

# Report for the first quarter 2007

## The MLP Group

Key figures in €'000	1st Quarter 2007	1st Quarter 2006	Changes in %
<b>Continuing operations</b>			
Total income	144.7	129.8	11%
Income from brokerage business	107.1	106.0	1%
Income from banking business	18.9	16.7	13%
Income wealth management	9.9	–	–
Other income	8.7	7.0	24%
Earnings before interest and tax (EBIT)	16.7	12.5 <sup>1</sup>	34%
EBIT-margin	11.5%	9.6% <sup>1</sup>	20%
Earnings from continuing operations	9.9	8.5	16%
<b>MLP Group</b>			
Earnings before interest and tax and before profit from the sale of operations (EBIT)	16.7	12.2 <sup>1</sup>	37%
Net profit (total)	10.2	6.9	48%
Earnings per share in €	0.10	0.06	67%
Captial expenditure	2.8	9.2	–70%
Shareholders' equity	332.0	323.4 <sup>2</sup>	3%
Equity ratio	26.8%	25.5% <sup>2</sup>	5%
Balance sheet total	1,240.7	1,266.1 <sup>2</sup>	–2%
Clients <sup>3</sup>	697,000	691,000 <sup>2</sup>	1%
Consultants <sup>3</sup>	2,599	2,649 <sup>2</sup>	–2%
Branch offices <sup>3</sup>	265	267 <sup>2</sup>	–1%
Employees <sup>3</sup>	1,901	1,693	12%
<b>Arranged new business</b>			
Old-age provisions (premium sum in € billion)	0.9	1.6	–44%
Health insurance (annual premium)	14.6	16.5	–12%
Loans	306	304	1%
Funds under management in € billion	10.8	10.8 <sup>4</sup>	0%

<sup>1</sup> Adjustments of previous year's figures, see note 3.

<sup>2</sup> As at December 31, 2006.

<sup>3</sup> Continuing operations.

<sup>4</sup> MLP and Feri as at December 31, 2006.

# Interim Group report Q1 2007

## **Economic situation**

The business development at MLP is affected less by the development of the global economy than it is by that of the economic situation in our largest market, Germany. We generate some 97% of our total income in this market.

In the first quarter of the current financial year, the economic upturn continued to gather speed in Germany. Despite the three percentage point increase in VAT at the start of the year, the population's willingness to consume continued to improve. The Consumer Climate Index compiled by the Society for Consumer Research increased by 1.1 percentage points to 5.5 in May 2007. The second supporting pillar of economic growth – export – once again achieved record figures. The positive overall economic climate also had a positive effect on the employment market. The unemployment rate has dropped from its high of 10.2% in the reporting period at the end of January 2007 to 9.8%.

## **Industry situation and competitive environment**

### **Old-age provision**

After the legislator improved the tax deductibility of the basic pension at the end of last year with retroactive effect from the start of 2006, this tax-privileged product for private old-age provision became more attractive, moving it further into the focus of financial service providers. Up to now, the only state-subsidised basic pension products available on the market are offered by life assurance companies. This is set to change throughout the course of the year. Several major German investment fund companies have announced intentions to launch a basic pension based on investment funds.

### **Health provision**

During the first quarter of 2007, the healthcare reform was passed by parliament and the federal council, enabling the reform to come into effect on April 1, 2007. Fundamental sections, such as the organisational reform of statutory health insurance, the introduction of the health fund or the restructuring of private health insurance, however, will not begin until 2008 or 2009. A further improvement for those compulsorily insured with statutory health insurance companies is the introduction of elective policies on April 1, 2007. Statutory health insurance companies may now also offer their policy holders tariffs with an excess or offer additional private services at a surcharge.

Consumer protectionists and private health insurance companies are sceptical about this development. They are dissatisfied with the client's lack of flexibility in changing to an elective policy, or fear a breach of the competition law, as statutory health insurance companies have state-protected access to the supplementary health insurance market.

#### **Competition**

In the financial industry, the last quarter was marked by the discussion on and preparations for the EU insurance brokerage directive. This shall be implemented in national law by the German legislator on May 22nd, 2007, significantly altering the conditions on the German market for insurance brokers. New training standards, obligations to keep records and the clarification of the level of independence of brokers from individual insurance companies will not only improve consumer protection, but will also considerably strengthen the competitive conditions in the industry, leading to a consolidation process.

