MVV ENERGIE – ENERGISING THE FUTURE

FINANCIAL REPORT 1ST HALF OF 2011/12

MVV Energie

Key Figures
from 1.10.2011 to 31.3.2012

Key figures of the MVV Energie Group

Euro million	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011	% change
External sales excluding electricity and natural gas taxes [1]	2 090	1 901	+ 10
Adjusted EBITDA [1, 2]	260	280	– 7
Adjusted EBITA [2]	180	204	– 12
Adjusted EBIT [3]	180	204	– 12
Adjusted EBT [3]	148	173	– 14
Adjusted net surplus for period [3]	101	117	– 14
Adjusted net surplus after minority interests [3]	87	98	– 11
Adjusted earnings per share [3] in Euro	1.32	1.49	– 11
Cash flow before working capital and taxes [1]	261	274	– 5
Cash flow before working capital and taxes per share [1] in Euro	3.96	4.16	– 5
Free cash flow	– 237	26	—
Adjusted total assets at 31.3.2012 / 30.9.2011 [1, 4]	4 009	3 658	+ 10
Adjusted equity at 31.3.2012 / 30.9.2011 [4]	1 403	1 378	+ 2
Adjusted equity ratio at 31.3.2012 / 30.9.2011 [1, 4]	35.0 %	37.7 %	– 7
Investments	145	67	+ 116
Number of employees at 31.3.2012 / 31.3.2011	5 873	5 909	– 1

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

2nd Quarter of 2011/12 at a Glance

1 January to 2012 to 31 March 2012

- The Annual General Meeting of MVV Energie AG held on 16 March 2012 decided in line with the proposal submitted by the Executive and Supervisory Boards to pay a dividend of Euro 0.90 per share, and thus at the same level as in the previous year, for the 2010/11 financial year.
- All 23 wind turbines at Kirchberg Wind Farm in the Hunsrück region – South-West Germany's wind farm with the highest output – have now been connected to the grid.
- In March 2012, the Executive and Supervisory Boards decided to build and operate a second biomethane plant in Sachsen-Anhalt. In terms of its size, the new plant will correspond to our first biomethane plant in Klein Wanzleben, which is set to begin operations in the coming months.
- With the introduction of the new market premium model at the beginning of 2012, as an alternative to fixed compensation under the German Renewable Energies Act (EEG) in addition to sales revenues plant operators receive a premium dependent on the technology used and current market price levels. Given the great expertise available in its key account customer sales department and at MVV Trading GmbH, MVV Energie is able to draw on this model.
- On 15 March 2012, the Supervisory Board decided to appoint Udo Bekker as the new Personnel and Labour Director of MVV Energie AG. From the beginning of 2013, he will succeed Hans-Jürgen Farrenkopf, who will be retiring at the end of 2012.

Letter from the CEO

Dear Shareholders,
Dear Ladies and Gentlemen,

The German energy industry is currently undergoing fundamental change. Renewable energies stand to assume the leading role within the energy system in the long term and energy efficiency will become an ever more important factor. However, renewable energies alone will not be able to guarantee a secure energy supply in the coming years. Flexible thermal generation capacities and suitable storage facilities will be required to offset fluctuations in the volumes of electricity generated by wind power plants and photovoltaic systems. The conversion and expansion of transmission and distribution grids is highly urgent. The government needs to act quickly to create a reliable framework and set incentives in good time for the investments required. Greater account should be taken of onshore wind power plants and cogeneration plants, district heating grids and heating energy storage facilities in particular – these technologies could make a key contribution towards saving primary energy and reducing CO_2 emissions.

MVV Energie is actively committed to restructuring the energy supply along sustainable lines. We are wholeheartedly in favour of a new approach to energy – and that without any ifs or buts. With our MVV 2020 programme, we set the right foundations in 2009 already. Our aim is to further significantly increase the volume of energy generated from renewable energies in the coming years. All of the 23 wind turbines at the wind farm in Kirchberg are now online, and project and approval planning is underway for other locations. Our first biomethane plant in Klein Wanzleben will soon commence production. The expansion in our district heating supply is also progressing on schedule, as is the construction of an energy from waste plant in Plymouth in south-west Britain – currently our largest investment project.

We welcomed around 1 100 shareholders to our Annual General Meeting on 16 March 2012. With a stable dividend of Euro 0.90 per share for the 2010/11 financial year, MVV Energie AG thus as in the previous year distributed a total of Euro 59.3 million.

At Euro 180 million, our operating earnings (adjusted EBIT) for the 1st half of 2011/12 are Euro 24 million (– 12 %) down on the previous year's figure. This was mainly due to mild weather conditions, several months of downtime at the joint power plant in Kiel in the 1st quarter of 2011/12 and a lower generation margin (clean dark spread). Given our strategic alignment and our balanced business portfolio, we are nevertheless well-positioned to use the opportunities arising in the energy market to our benefit. As an "energiser of the future", we are building on sustainability, efficiency and regionalism.

Yours faithfully,

Dr. Georg Müller
CEO

Mannheim, May 2012

The Share of MVV Energie AG

Great fluctuations in share prices on stock markets

The DAX, Germany's leading index, closed at 6 784 points at the end of March 2012, 3.7 % down on 31 March 2011. Between these two dates, share prices witnessed great volatility, with the DAX fluctuating between 7 527 and 5 072 points. From August 2011, the sovereign debt crises in Europe and the USA led to a massive drop in prices on international financial and stock markets. However, these managed to recover in subsequent months.

Reduction in share price

Comparison of the two reporting dates shows that MVV Energie's share price fell by 11.2 % from Euro 27.35 on 31 March 2011 to Euro 24.30 on 31 March 2012. Our two-year share performance chart accounts for the dividend payments of Euro 0.90 per share made in both 2011 and 2012. Over this period, MVV Energie's share price declined by 16.1 %, and thus less markedly than the DAXsector Utilities, which dropped by 29.3 % due to the catastrophe in Japan and the German government's decision to bring forward the nuclear energy exit. The SDAX rose by 34.0 % over the period under comparison.

Market capitalisation and trading volumes reduce

Due to the decline in our share price, our market capitalisation amounted to Euro 1 602 million as of 31 March 2012 (previous year: Euro 1 803 million), with the free float share of 12.2 % on which the share's weighting in the SDAX is based being valued at Euro 196 million (previous year: Euro 333 million based on 18.5 % free float). In the joint index statistics compiled for the MDAX and SDAX, the MVV Energie AG share was ranked 78th (previous year: 62nd). In terms of its stock market turnover, our share was ranked 103rd in the index statistics (previous year: 95th). Overall, a total of around 488 000 shares in MVV Energie AG were traded across all German marketplaces in the 2nd quarter of 2011/12 (– 54 %). Due above all to the lower number of shares traded, the equivalent value of trading volumes amounted to Euro 12 million (previous year: 29 million).

Annual General Meeting accepts proposals

Shareholders at our Annual General Meeting on 16 March 2012 approved all of the proposals submitted by the Executive and Supervisory Boards with large majorities in each case. Based on the closing price for the previous financial year, the dividend of Euro 0.90 per share approved in the previous year corresponds to a dividend yield of 3.8 %. Overall, around 1 100 shareholders representing 89.6 % of our share capital took part in our 2012 Annual General Meeting.

Performance comparison of the MVV Energie AG share over two years

MVV Energie AG
DAXsector Utilities
SDAX

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

Voting right notifications pursuant to WpHG

GDF SUEZ Energie Deutschland notified us pursuant to § 21 of the German Securities Trading Act (WpHG) that its share of the voting rights in MVV Energie AG amounted to 6.3 % on 3 February 2012. Of this, 3.4 % is attributable to financial instruments exercised in February 2012. GDF SUEZ Energie Deutschland acquired the shares via the market in connection with the disposal of shares by the City of Mannheim in 2007 and the subsequent capital increase. EnBW Energie Baden-Württemberg AG notified us on February 29, 2012 that, in addition to its direct shareholding of 15.05 % known of since 2004, it also has the possibility via a swap transaction of acquiring a further 7.43 % in MVV Energie AG in September 2012.

Following the publication of these two notifications, the City of Mannheim explicitly confirmed that with its 50.1 % shareholding it intends to remain the majority shareholder in MVV Energie AG, thus continuing to guarantee our company's stable, sustainable development.

Business Framework

Macroeconomic and Energy Industry Developments

According to a preliminary announcement by the Federal Statistics Office, the German economy – measured in terms of real-term gross domestic product (GDP) – grew by 3.0 % in 2011 as a whole compared with 2010, in which GDP grew by 3.7 %. This economic growth mainly occurred in the first half of 2011. In the second half of the year, the currency and sovereign debt crises in the euro area noticeably slowed the rate of growth in Germany as well, as did the decline in economic momentum in key international trading markets. Information about further developments in 2012 can be found in the Outlook.

