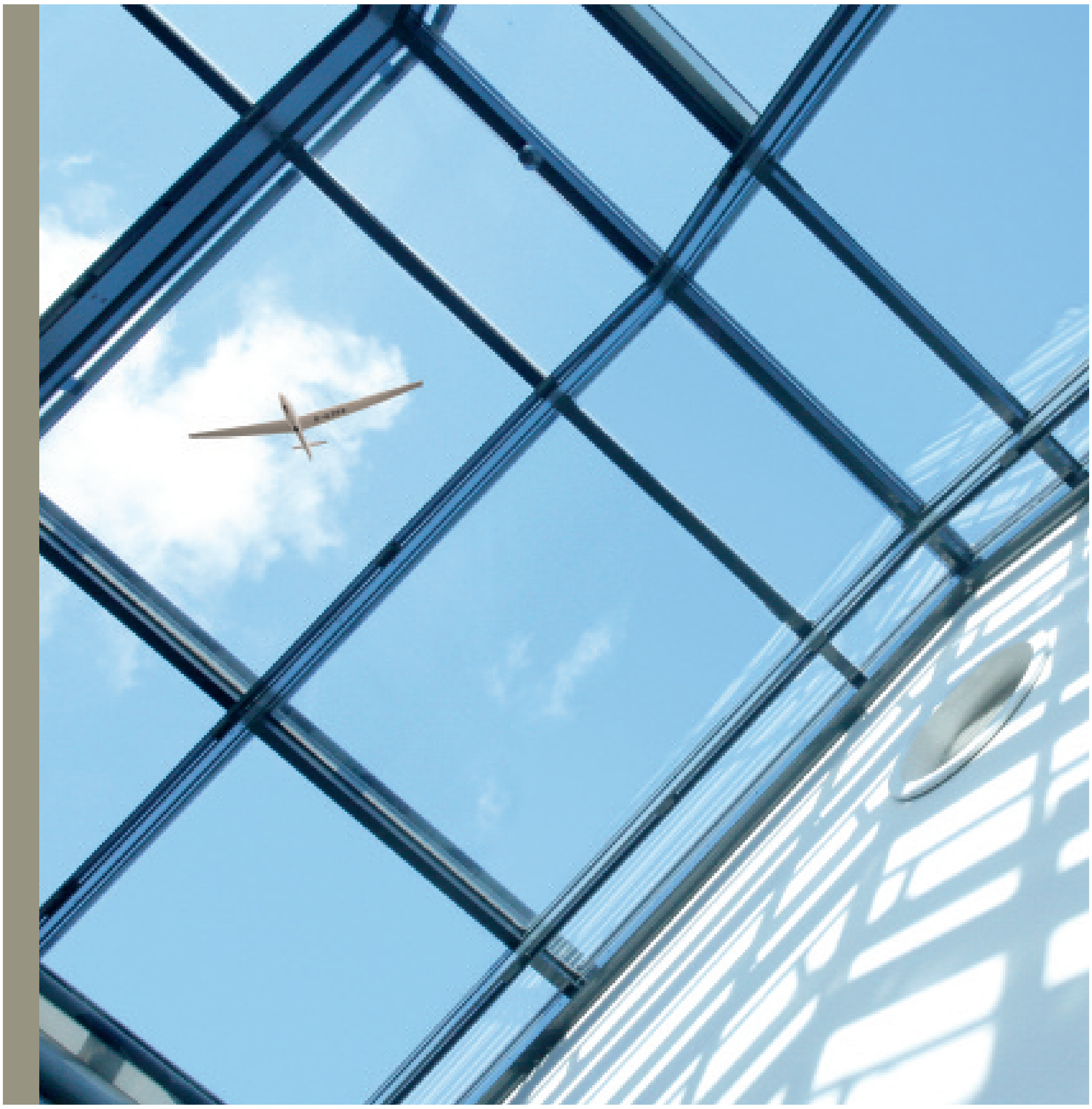

Success factor: independence

Annual Report 2006

MLP

Success factor: independence

One of the decisive success factors of MLP, if not the most important one, is its independence. In a constantly expanding and changing market, under increasingly complex framework conditions with a growing need for consulting and high client expectations independence is becoming ever more important.

In this annual report five MLP employees demonstrate on behalf of the company how independence marks their day-to-day work – whether it be in the different service units of the Wiesloch head office or in the regional offices. Each and every day with enthusiasm and commitment they apply what makes MLP's business model so unique.

The MLP Group

All figures in € million	2006	2005[1]	2004[2]	2003	2002
Continuing operations					
Total income	588.1	563.9	622.8	536.2	452.2
Income from brokerage business	473.5	467.9	543.7	317.4	248.2
Income from insurance business	–	–	–	160.9	142.6
Income from banking business	70.0	54.3	48.5	44.3	43.1
Income from wealth management	9.3	–	–	–	–
Other income	35.4	41.7	30.6	13.5	18.2
Earnings before interest and tax (EBIT)	84.9	71.8	88.3	79.4	13.9
EBIT margin	14.4 %	12.7 %	14.2 %	14.8 %	3.1 %
Earnings from continuing operations	64.6	42.5	43.0	39.3	81.5
MLP Group					
Earnings before interest and tax and before profit from the sale of operations (EBIT)	84.3	120.7	97.1	79.4	13.9
Net profit (total)	65.8	199.7	50.3	39.3	81.5
Earnings per share in €	0.64	1.84	0.46	0.36	0.85
Dividend per share in €	0.40 [3]	0.30 [4]	0.22	0.15	–
Capital expenditure	20.0	16.7	25.3	37.0	61.9
Shareholders' equity	323.4	455.2	289.6	253.8 [5]	213.9 [5]
Equity ratio	25.5 %	38.5 %	9.4 %	10.5 %	11.7 %
Balance sheet total	1,266.1	1,182.0	3,086.2	2,427.6	1,826.7
Clients[6]	691,000	655,000	615,000	558,000	503,000
Consultants[6]	2,649	2,545	2,519	2,738	2,939
Branch offices[6]	267	287	294	341	384
Employees[6]	1,657	1,505	1,438	1,460	1,399
Brokered new business					
Life insurance (premium sum in € billion)	7.1	6.7	11.2	7.4	6.3
Health insurance (annual premium)	71.4	56.4	60.4	64.0	75.0
Loans	1,217	1,016	806	1,064	893
Inflows into funds	980.1	917.9	575.0	606.0	664.0
Funds under management in € billion	10.8 [7]	8.3 [7]	2.6	3.5	2.9

1 As the subsidiary MLP Private Finance AG, Switzerland, was sold, the figures for 2005 have been adjusted accordingly.
2 Adjusted in 2005 due to the sale of the subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG.
3 Subject to approval by the Annual General Meeting on May 31, 2007.
4 In addition to an extra dividend of € 0.30 per share.
5 Excluding minority interest.
6 Continuing operations.
7 MLP and Feri.

Profile

MLP is the independent financial adviser with a unique business model. Since being founded in 1971, we have focussed on advising academics and other discerning clients in all matters of personal and financial management. We advise companies on occupational pension schemes and non-life insurance. In close cooperation with the market's best product providers, we develop financial plans tailored to meet the precise individual needs of our clients.

Our mission

Whether health and old-age provision, insurance cover, financial investments or loans and mortgages – MLP stands for the highest quality consulting across all segments and in every stage of its clients' lives. Clients trust in the expertise and independence which MLP guarantees in all aspects of integrated financial solutions.

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The Executive Board

GERHARD FRIEG (50)
Product management and purchasing;
appointed until May 18, 2007

DR. UWE SCHROEDER-WILDBERG (41)
Chairman and CEO
Planning and strategy,
human resources, communication,
legal affairs, audit and IT;
appointed until December 31, 2007

DR. WULF BÖTTGER (40)
Sales and marketing;
appointed until December 31, 2009

NILS FROWEIN (42)
Controlling, accounting, tax,
treasury, general administration;
appointed until March 31, 2009

Letter to our shareholders

Dear shareholders,

During the last financial year, we continued to rigorously push the strategic realignment of the MLP Group. In so doing, we are pursuing the aim of improving the quality of independent and comprehensive financial consulting and using growth potential in the markets of old-age and health provision and wealth management in the interest of our clients.

Back in 2005, MLP Lebensversicherung AG and MLP Versicherung AG were sold. This strengthened MLP's independence as a broker and streamlined the Group structures. In the last financial year we worked intensively on expanding wealth management. With the acquisition of the majority holding in Feri Finance AG, we took an important step towards expanding this promising business segment. Wealth management will become a further core competency of MLP alongside old-age and health provision.

Diversifying wealth intelligently in order to invest it profitably becomes increasingly important for investors the older they get. From the age of 40 plus, the need for investment recommendations and comprehensive wealth management becomes greater in our target group of academics and other discerning clients. This client group already makes up 20 % of MLP's clients. In the coming years, these clients will double in number. As a result of our cooperation with Feri Finance AG our clients now have access to highly sophisticated investment and wealth management concepts which were previously only available in Germany to very wealthy clients at a few private banks. This has helped put the MLP Group in a unique position on the German financial services market. It enables sustainable growth potential in our own client base and with new clients, and generates strategic competitive advantages. MLP is already the largest independent wealth management company in Germany. Together with Feri we manage client assets of more than € 10 billion.

But it is not only the market for wealth management that offers excellent growth prospects in Germany. The markets for old-age and health provision also open up growth potential for MLP. Demographic development and the pressure this is putting on the social security systems make strong personal provision for individuals indispensable in both segments. The legislator reacted to this in 2005 with the Retirement Income Law. The drop in services from the pay-as-you-go state pension system shall be compensated in future by funded private and occupational provision schemes. There are corresponding tax benefits for private and occupational pension provision which make it easier for individuals to build sufficient private old-age provision. Together with our 35 years of experience and competence in consulting academics and other discerning clients, especially in matters of old-age provision, these framework conditions provide us with an excellent starting point for future growth.

Unfortunately, the necessary reforms in the area of the health system have not yet been implemented. In the short term, the continuing discussion and uncertainty of clients over how things will develop in future may have a negative effect on our business development in the corresponding segment. In the medium to long term, however, we are convinced that demographic development and advances in medical technology will also make increased personal provision necessary in the field of health provision. Here, too, we are perfectly positioned on the market to take advantage of the opportunities that arise.

With the core competency of old-age and health provision and the additional future core competency of wealth management, MLP is very well positioned in Germany with its unique business model. Independent, comprehensive consulting has become an increasingly decisive argument in client acquisition over the past years, making MLP the trendsetter of the industry. Alongside our independence, our target group focus and the quality of our consulting, it is the uniqueness of our business model which sets us apart.

We want to continue expanding our competitive advantage. To this end, we worked on MLP's brand awareness in the target client group of academics in 2006, for instance. According to a market research study by the Allensbach Institute, we succeeded in increasing awareness of the MLP brand by 27 % in the period from March 2006 to November 2006 alone.

MLP will be able to benefit from the consolidation of the finance brokerage market in Germany over the coming years. New legal framework conditions will confront many brokers with impossible tasks, as they will be unable to meet the future transparency and quality requirements for financial consulting in the long term. MLP on the other hand is perfectly prepared.

In 2006 we started a project for optimum IT support in client consulting and all processes relevant to client care. With the new systems, MLP is well prepared for the EU Insurance Mediation Directive and the new EU directive for banking services, MiFID (Markets in Financial Instruments Directive), which is set to come into force in 2008. At the same time, the new software makes our work considerably easier and saves time for our consultants in the offices. The service will also improve considerably for our clients. The detailed documentation of the consulting meeting and the product recommendations not only fulfils legal requirements, but will set the standard in the entire industry.

In the last financial year MLP was able to considerably increase its profit. Earnings before tax from continuing operations rose by 28 % to € 90.8 million. Business development in our most important segment, old-age provision, did not quite live up to expectations in the first half of the year. However, the measures introduced for a targeted increase in sales in the old-age provision segment took effect particularly in the fourth quarter. Total income rose by 4 % to € 588.1 million.

Adequate participation of our shareholders in our results was and is important to us. In the last financial year we therefore paid out a total of around € 211 million in the form of a dividend, an extra dividend and a share buyback programme. For 2006, the Executive and Supervisory Boards propose a 33 % increase in the regular dividend from € 0.30 to € 0.40 per share.

Looking at the current financial year, I ask that you continue to accompany MLP as shareholders. You can rest assured that my Executive Board colleagues and I shall continue to resolutely pursue the goal of sustainably increasing the company value. MLP has very good competitive opportunities in its core competency fields of old-age and health provision, as well as wealth management.

Yours sincerely,

Dr. Uwe Schroeder-Wildberg

Report by the Supervisory Board

In the financial year 2006, 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. The Supervisory Board regularly advised and monitored the Executive Board in its management of the company.

Furthermore, during the course of the last financial year the Supervisory Board paid a great deal of attention to the economic development, financial situation and prospects of the company.

The Supervisory and Executive Boards met on numerous occasions to discuss 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 provided the Supervisory Board with timely and comprehensive reports, both written and oral, on a regular basis and on all relevant issues related to corporate planning, strategic development, the business situation and the position and development of the Group as a whole, including the risk situation and risk management.

In connection with the expansion of the wealth management segment, the Federal Financial Supervisory Authority (BaFin) granted permission for investment and acquisition brokerage pursuant to § 32 of the German Banking Act (KWG) upon request by the sales subsidiary of the MLP Group, MLP Finanzdienstleistungen AG. This makes MLP one of the first major independent financial advisers to have received permission to broker a comprehensive range of investment products for its clients in addition to investment funds.

During the course of the strategic expansion of wealth management, MLP AG purchased 56.6 % of the shares in Feri Finance AG and concluded an extensive cooperation agreement in 2006. Furthermore, fixed-term preemptive rights which could lead to the purchase of 100 % of Feri Finance AG in 2011 are in place. Feri Finance AG is one of the leading independent wealth management companies in Germany. The Supervisory Board followed the transaction closely, gave advice on the state of negotiations in several meetings and approved the cooperation agreement at the meeting on May 21, 2006 and the share purchase at the meeting on September 15, 2006.

Members of the Supervisory Board:
- Manfred Lautenschläger (Chairman)
- Gerd Schmitz-Morkramer (Deputy Chairman)
- Dr. Peter Lütke-Bornefeld
- Johannes Maret
- Maria Bähr (Employees' representative)
- Norbert Kohler (Employees' representative)

In the financial year 2006, the Supervisory Board held five regular meetings and five extraordinary meetings, all of which were attended, with the exception of one meeting, by all members, either in person or via conference call. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. When necessary, the resolutions were made via telephone conference or by connecting to Supervisory Board members who were unable to attend the meetings in person via telephone; in one case a resolution was passed in writing.

Five meetings of the Personnel Committee and two meetings of the Audit Committee were also held, all of which were attended by all members. Furthermore, the Chairman of the Supervisory Board met with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informed the other members of the Supervisory Board in detail about the content of the meetings with the Executive Board.

Supervisory Board meetings and important resolutions

Following preparations by meetings of the Audit Committee, the meeting of the Supervisory Board on March 27, 2006 focused on the audit and approval of the financial statements of MLP AG and the consolidated financial statements as at December 31, 2005. 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 the financial statements and the consolidated financial statements of December 31, 2005. Other significant issues that figured on the agenda of this meeting were the Supervisory Board's proposals for resolutions to the regular Annual General Meeting of MLP AG on May 31, 2006. The Supervisory Board was also informed of the authorisation for investment and acquisition brokerage of MLP Finanzdienstleistungen AG.

The regular meeting of the Supervisory Board on May 8, 2006 was used to discuss the results and business development in the first quarter of 2006. Also on the agenda was the expansion of the wealth management business segment. In this connection, the Executive Board informed the Supervisory Board of the state of negotiations with Feri Finance AG.

The expansion of the wealth management business segment gave cause to convene an extraordinary meeting of the Supervisory Board on May 21, 2006. The Supervisory Board was informed in detail of the state of negotiations with Feri Finance AG and discussed the results of the contractual negotiations. The Supervisory Board approved a cooperation agreement with Feri Finance AG and also looked into the conditions for intensifying cooperation by acquiring a stake in Feri.

The results of the second quarter and the development of business in the first half of the year were on the agenda at the regular meeting of the Supervisory Board on August 7, 2006. In an extraordinary meeting of the Supervisory Board on the same day, the previous Board Member for Sales, Mr Eugen Bucher, was discharged with immediate effect. Until the position was filled again, Dr. Uwe Schroeder-Wildberg was entrusted with the provisional responsibility for the sales department.

The object of an extraordinary meeting of the Supervisory Board on September 15, 2006 was the acquisition of the majority holding in Feri Finance AG and the granting of preemptive rights to the remaining shares. The Supervisory Board discussed the most important results of negotiations at length and approved the acquisition by MLP AG.

During the course of 2006, the Chairman of the Executive Board kept the Supervisory Board permanently informed of the status of talks between MLP Finanzdienstleistungen AG and the Federal Financial Supervisory Authority regarding the classification of advance commission payments. In October, the Supervisory Board acknowledged the decision to request restricted permission for lending.

In the November meeting, the results of the third quarter were on the agenda.

On November 23, 2006 the Supervisory Board appointed Dr. Wulf Böttger as Board Member for Sales of MLP AG with effect from January 1, 2007. Dr. Böttger was also appointed by the Supervisory Board of MLP Finanzdienstleistungen AG as Board Member for Sales of the sales subsidiary.

At the meeting on December 20, 2006 discussion focused both on the resolution on the declaration of compliance in line with § 161 of the German Stock Corporation Act (AktG) and on Corporate Governance in the MLP Group.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2006.

Members of the
Personnel Committee:
- Manfred Lautenschläger (Chairman)
- Gerd Schmitz-Morkramer (Deputy Chairman)
- Dr. Peter Lütke-Bornefeld
- Johannes Maret

Members of the
Audit Committee:
- Manfred Lautenschläger (Chairman)
- Gerd Schmitz-Morkramer (Deputy Chairman)
- Dr. Peter Lütke-Bornefeld
- Johannes Maret

The Personnel Committee convened five times in the reporting period. In addition to remuneration matters, the meetings focused on preparing for the new appointment in the sales department.

The Audit Committee held two regular meetings in the financial year 2006. Representatives of the auditor were also present at its meetings. 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 Group as well as the proposed appropriation of earnings. The Audit Committee received regular reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

Corporate Governance

In its meetings the Supervisory Board regularly deals with the application of the Corporate Governance principles.

Last year, the Supervisory Board dedicated its meeting on December 20, 2006 to detailed discussions of the amendments of the German Corporate Governance Code ratified on June 12, 2006.

At the meeting on December 20, 2006, the Supervisory Board examined the efficiency of its activities based on an evaluation questionnaire made available to the Supervisory Board members in good time before the meeting. The Supervisory Board also discussed 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 on this occasion. Measures aimed at increasing efficiency were analysed.

At the meeting on December 20, 2006, the Supervisory Board also satisfied itself that MLP AG 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 (AktG) in the last financial year.

MLP AG complies strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 12, 2006). In December 2006, the Supervisory and Executive Boards issued a declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 2006 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 text of the declaration of compliance of December 2006, can be found in the Corporate Governance report by the Executive and Supervisory Boards in this annual report. All relevant information is also available on our homepage at www.mlp.de.

Disclosures pursuant to §§ 171 (2) sentence 2 of the German Stock Corporation Act (AktG) in connection with 289 (4), 315 (4) German Commercial Code (HGB)

The share capital of the company is currently € 108,781,403 and is divided into 108,781,403 ordinary bearer shares with a nominal value of € 1 per share.

As a result of the approvals granted by the Annual General Meeting of June 21, 2005 and May 31, 2006, the company purchased a total of 8,863,109 own shares (corresponding to 8.2 % of the share capital) in the period from December 1, 2005 to December 20, 2006. As per § 71b of the German Stock Corporation Act (AktG), these shares grant no rights and, more specifically, have no voting rights and dividends.

MLP AG is aware of three shareholders who exceed 10 % of the voting rights:

	Shares	Shareholding [1]
Manfred Lautenschläger [2, 3]	17,316,597	15.92 %
Manfred Lautenschläger Beteiligungen GmbH [4]	14,729,995	13.54 %
Angelika Lautenschläger Beteiligungen GmbH	11,857,781	10.90 %

[1] In relation to the current number of shares of 108,781,403.

[2] Shares held by Mr Manfred Lautenschläger on December 31, 2006 and reported by him in his capacity as Chairman of the Supervisory Board.

[3] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 14,729,995 of these shares (= 13.54 % of the share capital) are attributable to Mr Manfred Lautenschläger; of the total number of attributable shares, 10,229,995 (= 9.40 %) are held by Manfred Lautenschläger Beteiligungen GmbH and 4,500,000 shares (= 4.14 %) by Manfred Lautenschläger Stiftung gGmbH.

[4] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 4,500,000 of the shares (= 4.14 % of the share capital) held by Manfred Lautenschläger Stiftung gGmbH are attributable to Manfred Lautenschläger Beteiligungen GmbH.

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 manage properly or 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 Chairman of the Board and one or more Deputy Chairmen.

In accordance with § 179 (1) of the German Stock Corporation Act (AktG), 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 (AktG), § 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.

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, 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 authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital).

A resolution passed at the Annual General Meeting of May 31, 2006 also authorised the company, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase up to 10 % of the share capital during the authorisation period by November 29, 2007. On the basis of this authorisation, the company purchased 5,207,600 shares in the period from June 1 to December 20, 2006.

In connection with the acquisition of the majority holding in Feri Finance AG, MLP AG and the vendors granted themselves preemptive rights which may lead to the acquisition of the remaining shares in 2011. In the event that a third party purchases at least 51 % of the entire share capital of MLP AG by December 31, 2010 and exercises the voting rights from these shares in the Annual General Meeting following the acquisition or in a later Annual General Meeting, the vendors are entitled to a minimum purchase price, should the preemptive rights be exercised, as far as the acquisition of shares results in the business model agreed between MLP and Feri becoming inoperable.

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and the Executive Board member Nils Frowein contain a clause stating that both gentlemen 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 remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control, i.e. the remuneration up to the regular ending of the contract of employment of Dr. Uwe Schroeder-Wildberg on December 31, 2007 and of the contract of employment of Nils Frowein on March 31, 2009.

Audit of the annual financial statements and consolidated financial statements for 2006

The MLP AG annual financial statements of December 31, 2006 and the management report of MLP AG were prepared by the Executive Board in line with the principles of the German Commercial Code (HGB) and audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, which issued an unqualified auditors' opinion. This was also the case with the consolidated financial statements and Group management report prepared in accordance with IFRS. The auditor confirmed that the consolidated financial statements and the Group management report fulfil the conditions for exemption from preparing a financial report under German law (§ 292a of the German Commercial Code (HGB)) and that the Executive Board had introduced an efficient risk management system in keeping with legal regulations.

The financial statements, 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 very thoroughly. The Supervisory Board also checked and discussed the documentation and reports in detail. The audit reports from Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, were made available to all members of the Supervisory Board and were dealt with in full at the Supervisory Board meeting on March 26, 2007 in the presence of the auditor, who reported on the most important results of his audit. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management 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, the Supervisory Board approved the MLP AG annual financial statements and the management report prepared by the Executive Board in accordance with the German Commercial Code (HGB) and the consolidated financial statements and the consolidated management report of the Group in accordance with IFRS at its meeting of March 26, 2007. The annual financial statements are therefore adopted.

The Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.40 per share for the financial year 2006.

The Supervisory Board would like to thank the Executive Board, the management of the respective Group companies and all employees and MLP consultants of the MLP Group for their commitment and achievements in the financial year 2006.

Wiesloch, March 2007
The Supervisory Board

Manfred Lautenschläger
Chairman

Review of 2006

FORUM

SERIES OF SEMINARS GOES INTO THE SECOND ROUND

MLP significantly increases the number of speakers for its successful series of lectures called "MLP Forum". After more than 30 events with Professor Bert Rürup and Professor Bernd Raffelhüschen in 2005, the scientists Professor Meinhard Miegel and Professor Hans-Werner Sinn, plus stock-market expert Frank Lehmann will also hold interesting and informative lectures in front of many thousands of MLP clients.

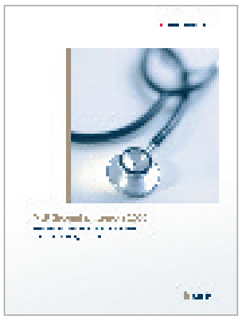
JANUARY

MLP PRESENTS HARALD SCHMIDT SHOW

As of January 25, 2006 MLP presents the Harald Schmidt Late Night Show on Germany's ARD channel. This positions the Wiesloch-based financial services provider even more strongly as a comprehensive specialist for wealth management and old-age provision for its target group of academics and other discerning clients. The sponsoring campaign covers around 60 programmes in 2006.

MARCH

MLP HEALTH REPORT



In cooperation with the Institut für Demoskopie Allensbach (Institute for Opinion Research in Allensbach), MLP presents its first MLP Health Report. The institute interviewed more than 2,000 German citizens in the course of this comprehensive study. 55 % of them say that the German health system needs to be extensively reformed. However, only 23 % trust politicians to ensure good health provision for all in the long term. MLP uses the findings from the report to better adapt its service offering to the needs of its clients.

MARCH

LICENCE FOR INVESTMENT AND ACQUISITION BROKERAGE

The German Federal Financial Supervisory Authority (BaFin) grants the licence for investment and acquisition brokerage pursuant to § 32 of the German Banking Act (KWG) to the sales subsidiary of the MLP Group, MLP Finanzdienstleistungen AG. This makes the company the first major independent financial adviser to receive permission to broker a comprehensive range of investment products to its clients in addition to investment funds. This licence is an important step towards the targeted expansion of our wealth management and the completion of our product portfolio.

deutschlands
kundenorientiertester
dienstleister

Sonderpreis
Beratungsunternehmen 2006

MAY

MLP IS ONE OF THE MOST CLIENT-ORIENTED SERVICE PROVIDERS IN GERMANY

In the competition for the "Most client-oriented service provider", initiated by the University of St. Gallen, the management consultancy Steria Mummert Consulting and the Handelsblatt newspaper, MLP is ranked among the top ten of the 3,300 participants together with companies such as TNT Express, H&M or the Otto Group. This award confirms the company's successful focus on its clients' needs. MLP scored particularly well for the client-orientation of its management. This discipline is portrayed by the anchoring of client-orientation in the entire strategic alignment of the company. What is more, the judges praised MLP for its cooperation with numerous renowned partners and for its excellent electronic client service. In an e-mail response analysis performed by the University of St. Gallen, MLP scored 98 out of 100 possible points.

JULY

MLP EXPANDS PUBLIC PRIVATE PARTNERSHIP

After the successful pilot project of the MLP-supported career centres at the University of Heidelberg and the Mannheim University of Applied Sciences, MLP is expanding its public private partnership with the University of Mannheim, among others. In the field of graduate placement, the University of Mannheim is already one of the leading German universities. Thanks to this cooperation, the university is now able to accompany its graduates in the first years of their professional life with an individual career plan. Alongside Mannheim, the universities of Freiburg and Frankfurt/Main also joined in a partnership with MLP.

OCTOBER

MLP TAKES OVER THE MAJORITY STAKE IN FERI FINANCE AG

Following approval from the Federal Cartel Office, MLP AG takes over 56.6 % of the shares in Feri Finance AG, Germany's leading independent wealth management company. The purchase price is € 64.4 million and is paid from cash holdings. MLP takes this step as part of the expansion of the wealth management segment. The contract was signed in September 2006. After this transaction, all Feri partners remain involved in the company and stand by their long-term commitment within the Feri Group. Feri Finance AG will continue to operate its successful business model under the Feri brand as usual and will support its clients independently.

NOVEMBER

WULF BÖTTGER BECOMES NEW BOARD MEMBER FOR SALES

The Supervisory Boards of MLP AG and MLP Finanzdienstleistungen AG appoint Dr. Wulf Böttger as Board Member for Sales of both companies effective as of January 1, 2007. Böttger, 40, comes from the AXA Group AG in Cologne, where he headed the sales, marketing and non-life and consumer business divisions as a member of the Executive Board. Previously, the doctor of physics was a member of the Executive Board Direct Group of Bertelsmann AG and consultant at McKinsey.

DECEMBER

MLP ENDS SHARE BUYBACK PROGRAMME

On December 20, 2006 MLP AG ended its share buyback programme, which started in December 2005, according to plan. As part of the programme, a total of 8,863,109 shares was bought back at an average market price of € 16.74 per share. The number of shares bought back corresponds to 8.2 % of the share capital. In total, € 148.4 million were paid out to the shareholders under the share buyback programme.

Success factor: independence

INDEPENDENT CONSULTING – COMPREHENSIVE CONCEPT

Independent consulting geared towards the wishes and needs of the client, offering security in the areas of health, old-age provision, financing and wealth management in all stages of life has made MLP the premium brand in the German financial services sector. In order to reaffirm its position every day, MLP relies on the interaction of top experts in the head office and consultants with one particular focus: the wishes and goals of its clients.

WOLFGANG WAGNER,

HEAD OF TRAINING AT THE MLP CORPORATE UNIVERSITY

The foundations for MLP's independent consulting philosophy are laid in the Corporate University. Each client consultant completes an internal company training programme in Wiesloch at the start of his or her MLP career and returns to seminars and workshops at the Corporate University time and again as part of his or her further training.

FRANZISCA LAESCHKE,

EXECUTIVE CONSULTANT IN COLOGNE

The consultants in the offices are completely dedicated to their clients. Anyone who has internalised the independent consulting philosophy is unable to imagine any other model for contemporary financial consulting.

ANDREAS KUKUK,

OFFICE MANAGER OF DORTMUND

Despite the wide variety of their additional tasks, the office managers see themselves primarily as consultants. They manage their office, coach their colleagues and constantly work to develop the MLP business model in the region.

STEPHAN MOLTZEN,

HEAD OF PRODUCT MANAGEMENT IN THE AREA OF OLD-AGE PROVISION

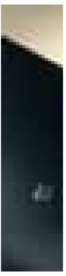
Quality in client consulting requires an upstream independent product selection process. Specialists like Stephan Moltzen and his team in the head office ensure that the colleagues in the offices have access to secure product information. The experts filter the market for old-age provision products based on clear and comprehensible criteria.

SILVIA ROHDE,

HEAD OF THE CONSULTANT SERVICE FOR HEALTH INSURANCE

Solid insurance cover for the event of illness is of paramount importance to every one of us. When selecting the best health insurance cover for their clients, the consultants in the offices can rely on the expertise of health insurance specialists in the head office.

At the centre of all corporate activity at MLP is the aspect of independence. This has been one of the deciding elements in the company's success and is therefore the model that each and every employee aspires to. Andreas Kukuk, manager of the Dortmund I office, and consultant Franzisca Laeschke from the Cologne II office embody this core theme of the corporate culture, as do Silvia Rohde, head of the consultant service for health insurance, Wolfgang Wagner, head of training at the company's in-house Corporate University (CU) or Stephan Moltzen, head of product management in the area of old-age provision.



"High-quality results can only be achieved if consulting is geared to client requirements." **WOLFGANG WAGNER,** head of training at the Corporate University, instils this principle in young consultants in their first days at MLP.

In contrast to MLP's strong independence with regard to consulting and product selection, cooperation between the consultant and the employees at the head office is very closely interlinked. For many years, this has ensured high-quality consulting and is therefore the basis on which the company is able to permanently convince its clients about the company's services.

TRAINING IS OF STRATEGIC IMPORTANCE

The foundations of independence are laid in the Corporate University at MLP. The company's in-house university occupies a prominent position in the corporate strategy and it really is a top priority – the management of the Corporate University reports directly to the Chairman of MLP's Executive Board, Uwe Schroeder-Wildberg.

"Independence and freedom go hand in hand," says Wolfgang Wagner, head of Training at the Corporate University. He is a passionate defender of the independent approach to consulting and explains that high-quality consulting results can only be achieved if the consulting is aimed solely at client needs and draws on knowledge from all specialist areas. So it is a matter of course for the teams of the Corporate University to continuously pass on the latest know-how to their »

» consultant colleagues. In the long term, this secures the quality consulting of the company and thus the enthusiasm of the clients.

DISCERNING CLIENTS WANT CONVINCING CONCEPTS

In close cooperation with the office managers, Wolfgang Wagner provides an important basis for turning junior staff into well-versed consultants. For him it goes without saying that one "can only accompany academics and other discerning clients throughout their lives by succeeding in constantly presenting this critical client group with attractive long-term concepts." Concepts which do not conform to any standards, but which are tailored to the personal interests and circumstances of the client. From his own professional experience, he knows that financial consulting in the industry is often still product-related, which is only very rarely in the interests of the clients. This is why MLP follows an independent approach and does not broker products above all else, but develops individual solutions. "After all topics such as old-age provisions, financial investments and real estate or financing of medical practices must not be looked at individually but in an overall context," says Wagner. "Just like the interplay of different gears: If you make changes to one you will need to consider the effects it will have on all the others."

The generation principle applies in MLP's training. Successful MLP consultants pass on their practical experience to the next generation of consultants, which strengthens the feeling of togetherness and is an important element of MLP's corporate culture. Wolfgang Wagner embodies this training model and invests a great deal of time in the selection, support and further development of trainers.

On this Friday in January, for example, a new e-learning concept is being discussed. To free MLP consultants of time-consuming travelling, the MLP Corporate University will in future increasingly make use of electronic media. In this way, they are able to complete a large number of training sessions directly at their workplace which means that straight after that they can again focus on giving advice to their clients. Colleagues from various departments have gathered to further the project. Wagner asks questions, pulls the strings, assigns the roles. At the end, the project schedule is in place. The responsibilities have been clearly assigned, everyone will do his or her share. This type of interaction with one another is part of the secret of MLP's success – the open corporate culture achieves the best results in a creative atmosphere. Specialist focus and the unbending will for success are evident in many parts of the company.

"You can only support discerning clients throughout their lives by succeeding in constantly presenting this critical target group with attractive long-term concepts."

WOLFGANG WAGNER,

HEAD OF TRAINING AT THE MLP CORPORATE UNIVERSITY

For anyone who has completed the training, independent consulting with a clear focus on the individual goals of the client has become a matter of course. This certainly applies to Franzisca Laeschke. She has been a consultant at the MLP office in Cologne for 11 years and emphasises: "I alone am responsible for my clients' satisfaction. This is an enormous responsibility, but also allows a great deal of freedom. If my clients feel that I am giving my best, then they respond to that."

A RELIABLE SCOUT

Franzisca Laeschke's development is a typical example of a classical career at MLP. Laeschke acquired her clients while they were at university and has supported them for many years. Today, the former students are firmly established in their professional lives and have long begun their own families. The MLP consultant accompanied them all the way. "I am always there when the client is looking for advice and will contact him when it's time to make new decisions." The consultant keeps a close eye on legislation for her clients, as well as on the financial markets, and informs her clients immediately of any developments that affect their plans. Client relationships of this type are rare in the finance industry today and no one knows this better than Laeschke. "Only at MLP can I provide clients with a high level of independent and comprehensive consulting. I have complete freedom as regards product recommendations and partner companies," she adds.

Laeschke's work day is tightly scheduled. Today she needs to start by clarifying a few things with partner companies. The afternoon is set aside for appointments with »







For 11 years **FRANZISCA LAESCHKE** has been there for her clients – mostly economists and engineers.
"Only at MLP can I give comprehensive and independent advice on a high level", says the 35-year-old consultant from Cologne.

Good organisation coupled with a high level of professionalism and a great deal of individuality – these are important factors for the success of MLP in Dortmund and at many other sites.

Role model in the Ruhr region: Giving everything for the client is the number one maxim for **ANDREAS KUKUK** and his colleagues. The team from Dortmund has already won the award for "Best office of the year" three times in succession.

"If the client understands what is going on, then he will become active out of self-interest."

ANDREAS KUKUK,
OFFICE MANAGER OF DORTMUND I

» clients. One hour before each meeting, Franzisca Laeschke looks over documents and recapitulates previous appointments. In contrast to many colleagues in banks and insurance companies, the MLP consultants must be fit and prepared for all questions regarding old-age and health provision, non-life insurance and wealth management. Regardless of whether it concerns a simple third party liability insurance or solutions for a complex wealth structure, Fanzisca Laeschke's clients will get competent answers and independent recommendations. The 35-year-old consultant from Cologne banks on continuing education to meet these high standards. Her next goal: to obtain the highest investment licence MLP grants in its Corporate University.

IMPROVED ATTITUDE TOWARDS LIFE THANKS TO CONVINCING PROVISION CONCEPTS

A client consultation usually lasts between one and two hours. Today's meeting is about taking out insurance for legal costs. Which policy really meets the client's requirements? Which company is fair in its claims processing? Thanks to a high-performance client relationship management system, Franzisca Laeschke is able to call up all data at any time and select the best product in its class. For the client, this makes her a reliable scout through the insurance jungle. At the end of the appointment, the consultant arranges the next meeting with her client in six months' time. Her client is planning on optimising his old-age provision and wants to use a bonus payment which he is expecting in half a year.

Franzisca Laeschke's client group is mainly comprised of economists and engineers. One would think that people with such qualified training would be well versed in matters of provision and investment. However, consulting practice shows the opposite to be true. "Many people save, but without consultation they often choose the wrong tools," reports the MLP consultant. With regard to the risk of occupational disability and old-age provision in particular, requirements are often underestimated. "Yet it is so easy to provide for tomorrow today," she stresses and adds encouragingly: "Those who have picked the right financial provision no longer need to worry about their standard of living later on. It gives them a better attitude towards life."

CLEAR ARGUMENTS BRING SUCCESS

Many successful client consultants end up managing their own office at some stage. Such as Andreas Kukuk at the Dortmund I office. The qualified bank clerk and Bachelor of Banking Services and Operations from Dortmund became familiar with the client business by working his way up from the bottom and describes his consulting philosophy using an example from his family life. "If I tell my daughter to wear a cycle helmet when riding her bike, she'll take the helmet off as soon as I'm out of sight. But if she understands how important it is to protect herself against accidents, then she'll put the helmet on herself as soon as she gets on her bike." Andreas Kukuk sees his career in just the same way. For him, good financial consulting is also associated with the combination of motive and method. "If the client understands what is going on, then he will become active out of self-interest."

Kukuk and his colleagues are not concerned with selling something to the client, but with weaving an understandable and logical safety net for the client. This product-independent approach to consulting is convincing more and more clients. Three times in succession, the MLP office Dortmund I has received the award for "Best office of the year".

A well-run office has a good information flow. Which is why Kukuk and his consultants have regular meetings together. Today, eight of his colleagues aged between 35 and 55 are present. All are wearing business suits, although »

Consulting on an equal basis: In order to adapt perfectly to the clients' goals, each MLP consultant concentrates on just a few professional groups.

» some have gone without a tie. "Many clients appreciate it if their consultant's dress shows that this is about consulting on a partnership basis and not sticking to conventions," explains a colleague. His neighbour, with bordeaux-red tie and snow-white handkerchief, has the air of a private banker. No wonder, as he has just been to a consultation meeting with the manager of a major foundation – not all clients like it casual.

QUALITY ALL THE WAY

Today's team meeting focuses on the consulting and analysis programme used by consultants in their day-to-day work with clients. The programme enables a detailed examination of the client situation and offers far more than the EU Insurance Mediation Directive expects of consultants. It makes the analysis and the independent product selection processes transparent, but requires all client data to be entered first of all. The group discusses how to accomplish the data input in an optimal way. Talk then turns to new legal regulations and special questions which arose in client meetings over the past weeks. Does anyone have a model calculation on the topic of borrowing in Swiss francs? How can the currency risk be minimised? The discerning and partly very wealthy clients of the Dortmund office demand from Kukuk and his colleagues competent advice which goes far beyond the usual issues regarding old-age and health provision or financial investments. In these cases it is questions of complex forms of asset transfer, the opportunities that the foundation law offers to successful companies or the setting up of occupational pension provision systems for business clients.

Consultant meetings such as these always take place in the morning, as client meetings begin from around 4 p.m. The MLP offices are open when the banks have long since closed their doors – often until late into the night.

PARTICIPATING IN THE MLP SUCCESS MODEL

Andreas Kukuk started his career with a training at a major bank. When corporate policy there moved away from consulting towards purely product-driven sales of financial products, however, he no longer felt at home. He searched for alternatives and found them in the independent and comprehensive approach to consulting at MLP. For Kukuk it soon became clear that this is the future of financial advice. First of all he worked

STEPHAN MOLTZEN and his team from Product Management for provision examine the innumerable offers from various providers with a critical eye. "A client can rightly expect his plan to still be stable in 30 years' time," says Moltzen.

at the MLP office in Münster and moved to Dortmund in 1997. The majority of his clients in Dortmund are between 35 and 40 years old. "It's a very dynamic stage in life," Kukuk points out. "From the age of 40 and above, the focus must move further towards investments and asset security. This is when good advice is indispensable."

QUALITY DETERMINES PRODUCT SELECTION

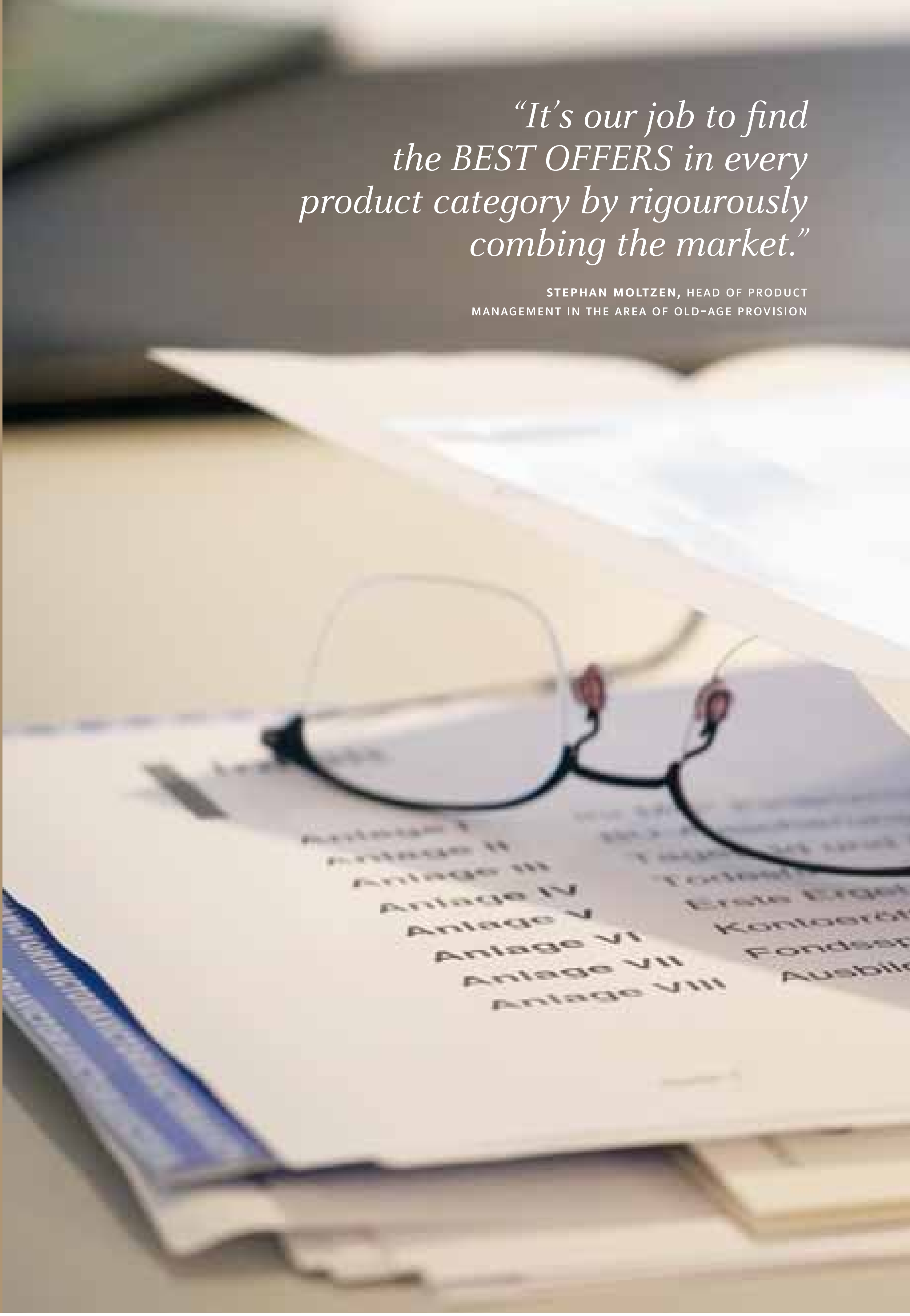
In order to provide the consultants in the offices with the ideal foundations on which to base decisions, colleagues in the head office regularly filter the market for product offerings. Stephan Moltzen is responsible for product management in the area of old-age provision. His team of 30 employees uses a clever selection process to find the best products on the market. Moltzen is the one who separates the wheat from the chaff.

On this particular morning, the product expert has good news for his department. In order to be able to work even more closely with the occupational pension provision business segment, three new employees will join his team. New employees are always welcome, as this department's hotline alone receives an average of 16,000 calls per month from the consultants from the offices – and the figure is growing. "The market for old-age provision has really taken off since the Retirement Income Law was introduced. Companies invest a great deal in product development and marketing, but not everything which is heavily advertised is necessarily good," explains the 40-year-old. Which is why it is ever more important to check the pros and cons of all products with a clear head and an unbiased view. Independent client consulting requires independent product selection.

What independent provision experts look for in a "really good" old-age provision tool is revealed in the next meeting. Moltzen has a meeting with his product managers to put a series of old-age provision products through their paces. Unit-linked basic pensions, hybrid basic pensions, classic basic pensions, the hybrid Riester pensions, products from the field of classic Riester pensions, etc., etc., etc. The market is unbelievably large and confusing for the layman. Moltzen shows a chart containing 81 term life assurance policies alone – and the financial industry is constantly developing new ones. »

"It's our job to find the BEST OFFERS in every product category by rigourously combing the market."

STEPHAN MOLTZEN, HEAD OF PRODUCT MANAGEMENT IN THE AREA OF OLD-AGE PROVISION



Insight and expert knowledge are what makes an independent sales promotion. **SILVIA ROHDE** and her employees know the health insurance market just as well as amendments to health policy law.

