Annual Report of MLP AG 2006

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.

Content

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 the first major independent financial advisor to have received permission to broker a comprehensive range of investment products to 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 of Feri Finance AG and concluded an extensive cooperation agreement. Furthermore, fixed-term pre-emptive rights which could lead to the purchase of 100% of Feri Finance AG in 2011 are in place. Feri Group 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.

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

The meeting of the Supervisory Board on March 27, 2006 focused on the audit and approval of the financial statements of the 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 of the first quarter 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 pre-emptive 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 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 by means of an extraordinary resolution.

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.

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 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

The Supervisory Board regularly deals at its meetings 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 noted three shareholders which exceed 10% of the voting rights:

	Number of shares	Holding in %[1)]
Manfred Lautenschläger[2), 3)]	17,316,597[2), 3)]	15.92%[2), 3)]
Manfred Lautenschläger Beteiligungen GmbH[4)]	14,729,995[4)]	13.54%[4)]
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	11,857,781	10.90%

1) Based on the current number of 108,781,403 shares.

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 of 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 at the time of the authorisation 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 pre-emptive 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 pre-emptive 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, Steuerberatungs-gesellschaft, Stuttgart, which issued an unqualified auditor’s 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 auditor’s 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 that are prepared in line with the German Commercial Code (HGB) and the management report prepared by the Executive Board 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 consultants of the MLP Group for their commitment and achievements in the financial year 2006.

Wiesloch, March 2007

The Supervisory Board

Manfred Lautenschläger

Chairman

Management report

Overall economic situation

Basic 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.

Overall economic situation

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 the up-and-coming national economies of Southern and Eastern Asia, on the other hand, positive economic development continued unabated. China once again achieved formidable economic growth of 10.5% in 2006.

In the Euro-area 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%.

The positive development also made itself felt on the labour market – albeit to a lesser extent. The number of employees subject to social insurance grew over the 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.

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 put 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 (Deutsche Sparkassen- und Giroverband). According to the study, 85% of those surveyed acknowledged saving for old-age provision as an attractive or very attractive goal. 80% of those surveyed were also prepared to cut down on consumer activities in order to achieve their savings goals. 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.

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.

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.

Industry situation and competitive environment

MLP works as an independent financial advisor with its target group of academics and other discerning clients in the areas of old-age and health provision, insurance cover, financial investments and wealth management, and loans and mortgages. Our economic success is therefore influenced by the current legislation on old-age and health provision and industry development in the financial services sector, particularly the finance brokerage, insurance and banking segments.

Old-age provision

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 (tax-privileged Riester pension and occupational pension provision)

Layer 3: Capital market products (for example private pension or life insurance or funds).

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.

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.

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.

In short, it can be clearly stated that the need for private old-age provision in Germany is greater than ever. This is confirmed in a study which was carried out in 2006 by the German Savings Bank and Clearing Bank Association (Deutsche 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.

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.

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.

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 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. This gave the company a market share of approximately 32%.

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.

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 planned law has established the continued existence of private health insurance, but makes it more difficult for people who want 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.

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.

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

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.

Yet 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.

According to the sales statistics of the Federal Association of Investment Companies (Bundesverband der Investmentgesellschaften; BVI), the total value of the managed funds of the investing public 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

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.

The MLP Group 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

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.

Particularly 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. Through the acquisition of stock in the Feri Finance AG – the largest independent wealth management company in Germany – in the fourth quarter of the last financial year credit is added to MLP's competence in the area of wealth management.

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 broker" became the most important sales channel in the financial services industry in 2005. Independent brokers 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 broker" 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.

EU Insurance Mediation Directive

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 would have welcomed even more rigorous 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.

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 finance broker" sales channel holds growth potential. By 2015, this sales channel is set to have expanded its market share from 32.4% to 34.0%. MLP wants to use this trend to its advantage and participate to the optimum.

Company situation

Business model

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.

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.

Strategy

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.

The first step in this process was to sell MLP Lebensversicherung AG and MLP Versicherung AG in 2005. This strengthened MLP's independence as a broker further and streamlined the Group structures.

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+ 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 Finance AG shall continue its 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 also promote the development of investment concepts which are specially tailored to the needs of MLP clients in the future.

Business abroad

In 2006, MLP 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.

Organisation and structure

MLP AG is the holding company for the MLP Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. In the course of streamlining the Group structure, MLP Login GmbH was brought into MLP Finanzdienstleistungen AG as a non-cash contribution on April 10, 2006 with effect from January 1, 2006, as internal IT services are now only provided within MLP Finanzdienstleistungen AG. The Group's business activities are organised in segments and were mainly conducted by the two subsidiaries MLP Finanzdienstleistungen AG and MLP Bank AG. Under the continuation of the Group's strategic realignment, a share of 56.6% in Feri Finance AG was purchased in the fourth quarter of 2006 for a price of €64.4 million plus incidental acquisition expenses. This company forms the new wealth management segment. A time-limited option exists for the purchase of the remaining shares in 2011. Accordingly, at the end of the financial year 2006 the following significant companies belonged to the Group:

- MLP Finanzdienstleistungen AG including MLP BAV GmbH, BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH (including its subsidiary) and a foreign branch and foreign subsidiaries of MLP Finanzdienstleistung AG
- MLP Bank AG
- Feri Finance AG (including its subsidiaries)

All companies are wholly owned by MLP AG with the exception of BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH (51.08%) and Feri Finance AG Bad Homburg v. d. Höhe (56.6%). MLP AG has concluded control and profit/loss transfer agreements with MLP Finanzdienstleistungen AG.

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

Disclosures in accordance with § 289 (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.

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 was notified of three shareholders which exceed 10% of the voting rights:

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

1) Based on the current number of 108,781,403 shares.
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 mbH.
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 mbH 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 of 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 at the time of the authorisation 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 and the vendors granted themselves pre-emptive 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 pre-emptive 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.

Earnings position

Other operating income of €24.6 million (€296.0 million) was generated in the financial year 2006. The previous year's values include revenue to the tune of €282.9 million from the sale of MLP Lebensversicherung AG and MLP Versicherung AG. The other operating income for 2006 contains a subsequent profit component from the sale of MLP Lebensversicherung AG amounting to €8.6 million (€9.3 million).

Personnel expenses rose in the reporting period primarily through redundancy payments from €5.0 million to €5.5 million.

The other operating expenses of MLP AG plummeted from €38.0 million to €22.7 million in the reporting period. The drop is primarily due to the discontinuation of expenses connected with the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG.

Thanks to the improved result of MLP Finanzdienstleistungen AG, the income from profit and loss transfer agreements shot up from €45.9 million to €84.6 million.

In the last financial year, other interest and similar income climbed from €5.8 million to €8.1 million, mainly as a result of greater liquidity.

The depreciation/amortisation on treasury stock totalled €15.4 million (€0) in the reporting period.

The interest and similar expenses fell from €5.5 million to €2.8 million in 2006. In the previous year, this item included expenses of €2.8 million due to an allocation to the provision for impending losses from interest rate swaps.

In the financial year 2006, MLP AG achieved earnings before tax of €68.6 million (€296.8 million). The value for the previous year was influenced by the proceeds from the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG. At €17.3 million (€4.1 million), tax expense was considerably higher than in the previous year. As such, MLP AG's net profit for the last financial year ran to €51.3 million (€292.7 million).

The earnings position of MLP AG is mainly influenced by the business development of the largest subsidiary MLP Finanzdienstleistungen AG, with which a control and profit/loss transfer agreement is in place. In the financial year 2006, MLP Finanzdienstleistungen AG transferred a profit of €84.6 million (€45.9 million).

Investments

The business of MLP Finanzdienstleistungen AG showed a split picture in the last financial year. The development of business in the important area of private old-age provision did not go according to plan in the second quarter in particular. As a result, a series of measures for boosting sales of old-age provision products was decided upon. In the course of the remainder of the year, the first positive effects of the measures introduced in the summer became evident particularly in the fourth quarter. Following a very strong fourth quarter, especially in the area of old-age provision, the result for the financial year 2006 was all in all pleasing. The commission income, which makes up the majority of MLP Finanzdienstleistungen AG's sales revenue, rose from €470.0 million to €475.0 million in 2006. Earnings before tax grew considerably and stood at €84.6 million (€46.2 million) as at December 31, 2006.

At MLP Bank AG, the pleasing development of previous years also continued in the financial year 2006. Both the business volume (+10%) and the managed securities custody business (+16%) grew significantly. MLP Bank AG's operating result increased by €1.4 million to €8.5 million in comparison with the previous year's figure. Thanks to this pleasing development, a return on equity of 25% before tax was achieved 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 considerable drop in expenses for risk provisions (-27%).

