

Report for the third quarter 2003



MLP Group

At a glance

	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02
in EUR million					
Total revenue	343.1*	246.4	233.7	376.7	245.6
– thereof sales revenue	79.2	72.0	64.1	86.9	62.6
– thereof interest income from banking operations	3.9	3.7	3.8	3.6	3.4
– thereof insurance premiums	125.3	122.6	123.0	144.1	127.6
Group pre-tax profit	14.1	11.7	8.5	- 97.4	7.7
Group Net-profit	8.6	7.0	5.1	- 84.7	4.7
Earnings per share (DFVA) in EUR	0.10	0.08	0.06	- 0.59	0.05
Segment result pre-tax					
Consultation and sales	11.3	12.5	6.8	- 137.0	7.9
Life insurance	5.0	3.5	1.1	43.9	1.6
Non-life insurance	0.6	0.7	0.7	- 0.9	0.7
Bank	0.8	- 0.3	0.4	- 2.1	1.3
Internal Services and Administration	- 3.8	- 5.5	- 1.5	13.0	- 4.9
Investments	7.8	8.9	9.2	13.8	10.3
Balance sheet sum	2,310.3	2,120.2	1,922.5	1,854.8	1,812.2
Shareholders equity	199.5	190.9	183.9	178.7	263.7
MLP-Consultants	2,805	2,847	2,895	2,989	2,971
Employees	1,434	1,442	1,458	1,472	1,456
Clients	544,000	531,000	518,000	505,000	495,000
Branch offices	362	370	388	390	390

* including profit-neutral effects of 81.7 million EUR.

Financial calendar

Result 3rd quarter 2003	18. November 2003
Final results fiscal year 2003	28. April 2004
Result 1st quarter 2004	26. May 2004
AGM 2004	22. June 2004
Result 2nd quarter 2004	25. August 2004
Result 3rd quarter 2004	24. November 2004

Clear revenue and profit increase for the third quarter at MLP

- Pre-tax profits up 84 per cent to EUR 14.1 million
- Adjusted total revenues climb by 24 per cent to EUR 261.4 million
- Sales revenues generate most successful 3rd quarter in company's history
- Sales revenues up 27 per cent to EUR 79.2 million
- Profit forecast affirmed

The MLP Group continued to expand its leading position as independent financial services supplier for university graduates and discerning private clients across all business areas in the 3rd quarter 2003. The positive development seen in the operating business during the 2nd quarter 2003 became even more dynamic in the months July to September. MLP reports the best quarterly results so far this year in all new business figures.

Profit and total revenues clearly up on the previous quarter and last year

Total revenues amounted to EUR 343.1 million. These include one-offs of EUR 81.7 million caused by the introduction of the umbrella fund concept. Thereby, mutual fund shares of managed portfolios have been sold, gains realised accordingly and shown in this line item other operating income in accordance with German GAAP. If this effect is not taken into account, total revenues of EUR 261.4 million have increased by 24 per cent over the comparable figures for the previous year that are adjusted for MLP-Lebensversicherung AG, Vienna sold at the end of 2002 and profit neutral effects (EUR 211.4 million) and by 6 per cent over the previous quarter.

Sales revenues, which essentially reflect success at MLP Finanzdienstleistungen AG, are up 27 per cent to EUR 79.2 million in the reporting period (cf. Q3/02: EUR 62.6 million) and led to the most successful 3rd quarter in the company's history. Increased demand for endowment life insurance products such as the "MLP bestpartner classic" policy was decisive for this rise.

Pre-tax profit (EBT) climbed by 84 per cent to EUR 14.1 million in comparison with the same quarter last year (cf. Q3/02: EUR 7.7 million). This is an increase by 20 per cent compared to the previous quarter (EUR 11.7 million). Cumulated pre-tax profit for the first nine months of 2003 totals EUR 34.3 million, which corresponds to a decrease of 44 per cent over last year's value (EUR 60.8 million). This decline is largely caused by a clear reduction of the reinsurance result by EUR 27.2 million.