#### **Company situation**

MLP has made a successful start to 2007, posting substantial first-quarter gains in all the key figures. Total income rose by 11% to €144.7 million (Q1 2006: €129.8 million). Earnings before interest and tax (EBIT) grew over-proportionally by 34% to €16.7 million (€12.5 million). Net profit increased from €8.5 million to €9.9 million.

#### **Improved income in the brokerage and banking business**

The largest portion of total Q1 income was attributable to the brokerage business, included in MLP Finanzdienstleistungen AG. Here, income increased slightly to €107.1 million (€106.0 million), despite the previous year's quarter being considerably influenced by the rise in contributions to the "Riester-pension". With an EBIT margin of 14.8% (13.5%) in the consulting and sales segment, MLP has once again demonstrated its high level of profitability in its core market Germany. The productivity per consultant figure of €42,900 (€43,500) continues to represent an exceptional performance within the industry.

In the banking business, income rose by 13% to €18.9 million (€16.7 million). Wealth management, which shows Feri Finance AG, contributed €9.9 million to the total income of the MLP Group.

Personnel expenses have increased by 33% to €24.6 million, primarily as a result of the inclusion of the employees of Feri Finance AG. At €0.5 million, the finance cost was significantly lower than in the same quarter of the previous year (€2.0 million). The main causes for this were a smaller investment portfolio and an interest charge resulting from the inclusion of the residual purchase price for Feri Finance AG in the balance sheet.

The increase in receivables and liabilities due to banking business is attributable to a rise in deposit business and the resulting refinancing. Tax refund claims were reduced significantly from €21.1 million to €7.7 million by payments received for income taxes in the first three months of 2007. The drop in receivables and other assets from €177.1 million to €90.2 million and in liabilities from €281.9 million to €206.7 million is essentially due to MLP's typical seasonal business development.

Cash and cash equivalents amounted to €151.5 million on the reporting date (December 31, 2006: €120.5 million). The cash flow from operating activities increased from €18.3 million to €36.3 million in the reporting period. This is mainly down to tax receivables refunded in the first quarter of 2007 (previous year: income tax payments). The cash flows from investing activities and financing activities also improved from -€11.9 million to -€2.9 million and from -€36.7 million to -€2.3 million respectively.

The shareholders' equity of the company rose to €332.0 million (December 31, 2006: €323.4 million). The upturn is mainly caused by the result of the reporting period.

During the reporting period we have invested a total of €2.8 million mainly in the consulting and sales segment to further improve our IT support in client consulting and all relevant client care processes (previous year: €9.2 million).

#### New business: Positive trend in occupational pension scheme

As forecasted, new business growth in the healthcare business was a little weaker following the adoption of the healthcare reform. Annual premiums fell from €16.5 million to €14.6 million. However, MLP achieved slight growth in the loans and mortgages volume which increased from €304 million to €306 million. Funds under management jointly managed with Feri remain at the level of December 31, 2006 and amount to €10.8 billion. Within the area of long-term pension products MLP achieved a premium sum of €0.9 billion (€1.6 billion), of which a significantly increased portion, amounting to 8%, was attributable to the recently formed occupational pension schemes business. In the previous year's first quarter, the Riester-step had a substantial influence on new business.

#### Positive response to the new remuneration system

Between January and March MLP gained 10,000 new clients. After adjustments within the existing client base, the total number of clients rose by 6,000 to 697,000. As expected, the newly introduced fixed sum element of remuneration that MLP has been paying to new consultants since April 1, led to deferments of new appointments into the second quarter. At the end of March the number of consultants stood at 2,599 and was thus below the year-end figure (2,649), but by April 1 MLP had already surpassed the level of December 2006.

#### Holistic approach further strengthened

In recent months MLP has further strengthened its holistic approach. MLP credit card holders can, for instance, now draw out cash worldwide without incurring charges. Since the end of March, specially trained consultants have been brokering a selection of high quality certificates and bonds. MLP will shortly be offering its clients new and innovative investment concepts that were developed in conjunction with Feri Finance AG and which stand out from the market.