Energy prices developed unevenly. The price of Brent crude oil rose by an average of US$ 12.93/barrel to US$ 118.45/barrel in the period from January to March 2012. At Euro 26.95/MWh, average natural gas prices for the 2013 supply year in the Net-Connect Germany market region were Euro 1.39/MWh higher in the period under report than in the equivalent quarter in the previous year. By contrast, average coal prices for supply in 2013 fell by US$ 7.92/tonne to US$ 114.46/tonne. Emission prices dropped even more sharply. At an average of Euro 7.88/tonne in the quarter under report, these were Euro 8.06/tonne lower than in the previous year's quarter (Euro 15.38/tonne). Average electricity prices for the 2013 supply year fell year-on-year by Euro 2.44/MWh and were listed at an average of Euro 52.21/MWh. This was due to the decline in quarterly prices on the EEX energy exchange in Leipzig.

Energy Policy and Regulation

MVV Energie basically welcomes the Federal Government's plan to create a market transparency authority to subject the electricity and gas wholesale markets to closer control. However, the ministry draft dated 23 March 2012 and now available collides with legislation recently adopted on EU level. This results in duplicate notification duties for companies but no recognisable gain in terms of transparency and control. We therefore believe it makes sense to await the specification of EU requirements and then to define the work of the national market transparency authority on this basis.

On 29 March 2012, the German Federal parliament adopted an amendment to the German Renewable Energies Act (EEG) in order to adjust photovoltaic subsidies. One paragraph in the previous draft which foresaw a statutory authorisation to issue secondary legislation was not included in the EEG amendment. This paragraph would have allowed the Federal Government to issue ordinances reducing the electricity volumes compensated for all technology types covered by EEG legislation. MVV Energie had spoken out against this statutory authorisation, as it would have significantly increased the risks for investments in renewable energies.

MVV Energie welcomes the plans on the part of the Baden-Württemberg State Government to expand wind power on location. Among other aspects, the government plans to reform administrative practice by introducing a wind power edict. MVV Energie actively contributed its expertise upon the compilation of this edict, as is also the case for the forthcoming amendment to the State Planning Act. We also welcome the key aspects of the Climate Protection Act outlined by the State Government on 7 February 2012. These set out the institutional framework, objectives and initial potential implementation measures for its climate protection policy. We expect this to create positive momentum for our key growth focuses in the fields of renewable energies and cogeneration.

The Federal Network Agency intends to regulate interventions by transmission grid operators in the mode of operation of power plants so as to maintain system stability. To this end, the authority has further developed a draft document setting out the main points and has also accounted for some of MVV Energie's recommendations. Among other aspects, the heating energy-managed portion of cogeneration and energy from waste plants has been exempted from the regulation. However, there is still a need for significant improvements in terms of compensation regulations.

In the field of grid regulation, the starting levels are currently being determined for grid utilisation fees in the second regulatory 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, and the relevant applications will be submitted by 30 June 2012. Individual resolutions are now available for the quality regulation launched for electricity as of 1 January 2012. These will not have any notable financial implications for MVV Energie AG.

Colder Weather in 2nd Quarter of 2011/12

At – 1.1 degrees Celsius, the average temperature at the Mannheim location in February 2012 was 4.7 degrees Celsius lower than in February 2011 (3.6 degrees Celsius). As a result, and notwithstanding milder weather in January and March 2012, the 2nd quarter of 2011/12 was colder than the equivalent period in the previous year, with an average temperature of 3.8 degrees Celsius (previous year: 4.7 degrees Celsius).

Lower outdoor temperatures lead to higher degree day figures – the weather indicator we use to assess our customers' heating needs. Due to extremely low temperatures in the first two weeks of February, the degree day figure of 11 052 for the MVV Energie Group for the 2nd quarter of 2011/12 was 1.5 % higher than in the previous year's quarter. Given the exceptionally mild weather in the 1st quarter of 2011/12, the cumulative degree day figure of 19 707 for our Group in the 1st half of 2011/12 (October 2011 to March 2012) was 7.4 % lower than the figure of 21 288 for the 1st half of 2010/11.

Impact of Underlying Framework on Business Performance

Our district heating and gas turnover reduced overall in the 1st half of 2011/12. However, weather conditions meant that the reduction in the 2nd quarter of 2011/12 was less marked than in the milder 1st quarter of 2011/12.

The Federal Government has recognised the importance of cogeneration in enhancing energy efficiency. The underlying framework for this highly efficient technology is to be improved within the amendment to the German Cogeneration Act (KWKG) currently under negotiation at the Federal Parliament. We expect this to create positive momentum for modernising and upgrading existing plants, as well as for expanding and increasing the density of our district heating grids.

Corporate Strategy

Germany has opted for a fundamental transformation in its future energy supply. In the long term, this should be transformed into an energy system in which renewable energy sources gradually assume the leading role.

The earlier nuclear energy exit and accelerated expansion in energy generation using renewable energies present politicians, the economy as a whole and the energy industry in particular with great challenges. After all, it will be necessary not only to convert the energy supply along sustainable lines in the medium to long terms, but at the same time to permanently guarantee the stability of the supply system and industry output capacity levels. The specific work on converting the energy system has only just begun, and will take decades to complete. Alongside the rapid expansion of transmission grids, another particularly urgent task also involves converting and expanding regional distribution grids.

MVV Energie is building on the transformation of the energy system

The MVV Energie Group is committed without reservation to the new course in the energy industry and sees itself as one of the market-oriented pioneers of this course. Expanding renewable energies and enhancing energy efficiency were the focal points of our strategic alignment well before the catastrophe in Fukushima. The resolutions to accelerate the nuclear exit and convert the energy system provide confirmation that we have laid the right foundations.

In expanding renewable energies, we are focusing in particular on onshore wind energy plants, biomass and biomethane. Furthermore, we will be investing in efficient cogeneration and environmentally-friendly district heating, as well as in the generation of energy from waste. At the same time, we will not lose sight of supply reliability and economic viability. We aim to generate further profitable growth in our successful energy sales to nationwide industrial and commercial customers.

As a group of companies with municipal and regional roots, we believe that we are well-positioned to exploit the opportunities arising in the new energy supply system by making targeted growth investments.

Ambitious investment targets

By 2020, we intend to invest Euro 3 billion in total in our strategic high-growth fields, as well as in modernising our plants and grids. There are no specific requirements governing the timing of these investments. We will be relying in future as well on a balanced mix of technologies and intend to remain active in various markets. We continued to pursue our growth course, with its focus on sustainability, in a targeted manner in the 1st half of 2011/12.

We are making good progress in terms of generating energy from renewable energies. As mentioned above, in our **WIND POWER BUSINESS** we are focusing on onshore wind power, which we view as representing a proven, economically attractive forward-looking technology. All 23 wind turbines at the Kirchberg Wind Farm in the Hunsrück region are now in operation (total output: 53 MW; expected annual production volume: 125 million kWh of electricity). The operator is Cerventus Naturenergie GmbH, a joint venture between our subsidiary Energieversorgung Offenbach and the juwi Group. Together with the existing wind farms in Plauerhagen and Massenhausen, our Group's installed wind power capacity has now risen to 73 MW, while the annual volume of electricity generated from wind power has grown to 160 million kWh. Within our own project development, we are actively on the lookout for further locations to access professionally and on a basis of partnership with local councils and owners. One key focus here is on projects helping to produce higher levels of acceptance for wind power on location, as is the case, for example, with so-called "Citizens' Wind Farms".

We are also moving forward in our **BIOMETHANE BUSINESS.** By acquiring a 74.9 % stake in the biomethane plant in Klein Wanzleben in Sachsen-Anhalt in the previous year, we laid a foundation for the decentralised generation of biomethane. We plan to build a further biomethane plant, also in Sachsen-Anhalt. Further details can be found in the Outlook.

Further pillars of our growth strategy include expanding **CO-GENERATION-BASED DISTRICT AND LOCAL HEATING GENERATION** and the district heating grids at our locations in Mannheim, Kiel, Offenbach and Ingolstadt. At our Czech subgroup, we are investing in technical upgrades to existing heating energy generation plants and in the construction of gas-fired cogeneration plants. MVV Energie CZ a.s. has taken over a cogeneration plant with an energy from waste facility in the city of Liberec, thus further boosting our position in the Czech heating energy market.

In our **ENERGY FROM WASTE** business field, our largest investment project – an energy from waste plant in Plymouth – is currently being implemented in south-western Britain. The building permit and licence for the plant to be operated by MVV Umwelt were granted in the quarter under report. Construction work is scheduled to begin in 2012.

The nationwide market for **ENERGY-RELATED SERVICES** developed more slowly than forecast. Accordingly, our energy-related services business also did not grow in line with expectations. We have initiated additional organisational and personnel changes to further enhance this business field. In our operating business, we are mainly focusing on industrial parks, energy efficiency and product and service-related contracting for industrial and real estate customers. The organisational changes at our MVV Energiedienstleistungen subsidiary will lead to further staff cuts, which we will implement in a socially responsible manner.

Forward-looking sales strategy

One further focus of our growth strategy is the **NATIONWIDE SALE OF ELECTRICITY AND GAS TO INDUSTRIAL AND COMMERCIAL CUSTOMERS** via our energy fund products. We aim to consistently expand our market share in this business field, with a focus on profitability. Via our green electricity products, we also offer electricity from environmentally-friendly production to our industrial and commercial customers.