Productivity increase

Once again, the number of MLP clients has risen in the reporting period – by 13,000 to 544,000. This corresponds to an increase of 10 per cent over the previous year (495,000). The number of consultants and branch offices has fallen to 2,805 and 362 respectively since last year (2,971 consultants and 390 branch offices). The introduced productivity measures continue to show effect. The ratio of revenues per consultant stands in the 3rd quarter at 30,303 Euro. This is an increase of 10 per cent compared to the same quarter last year and 5 per cent compared to previous quarter.

MLP sets standards once again as an innovative leader

As an independent broker MLP is able to develop innovative financial solutions and sets standards in the industry with its top portfolio for example. In the third quarter MLP introduced a new umbrella fund concept for unit-linked life insurance products. It provides clients with an innovative and until now unique portfolio structure on the market, which realises a broad spread within the fund world combined with a low level of risk at the same time.

Adjusted total revenues climb by 24 per cent

Total revenues at the MLP Group increased in the third quarter by 40 per cent to EUR 343.1 million (Q3/02: EUR 245.6 million). These include the previously mentioned one-offs of EUR 81.7 million that do not affect net profits. Last year's figure included revenues of the Austrian subsidiary MLP-Lebensversicherung AG totalling EUR 33.9 million (this subsidiary has been sold at the end of 2002). Adjusted for these effects, total revenues climbed by 24 per cent from EUR 211.4 million to EUR 261.4 million.

Group sales revenues rose by 27 per cent from EUR 62.6 million to EUR 79.2 million. The main contributor to revenues is the pension provision area, where sales rose by 56 per cent to EUR 45.9 million (Q3/02: EUR 29.4 million). Health insurance cover sales are still below last year's high level with EUR 12.7 million (cf. EUR 17.3 million), but 9 per cent up on the previous quarter (EUR 11.7 million). The area of mutual funds has grown well by 34 per cent and contributed EUR 10.9 million (Q3/02: EUR 8.0 million) to sales revenues.

Insurance premiums in the MLP Group increased in the 3rd quarter to EUR 125.3 million. This corresponds to a rise of 10 per cent over the adjusted insurance premiums of EUR 114.3 million for the same period last year. The reinsurance result within the Group declined as planned from EUR -1.4 million to EUR -9.3 million.

Consistent cost management results in a clear success

Operating expenditure excluding other insurance expenses declined by 19 per cent to EUR 37.1 million due to, the consequent cost management (Q3/02: 45,9 Mio. Euro). One-offs of for the conversion of accounting practices from HGB to IAS resulted in a burden of EUR 1.6 million.

Pre-tax profits climbed in comparison with the same quarter last year by 84 per cent from EUR 7.7 million to EUR 14.1 million. Earnings per share were EUR 0.10 in the third quarter 2003 (Q3/02: EUR 0.05), and EUR 0.24 after three quarters (2002: EUR 0.36).

Overview of the segments

Pre-tax profit before result transfer agreement in the Consulting and Sales Segment was reported at EUR 11.3 million up 44 per cent compared to the previous year (EUR 7.9 million). Pre-tax profits in the Life Insurance Segment rose from EUR 1.6 million to EUR 5.0 million. Non-life Insurance made almost the same contribution to consolidated group earnings as last year with EUR 0.6 million (Q3/02: EUR 0.7 million). Pre-tax profits at MLP Bank fell from EUR 1.3 million to EUR 0.8 million.

Investments

A total of EUR 7.8 million was invested in the third quarter (Q3/02: EUR 10.3 million), which includes EUR 3.7 million (Q3/02: EUR 5.0 million) for IT infrastructure expansion. Investments in the branch office network and the expansion of the head office in Wiesloch, including investments in office fixtures and fittings, totalled EUR 4.1 million (Q3/02: EUR 5.3 million).

