Annual Report of MLP AG 2011

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect", "estimate", "assume", "intend", "plan", "should", "could", "project" and other similar terms used in reference to the company describe prognoses based on certain factors subject to uncertainty. Many factors can contribute to the actual results of the MLP AG differing significantly from the prognoses made in such statements. MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.

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Report by the Supervisory Board

In the financial year 2011, the Supervisory Board invested much time and effort in dealing with the development of the company and performed its duties of supervision in their entirety. It regularly advised and monitored the Executive Board in its management of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and supported the Executive Board in this regard. The focus of its work in 2011 was to support the Executive Board in the company's strategic development and implementation of further measures to increase cost efficiency.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the company management by the Executive Board.

In the financial year 2011, the Supervisory Board held five regular and two extraordinary meetings which, with the exception of two meetings, were always attended by all members either in person or via telephone conference connection. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions were also passed as circular resolutions.

In addition to this, three meetings of the Personnel Committee and two meetings of the Audit Committee also took place, and were each attended by all committee members. Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informed the other members in detail about the contents of these meetings with the Executive Board.

Supervisory Board meetings and important resolutions

In its extraordinary meeting held on February 17, 2011, the Supervisory Board discussed the future strategy and the budget for the financial year 2011, as well as the extension of the current efficiency program and a comprehensive program of investments.

Following preparations in meetings of the Audit Committee, the meeting of the Supervisory Board on March 22, 2011 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2010. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved both the financial statements and the consolidated financial statements as of December 31, 2010. In addition to this, the Supervisory Board also approved the conclusion of a profit/loss transfer agreement with Feri Finance AG für Finanzplanung und Research (operating under the name Feri AG since January 2, 2012) and the proposed resolutions for the company's Regular Annual General Meeting.

An extraordinary meeting of the Supervisory Board was held in April 2011 in the form of a conference call. This meeting was used to prepare the resolution regarding the future strategy, the budget for the financial year 2011, the decision to extend the current efficiency program and a comprehensive program of investments. The Supervisory Board then drafted the final resolution on these issues in the form of a circular resolution.

The regular Supervisory Board meeting on May 10, 2011 focused primarily on discussing the results and business development from the first quarter of 2011.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including reports on the notion of materiality, risk strategy and risk-bearing capacity concept) constituted the items on the agenda of the regular Supervisory Board meeting on August 9, 2011.

The November meeting focused on the results of the third quarter and the first nine months. In addition to this, the Supervisory Board approved the extension of Mr. Muhyddin Suleiman's contract as a member of the Executive Board.

In addition to the resolution on the Declaration of Compliance as per § 161 of the German Stock Corporation Act ("Aktiengesetz"), the meeting held on December 13, 2011 also focused on adherence to regulations of the Corporate Governance Code in the MLP Group. Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. In addition to this, the Supervisory Board addressed in detail and approved the strategy and the budget for the financial year 2012.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2011.

The Personnel Committee convened three times in the reporting period. The meetings focused on the extension of Mr. Muhyddin Suleiman's employment contract and also covered both the re-insurance of pension obligations and the ultimate switchover of the Executive Board service contracts to the new remuneration model.

The Audit Committee held two regular meetings in the financial year 2011. Representatives of the audit firm also took part in these meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and the MLP Group as well as the proposed appropriation of earnings. There were detailed consultations on relations with the auditor, proposals for electing an auditor, the auditor's remuneration, audit assignment and monitoring the independence of the auditor. The Audit Committee received reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

Corporate Governance

The Supervisory Board regularly deals with the application of the corporate governance principles.

Last year, the Supervisory Board dedicated its meeting on December 13, 2011 to the requirements of the German Corporate Governance Code in the version dated May 26, 2010.

In the meeting held on December 13, 2011, the Supervisory Board examined the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meetings. On this occasion, the Supervisory Board also reviewed the procedures among the Supervisory Board, the information flow between the Committees and the Supervisory Board, the need for and contents of training measures, as well as the timeliness and sufficient reporting contents of reporting by the Executive Board to the Supervisory Board. Measures aimed at increasing efficiency were analysed.

At the same meeting, MLP AG's Supervisory Board also assured itself that the company had met the recommendations of the German Corporate Governance Code in line with its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") in the last financial year and will in future continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version dated May 26, 2010). In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") for the financial year 2011 and made it permanently available to the shareholders via its website.

No conflicts of interest arose in the reporting period. A summary of corporate governance at MLP, including the Declaration of Compliance from December 13, 2011, can be found in the corporate governance report of the Executive and Supervisory Boards. All relevant information is also available on the company's homepage at www.mlp-ag.com.

Audit of the annual financial statements and consolidated financial statements for 2011

The financial statements and the management report of MLP AG as of December 31, 2011 have been compiled by the Executive Board pursuant to the German Commercial Code ("Handelsgesetzbuch"). The consolidated financial statements and the group management report as of December 31, 2011 were drafted as per § 315a of the German Commercial Code ("Handelsgesetzbuch") in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2011, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the financial statements and management report of MLP AG in accordance with the principles of commercial law, as well as the Group financial statements and Group management report in accordance with the principles of IFRS, issuing an unqualified auditors' opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the German IDW institute of auditors ("Institut der Wirtschaftsprüfer").

The financial statements, together with the management report, the auditors' reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time.

The Audit Committee of the Supervisory Board examined these documents in detail and reported to the Supervisory Board on its audit. The auditor also reported on the key results of the audit and on the fact that there were no significant weaknesses in either the internal monitoring system or the risk management system. The Audit Committee also examined the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's remuneration, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were examined in detail in the Supervisory Board meeting held on March 20, 2012. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and audit system, and gave detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditors' audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 20, 2012, the Supervisory Board approved the annual financial statements and the MLP AG management report, as well as the consolidated financial statements and the consolidated management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore adopted.

After performing its own examinations, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.60 per share for the financial year 2011. Both the liquidity situation and budget of the company, as well as the shareholders' interest in the results, were included in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2011.

Wiesloch, March 2012

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

Management report

Overall economic climate

Framework conditions

The MLP Group is Germany's leading independent consulting company. The MLP Group has been developing holistic financial concepts for academics for over 40 years and operates in the fields of old-age provision, wealth management, health provision, non-life insurance, financing and banking business. In addition, the MLP Group supports corporate clients and institutional investors.

The MLP Group once again generated virtually 100 % of its revenue in Germany in the financial year 2011. It is therefore important to take note of general economic developments particularly in Germany when assessing the success of business conducted.

Carefully selected indicators are used to evaluate the framework conditions here. Economic growth, developments on the labor market, changes in net income, the savings rate and general consumer confidence are all particularly relevant for the success of the MLP Group.

National economic climate

Contrary to initially optimistic expectations, the global economy only enjoyed moderate development last year. Events such as the disastrous earthquake in Japan, the European debt crisis, the weakness of the U.S. economy and doubt concerning the stability of the banking system all put the brakes on the willingness to invest over the course of the year. As a result, the initially positive economic forecasts of the research institutes had to be revised downwards in the second half of the year, in some cases quite significantly. Indeed, the International Monetary Fund reduced its global economic growth forecast to 4.0 % from 5.1 % in its 2010 "World Economic Outlook". In the Eurozone, many economic experts settled on a growth rate of 1.7 % as realistic (2010: 1.8 %).

Although the growth enjoyed by the German economy in 2011 was less dynamic than anticipated, the economy still proved to be relatively robust despite the negative influences from foreign countries. According to initial calculations of the German Federal Statistical Office, the inflation-adjusted gross domestic product (GDP) increased by 3.0 % in 2011 (3.7 % in the previous year). Despite this stable development, however, the future expectations of many citizens remained negative, largely in view of the recent financial crisis.

The German economy was primarily bolstered by a healthy order situation in industry and stable domestic demand in the reporting year. The country's citizens displayed willingness to spend their money, and the consumer confidence index recorded continuous increases towards the end of the year. The Index of the German Consumer Research Association (GfK) is considered to be the most important indicator of behavior among German consumers and economic stability.

There were plenty of encouraging signs on the labor market in the reporting year. Companies once again started hiring staff in 2011. This led to a drop in the unemployment rate dropping from 7.1 % in the previous year to 6.6 %. In particular, well-qualified job-seekers were able to find new employment. The percentage of academics among all unemployed remained at a low level in 2011. In the reporting year, just 3.0 % of all persons registered as unemployed had an academic educational background (3.1 % in 2010). The MLP Group's target client group – academics and other discerning clients – thereby benefited particularly from the upturn in the employment market observed in 2011.

As a consequence of the improved employment situation, German citizens also enjoyed a higher level of net income last year, which saw a 3.2 % increase over the previous year. The savings rate remained stable and reached 11.4 % compared to 11.1 % in the previous year. The savings rate is defined as the amount a population saves divided by its disposable income expressed as a percentage. According to data published by the German Federal Statistical Office, private households in Germany saved € 181.38 billion, compared with € 180.81 billion in the previous year.

Given the stable domestic economy, the reduced unemployment rate, the increased level of net income and the stable savings rate, the economic data recorded in Germany in 2011 was generally positive. In this environment, the MLP Group was able to increase revenue in the fields of health insurance, wealth management, loans and non-life insurance - in some cases quite significantly.

However, market conditions remained challenging in some areas, especially in the field of old-age provision. The long-term future expectations of German citizens play a key role in this particular business segment. These expectations continued to be compromised in 2011, among other things by the ongoing debate on the European debt crisis and the impending economic downturn. This personal sense of uncertainty thereby continued to have an influence on the general willingness to invest in private and occupational pension provision. Yet the MLP Group still succeeded in securing slight increases in revenue thanks to its approach of providing intensive client support.

Industry situation and competitive environment

The MLP Group provides long-term advisory services to private and corporate clients and institutional investors on a long-term basis, covering all issues of financial planning. The MLP Group generates around 86 % of its revenue from the following three core fields of business: old-age provision, health provision and wealth management. The Group generates around 9 % of its revenue from non-life insurance contracts, loans and other consulting services. A further 5 % of revenue is attributable to the interest rate business. Regulatory or social changes affecting the core business fields, as well as trends in client behavior have a significant influence on the results of operations. In 2011, the business of the MLP Group was impacted by both client behavior and new regulatory requirements.

Old-age provision

Demographic change, and its effects both on society at large and social security systems, was once again an important topic in Germany last year. On a continuous basis, representatives from the world of politics, the German pension insurance system and the private insurance industry stress to citizens that it is unwise to rely solely on state-funded old age pension systems and that they would be well advised to make their own provisions for their retirement years. The ever-increasing life expectancy of German citizens and the low birth rate are changing the country's demographic structure. The contribution-funded social security system in Germany is being pushed more and more to breaking point: fewer and fewer young people in employment must finance the pensions of the older generation through their contributions. Consequently, this will lead to the actual level of statutory pensions in Germany dropping over the course of the next few years. In 2011, Germany's Federal Employment Ministry informed the country's citizens of an expected drop in statutory pensions of 10 % by the year 2025 – although this percentage does not take into account the associated loss of purchasing power.

In future, there will definitely be a growing number of people in our country who are no longer capable of maintaining their lifestyle solely via their state pension. This message has arrived among the population. A survey performed by Postbank in the reporting year on investor behavior in the field of old-age provision indicated that 50 % of 16 to 29-year olds now anticipate that they will at least need to be very careful with their money in their old age. 21 % even expect that they will "no longer be able to finance their lifestyle from their own funds."

To exclude the risk of old-age poverty to the greatest possible extent, the government is encouraging citizens to provide for their own future by offering subsidies and tax breaks. This new system of privately-funded old-age provision works according to the so-called 3-layer model:

1. basic provision: statutory pension and basic pension
2. supplementary pension provision: Riester pension and occupational pension provision
3. private pension and life insurance

With the certified basic pension, often also referred to as the "Rürup pension", citizens can top up their old-age provision independently of the statutory pension insurance system. The catalog of benefits offered by the basic pension and the fact that payments can be offset against tax mean that this system is closely aligned with the concept of the statutory pension. The basic pension is open to everybody, including self-employed people and freelancers, who are not obliged to pay into the statutory pension insurance fund.

In 2011, it was possible to offset the capital invested into a basic provision policy over the course of the year against income tax as special expenses up to a level of 72 % and a total sum of € 20,000 per person. Yet despite this considerable tax incentive, the basic pension failed to win the acceptance anticipated by the legislator among the German population in the reporting year. Indeed, only 207,600 new basic pension contracts had been signed by the deadline on December 31, 2011 (2010: 218,200). This corresponds to a reduction of 4.9 %.

Sales figures also stagnated across-the-board in the field of new Riester contracts.

Despite tax breaks and state subsidies, the sector reported only moderate growth in the pension provision business overall. Even the announced reduction of the guaranteed interest rate to 1.75 % from 2012 onwards did not lead to a significant increase in demand in the reporting year. According to provisional figures provided by the German Insurance Association (GDV e.V.), the premium sum of new business for the entire year increased to € 166.0 billion (€ 157.4 billion).

The MLP Group brokered a premium sum of € 5.2 billion in the financial year 2011, which represents an increase of 4 % compared to the previous year (2010: € 5.0 billion). This means that the MLP Group was able to maintain its market share of 3.2 % (3.2 %) under continued challenging framework conditions. Contrary to the trend in the sector, clients also displayed great interest in making one-off payments when concluding old-age pension contracts. The MLP Group was therefore able to increase its single-premium business in 2011.

Occupational pension provision made a positive contribution to this development. Rewarding these efforts, this form of old-age provision is becoming increasingly important within the revenue structure of the MLP Group. Since the MLP Group has in the meantime become one of the leading independent advisers in the field of occupational provision in Germany, the Group was once again able to significantly expand its business with regular premiums in the financial year 2011.

The key reasons behind the success of this business were as follows:

- in 2011, corporate clients left the setbacks suffered during the financial and economic crisis which began in 2008 behind them

- the good economic situation put new life into the employment market and thereby opened up fresh potential for occupational pension provision
- companies increasingly used occupational pension provision as a powerful argument in the competition to win skilled staff and were therefore interested in getting advice
- new industry solutions for freelancers and the IT sector were anchored in the market

The net effect of these factors is that, in cooperation with its subsidiary TPC (TPC THE PENSION CONSULTANCY GmbH), the MLP Group was able to increase the percentage of occupational pension provision relative to the total premium sum brokered by the MLP Group to around 13 % (2010: 9 %).

Health provision

Developments in the health and long-term care insurance sector in 2011 were once again shaped by the worries of many citizens that they might not be adequately covered in the event of illness or need for long-term care. As underlined in the 6th MLP Health Report, published together with the Allensbach Institute at the end of November 2011, only 16 % of German citizens believe that the current level of coverage can be maintained for all sections of the population. The vast majority, on the other hand, expects to see cost increases and further restrictions to services over the next ten years. Indeed, some 79 % expect to see increasing premiums in the statutory health insurance funds, while 78 % are anticipating that they will have to make greater co-payments for prescription medication in future. In the light of this situation, more and more German citizens are now expecting to see a "two-tier system of medical care." Over 50 % of German citizens are today already worried about their financial insurance coverage, should they require long-term care.

As a consequence of the aforementioned factors, a large number of people once again elected to opt out of the statutory health insurance system in the financial year, making the switch to private coverage. Those still prevented from opting out of the statutory system and joining a private health insurance scheme in 2011 due to their financial situation were at least able to reduce their perceived risk by taking out supplementary health insurance policies. Besides increasing scepticism regarding statutory insurance coverage, one legal change actually had a positive effect. Since January 1, 2011, employees holding statutory insurance policies can make the switch to comprehensive private insurance if they have exceeded the so-called annual earnings threshold (in 2011, € 49,500 per annum) in a single year (previously they had to demonstrate their eligibility over a period of three years).

This stimulated a high level of demand for private health insurance contracts throughout the sector. According to data published by the Association of Private Health Insurers, the number of people holding comprehensive health insurance increased by 54,000 in the first half of 2011 to a total of 8.95 million people. New business was therefore more than 20 % up on the first half of 2010. In addition to this, 118,700 new supplementary insurance policies had been taken out by mid-2011 – significantly more than the 77,000 concluded in the same period of the previous year.

The MLP Group also benefited greatly in the financial year from the relaxed legal framework conditions that allow citizens to switch from statutory health insurance funds to private health insurance funds. Since the consultants of the MLP Group generally advise young clients to conclude a so-called option tariff as a way of securing their current health condition in the event that they decide to join a private medical scheme at a later date, many of the MLP Group's clients were able to make the switch to private health insurance in 2011.

The consultants also offered clients remaining in the statutory insurance system more targeted information on supplementary health insurance policies. New contracts in the MLP Group for the reporting year primarily revolved around supplementary dental insurance policies, supplementary hospital insurance policies and supplementary long-term care insurance policies.

Wealth management

A representative survey performed by the Forsa Institute shows that the desire for security on the part of investors had a profound effect on their behavior in the financial year 2011. Volatile capital markets and the debt crisis in Europe were two major causes of concern for German citizens. Set against this background, 62 % of those surveyed stated that their primary goal with investments was to maintain their value.

Many investors also simply refused to make any new investments. According to data provided by the German Association of Investment and Asset Management (BVI e.V.), the volume of assets under management by fund management companies in Germany fell by about 2.5 % by the end of 2011 and amounted to € 1,783.0 billion, as compared to € 1,829.6 billion as of December 31, 2010.

However, according to provisional figures provided by the German Bundesbank, demand deposits at banks increased by 0.5 % up to November 2011, reaching € 446.3 billion. Short-term time deposits also increased by 11.6 % to € 483.9 billion in the same time period. Investors were clearly keen to keep their options open and invest their money as flexibly as possible. The total monetary assets of German households were around € 5 trillion (2010: € 4.7 trillion).

Despite the turbulence in the capital markets, the field of wealth management enjoyed positive development at the MLP Group in the reporting period. The assets managed within the MLP Group had a total value of € 20.2 billion at the end of 2011, compared to € 19.8 billion at the end of 2010 with new business from institutional investors being the key contributor.

Winning new mandates is a clear indicator for the MLP Group that the market is responding well to the consistent expansion of the core area of wealth management with the complete acquisition of Feri AG (operating under the name of "Feri Finance AG für Finanzplanung und Research", Bad Homburg v. d. Höhe, until January 1, 2012) completed in the reporting year. Feri's core competencies lie in the field of investment consulting, wealth management, economic research and rating. The acquisition of this renowned company was an important strategic milestone for the MLP Group.

Feri enjoys a strong position and an enviable reputation in both the German and international wealth management markets. Together with Feri, the MLP Group has now climbed into the premier league of investment managers. The Group is the largest independent wealth management consulting firm in Germany. At the end of 2011, the market share of the MLP Group (measured by the level of total assets under management) increased by 4.7 % to 1.1 %

Competition

The competitive situation in the German financial services sector did not see any appreciable changes in 2011 compared to the previous year. With a large number of banks, insurance companies, free investment advisers and finance brokers, the sector continues to display a heterogeneous structure. However, the consultants advising clients have different levels of qualification. This makes it extremely difficult for consumers to recognize the differences between various consultants and brokers. The legislator once again aimed in the reporting period to further extend consumer and investor protection – an issue that the MLP Group supports in principle.