Research and Development

Within our "Callux – Practical Trials with Fuel Cells at Customers' Homes" project, operations began in the 2nd quarter of 2011/12 with four further fuel cell heating appliances at private customers' homes. MVV Energie is now operating twelve highly efficient decentralised house energy plants and will be one of the first companies in Germany able to assess the practicality and market proximity of the latest developments in this area. This project is being promoted by the Federal Ministry of Transport, Building and Urban Development within its national innovation programme.

Model cluster: Electro-mobility South-West

In parallel to its successful "Future Fleet" project, MVV Energie has helped shape the alignment and strategy of the Electromobility South-West cluster in recent years, supplementing this with energy industry aspects. The awarding of the "model cluster" title also involves promotion totalling Euro 40 million from the Federal Ministry of Education and Research. Within the cluster, vehicle manufacturers, automotive suppliers, energy suppliers, information and communications technology (ICT) and engineering companies are working together in cooperation with renowned university and research institutes. The promotion by the Federal Government has a five-year term and ends in 2017. Further details can be found at www.e-mobilbw.de.

Major R&D projects

MODEL CITY MANNHEIM (term: 2008 to 2012): Mannheim-based solution model with practical trials for 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 March 2012, the MVV Energie Group had a total of 5 873 employees, 36 employees fewer than on 31 March 2011. This scheduled reduction was chiefly due to personnel cuts at MVV Energie AG, Stadtwerke Kiel AG and at the MVV Energiedienstleistungen subgroup. The year-on-year change is due above all to the sale of the biomass cogeneration plant in Altenstadt.

Compared with the reporting date at the end of the previous quarter (31 December 2011), however, the total workforce rose by one employee. A reduction by 28 employees at the MVV Energie Group was offset by the addition of 29 employees due to the acquisition by Energieversorgung Offenbach of the logistics company Frassur GmbH in March 2012.

The number of employees in Germany reduced year-on-year by 50 to 5 235 as of 31 March 2012. The total workforce at foreign shareholdings, by contrast, rose year-on-year by 18 to 638 employees. Of this total, 635 employees (previous year: 620) work at the Czech subgroup. The addition of personnel at two new companies more than compensated for the reduction in staff totals at other Czech companies. Our British company MVV Environment Devonport Limited had a total of three employees as of 31 March 2012.

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

	2011/12	2010/11	+/– change
MVV Energie AG	1 434	1 451	– 17
Fully consolidated shareholdings	3 766	3 777	– 11
MVV Energie AG with fully consolidated shareholdings	**5 200**	**5 228**	**– 28**
Proportionately consolidated shareholdings	673	677	– 4
MVV Energie Group[1]	**5 873**	**5 905**	**– 32**
External personnel at Mannheim cogeneration plant	—	4	– 4
	5 873	**5 909**	**– 36**

1 including 320 trainees (previous year: 338)

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 by Euro 189 million (+ 10 %) to Euro 2 090 million in the 1st half of the 2011/12 financial year (1 October 2011 to 31 March 2012). Our sales thus exceeded the Euro 2 billion mark for the first time in a six-month period. Sales in the 2nd quarter of 2011/12 (1 January to 31 March 2012) increased year-on-year by Euro 121 million (+ 13 %) to Euro 1 072 million. The rate of sales growth in the 2nd quarter of 2011/12 was higher than in the 1st quarter, in which sales rose year-on-year by Euro 68 million (+ 7 %) to Euro 1 018 million. Of half-year sales, 96 % were attributable to the domestic business, while the Czech subgroup accounted for 4 %.

The strong sales growth at our group of companies in the 1st half of 2011/12 was driven above all by the Trading and Portfolio Management reporting segment, which covers our Group's entire energy procurement and generation portfolio, which is structured by MVV Trading GmbH and optimised in line with developments on international energy markets. Proprietary trading with energy products is not the primary business objective of MVV Trading GmbH and only has a minor impact on our sales.

At Sales and Services, our strongest segment in terms of sales, our sales for the 1st half of 2011/12 matched the high level reported for the 1st half of the previous year. Volume-related reductions in sales due to mild temperatures in the 2011/12 heating period and increasing competition were offset by successful turnover in the nationwide electricity and gas sales businesses, increased revenues from the direct marketing of electricity volumes generated at plants covered by renewable energies legislation (EEG) and price adjustments introduced in the course of the year. Sales in our Strategic Investments reporting segment, which includes our shareholdings in municipal utility companies in Ingolstadt, Solingen, Köthen and the MVV Czech subgroup, were positively affected by the aforementioned volume and price factors, as well as by more active management of the gas trading portfolio at Stadtwerke Ingolstadt.

The Generation and Infrastructure reporting segment includes in particular the sales generated in the environmental energy and grids business fields, as well as in the wind power business. Information about the contents of this reporting segment can be found in the notes to the interim consolidated financial statements on Page 28.

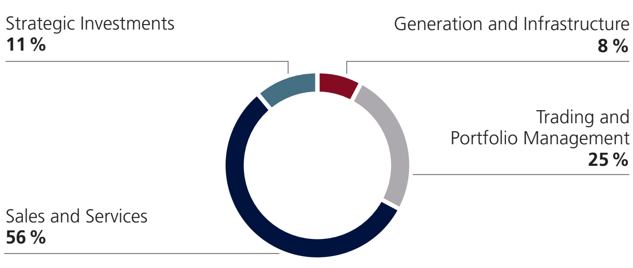
External sales of the MVV Energie Group
1st half, 1.10. to 31.3.

Euro million	2011/12	2010/11[1]	% change
Generation and Infrastructure	163	163	0
Trading and Portfolio Management	519	347	+ 50
Sales and Services	1 164	1 161	0
Strategic Investments	242	228	+ 6
Other Activities	2	2	0
Total	**2 090**	**1 901**	**+ 10**
of which electricity sales	1 193	1 084	+ 10
of which heating energy sales	277	305	– 9
of which gas sales	405	302	+ 34
of which water sales	54	53	+ 2

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

Since 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 have risen by a total of Euro 5 million compared with the figure reported in the financial report for the 1st half of 2010/11 (Euro 1 896 million).

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	42	133	−68
Trading and Portfolio Management	7 942	5 755	+38
Sales and Services	5 589	5 828	−4
of which industrial and commercial customers/secondary distributors	4 544	4 646	−2
of which private and business customers	874	912	−4
of which services customers	171	271	−37
Strategic Investments	725	744	−3
Total	**14 298**	**12 460**	**+15**

The marked rise in electricity turnover by +15 % is due in particular to Trading and Portfolio Management; this reporting segment accounted for a 56 % share of our Group's total electricity turnover in the 1st half of 2011/12 (previous year: 46 %). This volume growth is the result of more active management of the electricity portfolio.

The sharp drop (– 68 %) in electricity volumes in the Generation and Infrastructure segment has structural causes. Since January 2011, the electricity volumes generated at the biomass power plants in Mannheim and Königs Wusterhausen (renewable energies (EEG) plants) have been sold directly to third parties via the sales department and thus reported in the Sales and Services reporting segment. At our wind farm in Kirchberg, where operations have now commenced, we generated a total of 42 million kWh of electricity from wind power in the 1st half of 2011/12 (previous year: 17 million kWh) and fed this into the public grid.

In our Sales and Services segment, competitive pressure is noticeable above all in the secondary distribution business and among industrial and commercial customers in our grid regions. Higher electricity turnover in our nationwide electricity sales business with industrial and commercial customers compensated for part of the competition-related loss of volumes.

Turnover in the industrial and commercial and secondary distributors customer group thus showed only a slight year-on-year decline of 2 % in the 1st half of 2011/12.

The 4 % reduction in electricity turnover among private and business customers was also due to tough competition. Electricity turnover with services customers (– 37 %) was affected by the sale of the biomass cogeneration plant in Altenstadt at the end of the 2010/11 financial year. In the Strategic Investments reporting segment, the higher electricity turnover at the Czech subgroup due to the takeover of the cogeneration plant in Liberec was insufficient to offset volume losses among secondary distribution customers at Stadtwerke Solingen.

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	94	89	+ 6
Trading and Portfolio Management	499	516	– 3
Sales and Services	3 481	4 133	– 16
of which industrial and commercial customers/secondary distributors	507	584	– 13
of which private and business customers	1 801	2 032	– 11
of which services customers	1 174	1 516	– 23
Strategic Investments	937	1 026	– 9
Total	**5 012**	**5 764**	**– 13**

The marked reduction in heating energy turnover by 752 million kWh (– 13 %) in the 1st half of 2011/12 was primarily attributable to the Sales and Services reporting segment (– 16 %). The volume losses among industrial and commercial customers and secondary distributors (– 13 %) were chiefly due to mild temperatures in the 2011/12 winter period. A further factor related to the US army, which has begun its withdrawal from the Rhine/Neckar metropolitan region and thus also procured lower volumes. The reduction in volumes among private and business customers amounted to – 11 % and was primarily due to weather conditions. Increased district heating requirements in the two very cold weeks in February 2012 merely offset part of the downturns in volumes in the other months during the 2011/12 heating period. The year-on-year development in turnover volumes in the 1st half of 2011/12 is also affected by the impact of unusually cold weather conditions in the previous year.