Following receipt at the end of October 2006 of the Federal Cartel Office's approval for the purchase of a share of 56.6% including the option to purchase the remaining shares by 2011, Feri Group was consolidated as a subsidiary of MLP AG for the first time in the fourth quarter of the last financial year. Feri Group generated total income of €40.2 million in the financial year 2006.

Financial position

The balance sheet total of MLP AG dropped from €524.2 million at the end of the financial year 2005 to €492.5 million at the end of the last financial year. On the asset side of the balance sheet, the financial investments rose as a result of the purchase of 56.6% of the shares in Feri Finance AG from around €86.2 million as at December 31, 2005 to €153.5 million at the end of the last financial year. In return, cash holdings fell from €302.7 million to €59.2 million at the end of 2006. This was primarily due to the acquisition of the shares in Feri Finance AG, the buyback of own shares and the payout of the 2005 dividends and extra dividends.

The item "Receivables and other assets" recorded an increase from €28.2 million at the end of 2005 to €53.7 million at the end of the last financial year. The decisive factors here were a rise in the accounts receivable due from affiliated companies of €1.6 million to €25.1 million and the capitalisation of a corporation tax credit of €5.0 million due to legal regulations as at December 31, 2006. By contrast, payments received in the course of the financial year 2006 led to a drop in receivables from trade taxes amounting to €2.5 million.

The item "Securities" indicates another significant change on the asset side of the balance sheet. This increased to €147.0 million (2005: €22.5 million) as at December 31, 2006. The rise is predominantly due to the acquisition of treasury stock within the scope of the share buyback programme.

On the liabilities and shareholders' equity side of the balance sheet, shareholders' equity fell from €461.5 million to €450.9 million. The unappropriated profit in 2005 was mainly influenced by the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG. From the unappropriated profit for 2005, €211.9 million were transferred into the other retained earnings. Also in 2006, €63.0 million was used to pay out a dividend and an extra dividend. The reserves for treasury stock rocketed from €10.5 million to €132.9 million as a result of the share buyback programme. The transfer was made from the other retained earnings.

Provisions had dropped considerably by the end of the last financial year to €30.6 million (€41.9 million). The reason behind this was the slump in tax provisions, which dropped from €14.5 million to €5.8 million in 2006, and the reduction in other provisions, which fell by around €3.0 million to €17.3 million.

Liabilities were significantly reduced by 47% to €11.0 million in the past financial year. This is predominantly due to the complete reduction of liabilities due to banks amounting to €4.1 million and the reduction of liabilities due to affiliated companies by €8.4 million.

Liquidity, dividends and share buyback programme

As at the balance sheet date, MLP AG had cash holdings of €59.2 million (2005: €302.7 million). The slump compared to the previous year mainly resulted from the payout of dividends and extra dividends for the financial year 2005, the buyback of own shares and the acquisition of the shares in Feri Finance AG. The dividend for the financial year 2005 ran to €0.30 per share (total volume of €31.5 million). 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 for the financial year 2005 in 2006 (total volume also €31.5 million). Furthermore, cash holdings from the sale of the companies were paid back to our shareholders within the scope of a share buyback programme. In the period between December 1, 2005 and December 20, 2006, around 8.9 million shares were purchased at an average price of €16.74. The total amount of the share buyback programme came to €148.4 million. Cash holdings to the tune of €64.4 million (plus incidental acquisition expenses) were used for the shares in Feri Finance AG.

As always, it is in line with MLP's corporate policy to offer shareholders an appropriate share in the company's success. Dividends are paid in accordance with the financial situation, the assets position and the future need for liquid funds.

Due to the pleasing trend in earnings in the past financial year, at the Annual General Meeting 2007 the Executive and Supervisory Board 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, this proposal shall be changed to the effect that amounts pertaining to these shares are carried forward to new account.

Remuneration report

Emoluments of the 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 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.

All figures in €'000	**Fixed portion of remuneration**	**Variable portion of remuneration**	**Total**
	2006	2006	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**

There were pension provisions to the tune of €1,175 thsd (previous year: €1,476 thsd) for the members of the Executive Board active at December 31, 2006 .

The total emoluments received by former Board members came to €915 thsd (previous year: €450 thsd). On 31 December 31, 2006, there were pension provisions to the tune of €6,320 thsd (previous year: €5,537 thsd).

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 shares in the XETRA trade (or a comparable successor system replacing the XETRA system

at the Frankfurt/Main stock exchange) achieves 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.

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. As at December 31, 2006, two members of the Executive Board hold convertible debentures issued by the company between 2003 and 2004.

	Convertible debentures Tranche 2003 (value in €'000 as at Dec 31, 2006)	**Convertible debentures** Tranche 2004 (value in €'000 as at Dec 31, 2006)	**Convertible debentures** Total in units as at Dec 31, 2006
Dr. Uwe Schroeder-Wildberg (Chairman and CEO)	-	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. These 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 dividend payout is to take place. 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	**Phantom shares**	**Phantom shares**	**Phantom shares**
	Tranche 2006 (value in €'000 as at Dec 31, 2006)	Tranche 2005 (value in €'000 as at Dec 31, 2006)	Tranche 2006 (units)	Tranche 2005 (units)
Dr. Uwe Schroeder-Wildberg (Chairman and CEO)	-	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.

All figures in €'000	**Fixed portion of remuneration (incl. VAT)**	**Variable portion of remuneration**	**Total**
	2006	2006	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.

Risk report

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. Our early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, the quantification, aggregation, assessment and evaluation thereof which forms the basis for proactive risk management and controlling. As such, the risk management system is embedded in our value-oriented management and planning system.

We have drawn up the risk report in accordance with the German Accounting Standard 5 (GAS 5).

Principles of risk management and 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.

The risk coverage fund is a strategic controlling parameter for the risks taken in the company and a measure of the 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.

The Executive Board defines the business strategy, on the basis of which the readiness to take risks, taking into account the risk-bearing ability, is derived. This gives rise to framework conditions for risk-taking and risk management in the company. The readiness to take risks is regularly checked and adjusted as necessary.

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

We have defined, documented and implemented our risk organisation, risk processes, as well as the tasks and responsibilities incumbent upon risk management and controlling managers in compliance with legal stipulations. The organisational structure and the risk-controlling process are regularly checked and analysed by the internal auditing department.

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

Uniform standards for the measurement and evaluation of risks are defined across the Group. 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.

Suitable early detection systems support the early and ongoing monitoring of risks, identify potential problems early on and thereby enable prompt planning of measures.

The complete transparency of risks forms the basis for proper risk control. 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.

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

Organisation

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

At the level of the business segments, 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 Officer is responsible for the consistent implementation of the risk principles in the company and for keeping the Risk Manager constantly informed of the current risk situation. In his capacity as Risk Manager, the Chief Financial Officer is responsible for risk control tasks at MLP AG. He regularly informs the Executive Board and the Supervisory Board of the risk situation and reports directly to the Group Risk Manager and the Group Risk Officer.

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 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.

Within the scope of the audit programmes, the internal audit department regularly checks processes and systems. This also includes a security check of our 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

A central constituent of our early risk detection system is risk inventory, which is carried out at regular intervals, and by means of which the risks present in the company are categorised according to risk classes for each business segment. Risks are assessed using risk-related key figures as well as segment- and function-related thresholds. The assessed risks are aggregated and evaluated in an overall analysis.

An important factor for the risk strategy and value-oriented controlling is the risk coverage fund of MLP AG, which is defined at company level by the shareholders' equity on the balance sheet. 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 or which could considerably impede solvency are classified as posing a significant threat to business operations.

Our planning, simulation and controlling tools enable us to map possible positive and negative developments on the most important value and controlling figures and their effect on the net assets, financial position and results of operations. Our systems 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.

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

Our Business Continuity Management (BCM) identifies possible critical business processes which could have a major effect on the business of MLP AG 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

Changes in economic and political factors can affect the business model and the development of MLP AG. 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.

In addition, we exploit the market competence of external and internal analysts to continuously check our strategic and operational orientation and to implement necessary adjustments.

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 our strategic positioning. In securing and expanding our market position, our risk control tools offer support in monitoring and controlling our strategic measures.

These risks are essentially influenced by the productivity of the MLP companies. This refers substantially to the fulfilment of the control and profit/loss transfer agreement by MLP Finanzdienstleistungen AG. We use our comprehensive reporting system to monitor our expected business success and employ monitoring and control instruments to make trends in operating results transparent and allow us to derive necessary control measures using simulation calculations.

