

Report for the second Quarter 2006

The MLP Group

Key figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005	Change in %
Continuing operations					
Total income	116.8	111.2	246.6	219.6	12 %
Income from brokerage business	91.5	91.2	197.6	180.1	10 %
Income from banking business	17.3	12.8	34.1	25.1	36 %
Other income	7.9	7.2	15.0	14.4	4 %
Profit from operations (EBIT)	11.9	11.0	24.1	18.3	32 %
Profit before tax (EBT)	14.0	9.3	28.4	15.4	84 %
Net profit from continuing operations	12.1	4.6	20.5	7.8	>100 %
Earnings per share in EUR	0.11	0.04	0.19	0.07	>100 %
Capital expenditure	5.3	2.6	14.5	5.4	>100 %
Shareholders' equity (Group)			340.3	455.2 ¹	-25 %
Clients			669,000	627,000	7 %
Consultants			2,533	2,541	0 %
Branch offices			277	291	-5 %
Employees			1,631	1,449	13 %
Arranged new business					
Pension provision (premium sum in billion EUR)	1.2	1.4	2.8	2.1	33 %
Health insurance (annual premium)	17.4	12.1	33.9	21.9	55 %
Loans and mortgages	345	274	649	469	38 %
Inflows into funds	238	178	553	332	67 %
Funds under management (in billion EUR)			3.0	2.9 ¹	3 %

* under 1 per cent

¹ as at 31.12.2005

Clear increase in pre-tax profits for the first six months of the year at MLP

- **Pre-tax profit (EBT) climb by 84 per cent to EUR 28.4 million**
- **Net profit more than doubled to EUR 20.5 million**
- **Q2: Restrained trend in the old-age pension provisions area**
- **Forecast for the years as a whole adjusted to EUR 90 million EBT (an increase of 27 per cent compared to 2005)**
- **Personnel change on the MLP AG Executive Board**

The financial services provider MLP has increased its pre-tax profit (EBT) for the first half of 2006 by 84 per cent over last year to EUR 28.4 million (EUR 15.4 million). Net profit from continuing business operations has more than doubled to EUR 20.5 million (EUR 7.8 million). Total revenue climbed by twelve per cent to EUR 246.6 million (EUR 219.6 million).

The brokerage business included in MLP Finanzdienstleistungen AG posted the largest share of total revenue. Revenue from this area climbed in the first six months by ten per cent to EUR 197.6 million (EUR 180.1 million) and banking revenue rose by 36 per cent to EUR 34.1 million (EUR 25.1 million).

Q2: Brokerage revenues level with last year

In the period between April and June total revenue for the MLP Group rose by five per cent to EUR 116.8 million (EUR 111.2 million), pre-tax profit (EBT) climbed by 51 per cent to EUR 14.0 million (EUR 9.3 million). As announced several times before brokerage business developed weaker during this period totalling EUR 91.5 million and roughly equating to the previous year's level of EUR 91.2 million.

Although results for the year as a whole will significantly be affected by the coming months, MLP has adjusted its ambitious objectives for 2006 and 2007 following restrained trends in the old-age pension provisions area during the second quarter of the business year. MLP now forecasts minimum pre-tax profit (EBT) of EUR 90 million for the current financial year (previous forecast: EUR 120 million). This corresponds to an increase of 27 per cent over the pre-tax profit for continuing business operations in 2005 (EUR 71.1 million). Subsequent to discontinuing business operations in Switzerland, the previous year's figure no longer includes a deficit of EUR 2.4 million.

Personnel change on the MLP AG Executive Board

The Supervisory Board has recalled Eugen Bucher with immediate effect as a member of the Executive Board at MLP AG at its meeting on 7 August 2006. Uwe Schroeder-Wildberg, Chief Executive Officer at MLP AG, will be responsible for sales temporarily until a replacement for the position has been appointed.

Targeted activities to strengthen sales operations

The Executive Board launched targeted sales activities in July to encourage the brokerage business growth dynamics again. This encompasses a clear sales focus on old-age pension provisions. MLP will be concentrating on this area over the coming months, which is the most important provisional coverage issue for existing and potential clients following the major cuts in state pension provisions in Germany.