## Segment report

### Consulting and sales segment

At €111.4 million (previous year: €109.9 million) total segment income in the consulting and sales segment stood just above the previous year's level in the first three months of the financial year 2007.

Segment expenses were practically unchanged compared to the same quarter in the previous year, totalling €103.5 million (previous year: €103.2 million).

While expenses for the brokerage business and personnel expenses increased, depreciation and amortisation expense and other expenses fell. The segment earnings before interest and tax (EBIT) amounted to €13.4 million in the first quarter of 2007 (previous year: €13.6 million).

The finance cost of the segment ran to €0.1 million in the first quarter of 2007 (previous year: €0.1 million), virtually unchanged from the previous year's figure.

In our foreign business units we generated a loss before interest and taxes of €2.5 million in the reporting period (previous year: -€0.7 million).

### Banking segment

The banking segment was able to continue its positive business development in the first quarter of 2007. In the period between January and March, the segment income was improved by 13%, rising to €18.9 million, mainly as the result of an increase in interest income. The higher balance sheet volume and an increased interest rate had a positive effect on the development of interest income.

The total expenses in the segment grew commensurate with the income in the reporting period, amounting to €17.2 million in total (previous year: €15.3 million). Interest expenses increased due to the rise in the balance sheet volume. As a result of the increased inflows into funds in the securities custody business, commissions paid also rose significantly.

In the period between January and March, the interest and commission income amounted to €3.4 million (previous year: €2.7 million) and €6.1 million (previous year: €6.1 million) respectively.

The segment earnings before interest and tax (EBIT) grew by 13% to €1.7 million in the first three months of 2007.

#### **Wealth management segment**

Total segment income to the tune of €9.9 million was generated in the wealth management segment in the first quarter of 2007. Earnings before interest and tax (EBIT) amounted to €1.4 million in the reporting period and earnings before tax (EBT) also totalling €1.4 million were generated. There are no comparative values for the previous year for this segment, which was created in the fourth quarter of 2006 in conjunction with the acquisition of a majority holding in Feri Finance AG.

#### **Internal services and administration segment**

In the first three months of the financial year 2007, this segment generated earnings before tax (EBT) of €3.2 million (previous year: -€0.7 million). The key drivers behind this positive development were a subsequent profit component from the sale of the former subsidiary MLP Lebensversicherung AG amounting to €1.7 million (previous year: €0.8 million) and a significant improvement in the finance cost, which rose from €2.0 million to €3.2 million in the reporting period. This includes a dividend of Feri Finance AG, which is consolidated at Group level.

#### **Risk report**

There were no significant changes to the Group's risk situation in the reporting period. There are currently no risks posing a significant danger to business operations for the MLP Group.

A detailed breakdown of the risks faced by the company and a description of our risk management can be found in our annual report for 2006.

#### **Prospects for the current financial year / forecast**

Contrary to expert predictions at the end of the last financial year, the upturn in the German market, MLP's key market, continued to pick up pace. Although economic growth of just 1.7% was forecast for 2007 at the start of the year, the leading economic research institutes are now predicting growth of 2.4%. For 2008, too, the forecast anticipates growth of 2.4%. According to estimates by the federal government, the economic vitality will have a positive effect on the labour market. The unemployment rate is expected to continue to drop significantly.

In MLP's key areas of old-age and health provision as well as financial investments and wealth management there have been no notable changes in the industry-specific framework conditions since the end of the financial year 2006.



The markets for old-age and health provision in Germany are very strongly influenced by the legal framework conditions. 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.

In the field of mutual funds and wealth management, the German market is still the largest in Europe. In our client segment of academics and other discerning clients, demand for ambitious financial investment and wealth management concepts will increase.

In view of this overall economic and industry-specific situation and following the first quarter of 2007, we see no reason to adjust our business development forecasts made in the annual report for 2006 in the current financial year. More specifically, we still anticipate that earnings before interest and tax (EBIT) will increase by 30% to approximately €110 million.

