Interim Report
3rd Quarter and First Nine Months of 2004/2005

1 October 2004 – 30 June 2005

MVV Energie

Key Figures for the First Nine Months of 2004/2005
1 October 2004 – 30 June 2005

Key Figures of the MVV Energie Group[1] Euro million	**2004/2005**	2003/2004	adjusted[2] 2003/2004	% change	adjusted[2] % change
Sales[3]	1 530	1 224	1 224	+ 25	+ 25
EBITDA[3]	276	192	214	+ 44	+ 29
EBITA	174	99	137	+ 76	+ 27
EBIT	174	86	127	+ 102	+ 37
EBT	125	46	88	+ 172	+ 42
Net surplus for the period	77	8	49	+ 863	+ 57
Net surplus for the period after minority interests	59	0	41	—	+ 44
Earnings[4] per share (Euro)	1.16	0.00	0.80	—	+ 45
Cash flow based on DVFA/SG	176	134	140	+ 31	+ 26
Total assets[5] (as of 30.6.)	2 916	2 453		+ 19	
Equity capital (as of 30.6.)	879	772		+ 14	
Investments	155	239		– 35	
Employees[6] (as of 30.6.)	6 429	5 513		+ 17	

[1] based on *International Financial Reporting Standards (IFRS)*
[2] in previous year excluding expenses for streamlining of portfolio and restructuring measures
[3] in previous year release of income subsidies reclassified as depreciation
[4] pursuant to IAS 33
[5] previous year's figure adjusted
[6] including external personnel at Mannheim energy from waste plant (MHKW) of MVV Energie AG

Overview of Developments at the Company

Highlights

- Agreement reached on FOKUS programme
- Significant improvement in key sales and earnings figures
- Positive development in MVV Energie share price

Events of Significance in the 3rd Quarter of 2004/2005 (1 April – 30 June 2005)

The MVV Energie Group maintained its successful course during the quarter under report. The focus on our core business and the restructuring of our group of companies, which was largely completed in the past financial year, mean that we are on the right path.

Agreement on “FOKUS” efficiency enhancement programme

We have made rapid progress with our “FOKUS” efficiency enhancement programme, which was launched in early 2005. Following intensive negotiation, the Executive Board and Works Council of MVV Energie AG reached agreement in July 2005 on the details as to how the jointly compiled savings measures are to be implemented. An increasing total of administration cost savings is to be achieved at the Mannheim location over the coming three years, amounting to up to Euro 29 million p.a. by the 2007/08 financial year. This will enable us to reinforce our profitability and competitiveness and thus to lay the foundations for the further successful development of the MVV Energie Group as an independent and autonomous company, even in the difficult phase of regulated competition starting with the coming into force of the new *Energy Act (EnWG)* in July 2005 (c.f. Outlook).

Cooperation talks maintained

The talks concerning a closer future level of cooperation between MVV Energie AG and the Frankfurt utility company Mainova AG have been maintained in recent weeks. It is currently unclear when the negotiations will lead to any results. The discussions are focusing both on a joint grid company for Energieversorgung Offenbach AG and Mainova AG and on a merger of the two companies. The basic condition for MVV Energie AG in this case is that of a qualified shareholding in the merged company. All of the parties involved at the companies and their environment are convinced of the benefits of such cooperation.

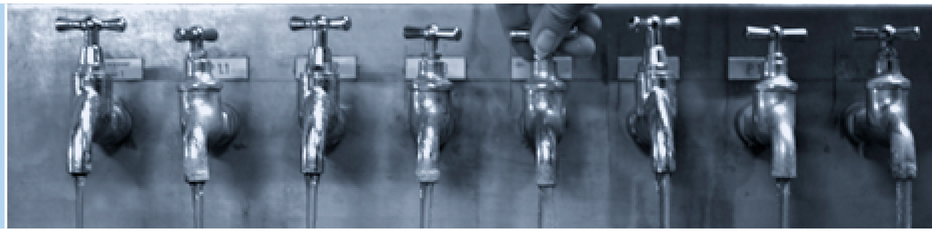
Trial operations underway at Leuna energy from waste plant

The third non-recyclable waste utilisation facility of the MVV Energie Group, with an annual capacity of 195 000 tonnes, commenced operations at the Leuna chemical industry site (Sachsen-Anhalt) in June 2005. We will benefit in this respect from the coming into force of the *Technical Guidelines for the Disposal of Municipal Solid Waste (TASi)* on 1 June 2005. These require solid waste to be subjected to thermal or biological treatment prior to dumping at disposal sites. It is now already apparent that the incineration capacities available for commercial waste across Germany are insufficient. With its waste incineration facilities and biomass power plants, which currently have an annual incineration capacity of 1.2 million tonnes, our group of companies is thus the third-largest operator of incineration facilities in Germany (non-recyclable waste and biomass).

Sale of wind farm projects

MVV Energie AG sold projects relating to new wind farms in Germany, France and Poland to the Spanish company Iberdrola during the quarter under report. By selling these projects, which in some cases had been developed up to readiness for construction by the Group’s wholly-owned subsidiary eternegy GmbH, MVV Energie AG has implemented one of the final steps in its strategy of focusing on its core business.

Business Performance



Economic framework

The German economy once again failed to show any significant recovery in the first half of 2005. The high level of oil prices is seen as representing a particular burden on economic growth. In view of the ongoing weakness of the Euro, they are also no longer mitigated by the favourable exchange rate with the US dollar.

Following tough negotiations, the Federal Parliament and Federal Council passed the new *Energy Act (EnWG)* in mid-June 2005. The act came into force on the day following its publication in the Federal Official Gazette on 13 July 2005. This date represents an important turning point for the German energy industry, given that it marks the beginning of a new stage in the process of liberalisation – that of regulated competition.

A whole series of new regulations apply to companies immediately upon the act coming into force. The regulations relating to the decartelisation of operations and information, for example, have to have been implemented. Moreover, a variety of reporting obligations have to be complied with. This will result in additional burdens on the companies, particularly during the introductory stage.

The *Federal Grid Agency*, the regulatory authority for the electricity and gas markets, will commence its activities upon the new legislative framework coming into force. Its first task will involve approving the grid utilisation fees charged by grid operators. Together with the regulatory authorities of the individual German states, the *Federal Grid Agency* will be an important player in the German energy market in future.

Earnings performance of the MVV Energie Group

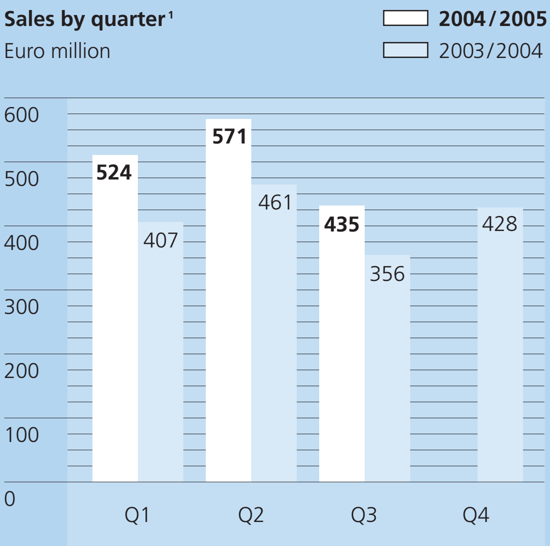
Our **sales** rose by 22% in the 3rd quarter compared with the equivalent period in the previous year to reach Euro 435 million. On a cumulative basis, the sales of the MVV Energie Group rose by 25% compared with the previous year to reach Euro 1 530 million in the first nine months of 2004/05. The strong level of sales growth is largely attributable to the first full-year consolidation of the shareholding in Stadtwerke Kiel AG, which generated sales of Euro 72 million in the 3rd quarter of 2004/05 and of Euro 272 million in the first nine months of 2004/05.