Financial risks

(Reporting pursuant to § 289 (2) no. 2b HGB)

We reduce the risk of default by issuers whose securities we have acquired within the scope of capital investment management through the strict creditworthiness requirements of our capital investment directives.

Shares, bonds and promissory note bonds held can be subject to an exchange risk by fluctuations in market interest rates or changes in creditworthiness.

Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong exchange rate fluctuations can be addressed early on.

A possible interest risk is safeguarded and controlled using derivative financial instruments (interest rate swaps). Appropriate provisions were established.

Ensuring solvency at all times is the core function of our Group treasury. The operational business is financed by 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

MLP'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.

We are 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.

To effectively minimise potential risks in the IT field, MLP AG is integrated in a standardised, Group-wide IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, 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 trouble-free 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 emergency 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

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 AG do not represent a risk which could endanger the company's continued existence.

For the observance of supervisory regulations and for the areas of compliance 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.

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 reserves have been established for expected back taxes.

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.

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.

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

Overall statement on the company's risk situation

Looking at the risks as a whole shows that MLP AG is essentially influenced by performance-related risks. Using our systems and comprehensive reporting, we ensure the monitoring and control of our risks concerning current and future development. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

In line with the German Banking Act (KWG), MLP Finanzdienstleistungen AG has received permission from the Federal Financial Supervisory Authority (BaFin) to provide financial services for investment and acquisition brokerage. Now that this permission has been granted, MLP AG has become a financial holding company and, like MLP Finanzdienstleistungen AG, is subject to the relevant supervisory regulations of the KWG and supervision by BaFin. This has changed the risk structure through an expansion of the supervisory risks. Through the creation of additional supervisory departments and defined workflows, we ensure that the supervisory requirements are strictly adhered to.

An overall inspection of the risks confirmed that MLP AG did not face any risks which could have jeopardised its continued existence in the financial year. Our Business Continuity Management also ensures regulated business operations in the event of any malfunctions. Our risk monitoring and control system, combined with the consistent alignment of our business model to the risk-bearing ability, enables us to ensure that the risks taken within the scope of our business activity 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.

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

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 and is set to become a real competitor in the premium segment of consumer business in the medium term.

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, we are not keeping to plan in the old-age provision business. 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, the sales department can now further expand its influence. Dr. Böttger will be responsible for sales planning and control as well as the marketing of MLP.

Overall economic development in the future

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, experts are expecting economic development to pick up. The increase in VAT by three 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 order to 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.

With the attractive investing activities, the German labour market will also be able to gain further power 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 amount 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.

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.

Regardless of how household income develops in 2007, MLP predicts that the realisation of having to provide for one's own retirement provision 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.

Outlook for the industry

MLP's business activities cover the areas of provision, financial security, investment and wealth management, as well as financing. While the latter segment is predominantly influenced by economic development, 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

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 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.

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.

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

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 portions of the population to see the sense in private supplementary measures. MLP generated 11% of its sales revenue from the brokerage of private fully comprehensive or supplementary insurance policies in 2006.

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 (GKV-WSG) 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.

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. 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 policies.

Financial investments

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 one million US dollars, 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.

MLP is set to expand its wealth management services to become its second 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

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

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 sector, 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.

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 rejections on the market. The future prospects for the sales channel of "independent financial advisor" are extremely positive. The Tillinghast Sales Channel Survey, a highly regarded 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.

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.

Expected development of business

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.

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. Compared to the financial year 2006, we predict that business will slow considerably here in the financial year 2007. 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.

We expect a positive development for the company in the next two financial years.

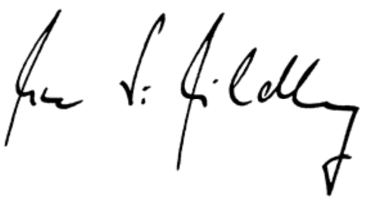
Events subsequent to the reporting date

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 together 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 the company's Board Member for Sales with effect from January 1, 2007.

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

Wiesloch, March 12, 2007



Dr. Uwe Schroeder-Wildberg

Dr. Wulf Böttger

Gerhard Frieg

Nils Frowein

Corporate Governance report

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. 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

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.

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 company's accounts are prepared in line with the regulations of the German Commercial Code (HGB). Ernst & Young AG Wirtschaftsprüfungs-gesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as auditor by the Annual General Meeting and audited the 2006 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.

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.

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 new 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 was therefore not 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 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)

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 committee 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)

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)

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)

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.

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.

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.

	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
Conversion prices (€)	30.22	7.02	12.40	13.01
Subscribed convertible debenture (€ resp. unit)	115,300	281,040	677,042	577,806
of which repaid (€ resp. unit)	115,300	30,762	27,751	7,920
Convertible debentures as at Dec 31, 2006 (€ resp. unit)	-	109,561	649,291	569,886
of which Executive Board (€ resp. unit)		3,624	22,300	-
Exercised convertible debentures as at Dec 31, 2006 (€ resp. unit)	-	140,717	-	-

*) Since the exercise hurdle (€39.28) for the allocation of the convertible debentures was not reached by Aug 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

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 reaches a sum established in advance by the Supervisory Board. In spring 2008, the Supervisory Board will determine whether a dividend 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 dividend payout is to take place. If an employee or member leaves the company, the phantom shares granted expire. 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.

	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

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.

All figures in €'000	**Fixed portion of remuneration incl. VAT**	**Variable portion of remuneration**	**Total**
	2006	**2006**	**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
Gesamt	**352**	**-**	**352**

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

Remuneration of the members of the 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 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.

All figures in €'000	**Fixed portion of remuneration**	**Variable portion of remuneration**	**Total**
	2006	**2006**	**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**

There were pension provisions to the tune of €1,175 thsd (previous year: €1,476 thsd) for the members of the Executive Board active at December 31, 2006.

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	Convertible debentures	Convertible debentures
	Tranche 2003 (value in € ’000 as at Dec 31, 2006)	Tranche 2004 (value in €’000 as at Dec 31, 2006)	Total in units as at Dec 31, 2006
Dr. Uwe Schroeder-Wildberg (Chairman and CEO)	-	50	12,300
Eugen Bucher until Aug 7, 2006	-	-	-
Gerhard Frieg	33	40	13,624
Nils Frowein	-	-	-
Gesamt	**33**	**90**	**25,924**

	Phantom shares	Phantom shares	Phantom shares	Phantom shares
	Tranche 2006 (value in € ’000 as at Dec 31, 2006)	Tranche 2005 (Value in € ‘000 as at Dec 31, 2006)	Tranche 2006 (units)	Tranche 2005 (units)
Dr. Uwe Schroeder-Wildberg (Vorstandsvorsitzender)	-	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
Gesamt	**-**	**346**	**60,133**	**68,917**

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:

Supervisory Board member	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 member	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 Dec 31, 2006.

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

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.

Financial statements/ Notes

Profit & loss account for 2006

All figures in €'000		Notes	2006	2005
1.	Other operating income	[1]	24,628	296,037
2.	Personnel expenses			
	a) Salaries and wages	[2]	-4,739	-4,040
	b) Social security contributions and expenses for old-age pensions and benefit of which for pensions: €601 thsd (previous year: €794 thsd)	[2]	-724	-955
3.	Depreciation/amortisation Amortisation of intangible assets and tangible fixed assets	[3]	-5,112	-5,090
4.	Other operating expenses	[4]	-22,661	-37,952
5.	Income from investments of which from affiliated companies: €2,606 thsd (previous year: €2,221 thsd)	[5]	2,606	2,221
6.	Income from profit and loss transfer agreements	[5]	84,573	45,856
7.	Income from other investments and long-term loans of which from affiliated companies: €212 thsd (previous year: €184 thsd)	[5]	246	376
8.	Other interest and similar income of which from affiliated companies: €60 thsd (previous year: €121 thsd)	[5]	8,145	5,835
9.	Write-downs of financial investments and marketable securities	[5]	-15,547	0
10.	Interests and similar expenses of which to affiliated companies: €52 thsd (previous year: €463 thsd)	[5]	-2,792	-5,486
11.	**Profit from ordinary operations**		**68,623**	**296,802**
12.	Income tax expense	[6]	-17.156	-3,950
13.	Other taxes		-128	-128
14.	**Net profit**		**51,339**	**292,724**
15.	Profit brought forward			
	a) Unappropriated profit from previous year		277,097	23,915
	b) Dividend payout		-62,991	-23,901
	c) Transfer to other retained earnings as per AGM resolution	[18]	-211,910	0
			2,196	**14**
16.	Withdrawals from other retained earnings			
	a) Withdrawals from other retained earnings		122,441	0
17.	Transfer to revenue reserves	[18]		
	a) Transfer to reserve for treasury stock		-122,441	0
	b) Transfer to other retained earnings		0	-15,641
18.	**Unappropriated profit**		**53,535**	**277,097**