The negative business development which we forecast in the health insurance segment for 2007 has not yet materialised in the first quarter. In particular the demand for private comprehensive health insurance policies was unwaveringly high in January and February. The segment also benefited from the income from policies concluded in the fourth quarter of 2006 containing a withdrawal clause on the part of the clients which have been recognised in the income statement for the first quarter of 2007. However, after the healthcare reform was finally passed by parliament and the federal council, demand fell considerably in March. For the remaining three quarters of the current financial year, we anticipate that demand for comprehensive health insurance products will continue to be sluggish, which we predict will also lead to negative business development in this segment in the whole of 2007. Nonetheless, we expect that in the medium and long-term, conditions will be favourable for arousing clients' interest in private fully-comprehensive or supplementary health insurance.

#### **Events subsequent to the reporting date**

There were no significant developments after the balance sheet date.

## Investor Relations

Our company's share developed very pleasingly in the first three months of the financial year. With a 25.3% price increase, from €15.00 to €18.80, the share price development was considerably better than in the MDAX or DAX. The two indices rose by only 7.1% and 3.5% respectively in the same period.

The Executive and Supervisory Boards will propose payment of a dividend of €0.40 per share to the Annual General Meeting on May 31, 2007. This corresponds to a 33% increase in the regular dividend payment compared to the previous year.

In addition to the resolution on the use of the unappropriated profit, the discharge of the members of the Executive and Supervisory Boards, the appointment of the auditor and an amendment to the Articles of Association to meet the new legal framework conditions, we shall also request permission from our shareholders to buy back a maximum of 10% of the shares. Furthermore, the approval of a profit transfer agreement between MLP AG and MLP Bank AG is on the agenda of the Annual General Meeting. Further information on the Annual General Meeting can be found at [www.mlp.de](http://www.mlp.de).

### 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.

## Consolidated income statement

### Income statement for the period from January 1 to March 31, 2007

All figures in €'000	Note	1st Quarter 2007	1st Quarter 2006
<b>Continuing operations</b>			
Income from brokerage business	[4]	107,142	106,039
Income from banking business	[5]	18,922	16,749
Income wealth management	[6]	9,935	–
Other income		8,675	7,031
<b>Total income</b>		<b>144,674</b>	<b>129,819</b>
Expenses for brokerage business		–53,351	–50,899
Expenses for banking business	[7]	–5,883	–4,985
Expenses wealth management		–780	–
Personnel expenses	[8]	–24,602	–18,507*
Depreciation/amortisation		–4,632	–4,237
Operating expenses	[9]	–38,764	–38,727*
<b>Earnings before interest and tax (EBIT)</b>		<b>16,661</b>	<b>12,464</b>
Other interest and similar income		1,934	2,756
Other interest and similar expenses		–1,473	–757*
<b>Finance cost</b>		<b>462</b>	<b>1,999</b>
<b>Earnings before tax (EBT)</b>		<b>17,123</b>	<b>14,463</b>
Income taxes		–7,242	–5,988
<b>Profit from continuing operations</b>		<b>9,880</b>	<b>8,475</b>
<b>Earnings from discontinued operations</b>	[13]	<b>365</b>	<b>–1,614</b>
<b>Net profit (total)</b>		<b>10,245</b>	<b>6,861</b>
Of which			
shareholders of the parent company account for		10,245	6,861
minority interests account for		–	–
Earnings per share in €			
From continuing operations			
basic**		0.10	0.08
diluted**		0.10	0.08
From continuing and discontinued operations			
basic**		0.10	0.06
diluted**		0.10	0.06

\* Adjustments of previous year's figures, see note 3.

\*\* The ordinary shares resulting from the conversion of convertible debentures are treated as shares already issued.

## Consolidated balance sheet

### Assets as at March 31, 2007

All figures in €'000	Notes	March 31, 2007	Dec 31, 2006
Intangible assets		180,540	186,803
Property, plant and equipment		87,789	89,063
Investment property		14,951	15,063
Deferred tax assets		585	170
Receivables from banking business	[10]	653,839	606,383
Financial assets	[11]	87,399	49,905
Tax refund claims		7,705	21,057
Receivables and other assets		90,222	177,134
Cash and cash equivalents		110,219	120,507
Non-current asset or disposal group classified as held for sale		7,475	–
<b>Total</b>		<b>1,240,724</b>	<b>1,266,085</b>