» Every product manager in the room is an expert for a subsection of the market. They all know to assess the performance of the providers precisely. Only products which have been examined right down to the last detail have a chance of being sold through MLP. “We must always remember that a client who takes out old-age provision today trusts that his plan will still be stable in 30 years’ time.”

The selection process at MLP is therefore concerned with more than simply negotiating the terms of offers. The discussion is lively. For Moltzen it should be no other way: “It’s our job to find the best offers in every product category by rigourously combing the market.”

Clever providers use the opportunity and run workshops together with the product specialists at MLP in order to optimise their offering or develop new products. The best ideas are the result of discussions: tailor-made provision products which correspond exactly to the wishes and needs of MLP clients.

Greatest attention to the needs of the clients:
the basis for MLP’s success.

TRANSPARENCY IN HEALTH INSURANCE BUSINESS

The opposite number to the product specialists for old-age provision is Silvia Rohde with the health insurance service team. The insurance business management graduate, who worked for a major German insurance company for ten years before coming to MLP, is a specialist in matters of health insurance. For more than 20 years she has had professional dealings with this topic. The 43-year-old knows all the providers and which insurance policy offers the best services for which case. In the years that she has worked for MLP, she has built up a solid network of contacts to the various partners and has studied the minutiae of innumerable insurance terms. “Market transparency, specialist knowledge and personal contacts are what it’s all about in our profession. Only those who can keep track of the huge number of providers and their products can suggest and develop the optimum provision plan which is tailored to the needs of the client.”

In the Tuesday meetings the team swaps news on policy changes at various health insurance companies, discusses cooperation with individual providers and plans the activities for the coming week. How can the service quality be further improved? How can the partner database be kept even more up-to-date? Does policy A5 really offer better services than policy A4, as the company’s advertising promises?

The task of Silvia Rohde and her team is to ensure that the offices have permanent access to current and comprehensive information on the different health insurance companies, policies and to all job-specific questions connected with health insurance cover. “The independent product selection process can only work on the basis of flawless information.” What sounds so simple is no easy undertaking in view of the hotly disputed health reform in Germany which has been going on for months. Anyone wanting to give reliable information at all times needs to be suitably trained and very well organised, as the consultant service receives non-stop calls from 8.30 a.m. to 6 p.m. Each individual case is different, each matter must be clarified as quickly as possible in the interest of the client and consultant.

This unbending will not only to satisfy clients of MLP but to excite them with the performance and portfolio of the company for many years unites all MLP employees and consultants in the many hundreds of branch offices in the field and in the headquarters in Wiesloch. This is why the brand name MLP stands today more than ever for close and long-term client relationships, for top quality advice in all areas of provision and wealth management and for a transparent and independent selection of concepts and products. ■

“We are moving in the right direction, but much too slow”

Meinhard Miegel on the future of social security systems

Professor Miegel, the long awaited economic upturn has now reached Germany. Even a VAT increase of 3 percentage points to 19 % can’t dampen the country’s optimism at the moment. Is the German economy tougher than we all thought over the past few years?
“What we are currently experiencing is a perfectly normal economic upturn, which has probably already reached its peak. It has very little to do with the robustness of the German economy, even though I do not deny that many companies have done their homework in past years. Yet there are numerous structural problems which remain unsolved.”

Still, it seems that the labour cutbacks have been stopped for the time being, the first salary and wage increases are happening, tax assessments are being upwardly adjusted and the situation in the social security system seems to be relaxing. Can we sound the all clear?
“No. The situation is actually very dangerous, because it tempts people to sit back and say, ‘Well maybe everything can stay as it is after all.’ That was a widespread reaction to previous economic upturns. The efforts at reform started to flag and afterwards everything was worse than before. I can only hope that we don’t fall into the same trap this time. One thing is already certain: this high will also come to an end.”

Is the discussion surrounding the social security systems not a step in the right direction at least?
“It’s the right step to take, and it’s more than just one step. The problem with the social security system is being discussed so much more honestly today than when Minister Blüm plastered his ‘secure pensions’ over the advertising hoardings. Yes, we are going in the right direction, but much too slowly. We don’t have much time left to sort things out properly.”

Are there other risks which we have not even begun to discuss in our society?
“Definitely. Society has made its weal and woe dependent on economic growth. Only if the economy grows can it create work or finance the social security systems adequately. However, this is a very risky strategy. Nobody and nothing can guarantee economic growth in the long term. In a finite world, nothing grows infinitely. Not even the economy.”

How do we solve the problem?
“That’s one of these 100,000-dollar questions. We are used to growth which has produced a young, dynamic population with an enormous amount of existential needs. But this population doesn’t exist any more. Today’s population is declining, ageing and is to a large extent indifferent. This is not the least of the reasons why the pay-as-you-go state pension system is feeling the pressure.”

The government is planning to gradually increase the retirement age to 67 by 2029. Is this enough to secure people’s pensions?
“It won’t be enough and those in control know it. The Federal government assumed in its plans that life expectancy will increase by just 2.5 years by 2029. This is ‘deliberate pessimism’, so to speak, in order to keep the numbers right. Life expectancy will probably rise by four years and then they’ll need to do their sums again.”

So is the time period for a gradual increase by 2029 which is currently assumed by politicians actually realistic?
"It's more realistic that the retirement age will be moved to 67 before 2029. The pension system cannot be reliably financed any other way."

Who will feel the effects of this pension reform most strongly? The economically less able in this country or those with greater economic power?
"Most definitely those who are stronger economically. Savings can only be made with them, as the provision of the economically less able can only be cut to a certain extent. They must receive pensions at social welfare level, whatever happens. The economically more able will have to stabilise the system."

Are those affected already conscious of this?
"Let's say they're subconsciously aware of it. However, most of them hope to receive provision in line with what they have paid in, as has previously been the case – if you've paid a lot in, you'll get a lot back, if you've paid in a little, you'll get a little back. I rather think though, that the middle layer of the system will develop similarly to that of Switzerland or the U.S.A.. In Switzerland, for example, a policy holder who has paid in ten times the minimum premium receives a pension only twice as large as a someone who pays the minimum premium."

Many people have now seen the signs of the times and are making supplementary investments in old-age provision. The Riester pension is really booming. Statutory pension and Riester pension – is that enough?
"Not quite. Due to the law which is already in place, the pension level will gradually be dropped by one fifth. To fill up this missing fifth, or to maintain the level of provision received by a new pensioner today, a policy holder aged around 45 would have to put by around 8 % of his gross income. With the Riester pension, however, only 4 % are saved, not eight. This means that policy holders will have to save an additional 4 % for their retirement on top of the Riester pension. Only then will they reach today's pension levels. And anyone not satisfied with this will have to do even more."

"Financial security and welfare depend on knowledge and capital."

Every euro can only be spent once. The state is constantly urging its citizens to consume more to boost the economy. What is the right thing to do?
"I can only agree with the Federal Minister of Finance on this one: saving comes first. Telling the population to consume more while accepting that it is saving less is short-sighted and irresponsible."

What does this mean for the individual?
"As I see it, two things are decisive. In order to overcome the perils of life in future, people will have to accumulate capital – each within their own means – while ensuring that they know and can do as much as possible. Financial security and welfare depend on knowledge and capital. We need to break free of the historically outdated notion that human work is the only source of added value. Since 1950 the volume of work has fallen by one third, while the capital-labour ratio increased fivefold. This means that people will have to contribute to added value not only through their work but also through capital if they want to maintain their standard of living in future. Or maybe I should put it this way: in future, the individual should contribute to added value primarily through work in younger years and increasingly through capital over the course of his life. Then the classic generation question would no longer be an issue, as the older generation would no longer be dependent on the younger. It would still contribute to added value, but through capital and no longer through work."

Management report

Overall economic situation

Framework conditions

As an independent broker of financial products focusing on old-age provision, MLP's business development is particularly influenced by private clients' willingness to invest in their old-age provision. Alongside the economic climate and the unemployment rate within our target group of academics and other discerning clients, other economic data such as the development of disposable income and purchasing power, as well as the savings rate, allows us to draw conclusions regarding business development.

National economic climate

Economic upturn

In 2006, the world economy continued on its course of growth, although the importance of the industrial nations as regional growth centres shifted somewhat. While the overall economic power of the U.S.A. proved weaker, not least due to a considerable drop in housing construction, the moderate course of expansion in Japan continued (GDP: + 2.7 %). In contrast, the economic trend in the up-and-coming economies of South and East Asia was consistently positive. China enjoyed remarkable economic growth of 10.5 % again in 2006.

Economic growth in 2006 in markets with a relevance to MLP (in %)

Source: Council of Experts, European Union

Germany as the driving force

In the Eurozone the upturn showed that it was here to stay. The German economy in particular benefited from the favourable economic currents and became the driving force of Europe in the second half of 2006. The drop in oil prices from mid-year onward slowed price development and boosted consumer purchasing power in Germany. Furthermore, investment activity increased considerably over the course of the year and became the second economic driver alongside the country's traditionally strong foreign trade. At the end of the year, growth in Germany's gross domestic product stood at 2.4 %.

Good job market for academics

The positive development also made itself felt on the job market – albeit to a lesser extent. The number of employees subject to social insurance contribution has risen in course of the year. The moderate wages policy of the unions helped to reduce unit labour costs by 1.1 % in the past year. This is the most significant reduction in labour costs for many years.

In view of these circumstances, the job market for academics, MLP's main client target group, also developed well in 2006. For the first time since 2000, the number of job advertisements for employees with a university degree increased again. The unemployment rate for academics was under 4 %.

MLP's business development is also indirectly influenced by the development of disposable income and purchasing power, as well as the savings rate. All three parameters affect the clients' provision and investment behaviour. While the disposable income of the German population increased by only 1.7 % in 2006, the savings rate fell slightly from 10.6 % to 10.5 %. Purchasing power has risen by an average of just 1.8 % in the last five years, which merely matches inflation.

Inconsistent national economic data

A look at how the economic data which could influence MLP's business development for 2006 has developed does not give a clear picture, thereby providing only a limited explanation for the business development. While the business climate in Germany, the most important market for MLP with a share in sales of approximately 97 %, has brightened, the unemployment rate for academics is still low and the savings rate dropped only slightly, the development of disposable income and purchasing power stagnated in the reporting year.

Of greater importance for business development in the past financial year, however, was the increasing willingness of broad sections of the population – and so also among our client target group – to set aside funds for old-age provision. This is also confirmed by the "Wealth barometer" market research study by TNS-Infratest, which was carried out on behalf of the German Savings Bank and Clearing Bank Association (Deutscher Sparkassen- und Giroverband). According to the study, 85 % of those surveyed acknowledged saving for old-age provision as an attractive or very attractive goal. At the same time, 80 % of the survey participants were willing to cut back on their consumption in order to achieve their savings targets. The tide of national thinking is starting to turn. The trend ranges from consumer saving to provision saving – even though disposable income is stagnating and the development of purchasing power does not permit any major additional spending.

More assertive legislation

Alongside the increasing realisation among broad sections of the population that the demographic trend and the financial situation of the social security system seem to be further increasing the need for private pension provision, the framework conditions for private and occupational pension provision changed by the Retirement Income Law in 2005 also showed a positive influence in the past financial year. After the transition year of 2005, the acceptance of old-age provision products with tax benefits increased in the past financial year.

Discussions on reforms to the German health system

Even the pleasing business development in our second most important segment – brokerage of private comprehensive and supplementary health insurance – took place quite aside from the overall economic framework conditions in 2006. The continuing talks of reform and the inherent uncertainty regarding the future development of the health system in Germany triggered a stronger demand for private health insurance in our target group.

National economic influencing factors on MLP's business development

	Effect on MLP's business development in 2006
Improved economic situation	+
Lower rate of unemployment	+
Reduction in disposable income	–
Decline in purchasing power	–
Drop in savings rate	–

Industry situation and competitive environment

MLP works as an independent financial adviser with its target group of academics and other discerning clients in the areas of health and old-age provision, insurance cover, financial investments and wealth management, and loans and mortgages. Our economic success is therefore linked to current legislation on old-age and health provision and industry development in the financial services sector, particularly for financial brokers, insurance companies and banks.

Old-age provision

Complex framework conditions

The provision landscape in Germany has become considerably more complex over the past years. The pay-as-you-go pension system (inter-generation contract) reached its limits long ago. Demographic development and increasing life expectancy due to medical advances forced legislators to take action in the form of the Retirement Income Law in 2005 in order to shift the focus of old-age provision in Germany more strongly towards private initiative. For it is only by sustainably relieving the state system that a basic pension insurance can be maintained by the state in the long term. The Retirement Income Law set the course for the new three-layer provision landscape in Germany:

- Layer 1: basic provision
  (statutory pension and tax-privileged basic/Rürup pension)
- Layer 2: supplementary provision
  (occupational pension provision, Riester pension)
- Layer 3: capital market products (e.g. private pension/life insurance)

Statutory old-age provision recedes

Whereas the state-run pay-as-you go-system has provided more than 80 % of old-age provision for generations, only half of future pension provisions will be secured by state resources.

Three-layer model for old-age provision in Germany

	Taxation: Savings phase	Taxation: Pension phase
Layer 3 Capital market products, e. g. private pension/life insurance	from net	profit portion
Layer 2 Supplementary provision: occupational pension provision, Riester pension	from gross	full
Layer 1 Basic provision: basic pension (Rürup), statutory pension/vocational schemes	from gross (rising)	full (rising)

Private and occupational pension provision gains importance

As such, private and occupational pension provision will assume greater importance in the future. Personal responsibility and lower consumption for the purpose of building up personal old-age provision are the central topics for future generations of pensioners. The new demand situation for broad sections of the population throws up many different business opportunities for MLP. We possess excellent expertise in private and occupational pension provision and have considerable growth potential.

Tax relief for old-age provision

In Germany's new provision landscape, the legislator is clearly playing on the tax benefits of private old-age provision plans in all layers of the provision system. A paradigm change has taken place; although expenses for pension savings reduce taxes for the individual during his or her working life, the later retirement income has become taxable. At the same time, a pensioner must reckon with cuts in old-age provision if he or she retires earlier than specified by the legislator, be it voluntarily or not. With the planned gradual increase in the retirement age from 65 to 67 in 2007, the situation will become worse for the population.

The need for private old-age provision in Germany has never been greater. This is confirmed in a study which was carried out in 2006 by the German Savings Bank and Clearing Bank Association (Deutscher Sparkassen- und Giroverband). According to the findings, only one quarter of those surveyed put aside more than € 100 per month for old-age provision. Experts consider this too little. The greater the provision needs of the individual citizen – i.e. the greater his or her income during active working life – the greater the need for private old-age provision. As a rule, high earners will need to cover themselves in future with a pension provision portfolio containing products from all three layers of the old-age provision system. It can therefore be assumed that the need for consulting services among the population will increase further and that this will continue to have a positive effect on the business of MLP.

Moderate growth of the insurance sector

The life insurance sector grew only moderately in 2006. Growth in premiums amounted to 2.2 % or € 161.4 billion. As the former tax exemption on profits no longer applies to new policies taken out since 2005, the positioning of endowment life insurance policies as an old-age provision instrument has changed. However, life insurance is still an attractive investment for capital formation and ensuring financial security for the family in the event of the policy holder's death. As such, the life insurance companies and pension funds were able to increase their posted gross premium income by 2.7 % to € 52.9 billion by the end of September 2006.

Annuity contracts set to grow

And the trend for annuity contracts is continuing: A total of around 5.8 million new contracts for an insured sum of € 177 billion was concluded in the life insurance and pension funds sector by September 2006.

The Riester pension product alone verifies the vitality of the sector. Since it was introduced in 2001, 8.05 million Riester contracts had been concluded by the end of 2006. According to figures from the Federal Department of Social Security, around 1.7 million new Riester pensions were taken out in the insurance sector in the last financial year. In the previous year, the figure stood at just 1.13 million contracts. More than 43 % of the contracts were concluded in the final quarter of 2006.

MLP holds market share of 32 % in basic pensions

Basic pension business was somewhat more restrained, however. The number of new contracts rose from 153,000 in 2005 to 166,000 in the last financial year. What is interesting here is the premium income: The average annual premium in the market for basic pensions amounted to approximately € 2,100, around three times as much as for private pension schemes. In 2006, MLP brokered around 45,000 new basic pensions. Since the introduction of the basic pension in 2005, we achieved a market share of approximately 32 %.

New Riester pension agreements

Source: Bundesministerium für Arbeit und Soziales

Legal framework conditions had positive effect on business in 2006

The changes to the framework conditions for old-age provision in Germany caused by the Retirement Income Law in 2005 had a negative effect on the development of business in the sector due to the necessary adjustments in 2005, although MLP performed well compared to the sector as a whole. The industry was able to overcome this dip in growth in the past financial year. Development in 2006 clearly shows that the new tax framework conditions in particular have had a positive effect on business with old-age provision products.

Health provision

The political framework conditions were particularly difficult for the health insurance industry in 2006. The on-going political discussion regarding the health reform in Germany triggered uncertainty in broad sections of the population.

This uncertainty, however, had no negative effects on business for MLP. Among our target group of academics and other discerning clients there was a great demand for private health insurance. MLP was therefore able to assume a clear, positive position against the trend in the last financial year.

Longer waiting times

Switching to private health insurance also proved to be a wise decision in connection with the law on strengthening competition in the German health care system passed by the government in the third quarter of 2006. The new law has indeed established the continued existence of private health insurance, however, it makes it more difficult for people to switch to a private insurer in future.

The law on strengthening competition in the German health care system specifies that a person's income must be above the statutory insurance limit for three consecutive years before he or she can take out private health insurance.

Basic policy for all

The second major change which is planned is the introduction of a non-risk-covering and non-cost-covering basic tariff in private health insurance business which is available to everyone. What is more, all uninsured people shall be given the opportunity to sign up for the basic tariff. The services offered under the basic tariff shall be geared towards those of the statutory health insurance schemes and ensure affordable tariffs for everyone.

As the third major change, the law stipulates that under a private health insurance scheme, policy holders can take their old-age reserves with them when switching to another private health insurance scheme.

No negative effects on MLP from the continuing discussion on the health system reform in 2006

In contrast to MLP, business development for the sector as a whole was subdued due to the on-going controversial talks on the health system in Germany. At the end of 2006, premium income for private health insurance companies totalled € 28.5 billion. This corresponds to a 4.2 % increase compared with the previous year. However, this rise in income was attributable less to new policies than to premium adjustments as a result of rising claims payments.

Financial investments

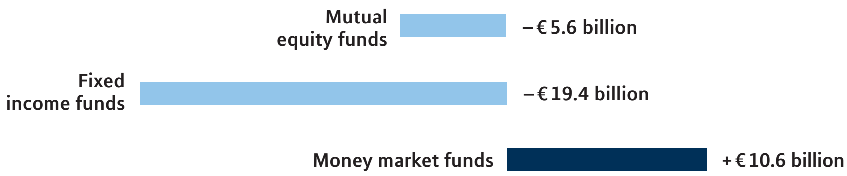
Liquidity is the trump

Despite barely any increase in real income in 2006, private consumption rose slightly by 1 %. The savings rate stood at 10.5 %. According to calculations by the German Economic Institute (Institut der deutschen Wirtschaft), private households in Germany held savings amounting to € 2.69 trillion in 2005. This is 126 % more than in 1991, which indicates that there is a great deal of liquidity available for long-term capital accumulation in Germany.

Higher savings rates necessary

However, the Germans still prefer short-term forms of investment. The sight funds of banks in Germany account for around 37 % of the total monetary wealth formation of private households. Money market funds recorded a significant influx in 2006 with € 10.6 billion. Mutual equity funds, on the other hand, have lost favour with the Germans. During the course of 2006, a total of € 5.6 billion was withdrawn from this form of investment. By contrast, the trend towards investment certificates continued unabated. Investors in Germany wish to be as solvent as possible and use their performance opportunities flexibly.

Inflow and outflow from different types of funds in Germany in 2006



Source: Bundesverband Investment und Assetmanagement e.V.

Market trends in investment are positive for MLP

According to the sales statistics of the Federal Association of Investment and Asset Management (Bundesverband Investment und Assetmanagement e.V.; BVI) the total value of the mutual funds in Germany reached € 571 billion at the end of the last financial year. Mutual equity funds made up the lion's share with 33 %. Fixed income funds with 26 % and money market funds with a share of 14 % are also popular among the Germans.

German investors' tendency to save more money for old-age provision and capital accumulation also had a positive effect on business development in our investment segment in 2006. With an inflow of funds of € 980.1 million, we were able to record an increase of 7 % here compared to the previous year.

Financing

Market shares are shifting

Following the discontinuation of the home owner allowance at the beginning of 2006, competitive pressure has grown further on the construction financing market in Germany. Direct banks and independent financial companies offer private clients favourable interest rates on products, thereby setting themselves up well on the market. The margins are dropping and the market shares of the providers are shifting. The commercial property market advanced considerably. Corporate and consumer lending business was also expanded.

MLP profited from this trend in the financial year 2006. With a brokered financing volume of € 1.2 billion, the company stood 20 % up on the previous year.

Competition

Independence brings competitive advantage

By focusing on its client group of academics and other discerning clients, and through its consistently independent, comprehensive approach to consulting, MLP sets itself apart from competitors such as savings banks, banks, insurance companies and tied brokers. Unlike the majority of the competition, MLP is bound neither to certain product categories, nor to specific providers. Consulting is consistently geared towards the needs of the client, which means that MLP, in its capacity as broker, acts in the interest of the client.

Stringent corporate policy opens up potential

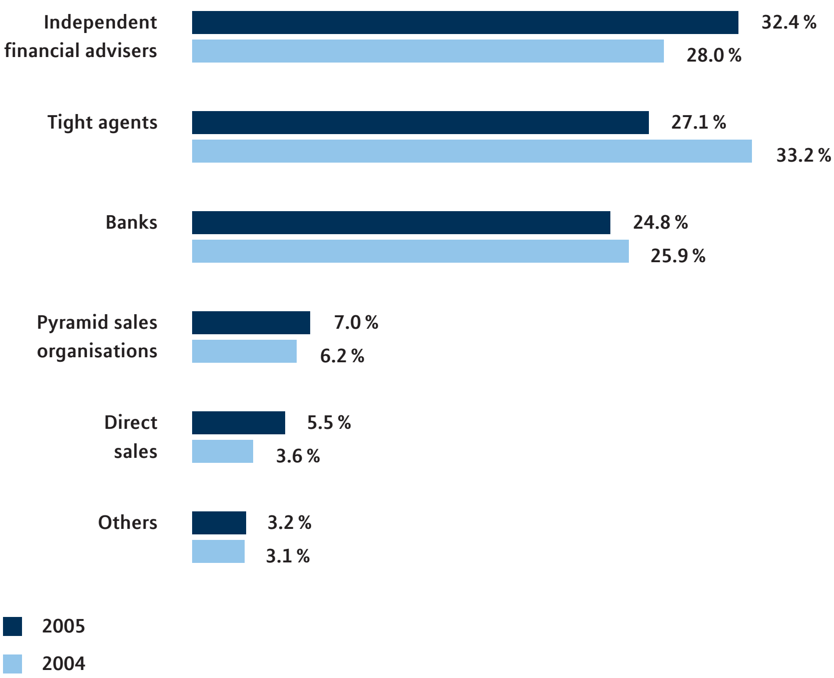
In particular the great demand in connection with the new complexity of old-age provision means that MLP's corporate policy brings considerable advantages for the client. Industry experts see the independent approach to consulting as the main industry trend and a decisive competitive factor. However, only a few financial services providers are able to apply this approach convincingly. By contrast, MLP has worked consistently on underpinning its independent business approach over the past years.

The sale of the subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005 strengthened the company's profile as an independent financial services provider. The investment in Feri Finance AG – the largest independent wealth management company in Germany – in the fourth quarter of the last financial year adds credit to MLP's competence in the area of wealth management.

The future belongs to the "independent financial advisors" sales channel

The Tillinghast Sales Channel Survey, which monitors, among other things, how the market shares of the sales channels in the financial services sector develop, shows that the "independent financial advisors" became the most important sales channel in the financial services industry in 2005. Independent financial advisors constituted a market share of 32.4 % in 2005 (2004: 28.0 %), knocking tied brokers from the top sales channel spot. Banks made up a market share of 24.8 % (2004: 25.9 %). When asked about future prospects, experts expect the "independent financial advisors" sales channel to gain further shares of the market. Further consolidation of the sales channels for the financial sector is on the horizon in the future.

Market shares of the different sales channels in the finance industry in Germany



Source: Tillinghast Sales Channel Survey 2006

EU Insurance Mediation Directive

Market consolidation anticipated

When the new EU Insurance Mediation Directive comes into effect, the insurance brokerage market in Germany, which has been very heterogeneous up to now, is set to become consolidated. Parts of today's providers' market will not be able to keep up with the new requirements for transparency and qualification in the long term. The IT investments necessary in connection with the new documentation guidelines alone will be too much for many insurance brokers.

MLP quality is better by miles

MLP would have welcomed even more rigourous quality standards from the new body of legal regulations. For a long time now, consultant training at MLP has focused on interlinking insurance knowledge and investment expertise. Consultants complete training to become a certified insurance agent in accordance with the regulations of the occupational training guideline of the German Insurance Association in the company's own Corporate University in the first three months of their MLP qualification phase. There then follow around 700 teaching units to become a Senior Financial Consultant. This puts MLP's consultancy qualifications way above the level required by law. We feel that the level of training enjoyed by MLP consultants leads the way for the entire financial services industry.

Trend towards independent brokers is positive for MLP in 2006

MLP benefited from the industry trend towards independent brokers of financial products in 2006. Our clear positioning, our superiority in the competitive environment and the current development of the industry open up potential for us in the future. This view is confirmed by the Tillinghast Sales Channel Survey, which verifies that the "independent financial advisors" sales channel holds growth potential. By 2015, this sales channel is set to expand its market share from 32.4 % to 34.0 % measured against the total from current new premiums and 10 % of the one-off premiums for life insurance. MLP wants to use this trend to its advantage and participate to the optimum.

Industry-specific influencing factors on MLP's business development

	Influence on business development in the industry in 2006	Influence on MLP's business development in 2006
Legal framework conditions for old-age provision	+	+
Legal framework conditions for health insurance	–	+ –
Trend towards provision saving	+	+
Increased competitiveness in the area of financing	+ –	+
Increase in competitiveness in the sales channels for financial services	+ –	+

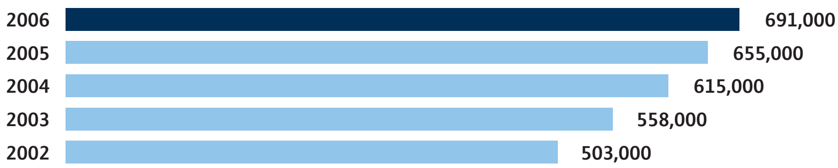
Business model and strategy

Business model independence

Independent and comprehensive consulting

35 years of independent and comprehensive consulting of academics and other discerning clients have made MLP a premium brand on the German financial services market. High-quality consulting, consistent independence in the selection of products and a clear focus on the target group are the pillars of the MLP business model. It is the combination of these three factors which forms our unique selling point.

Number of MLP clients (continuing operations)



Clear client focus

Concentrating on a clearly defined client group offers obvious advantages for clients, and also for the company. MLP clients can rest assured that the consultation they receive is based on comprehensive knowledge of the typical life and career paths followed by different professional groups, and that the accompanying requirement structures which change over time are taken into consideration. On December 31, 2006, the number of clients placing their trust in MLP's experience stood at 691,000. This corresponds to an additional 36,000 new clients since the start of 2006.

2,649 (previous year 2,545) MLP consultants provide client consultation and support. At € 186,000, the productivity of the consultants (revenue per consultant) continued to set the benchmark in the industry in 2006. At the same time, MLP reached a peak level in the cross-selling rate.

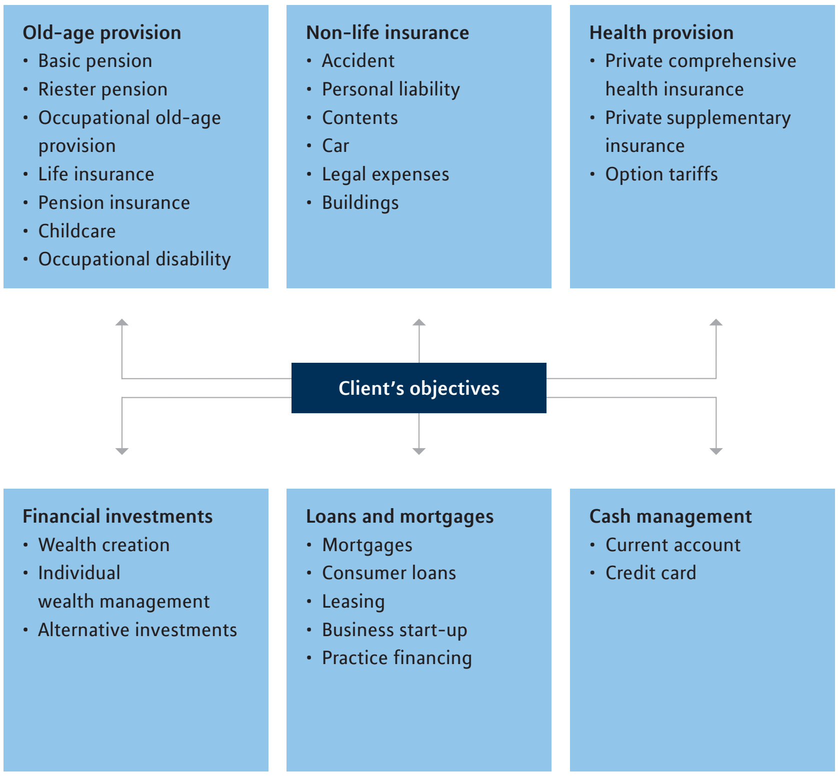
Being a client at MLP means knowing that you have a competent contact person for all matters of provision, wealth and financing at your side. Following initial contact with MLP during or shortly after completing a university course, a close and trusting relationship blossoms between consultant and client. Ideally, MLP's consultants accompany their clients for decades. The acquisition of new clients outside universities is generally based on personal recommendations by satisfied clients.

Strategy

Competitive position is consistently expanded

With its unique business model MLP is very well positioned on the German market. Independent, comprehensive consulting has become an increasingly important argument in client acquisition over the past years, making MLP the trendsetter of the industry. In order to continuously expand this competitive advantage, the Executive Board introduced a strategic realignment of the Group in 2005. The aim is to achieve a sustainable increase in the company value through qualitative growth.

Comprehensive range of consulting



Independence strengthened

As part of the focus on the core competency of independent and comprehensive consulting, MLP Lebensversicherung AG and MLP Versicherung AG were sold in 2005. This further strengthened MLP's independence as a broker and streamlined the Group structure.

Feri acquisition opens up a new dimension to clients

Building on the current core competency of old-age and health provision, in 2006 efforts were made to give a push to our additional core area of wealth management. This will allow us to better meet the needs of our 40 plus client group for structured capital accumulation and asset optimisation. The recruiting of suitable specialist and management personnel and the establishment of a Competence Centre were carried out first, as planned. The licence for investment and acquisition brokerage in accordance with § 32 of the German Banking Act (KWG) for MLP Finanzdienstleistungen AG was granted by the Federal Financial Supervisory Authority (BaFin) in March 2006. In the fourth quarter of 2006, the majority holding in Feri Finance AG, Bad Homburg v.d. Höhe, Germany, was finally acquired, opening up a new dimension of comprehensive financial and old-age provision consulting for the clients of MLP.

Feri is a strategic investment

The shareholding in Feri Finance AG is a strategic investment for MLP. MLP and Feri are the perfect partners. The MLP Group possesses great competence in asset allocation, is renowned for its high consulting competency and enjoys a good reputation among clients, the media and interested members of the public. We manage assets amounting to around € 10 billion, making us Germany's largest independent wealth management company.

Feri Group shall continue its successful business operations alongside joint activities with MLP. Its focus shall remain on consulting for very wealthy and institutional clients, developing innovative investment concepts and rating and research. A joint Competence Centre will promote the development of investment concepts which are specially tailored to the needs of MLP clients in the future.

MLP Bank AG is an efficient service platform

In this connection, MLP Bank AG is being expanded to an efficient service platform which ensures portfolio management, online banking and reporting. Via the Group's MLP Bank AG, MLP can implement its "best-of" approach to client consulting with its own service platform consistently and smoothly. Through their MLP consultant, the MLP Bank AG service platform and Feri's expertise, clients of MLP now have access to highly sophisticated investment and wealth management concepts which were previously only available to very wealthy clients of a select few private banks. Together with Feri, MLP is now in a better position than ever before to fulfil its client promise of life-long comprehensive consulting.

“Small” bank licence granted

A further core element of this strategy is that MLP Finanzdienstleistungen AG has held the licence for investment and acquisition brokerage in line with § 32 of the German Banking Act (KWG) (known as the “small” bank licence) since March 2006. MLP is the first major independent financial broker in Germany to receive this licence from the Federal Financial Supervisory Authority (BaFin). We can now offer the entire spectrum of investment instruments – a strong argument in client acquisition and long-term support of clients and their families.

40 plus client group is growing

Diversifying wealth intelligently in order to invest it profitably, while also ensuring against loss becomes increasingly important for investors the older they get. From the age of 40 plus, the need for investment recommendations and comprehensive wealth management becomes greater in the client group of academics and discerning clients. MLP meets this need through the further development of its business model. In future, wealth management will be the second core competency of the company and will secure MLP’s long-term growth alongside the old-age provision segment.

Growth market of wealth management

20 % of MLP clients are in the 40 plus age group and therefore have very different investment and consulting requirements to university graduates. The number of clients aged 40 plus at MLP will double over the next five years. This is accompanied by a change in business opportunities for MLP. Germany is the largest private banking market in Europe. More than 4 million potential clients possess financial assets of more than € 100,000 and the prospects for growth are good. Roland Berger management consultancy forecast further growth in financial assets of 6 % per year in its study “Private Banking in Germany” published in February 2006.

More than 250 highly experienced MLP consultants have already been specially prepared for the new consulting requirements within the scope of wealth management. The number of consultants with additional qualifications for the wealth management target client segment will be consistently increased. It is the management’s objective to open up the world of wealth management to the clients of MLP while continuing the relationship of confidence with their trusted MLP consultants. The philosophy of consulting on an equal basis has proved itself in practice for years and shall be continued.

Occupational pension provision

Target group of small and medium-sized businesses

With annual growth rates of 10 to 11 %, the market for occupational pension provision is among the growth fields in the financial services business. MLP has successfully entered onto the market in this business segment. In cooperation with our subsidiaries MLP BAV GmbH and BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH we concentrate on the discerning target groups of small and medium-sized companies, as well as freelancers, associations and public sector institutions. With this approach, MLP's licensed employer consultants consistently achieve good rates of penetration (number of employees in a company who take up the offer of an employee pension scheme). And we also see opportunities to offer other services and products to the new clients we acquire (cross-selling potential).

On-site consulting of companies takes place in teams of regional client consultants and occupational pension specialists from the occupational pension provision segment. Consulting is generally offered on all aspects of occupational pension provision. Specialists from the occupational pension provision segment select the provision and product solutions which best suit the circumstances in the respective company, bearing in mind the client-specific decision-making criteria.

Sales successes in the occupational pension market

The offer works. All client segments of our target groups recorded mandates and successful implementations, which meant that the occupational pension provision segment was able to grow pleasingly and to close 2006 with an above-average improvement in results.

Business abroad

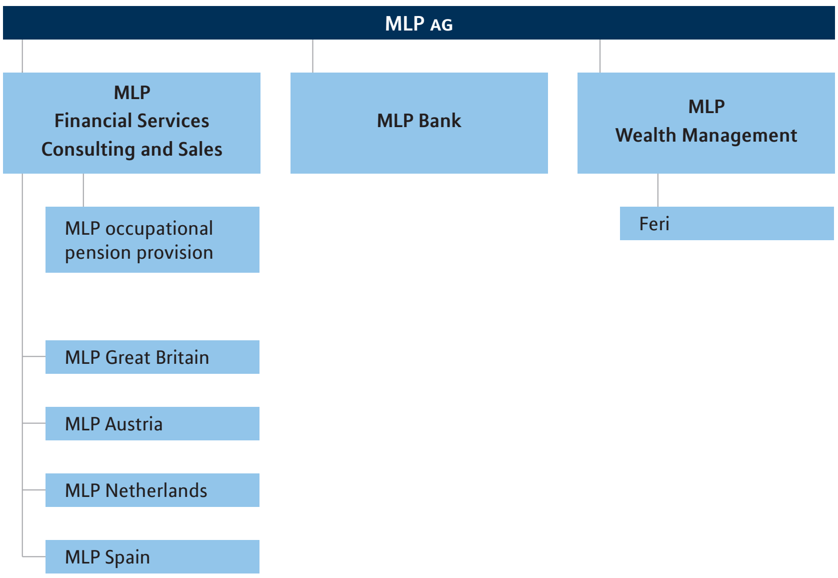
In the reporting period MLP produced less than 3 % of its total income abroad. In 2006, we ran subsidiaries in Great Britain, Austria and Spain, plus one branch in the Netherlands. At the start of 2006 we discontinued our business activities in Switzerland, which began in 1998. The local competitive situation and the limited potential in the area of university graduates were the reasons for the withdrawal.

MLP AG controls subsidiaries

Legal structure of the Group

MLP AG is the holding company for the MLP Group. It is responsible for controlling three main subsidiaries and is home to essential internal services and administration. The three main subsidiaries are MLP Finanzdienstleistungen AG, Feri Finance AG and MLP Bank AG.

MLP business segments and regions at a glance



Sales consolidated in MLP Finanzdienstleistungen AG

MLP Finanzdienstleistungen AG ensures the independent and comprehensive consulting of MLP clients. The company covers sales activities at home and abroad and provides sales support for the offices. MLP BAV GmbH, Wiesloch, BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen, and BERAG Versicherungs-Makler-GmbH, Bremen, are affiliated to this company. In the second quarter, MLP Login GmbH was merged with MLP Finanzdienstleistungen AG retrospectively with effect from January 1, 2006. MLP Private Finance AG, Zurich, has ceased its business operations during the course of the year.

The development of innovative investment plans, the consulting and support of very wealthy and institutional clients, and rating and research are performed by the second subsidiary of MLP AG, Feri Finance AG, Bad Homburg v.d. Höhe. With the acquisition of the majority holding in this company, the MLP Group expanded its business model, rounding off the concepts it offers.

MLP Bank AG is the third pillar beneath the roof of the MLP AG parent company. The bank is the service platform in the Group. It ensures liquidity management and reporting within the scope of wealth management. All client information and payment flows come together in the bank.

Organisation and administration

Nationwide in Germany

MLP AG is a public limited company under German law, based in Wiesloch in Baden-Württemberg in the south-west of Germany. The company is managed by an Executive Board consisting of four members. MLP has a flat structure so that the four board members are closely involved in daily business and can make their decisions immediately. The control of the management prescribed by law is ensured by the Supervisory Board.

With 267 branch offices its subsidiaries in Germany, MLP is represented nationwide. We are present at all major university locations in the country and in selected university towns abroad. The consultants in the offices are free commercial agents and concentrate fully on the needs of the clients on-site. Only few specialists in the business segment of occupational pension provision and those located abroad are salaried employees of the company. All consultants work full-time and exclusively for MLP. Remuneration is commission-based.

New registered office: Wiesloch

A resolution passed at the Annual General Meeting of May 31, 2006 saw MLP AG relocate its registered office from Heidelberg to Wiesloch. This occurrence was entered in the Mannheim Commercial Register in October 2006.

Disclosures pursuant to section 315 (4) of the German Commercial Code (HGB)

The share capital of the company is currently € 108,781,403 and is divided into 108,781,403 ordinary bearer shares with a nominal value of € 1 per share.

Share buyback

As a result of the approvals granted by the Annual General Meeting of June 21, 2005 and May 31, 2006, the company purchased a total of 8,863,109 own shares (corresponding to 8.2 % of the share capital) in the period from December 1, 2005 to December 20, 2006. As per § 71b of the German Stock Corporation Act (AktG), these shares grant no rights and, more specifically, have no voting rights and dividends.

MLP AG is aware of three shareholders who exceed 10 % of the voting rights:

	Shares	Shareholding [1]
Manfred Lautenschläger [2, 3]	17,316,597	15.92 %
Manfred Lautenschläger Beteiligungen GmbH [4]	14,729,995	13.54 %
Angelika Lautenschläger Beteiligungen GmbH	11,857,781	10.90 %

[1] In relation to the current number of shares of 108,781,403.

[2] Shares held by Mr Manfred Lautenschläger on December 31, 2006 and reported by him in his capacity as Chairman of the Supervisory Board.

[3] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 14,729,995 of these shares (= 13.54 % of the share capital) are attributable to Mr Manfred Lautenschläger; of the total number of attributable shares, 10,229,995 (= 9.40 %) are held by Manfred Lautenschläger Beteiligungen GmbH and 4,500,000 shares (= 4.14 %) by Manfred Lautenschläger Stiftung gGmbH.

[4] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 4,500,000 of the shares (= 4.14 % of the share capital) held by Manfred Lautenschläger Stiftung gGmbH are attributable to Manfred Lautenschläger Beteiligungen GmbH.

Executive Board

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 manage properly or 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 Chairman and one or more Vice Chairmen.

Amendment to the articles of association

In accordance with § 179 (1) of the German Stock Corporation Act (AktG), 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 (AktG), § 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.

Authorised capital

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, 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 authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital).

Authorisation to purchase own shares

A resolution passed at the Annual General Meeting of May 31, 2006 also authorised the company, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase up to 10 % of the share capital during the authorisation period by November 29, 2007. On the basis of this authorisation, the company purchased 5,207,600 shares in the period from June 1 to December 20, 2006.

In connection with the acquisition of the majority holding in Feri Finance AG, MLP AG and the vendors granted themselves preemptive rights which may lead to the acquisition of the remaining shares in 2011. In the event that a third party purchases at least 51 % of the entire share capital of MLP AG by December 31, 2010 and exercises the voting rights from these shares in the Annual General Meeting following the acquisition or in a later Annual General Meeting, the vendors are entitled to a minimum purchase price, should the preemptive rights be exercised, insofar as the acquisition of shares results in the business model agreed between MLP and Feri becoming inoperable.

The contracts of employment between the company and the Chairman, Dr. Uwe Schroeder-Wildberg, and the Executive Board member Nils Frowein contain a clause stating that both gentlemen 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 AG 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 remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control, i. e. the remuneration up to the regular ending of the contract of employment of Dr. Uwe Schroeder-Wildberg on December 31, 2007 and of the contract of employment of Nils Frowein on March 31, 2009.

Company objectives and corporate management

Company objectives

Primary aim: increasing the company value

The management of MLP pursues the primary objective of sustainably increasing the company value. We want to achieve this aim by implementing our consistent growth strategy (see also section "Business model and strategy"). Here, we are aiming for profitable growth for the Group as a whole, i. e. growth in sales revenue with a proportionately higher growth of the net profit.

Insistence on quality in client consulting and support

This strategy is accompanied by our objective of clearly setting ourselves apart from the competition through the quality of our services and brokered products, and of making our mark through the quality of the client-consultant relationship among our clients. In so doing, we underline our commitment to being quality leader in client consulting and support on the German market.

Our offices are the core units of our growth model and the most important factor in achieving our objectives. These small, company-managed units are responsible for the implementation of our independent, comprehensive and quality-oriented approach to consulting. They are excellently supported by the central units so that they can concentrate on their core sales task.

The objective of all our organisation measures is to increase the quality of the consultant-client relationship. We therefore align our organisation structures, processes and instruments in such a way that they support our clients' loyalty to the MLP consultants.

Corporate controlling

Strategic and operational control of the company

To control the Group, we use complex instruments which cover all the essential processes of service creation. The Group's operational business primarily concentrated on the Group companies MLP Finanzdienstleistungen AG and MLP Bank AG in the last financial year. The Group's sales activities are grouped together in MLP Finanzdienstleistungen AG. As around 90 % of the total income is generated through this company, it is critical to the Group's business and therefore stands at the centre of corporate controlling.

Strategic controlling

In controlling the company, we differentiate between a strategic and an operational approach.

Strategic controlling combines corporate strategy with concrete objectives

Through planning with a horizon of three to five years, strategic controlling ensures that the corporate strategy is combined with concrete objectives. The focus is on the sustainable maximisation of client value and, aligned to this, the valuation and control of business segments, products, projects and investments. Optimum resource allocation from an internal standpoint, as well as from the viewpoint of the capital market, forms the basis for medium- to long-term corporate development.

Controlling of operational business

The task of operational controlling is to support the controlling of operational business. Sales controlling is of prime importance here.

New business generated serves as an early indicator for business development

The contract applications from clients generated by the sales department are received by sales controlling and compared with the objectives of the sales regions and MLP as a whole. A weekly report shows deviations from plans and is incorporated into the monthly report of the MLP Group. This data serves as an early indicator for business development, as it can be used as the basis for sales forecasts.

The development of expenditures is inspected each month in cost controlling. Thanks to this prompt preparation, those responsible for costs are able to react quickly to variances and adjust their plans accordingly. Here, all departments within MLP are assigned to executive departments with a defined area of responsibility. Tasks and objectives of the departments are specified in regular coordination with the respective Executive Board member and are incorporated into the investment and financial planning. Every quarter, a new forecast is prepared for the coming 15 months. Should deviations from the original planning occur, the budget is adjusted in coordination with the Executive Board.

In order to ensure liquidity in every company situation, MLP generates a liquidity plan for the MLP Group each quarter as part of financial controlling.

Key controlling figures

For controlling the company we use a series of key figures which result from the most important value drivers. Using the core figures of total income and earnings before tax, we monitor the growth and profitability of the overall business.