The positive effect of the initial consolidation of SW Kiel was countered by a downturn in sales resulting from the disposal last year of our Czech shareholding in Brno. This shareholding reported sales of Euro 49 million in the first three quarters of the previous year. Following adjustment for these two special effects, our sales nevertheless rose by 7 % compared with the first nine months of the previous year. This sales growth was attributable to the electricity, district heating, gas, water and environmental energy business segments and was partly due to increased volumes and partly a result of price adjustments. Year-on-year sales growth was reported both by the parent company in Mannheim and by all of the shareholdings in municipal utility companies in Germany.

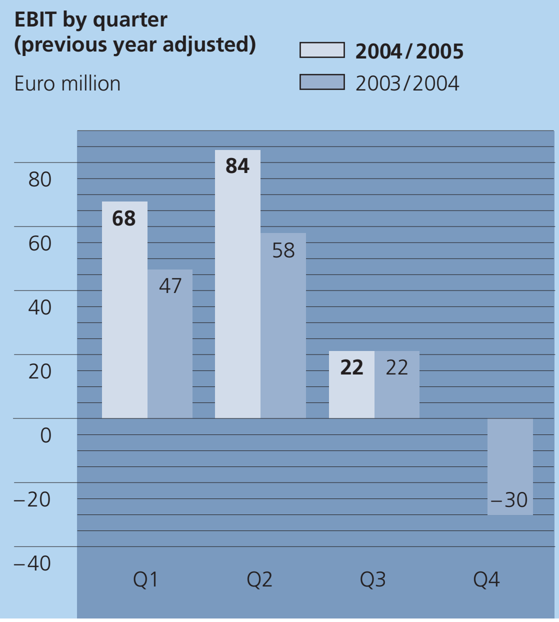
As a result of the sale of our shareholding in Brno, our foreign sales showed a year-on-year decline of Euro 34 million to Euro 83 million in the first nine months of 2004/05 and now account for only 5 % of the overall sales of the MVV Energie Group (previous year: 9 %).

Improvements in all earnings figures

We see ourselves as being well on the way towards achieving the sales and earnings targets set for the 2004/05 financial year. Significant improvements were shown by all key earnings figures in the first nine months of 2004/05.



[1] in the previous year release of income subsidies reclassified as depreciation



When comparing the earnings figures, it should be noted that the figures for the first nine months of the previous year include one-off charges of Euro 41 million incurred in connection with the process of streamlining the Group. To facilitate a more meaningful comparison of the figures, we have adjusted the earnings figures published for the previous year in the income statement to account for this special item:

- Earnings before interest, tax, depreciation and goodwill amortisation (EBITDA) improved by 29 % compared with the adjusted EBITDA figure for the first nine months of the previous year to reach Euro 276 million.

- Operating earnings before interest and tax (EBIT) rose by 37 % from the adjusted figure of Euro 127 million in the equivalent period of the previous year to Euro 174 million in the first nine months of 2004/05.

- Earnings per share pursuant to IAS 33 improved from the figure of Euro 0.80 reported following adjustment for the first nine months of the previous year to Euro 1.16 (+ 45 %).

Apart from the initial consolidation of SW Kiel and the discontinuation of goodwill amortisation, the positive earnings performance is attributable to improvements at MVV Energie AG, Energieversorgung Offenbach AG and Stadtwerke Solingen GmbH. The EBITA margin, which depicts the development prior to the special effect resulting from the discontinuation of goodwill amortisation, rose from 11.2 % in the previous year following adjustment to 11.4% in the first nine months of 2004/05.

As in the comparable quarter of the previous year (adjusted to account for one-off charges of Euro 21 million relating to the process of streamlining the Group), in the 3rd quarter of 2004/05 we generated an EBIT figure of Euro 22 million. The additional charges resulting from the rise in electricity and gas procurement costs and the one-off charge resulting from the insolvency of Trithor GmbH (Euro 3 million), a shareholding held by the MVV Innovation Portfolio, were offset by the initial consolidation of SW Kiel (Euro 3 million) and by improved earnings in the water and environmental energy segments.

Seasonal factors mean that earnings are weaker in the 3rd quarter, given that the sales contribution from the heating energy business is largely missing and in view of the fact that construction measures are undertaken more intensively during the summer months.

Earnings performance of major shareholdings

Prior to consolidation, our German and foreign shareholdings generated sales of Euro 800 million (previous year: Euro 508 million) and operating earnings (EBIT) of Euro 94 million (previous year: Euro 72 million) in the first nine months of 2004/05.

During the first nine months of 2004/05, Stadtwerke Kiel AG (SWK), which was fully consolidated for the first time, generated sales of Euro 271 million and operating earnings (EBIT) of Euro 30 million. In the legal dispute with ares Energie AG, Berlin, concerning their petition and/or claim for Euro 12.1 million in respect of the losses incurred at the now insolvent subsidiary, ares Energie direkt GmbH, we assume that SWK's prospects of success are overwhelmingly positive in spite of the verdict now passed by the court of first instance. Irrespective of this issue, SWK has a claim in the same amount against ares Energie AG, Berlin. Moreover, ares Energie AG has also asserted claims against SWK in respect of infringements of trademark rights. SWK's lawyers have notified ares Energie AG that there are no such claims. The part-petition now submitted by ares Energie AG in respect of an amount of Euro 1.4 million is currently being examined by SWK.

During the period under report, **Energieversorgung Offenbach AG (EVO)** increased its sales by 10 % to Euro 238 million and its operating earnings (EBIT) by 15 % to Euro 30 million. Following a request for bids from across Europe, EVO has been awarded a major contract to supply electricity to more than 60 properties of the State of Rheinland-Pfalz with an annual volume of 20 million kWh. The supply agreement will begin in 2006 and has an initial term of two years.

The proportionately consolidated shareholding in **Stadtwerke Solingen GmbH (SWS)** generated prorated sales of Euro 73 million (+ 11 %) and operating earnings of Euro 11 million (+10%) during the first nine months of 2004/05. The improvement in earnings is attributable to the electricity, gas and water businesses. The Supervisory Board and shareholders meeting agreed during the quarter under report to the acquisition of a shareholding in Trianel Power Projektentwicklungs GmbH (TPPE). This company is involved in the planning, construction and operation of a gas and steam power plant in Hamm-Uentrop. SWS has thus been able to secure electricity procurement rights of 20 MW.

Prorated sales at **Stadtwerke Ingolstadt Beteiligungen GmbH (SWI)** rose by 5 % compared with the first nine months of the previous year to reach Euro 61 million. SWI's prorated operating earnings (EBIT), by contrast, declined by Euro 1 million to Euro 11 million. This was principally due to price increases in connection with the company's electricity and gas procurement. During the quarter under report, SWI succeeded in concluding a major gas supply agreement with a large industrial customer. This involves a supply volume of 700 million kWh. The supply commenced on 1 June 2005.