### Liabilities and shareholders' equity as at March 31, 2007

All figures in €'000	Notes	March 31, 2007	Dec 31, 2006
Equity attributable to MLP AG shareholders		331,909	323,376
Minority interest		63	63
<b>Total shareholders' equity</b>		<b>331,972</b>	<b>323,439</b>
Provisions		30,267	33,908
Deferred tax liabilities		20,508	19,556
Liabilities due to banking business		640,492	599,699
Tax liabilities		9,372	7,618
Other liabilities		206,703	281,865
Liabilities in connection with the disposal of non-current assets held for sale and disposal groups		1,410	–
<b>Total</b>		<b>1,240,724</b>	<b>1,266,085</b>

## Consolidated cash flow statement

### Consolidated cash flow statement for the period from January 1 to March 31, 2007

All figures in €'000	1st Quarter 2007	1st Quarter 2006
Cash flow from operating activities	36,278	18,346
Cash flow from investing activities	-2,904	-11,945 <sup>*</sup>
Cash flow from financing activities	-2,305	-36,693 <sup>*</sup>
<b>Changes in cash and cash equivalents</b>	<b>31,069</b>	<b>-30,292</b>
Changes in cash and cash equivalents due to exchange rate movements	-15	-41
Changes in cash and cash equivalents at end of period	151,538	299,641

### Thereof discontinued operations

All figures in €'000	1st Quarter 2007	1st Quarter 2006
Cash flow from operating activities	-	55
Cash flow from investing activities	-378 <sup>**</sup>	-2,090 <sup>***</sup>
Cash flow from financing activities	-	-
<b>Changes in cash and cash equivalents</b>	<b>-378</b>	<b>-2,035</b>
Changes in cash and cash equivalents due to exchange rate movements	-	-23
Changes in cash and cash equivalents at end of period	-	1,283

\* The payments for the acquisition of own shares were transferred from the „cash flow from investing activities“ to the „cash flow from financing activities“.

\*\* The payments in the financial year 2007 are in connection with the sale of the two insurance companies.

\*\*\* The payments in the financial year 2006 are in connection with the discontinuation of the operative business of MLP Private Finance AG, Zurich and the sale of the two insurance companies.

## Segment reporting

### Continuing operations

All figures in €'000	Consulting and Sales		Bank	
	1st Quarter 2007	1st Quarter 2006	1st Quarter 2007	1st Quarter 2006
<b>Segment income</b>				
Brokerage business	111,411	109,900	–	–
Banking business	–	–	18,923	16,749
Wealth management	–	–	–	–
of which with other continuing segments	4,269	3,861	1	0
<b>Total segment income</b>	<b>111,411</b>	<b>109,900</b>	<b>18,923</b>	<b>16,749</b>
Other income	5,542	6,838	13	78
<b>Segment expenses</b>				
Brokerage business	–53,351	–50,899	–	–
Banking business	–	–	–10,214	–8,767
Wealth management	–	–	–	–
Personnel expenses	–15,852	–14,794*	–2,021	–1,822*
Depreciation and amortisation expenses	–2,991	–3,227	–59	–93
Operating expenses	–31,311	–34,239	–4,937	–4,658
<b>Total segment expenses</b>	<b>–103,505</b>	<b>–103,159</b>	<b>–17,232</b>	<b>–15,340</b>
<b>Segment earnings before interest and tax (EBIT)</b>	<b>13,448</b>	<b>13,579</b>	<b>–1,704</b>	<b>–1,487</b>
Other interest and similar income	472	222	0	0
Other interest and similar expenses	–356	–130*	–21	–16*
<b>Finance cost</b>	<b>116</b>	<b>92</b>	<b>–21</b>	<b>–16</b>
<b>Segment earnings before tax (EBT)</b>	<b>13,564</b>	<b>13,671</b>	<b>1,683</b>	<b>1,471</b>
Income taxes				
<b>Segment result from continuing operations</b>				
<b>Segment results from discontinued operations</b>	<b>–</b>	<b>–2,198</b>	<b>–</b>	<b>–</b>
<b>Group net profit incl. minority interest</b>				

\* Adjustment of previous year's figures, see note 3.