Balance sheet as at 31 December 2006

Assets

All figures in €'000		Notes	2006	2005
A.	**FIXED ASSETS**	[7]		
I.	**Intangible assets** Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets		**39**	**52**
II.	**Fixed assets**			
1.	Land, leasehold rights and buildings including buildings on third-party land		66,164	69,671
2.	Other fixtures, fittings and office equipment		12,413	14,300
			78,577	**83,971**
III.	**Financial investments**			
1.	Shares in affiliated companies	[8]	147,812	80,350
2.	Loans to affiliated companies	[9]	5,656	5,656
3.	Other loans	[10]	5	185
			153,473	**86,191**
			232,089	**170,214**
B.	**CURRENT ASSETS**			
I.	**Receivables and other assets**			
1.	Trade accounts receivable		0	48
2.	Accounts receivable from affiliated companies	[11]	25,100	1,580
3.	Other assets of which with a remaining term of more than one year €5,020 thsd (previous year: €0)	[12]	28,589	26,564
			53,689	**28,192**
II.	**Securities**			
1.	Treasury stock	[13]	132,947	10,505
2.	Other securities	[14]	14,019	12,010
			146,966	**22,515**
III.	**Cash on hand, deposits at the Deutsche Bundesbank, Bank deposits and cheques**		**59,235**	**302,716**
			259,890	**353,423**
C.	**PREPAID EXPENSES**	[15]	**519**	**521**
			492,498	**524,158**

Liabilities and shareholders’ equity

All figures in €'000		Notes	2006	2005
A.	**SHAREHOLDERS' EQUITY**			
I.	**Share capital** Ordinary shares	[16]	**108,781**	**108,641**
II.	**Capital reserves**	[17]	**8,714**	**7,866**
III.	**Retained earnings**	[18]		
1.	Statutory reserve		3,097	3,097
2.	Reserve for treasury stock		132,947	10,505
3.	Other retained earnings		143,789	54,320
			279,833	**67,922**
IV.	**Unappropriated profit**	[19]	**53,535**	**277,097**
			450,863	**461,526**
B.	**PROVISIONS**			
1.	Provisions for pensions and similar obligations		7,494	7,014
2.	Tax provisions	[20]	5,811	14,537
3.	Other provisions	[20]	17,308	20,314
			30,613	**41,865**
C.	**LIABILITIES**			
1.	Liabilities due to banks	[21]	0	4,118
2.	Trade accounts payable		3,973	1,193
3.	Liabilities due to affiliated companies	[11]	1,167	9,563
4.	Other liabilities of which social security contributions: €0 (previous year: €15 thsd) of which taxes: €211 thsd (previous year: €277 thsd)	[22]	5,882	5,893
			11,022	**20,767**
			492,498	**524,158**

Notes to the financial year 2006

General information

General information on the company

Since October 2006, the registered office of MLP AG has been located at Alte Heerstr. 40, 69168 Wiesloch, Germany. It is entered in the Mannheim Commercial Register under the number HRB 332697. Up until October 2006, MLP AG was based in Heidelberg, Germany. It was entered in the Heidelberg Commercial Register under the number HRB 2697.

Accounting policies

Estimations and assumptions

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

General information

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

The balance sheet is prepared taking into account the partial appropriation of the net result for the year.

The same valuation methods were used as for the previous year.

On September 5, 1992, a control and result transfer agreement pursuant to § 291 of the German Stock Corporation Act was concluded between MLP AG and MLP Finanzdienstleistungen AG. Approval was granted by the Annual General Meeting of MLP AG and MLP Finanzdienstleistungen AG on June 17, 1993; an entry was made in the Commercial Register responsible for MLP Finanzdienstleistungen AG on December 15, 1993.

During the course of the streamlining of the Group structure, a resolution was passed on April 10, 2006 to integrate MLP Login GmbH into MLP Finanzdienstleistungen AG as a non-cash contribution at book values and to merge the company retrospectively with MLP Finanzdienstleistungen AG with effect from January 1, 2006.

The balance sheet is prepared in accordance with the system of classification set forth in § 266 HGB.

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

Foreign currency assets and liabilities are valued at the rate of exchange in place on the day they occur or the less favourable exchange rate on the balance sheet date.

The values entered in the tables are generally given in thousands of euros (€'000). Any deviation from this style is noted directly in the relevant tables.

Disclosure of the accounting policies for the individual balance sheet items

Intangible assets and tangible assets are stated at historical cost, less scheduled depreciation/amortisation charges.

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

In line with the average useful lives established under tax regulations, assets are written down on a straight-line basis over the following periods:

Intangible assets

Concessions, industrial property rights and similar rights and values, incl. licences on such rights and assets	5 years

Tangible fixed assets

<u>Land, leasehold rights and buildings, including buildings on third-party land</u>	
Administration buildings	25 - 33 years
External building facilities	15 - 25 years
<u>Other fixtures, fittings and office equipment</u>	
Interior decor and equipment	10 – 25 years
IT hardware/IT cabling	3 - 13 years
Office equipment/office machines	8, 10 - 13 years
Cars	6 years
Works of art	0 resp. 15 years

The additions to the movable assets are depreciated pro rata temporis.

In general, low-value assets up to a net value of €410 are depreciated in full in the year of addition and carried as disposal. The low-value assets procured in connection with the furnishing and fitting of the administration building in Wiesloch in 2001 are depreciated over their expected useful life.

With regard to financial assets, ownership rights and securities are stated at acquisition costs or lower fair values and loans to affiliated companies are generally carried at face value.

Other loans are stated at their acquisition cost minus allowances for losses on individual accounts.

Receivables and other assets are stated at face value or at the present value.

The other assets, treasury stock and other securities carried under current assets are valued according to the principle of lower of cost or market pursuant to § 253 (3) HGB.

Cash and cash equivalents are stated at face value.

In the financial year 1999, the latitude granted by § 250 (3) HGB was utilised and a discount on a loan agreement was recorded under prepaid expenses and deferred charges. The loan was paid off in full in 2006 and the loan discount dissolved accordingly.

Pension provisions set aside to meet liabilities under the company pension scheme are calculated on the basis of the going-concern value as defined in § 6a of the German Income Tax Act (EStG), calculated using actuarial methods and an actuarial interest rate of 6%, and on the basis of the mortality chart 2005 G by Dr. Klaus Heubeck.

The tax reserves and other provisions take into account all uncertain liabilities and impending losses from open contracts.

The liabilities are stated at the settlement value.

Sale of the insurance subsidiaries

As part of the continued focus on core business, the company sold its subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005. The authorities approved the sales on August 16, 2005 (MLP Versicherung AG) and on September 5, 2005 (MLP Lebensversicherung AG). The effects on the individual items in the balance sheet and profit & loss account are shown at the relevant points in the notes.

Business combinations

MLP AG purchased a total of 56.586% of the shares in Feri Finance AG für Finanzplanung und Research (hereinafter referred to as "Feri Finance AG"), Bad Homburg v. d. Höhe, Germany on October 20, 2006.

The Feri Group specialises in wealth and investment consulting. As a parent company, Feri Finance AG merely performs 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, consulting for wealth investment on a funds basis and monitoring of wealth management. FWM is a financial services institute in line with § 1 (1a) of the German Banking Act (KWG), a securities trading company pursuant to § 1 (3d) KWG and a securities service company in accordance with § 2 (4) of the German Securities Trading Act (WpHG). FIA performs on 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 services covering economic research and rating. This includes the creation of economic models and analysis and forecasting tools, the development and sales of rating procedures for countries, industries and financial investments, the development of performance-measuring procedures and the development and sales of software and printed products for the aforementioned business fields.

As a result of this share acquisition, MLP AG also holds 56.586% of the voting rights in Feri Finance AG. The purchase price of the 56.586% of the shares inquired in Feri Finance AG was €64,390 thsd and was paid in full in the financial year 2006 using cash holdings. Incidental acquisition expenses of €3,072 thsd were incurred as part of the acquisition of Feri Finance AG. These consist mainly of consulting services used. The purchase price therefore amounted to €67,462 thsd in total.

