REPORT FOR THE SECOND QUARTER 2005

MLP GROUP

MLP

MLP Group

Key figures in EUR million	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004	Change
Continued operations					
Total revenues	111.6	114.3	220.8	243.8	−9%
Revenue from brokerage business	91.6	96.6	181.3	209.4	−13%
Revenue from banking business	12.8	12.3	25.1	24.1	4%
Other income	7.2	5.4	14.5	10.4	40%
Profit from operations (EBIT)	10.3	17.0	17.2	30.9	−44%
Profit before tax (EBT)	8.6	15.3	14.3	26.3	−46%
Net profit	3.9	8.8	6.8	14.9	−55%
Discontinued operations					
Profit before tax and disposal result (EBT)	23.6	0.5	32.8	4.1	> 100%
Net profit	16.0	0.8	22.3	3.5	> 100%
MLP Group					
Profit before tax and disposal result (EBT)	32.3	15.8	47.2	30.4	55%
Net profit	8.7	9.6	18.0	18.4	−2%
Earnings per share	0.07	0.09	0.16	0.17	−6%
Capital expenditure	4.0	6.5	8.1	14.1	−43%
Shareholders' equity			284.1	289.6*	−2%
Clients			631,000	618,500*	2%
MLP consultants			2,564	2,546*	1%
Branch offices			297	300*	−1%
Employees			1,941	1,874*	4%
Arranged new business					
Pension provision (premium sum in billion EUR)	1.5	1.5	2.1	3.3	−36%
Health insurance (annual premium)	12.1	12.1	22.0	26.0	−15%
Loans and mortgages	274.2	215.4	472.0	416.3	13%
Inflows into funds	177.8	173.0	332.4	312.0	7%
Funds under management (in billion EUR)			4.6	4.1*	12%

* As at 31.12.2004

Financial calendar	
Results for the 3rd quarter 2005	**23.11.2005**

Significant pre-tax profit increase at MLP

- **Profit before tax and disposal result (EBT) increased by 55 per cent to EUR 47.2 million**
- **Group net profit of EUR 18.0 million affected by deferred taxes and cost to sell**
- **Total revenues fall by 9 per cent to EUR 220.8 million without insurance subsidiaries**
- **New business in Q2 on last year's level**
- **Market share of 38 per cent in basic pension**

The MLP Group increased its profit before tax and disposal result (EBT) in the first half year 2005 by 55 per cent to EUR 47.2 million (EUR 30.4 million). Net profit fell slightly from EUR 18.4 million to EUR 18.0 million. This can be attributed to expenditure of EUR 11.1 million for deferred taxes and cost to sell from the sale of both insurance subsidiaries. Total revenues of EUR 220.8 million are 9 per cent lower than for the same period last year (EUR 243.8 million). This figure no longer includes revenues from the insurance subsidiaries, MLP Lebensversicherung AG and MLP Versicherung AG, which have both been sold.

New business in Q2 on last year's level

The brokerage business included in MLP Finanzdienstleistungen AG reported the largest share of total revenues. Revenues in this area totalled EUR 181.3 million for the first six months of the year and are, as predicted, some 13 per cent lower than those posted for the same period last year (EUR 209.4 million). This can mainly be attributed to a reserved trend seen between the months of January and March. By contrast, new business picked up significantly in Q2 and is on last year's level in the meantime. Revenues from the brokerage business of EUR 91.6 million between April and June exceed those of Q1 2005 (EUR 89.6 million), although spillover effects from 2004 have had a positive effect at the beginning of the year. Revenues declined by 5 per cent over the same period last year (EUR 96.6 million).

Pre-tax profit (EBT) in the consulting and sales segment fell in the first six months of 2005 by 43 per cent to EUR 16.7 million (EUR 29.2 million). The life insurance segment developed considerably stronger. Pre-tax profit (EBT) climbed more than threefold to EUR 31.0 million compared with the first six months of 2004 (EUR 8.7 million). Results were strongly affected by higher premium income from end-of-year business in 2004 as well as lower expenditure. MLP Versicherung contributed some 8 per cent more to the profit before tax and disposal result (EBT) over last year with EUR 2.6 million (EUR 2.4 million). Pre-tax profit at MLP Bank fell by 20 per cent to EUR 3.1 million (EUR 3.9 million). Foreign business of MLP did not develop satisfactorily. The negative profit contribution more than doubled in comparison with last year amounting to EUR –3.4 million (EUR –1.4 million). Management activities will therefore focus on foreign activities to achieve the turnaround with specific measures during the course of the next few months.