	Wealth magement		Internal services and administration		Consolidation/ Other		Total	
	1st Quarter 2007	1st Quarter 2006	1st Quarter 2007	1st Quarter 2006	1st Quarter 2007	1st Quarter 2006	1st Quarter 2007	1st Quarter 2006
	-	-	-	-	-4,269	-3,861	107,142	106,039
	-	-	-	-	-1	0	18,922	16,749
	9,935	-	-	-	-	-	9,935	-
	-	-	-	-	-	-	-	-
	9,935	-	-	-	-4,270	-3,861	135,999	122,788
	872	-	6,216	4,135	-3,968	-4,020	8,675	7,031
	-	-	-	-	-	-	-53,351	-50,899
	-	-	-	-	4,331	3,782	-5,883	-4,985
	-780	-	-	-	-	-	-780	-
	-5,294	-	-1,435	-1,891*	-	-	-24,602	-18,507
	-691	-	-891	-917	-	-	-4,632	-4,237
	-2,677	-	-3,809	-3,987*	3,970	4,157	-38,764	-38,727
	-9,443	-	-6,134	-6,795	8,301	7,939	-128,013	-117,355
	1,364	-	82	-2,660	63	58	16,661	12,464
	73	-	4,480	2,609	-3,091	-75	1,934	2,756
	0	-	-1,320	-635*	225	24	-1,473	-757
	73	-	3,160	1,974	-2,866	-51	462	1,999
	1,437	-	3,242	-686	-2,803	7	17,123	14,463
							-7,242	-5,988
							9,880	8,475
	-	-	-	-	365	584	365	-1,614
							10,245	6,861

## 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		
<b>As at January 1, 2006</b>	<b>108,641</b>	<b>-10,505</b>	<b>11,474</b>	<b>63</b>	<b>345,456</b>	<b>455,129</b>	<b>63</b>	<b>455,192</b>
Currency translation	-	-	-	-	-27	-27	-	-27
Change in available for sale reserve	-	-	-	-42	-	-42	-	-42
Net profit	-	-	-	-	6,861	6,861	-	6,861
Dividends paid to shareholders and minority interests	-	-	-	-	-	-	-	-
Convertible debentures	-	-	619	-	-	619	-	619
Acquisition of treasury stock	-	-36,536	-	-	-	-36,536	-	-36,536
<b>As at March 31, 2006</b>	<b>108,641</b>	<b>-47,041</b>	<b>12,093</b>	<b>21</b>	<b>352,290</b>	<b>426,004</b>	<b>63</b>	<b>426,067</b>
<b>As at January 1, 2007</b>	<b>108,781</b>	<b>-148,353</b>	<b>14,487</b>	<b>69</b>	<b>348,392</b>	<b>323,376</b>	<b>63</b>	<b>323,439</b>
Currency translation	-	-	-	-	-33	-33	-	-33
Change in available for sale reserve	-	-	-	50	-	50	-	50
Net profit	-	-	-	-	10,245	10,245	-	10,245
Dividends paid to shareholders and minority interests	-	-	-	-	-2,151	-2,151	-	-2,151
Convertible debentures	0	-	422	-	-	422	-	422
Acquisition of treasury stock	-	-	-	-	-	-	-	-
<b>As at March 31, 2007</b>	<b>108,781</b>	<b>-148,353</b>	<b>14,909</b>	<b>119</b>	<b>356,453</b>	<b>331,909</b>	<b>63</b>	<b>331,972</b>



## Selected notes to the financial statement

### General Information

#### [1] Information about the company

The parent company of the Group is MLP AG, based in Wiesloch, Germany. It is entered in the Mannheim Commercial Register under the number HRB 332697 with the address Alte Heerstraße 40, 69168 Wiesloch.

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

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

#### [2] Principles governing the preparation

This interim report has been prepared in line with the regulations set out in IAS 34 (interim financial reporting). The standards and interpretations valid at the reporting date and as applicable in the European Union (EU) have been applied to the preparation of this interim financial report. The interim financial report has not been audited.

The interim financial report is drawn up in euros (€), the functional currency of MLP AG. Unless the notes state otherwise, all amounts are rounded to the nearest thousand euros (€'000). Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when the individual values are added up.