As a result of growth in its gas business, **Köthen Energie GmbH** succeeded in increasing its sales by 2% to Euro 10 million. At Euro 2 million, its operating earnings (EBIT) were at the same level as in the previous year.

The sale of the shareholding in Brno meant that sales in the **Czech Republic** fell from Euro 83 million in the first nine months of the previous year to Euro 37 million and operating earnings (EBIT) from Euro 18 million to Euro 10 million. As a result of volume, price and exchange rate developments, sales at our **Polish companies**, which are principally involved in the district heating business, rose from Euro 29 million to Euro 36 million (+ 24 %). Operating earnings (EBIT) grew from just under Euro 1 million to around Euro 2 million. The restructuring of the respective MVV holding companies in Prague and Warsaw is running on schedule.

Balance sheet

The total assets of the MVV Energie Group have risen by 19 % from Euro 2.45 billion as of 30 June 2004 to Euro 2.92 billion. This is primarily due to the initial consolidation of our shareholding in Stadtwerke Kiel. Compared with the previous quarter (31 March 2005), however, total assets showed only a marginal increase of 1% from Euro 2.88 billion to Euro 2.92 billion. This increase is attributable to a slight rise in financial liabilities, as well as in cash and cash equivalents and receivables. Compared with the balance sheet reporting date (30 September 2004), by contrast, we have reduced our financial liabilities by almost 4 %. Part of the cash and cash equivalents have been used for this reduction. Our receivables and other assets rose by 28 % over the same period. Seasonal fluctuations constitute one reason for this development.

Moreover, trade receivables and payables have both risen by Euro 30 million since the balance sheet reporting date on account of the higher mark-to-market valuation resulting from the rise in energy trading prices.

The capital of the MVV Energie Group has risen by 5 % compared with 30 September 2004 to reach Euro 643 million. This increase is primarily attributable to the net surplus generated over the past nine months.

The equity ratio (including minority interests) amounted to 30 % as of 30 June 2005 and thus continued to comply with our target ratio.

A detailed statement of changes in shareholders' equity can be found on Page 18 of this interim report.

Cash flow

The cash flow based on DVFA/SG rose by 31 % compared with the first nine months of the previous year to reach Euro 176 million. This was due to the higher net surplus for the period, which was only offset in part by the lower level of depreciation of fixed assets. The decline of 21 % in the depreciation of fixed assets to Euro 97 million, in spite of the initial consolidation of Stadtwerke Kiel, is attributable to the discontinuation of goodwill amortisation and the one-off depreciation undertaken in connection with the streamlining of the portfolio in the previous year. The inflow of funds from operating activities showed a significant increase of almost 18 % to reach Euro 104 million. The deduction of investments in tangible fixed assets results in a negative free cash flow of Euro 10 million for the first nine months of 2004/05. The reasons for this are primarily to be found in the investments of Euro 30 million made in the construction of our new waste incineration facility in Leuna.

The outflow of funds for investment activities, which amounted to Euro 78 million, is mainly due to the investments made in tangible and financial assets (c.f. Page 6). These investments are offset by the proceeds from the disposal of tangible and financial assets, especially the sale of shares in our shareholdings in Brno and the sale by EVO AG of its shares in the Mainz-Wiesbaden power plants.

The outflow of funds for financing activities, amounting to Euro 56 million, largely corresponds to the dividend payments made to shareholders in MVV Energie AG and to the other shareholders of our shareholdings.

A detailed cash flow statement can be found on Page 17 of this interim report.

Investments

The MVV Energie Group invested a total of Euro 155 million in the first nine months of 2004/05 (previous year: Euro 239 million). Of this sum, Euro 114 million was invested in tangible assets (previous year: Euro 94 million) and Euro 41 million in financial assets (previous year: Euro 145 million).

The investments made in tangible assets mainly related to supply facilities and distribution grids at our shareholdings in municipal utility companies in Germany, as well as at our shareholdings in Poland and the Czech Republic. The increase of Euro 20 million is principally due to the consolidation of our shareholding in Stadtwerke Kiel, which had not been included in the figures for the third quarter of the previous year. A further focus involved the remaining investments in the construction of the non-recyclable waste incineration plan in Leuna. Final investments were made in the biomass power plant in Königs Wusterhausen.

The largest share of the investments in financial assets related to the acquisition by SW Kiel of a 49.9% shareholding in the newly established ZVO Versorgungs GmbH (ZV.VG) of the Ostholstein special purpose association.

Financing

At Euro 1.25 billion, the net financial liabilities (financial liabilities less cash and cash equivalents) of the MVV Energie Group at the reporting date (30 June 2005) were virtually unchanged on 30 September 2004. This was the net result of an almost equal decline in financial liabilities and in cash and cash equivalents. Net financial liabilities have risen by 12% compared with 30 June 2004. This is primarily attributable to the subsequent consolidation of SW Kiel. The slight increase in net financial liabilities compared with the previous quarter (Euro 1.22 billion) is partly due to the financing of the construction of the waste incineration plant in Leuna.

The negative net interest expenses item, by contrast, showed a slight improvement from Euro 18 million in the 2nd quarter of 2004/05 to Euro 17 million in the 3rd quarter of 2004/05. The main reason for this development is the discontinuation of two special items with a negative impact on net interest expenses in the 2nd quarter. As a result of our financing structure, we continue to benefit from the low level of interest rates for short financing terms.

Further information on liabilities can be found in the balance sheet on Page 15 of this interim report.

Sales Volumes of the MVV Energie Group [1]
by segment

First Nine Months, 1.10. – 30.6.	2004/2005	2003/2004	% change
Electricity (kWh million)	13 557	8 937	+ 52
of which wholesale [2]	6 848	2 851	+ 140
of which retail	6 709	6 086	+ 10
District heating [2] (kWh million)	6 890	6 579	+ 5
Gas (kWh million)	9 912	7 474	+ 33
Water (m^3 million)	44.0	29.8	+ 48
Waste incinerated (tonnes 000s)	368	377	– 2

[1] total sales volumes of all segments
[2] retrospective volume correction for previous year

Segmental Reporting

Electricity segment – sales and earnings growth

Sales in our electricity segment rose by Euro 151 million in the first nine months of 2004/05 (+ 26 %). Adjusted for the sales generated by SW Kiel (Euro 109 million), which was consolidated for the first time, our sales growth amounted to 7 %. This increase was primarily attributable to a higher level of sales at MVV Energie AG on account of increased volumes and prices, and to higher sales at the shareholdings in Offenbach and Solingen resulting from price adjustments and from business with new customers.

Compared with the first nine months of the previous year, our electricity turnover rose by 4.7 billion kWh to 13.6 billion kWh (+ 52 %). Including volumes sold to secondary distributors, sales volumes in the electricity wholesale business rose by 3.9 billion kWh to 6.8 billion kWh. This growth was principally due to the initial consolidation of volumes at SW Kiel. The secondary distributor business of SW Solingen has been supplying Stadtwerke Hilden GmbH with electricity since the beginning of 2005.

Our turnover of electricity in the retail or sales business with end customers (private, industrial and commercial customers) rose by 0.6 billion kWh (+ 10 %) during the nine months under report. This increase is mainly the result of the initial consolidation of SW Kiel and of volume growth in Offenbach. Since January 2005, EVO has been supplying electricity to more than 100 properties of the State of Hessen and the Federal Government.

