

Report for the second quarter 2003



MLP increases productivity and market share

- Business development in line:
 - Double-figure increases reported for sales revenues and profit compared to previous quarter
 - Client base grows by 13,000 to 531,000
- Market share significantly increased in the core target group
- Current pension and provision debate adds momentum to business

Increase in total revenues

Operating business within the MLP Group has picked up again during the first half of 2003. For example, total revenues in the second quarter of EUR 246 million surpassed those reported for the first quarter (EUR 234 million). Group sales revenues increased by 12 per cent to EUR 72 million (previous quarter: EUR 64 million).

Subsequent to adjustments for the sale of the Austrian MLP-Lebensversicherung AG at the end of 2002, total revenues have increased in the first half of the year by four per cent to EUR 480 million (cf. previous year's adjusted figure: EUR 459 million).

Quarterly result shows a clear improvement on previous quarter

Pre-tax profit increased from EUR 8.5 million in the first quarter to EUR 11.7 million for the second quarter. This is due to the increase in productivity within the MLP Group. The cumulative pre-tax profit reported by MLP for the first six months thus totals some EUR 20.2 million. This figure can only be compared in very limited terms with the previous year's figure of EUR 53.1 million. The difference can largely be explained by factors such as changes in reinsurance policy, expansions in IT infrastructure, slightly higher depreciation, and the fact that the results from the Austrian subsidiary, which has been sold, are no longer included in the Group results.

Productivity figures improve

In light of a further increase in the number of clients as of June 30th to 531,000 (an increase of 13,000 in the second quarter, cf. 486,000 and 10,000 respectively in the same period last year) and a constant number of consultants 2,847 (cf. 2,842 in 2002), MLP has, as announced at the beginning of the year, succeeded in clearly improving financial consultant productivity. Some productivity related figures such as sales per consultant reached peak values again. The process of optimising productivity is thus bearing its first fruits. This positive development will increase in momentum over the coming quarters.

Increasing market share in core target group

MLP has increased its market share from 36 to 40 per cent in the core graduate market. This target group demands the highest standards of consulting quality with independent and individual concepts for their financial planning. On the other hand, these young graduates represent a group with tremendous growth potential. MLP continued to expand its uncontested leading position in this market segment thanks to its one-stop finance concept and innovative and personalized financial solutions.

Business trends make the company confident of 2003

The developments during the first half of the year and especially those at the start of the third quarter have confirmed MLP's pre-tax profit objective of EUR 65 million for 2003. Management focus in this „year of consolidation“ is upon increasing productivity and profitability. The public debate in recent weeks concerning health and pension provisions in Germany have provided a very clear indication of the future market in which MLP operates. Since it will become increasingly necessary for people to provide their own provisions in the future, MLP assumes that its excellent market position will enable the company to benefit from further sustained growth rates.

No clear trend for economic forecasts

Despite initial positive indications, economic forecasts for the second half of 2003 are still characterised by uncertainties. While some experts, such as the Ifo-Institute, foresee an upswing in the near future, others continue to spread scepticism. Generally, the reserved investment trend, which can also be felt in the financial services sector, has changed little. The controversial and – with the exception of a few attempts – poorly directed reform discussions in Germany also continue to unsettle consumers. Even the capital market recovery which began in the second quarter has had little effect here. The current situation in both the state pension and health insurance systems will however lead to an increase in the demand for private provision services. MLP will benefit substantially in the light of this development.

Business development of the MLP Group in Q2 2003

The total revenues for the MLP Group in the second quarter of 2003 roughly equalled those for the same period last year with EUR 246 million (2002: EUR 242 million) after adjustments. This corresponds to an improvement in total revenues of five per cent in comparison with the first quarter 2003. This is largely due to the 12 per cent increase in consolidated sales revenues of EUR 72.0 million, which reflect the expected trend towards private provision. In comparison with the same quarter last year (2002: EUR 75.8 million) sales revenues, had a slight decline of five per cent resulting from an initially slow start to the health insurance new business.

The insurance premiums within the MLP Group increased in the second quarter to EUR 122.6 million. This corresponds to an increase of nine per cent over the adjusted insurance premiums of EUR 112.3 million for the comparative period. MLP Lebensversicherung AG made a contribution of EUR 114.6 million (2002: EUR 105.3 million), and MLP Versicherung AG of EUR 8.0 million (2002: EUR 6.9 million) to the insurance premiums. The Austrian MLP Lebensversicherung AG, sold at the end of 2002, reported insurance premiums in the same period last year totalling EUR 13.9 million. The reinsurance result within the Group declined as scheduled from EUR 0.5 million to EUR –9.7 million.

Scheduled one-time costs of EUR 1.9 million arose in the expenditure items for the second quarter 2003 as a result of the IAS conversion and IT migration. The measures adopted in IT will result in significant cost advantages over the coming quarters. Despite these expenses the pre-tax profit grew from EUR 8.5 million in the previous quarter to EUR 11.7 million. This corresponds to a DVFA result per share of EUR 0.08 (2002: EUR 0.17).