The effects of the possible acquisition of the remaining 43.414% of Feri Finance AG are explained under note 20 (derivative financial instruments).

Notes to the profit & loss account

[1] Other operating income

All figures in €'000	2006	2005
Group allocations	1,960	2,534
Rent and incidentals	10,267	10,235
Revenue from the sale of shares in affiliated companies less disposals at book value/subsequent profit component	8,640	282,853
Income from the reversal of provisions	2,962	103
Other	799	312
	24,628	**296,037**

Other operating income in 2005 particularly includes the income from the sale of the two insurance subsidiaries.

The income from the reversal of provisions in 2006 results primarily from the reversal of provisions which are no longer required (€2,703 thsd) and were formed in connection with the sale of the two insurance subsidiaries.

[2] Personnel expenses

All figures in €'000	2006	2005
Salaries and wages	4,739	4,040
Social security contributions	129	161
Expenses for old-age pensions	595	794
	5,463	**4,995**

The increase in personnel expenses in 2006 was mainly due to redundancy payments.

The average number of full-time employees for the financial year 2006, determined according to § 267 (5) HGB, was 10 (previous year: 14).

[3] Depreciation/ amortisation

All figures in €'000	2006	2005
Intangible assets	30	27
Land, leasehold rights and buildings, including buildings on third-party land	3,224	3,215
Other fixtures, fittings and office equipment	1,858	1,848
	5,112	**5,090**

[4] Other operating expenses

All figures in €'000	2006	2005
Cost of premises	2,793	3,265
Communication costs	830	1,125
Advertising expenses	42	91
Representation/entertainment expenses	1,780	1,252
IT costs	1,005	1,060
Consultancy costs and lawyers' fees	7,877	15,984
Company restaurant	428	654
Other	7,906	14,521
	22,661	**37,952**

The consultancy costs and lawyers' fees for the financial year include non-activatable expenses amounting to €1,851 thsd resulting from the acquisition of Feri Finance AG.

The consultancy costs and lawyers' fees for 2005 include consultancy costs in connection with the sale of the insurance subsidiaries to the tune of €10,586 thsd.

The other expenses for 2005 included costs totalling €9,380 thsd incurred in connection with the sale of the insurance subsidiaries.

Auditor's fees

The following expenses for fees in connection with the auditing firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (auditor) were recorded in the following amounts in the financial year 2006 (including expenses and statutory value added tax):

All figures in €'000	**2006**	**2005**
Audit	343	500
Other audit-related or consulting services	0	572
Tax advisory services	0	0
Other services	161	388
	504	**1,460**

[5] Finance cost

All figures in €'000	**2006**	**2005**
Income from investments, of which affiliated companies	2,606	2,221
Income from profit and loss transfer agreements	84,573	45,856
Income from other investments and long-term loans	246	376
Other interest and similar income	8,145	5,835
Write-downs of financial assets and marketable securities	-15,547	0
Interests and similar expenses	-2,792	-5,486
	77,231	**48,802**

Income from investments comprises profit distributions from MLP Bank AG and MLP Login GmbH. In the previous year, the item included the dividend payouts of MLP Bank AG, MLP Lebensversicherung AG and MLP Versicherung AG. Due to the control and profit & loss transfer agreement between MLP AG and MLP Finanzdienstleistungen AG, a profit amounting to €84,573 thsd (previous year: €45,856 thsd) had to be transferred in the last financial year.

Other interest and similar income as well as interest and similar expenses also contain interest income from affiliated companies in the form of interest on clearing accounts. Furthermore, the year 2006 shows an interest income from tax refunds to the tune of €961 thsd (net) resulting from the field tax audit for the years 1997 to 2001.

In 2006, other interest and similar income include €1,392 thsd (previous year: allocation of €2,827 thsd in the interest and similar expenses) from the reversal of the provision for interest rate swaps (see note 20).

The depreciation/amortisation on marketable securities contains €15,406 thsd resulting from the write-down of treasury stock.

[6] Income tax expense

As a result of the corporation and trade-tax arrangements with MLP Finanzdienstleistungen AG, MLP BAV GmbH, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (BERAG), BERAG Versicherungs-Makler GmbH (BERAG Makler) and MLP Media GmbH, the company's tax expenses include the corporation tax and trade tax for these companies.

In 2006, a corporation tax credit of €5,020 thsd had to be capitalised due to legal requirements. The corporation tax credit was discounted using a no-risk interest rate suitable to the deadline. Furthermore, a trade tax refund of €6,604 thsd resulted from the field tax audit for the years 1997 to 2001.

Notes to the statement of changes in assets

[7]

The development of the fixed assets and the depreciation in the financial year 2006 are shown under note 26.

Notes to the balance sheet

Fixed assets

[8] Shares in affiliated companies

The item "Shares in affiliated companies" rose in the financial year 2006 from €80,350 thsd to €147,812 thsd. The increase resulted from the purchase of 56.586% of the shares in Feri Finance AG. The participation relationships are shown under note 33.

[9] Loans to affiliated companies

The item "Loans to affiliated companies" comprises long-term loans to MLP Bank AG.

[10] Other loans

As regards other loans, a depreciation of €45 thsd (previous year: €0 thsd) was applied to the fair value in the financial year 2006.

[11] Receivables from affiliated companies and liabilities due to affiliated companies

Changes in the items "Receivables from affiliated companies" and "Liabilities due to affiliated companies" exist in connection with the profit/loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG.

[12] Other assets

The other assets include income tax refund claims of €19,564 thsd. These include the corporation tax credit of €5,020 thsd which had to be capitalised due to legal regulations. The corporation tax credit was discounted using a no-risk interest rate suitable to the deadline. This includes a subsequent profit component from the sale of MLP Lebensversicherung AG to the tune of €8,640 thsd (previous year: €9,334 thsd).

[13] 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 up to 10% of the share capital (day of resolution) of 108,640,686 shares. This buyback aims to improve the balance sheet structure at MLP AG and pay out surplus liquidity to the shareholders.

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. The resolution passed at the regular Annual General Meeting of May 31, 2006 once again authorised 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.

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 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 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 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 Art. 8 of the guideline 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 on the time of the individual buybacks independently based on a systematic buyback model. MLP has no influence on this.

During the period between December 1, 2005 and December 31, 2005, a total of 614,509 shares were acquired by MLP AG at an overall value of €10,505,048 including incidental acquisition expenses. This corresponds to 0.57% of the share capital (day of 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 by MLP AG at an overall value of €137,847,996 (including incidental expenses) at December 31, 2006. This corresponds to 7.58% of the share capital. The acquired shares correspond to €8,248,600 of the share capital.

Acquisition of treasury stock in 2006

Month	No. of shares	Value	Share capital	Percentage of share capital
	Units	**€**	**€**	**%**
January	556,000	10,323,093	108,640,686	0.51
February	617,000	12,100,821	108,640,686	0.57
March	755,000	14,112,187	108,640,686	0.69
April	511,000	10,203,675	108,640,686	0.47
May	602,000	11,478,153	108,640,686	0.55
June	893,600	14,278,273	108,640,686	0.82
July	932,000	14,094,062	108,640,686	0.86
August	1,132,000	15,962,065	108,731,776	1.04
September	623,000	9,328,758	108,757,037	0.57
October	705,000	11,394,037	108,765,928	0.65
November	773,000	11,570,085	108,775,120	0.71
December	149,000	2,304,526	108,781,403	0.14
	8,248,600	**137,149,735**		

Since the beginning of the share buyback programme, a total of 8,863,109 shares were acquired at an overall value of €148,353,044 (including incidental expenses). This corresponds to 8.15% of the share capital. The acquired shares correspond to €8,863,109 of the share capital. The share buyback programme ended as planned on December 20, 2006. In terms of the share capital at the time of the resolution, 8.16% of the share capital was purchased.

As at December 31, 2006, a write-down of €15,406 thsd was applied to the fair value of €132,947 thsd in accordance with § 253 (3) HGB. The reserve for treasury stock to be formed in accordance with § 272 (4) HGB was adjusted accordingly (see note 18).

[14] Other securities

The item "Other securities" includes fixed income securities amounting to €12,019 thsd (previous year: €12,010) and investment funds of €2,000 thsd (previous year: €0 thsd). Depreciations of €96 thsd were applied to this.

[15] Prepaid expenses and deferred charges

The prepaid expenses and deferred income item includes the premium after distribution of the convertible debentures of €75 thsd, which had to be partly reversed in 2006 by exercising them. Additionally, €302 thsd had to be accrued for existing liability insurance policies.