The "Electricity Fund" offered since the beginning of 2005 to medium-sized commercial and industrial customers with annual electricity requirements of between 1 million kWh and 60 million kWh and which do not have proprietary purchasing management facilities, thus enabling them to take advantage of the purchasing strategy and price benefits of large-scale customers, has continued to develop positively. The electricity fund now includes 20 electricity customers with energy volumes of just under 200 million kWh. This product is now also being marketed by our shareholdings in SW Kiel, EVO and Köthen Energie, as well as by the MVV Energie AG sales division.

Further increase in procurement costs

The rise in fuel expenses (especially for gas and oil) led to a further increase in wholesale electricity prices in the 3rd quarter of 2004/05. Moreover, the price of carbon dioxide emissions rights has risen continuously since the beginning of the year. As a result, electricity prices on the German electricity exchange have reached new record highs. Our risk-minimising procurement strategy, coupled with other factors beneficial to earnings, have meant that these price increases have not had any negative impact on our operating earnings. We thus succeeded in improving operating earnings (EBIT) in the electricity segment from Euro 30 million in the first nine months of the previous year to Euro 43 million. This was largely due to the initial consolidation of the earnings contribution from SW Kiel (Euro 6 million) and to the discontinuation of prorated goodwill amortisation (Euro 4 million). This was supplemented by improved earnings at the shareholdings in Offenbach and Solingen and by one-off income in the first half of the financial year.

Sales of the MVV Energie Group by segment

First Nine Months, 1.10. – 30.6

Euro million	**2004/2005**	2003/2004	% change
Electricity[1, 2]	722	571	+ 26
District Heating[2]	218	209	+ 4
Gas[2, 3]	319	217	+ 47
Water[2]	79	53	+ 49
Value-added services	81	87	– 7
Environmental energy	90	71	+ 27
Other/consolidation	20	16	+ 25
	1 530	1 224	+ 25

[1] including electricity tax of Euro 80 million (previous year: Euro 65 million)
[2] in previous year release of income subsidies reclassified as depreciation
[3] including gas tax of Euro 55 million (previous year: Euro 41 million)

District heating segment – strongest earnings performance

The development of turnover and sales in the district heating segment was characterised by two opposing one-off factors. The additional district heating turnover of 1.0 billion kWh and sales of Euro 44 million resulting from the initial consolidation of SW Kiel for the first nine months of 2004/05 was offset by the effect on turnover and sales of the disposal last year of the shareholding in Brno, which had reported turnover of 1.1 billion kWh and sales of Euro 49 million in the equivalent period in the previous year. Following adjustment to account for the effects of Kiel and Brno, our district heating turnover was at the same level as in the equivalent period in the previous year, but our sales rose by 8 %. This growth was primarily attributable to price adjustments made by MVV Energie AG and to increases on account of price and exchange rate changes at our Polish group of companies.

Operating earnings (EBIT) rose by Euro 6 million compared with the first nine months of the previous year to reach Euro 55 million (+ 12 %). This development shows that the impact of the discontinuation of earnings contributions from Brno (previous year: Euro 10 million) was more than compensated for by the initial consolidation of SW Kiel (Euro 4 million) and by earnings improvements at MVV Energie AG, EVO and in Poland.

Gas segment – positive sales and earnings contributions from Stadtwerke Kiel

The gas segment has also been significantly strengthened by the acquisition of SW Kiel. The gas turnover of our group of companies rose by 2.4 billion kWh in the first nine months of 2004/05 to reach 9.9 billion kWh (+ 33 %). Excluding SW Kiel, our gas turnover in the nine months under report was 2 % lower than in the previous year. This decline was mainly due to a downturn due to competition in the secondary distribution business. In the business with end customers (business and private customers), which accounts for around 70 % of overall gas turnover, our turnover excluding SW Kiel was 1 % lower than in the previous year.

Sales at our gas business rose by Euro 102 million on the previous year to reach Euro 319 million (+ 47 %). Of this sum, SW Kiel accounted for Euro 89 million. The remaining growth was attributable to the business with end customers and was generated by all companies with activities in the gas business.

Operating earnings (EBIT) rose by Euro 15 million compared with the previous year to reach Euro 43 million in the first nine months of 2004/05. The main reasons for this development include the initial consolidation of SW Kiel (Euro 14 million), the discontinuation of prorated goodwill amortisation (Euro 2 million) and price adjustments on the sales side. These enabled us to compensate for the significant price increases faced on the procurement side by all companies since 1 January 2005.

EBIT of the MVV Energie Group by segment

First Nine Months, 1.10. – 30.6 Euro million	**2004/2005**	2003/2004	adjusted 2003/2004	% change	adjusted % change
Electricity	43	30	30	+ 43	+ 43
District heating	55	49	49	+ 12	+ 12
Gas	43	28	28	+ 54	+ 54
Water	12	8	8	+ 50	+ 50
Value-added services	1	– 31	– 6	—	—
Environmental energy	19	11	17	+ 73	+ 12
Other/consolidation	1	– 9	1	—	—
	174	**86**	**127**	**+ 102**	**+ 37**

Water segment – sales and earnings improvements

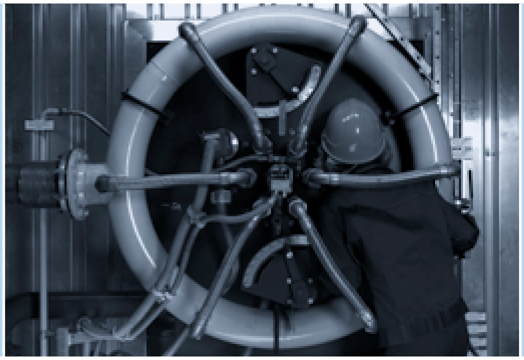
The water turnover of the MVV Energie Group rose by 48 % on the first nine months of the previous year to reach 44 million m^3, with sales even reporting a 49 % increase to Euro 79 million. This significant growth is in both cases mainly attributable to the consolidation of SW Kiel, which generated water turnover of 14 million m^3 and sales of Euro 25 million during the period under report. Adjusted to account for the impact of the initial consolidation of Kiel, the turnover and sales rose by 1% and 2 % respectively.

The growth in operating earnings (EBIT) was also primarily due to the initial consolidation of SW Kiel (Euro 4 million). Our EBIT figure thus improved to Euro 12 million.

Value-added services segment – one-off factors during the year under report and the previous year

Sales and earnings in the value-added services segment, which includes MVV Energiedienstleistungen GmbH, our shareholdings with activities in the value-added services business and our venture capital subsidiary MVV Innovationsportfolio, were largely affected by one-off factors. The decline in sales of Euro 6 million compared with the first nine months of the previous year to Euro 81 million was attributable to the loss of sales from AWATECH GmbH, which was sold in the previous year and had generated sales of Euro 10 million in the first nine months of 2003/04. Following adjustment for these sales in the previous year, the segment's sales rose by Euro 4 million (+ 5 %). This growth was mainly generated by the consulting business and the "Industrial Solutions" product field. In the 3rd quarter of 2004/05, we succeeded in acquiring new contracting projects in this product field involving the centralised supply of utilities to industry. In the "Municipal Solutions" product field, we were awarded numerous new orders for land improvement and development projects, for the supply of district heating for contracting projects involving residential, commercial and municipal properties and for energy saving contracting projects.