Variance analysis

Our medium-term planning, which we published at the start of 2005, predicted total income of € 780 million for 2007. We forecast earnings before tax of € 160 million. At the start of 2006, we amended this medium-term forecast with estimates for 2006. Here we anticipated total income of € 675 million with earnings before tax of € 120 million. Following the end of the second quarter of the last financial year, we had to revise these forecasts due to the lack of production in our old-age provision segment. Our new forecast showed earnings before tax of € 90 million for the financial year 2006. The actual figure achieved of € 90.8 million enabled us to exceed this new forecast slightly through the successful implementation of measures for strengthening sales in the old-age provision segment. For the current fiscal year, we published a target operating profit (EBIT) of € 110 million.

Key figures for sales

The sales-oriented key figures include the number of consultants, productivity (measured as revenue per consultant), the number of new clients and production in the various segments as early indicators for business development. The productivity of our consultants in particular is a central value driver of the business model. In addition to simply recording the revenue per consultant, we determine the volume of new business generated with existing and new clients, as well as the development of the contract inventories in the different segments. We derive the corresponding target figures from the client requirements on the basis of our defined MLP quality standard. In this way, we ensure that our comprehensive and sustainable approach to consulting is implemented.

Selected key controlling figures: Fulfilment of objectives in 2006 and medium-term target figures

	Value for 2005	2006 targets	Actual figure achieved in 2006	Medium-term target figure
Number of consultants	2,545	No explicit target	2,649	3,000*
Productivity (revenue per consultant in €)	188,000	No explicit target	186,000	220,000

* By the end of 2007; target was specified at the start of 2005.

Following the stagnation in the number of consultants which began at the start of 2005, we succeeded in achieving a significant increase, particularly in the fourth quarter of 2006. This means that the ambitious target of approximately 3,000 consultants by the end of the current fiscal year is still within reach. Regarding the level of productivity, MLP is still the benchmark for the industry. With revenue per consultant of approximately € 186,000 in 2006 we were able to keep this productivity figure almost constant compared to 2005. In the reporting year, turnover among consultants in our core market in Germany was below our target range of 12 to 15 %. This, too, was a top figure in the financial services sector.

New sales controlling

To take care of the controlling side of the strategic realignment of the MLP Group, a new system was developed for sales controlling in 2006. This will be implemented during the course of 2007 so that sales controlling can take place on the basis of the new system from 2008 onwards. The new system is a further development of the classic controlling approach with a stronger focus on the immediate value drivers. The value drivers of the future are new client acquisition, client penetration, segment coverage, the number of consultants in the offices and the utilisation of the market. The corresponding target values are specified on the basis of our quality standards for client support. The measurement of the key figures shall be converted to comparisons of actual values between consultants in the same performance groups. We are convinced that our new, innovative controlling approach to measuring our sales performance enables more precise control of the value drivers, thereby promoting the growth of the company.

Remuneration report

Emoluments of the Executive Board

Fixed and variable components

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration in accordance with the concluded contracts of employment. The basis of assessment of the performance-linked remuneration is the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards used in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations/operations to be continued and discontinued operations/operations to be discontinued are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the continuing operations/operations to be continued and discontinued operations/operations to be discontinued. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment.

The variable remuneration is 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 is granted pro rata temporis as a matter of principle.

Remuneration of the Executive Board

All figures in € '000	Fixed portion of remuneration 2006	Variable portion of remuneration 2006	Total 2006
Dr. Uwe Schroeder-Wildberg (Chairman of the Board)	512	334	846
Eugen Bucher until Aug 7, 2006	191	–	191
Gerhard Frieg	311	239	550
Nils Frowein	329	239	568
Total	**1,343**	**812**	**2,155**

On the balance sheet date, the pension provisions for active members of the Executive Board came to € 2,326 thsd (previous year: € 2,882 thsd).

The total emoluments received by former board members came to € 915 thsd (previous year: € 450 thsd). As at December 31, 2006, pension provisions of € 7,783 thsd (previous year: € 6,237 thsd) were in place for this group.

Long-term remuneration components

In addition there are long-term remuneration components. On August 19, 2002, as part of the MLP Incentive Programme 2002, the company issued non-interest-bearing convertible debentures, which entitle holders to subscribe for MLP AG shares.

The following important key factors apply:
- The term is six years in each case (including a three-year qualifying period).
- The term begins with the issuing of the convertible debentures.
- These can then be exercised during a period of three years.
- When exercised, each partial debenture is converted at a nominal amount of € 1 into a new no-par-value ordinary share.

- The conversion right may only be exercised if, at any time during the qualifying period, the closing price of the MLP AG share in the Xetra trade (or a comparable successor system replacing the Xetra system at the Frankfurt/Main stock exchange) reaches 130 % of the basic price (exercise hurdle).
- The basic price corresponds to the arithmetic mean of the closing price of the MLP AG share in the Xetra trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to qualifying persons.

Convertible debentures

The fair value of the convertible debentures is estimated on the grant date using the Black-Scholes formula and taking into account the terms on which the convertible debentures were granted. On December 31, 2006, two members of the Executive Board hold convertible debentures issued by the company between 2003 and 2004.

Convertible debentures

All figures in € '000	Tranche 2003 (value as at Dec 31, 2006)	Tranche 2004 (value as at Dec 31, 2006)	Total in units as at Dec 31, 2006
Dr. Uwe Schroeder-Wildberg (Chairman of the Board)	–	50	12,300
Gerhard Frieg	33	40	13,624
Total	**33**	**90**	**25,924**

Long-Term Incentive Programme

A Long-Term Incentive Programme (LTI) was implemented for the first time in 2005. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. Phantom shares are only paid out in cash if the Group's earnings before tax (EBT) for 2005 to 2007 (tranche 2005) or 2006 to 2008 (tranche 2006) reach a sum established in advance by the Supervisory Board. The Supervisory Board will determine whether a payout is to take place. The right to allocated phantom shares generally expires with the termination of the employment contract. An equity settlement is not planned. The fair value is reassessed on each balance sheet date using the Black-Scholes formula, up to and including the settlement date.

Phantom shares

All figures in € '000	Tranche 2006 (value as at Dec 31, 2006)	Tranche 2005 (value as at Dec 31, 2006)	Tranche 2006 (units)	Tranche 2005 (units)
Dr. Uwe Schroeder-Wildberg (Chairman of the Board)	–	138	24,053	27,567
Eugen Bucher until Aug 7, 2006	–	–	–	–
Gerhard Frieg	–	104	18,040	20,675
Nils Frowein	–	104	18,040	20,675
Total	–	346	60,133	68,917

Emoluments of the Supervisory Board

In addition to reimbursement of expenses, each member of the Supervisory Board receives a fixed payment to be paid at the end of the financial year. Additional payments are granted for chairman and deputy functions. Functions in committees are remunerated separately.

Remuneration of the Supervisory Board

All figures in € '000	Fixed portion of remuneration incl. VAT 2006	Variable portion of remuneration 2006	Total 2006
Manfred Lautenschläger (Chairman of the Board)	93	–	93
Gerd Schmitz-Morkramer (Vice Chairman)	75	–	75
Dr. Peter Lütke-Bornefeld	57	–	57
Johannes Maret	57	–	57
Norbert Kohler	35	–	35
Maria Bähr	35	–	35
Total	352	–	352

€ 6 thsd were used as compensation for expenses in the financial year 2006.

Results of operations

Summary of business development

Considerable increase in earnings

We achieved a considerable increase in earnings in the last financial year. Earnings before tax from continuing operations (EBT) climbed by 28 % to € 90.8 million, enabling us to significantly increase our EBT-margin from 13 % to 15 %.

Measures for increasing sales bore fruit

Business development over the course of the year was divided both structurally and in terms of time. While the health insurance, financial investment and loans and mortgages segments showed pleasing development over the course of the year, the important private old-age provision segment exhibited only cautious development in the first half of the last financial year, particularly in the second quarter. As such, it was no longer likely that we would meet our overall objectives for the year. Originally, we had reckoned with total income of € 675 million and earnings before tax of € 120 million. When the half-year figures were published in August 2006, we forecast a new target of € 90 million for the earnings before tax. At the same time, the ambitious forecast for 2007, which was based on a considerably higher consultant growth, with a sales turnover target of € 780 million and target earnings before tax of € 160 million was no longer maintained. The measures introduced for a targeted increase in the old-age provision segment took effect particularly in the fourth quarter. Due to this positive development in the second half of the year, the forecast was reached and earnings before tax of € 90.8 million were achieved.

In the first quarter of 2006, the third Riester level had contributed around € 25 million to income in the old-age provision segment.

Development of earnings before tax from continuing operations (in € million)

The health provision segment developed well in the last financial year, defying the general market trend. The reason for this was the strong demand for private fully-comprehensive health insurance in our target group of academics and other discerning clients, which was triggered by the planned changes of the health reform.

Group realignment completed in 2006

The acquisition of the majority holding of 56.6 % in Feri Finance AG in the fourth quarter was the final element in the MLP Group's strategic realignment for the time being. This is intended to strengthen MLP's wealth management segment (see section "Strategy and financial position"). The Feri Group will be fully consolidated as of the fourth quarter of 2006.

Overall statement on business development and the economic situation of the company

Business development in the important segment of private old-age provision in particular fell short of our expectations in the first half of the last financial year. The measures introduced to strengthen sales in this segment began to bear fruit in the fourth quarter of 2006, so that we were generally satisfied with how business developed in 2006.

Strong position on the market

We consider ourselves to have an excellent position on the market for old-age provision products. For instance, we have been able to achieve a market share of 32 % for the basic pension since the product was introduced in 2005. This makes MLP the industry leader for this product, which will become even more important in future. With Riester pensions, the old-age provision portfolios of our clients also show a high level of penetration. MLP's speed of innovation is evident here, too. While the sale of Riester products in the entire German market only started to develop dynamically in the last two financial years, the Riester pension has been a fixed component of old-age provision consulting at MLP since its introduction onto the market in 2001.

In addition, we also still hold a strong position on the market for private health provision, which showed itself not least through the positive business development which went against the market trend in this area in the last financial year. Another significant indicator of the success of our comprehensive consulting concept is the development in our investment and financing segments.

We consider the Group's economic situation, both at the end of the reporting period and at the time of the preparation of the Group management report, to be positive. We are expecting another considerable improvement in our financial position, net assets and results of operations. This puts us in the perfect starting position to take advantage of the resulting growth opportunities in the market.

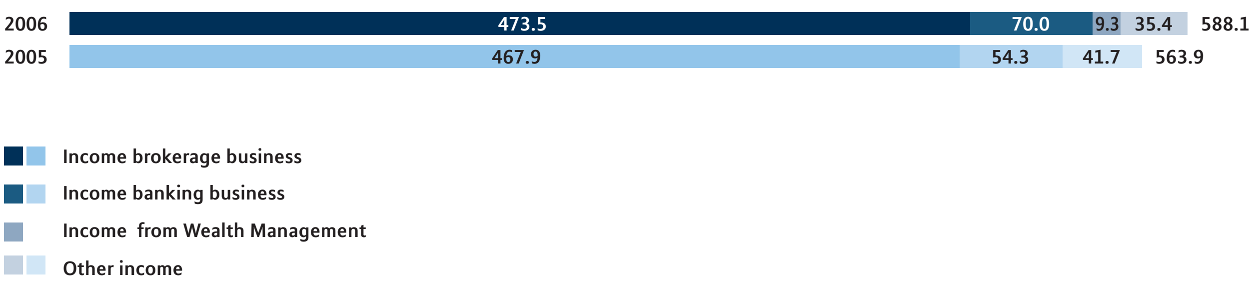
Analysis of the profit situation (continuing operations)

Continuing operations are primarily concerned with our brokerage and banking business and the new "wealth management" segment.

Total income rises once again

The total income of the Group rose by 4 % to € 588.1 million in the last financial year. The income from the brokerage business stood just above the previous year's level in the same period at € 473.5 million. This was due to the sluggish development of business in the segment of private old-age provision in the first half of 2006. Compared to the previous year, the income from banking business was increased considerably by 29 % to € 70.0 million. This was mainly due to the increase in the volume of business and rise in managed securities custody business. In the last financial year, income amounting to € 9.3 million was achieved in the wealth management segment. As this segment was newly established in the course of the acquisition of Feri Finance AG, the income only includes business in the fourth quarter.

Total income of continuing operations (in € million)



Figures do not add up due to rounding differences.

Continuing operations developed positively in 2006

The other income dropped compared to the previous year from € 41.7 million to € 35.4 million. This contains a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 amounting to € 8.6 million (€ 9.3 million).

Expenses progress as scheduled

The expenses for the brokerage business represent the largest individual item of the total expenses. The performance-linked commission payments to our consultants, which generally change proportionately to the income from the brokerage business, are recorded in this item. They decreased in line with the product mix in the last financial year from € 223.0 million to € 222.0 million.

The expenses for banking business rose proportionately to the income from the banking business from € 14.1 million to € 18.2 million as at the end of the last financial year.

Business of the new Group subsidiary, Feri Finance AG, shall be recorded in the new wealth management segment as of the date of acquisition. Accordingly, the expenses for this segment amounting to € 0.9 million only include costs in the fourth quarter of 2006.

Full consolidation of the Feri Group in the fourth quarter

Personnel expenses increased in 2006 from € 73.1 million to € 85.7 million. Several factors contributed to this. In addition to the initial consolidation of the personnel costs for the Feri Group amounting to € 4.6 million as of the fourth quarter of 2006, general salary increases and the staff expansion in the occupational pension provision and sales support segments also made a difference.

Depreciation and amortisation expense dropped, falling from € 19.7 million to € 17.2 million. The difference compared to the previous year can be explained by an impairment loss on a property rented to a third party in the financial year 2005. No impairment losses had to be made in the reporting year.

The other operating expenses also declined and amounted to € 159.3 million (€ 162.1 million) in the last financial year. This item contains IT costs and costs of premises among other things.

Below-average development of expenses

The total expenses in the Group amounted to € 503.3 million in 2006, an increase of around only 2 % compared to the previous year.

Expense structure

All figures in € million	2006	%	2005	%	Change
Expenses for brokerage business	222.0	44.1 %	223.0	45.3 %	– 0.4 %
Expenses for banking business	18.2	3.6 %	14.1	2.9 %	29.1 %
Expenses for Wealth Management	0.9	0.2 %	–	–	–
Personnel expenses	85.7	17.0 %	73.1	14.9 %	17.2 %
Depreciation/amortisation	17.2	3.4 %	19.7	4.0 %	– 12.7 %
Operating expenses	159.3	31.7 %	162.1	32.9 %	– 1.7 %
Total	**503.3**	**100.0 %**	**492.1**	**100.0 %**	**2.3 %**

Overall, we generated earnings from operations (EBIT) to the tune of € 84.9 million (€ 71.8 million) in the last financial year.

The finance cost rose from – € 1.0 million to € 5.9 million. This considerable improvement is mainly explained through increased income due to a rise in cash holdings, interest received on tax refund claims and accrued interest on a provision for factoring which was contained in the finance cost in 2005.

Disproportionate rise in earnings

Earnings before tax (EBT) increased significantly by 28 % to € 90.8 million.

Income tax expenditure dropped in the last financial year from € 28.3 million to € 26.2 million. This reduced the rate of taxation from 39.9 % to 28.8 %. What was decisive for this development were the capitalisation of a corporation tax credit due to legal regulations and tax refunds in connection with the field tax audit for the years 1997 to 2001.

Earnings from continuing operations reached € 64.6 million in the last financial year. The figure for the previous year amounted to € 42.5 million. The earnings per share therefore improved by 59 % from € 0.39 to € 0.62.

Development of earnings from continuing operations

All figures in € million	2006	2005	Change
EBIT	84.9	71.8	18.2 %
EBIT margin (in %)	14.4 %	12.7 %	–
Finance costs	5.9	– 1.0	> 100 %
EBT	90.8	70.8	28.2 %
EBT margin (in %)	15.4 %	12.6 %	–
Income taxes	– 26.2	– 28.3	– 7.4 %
Earnings from continuing operations	64.6	42.5	52.0 %
Net margin (in %)	11.0 %	7.5 %	–

Discontinued operations

Restructuring of foreign business

During the restructuring of foreign business, the operative business of our Swiss subsidiary MLP Private Finance AG, Zurich, was discontinued in the first quarter of 2006. The client base and the fixed assets were sold on October 31, 2006 and the company was deconsolidated in the fourth quarter of 2006.

The two former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG were deconsolidated in the third quarter of 2005. The business activities of the Swiss subsidiary and the two insurance companies are shown as discontinued operations.

The net earnings from discontinued operations comes to € 1.1 million (€ 157.1 million). The previous year's figures include proceeds to the tune of € 125.4 million from the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG.

Earnings per share

The earnings per share amounted to € 0.64 (€ 1.84 including € 1.15 from the sale of MLP Lebensversicherung AG and MLP Versicherung AG) in the last financial year. The earnings per share (diluted) reached € 0.63 (€ 1.81 including € 1.14 from the sale of MLP Lebensversicherung AG and MLP Versicherung AG) in the same period.

Net profit

All figures in € million	2006	2005	Change
Continuing operations	64.6	42.5	52.0%
Discontinued operations	1.1	157.1	– 99.3 %
Net profit (total)	**65.8**	**199.7**	**– 67.1 %**
Earnings per share in €	0.64	1.84	– 65.2 %
Diluted earnings per share in €	0.63	1.81	– 65.2 %

Appropriation of profits

Adequate participation of MLP shareholders in the company's success

Since the beginning of the share buyback programme in December 2005, cash holdings totalling around € 211 million have been returned to our shareholders in the form of the regular dividend, an extra dividend for the financial year 2005 and the buyback. The regular dividend for 2005 amounted to € 0.30 per share. In order to grant our shareholders an adequate share in the sale of MLP Lebensversicherung AG and MLP Versicherung AG, an extra dividend of € 0.30 per share was paid out in 2006 (total volume of regular and extra dividends approximately € 63 million). Furthermore, cash holdings from the sale of the companies were paid back to our shareholders within the scope of a share buyback programme. Around 8.9 million own shares were purchased between December 1, 2005 and December 20, 2006, at an average price of € 16.74. The total amount of the share buyback programme came to € 148.4 million.

Proposed dividend of € 0.40 per share

Due to the generally pleasing development of results in the last financial year, the Executive and Supervisory Boards will propose a dividend increase of 33 % from € 0.30 to € 0.40 per share to the Annual General Meeting on May 31, 2007. This corresponds to a total dividend of approximately € 44 million and a distribution rate of 68 % related to the earnings from continuing operations.

Should the company hold own shares on the day of the Annual General Meeting, this proposal shall be changed to the effect that the amounts pertaining to these shares are carried forward to new account.

Financial position

Aims of financial management

Our financial management is performed by the central Corporate Treasury division. Our primary aim here is to increase the Group's financial power. Within the framework of our financial management, we ensure the liquidity of the Group at all times, control the risks involved with the various financial instruments and optimise Group-wide cash management. What's more, we implement rolling liquidity planning with a time horizon of 15 months.

No significant liabilities or receivables in foreign currencies

In the reporting period there were no significant liabilities or receivables in foreign currencies, as we generated around 97 % of the total income in Germany. Thus it is not necessary for us to hedge net items in foreign currencies by means of foreign currency liabilities and other hedging instruments.

Financing analysis

With the sale of the two Group subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in the third quarter of 2005, our business model became less capital intensive and generates high cash flows. This also has effects on the investments and financing of our Group.

Optimisation of the capital structure

During the course of the financial year 2006, we made further optimisations to the capital structure of the MLP Group. Thanks to the share buyback programme, we reduced the equity ratio from 39 % to 26 %. With shareholders' equity standing at € 323.4 million (€ 455.2 million), the Group's equity capital backing is very good.

At present we are not using borrowed funds to finance the Group. Changes to the general interest rate or future credit terms would therefore have no effect on our financial situation. A construction loan amounting to € 4.0 million (as at December 31, 2005), which we used to finance a company building, was repaid in full in the reporting period. The liabilities due to banking business mainly concern client deposits. They have no financing function for the Group. These liabilities are balanced by receivables due from banking business of approximately the same amount.

The provisions constitute a share of around 3 % of the balance sheet total. They therefore have no significant financing function for the Group.

Further disclosures on the structure of our liabilities and provisions can be found in the notes.

Rent and leasing

As at the balance sheet date, financial commitments from rental and leasing agreements were in place which amount to € 40.4 million for the financial year 2007. This mainly constitutes liabilities from the renting of our offices, the outsourcing of IT technology and the leasing of IT equipment. This will result in total liabilities to the tune of € 130.6 million up to 2011.

Investment analysis

Investments slightly higher than the previous year

MLP generally finances investments from current cash flow. The total investment volume in the last financial year was slightly higher than the previous year with € 20.0 million (€ 16.7 million). The lion's share of our investments (item: payments on account and assets under construction) in the reporting year went into IT projects, which were aimed at continuously improving the quality of our consulting and our client service (see also section "Client support"). We invested around € 13 million in these projects in 2006. A further € 7 million are set to follow in the current financial year.

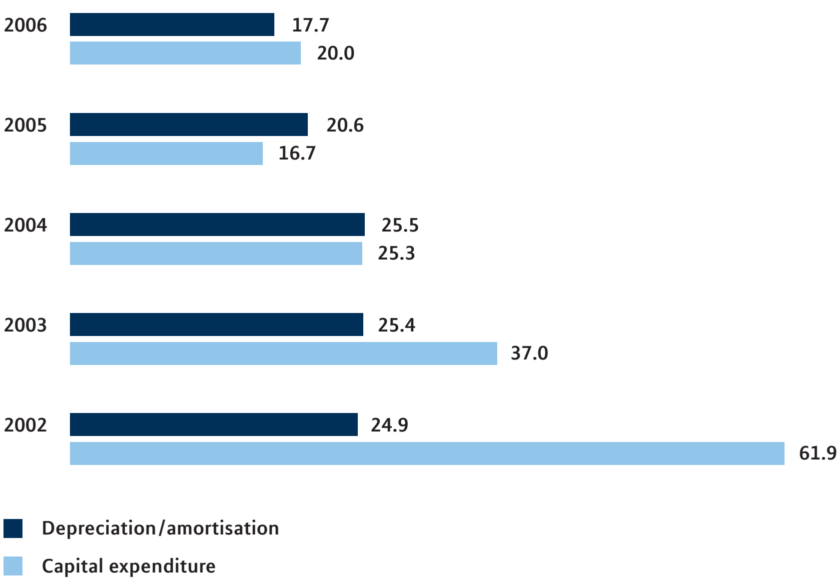
Investments

All figures in € million	2006	2005	2004	2003	2002
Intangible assets	**17.5**	**12.0**	**13.6**	**17.4**	**32.6**
Goodwill	–	0	0	0	–
Software (developed internally)	0.1	–	–	0.3	–
Software	0.5	1.2	0.8	11.7	18.4
Other intangible assets	0.1	–	–	–	–
Payments on account and assets under construction	16.8	10.8	12.8	5.4	14.2
Property, plant and equipment	**2.5**	**4.7**	**11.7**	**19.6**	**29.3**
Land, leasehold rights and buildings	0.6	0.5	1.2	0.8	2.3
Investment property	0.2	0	–	–	–
Other fixtures, fittings and office equipment	1.6	2.5	2.6	1.8	7.9
Payments on account and assets under construction	0.1	1.7	7.9	17.0	19.1
Total capital expenditure	**20.0**	**16.7**	**25.3**	**37.0**	**61.9**

Investments and depreciation

The comparison of investment and depreciation makes it evident that our business model has become much less capital intensive since the sale of the Group subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005. The investment level in the Group shows a sustained decline. We make targeted investments in improving the quality of client care and consulting. Due to the IT projects described above, investments exceeded depreciation by 13 % in the last financial year.

Investments and depreciation



Liquidity analysis

Considerably higher cash flow

We were able to considerably improve the cash flow from operating activities of continuing operations in the financial year 2006. It came to € 87.9 million (– € 49.4 million). The previous year's figure was negatively influenced by the repayment of factoring agreements amounting to approximately € 120 million. The major factor in the positive development was the earnings from continuing operations which shot up by 52 % to € 64.6 million.

Simplified cash flow statement for continuing operations

All figures in € million	2006	2005	Change
Cash and cash equivalents at beginning of period	327.8	164.7	99.0 %
Cash flow from operating activities	87.9	– 49.4	> 100 %
Cash flow from investing activities	– 88.2	– 10.0	> – 100 %
Cash flow from financing activities	– 204.0	– 57.7	> – 100 %
Cash and cash equivalents at end of period without profit from sale of discontinued operations	**123.5**	**47.6**	**> 100 %**
Inflow/outflow of funds from the sale of subsidiaries	– 3.0	280.2	> – 100 %
Cash and cash equivalents at end of period	**120.5**	**327.8**	**– 63.2 %**

The net payment (purchase prise minus cash holdings of the Feri Group) for the acquisition of the majority holding in Feri Finance AG totalling € 57.8 million was the primary influence on the cash flow from investing activities. This amounted to – € 88.2 million (– € 10.0 million).

Share buybacks, dividend and extra dividend influence cash flow from financing activities

The change in cash flow from financing activities is mainly due to our share buyback programme with payments of € 137,8 million in the financial year 2006 and an increased dividend payment compared to the previous year and the payment of an extra dividend. As such, we paid out around € 63 million to the shareholders of the company in the form of dividends in the financial year 2006.

Cash funds reduced as scheduled

As at the balance sheet date of December 31, 2006, the MLP Group owned € 120.5 million in cash holdings (€ 330.0 million). The reduction compared to the previous year is explained by the dividend payout, the share buyback programme and the acquisition of the majority holding in Feri Finance AG. The liquid funds available are therefore still very good. Thus there are sufficient cash reserves available to the MLP Group. In addition to the cash holdings we have lines of credit amounting to around € 146 million over the short and medium term (one and three years), which were not significantly drawn on in the reporting period. Money market lines of credit were not drawn on in the reporting year. No liquidity squeeze occurred in the reporting period, nor is any such shortfall expected. There are no limitations which restrict the availability of funds.

Capital costs

Weighted capital costs are currently not significant for the MLP Group, as the Group is financed solely through shareholders' equity.

Net assets

Analysis of the asset and liability structure

Acquisition of Feri Finance AG has significant impact on consolidated balance sheet

The considerable changes in the balance sheet are due to the acquisition of the majority holding in Feri Finance AG (see also section "Strategy"), the payment of the dividend and the extra dividend, and the share buyback programme.

The acquisition of the majority holding in Feri Finance AG amounting to 56.6 % at a purchase price of € 64.4 million (plus incidental acquisition expenses to the tune of € 4.9 million) in the fourth quarter of 2006 was made in cash (balance sheet items "Cash and cash equivalents" and "Financial investments"). The MLP Group has the right (call option) to purchase the remaining shares in the company by 2011. At the same time, the remaining shareholders of Feri Finance AG have the right (put option) to sell the remaining shares to the MLP AG. In addition to a fixed price of around € 43 million, the exercise price for the put option contains an additional purchase price which depends on the future economic development of Feri Finance AG and the development of funds under management at MLP. We have taken this performance-related component into account in the balance sheet as an amount of € 40 million. This results in an anticipated purchase price of € 152.3 million.

Allocation of the purchase price

This purchase price is allocated on the assets side of the balance sheet to values (balance sheet item "Intangible assets") for the brand, client relationships, software and remaining goodwill of € 154.7 million in total. We have recorded the anticipated purchase price for the outstanding shares and the performance-related component as a liability (€ 83.0 million) on the liabilities and shareholders' equity side of the balance sheet, as it is not due until 2011. The transaction also gave rise to deferred tax liabilities of € 13.4 million. We entered the net assets of Feri Finance AG purchased as € 10.9 million.

Assets

All figures in € million	2006	2005	Change
Intangible assets	186.8	22.9	> 100 %
Property, plant and equipment	89.1	94.7	– 5.9 %
Investment property	15.1	15.5	– 2.6 %
Deferred tax assets	0.2	1.6	– 87.5 %
Receivables from banking business	606.4	511.0	18.7 %
Financial investments	49.9	236.7	– 78.9 %
Tax refund claims	21.1	19.2	9.9 %
Receivables and other assets	177.1	150.3	17.8 %
Cash and cash equivalents	120.5	130.0	– 7.3 %
Balance sheet total	**1,266.1**	**1,182.0**	**7.1 %**

Figures do not add up due to rounding differences.

Dividends, extra dividends, share buyback programme

In addition to the payment of the purchase price for 56.6 % of the shares in Feri Finance AG amounting to € 64.4 million (plus incidental acquisition expenses of € 4.9 million), the payout of a dividend and an extra dividend (total value of € 63 million) as well as payments for the share buyback programme (total value of € 137.8 million in 2006) reduced the cash and cash equivalents and the financial investments.

The drop in fixed assets from € 94.7 million to € 89.1 million occurred essentially as a result of scheduled depreciation and amortisation of the fixed assets.

The considerable increase in the receivables due from banking business resulted from the rise in receivables from other financial institutions. These are balanced on the liabilities and shareholders' equity side of the balance sheet by liabilities due to banking business (essentially client deposits), which also increased.

The rise in receivables and other assets from € 150.3 million to € 177.1 million is predominantly due to the inclusion of Feri Finance AG in the consolidated financial statements and to the increase in trade receivables.

Liabilities and shareholders' equity

All figures in € million	2006	2005	Change
Shareholders' equity	323.4	455.2	– 29.0 %
Provisions	33.9	32.7	3.7 %
Deferred tax liabilities	19.6	1.3	> 100 %
Liabilities due to banking business	599.7	499.3	20.1 %
Tax liabilities	7.6	14.0	– 45.7 %
Liabilities	281.9	179.6	57.0 %
Balance sheet total	**1,266.1**	**1,182.0**	**7.1 %**

Figures do not add up due to rounding differences

Capital structure optimised through share buyback

The decline in shareholders' equity of the company from € 455.2 million to € 323.4 million is mainly due to the share buyback programme. In this way we have reduced the equity ratio of the MLP Group from 39 % to 26 %.

Return on equity rockets to 20 %

The return on equity from continuing operations amounted to 20 % in the reporting period. The figure for the previous year, adjusted by sales proceeds and the result from discontinued operations, stood at 13 %.

The rise in liabilities due to banking business from € 499.3 million to € 599.7 million results primarily from the increase in deposit business at MLP Bank AG, particularly in the day-to-day money sector.

The slump in tax liabilities from € 14.0 million to € 7.6 million as at the end of the last financial year is due to the use of tax reserves for previous years and the relatively low provision amount in the last financial year.

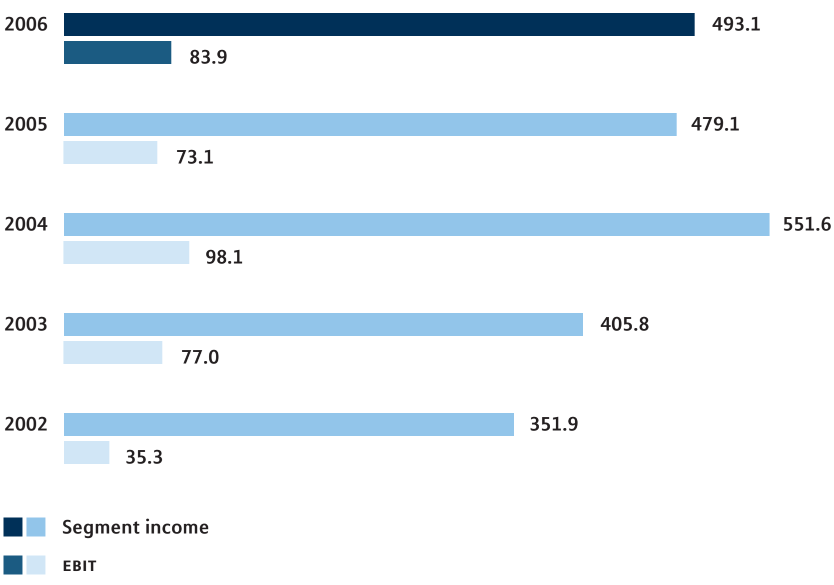
Segment report

Consulting and sales segment

Old-age provision gained momentum in the second half of the year

Due to somewhat reserved development in business in the important area of private old-age provision in the first half of the year, particularly in the second quarter of 2006, income in this segment rose only slightly in the last financial year by 3 % compared to the previous year to € 493.1 million. The very pleasing development in the health insurance, investment and loans and mortgages segments was not able to fully compensate for this lull. The measures for strengthening sales in the area of private old-age provision introduced in the summer upon publication of the half-year figures led to an increased momentum in business development throughout the remainder of the year.

Segment income and EBIT for consulting and sales (in € million)



Cost development goes according to plan

The expenses from the brokerage business stood just below the previous year's level at € 222.0 million, in line with our planning. Personnel expenses rose as a result of new appointments in the occupational pension provision business segment and in sales support areas by around 11 % to € 67.4 million. Depreciation fell by around 5 % to € 12.6 million as planned. Other expenses dropped in the last financial year from € 141.7 million to € 134.9 million. Critical factors for the reduction were savings in the IT and communication area and in costs of premises, plus lower depreciation requirements on receivables from commercial agents.

Above-average increase in income in the brokerage business

Earnings before interest and taxes (EBIT) rose by 15 % to € 83.9 million, resulting in an EBIT margin of 17.0 % (previous year 15.3 %). At € 1.1 million, the finance cost was significantly better than in the previous year (– € 5.3 million). This enabled us to reach segment earnings before taxes (EBT) of € 85.0 million (previous year € 67.8 million). In the reporting period, a loss before taxes of € 6.2 million (previous year – € 5.7 million) was recorded abroad.

The number of clients developed positively in 2006 and rose from 655,000 to 691,000 as at the end of the year. The number of consultants grew in the same period by 104 to 2,649.

Dynamic new business in health insurance

Thanks to the greater business dynamic in the second half of the year, particularly in the fourth quarter, brokered new business in the old-age provision segment exceeded that of the previous year, coming to a premium total of € 7.1 billion (previous year € 6.7 billion). The health insurance segment developed very pleasingly. At € 71.4 million, the brokered annual premium was considerably higher than the previous year's figure of € 56.4 million. The loans and mortgages segment was similarly dynamic. The brokered volume rose by 20 % to € 1.2 billion compared to the previous year. In the mutual funds segment, we generated funds inflows of € 980.1 million (6.8 %). The funds under management in the MLP Group (without Feri Group) climbed from € 2.9 billion to € 3.1 billion.

New business

	2006	2005	2004	2003	2002
Old-age provisions (premiums in € billion)	7.1	6.7	11.2	7.4	6.3
Health insurance (annual premiums in € million)	71.4	56.4	60.4	64.0	75.0
Loans and mortgages (volume in € million)	1,217	1,016	806	1,064	893
Inflows into mutual funds (in € million)	980.1	917.9	575.0	606.0	664.0

Banking segment

MLP Bank continues the growth trend

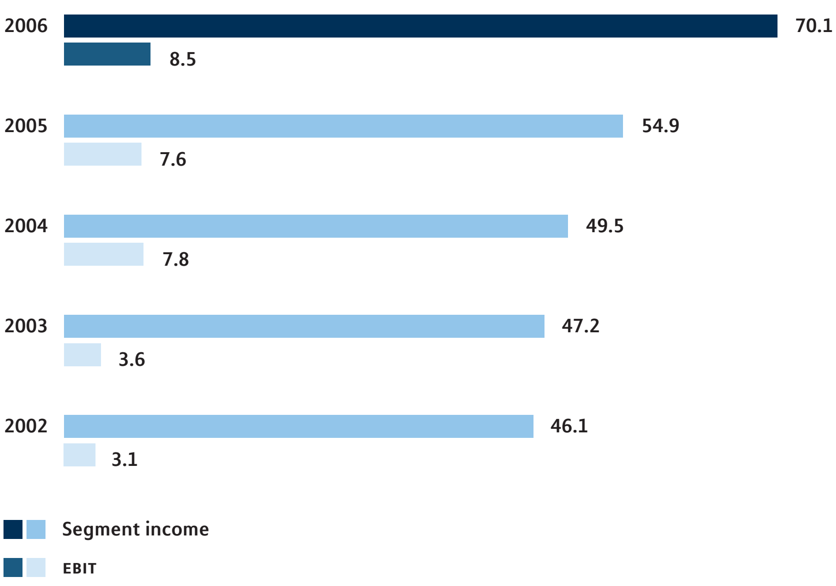
At MLP Bank AG, the pleasing development of previous years also continued in the financial year 2006. Both the business volume (+ 19 %) and the managed securities custody business (+ 16 %) grew significantly. Segment income rose by 28 % to € 70.1 million as a result.

Expenses for the banking business rose in the financial year 2006 in line with the increased business volume from € 25.4 million to € 36.2 million. Personnel expenses ran to € 7.6 million (€ 6.6 million). Other expenses climbed from € 15.1 million to € 17.6 million. An overall result before finance costs (EBIT) of € 8.5 million (+ 12 %) was achieved in the segment. The earnings before tax (EBT) also amounted to € 8.5 million (€ 7.6 million).

Increase in operating result

MLP Bank AG's operating result increased by € 0.9 million to € 8.5 million in comparison with the previous year's figure. Thanks to this pleasing development, we have achieved a return on equity of 24 % before tax in the last financial year. The earnings position was positively influenced in 2006 by a higher interest surplus (+ 17 %) and provision surplus (+ 8 %) in particular, and by a drop in expenses for risk provisions (– 31 %).

Segment income and EBIT for the banking segment (in € million)



Wealth Management segment

Feri Group fully consolidated as of Q4 2006

This new segment represents the business development of the Feri Group as of the fourth quarter of 2006. Since its inclusion in the consolidated financial statements, income of € 9.3 million has been generated. Profit from operations (EBIT) for the last financial year came to € 2.1 million. In the same period, earnings before tax (EBT) of € 2.3 million were produced.

Internal services and administration segment

Sales revenue and development of results go according to plan

The main internal services and activities of the MLP Group are combined in this segment. Other income dropped from € 22.5 million to € 21.9 million. This contains a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 amounting to € 8.6 million (€ 9.3 million).

Personnel expenses rose in the last financial year from € 5.6 million to € 6.1 million. This was mainly due to compensation payments. Depreciation dropped from € 6.1 million to € 3.7 million. The difference compared to the previous year can be explained by an impairment loss on a property rented to a third party in the financial year 2005. The total segment expenses stood at the previous year's level at € 31.7 million.

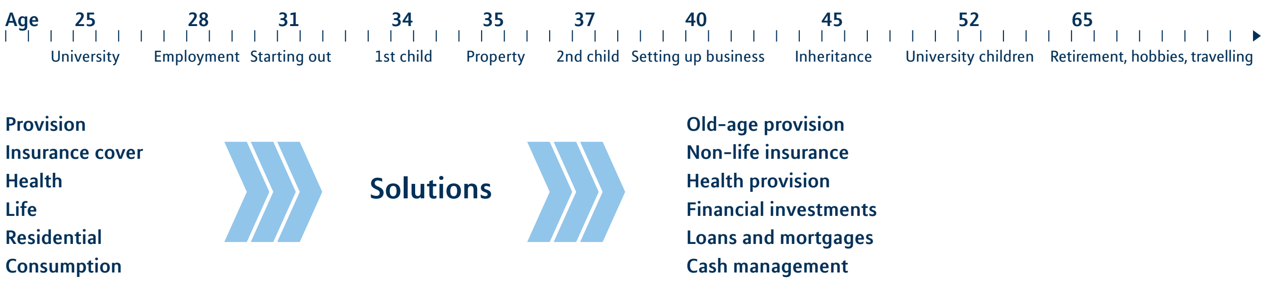
Finance cost improved

The finance cost improved from € 6.7 million to € 7.5 million. The development of the finance cost is mainly attributable to the increased cash holdings from the sale of the subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005 and an improved investment strategy. The earnings before tax (EBT) of – € 2.3 million did not change compared to the previous year.

Client support

Client consulting and support at MLP is comprehensively structured and consistently geared to the wishes and needs of the individual client. The focus is on independent consulting in the areas of health and old-age provision, insurance cover, financial investments and wealth management, and loans and mortgages. The acquisition of new clients focuses on approaching potential new clients at universities.

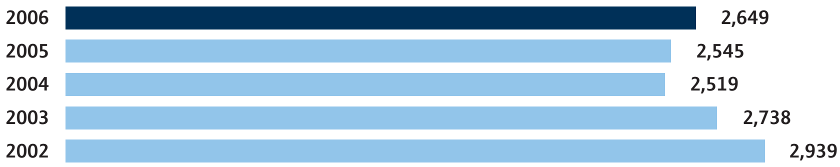
Life-long support from MLP



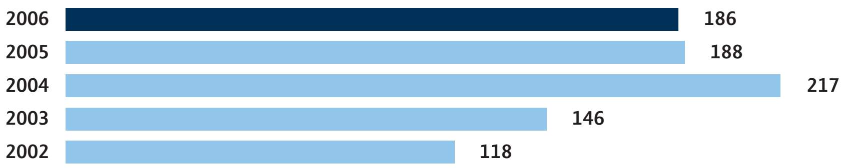
Comprehensive and independent

It is a stated objective in MLP client consulting to support and advise the clients comprehensively and independently right from the start of their working life onwards. As such, we offer our clients optimum planning reliability and financial flexibility at every stage of their lives. This requires that consultants meet with their clients regularly in check-up meetings. Actively approaching the client is a matter of course for MLP consultants. The consultant knows his or her clients exactly, is recommended and supports them through the different phases of their lives. At the end of the financial year 2006, the company ran 267 offices. 2,649 consultants worked for MLP. The number of clients rose by 6 % to 691,000. Productivity measured in terms of revenue per consultant amounted to € 186,000.

Number of MLP consultants



Productivity (revenue) per consultant (in € thsd)



Training

High priority in corporate culture

In order to be able to maintain the renowned high level of quality in client consulting in the long term, MLP consistently invests in the selection, training and continuous further development of its client consultants. In this connection, the Corporate University founded in 1999, which is the only one of its kind in the German financial services sector, is a major contributing factor to MLP's corporate success. Only excellently trained consultants can really convince discerning clients in the long term. Following his or her university course and/or many years' work experience, each MLP client consultant therefore undergoes an additional two-year basic training programme at the MLP Campus in Wiesloch. This training covers all elements of modern financial management, starting with the legal framework conditions, through portfolio structuring, to comprehensive wealth management. It is then concluded with successful participants receiving the title of "MLP Senior Financial Consultant".

In a company with a corporate culture that places great importance on learning, the training of consultants does not stop with their graduation from the Corporate University. The consultants return to the Campus time and again during their career at MLP to complete further training. Over 500 lecturers and trainers teach 50,000 training days per year at the Corporate University (total number of participants times the number of training days per participant).

Lecturers, trainers and the management of the Corporate University are supported by a scientific Advisory Board made up of leading professors from German and international universities. The Advisory Board accompanies the further development of the training plans and regularly inspects the content, teaching and learning material and the examination structure at the company's Campus.

Not long ago, MLP began to offer its own Master of Business Administration programme (MBA) in cooperation with the European School of Business in Reutlingen to its consultants. The 22-month in-service training programme was developed in cooperation with renowned university partners and offers selected MLP consultants top-level further training.

Requirements of the EU Insurance Mediation Directive clearly exceeded

With its high quality benchmark in training and client consulting, MLP considerably exceeds the requirements of the EU Insurance Mediation Directive which will come into effect on May 22, 2007. For a long time now, MLP has focused on interlinking insurance knowledge and investment expertise in training its client consultants. As part of their basic training in the first three months, consultants complete a training course to become a certified insurance agent in accordance with the regulations of the occupational training guideline of the German Insurance Association in the company's own Corporate University. This puts MLP and its consultants way beyond the level of quality required by the EU Insurance Mediation Directive. What's more, the requirements of the MiFID, the equivalent of the EU Insurance Mediation Directive in the banking sector, are already being integrated into the basic training.

IT support

New broker platform optimises client support

One module within client relationship management for a modern financial services provider which is becoming ever more important is optimal IT support for client consulting and all relevant client support processes. MLP met this challenge in 2006 by starting the broker platform programme. Under this name, a homogeneous and integrated consulting workflow with a comprehensive CRM system based on top quality data is being developed and implemented. All client, consultant and policy details are summarised and analysed in a closed data circuit and compared against policy information from partner companies.

More time for clients

For the MLP consultants in the offices, the new system makes work considerably easier and potentially saves time in client consulting, because the technical process support creates transparency and enables fast access in the fields of client dialogue, document management and interface management. With the help of the new broker platform the offices can access almost 20,000 individual pieces of product information from partner companies and their client-specific data at any time with full IT support. The offices therefore have a high level of transparency and flexibility and optimum product selection procedures. New benchmarks are set in client support, not least through generating client appointments based on support and policy issues, such as interest prolongation or payable life insurance. Adjusting MLP's provision standard to the targets our clients wish to meet or generating the consulting documentation and the individual provision, finance and insurance cover status of our clients allow us to structure client relationship management more professionally than ever before.

Each client receives detailed, electronically generated documentation of the consulting meeting, enabling them to look over the consultant's recommendations in their own time after the appointment. The meeting documentation which MLP offers its clients considerably exceeds the requirements of the new EU Insurance Mediation Directive. MLP makes no compromises on quality in the documentation.

Millions invested in IT

The broker platform compresses all data electronically and eliminates all significant media breaks. For the clients, this means a simpler overview, greater consulting security and even more transparency in terms of individual recommendations. For our consultants, the information base has expanded immensely. Thanks to the technical process support, it is now possible for them to select from among hundreds of competing products and product groups after entering individual framework conditions for individual clients. What's more, our consultants can now make use of the user-friendly IT support and central support in administrative tasks.

The implementation of the project required extensive preparatory work. More than 60 head office employees worked on the development and implementation of the broker platform in close coordination with a project team for a year. A sum in the two-digit million range was invested.

The broker platform programme not only fulfils the legal requirements for consulting quality and consumer protection for the EU Insurance Mediation Directive, which comes into force on May 22, 2007. We are also prepared for the new EU directive for banking services, MiFID (Markets in Financial Instruments Directive), which will come into effect in 2008. The most important processes and documentation prescribed by the MiFID were taken into account in the system structure right from the word go. This puts MLP at the head of its industry with its IT preparations for the new regulations. At MLP the preparations for the MiFID will be completed during the course of 2007 and for the amendment to the German Insurance Contract Act (VVG) by the start of 2008.