Clear shift for long-term coverage products

Customer demand changed significantly during the first six months of 2005 following the commencement of the "Alterseinkünftegesetz", the pension income law, in Germany. While brokerage for traditional and unit-linked life insurance policies fell significantly, more than half of MLP's new business is now conducted in the pension field based on state-sponsored products such as the so-called "Riester" pension, the basic pension or occupational pension schemes. New business in the old age provision area has more than doubled to EUR 1.5 billion compared with EUR 0.6 billion in Q1 2005. However, the half-year result (EUR 2.1 billion) is 36 per cent lower than the figure for last year of EUR 3.3 billion. Demand for private health insurance cover has declined due to the unclear political situation in Germany and possible reforms. Compared to the first half of 2004, annual premiums for health insurance fell by 15 per cent to EUR 22 million (EUR 26 million). However, they are on last year's level in Q2. New loan business has, however, seen an increase of 13 per cent to EUR 472.0 million. Funds inflow climbed by 7 per cent to EUR 332.4 million (EUR 312.0 million) and assets managed by the MLP Group increased by 12 per cent to EUR 4.6 billion (31.12.2004: EUR 4.1 billion).

Increase in the number of financial consultants and new clients

At the cut-off date, MLP employed 2,564 financial consultants. This represents a slight increase over both the figure at year-end 2004 (2,546) and that of Q1 2005 (2,528). This follows on from MLP's positive development in the second half of 2004. Interest shown in the company by potential consultants increased significantly during the first half of the year. MLP expects to see the number of consultants climb by approximately 200 over the course of the year and has already increased the number of clients from 618,500 to 631,000 between January and June. This corresponds to an increase of 7,000 (Q2 2004: 8,000) new clients in Q2.

Successful sale of insurance subsidiaries

Q2 was marked by another major step towards increasing MLP's independence. Following the sale of both insurance subsidiaries – MLP Lebensversicherung AG and MLP Versicherung AG – to the British company Clerical Medical International Holdings BV and the Cologne-based Gothaer Group, MLP can now focus on its core competence of comprehensive and independent consulting services.

Total considerations for both insurance companies amount to EUR 325 million, of which EUR 14 million can be attributed to MLP Versicherung AG. From the total figure, EUR 40 million are linked to the business development at MLP Lebensversicherung AG in the years 2005 to 2008. In addition, the total consideration may increase by up to a further EUR 15 million depending upon the premium performance of existing life insurance policies.

Over 30 per cent market share for basic pensions

The first half of 2005 was, as forecast, weaker than 2004 following the major changes incurred by the commencement of the pension income law in Germany at the start of the year. New business was particularly affected by intense training activities held in Q1. The results of these training measures are, however, already becoming visible. For example, the new basic pension has developed into a major element of the MLP product portfolio within just a few short months alongside the Riester policies and occupational pension schemes, and is one of the most important products in the private pensions sector. During the first six months of 2005, 49,500 basic pension policies were signed in Germany – 38 per cent of these via MLP.

Awareness of private pension provisions grows

Public debate concerning the problems and thus the future of state pensions has, in MLP's opinion, increased awareness of the necessity of private provisions. MLP therefore expects to see a further increase in demand for the second half of the year and confirms its forecast for the pre-tax profit before disposal result of EUR 100 million.

Consolidated income statement

Consolidated income statement for the period 1 April to 30 June 2005

All figures in €'000

	Note	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Continued operations					
Revenue from brokerage business	[1]	91,607	96,644	181,251	209,363
Revenue from banking business	[2]	12,774	12,289	25,062	24,082
Other income		7,223	5,360	14,503	10,386
Total revenues		**111,604**	**114,293**	**220,816**	**243,831**
Expenses for brokerage business		−35,836	−39,239	−76,397	−95,753
Expenses for banking business	[3]	−3,889	−2,831	−6,994	−5,913
Personnel expenses		−20,357	−17,732	−35,901	−31,800
Depreciation/amortisation		−4,503	−4,786	−9,014	−9,001
Other operating expenses	[4]	−36,698	−32,716	−75,291	−70,419
Profit from operations (EBIT)		**10,321**	**16,989**	**17,219**	**30,945**
Other interest and similar income		189	611	1,979	1,330
Other interest and similar expenses		−1,869	−2,283	−4,850	−5,944
Finance cost		**−1,680**	**−1,672**	**−2,871**	**−4,614**
Profit before tax (EBT)		**8,641**	**15,317**	**14,348**	**26,331**
Income taxes		−4,769	−6,552	−7,580	−11,403
Net profit of continued operations		**3,872**	**8,765**	**6,768**	**14,928**
Net profit of discontinued operations	[7]	**4,869**	**795**	**11,226**	**3,520**
Net profit of continued and discontinued operations		**8,741**	**9,560**	**17,994**	**18,448**
Thereof					
Equity holders of the parent		8,722	9,557	17,970	18,445
Minority interest		19	3	24	3
Earnings per share		0.07	0.09	0.16	0.17
Diluted earnings per share in EUR		0.08	0.09	0.16	0.17