The above-average reduction in heating energy turnover with services customers (– 23 %) was chiefly attributable to weather-dependent contracting transactions and projects now terminated.

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

kWh million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	4 603	914	+ 404
Sales and Services	4 999	5 630	– 11
of which industrial and commercial customers/secondary distributors	2 864	3 101	– 8
of which private and business customers	1 908	2 282	– 16
of which services customers	227	247	– 8
Strategic Investments	1 578	1 111	+ 42
Total	**11 179**	**7 655**	**+ 46**

Gas turnover rose by 46 %, and thus sharply, in the 1st half of 2011/12. This was mostly due to higher trading volumes as a result of more active management of the gas portfolio by our MVV Trading GmbH subsidiary. The share of total gas turnover at the MVV Energie Group attributable to the Trading and Portfolio Management reporting segment grew to 41 % in the 1st half of 2011/12 (previous year: 12 %).

Weather-induced downturns and competition-related losses of customers in the secondary distribution and end customer businesses led to a reduction in gas turnover in the Sales and Services reporting segment (– 11 %). In our nationwide gas sales business we managed to acquire new industrial and commercial customers, who thus limited the decline in volumes among industrial and commercial customers/secondary distributors to – 8 %. Gas turnover with private and business customers, by contrast, fell year-on-year by 16 % in the 1st half of 2011/12.

Within the Strategic Investments reporting segment, the increase in volumes at Stadtwerke Ingolstadt due to the more active management of the gas portfolio more than offset the negative impact of weather conditions.

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

Water in m³ million	2011/12	2010/11	% change
Generation and Infrastructure	—	—	—
Trading and Portfolio Management	—	—	—
Sales and Services	22.6	22.6	0
of which industrial and commercial customers/secondary distributors	3.3	3.5	– 6
of which private and business customers	19.1	18.9	+ 1
of which services customers	0.2	0.2	0
Strategic Investments	3.1	3.4	– 9
Total	**25.8**	**26.0**	**– 1**

The trend towards lower water turnover continued to a lesser extent in the 1st half of 2011/12. The increase in water turnover with our largest customer group, private and business customers, was accompanied by a lower volume of water turnover at our Czech subgroup (Strategic Investments reporting segment).

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

tonnes 000s	2011/12	2010/11	% change
Generation and Infrastructure	779	799	– 3
Trading and Portfolio Management	—	—	—
Sales and Services	83	80	+ 4
Strategic Investments	69	29	+ 138
Total	**931**	**908**	**+ 3**

The volume of combustible waste delivered grew by 3 %. The Strategic Investments reporting segment benefited for the first time in the 1st half of 2011/12 from municipal and commercial waste deliveries to the energy from waste plant in Termizo a.s., Liberec, taken over by our Czech subgroup in September 2011.

The lower volume of waste in the Generation and Infrastructure reporting segment, which accounts for 84 % of total volumes, was the result of reduced deliveries to the Mannheim location. Waste volumes here were temporarily scaled down due to inspection work and conversion measures within the OptiMa efficiency programme.

Development in further key items in the income statement

COST OF MATERIALS rose year-on-year by 15 % to Euro 1 638 million in the 1st half of 2011/12, with additional costs being reported above all for electricity and gas procurement due to volume and price factors.

At Euro 166 million, **PERSONNEL EXPENSES** exceeded the previous year's figure by Euro 4 million in the 1st half of 2011/12. This was mainly due to first-time consolidations, collectively agreed pay rises and staff promotions. The cost savings generated by staff cuts were insufficient to offset these items.

Excluding IAS 39 items, **OTHER OPERATING INCOME** reduced year-on-year by Euro 2 million to Euro 58 million in the 1st half of 2011/12, a development chiefly due to lower income from the sale of emission rights.

OTHER OPERATING EXPENSES, also excluding IAS 39 measurement items, decreased year-on-year from Euro 102 million to Euro 99 million in the 1st half of 2011/12, here too as a result of lower expenses for the acquisition of emission rights.

The other operating income reported in the income statement for the 1st half of 2011/12 includes IAS 39 measurement items of Euro 152 million (previous year: Euro 172 million), while other operating expenses include IAS 39 items of Euro 181 million (previous year: Euro 116 million). The net balance of IAS 39 measurement items for the 1st half was thus negative at Euro – 29 million, contrasting with the positive measurement item of Euro 56 million in the 1st half of the previous year. The development in IAS 39 items reflects the movement in market prices on the commodity and energy markets. For MVV Energie as a net buyer, the spot measurement of energy trading derivatives as of the balance sheet date required by IAS 39 led to negative fair values as of 31 March 2012 compared with 30 September 2011. As of 31 March 2012, current fair values were lower than when the respective hedging transactions were concluded. IAS 39 measurement has no impact on payments, neither does it affect our operating business or our dividend.

In our income statement as of 31 March 2012 we have reported restructuring expenses of around Euro 31 million for the 1st half of the previous 2010/11 financial year as a result of the measures required to implement the "Once Together" group programme from the 1st quarter of 2010/11. No corresponding expenses were incurred in the half-year under report.

Reconciliation with adjusted EBIT

For internal management purposes we refer to **ADJUSTED EBIT**. To calculate this key operating earnings figure before interest and taxes on income we eliminate 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 interest income from finance leases and, in the case of the previous year's figure, restructuring expenses. The interest income from finance leases reported below EBIT in the income statement is mostly attributable to contracting projects and forms 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 half, 1.10. to 31.3.

Euro million	**2011/12**	2010/11	+/– change
EBIT as reported in income statement	149	227	– 78
Derivative measurement item under IAS 39	29	– 56	+ 85
Restructuring expenses	—	31	– 31
Interest income from finance leases	2	2	0
Adjusted EBIT	**180**	**204**	**– 24**

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

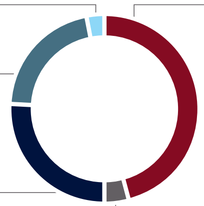
Adjusted EBIT of the MVV Energie Group by reporting segment
1st half, 1.10. to 31.3.

Euro million	**2011/12**	2010/11[1]	% change
Generation and Infrastructure	83	82	+ 1
Trading and Portfolio Management	7	29	– 76
Sales and Services	47	48	– 2
Strategic Investments	38	41	– 7
Other Activities	5	4	+ 25
Total	**180**	**204**	**– 12**

1 previous year's figure adjusted

Overall, our adjusted EBIT of Euro 180 million for the 1st half of 2011/12 were Euro 24 million (– 12 %) down on the previous year's figure. Adjusted EBIT for the 2nd quarter of 2011/12 decreased year-on-year by Euro 7 million (– 6 %) to Euro 106 million. Adjusted EBIT thus fell less markedly in the 2nd quarter than in the 1st quarter of 2011/12, in which it had reduced by Euro 17 million to Euro 74 million.

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



The year-on-year reduction in half-year adjusted EBIT was chiefly attributable to the following factors:

(1) The turbine damage at the joint power plant in Kiel (GKK), which negatively affected our adjusted EBIT for the 1st quarter of 2011/12 to the tune of around Euro 10 million, also impacted on our half-year earnings figures. Several months of downtime at this power plant resulted in higher procurement costs, as the missing electricity volumes had to be additionally bought on the market. The necessary district heating volumes had to be generated at substitute power plants. The Kiel power plant recommenced operations on 8 January 2012.

(2) Furthermore, operating earnings for both of the first two quarters of 2011/12 were negatively affected by a lower electricity generation margin (clean dark spread). This was affected by falling electricity prices on the wholesale market and lower coal prices. However, electricity prices fell more markedly than coal prices.

(3) Mild overall weather conditions led to a noticeable reduction in district heating and gas turnover, a factor which also affected earnings negatively. Price increases and further items benefiting earnings enabled these negative factors to be offset.

Our CO_2-free wind farm portfolio contributed around Euro 3 million to earnings for the 1st half of 2011/12.

FINANCING EXPENSES rose year-on-year by Euro 3 million to Euro 35 million in the 1st half of 2011/12. This was due above all to higher interest expenses on loans taken up to finance investments.

ADJUSTED EBT amounted to Euro 148 million in the 1st half of 2011/12, as against Euro 173 million in the previous year. The tax rate based on adjusted EBT amounted to 31.9 % (previous year: 32.7 %).

Net of adjusted taxes of Euro 47 million (previous year: Euro 56 million), the **ADJUSTED NET SURPLUS FOR THE PERIOD** amounted to Euro 101 million in the 1st half of 2011/12, as against Euro 117 million in the previous year. The adjusted share of earnings attributable to minority interests dropped year-on-year from Euro 19 million to Euro 14 million in the 1st half of 2011/12.

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 87 million for the 1st half of 2011/12 (previous year: Euro 98 million). Calculated on this basis, **ADJUSTED EARNINGS PER SHARE** amounted to Euro 1.32 in the 1st half of 2011/12, down from Euro 1.49 in the previous year. As in the previous year, the number of shares amounted to 65.9 million.

Net Asset and Financial Position

Apart from the new requirements listed in the notes to the interim consolidated financial statements on Page 23, the accounting policies applied in the abridged interim consolidated financial statements as of 31 March 2012 correspond to those applied in the consolidated financial statements as of 30 September 2011.