Our value-added services business generated positive operating earnings of Euro 1 million in the first nine months of 2004/05. Excluding the losses at the Innovation Portfolio, we would have achieved Euro 6 million. The losses incurred by the venture capital subsidiary MVV Innovationsportfolio were mainly attributable to the bankruptcy of the portfolio company Trithor GmbH. The negative EBIT figure for the previous year (Euro – 31 million) included one-off charges relating to the process of streamlining the Group (Euro 25 million). Overall, the development of earnings demonstrates that the strategic realignment and the measures we have initiated to improve earnings are taking effect.



Environmental energy segment – superb market prospects

Within the framework of the strategic realignment of our group of companies, we combined our non-recyclable waste activities, the related power plant business and our biomass activities at the operating management company MVV Umwelt GmbH (wholly-owned subsidiary of MVV Energie AG).

Sales in the environmental energy segment rose by Euro 19 million compared with the previous year to reach Euro 90 million in the first nine months of the 2004/05 financial year (+ 27 %). Half of this strong sales growth is attributable to the biomass power plants in Mannheim (20 MW) and Königs Wusterhausen (20 MW), which generated combined sales of Euro 19 million in the first nine months of 2004/05 (previous year: Euro 10 million). Sales in the field of non-recyclable waste incineration in Mannheim and Offenbach (including the operating company MVV O&M GmbH) rose by Euro 4 million compared with the first nine months of the previous year to reach Euro 62 million (+ 6 %). Our energy from waste plants in Mannheim and Offenbach have benefited from the changed market conditions since the coming into force of the *TASi (Technical Guidelines for the Disposal of Municipal Solid Waste)* on 1 June 2005, as well as from the acquisition of new waste volumes from Karlsruhe. The sales generated by the steam and electricity output of the energy from waste plant in Mannheim (MHKW) rose by Euro 4 million compared with the first nine months of the previous year to reach Euro 7 million.

Operating earnings (EBIT) improved by Euro 8 million compared with the equivalent period in the previous year to reach Euro 19 million. Our biomass business, which is now running increasingly well following initial difficulties, generated operating earnings (EBIT) of Euro 4 million in the first nine months of 2004/05 (previous year: Euro 2 million).

A significant increase in waste deliveries was witnessed in June 2005, the final month in the period under report, following the coming into force of the *Technical Guidelines for the Disposal of Municipal Solid Waste (TASi)* on 1 June 2005 and due to initial deliveries from the Karlsruhe region. Waste deliveries for the overall reporting period (October 2004 to June 2005) remained 2 % below the equivalent volume for the previous year in view of the fact that untreated municipal solid waste had increasingly been disposed of at dumping sites in the run-up to 1 June 2005. For the overall 2004/05 financial year, however, we expect to see a significant increase in this respect.

The incineration agreements for the disposal of non-recyclable waste for the City of Karlsruhe (around 70 000 tonnes p.a.) and for the District of Karlsruhe (around 95 000 tonnes p.a.) were signed on 20 April 2005. They have an initial term of 11.5 years. The additional waste volumes mean that capacity utilisation rates at our waste incineration facilities have risen to almost 100 %.

Trial operations were commenced at our third non-recyclable waste incineration facility at the Leuna chemical industry site (Sachsen-Anhalt). We have thus passed a significant milestone in the expansion of our capacities. Operations also started at the new rail unloading station for the delivery of waste located on site at the energy from waste plant in Mannheim. We are also planning the construction of a material sorting and separation facility on Friesenheim Island in Mannheim, at which bulky and commercial waste will be sorted into its respective components in terms of energy utilisation and then subject to the most efficient corresponding treatment.

Personnel Totals	**2004/2005 30.6.2005**	2004/2005 31.3.2005	2003/2004 30.6.2004	Change on 31.3.05
MVV Energie AG [1]	1 698	1 731	1 746	– 33
Fully consolidated shareholdings	3 085	3 102	2 082	– 17
MVV Energie AG plus fully consolidated shareholdings	**4 783**	**4 833**	**3 828**	**– 50**
Proportionately consolidated shareholdings	1 588	1 605	1 621	– 17
MVV Energie Group [2]	**6 371**	**6 438**	**5 449**	**– 67**
External personnel at MHKW Mannheim	58	60	64	– 2
	6 429	**6 498**	**5 513**	**– 69**

[1] including 67 employees of MVV RHE AG (previous year: 94)
[2] including 242 trainees (previous year: 164)

Employees

The total number of personnel employed at the MVV Energie Group, including external personnel at MHKW Mannheim, fell by 69 employees compared with 31 March 2005. The number of personnel employed at MVV Energie AG fell by 33 employees compared with 31 March 2005 and by 48 compared with 30 June 2004. A total of 26 employees moved from MVV RHE AG to MVV Umwelt GmbH as of 1 April 2005 and are thus recorded under the fully consolidated shareholdings. In line with the “FOKUS” efficiency enhancement programme agreed by the Executive Board and the Works Council in July 2005, a total of 240 jobs are to be cut at MVV Energie AG in the coming three financial years.

Personnel totals have also declined at the fully and proportionately consolidated subsidiaries compared with the previous quarter. This particularly applies to the shareholdings in Kiel and Offenbach, as well as those in Poland and the Czech Republic. As of 30 June 2005, the MVV Energie Group had 4892 employees in Germany excluding external personnel (30 June 2004: 3598) and 1479 employees abroad (30 June 2004: 1851). The increase in Germany is attributable to the consolidation of Stadtwerke Kiel.

Supervisory Board

As of 12 March 2005, Dr. Karl Heidenreich, who was a member of the Executive Board of Landesbank Baden-Württemberg until his retirement in April 2005, succeeded Dr. Michael Pfingsten, member of the Executive Board of E.ON Ruhrgas AG, on the Supervisory Board of MVV Energie AG. A further new member of the Supervisory Board since 1 July 2005 is Bernd Sendzik, who replaces the longstanding Chairman of the Works Council of EVO AG, Manfred Mathia.

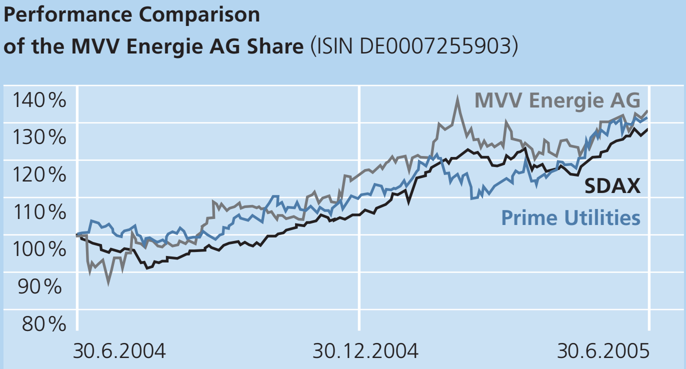
Research and Development

1st Innovation Day of the MVV Energie Group

The first Innovation Day of the MVV Energie Group was held on 16 June 2005. Managers and specialists from across our network of municipal utility companies came to Mannheim in order to discuss the future energy supply and innovations, as well as to instigate specific projects for the overall Group. A well-known guest speaker was Stephan Kohler, Director of the *Deutsche Energieagentur (dena)*, who spoke on the subject of “Energy efficiency and climate protection as the drivers of innovation for municipal utility companies”.