[16] Share capital

The share capital is made up of 108,781,403 ordinary shares (previous year: 108,640,686).

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.

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 (authorised capital).

A 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 thsd (conditional capital) in the period to May 28, 2007, subject to the approval of the Supervisory Board. As part of the MLP Incentive Programme 2002 for members of the Executive Board, members of management, employees of MLP AG, MLP consultants operating as self-employed commercial representatives and employees of affiliated companies within the meaning of §§ 15 ff. AktG, the company issued non-interest-bearing convertible debentures, which entitle holders to subscribe for MLP AG shares.

The issues are divided into convertible debentures of equal priority, each of which has a face value of €1, is registered to the holder and matures after six years (including a three-year waiting period). Each convertible debenture entitles the holder to subscribe for one ordinary share.

The exercise period of the first tranche began on August 20, 2005 and ends on August 19, 2008; the exercise period of the second tranche began on August 5, 2006 and ends on August 4, 2009. The exercise period of the third tranche begins on August 17, 2007 and ends on August 16, 2010. The exercise period of the fourth tranche begins on August 16, 2008 and ends on August 15, 2011. 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/Main Stock Exchange) arrives at 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 debenture 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.

When exercised, each partial debenture is converted at a nominal amount of €1 into a new no-par-value ordinary share. This procedure results in an increase in the capital stock of €140,717. Thus the conditional capital adds up to €1,559,283.

During the subscription period for the Incentive Programme 2002, those eligible subscribed for debentures amounting to €115 thsd. During the 2003 subscription period, they subscribed for debentures amounting to €281 thsd, and during the 2004 subscription period for debentures amounting to €677 thsd. For the subscription period 2005, the subscriptions for debentures amounted to €578 thsd. Of the subscribed debentures, an amount of €1,329 thsd was outstanding as at the balance sheet date (previous year: €1,494 thsd); convertible debentures of €25 thsd were repaid in 2006 (previous year: €125 thsd).

[17] Capital reserves

All figures in €'000	**2006**	**2005**
As at Jan 1	7,866	7,767
Allocation	848	99
As at Dec 31	**8,714**	**7,866**

Due to the convertible debentures 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 (cf. note 16). Minor variances result from special conversion rights exercised, which were agreed under the Incentive Programme.

[18] Retained earnings

Reserve for treasury stock

In the financial year 2006 a reserve for treasury stock amounting to €132,947 thsd had to be allocated in accordance with § 272 (4) HGB (previous year: €10,505 thsd). The amount corresponds to the value shown on the assets side under "Treasury stock" (cf. note 13). The reserve was provided from the existing other retained earnings.

Other retained earnings

Other retained earnings have changed as follows:

All figures in €'000	**2006**	**2005**
As at Jan 1	54,320	49,184
Withdrawal/reclassification	-122,441	-10,505
Transfer	211,910	15,641
As at Dec 31	**143,789**	**54,320**

The amount shown above was allocated to "Other revenue reserves" in accordance with § 58 (3) of the German Stock Corporation Act (AktG) on the basis of a resolution passed by the Annual General Meeting on May 31, 2006.

[19] Unappropriated profit

In the last financial year, the unappropriated profit developed due to the allocation to the “Other revenue reserves” and the net income 2006 as follows:

All figures in €'000	**2006**	**2005**
Unappropriated profit as at Jan 1	277,097	23,915
Dividend payment	-62,991	-23,901
Transfer to revenue reserves	-211,910	-15,641
Net profit	51,339	292,724
Unappropriated profit as at Dec 31	**53,535**	**277,097**

[20] Provisions

In the last financial year, the company recognised tax provisions totalling €5,811 thsd.

Other provisions consist mainly of those for impending losses from open contracts (€5,838 thsd), liabilities in connection with the sale of the two insurance subsidiaries (€7,300 thsd), provisions for the Long-Term Incentive Programme (€623 thsd), provisions for outstanding invoices (€1,790 thsd), litigation risks (€270 thsd) plus auditing expenses and internal costs incurred in preparing the annual financial statements (€808 thsd).

The impending losses from open contracts are the result of interest rate swaps. In order to hedge the financing of individual construction phases of the Wiesloch building project, which was completed in 2004, two interest rate swaps (payer swaps) were taken out in August 1999.

Due to the full repayment of the loan for the financing of the new building in 2005, no hedge accounting was applied. The provision disclosed for impending losses from open contracts had to be adjusted accordingly at the time. To eliminate the interest risk caused, two reverse swaps with identical amounts and terms were concluded.

A Long-Term Incentive Programme (LTI) was implemented for the first time in 2005. The programme was opened both to members of the Executive Board of the reporting company and to Executive Board members and managerial staff of subsidiaries of MLP AG. The structure of the programme is outlined in the management report.

Reporting for derivative financial instruments in accordance with § 285 No. 18 HGB

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

According to IAS 32.11 (2005), a financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. According to IAS 39.9 (2005), a derivative financial instrument is a financial instrument whose value changes in response to the change in a given interest rate, security price, commodity price, exchange rate, price or interest rate index, credit rating or credit index, or similar variable (also termed "underlying") that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors and that is settled at a future date.

The key data of the derivative financial instruments as at December 31, 2006 is as follows:

	1st contract	2nd contract
Date of transaction	Aug 12, 1999	Aug 12, 1999
Start of term	Jan 15, 2001	Jul 16, 2001
End of term	Jan 17, 2011	Jan 17, 2011
Face amount (€)	30,000,000	20,000,000
Fixed rate payer	MLP AG	MLP AG
Fixed interest	5.9%	6.0%
Variable rate	EURIBOR – 6 months	EURIBOR – 6 months
Settlement	Half-yearly	Half-yearly

	3rd contract	4th contract
Date of transaction	Jan 18, 2005	Jan 18, 2005
Start of term	Jan 20, 2005	Jan 20, 2005
End of term	Jan 17, 2011	Jan 15, 2011
Face amount (€)	20,000,000	30,000,000
Variable rate payer	MLP AG	MLP AG
Fixed interest	3.11%	3.13%
Variable rate	EURIBOR – 6 months	EURIBOR – 6 months
Settlement	Half-yearly	Half-yearly

Accounting treatment and measurement

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

Recognition

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

Gains or losses from measurement at fair value are recorded under the finance cost.

The fair value of the interest rate swaps amounts to -€5,838 thsd as at the balance sheet date (previous year: -€7,230 thsd).

The remaining shareholders of Feri Finance AG have the right (put option) to sell their remaining 43.414% of Feri Finance AG to the MLP AG. The put option can be exercised in the period from December 21, 2007 to January 2, 2008. The purchase price to be paid by MLP is €42,970 thsd. In this scenario the purchase price for a 100% stake in Feri Finance AG (without incidental acquisition expenses) comes to €107,360 thsd.

At the same time, the MLP Group has the right (call option) to purchase the remaining 43.414% of 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 for the remaining 43.414% is €47,755 thsd. In this scenario the purchase price for a 100% stake in Feri Finance AG (without incidental acquisition expenses) comes to €112,145 thsd.

Through exercising both the call option and the put option, the remaining 43.414% of Feri Finance AG will be purchased earliest by April 15, 2011.

Because of the missing present value of the parameters, the value of these options cannot be determined.

[21] Liabilities due to banks

The KfW loan to the tune of €4,118 thsd paid out by Deutsche Postbank AG on December 31, 2005 was repaid in full in the financial year.

[22] Other liabilities

Other liabilities primarily include bonus payments for current and former members of the Executive Board and interest deferrals resulting from the interest rate swaps.

This item also contains a loan in the form of convertible debentures amounting to €1,329 thsd. The structure of the programme is explained under note 16.

Statement of liabilities as at December 31, 2006

Type All figures in €'000		With a remaining term of up to 1 year	1 to 5 years	more than 5 years
Trade accounts payable [1]	**3,973**	3,973	0	0
Liabilities due to affiliated companies [2]	**1,167**	1,167	0	0
Other liabilities	**5,882**	5,312	570	0
	11,022	**10,452**	**570**	**0**

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

[2] Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

Statement of liabilities as at December 31, 2005

Type All figures in €'000		With a remaining term of up to 1 year	1 to 5 years	more than 5 years
Liabilities due to banks [3]	**4,118**	294	1,177	2,647
Trade accounts payable [4]	**1,193**	1,193	0	0
Liabilities due to affiliated companies [5]	**9,563**	9,563	0	0
Other liabilities	**5,893**	4,655	1,238	0
	20,767	**15,705**	**2,415**	**2,647**

[3] This item comprised a loan totalling €4,118 thsd, which was taken out to finance the Wiesloch building project. The loan is secured by means of a land charge to the tune of €4,999 thsd entered in the Land Register no. 7866 in Wiesloch.

