of 2011/12. Further details can be found in the notes to the interim consolidated financial statements from Page 23 onwards.

At Euro 4.04 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 December 2011 were Euro 169 million (+ 4 %) higher than the figure of Euro 3.87 billion at the end of the 2010/11 financial year (30 September 2011).

The asset side of the balance sheet is dominated by **NON-CURRENT ASSETS**; at Euro 2.92 billion, these accounted for 72 % of total assets as of 31 December 2011. Non-current assets reduced by Euro 41 million compared with the balance sheet date for the 2010/11 financial year (30 September 2011). This 1 % reduction was chiefly due to a lower volume of non-current other receivables and assets. These were affected on the one hand by the reclassification as current items of energy trading derivatives recognised under IAS 39 and with supply dates in the 2012 calendar year. On the other hand, this item was also influenced by the lower fair values of energy trading transactions recognised under IAS 39. Property, plant and equipment, which accounted for 58 % of total assets, rose by Euro 36 million to Euro 2.34 billion. This increase was calculated as the net balance of investments on the one hand and disposals and depreciation on the other.

CURRENT ASSETS rose to Euro 1.12 billion as of 31 December 2011, up Euro 209 million (+ 23 %) compared with the balance sheet date as of 30 September 2011. One key reason for this development was the Euro 111 million increase in other receivables and assets, mainly on account of the aforementioned reclassification of energy trading derivatives to current other assets. The current other receivables and assets reported as of 31 December 2011 include receivables of Euro 85 million for security deposits to reduce counterparty risk (30 September 2011: Euro 40 million). Trade receivables rose to Euro 537 million, up Euro 89 million on 30 September 2011. This increase was due above all to the more active management of the electricity and gas trading portfolio, as well to expanded volumes in the nationwide electricity and gas sales businesses. At Euro 151 million, cash and cash equivalents as of 31 December 2011 were Euro 17 million lower than the figure as of 30 September 2011.

On the liabilities side, the **EQUITY** of the MVV Energie Group reduced to Euro 1.33 billion, Euro 13 million (1 %) lower than at 30 September 2011. This development was mainly due to income and expenses recognised in equity and the dividend distribution to minority shareholders.

For group management purposes, we also adjust our balance sheet to eliminate cumulative IAS 39 measurement items. We reduce the asset side by the positive fair values of derivatives and allocable deferred taxes, amounting to Euro 209 million as of 31 December 2011 (30 September 2011: Euro 218 million). On the capital side, we eliminate negative fair values – as of 31 December 2011 these amounted to Euro 284 million (30 September 2011: Euro 250 million) – and the resultant net balance of Euro 75 million from equity (30 September 2011: Euro 32 million). Calculated on this adjusted basis, the equity ratio amounted to 36.7 % as of 31 December 2011 (30 September 2011: 37.7 %).

NON-CURRENT DEBT rose to Euro 1.63 billion, up by Euro 72 million compared with the balance sheet date as of 30 September 2011 (Euro 1.55 billion). This increase was due above all to higher financial debt in connection with the increased volume of investment. A decrease was reported, by contrast, for non-current other liabilities. This item too was affected by the reclassification of energy trading derivatives recognised under IAS 39 with supply dates in the 2012 calendar year to current other liabilities.

CURRENT DEBT increased to Euro 1.08 billion, up by Euro 109 million on 30 September 2011 (Euro 974 million). This increase was due on the one hand to the reclassification referred to above of derivatives to current other liabilities and on the other to a higher volume of trade payables. The current other liabilities recognised as of 31 December 2011 included security deposits of Euro 6 million to reduce counterparty risk (30 September 2011: Euro 3 million). Overall, these increases more than compensated for the reduction in current financial debt and current other provisions. Further details can be found in the notes to the balance sheet in the interim consolidated financial statements from Page 26 onwards.

Investments

At around Euro 92 million, the volume of investment at the MVV Energie Group in the 1st quarter of 2011/12 was significantly higher than in the 1st quarter of 2010/11 (Euro 37 million). A total of Euro 91 million was channelled into intangible assets, property, plant and equipment and investment property (previous year: Euro 34 million), while Euro 1 million was invested in the acquisition of fully and proportionately consolidated companies and other financial assets (previous year: Euro 3 million). Consistent with our growth strategy, the main focuses of investment within property, plant and equipment in the 1st quarter of 2011/12 chiefly involved renewable energies, accounting for Euro 52 million. The largest share was invested by the Energieversorgung Offenbach subgroup in wind turbines at the Kirchberg location in Rheinland-Pfalz. Further investments were channelled into the construction of the biomethane plant in Klein Wanzleben and the planned energy from waste plant in Plymouth.

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

Euro million	**2011/12**	2010/11
Generation and Infrastructure	76	17
Trading and Portfolio Management	4	0
Sales and Services	3	6
Strategic Investments	4	6
Other Activities	4	5
Investments in property, plant and equipment [1]	**91**	**34**
Investments in financial assets	1	3
Total	**92**	**37**

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

Financial position and cash flow

Compared with 30 September 2011, financial debt rose by Euro 109 million to Euro 1.36 billion as of 31 December 2011 – largely due to the taking up of new non-current liabilities to banks. Net financial debt (financial debt less cash and cash equivalents) increased to Euro 1.21 billion as of 31 December 2011, up Euro 127 million compared with 30 September 2011.