At Euro 4.28 billion, the **TOTAL ASSETS** of the MVV Energie Group as of 31 March 2012 were Euro 408 million, or 11 %, higher than the figure of Euro 3.87 billion at the end of the 2010/11 financial year (30 September 2011).

On the asset side of the balance sheet, **NON-CURRENT ASSETS** accounted for Euro 2.95 billion, or 69 % of total assets, as of 31 March 2012. This item thus reduced by Euro 18 million, or just under 1 %, compared with the balance sheet date for the 2010/11 financial year (30 September 2011). This was largely due to a reduction in non-current other receivables and assets. On the one hand, energy trading derivatives recognised under IAS 39 and with delivery dates in the 2012 calendar year were reclassified as current items. On the other hand, the respective assets were affected by the reduction in the fair values of energy trading transactions recognised under IAS 39. Property, plant and equipment, accounting for 55 % of total assets, rose by Euro 34 million to Euro 2.34 billion. This increase corresponds to the net balance of investments on the one hand and disposals of assets and depreciation on the other.

CURRENT ASSETS rose to Euro 1.34 billion, up Euro 426 million (+ 47 %) compared with the balance sheet date as of 30 September 2011. This development was chiefly due to increased trade receivables and higher volumes of other receivables and assets.

Trade receivables increased to Euro 732 million, up Euro 285 million compared with 30 September 2011. The higher volume of sales in the 1st half of 2011/12 was already reflected in increased receivables, a development particularly true for the expansion in nationwide electricity and gas sales. This item was also affected by seasonal factors.

The main reasons for the increase in other receivables and assets were the aforementioned reclassification of energy trading derivatives due for delivery in the 2012 calendar year from non-current to current items and higher receivables for security deposits intended to reduce counterparty risk. This item amounted to Euro 103 million as of 31 March 2012, as against Euro 40 million as of 30 September 2011.

At Euro 108 million, cash and cash equivalents were Euro 61 million down on the figure reported as of 30 September 2011. This development was mainly attributable to payment of the dividends for the 2010/11 financial year following the Annual General Meeting in March 2012.

On the liabilities side, the **EQUITY** of the MVV Energie Group amounted to Euro 1.33 billion, down by Euro 21 million (– 2 %) compared with 30 September 2011. This development was mainly due to income and expenses recognised in equity and the dividend distribution.

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. These amounted to Euro 273 million as of 31 March 2012, compared with Euro 218 million as of 30 September 2011. On the capital side, we eliminate negative fair values. As of 31 March 2012 these amounted to Euro 351 million, as against Euro 250 million as of 30 September 2011. We eliminate the resultant net balance from equity. This amounted to Euro 78 million as of 31 March 2011, compared with Euro 32 million as of 30 September 2011. Calculated on this adjusted basis, the equity ratio amounted to 35.0 % as of 31 March 2012, compared with a figure of 37.7 % as of 30 September 2011.

NON-CURRENT DEBT increased to Euro 1.68 billion, up by Euro 126 million compared with the balance sheet date on 30 September 2011 (Euro 1.55 billion). This was due to the increase in financial debt in connection with the higher volume of investment. There was a reduction, by contrast in non-current other liabilities. This item too was affected by the reclassification of energy trading derivatives recognised under IAS 39 with delivery dates in the 2012 calendar year to current other liabilities.

CURRENT DEBT rose to Euro 1.28 billion, up by Euro 303 million compared with 30 September 2011 (Euro 974 million). On the one hand, current financial debt was higher and on the other hand trade payables rose in line with the higher volumes of energy procured in the winter half-year. Furthermore, there was also an increase in current other liabilities, in this case largely due to the reclassification of energy trading derivatives with delivery dates in 2012 from non-current other liabilities, as well as to deferrals, which increase in the course of the year. Current other liabilities also include the security deposits intended to reduce counterparty risks (margins). At Euro 10 million as of

31 March 2012, these were higher than the figure of Euro 3 million reported as of 30 September 2011. Further details can be found in the notes to the balance sheet in the interim consolidated financial statements from Page 27 onwards.

Investments

At Euro 145 million, the volume of investment in the 1st half of 2011/12 was significantly higher than in the 1st half of 2010/11 (Euro 67 million).

Of total investments, Euro 142 million was channelled into intangible assets, property, plant and equipment and investment property (previous year: Euro 63 million). At Euro 66 million, the key focus of investment in the 1st half of 2011/12 was on expanding renewable energies. The largest individual investments related to the construction of the wind farm at the Kirchberg location, the biomethane plant in Klein Wanzleben and the planned energy from waste plant in Plymouth. Further major investment projects included expanding and modernising the grid infrastructure, the construction to two new gas turbines at the Kiel subgroup and the OptiMa energy efficiency project at the energy from waste plant in Mannheim.

An amount of Euro 3 million was invested in the acquisition of fully and proportionately consolidated companies and in other financial assets (previous year: Euro 4 million).

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

Euro million	2011/12	2010/11
Generation and Infrastructure	116	32
Trading and Portfolio Management	4	0
Sales and Services	6	7
Strategic Investments	7	13
Other Activities	9	11
Investments in property, plant and equipment[1]	**142**	**63**
Investments in financial assets	3	4
Total	**145**	**67**

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

Financial position and cash flow

New loans for project investments led current and non-current financial debt to increase to Euro 1.52 billion in the 1st half of 2011/12, up by Euro 262 million compared with the balance sheet date for the 2010/11 financial year (30 September 2011). Net financial debt (financial debt less cash and cash equivalents) rose to Euro 1.41 billion as of 31 March 2012, up by Euro 323 million compared with 30 September 2011.

The **CASH FLOW BEFORE WORKING CAPITAL AND TAXES** reduced year-on-year from Euro 274 million to Euro 261 million in the 1st half of 2011/12. The IAS 39 measurement reflected in the lower net surplus before taxes on income has not affected this item as it was eliminated within other non-cash income and expenses.

The changes in working capital led the **CASH FLOW FROM OPERATING ACTIVITIES** to drop from Euro 90 million in the previous year to a negative cash flow of Euro – 95 million as of 31 March 2012. This development was partly driven by higher receivables for security deposits.

In conjunction with significantly higher investments of Euro 142 million in intangible assets, property, plant and equipment and investment property (previous year: Euro 63 million), the lower cash flow from operating activities resulted in a negative **FREE CASH FLOW** of Euro – 237 million in the 1st half of 2011/12. This contrasts with the positive free cash flow of Euro + 26 million in the previous year.

At Euro – 114 million, the **CASH FLOW FROM INVESTING ACTIVITIES** was more significantly negative in the 1st half of 2011/12 than in the previous year (Euro – 57 million). This was due in particular to higher outlays for investments in expanding renewable energies.

At Euro 155 million, the **CASH FLOW FROM FINANCING ACTIVITIES** was positive in the 1st half of 2011/12 and significantly higher than in the previous year (Euro – 80 million). This was mainly due to a higher volume of net new borrowing to finance investment projects in the 1st half of 2011/12. The MVV Energie Group reported cash and cash equivalents of Euro 115 million as of 31 March 2012 (previous year: Euro 99 million). Further details can be found on Page 29.

Opportunity and Risk Report

Our group-wide risk management system enables us to detect and evaluate developments which could influence our earnings performance at an early stage. On this basis, we are able to take decisions and implement measures to minimise our risks and exploit opportunities.

The most important factors affecting our operating business performance are weather conditions in the heating period, intervention by the regulatory authorities, the availability of our plants and price movements on procurement and sales markets.

The 1st half of the 2011/12 financial year was characterised by substantial fluctuations in temperatures. It was unusually mild in December and March and very cold in February. All in all, temperatures were milder in the 1st half of 2011/2012, leading to a reduction in heating energy and gas turnover compared with the same period in 2010/11.

The amendment to § 19 (2) of the German Electricity Grid Fee Ordinance (StromNEV) exempts electricity-intensive end users from grid fee payment. This could impact negatively on our sales results unless any suitable means of compensating for this amendment is found.

As a result of the insolvency of the Petroplus refinery operator, the refinery in Ingolstadt is feeding lower volumes of waste heat into the district heating grid at Stadtwerke Ingolstadt. The missing volumes are being compensated for by higher volumes supplied from the energy from waste and combined heat and power plants. As the prices involved are higher, this could lead to a reduction in earnings.

Alongside the opportunities and risks in connection with the operating business, our consolidated earnings could also be influenced by one-off project risks. The construction of the new Block 9 at the large power plant in Mannheim (GKM), for example, has been affected by production-related delays which will result in increased costs and delay the completion date.

One member of the public has filed a lawsuit against the approval of the energy from waste plant in Plymouth and also submitted a petition for construction work to be halted. The petition has been rejected, while the lawsuit is still before court. We nevertheless expect it to be possible to build the plant on schedule.

Despite these factors, there were and are no indications that any risks might have endangered the company's continued existence or might 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 March 2012 and the preparation of these interim consolidated financial statements for the 2nd quarter and 1st half of 2011/12. Reference is made to Page 31 in respect of the voting right notification received pursuant to § 21 of the German Securities Trading Act (WpHG) on 2 April 2012.