“Cooling from District Heating” project

The demand for cooling facilities in Germany and Europe can be expected to rise in future in view of the expected climate changes and the growing need on the part of the population for air-conditioned work-places and homes. Over a period of two years, we are testing the reliability and availability of an innovative absorption refrigeration machine in Mannheim, which generates cooling from district heating, and are also calculating the cooling requirements of the building in line with outdoor temperatures. This technology could become a major module in the future regional energy supply, given that it increases district heating capacity utilisation rates on the one hand and that it also helps to avoid electricity surges caused by electrical air-conditioning appliances.



The MVV Energie AG Share

Share price continues to develop positively

Our share price has shown a significant increase from Euro 13.40 in the previous year (30 June 2004) to Euro 16.99 (+ 27 %). Accounting for the dividend distribution of Euro 0.75 per share, the performance over the same period amounts to + 34 %. Our share has therefore shown a slightly above-average performance compared with the SDAX (+ 29 %) and *Prime Utilities* (+ 33 %) performance indices.

The share price had still amounted to Euro 15.89 at the end of the previous quarter (31 March 2005). The quarter-on-quarter increase therefore amounts to + 7 %.

We attribute the significant upward trend shown by our share to the company's focus on its profitable core business and promising growth areas. Most recently, the launching of the "FOKUS" efficiency enhancement programme has also aroused interest among institutional investors.

During the quarter under report, the MVV Energie AG share price reached a quarterly high of Euro 16.99 and a quarterly low of Euro 15.10. The share has shown further improvements since the end of the quarter under report and was quoted at Euro 19.00 as of 29 July 2005.

Further positive developments have also been seen in the trading of MVV Energie AG shares on the stock markets. With an equivalent value of around Euro 51 million, trading volumes were 51 % higher than in the first nine months of the previous year. This is evidence of the further increase in the level of regard accorded to our company by the capital market and facilitates the tradability of our share.

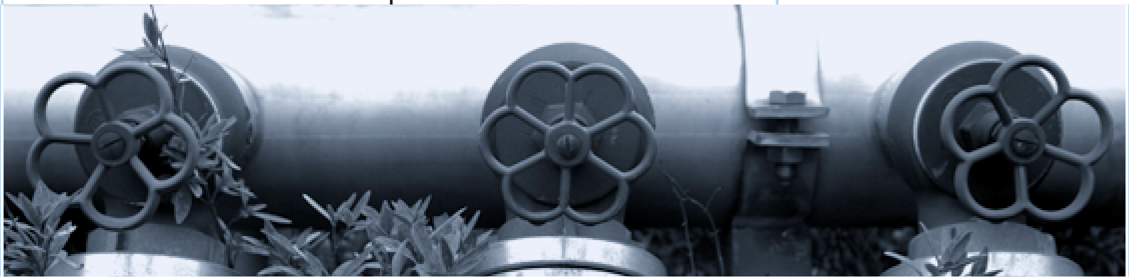
Positive acceptance on the capital markets

In view of the positive prospects for the MVV Energie Group, the *Kepler Equities* brokering company has upgraded our company from "Sell" to "Buy" in their current research report. Following the publication of our half-year figures, *Bankhaus Sal. Oppenheim* and *Landesbank Baden-Württemberg (LBBW)* reaffirmed their "Neutral" and "Hold" recommendations.

During the quarter under report, we held roadshows for institutional investors in London, Zurich and Frankfurt, an analysts' conference, as well as various individual talks, as well as presenting the MVV Energie Group at a capital markets conference.

In the "Best Investor Relations in Germany" competition organised by the *Börse Online* investor publication, MVV Energie AG was awarded ninth position and was thus once again among the top ten of the 50 SDAX stocks.

Outlook



Market

In view of the subdued level of economic growth forecast, we do not expect the coming months to see any marked upturn in demand for energy or water.

In the market for energy-related services, by contrast, and especially in the contracting segment, we expect to see ongoing strong growth of around 15 % p.a. in the overall market in Germany.

Since the coming into force of the *Technical Guidelines for the Disposal of Municipal Solid Waste (TASi)* on 1 June 2005, we have witnessed increased demand for waste incineration capacities. These guidelines prohibit the disposal of solid waste without prior treatment.

Wholesale prices for electricity, gas and CO_2 certificates continue to show upward tendencies. The causes are mainly to be found in the general increase in raw materials prices and in the tight overall allocation of emissions rights.

Regulation

The regulatory authority for electricity and gas *(Federal Grid Agency)* took up its activities upon the coming into force of the *Energy Act* in July 2005. Its task involves working together with the federal states to ensure non-discriminatory access to grids and cost-effective grid utilisation fee structures. One first step involves the grid operators presenting their network utilisation fees for approval by the regulatory authority. The regulation of grid utilisation fees and the required separation of grid businesses from other company divisions is generally expected to increase the pressure on costs at energy suppliers. MVV Energie AG underwent a strategic realignment to take account of these regulations at an early stage and has initiated measures such as the "FOKUS" programme to enhance its efficiency.

Efficiency enhancement programme will reduce costs

The "FOKUS" efficiency enhancement programme now agreed will generate a higher level of cost savings every year, reaching Euro 29 million per annum from 2008 at the group headquarters in Mannheim alone. We expect to be able to realise just under two thirds of these savings in the coming 2005/06 financial year. More than half of the cost savings will be achieved by means of a socially responsible reduction in personnel totals in the administration division. In view of the fact that part of the staff reductions will be achieved by means of a partial early retirement scheme and by job transfers within the Group, we do not expect the one-off costs for compensation payments to exceed Euro 14 million in the current financial year.

Our shareholdings will also be endeavouring to realise potential cost savings. We see our shareholdings in Kiel, Poland and the Czech Republic as harbouring particularly significant scope for raising their profitability. The starting-points in this respect will also involve material costs and personnel expenses, as well as improvements to processes within the Group.

Expansion of the network of municipal utility companies

We aim to expand our network further in the event of suitable opportunities arising for the acquisition of shareholdings in municipal distribution companies. In view of the pressure on costs arising in connection with regulation, further municipal utility companies can be expected to be put up for sale. As a successful group of municipal utility companies with access to the capital markets, and in view of the current antitrust restrictions on vertically structured players, we believe that we have good chances of prevailing over any cobidders in this respect.

Growth segment – environmental energy

We expect to see considerable organic growth in the environmental energy segment. We aim to virtually double sales in this segment to approx. Euro 160 million in the coming five years. Particularly marked increases in profitability will be achieved in the waste incineration division. As a result of the additional waste volumes from the Karlsruhe region, our capacities have been working at almost full capacity since 1 June 2005. The planned facility for sorting and separating commercial waste (project expenses: around Euro 11 million) will generate further growth potential. In view of the pleasing level of capacity already contractually agreed for our waste incineration plant in Leuna, we are currently planning the construction of a second incineration line, which could commence operations in 2007.

Expansion of energy-related services

We will also further step up our activities in the growth market of energy-related services, for example in the field of "Municipal Solutions" and industry contracting services. We aim to achieve significant increases in our sales in this segment in the coming five years, both by organic growth and by means of acquisitions, and thus to become one of the three leading energy-related services companies in Germany. For the current 2004/05 financial year, we expect the energy-related services to achieve a more or less balanced result, excluding the one-off charge relating to the bankruptcy of the Trithor venture capital shareholding, which forms part of the value-added services segment. This demonstrates that the growth strategy we have pursued, which involved start-up losses in the past years, is now also having a positive impact on earnings.