The impact on earnings of the unusually mild weather conditions and downtime at the joint power plant in Kiel (GKK) in the 1st quarter of 2011/12 also affected the development in the cash flow statement. The IAS 39 measurement item reflected in the lower net surplus for the period before taxes on income is eliminated within other non-cash income and expenses. Overall, the **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** showed a slight year-on-year decrease from Euro 114 million to Euro 113 million in the 1st quarter of 2011/12.

Changes in working capital led the **CASH FLOW FROM OPERATING ACTIVITIES** to decline year-on-year from Euro 29 million to Euro – 21 million in the 1st quarter of 2011/12. This negative cash flow was due in particular to the higher outflow of funds for security deposits (margins) and trade receivables.

Given the lower cash flow from operating activities, and in particular the increased investments of Euro 91 million in intangible assets, property, plant and equipment and investment property (previous year: Euro 34 million), the **FREE CASH FLOW** for the 1st quarter of 2011/12 was negative at Euro – 112 million (previous year: Euro – 5 million).

As a result of the volume of investment, the **CASH FLOW FROM INVESTING ACTIVITIES** of Euro – 88 million was more clearly negative in the 1st quarter of 2011/12 than in the previous year (Euro – 33 million).

Due to the higher volume of net new borrowing in conjunction with the investments in wind power plants, the **CASH FLOW FROM FINANCING ACTIVITIES** was positive at Euro 92 million in the 1st quarter of 2011/12. According to the cash flow statement (see Page 21), the MVV Energie Group reported cash and cash equivalents of Euro 151 million at the balance sheet date as of 31 December 2011 (previous year: Euro 139 million). Further details can be found in the interim consolidated financial statements on Page 29.

Opportunity and Risk Report

Via our central risk management system, we continually and systematically evaluate the opportunities and risks facing the MVV Energie Group. This enables us to act promptly to optimise our business activities and limit, minimise or pass on any potential loss of earnings should risks materialise.

The most important factors affecting our business performance are:

- Weather conditions during the heating period,
- Availability of our plants,
- Price movements on procurement and sales markets,
- Intervention by regulatory authorities.

Earnings for the 1st quarter of the 2011/12 financial year were negatively affected by the very mild temperatures in December. Lower heating requirements led to reductions in our heating energy and gas turnover.

This factor was supplemented by an extended period of downtime at the joint power plant in Kiel (GKK). The necessary electricity volumes had to be procured on the market, while district heating volumes had to be generated at substitute power plants. These measures led to higher costs than budgeted.

The clean dark spread, i.e. the difference between revenues generated from the sale of electricity and the costs of coal, transport and CO_2 incurred to generate the electricity, has deteriorated. This also impacted negatively on earnings. The increase in coal prices was due in particular to higher transport costs as a result of low river levels.

There was good news from the UK. The relevant authority approved the building application for the planned energy from waste plant in Plymouth at the end of December 2011. We are therefore still on schedule. The building permit was issued at the beginning of February.

Despite the developments in the 1st quarter, which impacted negatively on earnings, there were and are no indications that any risks could have endangered the company's continued existence or could do so in future.

Events After the Balance Sheet Date

Apart from the matters below, there were no material changes in the underlying framework for our business between the balance sheet date on 31 December 2011 and the preparation of these interim consolidated financial statements for the 1st quarter of 2011/12. Details of the voting right notifications under § 21 (1) WpHG received on 6 and 8 February 2012 can be found on Page 31.

Introduction of market premium model

The new version of the German Renewable Energies Act (EEG) provides greater incentives to integrate so-called EEG plants (plants covered by this legislation) into the regular electricity markets. Since the beginning of 2012, the market premium model has enabled plant operators to market their electricity themselves. As an alternative to fixed EEG remuneration, plant operators receive a premium based on the technology used and current market prices over and above the revenues from marketing the electricity. With the great expertise available in our key account customer sales and logistics departments, as well as at MVV Trading GmbH, we can exploit the marketing opportunities offered by the new market premium model for all of our EEG plants.

Changes in energy-related services business field

In January 2012, the Executive Board of MVV Energie AG introduced further organisational changes in the energy-related services business field. These should streamline processes and structures, thus placing this business field on a sustainable, value-driven footing. We currently expect these changes to result in personnel requirements being reduced by 90 positions. We intend to implement these job cuts in a socially responsible manner.

Petroplus files for insolvency

In January 2012, the refinery operator Petroplus filed for insolvency for its five companies in Germany. These also include the refinery in Ingolstadt, whose production facilities are currently working at around half of capacity. The use of the waste heat from the refinery represents part of the district heating association in which Stadtwerke Ingolstadt Energie GmbH also participates. Based on the information currently available, no supply bottlenecks are expected for district heating customers, as the loss of waste heat volumes from the refinery can be offset by increased supply volumes from the energy from waste plant and from combined heat and power plants.