New business: Positive business trend in health insurance sector

New health insurance business developed very positively in the first half of the year. In the meantime awareness for the advantages of additional and full private cover has once again been heightened. This resulted in an increase of annual premiums in the private health insurance field by 55 per cent to EUR 33.9 million (EUR 21.9 million). New business in loans and mortgages totalled some EUR 649 million, representing a 38 per cent rise (EUR 469 million). Inflows into funds totalled EUR 553 million (EUR 332 million); of which EUR 182 million (EUR 59 million) are overnight money. Funds under management by the MLP Group have climbed since year start slightly to EUR 3.0 billion (EUR 2.9 billion). Total premiums in the long-term provisional products climbed by 33 per cent to EUR 2.8 billion (EUR 2.1 billion).

MLP client base grows by 6,000 new clients in Q2

The MLP client base increased during the second quarter of the year by 6,000 (7,000) to 669,000. The number of financial consultants has also risen slightly compared to the first quarter 2006. As per 30th June, MLP employed 2,533 financial consultants.

Extensive cooperation agreement with Feri

The move to intensify the partnership with Feri Finance AG, Germany's leading independent wealth management company, marked a major strategic step for MLP during the first half of the year. The cooperation agreement foresees a business partnership that surpasses previous cooperation levels across all fields of wealth management and in the development of innovative investment concepts. It also represents an important step towards expanding the MLP wealth management activities. Both companies will be seeking a decision concerning a possible equity stake in Feri Finance AG during the second half of the year.

Consolidated income statement

Income statement for the period from 1 January to 30 June 2006

All figures in €'000	Note	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
Continuing operations					
Income from brokerage business	[1]	91,514	91,205	197,553	180,117
Income from banking business	[2]	17,326	12,774	34,075	25,062
Other income		7,948	7,173	14,979	14,447
Total income		116,788	111,152	246,607	219,626
Expenses for brokerage business		- 36,987	- 35,836	-87,886	-76,397
Expenses for banking business	[3]	- 4,902	-3,889	-9,887	-6,994
Personnel business		-21,207	-19,676	-39,884	-34,499
Depreciations/amortisation		-4,258	-4,457	-8,495	-8,923
Operating expenses	[4]	-37,566	-36,300	-76,324	-74,533
Profit from operations (EBIT)		11,868	10,994	24,131	18,280
Other interest and similar income		3,256	200	6,012	2,001
Other interest and similar expenses		-1,165	-1,868	-1,721	-4,849
Finance cost		2,091	-1,668	4,291	-2,848
Profit before tax (EBT)		13,959	9,326	28,422	15,432
Income taxes		-1,886	-4,773	-7,874	-7,584
Profit from continuing operations		12,073	4,553	20,548	7,848
Operations to be discontinued and discontinued Operations	[7]				
Overall profit from operations to be discontinued		-52	-681	-2,250	-1,080
Overall profit from discontinued operations		514	4,869	1,098	11,226
Overall profit from operations to be discontinued and discontinued operations		462	4,188	-1,152	10,146
Net profit (total)		12,535	8,741	19,396	17,994
of which					
shareholders of the parent company account for		12,535	8,722	19,396	17,970
minority interests account for		-	19	-	24
Earnings per share in € (Group)		0.12	0.07	0.18	0.16
Diluted earnings per share in € (Group)		0.12	0.08	0.18	0.16

Consolidated balance sheet

Assets as at 30 June 2006

All figures in €'000	Note	30 June 2006	31st December 2005
Intangible assets		31,446	22,917
Property, plant and equipment		91,282	94,746
Investment property		15,267	15,538
Deferred tax assets		540	1,568
Receivables from banking business	[5]	582,544	511,023
Financial investments	[6]	77,177	236,741
Tax refund claims		22,076	19,184
Receivables and other assets		101,573	150,293
Cash and cash equivalents		150,427	130,003
Assets from operations to be discontinued	[8]	1,160	–
Total		1,073,492	1,182,013

Liabilities and shareholders' equity as at 30 June 2006

All figures in €'000		30 June 2006	31st December 2005
Equity attributable to MLP AG shareholders		340,192	455,129
Minority interest		63	63
Total shareholders' equity		340,255	455,192
Other provisions		29,145	32,659
Deferred tax liabilities		1,572	1,265
Liabilities due to banking business		572,576	499,282
Tax liabilities		15,122	13,977
Other liabilities		114,218	179,638
Liabilities from operations to be discontinued	[9]	604	–
Total		1,073,492	1,182,013

Consolidated cash flow statement

Consolidated cash flow statement for the period from 1 January to 30 June 2006

All figures in €'000	1st half year 2006	1st half year 2005
Cashflow from operating activities	14,788	134,949
Cashflow from investing activities	-90,075	-165,179
Cashflow from financing activities	-63,155	-47,062
Changes in cash and cash equivalents	-138,442	-77,292
Changes in cash and cash equivalents due to exchange rate movements	-25	40
Changes in cash and cash equivalents at end of period	191,507	157,282