Expected earnings performance

Following the successful first nine months, we continue to expect the MVV Energie Group to report sales growth to Euro 2 billion for the overall 2004/05 financial year and to increase its operating earnings (EBIT) to Euro 150 million, compared with the adjusted figure reported for the previous year (Euro 97 million). The most significant factor behind this increase is the initial consolidation of our shareholding in SW Kiel. Furthermore, the measures initiated in the previous year to raise our earnings strength and to streamline the portfolio, in the course of which we disposed of several loss-making shareholdings, have also had a positive impact.

We expect the implementation of the "FOKUS" programme to result in one-off expenses of Euro 14 million in the 4th quarter of 2004/05. We assume that it will be possible to offset these expenses, which it had not been possible to calculate for upon the compilation of the full-year earnings forecast, with various items still expected to affect earnings in the 4th quarter. These include an accounting profit which we will generate from the currently foreseeable sale of a shareholding not forming part of our core business. Irrespective of these factors, in view of the seasonally weak business performance during the summer months and analogous to developments in previous years, we expect to report negative operating earnings (EBIT) for the current 4th quarter.

We aim to propose an attractive dividend to our shareholders once again for the overall 2004/05 financial year, which we will this time be able to fund entirely from the annual net surplus after minority interests (net income) generated for the year under report as a result of the considerable improvement in our earnings performance.

We once again expect to achieve a double-digit percentage increase in our operating earnings for the coming 2005/06 financial year. The measures initiated in the current financial year to reduce costs will make a significant contribution to this development.

Interim Financial Statements
First Nine Months of 2004/2005 (IFRS)

Balance Sheet as of 30.6.2005

Balance Sheet of the MVV Energie Group Euro 000s	30.6.2005	30.9.2004
Assets		
Fixed assets		
Intangible assets	322 096	315 858
Tangible assets	1 841 571	1 901 916
Financial assets	147 331	109 159
	2 310 998	**2 326 933**
Current assets		
Inventories	34 161	41 976
Receivables and other assets	488 633	383 316
Cash and cash equivalents	82 162	125 167
	604 956	**550 459**
	2 915 954	**2 877 392**
Liabilities		
Equity		
Share capital of MVV Energie AG	129 797	129 797
Capital reserve of MVV Energie AG	178 270	178 270
Retained earnings	278 866	197 571
Net earnings of the MVV Energie Group for the period	56 083	104 034
Capital of the MVV Energie Group	**643 016**	**609 672**
Minority interests	236 179	239 788
	879 195	**849 460**
Provisions		
Provisions for pensions and similar obligations	32 010	30 749
Tax provisions	30 652	4 147
Other provisions	202 363	199 590
	265 025	**234 486**
Liabilities		
Financial liabilities	1 329 683	1 379 469
Trade payables	152 066	116 584
Advance payments for orders	4 912	4 480
Other liabilities	95 057	98 794
	1 581 718	**1 599 327**
Deferred taxes	**190 016**	**194 119**
	2 915 954	**2 877 392**

Income Statement from 1.4. to 30.6.2005 and cumulative from 1.10.2004 to 30.6.2005

	3rd Quarter, 1.4. – 30.6.		First Nine Months, 1.10. – 30.6. cumulative	
Income Statement of the MVV Energie Group Euro 000s	**2004/2005**	2003/2004	**2004/2005**	2003/2004
Sales	434 770	355 320	1 529 903	1 223 648
Capitalised own-account services/change in inventories	18 062	9 723	45 977	24 457
Other operating income	19 561	9 458	51 174	36 731
Cost of materials	278 479	217 649	933 807	744 528
Personnel expenses	70 189	55 920	210 866	165 293
Other operating expenses	72 198	57 562	211 245	171 041
Income from shareholdings in associated companies	6 855	3 593	6 955	3 590
Other income from shareholdings	– 968	– 13 412	– 2 371	– 15 518
EBITDA	**57 414**	**33 551**	**275 720**	**192 046**
Depreciation	35 637	26 831	101 538	93 442
EBITA	**21 777**	**6 720**	**174 182**	**98 604**
Amortisation of goodwill	—	5 857	—	12 805
EBIT	**21 777**	**863**	**174 182**	**85 799**
Net interest expenses	– 17 011	– 12 724	– 49 119	– 39 376
EBT	**4 766**	**– 11 861**	**125 063**	**46 423**
Taxes on income	2 801	6 798	47 719	38 024
Net surplus/deficit for the period	**1 965**	**– 18 659**	**77 344**	**8 399**
Minority interests	2 176	932	18 549	8 461
Net surplus/deficit after minority interests	**– 211**	**– 19 591**	**58 795**	**– 62**

Cash Flow Statement from 1.10.2004 to 30.6.2005

Cash Flow Statement of the MVV Energie Group Euro 000s	**2004/2005**	2003/2004 [1]
Net surplus for the period	77 344	8 399
Depreciation of fixed assets	96 959	122 408
Change in long-term provisions	4 477	3 995
Other changes in income and expenses not affecting payments	– 2 712	– 492
Subtotal for cash flow in accordance with DVFA/SG	**176 068**	134 310
Change in short-term provisions	27 178	– 6 595
Loss on disposals of tangible assets	2 136	1 110
Loss on disposals of financial assets	1 193	3 086
Change in other assets	– 148 752	3 590
Change in other liabilities	46 061	– 47 063
Inflow of funds from operating activities	**103 884**	88 438
Proceeds from disposals of tangible assets	2 681	6 964
Proceeds from disposals of financial assets	75 067	1 689
Investments in tangible assets/intangible assets	– 114 343	– 93 856
Investments in acquisitions, shareholdings and loans	– 41 038	– 144 982
Outflow of funds for investment activities	**– 77 633**	– 230 185
Proceeds from subsidy payments	7 649	6 940
Proceeds from the taking up of loans and leasing obligations	560 692	342 108
Payments for the redemption of loans	– 309 036	– 55 130
Change in financial liabilities from cash-pooling	– 262 860	– 89 202
Dividend payment	– 52 749	– 45 063
Outflow of funds (previous year: inflow) for financing activities	**– 56 304**	159 653
Change in cash and cash equivalents affecting payments	– 30 053	17 906
Change in cash and cash equivalents due to changes in the reporting entity	– 15 303	– 5 111
Change in cash and cash equivalents due to currency conversion	2 351	273
Cash and cash equivalents as of 1.10.2004 (and/or 2003)	125 167	64 076
Cash and cash equivalents as of 30.6.2005 (and/or 2004)	**82 162**	77 144

[1] the figures for the previous year have been adjusted in line with the reduction in income subsidies.