Marketing and sales support

Brand awareness rises sharply

MLP marketing achieved sustained success in brand management and sales support in 2006, significantly increasing MLP's brand awareness in the target group of academics in a short time. A market research study by the Institut für Demoskopie Allensbach (Institute for Opinion Research in Allensbach) shows that awareness of MLP within 2006 rose by around 27 %. In its central brand communication, MLP focused on television as an advertising medium for the first time in the last financial year. The TV appearance was supported with image-promoting printed adverts.

The exclusive MLP client events in the offices once more stirred up great interest. MLP invited its clients to more than 50 interesting local evening events with renowned guest speakers. Because it was received so well, the series of events will be continued in 2007 with additional topics.

Furthermore, the broad sponsoring involvement in sport, science and culture contributed to MLP's brand awareness and social commitment, as well as the company's links to the region. Take the title sponsorship of the German University Championships, cultural involvement in the Heidelberger Frühling Festival or the Baden-Baden festival theatre as just a few examples, not to mention the different university promotional activities.

Partner management

Quality at all added value levels

MLP is a renowned premium brand in the German financial services sector. The good reputation enjoyed by the company and its consultants requires systematic and independent management of the partner companies. The quality and creditworthiness of all companies and products which MLP recommends to its clients are checked beforehand. Over the years, instruments have been installed for ensuring quality at all value added levels. All interfaces between the partner companies and MLP are continuously monitored and optimised. Regular consultant surveys give a clear picture of how individual partner companies behave with regard to their service offer and claims processing. Client satisfaction is continuously ascertained through independent market research companies. As soon as there are any deviations from the target situation or optimisation potential is detected, talks are held with the partner companies and corresponding measures for improvement are introduced. Quality management at MLP covers the whole chain of service provision and measurement.

Systematic market observation for products

Being a client at MLP means having access to individually tailored financial plans and investment products at any time. MLP systematically observes the market for financial services products at home and abroad with the aim of finding the best solutions for its clients. In some cases, however, MLP has also begun to develop products tailored to the needs of its clients in cooperation with selected partners. Thanks to its many years of experience and its comprehensive approach to consulting, MLP is often in the position to identify tomorrow's market requirements before the competition and to implement them in good time.

Product innovations

In 2006, for instance, a pension scheme was developed with a consortium of eight partner companies. The conventional guarantees were combined with payments into investment funds which set themselves apart from the market through particularly good payment terms, especially at the start of the contract term. The product was designed especially for those starting work and who wanted to save for old-age provision right from the beginning of their career, starting with small amounts. Another example of a product innovation aimed at our target group is our "Best of two worlds" policy. Here we combined a British "with profit" policy with German supplementary occupational disability insurance. This is a unique combination on the German market. It enables our clients to combine the higher profit opportunities and simultaneous risk reduction of a British life insurance policy with the benefits of German occupational disability insurance.

Personnel and social report

Loyalty management is an important element of personnel work

2006 was both promising and challenging for the employees of MLP. As a result of the widening of our business approach by expanding wealth management as a further core competency, many new fields of operation and far-reaching prospects opened up for the employees. The average number of employees during the reporting period was 1,667. This figure is down by 79 compared to the previous year. The downturn is essentially attributable to the sale of MLP Lebensversicherung AG and MLP Versicherung AG in 2005. The majority of employees (1,552) work within the country.

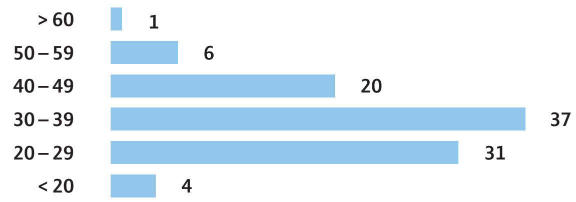
Employees per segment

	2006	2005	2004	2003	2002
Continuing operations					
Consulting and sales	1,475	1,365	1,261	1,272	1,213
Banking	132	126	138	152	149
Wealth Management	40	–	–	–	–
Internal services and administration	10	14	39	36	37
	1,657	**1,505**	**1,438**	**1,460**	**1,399**
of which in Germany	1,552	1,423	1,375	1,347	1,339
Discontinued operations					
MLP Private Finance AG, Switzerland	10	19	40	45	63
Life insurance	–	134	186	221	235
Non-life insurance	–	88	111	109	113
	10	**241**	**337**	**375**	**411**
Total	**1,667**	**1,746**	**1,775**	**1,835**	**1,810**

High employee satisfaction and low employee turnover

The employee turnover at MLP has developed pleasingly for many years. This is certainly down to our employees' high satisfaction with MLP as an employer. An employee survey from 2006 shows that MLP is particularly valued as an employer because the corporate culture permits great freedom to act and make decisions and promotes independent action.

Age structure of the employees (in %)



Average age of 35

The average age of MLP employees is around 35. A look at the age structure of the employees shows that the majority are between 20 and 39 years old.

MLP sets the benchmark for the industry in terms of turnover among client consultants. While turnover rates of 40 % and above are the norm at insurance sales companies, MLP's sales division enjoys significantly stronger corporate loyalty. In 2006, turnover among the client consultants in our core market in Germany was below our target range of 12 to 15 %. The proportion of new client consultants who do not come to MLP directly after their studies, but have already gathered work experience from banks and insurance companies has been on the up for some time.

Compatibility of family and work

In connection with the young average age of MLP's staff, the compatibility of family and work has a high priority in personnel work at MLP. The personnel department supports employees during career breaks to start a family. We want our employees to stay in contact with the company even when taking family breaks, and therefore place great importance on contemporary loyalty management. Employees on family breaks continue to receive all information material from the company, are invited to events and also have the opportunity to prepare for their return to the company in intensive personal consultations before their reintegration.

Part-time working models

More and more employees are accepting the offer of rejoining the company on a part-time basis or working for MLP during parental leave. Part-time offers make sense for two reasons. Firstly, they fit in with our employees' life planning and secondly, they optimise the capacity planning of MLP as employer. There are still considerably more women than men taking up part-time offers. Last year, over 90 % of part-time contracts with MLP were held by women and less than 10 % by men.

Continuous personnel marketing

MLP's business development is closely linked with its success in winning suitable new recruits. Which is why MLP invests a lot of time and commitment in personnel marketing issues. Representatives of the company are often at recruitment fairs, such as the Cologne graduate fair or Munich Talent. What is more, MLP traditionally maintains close cooperation with numerous universities.

MLP is aware of its responsibility towards young people and has been offering a constant number of training positions for years. In 2006, for instance, another 48 trainees (Chamber of Commerce and Industry training or Baden-Württemberg University of Cooperative Education) started vocational training with us. All in all, an average of 96 trainees worked in our company in the reporting period.

Promoting employee skills

Personnel development at MLP systematically accompanies employees throughout their career at MLP. Management through objectives and coaching are among the basic skills of all managers. External certifications and numerous internal and external seminar offerings are very well received by employees. All measures offered by personnel development pursue the aim of promoting the skills of the employees and combining them as well as possible with requirements in the company.

The occupational pension provision offering, which is supported with employer contributions and has been considerably expanded since the previous year, was used by a large number of employees and consultants in 2006. This is particularly true of the MLP support scheme, in which our consultants can also build up a future-oriented old-age provision.

Thanks to our employees and consultants

The employees and consultants are the heart of the company. Their commitment and willingness to perform determine the success of MLP. The Executive Board therefore places great importance on expressing its personal thanks to the entire MLP team for the work it has performed, its creativity and the corporate loyalty shown once again in 2006. At the same time, the Executive Board asks that everyone continue to channel all their efforts into working towards the success of MLP. Only if we succeed in creating a team spirit, both in sales and in the head office, can sustainable growth and long-term success for all be achieved. Each individual employee and every client consultant in the office forms their own centre of power. Every individual decides each day how to support his or her clients – on site in the offices as well as in the head office in cooperation with colleagues. The quality with which MLP has made a name for itself as an independent financial adviser resides in the interaction between the business segments, teams and offices.

Risk report

Group-wide risk and opportunity management

Entrepreneurial activity invariably involves taking risks. The aim is to identify risks, and also the opportunities they provide, as early as possible in order to react to them quickly and appropriately. MLP's Group-wide early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which it then quantifies, aggregates and assesses to form the basis for Group-wide proactive risk management and controlling. Opportunity management shows us income opportunities in products and target groups and is incorporated directly into our company planning and controlling. As such, risk and opportunity management is embedded in the Group's value-oriented management and planning system.

We have drawn up the risk report in accordance with the German Accounting Standard 5 (GAS 5). Where applicable, it was also extended with elements of the supplementary provisions for credit institutions (GAS 5 – 10).

Principles of risk management and risk controlling

Our risk management and risk controlling system follows clearly defined principles which are implemented throughout the entire Group. We continuously check that these principles are observed.

Risk-bearing ability as strategic controlling parameter

The Group risk coverage fund is a strategic controlling parameter for the risks taken in the Group and a measure of its ability to bear risks. The risk capital requirement is determined by appropriate methods for all types of risks. Continuously comparing the risk coverage fund and risk capital requirement ensures that the risk-bearing ability is consistently monitored.

Readiness to take risks

The Executive Board of MLP AG defines the business strategy. The readiness to take risks at Group level, including the risk-bearing ability, is then derived on the basis of this. This gives rise to framework conditions for risk-taking and risk management in the Group. The readiness to take risks is regularly checked and adjusted as necessary.

Observance of supervisory requirements

Appropriate guidelines and an efficient controlling process ensure that regulatory requirements are met for risk management and controlling of the Group companies affected.

Group-wide risk organisation structures

We have defined, documented and implemented our risk organisation, risk processes, and the tasks and responsibilities incumbent upon risk management and controlling managers in accordance with supervisory requirements, both at Group level and at the level of the Group companies. The organisational structure, structuring of operations and risk controlling process are regularly checked and assessed by the internal auditing department of the Group and the Group companies.

Observance of functional separation

A clear organisational and operational distinction is made between functions and activities of risk management and risk monitoring.

Group-wide standards for measuring and evaluating risks

Uniform standards for the measurement and evaluation of risks are defined across the Group. In coordination with the Group Risk Managers and the Group Risk Committee, the Group Risk Officers are responsible for further development of methods, models and processes and their implementation in the Group companies. Tried and tested qualitative and quantitative methods are used to evaluate and analyse risks. The suitability of the methods and processes is checked at regular intervals.

Prompt and consistent monitoring of risks

Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt measurement planning.

Reporting of risks

The transparency of risks in the Group forms the basis for proper controlling. To this end, we have instituted a comprehensive and concise internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at defined intervals or, if necessary, on an ad-hoc basis.

Documentation

The organisation of our risk management, methods used and risk processes implemented are documented in a comprehensive organisational manual and made available to the employees. The content is regularly checked and adjusted to internal and external developments.

Organisation

Multi-level risk management

A multi-level risk management and controlling organisation with clear responsibilities and tasks is in place for implementing our risk principles.

In his capacity as Group Risk Manager, the Chief Financial Officer of MLP AG is responsible for risk controlling activities in the MLP Group. He is kept constantly informed of the risk situation in the Group and regularly reports this to the Executive and Supervisory Boards.

The Group Risk Officer is responsible for monitoring the implementation of the risk management guidelines. He is the contact person for the Risk Managers and Risk Officers of the Group companies and coordinates the corresponding risk management activities.

At the level of the Group companies, a Risk Owner is appointed for each identified risk. This person monitors and assesses the risks and initiates possible measures for minimising the risk value in coordination with the Risk Officer. The Risk Officers of the Group companies are responsible for the consistent implementation of the risk principles in their respective company and for keeping the Risk Manager constantly informed of the current risk situation. The CEO or CFO and the managing directors are the Risk Managers of the Group companies and are responsible for risk controlling activities at company level. They regularly inform the relevant members of the Executive Board and Supervisory Board of the risk situation and report directly to the Group Risk Manager and the Group Risk Officers.

Controlling monitors results risks

Group controlling is responsible for continuously monitoring the short and medium term profit risks. This involves comparing key profit figures with the corresponding planned figures and deriving controlling measure proposals for the Group Executive Board.

The analysis time line of strategic controlling covers the next three to five years. Here, sales and profit trends are analysed, taking into account changes in economic or legal framework conditions, and transformed into proposals for defining target figures for the individual business segments. Corresponding simulations make potential income risks in the strategically important business segments transparent for the Executive Board.

The Group Risk Committee analyses the risk reports of the Group companies and discusses proposals for the further advancement of the early risk detection system and the risk management instruments. The Group Risk Committee is made up of the Executive Board of MLP AG, the CEOs of the subsidiaries, the Group Risk Officers and a representative of Group IT.

For the main Group companies, regular company risk meetings are held within the scope of the Executive Board meetings. During these meetings, the risk situation of the company is presented based on a 12-month time horizon.

Internal audit department performs process and system checks

Under the audit programmes, the internal audit department regularly performs process and systems checks in all domestic and foreign sub-segments. This also includes a security check of the IT systems. It monitors the observance of legal requirements and evaluates risk management and the controlling and monitoring systems, thereby helping to improve them.

Risk controlling instruments

Risk analyses are performed at the level of the individual companies initially and are consolidated into a cross-Group evaluation.

Early risk detection system

A central component of our early risk detection system is the Group-wide risk inventory, which is carried out at regular intervals, and with which the risks present in the Group are classified according to risk class for each company. Risks are assessed using risk-related key figures as well as segment- and function-related thresholds. The assessed risks of the subsidiaries are aggregated and evaluated in an overall analysis at Group level.

Group risk coverage fund

An important factor for the Group's risk strategy and value-oriented controlling is the risk coverage fund of the MLP Group, which is defined by the balance sheet equity. In our risk management process, the risk coverage fund is continuously compared with the risk potential associated with our business activities. Stress scenarios also form a constituent of our analyses. Risks that could either individually or cumulatively cause the loss of half the equity of the Group and the Group companies in question, or which could considerably impede solvency are classified as posing a significant danger to business operations.

Planning, simulation and controlling tools

Planning, simulation and controlling tools show possible positive and negative developments on the most important value and controlling figures of the business model and their effect on the net assets, financial position and results of operations.

Productivity

The productivity of MLP consultants in particular is a central value driver of the business model. The volume of new business generated with existing and new clients and the development of the contract inventories in the different segments are the object of periodic reporting and form the basis for a central and precise evaluation of the business development by the management. We measure the success of our consultants in the respective segments based on benchmarks which are linked to the duration of their service with the company or their expertise.

These benchmarks reflect client requirements on the basis of the defined MLP quality standards in the different segments and express MLP's comprehensive and sustainable consulting concept. Positive or negative trends in the development of new business which affect the company's success are constantly analysed and evaluated and form the basis of sales measures which may need to be introduced.

Consultants

Gaining a sufficient number of competent consultants over the long term and ensuring lower consultant turnover are important prerequisites for the future growth of MLP. The development of the consultant base in terms of age structure, the number of applications, employment contracts signed and terminations issued are the object of periodic reporting and form the basis for a central and precise evaluation of the business development by the management. The effects of positive or negative developments on the company's success are constantly analysed and evaluated and form the basis for controlling measures which may need to be introduced.

Clients

Gaining new clients and ensuring long-term client loyalty are central values of the MLP business model. The development of the client base, split into existing and new clients, its age structure and analyses of potentials at consultant and office level are the object of periodic reporting. The effects of possible positive or negative trends in client development on the company's overall success are constantly analysed and evaluated.

Margins

Commission forms the core component of the Group's total income and cash flow. Using our planning and simulation tools, we analyse the effects of potential changes to commission models, possible regulatory intervention in the cost calculation of the products brokered by MLP or the tax treatment of our sales concept.

Credit risks

We monitor and control possible default risks from advances to consultants using balance controlling. A layered warning system makes errors in the reimbursements transparent early on and ensures active receivables management. Potential credit loss risks for MLP Bank are continuously determined and evaluated by simulating the allowances for bad debt as a percentage of the credit volume that carries risks.

Market risks

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations and ensure controlling of the interest risk.

Liquidity risks

The liquidity control is performed by means of daily scheduling based on defined planning horizons, taking into account possible cash flow scenarios, updated new business planning, investment planning and other capital transactions. The controlling of financial instruments (securities) of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

Solvency

Our systems determine, monitor and report supervisory key figures in line with periodic requirements. The existing planned/actual invoices and simulations guarantee continuous monitoring and determination of the required equity capital backing.

Our planning, simulation and controlling tools ensure that the company's development is continually monitored based on actual values and with regard to defined target values which are summarised in a periodic report. Should notable changes occur in the expected key figures, an ad-hoc reporting system ensures that the Executive Board is informed immediately. Simulations represent the company situation on the basis of various development scenarios and enable an advance planning of potential measures to be taken.

Business Continuity Management (BCM)

Our BCM identifies possible critical business processes which could have a major effect on the business of the Group in the event of malfunction or failure. Suitable measures are defined for this in order 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 on-going business. The critical processes and the effectiveness of the defined measures are subject to constant monitoring and development. A current BCM manual is available for the business segments and employees involved.

Statement of risks

Strategic risks

Overall economic risk

Changes in economic and political factors can affect the business model and the development of MLP. 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. Quite aside from economic developments, private and occupational provision will continue to gain significance. We expect the implementation of the EU Insurance Mediation Directive as national legislation to lead to a consolidation and further strengthening of independent brokers in the highly fragmented supplier market. Parts of today's providers' market will not be able to keep up with the new requirements for transparency and qualification in the long term. MLP sees this as an opportunity to further strengthen its position on the market.

Business environment and sector-related risks

Risks connected with developments in the markets for old-age provision, health provision, financial investments, and loans and mortgages are of considerable importance to MLP. In old-age provision and health provision in particular, legal stipulations play a decisive role. As a result of the complete realignment of old-age provision in Germany in 2005 we expect a growing need for supplementary old-age provision.

The pending reform of the legal health system may temporarily have a negative effect on business in the health insurance segment. Overall, however, we do not envisage any negative effects on the development of MLP due to the growing demand for individual consulting and the need for personal provision.

Corporate strategy risk

Corporate strategy control is the responsibility of the MLP AG Executive Board. On the basis of continual observation of the competitive climate, changes and developments to the markets and the business environment are analysed and decisions are derived for the strategic positioning and development of our product and target group concept. In securing and expanding our market position, our risk control tools offer us support in monitoring and controlling our strategic measures.

Performance-related risks

Productivity

The effects of positive or negative developments in the productivity of MLP consultants on the company's success are constantly analysed and evaluated. Due to the generally positive industry climate and the existing potentials in the MLP client base, we are not expecting any negative effects on our business development.

MLP consultants

Gaining a sufficient number of competent consultants over the long term and ensuring lower consultant turnover are important prerequisites for the future growth of MLP.

In spite of the increased number of consultants in Germany and the decrease in turnover among consultants, we were not satisfied with the way things developed in the financial year 2006. We aim to continuously expand our consultant base by means of attractive job entry models and career models for graduates and professionals, and by using our remuneration model.

We do not anticipate any negative effects on the net assets, financial position and results of operations from the development of the consultant base.

Clients

Gaining new clients and ensuring long-term client loyalty are central success factors of the MLP business model. Possible positive or negative developments in the client base are continuously monitored and evaluated.

The strong market position at universities and the many years of close business relations with our clients ensure that MLP's client base undergoes continuous expansion.

Margin risk

Commission forms the mainstay of the Group's income and cash flow. In the financial year we did not observe any negative developments with regard to our margin risks. We expect development to remain stable in the coming financial year.

Consulting and liability risk

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. We minimise potential consulting risks by ensuring consistently high quality consulting and reduce our liability risk through adequate pecuniary damage liability insurance policies whose level of cover is continuously monitored and adjusted to altered framework conditions. In the financial year, the number and level of regulated claims cases dropped, as expected.

Financial risks

Default risk

Default risks arise from the advances granted to consultants, our commission receivables from product partners and loan receivables of MLP Bank AG's own commitments.

We counter these risks with efficient receivables management and strict criteria when selecting our business partners. Loans are granted using a standardised Group loan strategy under application of the usual credit assessment standards for the market based on a scoring approach.

Furthermore, there is an issuer's risk from the securities acquired by MLP. The strict creditworthiness requirements of our capital investment directive help us reduce the risk of default by issuers whose securities we have acquired within the scope of capital investment management.

We see no significant default risks at MLP. Accounts that are regarded as carrying risk have been adjusted accordingly.

Market risk

Shares, bonds and promissory note bonds held are subject to a market risk due to fluctuations in the market price or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong market price fluctuations can be addressed early on.

The Group faces an interest risk from the incongruities in the terms of interest between loans granted by MLP Bank AG and the products which finance them. These maturity transformation risks are continuously monitored and evaluated in compliance with supervisory requirements (stress scenarios). In order to reduce the interest risk, we use derivative financial instruments (interest rate swaps).

We anticipate no significant negative developments in the market risk.

Liquidity risk

Ensuring solvency at all times is the core function of our Group treasury. MLP funds its business operations from current cash flow. The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. The assessments of creditworthiness based on internal ratings by various renowned commercial banks confirm MLP's high credit standing (investment grade). Appropriate short and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

Operational risks

Operational risk

The Group's management and administrative activities mean that it requires internal and external staff as well as suitable premises and technical facilities. Comprehensive insurance cover, which is subject to continuous checks, protects us against claims and possible liability risk. No identifiable risks were determined in the financial year, nor do we expect any negative developments in the coming financial year.

Personnel risk

MLP is heavily dependent on qualified employees and managers in the back-office areas. 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 agency and successor regulations secure our business and decision-making processes. Attractive career development options, a broad range of further training options and comprehensive fringe benefits combine to generate a high level of motivation and keep our employees loyal, thereby safeguarding our corporate knowledge.

IT risk

To effectively minimise possible risks in the IT area, MLP pursues a standardised, Group-wide IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, Group-specific proprietary IT applications are developed by qualified internal and external specialists. The comprehensive system tests and pilots carried out before the launch ensure the troublefree function of our IT systems. Our data processing centre is outsourced to leading service providers with various sites, back-up systems and mirror databases. This, and a defined contingency plan, secure our data against possible loss, ensuring consistent availability. We protect our IT systems against unauthorised access through our access and authorisation concept, extensive virus protection and comprehensive IT security.

Other risks

Legal risk

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 liability insurance cover and initiates any adjustments which may be necessary.

According to our audit, the pending or threatening legal proceedings against MLP do not represent a risk which could endanger the company's continued existence.

Supervisory risk

For the observance of supervisory regulations and for the areas of compliance, money laundering and data protection, comprehensive directives and workflows are in place which ensure that the legal requirements are observed and monitored by the responsible specialist departments and staff positions. They are also suitable for detecting the effects of possible supervisory amendments early on.

As a result of their authorisation to operate banking and financial services business, various Group companies are exposed to particular risks regarding possible non-compliance with supervisory regulations. This also concerns legal solvency regulations, prescribing a minimum shareholders' equity backing of these companies. The Group companies required to report considerably exceeded the statutory solvency requirements at the level of individual institutes and in the Group consolidation. The reports to the supervisory authorities were submitted on time.

Taxation risk

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on the 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. Adequate provisions have been established for expected back taxes.

Reputation risk

The public prosecutor's office in Mannheim has filed an action against former members of the management due to suspicion of incorrect statements regarding the circumstances of various subsidiaries. The district court of jurisdiction has not yet decided on the committal for trial in this year. A committal for trial could damage the company's image. Based on the reports of balance sheet experts and legal experts, we remain convinced that the objections raised are unjustified.

At the beginning of 2006, the public prosecutor's office in Heidelberg instituted preliminary proceedings against managers of MLP Finanzdienstleistungen AG due to suspicion of unauthorised lending. We and our external legal advisers are convinced that the objections raised are unjustified and that the charges will be dropped in the foreseeable future.

Environmental risk

Even though MLP's business activities have only a minor impact on the environment, we are intent on pursuing environment-conscious and environmentally friendly working methods at our offices. There are no appreciable environment risks.

Other risks

No other risks are known at MLP which could have a significant influence on the Group's continued existence.

Summary

MLP' business development is essentially influenced by performance, financial and operational risks. Using our systems and comprehensive reporting, we ensure the monitoring and control our of risks concerning current and future development. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

Change in supervisory requirements

The granting of permission for investment and acquisition brokerage and restricted permission for lending, as well as the shareholding in Feri Finance AG with permission for investment and acquisition brokerage and finance portfolio management mean that the risk structure has changed with an expansion of the supervisory risks at individual company level and at Group level. Through the creation of additional supervisory departments and defined workflows, we ensure that the supervisory requirements are strictly adhered to.

No risks posing a significant danger to business operations

An overall inspection of the risks confirmed that the Group did not face any risks which could have jeopardised the continued existence of MLP in the financial year. Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control system and the consistent alignment of our business model to the Group's risk-bearing ability enables us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The effectiveness of our early risk detection system is checked by the auditors in line with legal requirements. The audits by our internal audit department showed that the type and extent of our risk control correspond to the basic principles of risk control and that the existing monitoring systems fulfil their task.

Further expansion of the risk management system

We will continue to expand our risk management and controlling system in future to increase the transparency of the risks taken and to further improve our risk-controlling options.

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.

Forecast

Important strategic course set

2006 was an important year for MLP with new strategic directions set. With the acquisition of the majority holding in Feri Finance AG, Bad Homburg v. d. Höhe, MLP successfully completed a major step in its strategic realignment. Feri Finance AG's know-how completes the Group's range of services and sets the course for business success in the growth market of wealth management. With its high-quality consulting, an independent consulting approach and its clear client group focus, MLP is destined to win an ever increasing number of clients in wealth management with innovative investment concepts.

Old-age provision business is promoted

Nevertheless, this positive strategic outlook should not disguise the fact that MLP was dissatisfied with the development of its old-age provision business in 2006. Although major growth was recorded in the health insurance business, the old-age provisions business did not develop according to plan. The aim for the financial year 2007 is therefore to maintain the constant growth of the other business segments while really boosting old-age provision business.

The staff and sales measures for reversing the trend in old-age provision business taken in mid-2006 have shown the success we hoped for. During the fourth quarter of 2006, sales reported a clear plus in new business with old-age provision products. With the appointment of recognised sales expert Dr. Wulf Böttger to the post of Executive Board Member for Sales on January 1, 2007, we will be able to further increase our sales performance and strengthen our market position. Dr. Böttger will be responsible for sales planning and control as well as the marketing of MLP.

Overall economic development in the future

Only overall economic development in Germany is relevant to MLP

The development of MLP's business is influenced less by the world economy than by the economic situation on the domestic market in Germany. MLP generates around 97 % of its sales revenue in this regional market. Most economic experts forecast that the German economy will slacken off in 2007. For 2008, however, they are expecting economic development to pick up. The increase in VAT by 3 percentage points as of January 2007 is expected to have only temporary effects on the economic trend. From the second half of the year, business is expected to take a turn for the better again, particularly as the Federal government's plans for corporate tax reform in 2008 are likely to move many companies to make planned investments in the course of 2007. In this way, they will still enjoy the benefits of the declining balance method of depreciation, which is set to be phased out as part of the corporate tax reform in 2008. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung), for instance, predicts economic growth of 1.7 % for 2007 and 2.5 % for 2008.

Greater job security improves morale

With increasing investment activities, the German labour market will also be able to gain further momentum in 2007. The anticipated further reduction in unemployment will increase income and job security. Both factors have a positive effect on the mood and purchasing power of the population in Germany. However, in addition to the increase in indirect taxes in Germany, consumers will have to deal with further strains on purchasing power in 2007. In this year, the savers' tax-free allowance is to be reduced, the commuters' allowance for journeys between the workplace and home will be cut, and insurance tax raised. All this eats away at the purchasing power of the population.

Expected economic growth in Germany

Source: Council of Experts European Union, 2006
Prognosis: Deutsches Institut für Wirtschaftsforschung, Berlin

We predict that the anticipated increase in economic activity from the second half of 2007 will more than compensate for the negative effects of the drop in disposable income and purchasing power. Improved economic framework conditions in Germany are therefore also set to have a positive effect on MLP's business, especially as MLP, with its target group of academics and other discerning clients, targets comparably well-situated people with a high level of education, who will reap above- average benefits from the improved economic framework conditions.

Focus on private pension provision

Regardless of how household income develops in 2007, MLP predicts that the realisation of having to provide for one's own retirement is now clearly anchored in the minds of the population. Not least because of the constant media reports on the topic of old-age provision has the way been cleared for a turnaround in the population towards more personal responsibility in old-age provision. The Executive Board is therefore convinced that it can considerably boost the sales of old-age provision products in the coming years. At the same time, the expansion of wealth management will be pushed forward, thereby continuously advancing the strategic development of the MLP Group.

Anticipated influence of overall economic factors on MLP's business development

	Anticipated influence on MLP's business development in 2007 and 2008
Positive economic situation	+
Drop in unemployment	+
Drop in disposable income	+ –
Reduction of purchasing power	–

Outlook for the industry

Politics drives the industry

MLP's business activities cover the areas of provision, financial security, investment and wealth management, as well as financing. While the latter segments are predominantly influenced by economic developments, the areas of old-age and health provision are particularly affected by politics. Public discussions on the health reform, new ideas on old-age provision and legislation have at the very least an indirect effect on our business perspectives.

Old-age provision

Statutory pension drops further

The Pension Fund Sustainability Law and the Retirement Income Law have drastically changed the pension system in Germany. The statutory pension will drop further in the coming years. According to calculations by the German Institute for Old-Age Provision (Deutsches Institut für Altersvorsorge), the real value of the monthly gross pension of an average earner in former West Germany will sink from its current level of € 1,176 to € 1,091 in 2010. By 2050, the Institute anticipates that the level of the statutory net pensions will fall from today's figure of 70 % to 52 %. So anyone wanting a sufficient household income in their old age will have to take out private provision.

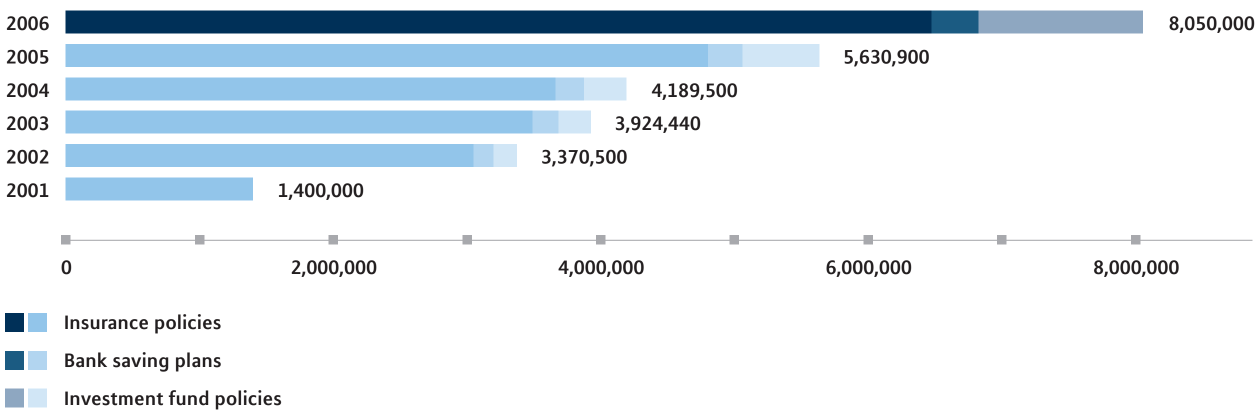
Comparison of monthly gross pensions (in €)

Source: Deutsches Institut für Altersvorsorge

Major business potential

More and more people in Germany are realising this and taking action. According to the German Insurance Association, over two million new Riester pensions were set up in the insurance sector in the last financial year. In the previous year, the figure stood at just 1.12 million contracts. Yet only around 8 million of the 36 million people in work in Germany currently have a Riester pension. They pay an average of € 70 per month into such schemes. This means that a large section of the population has no private old-age provision at all and many are insufficiently covered by private pension products. There is still great business potential for the sale of products for private and occupational pension provision.

Development of the number of Riester contracts by type of policy



Source: Bundesministerium für Arbeit und Soziales

Independence forms the basis for success

The complexity of the problems concerning old-age and health provision make independent consulting ever more important and an accompanying systematic financial planning more valuable than ever. As an independent financial partner, MLP offers both, clearly setting itself apart from the competition. We are therefore convinced that we will be able to win more and more clients with our independent approach to consulting and our service quality, and that they will stay with us in the long term. MLP will continue to make use of all the opportunities available to it to develop optimum solutions for its clients in all aspects of provision and wealth management.

Health provision

Still much uncertainty on the market

Provision in the event of illness is a topic which is increasingly in the spotlight in Germany. Yet much uncertainty is also evident in broad sections of the population. The on-going discussion on the health reform and the constant reduction in the services of the statutory health insurance schemes, however, are moving wealthy sections of the population at least to see the sense in private supplementary measures. MLP generated 11% of its brokerage revenue from the brokerage of private fully-comprehensive or supplementary insurance policies in 2006.

Commitment to the private system

It can be assumed that there will be no end to the restructuring of the German health system for a long time yet. Although the law on strengthening competition in the German health care system in 2006 took the first step towards solidifying the dual health system with the two pillars of statutory and private health insurance, it remains to be seen which other measures will be pushed forward by the government.

Between cost pressure and service cuts

In view of demographic development and anticipated further advances in medical technology, the statutory health insurance system in Germany is generally moving between an increase in premiums or cuts in services. As such, personal responsibility and personal provision arrangements will become increasingly important in this sector, too, in future. MLP therefore assumes that in the medium and long-term, conditions will be favourable for arousing clients' interest in private fully-comprehensive or supplementary health insurance.

Financial investments

Germany is the largest private banking market

The World Wealth Report published by Merrill Lynch/Cap Gemini in 2006 identifies 767,000 "high net worth individuals" for Germany. These are private investors with financial assets of over US$ 1 million, without taking into account their own residential property. This makes Germany number three in the world regarding its number of millionaires. More than 4 million people hold financial assets of more than € 100,000 in Germany. The country is the largest private banking market in Europe and offers good prospects for financial service providers who make their name in the wealth management segment.

Wealth management as a further core competency

MLP is set to expand its wealth management services to become a further core competency. The demand among wealthy private investors for investment concepts which have only ever been available to institutional investors is growing. They want global diversification of their investments and maximum protection against loss of value. Together with Feri Finance AG, MLP will develop high-quality investment concepts for its clients in the future.

Financing

Increased price competitiveness

Private construction financing again benefited from the low interest rate in 2006, although margins fell. The abolition of the home owner allowance on January 1, 2006 gave rise to increased price competition on the market. The demand for property, however, developed positively on the whole. How the interest rate will develop remains the greatest element of uncertainty in this business segment.

It is generally expected that the integration of property financing into the Riester pension will generate positive impulses for the construction financing business. In the coalition contract, the CDU/CSU and SPD have basically agreed to incorporate property financing into the Riester pension. How this is supposed to happen and when implementation will take place had not yet been clarified by the end of 2006. The Federal Ministry of Finance has, however, already prepared a corresponding draft bill. This and the discussions it entails will keep the topic on the political agenda until it is finally decided upon in 2007.

Competition

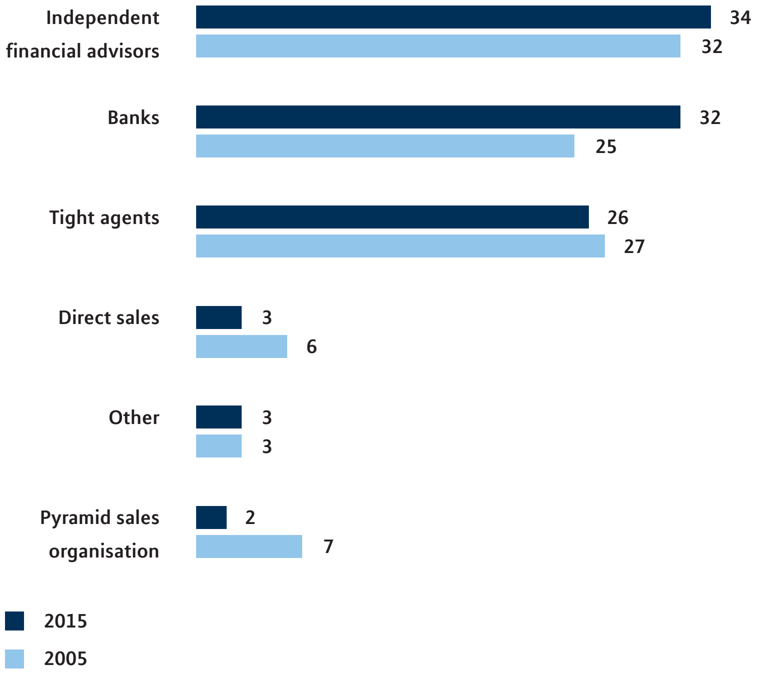
Fundamental turnaround anticipated

According to a study by the Humboldt University in Berlin, the financial services industry in Germany is facing its greatest change since the post-war period. On one hand, competition among providers is becoming increasingly tough, and on the other hand, the industry is kept in a constant state of flux by new legal framework conditions: amendments to the policy on subsidies for the Riester and Rürup pensions, the expansion of the target group for tax breaks in connection with provision measures or the health reform. Although new legal framework conditions open up ever more sales opportunities to the financial services industry, they also fire up competition among the providers. What is more, an increasing number of foreign financial service providers are pushing their way onto the German market.

Market shares are shifting

The competitors are unable to hold their accustomed market shares in the traditional structures in the long term. New sales channels and concepts are winning over ever more clients and are causing the first shifts on the market. The future prospects for the sales channel of "independent financial advisor" are extremely positive. The Tillinghast Sales Channel Survey, a highly respected study amongst experts, forecasts major growth opportunities for independent brokers as a medium for the sale of financial service products in the coming years. The independent financial advisor is set to further improve its leading market position as the industry's sales channel by 2015. Market researchers predict that the market share will grow from 32.4 % in 2005 to 34.0% in 2015. Alongside banks, this sales channel is among those which will win market shares. All other sales channels are set to become less important. MLP is therefore active in a segment with the best future prospects.

Market shares of the different sales channels in the financial services sector



Source: Tillinghast Sales Channel Survey 2006

Independence is the key to success

MLP is ready to face the future not only in terms of its sales approach, but also regarding its consulting philosophy. The independent consulting philosophy in all aspects of provision and wealth management has recently become the central arena for competing for clients in the financial services sector. The tougher framework conditions for the sale of financial services, derived from the EU Insurance Mediation Directive and the Markets in Financial Instruments Directive (MiFID), will play a part in ensuring that the financial services industry continues to change. The new regulations on transparency and documentation will lead to a higher level of professionalism and, as such, to a consolidation in the market. MLP is well prepared for the changes and, as a premium provider, will benefit from the trend towards higher quality in the long term.

Anticipated effect of industry-specific factors on the business development of the industry and MLP in 2007 and 2008

	Industry 2007 and 2008	MLP 2007 and 2008
Legal framework conditions for old-age provision	+	+
Legal framework conditions for health insurance	–	–
Trend towards provision saving	+	+
Rising demand for financial investment products amongst private clients in Germany	+	+
Increase in competitiveness in the sales channels for financial services	+ –	+

Expected development of business

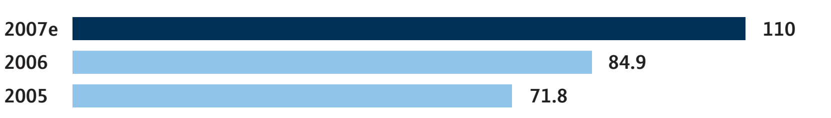
Excellent positioning on the German financial services market

Thanks to the strategic measures of the last two financial years, MLP considers itself to be holding an excellent position on the German financial services market. We aim to expand our shares both in the market for old-age provision and in the market for wealth management. Both markets promise growth in the coming years.

EBIT of € 110 million anticipated

Earnings before interest and tax (EBIT) from continuing operations will continue to improve considerably in the financial year 2007. After having achieved an increase of 18 % to € 84.9 million in the reporting year, we expect a further increase to approximately € 110 million in 2007. This will also continue to improve the EBIT margin of 14.4 % for 2006.

Development of the earnings before interest and tax (EBIT) 2005 – 2007e (in € million)



Inconsistent development in the segments

We expect further growth impulses in the market for old-age provision in 2007. Demographic development and ever decreasing services of statutory pensions in Germany make private provision ever more imperative in the area of old-age provision.

In the market for wealth management, too, we are anticipating a high level of growth in 2007 and the years that follow. Through the strategic measures introduced, we are opening up a new dimension of comprehensive wealth and provision consulting to our clients.

We anticipate that the continued discussion on the reform of the health system in Germany and the uncertainty it is causing among clients will have a negative effect on business in the health insurance segment. In the medium to long term, we predict that the trend towards private provision will grow stronger as a result of demographic development and anticipated further advances in medical technology and the associated increase in costs in the health system.

Due to the uncertainty regarding further development in the health insurance segment, it is not possible to make an exact forecast for the total income for 2007. Overall, we assume that MLP will be able to achieve double-figure growth rates in its relevant markets in the medium to long term.

Number of consultants and a minimum turnover rate among consultants are important for dynamic growth

A prerequisite for this growth dynamic is a continued low turnover rate among our consultants, particularly in the core market of Germany. A low consultant turnover is the basis for further increases in productivity (measured as total income per consultant). A further prerequisite for making growth more dynamic is that we succeed in continuously increasing the number of consultants in the future. By the end of 2007 we want to win approximately 350 new consultants in order to reach our ambitious target of 3,000 consultants. In order to reinforce the positive development in the reporting period in the medium term, we shall pay our new consultants a basic salary of € 15,000 in the first twelve months of their activities as of April 2007.

Development of the net result

We are expecting a drop in finance cost in the coming year. Through the share buyback programme, dividend and extra dividend as well as the acquisition of Feri Finance AG, we have considerably reduced the cash and cash equivalents over the course of the financial year 2006. In addition, the interest will rise through interest charged on the outstanding remaining purchase price for Feri Finance AG. The tax expense will probably go up again in 2007 because the capitalisation of the corporation tax credit and a tax refund as a result of a field tax audit reduced the expense item in the last financial year. As of 2008, we are expecting a considerable downturn in tax expense if the planned tax reform does actually reduce the average tax charge for German companies from the current level of 39 % to around 30 %. On the whole, we are assuming that the earnings after tax of continuing operations in 2007 will exhibit a smaller increase in proportion to the EBIT.

Expenses not influenced by income will rise slightly

The largest individual item in our expenses are the expenses for the brokerage business. These are essentially the performance-related commission payments to our consultants. These expenses will develop according to the change in total income from the brokerage business.

The personnel expenses will increase as a result of the acquisition of Feri Finance AG and the inclusion of the employees. What is more, we assume that the usual salary adjustments will be made.

The operating expenses and depreciation and amortisation expenses are expected to remain stable. Overall we expect a slight rise in expenses which are not influenced by the income.

Proposed dividend of € 0.40 per share

It is in line with our corporate policy to offer our shareholders an appropriate share in the company's success. Dividends are paid in accordance with the Group's financial situation, the results of operations and the future need for liquid funds. We are aiming for a sustainable distribution rate of around 60 %.

Due to the generally pleasing development of results in the last financial year, the Executive and Supervisory Boards can propose a dividend of € 0.40 per share to the Annual General Meeting on May 31, 2007. This corresponds to a total dividend of approximately € 44 million and a distribution rate of 68 % related to the earnings from continuing operations.

Should the company hold own shares on the day of the Annual General Meeting, this proposal shall be changed to the effect that the amounts pertaining to these shares are carried forward to new account.

Planned financing activities and investments

Cash flow at least at previous year's level

The MLP Group had access to sufficient cash holdings on the balance sheet date. In addition to this, our business model is less capital intensive and produces a high cash flow, so we currently have sufficient means for internal financing in 2007 and 2008. Our cash flow from operating activities hit € 87.6 million in the financial year 2006, corresponding to 14.9 % of the total income. We assume that we will also be able to produce a cash flow from operating activities at least at this level in the financial year 2007. We shall use this cash flow for dividend payments and further strengthening the financial power of the MLP Group.

Investment focus: improvement of consulting and client service

In our investments, we focus on continuously improving the quality of our consulting and our client service. As such, our primary investments are made in the consulting and sales segment. In 2006 we started on a major project aimed at improving IT support for client consulting and all processes relevant to client support (see also section "Client support"). We are developing and implementing a homogeneous and integrated consulting workflow with a comprehensive customer relationship management system based on the highest data quality. All client, consultant and policy details are to be summarised and analysed in a closed data circuit and compared against policy information from partner companies. We already invested around € 13 million in this project in 2006. A further € 7 million are set to follow in the current financial year. Alongside the investments in this project, we are planning other investments in the financial year 2007 amounting to approximately € 3 million.

Sustainable increase in return on equity

Return on equity increased from 13 % to 20 % in the last financial year. It is our stated goal to continue to sustainably improve the return on equity.

Seasonal development of liquidity

The liquidity situation of the MLP Group is very good. Over the course of the year this is set to develop seasonally, dropping initially as a result of the planned dividend payment, only to grow again in the fourth quarter as a result of year-end business.

Prospects

Demographic change prospect

The markets for old-age and health provision in Germany are very strongly influenced by the legal framework conditions. The foreseeable effects of the demographic change in our society have considerably increased the pressure for reform here in recent years. It is true of both markets that the population's awareness that personal provision is urgently required to secure retirement income and the level of provision in matters of health has risen. An additional opportunity could reveal itself to MLP here. For instance, the legislator could cut the services of the social security systems, particularly in the pension and health system, faster than can be predicted at present. The pressure to take out private provision would therefore increase further and offer up further business potential for MLP.

Strategic realignment prospect

We see particular corporate strategy prospects in our clear positioning as an independent broker for financial services products, which was strengthened by the Group restructuring of the past two years. In our target group of academics and other discerning clients in particular, independence in the consulting process and product selection is becoming an ever more important factor in setting us apart from the competition. In order to further clarify our position as independent financial adviser in the interest of our clients, we shall register as an independent broker under the EU Insurance Mediation Directive.

We are also of the opinion that our strategic decision to expand wealth management as a further core competency alongside old-age and health provision offers good prospects. The acquisition of the majority holding in Feri Finance AG in October 2006 in particular makes it possible to offer our 40 plus client group top-quality concepts for wealth management. If these concepts are more quickly and more widely accepted by our clients than we initially planned, there will be further opportunities for growth. The success with our existing clients would then make it easier to win new clients for this segment.