Cautious economic pessimistic for 2004

Optimism economic forecasts by some economists were confirmed by the government in October, which assumes zero growth in 2003. However, most economists are more confident for 2004. The five leading economic research institutes have published similar forecasts in their autumn reports for the coming year with a growth rate of 1.7 per cent. These however already take positive effects into account which may arise from the decision to pull the tax reform forward.

MLP will profit from the general conditions in the field of private health and pension cover in the long-term, independent of the economic situation. Growth dynamics will be spurred on in coming years by the clear increase in awareness among the population and in particular within the MLP target group for the necessity of comprehensive private provisions.

Confidence for end of year business

Due for the operating business and an increases in productivity in the third quarter MLP confirms the group's target of EUR 65 million pre-tax profit for 2003. MLP expects a typically strong 4th quarter.

Profit and loss account

MLP group

in EUR million	Notes	Q3/03	Q3/02	9M/03	9M/02
1. Sales revenue	1	79.2	62.6	215.3	211.2
2. Other capitalised own work	2	0.3	0.0	1.2	0.0
3. Interest income from banking operations	3	3.9	3.4	11.4	9.8
4. Insurance premiums	4	125.3	127.6	370.9	373.5
5. Income from reinsurance	5	47.5	50.1	128.6	135.6
6. Other operating income	6	86.9	1.9	95.9	19.5
Total revenue		343.1	245.6	823.2	749.7
7. Cost of materials	7	- 34.7	- 30.8	- 92.7	- 95.5
8. Personnell expenses		-19.2	- 16.9	- 57.0	- 53.7
9. Depreciation		- 7.1	- 5.9	- 19.6	- 17.1
10. Other operating expenses	8	- 49.4	- 133.6	- 167.6	- 242.1
11. Expenses in other accounting periods	9	1.5	0.0	0.0	0.0
12. Expenses related to insurance reserves	10	- 109.5	36.2	- 280.6	37.2
13. Reinsurance premiums	11	- 51.0	- 51.1	- 138.7	- 134.8
14. Financial result	12	- 10.6	- 1.5	- 20.6	- 1.4
15. Unrealized gains from investments	13	- 30.3	6.5	10.6	7.8
16. Unrealized losses from investments	14	- 18.7	- 40.7	- 22.7	- 189.2
17. Profit from ordinary activities		14.1	7.7	34.3	60.8
18. Taxes on income and profit		- 5.5	- 3.0	- 13.5	- 23.7
19. Net profit		8.6	4.7	20.8	37.1
20. Earnings per share (DFVA) in EUR		0.10	0.05	0.24	0.36

Group consolidated balance sheet

3rd quarter 2003

Assets in EUR million	Notes	30.09.2003	31.12.2002
Expenses for the start-up and expansion of operations		5.0	7.0
Fixed assets		1,253.6	974.5
<i>of which investment stock</i>	15	1,069.7	799.8
Current assets		702.7	617.7
<i>of which accounts receivable due from clients</i>	16	235.7	228.5
Trust assets	17	338.8	248.6
Deferred expenses and accrued profit		10.2	7.0
Total		2,310.3	1,854.8

Shareholders' equity and liabilities in EUR million	Notes	30.09.2003	31.12.2002
Equity		199.5	178.7
Liabilities		1,771.4	1,427.1
<i>of which reserves for unit-linked life insurance</i>	18	1,069.7	799.8
<i>of which liabilities due to bank clients</i>	19	274.4	241.0
Trust liabilities	17	338.8	248.6
Deferred profit and accrued expenses		0.6	0.3
Total		2,310.3	1,854.8

Statement shareholders' equity MLP Group

in EUR million	Parent company				Minority interest		Group
	Subscribed capital, ordinary shares	Capital reserve	Self generat. Group shareholders' equity capital	Equity	Minority capital	Shareholders' equity	Group shareholders' equity cap.
As of 31 December 02	108.6	7.6	62.4	178.6	0.1	0.1	178.7
Net profit MLP Group			20.8	20.8	0.0	0.0	20.8
Other changes		0.0	0.0	0.0	0.0	0.0	0.0
As of 30 September 03	108.6	7.7	83.1	199.4	0.1	0.1	199.5

Cash flow statement

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.