Thereof operations to be discontinued:

All figures in €'000	1st half year 2006	1st half year 2005
Cashflow from operating activities	-57	-1,117
Cashflow from investing activities	-1,058 ¹	3
Cashflow from financing activities	-	-
Changes in cash and cash equivalents	-1,115	-1,114
Changes in cash and cash equivalents due to exchange rate movements	-13	-9
Changes in cash and cash equivalents at end of period	1,100	-1,351

Thereof discontinued operations:

All figures in €'000	1st half year 2006	1st half year 2005
Cashflow from operating activities	-	153,132
Cashflow from investing activities	-1,528 ²	-156,171
Cashflow from financing activities	-	-1
Changes in cash and cash equivalents	-1,528	-3,040
Changes in cash and cash equivalents due to exchange rate movements	-	-
Changes in cash and cash equivalents at end of period	-	64,333

¹ Payments associated with the discontinuation of the operative business of MLP Private Finance AG, Zurich.

² Payments associated with the sale of MLP Lebensversicherung AG and MLP Versicherung AG in 2005.

Segment reporting (quarterly comparison)

Continuing operations

All figures in €'000	Consulting and Sales		Bank	
	2nd Quarter 2006	2nd Quarter 2005	2nd Quarter 2006	2nd Quarter 2005
Segment income				
Income from third parties				
Brokerage business	96,700	93,606	–	–
Banking business	–	–	17,326	12,910
thereof with other discontinued segments	5,186	2,400	0*	136
Total segment income	96,700	93,606	17,326	12,910
Other income	6,481	7,345	18	36
Segment expenses				
Brokerage business	–36,987	–35,972	–	–
Banking business	–	–	–9,059	–6,292
Personnel expenses	–17,959	–16,648	–1,889	–1,610
Depreciation/amortisation	–3,280	–3,396	–71	–96
Other	–32,609	–34,224	–4,445	–3,179
Total segment expenses	–90,835	–90,240	–15,464	–11,177
Segment result before finance cost	12,346	10,711	1,880	1,769
Other interest and similar income	349	–329 ¹	1	–
Other interest and similar expenses	–61	–1,209	–2	–5
Finance cost	288	–1,538	–1	–5
Segment result after finance cost before tax	12,634	9,173	1,879	1,764
Income tax expenditure/revenue	–	–	–	–
Segment result from continuing operations after tax	–	–	–	–
Segment result from operations to be discontinued	–	–	–	–
Segment result from discontinued operations	–	–	–	–
Group net profit incl. minority interest	–	–	–	–

* less than € 1 thsd

¹ In contrast to Q1, the financial results include a consolidated account of the profit and loss transfer within the consolidated group.

	Internal services and administration		Consolidation		Total	
	2nd Quarter 2006	2nd Quarter 2005	2nd Quarter 2006	2nd Quarter 2005	2nd Quarter 2006	2nd Quarter 2005
	–	–	–5,186	–2,401	91,514	91.205
	–	–	0*	–136	17,326	12.774
	–	–	–	–	–	–
	–	–	–5,186	–2,537	108,840	103.979
	5,460	3,283	–4,011	–3,491	7,948	7.173
	–	–	–	136	–36,987	–35.836
	–	–	4,157	2,403	–4,902	–3.889
	–1,359	–1,418	–	–	–21,207	–19.676
	–907	–965	–	–	–4,258	–4.457
	–5,593	–2,389	5,081	3,492	–37,566	–36.300
	–7,859	–4,772	9,238	6,031	–104,920	–100.158
	–2,399	–1,489	41	3	11,868	10.994
	5,582	2,908	–2,676	–2,379	3,256	200
	–1,118	–812	16	158	–1,165	–1.868
	4,464	2,096	–2,660	–2,221	2,091	–1.668
	2,065	607	–2,619	–2,218	13,959	9.326
	–	–	–	–	–1,886	–4.773
	–	–	–	–	12,073	4.553
	–	–	–	–	–52	–681
	–	–	–	–	514	4.869
	–	–	–	–	12,535	8.741

Segment reporting (half-year comparison)