Consultant acquisition prospect

We see a considerable performance-related prospect in the acquisition of new consultants. Should we succeed in winning more new consultants than originally planned, the growth of the Group would probably take an upturn in the subsequent years.

We have not identified any other opportunities which could result in significant positive development in the economic situation in future.

Overall statement on the expected development of the Group

Positive overall development anticipated

With the strategic realignment of the MLP Group over the past two years, we have systematically continued to strengthen our positioning as independent broker for financial services products. We therefore anticipate a positive overall development in 2007 and 2008.

We focus on the independent consulting of academics and other discerning clients in our core business areas of old-age and health provision. As such, we are active in markets which offer considerable growth potential for the coming years, as the state services in these segments will drop significantly in future. This means that private provision is necessary at least to balance out the cuts in services.

At the same time, we shall expand wealth management to become a second supporting pillar in our business model. Our growing number of clients above the age of 40 increasingly demands individual consulting and tailor-made financial plans. We want to cover this requirement more fully in future.

Events subsequent to the reporting date

On March 15, 2006, the Federal Financial Supervisory Authority (BaFin) granted MLP Finanzdienstleistungen AG permission to provide financial services for investment and acquisition brokerage in accordance with § 32 (2) sentence 1 in conjunction with § 1 (1a) sentence 2 no. 1 and no. 2 of the German Banking Act (KWG). On this basis, MLP Finanzdienstleistungen AG applied for an extension of the existing licence to cover restricted operation of the credit business on October 16, 2006. This application was granted on January 2, 2007 by BaFin.

Dr. Wulf Böttger was appointed as Board Member for Sales for MLP AG with effect from January 1, 2007.

There were no further notable events after the balance sheet date which may affect the MLP Group's net assets, financial position or results of operations.

Wiesloch, March 19, 2007

Dr. Uwe Schroeder-Wildberg

Dr. Wulf Böttger

Gerhard Frieg

Nils Frowein

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," "anticipate," "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 Group 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.

Investor Relations

MDAX reaches its high point

Good year for shares

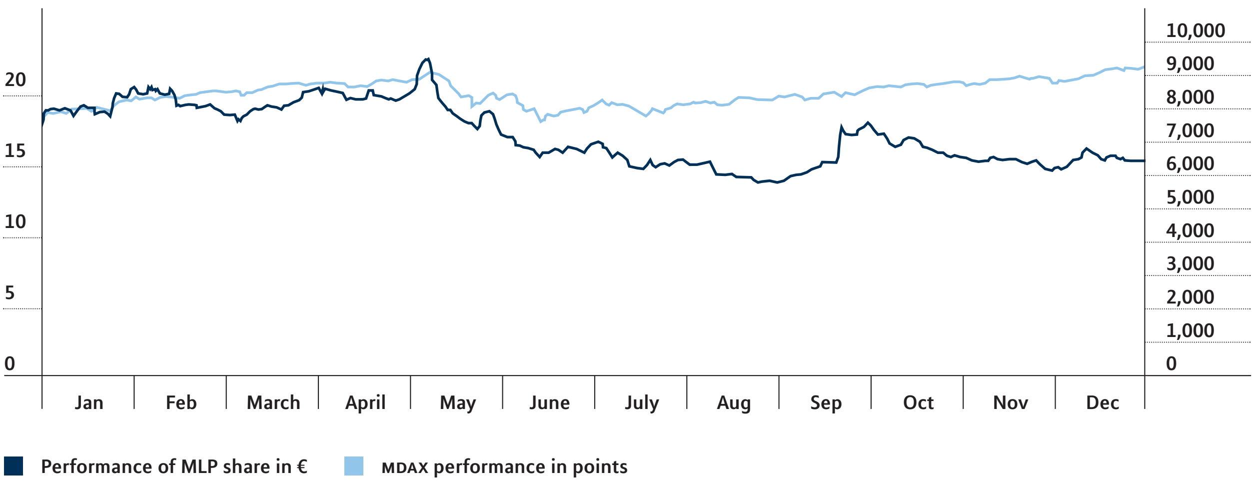
2006 was a good year for shares and once again outdid the previous year in terms of market price development. The continued robust condition of the world economy led to significant profits for the major indexes. Due to the economic upturn in Germany in the second half of 2006, the domestic share markets recorded above-average growth of double-figure percentages compared to their international competitors and achieved their highest level for many years. The MDAX, in which MLP shares are quoted, rose continuously from June and achieved a plus of 27 % with a year-end quotation of 9,404 points. The DAX rose by 21 % to 6,596 points, therefore not developing quite as well as the MDAX. The Dow Jones Industrial Average in the U.S.A. also developed positively, rising by 15 % to 12,465 points in 2006.

Back on the up at the start of 2007

Development of the MLP share

The MLP share failed to keep up with the general upward trend of the share markets in 2006 and finished the year at € 15.06, 14 % below the previous year's closing price. Business development in the critical area of private old-age provision failed to meet expectations in the second quarter of 2006 in particular, so that there was no longer any real hope of meeting the Group's original sales revenue and profit targets for 2006 and 2007 by the end of the first half of the year.

Performance of the MLP share and MDAX in 2006



Acting on this, we forecast a net profit of continuing operations before taxes of € 90 million as a new target for 2006. As a further consequence, a series of measures was decided upon for strengthening sales. As a result of the profit warning, the market price dropped on August 29, 2006 to an annual low of € 13.38 before recovering over the course of the year. It was the initial successes emerging from the measures introduced in the summer to strengthen sales of old-age provision products, leading to a considerable upturn in business in the fourth quarter, which particularly contributed to this positive development. The market price of the MLP share continued its positive trend in January and February 2007 and was listed at € 18.10 at the end of February.

The MLP shares are listed on all major German stock markets.

Key performance indicators for company rating and balance sheet analysis

Increasing return on equity

We have reduced the equity ratio of the MLP Group from 39 % to 26 % as scheduled, primarily through the share buyback programme. Return on equity increased from 13 % to 20 % in the reporting year. We used the Group's net results of continuing operations when calculating this KPI. In 2005, the shareholders' equity was adjusted by the proceeds from the sale of MLP Lebensversicherung AG and MLP Versicherung AG.

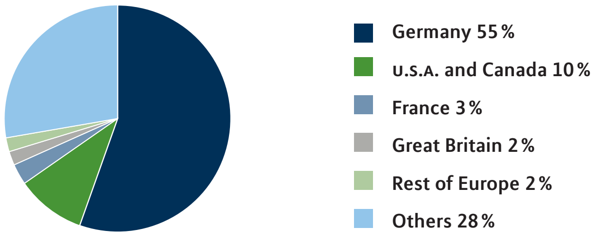
Key performance indicators for company rating and balance sheet analysis

	2006	2005
Equity ratio in %	26 %	39 %
Return on equity in %	20 %	13 %
Net liquidity in € million	130.5	342.0
Market capitalisation in € million as at Dec 31	1,502.8	1,892.2
Enterprise value (EV) in € million	1,372.3	1,550.2
EV/total income	2.3	2.7
EV/EBIT	16.2	21.6
Total income from continuing operations in € million	588.1	563.9
EBIT from continuing operations in € million	84.9	71.8

Net liquidity reduced as scheduled

The net liquidity was also reduced as scheduled by the share buyback programme, the dividends and the extra dividends, from € 342.0 million to € 130.5 million. This KPI was calculated without taking into account the receivables and liabilities due to banking business. The KPIs enterprise value (EV) to total income or EBIT, which are important for company rating, turned out better in 2006 than in 2005.

Shareholder structure and regional distribution of the investors



Overview of the largest MLP shareholders

Lautenschläger family (D)	29 %
Landesbank Berlin AG (D)	10 %
Dr. Bernhard Termühlen (D)	10 %
Harris Associates L.P. (U.S.A.)	5 %

Shareholder structure

Majority of shares held by German investors

At the end of 2006, 55 % of the shares in MLP AG were held by German investors, meaning that the majority of the share capital was placed in German hands. North American investors hold around 10 % and European investors outside Germany approximately 7 % of the shares.

The shareholder structure is updated on a quarterly basis and can be viewed at www.mlp.de.

Dividends and share buyback programme

A total of around € 211 million paid out to shareholders

As always, it is in line with MLP's corporate philosophy to offer its shareholders an appropriate share in the company's success. Accordingly, part of the revenue from the sale of MLP Lebensversicherung AG and MLP Versicherung AG was paid out to our shareholders in the form of an extra dividend of € 0.30 per share in the financial year 2006. The dividend also amounted to € 0.30 per share. As part of a share buyback programme, a total of 8.9 million own shares was purchased between December 1, 2005 and December 20, 2006 at an average price of € 16.74. Together with the dividend and the extra dividend, we therefore paid out a total of around € 211 million to our shareholders.

For the last financial year, the Executive and Supervisory Boards of MLP AG shall propose a 33 % increase in the dividend from € 0.30 per share to € 0.40 per share to the Annual General Meeting on May 31, 2007.

Open dialogue with investors

Realtime reporting

Continuous and open dialogue with investors has a high priority within MLP's value-oriented management. MLP informs all institutional and private investors promptly and simultaneously of all important changes in the Group. The website www.mlp.de is constantly updated and provides appropriate information for investors and interested members of the public. What is more, investors can get in touch with the Investor Relations department if necessary and clear up any questions regarding the MLP share, the Annual General Meeting or other topics related to their share investment.

Thanks to an IR Service, shareholders and interested parties can be kept up to date with the latest information about the MLP Group via e-mail. On the day of publication of important financial figures, anyone interested receives an e-mail with the current press release and a link to the corresponding report. At the same time, a reminder service is also integrated in the system – two trading days before the publication of anticipated financial figures, a reminder is sent to the subscriber's e-mail account.

Push service for shareholders

In 2006, some 1,700 people used the secure, easy-to-use push service. The number of people registered is growing.

The dialogue with institutional investors was developed in the last financial year through numerous individual meetings and conferences. The management held a total of 165 individual meetings with investors. In addition, MLP took part in nine important investor conferences and was present at various shareholder events, including one organised by the Deutsche Schutzvereinigung für Wertpapierbesitz e. V. (German Association for Private Investors), in order to examine the potential of the MLP share and discuss the industry situation in the financial services sector.

Increasing interest among analysts

There was a lively interest in the MLP share throughout the course of the year. The number of analysts focusing on the MLP share is growing constantly and stood at 24 at the end of 2006, meaning that a further four analysis firms took up reporting on MLP over the course of the year.

Great reception at the Annual General Meeting

The Annual General Meeting 2006 in Mannheim expressed to the Executive Board its full support for the path that the Group's strategic development has taken. All motions of the Executive Board were carried with a significant majority. This underlines the confidence that the shareholders place in the Executive Board and its corporate policy. All in all, around 1,000 shareholders accepted MLP's invitation to attend the Annual General Meeting. They represented approximately 65 % of the share capital.

This year, as always, MLP will publish its results for the last financial year within 90 days after year-end closing and the quarterly results within 45 days after the respective quarterly closing of the current financial year. In so doing, it adheres to the regulations of the German Corporate Governance Code.

Annual General Meeting on May 31, 2007

The Annual General Meeting shall take place on May 31, 2007 at the Rosengarten Congress Center in Mannheim, Germany. The shareholders shall be invited to attend by the depository banks in good time.

Key figures

	2006	2005	2004	2003	2002
Shares in circulation as at Dec 31 (in units)	99,918,294	108,026,177	108,640,686	108,640,686	108,640,686
Share price at the beginning of the year in €	17.61	14.73	15.41	10.79	77.21
Share price at the end of the year in €	15.04	17.52	14.59	15.50	9.40
Share price high in €	22.59	17.53	20.65	17.63	79.84
Share price low in €	13.38	10.71	10.50	5.78	6.12
Market capitalisation at the end of the year in € billion	1.5	1.9	1.6	1.7	1.0
Average daily turnover of shares (in units)	449,052	411,610	480,217	582,421	725,299
Dividend per share in €	0.40*	0.30	0.22	0.15	–
Total dividend in € million	40.0*	31.5	23.9	16.3	–
Return on dividend (without extra dividend) in %	2.4	2.0	1.6	1.2	–
Extra dividend per share in €	–	0.30	–	–	–
Total extra dividend in € million	–	31.5	–	–	–
Earnings per share in €	0.64	1.84	0.46	0.36	0.85
Diluted earnings per share in €	0.63	1.81	0.46	0.36	0.85

* Subject to the approval of the Annual General Meeting on May 31, 2007; excluding own shares.

Corporate Governance

Responsible and value adding management

By complying with the German Corporate Governance Code of June 12, 2006 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

Intensive dialogue 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 position and risk management. 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 same applies to corporate planning and plans for strategic growth. The auditors are involved closely in this process.

The Supervisory Board advises and monitors the Executive Board. Significant legal transactions by the Executive Board require its approval. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and its cooperation with the Executive Board.

Efficiency of the Supervisory Board

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2006. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board plenary meeting and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were discussed intensively in target-oriented talks. All proposals have since been implemented.

Efficient committee work

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 discusses HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for accounting and risk management issues, 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 to the Supervisory Board regarding resolutions.

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. We report on the main content of the Annual General Meeting on our website at www.mlp.de, 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 use the Internet, where we offer access to both German and English versions of annual and quarterly reports, press releases, conference calls and presentations. Our financial calendar includes 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

The Group's accounts are prepared in line with the International Financial Reporting Standards (IFRS). By doing so, it provides a high level of transparency and improves comparability with competitors. Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as auditor by the Annual General Meeting and audited the 2006 consolidated financial statements. 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.

Corporate Governance in the Supervisory Board

In 2006, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code. The changes to the Code ratified on June 12, 2006 were the object of in-depth discussions in a joint meeting of the Executive and Supervisory Boards.

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. Furthermore, 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.

The recommendations made by the Code with regard to the election of the company's Supervisory Board are to be met during the next Supervisory Board election in 2008. More specifically, this means that the Supervisory Board elections are to take the form of uninominal voting and that the nomination of the Chairman of the Supervisory Board is to be made known to the shareholders.

Compliance with the Corporate Governance Code

MLP AG complies strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 12, 2006) with the exception only of sections 3.8 sentence 3, 5.1.2 sentence 6, 5.4.1 sentence 2 and 5.4.7 sentence 4.

A Directors & Officers insurance policy (D&O insurance) with no excess is in place for the members of the Executive and Supervisory Boards. An excess is ill suited to increasing the committee members' motivation and sense of responsibility.

There is no age limit for the members of the Executive and Supervisory Boards of MLP AG. The appointment of members of the Executive and Supervisory Boards should be geared solely towards knowledge, skills and specialist experience. In the financial year 2007, this recommendation will therefore not be followed.

The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing plans in support of such remuneration structures have yet come to light. For this reason we will not implement this recommendation in the 2007 financial year, as was also the case in 2006.

In December 2006, 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 website.

Declaration of compliance of December 20, 2006 in the text

The Executive and Supervisory Boards of MLP AG hereby declare pursuant to § 161 of the German Stock Corporation Act (AktG) that the company has acted in line with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 12, 2006) since the last declaration of compliance. The recommendations of sections 3.8 sentence 3, 5.1.2 sentence 6, 5.4.1 sentence 2 and 5.4.7 sentence 4 were not followed. The deviations cited above are based on the following reasons:

Section 3.8 sentence 3 (D&O insurance with reasonable excess)

D&O insurance

The German Corporate Governance Code recommends that the company agrees a reasonable excess when taking out a D&O insurance policy for the Executive and Supervisory Boards. MLP did not meet this recommendation in 2006. It has taken out a D&O insurance which does not provide for an excess. An excess has no positive effects on the motivation and sense of responsibility with which the MLP AG board members perform the tasks and functions conferred upon them, which is why MLP will not meet this recommendation in 2007 – as was also the case in 2006.

Section 5.1.2 sentence 6 (Age limit for the Executive Board)

Age limit for Executive Board

According to the recommendations of the German Corporate Governance Code, an age limit shall be specified for the members of the Executive Board. MLP deviates from this. There is no age limit for Executive Board members. The appointment of members of the Executive Board should be geared solely towards knowledge, skills and specialist experience. As such, MLP will not follow this recommendation in 2007.

Section 5.4.1 sentence 2 (Age limit for the Supervisory Board)

Age limit for Supervisory Board

According to the recommendations of the German Corporate Governance Code, an age limit to be specified for Supervisory Board members shall be taken into consideration for nominations for the election of Supervisory Board members. MLP deviates from this. There is no age limit for Supervisory Board members. In view of the knowledge, skills and specialist experience required in section 5.4.1 sentence 1 of the Code, the specification of an age limit does not seem useful. As such, MLP will not follow this recommendation in 2007.

Section 5.4.7 sentence 4
(Performance-related remuneration of the Supervisory Board)

Performance-related remuneration of Supervisory Board

The German Corporate Governance Code recommends that the members of the Supervisory Board receive both a fixed and a performance-related remuneration. MLP did not meet this recommendation in 2006. The members of the MLP AG Supervisory Board do not receive performance-related pay. No convincing plans in support of performance-related remuneration of the Supervisory Board have yet come to light, which is why MLP will not meet this recommendation in 2007 – as was also the case in 2006.

Wiesloch, December 2006
MLP AG

The Executive Board The Supervisory Board

Share options programme and share-based remuneration systems

Employee profit-sharing programme (Incentive Programme 2002)

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 individual stocks in the name of the owner, each with a proportional value of the share capital of € 1. The conditional capital increase grants conversion rights to the owners of convertible debentures which are issued by the company on account of the authorisation resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorisation resolution of the Annual General Meeting of May 28, 2002.

Convertible debentures

The same Annual General Meeting authorised the Executive Board, with the Supervisory Board's approval, to issue on one or more occasions a total of up to 1.7 million non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1.7 million over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management Board, sales representatives working as independent commercial agents and employees of companies associated with the company as defined by §§ 15 ff. of the German Stock Corporation Act (AktG). They entitle the owners of convertible debentures to purchase new shares from the conditional capital of MLP AG in accordance with the convertible debenture conditions. If convertible debentures are to be issued to members of the company's Executive Board, only the Supervisory Board is authorised to issue these.

Allocation of convertible debentures

The convertible debentures are to be offered annually in allocated amounts. The size of each tranche is to be determined by the Executive Board with the approval of the Supervisory Board. The beneficiaries and the extent of the corresponding right to purchase the convertible debentures are determined by the Executive Board. If members of the Executive Board are affected, these factors are determined by the Supervisory Board. The subscription period should lie within a two-month period beginning on the sixth stock market trading day following the company's regular Annual General Meeting and last for at least three weeks.

Convertible debentures

	1st tranche*)	2nd tranche	3rd tranche	4th tranche
Exercise period				
Start	–	Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End	–	Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount (€)	1.00	1.00	1.00	1.00
Exercise price (€)	30.22	7.02	12.40	13.01
Subscribed convertible debenture (€/unit)	115,300	281,040	677,042	577,806
of which repaid (€/unit)	115,300	30,762	27,751	7,920
Convertible debentures as at Dec 31, 2006 (€/unit)	–	109,561	649,291	569,886
of which Executive Board (€/unit)	–	3,624	22,300	–
Convertible debentures exercised as at Dec 31, 2006 (€/unit)	–	140,717	–	–

*) Since the exercise hurdle (€ 39.28) for the allocation of the convertible debentures was not reached by August 19, 2005, the convertible debentures of the first tranche 2002 can no longer be converted.

After the exercise hurdle for the second tranche 2003 has been reached, the bearers of the convertible debentures are entitled to exercise their right to convert the convertible debentures into shares of MLP AG during the exercise period (August 5, 2006 to August 4, 2009). By the end of the financial year 2006, 140,717 conversion rights had been exercised and converted into shares of MLP AG.

Long-Term Incentive Programme 2005

Long-term remuneration component

In 2005, the first Long-Term Incentive Programme (LTI) was set up, the participants of which include not only the Executive Board but also selected managers from the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. These phantom shares are only paid out in cash if the Group's earnings before tax (EBT) for 2005 to 2007 reach a sum established in advance by the Supervisory Board. In spring 2008, the Supervisory Board will determine whether a payout is to take place. On December 12, 2005, a further tranche was approved for the financial year 2006. In this instance, too, these phantom shares are only paid out in cash if the Group's earnings before tax (EBT) for 2006 to 2008 reach a sum established in advance by the Supervisory Board. In spring 2009, the Supervisory Board will determine whether a payout is to take place. The right to allocated phantom shares generally expires with the termination of the employment contract. An equity settlement is not planned. The fair value of the phantom shares is reassessed on each balance sheet date using the Black-Scholes formula, up to and including the settlement date.

Allocation of performance shares

	Tranche 2005	Tranche 2006
Performance shares at time of allocation (units)	144,728	135,300
of which Executive Board	89,592	78,173
of which other managers	55,136	57,127
Performance shares as at Dec 31, 2006 (units)	124,053	117,260
of which Executive Board	68,917	60,133
of which other managers	55,136	57,127

Remuneration of the members of the Supervisory Board

Fixed remuneration for Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 30,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives double and his deputy one and a half times this amount. An additional remuneration is granted for activities in a committee. This amounts to 0.3 times the basic remuneration as a Supervisory Board member for each committee. The Chairman of the committee receives 0.4 times the basic remuneration, his deputy 0.35 times this amount. If the Chairman of the Supervisory Board also holds the chair in one or more committees, he receives only the basic remuneration (0.3 times the fixed Supervisory Board remuneration) per committee in addition to his remuneration for the Supervisory Board.

Remuneration of the Supervisory Board

All figures in € '000	Fixed portion of remuneration (incl. VAT)	Variable portion of remuneration	Total 2006
Manfred Lautenschläger (Chairman)	93	–	93
Gerd Schmitz-Morkramer (Vice Chairman)	75	–	75
Dr. Peter Lütke-Bornefeld	57	–	57
Johannes Maret	57	–	57
Norbert Kohler	35	–	35
Maria Bähr	35	–	35
Total	**352**	**–**	**352**

€ 6 thsd were used as compensation for expenses in the financial year 2006.

Remuneration of the members of the Executive Board

Fixed and variable remuneration of Executive Board

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration in accordance with the concluded contracts of employment. The basis of assessment of the performance-linked remuneration is the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards used in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations/operations to be continued and discontinued operations/operations to be discontinued are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the continuing operations/operations to be continued and discontinued operations/operations to be discontinued. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment. The variable remuneration is 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 is granted pro rata temporis as a matter of principle.

Remuneration of the Executive Board

All figures in € '000	Fixed portion of remuneration 2006	Variable portion of remuneration 2006	Total 2006
Dr. Uwe Schroeder-Wildberg (Chairman and CEO)	512	334	846
Eugen Bucher (until Aug 7, 2006)	191	–	191
Gerhard Frieg	311	239	550
Nils Frowein	329	239	568
Total	**1,343**	**812**	**2,155**

As at the balance sheet date, the pension provisions for active members of the Executive Board came to € 2,326 thsd (previous year: € 2,882 thsd).

Long-term remuneration components

In addition there are long-term remuneration components.

As at December 31, 2006, two members of the Executive Board hold convertible debentures issued by the company between 2003 and 2004. The members of the Executive Board were not granted any convertible debentures in the financial year 2006.

Within the scope of the tranche 2005 of the Long-Term Incentive Programme, the Chairman received 27,567 performance shares (phantom shares) in November 2005. The other members of the Board each received 20,675 performance shares. Selected managers from the Group received 55,136 performance shares for the financial year 2005.

As part of tranche 2006, which was approved on December 12, 2005, the Chairman of the Board received 24,053 performance shares, the other members of the Executive Board 18,040 performance shares and selected managers of the Group 57,127 performance shares for the financial year 2006.

Convertible debentures and phantom shares

All figures in € '000	Convertible debentures			Phantom shares			
	Tranche 2003 (value as at Dec 31, 2006)	Tranche 2004 (value as at Dec 31, 2006)	Total in units as at Dec 31, 2006)	Tranche 2006 (value as at Dec 31, 2006)	Tranche 2005 (value as at Dec 31, 2006)	Tranche 2006 (units)	Tranche 2005 (units)
Dr. Uwe Schroeder-Wildberg (Chairman of the Board)	–	50	12,300	–	138	24,053	27,567
Eugen Bucher (until Aug 7, 2006)	–	–	–	–	–	–	–
Gerhard Frieg	33	40	13,624	–	104	18,040	20,675
Nils Frowein	–	–	–	–	104	18,040	20,675
Total	33	90	25,924	–	346	60,133	68,917

For further details on share-based payments see note 27 "Share-based payments".

Transparency

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

As at December 31, 2006, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Shareholdings of the members of the Executive and Supervisory Boards

Supervisory Board members	Number of shares as at Dec 31, 2005	Number of shares as at Dec 31, 2006
Manfred Lautenschläger*	17,316,597	17,316,597
Gerd Schmitz-Morkramer	9,935	9,935
Dr. Peter Lütke-Bornefeld	–	–
Johannes Maret	–	–
Maria Bähr	11,503	11,503
Norbert Kohler	1,046	1,094
Executive Board members	**Number of shares as at Dec 31, 2005**	**Number of shares as at Dec 31, 2006**
Dr. Uwe Schroeder-Wildberg	–	–
Dr. Wulf Böttger**	–	–
Gerhard Frieg	177,839	177,839
Nils Frowein	–	–

*) incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG)
**) Dr. Böttger was not yet a member of the Executive Board of MLP AG as at December 31, 2006

Directors' Dealings

Directors' Dealings

The expanded regulation of § 15a of the German Securities Trading Act (WpHG) on publishing and reporting transactions with shares of the issuers or financial instruments which relate thereto has been in force since October 30, 2004. This stipulates that persons who perform executive functions for share issuers are to report these transactions to the issuers and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

No transactions pursuant to § 15a of the German Securities Trading Act (WpHG) were reported to us in the 2006 financial year.

Compliance

Compliance guidelines

MLP AG has a comprehensive volume of regulations on Group compliance which explains the legal regulations on the insider law to members of the executive bodies and employees in the MLP Group alike, and gives a legal framework within which they can carry out their investment business. The guideline also ensures that sensitive information is handled responsibly at MLP.

You can find further information on Corporate Governance at MLP on the internet at www.mlp.de.

MLP in the public arena

Long-standing client relationships, sustainable social commitment: the two elements are equally important at MLP. For many years, we have been promoting not just the next generation of graduates and the German university landscape, but also supporting numerous different projects in cultural, sporting and social life.

Training

"Join the best", the international internship programme from MLP

International springboard

MLP opens the door to the world for students under its international internship programme "Join the best". Each year, the company provides budding academics from Germany, Austria and Switzerland with internship positions around the world. In the world's top cities, the trainees gather up to six months' work experience with renowned companies. Be it with Allianz in Singapore, at Bertelsmann in Shanghai, Lufthansa in Mexico City, SonyBMG in New York – wherever the sponsored students take up their positions, MLP finances not only the return flight, but also accommodation, and puts together a complete insurance package of personal liability, overseas health and accident insurance for the travellers. In 2006 approximately 2,000 candidates applied for an internship with "Join the best".

Pro Campus Press – the project for promoting university journalists

Student editorial offices work under tough conditions. Tight resources and short budgets are par for the course at university newspapers. Which is why MLP supports up-and-coming editors with both practical tips and benefits in kind. In 2006, the MLP University Communication Forum took place in Berlin drawing around 70 participants. The event enabled young editors to take part in a direct exchange on current educational policy topics with political personalities. The forum was also the stage for the presentation of the annual MLP Campus Press Award. In addition to technical support for the editorial office, the creators of the best university magazine could also win job-shadowing placements at leading German daily newspapers.

MLP expands cooperation with universities

Cooperation with universities doubled

The Mannheim University of Applied Sciences and the University of Heidelberg were the forerunners for what promises to be a successful public-private partnership for MLP. Last year, the company more than doubled the number of cooperative projects with universities in the field of career services. Around 25 universities and chairs are working together with MLP, including the universities of Freiburg, Mannheim and Frankfurt / Main. MLP supports the students in all aspects of starting work, holds practical seminars and provides a whole variety of database information.

Culture

MLP is the prime partner of the "Heidelberger Frühling" festival

MLP sponsors classics in the region

Ever since the international music festival began, MLP has backed "Heidelberger Frühling". In the last financial year, the company became the prime partner of the renowned festival, which is famed far beyond Germany's borders. Here too, promoting the next generation and supporting young talents are close to MLP's heart.

MLP is project partner of the Baden-Baden festival theatre

The Baden-Baden festival theatre is the second largest opera house in Europe and the only one which is privately financed. As at MLP, the greatest importance is placed on quality, passion and enthusiasm for the client in Baden-Baden.

MLP promotes the Kurpfälzische Chamber Orchestra

The Mannheim school returned to the Rhine-Neckar region with the Kurpfälzische Chamber Orchestra. As a successor of the electoral court orchestra of Elector Charles Theodore, the orchestra continues the tradition of the Mannheim school. Occasion enough for MLP to provide financial support for the development of the chamber orchestra.

Sport

German University Championships: four disciplines, one partner

Support for the best in university sports

MLP was once more the title sponsor of the German University Championships for football, basketball, handball and beach volleyball in the summer of 2006. The battle to become German University Champion in the beach volleyball tournament took place on a beautiful day as part of the 550th anniversary of the University of Greifswald. The basketball matches took place in Göttingen and Ulm, the football championships in Deggendorf, Marburg and Jena and handball was played in Heidelberg.

MLP is again main sponsor of the Rhine-Neckar Triathlon Cup

MLP backed the Rhine-Neckar Triathlon Cup (RNTC) for the second time last year. The contest, which is one of the most exciting in Germany, covered four events this year. Numerous top athletes from the triathlon scene stepped up to the line to battle for overall victory.

MLP supports marathon in Mannheim

For the third time, MLP has become title sponsor of the Mannheim marathon. More than 8,000 runners and around 100,000 spectators lining the course were excitedly looking forward to this major sport event. This was only until heavy thunderstorms and strong hurricane winds set in after the mini-marathon and bambini run and spoiled it for athletes and fans. However, the cancellation could hardly dampen the mood of the runners since the organisers will partly reimburse the entry fees for future registrations.

Social commitment

FortSchritt e.V. in Walldorf enjoys the proceeds from the MLP Christmas tombola

MLP in the region

Employees from MLP enthusiastically took part in this year's Christmas tombola again. The proceeds will be donated to FortSchritt e.V. The non-profit association in Walldorf provides therapy for children with cerebral developmental disturbances. At the centre for Petö therapy, which is named after its creator, a Hungarian doctor, staff work to increase the patients' ability to interact. The different tasks of physiotherapists, speech therapists, special education teachers, educators, carers and teachers are all performed by one person so that the children do not have to adjust to lots of different people.

MLP donates to the Wiesloch branch of the Child Welfare Association

Despite being some of the neediest cases, children have only a small lobby. The Child Welfare Association is there where no one else is and takes responsibility. MLP helps to help and doubled the proceeds from the tombola in order to support the Child Welfare Association in creating a better environment for children.

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MLP consolidated financial statements

Consolidated income statement

Income statement for the period from January 1 to December 31, 2006

All figures in € '000	Notes	2006	2005
Continuing operations			
Income from brokerage business	[9]	473,504	467,878*
Income from banking business	[10]	69,950	54,300
Income from wealth management	[11]	9,261	–
Other income	[12]	35,421	41,728*
Total income		**588,136**	**563,906**
Expenses for brokerage business	[13]	–221,950	–223,004
Expenses for banking business	[14]	–18,192	–14,115
Expenses for wealth management	[15]	–865	–
Personnel expenses	[16]	–85,668	–73,129*
Depreciation and amortisation expenses	[17]	–17,238	–19,705*
Operating expenses	[18]	–159,313	–162,128*
Earnings before interest and tax (EBIT)		**84,910**	**71,825**
Other interest and similar income		9,906	7,633*
Other interest and similar expenses		–4,004	–8,638*
Finance cost	[19]	**5,902**	**–1,005**
Earnings before tax (EBT)		**90,812**	**70,820**
Income taxes	[32]	–26,170	–28,273*
Earnings from continuing operations		**64,642**	**42,547**
Earnings from discontinued operations	[36]	**1,147**	**157,144***
Net profit (total)		**65,789**	**199,691**
Of which			
shareholders of the parent company account for		65,789	199,693
minority interests account for		–	–2
Earnings per share in €			
From continuing operations			
basic**	[40]	0.62	0.39*
diluted**	[40]	0.62	0.39*
From continuing and discontinued operations			
basic**	[40]	0.64	1.84
diluted**	[40]	0.63	1.81

* The adjusted previous year's values compared to the financial year 2005 result from the adjustments required in line with IFRS 5. See note 36 for the adjusted previous year's figures.

** The ordinary shares generated through the conversion of convertible debentures are treated like shares already issued.

Consolidated balance sheet

Assets as at December 31, 2006

All figures in € '000	Notes	Dec 31, 2006	Dec 31, 2005
Intangible assets	[20]	186,803	22,917
Property, plant and equipment	[21]	89,063	94,746
Investment property	[22]	15,063	15,538
Deferred tax assets	[32]	170	1,568
Receivables from banking business	[23]	606,383	511,023
Financial assets	[24]	49,905	236,741
Tax refund claims	[32]	21,057	19,184
Receivables and other assets	[25]	177,134	150,293
Cash and cash equivalents	[26]	120,507	130,003
Total		**1,266,085**	**1,182,013**

Liabilities and shareholders' equity as at December 31, 2006

All figures in € '000	Notes	Dec 31, 2006	Dec 31, 2005
Equity attributable to MLP AG shareholders		323,376	455,129
Minority interest		63	63
Total shareholders' equity	[27]	**323,439**	**455,192**
Provisions	[28]	33,908	32,659
Deferred tax liabilities	[32]	19,556	1,265
Liabilities due to banking business	[29]	599,699	499,282
Tax liabilities	[32]	7,618	13,977
Liabilities	[30]	281,865	179,638
Total		**1,266,085**	**1,182,013**

Consolidated cash flow statement

Consolidated cash flow statement for the period from January 1 to December 31, 2006

All figures in € '000	Notes	2006	2005
Earnings before interest and tax (EBIT)		**87,631**	**262,399**
Income taxes paid		– 29,717	– 30,791
Interest and dividends received		32,890	31,090
Interest paid		– 16,375	– 32,965
Write-downs/write-ups on intangible assets, property, plant and equipment and financial assets	[17] [21]	17,683	20,568
Value adjustments on receivables		9,082	7,652
Expenses for risk provisions	[14]	2,794	3,999
Increase/decrease of provisions		– 5,671	– 133,936
Other non-cash expenses/income		670	19,829
Gain/loss from the disposal of intangible assets and property, plant and equipment		564	633
Gain/loss from the disposal of financial investments		– 4	– 1,714
Increase of deferred acquisition costs	[36]	–	– 43,967
Cash-relevant increase in provisions for unit-linked life insurance policies (if attributable to cash-relevant increases)		–	194,965
Increase of insurance provisions		–	80,417
Increase/decrease of reinsurance receivables/liabilities		–	8,688
Increase/decrease of receivables/liabilities due to financial institution(s) from the banking business		– 94,910	– 94,702
Increase/decrease of receivables from/liabilities due to bank clients		97,173	95,195
Increase/decrease of other assets		– 19,933	– 77,128
Increase/decrease of other liabilities and shareholders' equity		90,686	– 85
Purchase price liability for the acquisition of subsidiaries	[7]	– 85,010	–
Gains from the disposal of subsidiaries	[36]	–	– 125,395
Cash flow from operating activities		**87,553**	**184,752**
of which from discontinued operations		– 361	234,202*
Proceeds from disposal of intangible assets and property, plant and equipment		671	202
Payments for the purchase of intangible assets and property, plant and equipment		– 20,048	– 16,695
Proceeds from disposal of financial investments		15,601	30,992
Payments for the purchase of financial investments		– 26,660	– 58,486
Proceeds from the sale of investments held on account and at risk of life insurance policyholders		–	171,286
Payments for the purchase of investments held on account and at risk of life insurance policyholders		–	– 366,251
Proceeds from the disposal of subsidiaries		–	207,293
Payments for the sale of subsidiaries		– 4,860	–
Payments for the acquisition of subsidiaries		– 57,761	–
Cash flow from investing activities		**– 93,057**	**– 31,659**
of which from discontinued operations		– 4,850	– 21,629*

All figures in € '000	Notes	2006	2005
Proceeds from transfer to equity		988	1
Payments to company owners and minority shareholders		– 62,991	– 24,293
Payments for the acquisition of treasury stock	[27]	– 137,848	– 10,505**
Proceeds from issues of bonds and taking out loans		–	578
Payments of bonds and redemption of loans		– 4,142	– 23,451
Cash flow from financing activities		**– 203,993**	**– 57,670**
of which from discontinued operations		–	– 1*
Cash and cash equivalents			
Change in cash and cash equivalents		– 209,497	95,423
Changes in cash and cash equivalents due to exchange rate movements		6	17
Cash and cash equivalents at beginning of period		329,974	234,534
Cash and cash equivalents at end of period		**120,483**	**329,974**
Composition of cash and cash equivalents			
Cash and cash equivalents		120,490	129,980
Other investments < 3 months	[24]	–	200,000
Liabilities to banks due on demand		– 7	– 6
Cash and cash equivalents at end of period		**120,483**	**329,974**

* The different figures for the previous year 2005 are due to the adjustments required to meet IFRS 5.
** Previous year's values were adjusted.

The notes on the consolidated cash flow statement appear under note 34.

Segment reporting

Continuing operations

All figures in € '000	Consulting and sales		Bank	
	2006	2005	2006	2005
Segment income				
Income from third parties				
Brokerage business	493,065	479,107*	–	–
Banking business	–	–	70,063	54,930
Wealth management	–	–	–	–
of which inter-segment income, total	19,561	67,146*	113	1,027
of which with other continuing segments	19,561	11,230*	113	630
of which with other discontinued segments	–	55,916	–	397
Total segment income	**493,065**	**479,107**	**70,063**	**54,930**
Other income	27,726	33,325*	107	243
Segment expenses				
Brokerage business	– 221,971	– 223,508*	–	–
Banking business	–	–	– 36,246	– 25,390
Wealth management	–	–	–	–
Personnel expenses	– 67,379	– 60,889*	– 7,557	– 6,634
Depreciation and amortisation expenses	– 12,584	– 13,260*	– 283	– 378
Other	– 134,931	– 141,679*	– 17,550	– 15,147
Total segment expenses	**– 436,865**	**– 439,336**	**– 61,636**	**– 47,549**
Segment earnings before interest and tax (EBIT)	**83,926**	**73,096**	**8,534**	**7,624**
Other interest and similar income	1,723	2,179*	0	–
Other interest and similar expenses	– 673	– 7,434*	– 6	– 22
Finance cost	**1,050**	**– 5,255**	**– 6**	**– 22**
Segment earnings before tax (EBT)	**84,976**	**67,841**	**8,528**	**7,602**
Income tax expenditure/revenue	–	–	–	–
Segment result from continuing operations	**–**	**–**	**–**	**–**
Segment result from discontinued operations	**– 2,598**	**– 2,127**	**–**	**–**
Group net profit incl. minority interest	**–**	**–**	**–**	**–**
Additional information				
Investments in intangible assets and property, plant and equipment	18,944	10,218*	212	289
Other non-cash expenses (except for depreciation/amortisation)	– 22,267	– 34,882*	– 6,228	– 5,144
Depreciation/amortisation	– 12,481	– 13,326	– 283	– 378
Total segment assets	246,991	259,352*	656,336	549,748
less tax receivables/tax deferral	– 878	– 4,605*	– 552	– 1,290
Segment assets	**246,113**	**254,747**	**655,784**	**548,458**
Total segment liabilities	205,393	164,998*	620,323	516,922
less tax liabilities/tax deferral	– 4,375	– 505	– 37	– 126
Segment liabilities	**201,018**	**164,493**	**620,286**	**516,796**

* The deviating figures for the previous year 2005 are due to the adjustments required to meet IFRS 5 and the merger of MLP Login GmbH into MLP Finanzdienstleistungen AG.

See note 35 for the composition of segments.

Wealth management		Internal services and administration		Consolidation/ Other		Total	
2006	2005	2006	2005	2006	2005	2006	2005
–	–	–	–	– 19,561	– 11,229*	473,504	467,878
–	–	–	–	– 113	– 630	69,950	54,300
9,261	–	–	–	–	–	9,261	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
9,261	–	–	–	– 19,674	– 11,859	552,715	522,178
1,451	–	21,871	22,508*	– 15,734	– 14,348*	35,421	41,728
–	–	–	–	21	504*	– 221,950	– 223,004
–	–	–	–	18,054	11,275	– 18,192	– 14,115
– 865	–	–	–	–	–	– 865	–
– 4,635	–	– 6,097	– 5,606*	–	–	– 85,668	– 73,129
– 708	–	– 3,663	– 6,067*	–	–	– 17,238	– 19,705
– 2,414	–	– 21,901	– 19,811*	17,483	14,509*	– 159,313	– 162,128
– 8,622	–	– 31,661	– 31,484	35,558	26,288	– 503,226	– 492,081
2,090	–	– 9,790	– 8,976	150	81	84,910	71,825
204	–	10,888	8,432*	– 2,909	– 2,978*	9,906	7,633
–	–	– 3,409	– 1,742	84	560*	– 4,004	– 8,638
204	–	7,479	6,690	– 2,825	– 2,418	5,902	– 1,005
2,294	–	– 2,311	– 2,286	– 2,675	– 2,337	90,812	70,820
–	–	–	–	–	–	– 26,170	– 28,273
–	–	–	–	–	–	64,642	42,547
–	–	–	–	3,745	159,271	– 1,147	157,144
–	–	–	–	–	–	65,789	199,691
244	–	648	2,378*	–	–	20,048	12,885
– 1,596	–	– 10,993	– 19,333*	–	–	– 41,084	– 59,359
– 708	–	– 3,663	– 3,760*	–	–	– 17,135	– 17,464
43,710	–	452,384	521,171*	– 133,338	– 148,257*	1,266,083	1,182,014
– 232	–	– 19,564	– 17,877*	–	3,020	– 21,226	– 20,752
43,478	–	432,820	503,294	– 133,338	– 145,237	1,244,857	1,161,262
24,407	–	129,328	110,002*	– 36,807	– 65,100*	942,644	726,822
– 15,150	–	– 7,612	– 13,474*	–	– 1,137*	– 27,174	– 15,242
9,257	–	121,716	96,528	– 36,807	– 66,237	915,470	711,580

Segment reporting

Discontinued operations

All figures in € '000	Life insurance	
	2006	2005
Segment income		
Income from third parties		
Insurance business	–	136,977
Total segment income	**–**	**136,977**
Other income	–	443
Change in deferred acquisition costs	–	37,949
Segment expenses		
Insurance business	–	−117,098
Personnel expenses	–	−6,226
Depreciation/amortisation	–	−610
Other	–	−9,192
Total segment expenses	**–**	**−133,126**
Segment earnings before interest and tax (EBIT)	**–**	**42,243**
Other interest and similar income	–	406
Other interest and similar expenses	–	−206
Finance cost	**–**	**200**
Segment earnings before tax (EBT)	**–**	**42,443**
Income tax expenditure/revenue	–	–
Segment result	**–**	**–**
Profit from sale	–	–
Income taxes	–	–
Segment result after profit from sale	**–**	**–**
Segment result from discontinued operations	**–**	**–**
Additional information		
Investments in intangible assets and property, plant and equipment	–	2,178
Other non-cash expenses except for depreciation/amortisation	–	−56,204
Depreciation/amortisation	–	−610
Total segment assets	–	–
less tax receivables/tax deferral	–	–
Segment assets	**–**	**–**
Total segment liabilities	–	–
less tax liabilities/tax deferral	–	–
Segment liabilities	**–**	**–**

The notes on discontinued operations appear under note 36.

	Non-life insurance		Reconciliation		Total	
	2006	2005	2006	2005	2006	2005
	–	33,184	–	−3,608	–	166,553
	–	**33,184**	**–**	**−3,608**	**–**	**166,553**
	–	241	–	–	–	684
	–	1,453	–	4,565	–	43,967
	–	−21,736	–	2,848	–	−135,986
	–	−4,073	–	–	–	−10,299
	–	−85	–	–	–	−695
	–	−4,064	–	5	–	−13,251
	–	**−29,958**	**–**	**2,853**	**–**	**−160,231**
	–	**4,920**	**–**	**3,810**	**–**	**50,973**
	–	47	–	−1	–	452
	–	−14	–	1	–	−219
	–	**33**	**–**	**–**	**–**	**233**
	–	**4,953**	**–**	**3,810**	**–**	**51,206**
	–	–	–	–	–	−17,330
	–	**–**	**–**	**–**	**–**	**33,876**
	–	–	–	–	5,319	141,736
	–	–	–	–	−1,574	−16,341
	–	**–**	**–**	**–**	**3,745**	**125,395**
	–	**–**	**–**	**–**	**3,745**	**159,271**
	–	1,632	–	–	–	3,810
	–	−14,545	–	–	–	−70,749
	–	−85	–	–	–	−695
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**

Changes in the consolidated shareholders' equity

All figures in €'000	Equity attributable to MLP AG shareholders						Minority interest	Total shareholders' equity
	Share capital	Treasury stock	Capital reserves	Available-for-sale reserve	Other comprehensive income	Total		
As at Jan 1, 2005	**108,641**	**–**	**9,361**	**– 229**	**171,204**	**288,977**	**586**	**289,563**
Changes to the scope of consolidation	–	–	–	–	– 1,604	– 1,604	– 130	– 1,734
Currency translation	–	–	–	–	64	64	–	64
Capital increases	–	–	–	–	–	–	1	1
Change in available for sale reserve	–	–	–	292	–	292	–	292
Net profit	–	–	–	–	199,693	199,693	– 2	199,691
Dividends paid to shareholders and minority interests	–	–	–	–	– 23,901	– 23,901	– 392	– 24,293
Convertible debentures	–	–	2,113	–	–	2,113	–	2,113
Acquisition of treasury stock	–	– 10,505	–	–	–	– 10,505	–	– 10,505
As at Dec 31, 2005	**108,641**	**– 10,505**	**11,474**	**63**	**345,456**	**455,129**	**63**	**455,192**
As at Jan 1, 2006	**108,641**	**– 10,505**	**11,474**	**63**	**345,456**	**455,129**	**63**	**455,192**
Changes to the scope of consolidation	–	–	–	–	65	65	–	65
Currency translation	–	–	–	–	73	73	–	73
Capital increases	–	–	–	–	–	–	–	–
Change in available for sale reserve	–	–	–	6	–	6	–	6
Net profit	–	–	–	–	65,789	65,789	–	65,789
Dividends paid to shareholders and minority interests	–	–	–	–	– 62,991	– 62,991	–	– 62,991
Convertible debentures	141	–	3,013	–	–	3,153	–	3,153
Acquisition of treasury stock	–	– 137,848	–	–	–	– 137,848	–	– 137,848
As at Dec 31, 2006	**108,781**	**– 148,353**	**14,487**	**69**	**348,392**	**323,376**	**63**	**323,439**

The notes to the shareholders' equity appear under note 27.