#### [3] Changes in accounting policies

Apart from one exception, which is stated below, the same consolidation principles and accounting policies as for the consolidated financial statements of December 31, 2006 have been applied to this interim financial report. The consolidation principles and accounting policies were stated in the notes to the consolidated financial statements of the 2006 annual report. The report is available on the company's website: [www.mlp.de](http://www.mlp.de).

As of 2007, interest costs resulting from the accrued interest of pension provisions are no longer recorded under the items "Personnel expenses" and "Operating expenses" but under the item "Other interest and similar expenses". The previous year's figures were adjusted accordingly.

The change in the disclosure of these figures means that accrued interests are now stated in accordance with their economic character under finance costs. In the income statement for the first quarter of 2006, accrued interest of pension provisions to the tune of €170 thsd has been reclassified from personnel expenses and €31 thsd from operating expenses to “Other interest and similar expenses“. This reclassification had no effect on net profit and earnings per share.

### Notes to the consolidated income statement

The interim statements as at March 31, 2007 also include the costs and income generated by the Feri Group which was acquired on October 20, 2006. This means that a comparison with the figures of Q1 2006 is only possible to a limited extent.

#### [4] Income from brokerage business

All figures in € '000	1st Quarter 2007	1st Quarter 2006
Old-age provisions	60,874	72,278
Health insurance	25,580	14,850
Non-life insurance	12,961	12,075
Loans	3,652	3,357
Mutual funds	3,309	2,884
Other income	766	595
<b>Total</b>	<b>107,142</b>	<b>106,039</b>

Due to a modified itemisation in the previous year, there were minor shifts between the sub-items “Old-age provision“, “Loans and mortgages“ and “Other income“.

#### [5] Income from banking business

All figures in € '000	1st Quarter 2007	1st Quarter 2006
Comission income	11,601	11,123
Inserest and similar income	7,282	5,473
Change fair value option	39	153
<b>Total</b>	<b>18,922</b>	<b>16,749</b>

## [6] Income from wealth management

All figures in €'000	1st Quarter 2007	1st Quarter 2006
Wealth management	6,144	–
Income from consulting/fees	3,791	–
<b>Total</b>	<b>9,935</b>	<b>–</b>

## [7] Expenses for banking business

All figures in €'000	1st Quarter 2007	1st Quarter 2006
Commissions paid	1,199	1,293
Interest and similar expenses	3,801	2,717
Allowances for losses	753	766
Change fair value option	131	209
<b>Total</b>	<b>5,883</b>	<b>4,985</b>

## [8] Personnel expenses/Number of employees

Personnel expenses rose from €18,507 thsd to €24,602 thsd. This is mainly due to the first time consolidation of the Feri Group in the fourth quarter of 2006 and general salary increases.

As at March 31, 2007, MLP employed a staff of 1,901 (March 31, 2006: 1,693). Of these, 481 (March 31, 2006: 393) are marginal part-time employees.

## [9] Operating expenses

All figures in € '000	1st Quarter 2007	1st Quarter 2006
IT costs	7,783	9,866
Cost of premises	5,534	6,152
Audit and consultancy costs	2,741	2,095
Communication	2,140	2,800
Allowances for bad debts	1,719	105
Training and seminars	2,376	2,048
Expenses for retired sales representatives	1,654	1,062
Advertising expenses	2,173	3,050
Representation, entertainment expenses	1,370	1,555
Office supplies	713	838
Other taxes	80	75
Currency translation expenses	24	4
Sundry other expenses	10,457	9,077
<b>Total</b>	<b>38,764</b>	<b>38,727</b>

Allowances for bad debts to the tune of €1,719 thsd are faced by the reversal of impairment losses to the tune of €417 thsd. This increase is mainly down to higher allowances for losses abroad.

## Notes on Group balance sheet

### [10] Expenses for banking business

All figures in € '000	March 31, 2007	Dec 31, 2006
Receivables from clients	260,663	271,451
Receivables from other financial institutions	393,176	334,932
<b>Total</b>	<b>653,839</b>	<b>606,383</b>

**[11] Financial assets**

All figures in €'000	March 31, 2007	Dec 31, 2006
Available for sale		
Investments	3,106	3,222
Securities	28,352	34,763
Held to maturity securities	15,940	11,916
Loans and receivables		
Loans	1	4
Other investments	40,000	–
<b>Total</b>	<b>87,399</b>	<b>49,905</b>

**[12] Treasury stock**

MLP did not buy back any own shares in the period from January 1, 2007 to March 31, 2007. In the same period of the previous year, 1,928,000 shares were acquired for the price of €36,536,101. This corresponds to 1.77% of the share capital in place at the date of resolution (June 21, 2005).