In this vein, the Investor Protection and Functionality Improvement Act ("Anlegerschutz- und Funktionsverbesserungsgesetz"), often simply referred to as the Investor Protection Act, was passed in April 2011. According to this legislation, investment consultants must comply with new professional requirements and, from 2012 onwards, also put their name on a new register set up by the Federal Financial Supervisory Authority (BaFin). In cases where clients have been given incorrect advice, BaFin can in future issue reprimands and also forbid the bank from deploying the consultant in question for investment advisory services over a period of up to 2 years. Now, banks are also obliged to provide their clients with product information sheets, detailing all the important product information, within the scope of their consulting. These regulations apply to securities service providers such as the MLP Group. For the section of the market that has been largely unregulated to date and which does not fall under the supervision of the Federal Financial Supervisory Authority, the Bundestag passed an Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products ("Novellierung des Finanzanlagenvermittler- und Vermögensanlagenrechts") in October. Among other things, this new legislation stipulates professional requirements for the brokerage of open and closed funds by commercial brokers and largely transfers the information, consulting and documentation obligations of banking institutes to this market.

The MLP Group already implemented many of the requirements now prescribed by the legislator in the form of rules and standards years ago and is therefore in a position to benefit from the early alignment of the company to future requirements. Thus, the legal amendments now in place only require minimal changes to be made at the MLP Group in the reporting year.

Yet despite the legislator's commitment to making the financial services market more consumer-friendly, the industry was still a long way from resolving all the issues in 2011. The various sales channels employed in the sector are still not being addressed fairly, consistently or equally. For example, BaFin is responsible for supervising banks – which also includes the MLP Group due to its full banking licence – while free brokers are only subject to supervision by municipal inspectorates. However, for the MLP Group trade supervisory authorities have neither the staff nor the expertise to perform this complex duty correctly.

As a holistically aligned financial and investment advisory company, the MLP Group supports market regulation that is based on quality and transparency. For this reason, the company also played its part in influencing political opinions in the financial year 2011. The goal here was to strengthen investor protection and achieve uniform regulations for all financial services providers. In addition to this, the MLP Group continues to advocate the introduction of legally protected job profiles.

Independent financial consultants remain extremely successful in brokering new life insurance policies. The 2011 Sales Channel Survey, performed by corporate consultancy Towers Watson, shows that independent brokers are the third most important sales channel for life insurance policies in the industry. According to the latest figures, their market share was 25.8 % in 2010 (2009: 27.3 %). The banks achieved a market share of 32.1 % (2009: 28.7 %), while tied agents recorded a market share of 27.7 % (2009: 29.6 %). According to data published by Towers Watson, independent brokers are also the second most important sales channel for private health insurance with a market share of 40.4 % (2009: 39.6 %). These results fill the Group with confidence for the future.

Company situation

Business model

The MLP Group is the leading independent consulting firm for financial advice in Germany. Supported by extensive research, the Group advises both private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence from insurance companies, banks and investment firms.

The founding idea, which remains the key basis of the business model to this day, is to provide well-founded advice to academics and other discerning clients throughout their life. For this clientele, the MLP Group develops holistic financial plans, incorporating all aspects of private and occupational pension provision, healthcare provision, wealth management, insurance, financing and banking. The Feri Group, that belongs to MLP AG, also looks after the needs of institutional investors and large personal estates both at home and abroad.

The MLP Group aims for long-term relationships with its clients, focusing on their needs and the benefits that can be achieved for them. The consultants of the MLP Group typically get to know their future clients during their time at university and then maintain these contacts over decades. During consultations, the consultants initially query clients to determine their plans and desires, find out about their economic background and then select the most suitable solutions for each client from the broad range of offers in the market. The objective of this approach is to establish a sustainable and tailor-made financial plan that allows clients to reach their financial goals in the long term.

The MLP Group has been demonstrating how well its business model has worked for more than 40 years. Indeed, the company has been focusing on providing sound advice to academics since its foundation in 1971. The company therefore knows and understands what the requirements of academics and their families are and caters to their needs accordingly. In the reporting year, the Group's private clients in particular included physicians, dentists, pharmacists, lawyers, engineers, computer scientists, natural scientists and economists.

Academics generally place great emphasis on the quality of their financial advice and also demand a high degree of transparency. It is therefore a matter of course for the MLP Group that clients understand and are able to relate to the financial plans and the resulting product recommendations. For this reason, product selection processes were made again more transparent in the financial year and made available to everyone on the internet.

Products are selected on a completely independent basis, as the MLP Group is not dependent on any banks, insurers or investment companies.

An innovative method of comparison, developed by the MLP Group over the last few years together with the Institute for Financial and Actuarial Sciences ("Institut für Finanz- und Aktuarwissenschaften"; ifa) at the University of Ulm, forms a key part of the product selection process. It measures the likelihood of various returns materializing during the contractual term of old-age provision products – also taking into account the associated costs in each case. The risk-return profile simulates around 10,000 capital market scenarios in the process. This enables the company to ensure that the selected products optimally match the risk appetite of each individual client.

Thanks to the research units, the MLP Group is kept continually and comprehensively informed at all times of events taking place on the capital markets. The specialists of the MLP Group constantly observe the trends in the markets and then pass on the most important information at regular intervals to its consultants. This ensures that all offices are kept permanently up-to-date.

Stable, well-founded client relationships require consultants to regularly extend their knowledge and expertise. Qualifications and further training are therefore of key strategic importance within the MLP Group. Ongoing investments ensure that consultants maintain and build on an excellent level of knowledge. The highest standards are targeted here.

Despite the large number of banks in Germany, the MLP Group was once again able to increase the number of clients (gross) in 2011 by 34,600. As of December 31, 2011, the MLP Group supported a total of 794,500 clients (2010: 774,500).

As a reliable partner to its clients, the MLP Group continuously enhances its portfolio of services. In this vein, in particular, the wealth management offer has been strengthened:

- in 2006, the Group acquired a 56.6 % stake in the renowned investment consulting and administration company Feri AG.
- MLP Finanzdienstleistungen AG has had its own full banking licence since 2007.
- in 2011, MLP acquired the remaining shares in Feri AG and thereby set a strategic milestone in the company's history.

Measured by assets under management, the MLP Group has progressed to become Germany's largest independent consulting firm. The Group is now in a position to offer its clients full-scope wealth management services – starting from account management up to the provision of high-level services such as the management of family offices. These are operated on behalf of major family estates, which generally consist of private, company and foundation funds. The asset owners are generally keen to secure and optimize their assets over generations through expert consulting from specialists. With Feri, the MLP Group currently supports many wealthy families in this endeavor.

Institutional investors also receive the full scope of services from companies in the Feri Group – from development and implementation of tailor-made investment strategies, right through to regular risk management and risk control.

The MLP Group offers corporate clients independent consulting and concept development in all areas of occupational provision and remuneration, as well as asset and risk management. Together with the subsidiary TPC, the Group supports companies of all sizes with services ranging from needs analyses, through concept development and implementation, right through to continuous inspection and adjustment of occupational provision strategy.

Strategy

The MLP Group targets profitable growth and sustainable increases in the company value – for the benefit of its clients, employees and shareholders. To this end, the MLP Group is engaged in a system of active value management. Starting with clear positioning – as an independent consulting firm for financial and investment consulting – the Group consistently taps the dynamics of the growth areas in the German financial services market. The company develops holistic financial plans for private clients, covering the fields of old-age and healthcare provision, wealth management, financing, insurance and banking. In addition, the MLP Group also offers tailor-made solutions for large estates, institutional investors and corporate clients. The Group's quality-driven business model means that client satisfaction plays a key part in the future company development.

The core fields of expertise are strengthened continuously within the scope of a profitable growth strategy. Alongside organic growth, the MLP Group has always been open to making further acquisitions. However, from today's perspective the Group is unlikely to make any key purchases in the foreseeable future in its core business area, i.e. advising academics and other discerning clients through MLP Finanzdienstleistungen AG. This is largely due to potential acquisitions demanding prices that are simply too high or requiring too much additional investment. Added to this is the fact that very often cultural aspects come into play – not least with regard to consultant qualification and client support.

In the segment of the subsidiary Feri AG, on the other hand, further acquisitions may take place – both in the business with wealthy private clients and institutional investors. In a first step, the remaining shares in Feri AG were acquired as scheduled in the reporting year.

This renowned company complements the MLP Group's portfolio of services perfectly. The acquisition not only provided the Group with around 200 institutional investors and a considerable number of major family estates each with a value of € 5 million upwards, but also opened up high-quality asset strategies to the entire client base. This is particularly important because more and more clients of the MLP Group will reach the milestone age of 40 over the course of the next few years and clients typically place great emphasis on sophisticated investment consulting at this time in their life. This opens up interesting potential.

From today's perspective, no strategic financing measures are necessary. Indeed, the Group's financial resources and liquidity are so good that acquisitions would be unlikely to require any extraordinary financing.

In the light of the ever-challenging market environment, above all in the field of old-age provision and with regard to the rapidly changing regulatory environment, the MLP Group is underpinning its strategy of profitable growth with a comprehensive efficiency management approach. An extensive investment and efficiency program was launched at the start of April 2011. This pushed further ahead with the efficiency measures planned up to that point. The program focuses primarily on investments strengthening future growth. Alongside the realignment of the company headquarters in Wiesloch, the measures also include securing more effective support for MLP consultants and further optimization of processes. Alongside this, efforts were made to secure a significant increase in visibility at the office locations. One-off expenses were incurred in the reporting period due to this program. Apart from this one-off special effect, the efficiency program already proved its effectiveness in reducing fixed costs in the reporting year. The MLP Group is anticipating further cost reductions for the year 2012 (please also refer to the "Forecast").

Organization and structure

MLP AG is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. Through its subsidiary MLP Finanzdienstleistungen AG, the MLP Group has a full banking license and also provides independent advice to private and corporate clients as an insurance broker. In addition to this, wealthy private clients and institutional investors are supported by the subsidiary Feri AG.

The Group's business operations are organized in segments and are essentially carried out by the subsidiaries, MLP Finanzdienstleistungen AG and the Feri Group. At the end of the financial year 2011, the following significant companies belonged to the Group:

- MLP Finanzdienstleistungen AG
- Feri AG (including its subsidiaries) (operating under the name of "Feri Finance AG für Finanzplanung und Research" until January 1, 2012)
- TPC THE PENSION CONSULTANCY GmbH
- ZSH GmbH financial services

In addition, MLP Finanzdienstleistungen AG has held a 49.8 % stake in MLP Hyp GmbH since December 2007. This company was established jointly with the property finance broker Interhyp AG as a platform for conducting brokerage business in the field of property finance.

In the past financial year, two changes were made within the Executive Board of MLP AG. On February 1, 2011, Reinhard Loose took up his position as Chief Financial Officer, having being appointed by the Supervisory Board in November 2010. Ralf Schmid, Chief Operating Officer (COO) of the MLP Group and member of the Executive Board at both MLP AG and the subsidiary MLP Finanzdienstleistungen AG, resigned from both committees on March 31, 2011 in an amicable agreement in order to pursue new professional challenges. His duties were distributed among the remaining members of the Executive Board.

Disclosures pursuant to § 289 (4) of the German Commercial Code (HGB)

Composition of capital

As of December 31, 2011, the company's share capital amounts to € 107,877,738 and is divided into 107,877,738 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP AG's shares.

Capital stakes

The German Securities Trading Act ("Wertpapierhandelsgesetz"; WpHG) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3 %. Any stakes that reach or exceed 10 % of voting rights must be recorded in this explanatory report. MLP AG has been notified of two shareholders who directly or indirectly exceeded 10 % of the voting rights:

Dr. h. c. Manfred Lautenschläger[1)]	25,205,534	23.36%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,618,932	20.97%
Harris Associates L.P.	10,813,991	10.02%

Status known to MLP AG as of December 31, 2011

[1)] In accordance with § 22 (1) sentence 1 No. 1 of the German Securities Trading Act (WpHG), 22,618,932 voting rights (=20.97 % of the share capital of MLP AG) held by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to Dr. h.c. Manfred Lautenschläger.

Shares with special control rights

Shares which confer special control rights have not been issued.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP AG has in the past issued shares to employees within the scope of its employee participation program, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.

Legal stipulations and provisions in the Articles of Association regarding the appointment and replacement of members of the Executive Board

The appointment and replacement of members of the Executive Board are governed by §§ 84 and 85 of the German Stock Corporation Act ("Aktiengesetz"). The company's Articles of Association specify that the Executive Board must consist of at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can withdraw the appointment to a member of the board before the time in office expires with good cause. Such cause would be gross breach of duty, inability to perform managerial duties properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the employment contracts with board members. The Supervisory Board can appoint one Chairperson and one or more vice Chairpersons.

Amendments to the company's Articles of Association

In accordance with § 179 (1) of the German Stock Corporation Act ("Aktiengesetz"), each amendment to the Articles of Association requires a resolution by the Annual General Meeting. In deviation from § 179 (2) sentence 1 of the German Stock Corporation Act ("Aktiengesetz"), § 17 (4) of the company's Articles of Association stipulates that resolutions on amendments to the Articles of Association by the Annual General Meeting can be passed with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required according to binding legal requirements. However, the Supervisory Board is authorized, pursuant to § 21 of the company's Articles of Association, to make amendments to the company's Articles of Association that affect the version.

Authority of the Executive Board to issue or buy back shares

Based on a resolution passed at the Annual General Meeting on May 20, 2010, the Executive Board is authorized to increase the company's share capital by up to € 22 million in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015, subject to the consent of the Supervisory Board. With the consent of the Supervisory Board, it is also authorized to exclude the subscription right of shareholders to participate in the issue of shares in exchange for non-cash contributions.

If the share capital is increased in exchange for cash contributions, the shareholders are to be granted a subscription right. However, the Executive Board has been authorized, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorization is subject to the condition that shares issued in exclusion of subscription rights as per § 186 (3) Sentence 4 of the German Stock Corporation Act ("Aktiengesetz") do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is exercised (authorized capital).

A resolution passed at the Annual General Meeting on June 10, 2011 also authorized the company, as per § 71 (1) no. 8 of the German Stock Corporation Act ("Aktiengesetz") to purchase as much as 10 % of the share capital during the authorization period up to December 9, 2013. No shares or derivatives for buying back own shares were bought by the company on the basis of this authorization up to December 31, 2011.

Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer, Reinhard Loose and Muhyddin Suleiman contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10 % at the time at which the contracts were concluded purchases a share of at least 50 % of the voting rights. Should they exercise this right to termination, MLP is obliged to pay them the four-fold annual fixed remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control and provided that the termination of contract is more than two years before its scheduled termination. For all members of the Executive Board, the remuneration to be paid in the event of a change of control corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The employment contract of Dr. Schroeder-Wildberg runs to December 31, 2012, the employment contract of Mr. Bauer runs to April 30, 2015, the employment contract of Mr. Reinhard Loose runs to January 31, 2014 and the employment contract of Mr Suleiman runs to September 3, 2017. Should any of these contracts be terminated in the two years prior to their regular end date, compensation will only be due on a pro rata temporis basis.

Disclosures pursuant to § 289 a of the German Commercial Code (HGB)

We have made the disclosures relating to corporate governance in accordance with § 289a of the German Commercial Code (HGB) available in the corporate governance section on our internet site at www.mlp-ag.com. They can also be found in the corporate governance report of this Annual Report.

Results of operations

As in the previous year, other operating income of € 11.8 million was generated in the financial year 2011. This essentially results from the letting of buildings to affiliated companies.

Personnel expenses increased in the reporting period from € 5.9 million to € 8.3 million. This increase is primarily attributable to the investments made within the scope of the investment and efficiency program. MLP launched this program in April 2011 to strengthen future growth. At € 4.4 million, depreciation of fixed assets was slightly below the previous year's level (€ 4.7 million).

MLP AG recorded other operating expenses of € 10.7 million in the reporting year and remained at previous year's level (€ 10.4 million). It was, for example, possible to compensate higher maintenance expenses – incurred within the scope of modernizing our buildings – through savings in consulting expenses, representation and advertising, as well as insurance premiums.

The results of operations of MLP AG is influenced to a large extent by the business development of its largest subsidiary MLP Finanzdienstleistungen AG, for which a profit and loss transfer agreement is in place as it is the case for Feri AG.

The finance cost rose by € 13.0 million, from € 43.6 million to € 56.6 million in the reporting period. This increase can largely be attributed to the first-time profit transfer by Feri AG. This transfer increased in the reporting year due to a special effect relating to the re-structuring measures implemented. At the same time, income from the profit and loss transfer agreement in place with MLP Finanzdienstleistungen AG was reduced, primarily due to one-off expenses associated with the investment and efficiency program implemented throughout the Group.

Earnings before tax therefore rose from € 34.2 million to € 45.1 million. At € 16.1 million (€ 12.7 million), the tax expenditure was significantly higher than in the last financial year. The increase essentially results from the correction of a tax refund claim (please refer to the notes). Net profit for the last financial year was € 28.8 million (€ 21.5 million).

Overall, our qualitative revenue forecast for the MLP Group was met virtually in full in the reporting year. Our efficiency measures are running according to schedule. Set against the background of the continuing crisis of confidence among investors, we are satisfied with our business development in 2011.

Investments

At € 444.9 million (€ 421.1 million), the revenues from commissions and fees of MLP Finanzdienstleistungen AG, which makes up the main part of the company's revenue, enjoyed a significant increase. The most pronounced gains were recorded in the field of health insurance here, where revenues from commissions and fees increased by 30 % to € 77.8 million. Worries that they might not be adequately covered in the event of illness motivated many clients to sign private healthcare contracts. We were also able to increase revenue in the field of loans and mortgages by around 11 % to € 12.8 million, following € 11.6 million in the previous year. In the non-life insurance segment, MLP recorded slight growth of 4 % to € 27.1 million.

Revenues from commissions and fees in the field of old-age provision increased slightly by 2 % to € 283.0 million. The long-term future expectations of German citizens play a key role in this particular business segment. Unfortunately, these expectations continued to be compromised in 2011 by the turmoil on the capital markets and the ongoing debate about the European debt crisis. Yet MLP still succeeded in achieving good results in this environment by providing intensive client support. However, the field of wealth management recorded a slight decline from € 43.7 million to € 41.3 million. This was largely due to the uncertainty of many investors in the wake of the turmoil on the capital markets.

Due to one-off expenses associated with the investment and efficiency program implemented throughout the Group, earnings before interest and tax of MLP Finanzdienstleistungen AG declined from € 43.0 million to € 34.3 million.

In the last financial year, the company transferred € 34.1 million (€ 43.0 million) to MLP AG.

According to the figures from the IFRS consolidated financial statements of MLP, total revenue of the segment Feri was € 46.6 million (€ 41.2 million).

Financial position

The balance sheet total of MLP AG fell slightly from € 437.4 million at the end of the financial year 2010 to € 434.7 million at the end of the last financial year.

On the asset side of the balance sheet, fixed assets dropped only slightly from € 61.3 million to € 57.2 million, essentially due to depreciation/amortization charges.

The item “Financial assets” contains shares in affiliated companies and long-term securities. The increase in the reporting year results from the acquisition of the outstanding shares in Feri AG.