Outlook

Executive Board summary of future company development

We will consistently implement our strategy and thus create sustainable company growth. Our future financial performance will be significantly influenced by the competitive and regulatory climate on the energy market, the challenges presented by the energy turnaround and our programme of investment.

Future macroeconomic developments are surrounded by great uncertainty. For 2012, Germany is expected to generate significantly weaker economic growth of between 0.3 % and 1 %, following 3 % in 2011.

One of the key factors determining future economic developments will be whether excessively indebted European states manage to present a convincing plan as to how they intend to consolidate their public spending. Should demand in these countries for German goods and services fall markedly, then economic growth in Germany can be expected to turn out significantly weaker. Turbulence can therefore still be expected on the stock and financial markets, a factor which could also impact on our share price.

The future situation of the German energy industry has not changed compared with the comments made in our 2010/11 Annual Report. If the targets involved in the energy turnaround are to be achieved, it will necessary to ensure the rapid implementation of the legislative package thereby adopted. Politicians are called on to reach rapid, binding decisions providing energy suppliers with planning reliability and the right incentives for the investments needed. The energy industry is undergoing fundamental change. Flexible, conventional generation capacities will be required to offset the fluctuations accompanying electricity generated from wind power and photovoltaics plants. It is particularly urgent for transmission and distribution grids to be expanded so as to guarantee system stability and an uninterrupted, reliable energy supply. Any further intensification in the situation in the Middle East can be expected to lead to rising oil prices. Given increasing demand for coal in emerging economies, higher coal prices can be expected. Together with the expansion in renewable energies and electricity grids, this too can be expected to impact on electricity prices.

MVV Energie acted early to focus its strategy on renewable energies and energy efficiency, two factors that will play a key role in Germany’s future energy supply. The energy turnaround has confirmed us in this course. The basic principles of our strategic alignment – which we explained in detail in our 2010/11 Annual Report – remain valid after the resolutions accompanying the energy turnaround. One advantage the MVV Energie Group can draw on is its regional roots. Our companies are thus close to their customers.

Our future markets

There is an increasingly clear trend towards decentralised generation facilities based on renewable energies. Here, MVV Energie is focusing on onshore wind farms. In spring 2012, we will officially launch operations with 23 wind turbines at the Kirchberg location in the Hunsrück region. Our company’s installed wind power capacity will then rise to 73 MW. The annual generation volume of 160 GWh is enough to cover the annual electricity needs of around 45 000 households. Our municipal utility and energy supply companies are very much on the lookout for promising locations to build wind power plants, as well as for further investment opportunities.

We will be launching our production of bio-natural gas in the 2011/12 financial year. In summer 2012, operations will begin at our first biomethane plant at Klein Wanzleben (Sachsen-Anhalt). In future, this plant will generate and feed around 6.3 million cubic metres of biomethane a year into the natural gas grid. We will be further expanding this business field together with partners.

At our Mannheim, Kiel, Offenbach and Ingolstadt locations, and in the Czech Republic, we are focusing on expanding cogeneration-based district and local heating so as to enhance the energy efficiency of our electricity and heating energy generation.

We hold a 28 % stake in the large power plant in Mannheim (Grosskraftwerk Mannheim – GKM). Here, the construction of Block 9 is a prerequisite to guarantee supply reliability and the expansion of district heating in the Rhine/Neckar metropolitan region on a long-term, energy-efficient basis. Operations are expected to begin during the 2015 calendar year – there have been delays in construction. This factor will not impair the reliable supply of electricity and district heating from GKM, but will lead to increased project expenses. We have accounted for the expected additional costs in our earnings forecast for the 2011/12 financial year. It was possible to complete the COGEN II project at our Czech subgroup one and a half years ahead of schedule.

With our MVV Umwelt GmbH subsidiary, we are one of Germany's and Europe's leading companies in the energy from waste market. We use household and commercial waste as a resource for generating heating energy and electricity, thus substituting for fossil fuels. Now that the city of Plymouth has approved the construction of an energy from waste plant, we have the opportunity to prove our experience in planning, building and operating power plants, and in putting waste to ecological use, in the British market as well.

Our energy-related services business is not growing as quickly as expected, a trend consistent with the nationwide market. In the report on Events After the Balance Sheet Date on Page 15, we provide details of the measures introduced by the Executive Board of MVV Energie AG at the beginning of 2012 to place this business field on a sustainable, value-driven footing. We still see the energy-related services market as harbouring attractive opportunities for sustainable and profitable growth.

Future research and development activities

To ensure the supply of environmentally-friendly cogeneration-based district heating is attractive in economic terms, transport costs have to be kept low. MVV Energie is implementing a project running until 2013 to identify potential cost savings in terms of district heating transport – with a view to making smart use of pipelines and achieving cost savings in terms of the civil engineering and pipe construction involved. A further aim involves extending the district heating supply to non-urban areas.