Continuing operations

All figures in €'000	Consulting and Sales		Bank	
	1st half year 2006	1st half year 2005	1st half year 2006	1st half year 2005
Segment income				
Income from third parties				
Brokerage business	206,600	184,709	–	–
Banking business	–	–	34,075	25,325
thereof with other discontinued segments	9,047	4,591	0*	263
Total segment income	206,600	184,709	34,075	25,325
Other income	13,319	14,822	96	85
Segment expenses				
Brokerage business	–87,886	–76,660	–	–
Banking business	–	–	–17,826	–11,424
Personnel expenses	–32,805	–28,812	–3,726	–3,124
Depreciation/amortisation	–6,507	–6,852	–164	–183
Other	–66,848	–66,248	–9,103	–7,514
Total segment expenses	–194,046	–178,572	–30,819	–22,245
Segment result before finance cost	25,873	20,959	3,352	3,165
Other interest and similar income	571	975	1	0*
Other interest and similar expenses	–139	–4,025	–3	–17
Finance cost	432	–3,050	–2	–17
Segment result after finance cost before tax	26,305	17,909	3,350	3,148
Income tax expenditure/revenue	–	–	–	–
Segment result from continuing operations after tax	–	–	–	–
Segment result from operations to be discontinued	–	–	–	–
Segment result from discontinued operations	–	–	–	–
Group net profit incl. minority interest	–	–	–	–

* less than € 1 thsd

	Internal services and administration		Consolidation		Total	
	1st half year 2006	1st half year 2005	1st half year 2006	1st half year 2005	1st half year 2006	1st half year 2005
	–	–	–9,047	–4,592	197,553	180,117
	–	–	0*	–263	34,075	25,062
	–	–	–	–	–	–
	–	–	–9,047	–4,855	231,628	205,179
	9,595	6,548	–8,031	–7,008	14,979	14,447
	–	–	–	263	–87,886	–76,397
	–	–	7,939	4,430	–9,887	–6,994
	–3,353	–2,563	–	–	–39,884	–34,499
	–1,824	–1,888	–	–	–8,495	–8,923
	–9,611	–7,822	9,238	7,051	–76,324	–74,533
	–14,788	–12,273	17,177	11,744	–222,476	–201,346
	–5,193	–5,725	99	–119	24,131	18,280
	8,191	3,619	–2,751	–2,593	6,012	2,001
	–1,619	–1,179	40	372	–1,721	–4,849
	6,572	2,440	–2,711	–2,221	4,291	–2,848
	1,379	–3,285	–2,612	–2,340	28,422	15,432
	–	–	–	–	–7,874	–7,584
	–	–	–	–	20,548	7,848
	–	–	–	–	–2,250	–1,080
	–	–	–	–	1,098	11,226
	–	–	–	–	19,396	17,994

Consulting and sales segment

Revenues in the Consulting and Sales division climbed in the first half of the current business year by 12 per cent over the same period last year to EUR 206.6 million. Revenues in Q2 totalled EUR 96.7 million (cf.: EUR 93.6 million) for this segment.

Operating expenses in the Consulting and Sales division totalled EUR 194.0 million in the first six months (previous year: EUR 178.6 million). Total expenditure in Q2 remained almost level with the previous year at EUR 90.8 million (previous year: EUR 90.2 million). The mainly variable expenditure for the brokerage business formed the largest share of total expenses in this segment and increased to EUR 87.9 million (previous year: EUR 76.7 million). Expenditures in Q2 2006 increased from EUR 36.0 million to EUR 37.0 million. Personnel expenditure increased in the first half of the year largely due to new hires in the areas of occupational pension provisions and sales support in the second half of 2005 from EUR 28.8 million to EUR 32.8 million. The same development was also evident in Q2 for the current business year, in which personnel expenses of some EUR 18.0 million were incurred (previous year: EUR 16.6 million).

Depreciation was slightly lower than for the same period last year both in the first six months of the current business year at EUR 6.5 million (previous year: EUR 6.9 million) as well as in Q2 2006 with EUR 3.3 million (previous year: EUR 3.4 million).

Overall, segment profits from operating activities (EBIT) totalled EUR 25.9 million for the first half of 2006, representing a 23 per cent rise over the same period last year. In Q2 2006 the company realised an EBIT of some EUR 12.3 million (previous year: EUR 10.7 million). The EBIT margin has also improved. In H1 of the current business year the margin totalled 12.5 per cent (previous year: 11.3 per cent) and in Q2 2006 12.8 per cent (previous year: 11.4 per cent).