“Receivables and other assets” fell slightly in the reporting period, amounting to € 61.9 million (€ 64.4 million) at the end of 2011. In this connection receivables from affiliated companies increased from € 44.2 million to € 55.6 million. This item is largely made up of receivables from MLP Finanzdienstleistungen AG and Feri AG in connection with the profit and loss transfer agreements in place between these companies and MLP AG. This was countered by the reduction in other assets from € 20.2 million to € 6.3 million. The income tax refund claims are significantly lower compared to the previous year.

The item “Other securities” reduced to € 0.0 million (€ 15.8 million). This is a deposit managed by Feri which was dissolved as planned in the financial year 2011.

The item “Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques” saw a reduction in the financial year. This was essentially due to the cash price payment of € 50.6 million for the outstanding 43.4 % stake in Feri. On the balance sheet date, it was € 105.9 million (€ 146.9 million).

On the liability side of the balance sheet, shareholders' equity decreased slightly from € 419.7 million to € 416.1 million. Reasons for this are the dividend payout of € 32.4 million, as well as the net profit of € 28.8 million in 2011.

At € 14.7 million, provisions in the reporting period were above the previous year's level (€ 12.0 million). In this connection other provisions increased from € 4.0 million to € 5.8 million, which can essentially be attributed to a higher provision in human resources. The provisions for pensions and similar obligations increased from € 7.5 million to € 7.8 million. Tax provisions increased by € 0.5 million to € 1.0 million.

Liquidity, dividends and share buyback program

On the balance sheet date, MLP AG had cash holdings (cash on hand) of € 105.9 million (€ 146.9 million). Factors including the profit transfer of € 43.0 million from the subsidiary MLP Finanzdienstleistungen AG for the financial year 2010 served to increase liquidity. Cash holdings fell due to the dividend payments for the financial year 2010, reaching € 0.30 per share (total volume € 32.4 million). In addition to this, liquidity was reduced by the acquisition of the outstanding shares in Feri AG. Furthermore, the balance of tax refunds and tax payments reduced cash holdings by € 4.2 million.

In the last financial year a considerable reduction in liabilities of MLP AG was achieved. Following € 5.7 million as of December 31, 2010, the figure was only € 4.0 million on the balance sheet date of December 31, 2011 with the drop in other liabilities from € 3.3 million to € 1.0 million being the greatest contributor. All liabilities have a remaining term of up to one year.

It is MLP’s corporate policy to give its shareholders an adequate share in the success of the company. Dividends are paid in accordance with the Group's financial situation, the assets position and the future need for liquid funds. Despite the one-off expenses incurred in the reporting year in the course of the investment and efficiency program, its excellent equity capital backing and liquidity allow MLP to continue the reliable dividend payout policy it has pursued over the last few years. At the 2012 Annual General Meeting, the Executive and Supervisory Boards will propose to increase the dividend from € 0.30 per share in the financial year 2010 to in total € 0.60 per share for the financial year 2011.

Remuneration report

The total remuneration of the Executive Board is made up of the following elements: fixed and variable remuneration, long-term incentive and old-age provision components.

In addition to reimbursement of expenses, which also include training, members of the Supervisory Board receive a fixed payment. Further details and information on individualized payments are disclosed in the remuneration report in the "Corporate governance" section of the Annual Report. This remuneration report is part of the management report.

Risk report 2011

Scope

Pursuant to § 91 (2) of the German Stock Corporation Act (“Aktiengesetz”, AktG), MLP AG is obliged to implement suitable measures to ensure that any developments which could potentially jeopardize the company's continued existence are detected early on – in particular by establishing of a monitoring system. This also encompasses the establishment of an appropriate risk management system and an internal audit.

Alongside the criteria laid down by the German Stock Corporation Act (AktG), as a subordinate company MLP AG must also be incorporated in the proper business organization of the MLP Financial Holding Group within the scope of Group control in line with § 25a (1) and (1a) of the German Banking Act (“Gesetz über das Kreditwesen”, KWG). The organization includes, in particular, an appropriate and effective system of risk management, on the basis of which the risk-bearing ability must be continuously secured. Alongside processes for determining and safeguarding an organization's risk-bearing ability, risk management also involves specification of strategies and establishment of internal control/monitoring procedures. From an organizational perspective, the risk management of the MLP Financial Holding Group is incorporated within MLP Finanzdienstleistungen AG, which represents the controlling company in the sense of § 10a (3) of the German Banking Act (KWG).

Within the scope of these internal control/monitoring procedures, both an internal control/monitoring system and an independent internal audit must be in place, whereby the internal control/monitoring system must, in particular, include structural and organizational regulations with clear definition of the areas of responsibility, as well as processes for identification, assessment, steering, monitoring and communication of the key risks.

Pursuant to § 10a of the German Banking Act (KWG), the supervisory scope of consolidation of the MLP Financial Holding Group consists of MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri AG, Bad Homburg v. d. Höhe (operating under the name Feri Finance AG für Finanzplanung und Research until January 1, 2012), Feri Trust GmbH, Bad Homburg v. d. Höhe, Feri Institutional & Family Office GmbH, Bad Homburg v. d. Höhe, Feri Investment Services GmbH, Bad Homburg v. d. Höhe and ZSH GmbH Finanzdienstleistungen, Heidelberg.

Within the scope of risk management, Feri EuroRating Services AG, Bad Homburg v. d. Höhe, the subsidiaries of Feri AG based in Luxembourg, as well as TPC THE PENSION CONSULTANCY GmbH, Hamburg, are also included in the supervisory scope of consolidation pursuant to § 25a (1a) of the German Banking Act (KWG).

Risk and opportunity management

Objective

Entrepreneurial activity invariably involves taking risks. For MLP AG, “risk” means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, a risk that is commensurate with the expected return must be targeted. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. In addition to this, this framework allows business opportunities to be detected early on and followed up. Particularly in Product Management and Purchasing, business opportunities in the market are identified in a targeted process for the individual product segments. Implementation is then tested and initiated, taking into account the chances of success and the associated risks.

MLP AG faces risks from the earnings trends of its subsidiaries and the stability of earnings in its portfolio of holdings. Since profit and loss transfer agreements are in place, MLP AG participates directly in the business development and the risks of its subsidiaries. Negative earnings trends at the subsidiaries can also make it necessary to write down investment-bearing amounts at MLP AG. The Group employs suitable controlling instruments to address the risks arising from earnings trends of subsidiaries. Thanks to the standardized system of reporting in place, the decision-makers regularly receive up-to-date information on the Group and on business development at all important Group companies. This allows them to continually monitor risks and take any action deemed necessary.

Real estate risks can arise from negative changes in value and property rental price developments regarding properties held directly by MLP AG. These can be caused by deterioration of the special characteristics of the property in question or a general, market-wide downturn (for example a property crisis). The market values of real estate are regularly monitored at object level.

The MLP Financial Holding Group uses the early risk detection and monitoring system as the basis for active risk management throughout the Group. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is a key component of the value-driven management and planning system in the MLP Financial Holding Group. Moreover, the Group's risk culture is continuously consolidated and efforts are made to communicate information relevant to risk across all business segments.

Risk policies

The Executive Board defines the business and risk strategy. The readiness to take risks at Group level is then determined on the basis of this, taking the Group's risk-bearing ability into consideration. On this basis, framework conditions for risk management in the MLP Financial Holding Group are then defined. The readiness to take risks is regularly checked and adjusted as necessary.

The following basic principles are consistent with the business strategy and describe the central framework conditions for the risk management at the MLP Financial Holding Group:

The Executive Board is responsible for proper organization of the business and its further development:

This responsibility includes defining appropriate strategies and setting up appropriate internal control procedures in particular - thereby assuming responsibility for all significant elements of risk management. The task of defining the business and risk strategy cannot be delegated. It is the responsibility of the Executive Board to implement the strategies, assess the risks associated with them and also implement and monitor measures to ensure that these risks are limited.

The Executive Board bears responsibility for the risk strategy:

The Executive Board defines the risk strategy for the MLP Financial Holding Group. The risk strategy reflects the risk propensity or "risk tolerance" based on the targeted risk/performance ratio. The Executive Board ensures that a comprehensive approach, incorporating all key risk types, is integrated in the company and that suitable steps are taken to implement the risk strategy.

MLP promotes a strong awareness of risks and lives a pronounced risk culture:

A strong awareness of risks across all divisions and a corresponding risk culture are encouraged through appropriate organizational structures. Risk awareness that goes beyond each department's or person's own field of responsibility is essential. The effectiveness of the risk management system is continuously monitored and any adjustments that become necessary are implemented in a timely manner. Appropriate data security and quality standards are established and subjected to continuous checks.

MLP pursues a strategy of comprehensive risk communication and risk reporting:

Detected risks are reported to the responsible management level openly and without restriction. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, and profit and losses at the MLP Financial Holding Group. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that appropriately cater to the interests of MLP AG shareholders and the capital market and also comply with the supervisory requirements.

Risk capital management and stress tests

Risk bearing ability

Risk capital management is an integral part of the Group management system in the MLP Financial Holding Group. Active control to provide sufficient financial capital on the basis of internally measured risk values and the regulatory requirements for banks ensure that risk-taking is always in line with capital backing.

Risks are only accepted within limits derived from aspects of the risk-bearing ability to achieve returns, taking into account risk/return factors. In particular this prevents risks that could threaten the continuity of the business model.

The Executive Board defines the equity capital backing based on business policy targets and controls the risk profile in an appropriate ratio to the risk coverage fund. The focus is on the key risks for the MLP Financial Holding Group, which are identified at least once a year within the scope of a risk inventory (risk profile) performed throughout the Group. Here, the key risk indicators determined using standardized procedures are compared against threshold values applied throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes.

In controlling the financial risk capital, the regulatory requirements of capital adequacy (regulatory capital adequacy in line with the German Banking Act (KWG), Solvency Ordinance and Large Exposure and Million Loans Regulation) are additional conditions that are to be strictly complied with.

The MLP Financial Holding Group displayed a solid risk-bearing ability throughout 2011.

Stress tests

The MLP Financial Holding Group also performs regular stress tests for special analysis of the effects of unusual, yet still plausible, events. Comprehensive analyses have therefore been implemented, both at the level of the individual risk types and across all risk types. The effects of potential concentrations of risks are also taken into particular account here.

When performing the standardized stress tests, the key risk drivers are scaled in such a way that they reflect disproportionately negative economic situations. The implemented stress tests can then be used to check whether the risk-bearing ability of the MLP Financial Holding Group can still be secured even under unfavourable economic framework conditions. In this case, the market value effects on the financial situation, the liquidity situation and the results of operations are investigated here.

Organization

Functional separation

Our risk management concept follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A clear organizational and operational distinction is made between the individual functions and activities of risk management.

We have defined and documented the organization of risk management and the associated tasks and responsibilities in accordance with supervisory requirements, both at Group level and at the level of the Group companies. For risk management at Group level, appropriate organizational precautions which also define the framework for risk management design at the level of the individual Group companies are taken by MLP Finanzdienstleistungen AG as a higher-level entity. The operational and organizational structure is regularly checked and assessed through internal audits and adapted to internal and external developments as they happen.

Group Risk Manager

The Group Risk Manager is responsible for the risk monitoring and controlling activities in the MLP Group. He is kept continuously informed of the risk situation in the Group and gives regular reports on this to the entire Executive Board and Supervisory Board.

Risk management and controlling processes

Risk management in the MLP Financial Holding Group and its local operating implementation in the business units is performed on the basis of the risk strategy. The units responsible for risk management reach decisions for conscious acceptance, reduction, transfer or avoidance of risks, observing the framework conditions specified centrally.

Risk controlling is responsible for the identification and assessment of risks, as well as for monitoring upper loss limits. This is accompanied by reporting the risks to the Executive Board and the business units that control the risks. Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

Appropriate guidelines and an efficient monitoring process also ensure that the regulatory requirements for risk management and controlling are met.

The methods used for the assessment of risks are in line with the current level of knowledge and are aligned with practices in the banking sector as well as recommendations of the Federal Financial Supervisory Authority. The results determined with the risk models are suitable for controlling the risks without restrictions. The measurement concepts are subject to regular checks by risk controlling, as well as internal and external audits. However, despite careful model development and regular checks, it is conceivable for circumstances to occur that lead to greater losses than forecast by the risk models.

Controlling monitors trends in earnings

Controlling is responsible for continuously monitoring trends in earnings. This involves comparing revenue and earnings levels with the corresponding planned figures and thereby creating continuous transparency for the Executive Board.

The analysis time-line of strategic controlling covers the following two to four years. In this connection sales and profit trends are analyzed (in particular taking into account changes in economic or legal framework conditions) and transformed into target figures for the individual business segments. Corresponding simulations make potential revenue and earnings risks and decisive value drivers transparent for the Executive Board.

Internal controlling system in the accounting process

Group accounting is the central contact for all accounting questions, both at individual company and Group level. Financial accounting acts as the central processing point for all accounting-related information. Job descriptions, substitution plans and work instructions are all in place to support the correct procedure. Process descriptions and various checklists are also available for further support. All regulations and instructions are published in the organization manual, which is continuously updated and can be accessed by all employees. Functional separations, as well as ongoing and subsequent checks based on the "four-eyes principle", are in place to prevent any misuse or fraud. Continuous further training of employees ensures that all accounting is performed in line with current legislation.

Internal audits

Internal Audit, which assumes monitoring and control tasks in major Group companies on the basis of outsourcing contracts is an important element of the internal monitoring system. The internal audit department performs regular, systematic risk-oriented inspections with regard to compliance with legal, supervisory and internal specifications. The department also monitors the functional separation and effectiveness of the risk management system, and performs follow-up procedures on audit recommendations. The minimum requirements for risk management governing the internal audit function are complied with throughout the Group.

The internal audit department operates in an independent capacity throughout the Group on behalf of the Executive Board.

Risk reporting

A substantial risk reporting scheme forms the basis for appropriate and successful corporate management. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. In addition, planning, simulation and control instruments show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

Risk reports are submitted to the controlling units, the Executive Board and the Supervisory Board. Those receiving the reports are informed promptly and comprehensively of changes to relevant influential factors.

Statement of risks

Financial risks

Counterparty default risks

The counterparty default risk is the risk of a loss or lost profit due to the defaulting of or deterioration in creditworthiness of a business partner.

The counterparty default risk encompasses the contracting party risk and the risks related to specific countries.

The counterparty default risks at MLP AG essentially result from the company's business on own account. There are no significant risks related to specific countries, as investments are primarily limited to financial institutions located in the Federal Republic of Germany.

In our view, the default risks are being allowed for appropriately.

Market price risks

The MLP Financial Holding Group understands market price risks as the uncertainty regarding changes in market prices and rates (including interest, share prices, exchange rates and raw material prices), the correlations between them and their volatility. The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

Market risks at MLP AG essentially arise from internal business activities.

Possible effects of different interest development scenarios are recorded via planning and simulation calculations in the MLP Financial Holding Group. The risks and their effects are made transparent based on assumptions of multilayer interest scenarios. In this context, cash value changes of all items in the asset ledger are shown in relation to the equity, with the application of the changes in interest rates prescribed by the Federal Financial Supervisory Authority. The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. The change in value determined for the MLP Financial Holding Group in the reporting period was always significantly below the supervisory reporting threshold of 20 %.

Shares, bonds and funds held at MLP AG can be subject to an exchange risk due to fluctuations in the market interest rate or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong exchange rate fluctuations can be addressed early on. We thereby ensure a prompt reaction to market changes.

The speculative use of financial instruments with a view to making profits in the short term was not conducted in the year under review, nor is it envisaged for the future.

Liquidity risks

The MLP Financial Holding Group understands liquidity risks to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce risk items which is either insufficient or which can only be secured by accepting unfavourable terms. Liquidity risks can result from both internal and external risk factors.

The MLP Financial Holding Group employs two different approaches to control liquidity risks: operational and structural.

Operational liquidity control

The central instruments and control variables of operational liquidity control include itemization of financial assets and refinancing sources in the company's own business as per the balance sheet date within the scope of cash management, but also the liquidity and observation ratios of the liquidity regulation. In addition to this, the volume of daily net cash inflows and outflows is observed and incorporated into the risk assessment within the scope of liquidity control.

Structural liquidity control

The funding matrix is the central instrument of structural liquidity control and also a preliminary step towards economic analysis of additional refinancing costs. It indicates for each time frame whether there is a surplus or shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk, which indicates the additional refinancing costs required to close open liquidity items, is another key instrument of structural liquidity control and is also used in risk capital management.

Alongside the assumed development in standard scenarios, we have also defined stress scenarios to simulate potential increases in liquidity requirements as a result of a negative change in the market environment. These enable us to introduce any counter-measures deemed necessary in good time.

Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

Operational risks

Operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

Operational risks are identified and assessed locally throughout the Group in the individual organizational units. To this end, a risk inventory is performed at least once a year. Within this scope, experts from all specialist departments examine and assess the operational risks on the basis of self-assessments. They are broken down into an assessment of risk potential for identification and evaluation of the main risks and into suggested measures derived from this. In addition to this, any loss/damage occurring at the MLP Financial Holding Group is continuously recorded and analysed. Collecting all loss/damage data allows loss events to be identified and evaluated as a way of detecting trends and any concentration of operational risks. The results are collated and checked for feasibility by risk controlling and then made available to the Executive Board and the controlling units.

The MLP Financial Holding Group currently uses the basic indicator approach in line with §§ 270 et seq. of the Solvency Ordinance (SolvV) to quantify operational risks. As per § 331 of the Solvency Ordinance (SolvV), the procedure used to determine the equity subject to operational risks is explained in the following. Within the scope of the basic indicator approach, the supervisory capital charge for the operational risk is determined using a fixed calculation scheme. On this basis the capital chart is 15 % of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Risks from internal procedures

The operational and organizational structure at MLP AG is described and laid down in the organization manual. Reduction of operational risks from internal procedures along with the reduction in the frequency and level of losses is primarily achieved through continuous improvement of business processes and the expansion of the internal monitoring system. Further safeguarding measures include risk transfer through conclusion of insurance policies and consciously avoiding risky products. In order to secure the continuation of business operations, comprehensive emergency and business continuity plans are also in place for the most important areas and processes.

The Business Continuity Management (BCM) system identifies potentially critical business processes which could have a major effect on the business of the MLP Financial Holding Group in the event of disruptions or failure. Suitable measures are defined for this which are intended to safeguard regular business operations within set standards. This also includes a written emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to the constant monitoring and development of Business Continuity Management. Corresponding documentation is available to the business units and employees.

Human resources risks

The MLP Financial Holding Group places great value on having qualified employees and managers, particularly also in the back-office areas. Staff resources and sufficient qualification/training of employees are secured by the responsible specialist departments. With comprehensive personnel planning and targeted personnel marketing measures, we reduce the risk of staff shortages.

Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined substitute and successor regulations guarantee that the necessary procedures are still securely maintained, even when employees are unexpectedly unavailable for work.

IT risks

To effectively minimize possible IT risks, the MLP Financial Holding Group pursues an IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The correct functioning of our IT systems is ensured by comprehensive system tests and approval processes performed before they are commissioned. Our data processing center is outsourced to leading service providers with various sites, back-up systems and a defined contingency plan. This secures our data against possible loss, thereby ensuring availability and consistency. We protect our IT systems against unauthorized access through our access and authorization concepts, extensive virus protection, as well as other comprehensive security measures.