The individual segments contributed to the results as follows:

Segment results in the second quarter 2003

Pre-tax profit in the **Consulting and Sales** segment totalled EUR 12.5 million for the second quarter (2002: EUR 15.4 million). The drop is largely due to higher start-up costs of EUR 2.4 million (2002: EUR –0.4 million) caused by foreign expansion as well as higher IT expenditure. The brokered new business generally developed as planned and progressed as follows over the first six months of the year:

Brokered new business in the pension and provision area fell by seven per cent to EUR 2.6 billion in premium sum (2002: EUR 2.8 billion). It is worth noting here that the trend towards classic life insurance products remains unaltered. The planned increases in state support for the years 2004, 2006 and 2008 incorporated into the state-supported products (Riester) resulted in low demand, as was expected. This means for this year that new business dropped from EUR 0.4 billion to EUR 0.1 billion in premium sum.

Demand for private health coverage continued to suffer in the first half of the year on the one hand due to the debates concerning the health reform and on the other hand due to the fact that customers already had signed contracts in the previous year. New annual premiums fell by 24 per cent to EUR 26.3 million (2002: EUR 34.5 million).

Assets managed by the MLP Group developed well, increasing by eleven per cent to EUR 3.2 billion compared with EUR 2.9 billion at the end of 2002, while inflow into mutual funds dropped to EUR 284 million from EUR 372 million.

The brokered new loan business remained at almost the same level as last year due to the continued low interest rates, totalling some EUR 462 million (2002: EUR 474 million).

In the **Life Insurance segment** the pre-tax quarterly result increased to EUR 3.5 million compared with EUR 1.0 million, which also included a positive contribution of EUR 0.3 million from the Austrian life insurance subsidiary. The reinsurance commissions at MLP Lebensversicherung AG fell here from EUR 4.0 million to EUR 1.5 million.

The **Non-life Insurance segment** performed as forecast and contributed EUR 0.7 million (2002: EUR 1.2 million) to the consolidated group pre-tax profit. This decline results from slightly higher operating costs and lower reinsurance commissions from EUR 0.2 million (2002: EUR 0.3 million).

In the **Banking segment**, the interest result increased to EUR 2.0 million (2002: EUR 1.8 million) and the commission result rose to EUR 5.8 million (2002: EUR 4.8 million). Pre-tax profit declined, however, to EUR -0.3 million (2002: EUR 1.3 million). This development was caused largely by one-off expenditures related to a move to a new outsourcing partner for the banking system amounting to EUR 1.1 million as well as higher IT expenses. The switch has already resulted in cost savings of between EUR 2 and 3 million for the year 2004.

Losses were reported as forecast in the **Internal Services and Administration** division totaling EUR 5.5 million (2002: EUR 7.5 million). The same period last year was affected substantially by proceeds from the sale of financial assets of MLP AG.

Investments

Cost incurred for the expansion of IT-infrastructure amounted to EUR 4.6 million (2002: EUR 4.9 million). Investments in the branch office network and the expansion of the head offices in Wiesloch, including investments in office and business furnishings and equipment, totalled EUR 4.3 million (2002: EUR 13.4 million).

Cost and productivity initiative

In the first six months of the year more focus was placed upon cost efficiency and productivity in terms of the number of financial consultants and branch offices. This resulted both figures showing similar levels as last year. The 2,847 MLP Consultants employed as of the end of June (2002: 2,842) work from 370 (374) branch offices. The decline in the number of branch offices resulted from a process of optimisation of productivity and cost structures conducted in individual regions. Some 226 consultants worked in 35 foreign offices in the first six months (cf. 239 consultants in 39 offices in 2002) . The number of permanent employees totalled 1,616 in the back-office area (2002: 1.557).

Outlook

- The cost and efficiency measures introduced in the first six months of the year at head quarters will result in considerable cost savings as early as 2004.
- The operational efficiency measures are largely complete, which means that the foundations have been laid for the number of consultants to increase again.
- New business in the areas of health and life insurance has performed well over recent weeks. MLP expects to see a continuation of this positive trend and therefore maintains its forecast for pre-tax profits of EUR 65 million for the business year 2003.

Profit and loss account

MLP group

	Notes	2nd Quarter 2003 Euro '000	2nd Quarter 2002 Euro '000	1st Half year 2003 Euro '000	1st Half year 2002 Euro '000
1. Sales revenue	①	72,017.1	75,805.8	136,091.5	148,577.2
2. Other capitalized own work	②	459.9	0.0	848.6	0.0
3. Interest income from banking operations	③	3,747.7	3,206.8	7,519.5	6,425.6
4. Insurance premiums	④	122,580.1	126,244.8	245,584.5	245,955.6
5. Income from reinsured business	⑤	40,052.4	42,905.0	81,139.9	85,533.0
6. Other operating income	⑥	7,569.9	14,027.1	8,957.1	17,619.3
Total revenue		246,427.1	262,189.5	480,141.0	504,110.7
7. Cost of materials	⑦	-28,885.2	-35,677.1	-57,953.2	-64,695.5
8. Personnel expenses		-20,860.1	-19,857.4	-37,769.2	-36,813.4
9. Depreciation		-6,419.8	-6,100.4	-12,532.1	-11,199.3
10. Other operating expenses	⑧	-62,698.8	-60,491.6	-118,202.8	-108,546.4
11. Expenses in other accounting periods	⑨	-755.9	0.0	-1,511.9	0.0
12. Expenses related to insurance reserves	⑩	-152,465.1	81,657.0	-171,097.8	934.2
13. Reinsurance premiums	⑪	-43,989.9	-41,811.6	-87,724.0	-83,677.0
14. Financial result	⑫	-6,094.5	343.1	-10,010.7	136.5
15. Unrealized gains from investments	⑬	39,433.8	-14,046.8	40,929.0	1,327.0
16. Unrealized losses from investments	⑭	48,005.3	-137,610.7	-4,055.8	-148,448.6
17. Profit on ordinary activities		11,696.8	28,593.9	20,212.5	53,128.3
18. Taxes on income and profit		-4,655.6	-11,137.4	-8,023.2	-20,720.0
19. Net income		7,041.2	17,456.5	12,189.3	32,408.2
20. Earnings per share (DFVA) in Cent		7.9	16.7	14.0	31.1