Notes to the consolidated financial statements

General Information

[1] Information about the company

The parent company of the Group is MLP AG, based in Wiesloch, Germany. The relocation from Heidelberg to Wiesloch resolved by the Annual General Meeting of May 31, 2006 was entered in the Mannheim Commercial Register under the number HRB 332697 with the address Alte Heerstrasse 40, 69168 Wiesloch, Germany in October 2006.

Since it was founded in 1971, MLP has focused solely on advising academics and discerning clients in the fields of old-age and health provision, insurance cover, financial investments and loans.

The MLP Group offers financial services, wealth management and banking services.

[2] Principles governing the preparation of the financial statements

The consolidated financial statements of MLP AG have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they apply in the European Union (EU), whereby the commercial law regulations to be observed pursuant to § 315a (1) of the German Commercial Code (HGB) were also taken into account.

The consolidated financial statements are prepared using the historical cost convention with the exception that certain financial instruments are measured at fair value.

The net income of discontinued operations is disclosed separately in the income statement. The comparatives in the income statement were changed accordingly and are therefore no longer comparable with the figures from the previous year's financial statements. For details, please refer to note 36. In accordance with IFRS 5, prior-year amounts on the face of the balance sheet were not adjusted. Pursuant to IFRS 5.25, non-current assets of the discontinued operations were not depreciated.

In order to enable those reading the financial statements to better assess the financial impact of discontinued operations (IFRS 5.30), in 2005 no elimination of intercompany revenue and expense took place.

The consolidated income statement is prepared in accordance with the nature of expense method.

The consolidated financial statements are drawn up in euros (€), the functional currency of the Group. Both individual 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.

[3] Changes in accounting policies

The accounting policies applied are the same as those used in the previous year, with the exception of the new standards and interpretations applied for the first time in the financial year.

The amendment to IAS 19 "Employee benefits," which is binding for financial years beginning on or after January 1, 2006, creates an additional option for recording actuarial gains and losses from defined benefit obligations. This option provides for the recognition of all actuarial gains and losses not shown in the income statement in a "statement of recognised income and expense". The amendment to IAS 19 also contains additional accounting and disclosure regulations for "multi-employer plans". As MLP does not make use of the option for complete recording of actuarial gains and losses which do not affect the operating result, nor is it involved in multi-employer plans, the effects of the application of the revised IAS 19 are limited to the notes additionally required by this standard.

The following standard revisions or interpretations are binding for financial years beginning on or after January 1, 2006. They were either not relevant for the MLP Group, or they had a negligible effect on the consolidated financial statements:

- IAS 21 (revision) "The effects of changes in foreign exchange rates – net investments in a foreign operation";
- IAS 39 (revision) "Financial instruments: Recognition and measurement – insurance cover of payment flows for future internal group transactions";
- IAS 39 (revision) "Financial instruments: Recognition and measurement – option for measurement at fair value";
- IAS 39 (revision) and IFRS 4 (revision) "Insurance contracts";
- IFRS 6 "Exploration for and evaluation of mineral resources";
- IFRS 1 (revision) "First-time adoption of IFRS" and IFRS 6 (revision) "Exploration for and evaluation of mineral resources";
- IFRIC 4 "Determining whether an arrangement contains a lease";
- IFRIC 5 "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds";
- IFRIC 6 "Liabilities arising from participating in a specific market – waste electrical and electronic equipment".

The MLP Group already applies IFRS 7 "Financial instruments: Disclosures". IFRS 7 only governs disclosures on financial instruments. Under its application, individual items in the notes have been summarised or renamed. The unchanged classification of the financial instruments pursuant to IAS 32 and IAS 39 is presented in notes 8 and 33.

The application of the following new or amended standards and new interpretations was not yet binding for the financial year beginning on January 1, 2006. They were early adopted by the MLP Group:

- IAS 1 (revision) "Disclosures on capital" is to be applied to financial years beginning on or after January 1, 2007. The revision of IAS 1 provides solely for additional disclosures in the notes.
- IFRIC 7 "Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies" is to be applied to financial years beginning on or after March 1, 2006. IFRIC 7 provides guidelines for the application of IAS 29.
- IFRIC 8 "Scope of IFRS 2" is to be applied to financial years beginning on or after May 1, 2006. The interpretation regulates the handling of share-based payments of which the identifiable consideration does not reach the fair value of the equity instruments issued.
- IFRIC 9 "Reassessment of embedded derivatives" is to be applied to financial years beginning on or after June 1, 2006. The interpretation regulates the occasions on which it is to be determined whether an embedded derivative is to be separated.
- IFRIC 10 "Interim financial reporting and impairment": If accepted in its current form by the EU, the interpretation is to be applied to financial years beginning on or after November 1, 2006. It relates to the reversal of impairment losses in interim financial reports pursuant to IAS 34.
- IFRIC 11 "IFRS 2 – Group and treasury share transactions". The interpretation regulates how IFRS 2 "Share-based payments" is to be applied to agreements on share-based payments containing company equity instruments or equity instruments of another company within the same group (such as equity instruments of the parent company). If accepted in its current form by the EU, IFRIC 11 is to be applied to financial years beginning on or after March 1, 2007.
- IFRIC 12 "Service concession arrangements" (to be applied to financial years beginning on or after January 1, 2008, if accepted in its current form by the EU) refers to arrangements whereby the public sector grants contracts for the supply of public services (such as roads) to private sector operators and addresses the application of the IFRS by the private sector operator.
- IFRS 8 "Operating segments" replaces IAS 14 "Segment reporting" and adjusts the IFRS to the regulation of SFAS 131. If accepted in its current form by the EU, IFRS 8 is to be applied to financial years beginning on or after January 1, 2009.

The events mentioned in IFRIC 7, 8, 9, 10 and 12 have not occurred in the MLP Group to date. In the cases of IFRIC 11 and IFRS 8, MLP is currently examining the effects on the representation of the Group's net assets, financial position and results of operations.

[4] Significant discretionary decisions and estimates

On occasions, the preparation of the financial statements included in the IFRS consolidated financial statements by the legal representatives requires estimates and commercial discretion, which influence the level of the disclosed assets and debts, the disclosure of contingent liabilities and receivables, the income and expenses of the reporting period and the miscellaneous information in the consolidated financial statements. The actual values may deviate from the estimates.

The accounting policies applied by the MLP Group are described in note 8 to the consolidated financial statements. Significant discretionary decisions and estimates affect the following cases:

The Group has in place a lease agreement governing the commercial leasing of its investment properties. The Group has ascertained that it retains the significant risks and rewards incident to ownership of the property leased under an **operating lease.** As at December 31, 2006, the carrying amount of the property stood at € 15,063 thsd (previous year: € 15,538 thsd).

Within the scope of development of new software, the MLP Group performs internal development activities primarily in cooperation with external software partners. The capitalisation of the **development** costs begins at the start of the development phase. The depreciation of the capitalised expenses begins once they are ready for use or when the software is rolled out and takes place over the expected useful life of five years. As at December 31, 2006, internal development costs of € 1,462 thsd gross (previous year: € 1,272 thsd) had been capitalised in the MLP Group.

The MLP Group classifies € 11,916 thsd (previous year: € 0 thsd) of **financial instruments** as **"held to maturity".** These financial instruments are fixed interest-bearing federal loans which have residual terms of less than one year, of one to five years and more than five years. Until now, the MLP Group has not sold any financial instruments classified as "held to maturity" before maturity.

In **evaluating pension obligations,** the MLP Group uses statistical or actuarial calculations by actuaries to predetermine future events for the calculation of the expenses and obligations in connection with these plans. These calculations are based on assumptions regarding the discount rate and the growth rates of salaries and pensions. The interest rate used to discount post-employment benefit obligations to present value is derived from the yields of senior corporate bonds in the respective country at the balance sheet date, or alternatively from the yields of federal loans at the balance sheet date. As at December 31, 2006 the present value of provisions for pensions and other post-employment benefits payable under defined benefit plans was € 20,584 thsd (previous year: € 18,761 thsd). Further details of pension obligations are given in note 31.

Allowances for losses in banking business are stated as a value estimated by the MLP Group on the basis of historical loss rates. Specific allowances for bad debts are recognised if receivables are likely to be uncollectable. In addition, allowances for bad debts on a portfolio basis are recognised for remaining accounts receivable. The allowances are determined with reference to the dunning level. The individual allowances as at December 31, 2006 came to € 2,885 thsd (previous year: € 1,774 thsd). The impairment loss on portfolio basis as at December 31, 2006 came to € 9,496 thsd (previous year: € 10,069 thsd). Alongside the receivables deducted from the allowance on the assets side of € 12,381 thsd (previous year: € 11,843 thsd), the allowances for losses on loans and advances include provisions for the lending business of € 596 thsd (previous year: € 121 thsd).

Generally speaking, **business combinations** also require estimates of the fair value of the assets, debts and liabilities purchased. Property, plant and equipment are usually measured by independent experts, while marketable securities are shown at their market value. If intangible assets exist, the MLP Group either consults an independent, external expert or calculates the fair value internally based on a suitable valuation method, generally discounted cash flows, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques can be applied which differ in terms of cost-oriented, market-price-oriented and capital- value-oriented procedures. For instance, when valuating trademarks and licences, the relief-from-royalty method can be used. This estimates cost savings which result from the fact that the company holds the trademarks and licences itself and is not obliged to pay fees to a licensor. After discounting, the resulting saving corresponds to the value to be shown for the intangible asset. Please refer to note 7 regarding the companies acquired in the financial year and the assets and liabilities identified in the purchase price allocation including contingent liabilities and their fair values.

As the purchaser of 56.586 % of the shares in Feri Finance AG für Finanzplanung und Research (hereinafter called "Feri Finance AG"), Bad Homburg v. d. Höhe, MLP granted the vending shareholders the right to sell the remaining shares to MLP AG at a later date. Feri Finance AG was fully consolidated as of the purchase date. The obligation to purchase the remaining shares arising from the put option consists of a fixed component and a variable component and was expensed as a financial liability (2006: € 82,970 thsd). Accordingly, no minority interests are shown in the shareholders' equity.

The fixed purchase price component from the put option (2006: € 42,970 thsd) is initially expensed at its fair value and then adjusted according to the effective interest method (and a corresponding recognition of interest charge in the income statement). Profit distributions to the minority interests are offset against the shareholders' equity with no effect on the operating result.

The variable purchase price component from the put option (2006: € 40,000 thsd) is measured at the fair value for the initial recognition. The liability is adjusted during the term of the option according to the effective interest method (with a corresponding recognition of interest charge in the income statement). Amendments to the fair value of the variable part of the financial liability are included with no effect on the operating result by adjusting the goodwill, provided that it can be reliably determined. Profit distributions to minority interests are offset against the shareholders' equity with no effect on the operating result.

[5] Declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the Stock Corporation Act (AktG)

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.de.

[6] Scope of consolidation

The consolidated financial statements include the financial statements of MLP AG and the financial statements of the following companies (subsidiaries) controlled by it in accordance with IAS 27. These are companies where it holds the majority of the voting rights or where control is possible. Control in the sense of IAS 27 is achieved where it is possible to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the financial year 2006, the scope of consolidation of MLP AG was extended to include five domestic subsidiaries (previous year: one foreign subsidiary), while one foreign subsidiary (previous year: two domestic subsidiaries) was removed. By the resolution of April 10, 2006, MLP Login GmbH was merged into MLP Finanzdienstleistungen AG retrospectively with effect from January 1, 2006. Other than these there were no changes to the scope of consolidation.

The effects of the business combinations are explained in note 7 and those of the deconsolidation in note 36.

	Shareholding in %	First consolidated	Time of deconsoli-dation
Subsidiary			
MLP Finanzdienstleistungen AG, Wiesloch	100	Dec 31, 1992	–
MLP Bank AG, Wiesloch	100	Dec 31, 1997	–
MLP Private Finance plc., London, Great Britain	100	Dec 31, 2001	–
MLP Private Finance Correduria de Seguros S. A., Madrid, Spain	100	Feb 22, 2002	–
MLP BAV GmbH, Wiesloch	100	Apr 1, 2004	–
BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen	51.08	Oct 8, 2004	–
BERAG Versicherungs-Makler GmbH, Bremen	51.08	Oct 8, 2004	–
MLP Vermögensberatung AG, Vienna, Austria	100	Mar 9, 2005	–
Feri Finance AG für Finanzplanung und Research, Bad Homburg v. d. Höhe	56.59	Oct 20, 2006	–
Feri Wealth Management GmbH, Bad Homburg v. d. Höhe	56.59	Oct 20, 2006	–
Feri Institutional Advisors GmbH, Bad Homburg v. d. Höhe	56.59	Oct 20, 2006	–
Feri Rating & Research GmbH, Bad Homburg v. d. Höhe	56.59	Oct 20, 2006	–
Mainsee 437. V V GmbH, Frankfurt/Main	100	Dec 1, 2006	–
MLP Private Finance AG, Zurich, Switzerland	100	Feb 28, 2002	Oct 31, 2006
MLP Lebensversicherung AG, Heidelberg	99.86	Dec 31, 1992	Sep 5, 2005
MLP Versicherung AG, Heidelberg	100	Dec 31, 1997	Aug 16, 2005

Minor subsidiaries are not included. The complete listing of the MLP Group's shareholdings is recorded in the electronic German Register of Companies.

Principles of consolidation

The consolidated financial statements include the financial statements of MLP AG and its subsidiaries as at December 31 of each financial year. The financial statements of the parent company and of the subsidiaries are prepared in accordance with uniform accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, i. e. from the date on which the Group gains control. They are deconsolidated as soon as the parent company loses control.

When a company is acquired, the assets, liabilities and contingent liabilities of the respective subsidiaries are valued at fair value at the acquisition date. If the cost of the acquisition exceeds the fair value of the identifiable assets and liabilities acquired, the difference is recognised as goodwill. A negative difference between the cost of acquisition and the acquired identifiable assets and liabilities is recognised as income in the period of the acquisition. The interest of minority shareholders is initially measured at the proportion of the net fair value of the assets of the subsidiary.

The effects of intercompany transactions are eliminated. Receivables and liabilities between the consolidated companies are offset and intra-group gains and losses are eliminated. Intragroup income is offset against the corresponding expenses. Deferred taxes are recognised as required by IAS 12 to accommodate any temporary differences resulting from the consolidation. Investments are reported at their acquisition costs. The results of the subsidiary acquired during the financial year are recognised in the consolidated income statement from the effective acquisition date.

Currency translation

The consolidated financial statements are drawn up in euros, the parent company's functional currency and the Group's presentation currency. Each company within the Group selects its own functional currency. This corresponds to the local currency.

Foreign-currency transactions are translated from the foreign currency into the functional currency at the spot rate prevailing on the transaction date.

On each subsequent balance sheet date, the **monetary assets and liabilities** in a foreign currency are translated into the respective functional currency using the closing rate. **Nonmonetary items** measured in a foreign currency at cost are translated at the rate prevailing on the transaction date. Non-monetary items measured in a foreign currency at fair value are translated at the rate prevailing on the date their fair value was determined. **Gains and losses** resulting from the translation are recognised in the operating expenses and other income. In the financial year 2006, income of € 21 thsd (previous year: € 4 thsd) and expenses of € 86 thsd (previous year: € 33 thsd) resulted from the currency translation.

Currency translation differences arising from foreign-currency loans, insofar as they are part of a **net investment in a foreign operation,** are excluded from the translation described (no repayment is planned or likely in a foreseeable period). The translation differences are recognised directly in equity with no effect on the operating result and are moved to the net income for the period when the foreign entity is disposed of. In the financial year 2006, currency differences of € 73 thsd (previous year: € 64 thsd) were recognised in the equity.

The functional currency of **MLP Private Finance plc., London, Great Britain,** is the pound sterling. On the balance sheet date, the assets and liabilities of this subsidiary were translated into the MLP Group's presentation currency (euros) at the closing rate. Income and expenses were translated at the weighted average rate for the financial year. Differences arising on translation are recognised as a separate component of equity with no effect on the operating result. When **MLP Private Finance AG, Zurich, Switzerland,** was sold, the cumulative currency difference amount recognised in equity for this foreign operation was taken to income.

No subsidiaries of the MLP Group operate business in hyperinflationary economies.

Currency translation € 1 =	Closing rates (€)		Average rates (€)	
	2006	2005	2006	2005
Currency				
Pound sterling	0.67150	0.68530	0.68205	0.68421
Swiss franc	1.60690	1.55510	1.57331	1.54842

[7] Business combinations

On October 20, 2006 MLP AG purchased a total of 56.586 % of the shares in Feri Finance AG für Finanzplanung und Research, Bad Homburg v. d. Höhe, Germany.

The Feri Group specialises in wealth and investment consulting. As a parent company, Feri Finance AG merely performs a holding functions. It holds 100 % of the shares in **Feri Wealth Management GmbH** (FWM), **Feri Institutional Advisors GmbH** (FIA) and **Feri Rating & Research GmbH** (Feri R&R).

FWM operates in the following business segments: wealth consulting, financial planning, investment brokerage and acquisition brokerage, and in particular consulting for wealth investment on a funds basis and monitoring of wealth management. FWM is a financial services institute in line with § 1 (1a) sentence 2 no. 1, 2, 3 of the German Banking Act (KWG), a securities trading company pursuant to § 1 (3d) sentence 2 KWG and a securities service company in accordance with § 2 (4) of the German Securities Trading Act (WpHG). FIA performs financial planning and consulting in wealth and investment matters, particularly the consulting of institutional investors at home and abroad on investments. Feri R&R specialises in research and rating services. This includes the creation of economic models and analysis and forecasting tools, the development and sale of rating procedures for countries, industries and financial investments, the compilation of financial and portfolio analyses of performance-measuring procedures and the development and sale of software and printed products for the aforementioned business fields

As a result of this share acquisition, MLP AG holds 56.586 % of the voting rights in Feri Finance AG. The purchase price for the 56.586 % shareholding acquired in Feri Finance AG is € 64,390 thsd. It was paid in full using cash holdings in the financial year 2006. Incidental acquisition expenses for consulting services of € 4,892 thsd were incurred as part of the acquisition of Feri Finance AG.

The remaining shareholders of Feri Finance AG have the right (put option) to sell their remaining 43.414 % share in Feri Finance AG to MLP AG. The put option can be exercised in the period from December 21, 2007 to January 2, 2008. The purchase price for the remaining 43.414 % share to be paid by MLP is € 42,970 thsd. In this scenario the purchase price for a 100 % stake in Feri Finance AG (excluding incidental acquisition expenses) comes to € 107,360 thsd.

At the same time MLP AG has the right (call option) to purchase the remaining 43.414 % share in Feri Finance AG. The call option can be exercised by MLP in the period from October 15, 2007 to October 31, 2007. The purchase price to be paid by MLP for the remaining 43.414 % share is € 47,755 thsd. In this scenario the purchase price for a 100 % stake in Feri Finance AG (excluding incidental acquisition expenses) comes to € 112,145 thsd.

Depending on the future economic development of Feri Finance AG and the portfolio development of funds under management at MLP, the purchase price may increase by a variable component.

MLP currently anticipates that this variable component of the purchase price for the outstanding shares in Feri Finance AG will come to € 40,000 thsd.

Through exercising both the call option and the put option, the remaining 43.414 % share in Feri Finance AG will be transferred to MLP AG at the earliest by April 15, 2011.

The provisional amount resulting from the difference between the anticipated total purchase price for the shares in Feri Finance AG and the provisional fair values of the identified assets, liabilities and contingent liabilities acquired is € 118,951 thsd. It is recognised as goodwill. The following is an overview of how the provisional goodwill is determined:

All figures in € '000	2006
Purchase price	
Purchase of 56.586 % of the share capital	64,390
Purchase price for the remaining 43.414 %	42,970
Purchase price	**107,360**
Variable purchase price component (anticipated value)	40,000
Incidental acquisition expenses	4,892
Total purchase price	**152,252**

Acquired net assets – All figures in € '000	Carrying amount before purchase	Adjustment	Fair value
Intangible assets	804	35,789	36,593
Property, plant and equipment	1,042	–	1,042
Financial investments	2,234	–	2,234
Receivables from banking business	1,211	–	1,211
Receivables and other assets	12,840	–	12,840
Cash and cash equivalents	9,481	–	9,481
Provisions	– 850	–	– 850
Liabilities	– 15,759	–	– 15,759
Deferred tax liabilities	– 127	– 13,364	– 13,491
Total net assets	**10,876**	**22,425**	**33,301**
Pro rata net assets		100.00 %	33,301
Goodwill			118,951
Total purchase price			**152,252**
Accrued liabilities			85,010
Net cash flow from the acquisition			57,761

The purchased provisional goodwill results from the anticipated potential synergies and the employees' know-how.

In the period from January 1, 2006 to December 31, 2006 the Feri Group generated sales revenue of € 35,334 thsd and a net profit of € 4,603 thsd. If the acquisition of Feri Finance AG had taken place on the first day of the financial year 2006, consolidated sales would have stood at € 614,209 thsd and the consolidated net profit at € 68,602 thsd. The sales revenue of the Feri Group for the period following the acquisition date shown in the consolidated income statement is € 9,261 thsd and the corresponding profit share is € 1,790 thsd.

The Feri Finance Group represents a separate segment, "wealth management".

[8] Accounting policies

Income

Income is recognised if it is probable that the Group will gain a definable economic benefit from it. For the Group's primary sources of income this means that:

Income from the brokerage business is recognised independently of the cash receipt if MLP is entitled to receive payment on the basis of the concluded brokerage agreement. Interest is earned for the duration of the capital investment in line with the effective interest method, dividends are recognised the moment an entitlement to payment arises. Rental income from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

Intangible assets

On initial recognition, acquired intangible assets are measured at cost. The cost of an intangible asset acquired in the course of a business combination corresponds to its fair value at the acquisition date.

Intangible assets with finite useful lives are generally amortised on a straight-line basis over their useful life and tested for impairment whenever there are indications that the intangible asset may be impaired. The residual value, useful life and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. If the asset's expected useful life or the expected pattern of its usage has changed, a different amortisation period or method is chosen. These changes are treated as changes in estimates.

Intangible assets with indefinite useful lives are not amortised. Rather they are subjected to an impairment test individually or at the level of the cash-generating unit at least once a year. They are also reviewed once a year to establish whether their classification as an asset with an indefinite useful life is still justified. If this is not the case, the asset is handled according to the principles for assets with finite useful lives from then on.

An intangible asset generated internally (such as software created internally) is only capitalised at its production costs if the conditions required pursuant to IAS 38 are fulfilled. The cost of production includes all costs directly attributable to the development process and appropriate portions of development-related overheads. Borrowing costs are not capitalised. Internally generated intangible assets are amortised on a straight-line basis for their useful life upon becoming ready for use. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Intangible assets with finite useful lives are amortised on a straight-line basis over the following expected useful lives:

Intangible assets	Expected useful life
Acquired software	3–5 years
Software created internally	3–5 years
Acquired trademark rights	15 years

Goodwill

On initial recognition, goodwill resulting from business combinations is measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may be impaired.

For the purposes of impairment tests, the goodwill acquired in a business combination must be allocated from the acquisition date onwards to each of the Group's cash-generating units or groups of cash-generating units that are to benefit from the synergies from the combination. This applies irrespective of whether other assets or liabilities of the acquired company have already been allocated to these units or groups of units. Each unit or group of units to which goodwill has been allocated

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes and
- is no larger than a segment based either on the Group's primary or secondary reporting format as determined in accordance with IAS 14 "Segment Reporting".

The impairment loss is measured by calculating the recoverable amount of the cash-generating unit (or relevant group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

In cases where goodwill belongs to a cash-generating unit and a part of this unit is sold, the goodwill is divided according to the ratio of sold and retained fair values and the goodwill attributable to the portion sold is recognised in determining the profit from sale of discontinued operations.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less depreciation and any impairment losses. The cost of production includes all costs directly attributable to the production process and appropriate portions of production-related overheads. Borrowing costs are not capitalised. Depreciation is charged on a straight-line basis.

Assets under construction are carried at cost. Borrowing costs are not capitalised. They are directly recognised as an expense. Depreciation of these assets begins once they have been brought to working condition.

Gains or losses on the disposal or retirement of an asset are calculated and recognised in the income statement as the difference between the sale proceeds and the carrying amount of the asset.

Probable physical wear and tear, technical ageing and legal/contractual limitations are taken into account in determining expected useful lives.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Property, plant and equipment	Expected useful life
Administration buildings	33 years to residual value (30 % of original acquisition cost)
Land improvements	15 – 25 years
Leasehold improvements	Term of the respective lease
Furniture and fittings	10 – 25 years
IT hardware, IT cabling	3 – 13 years
Office equipment, office machines	3 – 13 years
Cars	6 years

The residual carrying amounts of assets, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted according to the principles for changes in accounting estimates where necessary.

Expenses for relatively large-scale maintenance are capitalised if the recognition criteria have been met, whereby any carrying amount for the replaced component is derecognised.

Investment property

Investment property pursuant to IAS 40 consists of all property that is held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes or sale in the ordinary course of business. This property is measured using the cost model.

Investment property is depreciated on a straight-line basis over the following useful lives:

Investment property	Expected useful life
Buildings	33 years to residual value (30 % of original acquisition cost)

Leases

It is determined whether an agreement constitutes or contains a lease on the basis of the economic substance of the agreement concluded. This requires an assessment of whether performance of the agreement is dependent upon the use of a particular asset or particular assets and whether the agreement confers the right to use the asset.

Group as lessor: Leases where all risks and rewards incident to ownership remain substantially with the Group are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and expensed over the term of the lease, just as rental income is recognised as expenses over the term of the lease.

Group as lessee: The Group concluded operating leases exclusively. Rental payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Impairment of property, plant and equipment and intangible assets (without goodwill)

At each closing date, the Group assesses whether there are any indications that an asset may be impaired. If there is any such indication or if required to test an asset for impairment on an annual basis, the Group measures the recoverable amount. If the recoverable amount for the individual asset cannot be estimated, the estimate is made for the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of the fair value of an asset less selling costs and the value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. For the purposes of determining value in use, estimated future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Impairment losses are shown in the income statement under the item "Depreciation/amortisation".

At each closing date, the Group assesses whether there are any indications that an impairment loss recognised in prior reporting periods no longer exists or may have decreased. If there is any such indication, it measures the recoverable amount. An impairment loss recognised previously is reversed if, since the last impairment loss was recognised, there has been a change in the estimates used in determining the recoverable amount. If this is the case, the asset's carrying amount is written up to its recoverable amount. However, this may not exceed what amortised historical costs would have been if an impairment had not been recognised in previous years. Such a reversal is recognised in period income immediately. Once impairment losses have been reversed, an adjustment is made in future reporting periods so as to systematically distribute the asset's adjusted carrying amount less any residual carrying amount over its remaining useful life.

Financial instruments

In the case of regular way purchases and sales, financial instruments are recognised or derecognised in the balance sheet on the trade date. Regular way purchases or sales are purchases or sales of financial assets requiring delivery of the assets within a period dictated by market regulations or conventions.

Available-for-sale financial instruments are non-derivative financial assets and carried at their fair value, where this can be measured reliably. Changes in fair value between reporting dates are generally recognised directly in the revaluation reserve. The reserve is reversed to income either when the assets are sold or if the assets are impaired.

Held-to-maturity financial instruments are non-derivative financial assets and are carried at amortised cost at the balance sheet date. Impairment losses are charged to income if the recoverable amount falls below the carrying amount.

Financial instruments classified as **loans and receivables** are measured at amortised cost according to the effective interest method.

Financial instruments of the category **"At fair value through profit and loss"** comprise the subcategories "Designated at fair value" and "Held for trading". Financial instruments of this category are measured at fair value. The change in fair value is directly recognised in the net income for the period.

Financial instruments – Receivables due from banking business

Receivables due from financial institutions and receivables due from clients for loans are recognised at (amortised) cost in accordance with the effective interest method. Interest income is marked down to its outstanding face value. Deferred charges and premiums/discounts are recognised as interest income or interest charges over the term of the loans concerned.

In order to avoid any inconsistency in recognition, receivables from clients due to loans with a nominal value of € 5,000 thsd are recognised at fair value; these are offset by interest swaps at MLP Bank AG to the same amount and are included in the risk management of MLP Bank AG. Profit and loss from changes to the fair value are recognised directly in the net income for the period.

Financial instruments – Financial investments

The **financial investments** of the Group include participations, securities, loans and other investments.

Investments include non-consolidated subsidiaries due to immateriality and have been classified as "available for sale".

Loans belong to the category "Loans and receivables". The same applies to the other investments. These include fixed term deposits with a term of one day and up to a maximum of three months and fixed income securities which are not listed on an active market and which have a maximum residual term of three months at the date of acquisition.

The **securities** not contained in the other investments are classified as "held to maturity" if they are financial assets with fixed or determinable payments which the company intends and is able to hold to maturity. All other financial assets are classified as "available for sale".

Financial instruments – Receivables and other assets

Receivables and other assets are measured at amortised cost less impairment losses. The impairment loss is recognised in the income statement.

Financial instruments – Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on deposit with the German Bundesbank and bank deposits with a term of up to one day. They are measured at face value.

Financial instruments – Impairment

The carrying amounts of the financial assets that are not designated as at fair value through profit or loss are tested at each reporting date to determine whether there is objective, material evidence of **impairment of the financial assets** (e.g., a debtor is facing serious financial difficulties, it is highly probable that insolvency proceedings will be initiated against the debtor, an active market for the financial asset disappears, there is a substantial change in the technological, economic or legal environment and the market environment of the issuer, or there is a continuous decline in the fair value of the financial asset to a level below amortised cost). For receivables due from banking business and for receivables and other assets, impairment losses on portfolio basis are formed for receivables for which no specific allowances are recognised. The allowances are determined with reference to the dunning level and age, and on the basis of the companies' past experience. Any impairment losses caused by the fair value being lower than the carrying amount are recognised in profit or loss on the corresponding impairment account. If the receivable is uncollectable (i.e. payment is no longer expected to be received), it will be written down.

Where impairments of available for sale financial assets were recognised directly in equity in the past, these must now be removed from equity in the amount of the impairment determined and recognised in profit or loss. If, in a subsequent period, the fair value of the financial asset increases and this increase can be related objectively to events occurring after the impairment was recognised, the impairment loss is reversed to income in the appropriate amount. Impairment losses on equity instruments that are classified as available for sale may not be reversed. Both the recoverable amount of held to maturity securities to be determined by testing for impairment and the recoverable amount of the loans and receivables measured at amortised cost, which are required for impairment testing, correspond to the present value of the estimated future cash flows discounted using the original effective interest rate. To determine impairment losses for the unquoted equity instruments measured at cost, the present value of the expected future cash flows is discounted using the current interest rate that corresponds to the investment's special risk position.

Treasury stock

If the Group acquires treasury stock, this is to be deducted from equity. Transactions to purchase, sell, issue or call in treasury stock are not recognised in the income statement. In the financial year 2006, a total of 8,248,600 shares in MLP AG (previous year: 614,509 shares) were purchased. For details, please refer to note 27.

Share-based payment

The MLP Group grants certain employees, independent commercial agents and managers share-based payments that can be settled partly by issuance of equity instruments and partly in cash.

The expense incurred as a result of **equity-settled share-based payments** is measured at the grant-date fair value of the equity instruments granted. Fair value is measured using the Black-Scholes formula. The expense is recognised on a straight-line basis over the period during which the related conditions are fulfilled. This period ends once the employee concerned is irrevocably entitled to receive the awards. At the same time, capital reserves are increased by a corresponding amount.

The proportion of the fair value **cash-settled share-based payments** attributable to services provided up to the valuation date is recognised as personnel expenses and also as a liability. The fair value is recalculated on each balance sheet date and on the payment date. Any change to the fair value is to recognised in profit or loss for the period. As such, the accumulated fair value of the liability corresponds to the amount which will foreseeably be paid to the employee concerned.

Pension provisions and other provisions

Provisions for pensions are determined pursuant to IAS 19 using the projected unit credit method for defined benefit schemes. Future obligations are measured on the basis of an independent actuarial study. The interest component of pension expenses is reported under personnel expenses. The Group applies the corridor method to recognise net cumulative unrecognised actuarial gains and losses.

Payments for defined contribution plans are expensed in the period in which employees render the related service. Payments for statutory pension plans are treated in the same way as defined contribution plans.

Other provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation's amount can be estimated reliably. If the Group expects to have reimbursed at least part of a practically certain provision it has expensed (e.g. in the case of an existing insurance policy), the reimbursement is recognised as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement. Where the effect of the time value of money is material, provisions are stated at their present value. In this case, the increase in their amount as a result of the passage of time is recognised as an interest charge.

Financial instruments – Liabilities due to banking business

The liabilities due to banking business are carried as financial liabilities for their initial recognition at fair value, following deduction of transaction costs. In the following periods, they are measured at amortised costs according to the effective interest method.

Financial instruments – Liabilities

Trade accounts payable and other liabilities are recognised at amortised cost. The fair value of the liabilities approximately corresponds to the carrying amount.

Taxes

Tax refund claims and tax liabilities for both the current period and earlier periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amount is determined on the basis of the tax rates and tax legislation that apply on the closing date or that will apply in the near future.

Deferred taxes are recognised in accordance with the balance sheet liability method for all taxable temporary differences existing at the closing date between the values of the IFRS consolidated balance sheet and the taxable values of the individual companies.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets to the extent that it is probable that there will be taxable income against which the deductible temporary differences can be used. Such assets and liabilities are not carried where the temporary difference arises from goodwill or the initial recognition of other assets and liabilities which do not result from a business combination and which neither affects taxable income nor net income at the time of addition.

The carrying amount of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which the deferred tax assets can be used. Deferred tax assets that have not been recognised are reviewed at each closing date and recognised to the extent that it has become probable that future taxable profit will make recovery possible.

Deferred tax assets are measured at the tax rates that apply when an asset is realised or a liability settled. Deferred taxes are generally recognised in the income statement, except for such items as are taken directly to equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has an enforceable right to offset tax refund claims against tax liabilities and if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The **amount of value-added tax** reimbursed by or remitted to the tax authority is carried under the items "Receivables and other assets" or "Liabilities".

Financial instruments – Derivative financial instruments

The derivative financial instruments of the MLP Group primarily cover interest rate swaps. The MLP Group also holds a call option on 43.414 % of further shares in the Feri Group, 56.586 % of which was purchased in the financial year. At the same time, the previous shareholders of the Feri Group hold a put option. The effects of these options are explained in note 7.

Derivative financial instruments are initially recognised at fair value without transaction costs and subsequently remeasured at the fair value (financial assets held for trading). Derivatives with positive market values are recognised in the balance sheet item "Receivables and other assets" and derivatives with negative market values in the item "Liabilities". The MLP Group does not make use of hedge accounting pursuant to IAS 39. Changes in the market value of derivatives are directly recognised in the income statement and are contained in the finance cost and the income/expenses from the banking business of the MLP Group.

Notes to the consolidated income statement

Income by business segment is stated in the segment report.

[9] Income from brokerage business

All figures in €'000	2006	2005
Life insurance	368,385	374,610
Health insurance	52,575	46,594
Non-life insurance	19,507	18,383
Loans	14,901	11,076
Mutual funds	14,197	13,866
Other income	3,939	3,349
Total	**473,504**	**467,878**

Due to a modified itemisation, there are minor shifts between the sub-items "Life insurance", "Loans" and "Other income". The previous year's figures were adjusted accordingly.

[10] Income from banking business

All figures in €'000	2006	2005
Commission income	45,081	34,698
Interest and similar income		
Available for sale	667	638
Held to maturity	199	146
Loans and receivables	23,455	17,966
At fair value through profit and loss	243	178
	24,564	**18,928**
Change fair value option		
Held for trading	305	–
At fair value through profit and loss	–	674
	305	**674**
Total	**69,950**	**54,300**

Commission income from the banking business is essentially down to income received from bank accounts, the credit card and financing business and from securities custody business. The commission income includes income from trust transactions of € 1,349 thsd (previous year: € 1,343 thsd).

[11] Income from wealth management

All figures in € '000	2006
Wealth management	6,319
Income from consulting/fees	2,942
Total	**9,261**

Due to the acquisition of the Feri Group, income from the wealth management segment is disclosed for the first time in 2006.

Income from wealth management includes payments received for wealth management and consulting, sales commissions and trail commissions for wealth management mandates.

Further income generally results from consulting on multi-manager funds, hedge funds and from research and rating services in the field of industries, capital market and property.

[12] Other income

All figures in € '000	2006	2005
Subsequent income from sale	8,640	9,334
Cost transfers to commercial agents	6,859	7,946
Income from service provision and infrastructure	5,435	7,586
Reversal of impairment losses	2,839	105
Income from the reversal of provisions	2,426	11,388
Rent	1,203	1,941
Own work capitalised	1,462	643
Income from currency translation	21	4
Income from the disposal of intangible assets and property, plant and equipment	13	7
Sundry other income	6,523	2,774
Total	**35,421**	**41,728**

The subsequent income from disposal is due to the sale of MLP Lebensversicherung AG and contains a portion of subsequent profit attributable to the financial year 2006 of € 8,640 thsd (previous year: € 9,334 thsd).

The sub-item "Cost transfers to commercial agents" covers among other things income from the renting out of laptops. Furthermore it also includes cost transfers of other material costs.

The income from service provision and infrastructure concerns amounts billed to Heidelberger Lebensversicherung AG and Janitos Versicherung AG (formerly MLP Lebensversicherung AG and MLP Versicherung AG) for services rendered.

The rise in the "Reversal of impairment losses" item essentially results from considerably lower receivables from commercial agents and an associated reduction in allowances for losses.

The reduction of income from the reversal of provisions is mainly attributable to the full repayment of existing factoring agreements in the fourth quarter of 2005. Further information on the provisions is given in note 28.

The own work capitalised results mainly from the development activities with the MLP broker platform and the product selection.

[13] Expenses for brokerage business

This item principally comprises commissions for self-employed MLP consultants.

Expenses for the brokerage business dropped by € 1,054 thsd to € 221,950 thsd (previous year: € 223,004 thsd).

[14] Expenses for banking business

All figures in € '000	2006	2005
Commissions paid	2,693	1,422
Interest and similar expenses		
Amortised costs	12,371	8,517
Available for sale	19	14
Held to maturity	–	43
	12,390	**8,574**
Allowances for losses		
Added to allowances for losses	1,686	3,123
Income from the reversal of allowances for losses	– 615	– 50
Direct amortisation	1,723	926
	2,794	**3,999**
Change fair value option		
Fair value through profit and loss	315	–
Held for trading	–	120
	315	**120**
Total	**18,192**	**14,115**

The allowances for losses and the changes therein are recognised based on the review of bad debt allowances and provisions for the lending business and direct amortisation as part of the annual review of the credit portfolio.

[15] Expenses for wealth management

All figures in € '000	2006
Payment of trail commission	617
Sales commission	117
Other expenses	131
Total	**865**

Due to the acquisition of the Feri Group, expenses of the wealth management segment are disclosed for the first time in 2006.

[16] Personnel expenses / Number of employees

All figures in € '000	2006	2005
Salaries and wages	71,008	61,047
Social security contributions	10,830	9,251
Expenses for old-age provisions and benefits	3,830	2,831
Total	**85,668**	**73,129**

Personnel expenses essentially include salaries and wages, remuneration and other payments to the employees of the MLP Group.

The social security contributions include the statutory contributions to be borne by the company (social security insurance premiums).

Expenses for old-age pension and benefits mostly include employer's shares of supplementary occupational provision.

The rise in personnel expenses is mainly down to the first-time consolidation of the Feri Group, new appointments in the occupational pension provision and sales promotion segments and general wage increases.

Compensation of € 1,319 thsd (previous year: € 327 thsd) was granted for the termination of employment contracts.

Number of employees

	2006			2005		
	Total	Germany	Foreign operations	Total	Germany	Foreign operations
Employees	**1,269**	1,171	98	**1,376**	1,282	94
Marginal part-time employees	**398**	381	17	**370**	363	7
Total	**1,667**	**1,552**	**115**	**1,746**	**1,645**	**101**

The average number of staff employed by the MLP Group dropped from 1,746 in 2005 to 1,667 in 2006. This is mainly attributable to the insurance companies sold in the previous year (MLP Lebensversicherung AG and MLP Versicherung AG), which have been included in the calculation pro rata temporis up to the point of deconsolidation.

The average number of employees in continuing operations rose by 152, which means that the average staff level increased from 1,505 to 1,657. The employees per segment are shown in note 35.

An average of 96 people (previous year: 111) were trained in the financial year.

[17] Depreciation/amortisation and impairment loss

All figures in € '000	2006	2005
Scheduled depreciation/amortisation		
Intangible assets	9,178	9,196
Property, plant and equipment	7,482	7,957
Investment property	451	143
	17,111	**17,296**
Impairment		
Property, plant and equipment	127	102
Investment property	–	2,307
	127	**2,409**
Total	**17,238**	**19,705**

The depreciation/amortisation and impairment loss dropped by € 2,467 thsd compared to the previous year. This was mainly due to the impairment losses on the investment property amounting to € 2,307 thsd, which were recognised in 2005 ("Internal services and administration" segment).

The impairment loss on property, plant and equipment amounting to € 127 thsd (previous year: € 102 thsd) concerns leasehold improvements as fixtures and furniture ("Consulting and sales" segment).

The development of intangible assets is given in note 20, the development of property, plant and equipment in note 21, and the development of investment property in note 22.

[18] Operating expenses

All figures in € '000	2006	2005
IT costs	34,823	36,981
Cost of premises	22,594	22,562
Audit and consultancy costs	11,950	11,703
Advertising expenses	10,868	8,581
Communication	10,667	12,201
Training and seminars	9,917	10,542
Expenses for retired sales representatives	6,992	7,774
Representation, entertainment expenses	6,146	4,986
Allowances for bad debts	5,289	7,637
Rental for notebooks	5,170	5,270
Other banking-related expenses	4,666	4,497
Office supplies	3,274	3,228
Expenses from convertible debentures	1,886	1,557
Travel expenses	1,797	1,629
Rent	1,260	651
Insurance	1,138	1,988
Premiums and fees	1,033	730
Repairs and maintenance	667	545
Losses on the disposal of intangible assets and property, plant and equipment	491	507
Money transaction expenses	428	413
Specialist literature and journals	379	322
Other taxes	296	381
Donations	164	229
Currency translation expenses	86	33
Sundry other expenses	17,332	17,181
Total	**159,313**	**162,128**

The expenses for IT and communication were considerably reduced as a result of more favourable purchasing and procurement terms.

Allowances for bad debts fell as a result of a drop in receivables from commercial agents.

[19] Finance cost

All figures in € '000	2006	2005
Other interest and similar income	9,719	7,441
Income from investments	68	–
Income from profit and loss transfer agreements	84	–
Income from loans	35	192
Other interest and similar income	**9,906**	**7,633**
Interest and similar expenses	– 4,004	– 8,602
Loss absorption	–	– 27
Losses on the disposal of financial investments	–	– 9
Other interest and similar expenses	**– 4,004**	**– 8,638**
Total	**5,902**	**– 1,005**

Interest income and charges are accounted for on an accrual basis.

The increase in the sub-item "Other interest and similar income" is essentially due to the investment of the sales proceeds from the two insurance subsidiaries in 2005 and an improved investment strategy.

The decrease in other interest and similar expenses was mainly a result of the repayment of the factoring agreements in the financial year 2005.

Notes on Group assets

[20] Intangible assets

All figures in € '000	Goodwill	Software (created internally)	Software (purchased)	Other intangible assets	Payments on account and assets under construction	Total
Acquisition costs						
As at Jan 1, 2006	**689**	**14,452**	**49,215**	**1,091**	**1,876**	**67,322**
Currency differences	–	–	1	–	–	1
Changes to the scope of consolidation	118,950	883	4	35,699	–	155,536
Additions	–	103	555	63	16,806	17,527
Disposals	–	–	– 3,687	–	–	– 3,687
Transfers	–	–	3,621	–	– 3,621	–
As at Dec 31, 2006	**119,639**	**15,438**	**49,709**	**36,853**	**15,061**	**236,700**
Depreciation/amortisation						
As at Jan 1, 2006	**4**	**12,474**	**31,289**	**638**	**–**	**44,405**
Currency differences	–	–	0	–	–	0
Changes to the scope of consolidation	– 1	–	– 6	–	–	– 7
Additions	–	715	7,822	641	–	9,178
Disposals	–	–	– 3,679	–	–	– 3,679
Transfers	–	–	–	–	–	–
As at Dec 31, 2006	**3**	**13,189**	**35,426**	**1,279**	**–**	**49,897**
Carrying amount Jan 1, 2006	**685**	**1,978**	**17,926**	**453**	**1,876**	**22,917**
Carrying amount Dec 31, 2006	**119,636**	**2,249**	**14,283**	**35,574**	**15,061**	**186,803**

All figures in € '000	Goodwill	Software (created internally)	Software (purchased)	Other intangible assets	Payments on account and assets under construction	Total
Acquisition costs						
As at Jan 1, 2005	**715**	**22,730**	**93,931**	**2,285**	**4,467**	**124,128**
Currency differences	–	–	1	–	–	1
Changes to the scope of consolidation	– 26	– 2,437	– 51,799	– 1,194	– 7,032	– 62,488
Additions	0	–	1,254	–	10,775	12,029
Disposals	–	– 5,943	– 404	–	–	– 6,347
Transfers	–	102	6,232	–	– 6,334	–
As at Dec 31, 2005	**689**	**14,452**	**49,215**	**1,091**	**1,876**	**67,322**
Depreciation/amortisation						
As at Jan 1, 2005	**30**	**19,564**	**42,479**	**1,787**	**–**	**63,860**
Currency differences	–	–	–	–	–	–
Changes to the scope of consolidation	– 26	– 2,154	– 19,726	– 1,194	–	– 23,100
Additions	0	960	8,881	45	–	9,886
Disposals	–	– 5,896	– 345	–	–	– 6,241
Transfers	–	–	–	–	–	–
As at Dec 31, 2005	**4**	**12,474**	**31,289**	**638**	**–**	**44,405**
Carrying amount Jan 1, 2005	**685**	**3,166**	**51,452**	**498**	**4,467**	**60,268**
Carrying amount Dec 31, 2005	**685**	**1,978**	**17,926**	**453**	**1,876**	**22,917**

The acquired intangible assets comprise acquired software, concessions, industrial property rights, licences and similar rights. The "Software (purchased)" item also comprises expenses for internal development services which were incurred for preparation of third-party developed software for the intended use.