[4] The standard retention of title clauses has been asserted.

[5] Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

[23] Other financial liabilities not recognised in the balance sheet

The company's other financial liabilities were as follows as at the balance sheet date:

All figures in €'000	**2007**	**2008**	**Subsequent years**	**Total**
Purchase commitments	38	0	0	38
Car leasing	82	80	55	217
	120	**80**	**55**	**255**

In connection with the termination of a contract of employment, a former Chairman of the Executive Board was granted profit-related remuneration for the financial year 2007.

The possible financial commitments from the put option in connection with the acquisition of Feri Finance AG are explained under note 20.

There were no other financial liabilities than those disclosed above.

[24] Guarantees and other commitments

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 million. Given the current situation, we expect a decrease in the purchase price of €1,187 thsd. A reserve has been formed accordingly.

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.

As at the balance sheet date, MLP AG and MLP Finanzdienstleistungen AG were jointly and severally liable for the €80,000 thsd line of credit granted to both companies by several financial institutions. However, as at December 31, 2006, this line of credit had not yet been drawn on.

Lease agreements have been and are being concluded between HP Finanz Service GmbH and the various individual companies of the MLP Group as lessees. In accordance with the declaration of liability of August 2, 2006 between MLP AG and HP Finanz Service GmbH, Böblingen, MLP AG is liable for all of the lessees' obligations arising from the lease agreements (assumption of joint cumulative liability for debt). MLP AG is liable irrespective of whether the individual companies of the MLP Group and other holdings subject to applicable corporate law continue to exist.

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

Notes to the cash flow statement

[25]

The following cash flow statement, which is based on net financial assets as cash and cash equivalents, is intended to help readers understand the company's financial condition. It is prepared in accordance with the provisions of DRS 2 (German Accounting Standards).

All figures in €'000	2006	2005
CHANGES IN NET FINANCIAL ASSETS FROM OPERATING ACTIVITIES		
Net profit	**51,339**	**292,724**
plus (minus) expenses (income), which do not decrease (increase) net financial assets		
Amortisation of intangible assets	30	27
Amortisation of financial assets	45	0
Depreciation of tangible fixed assets	5,082	5,064
Write-down of treasury stock	15,406	0
Allocations to pension provisions (net)	481	722
Gains from the disposal of non-current assets	-162	-2
Losses from the disposal of non-current assets	324	272
Gains from the disposal of marketable securities	-10	-10
Gains from the disposal of shares in affiliated companies	0	-273,519
	21,196	**-267,446**
Plus (minus) decreases (increases) in short-term assets excluding cash holdings		
Trade accounts receivable	48	-48
Accounts receivable from affiliated companies	-23,521	6,306
Other assets	-2,024	-24,952
Prepaid expenses	1	260
	-25,496	**-18,434**
Plus (minus) increases (decreases) in short-term liabilities		
Tax provisions	-8,727	-1,663
Other provisions	-3,006	12,734
Trade accounts payable	2,784	-1,652
Liabilities due to affiliated companies	-8,397	-33,934
Other liabilities	295	1,470
	-17,051	**-23,045**
CHANGES IN NET FINANCIAL ASSETS FROM INVESTING ACTIVITIES	**29,988**	**-16,201**
Capital expenditure on intangible assets	-22	-28
Capital expenditure on tangible fixed assets	-593	-2,378
Capital expenditure on financial assets	-34	-32,947
Proceeds from the disposal of tangible fixed assets	748	76
Proceeds from disposal of financial assets	169	0
Proceeds from the disposal of shares in affiliated companies	0	293,805
Expenditure on the purchase of shares in affiliated companies	-67,462	0
Proceeds from cash investments made in managing financial investments (marketable securities)	-2,008	5,000
Expenditure on cash investments made in managing financial investments (marketable securities)	10	0
Cash flow from investing activities	**-69,192**	**263,528**
CHANGES IN NET FINANCIAL ASSETS FROM FINANCING ACTIVITIES		
Dividend payout	-62,991	-23,901
Proceeds from transfer to equity	848	0
Capital expenditure on the acquisition of treasury stock	-137,847	-10,505[1)]
Repayment of loans	-4,118	-23,294
Payments received and repayments from convertible debentures	-164	453
Change in capital reserve from discounting of convertible bonds	0	99
Cash flow from financing activities	**-204,273**	**-57,148**
Increase/decrease in net financial assets	**-243,477**	**190,179**
Cash and cash equivalents at the end of the financial year	59,219	302,696
Cash and cash equivalents at the beginning of the financial year	302,696	112,517
	-243,477	**190,179**

[1)] Reclassification of previous year's values in 2006 as the reasons fort he disclosure in the cash flow are no longer relevant.

Income tax payments amounted to €27,527 thsd in the financial year.

Interest paid amounted to €3,409 thsd in the last financial year.

Cash holdings correspond to the balance sheet item "Cheques, cash on hand and transit deposits at the Deutsche Bundesbank and bank deposits". The balance sheet item "Cheques, cash on hand deposits at the Deutsche Bundesbank and bank deposits" contains amounts totalling €16 thsd, which is subject to a restraint. The cash holdings were reduced accordingly by this amount.

Miscellaneous information

[26] Changes in assets in the financial year 2006

Procurement and manufacturing costs

	All figures in €'000	Jan 1, 2006	Additions	Disposals	Dec 31, 2006
I.	**Intangible assets**				
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	133	22	7	148
		133	**22**	**7**	**148**
II.	**Fixed assets**				
1.	Land, leasehold rights and buildings including buildings on third-party land	89,344	288	841	88,791
2.	Other fixtures, fittings and office equipment	22,253	305	756	21,802
		111,597	**593**	**1,597**	**110,593**
III.	**Financial investments**				
1.	Shares in affiliated companies	82,339	68,925	1,463	149,801
2.	Loans in affiliated companies	5,656	0	0	5,656
3.	Other loans	185	34	169	50
		88,180	**68,959**	**1,632**	**155,507**
		199,910	**69,574**	**3,236**	**266,248**

Accumulated depreciation/amortisation

	All figures in €'000	Jan 1, 2006	Additions	Disposals	Appreciation	Dec 31 2006
I.	**Intangible assets**					
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	81	30	2	0	109
		81	**30**	**2**	**0**	**109**
II.	**Fixed assets**					
1.	Land, leasehold rights and buildings including buildings on third-party land	19,673	3,224	270	0	22,627
2.	Other fixtures, fittings and office equipment	7,953	1,858	422	0	9,389
		27,636	**5,082**	**692**	**0**	**32,016**
III.	**Financial investments**					
1.	Shares in affiliated companies	1,989	0	0	0	1,989
2.	Loans in affiliated companies	0	0	0	0	0
3.	Other loans	0	45	0	0	45
		1,989	**45**	**0**	**0**	**2,034**
		29,696	**5,157**	**694**	**0**	**34,159**

Book values

	All figures in €'000	Dec 31, 2006	Dec 31, 2005
I.	**Intangible assets**		
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	39	52
		39	**52**
II.	**Fixed assets**		
1.	Land, leasehold rights and buildings including buildings on third-party land	66,164	66,671
2.	Other fixtures, fittings and office equipment	12,413	14,300
		78,577	**83,971**
III.	**Financial investments**		
1.	Shares in affiliated companies	147,812	80,350
2.	Loans in affiliated companies	5,656	5,656
3.	Other loans	5	185
		153,473	**86,191**
		232,089	**170,214**

[27] Executive bodies of MLP AG

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman Responsible for planning and strategy, human resources, communication, legal affairs, audit and IT	MLP Bank AG, Wiesloch (Chairman) Feri Finance AG, Bad Homburg v. d. Höhe (since Nov 19, 2006; Chairman since Dec 7, 2006)	Deutsche Bank AG, Mannheim (Advisory Board) Fuchs Petrolub AG, Mannheim (Advisory Board) MLP Vermögensberatung AG, Austria (Chairman of the Supervisory Board) MLP BAV GmbH, Wiesloch (Chairman)
Eugen Bucher, Bammental responsible for sales until Aug 7, 2006	-	-
Gerhard Frieg, Heidelberg Responsible for product management and purchasing	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
Nils Frowein, Frankfurt Chief Financial Officer Responsible for controlling, accounting, tax, treasury and general administration	Feri Finance AG, Bad Homburg v. d. Höhe (since Nov 19, 2006)	BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen (Deputy Chairman of the Supervisory Board) MLP Vermögensberatung AG, Austria MLP BAV GmbH, Wiesloch