Group consolidated balance sheet 2nd Quarter 2003

Assets	30.06.2003 Euro '000	31.12.2002 Euro '000
Expenses for the start-up and expansion of operations	5,675.0	7,000.0
Fixed assets	1,146,639.7	974,463.5
of which investment stock of unit-linked life insurance	15 965,254.0	799,801.8
Current assets	645,580.3	617,655.9
of which accounts receivable due from bank clients	16 232,975.4	228,524.5
Trust assets	17 312,582.3	248,610.4
Prepaid expenses and deferred charges	9,740.3	7,028.2
Total	2,120,217.5	1,854,758.0

Shareholders' equity and liabilities	30.06.2003 Euro '000	31.12.2002 Euro '000
Equity	190,889.0	178,702.8
Liabilities	1,616,669.2	1,427,145.9
of which reserves for unit-linked life insurance	18 965,254.0	799,801.8
of which liabilities due to bank clients	19 270,760.6	240,999.1
Trust liabilities	17 312,582.3	248,610.4
Deferred profit	77.0	298.9
Total	2,120,217.5	1,854,758.0

Statement of changes in shareholders' equity

	Parent company		
	Subscribed capital, ordinary shares	Capital reserve	Self generated Group shareholders' equity capital
	Euro '000	Euro '000	Euro '000
As of 31 Dec.02	108,640.7	7,602.5	62,351.4
Net profit MLP Group			12,181.3
Other changes			-2,1
As of 31 June 03	108,640.7	7,602.5	74,530.6

Cash flow

Due to the compilation of the cash flow statement according to DRS 2, insurance-specific items are allocated to cash flow from operating activities and investing activities and thereby result in a different disclosure compared to the previous year. The values of the previous year have been adjusted accordingly.

	1. Half year 2003 Euro '000	1. Half year 2002 Euro '000
Change in net financial assests from operating activities	146,794.7	203,540.7
Change in net financial assets from investing activities	-155,666.0	-164,189.2
Changes in net financial assets from financing activities	-147.1	-34.317.8
Change in net financial assets	-9,018.4	5,033.7

Parent company	Minority shareholders		Group
Equity	Minority capital	Shareholders' equity	Group shareholders' equity capital
Euro '000	Euro '000	Euro '000	Euro '000
178,594.6	108.2	108.2	178,702.8
12,181.3	8.0	8.0	12,189.3
-2,1	-1.0	-1.0	-3,1
190,773.8	115.2	115.2	190,889.0

Segment report MLP Group MLP-Konzern

2nd Quarter Euro '000	Consultation and Sales		Life insurance		Non-life insurance	
	20		21		22	
	Q2 2003	Q2 2002	Q2 2003	Q2 2002	Q2 2003	Q2 2002
Sales revenue	81,825.4	88,368.2	1,644.0	3,063.6	1,596.2	1,858.7
Other capitalized own work	112.1	0.0	116.6	0.0	71.4	0.0
Interest income from banking operations	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	0.0	0.0	114,588.9	119,300.6	7,991.3	6,944.2
Income from reinsured business	0.0	0.0	40,231.3	37,003.8	-178.9	5,901.2
Total segment revenue 25	81,937.5	88,368.2	156,580.7	159,367.9	9,480.0	14,704.1
– thereof with third parties	62,205.8	63,716.3	156,464.1	159,367.9	9,408.6	14,704.1
– thereof with other segments	19,619.6	24,651.9	0.0	0.0	0.0	0.0
Other operating income	8,331.7	4,856.6	1,281.8	3,105.2	220.1	251.8
Cost of materials	-26,251.6	-31,387.7	-18,984.1	-24,392.5	-215.0	-260.3
Personnel expenses	-13,332.5	-12,607.2	-2,768.9	-3,104.9	-1,442.7	-1,456.7
Depreciation	-3,313.9	-3,671.4	-1,149.6	-904.3	-298.4	-544.7
Other operating expenses	-35,416.5	-28,754.8	-19,453.9	-28,086.7	-5,768.3	-4,240.6
Expenses related to insurance reserves	0.0	0.0	-152,264.8	83,132.9	-200.2	-1,475.8
Reinsurance premiums	0.0	0.0	-42,634.6	-35,752.5	-1,355.4	-6,059.1
Financial result	519.3	-1,409.5	-4,577.4	-723.8	276.6	329.2
Unrealized gains/losses from capital investment for unit-linked life insurance	0.0	0.0	87,439.0	-151,657.5	0.0	0.0
Segment pre-tax loss/profit (before loss/profit transfer) 27	12,474.0	15,394.2	3,468.3	983.9	696.7	1,248.0
Taxes on loss/profit	337.2	-310.3	2.9	-641.4	-243.5	0.0
Other taxes	-25.9	-8.1	0.0	0.0	-2.1	0.0
Loss/profit transfer agreement	-14,222.8	-17,430.1	0.0	0.0	0.0	0.0
Segment loss/profit	-1,437.5	-2,354.3	3,471.2	342.5	451.2	1,248.0