Risks from external events

As our business processes focus on the brokerage and banking business, on cost optimisation and on scalability, the MLP Financial Holding Group makes use of external partners for standard services. However, all key outsourcing activities are integrated in risk management. The outsourcing activities are therefore integrated into the risk management and controlling processes. Responsibilities for outsourced processes are clearly set out at the MLP Financial Holding Group. This ensures that any potential organizational, structural or process-based risks that may occur due to outsourced business activities are closely controlled.

In addition to this, corresponding insurance policies have been concluded where appropriate to minimize risks from external events such as fraud, burglary, theft or damage due to force majeure.

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are thwarted before they begin.

To ensure maintenance of critical processes in all cases, the potential consequences of external events are examined within the scope of the Business Continuity Management (BCM) system and corresponding plans of action drawn up. Selected scenarios are examined and analyzed at least once a year within the scope of stress tests.

Legal risks

Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include following and assessing current legal disputes. Possible legal risks are detected at an early stage and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors the existing insurance coverage and initiates any adjustments which may be necessary.

According to our audit, the pending or threatening legal proceedings against MLP do not represent risks which could endanger the company's continued existence. The Executive Board at MLP AG is convinced that the legal claims filed since August 2007 with virtually the same wording and originating from a single firm of lawyers will not be successful. These claims have been filed for 32 clients for damages due to the issuing of allegedly erroneous capital market information between 2000 and 2002. Two of them have already been withdrawn.

In addition to this, MLP filed a lawsuit against several former shareholders in Feri AG for negative declaratory relief in January 2012. The aim of this lawsuit is to attain judicial assessment confirming that claims asserted by the former shareholders are not valid. It is the opinion of MLP that the claims made following acquisition of the outstanding shares in Feri AG in April 2011 are unfounded and have no legal basis.

Taxation risks

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on the MLP Financial Holding Group. The company's compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority.

General business risks

Overall economic risks

Changes in economic and political factors can affect the business model and the development of the MLP Financial Holding Group. We therefore constantly monitor national and international developments in the political, economic and regulatory arenas as well as business developments and requirements on the financial services market. The knowledge bundled at Feri EuroRating offers us particular support in this regard.

Although economic development in Germany – the country in which the MLP Financial Holding Group generates virtually 100 % of its revenue – was less dynamic than anticipated, it still proved to be relatively resistant to the negative foreign influences. According to initial calculations performed by the German Federal Statistical Office, the economy in Germany grew by 3 % in 2011. The stable market conditions also had an extremely positive effect on the unemployment rate. The net income of households enjoyed an increase compared to the previous year. Yet despite this, the ongoing debt crisis in Europe and the problems being faced in the US economy can still have a negative impact on economic development in Germany.

Based on the economic framework data available, the MLP Financial Holding Group can expect little momentum in the market for the next year. Although the target group of private academic clients will be able to enjoy a comparably good overall financial situation, they are likely to remain cautious with regard to long-term saving plans – such as those necessary for old-age provision. However, we expect the slight positive trend enjoyed in this field of consulting in the financial year 2011 to continue in the current year.

Business environment and sector-related risks

The financial and economic crisis has further intensified competition in the sale of financial services in Germany and accelerated consolidation of the heavily fragmented market. Social changes, new regulatory requirements and identifiable trends in client behavior are all factors which can have a significant influence on the business of the MLP Financial Holding Group. We also expect the competition for qualified financial consultants to intensify further.

The MLP Financial Holding Group is well prepared for the changes that lie ahead. The quality of our consulting, our focus on selected client groups and our independence give us a strong market position.

In its business activities, the MLP Financial Holding Group concentrates on the areas of old-age and health provision, as well as wealth management. The economic crisis has also become a determining factor in the further development of these markets. It is primarily important for clients to make long-term investment decisions in the areas of old-age provision and wealth management. Private clients in particular remain very cautious and are therefore continuing to display reservations in making long-term investment decisions.

Corporate strategy risks

Corporate strategy risks largely consist in the erroneous assessment of market trends and, in consequence, the erroneous alignment of business activities. Strategic risks also emanate from unexpected changes in market and environmental conditions with negative effects on the results of operations.

Corporate strategy control is primarily the responsibility of the Executive Board. Changes and developments on the national and international markets and the business environment are analyzed on the basis of continual observation of the competitive environment and decisions are derived with a view to securing and building on the Group's corporate success in the long term.

Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. In this way the Group's strategic positioning regularly undergoes critical scrutiny through comparison of target and actual values.

With our focus on providing independent, holistic and lifelong advice to academics and other discerning clients, we are well positioned in the market. Our mission and goal is to be the Number One among our clients – i.e. their first point of contact for all questions regarding holistic financial management.

The strong market position among students and academics guarantees continuous expansion of our client base through the acquisition of new clients. In addition to this, the long-standing and close business relationships we maintain with our clients guarantee further penetration within our existing client base.

To ensure that we can continue providing our clients with qualified, top-level advice, we place great emphasis on selecting and training our consultants. Linking a sufficient number of competent consultants to the company over the long term and ensuring low consultant turnover are important prerequisites for the future growth of the MLP Financial Holding Group.

In light of the ever-challenging market environment, above all in the fields of old-age provision and wealth management and with regard to the rapidly changing regulatory environment, the MLP Financial Holding Group is underpinning its strategy of profitable growth with a comprehensive efficiency management approach. In the reporting year, important steps were taken on the path toward a further, sustainable reduction of fixed costs.

All key value drivers in MLP's business model are subject to continuous analysis and active management via a comprehensive system of central and local controlling. The Group strategy and the measures it involves, all of which are set out by the Executive Board, are reflected within the scope of budget and long-term planning as a way of analyzing their effects on the business situation. Continuous reporting is performed to record the anticipated course of business, so that action can be taken quickly in the event of any negative deviations.

Commissions form the core component of total income and cash flow in the MLP Financial Holding Group. Using our planning and simulation tools, we analyze the effects of potential changes to commission models and possible regulatory intervention in the cost calculation of the products brokered by the MLP Financial Holding Group or the tax treatment of our sales concept.

Other risks

Reputation risks

Reputation risks are defined as risks that occur due to a loss of image by the MLP Financial Holding Group, either as a whole or by a single or several operating units, among eligible parties, shareholders, clients, employees, business partners or the general public. We are in particular subjected to the risk that public trust in our Group may be negatively influenced through public reporting of a transaction, a business partner or a business practice in which a client is involved. We minimize potential consulting risks by maintaining consistently high-quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results arising from these are also comprehensively documented.

No other risks are known which could have a significant influence on the continued existence of MLP AG.

Summary

The business development of the MLP Financial Holding Group is essentially influenced by financial, operational and general business opportunities and risks. We use our risk management system for the identification, assessment, control, monitoring and communication of our key risks in terms of both current and future developments. The information provided ensured prompt introduction and prioritization of risk management measures without exception.

The MLP Financial Holding Group always acted within the scope of its financial risk-bearing ability in 2011. In addition to this, the legal requirements and regulatory requirements for banks were met in full at all times. There are currently no discernible risks that could threaten the company’s continued existence.

Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control systems and the consistent alignment of our business model to our risk-bearing ability enable us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The risk management system is subject to continuous further development, in particular with regard to developing the volume and complexity of our business. The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors.

The above-mentioned risks, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

There are no known risks which could have a significant influence on the MLP AG's continued existence.

Forecast

Overall future economic development

The business activities of the MLP Group are focused on financial and investment consulting service in Germany. The Group generates virtually 100 % of its revenue in this country. The economic situation in Germany therefore determines the framework for the Group's business perspectives.

In our opinion, companies in Germany will receive only few positive external impulses in 2012. The debt crisis in Europe and the problems in the U.S. economy are likely to have a negative impact on economic activity. Although the economic experts at the International Monetary Fund (IMF) expect global economic development to hit 4.0 % (2011: 4.0 %), growth in Europe could well be as low as 1.4 % in 2012 (2011: 1.7 %). The German government is actually predicting a growth of the gross domestic product of just 0.7 % for 2012 following 3.0 % in the previous year – and some economic research institutes are even more pessimistic. Germany must therefore prepare itself for a significant economic slowdown.

According to the German Institute for Economic Research (DIW), the employment situation is likely to remain comparatively stable. This institute expects to see 35,000 fewer unemployed in 2012 than in 2011. According to estimates, disposable incomes are also likely to increase by a further 2.9 % (2011: 3.2 %). For academics who generally enjoy higher salaries, we therefore expect to see further improvement to the status quo. These people should be able to benefit far more significantly from the ongoing demand for qualified employees and increasing salaries than other professional groups.

In the light of this scenario, the experts at the German Consumer Research Association (GfK) expect the high level of consumption among the population to continue. However, they anticipate that consumers will favor reliable, long-term assets and property rather than investments in the financial market.

Based on the economic framework data available, the MLP Group can therefore expect little momentum in the market for the next year. Although our target group of private academic clients will be able to enjoy a comparably good overall financial situation, they are likely to remain cautious with regard to long-term saving plans – such as those necessary for old-age provision. However, compared to the financial year 2011, the MLP Group expects to see a slight growth in the old-age provision segment. But when reaching financial decisions, we anticipate that many citizens in Germany will continue to favour short-term investment deposits and tangible assets such as property within the scope of their investment strategy.

In the mid-term, the Executive Board also expects to see distinct growth in the field of old-age provision. In particular the high-income target client group potentially faces a massive gap between their salary and the pension they can expect to receive when they retire if they do not put some form of private and/or occupational provision in place. Anyone drawing a high salary throughout their career is likely to get used to a certain standard of living, which they will then certainly wish to maintain in their old age.

However, this requires every individual to take personal action in securing their future finances. Since well-trained employees are likely to benefit most from the expected shortage of skilled specialists, for example in the form of job security and salary increases, there is a good chance that they will also be more willing to invest in tailor-made old-age provision concepts.

Future industry situation

Old-age provision

Private old-age provision is an important social issue. More and more people in Germany are now giving extra thought to the financial situation in their old age and are worried about being able to adequately support their lifestyle. According to data published by Germany's Federal Employment Ministry in 2011, the statutory pension is likely to be reduced by 10 % by the year 2025 – therefore, the Ministry has not taken into account the associated loss of purchasing power up to the payout date. This "gap in coverage" is being highlighted to citizens on a regular basis both by the state and also the media. There can be no doubt that private and occupational provision will become increasingly necessary in future and therefore play a more important role.

Although citizens are well aware of this fact, deciding on how best to set up their own personal old-age provision plan is a complex issue. Whether basic pension, the Riester pension, occupational pension provision or private pension insurance – the many options to choose from can be overwhelming.

However, qualified old-age provision consulting is still hard to find in Germany, since, unlike the MLP Group, many financial services providers continue to focus exclusively on selling individual products. The MLP Group, on the other hand, distinguishes itself from the competition by employing a different philosophy. It creates holistic provision concepts for clients, taking into account the personal goals and risk appetite of each individual client. We do not focus on any single product. Instead, finding the most suitable product for each client is based on a systematic product and partner selection process. Since we are completely independent of product partners, we are free to choose the most suitable solutions for specific client requirements.

Working to this concept, the MLP Group should be able to benefit greatly from the ever-increasing demand for private old-age provision over the course of the next few years. Based on a survey they commissioned, Allianz insurance company, for example anticipates that the capital invested in old-age provision products in Germany is set to increase by 3.8 % per year up to 2020. These survey results are also reinforced by other studies. The outcome clearly shows that the market for old-age provision products still holds massive potential.

Although the Riester pension is fairly well-known in Germany, only a fraction of German citizens have so far taken up this offer. As such, the market is light years away from saturation. Indeed, only around 15 million German citizens currently have a Riester contract, although 36 million are eligible.

In the field of basic pensions, the discrepancy between the number of contracts currently in place and the market potential is even greater. Despite the tax breaks on offer, according to figures published by the German Insurance Association (GDV e.V.) only around 1.5 million of the more than 40 million employees and self-employed persons nationwide had taken up the benefits offered by the basic pension by the end of 2011 (2010: 1.3 million). As such, only around 2 % of the potential market has been covered. The premiums paid into a basic pension can be offset against income tax up to a level of € 20,000 (single) or € 40,000 (married couple) as special expenses.

At least, sales of occupational old-age provision products are increasing in line with our forecasts. More and more companies are now realizing that they can make themselves increasingly attractive as an employer by offering their staff occupational pension provision schemes. At the same time, more and more employees are recognizing that occupational pension provision not only allows them to pay less taxes today, but also improves their retirement budget. Yet despite these extremely powerful arguments, only around 13 million people of the 41 million employed in Germany have taken up this interesting approach to old-age provision. This segment therefore still holds huge sales potential.

The MLP Group is in a perfect position to grow with the market volume for occupational pension provision schemes over the next few years. With consultants who have been specially trained to deal with questions of occupational pension provision, and subsidiaries such as TPC GmbH in Hamburg the MLP Group is in a position to offer powerful arguments when addressing and advising companies. Meetings with company owners and industry representatives in Germany fill us with confidence that increasing numbers of small and medium-sized companies will start to look for industry solutions in the foreseeable future.

The old-age provision market will continue to develop in 2012 with regard to the transparency, service and products on offer. Following the reduction of the guaranteed interest rate, many insurers are likely to revise their products within the scope of the necessary recalculations. However, from today's perspective it is not expected to see any appreciable product innovations in this segment in the coming financial year.

Health provision

In the healthcare provision market, the trend towards private healthcare and long-term care insurance is continuing unabated. Spiralling costs in the healthcare system mean that further reforms will be unavoidable in the mid and long term. While the legislator simply seeks to make slight improvements to the existing structures, many citizens have long since realized that the scope of healthcare services guaranteed by the statutory schemes will be further reduced in future and costs will increase.

We therefore assume that more and more people will be keen to make the switch from a statutory health insurance fund to a private scheme – at the very least by concluding private supplementary insurance policies, for example to cover hospital stays or dental treatment. Accordingly, in 2012 we once again expect to see a large number of clients seeking the assistance of the consultants of the MLP Group to find the optimum medical or supplementary insurance product.

A decision reached by the German Bundestag in October within the scope of the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products ("Gesetz zur Novellierung des Finanzanlagenvermittler- und Vermögensanlegerechts") will also have an influence on consulting in the field of healthcare provision. The key issues here are the capping of acquisition commission and an extension of the cancelation liability periods for private health insurance. The amendment will come into force on April 1, 2012. In detail, it requires that the acquisition commission received for brokerage of a private health insurance policy be limited to no more than nine monthly premiums of said policy. In addition to this, the broker's liability period in the event of the insurance policy being canceled by the client will be extended to 5 years in future. These measures will change the market even further and make it significantly more difficult for certain parts of the sector to do business. On the other hand, the effects for the MLP Group, as a client-oriented consulting firm with extremely low cancelation rates and a comprehensive policy maintenance system, are already clear from today's perspective. We expect trailer fees to become more important compared to the current situation.

In our opinion, interest in private long-term care provision will pick up. We also feel certain that supplementary long-term care insurance will enjoy greater exposure in the social discussion over the next few years. More and more people in Germany are already being forced to care for their own relatives and loved ones. Since it costs around € 3,000 per month to house a loved one in a Care Level III residential care home – to which statutory long-term care insurance funds are willing to contribute just € 1,510 per month at best – private supplementary long-term care insurance policies are set to become increasingly important.

Sales prospects in the market for healthcare provision are positive in the mid and long term. The business expectations are also in line with the results of the Sales Channel Survey published by corporate consultant Towers Watson in November 2011. According to this survey, independent consultants are already the second most important brokers of private health insurance policies in Germany with a market share of 40.4 %. Only tied agents, i.e. agents who exclusively represent a single insurance company, currently have a higher market share of 48.9 %.

We do not expect to see any significant innovations in the healthcare provision market in the coming financial year.

Wealth management

The need for high-quality wealth management services is increasing worldwide. With a view to its domestic market of Germany, the MLP Group therefore sees great growth potential for its private client consulting and its subsidiary Feri next year.

According to the World Wealth Report, published by Merrill Lynch Global Wealth Management and Capgemini in October 2011, our country is home to some 924,000 millionaires, 7.2 % more than in the previous year (862,000).

In addition to this, the financial sector anticipates major account and deposit re-shifting to take place over the course of the next few years. This is partly due to the change of generation and partly due to Swiss banks having lost some of their attractiveness for major German investors because of the tax treaty now in place with Germany.

As highlighted by the BBE Sector Report in November 2011, the financial sector expects to see re-structuring of assets of around € 2.1 trillion within the scope of inheritances by the year 2025 (monetary assets, property and tangible assets). Every asset transfer offers investment managers a potential opportunity to win new mandates. Industry experts also believe that German investors are likely to increasingly withdraw funds from Swiss bank and deposit accounts.

Competition in the German financial services sector is therefore set to remain dynamic in future. Anyone looking to be successful will need sound arguments to keep existing clients loyal and also win new clients.

However, the MLP Group has a head start on many of its competitors here. With its holistic consulting philosophy, it is already catering to modern wealth management trends and offers independent consulting services throughout the Group. In addition to this, the expertise of its subsidiary Feri AG has been impressing experts and clients alike in the field of wealth management for years. The MLP Group therefore expects to be able to benefit disproportionately from the growing market of wealth management in Germany over the next two years.

Risks could arise from the potential escalation of the European debt crisis. Should this crisis lead to turbulence on the capital markets as far-reaching as the financial and economic crisis that started in 2008, it could also temporarily hinder growth in this field of consulting.

We do not expect to see any significant innovations in the field of wealth management over the next year.

Competition

Since the beginning of the financial and economic crisis in 2008, the legislator has been regulating the financial sector significantly more strictly than before – something which the MLP Group explicitly supports. The government is keen to use new laws as a way of preventing citizens from suffering capital losses due to investments made in cases where they have been given incorrect financial advice. Financial services providers must therefore now comply with an extensive system of rules and standards in their client consulting. The list of regulations and requirements ranges from certificates of proficiency for investment advisors, right through to capping the level of commission for health insurance brokerage.

This trend will establish itself over the course of the next few years through new directives issued by the European Commission – predominantly through the so-called "MiFID II". One objective of this directive is to increase the relative level of non-commission-based remuneration in the field of financial investment consulting. However, the draft of the directive must first be discussed in the European committees and subsequently implemented as national law.

The MLP Group in principle has a positive attitude towards fee-based consulting and already uses this system in certain areas where clients are willing to pay a fee. However, the vast majority of citizens in Germany remain unwilling to accept fee-based consulting. Indeed, in the

2011 Wealth Barometer of the Deutsche Sparkassen- und Giroverband, 82 % of those surveyed said that they were against fee-based consulting. Many also expressed concern that poorer sections of the population would then no longer be able to afford any kind of financial advice.

As a consulting firm working to a business model of holistic, independent client consulting, the MLP Group generally supports every step taken towards greater transparency and investor protection. However, it is important to ensure that any further measures implemented possess the right cost-benefit ratio and do not simply lead to an unnecessary increase in bureaucracy.