The financial profit for the segment totalled EUR 0.4 million in H1 2006 (previous year: EUR -3.1 million) and as such marks a clear improvement over the same period last year. The development in Q2 was similar and financial profits improved here from EUR -1.5 million to EUR 0.3 million. This can largely be attributed to annulled factoring contracts in 2005 and the resulting interest expenses.

Brokerage business revenues from all foreign business operations (excluding the subsidiary MLP Private Finance AG, Zurich) improved clearly in the first six months of 2006. Pre-tax losses (EBT) fell in the same period to EUR -2.1 million (previous year: EUR -2.3 million).

The number of clients increased in the first six months of the current business year by 14,000 to 669,000 (31.12.2005: 655,000). During the same period last year the number of clients only rose by 12,000. As per 30th June 2006, the number of financial consultants totalled 2,533, representing an increase of 9 consultants since the end of Q1 2006.

Business development in the Consulting and Sales segment presented a mixed picture in the first half of the current business year. While new business in the health insurance segment with arranged annual premiums of EUR 33.9 million (previous year: EUR 21.9 million) developed positively, as did lending with a volume of EUR 649 million (previous year: EUR 469 million) and investments with an inflow of funds of some EUR 553 million

(previous year: EUR 332 million), the major area of pension provisions failed to meet expectations, particularly in Q2 2006 with EUR 1.2 billion (previous year: EUR 1.4 billion). Overall new business in this segment in the first six months of 2006 totalled EUR 2.8 billion (previous year: EUR 2.1 billion). Assets managed by the company rose from EUR 2.9 billion at year-end 2005 to EUR 3.0 billion at the end of the first half of 2006.

Bank segment

The positive business development in the banking segment continued throughout the first half of the current business year. Segment revenues climbed by 35 per cent over the same period last year to a total of EUR 34.1 million.

In the months April, May and June earnings totalled EUR 17.3 million (previous year: EUR 12.9 million). This increase can largely be attributed to the increased managed depot funds in the investment field and the increases in interest earnings from the higher business volumes.

Total expenditure in the segment increased in the first half of 2006 from EUR 22.2 million to EUR 30.8 million. In the second quarter total expenses of EUR 15.5 million were incurred which represents an increase of 38 per cent over the same period last year. This increase in expenditure for the banking segment is analogue to the higher business volumes and the managed depot business.

The interest or commission profit amounted to EUR 5.5 million in H1 2006 (Q2/06: EUR 2.8 million), or EUR 12.2 million (Q2/06: EUR 6.1 million).

The segment profits for normal business activities (EBT) increased by six per cent in the first six months of the current business year to EUR 3.4 million. In the second quarter EBT totalled EUR 1.9 million (previous year: EUR 1.8 million).

Internal services and administration segment

This segment has posted profits from normal business activities (EBT) totalling EUR 1.4 million for the reporting period (previous year: EUR -3.3 million). In Q2 of the current business year EBT improved significantly over the same period last year at EUR 2.1 million (previous year: EUR 0.6 million). The main reason for this was a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 which resulted in EUR 2.4 million as well as the financial result for the first half of 2006 which, at EUR 6.6 million (previous year: EUR 2.4 million), was much higher than that of the previous year. An increase in liquid assets from the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG as well as an improved investment strategy are major reasons for the positive increase in the financial profits.

Changes in the consolidated shareholders' equity

All figures in €'000	Equity attributable to MLP AG shareholders						Minority interest	Total shareholders' equity
	Share capital	Capital reserves	Treasury stock	Available-for-Sale reserve	Remaining equity	Total		
As at 1 January 2005	108,641	9,361	–	–229	171,204	288,977	586	289,563
Change in the scope of consolidation	–	–	–	–	–	–	–	–
Currency translation	–	–	–	–	135	135	–	135
Capital increases	–	–	–	–	–	–	–	–
Change in available-for-sale reserve	–	–	–	–15*	–	–15	–	–15
Net profit	–	–	–	–	17,970	17,970	24	17,994
Dividends paid to shareholders and minority shareholders	–	–	–	–	–23,901	–23,901	–392	–24,293
Convertible debentures	–	798	–	–	–	798	–	798
Acquisition of treasury stock	–	–	–	–	–	–	–	–
As at 30 June 2005	108,641	10,159	–	–244	165,408	283,964	218	284,182
As at 1 January 2006	108,641	11,474	–10,505	63	345,456	455,129	63	455,192
Change in the scope of consolidation	–	–	–	–	–	–	–	–
Currency translation	–	–	–	–	–32	–32	–	–32
Capital increases	–	–	–	–	–	–	–	–
Change in available-for-sale reserve	–	–	–	–49	–	–49	–	–49
Net profit	–	–	–	–	19,396	19,396	–	19,396
Dividends paid to shareholders and minority shareholders	–	–	–	–	–62,991	–62,991	–	–62,991
Convertible debentures	–	1,235	–	–	–	1,235	–	1,235
Acquisition of treasury stock	–	–	–72,496	–	–	–72,496	–	–72,496
As at 30 June 2006	108,641	12,709	–83,001	14	301,829	340,192	63	340,255