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Manfred Lautenschläger, Gaiberg Chairman	MLP Finanzdienstleistungen AG, Heidelberg (Chairman)	Heidelberg Universitätsklinikum, Heidelberg
Gerd Schmitz-Morkramer, Munich Vice Chairman	Merck Finck Vermögensbetreuungs-AG, München Merck Finck Treuhand AG, Frankfurt am 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 of the Advisory Board) Life Trust One GmbH & Co KG (Expert Advisor)
Dr. Peter Lütke-Bornefeld, Everswinkel CEO of Kölnische Rückversicherungs-Gesellschaft AG	Europa Rückversicherung AG, Cologne VPV Lebensversicherungs-AG, Stuttgart Delvag Rückversicherungs-AG, Cologne	Group companies: General Re Corporation (Holding), Stamford, U.S.A. Cologne Reinsurance Company (Dublin) Ltd., Dublin, Ireland General Re Life Corporation, Stamford, U.S.A. GeneralCologne Re Capital GmbH, Cologne Others: Deutsche Kernreaktor-Versicherungsgemeinschaft, Cologne (Chairman) Faraday Holdings Limited, London, United Kingdom
Johannes Maret, Burgbrohl Unternehmer	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 (Non Executive Director)
Maria Bähr, Sandhausen, Employees' representative, departmental head at MLP Finanzdienstleistungen AG	-	-
Norbert Kohler, Oftersheim, Employees' representative, team leader at MLP Finanzdienstleistungen AG	-	-

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

We refer to the management report for the detailed structuring of the remuneration system for the Executive and Supervisory Boards.

Executive Board

For their work in the financial year, the Executive Board members received €2,155 thsd. Of this overall amount, €1,343 thsd was non performance-related remuneration and €812 thsd was performance-linked payment.

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 (3,624 units) and 2004 (22,300 units). The fair value amounted to €33 thsd (2003 tranche) and €90 thsd (2004 tranche). The structure of the programme is explained under note 16.

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. As at December 31, 2006, the fair value of the 2005 tranche stood at €346 thsd.

The Chairman and CEO received 24,053 performance shares and the other Executive Board members received 18,040 performance shares each for the financial year 2006. The fair value from the 2006 tranche amounted to €0 thsd on the balance sheet date.

Former board members received €915 thsd (previous year: €450 thsd). On December 31, 2006, there were pension provisions to the tune of €6,320 thsd (previous year: €5,537 thsd).

Supervisory Board

The members of the Supervisory Board received non-performance-related remuneration of €352 thsd for their work in 2006. €6 thsd were incurred as reimbursements of expenses.

[29] Shareholdings as at the balance sheet date

	Ordinary shares	Ordinary shares	Proportion of the share capital	Proportion of the share capital
	2006 no. of shares	2005 no. of shares	2006 %	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 (own shares)	8.863,109	614.509	8.15	0.57
Other shareholders	82.401.326	90.509.257	75.75	83.31
	108,781,403	**108,640,686**	**100.0**	**100.0**

[30] Loans to members of the Executive Bodies

As at the balance sheet date, no loans or advance payments were granted to members of the Executive Bodies.

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

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

[32] 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). As at June 12, 2002 this share comprised 484,110 voting rights (0.45%) that were to be allocated 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 to be allocated 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 to be allocated 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 2, 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. Bernhard 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 to be allocated 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 due to the purchase of 105,000 shares in 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%.

[33] Investments in affiliated companies

The company's shareholdings are as follows as at December 31, 2006:

Direct holdings

Name, registered office	Book value as at Jan 1, 2006 €	Addition €	Disposal €	Book value as at Dec 31, 2006 €	Share %	Shareholders' equity as at Dec 31, 2006 €	Net profit/ loss €
MLP Finanz-dienstleistungen Aktiengesellschaft, Wiesloch	43,000,000.00	1,463,430.39		44,463,430.39	100.00	50,185,932.89	- [1]
MLP Bank Aktiengesellschaft Wiesloch	34,541,402.53			34,541,402.53	100.00	35,555,743.29	5,028,240.79
MLP Consult GmbH, Wiesloch	1,344,959.00			1,344,959.00	100.00	1,651,820.97	97,326.11
MLP Login GmbH. Heidelberg	1,463,430.39		-1,463,430.39	0.00	100.00		
Feri Finance AG, Bad Homburg		67,462,073.77		67,462,073.77	56.59	24,791,463.55	4,983,658.11
	80,349,791.92	**68,925,504.16**	**-1,463,430.39**	**147,811,865.69**			

[1] There is a profit transfer and loss transfer agreement in place.

Indirect holdings

Name	Registered office	Share %	Shareholders' equity as at Dec 31, 2006 €	Net profit/ loss €
MLP Media GmbH (100% subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100.0	25,788.72	- 2)
MLP Private Finance plc. (100% subsidiary of MLP Finanzdienstleistungen AG)	London, Great Britain	100.0	960,994.82	-5,924,167.82
MLP Private Finance Correduria de Seguros S.A. (100% subsidiary of MLP Finanzdienstleistungen AG)	Madrid, Spain	100.0	-6,236,885.91	-1,475,231.25
MLP Vermögensberatung AG (100% subsidiary of MLP Finanzdienstleistungen AG)	Wien, Austria	100.0	2,919,529.69	1,117,251.84
MLP BAV GmbH (100% subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100.0	25,000.00	- 2)
BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (51,08% subsidiary of MLP Finanzdienstleistungen AG)	Bremen	51.08	130,000.00	- 2)
BERAG Versicherungs-Makler GmbH (100% subsidary of BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH)	Bremen	51.08	25,564.59	- 3)
Feri Wealth Management GmbH (fully-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. Höhe	56.59	2,393,831,43	-4)
Feri Institutional Advisors GmbH (fully-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. Höhe	56.59	1,914,092.15	-4)
Feri Rating & Research GmbH (fully-owned subsidiary of Feri Finance AG)	Bad Homburg v. d. Höhe	56.59	957,969.49	-4)
Mainsee 437. VV GmbH (fully-owned subsidiary of Feri Rating & Research GmbH)	Frankfurt am Main	56.59	49,422.76	24,422.76

1) There is a profit transfer agreement in place with MLP Finanzdienstleistungen AG.
2) There is a profit transfer agreement in place with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH.
3) There is a profit transfer agreement in place with Feri Finance AG.

As at December 31, 2006, neither MLP AG nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 no. 11 HGB. The voting right granted under § 286 (3) sentence 1 no. 1 of the German Commercial Code (HGB) was exercised.

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

Pursuant to § 170 (2) of the German Stock Corporation Act (AktG), the Executive Board proposes that the unappropriated profit of €53,535,306.64 stated in the annual financial statements for the year ended December 31, 2006 be used as follows:

	Dec 31, 2006 €
Payout to shareholders	43,512,561.20
Transfer to revenue reserves	10,000,000.00
Profit brought forward	22,745.44
Unappropriated profit	**53,535,306.64**

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

Wiesloch, March 12 MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Dr. Wulf Böttger

Gerhard Frieg

Nils Frowein

Audit opinion

We have audited the annual financial statements - consisting of balance sheet, income statement and notes - together with the bookkeeping system, and the management report of MLP AG, Wiesloch, for the fiscal year from January 1, to December 31, 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB "Handelsgesetzbuch" (German Commercial Code) and the generally accepted German 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 annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the company's position and suitably presents the risks to future development.

Stuttgart, March 15, 2007

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft

Prof. Dr. Pfitzer	Skirk
Auditor	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 the 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	Sept 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	Sept 9, 2006	Börsen-Zeitung dated Sept 9, 2006
Notification pursuant to § 25 WpHG	Sept 30, 2006	Börsen-Zeitung dated Sept 30, 2006
Notification pursuant to § 25 WpHG	Oct 28, 2006	Börsen-Zeitung dated Oct 28, 2006

Type of information	Date of publication	Availability of the information
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 am 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 6, 2006	Published in the electronic Federal Bulletin

Financial calendar 2007

May 9, 2007

Results for the first quarter 2007

May 31, 2007

Annual General Meeting 2007, Mannheim, Germany

August 8, 2007

Results for the second quarter 2007

November 7, 2007

Results for the third quarter 2007

Imprint

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