Consolidated balance sheet

Consolidated balance sheet as at 30 June 2005

Assets – all figures in €'000	Note	30 June 2005	31 December 2004
Intangible assets		22,943	60,268
Property, plant and equipment		114,308	117,356
Financial assets	[5]	64,237	204,624
Investments of life insurance policy holders held on account and at risk		–	1,564,065
Reinsurance receivables		–	30,482
Receivables due from banking business	[6]	441,434	371,641
Accounts receivable and other assets		90,350	137,738
Cash and cash equivalents		73,083	190,957
Deferred acquisition costs (DAC)		–	357,600
Deferred tax assets		47,889	51,462
Assets from discontinued operations	[8]	2,590,137	–
		3,444,381	**3,086,193**

Shareholders' equity and liabilities – All figures in €'000	Note	30 June 2005	31 December 2004
Shareholders' equity		283,964	288,977
Minority interest		162	586
Total shareholders' equity		**284,126**	**289,563**
Insurance provisions		–	431,639
Insurance provisions for investments of life insurance policy holders held on account and at risk		–	1,564,065
Other provisions		161,641	192,513
Reinsurance liabilities		–	36,594
Liabilities due to banking business		426,480	355,408
Other liabilities		87,695	214,793
Deferred tax liabilities		9,419	1,618
Liabilities of discontinued operations	[9]	2,475,020	–
		3,444,381	**3,086,193**

Consolidated statement of changes in shareholders’ equity

All figures in €’000	Share capital	Capital reserves	Available-for-sale reserves	Remaining shareholders’ equity	Shareholder’s equity
As at 31.12.2004	**108,641**	**8,046**	**– 217**	**137,352**	**253,822**
Currency translation				–167	–167
Capital increases					
Change in available-for-sale reserves			659		659
Net profit				18,445	18,445
Dividends paid to shareholders				–16,297	–16,297
Convertible debenture		410			410
As at 30.06.2004	**108,641**	**8,456**	**442**	**139,333**	**256,872**

All figures in €’000	Share capital	Capital reserves	Available-for-sale reserves	Remaining shareholders’ equity	Shareholder’s equity
As at 01.01.2005	**108,641**	**9,361**	**– 229**	**171,204**	**288,977**
Currency translation				135	135
Capital increases					
Change in available-for-sale reserves			–15*		–15
Net profit				17.970	17.970
Dividends paid to shareholders				–28,901	–23,901
Convertible debenture		798			798
As at 30.06.2005	**108,641**	**10,159**	**– 244**	**165,408**	**283,964**

*thereof EUR – 66 thsd. of discontinued operations

Consolidated cash flow statement

Consolidated cash flow statement for the period from 1 January to 30 June 2005

All figures in €'000

	1st half year 2005	1st half year 2004
Cash flow from operating activities	134,949	205,946
Cash flow from investing activities	–165,179	–174,587
Cash flow from financing activities	–47,062	–18,448
Change in cash and cash equivalents	–77,292	12,911
Change in cash and cash equivalents due to exchange rate movements	40	98
Change in cash and cash equivalents at end of period	157,282	138,052

Thereof discontinued operations:

All figures in €'000

	1st half year 2005	1st half year 2004
Cash flow from operating activities	153,132	144,193
Cash flow from investing activities	–156,171	–165,800
Cash flow from financing activities	–1	–
Change in cash and cash equivalents	–3,040	–21,608
Cange in cash and cash equivalents due to exchange rate movements	–	–
Cange in cash and cash equivalents at end of period	64,333	63,885