* thereof € –66 thsd from discontinued operations

In Q2 2006 MLP AG paid dividends totalling TEUR 62,991 to its shareholders. This includes special dividend payments of some TEUR 31,496.

Notes

1. General information

The MLP AG Interim Report was compiled in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), London, taking into account the interpretation of the International Financial Reporting Interpretations Committee (IFRIC), in so far as this has been adopted from the European Union. IAS 34 (interim reporting) was applied here.

The “interim report” presented here was not subject to an audit examination. Figures are presented in EUR thousands unless otherwise stated.

2. Accounting policies

Fundamentally the same consolidation principles and accounting and valuation methods were applied for the interim report and the comparison with figures from the previous year as were applied for the group annual report 2005. A detailed description of the accounting and valuation methods is published in the notes to the annual report 2005. This can be downloaded from the company’s website at www.mlp.de.

Results from discontinued operations and operations to be discontinued, will be posted separately in the profit and loss account, while the non-current assets held for sale and liabilities will be posted in the balance sheet. The comparative periods were adjusted accordingly in the profit and loss account and are thus no longer comparable with the accounts presented in previous years. The balance sheet figures from previous years do not have to be adjusted according to IFRS 5.

In order to provide final account addressees with a better assessment of the financial effects of the operations to be discontinued and discontinued operations (IFRS 5.30), we have not applied the consolidation of expenditure and earnings between the continued operations and those to be discontinued.

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

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

3. Scope of consolidation

The consolidated Group report includes the MLP AG final accounts and those of the companies (subsidiaries) it controls, which are listed below according to IAS 27, and in which it holds the majority of voting rights or for which it has the factual control. No major changes were made to the scope of consolidation of MLP AG in the first half year 2006.

The following table shows the scope of consolidation of MLP AG:

	Shareholding in %	First consolidated
Subsidiaries		
MLP Finanzdienstleistungen AG, Heidelberg	100	31 Dec 1992
MLP Login GmbH, Heidelberg	100	31 Dec 1995
MLP Bank AG, Heidelberg	100	31 Dec 1997
MLP Private Finance plc., London, Great Britain	100	31 Dec 2001
MLP Private Finance Correduria de Seguros S.A., Madrid, Spain	100	22 Feb 2002
MLP Private Finance AG, Zurich, Switzerland	100	28 Feb 2002
MLP BAV GmbH, Heidelberg	100	1 Apr 2004
BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen	51,08	8 Oct 2004
BERAG Versicherungs-Makler GmbH, Bremen	51,08	8 Oct 2004
MLP Vermögensberatung AG, Vienna, Austria	100	9 Mar 2005

4. Treasury stock

The Executive Board of MLP AG took a decision on 11 November 2005, following the Supervisory Board's approval of the same date, to acquire treasury stock up to ten percent of the present share capital of 108,640,686 shares. The authorisation to buy back treasury stock was granted by the Annual General Meeting of 21 June 2005 and is valid until 20 December 2006. The resolution passed by the ordinary Annual General Meeting held on 31st May 2006 authorised MLP AG to buy back its own shares in accordance with paragraph 71, section number 8 of the German Stock Corporation Law (AktG). At the same time the resolution passed by the Annual General Meeting on 21st June 2005 was rescinded. The current resolution remains valid until 29th November 2007.

In the period from 1 January 2006 to 30 June 2006 a total of 3,934,600 shares were purchased exclusively by MLP AG at a total value of EUR 72,492,202. This represents 3.62 percent of the capital stock. The purchased shares account for EUR 3,934,600 of the share capital.

A total of 4,549,109 shares equating to the value of EUR 83,001,250 have been purchased since the launch of the share buy-back program. This represents 4.19 percent of the capital stock. The purchased shares account for EUR 4,549,109 of the share capital.

5. Notes to the consolidated income statement

Income by business segment is stated in the segment report.