1st Half year Euro '000	Consultation and Sales		Life insurance		Non-life insurance	
	20		21		22	
	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002
Sales revenue	155,632.1	166,784.0	2,828.0	4,323.1	5,200.1	6,021.1
Other capitalized own work	237.6	0.0	210.8	0.0	143.5	0.0
Interest income from banking operations	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	0.0	0.0	227,498.5	230,448.6	18,086.0	15,506.9
Income from reinsured business	0.0	0.0	80,011.9	77,669.8	1,128.0	7,863.1
Total segment revenue 25	155,869.7	166,784.0	310,549.2	312,441.6	24,557.7	29,391.1
– thereof with third parties	114,288.6	122,055.0	310,338.4	312,441.6	24,414.1	29,391.1
– thereof with other segments	41,343.5	44,728.9	0.0	0.0	0.0	0.0
Other operating income	12,361.1	9,429.4	2,077.4	5,831.2	340.1	251.8
Cost of materials	-53,346.0	-56,935.7	-34,469.7	-39,898.3	-5,721.3	-4,784.3
Personnel expenses	-24,320.8	-22,806.1	-4,992.4	-5,599.1	-2,569.0	-2,614.8
Depreciation	-6,691.9	-7,174.6	-2,064.7	-982.6	-592.6	-1,065.2
Other operating expenses	-65,179.8	-55,324.4	-41,311.2	-46,643.7	-11,272.7	-8,882.5
Expenses related to insurance reserves	0.0	0.0	-170,094.6	2,951.2	-1,003.2	-2,017.0
Reinsurance premiums	0.0	0.0	-84,714.3	-74,680.7	-3,009.7	-8,996.3
Financial result	575.8	-2,548.5	-7,308.8	-46.4	676.7	609.5
Unrealized gains/losses from capital investment for unit-linked life insurance	0.0	0.0	36,873.3	-147,121.6	0.0	0.0
Segment pre-tax loss/profit (before loss/profit transfer) 27	19,268.0	31,424.0	4,544.2	6,251.5	1,405.9	1,892.3
Taxes on loss/profit	-0.9	-620.7	5.1	-987.6	-548.3	0.0
Other taxes	-32.3	-13.1	-0.3	-0.3	-53.3	0.0
Loss/profit transfer agreement	-22,649.4	-33,133.1	0.0	0.0	0.0	0.0
Segment loss/profit	-3,414.6	-2,342.9	4,549.0	5,263.7	804.3	1,892.3

Bank 23		Internal Services and administration 24		Sum		Consolidation		MLP Group	
Q2 2003	Q2 2002	Q2 2003	Q2 2002	Q2 2003	Q2 2002	Q2 2003	Q2 2002	Q2 2003	Q2 2002
7,934.9	8,015.9	0.0	0.0	93,000.5	101,306.4	-20,983.4	-25,500.6	72,017.1	75,805.8
72.1	0.0	87.7	0.0	459.9	0.0	0.0	0.0	459.9	0.0
3,747.7	3,206.8	0.0	0.0	3,747.7	3,206.8	0.0	0.0	3,747.7	3,206.8
0.0	0.0	0.0	0.0	122,580.1	126,244.8	0.0	0.0	122,580.1	126,244.8
0.0	0.0	0.0	0.0	40,052.4	42,905.0	0.0	0.0	40,052.4	42,905.0
11,754.7	11,222.7	87.7	0.0	259,840.5	273,663.0	-20,983.4	-25,500.6	238,857.2	248,162.4
10,318.8	10,374.0	0.0	0.0	238,397.3	248,162.4	0.0	0.0	238,397.3	248,162.4
1,363.8	848.7	0.0	0.0	20,983.4	25,500.6	-20,983.4	-25,500.6	0.0	0.0
429.4	729.4	6,402.7	13,376.3	16,665.7	22,319.3	-9,095.8	-8,292.1	7,569.9	14,027.1
-3,656.9	-4,414.5	-306.8	-191.7	-49,414.5	-60,646.6	20,529.2	24,969.4	-28,885.2	-35,677.1
-1,965.8	-1,789.8	-1,350.3	-898.9	-20,860.1	-19,857.4	0.0	0.0	-20,860.1	-19,857.4
-386.6	-406.9	-1,625.0	-1,518.6	-6,773.5	-7,045.9	353.7	945.5	-6,419.8	-6,100.4
-6,366.8	-3,944.8	-6,481.4	-5,446.4	-73,486.9	-70,473.4	10,032.1	9,981.8	-63,454.8	-60,491.6
0.0	0.0	0.0	0.0	-152,465.1	81,657.0	0.0	0.0	-152,465.1	81,657.0
0.0	0.0	0.0	0.0	-43,989.9	-41,811.6	0.0	0.0	-43,989.9	-41,811.6
-103.6	-66.8	-2,208.7	2,214.0	-6,093.9	343.1	-0.6	0.0	-6,094.5	343.1
0.0	0.0	0.0	0.0	87,439.0	-151,657.5	0.0	0.0	87,439.0	-151,657.5
-295.7	1,329.3	-5,481.9	7,534.6	10,861.4	26,490.0	835.3	2,104.1	11,696.8	28,593.9
-105.5	370.8	-2,923.4	-9,721.9	-2,932.2	-10,302.9	-1,676.8	-808.3	-4,609.0	-11,111.2
0.0	0.0	-18.6	-18.1	-46.6	-26.2	0.0	0.0	-46.6	-26.2
0.0	0.0	14,222.8	17,430.1	0.0	0.0	0.0	0.0	0.0	0.0
-401.2	1,700.1	5,798.9	15,224.6	7,882.6	16,160.9	-841.4	1,295.7	7,041.2	17,456.5