Future sales and earnings performance

The conversion in the energy supply, the unstable framework and ongoing volatility on the energy markets – all these factors make it difficult to issue any reliable forecast of our future sales and earnings. In our 2010/11 Annual Report, we announced a sales target (excluding electricity and natural gas taxes) slightly above the previous year’s level (Euro 3.59 billion) for the current 2011/12 financial year. Given the weather-induced downturns in our district heating and gas businesses in the 1st quarter of 2011/12, it remains to be seen whether we can make up for this negative weather factor with additional sales in the remaining heating period and with our high-growth business fields. We expect to see higher sales in particular in our nationwide electricity and gas sales businesses and in our wind power business.

Turning to our operating earnings (adjusted EBIT), we do not expect to be able to match the high figure reported for the 2010/11 financial year (Euro 242 million). As announced in December 2011, we expect our adjusted EBIT for the 2011/12 financial year to decrease by up to a single-digit percentage range. We expect earnings in operating divisions to be negatively affected above all by the weather factor and lower generation margins (clean dark spread). Furthermore, the downtime at the joint power plant in Kiel (GKK) has affected earnings to the tune of around Euro 10 million. A large share of the electricity production earmarked for supply in the 2011/12 financial year was already marketed years in advance on the futures market. Due to our hedging strategy, any increase in the clean dark spread would therefore only have any effect from the 2012/13 financial year. Additional factors influencing earnings are future weather conditions, the development in waste prices and competition, the regulatory environment in the grid and trading businesses, costs arising due to the implementation of unbundling requirements and charges resulting from the energy turnaround. Our investments in the future will also initially impact negatively on earnings before generating positive earnings contributions at a later date.

Investments and future net asset and financial position

We have budgeted an investment volume of around Euro 0.7 billion for the 2011/12 and 2012/13 financial years. Investments will focus on the generation, grids and environmental energy (energy from waste) business fields. Our adjusted equity ratio of 36.7 % offers a solid financial foundation for obtaining a balanced mix of financing for planned investments. We finance investments in our existing business by way of internal company financing from depreciation. In our growth business, we draw on the cash flow and project-based optimised financing facilities. Alongside these measures, we also pool projects with similar structures and terms and take up the necessary funds on the capital market.

Future opportunities and risks

Our strategic alignment is aimed at generating profitable growth at our group of companies in the medium and long term. No further opportunities and risks have been added to those listed in our 2010/11 Annual Report. From a current perspective, there are no indications of any risks that could endanger the continued existence of the company during the 2011/12 financial year or beyond.

Income Statement
from 1.10.2011 to 31.12.2011

Income statement of the MVV Energie Group

Euro 000s	1.10.2011 to 31.12.2011	1.10.2010 to 31.12.2010	Notes
Sales[1]	1 085 317	1 003 006	
less electricity and natural gas taxes	67 124	53 227	
Sales after electricity and natural gas taxes	**1 018 193**	**949 779**	1
Changes in inventories	2 179	2 133	
Own work capitalised	2 228	2 345	
Other operating income	233 920	168 190	2
Cost of materials	803 887	727 462	
Personnel expenses	83 152	81 317	
Other operating expenses	295 532	163 318	2
Income from associates	2 412	1 758	3
Other income from shareholdings	3	187	
EBITDA	**76 364**	**152 295**	
Depreciation[1]	39 351	37 842	
EBITA	**37 013**	**114 453**	
Restructuring expenses	—	30 926	4
EBIT	**37 013**	**83 527**	
of which result of IAS 39 derivative measurement	– 36 322	24 177	
of which EBIT before result of IAS 39 derivative measurement	73 335	59 350	
Financing income	2 409	1 842	5
Financing expenses	16 786	16 017	5
EBT	**22 636**	**69 352**	
Taxes on income	7 934	22 028	6
Net surplus for period	**14 702**	**47 324**	
of which minority interests	3 347	6 332	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	**11 355**	**40 992**	
Basic and diluted earnings per share in Euro	**0.17**	**0.62**	7

1 previous year's figures adjusted (further details can be found under "Accounting policies")

Statement of Income and Expenses Recognised in Group Equity
from 1.10.2011 to 31.12.2011

Statement of income and expenses recognised in group equity of the MVV Energie Group

Euro 000s	1.10.2011 to 31.12.2011	1.10.2010 to 31.12.2010
Net surplus for period	**14 702**	**47 324**
Cash flow hedges	– 18 067	3 564
Differential amounts from currency translation	– 3 794	– 1 809
Other income and expenses	**– 21 861**	**1 755**
Comprehensive income	**– 7 159**	**49 079**
Minority interests	– 82	7 188
Comprehensive income attributable to shareholders in MVV Energie AG	**– 7 077**	**41 891**