Segment reporting

Consulting and sales segment

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Segment revenue				
External revenue	70,003	75,131	139,586	163,462
Inter-segment revenue	24,005	23,172	46,258	49,180
Total segment revenue	**94,008**	**98,303**	**185,844**	**212,642**
Other income	7,025	4,809	14,178	9,503
Segment expenses				
Brokerage business	−35,972	−39,173	−76,660	−95,753
Personnel expenses	−16,803	−14,409	−29,286	−25,640
Depreciation/amortisation	−2,887	−3,172	−5,833	−6,102
Other expenses	−35,351	−28,453	−68,528	−61,730
Total segment expenses	**−91,013**	**−85,207**	**−180,307**	**−189,225**
Segment results before finance cost (EBIT)	**10,020**	**17,905**	**19,715**	**32,920**
Finance cost	−1,548	−2,003	−3,064	−3,744
Segment results after finance cost (EBT)	**8,472**	**15,902**	**16,651**	**29,176**

Segment revenues climbed to EUR 185.8 (EUR 212.6 million) in the first six months of 2005. The main cause of this decline was the low level of pension provision product sales. Intense training measures for MLP consultants following the commencement of the “Alterseinkünftegesetz“ (pension income law) in Germany on 1 January 2005 led to an output loss during the first two months of the year. The figures for the same period last year still included revenues from the second “Riester“ step totalling EUR 12.8 million. Expenditure from the brokerage business was reported at just EUR 76.7 million for the period in comparison with EUR 95.8 million for the same period in 2004. Last year’s figure also included restructuring expenses of EUR 9.0 million. Personnel expenditure climbed as forecast from EUR 25.6 million to EUR 29.3 million. The main factor was the expansion of the occupational pension provision sector. Depreciation/amortisation was slightly lower, totalling EUR 5.8 million (EUR 6.1 million). The increase in other expenditure can mainly be attributed to expenses for training activities as part of the new provisional cover environment totalling EUR 3.0 million. The segment result before finance cost (EBIT) therefore declined by 40 per cent from EUR 32.9 million to EUR 19.7 million. This corresponds to an EBIT margin of 10.6 per cent. Foreign business operations posted a pre-tax loss of EUR 3.4 million.

The number of clients rose in the first half-year by 12,500 to 631,000 (31.12.2004: 618.500). MLP increased the number of clients by 17,500 in the same period last year. This low growth was caused mainly by the extensive training activities undertaken in Q1 for financial consultants. The number of branch offices fell slightly to 297 (31.12.2004: 300). The number of consultants climbed again in Q2 and at the end of June, MLP employed a total of 2,564 consultants (31.12.2004: 2.546). In our foreign operations, clients were supported by 204 (198) consultants in 28 (31) branch offices.

New business developed moderately as forecast for the first six months of the year. The first three months in particular were affected considerably by the training activities for consultants. However, Q2 saw a marked increase in new business over Q1, reaching or exceeding the high figures of 2004. The arranged premium sum in the pension sector (excluding “Riester“) totalled EUR 2.1 billion for the first six months of 2005 (EUR 3.3 billion). New business in the health insurance sector fell from EUR 26.0 million in arranged annual premiums to EUR 22.0 million, whereby the previous year’s level was reached again in Q2. Loans displayed a pleasing trend and increased by 13 per cent to a loan volume of EUR 472.0 million (EUR 416.3 million). Fund inflows climbed by 7 per cent over 2004, amounting to EUR 332.4 million (EUR 312 million). Funds under management rose from EUR 4.1 billion at year-end 2004 to EUR 4.6 billion in the first half of 2005.

Life insurance segment

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Segment revenue				
External revenue	46,954	42,553	95,806	81,209
Inter-segment revenue				
Total segment revenue	**46,954**	**42,553**	**95,806**	**81,209**
Other income	134	256	312	498
Change in deferred acquisition costs	23,321	17,938	34,041	36,486
Segment expenses				
Insurance business	−39,635	−48,492	−86,793	−93,959
Personnel expenses	−2,906	−2,699	−4,901	−4,815
Deprieciation/amortisation	–	−1,556	−610	−3,086
Other expenses	−3,422	−4,185	−6,943	−7,762
Total segment expenses	**−45,963**	**−56,932**	**−99,247**	**−109,622**
Segment result before finance cost (EBIT)	**24,446**	**3,815**	**30,912**	**8,571**
Finance cost	− 26	55	103	121
Segment result after finance cost (EBT)	**24,420**	**3,870**	**31,015**	**8,692**

Revenues in the life insurance segment for the first six months of the year were 18 per cent up on the same period for 2004, amounting to EUR 95.8 million (EUR 81.2 million). This increase can be attributed to the high new business volume in 2004 and the resulting insurance premiums.