Bank 23		Internal Services and administration 24		Sum		Consolidation		MLP Group	
1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002
15,221.9	17,100.3	0.0	0.0	178,882.1	194,228.4	-42,790.6	-45,651.2	136,091.5	148,577.2
72.1	0.0	184.5	0.0	848.6	0.0	0.0	0.0	848.6	0.0
7,519.5	6,425.6	0.0	0.0	7,519.5	6,425.6	0.0	0.0	7,519.5	6,425.6
0.0	0.0	0.0	0.0	245,584.5	245,955.6	0.0	0.0	245,584.5	245,955.6
0.0	0.0	0.0	0.0	81,139.9	85,533.0	0.0	0.0	81,139.9	85,533.0
22,813.5	23,525.9	184.5	0.0	513,974.6	532,142.6	-42,790.6	-45,651.2	471,183.9	486,491.4
21,294.2	22,603.6	0.0	0.0	470,335.4	486,491.4	0.0	0.0	470,335.4	486,491.4
1,447.2	922.3	0.0	0.0	42,790.6	45,651.2	-42,790.6	-45,651.2	0.0	0.0
755.2	812.4	11,464.4	18,921.6	26,998.0	35,246.4	-18,040.9	-17,627.1	8,957.1	17,619.3
-6,140.2	-8,065.4	-603.5	-335.7	-100,280.8	-110,019.3	42,327.5	45,323.8	-57,953.2	-64,695.5
-3,727.7	-3,369.9	-2,159.3	-2,423.5	-37,769.2	-36,813.4	0.0	0.0	-37,769.2	-36,813.4
-782.1	-805.2	-3,108.3	-3,062.7	-13,239.5	-13,090.4	707.4	1,891.1	-12,532.1	-11,199.3
-11,616.6	-7,846.6	-10,005.1	-8,961.9	-139,385.5	-127,659.0	19,670.8	19,112.6	-119,714.7	-108,546.4
0.0	0.0	0.0	0.0	-171,097.8	934.2	0.0	0.0	-171,097.8	934.2
0.0	0.0	0.0	0.0	-87,724.0	-83,677.0	0.0	0.0	-87,724.0	-83,677.0
-1,246.4	-1,371.9	-2,707.6	3,493.8	-10,010.2	136.5	-0.5	0.0	-10,010.7	136.5
0.0	0.0	0.0	0.0	36,873.3	-147,121.6	0.0	0.0	36,873.3	-147,121.6
55.7	2,879.3	-6,934.9	7,631.8	18,338.9	50,079.0	1,873.6	3,049.3	20,212.5	53,128.3
-211.0	267.9	-6,747.1	-18,515.8	-7,502.2	-19,856.2	-397.8	-814.3	-7,900.0	-20,670.5
-0.4	-0.4	-36.9	-35.7	-123.2	-49.5	0.0	0.0	-123.2	-49.5
0.0	0.0	22,649.4	33,133.1	0.0	0.0	0.0	0.0	0.0	0.0
-155.7	3,146.8	8,930.5	22,213.4	10,713.4	30,173.3	1,475.9	2,235.0	12,189.3	32,408.2

Notes

Statutory accounting requirements

The Group financial statements for MLP AG were prepared in accordance with the stipulations of the German Commercial Code (HGB) and the applicable provisions of the German Companies Act (AktG). This intermediary report is based upon the same accounting, evaluation and reporting principles as those applied for the last annual financial statements. Items stated in thousands have been rounded.