The MLP Group advocates and promotes uniform consulting legislation for all groups of consultants, as well as the introduction of legally protected job profiles. Only when these conditions have been met, will clients instantly be able to recognize who is advising them – whether it be a broker focusing on just one area of consulting who is tied to a single product provider or a consultant such as those employed by MLP, who always select the most suitable product for each respective client from the broad range of offers on the market.

Much of what the legislator is now requiring in the form of rules and standards has already been permanently anchored for years in the consulting approach of the MLP Group. However, new legal stipulations will also entail additional costs. A continuous efficiency management approach is extremely important in this regard.

All in all, we rate the conditions as good for our future growth. As the scope, diversity and complexity of products being offered in the market continuously increase, providing high-quality consulting for all issues of investment and wealth management will become increasingly important. As an independent financial and investment adviser, the MLP Group also operates a non-capital-intensive business model and aligns its operations strictly to the growth areas in the market, namely: old-age provision, wealth management and healthcare provision. This will allow the Group to achieve profitable growth in future years, too. A study performed by corporate consultant Towers Watson confirms this assessment. These industry experts expect the market share held by independent brokers to increase to 30 % by 2017 (comparison: 2010: 25.8 %).

Anticipated business development

The financial year 2012 is likely to be characterized by a significant downturn in economic activity. Although German research institutes and experts are not predicting a recession for Germany, they are forecasting economic growth of between 0.3 % and 0.7 %, which is significantly lower than in the reporting year. Yet despite this, the German government expects to see a comparably stable employment situation, and the disposable income of German households is also likely to increase further. The primary risks for the economy are based on the debt crisis of several states in the Eurozone.

Alongside weaker economic development, we also face further challenges in our core markets of old-age provision, health provision and wealth management. Consumers require a certain degree of trust and confidence in the future when making investment decisions – particularly with long-term saving processes. However, this confidence has been damaged both by the financial crisis that started in 2008 and by the current discussions concerning national debt and inflation. The situation has also been compounded by increasing volatility on the capital markets, which is contributing to a feeling of even greater uncertainty among investors. Market conditions therefore remain challenging in the immediate future, particularly in the fields of old-age provision and wealth management.

The MLP Group will not be able to distance itself fully from this development. However, we are anticipating a moderate increase in revenue for the field of old-age provision in 2012. We also expect to see an increase in revenue in the field of health insurance; although we expect only a minor increase in 2012 following the strong growth enjoyed in 2011. In the field of wealth management, we are expecting stronger growth – not least due to the excellent potential of our subsidiary Feri. However, there remains a certain amount of uncertainty regarding the continued development in this field due to the challenging market environment.

The MLP Group will also continue the successful efficiency management approach of the last few years in the coming financial year. The goal here is to further reduce fixed costs by the end of 2012.

This should also help improve the Group's net profit situation. At the level of the individual financial statements, there are no further special effects anticipated at either Feri AG or MLP Finanzdienstleistungen AG.

The risks outlined in the risk report, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

Events subsequent to the reporting date

There were no appreciable events after the balance sheet date affecting the company's financial or asset situation.

Wiesloch, March 13, 2012

Executive Board

Dr. Uwe Schroeder-Wildberg   Reinhard Loose

Manfred Bauer   Muhyddin Suleiman

Corporate Governance Report – Declaration on Corporate Governance

Every year, the Executive Board and Supervisory Board report on the company's corporate governance in the Annual Report as required by the German Corporate Governance Code. The following statements and details are provided as a Declaration on Corporate Governance in the sense of § 289a of the German Commercial Code ("Handelsgesetzbuch", HGB).

Compliance with the Corporate Governance Code

Text of the Declaration of Compliance

"Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP AG hereby declare that the company has complied with the recommendations of the "German Corporate Governance Code" government commission (version dated May 26, 2010) since the last Declaration of Compliance was issued. Only the recommendations specified in section 4.1.5, section 4.2.3 (4) and (5), section 5.1.2 sentences 2 and 7, section 5.4.1 sentence 2, section 5.4.1 (2) and (3) and section 5.4.6 sentence 4 were not followed.

The reasons for these deviations from the recommendations are as follows:

Section 4.1.5 (compliance with diversity at management level)

Based on the recommendations of the German Corporate Governance Code, the Executive Board must pay attention to diversity when filling management positions and aim for an appropriate consideration of women.

The Executive Board will continue to strengthen its efforts to secure diversity when filling management positions and in particular aim for an appropriate consideration of women at the management levels within the company. The Executive Board at MLP AG has already implemented measures in the past with the objective of making it easier for staff to combine their career with a family. It will test the effectiveness of these measures in the financial year 2012 and either make any changes deemed necessary or implement additional measures to ensure that women are given appropriate consideration at the management levels, taking into account the company's specific situation.

For the practical application of the corporate governance rules, it has still not been adequately clarified how concrete and comprehensively described an overall concept needs to be in order to comply in full with the requirements of section 4.1.5 of the code. As it was also the case in the financial year 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

Section 4.2.3 (4) and (5) (severance payment cap)

As per the recommendations of the German Corporate Governance Code, attention must be paid when concluding Executive Board member contracts to ensure that any payments to members of the Executive Board do not exceed the value of two years' remuneration including fringe benefits (severance payment cap) of these Executive Board members, should their position be terminated prematurely without serious cause. Calculation of the severance payment cap should be based on the total remuneration of the previous financial year and, if available and appropriate, also the total anticipated remuneration of the current financial year. In the event of premature termination of Executive Board membership due to a change of control, any commitment for payments should not exceed 150 % of the severance payment cap.

MLP switched over all service contracts with the members of the Executive Board to a new remuneration system in the course of the financial year 2011. Having completed this switchover, MLP now complies with the aforementioned recommendations. However, MLP did still deviate from these recommendations in some cases before switching over the contracts to the new system, i.e. in the financial year 2011. The service contracts with Executive Board members signed prior to July 31, 2009 stipulated that, in the event of premature termination due to either dismissal or termination of appointment of an Executive Board member without an important reason, a severance payment corresponding to a maximum of four times the fixed annual salary of said Executive Board member has to be paid. This payment was reduced on a pro rata temporis basis should the respective Executive Board member's contract be terminated within the last two years prior to its expiration. In the financial year 2011, the final remaining service contracts with the members of the Executive Board were then amended such that MLP now follows this recommendation in full.

There is no entitlement to severance payment in the case of termination of contract by mutual agreement. For contractual reasons, provisions regulating severance payment arrangements concerning the termination of contracts by mutual agreement can in any case only be seen as a guideline. And the parties involved are free to deviate from these provisions at any time with mutual consent. For this reason, any provisions of this nature would be no more than a formality.

As it was also the case in 2011, MLP has therefore once again elected not to comply with this recommendation in 2012.

Section 5.1.2 sentence 2 (diversity in the composition of the Executive Board)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to diversity in the composition of the Executive Board and in particular aim for an appropriate consideration of women.

The Supervisory Board at MLP AG aims at increasing its efforts of respecting diversity, and, in particular, ensuring appropriate consideration of women for future appointments of Executive Board members. The Supervisory Board gives specific consideration to applications from suitable women in its selection procedures. Furthermore, in one of its meetings in the financial year 2010, the Supervisory Board discussed diversity issues regarding the Executive Board. In the financial year 2012 it will continue to address this topic, and modify existing selection processes as and if necessary and/or take further measures directed at attaining an appropriate consideration of women also within the company's Executive Board, taking into account the company's specific situation. Irrespective of this, the Supervisory Board at MLP AG intends to continue basing its selection decisions solely on personal and professional qualifications.

For the practical application of the corporate governance rules, it has still not been adequately clarified how concrete and comprehensively described an overall concept needs to be in order to comply in full with the requirements of section 5.1.2 sentence 2 of the code. As it was also the case in the financial year 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

Section 5.1.2 sentence 7 (age limit for members of the Executive Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set for members of the Executive Board.

MLP did not follow this recommendation in 2011. No age limit is set for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. As it was also the case in 2011, MLP has therefore once again elected not to follow this recommendation in 2012.

Section 5.4.1 sentence 2 (age limit for members of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set and taken into account when considering proposals for the election of Supervisory Board members.

MLP did not follow this recommendation in 2011. No age limit is set for members of the Supervisory Board at MLP. In the light of the knowledge, skills and specialist experience stipulated in section 5.4.1 sentence 1 of the Code, it makes little sense to specify an age limit. As it was also the case in 2011, MLP has therefore once again elected not to follow this recommendation in 2012.

Section 5.4.1 (2) and (3) (specification of concrete objectives for the composition of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board is to stipulate concrete objectives regarding its composition, which, whilst considering the company's specific situation, take into account the company's international operations, any potential conflicts of interest, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the respective selection committees should also take these objectives into account. The objectives and present status of implementation are to be published in the corporate governance report.

MLP did not follow this recommendation in 2011. In one of its meetings in the financial year 2010, the Supervisory Board at MLP AG addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity. In the light of the knowledge, skills and specialist experience that members of the Supervisory Board require as per section 5.4.1 sentence 1 of the code, it would currently appear to make little sense to specify any concrete targets in terms of a female appointment quota for the Supervisory Board, largely due to the low number of members that sit the Supervisory Board as per the Articles of Association. Therefore, it is currently also not possible to report on any concrete objectives in the corporate governance report.

As it was also the case in the 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

Section 5.4.6 sentence 4 (performance-related remuneration of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, the members of the Supervisory Board are to receive performance-related remuneration alongside their fixed remuneration.

MLP did not follow this recommendation in 2011. The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing concepts in support of such remuneration structures have yet come to light. As was also the case in 2011, MLP has therefore once again elected not to comply with this recommendation in 2012.

In December 2011, the Executive and Supervisory Boards issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. The text of the Declaration of Compliance dated December 13, 2011 can also be viewed online at www.mlp-ag.com.

You can also find more information on the topic of corporate governance at MLP on the aforementioned homepage.

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code in the version of May 26, 2010, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

As the management body of an "Aktiengesellschaft" (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (AktG), in MLP AG's Articles of Association, as well as in the Executive Board's rules of procedures and schedule of responsibilities.

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (Chairman), Mr. Manfred Bauer, Mr. Muhyddin Suleiman and, since February 1, 2011, Mr. Reinhard Loose.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP AG's Articles of Association and a set of rules of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board and require a majority vote. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. A transcript of each meeting is drafted.

Members of the Supervisory Board

The Supervisory Board currently consists of six members. These are four shareholder representatives, elected by the Annual General Meeting, and two employees' representatives, elected by employees. The Supervisory Board is currently made up of Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Dr. Claus-Michael Dill, Mr. Hans Maret, Mr. Norbert Kohler and Mrs. Maria Bähr.

Efficiency of the Supervisory Board

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2011. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were drafted in the course of intensive discussions.

Supervisory Board committees

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on human resources (HR) issues concerning Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The Committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has also formed a nomination committee which is exclusively composed of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. Dr. Peter Lütke-Bornefeld, Dr. h. c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Hans Maret are members of the three aforementioned committees.

Corporate governance in the Supervisory Board

In 2011, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The amendments to the Code passed on May 26, 2010 were again the object of intensive discussions by the Supervisory Board. The changes were analyzed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either suggested or submitted for verification.

No conflict of interest in the Supervisory Board

The Supervisory Board considers itself to consist of a suitable number of members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board examined the knowledge and experience required of the Chairman of the Audit Committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG Audit Committee fully complies with the requirements.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board.

Cooperation between Executive Board and Supervisory Board

Intensive dialog between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP AG provides the Supervisory Board with regular, timely and comprehensive information on the Group’s position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discussed the Group's corporate planning and plans for strategic growth with the Executive Board.

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board.

Transparency

Shareholdings of members of the Executive and Supervisory Boards as at the balance sheet date

As of December 31, 2011, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Supervisory Board member	Number of shares as of Dec. 31, 2010	Number of shares as of Dec. 31, 2011
Dr. Peter Lütke-Bornefeld	40,000	50,000
Dr. h. c. Manfred Lautenschläger[1)]	25,205,534	25,205,534
Johannes Maret	-	100,000
Dr. Claus-Michael Dill	-	-
Maria Bähr	11,503	11,503
Norbert Kohler	94	94

[1)] incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG)

Executive Board member	Number of shares as of Dec. 31, 2010	Number of shares as of Dec. 31, 2011
Dr. Uwe Schroeder-Wildberg	-	-
Manfred Bauer	11,254	11,254
Muhyddin Suleiman	-	-
Reinhard Loose	-[2)]	5,000

[2)] Not applicable, as only a member of the Executive Board at MLP AG since 2011

Directors' Dealings

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (WpHG), persons discharging managerial responsibilities at an issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

Pursuant to § 15a of the German Securities Trading Act (WpHG) three transactions were reported to us in the financial year 2011. These can be viewed on our website www.mlp-ag.com.

Compliance

Compliance guidelines

In accordance with the stipulations of the German Corporate Governance Code, the Executive Board at MLP ensures compliance with the legal provisions and our internal company guidelines throughout the Group. Acting responsibly in compliance with all relevant laws and codes of conducts for the capital market is an integral part of our corporate culture and forms the basis for the trust that clients, shareholders and business partners show in us.

This principle is permanently anchored in our internal compliance guidelines. Our compliance activities are based on a Group-wide compliance strategy, which is specifically designed with preventive measures to avoid risks that could arise from non-compliance with applicable legislation, internal standards and processes. In the interest of our clients, shareholders, employees and MLP, the Compliance Organization supports and advises the Executive Board in its task to ensure compliance with legal obligations as well as intra-company directives and to establish uniform standards for all Group companies. The Compliance department controls the continuous further development of our internal codes of conducts and monitors implementation of the internal and external requirements. All employees of the MLP Group attend regular training sessions to learn about the relevant regulations. This helps prevent them from making any accidental violations and supports them in applying our corporate guidelines. The Compliance department also acts as a point of contact for employees who wish to report suspicious activities relating to criminal offences or infringements against the respective regulations. Any violations determined are investigated immediately, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

An extensive system of compliance rules and standards in the MLP Group explains the legal regulations on insider law both to members of the Executive Bodies and employees, and describes the internal guidelines for performing investment business. The compliance guidelines also ensure that sensitive information is handled responsibly at MLP and provide our employees with the legal framework for accepting invitations and gifts. To prevent any impairment of client interests, we have defined policies regarding the avoidance and monitoring of conflicts of interest and the acceptance and granting of benefits. These policies are regularly reviewed and adapted to changing requirements.

Corporate management practices

Defined company values

MLP has re-defined its core values, a process in which a large number of employees and consultants were involved. "Performance" and "Trust" were identified as values here. Building on this, MLP's existing corporate mission was then revised. In a third step, the following management principles were then derived from this for MLP:

MLP managers:

- are committed to the interests of MLP clients.
- live out the core values of "Performance" and "Trust".
- implement agreed targets and decisions consistently.
- are proactive in shaping the future.
- work together openly as team players.
- ensure systematic development of managers and staff.

As a contribution to the discussion on the quality of financial advice in Germany, MLP presented a Consulting Code in the form of guidelines for client consulting in 2009. This code summarizes MLP's consulting and client support standards, many of which have already been in use at the company for several years. The aim is to increase transparency for clients, interested parties and the general public. All guidelines are based on MLP's company values, which shape the relationship between employees and consultants, as well as all stakeholders. The guidelines are published on our company website at www.mlp-ag.com.

As per the recommendation in section 4.1.5. of the Corporate Governance Code, the Executive Board will further intensify its efforts to secure diversity when filling management positions, targeting appropriate consideration of women at management levels within the company.

An explanation of the business and risk strategy, as well as the risk management system can be found in the risk and disclosure report.

Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the Articles of Association and the issue of new shares. In order to help shareholders assert their rights, MLP offers them the option of having their voting rights exercised in writing by non-discretionary proxies appointed by the company or by postal vote. We report on the main content of the Annual General Meeting on our website at www.mlp-ag.com, where the Chairman's speech can also be accessed online.

Information of all target groups

In order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally, we also use the internet. We provide access to both German and English versions of annual and quarterly reports, press releases, conference calls and presentations on our homepage at www.mlp-ag.com. Our financial calendar informs about important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance at MLP. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor by the Annual General Meeting. This company audited the 2011 (Group) financial statements and reviewed both the condensed financial statements and the interim management report in 2011 (pursuant to §§ 37w (5), 37y No. 2 of the German Securities Trading Act ("Wertpapierhandelsgesetz", WpHG). The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor. MLP AG's Supervisory Board not only discusses the annual and Group financial statements, but also examines the semi-annual and quarterly financial reports together with the Executive Board prior to their publication.

Remuneration report

Subject to the disclosure obligations pursuant to the German Commercial Law, the following remuneration report also forms part of the management report.

Principles of Executive Board remuneration

With the Appropriateness of Management Remuneration Act ("Gesetz zur Angemessenheit der Vorstandsvergütung", VorstAG), which came into force on August 5, 2009, the legislator in Germany has created new requirements with regard to the terms of Executive Board remuneration. The legislator's goal here is to align Executive Board remuneration with sustainable company development.

Based on expert assessment, the previous system of Executive Board remuneration of the MLP Group was already largely aligned with the objectives of the new legislation in Germany's Appropriateness of Management Board Remuneration Act (VorstAG). Nonetheless, in 2010 the Supervisory Board devoted much attention to the further development of the Executive Board remuneration system at MLP and decided on a new remuneration system which has been applied since then for the appointment and repeated appointment of members of the Executive Board.

A legal right to continuation applied to the contracts of those individuals who were already members of the Executive Board prior to March 24, 2010, namely Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman. For this reason, the company used two different remuneration systems for the members of the Executive Board. These are described in separate sections in the following. During the course of the financial year 2011, the contracts of all members of the Executive Board were converted to the new system.

Remuneration regulations in the form agreed prior to March 24, 2010

Based on the contracts of employment set up according to the former remuneration system, the members of the Executive Board were entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration. The earnings before tax (EBT) of the MLP Group was used as the assessment basis for the variable remuneration in line with the respective (international) accounting standards applied in the Group. The key figure was the EBT that resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognized in the financial year, the basis of assessment was formed by the total of the EBT of operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments were included in the basis of assessment. The variable remuneration was calculated on the basis of a fixed percentage of the assessment basis. Should a contract of employment commence or terminate during the course of a financial year, the profit-sharing payment for this financial year was granted pro rata temporis.

The members of the Executive Board were furthermore entitled to unrestricted use of a company car and payments from a life and disability insurance policy.

In addition there were long-term remuneration components. The members of the Executive Board participated in the Long Term Incentive Program ("LTI") from 2008 to 2010. Since the switchover to the new system of remuneration, this program no longer exists. The structure of this program is described below.

In 2005 a Long Term Incentive Program was launched for the first time. It was designed to include the members of the Executive Board and selected managers of the MLP Group. This was a company performance plan based on key figures, which takes into account both the EBT over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These were allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009, the 2007 tranche expired in 2010 and the 2008 tranche expired in 2011. For the tranches approved in the financial years from 2008 to 2010, the cash payout was determined on the basis of three times the earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle was reached were the beneficiaries entitled to receive a cash payout.

An equity settlement was not planned. The fair value of the phantom shares was recalculated on each closing date on the basis of an appropriate valuation method.