Statement of Changes in Equity

Statement of Changes in Equity of the MVV Energie Group, including minority interests Euro 000s	Share capital of MVV Energie AG	Capital reserve of MVV Energie AG	Mandatory reserve and other retained earnings/ consolidation	Differential amount from currency conversion	Market valuation of financial instruments	Net earnings of the MVV Energie Group	**Capital of the MVV Energie Group**	Minority interests	**Total**
Balance at 1.10.2003	129 797	178 270	222 486	– 1 394	1 006	167 604	**697 769**	107 997	**805 766**
Distribution of dividend	—	—	—	—	—	– 38 027	– 38 027	– 7 036	– 45 063
Net surplus for the period	—	—	—	—	—	– 62	– 62	8 461	8 399
Change in retained earnings	—	—	– 18 263	—	—	18 263	—	—	—
Currency adjustments	—	—	—	304	—	—	304	1 981	2 285
Change in reporting entity	—	—	– 77	—	—	—	– 77	626	549
Adjustments not affecting earnings	—	—	—	—	113	—	113	– 130	– 17
Balance at 30.6.2004	129 797	178 270	204 146	– 1 090	1 119	147 778	**660 020**	111 899	**771 919**
Balance at 1.10.2004	129 797	178 270	201 831	– 3 390	– 870	104 034	**609 672**	239 788	**849 460**
Distribution of dividend	—	—	—	—	—	– 38 027	– 38 027	– 14 722	– 52 749
Net deficit for the period	—	—	—	—	—	58 795	58 795	18 549	77 344
Change in retained earnings	—	—	68 719	—	—	– 68 719	—	—	—
Currency adjustments	—	—	—	5 925	—	—	5 925	1 550	7 475
Change in reporting entity	—	—	—	—	—	—	—	– 8 117	– 8 117
Adjustments not affecting earnings	—	—	5 102	—	1 549	—	6 651	– 869	5 782
Balance at 30.6.2005	129 797	178 270	275 652	2 535	679	56 083	**643 016**	236 179	**879 195**

Supplementary Information
3rd Quarter and First Nine Months of 2004/2005

Principles and methods

The interim financial statements of the MVV Energie Group compiled in accordance with *International Financial Reporting Standards (IFRS)* take account of all standards of the *International Accounting Standards Board (IASB)* valid as of 30 June 2005.

The financial statements of the companies fully or proportionately consolidated in the interim financial statements of the MVV Energie Group have been compiled on the basis of uniform accounting and valuation methods.

In addition to the balance sheet, the income statement and the statement of changes in equity pursuant to IAS 1, the financial statements also include a cash flow statement pursuant to IAS 7 and segmental reporting pursuant to IAS 14.

In order to improve the presentation of the net asset and earnings position of the company, the income subsidies relating to construction and house connection expenses have been reported on a net basis with effect from the consolidated financial statements as of 30 September 2004. The income subsidies formerly stated as liabilities have been deducted from the tangible fixed assets in the consolidated balance sheet. In the income statement, the release of income subsidies, which was previously reported as sales, has been adjusted accordingly. In this respect, the income subsidies thereby released reduce the level of depreciation undertaken on the underlying assets. The equal reduction in sales and depreciation means that this change in reporting procedures has not impacted on earnings. The comparative figures for the previous year have been adjusted accordingly.

Furthermore, in the interests of increased transparency, only those energy trading sales which are directly related to the basic business of the generation and supply of electricity to secondary distributors and to end customers have been reported on a gross basis. For reasons of comparison, the figures for the previous year have been adjusted accordingly.

The valuation of the provision relating to the obligation to submit emissions rights pursuant to Section 6 (1) of the *Greenhouse Gas Emissions Trading Act* has been based on the book values of the emissions rights on hand as of the reporting date.

Reporting entity

In addition to MVV Energie AG, 44 German and foreign subsidiaries in which MVV Energie AG directly or indirectly holds a majority of the voting rights have been fully consolidated in the interim financial statements of the MVV Energie Group. The relevant control concept set out in IAS 27 requires the parent company to exercise a controlling influence in the case of fully consolidated companies. Six companies have been proportionately consolidated. Ten associated companies have been valued using the equity method.

The companies 24 Solution AG, Kiel, and SWKiel Erzeugung GmbH, Kiel, have been fully consolidated for the first time during the current financial year. The company Teplárny Brno a.s., in Brno, Czech Republic, has been sold and accordingly removed from the reporting entity. There has been no change in the number of companies valued using the equity method or in the number of proportionately consolidated companies.

The quarterly financial statements as of 30 June 2005 incorporate interim financial statements compiled as of the same reporting date by those companies which are fully and proportionately included in the consolidated financial statements.

Moreover, those subsidiaries which, when considered both on an individual basis and as an entirety, are of minor significance to the consolidated financial statements in terms of their sales, total assets and earnings contributions have not been included in the reporting entity, but have rather been reported as financial assets in the consolidated balance sheet.

Consolidation methods

The financial statements included in the consolidation have been converted into commercial balance sheets pursuant to IFRS on the basis of uniform standards. The capital consolidation has been undertaken pursuant to IFRS 3 using the acquisition method based on the values assigned at the time of acquisition. Any resultant credit difference has been reported under fixed assets as goodwill, with its ongoing value being reviewed in line with IAS 36. Any remaining debit difference has been recorded in the income statement.

1 Euro	Rate on repoting date		Average rate: 1.10. – 30.6.	
	30.6.2005	30.9.2004	**2004/2005**	2003/2004
Polish zloty (PLN)	4.039	4.380	4.133	4.696
Czech crowns (CZK)	30.030	31.660	30.432	32.327

(Source: *European Central Bank*)

In line with the regulations governing the transition to IFRS 3, the scheduled amortisation of positive goodwill items resulting from company acquisitions undertaken prior to 31 March 2004 was discontinued with effect from the beginning of the financial year. Pursuant to IAS 36, the ongoing value of the remaining positive goodwill items was reviewed. The negative goodwill items remaining as of 1 October 2004 were removed from the financial statements, with retained earnings being adjusted accordingly without any impact on earnings.

Intercompany receivables and liabilities, as well as intercompany sales, income and expenses, have been offset against each other pursuant to IAS 27.

Major joint ventures have been proportionately included in the consolidated financial statements in line with IAS 31. Such joint ventures have been consolidated on the basis of the principles outlined above.

Key shareholdings in associated companies have been valued at equity pursuant to IAS 28.

Currency conversion

The interim financial statements of foreign group companies have been converted into Euros in accordance with the concept of functional currency outlined in IAS 21. This relates to the respective national currency at all companies thereby affected, in view of the fact that they conduct their business in their respective national currencies as independent foreign entities within the Group in financial, economic and organisational terms. The conversion of individual financial statements compiled in foreign currencies has been based on the exchange rates depicted above.

Assets and liabilities have been converted from their respective national currencies into Euros using the mean exchange rate valid on the reporting date. Income and expense items have been converted using the annual average exchange rate.

Currency differences resulting from the conversion of the equity of the foreign companies in question or from the application of differing conversion rates for the balance sheet and the income statement have been offset against the equity without any impact on earnings.

Accounting and valuation principles

Assets have generally been stated at their cost of acquisition or manufacture, less scheduled depreciation. Liabilities have been stated at their respective repayment values. Long-term liabilities have been reported at current values.

One exception in this respect relates to certain financial instruments which have been stated at current value pursuant to IAS 39.

Earnings per share have been calculated as follows:

Earnings per share 1.10. – 30.6.	**2004/2005**	2003/2004
Net surplus/deficit for the period after minority interests (Euro 000s)	58 795	– 62
Adjusted net surplus for the period after minority interests (Euro 000s)	58 795	40 707
Number of shares in thousands (weighted nine-month average)	50 702	50 702
Earnings per share (Euro) pursuant to IAS 33	1.16	0.00
Adjusted earnings per share (Euro) pursuant to IAS 33	1.16	0.80

The calculation of earnings per share pursuant to IAS 33 for the quarter under report did not involve any dilution effects.

Financial Calendar

8. 11. 2005	Publication of preliminary results for the 2004/2005 financial year
24. 1. 2006	Annual financial statements press conference and analysts` conference
14. 2. 2006	Interim report 1st Quarter of 2005/2006
10. 3. 2006	Annual General Meeting
13. 3. 2006	Payment of dividend

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