Notes to the profit and loss account

- ① **Sales revenues** break down as follows:

	2nd Quarter 2003 Euro '000	2nd Quarter 2002 Euro '000	1st Half year 2003 Euro '000	1st Half year 2002 Euro '000
Life insurance	41,236.9	32,487.9	70,388.0	64,108.7
Health insurance	11,715.3	14,295.0	27,030.4	35,156.3
Mutual funds	10,919.5	10,204.8	19,415.6	19,803.2
Non-life insurance	3,721.6	3,711.9	9,594.2	10,219.4
Loans	3,431.4	4,166.7	7,793.5	7,528.3
Other revenue	992.4	10,939.6	1,869.8	11,761.2
Total	72,017.1	75,805.8	136,091.5	148,577.2

Outside Germany sales revenues reached EUR 3.1 million (2002: EUR 3.1 million).

- ② **Other capitalized own work:** This item covers capitalised, internal group expenses which arose due to customising externally developed software to company-specific requirements.
- ③ Interest income and interest expenditure from credit card business is disclosed as a net position in sales revenues. In the first quarter of 2002 these figures were reported separately under interest income from banking business and cost of materials. Figures from the previous year have been adjusted accordingly.
- ④ **Insurance premiums break down as follows:**

	2nd Quarter 2003 Euro '000	2nd Quarter 2003 Euro '000	1st Half year 2003 Euro '000	1st Half year 2002 Euro '000
MLP Lebensversicherung AG	114,588.9	105,383.4	227,498.5	199,578.3
MLP Versicherung AG	7,991.3	6,944.2	18,086.0	15,506.9
MLP-Lebensversicherung AG, Wien	0.0	13,917.2	0.0	30,870.3
Total	122,580.1	126,244.8	245,584.5	245,955.6

5 **Income from reinsured business** breaks down as follows:

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
Reinsurance portion of increase in premium reserve	37,707.5	33,891.5	74,860.2	61,148.6
Reinsurance commissions	1,739.5	5,923.0	2,755.2	15,178.3
Reinsurance portion for insurance claims, repurchases and interest	605.3	3,090.4	3,524.4	9,206.1
Total	40,052.4	42,905.0	81,139.9	85,533.0

Changes in the reinsurance policy have resulted in a fall in reinsurance commissions of 71 per cent from EUR 5.9 million to EUR 1.7 million.

6 The item **Other operating income** includes EUR 0.1 million (2002: EUR 1.3 million) realised profits from disposals of capital stock of the unit-linked life insurance. This income has no effect on the overall picture, as it is compensated by costs in the same amount resulting from the increase in the expenses related to insurance reserves.

7 The item **Cost of materials** is made up as follows:

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
Commission expense	26,899.3	34,166.6	55,088.8	62,661.7
Interest expense from banking operations	1,639.1	1,302.3	2,162.5	1,493.3
Other costs of materials	346.8	208.2	701.8	540.5
Total	28,885.2	35,677.1	57,953.2	64,695.5

To a great extent, the item Cost of materials comprises commission payments to self-employed MLP sales representatives (MLP consultants) which they earn by selling products to MLP clients as well as by attending MLP clients. Interest income and expenditure from credit card business is netted out under the item sales revenues. In the first quarter of 2002 these figures were reported separately under the interest income from banking business and cost of materials items. This results in a decline for the interest expenditure. Figures from the previous year have been adjusted accordingly.

- 8 The item **Other operating expenses** comprises the following:

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
Other insurance expenses	13,504.9	13,940.6	29,448.2	27,659.6
Losses from the disposal of unit-linked investment stock	5,647.0	12,306.2	11,512.5	15,500.2
Sum	19,151.9	26,246.8	40,960.7	43,159.7
IT expenses	13,444.9	10,582.3	26,871.9	22,823.6
Cost of premises	5,930.3	5,607.2	12,054.6	11,017.5
Communications costs	4,144.5	4,401.1	7,998.5	7,391.5
Training and seminars	1,417.5	2,165.0	2,594.7	3,795.7
Office supplies	816.5	1,253.8	1,782.6	2,686.2
Advertising expenses	2,965.1	1,778.6	4,013.2	3,357.5
Consulting expenses	4,525.5	2,647.6	5,665.5	3,738.3
Value adjustments on receivables	724.2	16.7	82.7	83.7
Other	9,578.4	5,792.3	16,178.4	10,492.8
Sum	43,546.9	34,244.8	77,242.1	65,386.8
Total	62,698.8	60,491.6	118,202.8	108,546.4

The item Other operating expenses contains, among other things, the realized losses from the disposal of capital investments of unit-linked life insurance amounting to EUR 5.6 million (2002: EUR 12.3 million). These charges have no effect on the overall picture, as they are compensated for by increases of the same amount through the reduction in the expenses related to insurance reserves. Adjusted for this effect and other insurance-related expenses, the item Other operating expenses increased by 27 per cent from EUR 34.2 million to EUR 43.5 million.

- 9 **Expenses in other accounting periods** contain a provision for the sale of future commission entitlements of MLP Finanzdienstleistungen AG for the years 1998 to 2001.
- 10 The item **expenses related to insurance reserves** contains savings contributions from the unit-linked life insurance. In addition, this item is the offsetting item that neutralizes the gains from the increase in value of the investment stock of the unit-linked life insurance. It contains realized gains and losses from capital investment that are included in the respective items other operating income (see text note 6) and other operating expenses (see text note 8). Additionally, this item also includes unrealized gains/losses from capital investments (see text notes 13, 14). This item also includes interest income from portions of the premium reserve and other reserves for conventional products in the life and non-life insurance segments. In the previous year this item included Euro 1.1 million deposit interest from reinsurance business of MLP Lebensversicherung AG.