Intangible assets created inhouse concern development costs for internally developed software.

All development costs incurred in the financial year 2006 met the criteria for inclusion on the asset side in line with IAS 38.57 (2006: € 1,462 thsd; 2005: € 1,272 thsd). They are recorded under "Software (purchased)", "Software (created internally)" and "Payments on account and assets under construction". Otherwise, no further research and development costs were incurred.

The change in the sub-item "Changes to the scope of consolidation" in the financial year 2006 is mainly due to the acquisition of the Feri Group (see note 7). The additions concern the additionally acquired assets of brand, software, client base and the acquired goodwill.

Of the amortisation of intangible assets, € 9,178 thsd (previous year: € 9,196 thsd) is for continuing operations and € 0 thsd (previous year: € 690 thsd) for discontinued operations. Pursuant to IFRS 5.25, non-current assets of the discontinued operations were not depreciated.

As in the previous year, there was no need for a devaluation of goodwill in the financial year 2006.

There are no restraints or pledges.

See note 17 for amortisation of intangible assets.

[21] Property, plant and equipment

All figures in € '000	Land, leasehold rights and buildings	Other equipment, fixtures and furniture	Payments on account and assets under construction	Total
Acquisition costs				
As at Jan 1, 2006	**80,788**	**70,327**	**96**	**151,211**
Currency differences	1	2	–	3
Changes to the scope of consolidation	– 522	588	–	66
Additions	546	1,638	142	2,326
Disposals	– 611	– 2,517	–	– 3,128
Transfers	92	–	– 92	–
As at Dec 31, 2006	**80,294**	**70,038**	**146**	**150,478**
Depreciation/amortisation				
As at Jan 1, 2006	**16,351**	**40,114**	**–**	**56,465**
Currency differences	– 4	– 3	–	– 7
Changes to the scope of consolidation	– 522	– 454	–	– 976
Additions	2,538	5,516	–	8,054
Disposals	– 104	– 2,017	–	– 2,121
Transfers	–	–	–	–
As at Dec 31, 2006	**18,259**	**43,156**	**–**	**61,415**
Carrying amount Jan 1, 2006	**64,437**	**30,213**	**96**	**94,746**
Carrying amount Dec 31, 2006	**62,035**	**26,882**	**146**	**89,063**

All figures in € '000	Land, leasehold rights and buildings	Other equipment, fixtures and furniture	Payments on account and assets under construction	Total
Acquisition costs				
As at Jan 1, 2005	**104,537**	**72,798**	**18**	**177,353**
Currency differences	10	23	–	33
Changes to the scope of consolidation	–	– 1,459	– 35	– 1,494
Additions	508	2,488	1,659	4,655
Disposals	– 1,397	– 1,620	–	– 3,017
Transfers	– 22,870	– 1,903	– 1,546	– 26,319
As at Dec 31, 2005	**80,788**	**70,327**	**96**	**151,211**
Depreciation / amortisation				
As at Jan 1, 2005	**21,137**	**38,860**	**–**	**59,997**
Currency differences	4	8	–	12
Changes to the scope of consolidation	–	– 1,144	–	– 1,144
Additions	3,019	5,213	–	8,232
Disposals	– 1,341	– 1,240	–	– 2,581
Transfers	– 6,468	– 1,583	–	– 8,051
As at Dec 31, 2005	**16,351**	**40,114**	**–**	**56,465**
Carrying amount Jan 1, 2005	**83,400**	**33,938**	**18**	**117,356**
Carrying amount Dec 31, 2005	**64,437**	**30,213**	**96**	**94,746**

Of the depreciation and impairment losses on property, plant and equipment, € 7,609 thsd (previous year: € 8,059 thsd) is attributable to continuing operations. This figure includes an impairment loss of € 127 thsd (previous year: € 102 thsd) charged to leasehold improvements and other equipment, fixtures and furniture.

Depreciation of property, plant and equipment of € 445 thsd (previous year: € 173 thsd) was recorded for discontinued operations, of which an impairment loss on property, plant and equipment of € 421 thsd was recorded for the intended discontinuation of the operation in Switzerland. Pursuant to IFRS 5.25, non-current assets of the discontinued operations were not depreciated.

The transfer from property, plant and equipment to investment property performed in 2005 concerns the Forum 7 premises and building in Heidelberg.

There are no restraints or pledges.

Depreciation of property, plant and equipment is stated in note 17.

[22] Investment property

All figures in € '000	Investment property
Acquisition costs	
As at Jan 1, 2006	**25,713**
Additions	195
Disposals	– 344
Transfers	–
As at Dec 31, 2006	**25,564**
Depreciation / amortisation	
As at Jan 1, 2006	**10,175**
Additions	451
Disposals	– 125
Transfers	–
As at Dec 31, 2006	**10,501**
Carrying amount Jan 1, 2006	**15,538**
Carrying amount Dec 31, 2006	**15,063**

All figures in € '000	Investment property
Acquisition costs	
As at Jan 1, 2005	**–**
Additions	11
Disposals	– 617
Transfers	26,319
As at Dec 31, 2005	**25,713**
Depreciation / amortisation	
As at Jan 1, 2005	**–**
Additions	2,450
Disposals	– 326
Transfers	8,051
As at Dec 31, 2005	**10,175**
Carrying amount Jan 1, 2005	**–**
Carrying amount Dec 31, 2005	**15,538**

The fair value of the Group's investment property at December 31, 2006 is € 15,175 thsd (previous year: € 15,538 thsd). It is based on an independent appraisal report issued by the auditing company KPMG Deutsche Treuhand-Gesellschaft, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft. The capitalized earnings method was applied for the evaluation of the fair value.

The Group's investment property is rented out within the scope of an operating lease. The proceeds from this lease in the financial year 2006 came to € 1,203 thsd, and to € 199 thsd for the period from October to December 2005. The expenses for the investment property in 2006 amounted to € 350 thsd (October to December 2005: € 100 thsd).

The depreciation for this property is disclosed under note 17 .

[23] Receivables from banking business

All figures in € '000	Dec 31, 2006			Dec 31, 2005		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from clients	178,300	105,532	283,832	191,712	92,929	284,641
Receivables from other financial institutions	317,376	17,556	334,932	235,668	2,557	238,225
Total, gross			**618,764**			**522,866**
Impairment			**– 12,381**			**– 11,843**
Total, net			**606,383**			**511,023**

The **receivables from clients** mainly concern receivables from loans, current accounts and credit cards.

All figures in € '000	Gross value at Dec 31, 2006	Of which: at Dec 31, 2006 neither impaired nor overdue	Of which: at Dec 31, 2006 neither impaired nor overdue within in the follwing time		
			< 90 days	90 – 180 days	> 180 days
Receivables from clients	283,832	272,544	4,356	329	938
Total	**283,832**	**272,544**	**4,356**	**329**	**938**

All figures in € '000	Gross value at Dec 31, 2005	Of which: at Dec 31, 2005 neither impaired nor overdue	Of which: at Dec 31, 2005 neither impaired nor overdue within in the follwing time		
			< 90 days	90 – 180 days	> 180 days
Receivables from clients	284,641	276,645	2,157	251	1,578
Total	**284,641**	**276,645**	**2,157**	**251**	**1,578**

Receivables from clients due to originated loans are generally secured by land charges and pledges of life insurance policies and securities. Receivables from accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. At the closing date € 3,672 thsd (previous year: € 1,086 thsd) was recorded as receivables due from banking business for which new terms were agreed and which would otherwise have been overdue or impaired. Financial and non-financial assets of € 153 thsd were assigned to MLP by way of collateral for originated loans and receivables due to defaults of debtors. The carrying amount of these assets was € 153 thsd at the closing date. These assets mainly concern properties and life insurance policies. The company intends to sell these assets as soon as possible.

Overdue accounts receivable for which no specific allowance has been made are secured with customary banking collaterals. Receivables for which a specific allowance has been recognised are secured by collaterals of € 4,426 thsd (previous year: € 2,483 thsd).

Allowances for losses on individual accounts of € 2,885 thsd (previous year: € 1,774 thsd) and impairment losses on portfolio basis of € 9,496 thsd (previous year: € 10,069 thsd) were recognised for credit risks. Alongside the receivables deducted from the allowance on the assets side of € 12,381 thsd (previous year: € 11,843 thsd), the allowances for losses on loans and advances include provisions of € 596 thsd (previous year: € 121 thsd). Thus the total allowance for losses is € 12,977 thsd (previous year: € 11,964 thsd).

All figures in € '000	Allowances for losses on individual accounts and provisions		Impairment loss on portfolio basis		Total	
	2006	2005	2006	2005	2006	2005
As at Jan 1	**1,895**	**1,887**	**10,069**	**7,523**	**11,964**	**9,410**
Allocation	1,686	577	0	2,546	1,686	3,123
Reversal / utilised	– 100	– 569	– 573	0	– 673	– 569
As at Dec 31	**3,481**	**1,895**	**9,496**	**10,069**	**12,977**	**11,964**

Allowances for losses were recognised for:

All figures in € '000	Dec 31, 2006	Dec 31, 2005
Receivables from clients	12,381	11,843
Bank guarantees	596	121
Total	**12,977**	**11,964**

Taking into account total direct amortisation of € 1,723 thsd (previous year: € 926 thsd), funds provided and recognised in the income statement of € 1,686 thsd (previous year: € 3,123 thsd) as well as reversals of € 615 thsd (previous year: € 50 thsd) resulted in net cost of allowances for losses of € 2,794 thsd (previous year: € 3,999 thsd).

Receivables for which specific allowances have been made amount in total to € 5,808 thsd (previous year: € 4,545 thsd). For € 593 thsd of these the impairment was less than 50 %, the remaining volume was written down by more than 50 %. The allowance for bad debts comes to € 2,885 thsd (previous year: € 1,774 thsd). This corresponds to a percentage of 50 % (previous year: 39 %). Accounts receivable which are in the reconstruction phase are written down by 50 % and receivables which are in the debt enforcement phase are written down by 100 %.

Receivables from other financial institutions mainly concern time deposits. The accounts receivables with up to one year remaining to maturity come to € 317,376 thsd (previous year: € 235,668 thsd), while those with more than one year remaining to maturity come to € 17,556 thsd (previous year: € 2,557 thsd). The receivables are not collateralised. MLP only places funds at banks with a first-class credit standing. At the closing date there are no receivables which are overdue or for which an impairment loss would have had to be charged.

The classifications made pursuant to IFRS 7 are explained in note 33.

[24] Financial assets

All figures in € '000	Dec 31, 2006	Dec 31, 2005
Available for sale		
Investments	3,222	1,373
Securities	34,763	35,184
Held to maturity		
Securities	11,916	–
Loans and receivables		
Loans	4	184
Other investments	–	200,000
Total	**49,905**	**236,741**

The item "Investments" mainly concerns non-consolidated subsidiaries.

All figures in € '000	Amortised costs		Accumulated unrealised gains		Accumulated unrealised losses		Market values	
	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
Securities								
up to 1 year	10,509	6,399	1	2	– 8	–	10,502	6,401
up to 1 year and up to 5 years	21,005	23,557	58	152	– 11	– 18	21,052	23,691
more than 5 years	–	4,958	–	–	–	– 33	–	4,925
Investment funds	3,164	167	45	–	–	–	3,209	167
Total	**34,678**	**35,081**	**104**	**154**	**– 19**	**– 51**	**34,763**	**35,184**

Unrealised gains of € 44 thsd (previous year: € 64 thsd) and unrealised losses of € 33 thsd (previous year: € 52 thsd) were taken directly to shareholders' equity in the period under review. € 6 thsd (previous year: € 17 thsd) has been reversed from shareholders' equity and recognised in the earnings for the period.

The average cost method is applied to determine realised gains and losses on securities and investment funds.

Held to maturity

All figures in € '000	Amortised costs		Market values	
	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
Securities				
up to 1 year	4,966	–	4,948	–
more than 1 year and up to 5 years	4,980	–	4,955	–
more than 5 years	1,970	–	1,921	–
Total	**11,916**	**–**	**11,824**	**–**

The fair value of individual securities may drop temporarily below their carrying amount. However, insofar as there are no credit risks, these securities are not written down.

The **loans** amount to € 4 thsd (previous year: € 184 thsd) and have a remaining term to maturity of up to one year.

The drop in **other investments** (and cash and cash equivalents) is mainly due to the payout of a dividend in the current financial year, the cash price payment for the shareholding in Feri Finance AG and the payments for the share buyback programme.

Assets pledged as collateral:
A security with a face value of € 1,500 thsd and a carrying amount of € 1,498 thsd (previous year: face value of € 1,500 thsd, carrying amount of € 1,491 thsd) was deposited as security with Clearstream Banking AG, Frankfurt/Main to cover the replacement risk on account of stock market transactions.

In addition, MLP Bank AG has pledged to Deutsche Bundesbank, Frankfurt/Main, a security with a face value of € 4,000 thsd and a carrying amount of € 4,000 thsd (previous year: face value of € 4,000 thsd, carrying amount of € 4,000 thsd) to secure lombard loans.

To protect the securities processing business, a security (face value of € 1,000 thsd, carrying amount € 1,003 thsd) was pledged to DZ-Bank AG, Frankfurt/Main.

Securities with a face value of € 5,000 thsd and a carrying amount of € 4,965 thsd (previous year: face value € 5,000 thsd, carrying amount € 5,001 thsd) were pledged to the Kreditanstalt für Wiederaufbau (KfW) for liabilities payable of € 16,903 thsd (previous year: € 16,063 thsd) as at the balance sheet date.

All collaterals transferred can normally only be utilised by the secured party in the event that MLP Bank AG is not able to meet its payment obligations on a timely basis.

For further disclosures regarding financial investments, please refer to note 33.

[25] Receivables and other assets

All figures in €'000	Dec 31, 2006			Dec 31, 2005		
	Current	Non-current	Total	Current	Non-current	Total
Trade accounts receivable	101,959	223	102,182	75,497	–	75,497
Receivables from commercial agents	11,797	30,545	42,342	5,560	44,304	49,864
Advance payments	32,761	–	32,761	26,511	–	26,511
Receivables from companies in which the Group holds an interest	2,195	–	2,195	540	–	540
Positive market values from derivatives	–	136	136	–	60	60
Other assets	16,578	38	16,616	18,439	345	18,784
Total, gross			**196,232**			**171,256**
Impairment			**–19,098**			**–20,963**
Total, net			**177,134**			**150,293**

The main items included in trade receivables are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Receivables from sales representatives concern MLP consultants and branch office managers.

In the second half of the year, the health insurance business was affected by the uncertain legislative situation. There was uncertainty, both in terms of when the health reform would come into effect and its final wording. For this reason, those MLP clients who opted to switch over to a private health insurance during this time were given the right by the private health insurance companies to withdraw from their contract without suffering any financial disadvantages. The commission income earned from these contracts in 2006 was treated by MLP as advance payments received. The same applies to the commissions paid to commercial agents, which are included in advance payments made. This item also comprises trail commissions paid in advance on commissions for unit-linked life insurance policies which become legally effective after the balance sheet date.

The main item recorded in other assets concerns receivables from the subsequent profit component for the financial year 2006 due to the sale of MLP Lebensversicherung AG.

Allowances for bad debts and other assets as at December 31, 2006 are as follows:

All figures in € '000	2006	2005
Impairment loss Jan 1	**20,963**	**15,446**
Utilisation	– 4,315	– 2,015
Allocations	5,289	7,637
Reversals	– 2,839	– 105
Impairment Dec 31	**19,098**	**20,963**

Receivables and other assets are usually not collateralised. With regard to receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

All figures in € '000	Gross value at Dec 31, 2006	Of which at Dec 31, 2006 neither impaired nor overdue	Of which at Dec 31, 2006 neither impaired nor overdue within the following time spans		
			< 90 days	90 – 180 days	> 180 days
Trade accounts receivable	102,182	91,530	5,192	711	4,749
Receivables from commercial agents	42,342	23,471	248	89	149
Advance payments	32,761	32,761	–	–	–
Receivables from companies in which the Group holds an interest	2,195	1,514	–	–	–
Positive market values from derivates	136	136	–	–	–
Other assets	16,616	5,703	10,290	112	398
Total	**196,232**	**155,115**	**15,730**	**912**	**5,296**

All figures in € '000	Gross value at Dec 31, 2005	Of which at Dec 31, 2005 neither impaired nor overdue	Of which at Dec 31, 2005 neither impaired nor overdue within the following time spans		
			< 90 days	90 – 180 days	> 180 days
Trade accounts receivable	75,497	58,052	2,158	9,136	6,151
Receivables from commercial agents	49,864	28,088	324	100	367
Advance payments	26,511	26,511	–	–	–
Receivables from companies in which the Group holds an interest	540	11	–	–	–
Positive market values from derivates	60	60	–	–	–
Other assets	18,714	8,454	9,858	122	153
Total	**171,256**	**121,176**	**12,340**	**9,358**	**6,671**

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are denied and where legal action is pending. Receivables for which specific allowances have been made amount in total to € 19,180 thsd (previous year: € 25,828 thsd). For € 3,521 thsd of these the impairment was less than 50 %, the other volume was written down by more than 50 %. The total value adjustment amounts to € 15,371 thsd (previous year: € 17,319 thsd). This corresponds to an average percentage rate of 80 % (previous year: 67 %).

The classification of the balance sheet item "Receivables and other assets" in line with IFRS 7 is shown under note 33.

[26] Cash and cash equivalents

All figures in € '000	Dec 31, 2006	Dec 31, 2005
Cash on hand	183	225
Deposits at the Deutsche Bundesbank	13,656	10,832
Bank deposits	106,668	118,946
Total	**120,507**	**130,003**

The decline in cash and cash equivalents (and financial investments) is mainly due to the acquisition of the Feri Group, the purchase of treasury stock and the dividend payment.

Changes in cash and cash equivalents during the financial year are shown in the Group cash flow statement (note 34).

Notes on Group liabilities and shareholders' equity

[27] Shareholders' equity

All figures in € '000	Dec 31, 2006	Dec 31, 2005
Share capital	108,781	108,641
Treasury stock	– 148,353	– 10,505
Capital reserves	14,487	11,474
Available-for-sale reserve	69	63
Minority interest	63	63
Other comprehensive income	348,392	345,456
Total	**323,439**	**455,192**

Changes in the fully paid-in shares outstanding:

No. of shares	2006	2005
As at Jan 1	**108,026,177**	**108,640,686**
Treasury stock	– 8,248,600	– 614,509
Exercising convertible debentures	140,717	–
As at Dec 31	**99,918,294**	**108,026,177**

The changes in the consolidated shareholders' equity in the financial year are shown on page 146.

Share capital
The share capital is made up of 108,781,403 no-par-value ordinary shares (previous year: 108,640,686). In the financial year 2006 140,717 ordinary shares of our company have been issued by exercising conversion rights.

On April 8, 2002, the Executive Board, with the consent of the Supervisory Board, resolved to utilise Authorised Capital II to increase the company's share capital by € 29,440,686 from € 79,200,000 to € 108,640,686. Information regarding the implementation of the capital increase was entered in the Commercial Register on May 31, 2002. The capital increase was implemented by excluding the shareholders' legal subscription rights and issuing new ordinary bearer shares in exchange for non-cash contributions. The shares were admitted to the stock exchange on January 26, 2006.

Authorised capital
A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital on one or more occasions by up to € 21,000,000 in exchange for cash or non-cash contributions.

Acquisition of treasury stock
On November 11, 2005, following approval of the Supervisory Board granted on the same day, the Executive Board of MLP AG decided to acquire own shares of up to 10 % of the share capital in place at that time (day of resolution) amounting to 108,640,686 shares.

Authorisation for the buyback of own shares was granted by the Annual General Meeting on June 21, 2005 and was valid until December 20, 2006. During the period between December 1, 2005 and December 31, 2005, a total of 614,509 shares were acquired exclusively by MLP AG at an overall value of € 10,505,048. This corresponds to 0.57 % of the share capital (date of the resolution). The acquired shares correspond to € 614,509 of the share capital.

During the period between January 1, 2006 and December 20, 2006, a total of 8,248,600 shares were acquired exclusively by MLP AG at an overall value of € 137,847,996. This corresponds to 7.59 % of the share capital (day of resolution). The acquired shares correspond to € 8,248,600 of the share capital.

Since the beginning of the share buyback programme, a total of 8,863,109 shares was acquired at an overall value of € 148,353,044. This corresponds to 8.16 % of the share capital (day of resolution). The acquired shares correspond to € 8,863,109 of the share capital (day of resolution). Transaction costs of € 746 thsd (previous year: € 0 thsd) were incurred in the last financial year for the acquisition of treasury stock.

The resolution passed at the regular Annual General Meeting of May 31, 2006 once again authorised the Executive Board of MLP AG to purchase treasury stock, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG). The resolution of June 21, 2005 was withdrawn at the same time. The current resolution is valid until November 29, 2007. According to this, within this period, a total of up to 10 % of the share capital existing at the time of the resolution can be acquired via the stock exchange or by means of a public offer to buy directed at all shareholders.

Should these shares be bought back via the stock exchange, the purchase price per share to be paid by MLP AG (excluding transaction costs) may not be more than 10 % greater or less than the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the three preceding trading days prior to the obligation to purchase. In the case of a public offer, the purchase price may not exceed or fall below the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange by 10 % over the three trading days preceding the day the offer is made public.

The buyback programme shall be implemented in line with the implementation regulations (Directive EC 2273/2003) enacted under Article 8 of the Directive 2003/6/EC. An investment bank was commissioned to set up the resolution in the form of a systematic buyback programme via the stock exchange. This investment bank decides independently on the time of the individual buybacks based on a systematic buyback model. MLP has no influence on this.

Share-based payments

The Group only applies IFRS 2 to the share-based rights granted after November 7, 2002 that had not vested prior to or on January 1, 2005.

The resolution passed at the Annual General Meeting of May 28, 2002 authorised the Executive Board of MLP AG to issue non-interest-bearing convertible debentures in one or more tranches up to a total amount of € 1,700,000 (conditional capital) in the period to May 28, 2007, subject to the approval of the Supervisory Board.

On August 19, 2002, within the framework of the MLP Incentive Programme 2002, the company issued non-interest-bearing convertible debentures to bearer. 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 article 15 and following articles of the German Stock Corporation Act (AktG).

The convertible debentures rank pari passu with the partial debentures to bearer with a face value of € 1 each and have a maturity of six years each (of which three years is a qualifying period). The conversion right may only be exercised if, at any time during the qualifying period, the closing price of the MLP AG shares in the XETRA trade (or a comparable successor system replacing the XETRA system at the Frankfurt/Stock Exchange) reaches 130 % of the basic price (exercise hurdle). The basic price corresponds to the arithmetic mean of the closing price of the MLP AG shares in the XETRA trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to qualifying persons.

Since the exercise hurdle (€ 39.28) for the allocation of the convertible debentures was not reached by August 19, 2005, the convertible debentures of the first tranche (financial year 2002) can no longer be converted. The convertible debentures of the first tranche were repaid in the financial year 2005.

The exercise hurdle for the allocation of the second tranche (financial year 2003) was reached in the financial year 2006. During the exercise period (August 5, 2006 to August 4, 2009), the bearers of the convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2006, 140,717 conversion rights had been exercised and converted into shares of MLP AG. Thus the conditional capital amounts to € 1,559,283. The weighted average share price as of the exercise date was € 14.30 in the reporting period.

The right to cancel convertible debentures lies exclusively with the bearers and may only be exercised if the issuer is insolvent or in receivership.

When the right is exercised, each partial debenture with a face value of € 1 is exchanged for a new no-par-value share.

During the subscription period for the Incentive Programme 2002, partial debentures amounting to € 115 thsd were subscribed, and for the subscription period 2003 partial debentures amounting to € 281 thsd were subscribed. During the 2004 subscription period, the subscription of partial debentures amounted to € 677 thsd and for the subscription period 2005 the subscription of partial debentures amounted to € 578 thsd. No partial debentures were subscribed in the financial year 2006. Of the subscribed convertible debentures, € 1,329 thsd (previous year: € 1,494 thsd) were outstanding on the balance sheet date. Convertible debentures amounting to € 25 thsd (previous year: € 125 thsd) were repaid during 2006.

The fair value of the options is estimated at the grant date using the Black-Scholes formula and taking into account the conditions upon which the options are granted. The borrowed capital component is entered at the present value of the liability. The payments received are recognised over the expected vesting period. The liability is remeasured at each closing date until settlement, with the changes in fair value being recorded in the income statement.

The charge recognised in the income statement is € 2,165 thsd (previous year: € 1,931 thsd) and is shown in the personnel expenses and in operating expenses. This also leads to an increase in capital reserves of € 2,165 thsd (previous year: € 1,931 thsd).

At December 31, 2006, the carrying amount of the liability from the options with cash settlement amounted to € 1,014 thsd (previous year: € 1,103 thsd).

The following table shows details from the Incentive Programme:

	1st tranche	2nd tranche	3rd tranche	4th tranche
Exercise period				
Start	–	Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End	–	Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount (€)	1.00	1.00	1.00	1.00
Exercise price (€)	30.22	7.02	12.40	13.01
Subscribed convertible debenture (€ or units)	115,300	281,040	677,042	577,806
of which repaid in total (€ or units)	115,300	30,762	27,751	7,920
Convertible debentures at Jan 1, 2006 (€ or units)	–	256,594	660,777	576,861
of which Executive Board (€ or units)	–	7,248	32,300	–
Convertible debentures at Dec 31, 2006 (€ or units)	–	109,561	649,291	569,886
of which Executive Board (€ or units)	–	3,624	22,300	–
Exercised convertible debentures at Dec 31, 2006 (€ or units)	–	140,717	–	–
Parameters for the fair value:				
Dividend yield (%)	–	1.68	2.34	2.37
Expected volatility (%)	–	64.52	47.75	31.49
Historical volatility (%)	–	64.52	47.75	31.49
Risk-free interest rate (%)	–	3.68	3.56	2.86
Anticipated remaining term of option (years)	–	2.59	3.63	4.63

The expected volatility is based on the assumption that future trends can be inferred from historical volatility. The actual volatility may deviate from the assumptions made.

In 2005 a so-called **Long-Term Incentive Programme (LTI)** was introduced. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Within the scope of the Long-Term Incentive Programme the Chairman received 27,567 performance shares (phantom shares) in November 2005. The other members of the Board each received 20,675 performance shares. The cash payout of these phantom shares takes place only if the Group's EBT result for the years 2005 to 2007 attains a level previously set by the Supervisory Board. The Supervisory Board will decide on a payout in spring 2008.

On December 12, 2005, a further tranche of the LTI programme was approved for the financial year 2006. The Chairman of the Executive Board received 24,053 performance shares and the remaining members of the Executive Board each received 18,040 performance shares. A payout will only take place if the earnings before tax (EBT) achieved in the MLP Group for the years 2006 to 2008 attain a level previously set by the Supervisory Board.

The LTI programme does not provide for an equity settlement.

The costs to be expected from cash settlement transactions will initially be valued using the Black-Scholes formula with the fair value at the time of granting the phantom options. This fair value will be entered in the income statement until the first possible exercise date. An appropriate liability will be recorded. The liability is remeasured at each closing date up until settlement date. Changes in fair value are recognised in the income statement.

	Tranche 2006	Tranche 2005
Performance shares at time of allocation (units)	135,300	144,728
of which Executive Board	78,173	89,592
of which other managers	57,127	55,136
Performance shares as at Jan 1, 2006 (units)	–	144,728
of which Executive Board	–	89,592
of which other managers	–	55,136
Performance shares as at Dec 31, 2006 (units)	117,260	124,053
of which Executive Board	60,133	68,917
of which other managers	57,127	55,136
Expired performance shares	18,040	20,675
Parameters for the fair value as at Dec 31, 2006:		
Dividend yield (%)	2.66	2.66
Expected volatility (%)	34.21	30.80
Historical volatility (%)	34.21	30.80
Risk-free interest rate (%)	3.90	3.86
Anticipated remaining term of option (years)	2.01	1.00
Parameters for the fair value as at Dec 31, 2005:		
Dividend yield (%)	–	2.99
Expected volatility (%)	–	30.61
Historical volatility (%)	–	30.61
Risk-free interest rate (%)	–	2.86
Anticipated remaining term of option (years)	–	2.42

The charge included in the income statement for the Long-Term Incentive Programme is €544 thsd (previous year: €91 thsd). As at December 31, 2006 a provision of €623 thsd (previous year: €91 thsd) was carried for the Long-Term Incentive Programme.

Capital reserves

The change in the capital reserves in the financial year is essentially due to the recognition of share-based payments pursuant to IFRS 2. The addition has resulted in the disclosure of personnel expenses of € 279 thsd (previous year: € 374 thsd) and operating expenses of € 1,886 thsd (previous year: € 1,557 thsd) in the income statement.

Due to the conversion rights exercised in 2006, the capital reserves increased by € 848 thsd. The increase in the financial year 2006 is the difference between the exercise price and nominal amount (€ 7.02 – € 1) of the second tranche conversion rights exercised:

All figures in € '000	2006	2005
As at Jan 1	**11,474**	**9,361**
Allocation		
Issue of conversion rights	2,165	2,113
Exercising of conversion rights	848	–
As at Dec 31	**14,487**	**11,474**

Pursuant to § 150 (4) of the German Stock Corporation Act (AktG), assets of MLP AG at the level of the capital reserves may not be distributed.

Available-for-sale reserve

The item shows unrealised profits and losses on financial assets, having accounted for deferred taxes.

Other comprehensive income

The other comprehensive income comprises non-distributed earnings of the MLP Group and the accumulated currency translation difference.

Minority interest

Minority interests comprise the minority interests in shareholders' equity of subsidiaries of MLP AG.

Proposed appropriation of profit

Due to the overall pleasing trend in operating results in the past financial year, at the Annual General Meeting 2007 the Executive and Supervisory Boards of MLP AG are to propose an increase in dividend payments from € 0.30 per share in 2005 to € 0.40 per share for the financial year 2006.

Should the company hold own shares on the day of the Annual General Meeting, the amounts pertaining to these shares will be carried forward to new account.

[28] Provisions

All figures in € '000	Dec 31, 2006			Dec 31, 2005		
	Current	Non-current	Total	Current	Non-current	Total
Pension provisions	261	15,639	15,900	256	12,784	13,040
Provisions for cancellations	5,369	–	5,369	1,856	–	1,856
Provisions for bonus schemes	4,834	–	4,834	3,399	–	3,399
Litigation risks/costs	1,943	–	1,943	2,350	–	2,350
Provisions for rent	559	1,074	1,633	800	1,872	2,672
Long-Term Incentive Programme	–	623	623	–	91	91
Provisions for the lending business	597	–	597	121	–	121
Economic loss	186	–	186	164	–	164
Other provisions for taxes	–	–	–	763	–	763
Other	1,785	1,038	2,823	7,927	276	8,203
Total			**33,908**			**32,659**

Provisions have changed as follows:

All figures in € '000	Jan 1, 2006	Currency	Utilised	Released	Allocation	Change in scope of consolidation	Dec 31, 2006
Pension provisions	13,040	–	– 262	–	3,122	–	15,900
Provisions for cancellations	1,856	3	–	–	3,686	– 176	5,369
Provisions for bonus schemes	3,399	–	– 3,399	–	4,834	–	4,834
Litigation risks/costs	2,350	–	– 504	– 785	882	–	1,943
Provisions for rent	2,672	– 1	– 523	– 1,187	754	– 82	1,633
Long-Term Incentive Programme	91	–	–	– 12	544	–	623
Provisions for the lending business	121	–	– 57	– 22	555	–	597
Economic loss	164	–	–	– 5	27	–	186
Other provisions for taxes	763	–	– 763	–	–	–	–
Other	8,203	–	– 2,135	– 4,094	849	–	2,823
Total	**32,659**	**2**	**– 7,643**	**– 6,105**	**15,253**	**– 258**	**33,908**

You can find further notes on pension provisions under item 31.

Provisions for bonus schemes are set up for self-employed commercial agents.

[29] Liabilities due to banking business

All figures in € '000	Dec 31, 2006			Dec 31, 2005		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	576,928	682	577,610	478,308	682	478,990
Liabilities due to banks	914	21,175	22,089	1,027	19,265	20,292
Total			**599,699**			**499,282**

The change in liabilities due to banking business from € 499,282 thsd to € 599,699 thsd is essentially due to the increase in client deposits.

At December 31, 2006, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 8,255 thsd (previous year: € 5,087 thsd).

The liabilities due to clients or due to banks do not comprise any large individual items.

See note 37 for further details.

[30] Liabilities

All figures in € '000	Dec 31, 2006			Dec 31, 2005		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	78,608	2,553	81,161	72,768	13,426	86,194
Advance payments received	46,504	–	46,504	28,157	–	28,157
Trade accounts payable	19,907	16	19,923	17,753	–	17,753
Negative market values from derivatives	–	5,838	5,838	–	7,458	7,458
Other liabilities due to tax	2,526	–	2,526	1,922	–	1,922
Liabilities due to companies in which the Group holds an interest	1,175	–	1,175	1,099	–	1,099
Convertible debentures	588	426	1,014	205	898	1,103
Liabilities due to banks	7	–	7	290	3,696	3,986
Liabilities due to tax on wages/salaries and social security contributions	56	–	56	1,122	–	1,122
Other liabilities	30,997	92,664	123,661	28,007	2,837	30,844
Total			**281,865**			**179,638**

Liabilities due to self-employed commercial agents as at the balance sheet date represent unsettled commissions. Usually they are non-interest-bearing and due on the 15th of the following month.

The item "Advance payments received" concerns paid-in-advance trail commissions from unit-linked life insurance policies and acquisition commissions for private health insurance policies with break option. The accrual refers to a period of one year. See note 25 for further information.

Liabilities due to companies in which the Group holds an interest are due on demand and are charged at an interest rate of 1.97 to 4.68 %.

With regard to liabilities from convertible debentures we refer to note 27 "Shareholders' equity", section "Share-based payments".

In the previous year, liabilities due to banks included a construction loan, which was used for financing the building in Wiesloch. It was repaid in full in the last financial year.

The liabilities due to tax on wages/salaries and social security contributions as well as other liabilities are non-interest-bearing and have a short-term maturity.

The sub-item "Other liabilities" essentially contains purchase price liabilities due to the remaining stake in Feri Finance AG. Furthermore, it comprises commissions withheld from MLP consultants due to cancellations of € 10,606 thsd (previous year: € 9,837 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

See notes 33 and 37 for further details.

[31] Pension schemes

In the MLP Group, executive members of staff and self-employed commercial agents have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans, which guarantee the beneficiaries the following pension payments:

- old-age pension upon reaching 60 or 62 years of age,
- disability pension or single payment of disability capital (branch office managers),
- widow's pension of 60 % and
- orphan's benefit of 10 % of the main pension and
- one-off capital sum payable on death before due date of pension (branch office managers).

The pension payments are funded both by means of provisions and pension plan reinsurance. In the financial year 2006, the total expenses for defined pension plans amounted to € 3,122 thsd (previous year: € 2,482 thsd). All expenses and income concerning the defined benefit pension plans are recorded in the operating result. The expenses for old-age pension for members of the Executive Board and Executive employees of € 2,101 thsd (previous year: € 1,010 thsd) are included in the income statement under "Personnel expenses" (note 16). The expenses for old-age pension for office managers of € 587 thsd (previous year: € 553 thsd) are recorded under "Operating expenses" (note 18). The corresponding interest components are also shown under personnel expenses or operating expenses respectively.

The expenses for old-age provisions and benefits from defined benefit schemes are as follows:

All figures in € '000	2006	2005
Current service cost	2,101	1,010
Past service cost	–	711
Accrued interest on pension entitlements	792	643
Actuarial gains/losses	229	118
Total	**3,122**	**2,482**

Pension provisions are measured in line with IAS 19. The method of valuation on which the report is based is the projected unit credit method using the mortality charts 2005G compiled by Dr. Klaus Heubeck. Actuarial gains or losses are accounted for using the corridor approach. Actuarial gains or losses are only recorded in line with IAS 19 if they exceed 10 % of the maximum defined benefit obligation and plan assets. The exceeding amount is spread among the residual service time of active employees and is recognised in the income statement.

€ 20,584 thsd (previous year: € 18,761 thsd) of the defined benefit obligation is funded by provisions and € 1,015 thsd (previous year: € 720 thsd) is funded by reinsurance.

The reconciliation of pension obligations to pension provisions is shown in the table below: Pension provisions include provisions of € 2,326 thsd (previous year: € 2,882 thsd) for related persons.

All figures in €'000	2006	2005
Define benefit obligation (DBO)		
Benefit obligations on Jan 1	19,481	15,090
Current service cost	2,157	1,543
Interest cost	792	643
Interest charge from reinsurance	239	–
Actuarial gains and losses	– 808	3,429
Benefits paid	– 262	– 256
Change in the scope of consolidation	–	– 1,416
Plan amendments	–	711
Reclassification of branch office managers	–	– 263
Defined benefit obligation as at Dec 31, including branch office managers	**21,599**	**19,481**
Plan assets as at Dec 31	– 1,015	– 720
Defined benefit obligation as at Dec 31	**20,584**	**18,761**
Unrecognised actuarial gains and losses	– 4,684	– 5,721
Pension provisions recognised in the balance sheet as at Dec 31	**15,900**	**13,040**

The plan assets are exclusively made up of reinsurance receivables. The change in plan assets results from interest and actuarial gains and losses.

Actuarial calculations incorporate the following significant assumptions:

	2006	2005
Assumed interest rate	4.40 %	4.25 %
Anticipated annual salary development	2.60 %	2.60 %
Anticipated annual pension adjustment	1.60 %	1.60 %
Assumed retirement age	60 or 62	60 or 62

Experience adjustments of defined benefit obligations are as follows:

All figures in €'000	2006	2005
Expected defined benefit obligation	21,393	14,987
Experience adjustments	– 142	1,030
Change in the assumption on which calculations were based	– 667	2,744
Defined benefit obligation	**20,584**	**18,761**

In 2007 we expect payments with regard to net pension provisions of € 261 thsd (of which € 261 thsd are attributable to anticipated pension payments of the company and € 0 thsd to expected premiums to reinsurance companies).

In addition there are defined contribution plans. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums are recognised as personnel expenses or operating expenses in the respective year and thus in the operating result. In the financial year 2006 they totalled to € 5,567 thsd (previous year: € 5,353 thsd).

[32] Income taxes, including deferred taxes

All figures in € '000	2006	2005
Income tax attributable to continuing operations	26,170	28,273
of which current taxes	21,374	– 11,685
of which deferred taxes	4,796	39,958
Income tax attributable to discontinued operations	1,574	33,663
Total	**27,744**	**61,936**

Current taxes (continuing operations) include income of € 10,404 thsd (previous year: € 76 thsd), which concerns previous periods. € 5,157 thsd of this is attributable to capitalised corporation tax credit.

The tax expenses include current taxes of € 387 thsd (previous year: € 433 thsd) and deferred taxes of € 4 thsd (previous year: € 4 thsd) attributable to foreign Group companies.

The current and deferred tax is calculated using the relevant country-specific corporation tax rate. The combined income tax rate for domestic companies is made up of corporation tax at 25 %, the solidarity surcharge at 5.5 % and an average trade tax of 16.1 %.

The effective income tax rate applicable to the earnings before tax is 28.8 % for continuing operations (previous year: 39.9 %). The following reconciliation account shows the relationship between the earnings before tax and the taxes on income and profit in the financial year. The anticipated tax expense is calculated on the basis of the German combined income tax rate, which is currently 38.5 % (previous year: 38.5 %).

All figures in €'000	2006	2005
Earnings before tax from continuing operations	90,812	70,820
Earnings before tax from discontinued operations	2,721	190,807
	93,533	**261,627**
Group income tax rate	38.5 %	38.5 %
Calculated income tax expenditure in the financial year	**36,010**	**100,726**
Tax-exempt earnings	– 3,302	– 41,244
Non-deductible expenses	823	1,124
Divergent trade taxation charge	– 330	– 723
Effects of other taxation rates applicable abroad	558	326
Income tax not relating to the period	– 10,404	942
Change in the tax effect due to unrecognised differences and tax losses for which no deferred tax assets were formed	2,790	– 96
Other	1,599	881
Income tax expense	**27,744**	**61,936**

Income tax not relating to the period concerns the capitalisation of the Group's discounted corporation tax credit. This also includes tax refunds in connection with the field tax audit for the years 1997 to 2001 and a corporate tax reduction due to the dividend payout in the last financial year.

The tax-exempt earnings are mainly due to the sale of shares in MLP Lebensversicherung AG.

Deferred taxes

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
Intangible assets	135	44	14,425	1,352
Property, plant and equipment	–	21	1,911	1,653
Financial investments	–	187	1,025	519
Investment property	–	–	1,338	1,147
Tax loss carryforwards	548	607	–	–
Other assets	250	173	7,228	4,444
Provisions	3,374	5,644	–	–
Liabilities	2,325	2,856	91	114
Gross value	**6,632**	**9,532**	**26,018**	**9,229**
Netting with deferred tax liabilities	– 6,462	– 7,964	– 6,462	– 7,964
Total	**170**	**1,568**	**19,556**	**1,265**

The foreign branches and group companies report tax loss carryforwards of € 29,760 thsd (previous year: € 31,580 thsd). For these, deferred tax assets for tax loss carryforwards of € 27,933 thsd (previous year: € 29,559 thsd) and for tax-reducing temporary differences of € 0 thsd (previous year: € 0 thsd) were not recognised in the balance sheet.

At December 31, 2006 deferred income tax assets of € 0 thsd (previous year: € 18 thsd) and deferred income tax liabilities of € 16 thsd (previous year: € 57 thsd) were charged directly to shareholders' equity.

Tax refund claims

Tax refund claims include € 17,043 thsd (previous year: € 12,232 thsd) of corporation tax and € 4,015 thsd (previous year: € 6,952 thsd) of trade tax. The major portion of € 19,564 thsd (previous year: € 16,856 thsd) affects MLP AG.

Tax liabilities

The tax liabilities are made up of provisions for income taxes of € 7,618 thsd (previous year: € 13,968 thsd) and liabilities due to income tax of € 0 thsd (previous year: € 9 thsd).

Provisions are set up for income taxes of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

All figures in € '000	Jan 1, 2006	Utilised	Released	Allocation	Change scope of consolidation	Dec 31, 2006
Corporation tax	6,842	– 6,654	– 200	2,965	961	3,914
Trade tax	7,126	– 7,135	– 370	2,846	1,237	3,704
Total	**13,968**	**– 13,789**	**– 570**	**5,811**	**2,198**	**7,618**

[33] Additional information on financial instruments

Based on the relevant items in the balance sheet, the correlations between the categorisation of financial instruments in line with IAS 32/39, the classification of financial instruments in line with IFRS 7 and the valuation of financial instruments will become apparent from the tables below. The classification in line with IFRS 7 corresponds to the categorisation of financial instruments in line with IAS 32/39.