[1] 5.1 Income from brokerage business

The income from brokerage business breaks down as follows:

All figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
Life insurance	63,284	67,636 ¹	134,485	128,913 ¹
Health insurance	15,942	12,672	30,792	23,125
Non-life insurance	2,992	2,866	15,067	13,769
Mutual funds	3,777	4,023	6,661	7,234
Loans	3,305	2,041	6,360	3,795
Other income	2,214	1,967	4,188	3,281
Total	91,514	91,205	197,553	180,117

¹ Before consolidation (incl. discontinued operations)

[2] 5.2 Income from banking business

The income from banking business breaks down as follows:

All figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
Interest and similar income	5,810	4,786	11,282	8,990
Non-current income fom investments	2	–	3	–
Fair value option loan	160	–	313	–
Commission income	11,354	7,988	22,477	16,072
Total	17,326	12,774	34,075	25,062

Commission income from the banking business is essentially down to income received from bank accounts, the credit card and financing business and from fees for wealth management and saving scheme products.

[3] 5.3 Expenses for banking business

The following table shows the expenses for the banking business:

All figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
Interest and similar expenses	2,937	2,120	5,651	3,952
Expenses for investments	8	10	11	10
Allowances for losses	673	1,113	1,439	1,921
Change fair value option	120	130	329	160
Commissions paid	1,164	516	2,457	951
Total	4,902	3,889	9,887	6,994

[4] 5.8 Operating expenses

The development of other operating expenses is disclosed in this table:

All figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
IT costs	9,263	9,606	19,129	18,566
Cost of premises	5,699	5,710	11,851	11,080
Audit and consultancy costs	2,617	628	4,712	4,103
Communication requirements	3,257	3,167	6,057	6,009
Value adjustments on requirements	438	341	543	359
Value adjustments on receivables	3,393	1,353	5,441	6,070
Expenses for retired sales representatives	957	1,432	2,019	2,530
Advertising expenses	2,300	3,911	5,350	5,038
Representation, entertainment expenses	1,603	2,077	3,158	2,804
Office supplies	641	783	1,479	1,425
Other taxes	51	59	126	128
Currency translation expenses	1	7	5	8
Summary other expenses	7,346	7,226	16,454	16,413
Total	37,566	36,300	76,324	74,533

6. Notes to the balance sheet

[5] 6.1 Receivables from banking business

Receivables due from banking business relate to bank clients and financial institutions as follows:

All figures in €'000	30.06.2006	31.12.2005
Receivables from bank clients	268,738	272,798
Receivables from other financial institutions	313,806	238,225
Total	582,544	511,023

Receivables from bank clients relate mainly to debts from loans, accounts and credit cards.

[6] 6.2 Financial assets

Financial assets consist of:

All figures in €'000	30.06.2006	31.12.2005
Available-for-sale financial assets		
Investments	1,373	1,373
Available-for-sale securities	35,748	35,184
Loans	56	184
Other financial assets	40,000	200,000
Total	77,177	236,741

[7] 7. Operations to be discontinued and discontinued operations

In a move to restructure foreign business operations, MLP has suspended operating business activities at its Swiss subsidiary MLP Private Finance AG, Zurich, and is now focusing here on supporting its existing client base. Following final approval by the authorities MLP also de-consolidated the companies MLP Lebensversicherung AG and MLP Versicherung AG on 5 September 2005 and 16 August 2005 respectively in the third quarter 2005.

MLP Private Finance AG, Zurich, is presented as an operation to be discontinued, while MLP Lebensversicherung AG and MLP Versicherung AG are presented as already discontinued operations.

Operations to be discontinued and already discontinued operations are to be presented separately in line with IFRS 5. The income statement has been adjusted by the respective amounts from the operations to be discontinued and the discontinued operations, and the resulting net earnings have been posted in a separate line in the profit and loss accounts. The corresponding assets and liabilities from the operations to be discontinued have been posted separately in the balance sheet.

Income statement for the period 1 January to 30 June 2006

All figures in €'000	2nd Quarter 2006	2nd Quarter 2005	1st half year 2006	1st half year 2005
Income from brokerage business	369	402	947	1,134
Other income	4	70	4	97
Total income	373	472	951	1,231
Other expenses	-370	-1,146	-1,261	-2,293
Profit from operations	3	-674	-310	-1,062
Finance cost	-36	-11	-67	-22
Profit before tax (EBT)	-33	-685	-377	-1,084
Income taxes	-12	4	10	4
Operating result	-45	-681	-367	-1,080
Cost to sell	-7	-	-1,883	-
Overall profit from operations to be discontinued	-52	-681	-2,250	-1,080
Overall profit from discontinued operations	514	4,869	1,098	11,226
Overall profit from operations to be discontinued and discontinued operations	462	4,188	-1,152	10,146
Earnings per share in €	0,00	0,04	-0,01	0,09
Diluted earnings per share in €	0,00	0,04	-0,01	0,09

The overall profit from discontinued operations of EUR 1,098 thsd in H1 2006 is connected with the release of provisions for sales costs that was formed in 2005 but not fully required.