11 Reinsurance premiums

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
MLP Lebensversicherung AG	42,634.6	31,484.2	84,714.3	65,245.2
MLP Versicherung AG	1,355.4	6,059.1	3,009.7	8,996.3
MLP-Lebensversicherung AG, Wien	0.0	4,268.3	0.0	9,435.6
Total	43,989.9	41,811.6	87,724.0	83,677.0

12 Financial result

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
Income from securities				
held as fixed assets	3.8	0.0	3,583.0	1,710.9
Other interest and similar income	1,399.0	1,557.4	2,713.7	2,086.3
Amortization of financial investments				
and securities in current assets	462.6	-224.3	-183.4	-419.2
Interest and similar expenses	-7,959.9	-989.9	-16,124.0	-3,241.5
Total	-6,094.5	343.1	-10,010.7	136.5

The financial result fell from EUR 0.3 million to EUR -6.1 million. The decline is mainly due to changes in reporting methods for technical interest from reinsurance business in the item Interest and similar expenses amounting to EUR 5.7 million. In 2002, deposit interest totalling EUR 1.1 million was reported under expenses related to insurance reserves.

13 14 Unrealized gains/losses from capital investments: In accordance with applicable law, the capital investments of the investment stock of unit-linked life insurance policies must be stated at their current value, i.e. the mutual fund share prices as of the day of accounting. Gains and losses of trust units held as of the beginning of the fiscal year are carried in the Group profit and loss account under the items unrealized gains from capital investments and unrealized losses from capital investments, respectively. The offsetting position is reflected in the Group profit and loss account as expenses related to insurance reserves. In sum, these accounting transactions are neutral for the MLP Group as a whole.

Notes to the balance sheet

- 15 The **investment stock of unit-linked life insurance** comprises the shares of the mutual fund which the life insurance carriers manage for the policyholders of unit-linked life insurance.
- 16 The item **accounts receivable from bank clients** shows the amounts receivable from bank customers from current accounts and credit cards.
- 17 **Trust assets and trust liabilities** are trust loans for third-party accounts, which are granted to MLP Bank AG clients in their own name for the account and risk of other banks for the financing of building projects and practice financing. As such, trust liabilities are shown with a corresponding amount.
- 18 The item insurance-related reserves for unit-linked life insurance to be covered by the investment stock reflects the capital **investments of the investment stock of the unit-linked life insurance**. The corresponding item on the asset side is investment stock of unit-linked life insurance. The entire risk of this business is borne by the policyholder.
- 19 **Liabilities due to bank clients:** This item represents customer deposits with MLP Bank AG in current and credit-card accounts.

Notes to reporting by business segments

The report by segments is based on the standards of the German Accounting Standards Committee (German abbreviation: DRSC), in the version DRS 3.

- 20 The **Consultation and Sales** segment provides consulting services to customers, especially with respect to insurance coverage, investments and financing of all kinds and brokerage of contracts for financial services. This segment consists of MLP Finanzdienstleistungen AG in Heidelberg, MLP Private Finance plc in London, Great Britain, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, (as of 2002) and MLP Media GmbH Verlag und Werbeagentur.
With this first-time inclusion of MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, in the Group consolidated financial statements, this segment also includes the assets of this holding as of 2002. Due to the minor significance, no adjustments of the previous year's figures were undertaken.
- 21 The range of products and services provided by the **Life Insurance** segment comprises various types of life insurance policies, insurance policies enjoying special tax privileges under the provisions of German law (AvmG), capitalization transactions and the management of pension-saving schemes. The Life Insurance segment consists of MLP Lebensversicherung AG in Heidelberg. In the second quarter of 2002 MLP-Lebensversicherung AG in Vienna, Austria, was consolidated on a pro-rata (50-per-cent) basis. Through the sale of our holding in MLP-Lebensversicherung AG, Vienna, Austria, the shareholding was deconsolidated effective 30 September 2002. The figures for the respective

segments contain the corresponding line items of the profit and loss account proportionally up until the time of deconsolidation of MLP-Lebensversicherung AG, Vienna, Austria.

- 22 The business operations of the **Non-life Insurance** segment cover the development and operation of property and casualty insurance policies. This segment consists of MLP Versicherung AG.
- 23 The business covered by the **Banking** segment (referred to last year as the Bank& Asset Management division) includes financial portfolio management, trust loan business, loan and credit card business, consulting services in connection with investment decisions regarding mutual fund shares, and the creation and organizational implementation of new financial products for the MLP Group. Through the merger of MLP Vermögensverwaltung AG with MLP Bank AG, this segment comprises only the MLP Bank AG, in contrast to previous years. No adjustment of the previous year's figures was undertaken, as the merger process did not result in any changes.
- 24 The segment **Internal Services and Administration** (referred to in the previous year as "other business divisions") comprises MLP Login GmbH, MLP Consult GmbH and MLP AG. This new segment thus represents a bundling of all internal services and activities of the MLP Group. In the previous year, this segment was represented solely by MLP Login GmbH. The figures for the previous year have been adjusted accordingly.
- 25 **Revenue** of the Life Insurance segment and of the Non-life Insurance segment essentially includes insurance premiums and income from reinsured business. The revenue from the Banking segment includes interest and commission income.
- 26 Within the Group, the interest expenses of MLP Bank AG are stated under **costs of materials**. In the previous year, these were stated in the reporting by segments under the line item of interest expenditures. In 2002, the interest expenditures were reassigned to costs of materials to conform with the Group profit and loss account. The figures for the previous year have been adjusted accordingly.
- 27 **Pre-tax profits** by segment correspond to earnings on ordinary business activity.