In its meeting on March 22, 2011, the Supervisory Board proposed revising the LTI conditions for the 2010 tranche, subject to the condition that the payments made to the members of the Executive Board under the LTI Program shall reach a level of 0.4 % of the EBIT achieved in the MLP Group. The following amendments were made in order to reach this resolution: the growth lever was set to 3 %. In the event that the reference value exceeds the performance hurdle by 3 %, the number of performance units will increase by 3 % of the 100 % allocation volume upon reaching the hurdle. In addition to this, the payment per share was capped at 50 % above the MLP share price of the allocation. The performance hurdle for the 2010 tranche was fixed at € 150 million.

If an employee or member leaves the company, the phantom shares granted expire.

Within the scope of the Long Term Incentive Program, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. The number and values of phantom shares, insofar as these have not been paid out or have expired are specified in the table below:

Long Term Incentive Program – Executive Board

All figures in number of units	Tranche 2009	Tranche 2010
Fair value at grant date	€ 7.59	€ 7.54
Dr. Uwe Schroeder-Wildberg	65,876	66,313
Muhyddin Suleiman	39,526	39,788
Total	**105,402**	**106,101**

The Performance Share Units (PSU) of the 2008 tranche have expired, since the key performance hurdle for the LTI tranche was not achieved.

Participation in the LTI program was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011.

The costs of the 2010 tranche for members of the Executive Board recorded in the 2010 income statement are € 0 thsd (previous year: € 155 thsd).

The members of the Group Executive Board, Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman, continue to hold individual occupational benefit plans. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The amount of the agreed benefit is 60 % of the last fixed monthly salary received, or is fixed separately on the basis of amendments to the service contracts. However, the members of the Group Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of all members of the Group Executive Board comprise change-of-control clauses granting the right to termination for cause in the event

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act.
- of a re-organization of the company in line with the provisions of the German Re-organization of Companies Act (“Umwandlungsgesetz”, UmwG). This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Re-organization of Companies Act or for mergers in accordance with the provisions of the Re-organization of Companies Act, in which the company is the incorporating legal entity.

Since the amendment of the service contracts of Executive Board members in the financial year 2011, a member of the Executive Board resigning on the basis of the aforementioned conditions is entitled to maximum compensation of two times a year's fixed salary, on the condition that the termination takes place more than two years before the end of the contract. After that, the regulations apply on a pro rata temporis basis.

Remuneration regulations in the form agreed since March 24, 2010

The new Executive Board remuneration system, introduced due to the stipulations of Germany's Appropriateness of Management Board Remuneration Act (“Gesetz zur Angemessenheit der Vorstandsvergütung”, VorstAG) and passed on March 24, 2010, was applied from this time onwards when appointing or re-appointing members to the Executive Board. This new remuneration system was used for the first time for the appointment of Mr. Manfred Bauer to the Executive Board, who has been a member on this Board since May 1, 2010. The system was also used for the service contract with Mr. Reinhard Loose, who was appointed as a further member of the Executive Board in November 2010 and took up this post on February 1, 2011. The service contracts for Dr. Uwe Schroeder-Wildberg and Muhyddin Suleiman have been amended with effect for 2011. After Mr. Ralf Schmid withdrew from his position as a member of the Executive Board in March 2011, the employment relationship was ended with mutual consent. Consequently, all existing Executive Board contracts have been switched over to the new remuneration system since 2011.

The remuneration system agreed here provides for a fixed basic annual salary and also variable remuneration (bonus). The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The EBIT of the MLP Group in the past financial year for which the bonus is to be paid forms the basis of assessment here. The key figure is therefore the EBIT that would result without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognized in the financial year, the basis of assessment was formed by the total of the EBITs of operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

45 % of the bonus calculated in this way is to be paid as an immediate payment following presentation of the company's adopted financial statements.

The remaining 55 % is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. The level of the deferred payment effectively to be paid to the member of the Executive Board is also subject to upwards or downwards adjustment, depending on the ratio of the average EBIT recorded in the base year and the three subsequent years to the EBIT in the base year.

The following amounts were recognized as liabilities in connection with deferred payments in the financial year 2011: Dr. Uwe Schroeder-Wildberg € 458 thsd, Manfred Bauer € 367 thsd, Reinhard Loose (since February 1, 2011) € 321 thsd, Muhyddin Suleiman € 367 thsd.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorized, at its reasonable discretion, to increase or reduce the immediate payment by up to 30 % and the deferred payment by up to 10 % based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in Euros. For both bonus parts, a maximum of 150 % of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the new remuneration system, the members of the Executive Board still remain entitled to unrestricted use of a company car and payments from a life and disability insurance policy. The aforementioned members of the Group Executive Board, Manfred Bauer and Reinhard Loose, continue to receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of the members of the Group Executive Board drawn up with the new system also comprise change-of-control clauses, granting the right to termination for cause in the event

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act.
- of a re-organization of the company in line with the provisions of the German Re-organization of Companies Act ("Umwandlungsgesetzes", UmwG),. This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Re-organization of Companies Act or for mergers in accordance with the provisions of the Re-organization of Companies Act in which the company is the incorporating legal entity.

As described earlier, since the amendment of the service contracts of Executive Board members in the financial year 2011, a member of the Executive Board resigning on the basis of the aforementioned conditions is entitled to a maximum compensation of two times a year's fixed salary, on the condition that the termination takes place more than two years before the end of the contract. After that, the regulations apply on a pro rata temporis basis.

Individualized Executive Board remuneration for the financial year 2011

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration / (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	119	647
Manfred Bauer	382	95	478
Reinhard Loose (since February 1, 2011)	269	83	352
Ralf Schmid (until March 31, 2011)	118	20	138
Muhyddin Suleiman	379	95	474
Total	**1,676**	**413**	**2,089**

Individualized Executive Board remuneration for the financial year 2010

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration / (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	267	795
Gerhard Frieg (until March 31, 2010)	139	40	179
Manfred Bauer (since May 1, 2010)	253	128	382
Ralf Schmid	380	214	594
Muhyddin Suleiman	379	214	593
Total	**1,680**	**863**	**2,542**

As of December 31, 2011, pension provisions for former members of the Executive Board were € 7,743 thsd (previous year: € 7,533 thsd).

Members who left the Executive Board received redundancy payments of € 1,260 thsd (previous year € 0 thsd).

Individualized remuneration of the members of the Supervisory Board

All figures in €'000 (without tax)	Remuneration 2011	Remuneration 2010
Dr. Peter Lütke-Bornefeld (Chairman)	135	160
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	100
Dr. Claus-Michael Dill	105	80
Johannes Maret	80	80
Norbert Kohler	40	40
Maria Bähr	40	40
Total	**500**	**500**

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 40,000 in accordance with the Articles of Association. The Chairman of the Supervisory Board receives twice and his deputy one and a half times this amount. Additional, special remuneration is granted for work on the Audit Committee and the Personnel Committee. This comes to € 25,000 for the Audit Committee and € 15,000 for the Personnel Committee. The Chairman of the respective committee receives twice the stated level of remuneration. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments.

In the financial year 2011 € 25 thsd (previous year: € 19 thsd) was paid as compensation for expenses.

Financial statements

Profit & loss account for 2011

All figures in €'000

		Notes	2011	2010
1.	Other operating income	[1]	11,764	11,804
2.	Personnel expenses			
	a) Salaries and wages	[2]	-6,952	-4,578
	b) Social security contributions and expenses for old-age provisions and benefits of which for pensions: € 1,206 thsd (previous year: € 1,160 thsd)	[2]	-1,333	-1,308
3.	Depreciation/amortization	[3]		
	Amortization of intangible assets and tangible fixed assets		-4,371	-4,650
4.	Other operating expenses	[4]	-10,682	-10,430
5.	**Earnings before interest and tax**		**-11,574**	**-9,162**
6.	Income from investments of which from affiliated companies: € 2,268 thsd (previous year: € 850 thsd)	[5]	2,268	850
7.	Income from profit and loss transfer agreements	[5]	53,848	42,962
8.	Income from other investments and loans of financial assets	[5]	103	443
9.	Other interest and similar income of which from affiliated companies: € 222 thsd (previous year: € 170 thsd)	[5]	2,752	4,282
10.	Amortization of financial assets and securities held as current assets	[5]	-151	-1,373
11.	Interest and similar expenses of which to affiliated companies: € 18 thsd (previous year: € 6 thsd)	[5]	-2,190	-3,571
12.	**Finance cost**		**56,630**	**43,593**
13.	**Earnings before tax**		**45,056**	**34,431**
14.	Extraordinary expenses	[6]	-231	-231
15.	Income tax expense	[7]	-15,936	-12,525
16.	Other taxes		-134	-133
17.	**Net profit**		**28,755**	**21,542**
18.	Profit brought forward			
	a) Unappropriated profit in the previous year		32,363	27,584
	b) Dividend payout		-32,363	-26,969
19.	Withdrawals from other retained earnings		35,972	10,207
20.	**Unappropriated profit**		**64,727**	**32,363**

Balance sheet as of December 31, 2011

Assets

All figures in €'000

		Notes	2011	2010
A.	FIXED ASSETS			
I.	**Intangible assets**	[8]		
	Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets		0	1
II.	**Fixed assets**	[8]		
1.	Land, leasehold rights and buildings including buildings on third-party land		51,675	54,875
2.	Other fixtures, fittings and office equipment		5,484	6,383
			57,158	**61,257**
III.	**Financial assets**			
1.	Shares in affiliated companies	[9]	199,437	148,817
2.	Long-term securities	[10]	10,003	0
			209,440	**148,817**
			266,598	**210,075**
B.	CURRENT ASSETS			
I.	**Receivables and other assets**			
1.	Receivables from affiliated companies	[11]	55,599	44,203
2.	Other assets	[12]	6,319	20,173
			61,919	**64,376**
II.	**Securities**			
	Other securities	[13]	0	15,792
			0	**15,792**
III.	**Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques**	[14]	**105,891**	**146,925**
			167,810	**227,093**
C.	PREPAID EXPENSES		**222**	**157**
D.	EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES	[20]	**77**	**71**
			434,707	**437,396**

Liabilities and shareholders' equity

All figures in €'000

		Notes	2011	2010
A.	**SHAREHOLDERS' EQUITY**			
I.	**Share capital**	[15]		
	Ordinary shares		**107,878**	**107,878**
II.	**Capital reserves**	[16]	**134,525**	**134,525**
III.	**Retained earnings**	[18]		
1.	Statutory reserve		3,097	3,097
2.	Other retained earnings		105,824	141,796
			108,921	**144,893**
IV.	**Unappropriated profit**	[19]	**64,727**	**32,363**
			416,051	**419,659**
B.	**PROVISIONS**	[20]		
1.	Provisions for pensions and similar obligations		7,775	7,535
2.	Tax reserves		1,035	490
3.	Other provisions		5,849	4,022
			14,659	**12,047**
C.	**LIABILITIES**	[21]		
1.	Trade accounts payable		954	341
2.	Liabilities due to affiliated companies		2,030	2,009
3.	Other liabilities of which € 235 thsd from taxes (previous year: € 465 thsd)		1,013	3,339
			3,997	**5,690**
			434,707	**437,396**

Notes to the financial statements of 2011

General information

General information on the company

The registered office of MLP AG is located at Alte Heerstraße 40, 69168 Wiesloch: It is entered in the Mannheim Commercial Register under the number HRB 332697. The company's primary role is to manage the Corporate Group, which is active in the areas of consulting and brokerage of all kinds of financial and similar services. The financial year is the calendar year.

Accounting policies, estimates and assumptions

In preparing the annual financial statements, it is necessary to make estimates and assumptions which may affect the carrying amounts of the assets, liabilities and financial liabilities as at the balance sheet date as well as income and expenses for the year under review.

General information

The present financial statements have been prepared in line with §§ 242 et seq., 264 et seq. of the German Commercial Code (HGB) and the applicable regulations of the German Stock Corporation Act. The company is a large stock corporation pursuant to § 267 (3) of the German Commercial Code (HGB).

With the exception of the circumstances described below, the accounting policies used in the financial statements as of December 31, 2011 remained unchanged from the previous year.

The FREP (German Financial Reporting Enforcement Panel) performed a random sample examination of the financial statements of MLP AG for the financial year 2010. According to the results determined by the FREP, tax receivables disclosed in the financial statements as of December 31, 2010 were € 8.4 million too high.

Following an external tax audit for the assessment periods 2002 to 2006, at the end of 2009 the tax authorities established retrospective corporation tax and trade tax liabilities on account of partial write-downs on receivables from foreign subsidiaries which are fiscally not recognized. MLP considers the retrospective tax liability of € 7.1 million plus interest of € 1.3 million to be unfounded and therefore filed an objection to the tax assessment in due form and time. Based on expert testimony by a renowned tax consultancy, the company refuted the existence of a probable tax liability claim as of December 31, 2009 and refrained from recognizing a provision for the disputed tax payment obligation. In conformity with the acknowledgement of this tax position, the payment of € 8.4 million made in 2010 was recognised as a receivable, under Other assets. For reasons of procedural economy, MLP has decided to correct the previously recognized receivable in the financial year 2011, charging it to income tax expenses and other interest and similar expenses. Irrespective of this correction, MLP still anticipates being able to enforce its legal position in the dispute with the fiscal authority.

The balance sheet is prepared in accordance with the system of classification set forth in § 266 of the German Commercial Code (HGB).

The profit & loss account is prepared in accordance with the nature of expense method outlined under § 275 (2) of the German Commercial Code (HGB), supplemented by § 277 (3) of the German Commercial Code (HGB) for income from profit and loss transfer agreements.

Pursuant to § 256a of the German Commercial Code (HGB), assets and liabilities held in foreign currency are converted at the average spot exchange rate on the balance sheet date.

A consolidated tax group for both corporate and trade tax purposes is in place between MLP AG (as the dominant enterprise) on the one side and MLP Finanzdienstleistungen AG, TPC THE PENSION CONSULTANCY GmbH, ZSH GmbH Finanzdienstleistungen, MLP Media GmbH, Feri AG (formerly Feri Finance AG für Finanzplanung und Research), Feri Trust GmbH (formerly Feri Family Trust GmbH), Feri EuroRating Services AG, Feri Institutional & Family Office GmbH (formerly Feri Beteiligungsgesellschaft mbH) and Feri Investment Services GmbH on the other. Tax expenses, insofar as they fall upon the consolidated tax group in the time period, are therefore only determined and disclosed at the level of the dominant enterprise. Taxes that fall in time periods prior to the existence of the consolidated tax group are disclosed at the level of the respective company. No tax allocations are made.

The values entered in the tables are generally given in thousands of Euros (€'000). Any deviation from this style is noted directly in the relevant tables. Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when the individual values shown are added up.

Disclosure of the accounting policies for the individual balance sheet items

In preparing the financial statements, the following accounting policies were essentially applied, taking into account the provisions of the Accounting Law Reform Act (BilMoG) that have been compulsory since 2010.

Intangible assets and tangible assets are stated at historical cost, less amortization charges.

In addition to incidental acquisition costs, acquisition costs include the portion of sales tax incurred on additions and invoiced but not eligible for input tax deduction.

In line with the anticipated or average useful lives, assets are written down on a straight-line basis over the following periods:

Intangible assets	
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	5 years
Fixed assets	
Land, leasehold rights and buildings including buildings on third-party land	
Administration buildings	25–33 years
Land improvements	15–25 years
Other fixtures, fittings and office equipment	
Furniture and fittings	10–25 years
IT hardware, IT cabling	3–13 years
Office equipment, office machines	8, 10–13 years

Write-downs of additions to fixed assets are performed on a pro rata temporis basis.

Low-value assets up to an individual net value of €150 are recognized as expenses in the full amount in the year they were acquired. Independently usable movable fixed assets with acquisition costs of between € 150 and € 1,000 net are depreciated evenly over 5 years at 20 % per year regardless of impairments, divestments or withdrawals of assets. The low-value assets procured in connection with the furnishing and fitting of the administration building in Wiesloch in 2001 are depreciated over their expected useful life. The depreciation takes place pro rata temporis.

Shares in affiliated companies are valued at their cost of acquisition or, in the case of an anticipated permanent impairment, the lower fair value.

The long-term securities are measured using the diluted lower-of-cost-or-market principle pursuant to § 253 (3) of the German Commercial Code (HGB).

Receivables and other assets are stated at face value or at the present value. Risk-carrying items are impaired where required.

The cash on hand and bank deposits are stated at face value.

Provisions for pensions and similar obligations are calculated based on biometric probabilities (mortality chart Heubeck 2005 G) with actuarial measurement at their partial value. Future increases in pay and pensions are taken into account when determining obligations. The measurement of pension obligations changed within the scope of the first-time application of the Accounting Law Reform Act (BilMoG) in the financial year 2010. Applying § 67 (1) sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), one fifteenth (1/15) of the resulting necessary allocation to the pension provisions was recorded as extraordinary expenses in the financial year. The pension provisions are netted against the corresponding reinsurance receivables, as these comply with the prerequisites of § 246 (2) of the German Commercial Code (HGB).

Tax reserves and other provisions take into account all uncertain liabilities and impending losses from pending transactions. They are set at a level dictated by prudent business judgement. In line with the Ordinance on the Discounting of Provisions (RückAbzinsV), other provisions are discounted using the corresponding average market interest rate based on their time remaining to maturity.

Since the financial year 2010 onward, deferred taxes have been calculated using the balance sheet approach (temporary concept). This requires examination of the differences in book values between the commercial carrying amounts of assets, liabilities and accrued and deferred items and their tax carrying amounts to determine temporary and quasi-permanent differences.

The combined taxation rate of 29.25 % was applied for the measurement of deferred taxes. Deferred tax assets result from different carrying amounts of land, leasehold rights and buildings, receivables from clients, shares and other non-fixed income securities, other assets and other provisions.

Deferred tax liabilities result from the excess of plan assets over pension liabilities, pension provisions and other liabilities. Overall, deferred tax liabilities are overcompensated by deferred tax assets. Exercising the option as provided by § 274 (1) sentence 2 of the German Commercial Code (HGB), the surplus in deferred tax assets arising after netting is not recognized in the balance sheet.

The liabilities are stated at their settlement value.

Notes to the profit & loss account

[1] Other operating income

All figures in €'000

	2011	2010
Group allocations	794	957
Rent and incidentals	9,522	9,547
Gains from the disposal of securities	894	5
Income from the reversal of provisions	428	833
Other	125	462
	11,764	**11,804**

[2] Personnel expenses

All figures in €'000

	2011	2010
Salaries and wages	6,952	4,578
Social security contributions	127	149
Expenses for old-age provision	1,206	1,160
	8,285	**5,886**

Alongside the fixed and variable portion of employee remuneration, the item of Salaries and wages also includes expenses for the termination of employment relationships. The average number of employees for the financial year 2011, determined according to § 267 (5) of the German Commercial Code (HGB), was 12 (previous year: 14).