All figures in € '000 as at Dec 31, 2006	IAS 39 categories and IFRS 7 classes	Carrying amount	Amortised cost	Fair value through equity	Fair value through profit and loss
Receivables from banking business – clients	L+R	266,132	266,132	–	–
Receivables from banking business – clients	FVPL	5,319	–	–	5,319
Receivables from banking business – banks	L+R	334,932	334,932	–	–
Financial assets – investments	AfS	3,222	3,222	–	–
Financial assets – securities	AfS	34,763	–	34,763	–
Financial assets – loans	HtM	11,916	11,916	–	–
Financial assets – other investments	L+R	4	4	–	–
Trade accounts receivable	L+R	102,111	102,111	–	–
Receivables from commercial agents	L+R	24,293	24,293	–	–
Advance payments	L+R	32,761	32,761	–	–
Interest derivatives	HfT	136	–	–	136
Other receivables	L+R	17,833	17,833	–	–
Cash and cash equivalents	L+R	120,507	120,507	–	–
Aggregated in line with IAS 39 categories and IFRS 7 classes					
Loans and receivables	L+R	898,573	888,573	–	–
Fair value through profit and loss	FVPL	5,319	–	–	5,319
Held to maturity	HtM	11,916	11,916	–	–
Held for trading	HfT	136	–	–	136
Available for sale	AfS	37,985	3,222	34,763	–

All figures in € '000 as at Dec 31, 2005	IAS 39 categories and IFRS 7 classes	Carrying amount	Amortised cost	Fair value through equity	Fair value through profit and loss
Receivables from banking business – clients	L+R	267,057	267,057	–	–
Receivables from banking business – clients	FVPL	5,741	–	–	5,741
Receivables from banking business – banks	L+R	238,225	238,225	–	–
Financial assets – investments	AfS	1,373	1,373	–	–
Assets held for sale – investment	AfS	35,184	–	35,184	–
Financial assets – securities	HtM	–	–	–	–
Financial assets – loans	L+R	184	184	–	–
Financial assets – other investments	L+R	200,000	200,000	–	–
Trade accounts receivable	L+R	75,403	75,403	–	–
Receivables from commercial agents	L+R	29,721	29,721	–	–
Advance payments	L+R	26,511	26,511	–	–
Interest derivatives	HfT	60	–	–	60
Other receivables	L+R	18,598	18,598	–	–
Cash and cash equivalents	L+R	130,003	130,003	–	–
Aggregated in line with IAS 39 categories and IFRS 7 classes					
Loans and receivables	L+R	985,702	985,702	–	–
Fair value through profit and loss	FVPL	5,741	–	–	5,741
Held to maturity	HtM	–	–	–	–
Held for trading	HfT	60	–	–	60
Available for sale	AfS	36,557	1,373	35,184	–

All figures in € '000 as at Dec 31, 2006	IAS 39 categories and IFRS 7 classes	Carrying amount	Amortised cost	Fair value through equity	Fair value through profit and loss
Liabilities due to banking business – clients	AC	577,610	577,610	–	–
Liabilities due to banking business – banks	AC	22,089	22,089	–	–
Trade accounts payable	AC	19,923	19,923	–	–
Liabilities due to commercial agents	AC	81,161	81,161	–	–
Advance payments received	AC	46,504	46,504	–	–
Liabilities due to banks	AC	7	7	–	–
Convertible debentures	IFRS 2	1,014	–	–	1,014
Interest derivatives	HfT	5,838	–	–	5,838
Other liabilities	AC	127,418	127,418	–	–
Aggregated in line with IAS 39 categories and IFRS 7 classes					
Financial liabilities, measured at amortised cost	AC	874,712	874,712	–	–
Financial liabilities, held for trading	HfT	5,838	–	–	5,838
Financial liabilities, measured at fair value pursuant to IFRS 2	IFRS 2	1,014	–	–	1,014

All figures in € '000 as at Dec 31, 2005	IAS 39 categories and IFRS 7 classes	Carrying amount	Amortised cost	Fair value through equity	Fair value through profit and loss
Liabilities due to banking business – clients	AC	478,990	478,990	–	–
Liabilities due to banking business – banks	AC	20,292	20,292	–	–
Trade accounts payable	AC	17,753	17,753	–	–
Liabilities due to commercial agents	AC	86,194	86,194	–	–
Advance payments received	AC	28,157	28,157	–	–
Liabilities due to banks	AC	3,986	3,986	–	–
Convertible debentures	IFRS 2	1,103	–	–	1,103
Interest derivatives	HfT	7,458	–	–	7,458
Other liabilities	AC	34,987	34,987	–	–
Aggregated in line with IAS 39 categories and IFRS 7 classes					
Financial liabilities, measured at amortised cost	AC	670,359	670,359	–	–
Financial liabilities, held for trading	HfT	7,458	–	–	7,458
Financial liabilities, measured at fair value pursuant to IFRS 2	IFRS 2	1,103	–	–	1,103

The carrying amount of financial assets measured at fair value correspond to the market values. The fair values and carrying amounts of financial instruments measured at amortised costs are compared in the table below.

All figures in € '000	IAS 39 categories and IFRS 7 classes	Dec 31, 2006		Dec 31, 2005	
		Carrying amount	Fair value	Carrying amount	Fair value
Receivables from banking business – clients	L+R	266,132	272,527	267,057	276,997
Receivables from banking business – banks	L+R	334,932	334,932	238,225	238,225
Financial assets – securities	HTM	11,916	11.824	–	–
Financial assets – loans	L+R	4	4	184	184
Financial assets – other investments	L+R	–	–	200,000	200,000
Trade accounts receivable	L+R	102,111	102,111	75,403	75,403
Receivables from commercial agents	L+R	24,293	24,293	29,721	29,721
Advance payments	L+R	32,761	32,761	26,511	26,511
Other receivables	L+R	17,833	17,833	18,598	18,598
Cash and cash equivalents	L+R	120,507	120,507	130,003	130,003
Liabilities due to banking business – clients	AC	577,610	577,610	478,990	478,990
Liabilities due to banking business – banks	AC	22,089	22,089	20,292	20,292
Trade accounts payable	AC	19,923	19,923	17,753	17,753
Liabilities due to commercial agents	AC	81,161	81,161	86,194	86,194
Advance payments received	AC	46,504	46,504	28,157	28,157
Liabilities due to banks	AC	7	7	3,986	3,986
Other liabilities	AC	127,418	127,418	34,987	34,987
Aggregated in line with IAS 39 categories and IFRS 7 classes					
Loans and receivables	L+R	898,573	904,968	985,702	995,642
Held to maturity	HTM	11,916	11,824	–	–
Financial liabilities, measured at amortised cost	AC	874,712	874,712	670,359	670,359

The investments represent equity instruments of non-consolidated companies. They are not traded on an active market. The carrying amount of investments as at December 31, 2006 was € 3,222 thsd (previous year: € 1,373 thsd).

Cash and cash equivalents, trade receivables, receivables from companies in which the Group holds an interest and other assets have mainly short remaining terms. Therefore their carrying amounts on the balance sheet date are almost identical to the fair value. The same applies to the trade accounts payable and liabilities due to companies in which the Group holds an interest.

The fair values of other non-current receivables and held to maturity financial assets due after one year correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms and conditions, and expectations. The fair values of liabilities due to banks and other financial liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve.

The next table shows the net gains or losses from financial instruments in line with the categories of IAS 39.

All figures in € '000	2006	2005
Net gains or losses from financial instruments of the category		
Loans and receivables	24,212	12,759
Available for sale	1,250	1,051
Fair value through profit and loss	– 72	852
Held to maturity	199	103
Amortised costs	– 13,966	– 9,417
Held for trading	335	– 624

Net gains or losses include: interest income and expenses, dividend income, impairment losses, write-ups, reversal of impairment losses, sales proceeds, subsequent income from financial instruments which have already been written off income and expenses due to the measurement at fair value. With regard to the impairment losses to be disclosed separately in line with IFRS 7.20(e) we refer to the notes on impairment losses for the items "Receivables from the banking business" and "Receivables and other assets". There were no impairment losses for financial instruments held to maturity and available for sale (previous year: € 0 thsd). With regard to commission income and expenses not included in the calculation for determining the effective interest rate, we refer to the notes on income and expenses due to the banking business given above.

Derivative business

In order to fix the interest flows for the financing of individual construction phases of the Wiesloch building project completed in 2004, MLP took out two interest rate swaps (payer swaps) in 1999. The loan for financing the new building was repaid in full in the financial year 2005. To eliminate the interest risk, two reverse swaps with identical amounts and terms were concluded in the financial year 2006. In addition three interest swaps were concluded at MLP Bank AG with a total value of € 5,000 thsd. The interest rate swaps are not included in a hedge accounting relationship.

All figures in € '000	Dec 31, 2006 Face value	Fair value Dec 31, 2006	Dec 31, 2005 Face value	Fair value Dec 31, 2005
Interest rate swap 1	30,000	– 2,376	30,000	– 4,333
Interest rate swap 2	20,000	– 1,667	20,000	– 2,985
Interest rate swap 3	20,000	– 731	20,000	28
Interest rate swap 4	30,000	– 1,064	30,000	60
Interest rate swap 5	1,000	2	1,000	– 66
Interest rate swap 6	1,500	24	1,500	– 75
Interest rate swap 7	2,500	110	2,500	– 27
Total	**105,000**	**– 5,702**	**105,000**	**– 7,398**

The face value of derivative financial instruments stated in the table correspond to the purchasing/selling values or contract values of hedged items and are shown gross (even if offsetting transactions exist). The market values of the derivative financial instruments based on the face values do not take into account any contrary value developments on hedged items. Furthermore, they do not necessarily represent the amounts that would be generated in the future under the current market terms.

As at December 31, 2006, the estimated fair value of the interest derivatives of the Group is – € 5,702 thsd (previous year: – € 7,398 thsd). These amounts are based on the market value of equivalent financial instruments on the balance sheet date and include instruments with a positive market value of € 136 thsd (previous year: € 60 thsd) which are disclosed under receivables and other assets. Instruments with a negative market value of € 5,838 thsd (previous year: € 7,458 thsd) are reported under "Liabilities". The changes in fair value of derivatives of € 335 thsd (previous year: – € 624 thsd) were recorded in the results.

[34] Notes on the consolidated 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, investing and financing activities.

Earnings before interest and tax from continuing operations (EBIT), earnings from discontinued operations (EBIT) and the profit from sale of discontinued operations form the basis for the **cash flow from operating activities.** As part of the indirect determination process, changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation. Therefore the changes in the respective balance sheet items cannot be aligned with the corresponding values on the basis of the published consolidated balance sheets.

Cash flows which are not allocated to investment and financing activities are to be included in the cash flow from operating activities.

Cash flow from operating activities has fallen by €97,199 thsd compared to the previous year to a level of €87,553 thsd. The previous year's figure was mainly influenced by items from the insurance business and repayments of existing factoring agreements in 2005.

In addition to changes in the fixed assets, **cash flow from investing activities** mainly comprise the acquisition of the Feri Group. These cash flows also include payments in connection with the sale of MLP Private Finance AG, Switzerland, and the insurance companies.

The acquired net assets of the Feri Group are explained in note 7.

Financing activities relate to the cash-related equity capital changes and loans borrowed and paid back.

The cash flow statement also includes cash inflows and outflows of discontinued operations. These are shown separately as an "of which" item in the cash flow statement.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under **cash and cash equivalents.** Cash equivalents are short-term financial investments which can be converted into cash at any time and which are only subject to minor value fluctuation risks. The cash and cash equivalents disclosed in the balance sheet have been reduced by € 17 thsd (previous year: € 23 thsd) which are intended for committed donations or are subject to other restraints.

All figures in € '000	2006	2005
Cash and cash equivalents:		
Consolidated balance sheet	120,507	130,003
Committed donations/restraints on disposal	– 17	– 23
	120,490	**129,980**
Other investments < 3 months	–	200,000
Liabilities to banks due on demand	– 7	– 6
Cash and cash equivalents	**120,483**	**329,974**

The receivables of MLP Bank AG due from other financial institutions have not been included in cash and cash equivalents as they are to be attributed to the current business activities of MLP Bank AG.

[35] Notes on Group reporting by segment

Segmentation of the MLP Group annual account data is based on the internal organisational structure of the MLP Group according to business segments (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 segments is based on the criteria of the relationship between potential opportunities and risks in the market in which the MLP Group transacts business.

The MLP Group is structured in the following business segments:

- Consulting and sales
- Banking
- Wealth management
- Internal services and administration

The object of the **consulting and sales** segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational old-age provision schemes and financing of all kinds, as well as of the broking of contracts concerning these financial services. With 2,649 consultants and a comprehensive scope of services, the company currently caters to some 691,000 clients in the named segments. In order to offer clients innovative and tailor-made financial plans, products used include those available on the market from third parties and from MLP Bank AG. Outside the core market in Germany, services are also offered abroad in Great Britain, Austria, the Netherlands, Spain and Switzerland (until October 2006).

The segment was expanded to include one extra company in the financial year 2005 with the founding of MLP Vermögensberatung AG. Until December 31, 2005, it was made up of MLP Finanzdienstleistungen AG, Wiesloch, MLP Private Finance plc., London, Great Britain, MLP Private Finance Correduria 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, Wiesloch, and MLP Vermögensberatung AG, Vienna, Austria.

In the course of further streamlining to the Group structure, MLP Login GmbH was incorporated into MLP Finanzdienstleistungen AG on April 10, 2006. As MLP Login GmbH was providing IT services almost exclusively to MLP Finanzdienstleistungen AG following the sale of MLP Lebensversicherung AG and MLP Versicherung AG, this company (MLP Login GmbH) has been transferred from the internal services and administration segment into the consulting and sales segment. The previous year's figures were adjusted accordingly.

In addition, MLP Private Finance AG, Zurich, Switzerland, is disclosed separately in 2006 as a discontinued operation in the consulting and sales segment. The previous year's figures were also adjusted accordingly.

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

Due to the acquisition of the Feri Group in 2006, the segment report was expanded to include the **wealth management** segment. The business operations of this segment cover wealth and investment consulting. This segment is made up of Feri Finance AG für Finanzplanung und Research, Bad Homburg v. d. Höhe, Feri Wealth Management GmbH, Bad Homburg v. d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v. d. Höhe, and Feri Rating & Research GmbH, Bad Homburg v. d. Höhe, and Mainsee 437. V V GmbH, Frankfurt / Main.

MLP AG, Wiesloch constitutes the **internal services and administration** segment. The main internal services and activities are combined in this segment.

The information supplied concerning the individual segments is based on standardised accounting and valuation methods which were also applied for establishing the consolidated figures of the Group's financial statements.

Presentation of the individual business sectors (primary segments) takes place after consolidation of internal transactions within the individual business sectors, but before cross-segment consolidation.

To offer comparability against the income statement prepared on the basis of IFRS 5, the consulting and sales, banking and internal services segments have been grouped together under continuing operations in the previous year, while the life insurance and non-life insurance segments were grouped together under discontinued operations. The consolidation within the continuing and discontinued operations is shown separately.

Intrasegment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

Segment reporting is classified mainly in conformity with the consolidated income statement with a view to attaining greater transparency as regards earning power and prospects. The items of the consolidated income statement are allocated to the various operative segments.

The number of employees of the MLP Group in strategic business segments during the financial year was as follows:

	2006	2005
Continuing operations		
Consulting and sales	1,475	1,365
Banking	132	126
Wealth management	40	–
Internal services and administration	10	14
	1,657	**1,505**
Discontinued operations		
MLP Private Finance AG, Switzerland	10	19
Life insurance	–	134
Non-life insurance	–	88
	10	**241**
Total	**1,667**	**1,746**

Discontinued operations were included in the calculation pro rata temporis up to the date they were deconsolidated.

The wealth management segment has been included in the calculation pro rata temporis as of the point in time of its initial consolidation.

All segments perform their economic activities predominantly in Germany. The consulting and sales segment also has minor operations in Austria, the Netherlands, Great Britain and Spain. Until October 31, 2006 this segment also existed in Switzerland.

As the Group chiefly confines its business activities to Germany (proportion of foreign revenue in the period under review and in the previous year is less than 3 %), a geographic (secondary) breakdown of the segments is not required.

[36] Discontinued operations

Due to the necessary adjustment in line with IFRS 5, the income statement reported in the last financial year was adjusted by MLP Private Finance AG, Zurich, Switzerland. The following table shows the adjusted values for the previous year:

All figures in € '000	2005 adjusted	2005	+/-
Income from brokerage business	467,878	470,010	–2,132
Other income	41,728	41,856	–128
Personnel expenses	–73,129	–75,890	2,761
Depreciation/amortisation	–19,705	–19,873	168
Operating expenses	–162,128	–163,593	1,465
Other interest and similar income	7,633	7,634	–1
Other interest and similar expenses	–8,638	–8,640	2
Income taxes	–28,273	–28,265	–8
Earnings from discontinued operations	157,144	159,271	–2,127
Earnings per share from continuing operations in €			
Basic	0.39	0.37	0.02
Diluted	0.39	0.37	0.02
Earnings per share from discontinued operations in €			
Basic	1.45	1.47	–0.02
Diluted	1.42	1.44	–0.02

MLP Private Finance AG, Zurich, Switzerland was deconsolidated in the last financial year. The company had already ceased its operative business prior to the deconsolidation. The sale of existing contracts included the absorption of existing liabilities (in particular commission liabilities) and the cash payment of € 60 thsd. The deconsolidation resulted in a total loss of € 230 thsd for the Group. This is due to the disposal of net assets, impairment losses for receivables from MLP Private Finance AG and currency differences, which were recognised directly in equity up to the point of deconsolidation.

The deconsolidated net assets break down as follows:

All figures in € '000	2006
Receivables and other assets	54
Cash and cash equivalents	680
Provisions	–280
Liabilities	–267
	187

The insurance companies (MLP Lebensversicherung AG and MLP Versicherung AG) of the MLP Group were sold in the last financial year.

Income statement of discontinued operations

All figures in € '000	MLP Private Finance AG		Insurance companies	
	Up to the date of deconsolidation 2006	Dec 31, 2005	Dec 31, 2006	Up to the date of deconsolidation 2005
Income from brokerage business	1,117	2,132	–	–
Income from insurance business	–	–	–	166,553
Other income	15	128	–	684
Total income	**1,132**	**2,260**	**–**	**167,237**
Change in deferred acquisition costs	–	–	–	43,967
Expenses for insurance business	–	–	–	–135,986
Personnel expenses	–995	–2,761	–	–10,299
Depreciation/amortisation	–24	–168	–	–695
Other expenses	–708	–1,465	–	–13,251
Earnings before interest and tax (EBIT)	**–595**	**–2,134**	**–**	**50,973**
Other interest and similar income	1	0	–	452
Other interest and similar expenses	0	–1	–	–219
Finance cost	**1**	**–1**	**–**	**233**
Earnings before tax (EBT)	**–594**	**–2,135**	**–**	**51,206**
Income taxes	–	8	–	–17,330
Operating result from discontinued operations	**–594**	**–2,127**	**–**	**33,876**
Earnings from the sale of operations before tax	–2,004	–	5,319	141,736
Income taxes	–	–	–1,574	–16,341
Earnings from the sale of operations after tax	**–2,004**	**–**	**3,745**	**125,395**
Net earnings from discontinued operations	**–2,598**	**–2,127**	**3,745**	**159,271**

Income from brokerage business
Income from brokerage business at MLP Private Finance AG, Switzerland, dropped from € 2,132 thsd to € 1,117 thsd. The reason for this was the discontinuation of its operative business in the financial year 2006.

Income from insurance business
The income from insurance business was € 166,553 thsd in the previous year up to the time of deconsolidation. The insurance companies generated income from insurance premiums of € 133,192 thsd, income from financial investments of € 5,885 thsd and other income of € 27,476 thsd.

Expenses for insurance business
Up to the time of deconsolidation, expenses for insurance business amounting to € 135,986 thsd comprised net claims expenditure (€ 18,118 thsd), change in insurance provisions for investments held on account and at the risk of life insurance policy holders, gross (€ 7,470 thsd), reinsurers' shares (– € 3,942 thsd), change in the provision for premium refunds (€ 6,383 thsd), commissions paid (€ 49,128 thsd), reinsurance commission received (– € 2,213 thsd) and other expenses (€ 61,042 thsd).

Personnel expenses
Personnel expenses of MLP Private Finance AG, Switzerland, comprise the company's current personnel costs up to the time of deconsolidation.

Earnings from the sale of operations before tax
The income of the two insurance companies disclosed for the financial year 2006 result from the reversal of unused provisions which were set up in connection with the sale of the two companies the year before and the expected reduction in the selling price.

Earnings per share
The earnings per share of the discontinued operation is disclosed in note 40.

[37] Risk management policy and hedging strategies

As a financial services provider, MLP is exposed to various financial and other risks. It is our corporate policy to timely identify and control these risks through a group-wide risk management and monitoring system.

MLP is significantly influenced by performance-related risks. In particular this affects developments in winning and keeping clients, the number of consultants, the level of margins and the acceptance of the products we sell. To monitor these risks, we use monitoring and control instruments with which we can make trends in operating results transparent and, with the inclusion of simulation calculations, derive necessary controlling measures.

At MLP **financial risks** include the default risk, the interest risk, the liquidity risk and other price risks. There is no substantial currency risk. There are no Group risks.

Default risks arise from the advances granted to consultants, our commission receivables from product partners and loan receivables of MLP Bank AG's own commitments. The maximum default risk is reflected in the financial instruments' carrying amounts capitalised in the balance sheet (in particular originated loans and receivables as well as derivative financial instruments with a positive market value). Receivables from the banking business are secured with customary banking collaterals.

We counter these risks by means of efficient receivables management and strict criteria when selecting our business partners. Loans are granted using a standardised Group loan strategy under application of the usual credit assessment standards for the market based on a scoring approach. Accounts that are regarded as carrying risk have been adjusted accordingly. We reduce the risk of default by issuers of the securities acquired within the scope of capital investment management through the strict creditworthiness requirements of our capital investment directive.

The Group faces an **interest risk** from the incongruities of the terms of interest between loans granted by MLP Bank AG and the products which finance them. These maturity transformation risks are continuously monitored and evaluated in compliance with supervisory requirements (stress scenarios). In order to reduce the interest risk, we use derivative financial instruments (interest rate swaps). As a result of using these interest rate swaps, an average of 15.35 % (previous year: 10.22 %) of the total net financial liabilities were fixed interest-bearing in 2006. Financial liabilities are recorded in the balance sheet at their repayable amounts. Therefore fluctuations in the market interest rates have no effect on the result. The change in market value of loans in the category "Fair value through profit and loss" is purely due to changes in interest rates. Since the selection process of these loans is based on very good credit ratings there are no fair value adjustments in this respect.

The change in market value of loans in the category "Fair value through profit and loss" is purely due to changes in interest rates. Since the selection process of these loans is based on very good credit ratings there are no fair value adjustments in this respect.

Liquidity risk: Ensuring solvency is the core function of our Group treasury. MLP funds its business operations from current cash flow. The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. Liquidity control is performed by means of daily scheduling based on defined planning horizons, taking into account possible cash flow scenarios, new business planning, investment planning and other capital transactions. The controlling of financial instruments (securities) of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios. Appropriate short and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a short-term liquidity shortfall.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

Total cash flow (redemption and interest) in €'000 due on Dec 31, 2006	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Indefinite term	Total
Liabilities due to banking business – clients	867	776	10,161	16,498	–	28,302
Liabilities due to banking business – banks	–	8,464	–	–	–	8,464
Liabilities due to savings deposits	567,405	12,051	289	772	–	580,517
Liabilities due to commercial agents	74,259	4,350	2,356	–	–	80,965
Trade accounts payable	8,711	19,475	16	–	–	28,202
Liabilities due to banks	–	7	–	–	–	7
Interest derivatives	–	–	–	5,838	–	5,838
Other liabilities	12,379	66,151	2,210	83,591	–	164,331
Total	**663,621**	**111,274**	**15,032**	**106,699**	**–**	**896,626**

Total cash flow (redemption and interest) in €'000 due on Dec 31, 2005	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Indefinite term	Total
Liabilities due to banking business – clients	472,868	7,906	297	527	–	481,598
Liabilities due to banking business – banks	990	805	8,292	15,891	–	25,978
Liabilities due to savings deposits	–	5,202	–	–	–	5,202
Liabilities due to commercial agents	72,769	9,910	3,346	–	–	86,025
Trade accounts payable	7,465	18,636	20	–	–	26,121
Liabilities due to banks	–	290	1,126	2,570	–	3,986
Interest derivatives	–	–	–	7,458	–	7,458
Other liabilities	4,109	48,905	1,395	–	–	54,409
Total	**558,201**	**91,654**	**14,476**	**26,446**	**–**	**690,777**

Other market risks for financial instruments result from changes such as stock exchange prices for equity instruments. As at December 31, 2006 MLP has shareholdings of € 3,222 thsd (previous year: € 1,373 thsd) and available for sale securities of € 34,763 thsd (previous year: € 35,184 thsd). Available-for-sale securities include fixed income securities of € 26,499 thsd (previous year: € 29,857 thsd). Fixed interest-bearing financial instruments carry a price risk in the case of interest rate changes, as the market value of the financial instrument changes in accordance with the interest rate development. If the market interest rate level on December 31, 2006 had been higher (lower) by 50 basis points, the market value of fixed interest-bearing financial instruments would have been reduced by € 35 thsd (increased by € 35 thsd; previous year: € 92 thsd lower or € 93 thsd higher market value).

There are particular risks with regard to legal solvency regulations, prescribing a minimum shareholders' equity backing for banking and financial services businesses. As MLP Finanzdienstleistungen AG is authorised to provide financial services (investment and acquisition brokerage), MLP AG was obliged as a finance holding group to back its weighted risk assets with at least 8 % equity (equity ratio) for the first time in June 2006. The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4 %. The company's own funds consist of tier 1, tier 2 and tier 3 capital. Tier 1 capital primarily consists of share capital and provisions reduced by various deductible and adjustment items. Tier 2 and tier 3 capital are not disclosed by the MLP finance holding group. At the closing dates there are weighted risk assets of € 682,663 thsd which are backed by a liable equity of € 185,350 thsd, which corresponds to an equity ratio of 27.15 %.

[38] Other financial commitments

Payments for operating leases include rental charges for PC hardware, notebooks and copiers. The leases have a term of 36 months subject to a purchase option in favour of the Group. This expenditure for the financial year amounted to € 46,184 thsd (previous year: € 55,781 thsd).

On the balance sheet date, rent and leases were subject to the following financial commitments:

All figures in € '000	Due 2007	Due 2008–2011	Due from 2012	Total
Rent of offices	14,136	40,005	7,550	61,691
Outsourcing IT technology	22,926	43,913	–	66,839
Rent	1,106	4,743	10,971	16,820
Sponsoring	902	409	–	1,311
Other rents	670	1,001	–	1,671
Maintenance/licence contracts	478	195	–	673
Purchase commitments	143	–	–	143
Total	**40,361**	**90,266**	**18,521**	**149,148**

After the termination of a contract of employment, a former Chairman of the Executive Board is granted profit-related remuneration for the financial year 2007.

The income from subletting notebooks to MLP consultants amounts to € 4,616 thsd (previous year: € 4,573 thsd).

[39] Contingent and other liabilities

On the balance sheet date there are liabilities on account of sureties and warranties of € 16,804 thsd (previous year: € 17,636 thsd) and irrevocable credit commitments of € 10,629 thsd (previous year: € 9,725 thsd).

As it is composed of companies from different business sectors, the Group is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, fiscal law and other litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of decisions, which has not been fully covered by insurance and which is liable to have a material impact on the business and its results. In the Executive Board's opinion, decisions causing a major effect on the assets and income at the Group's expense are not anticipated with regard to the currently pending legal actions.

Purchase price adjustments in connection with the acquisition of Feri Finance AG
In the financial year 2006 a total of € 64.4 million plus € 4.9 million of incidental acquisition expenses were raised to acquire a share of 56.586 % in Feri Finance AG.

The remaining shareholders of Feri Finance AG have the right (put option) to sell their remaining 43.414 % share in Feri Finance AG to MLP AG. The put option can be exercised in the period from December 21, 2007 to January 2, 2008. The purchase price for the remaining 43.414 % share to be paid by MLP is € 43.0 million. In this scenario the purchase price for a 100 % stake in Feri Finance AG (excluding incidental acquisition expenses) comes to € 107.4 million.

At the same time the MLP AG has the right (call option) to purchase the remaining 43.414 % share in Feri Finance AG. The call option can be exercised by MLP in the period from October 15, 2007 to October 31, 2007. The purchase price to be paid by MLP AG for the remaining 43.414 % share is € 47.8 million. In this scenario, the purchase price for a 100 % stake in Feri Finance AG (excluding incidental acquisition expenses) comes to € 112.1 million.

Depending on the future economic development of Feri Finance AG and the development of funds under management at MLP, the minimum purchase prise may rise by up to € 98.0 million.

MLP currently anticipates that this variable component of the purchase price for the outstanding shares in Feri Finance AG will come to € 40.0 million.

Please refer to note 7.

Purchase price adjustments within the scope of the sale of MLP Lebensversicherung AG and MLP Versicherung AG
The purchase contract signed between MLP AG and Clerical Medical International Holdings B.V., Maastricht, Netherlands, for the sale of MLP Lebensversicherung AG contains a purchase price adjustment clause for the years 2005 to 2007 which allows for an increase or reduction of the purchase price by a maximum of € 15.0 million. Given the current situation, we expect a decrease in the purchase price of € 1.2 million. A corresponding liability was recognised.

The purchase contract signed between MLP AG and Gothaer Allgemeine Versicherung AG, Cologne on the sale of MLP Versicherung AG contains a purchase price adjustment clause which, in the worst case, allows for a maximum reduction in the purchase price of € 7.25 million in 2010. Given the current situation, we do not expect any repayment.

[40] Earnings per share

The calculation for the basic and diluted earnings per share for the total earnings for continuing and discontinued operations is based on the following data:

All figures in € '000	2006	2005
Earnings		
Basis of the basic earnings per share (net profit)	65,789	199,691
Effect of the potential share dilution: Interest on convertible debentures (after tax)	32	28
Basis of the diluted earnings per share	**65,821**	**199,719**

All figures in units	2006	2005
Number of shares		
Weighted average number of shares for the basic earnings per share	103,557,397	108,589,477
Effect of the potential share dilution: Convertible debentures	1,328,738	1,494,232
Weighted average number of shares for the diluted earnings per share	**104,886,135**	**110,083,709**

The basic earnings per share for continuing and discontinued operations is € 0.64 (previous year: € 1.84), the diluted earnings per share is € 0.63 (previous year: € 1.81).

The calculation for the basic and diluted earnings per share for the total earnings for continuing operations is based on the following data:

All figures in € '000	2006	2005
Earnings		
Basis of the basic earnings per share (net profit)	64,642	42,547
Effect of the potential share dilution: Interest on convertible debentures (after tax)	31	27
Basis of the diluted earnings per share	**64,673**	**42,574**

All figures in units	2006	2005
Number of shares		
Weighted average number of shares for the basic earnings per share	103,557,397	108,589,477
Effect of the potential share dilution: Convertible debentures	1,328,738	1,494,232
Weighted average number of shares for the diluted earnings per share	**104,886,135**	**110,083,709**

The basic earnings per share for continuing operations is € 0.62 (previous year: € 0.39), the diluted earnings per share is € 0.62 (previous year: € 0.39).

The calculation for the basic and diluted earnings per share for the net earnings from discontinued operations is based on the following data:

All figures in € '000	2006	2005
Earnings		
Basis of the basic earnings per share (net profit)	1,147	157,144
Effect of the potential share dilution: Interest on convertible debentures (after tax)	1	1
Basis of the diuted earnings per share	**1,148**	**157,145**

All figures in units	2006	2005
Number of shares		
Weighted average number of shares for the basic earnings per share	103,557,397	108,589,477
Effect of the potential share dilution: Convertible debentures	1,328,738	1,494,232
Weighted average number of shares for the diluted earnings per share	**104,886,135**	**110,083,709**

The basic earnings per share for the earnings from discontinued operations is € 0.02 (previous year: € 1.45), the diluted earnings per share amounts to € 0.01 (previous year: € 1.42).

[41] Corporate bodies of MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman Responsible for planning and strategy, human resources, communication, legal affairs, audit and IT
Eugen Bucher, Bammental Responsible for sales until August 7, 2006
Gerhard Frieg, Heidelberg Responsible for product management and purchasing
Nils Frowein, Frankfurt Chief Financial Officer Responsible for controlling, accounting, taxes, treasury and general administration

Supervisory Board

Manfred Lautenschläger, Gaiberg Chairman
Gerd Schmitz-Morkramer, München Vice Chairman
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman of the Board of Kölnische Rückversicherungs Gesellschaft AG
Johannes Maret, Burgbrohl Entrepreneur
Maria Bähr, Sandhausen Employees' representative Departmental head at MLP Finanzdienstleistungen AG
Norbert Kohler, Oftersheim Employees' representative Teamleader at MLP Finanzdienstleistungen AG

The remuneration of the Executive Board and the Supervisory Board are disclosed in the remuneration section of the management report.

	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
	MLP Bank AG, Wiesloch (Chairman) Feri Finance AG, Bad Homburg v. d. Höhe (since Nov 19, 2006; since Dec 7, 2006 Chairman)	Deutsche Bank AG, Mannheim (Advisory Board) Fuchs Petrolub AG, Mannheim (Advisory Board) MLP Vermögensberatung AG, Austria (Chairman) MLP BAV GmbH, Wiesloch (Chairman)
	–	–
	Feri Finance AG, Bad Homburg v. d. Höhe (since Nov 19, 2006)	MLP BAV GmbH, Wiesloch BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen
	Feri Finance AG, Bad Homburg v. d. Höhe (since Nov 19, 2006)	BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen (Chairman) MLP Vermögensberatung AG, Austria MLP BAV GmbH, Wiesloch

	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
	MLP Finanzdienstleistungen AG, Heidelberg (Chairman)	Heidelberg University Clinic, Heidelberg
	Merck Finck Vermögensbetreuungs-AG, Munich Merck Finck Treuhand AG, Frankfurt/Main (Chairman) bmp AG, Berlin (Chairman) YOC! AG, Berlin (Chairman)	Ernst Max von Grunelius Stiftung, Frankfurt (Chairman) Taurus Investment Holding, Boston, U.S.A. (Chairman) Life Trust One GmbH & Co KG (Expert Advisor)
	Europa Rückversicherung AG, Cologne VPV Lebensversicherungs-AG, Stuttgart Delvag Rückversicherungs-AG, Cologne	Group companies: General Reinsurance Corporation (Holding), Stamford, U.S.A. Cologne Reinsurance Company (Dublin) Ltd., Dublin, Ireland General Re Life Corporation, Stamford, U.S.A. General Cologne Re Capital GmbH, Cologne Others: Deutsche Kernreaktor-Versicherungsgemeinschaft, Cologne (Chairman) Faraday Holdings Limited, London, Great Britain
	DAB Bank AG, Munich	Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) The Triton Fund, Jersey, U.S.A. (Investment Committee Member) Xchanging Ltd., London, Great Britain (Non-Executive Director)
	–	–
	–	–

[42] Related party disclosures

Related companies

Within the scope of the ordinary business MLP AG and its consolidated subsidiaries have business relations to a large number of companies. This also includes non-consolidated subsidiaries. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies.

All related companies included in the consolidated financial statements are stated in the list of holdings (note 6).

Related persons

Within the scope of the ordinary business, legal transactions were made between the Group and members of the Executive Board and the Supervisory Board. The legal transactions concern the conclusion of insurance policies or business regarding payment transactions and private wealth management. The legal transactions were completed under standard market or employee conditions.

As at December 31, 2006 members of the Executive bodies had current account debits and surety credits of € 7 thsd (previous year: € 18 thsd). Interest paid for the surety credits is calculated at 1 % and current account debits at 7.2 % (previous year: 6.7 %).

We refer to the management report for the detailed structuring of the remuneration system and the emoluments for the Executive and Supervisory Boards.

[43] MLP AG shareholdings

	Ordinary shares Dec 31, 2006 No. of shares	Ordinary shares Dec 31, 2005 No. of shares	Proportion of the share capital Dec 31, 2006 %	Proportion of the share capital Dec 31, 2005 %
Manfred Lautenschläger	17,316,597	17,316,597	15.92	15.94
Other members of the Supervisory Board	22,532	22,484	0.02	0.02
Executive Board	177,839	177,839	0.16	0.16
MLP AG (treasury stock)	8,863,109	614,509	8.15	0.57
Other shareholders	82,401,326	90,509,257	75.75	83.31
Total	**108,781,403**	**108,640,686**	**100.00**	**100.00**

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

Mr. Manfred Lautenschläger informed us on June 15, 2002 that he had dropped below the threshold of 25 % of the voting rights in MLP AG on May 28, 2002. He now has a 20.33 % share of the voting rights. This corresponds to 22,087,097 votes. This share comprises 14,501,295 voting rights (13.35 %), allocated to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). Until June 12, 2002 this share comprised 484,110 voting rights (0.45 %) that were attributable to him in line with § 22 (1) sentence 1 no. 2 of the German Securities Trading Act (WpHG) and 3,473,850 voting rights (3.20 %) that were attributable to him in line with § 22 (1) sentence 1 no. 2, sentence 2 of the German Securities Trading Act (WpHG).

Manfred Lautenschläger Beteiligungen GmbH informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Heidelberg exceeded the threshold of 10 % on April 24, 2003 and is now 13.35 %. This corresponds to 14,501,295 votes. Some 0.95 % of these (1,027,445 votes) are attributable in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Heidelberg exceeded the threshold of 10 % on July 8, 2003 and is now 10.91 %. This corresponds to 11,867,781 votes.

Landesbank Berlin AG, Alexanderplatz 7, 10178 Berlin, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Alte Heerstraße 40, 69168 Wiesloch exceeded the threshold of 5 % on August 29, 2006 and is now 9.90 %.

Termühlen Beteiligungen Verwaltungs GmbH, Im Talblick 9, 69251 Gaiberg, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Alte Heerstraße 40, 69168 Wiesloch dropped below the threshold of 10 % on September 21, 2006 and is now 9.73 %. This corresponds to 10,572,735 votes.

Dr. Bernard Termühlen, 24357 Fleckeby, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Alte Heerstraße 40, 69168 Wiesloch dropped below the threshold of 10 % on September 21, 2006 and is now 9.73 %. This corresponds to 10,572,735 votes. Some 9.73 % of these (10,572,735 votes) are attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Two North La Salle Street, Suite 500, Chicago, Illinois, U.S.A., informed us on October 24, 2006 in line with § 21 (1), 22 (1) no. 6 of the German Securities Trading Act (WpHG) that through the purchase of 105,000 shares of MLP AG on October 18, 2006, the number of shares managed by Harris Associates L.P. is now 5,449,182. Its share of the voting rights in MLP AG has therefore exceeded the threshold of 5 % and is now 5.02 %.

[45] Auditor's fees

The fees in connection with services of the auditing firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart (auditor) in the financial year 2006 (including expenses and statutory value added tax) amounted to:

All figures in € '000	2006	2005
Audit	1,335	1,991
Other certification and assessment services	12	572
Tax advisory services	93	163
Other services	257	388
Total	**1,697**	**3,114**

The item "Audit" contains the fees paid for the audit of the consolidated financial statements and for the audit of the statutory financial statements of MLP AG and its subsidiaries. This item also includes fees for audit work performed in the context of meeting submission obligations and complying with other legal stipulations.

[46] Events after the balance sheet date

On March 15, 2006, the Federal Financial Supervisory Authority (BaFin) granted MLP Finanzdienstleistungen AG permission to provide financial services for investment and acquisition brokerage in accordance with § 32 (2) sentence 1 – in conjunction with § 1 (1a) sentence 2 no. 1 and no. 2 of the German Banking Act (KWG). On this basis, MLP Finanzdienstleistungen AG applied for an extension of the existing licence to cover restricted operation of the credit business on October 16, 2006. This application was granted by BaFin on January 2, 2007.

Dr. Wulf Böttger was appointed as Board Member for Sales for MLP AG with effect from January 1, 2007.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the MLP Group's financial and asset situation.

[47] Release of consolidated financial statements

The Executive Board drew up the consolidated financial statements on March 19, 2007 and will present them to the Supervisory Board for publication on March 26, 2007.

Wiesloch, March 19, 2007

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg | Dr. Wulf Böttger

Gerhard Frieg | Nils Frowein

Audit opinion

"We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the income statement, the balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the Group management report for the business year from 1 January to 31 December 2006. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a sentence 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW; Institute of Public Auditors in Germany). 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group 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 consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a sentence 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 22, 2007

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Prof. Dr. Pfitzer	Skirk
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Annual document pursuant to § 10 of the German Securities Prospectus Act (WpPG)

MLP AG issues securities and is obliged in accordance with § 10 (1) of the German Securities Prospectus Act (WpPG) to provide the public with an "annual document" at least once a year.

The following table contains a list of all information published or made available to the public in the financial year 2006 on the basis of the regulations specified in § 10 (1) WpPG. This specifically includes ad-hoc messages, voting right notifications, publications on Directors' Dealings, the financial statements, interim financial reports, invitations to the Annual General Meeting of MLP AG and dividend announcements. The table lists where the respective information was published or made available to the public and where it can be viewed by the public.

Wiesloch, January 2007
MLP AG

Type of information	Date of publication	Availability of information
Ad-hoc message: MLP proposes considerably higher dividends for the financial year 2005	Mar 21, 2006	MLP AG homepage
Ad-hoc message: MLP and Feri strengthen cooperation	May 29, 2006	MLP AG homepage
Ad-hoc message: Business situation in the first half of 2006	Aug 7, 2006	MLP AG homepage
Ad-hoc message: MLP acquires majority holding in Feri Finance AG	Sep 17, 2006	MLP AG homepage
Ad-hoc message: Dr. Wulf Böttger becomes new Board Member for Sales at MLP AG	Nov 23, 2006	MLP AG homepage
Notification pursuant to § 25 WpHG	Aug 4, 2006	Börsen-Zeitung dated Aug 4, 2006
Notification pursuant to § 25 WpHG	Sep 9, 2006	Börsen-Zeitung dated Sep 9, 2006
Notification pursuant to § 25 WpHG	Sep 30, 2006	Börsen-Zeitung dated Sep 30, 2006
Notification pursuant to § 25 WpHG	Oct 28, 2006	Börsen-Zeitung dated Oct 28, 2006
Notification announcement: Provision of a prospect for the listing of 29,440,686 ordinary shares on the official market on the stock exchanges in Stuttgart and Frankfurt/Main	Jan 25, 2006 Jan 27, 2006	Börsen-Zeitung dated Jan 25, 2006 and electronic Federal Bulletin dated Jan 27, 2006
Annual report 2005: Financial statements for 2005	Mar 28, 2006	Annual report on the MLP AG homepage
Interim financial report: Results as at the 1st quarter of 2006	May 10, 2005	Interim financial report on the MLP AG homepage
Interim financial report: Results as at the 2nd quarter of 2006	Aug 9, 2005	Interim financial report on the MLP AG homepage
Interim financial report: Results as at the 3rd quarter of 2006	Nov 8, 2005	Interim financial report on the MLP AG homepage
Invitation to the Annual General Meeting of MLP AG	Mar 30, 2006	Published in the electronic Federal Bulletin on Mar 30, 2006 and on the MLP AG homepage
Dividend announcement of MLP AG	Jun 1, 2006	Published in the electronic Federal Bulletin

Glossary

Amortised cost	• *Amortised cost* is the historical cost less scheduled depreciation and amortisation and impairment losses.
Available for sale	• *Available-for-sale* securities are securities that are not to be held to maturity and have not been acquired for sale in the near term. These securities are shown at fair value.
Call option	• The buyer of a *call option* has the right to buy a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.
Cash flow statement	• The *cash flow statement* illustrates flows of cash and cash equivalents during a financial year, broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.
Consolidation	• *Consolidation* involves combining the separate financial statements of companies belonging to the Group so as to prepare a set of consolidated financial statements. Transactions between the individual Group companies are eliminated on consolidation.
Contingent liabilities	• *Contingent liabilities* are liabilities whose occurrence is improbable. Although they are not carried in the balance sheet, they must be disclosed in the notes, e.g. as liabilities on account of sureties.
Corporate Governance	• *Corporate Governance* refers to the legal and practical framework for managing and monitoring companies. Corporate Governance regulations serve to offer greater transparency, thereby increasing confidence in responsible company management and supervision oriented toward added value.

Deferred tax assets and liabilities

- *Deferred tax assets and liabilities* are based on limited-time differences in the methods of balancing of accounts according to the International Financial Reporting Standards and the corresponding national tax law (so-called temporary differences). If, in the consolidated financial statements in line with IFRS, assets are stated at a lower (higher) level or liabilities at a higher (lower) level than in the tax balance sheet of the respective Group company, the future tax relief that arises from this must be recorded as deferred tax asset (liability). Deferred tax assets can also be recorded as tax loss carryforwards. Deferred tax assets are value-adjusted if it seems unlikely that the corresponding level of tax receivables will arise.

Derivative financial instruments

- *Derivative financial instruments* are financial instruments whose value depends on the price performance of an underlying asset. Examples of derivative financial instruments include swaps.

Earnings per share

- *Earnings per share* is the ratio of the consolidated profit or loss for the year to the average number of shares issued. For diluted earnings per share, the number of shares and the consolidated profit or loss for the year are adjusted by the dilutive effects of any subscription rights that have been or can still be exercised. Subscription rights arise in connection with issues of convertible debentures and share options.

EBT

- Earnings before tax.

EBIT

- Earnings before interest and tax.

Fair value

- *Fair value* is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair value usually corresponds to the stock market or market value or to a value derived from this. In some cases, the fair value is calculated as the present value.

Goodwill	• *Goodwill* is recognised by the acquirer as an asset from the acquisition date and is initially measured as the excess of the cost of the business combination over the acquirer's share of the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities. Any goodwill resulting from business combinations after March 31, 2004 is not amortised but is subject to an impairment review. If necessary, an impairment loss is recognised (impairment only approach).
Held-to-maturity securities	• The company holds *held to maturity securities* with the intent and ability to hold these securities to maturity.
Interest rate swaps	• *Interest rate swaps* are used to exchange payment obligations that are denominated in the same currency but subject to different interest terms (fixed/variable).
IAS and IFRS	• *International Accounting Standards (IAS)* and *International Financial Reporting Standards (IFRS)* are accounting standards promulgated by the International Accounting Standards Board (IASB), which is responsible for issuing IASs/IFRSs. Since 2002, the standards issued by the IASB are known as "IFRS"; the standards issued previously were called "IAS".
Put option	• The buyer of a *put option* has the right to sell a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.
Segment reporting	• *Segment reporting* is financial information based on the consolidated financial statements, reported by business segment and region.

Financial calendar 2007

May 9, 2007
Results for the 1st quarter 2007

May 31, 2007
Annual General Meeting 2007 in Mannheim, Germany

August 8, 2007
Results for the 2nd quarter 2007

November 7, 2007
Results for the 3rd quarter 2007

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Our promise

- MLP is the leading independent financial adviser for academics and other discerning clients. Our aim is to build on this position.

- We provide our clients with expert, comprehensive high-grade advice throughout their lives.

- Through our insistence on quality, our independence and our market position, we set high standards in client consulting and consistently provide top-quality service.

- With individually tailored financing concepts from MLP, our clients are able to reach their goals concerning health and old-age provision, insurance cover, financial investments or loans and mortgages.

- The focus on academics and other discerning clients forms the basis for our high productivity. This guarantees excellent earning power which we aim to increase continually in a sustainable manner.

- Our employees are our company's basis. Their careful selection, intensive training and development is therefore of great importance to us.

- Transparency and credibility linked with fairness, in the sense of responsibility for each other, mark the relationships between clients, employees and the company.

- Our employees think and act in an entrepreneurial manner. Performance-related remuneration allows them to share in MLP's success.

- MLP is not resting on its laurels. We are continually striving to improve performance – for the benefit of our clients and shareholders.

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