The changes in deferred acquisition costs (DAC) totalled EUR 34.0 million in the first half of 2005 compared with EUR 36.5 million in 2004 and correspond to a decline of 7 per cent. Expenses from insurance business fell by 8 per cent over last year from EUR 94.0 million to EUR 86.8 million. Depreciation/amortisation on long-term assets was suspended in line with IFRS 5.25. Personnel expenditure developed as forecast and totalled EUR 4.9 million (2004: EUR 4.8 million). Pre-tax profits have climbed dynamically from EUR 8.7 million to EUR 31.0 million as a result of increased revenues and lower expenditure.

The annual premium equivalent (APE) of new business in the first half of the year fell from EUR 45.7 million to EUR 19.0 million. The investment stock for unit-linked insurance products has increased from EUR 1.6 billion at the start of the year to EUR 1.9 billion due to premium income and capital market developments.

Non-life insurance segment

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Segment revenue				
External revenue	11,376	9,781	25,082	19,125
Inter-segment revenue				
Total segment revenue	**11,376**	**9,781**	**25,082**	**19,125**
Other income	169	42	223	225
Change in deferred acquisition costs	–790	–786	2,106	1,530
Segment expenses				
Insurance business	–6,412	–4,779	–18,569	–12,311
Personnel expenses	–1,844	–1,613	–3,186	–2,871
Deprieciation/amortisation	–	–235	–85	–467
Other expenses	–1,535	–1,608	–3,020	–2,885
Total segment expenses	**–9,791**	**–8,235**	**–24,860**	**–18,534**
Segment result before finance cost (EBIT)	**964**	**802**	**2,551**	**2,346**
Finance cost	2	4	33	6
Segment result after finance cost (EBT)	**966**	**806**	**2,584**	**2,352**

Segment revenues in the non-life insurance segment climbed in the first half of 2005 following reductions in reinsurance cession and the positive new business trend by EUR 6.0 million to EUR 25.1 million. Expenses from the insurance business showed a corresponding increase from EUR 12.3 million to EUR 18.6 million in the first six months of 2005. The reduction in collected reinsurance commissions also resulted in increased changes to deferred acquisition costs by EUR 0.6 million to EUR 2.1 million. Personnel expenditure totalled EUR 3.2 million (EUR 2.9). Pre-tax profits were posted at EUR 2.6 million, representing a 10 per cent increase over the same period last year (EUR 2.4 million).

Bank segment

All figures in €'000	2nd Quarter 2005	2nd Quarter 2004	1st half year 2005	1st half year 2004
Segment revenue				
External revenue	12,585	11,687	24,748	22,908
Inter-segment revenue	325	913	577	1,733
Total segment revenue	**12,910**	**12,600**	**25,325**	**24,641**
Other income	36	209	85	418
Segment expenses				
Banking business	–6,292	–4,836	–11,424	–9,528
Personnel expenses	–1,610	–1,614	–3,124	–3,212
Deprieciation/amortisation	–96	– 67	–183	–135
Other expenses	–3,179	–3,933	–7,514	–8,091
Total segment expenses	**–11,177**	**–10,450**	**–22,245**	**–20,966**
Segment result before finance cost (EBIT)	**1,769**	**2,359**	**3,165**	**4,093**
Finance cost	–5	–80	–17	–165
Segment result after finance cost (EBT)	**1,764**	**2,279**	**3,148**	**3,928**

Revenues in the banking segment rose in the first six months of 2005 by 3 per cent over 2004 to EUR 25.3 million. The interest result and commission result totalled EUR 5.1 million (EUR 4.6 million) and EUR 10.9 million (EUR 12.3 million) respectively. Expenses for banking business climbed from EUR 9.5 million to EUR 11.4 million. Pre-tax profits total EUR 3.1 million compared with EUR 3.9 million in 2004.

Internal services und administration segment

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Segment revenue				
External revenue				
Inter-segment revenue				
Total segment revenue				
Other income	5,185	5,085	10,325	9,785
Segment expenses				
Personnel expenses	–1,945	–1,709	–3,492	–2,947
Deprieciation/amortisation	–1,519	–1,546	–2,998	–2,763
Other expenses	–3,192	–5,189	–9,378	–10,089
Total segment expenses	**–6,656**	**–8,444**	**–15,868**	**–15,799**
Segment result before finance cost (EBIT)	**–1,471**	**–3,359**	**–5,543**	**–6,014**
Finance result	2,094	944	2,431	–173
Segment result after finance cost (EBIT)	**623**	**–2,415**	**–3,112**	**–6,187**
Finance cost	–3,900	–	–3,900	–
Segment result after finance cost (EBT)	**–3,277**	**–2,415**	**–7,012**	**–6,187**

This segment covers all in-house services and activities within the MLP Group. Pre-tax losses for the segment have risen from EUR 6.2 million to EUR 7.0 million in comparison with the first half of 2004. The fact that additional costs of EUR 3.9 million were incurred in conjunction with the sale of MLP Lebensversicherung AG and MLP Versicherung AG in Q2 2005 must be taken into account here. These were reclassified into the sale proceeds for the discontinued operations. When adjusted for these costs, losses are reduced from EUR 6.2 million to EUR 3.1 million. These proceeds have been posted in the discontinued operations.