[3] Depreciation/amortization

All figures in €'000

	2011	2010
Intangible assets	1	1
Tangible assets	4,370	4,650
	4,371	**4,650**

[4] Other operating expenses

All figures in €'000

	2011	2010
Administration operations	1,438	1,465
IT operations	400	428
Maintenance	1,393	841
Consultancy	856	1,109
Representation and advertizing	578	670
Insurance	598	750
Other personnel costs	412	401
Group allocations	1,220	1,336
Other	3,787	3,430
	10,682	**10,430**

The item "Administration operations" comprises expenses for operating the administration building, as well as telephone and office costs. Consulting expenses include general consulting costs, as well as legal and tax advising costs. Other payroll costs are essentially made up of expenses for the company restaurant.

[5] Finance cost

Income from investments concerns the dividend distribution at Feri AG for the financial year 2010.

As per the profit and loss transfer agreement concluded between MLP AG and Feri AG in 2011, profit of € 19,713 thsd is to be transferred for the last financial year. As per the profit and loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG, profit of € 34,135 thsd (previous year: € 42,962 thsd) is to be transferred by MLP Finanzdienstleistungen AG.

Other interest and similar income includes € 711 thsd (previous year: € 1,396 thsd) from the reversal of provisions for interest rate swaps. The amounts included from affiliated companies essentially come from the return on clearing accounts. In addition, this item contains interest income from time deposits and income from discounting provisions. In the previous year, it also comprised interest on tax credits from the concluded tax audit.

Write-downs of financial assets and marketable securities can essentially be attributed to shares in investment funds which were in liquidation or whose redemption has been suspended.

Interest and similar expenses are mainly attributable to the correction of the tax claim recognized in the balance sheet in the financial year 2010 and the interest charge from the allocation to provisions for pension obligations.

[6] Extraordinary expenses

Extraordinary expenses of € 231 thsd result from the application of Article 66 and Article 67 (1) to (5) of the Introductory Law to the German Commercial Code (EGHGB) (transitional provisions to the Accounting Law Reform Act (BilMoG)).

[7] Income tax expenses

Income tax expenses include € 7,142 thsd in expenses relating to previous years which were determined during a tax field audit for the assessment periods from 2002 to 2006. For the current financial year, € 4,381 thsd are attributable to corporation tax expenses (previous year: € 6,659 thsd) and € 4,241 thsd are attributable to trade tax expenses (previous year: € 5,863 thsd).

In 2006, a corporation tax credit of € 5,020 thsd had to be capitalized due to legal requirements. The corporation tax credit is to be re-paid over a period of ten years, starting in 2008, with the remaining credit being discounted annually using a no-risk interest rate suitable to the deadline. As of December 31, 2011, the discounted corporation tax credit following the proportional payment of 4/10 amounts to € 2,210 thsd.

Notes to the balance sheet

[8] Intangible assets and fixed assets

Procurement and manufacturing costs

All figures in €'000

	Jan. 1, 2011	Additions	Transfer	Disposals	Dec. 31, 2011
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	27	0	0	0	27
	27	**0**	**0**	**0**	**27**
II. Fixed assets					
1. Land, leasehold rights and buildings including buildings on third-party land	89,606	33	0	2	89,637
2. Other fixtures, fittings and office equipment	20,198	240	0	1	20,436
	109,803	**273**	**0**	**3**	**110,073**
III. Financial assets					
1. Shares in affiliated companies	149,801	50,620	0	0	200,420
2. Long-term securities	0	10,003	0	0	10,003
	149,801	**60,623**	**0**	**0**	**210,423**
	259,631	**60,896**	**0**	**3**	**320,523**

Accumulated depreciation/amortization

All figures in €'000

	Jan. 1, 2011	Additions	Disposals	Write-up	Dec. 31, 2011
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	26	1	0	0	27
	26	**1**	**0**	**0**	**27**
II. Fixed assets					
1. Land, leasehold rights and buildings including buildings on third-party land	34,731	3,232	1	0	37,962
2. Other fixtures, fittings and office equipment	13,815	1,139	1	0	14,953
	48,546	**4,370**	**2**	**0**	**52,915**
III. Financial assets					
1. Shares in affiliated companies	984	0	0	0	984
2. Long-term securities	**0**	**0**	**0**	**0**	**0**
	984	**0**	**0**	**0**	**984**
	49,556	**4,371**	**2**	**0**	**53,925**

Carrying amounts

All figures in €'000

	Dec. 31, 2011	Dec. 31, 2010
I. Intangible assets		
Purchased concessions, industrial property rights and similar rights and assets, incl. licenses on such rights and assets	0	1
	0	**1**
II. Fixed assets		
1. Land, leasehold rights and buildings including buildings on third-party land	51,675	54,875
2. Other fixtures, fittings and office equipment	5,484	6,383
	57,158	**61,257**
III. Financial assets		
1. Shares in affiliated companies	199,437	148,817
2. Long-term securities	10,003	0
	209,440	**148,817**
	266,598	**210,075**

[9] Shares in affiliated companies

The subsidiary of MLP Finanzdienstleistungen AG, MLP Private Finance plc., London, Great Britain, was in liquidation on the balance sheet date.

As scheduled, MLP acquired the outstanding 43.4 % of shares in Feri AG in April 2011. The provisional purchase price for the shares, which were held exclusively by Feri partners, is € 50.6 million. MLP had already acquired a 56.6 % stake in Feri in autumn 2006.

[10] Long-term securities

This item includes a variable interest-bearing debenture of € 10,003 thsd with a two-year term (previous year: € 0 thsd).

[11] Receivables from affiliated companies

This item is largely made up of receivables from MLP Finanzdienstleistungen AG and Feri AG in connection with the profit and loss transfer agreements in place between these companies and MLP AG.

[12] Other assets

Other assets of € 1,581 thsd have more than one year to maturity (previous year:€ 2,241 thsd). This item includes income tax receivables/refund claims of € 5,952 thsd (previous year: € 19,478 thsd), which in turn include corporation tax credits of € 2,210 thsd (previous year: € 2,867 thsd) that had to be capitalized at present value in 2006 due to legal requirements. The change is attributable to the re-payment of the credit balance, which is spread evenly over 10 years and was started in 2008.

[13] Other securities

The investment funds of € 15,792 thsd comprised in the item "Other securities" last year were sold in full in the course of the reporting year. Write-downs of € 151 thsd on securities (previous year: € 1,373 thsd) were recognized. Revenue of € 889 thsd was generated from the sale.

[14] Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques

All figures in €'000

	2011	2010
Cash on hand, current account credit balance	891	21,925
Fixed-term deposits	105,000	125,000
	105,891	**146,925**

[15] Share capital

The share capital of MLP AG is made up of 107,877,738 (December 31, 2010: 107,877,738) ordinary shares. In the financial year 2011, no conversion rights were exercised . 258,665 new no-par-value shares had previously been issued by exchanging convertible debentures.

Authorised capital

Based on a resolution passed at the Annual General Meeting on May 20, 2010, and with the Supervisory Board's consent, the Executive Board is authorized to increase the company's share capital by up to € 22,000,000 in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015. This resolution replaces the resolution approved at the Annual General Meeting on May 31, 2006.

Conditional capital

The Annual General Meeting of MLP AG on May 28, 2002 conditionally increased the share capital of the company by up to € 1,700,000 by issuing a total of up to 1,700,000 new ordinary bearer shares, each with a proportional value of the share capital of € 1 per share. The conditional capital increase grants conversion rights to the owners of convertible debentures which are issued by the company on account of the authorization resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorization resolution of the Annual General Meeting on May 28, 2002.

The conditional capital increase will only be carried out insofar as the owners of convertible debentures, issued by the company on account of the authorization granted to the Executive Board by the resolution of the Annual General Meeting on May 28, 2002 exercise their right to conversion.

Within the scope of the MLP Incentive Programme, the company issued non-interest-bearing convertible debentures having a face value of € 1 within in the years 2002 until 2005. They incorporate the right to purchase MLP AG shares and were issued to members of the Executive Board, members of the management and the staff of MLP AG, as well as for MLP consultants acting as self-employed commercial agents and employees of affiliated companies pursuant to § 15 et seq. of the German Stock Corporation Act (AktG). The term was a maximum of six years (three years waiting time and three years exercise period). Once the exercise hurdle had been reached, eligible participants were able to use their conversion rights and exchange each partial debenture with a nominal amount of € 1 for a new ordinary share of MLP AG after payment of the conversion price.

From 2002 to 2005 a total of € 1,651,188 or number of convertible debentures were allocated.

The exercise hurdle for the last tranche issued in the financial year 2005 was reached in 2006. During the exercise period from August 16, 2008 until August 15, 2011, the bearers of convertible debentures were entitled to exercise their rights to conversion. Up to this point in time, a total of 25,018 conversion rights had been exercised and converted into shares of MLP AG. The nominal amount (€ 452,736 based on 452,736 units at € 1 each) was paid back to eligible participants in 2011. There were no outstanding convertible debentures in place on the balance sheet date (previous year: € 453 thsd)

By the end of the financial year 2011, a total of 258,665 conversion rights had been exercised. Conditional capital was removed on November 8, 2011, and thus amounts to € 0 (previous year: € 1,441,335).

The following table shows details of the programme:

All figures in €'000

	Tranche 2005
Exercise period	
Start	Aug 16, 2008
End	Aug 15, 2011
Basic price (€)	13.01
Subscribed convertible debentures	577,806
Exercising of conversion rights exercised: (€ or units)	
Total	25,018
* thereof in 2011	0
Repayment: (€ or units)	
Total	552,788
* thereof in 2011	452,736
Convertible debentures of Dec. 31, 2011 (€ or units)	0

[16] Capital reserves

All figures in €'000

	2011	2010
As of Jan. 1	134,525	134,525
Allocation	0	0
As of Dec. 31	**134,525**	**134,525**

[17] Treasury stock

The Annual General Meeting on June 10, 2011 authorized the Executive Board to buy back own shares on one or more occasions with a proportionate amount in the share capital of € 10,787,773 in total up to December 9, 2013. The acquisition can also be made using equity derivatives. The authorization issued by the Annual General Meeting on May 20, 2010 to acquire own shares was removed at the same time. So far no use has yet been made of this authorization.

[18] Retained earnings

Other retained earnings

Other retained earnings have changed as follows:

All figures in €'000

	2011	2010
As of Jan. 1	141,796	152,003
Transfer / withdrawal treasury stock	0	0
Withdrawal for dividend payout	-35,972	-10,207
Transfer from net profit	0	0
As of Dec. 31	**105,824**	**141,796**

[19] Unappropriated profit

Due to withdrawals from other retained earnings and the 2011 net profit, unappropriated profit developed as follows:

All figures in €'000

	2011	2010
Unappropriated profit as of Jan. 1	32,363	27,584
Dividend payout	-32,363	-26,969
Withdrawal from retained earnings	35,972	10,207
Transfer to retained earnings	0	0
Net profit	28,755	21,542
Unappropriated profit as of Dec. 31	**64,727**	**32,363**

Profit distribution restriction

The fair value of the assets in the sense of § 246 (2) sentence 2 exceeds their acquisition costs. Pursuant to § 268 (8) of the German Commercial Code (HGB), the resulting amount of € 25 thsd, taking deferred taxes into account, is subject to a potential profit distribution restriction, although this is not applied here due to the free reserves in place.

[20] Provisions

Pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB), the netting of pension reserves against re-insurance receivables, which serve solely to satisfy pension obligations and are not accessible by any other creditors, led to a reduction in the provision and an excess of plan assets over pension liabilities. The fair value of a re-insurance receivables is made up of the actuarial reserves of the insurance company plus any surplus arising from premium refunds (so-called surplus-sharing).

Notes on offsetting transactions pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB):

All figures in €'000

	Dec. 31, 2011
Settlement amount of offset liabilities	5,003
Acquisition costs, historical costs of assets	4,832
Fair value of assets	4,866
Offset expenses	1,462
Offset income	1,217

Anticipated future rises in remuneration and pension payments are taken into account for the measurement of pension provisions. Here, we currently assume annual adjustments of 2.00 % for wages and salaries and 1.80 % for pensions. The basic assumed interest rate for discounting the pension obligations is 5.14 % as of December 31, 2011. This is the average market interest rate calculated and published by the German Bundesbank based on the last seven financial years for an assumed time remaining to maturity of 15 years.

Exercising the option pursuant to Article 67 (1) sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), the allocated value that results from the change in provision accounting principles pursuant to § 249 (1) sentence 1, § 253 (1) sentence 2, (2) of the German Commercial Code (HGB) is evenly distributed over the maximum period of 15 years as per the Accounting Law Reform Act (BilMoG). As of December 31, 2011, pension provisions of € 3,004 thsd (previous year: € 3,235 thsd) are therefore not disclosed.

In the last financial year, the company recognized tax provisions totaling € 1,035 thsd (previous year: € 490 thsd).

Other provisions essentially comprise provisions for HR, including redundancy payments and variable remuneration, of € 3,467 thsd (previous year: € 463 thsd), as well as provisions for outstanding invoices of € 1,710 thsd (previous year: € 1,660 thsd). The provisions for impending losses from pending transactions total € 0 thsd on the balance sheet date (previous year: € 711 thsd). Impending losses from pending transactions result from interest rate swaps which expired in the financial year 2011.

[21] Liabilities

Composition of liabilities as of December 31, 2011

All figures in €'000

Liability type	Total amount	With a remaining term of...			Of which are collateralized liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable [1]	**954**	954	-	-	0	-
Liabilities due to affiliated companies [2]	**2,030**	2,030	-	-	0	-
Other liabilities [3]	**1,013**	1,013	-	-	0	-
	3,997	**3,997**	**-**	**-**	**0**	**-**

Composition of liabilities as of December 31, 2010

All figures in €'000

Liability type	Total amount	With a remaining term of...			Of which are collateralised liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable [1]	**341**	341	-	-	0	-
Liabilities due to affiliated companies [2]	**2,009**	2,009	-	-	0	-
Other liabilities [3]	**3,339**	3,339	-	-	0	-
	5,690	**5,690**	**-**	**-**	**0**	**-**

[1] The standard retentions of title clauses have been asserted.

[2] Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities. They are due to MLP Consult GmbH and MLP Media GmbH Verlag und Werbeagentur.

[3] The item "Other liabilities" essentially comprises liabilities from bonus payments for members of the Executive Board.

Miscellaneous information

[22] Profit and loss transfer agreements

On April 18, 2007 and in accordance with § 291 of the German Stock Corporation Act (AktG) a profit and loss transfer agreement was concluded between MLP AG and MLP Finanzdienstleistungen AG. The consent of the Annual General Meetings of MLP AG and MLP Finanzdienstleistungen was given on May 31, 2007 and May 2, 2007 and the agreement was entered into the commercial register relevant for MLP Finanzdienstleistungen AG took place on June 13, 2007.

On April 19, 2011, a profit and loss transfer agreement was concluded between MLP AG and Feri AG (formerly Feri Finance AG für Finanzplanung und Research) pursuant to § 291 of the German Stock Corporation Act (AktG). The consent of the Annual General Meetings of MLP AG and Feri

AG was given on June 10, 2011 and on June 8, 2011 2011 and the agreement was entered into the commercial register relevant for Feri AG took place on July 18, 2011.

[23] Outsourcing of operational functions

Due to cost considerations, MLP AG outsourced certain operational functions to MLP Finanzdienstleistungen AG. This outsourcing affects services in the fields of financial accounting, accounting, legal affairs, taxes, human resources, purchasing and building administration.

[24] Off-balance-sheet transactions

MLP AG has signed operating leasing agreements for vehicles. The average term of these contracts is five years.

The following obligations result from these agreements:

All figures in €'000

	2012	2013	> 2013	Total
Vehicle leasing	77	51	35	**163**
	77	51	35	**163**

[25] Other financial liabilities not recognized in the balance sheet

On the balance sheet date, other financial commitments were as follows:

All figures in €'000

	2012	2013	> 2013	Total
Purchase commitment	294	0	0	**294**
Other rents	6	1	0	**7**
	300	1	0	**301**

There were no financial liabilities other than those disclosed above.

[26] Guarantees and other commitments

As of the balance sheet date, MLP AG and MLP Finanzdienstleistungen AG were jointly and severally liable for the € 20,000 thsd line of credit granted to both companies by several financial institutions. As of December 31, 2011, this line of credit had not yet been drawn on.

Within the scope of § 2a (6) of the German Banking Act (KWG), MLP AG has issued a guarantee to MLP Finanzdienstleistungen AG that it will promptly provide MLP Finanzdienstleistungen AG with equity in the sense of § 10 (2) sentence 1 of the German Banking Act (KWG) up to the level required for MLP Finanzdienstleistungen AG at an individual institute level. Based on the current capital adequacy and the current risk situation at MLP Finanzdienstleistungen AG, MLP does not expect this financial guarantee to be exercised.

There is a declaration of indemnification in accordance with §5 (10) of the statute of the depositor's guarantee fund of the Association of German Banks e.V. (BdB) in favour of MLP Finanzdienstleistungen AG. MLP AG does not currently anticipate any utilization.

MLP AG is jointly and severally liable for the obligations arising from the purchase contract agreed between MLP Private Finance Limited and Towry Law. Under the current conditions, the maximum risk amounts to GBP 1 million. MLP AG does not currently anticipate any utilization as a result of this.

On April 15, 2011, MLP paid the provisional basic purchase price plus interest to acquire the outstanding shares in Feri AG. The purchase price is deemed provisional, as the contracting parties have not yet reached a final agreement with regard to the level of a variable purchase price component. However, MLP does not expect to make any further payments. As per the purchase contract, the company therefore called in an arbitrator on October 7, 2011. A corresponding arbitrator's report was not yet available at the time when the financial statements were drafted. Irrespective of the arbitrator's report, certain sellers asserted claims of € 51,472 thsd. However, MLP filed a negative declaratory action case on this issue at the Frankfurt Regional Court on January 20, 2012. It is the opinion of MLP that the claims being asserted have no legal foundation.

On the balance sheet date, actions are pending for potentially considerable damages due to incorrect disclosures in the capital market information published by the company. This predominantly concerns the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

MLP AG is not liable in any situation other than those outlined above.

[27] Reporting for derivative financial instruments in accordance with § 285 No. 18 of the German Commercial Code (HGB)

Due to the lack of a commercial-law definition of the term "financial instrument", International Financial Reporting Standards (IFRS) were applied mutatis mutandis.

According to IAS 32.11 (2008), a financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. According to IAS 39.9 (2008), a derivative financial instrument is a financial instrument whose value changes in response to the change in a given interest rate, security price, commodity price, price or interest rate index, credit rating or credit index, or similar variable (also termed "underlying") that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors and that is settled at a future date.

Accounting treatment and measurement

Derivative financial instruments are measured at cost on initial recognition. They are subsequently measured at the lower of cost or fair value. Fair value (market value) is calculated using the present value method on the basis of the current swap rates.

Recognition

In accordance with the principles of commercial law, swaps are recognised in the balance sheet under “Other provisions” if the fair value is negative.

Gains or losses from measurement at fair value are recorded under the finance cost. The fair value of the interest rate swaps amounts to € 0 thsd on the balance sheet date (previous year: € -711 thsd).