New electricity concession agreements boost our grid region

On 12 April 2012, MVV Energie AG signed an electricity concession agreement with the municipality of Ketsch (13 000 inhabitants). The new agreement has a 20-year term and will take effect on 1 December 2012. Three months after signing an electricity concession agreement with the municipality of Ilvesheim (9 000 inhabitants), MVV Energie will thus be newly taking over a second electricity grid in the region. We see the fact that we were able to take over these two grids as offering proof of the trust placed in our company's work in the region.

Special prize for MVV Energie's "Energiemonitor"

The "MVV Energiemonitor" application developed by MVV Energie was awarded a special prize for exceptional innovation at the 2012 Stadtwerke Award. The results were published on 23 April 2012. MVV Energiemonitor offers all information relevant to energy procurement, such as current electricity prices, price analyses, energy news and procurement reports. The jury specifically singled out the "first mover" character of MVV Energie's forward-looking concept.

MVV Energie supplies green electricity to German Catholic Convention

As one of the premium sponsors, MVV Energie is supporting the 98th German Catholic Convention, to be held in Mannheim from 16 to 20 May, with Futura Ökostrom, thus providing this large-scale event with an environmentally-friendly energy supply. MVV Energie will supply Mannheim drinking water free of charge to many of the visitors. For us, our sustainability-based partnership with this convention is an expression of our responsibility towards society as a company with regional roots in the Rhine/Neckar metropolitan region.

Outlook

Executive Board summary of future company development

MVV Energie is assuming responsibility and, with its growth investments, is actively contributing towards the successful implementation of the changes in the energy system called for by politicians and society as a whole. Our investments in renewable energies and energy efficiency will initially hold back our company earnings, but will result in positive earnings contributions in future.

Future macroeconomic and energy industry developments

FUTURE MACROECONOMIC DEVELOPMENTS remain clouded by uncertainty as no end is yet in sight to the euro and debt crisis in individual European countries in spite of the positive steps taken. In their spring survey published on 19 April 2012, leading economic research institutes forecast only slight growth of 0.9 % in gross domestic product in Germany in 2012, followed by 2.0% in 2013. Economic growth will thus fall significantly short of the level of 3 % attained in 2011.

The **FUTURE SITUATION IN THE GERMAN ENERGY INDUSTRY** has not changed substantially compared with the assessment we provided in the 2010/11 Annual Report. The fundamental transformation in the energy supply system will require great efforts from all parties involved over many years. Renewable energies alone will not be able to provide an uninterrupted, reliable or competitive energy supply in the foreseeable future. Flexible conventional power plants, efficient decentralised solutions and suitable storage facilities will still be required to offset fluctuations in the volume of electricity generated by wind power plants and photovoltaic systems. The conversion and expansion of transmission and distribution grids represents a particularly urgent task.

Our future markets

Step by step, we will be consistently implementing our corporate strategy, with its focus on sustainable, profitable growth, and our ambitious Euro 3 billion investment programme. Our growth investments focus on **EXPANDING ENERGY GENERATION FROM RENEWABLE ENERGY SOURCES**, especially onshore wind power and biomass and biomethane, enhancing energy efficiency, and using environmentally-friendly district heating and cogeneration, also in the field of energy from waste.

In our **WIND POWER BUSINESS**, we still see great potential for expansion in Germany, especially in the south of the country. We are continuously assessing the market to identify opportunities for further wind power projects. We have already launched project and approval planning activities for further larger-scale locations. Once the amendments to the planning legislation in the State of Baden-Württemberg and the forthcoming expansion planning at district councils have been completed, we will be able to report on specific wind energy projects.

Operations will begin at our first **BIOMETHANE PLANT**, located in Klein Wanzleben (Sachsen-Anhalt), in summer 2012. In future, this plant will generate around 63.5 million kWh a year and feed this into the natural gas grid. We intend to build and operate a further biomethane plant on the same scale in Sachsen-Anhalt and expect approval for the construction and operation of this plant to be granted in mid-2012.

The **EXPANSION IN DISTRICT HEATING AND COGENERATION** is and remains a further core component of our strategy. This forward-looking technology is able to make an important contribution towards increasing energy efficiency in the electricity and heating energy supply. An ultramodern block with an electrical output of 911 MW and thermal energy output of a maximum of 500 MW is currently under construction at GKM, the large power plant in Mannheim in which we hold a 28 % stake. Block 9 will provide a foundation for securing the electricity supply in South Germany on a long term basis, as well as for expanding and concentrating the supply of environmentally-friendly district heating in the Rhine/Neckar metropolitan region. As there have been delays in construction, GKM expects to be able to launch operations with Block 9 in the course of the 2015 calendar year.

At our Czech subgroup, which is developing very well, efforts are focusing on technical upgrades to existing heating energy generation facilities, on building and operating cogeneration plants and on integrating new shareholdings. Starting in the 2012/13 financial year, the energy from waste cogeneration plant in the city of Liberec (incineration capacity: 106 000 tonnes a year; thermal output: 38 MW) will be operated by our Czech group on a full-year basis for the first time.

The German **WASTE MARKET** is characterised by excess capacity. Opportunities for growth and synergy effects would arise if existing capacities were to be reallocated. In Plymouth, in south-west Britain, we have started preparatory measures for the construction of the energy from waste plant. From the 2014 calendar year, the new plant should use around 245 000 tonnes of household, commercial and industrial waste a year to generate electricity and heating energy.

We are also using renewable energies in numerous projects in our **ENERGY-RELATED SERVICES BUSINESS**. At the University Hospital in Tübingen, we are investing Euro 12 million in a new heating energy plant and converting the heating energy supply from oil and gas to biomass in the form of wood chips. This contract has a 20-year term. Trial operations have been underway with the first of two future biomass boilers since January 2012. The second is set to follow before the start of the next heating period.

Future research and development activities

Integrating renewable energies and permanently enhancing energy efficiency – these are the challenges facing the energy system of the future. MVV Energie sees the development of stationary storage technologies, which enable supply and demand to be balanced out, as harbouring great opportunities. Additional flexibility is attained by deploying energy management systems, such as those developed for pilot use in the Model City Mannheim E-Energy project.

Future sales and earnings performance

For the 2011/12 financial year, we are upholding the outlook provided in our financial report for the 1st quarter of 2011/12. We still expect to generate slight year-on-year sales growth (previous year's sales excluding electricity and natural gas taxes: Euro 3.59 billion). From an operating perspective, we also expect to post adjusted EBIT of around Euro 220 million (previous year: Euro 242 million). We can thus confirm the earnings forecast in line with the assessment provided in December 2011. Given weather-induced downturns and additional charges of Euro 10 million due to several months of downtime at the joint power plant in Kiel (GKK) in the 1st quarter of 2011/12, this represents an increasingly ambitious target.

In our earnings forecast, we have accounted for those charges on earnings resulting from the delay in the construction of Block 9 at the large power plant in Mannheim (GKM) that are allocable to the current 2011/12 financial year. The conversion in the energy supply, continuing instability in the underlying framework and volatile energy markets make it difficult to issue any more far-reaching sales and earnings forecast. Factors significantly influencing our adjusted EBIT in the coming years as well include weather conditions, generation margins (clean dark spread), waste prices, the development in competition and in the regulatory climate in the grid, sales and trading businesses, costs arising due to the implementation of unbundling requirements and charges resulting from the conversion of the energy supply system in Germany.

We intend to counter these negative operational factors with positive contributions from our high-growth business fields and with cost savings resulting from internal optimisation and efficiency enhancement measures which we are working consistently to achieve.

Investments and future net asset and financial position

The MVV Energie Group has sufficient funds to cover its future liquidity requirements. We currently do not see any restrictions at our group of companies due to rising borrowing costs. With an adjusted equity ratio of 35.0 %, we have a solid foundation for obtaining a balanced mix of financing for planned investments. We will finance investments in our existing business by way of internal company financing from depreciation. In our growth business, we draw on the cash flow from operating activities and on project-based optimised financing facilities. Alongside these measures, we also pool projects with similar structures and comparable terms and take up the necessary funds on the capital market. As guidelines for debt-financed growth, we have defined various key financial figures in our strategic budgets and also comply with these. This way, we will ensure that the implied rating of the MVV Energie Group remains at investment grade level in future as well.