Notes

I. General notes

The MLP AG interim report was compiled in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), London, taking into account the interpretation of the International Financial Reporting Interpretations Committee (IFRIC). IAS 34 (interim reporting) was also applied. The interim report presented here was not subject to an audit examination.

Figures are presented in EUR thousands ('000) unless otherwise stated.

II. Accounting and valuation methods

Fundamentally the same consolidation principles and accounting and valuation methods were applied for the interim report and the comparison with figures from the previous year as were applied for the 2004 group annual report. A detailed description of the accounting and valuation methods is published in the notes to the 2004 annual report. This can be downloaded from the company's website at www.mlp.de.

The following section explains the changes to accounting and valuation methods as well as disclosure.

Until now, IAS 1 has allowed the right to choose between presenting the financial statements according to maturity or by order of liquidity. This right to choose has been removed as part of the IASB Improvement Project. However, certain companies such as financial institutions (IAS 1.54) or companies with different business areas (IAS 1.55) are still entitled to structure the financial statements by order of liquidity, if a more reliable and more relevant presentation is achieved as a result. The structure of financial statements has thus been maintained in the MLP Group.

IFRS 2 was applied for the first time as per 1 January 2005. IFRS 2 contains rules for treating equity-based transactions, which must be compiled as from 1 January as expenditure.

In 2004 the IASB issued the new standard IFRS 5 "Non-current assets held for sale and discontinued operations". We have adopted the IASB recommendation to implement this standard ahead of time and have already applied IFRS 5 in the Group consolidated financial statements for 2004. Hereby, the criteria determined in IFRS 5, which must be met in order to classify business areas as discontinued operations in the financial statements, were not yet fulfilled. These criteria were met in the first quarter of 2005. The companies held for sale, MLP Lebensversicherung AG and MLP Versicherung AG, were therefore, in contrast to the 2004 group year-end report, to be reported as discontinued operations.

The profit from discontinued operations in the income statement as well as non-current assets and liabilities on the balance sheet held for sale will be posted separately. The comparative periods were adjusted accordingly in the income statement and are thus no longer comparable with the financial statements presented in previous years. The balance sheet figures from previous years do not have to be adjusted according to IFRS 5.
In order to provide financial statement addressees with a better assessment of the financial effects of discontinued operations (IFRS 5.30), we have not consolidated continued and discontinued operations in contrast to the previous year.

The scheduled depreciation of long-term assets for discontinued operations was compiled according to IFRS 5.25.

The following explanations in the notes refer to continued operations, with the exception of the explanations made explicitly under the item “Discontinued operations”.

III. Consolidated Group

The consolidated Group report includes the MLP AG financial statements and those of the companies it controls, listed below (subsidiaries) according to IAS 27, in which it holds the majority of voting rights or for which it has the factual control. In the 2005 financial year MLP AG has extended its consolidated Group by one further foreign subsidiary, “MLP Vermögensberatung AG, Vienna, Austria”.

In comparison with the same period in 2004, the consolidated Group has been extended by the companies acquired in 2004, MLP BAV GmbH, Heidelberg, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen, as well as BERAG Versicherungs-Makler GmbH, Bremen. However, there is no noteworthy impact on the balance sheet and income statement.

IV. Notes on the income statement

Revenues by business area can be found in the segment report.

[1] 1. Revenue from brokerage business

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Old-age provision*	67,948	74,266	129,842	155,417
Health insurance	12,687	13,768	23,157	27,571
Non-life insurance	2,864	2,497	13,801	12,308
Mutual funds	4,074	3,290	7,337	7,468
Loans	2,053	2,014	3,816	3,976
Other income	1,981	809	3,298	2,623
Total	**91,607**	**96,644**	**181,251**	**209,363**

* Before consolidation with discontinued operations

[2]

2. Revenue from banking business

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Commission income	7,988	8,383	16,072	16,306
Interest in similar income	4,786	3,906	8,990	7,776
Total	**12,774**	**12,289**	**25,062**	**24,082**

Commission income from banking business is mainly composed of income from current accounts, credit cards and loans as well as fees from asset management and savings plans.