Balance Sheet
as of 31.12.2011

Balance sheet of the MVV Energie Group

Euro 000s	31.12.2011	30.9.2011	Notes
Assets			
Non-current assets			
Intangible assets	311 352	309 682	
Property, plant and equipment[1]	2 342 153	2 306 173	
Investment property	5 825	5 885	
Associates	103 839	101 428	
Other financial assets	91 600	93 502	
Other receivables and assets	48 498	135 264	8
Deferred tax assets	20 780	12 746	9
	2 924 047	**2 964 680**	
Current assets			
Inventories	66 482	65 923	
Trade receivables	537 057	448 056	10
Other receivables and assets	330 231	219 690	8
Tax receivables	32 630	6 346	
Securities	1 544	1 425	
Cash and cash equivalents	151 243	168 518	
	1 119 187	**909 958**	
	4 043 234	**3 874 638**	
Equity and liabilities			
Equity			12
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	523 358	512 030	
Accumulated other comprehensive income	– 20 981	– 2 549	
Capital of the MVV Energie Group	**1 126 339**	**1 133 443**	
Minority interests	207 101	212 649	
	1 333 440	**1 346 092**	
Non-current debt			
Provisions	123 320	123 285	17
Financial debt	1 073 807	933 270	14
Other liabilities[1]	287 341	346 431	13
Deferred tax liabilities	142 482	151 495	9
	1 626 950	**1 554 481**	
Current debt			
Other provisions	161 463	184 746	
Tax provisions	19 463	16 289	
Financial debt	291 007	322 197	14
Trade payables	270 607	246 203	
Other liabilities	338 919	204 141	13
Tax liabilities	1 385	489	15
	1 082 844	**974 065**	
	4 043 234	**3 874 638**	

1 previous year's figures adjusted (further details can be found under "Accounting policies")

Statement of Changes in Equity
from 1.10.2011 to 31.12.2011

Statement of changes in equity of the MVV Energie Group

	Equity contributed		Equity generated					
				Accumulated other comprehensive income				
Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Revenue reserves and unappropriated net income	Differential amount from currency translation	Fair value measurement of financial instruments	**Capital of the MVV Energie Group**	Non-controlling interests	**Total capital**
Balance at 1.10.2010	**168 721**	**455 241**	**452 089**	**18 314**	**– 2 630**	**1 091 735**	**95 395**	**1 187 130**
Income and expenses recognised in equity	—	—	—	– 1 605	2 504	899	856	1 755
Result of business operations	—	—	40 992	—	—	40 992	6 332	47 324
Comprehensive income for period	**—**	**—**	**40 992**	**– 1 605**	**2 504**	**41 891**	**7 188**	**49 079**
Sale of minority interests not leading to loss of control	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	—	—	—	—	– 13 905	– 13 905
Change in scope of consolidation	—	—	301	—	—	301	– 146	155
Balance at 31.12.2010	**168 721**	**455 241**	**493 382**	**16 709**	**– 126**	**1 133 927**	**209 110**	**1 343 037**
Balance at 1.10.2011	**168 721**	**455 241**	**512 030**	**17 843**	**– 20 392**	**1 133 443**	**212 649**	**1 346 092**
Income and expenses recognised in equity	—	—	—	– 3 344	– 15 088	– 18 432	– 3 429	– 21 861
Result of business operations	—	—	11 355	—	—	11 355	3 347	14 702
Comprehensive income for period	**—**	**—**	**11 355**	**– 3 344**	**– 15 088**	**– 7 077**	**– 82**	**– 7 159**
Dividend distribution	—	—	—	—	—	—	– 12 513	– 12 513
Capital increase/ reduction at subsidiaries	—	—	—	—	—	—	7 047	7 047
Change in scope of consolidation	—	—	– 27	—	—	– 27	—	– 27
Balance at 31.12.2011	**168 721**	**455 241**	**523 358**	**14 499**	**– 35 480**	**1 126 339**	**207 101**	**1 333 440**

Cash Flow Statement

from 1.10.2011 to 31.12.2011

Cash flow statement of the MVV Energie Group

Euro 000s	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Net surplus for period before taxes on income	22 636	69 352
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property[1]	39 351	37 842
Net financial result	14 377	14 175
Interest received	2 406	1 837
Change in non-current provisions	34	21 568
Other non-cash income and expenses	34 236	– 30 576
Result of disposal of non-current assets	– 460	– 348
Cash flow before working capital and taxes	**112 581**	**113 850**
Change in other assets	– 213 797	– 117 098
Change in other liabilities[1]	113 794	55 330
Change in current provisions	– 23 234	– 3 135
Income taxes paid	– 10 070	– 20 087
Cash flow from operating activities	**– 20 725**	**28 860**
Investments in intangible assets, property, plant and equipment and investment property	– 91 365	– 33 794
(Free cash flow)	**(– 112 090)**	**(– 4 934)**
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	1 240	1 101
Proceeds from subsidy payments	1 829	2 515
Proceeds from sale of other financial assets	1 348	421
Payments for other financial assets	– 1 156	– 3 451
Cash flow from investing activities	**– 88 105**	**– 33 208**
Proceeds from taking up of loans	145 120	56 453
Payments for redemptions of loans	– 32 106	– 31 694
Dividend payment	—	—
Divident payment to minority shareholders	– 12 513	– 13 905
Changes due to changes in capital at minority shareholders	7 020	155
Interest paid	– 15 048	– 14 231
Cash flow from financing activities	**92 473**	**– 3 222**
Cash-effective changes in cash and cash equivalents	– 16 357	– 7 570
Change in cash and cash equivalents due to currency translation	– 918	– 276
Cash and cash equivalents at 1.10.2011 (2010)	168 518	147 101
Cash and cash equivalents at 31.12.2011 (2010)	**151 243**	**139 255**