Changes in the reinsurance result

	MLP Lebens- versicherung AG, Heidelberg		MLP-Lebens- versicherung AG, Wien		MLP Ver- sicherung AG, Heidelberg		MLP Group	
	2Q 2003	2Q 2002	2Q 2003	2Q 2002	2Q 2003	2Q 2002	2Q 2003	2Q 2002
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Income from reinsured business	40,231.3	30,927.9	0.0	6,075.9	-178.9	5,901.2	40,052.4	42,905.0
Reinsurance premiums	-42,634.6	-31,484.2	0.0	-4,268.3	-1,355.4	-6,059.1	-43,989.9	-41,811.6
Technical interest	-5,735.3	0.0	0.0	-561.4	0.0	0.0	-5,735.3	-561.4
Reinsurance result	-8,138.5	-556.3	0.0	1,246.2	-1,534.3	-157.9	-9,672.8	532.0

	MLP Lebens- versicherung AG, Heidelberg		MLP-Lebens- versicherung AG, Wien		MLP Ver- sicherung AG, Heidelberg		MLP Group	
	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002	1st H. 2003	1st H. 2002
	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000	Euro '000
Income from reinsured business	80,011.9	65,318.8	0.0	12,351.0	1,128.0	7,863.1	81,139.9	85,533.0
Reinsurance premiums	-84,714.3	-65,245.2	0.0	-9,435.6	-3,009.7	-8,996.3	-87,724.0	-83,677.0
Technical interest	-11,873.7	0.0	0.0	-1,040.4	0.0	0.0	-11,873.7	-1,040.4
Reinsurance result	-16,576.1	73.7	0.0	1,875.1	-1,881.7	-1,133.1	-18,457.9	815.6

Technical interest from reinsurance business was disclosed in the line item expenses related to insurance reserves in the comparable quarter last year. See notes 10.

DVFA earnings per share

	2nd Quarter 2003	2nd Quarter 2002	1st Half year 2003	1st Half year 2002
	Euro '000	Euro '000	Euro '000	Euro '000
Net income	7,041.2	17,456.6	12,189.3	32,408.2
Adjustments	1,522.6	710.4	2,989.9	1,420.9
Minorities	-6.0	-1.3	-7.9	-6.6
DVFA earnings	8,557.8	18,165.7	15,171.3	33,822.5
Number of shares	108,640,686	108,640,686	108,640,686	108,640,686
DVFA earnings per share in Cent	7.9	16.7	14.0	31.1

Forward-looking statements

This document contains forward-looking statements that reflect the current views of the executive board of MLP AG with respect to future events. Words such as “believe”, “estimate”, “intend”, “may”, “expect”, “anticipate”, “predict”, “project”, “forecast”, “should”, “will”, and similar expressions as they relate to the company are intended to identify such forward-looking statements. Such statements are subjected to risks and uncertainties. The company undertakes no obligation to publicly update or revise any forward-looking statements. All forward looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Any forward-looking statement speaks only as of the date on which it is made.

Management bodies of MLP AG

Executive Board: Dr. Bernhard Termühlen (Chairman)
Eugen Bucher
Gerhard Frieg
Dr. Uwe Schroeder-Wildberg

Supervisory Board: Manfred Lautenschläger (Chairman)
Gerd Schmitz-Morkramer
Dietmar Hopp (until 17. June 2003)
Dr. Peter Lütke-Bornefeld
Johannes Maret (since 18. June 2003)
Maria Bähr (Employees representative)
Norbert Kohler (Employees representative)

Financial calendar

Results 2nd Quarter 2003	19, August 2003
Results 3rd Quarter 2003	18, November 2003
Final results fiscal year 2003	28, April 2004
Results 1st Quarter 2004	26, May 2004
Results 2nd Quarter 2004	25, August 2004
Results 3rd Quarter 2004	24, November 2004

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At a glance

in Euro million	2nd Quarter 2003 in Euro million	2nd Quarter 2002 in Euro million
Total revenue	246.4	262.2
Pre-tax profit	11.7	28.6
Net profit	7.0	17.5
DVFA earnings per share in Cent	7.9	16.7
Investments	8.9	18.3
Balance sheet sum*	2,120.2	1,851.8
Shareholders equity*	190.9	259.2
MLP-Consultants	2,847	2,842
Employees	1,616	1,560
Clients	531,000	486,000
Branch offices	370	374

* as at 30.06.

Notes:

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