[3] 3. Expenses for banking business

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Interest and similar expenses	2,120	1,605	3,952	3,162
Provision for risks	1,113	941	1,921	1,800
Expenses for financial assets	10	–	10	–
Hedging result	130	–	160	–
Commissions paid	516	285	951	951
Total	**3,889**	**2,831**	**6,994**	**5,913**

[4] 4. Other operating expenses

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
IT costs	9,639	9,523	18,637	19,080
Rent and rent incidentals	5,807	5,367	11,263	11,214
Training and seminars	1,387	1,822	6,151	3,350
Audit and consultancy costs	676	2,349	4,185	5,386
Communication requirements	3,194	3,612	6,064	6,995
Advertising activities	3,936	1,157	5,081	3,328
Expenses for retired sales representatives	1,432	1,064	2,530	2,143
Representation, entertainment expenses	2,096	1,328	2,836	1,983
Office supplies	790	766	1,443	1,564
Bad debt allowances	356	18	374	2,718
Other taxes	59	472	128	536
Currency translation expenses	8	9	9	10
Other remaining expenses	7,318	5,229	16,590	12,112
Total	**36,698**	**32,716**	**75,291**	**70,419**

Other remaining expenses in the reporting period include mainly expenses for renting notebooks, expenses for insurance policies, other personnel expenses, travel expenses, contributions and fees as well as expenses relating to money transactions.

V. Notes on the balance sheet

[5] 1. Financial assets

All figures in €'000	30.06.2005	31.12.2004
Available-for-sale securities	40,288	157,030
Held-to-maturity securities	2,573	2,599
Investments	1,373	1,383
Loans	3	12
Other capital assets	20,000	43,600
Total	**64,237**	**204,624**

The decrease in financial assets is due to the separate disclosure of amounts attributable to MLP Lebensversicherung AG and MLP Versicherung AG in discontinued operations. (See note VI "Discontinued operations".)

[6] 2. Receivables due from banking business

All figures in €'000	30.06.2005	31.12.2004
Accounts receivable due to bank clients	265,496	229,138
Accounts receivable due from financial institutions	175,938	142,503
Total	**441,434**	**371,641**

Accounts receivable due from bank clients mainly include accounts receivable from loans, current accounts and credit cards.

VI. Discontinued operations

As part of the continued focus upon our core competencies, we sold our subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG on 16 June 2005 and 3rd August 2005 respectively, with effect from 30 June 2005. The sales were conducted under the proviso that approval be issued by the cartel authorities and the Federal Financial Supervisory Authority. This is expected to be granted during the course of 2005. In accordance with IFRS 5, these discontinued operations must be posted separately. IFRS 5 stipulates that these discontinued operations are to be posted separately. The income statement has been adjusted by the respective amounts from the discontinued operations. The total result of this includes the sale proceeds for the first time along with the operating result of discontinued operations, and is posted as a separate line item in the income statement. There were no losses from depreciations. The assets defined as held for sale and the associated liabilities have been posted separately in the financial statements.

Both operations to be discontinued, MLP Lebensversicherung AG and MLP Versicherung AG, represent precisely one segment in the segment report.

The result of discontinued operations is presented below.

[7] Result of discontinued operations.

All figures in €'000	2nd quarter 2005	2nd quarter 2004	1st half year 2005	1st half year 2004
Revenue from insurance business	55,863	49,738	116,578	95,268
Other income	302	267	534	611
Total revenues	**56,165**	**50,005**	**117,112**	**95,879**
Change in deferred acquisition costs	22,216	15,371	38,838	37,008
Expenses for insurance business	– 45,028	– 53,050	– 104,533	– 107,154
Other expenses	– 9,697	– 11,897	– 18,742	– 21,775
Profit from operations (EBIT)	**23,656**	**429**	**32,675**	**3,958**
Finance cost	– 22	59	138	127
Profit before tax (EBT)	**23,634**	**488**	**32,813**	**4,085**
Income taxes	– 7,656	307	– 10,478	– 565
Net profit from discontinued operations	**15,978**	**795**	**22,335**	**3,520**
Cost to sell	– 3,900	–	– 3,900	–
Income taxes	– 7,209	–	– 7,209	–
Post-tax disposal result	**– 11,109**	**–**	**– 11,109**	**–**
Total net profit from discontinued operations	**4,869**	**795**	**11,226**	**3,520**
Earnings per share in EUR	0.04	0.01	0.10	0.03
Diluted earnings per share in EUR	0.04	0.01	0.10	0.03

In the previous quarter, costs of sell were incurred in the continuing operations amounting to EUR 3,900 thou. These were reclassified into the sale proceeds for the discontinued operations. In accordance with IAS 12.39, EUR 7,209 thsd. deferred taxes were posted in conjunction with the sale of the insurance subsidiaries.