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 31.3.2012

Income statement of the MVV Energie Group

Euro 000s	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011	1.10.2011 to 31.3.2012	1.10.2010 to 31.3.2011	Notes
Sales[1]	1 141 082	1 014 686	2 226 399	2 017 692	
less electricity and natural gas taxes	69 449	63 908	136 573	117 135	
Sales after electricity and natural gas taxes	**1 071 633**	**950 778**	**2 089 826**	**1 900 557**	1
Changes in inventories	2 163	– 185	4 342	1 948	
Own work capitalised	1 920	3 937	4 148	6 282	
Other operating income	– 24 122	64 173	209 798	232 363	2
Cost of materials	834 077	703 424	1 637 964	1 430 886	
Personnel expenses	83 181	81 071	166 333	162 388	
Other operating expenses	– 15 186	54 837	280 346	218 155	2
Income from associates	2 997	2 286	5 409	4 044	3
Other income from shareholdings	– 20	351	– 17	538	4
EBITDA	**152 499**	**182 008**	**228 863**	**334 303**	
Depreciation[1]	40 655	38 513	80 006	76 355	
EBITA	**111 844**	**143 495**	**148 857**	**257 948**	
Restructuring expenses	—	—	—	30 926	
EBIT	**111 844**	**143 495**	**148 857**	**227 022**	
of which result of IAS 39 derivative measurement	6 798	32 128	– 29 524	56 305	
of which EBIT before result of IAS 39 derivative measurement	105 046	111 367	178 381	170 717	
Financing income	2 068	2 392	4 477	4 234	5
Financing expenses	18 192	16 400	34 978	32 417	5
EBT	**95 720**	**129 487**	**118 356**	**198 839**	
Taxes on income	30 382	41 472	38 316	63 500	6
Net surplus for period	**65 338**	**88 015**	**80 040**	**135 339**	
of which minority interests	13 173	12 907	16 520	19 239	
of which share of earnings attributable to shareholders in MVV Energie AG (net surplus for period after minority interests)	**52 165**	**75 108**	**63 520**	**116 100**	
Basic and diluted earnings per share in Euro	**0.79**	**1.14**	**0.96**	**1.76**	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 31.3.2012

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

Euro 000s	1.1.2012 to 31.3.2012	1.1.2011 to 31.3.2011	1.10.2011 to 31.3.2012	1.10.2010 to 31.3.2011
Net surplus for period	**65 338**	**88 015**	**80 040**	**135 339**
Cash flow hedges	– 7 579	9 724	– 25 646	13 288
Differential amounts from currency translation	4 349	2 028	555	219
Other income and expenses	**– 3 230**	**11 752**	**– 25 091**	**13 507**
Comprehensive income	**62 108**	**99 767**	**54 949**	**148 846**
Minority interests	11 647	– 8 142	11 565	– 954
Comprehensive income attributable to shareholders in MVV Energie AG	**50 461**	**107 909**	**43 384**	**149 800**

Balance Sheet
as of 31.3.2012

Balance sheet of the MVV Energie Group

Euro 000s	31.3.2012	30.9.2011	Notes
Assets			
Non-current assets			
Intangible assets	319 441	309 682	
Property, plant and equipment[1]	2 340 305	2 306 173	
Investment property	5 766	5 885	
Associates	106 837	101 428	
Other financial assets	91 073	93 502	
Other receivables and assets	67 771	135 264	8
Deferred tax assets	15 526	12 746	9
	2 946 719	**2 964 680**	
Current assets			
Inventories	66 851	65 923	
Trade receivables	732 757	448 056	10
Other receivables and assets	393 714	219 690	8
Tax receivables	27 599	6 346	
Securities	7 396	1 425	
Cash and cash equivalents	107 633	168 518	11
	1 335 950	**909 958**	
	4 282 669	**3 874 638**	
Equity and liabilities			
Equity			
Share capital	168 721	168 721	
Capital reserve	455 241	455 241	
Accumulated net income	516 258	512 030	
Accumulated other comprehensive income	– 22 685	– 2 549	
Capital of the MVV Energie Group	**1 117 535**	**1 133 443**	
Minority interests	207 711	212 649	
	1 325 246	**1 346 092**	
Non-current debt			
Provisions	124 921	123 285	17
Financial debt	1 110 457	933 270	14
Other liabilities[1]	307 968	346 431	13
Deferred tax liabilities	137 034	151 495	9
	1 680 380	**1 554 481**	
Current debt			
Other provisions	155 898	184 746	17
Tax provisions	31 230	16 289	
Financial debt	407 398	322 197	14
Trade payables	282 015	246 203	
Other liabilities	398 686	204 141	13
Tax liabilities	1 816	489	15
	1 277 043	**974 065**	
	4 282 669	**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 31.3.2012

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	—	—	—	192	9 611	9 803	3 704	13 507
Result of business operations	—	—	116 100	—	—	116 100	19 239	135 339
Comprehensive income for period	**—**	**—**	**116 100**	**192**	**9 611**	**125 903**	**22 943**	**148 846**
Sale of minority interests not leading to loss of control	—	—	—	—	—	—	120 578	120 578
Dividend distribution	—	—	– 59 316	—	—	– 59 316	– 24 034	– 83 350
Change in scope of consolidation	—	—	302	—	—	302	– 147	155
Balance at 30.3.2011	**168 721**	**455 241**	**509 175**	**18 506**	**6 981**	**1 158 624**	**214 735**	**1 373 359**
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	—	—	—	523	– 20 659	– 20 136	– 4 955	– 25 091
Result of business operations	—	—	63 520	—	—	63 520	16 520	80 040
Comprehensive income for period	**—**	**—**	**63 520**	**523**	**– 20 659**	**43 384**	**11 565**	**54 949**
Dividend distribution	—	—	– 59 316	—	—	– 59 316	– 22 373	– 81 689
Capital increase/ reduction at subsidiaries	—	—	—	—	—		7 047	7 047
Change in scope of consolidation	—	—	24	—	—	24	– 1 177	– 1 153
Balance at 31.3.2012	**168 721**	**455 241**	**516 258**	**18 366**	**– 41 051**	**1 117 535**	**207 711**	**1 325 246**

Cash Flow Statement

from 1.10.2011 to 31.3.2012

Cash flow statement of the MVV Energie Group

Euro 000s	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Net surplus for period before taxes on income	118 356	198 839
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property[1]	80 007	76 355
Net financial result	30 501	28 183
Interest received	4 470	4 218
Change in non-current provisions	1 532	22 653
Other non-cash income and expenses	29 362	– 55 752
Result of disposal of non-current assets	– 3 174	– 305
Cash flow before working capital and taxes	**261 054**	**274 191**
Change in other assets	– 553 933	– 162 372
Change in other liabilities[1]	250 831	47 150
Change in current provisions	– 29 065	– 38 780
Income taxes paid	– 24 035	– 30 558
Cash flow from operating activities	**– 95 148**	**89 631**
Investments in intangible assets, property, plant and equipment and investment property	– 141 874	– 63 230
(Free cash flow)	**(– 237 022)**	**(26 401)**
Proceeds from disposals of intangible assets, property, plant and equipment and investment property	24 783	3 184
Proceeds from subsidy payments	2 382	5 184
Proceeds from sale of fully and proportionately consolidated companies	—	1 162
Proceeds from sale of other financial assets	3 802	—
Payments for other financial assets	– 3 138	– 3 386
Cash flow from investing activities	**– 114 045**	**– 57 086**
Proceeds from taking up of loans	330 662	107 374
Payments for redemptions of loans	– 68 694	– 75 291
Dividend payment	– 59 316	– 59 316
Dividend payment to minority shareholders	– 22 373	– 24 034
Change due to changes in capital at minority shareholders	6 167	155
Interest paid	– 31 414	– 29 269
Cash flow from financing activities	**155 032**	**– 80 381**
Cash-effective changes in cash and cash equivalents	– 54 161	– 47 836
Change in cash and cash equivalents due to currency conversion	244	104
Change in cash and cash equivalents due to changes in scope of consolidation	428	—
Cash and cash equivalents at 1.10.2011 (2010)	168 518	147 101
Cash and cash equivalents at 31.3.2012 (2011)	**115 029**	**99 369**

1 previous year’s figures adjusted. Further details can be found under „Accounting policies“.

Cash Flow Statement
from 1.10.2011 to 31.3.2012

Cash flow – aggregate presentation

Euro 000s	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Cash and cash equivalents at 1.10.2011 (2010)	**168 518**	**147 101**
Cash flow from operating activities	– 95 148	89 631
Cash flow from investing activities	– 114 045	– 57 086
Cash flow from financing activities	155 032	– 80 381
Change in cash and cash equivalents due to currency translation	244	104
Change in cash and cash equivalents due to changes in scope of consolidation	428	—
Cash and cash equivalents at 31.3.2012 (2011)	**115 029**	**99 369**

Notes to the Interim Consolidated Financial Statements

1st Half 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 May 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 March 2012 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 March 2012 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	1.7.2011
IAS 24	Related Party Disclosures	20.7.2010	1.7.2011

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 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
Mergers	1	—	—
Additions	4	—	—
31.3.2012	**75**	**14**	**7**

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

- e.services s.r.o., Děčín
- Cerventus Naturenergie Verwaltungs GmbH, Offenbach am Main
- Frassur GmbH, Mörfelden-Walldorf, with its subsidiary AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf.

MVV Nederland B.V., Amsterdam, was merged into MVV RHE GmbH, Mannheim, as of 1 October 2011. This merger did not have any implications for the net asset, financial and earnings position of the Group.

e.services s.r.o., Děčín, a company internally founded, was included in the consolidated financial statements for the first time in the 2011/12 financial year.

In the 1st half of 2011/12, the company acquired 100 % of the shares in Frassur GmbH, Mörfelden-Walldorf, and its subsidiary AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf. Accordingly, these companies were fully consolidated for the first time in the consolidated financial statements of the MVV Energie Group. The purchase price was paid in April 2012.