[28] Executive bodies of MLP AG

Executive Board	**Mandates in other statutory Supervisory Boards of companies based in Germany**	**Memberships in comparable domestic and foreign control bodies of commercial enterprises**
Dr. Uwe Schroeder-Wildberg, Heidelberg **Chairman** responsible for Strategy, Internal Audit, Communication/Investor Relations, Marketing, HR, Legal	• Feri AG, Bad Homburg v.d.H. (Chairman)	-
Reinhard Loose, Berlin responsible for Controlling, IT and Purchasing, Accounting, Risk Management (since February 1, 2011)	• Feri AG, Bad Homburg v.d.H. (since June 8, 2011)	-
Manfred Bauer, Leimen responsible for Product Management	• Feri AG, Bad Homburg v.d.H. (until December 31, 2011)	• MLP Hyp GmbH, Schwetzingen
Muhyddin Suleiman, Rauenberg responsible for Sales	• Feri AG, Bad Homburg v.d.H. (until June 8, 2011 and from November 22 until December 31, 2011)	-
Ralf Schmid, Gaiberg responsible for Operations (until March 31, 2011)	-	-

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel **Chairman**	• VPV Lebensversicherungs- AG, Stuttgart • General Reinsurance AG, Cologne • Delvag Rückversicherungs-AG, Cologne • Deutsche Insurance Asset Management Oppenheim VAM Kapitalanlagegesellschaft mbH, Cologne • MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	-
Dr. h. c. Manfred Lautenschläger, Gaiberg **Vice Chairman**	-	• University Hospital Heidelberg, Heidelberg (Supervisory Board)
Dr. Claus-Michael Dill, Berlin	• General Reinsurance AG, Cologne (Chairman) • Damp Holding AG, Hamburg/Ostseebad Damp • Württembergische Lebensversicherungs AG, Stuttgart (until December 31, 2011) • HUK-COBURG AG, Coburg (since July 2, 2011) • HUK-COBURG a.G., Coburg (since July 1, 2011) • Polygon AB, Stockholm, Sweden (since September 13, 2011)	-
Johannes Maret, Burgbrohl	-	• Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) • The Triton Fund, Jersey, GB (Investment Committee Member) • Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) • BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board)
Maria Bähr, Sandhausen employees' representative, employee at MLP Finanzdienstleistungen AG	-	-
Norbert Kohler, Hockenheim employees' representative, team leader at MLP Finanzdienstleistungen AG	-	-

[29] Emoluments paid to members of the Supervisory Board and Executive Board

For the detailed structuring of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the "Corporate Governance" chapter. The remuneration report is part of the management report.

Executive Board

The total remuneration for members of the Executive Board was € 3,601 thsd (previous year: € 2,699 thsd). € 1,676 thsd (previous year: € 1,680 thsd) of this makes up the fixed portion of remuneration and € 1,925 thsd is the variable portion of remuneration (previous year: € 1,020 thsd). In the financial year, expenses of € 278 thsd (previous year: € 100 thsd) were accrued for occupational pension provision. Retired members of the Executive Board received redundancy payments of € 1,260 thsd (previous year: € 0 thsd)

As of December 31, 2011, pension provisions of € 7,743 thsd (previous year: € 7,533 thsd) and an excess of plan assets over pension liabilities of € 9 thsd (previous year: € 0 thsd) were in place for former members of the Executive Board. The provision for former members of the Executive Board, which is not yet recognized due to exercising of the option pursuant to Article 67 (1) sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), is € 2,600 thsd (previous year: € 2,744 thsd).

Within the scope of the Long Term Incentive Program, the members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. The performance shares of the 2008 tranche expired in the financial year. Participation in the Long Term Incentive Program was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011. Refer to the following table for the number and values of the phantom shares, insofar as these have not been paid out or have expired:

All figures in number of units

	Tranche 2009	Tranche 2010
Fair value at grant date	€ 7.59	€ 7.54
Dr. Uwe Schroeder-Wildberg	65,876	66,313
Reinhard Loose	-	-
Manfred Bauer	-	-
Muhyddin Suleiman	39,526	39,788
Total	**105,402**	**106,101**

The costs included in the profit and loss account arising from the Long Term Incentive Program for Executive Board members during the financial year 2011 are € 0 thsd (previous year: € 155 thsd).

Supervisory Board

The members of the Supervisory Board received non-performance-related remuneration of € 500 thsd (previous year: € 500 thsd) for their work in 2011. In addition, € 25 thsd (previous year: € 19 thsd) was used as compensation for expenses and training measures.

[30] Shareholders on the balance sheet date

All figures in €'000

	Ordinary shares		Percentage of share capital	
	2011	2010	2011	2010
	Number of shares	Number of shares	%	%
Dr. h. c. Manfred Lautenschläger	25,205,534	25,205,534	23.36	23.36
Other members of the Supervisory Board	161,597	51,597	0.15	0.05
Executive Board	16,254	11,254	0.02	0.01
Other shareholders	82,494,353	82,609,353	76.47	76.58
Total	**107,877,738**	**107,877,738**	**100.00**	**100.00**

[31] Auditor's fees

Expenses for fees in connection with the services of companies commissioned to perform the annual audit can be found in the corresponding disclosures in the notes to the consolidated financial statements.

[32] Declaration of compliance with the German Corporate Governance Code

The Executive and Supervisory Boards issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, www.mlp-ag.com.

[33] Disclosures pursuant to §§ 21 (1), 22 German Securities Trading Act (WpHG)

Mr. Manfred Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 25 % on August 22, 2008, and amounted to 23.38 % on that day (25,205,534 voting rights). This share comprises 20.98 % of the voting rights (22,618,932 voting rights) of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH attributable to him in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 15 % and 20 % on April 21, 2008 and amounted to 23.08 % (22,618,932 voting rights) on that day.

M.L. Stiftung gGmbH, Gaiberg, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on December 7, 2007, and amounted to 4.14 % (4,500,000 voting rights) on that day. This share comprises 4.14 % (4,500,000 voting rights) of Manfred Lautenschläger Stiftung gGmbH attributable to it in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Mrs Angelika Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on December 7, 2007, and amounted to 5.97 % (6,500,000 voting rights) on that day. This share comprises 4.14 % (4,500,000 voting rights) of M.L. Stiftung gGmbH attributable to her in line with §§ 22 (1) Sentence 1 No. 1, and 22 (1) sentence 2 of the German Securities Trading Act (WpHG). 4.14 % (4,500,000 voting rights) of the shares held by Manfred Lautenschläger Stiftung gGmbH are attributable to M.L. Stiftung gGmbH in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Barmenia Krankenversicherung a. G., Wuppertal, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that on December 21, 2009 its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % and amounted on that date to 6.67 % (corresponding to 7,197,664 voting rights). 0.27 % of the shares (corresponding to 290,000 voting rights) are attributable to Barmenia Krankenversicherung a. G. in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Swiss Life Beteiligungs GmbH, Hanover, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 15 % and 10 % on December 21, 2009 and now amounts to 9.90 % (corresponding to 10,679,892 voting rights).

Swiss Life Holding AG, Zurich, Switzerland informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 15 % and 10 % on December 21, 2009 and now amounts to 9.90 % (corresponding to 10,679,892 voting rights). The voting rights are attributable to Swiss Life Beteiligungs GmbH in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5 % on November 18, 2009 and now amounts to 4.84 % (corresponding to 5,223,957 voting rights).

AXA S.A., Paris, France, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany, fell below the threshold of 5 % on August 22, 2008 and amounted to 4.72 % (5,090,989 voting rights) on that day. 4.18 % of the voting rights (4,503,693 voting rights) is attributable to it in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG) and a further 0.54 % (587,296 voting rights) is attributable to it in line with § 22 (1) Sentence 1 No. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

AXA S.A., Paris, France, also informed us that the attributable voting rights are controlled by the following Group structure: AXA S.A., Paris, France, is the parent company and controls Vinci B.V., Utrecht, Netherlands; this controls AXA Konzern AG, Cologne, Germany; this in turn controls AXA Lebensversicherung AG, Cologne, Germany.

AXA S.A., Paris, France, informed us of the following in line with § 21 (1) of the German Securities Trading Act (WpHG):

The share of the voting rights of AXA Lebensversicherung AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to 4,503,693 voting rights) on that date.

The share of the voting rights of AXA Konzern AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to 4,503,693 voting rights) on that date. The inclusion of these voting rights occurs in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of Vinci B.V., Utrecht, Netherlands, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to

4,503,693 voting rights) on that date. The inclusion of these voting rights occurs in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of AXA S.A., Paris, France, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 21, 2008, and amounted to 5.17 % (corresponding to 5,063,489 voting rights) on that date. Of this, 4.60 % (4,503,693 voting rights) is attributable to AXA S.A. in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG) and a further 559,796 voting rights (0.57 %) are attributable in line with § 22 (1) sentence 1 no. 6 in connection with Sentence 2 of the German Securities Trading Act (WpHG).

AXA S.A., Paris, France, also informed us that the attributable voting rights are controlled by the following Group structure: AXA S.A., Paris, France, is the parent company and controls Vinci B.V., Utrecht, Netherlands; this controls AXA Konzern AG, Cologne, Germany; this in turn controls AXA Lebensversicherung AG, Cologne, Germany.

Allianz SE, Munich, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights) on that day. The voting rights were attributable to it in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to it were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Deutschland AG, Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

At the same time, Allianz SE informed us of the following in line with §§ 21 (1) in connection with § 24 of the German Securities Trading Act (WpHG):

The share of the voting rights held by Allianz Deutschland AG, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights). These voting rights are attributable to Allianz Deutschland AG in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Allianz Deutschland AG were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

The share of the voting rights held by Jota Vermögensverwaltungsgesellschaft mbH, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights). These voting rights are attributable to Jota Vermögensverwaltungsgesellschaft mbH in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Jota Vermögensverwaltungsgesellschaft mbH were held by the following company it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Lebensversicherung AG.

The share of the voting rights held by Allianz Lebensversicherung AG, Stuttgart, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights).

HDI-Gerling Sach Serviceholding AG, Hanover, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 5 % and 3 % on August 4, 2010 and now amounts to 0 % (corresponding to 0 voting rights).

HDI-Gerling Pensionskasse AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.39 % (corresponding to 10,132,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Pensionskasse AG holds 0.50 % (corresponding to 539,000 voting rights) directly.

Aspecta Lebensversicherung AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.40 % (corresponding to 9,054,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). Aspecta Lebensversicherung AG holds 1.50 % (corresponding to 1,617,000 voting rights) directly.

CiV Lebensversicherung AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65 % (corresponding to 10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). CiV Lebensversicherung AG holds 0.24 % (corresponding to 263,768 voting rights) directly.

neue leben Lebensversicherung AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.16 % (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). neue leben Lebensversicherung AG holds 0.74 % (corresponding to 793,714 voting rights) directly.

neue leben Holding AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (1) Sentence 1 No. 1 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.16 % (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 0.74 % (corresponding to 793,714 voting rights) are attributable to it in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

Proactiv Holding AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (1) Sentence 1 No. 1 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

HDI-Gerling Industrie Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Industrie Versicherung AG holds 0.41 % (corresponding to 440,417 voting rights) directly.

HDI-Gerling Firmen und Privat Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Firmen und Privat Versicherung AG holds 0.41 % (corresponding to 440,417 voting rights) directly.

HDI Direkt Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,553 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI Direkt Versicherung AG holds 0.41 % (corresponding to 440,416 voting rights) directly.

Talanx Beteiligungs-GmbH & Co. KG, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) Sentence 1 No. 2 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) Sentence 1 No. 2 of the German Securities Trading Act (WpHG).

Hannover Beteiligungsgesellschaft mbH, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) Sentence 1 No. 2 in connection with Sentence 2 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) Sentence 1 No. 2 in connection with Sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 10 % on April 20, 2011 and on that day amounted to 10.02 % (corresponding to 10,813,991 voting rights). These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) Sentence 1 No. 6 of the German Securities Trading Act (WpHG). It is allocated voting rights from the following shareholders, each of whose share of the voting rights in MLP AG is 3 % or more: Oakmark International Small Cap Fund.

The Oakmark International Small Cap Fund, Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on October 14, 2010 and on that day amounted to 3.05 % (corresponding to 3,286,623 voting rights).

Gerling Beteiligungs-Gesellschaft mit beschränkter Haftung, Cologne, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on October 22, 2010 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this sum, 2.45 % (corresponding to 2,642,500 voting rights) is attributable to the company in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG) via Talanx Beteiligungs-GmbH & Co. KG and 7.44 % (corresponding to 8,029,469 voting rights) is attributable to the company in line with § 22 (1) of the German Securities Trading Act (WpHG).

Talanx Deutschland Bancassurance GmbH, Hilden, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on August 25, 2011 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this sum, 1.22 % (corresponding to 1,321,250 voting rights) is allocated to the company in line with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG) and 8.67 % (corresponding to 9,350,719 voting rights) is allocated to the company in line with § 22 (2) of the German Securities Trading Act (WpHG), of which 3 % or more of the shares are attributable via HDI-Gerling Lebensversicherung AG in the sense of allocating additional voting rights in line with § 22 (2) of the German Securities Trading Act (WpHG).

PB Lebensversicherung Aktiengesellschaft, Hilden, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on October 4, 2011 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65 % (10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). 3 % or more of the voting rights are attributable to HDI-Gerling Lebensversicherung AG in accordance with § 22 (2) of the German Securities Trading Act (WpHG).

[34] Investments in affiliated companies

The company's shareholdings are as follows as of December 31, 2011:

Direct holdings

Name, registered office	Carrying amount Jan. 1, 2011	Carrying amount Dec. 31, 2011	Share	Shareholders' equity as of Dec. 31, 2011	Net profit/loss
	€'000	€'000	%	€'000	€'000
MLP Finanzdienstleistungen AG, Wiesloch [1)]	79,005	79,005	100	79,548	34,135
MLP Consult GmbH, Wiesloch	2,350	2,350	100	2,382	24
Feri AG, Bad Homburg [1)]	67,462	118,082	100	19,808	19,713
	148,817	**199,437**			

[1)] A profit and loss transfer agreement is in place. Figures prior to profit transfer.

Indirect holdings

Name	Registered office	Share	Shareholders' equity as ofDec. 31, 2011	Net profit/loss
		%	€'000	€'000
MLP Media GmbH Verlag und Werbeagentur [1)] (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100	26	-8
Academic Networks GmbH (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100	-659	0
TPC THE PENSION CONSULTANCY GmbH [1)] (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Hamburg	100	314	1,977
ZSH GmbH Finanzdienstleistungen [1)] (Wholly-owned subsidiary of MLP Finanzdienstleistungen AG)	Heidelberg	100	1,190	2,203
MLP Hyp GmbH (MLP Finanzdienstleistungen AG holds 49.8 % of the shares)	Schwetzingen	49.80	4,875	1,875
Feri Trust GmbH [2)] (Wholly-owned subsidiary of Feri AG)	Bad Homburg v. d. H.	100	5,458	20,963
Feri Institutional and Family Office GmbH [2)] (Wholly-owned subsidiary of Feri AG)	Bad Homburg v. d. H.	100	25	83
Feri EuroRating Service AG [2)] (Wholly-owned subsidiary of Feri AG)	Bad Homburg v. d. H.	100	958	32
Feri Investment Services GmbH (Wholly-owned subsidiary of Feri AG)	Bad Homburg v. d. H.	100	27	2
Feri Trust AG (Switzerland) [3)] (Wholly-owned subsidiary of Feri AG)	St. Gallen	100	CHF -479 thsd	CHF -300 thsd
Private Trust Management Company S.à.r.l. (Wholly-owned subsidiary of Feri AG)	Luxembourg	100	257	375
Family Private Fund Management Company S.à.r.l. (Wholly-owned subsidiary of Feri AG)	Luxembourg	100	443	660
Feri S.à.r.l. [3)] (99.6 % subsidiary of Feri EuroRating Service AG)	Paris	100	46	-10
Feri Corp. [3)] (Wholly-owned subsidiary of Feri EuroRating Service AG)	New York	100	USD 87 thsd	USD -24 thsd
Heubeck-Feri Pension Asset Consulting GmbH [3)] (45 % held by Feri Trust GmbH and 5 % held by Feri AG)	Bad Homburg v. d. H.	50	234	138
Ferrum Fund Management Company S.à.r.l. (Wholly-owned subsidiary of Feri AG)	Luxembourg	100	240	303
FPE Private Equity Beteiligungs-Treuhand GmbH [3)] (Wholly-owned subsidiary of Feri Trust GmbH)	Munich	100	232	100
FPE Private Equity Koordinations GmbH [3)] (Wholly-owned subsidiary of Feri Trust GmbH)	Munich	100	84	59
FPE Direct Coordination GmbH [3)] (Wholly-owned subsidiary of Feri Trust GmbH)	Munich	100	76	17
Feri Private Equity GmbH & Co. KG [3)] (Wholly-owned subsidiary of Feri Trust GmbH)	Munich	100	37	4
Feri Private Equity Nr. 2 GmbH & Co. KG [3)] (Wholly-owned subsidiary of Feri Trust GmbH)	Munich	100	6	0
Institutional Trust Management Company S.à.r.l. (Wholly-owned subsidiary of Feri AG)	Luxembourg	100	833	1,163
Ferrum Pension Management S.à.r.l. (Wholly-owned subsidiary of Feri AG)	Luxembourg	100	426	608

[1)] There is a profit and loss transfer agreement with MLP Finanzdienstleistungen AG. Figures prior to profit transfer.

[2)] There is a profit and loss transfer agreement with Feri AG. Figures prior to profit transfer.

[3)] Shareholders' equity and net profit from the annual financial statements 2010.

As of December 31, 2011, neither MLP AG nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 No. 11 of the German Commercial Code (HGB). The voting right granted under § 286 (3) Sentence 1 No. 1 of the German Commercial Code (HGB) was exercised.

[35] Proposal for the appropriation of MLP AG's unappropriated profit

Pursuant to § 170 (2) of the German Stock Corporation Act, the Executive Board proposes that the unappropriated profit of € 64,726,642.80 disclosed in the annual financial statements for the year ending December 31, 2011 be used as follows:

	Dec. 31, 2011
	€
Dividend payout to shareholders	64,726,642.80
Transfer to retained earnings	-
Profit brought forward	-
Unappropriated profit	64,726,642.80

Wiesloch, March 13, 2012

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Muhyddin Suleiman

Auditor’s Report

We have audited the annual financial statements, comprising the statement of financial position, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the MLP AG for the business year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 14, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Hübner	Fust
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement

“To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company in the remainder of the financial year.”

Wiesloch, March 13, 2012

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg	Manfred Bauer
Reinhard Loose	Muhyddin Suleiman

Financial calendar 2012

November 14, 2012

Publication of the financial results for the first nine months and the third quarter.

MLP publishes the Interim Report for the first nine months and the third quarter.

August 9, 2012

Publication of the financial results for the first half of the year and the second quarter.

MLP publishes the Interim Report for the first half of the year and the second quarter.

June 26, 2012

Annual General Meeting of the MLP AG in Mannheim

MLP AG convenes for the Ordinary Annual General Meeting at the Rosengarten Mannheim.

May 10, 2012

Publication of the financial results for the first quarter of the year.

MLP publishes the Interim Report for the first quarter of the year.

March 22, 2012

Publication of the Annual Report 2011.

MLP publishes the Annual Report for 2011.

February 29, 2012

Annual press conference and analyst conference.

MLP announces preliminary results for the business year 2011 at the annual press conference in Frankfurt, Germany.

Imprint

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