1 previous year's figures adjusted (further details can be found under "Accounting policies")

Cash Flow Statement

from 1.10.2011 to 31.12.2011

Cash flow – aggregate presentation

Euro 000s	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Cash and cash equivalents at 1.10.2011 (2010)	**168 518**	**147 101**
Cash flow from operating activities	– 20 725	28 860
Cash flow from investing activities	– 88 105	– 33 208
Cash flow from financing activities	92 473	– 3 222
Change in cash and cash equivalents due to currency translation	– 918	– 276
Change in cash and cash equivalents due to changes in scope of consolidation	—	—
Cash and cash equivalents at 31.12.2011 (2010)	**151 243**	**139 255**

Notes to the Interim Consolidated Financial Statements

1st Quarter of 2011/12

Disclosures concerning the company

MVV Energie AG has its legal domicile in Mannheim, Germany. It is the parent company of the MVV Energie Group and acts as an energy distribution company and service provider in its value creation stages of Generation and Infrastructure, Trading and Portfolio Management, Sales and Services and Strategic Investments.

These abridged interim consolidated financial statements were prepared by the Executive Board on 14 February 2012. Neither the abridged interim consolidated financial statements nor the interim group management report were subject to any audit review requirement.

Accounting policies

The abridged interim consolidated financial statements for the period from 1 October 2011 to 31 December 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 2011. No application has been made of published standards and interpretations not yet requiring mandatory application.

Apart from the new requirements outlined below, the accounting policies applied in the interim consolidated financial statements as of 31 December 2011 are therefore consistent with those applied in the consolidated financial statements as of 30 September 2011.

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 therefore applied at the MVV Energie Group for the first time in the 2011/12 financial year:

Amended standards and interpretations		EU endorsement	Application date[1]
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	outstanding	1.7.2011
IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets	23.11.2011	1.7.2011
IFRIC 14	Prepayment of a Minimum Funding Requirement	20.7.2010	1.1.2011
IAS 24	Related Party Disclosures	20.7.2010	1.1.2011

1 in financial years beginning on or after date stated

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. Resultant amendments would have a corresponding impact on earnings upon more accurate information becoming available.

Starting in the 2011/12 financial year, building cost grants for house connection costs have been recognised as liabilities, as a result of which these items now impact on sales rather than on depreciation. To facilitate comparison, the previous year's figures have been adjusted.

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 significant 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
30.9.2011	72	14	7
Disposals	—	—	—
Mergers	—	—	—
Additions	1	—	—
31.12.2011	**73**	**14**	**7**

The option to purchase the remaining shares in A&S Naturenergie GmbH, Pfaffenhofen, was acted on in the 1st quarter of 2011/12. This has not resulted in any amendment in the value of the shareholding or of goodwill.

In the 1st quarter of 2011/12, MVV Energie AG took over the respective shares held in SECURA Energie GmbH, Mannheim, from Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main, and Stadtwerke Ingolstadt Energie GmbH, Ingolstadt. The transfer of these shares did not have any material implications for the net asset, financial and earnings position at the Group.

e.services s.r.o., Děčín, a company internally founded in the 1st quarter of 2011/12, was included in the consolidated financial statements for the first time. This company has as its object the performance of services exclusively for companies within the Czech subgroup. MVV Energie CZ a.s., Prague, holds 100 % of the shares in the newly founded company. Its inclusion did not have any material implications for the net asset, financial and earnings position of the Group.

In the 1st quarter of 2011/12, MVV Umwelt Ressourcen GmbH, Mannheim, acted on the options to acquire a further 25.1 % of the shares in the two companies Naunhofer Transportgesellschaft mbH, Parthenstein-Großsteinberg, and W.T.A. Wertstoff Transport Agentur GmbH, Lichtentanne. The acquisition of these shares did not have any implications for the net asset, financial and earnings position of the Group.

Currency translation

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

Currency translation

	Rate on reporting date		Average rate	
1 Euro	**31.12.2011**	30.9.2011	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Czech crowns (CZK)	25.787	24.754	25.276	24.789
British pounds (GBP)	0.835	0.867	0.857	0.859

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. Earnings for the 1st quarter of 2011/12 were influenced in particular by unusually mild weather conditions.

Notes to 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 quarter of the previous year was chiefly driven by volume growth in the electricity and gas trading and nationwide electricity sales businesses. This significantly offset the weather-related reduction in turnover. Consistent with the overall market trend, price increases were reported for special and collective rates customers.

2 Other operating income and other operating expenses

Other operating income

Euro 000s	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Income from derivatives recognised under IAS 39	202 036	131 844
Income from emission rights	10 232	14 325
Reversal of provisions	—	1 253
Other	21 652	20 768
Total	**233 920**	**168 190**

Other operating expenses

Euro 000s	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Expenses for derivatives recognised under IAS 39	238 358	107 667
Expenses for emission rights	14 685	12 594
Other	42 489	43 057
Total	**295 532**	**163 318**

The change in other operating income and other operating expenses is chiefly due to the recognition of derivatives measured in accordance with IAS 39.