Assets and liabilities of discontinued operations as at 30 June 2005 are made up as follows:

[8] **Assets** – all figures in €'000

	30.06.2005
Intangible assets	38,348
Property, plant and equipment	315
Financial assets	201,850
Investments of life insurance holders held on account and at risk	1,867,805
Reinsurance receivables	36,911
Accounts receivable and other assets	23,238
Cash and cash equivalents	25,232
Deferred acquisition costs (DAC)	396,438
Deferred tax assets	–
	2,590,137

[9] **Liabilities** – All figures in €'000

	30.06.2005
Shareholders' equity	–
Insurance provisions	514,147
Insurance provisions for investments of life insurance policy holders held on account and at risk	1,867,805
Other provisions	8,253
Reinsurance liabilities	45,293
Other liabilities	38,476
Deferred tax liabilities	1,046
	2,475,020

VII. Notes on the cash flow statement

The cash flow statement illustrates the change in cash resources of the MLP Group over the financial year as a result of the cash flows from operating activities, investing and financing activities. The cash flows of investing activities mainly comprise changes in fixed assets. The financing activity shows the cash-related equity capital changes and loans used. All other cash flows of revenue-related principal activities are allocated to operating activities.

VIII. Notes on Group reporting by segment

Segmentation of the MLP Group annual accounts data is based on the internal organisational structure of the MLP Group according to business sectors (primary segment).

The business segments are made up of the individual companies in the MLP Group. The reportable segments constitute strategic Group business segments which differ as regards their services and products, as well as the regulatory framework.

Derivation of the reportable strategic business is based on the criteria of the relationship between potential opportunities and risks in the market in which the MLP Group transacts business.

The strategic business sectors are the following:
- Consulting and sales
- Life insurance
- Non-life insurance
- Banking
- Internal services and administration

The object of the **consulting and sales** segment consists of client consulting services, particularly with regard to insurance, investments, occupational pension schemes and financing of all kinds, as well as of the broking of contracts concerning these financial services. This strategic line of business expanded by one company in the first quarter of 2005 due to the foundation of MLP Vermögensberatung AG.

The segment is made up of MLP Finanzdiebstleistungen AG, Heidelberg, MLP Private Finance plc, London, Great Britain, MLP Private Finance Corredura de Seguros S.A., Madrid, Spain, MLP Private Finance AG, Zurich, Switzerland, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen, BERAG Versicherungs-Makler GmbH, Bremen, MLP BAV GmbH, Heidelberg and MLP Vermögensberatung AG, Vienna, Austria.

The portfolio of products and services of the **life insurance** segment comprises various types of life insurance policies, tax-privileged insurance policies pursuant to the German law on pension income, capitalisation transactions as well as the administration of pension schemes. The life insurance segment is made up exclusively of MLP Lebensversicherung AG.

The business activity of the **non-life insurance** segment extends to the conception and running of property and accident insurance. The segment is formed by MLP Versicherung AG.

The **banking** segment includes the administration of financial portfolios, the trustee credit business, the loan and credit card business, consulting regarding investment decisions in respect of investment funds, as well as the conception and organisational implementation of new financial products for the MLP Group. The segment is formed exclusively by MLP Bank AG.

The **internal services and administration** segment is formed by MLP AG and Login GmbH. All internal services and activities of the MLP Group are thus combined in a separate segment.

IX. Miscellaneous information

The number of employees of the Group as at 30 June 2005 amounted to 1,941 (31.12.2004: 1,874). Thereof 368 (31.12.2004: 373) were minor part-time employees.

MLP AG executive bodies

Executive Board:

Dr. Uwe Schroeder-Wildberg (Chairman and CEO)
Eugen Bucher
Gerhard Frieg
Nils Frowein

Supervisory Board:

Manfred Lautenschläger (Chairman)
Dr Peter Lütke-Bornefeld
Johannes Maret
Gerd Schmitz-Morkramer (Deputy Chairman)
Maria Bähr (Employees' Representative)
Norbert Kohler (Employees' Representative)

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