The fair value upon acquisition of the identifiable assets and liabilities at the companies consolidated for the first time in the period under report is presented in the following table. The purchase prices for the acquisition were settled from the company's liquid funds. Since initial consolidation, the companies acquired have contributed sales of Euro 2 193 thousand and earnings of Euro 300 thousand.

Identifiable assets and liabilities

	Frassur GmbH, Mörfelden-Walldorf, AVA Abwasser- und Verwertungsanlagen GmbH, Mörfelden-Walldorf	
Euro 000s	**Recognised upon acquisition**	Carrying amount
Intangible assets	609	11
Property, plant and equipment	3 148	3 148
Financial assets	2 073	2 073
Inventories, receivables, other assets	1 643	1 643
Cash and cash equivalents	396	396
Provisions	480	480
Other liabilities	5 681	5 681
Deferred tax liabilities	66	66
Fair value of net assets	**1 641**	**1 044**
Acquired share of company	1 641	—
Goodwill	1 270	—
Earnings contribution since date of initial consolidation	253	—

The option to purchase the remaining shares in A+S Naturenergie GmbH, Pfaffenhofen, was exercised in the 2011/12 financial year. Furthermore the respective shareholdings in SECURA Energie GmbH, Mannheim, held by Energieversorgung Offenbach Aktiengesellschaft, Offenbach am Main, Stadtwerke Ingolstadt Energie GmbH, Ingolstadt, and RheinEnergie Aktiengesellschaft, Cologne, were taken over. Moreover, 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.

Neither the transfer nor the acquisition of shares had any significant 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	**31.3.2012**	30.9.2011	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Czech crowns (CZK)	24.730	24.754	25.179	24.583
British pounds (GBP)	0.834	0.867	0.846	0.896

Source: European Central Bank

Seasonal influences on business activities

The seasonal nature of business activities at the companies in the MVV Energie Group means that a higher level of sales and operating earnings is regularly generated in the first two quarters of the financial year than in the 3rd and 4th quarters. Earnings for the 1st half of 2011/12 were significantly affected by the 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 half 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.

Translated into the group currency, sales at our foreign subsidiaries amounted to Euro 75 004 thousand.

2 Other operating income and other operating expenses

Other operating income

Euro 000s	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Income from derivatives recognised under IAS 39	151 577	172 136
Income from emission rights	10 146	23 735
Reversal of provisions	7 580	3 671
Income from sale of assets	4 616	698
Income from reversal of write-downs	4 109	4 593
Other	31 770	32 821
Total	**209 798**	**232 363**

Other operating expenses

Euro 000s	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Expenses for derivatives recognised under IAS 39	181 101	115 831
Expenses for emission rights	14 600	19 122
Other	84 645	83 202
Total	**280 346**	**218 155**

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 29 524 thousand in the 1st half of 2011/12 (previous year: positive net item of Euro 56 305 thousand).

3 Income from associates

The income of Euro 5 409 thousand from associates (previous year: Euro 4 044 thousand) is attributable to the subsequent measurement of associates at the MVV Energie Group.

4 Other income from shareholdings

The other income from shareholdings in the period under report mainly related to an impairment loss recognised on other shareholdings. This was necessary due to the liquidation of RBSV GmbH i.L., Solingen.

5 Financing income and financing expenses

Financing income includes an amount of Euro 2 029 thousand resulting from interest income in connection with finance leases (previous year: Euro 1 980 thousand).

6 Taxes on income

Taxes on income

Euro 000s	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011
Taxes on income	38 316	63 500
Effective tax rate in %	32.4	31.9

In the period under report, the tax expenses for earnings before IAS 39 were calculated using the tax rate of 32.4 % expected for the 2011/12 financial year as a whole. The tax rate for earnings after IAS 39 amounts to 31.9 %.

7 Earnings per share

Earnings per share

	1.10.2011 to 31.3.2012	1.10.2010 to 31.3.2011
Earnings attributable to shareholders in MVV Energie AG (Euro 000s)	63 520	116 100
No. of shares in 000s	65 907	65 907
Earnings per share in Euro	0.96	1.76

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. Use was made of the possibility of netting these items.

10 Trade receivables

The increase in trade receivables in the 1st half of 2011/12 largely 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 half of 2011/12 is also reflected in a higher volume of receivables.

11 Cash and cash equivalents

The reduction in cash and cash equivalents is attributable to payment of the dividend for the 2010/11 financial year, as well as to the financing of the renewable energies expansion.

12 Dividend distribution

The Annual General Meeting on 16 March 2012 approved the distribution of a dividend of Euro 0.90 per share for the 2010/11 financial year (total: Euro 59 316 thousand). Furthermore, a total amount of Euro 22 373 thousand was distributed to minority shareholders on subgroup level.

13 Other liabilities

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

14 Financial debt

The increase in financial debt is chiefly due to the taking up of new loans for project investments, 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.

18 Segment report

Income statement of the MVV Energie Group by segment from 1.10.2011 to 31.3.2012

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	162 657	299 474	53 103	82 738
Trading and Portfolio Management	519 018	681 495	145	6 922
Sales and Services	1 163 426	190 345	8 722	47 116
Strategic Investments	242 265	15 527	11 590	38 540
Other Activities	2 460	11 502	6 446	4 877
Consolidation	—	– 1 198 343	—	203
Total	**2 089 826**	**—**	**80 006**	**180 396**

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

Euro 000s	External sales excluding energy taxes	Intercompany sales excluding energy taxes	Depreciation and amortisation	Adjusted EBIT
Generation and Infrastructure	163 125	294 021	50 955	82 036
Trading and Portfolio Management	347 016	550 745	145	29 208
Sales and Services	1 160 244	154 953	8 501	47 537
Strategic Investments	228 140	5 901	10 176	41 000
Other Activities	2 032	12 387	6 578	3 731
Consolidation	—	– 1 018 007	—	111
Total	**1 900 557**	**—**	**76 355**	**203 623**

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 and Stadtwerke Ingolstadt GmbH subgroups are proportionately reported.
- The **OTHER ACTIVITIES** reporting segment consists in particular of the 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, 96.4 % were generated in Germany (previous year: 96.1 %). 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 (1st half of 2011/12: Euro 29 524 thousand; 1st half of 2010/11: Euro 56 305 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 our 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 before working capital and taxes showed a slight year-on-year decline in the 1st half of 2011/12. The marked reduction in the net surplus for the period before taxes on income compared with the previous year's period 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 half of 2011/12 was mainly the result of the increase in working capital.

Due above all to the outlays for investments in renewable energies, 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 half year under report by increased borrowing in connection with 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). Furthermore, 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 31.3.2012**	1.10.2010 to 31.3.2011	**1.10.2011 to 31.3.2012**	1.10.2010 to 31.3.2011	**31.3.2012**	30.9.2011	**31.3.2012**	30.9.2011
Abfallwirtschaft Mannheim	157	146	1 963	1 800	927	22	981	3 055
ABG Abfallbeseitigungs-gesellschaft mbH	14 493	14 471	2 044	2 316	4 513	—	1 957	2 006
GBG Mannheimer Wohnungsbaugesellschaft mbH	9 675	10 292	123	90	8	96	—	—
m:con – Mannheimer Kongress- und Touristik GmbH	1 785	1 779	195	182	3 985	4 037	—	—
MVV GmbH	166	213	752	48	31	14	34	—
MVV Verkehr GmbH (previously: MVV Verkehr AG)	114	214	6	2	121	127	—	9
Rhein-Neckar-Verkehr GmbH	3 719	3 909	24	209	3 160	2 720	253	954
Stadtentwässerung Mannheim	1 355	1 253	246	297	183	129	15	116
City of Mannheim	7 464	4 426	10 829	11 254	1 024	1 028	12 035	3 215
Other companies controlled by the City of Mannheim	3 811	3 529	180	168	378	207	99	745
Associates	36 634	40 531	113 242	125 412	17 261	6 755	14 964	13 086
Proportionately consolidated companies	98 850	57 049	22 761	14 816	38 600	31 391	14 469	8 004
Other majority shareholdings	859	1 137	1 387	1 690	3 055	4 289	504	757
Total	**179 082**	**138 949**	**153 752**	**158 284**	**73 246**	**50 815**	**45 311**	**31 947**

21 Events after the balance sheet date

Barclays PLC, London, UK, notified us pursuant to § 21 (1) of the German Securities Trading Act (WpHG) that its direct shareholding fell short of the 3 % threshold on 23 April 2012 and that it now indirectly held 2.71 % of the voting rights, corresponding to 1 789 966 shares, in MVV Energie AG. Pursuant to its most recent notification, Barclays' share of the voting rights amounted to 4.38 % on 2 April 2012 (2 887 776 shares).

Mannheim, 14 May 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 May 2012

MVV Energie AG

Executive Board

Dr. Müller | Brückmann | Dr. Dub | Farrenkopf

Financial Calendar

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
18. 12. 2012	Annual Financial Report 2011/12 (Annual Report)
18. 12. 2012	Annual Results Press Conference and Analysts' Conference
14. 2. 2013	Financial Report 1st Quarter of 2012/13
8. 3. 2013	Annual General Meeting
11. 3. 2013	Dividend Payment
15. 5. 2013	Half-Year Financial Report 2012/13
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