The measurement of these items under IAS 39 resulted in a negative net item of Euro 36 322 thousand in the 1st quarter of 2011/12 (previous year: positive net item of Euro 24 177 thousand).

3 Income from associates

The income of Euro 2 412 thousand from associates (previous year: Euro 1 758 thousand) is attributable to the subsequent measurement of associates at the MVV Energie Group.

4 Restructuring expenses

Within the "Once Together" group programme, the MVV Energie Group enhanced its control approach and devised and adopted measures to achieve substantial cost savings. To this end, a restructuring plan was compiled and approved in the 1st quarter of the 2010/11 financial year.

The restructuring expenses incurred in the 2010/11 financial year mainly involved the recognition of restructuring provisions for socially responsible personnel cuts. A further share related to restructuring provisions for material cost items. In the interests of transparency, these items were reported as a separate line item within operating earnings.

No comparable expenses have been incurred in the current financial year. Further details can be found in Note 17.

5 Financing income and financing expenses

Financing income includes an amount of Euro 989 thousand resulting from interest income in connection with finance leases (previous year: Euro 990 thousand).

6 Taxes on income

Taxes on income

Euro 000s	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010
Taxes on income	7 934	22 028
Effective tax rate in %	35.1 %	31.8 %

In the period under report, the tax expenses for earnings before IAS 39 were calculated using the tax rate of 31.9 % expected for the 2011/12 financial year as a whole. The tax rate for earnings after IAS 39 amounts to 35.1 %.

7 Earnings per share

Earnings per share

	1.10.2011 to 31.12.2011	1.10.2010 to 31.12.2010
Earnings attributable to shareholders in MVV Energie AG (Euro 000s)	11 355	40 992
No. of shares in 000s	65 907	65 907
Earnings per share in Euro	0.17	0.62

It was not necessary to account for any dilution effects.

Notes to the Balance Sheet

8 Other receivables and assets

The reduction in non-current other receivables and assets compared with 30 September 2011 was primarily due to a reclassification. Energy trading transactions with supply dates in the 2012 calendar year and recognised under IAS 39 have been reclassified as current items. This reclassification of energy trading derivatives with supply dates in the 2012 calendar year is also the main reason for the increase in other current assets.

9 Deferred taxes

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

10 Trade receivables

The increase in trade receivables in the 1st quarter of the 2011/12 financial year corresponds to the customary seasonal course of business. Customer instalments do not compensate in full for the increased energy turnover during the winter months and thus lead to a seasonal rise in trade receivables. The increase in sales in the 1st quarter of the 2011/12 financial year is also reflected in a higher volume of receivables.

11 Dividend distribution

The Annual General Meeting on 16 March 2012 will decide whether to accept the proposal made by the Executive and Supervisory Boards of MVV Energie AG to distribute a dividend of Euro 0.90 per share for the 2010/11 financial year (total: Euro 59 316 thousand).

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) ended upon the conclusion of 6 November 2010. Consistent with International Financial Reporting Standards, this put option represented a financial obligation (debt capital) in the comparative period and was recognised until 6 November 2010 under current financial debt. The expiry of the put option and resultant discontinuation of the purchase price payment previously liable on a daily basis has been treated as a sale of minority interests not leading to a loss of control. The fair value of the purchase price payment, amounting to Euro 120 578 thousand, was therefore allocated to non-controlling interests in the 2010/11 financial year.

13 Other liabilities

The reduction in non-current other liabilities is mainly attributable to the reclassification of energy trading derivatives with supply dates in the 2012 calendar year from non-current to current other liabilities.

The aforementioned reclassification of energy trading derivatives with supply dates in the 2012 financial year from non-current to current other liabilities was also the main reason for the increase in current other liabilities compared with 30 September 2011.

14 Financial debt

The increase in financial debt is chiefly due to the taking up of new project financing loans, as well as to seasonal factors.

15 Tax liabilities

The rise in tax liabilities is mainly the result of increased energy tax liabilities.

16 Contingent liabilities

There have been no material changes in contingent liabilities since 30 September 2011.

17 Provisions

The measures performed in the period under report in connection with the "Once Together" group programme have resulted in the utilisation, without any impact on earnings, of the provisions recognised in the 2010/11 financial year (please also see Note 4).

18 Segment report

Income statement of the MVV Energie Group by segment from 1.10.2011 to 31.12.2011

Euro 000s	**External sales excluding energy taxes**	**Intercompany sales excluding energy taxes**	**Depreciation and amortisation**	**Adjusted EBIT**
Generation and Infrastructure	79 008	144 209	25 950	36 982
Trading and Portfolio Management	276 802	343 472	72	3 649
Sales and Services	551 365	98 804	4 372	14 059
Strategic Investments	109 193	7 673	5 853	16 270
Other Activities	1 825	5 824	3 104	3 349
Consolidation	—	– 599 982	—	15
Total	**1 018 193**	**—**	**39 351**	**74 324**

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

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	88 516	139 775	25 304	37 234
Trading and Portfolio Management	199 557	275 978	74	13 932
Sales and Services	549 572	74 947	4 255	19 750
Strategic Investments	110 978	3 183	5 052	19 395
Other Activities	1 156	6 225	3 157	735
Consolidation	—	– 500 108	—	220
Total	**949 779**	**—**	**37 842**	**91 266**

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

For analytical purposes, the business fields can be further broken down by subgroup and individual company 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 MVV 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 und Stadtwerke Ingolstadt GmbH subgroups are proportionately reported.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the newly established 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.