[8] Assets as at 30 June 2006

All figures in €'000	30.06.2006
Property, plant and equipment	–
Deferred provisions	–
Tax refund claims	0*
Account receivables and other assets	60
Cash and cash equivalents	1,100
Total	1,160

* less than € 1 thsd

[9] Liabilities as at 30 June 2006

All figures in €'000	30.06.2006
Shareholders equity	–
Insurance provisions	476
Deferred provisions	–
Tax liabilities	–
Other liabilities	128
Total	604

In contrast to Q1, claims and liabilities from the Personnel division are netted out in the report.

8. Notes to the consolidated cash flow statement

The cash flow statement illustrates the change in cash resources of the MLP Group during the course of the business year as a result of the cash flows from operating, financing and investment activities. In addition to changes in fixed assets the payments for investment operations also cover payments for the purchase of own shares from the share buy-back program initiated in December 2005. The financing business reflects the cash-related changes in equity capital and borrowing/repayments. All other payments from main business activities that affect turnover are assigned to operating business activities.

9. Notes on Group reporting by segment

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

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

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

The MLP Group is currently structured in the following business segments:

- Consulting and sales
- Banking
- Internal services and administration

The object of the consulting and sales segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational old-age provision schemes and financing of all kinds, as well as of the broking of contracts concerning these financial services. With 2,533 consultants and a comprehensive scope of services, the company currently caters for some 669,000 clients in the named segments. In order to offer clients innovative and tailor-made financial plans, products used include those available on the market from third parties and from MLP Bank AG. Outside the core market in Germany, services are also offered abroad in Great Britain, Austria, the Netherlands and Spain.

The segment was increased by one company in the business year 2005 with the foundation of the wealth management company MLP Vermögensberatung AG and until 31 December 2005 was made up of the following companies: MLP Finanzdienstleistungen AG, Heidelberg, MLP Private Finance plc., London, Great Britain, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen, BERAG Versicherungs-Makler GmbH, Bremen, MLP BAV GmbH, Heidelberg, as well as MLP Vermögensberatung AG, Vienna, Austria.

As part of the ongoing tightening of the Group structure, the company MLP Login GmbH was merged with MLP Finanzdienstleistungen AG with effect from 10 April 2006. Since MLP Login GmbH provides IT services almost exclusively for MLP Finanzdienstleistungen AG subsequent to the sale of MLP Lebensversicherung AG and MLP Versicherung AG, the MLP Login GmbH was restructured from the segment Internal Services and Administration to the Consultation and Sales segment. Figures from the previous year have been adjusted.

Additionally, MLP Private Finance AG, Zurich, Switzerland has been presented in Q1 2006 separately as an operation to be discontinued and this lies outside the segment of Consulting and Sales. Figures from the previous year have also been adjusted here.

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

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

The information supplied concerning the individual segments is based on standardised accounting and valuation methods which were also applied for establishing the consolidated figures of the Group's financial statements.

Presentation of the individual business sectors (primary segments) takes place after consolidation of internal transactions within the individual business sectors, but before cross-segment consolidation.

Intra-segment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

All segments perform their economic activities predominantly in Germany. The consulting and sales segment also has minor operations in Switzerland, Austria, the Netherlands, Great Britain and Spain.

As the Group chiefly confines its business activities to Germany (proportion of foreign revenue in the period under review and in the previous year is less than three percent), a geographic (secondary) breakdown of the segments is not required.

10. Other information

The number of employees totalled 1,631 as per 30 June 2006 (Previous year: 1,449). Of these, some 395 were employed on a part-time basis (previous year: 335).

Executive bodies MLP AG

Executive board

Dr. Uwe Schroeder-Wildberg (Chief Executive Officer)
Eugen Bucher (until 7 August 2006)
Gerhard Frieg
Nils Frowein

Supervisory board

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

Financial calendar

8 November 2006

Results for the 3rd quarter 2006

27 March 2007

End of year accounts 2006

31 May 2007

Annual General Meeting 2007
in Mannheim/Germany

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