Since the beginning of the share buyback programme, a total of 8,863,109 shares has been acquired at an overall value of €148,353,044. This corresponds to 8.16% of the share capital (date of the resolution). The acquired shares correspond to €8,863,109 of the share capital (date of resolution).

Shares amounting to 10% of the share capital in place at the date of resolution (May 31, 2006) can be acquired until November 29, 2007.

## Discontinued operations

Within the scope of its restructuring activities, MLP ceased its operative business at the Swiss subsidiary MLP Private Finance AG, Zurich, Switzerland in the last financial year. Back in the financial year 2006, MLP Lebensversicherung AG and MLP Versicherung AG were sold. These three companies constitute discontinued operations.

In line with IFRS 5 discontinued operations are disclosed separately. In the income statement has been adjusted by the amounts attributable to discontinued operations, the net result generated by them is disclosed in a separate line in the income statement.

### [13] Income statements

#### Income statement for the period 1 January to March 31, 2007

All figures in € '000	1st Quarter 2007	1st Quarter 2006
Income from brokerage business	–	578
Other income	–	0
<b>Total income</b>	<b>–</b>	<b>578</b>
Other expenses	–	–891
<b>Earnings before interest and tax (EBIT)</b>	<b>–</b>	<b>–313</b>
Finance cost	–	–31
<b>Earnings before tax (EBT)</b>	<b>–</b>	<b>–344</b>
Income taxes	–	22
<b>Operating result from discontinued operations</b>	<b>–</b>	<b>–322</b>
Earnings from the sale of operations	434	–937
Income taxes	–69	–355
<b>Net earnings from discontinued operations</b>	<b>365</b>	<b>–1,614</b>
Earnings per share in €		
From discontinued operations		
basic	0.00	–0.02
diluted	0.00	–0.02

The income disclosed under “Profit from the sale of operations“ for the first quarter of 2005 results from the reversal of non-utilised provisions, the reduction of liabilities which were recorded in the financial year 2005 in connection with the sale of MLP Lebensversicherung AG and an expected reduction in the purchase price.

## Notes on the consolidated 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 € 16 thsd (previous year: € 20 thsd) which are intended for committed donations or are subject to other restraints.

All figures in € '000	March 31, 2007	March 31, 2006
Cash and cash equivalents	110,203	108,367
Non-current asset held for sale	1,352	1,283
Other investments < 3 months	40,000	190,000
Liabilities to banks due on demand	-17	-9
<b>Cash and cash equivalents</b>	<b>151,538</b>	<b>299,641</b>

Non-current assets held for sale contain cash and cash equivalents of € 1,352 thsd. The previous year's figure of € 1,283 thsd concerns MLP Private Finance AG.

## Notes on Group reporting by segment

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 2,599 consultants and a comprehensive scope of services, the company currently caters to some 697,000 clients in the named segments.

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.

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. In addition this segment specialises in economic research and rating services.

The main internal services and activities are embraced in the segment of **internal service providers and administration**.

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.

## **Executive bodies MLP AG**

### **Executive board**

Dr. Uwe Schroeder-Wildberg (Chief Executive Officer)  
Dr. Wulf Böttger  
Gerhard Frieg  
Nils Frowein

### **Supervisory board**

Manfred Lautenschläger (Chairman)  
Gerd Schmitz-Morkramer (Vice Chairman)  
Dr. Peter Lütke-Bornefeld  
Johannes Maret  
Maria Bähr (Employee Representative)  
Norbert Kohler (Employee Representative)



## Financial calendar

**May 22, 2007**

Analyst Conference "MLP wealth managment"

**May 31, 2007**

Annual General Meeting 2007 in Mannheim

**August 8, 2007**

Results for the 2<sup>nd</sup> quarter 2007

**November 7, 2007**

Results for the 3<sup>rd</sup> quarter 2007

## Contact

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