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.

Of segment sales with external customers, 96.7 % were generated in Germany (previous year: 96.2 %). The regional breakdown of sales is based on the geographical location of the customers.

No individual customers of the MVV Energie Group account for or exceed 10 % of the Group's total 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 – 36 322 thousand; previous year's quarter: Euro 24 177 thousand). The figures also do not include any restructuring expenses. On segment level, the figures also do not include any income from shareholdings held in fully and proportionately consolidated companies. These adjusted EBIT figures are supplemented by income in connection with finance leases forming part of our business model (especially contracting) and which we therefore see as forming part of operating earnings contributions.

The distribution of overhead expenses was optimised in the 2011/12 financial year. From this financial year, overhead expenses based on capital employed have been allocated to the reporting segments in line with their respective causation. This has merely led to reclassifications of items between the adjusted EBIT of individual segments. It has no implications for the net asset, financial and earnings position of the Group.

19 Cash flow statement

The cash flow before working capital and taxes did not show any material year-on-year change in the 1st quarter of 2011/12. The substantial reduction in the net surplus for the period before taxes on income was chiefly due to IAS 39 measurement, a factor eliminated once again under other non-cash income and expenses.

The negative cash flow from operating activities in the 1st quarter of 2011/12 was mainly the result of the increase in working capital.

Due above all to the outlays for wind farm projects, the cash flow from investing activities was lower than in the equivalent period in the previous year. The year-on-year development in the cash flow from financing activities was characterised in the quarter under report by increased borrowing in connection with the wind farm projects.

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	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010	**1.10.2011 to 31.12.2011**	1.10.2010 to 31.12.2010	**31.12.2011**	30.9.2011	**31.12.2011**	30.9.2011
Abfallwirtschaft Mannheim	93	70	969	912	—	22	1 881	3 055
ABG Abfallbeseitigungs-gesellschaft mbH	7 264	7 190	935	1 192	23	—	1 964	2 006
GBG Mannheimer Wohnungsbaugesellschaft mbH	306	154	86	33	—	96	1 012	—
m:con – Mannheimer Kongress- und Touristik GmbH	856	935	131	120	3 999	4 037	1	—
MVV GmbH	88	110	513	—	38	14	—	—
MVV Verkehr GmbH	83	97	5	2	137	127	6	9
Rhein-Neckar-Verkehr GmbH	1 882	2 153	24	209	3 750	2 720	674	954
Stadtentwässerung Mannheim	458	451	121	166	—	129	67	116
City of Mannheim	4 030	2 332	4 836	5 234	888	1 028	6 155	3 215
Other companies controlled by the City of Mannheim	1 079	1 183	25	140	166	207	5	745
Associates	18 930	16 043	52 794	60 152	17 713	6 755	7 388	13 086
Proportionately consolidated companies	57 832	28 890	15 790	5 753	45 606	31 391	11 971	8 004
Other majority shareholdings	533	571	681	686	4 054	4 289	620	757
Total	**93 434**	**60 179**	**76 910**	**74 599**	**76 374**	**50 815**	**31 744**	**31 947**

21 Events after the balance sheet date

In January 2012, the Executive Board of MVV Energie AG introduced further organisational changes within the energy-related services business field. These measures are intended to further streamline existing processes and structures, thus facilitating the further development of the energy-related services business on a sustainable, value-driven basis.

GDF Suez Energie Deutschland GmbH, Berlin, Germany, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in MVV Energie AG had exceeded the 3 % and 5 % thresholds on 3 February 2012 and amounted to 6.292 % (4 146 820 voting rights) on that date. Of these, 3.382 % (2 229 195 voting rights) are due to financial instruments now exercised. GDF SUEZ Energie Deutschland acquired the shares in connection with the disposal of shares by the City of Mannheim in 2007 and subsequent capital increase.

In this regard, we have received two further voting right notifications from the parent companies GDF SUEZ SA, Courbevoie, France, and GDF International SAS, Courbevoie, France. Pursuant to § 22 (1) Sentence 1 No.1 of the German Securities Trading Act (WpHG), the voting rights held by GDF SUEZ Energie Deutschland GmbH are attributed to these parent companies. The voting right notifications have been published on the internet at **www.mvv-investor.de.**

Mannheim, 14 February 2012

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 2011/12 financial year."

Mannheim, 14 February 2012

MVV Energie AG

Executive Board

Dr. Müller   Brückmann   Dr. Dub   Farrenkopf

Financial Calendar

16. 3. 2012 Annual General Meeting

19. 3. 2012 Dividend Payment

15. 5. 2012 Half-Year Financial Report 2011/12

15. 5. 2012 Press Conference and Analysts' Conference 1st Half of 2011/12

15. 8. 2012 Financial Report 3rd Quarter of 2011/12

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