	9M/03	9M/02
in EUR million		
Change in net financial assets from operating activities	264.2	300.2
Change in net financial assets from investing activities	- 233.7	- 252.6
Change in net financial assets from financing activities	- 0.3	- 34.2
Change in net financial assets	30.2	13.3

Segment report

	Notes	Q3/03	Q3/02	9M/03	9M/02
in EUR million	20				
Sales revenue		85.0	81.6	240.6	248.4
Other capitalized own work		0.1	0.0	0.3	0.0
Total segment revenue		85.1	81.6	240.9	248.4
– thereof with third parties		67.7	52.8	182.0	174.9
– thereof with other segments		17.3	28.8	58.6	73.5
Other operating income		7.0	4.6	19.4	14.0
Cost of materials		- 31.6	- 25.5	- 85.0	- 82.4
Personnel expenses		- 11.8	- 10.9	- 36.1	- 33.7
Depreciation		- 3.3	- 3.5	- 10.0	- 10.7
Other operating expenses		- 28.4	- 37.2	- 93.5	- 92.5
Financial result		- 5.6	- 1.4	- 5.1	- 3.9
Segment pre-tax profit before (RTA)	27	11.3	7.9	30.6	39.3
Taxes on profit/loss		0.0	- 0.3	0.0	- 0.9
Other taxes		- 0.1	0.0	- 0.1	0.0
Result transfer agreement (RTA)		- 13.0	- 8.1	- 35.7	- 41.3
Segment profit/loss		- 1.8	- 0.6	- 5.2	- 2.9

Consultation and Sales

MLP reports the best quarterly results so far this year across all divisions. The previous year's figures were clearly surpassed for pension cover products, non-life insurance and loans. Health insurance policy sales and inflows into mutual funds equalled the level set last year.

The number of clients rose in the 3rd quarter by 13,000 (cf. 10,000) to 544,000 (495,000), who are advised by 2,805 consultants (2,971) in 362 branch offices (390).

The productivity of consultants increased in the 3rd quarter compared to the same quarter last year as well to the previous quarter. The ratio of revenues per consultant stands at 30,303 Euro. This in an increase of 10 per cent and 5 per cent respectively.

Sales revenues rose by 4 per cent to EUR 85.0 million (Q3/02: EUR 81.6 million). The largest revenue shares were reported for pension cover products with 71 per cent and health insurance products with 15 per cent. The decline on other operating expenses resulted mainly from lower IT costs. The negative financial result comes from imputed interest on the formed long-term reserves related to former factoring transactions (see text note 12). Pre-tax profits before result transfer agreement rose by 44 per cent to EUR 11.3 million (Q3/02: EUR 7.9 million).

Sales revenues abroad increased to EUR 3.7 million (Q3/02: EUR 3.3 million). Losses were cut back to EUR 1.1 million (Q3/02: EUR -3.7 million). MLP has outside Germany 232 consultants (221) in 44 branch offices (43).

in EUR million	Notes	Q3/03	Q3/02	9M/03	9M/02
Sales revenue	21	2.3	2.4	5.1	6.7
Other capitalized own work		0.2	0.0	0.4	0.0
Insurance premiums		117.0	120.2	344.5	350.7
Income from reinsurance		46.3	49.0	126.4	126.7
Total segment revenue	25	165.7	171.7	476.3	484.1
- thereof with third parties		165.6	171.7	475.9	484.1
- thereof with other segments		0.0	0.0	0.0	0.0
Other operating income		83.4	0.6	85.5	6.5
Cost of materials		- 17.4	- 29.9	- 51.9	- 69.8
Personnel expenses		- 2.3	- 2.6	- 7.3	- 8.2
Depreciation		- 1.2	- 0.9	- 3.2	- 1.9
Other operating expenses		- 11.8	- 87.8	- 53.1	- 134.4
Expenses related to insurance reserves		- 107.8	35.6	- 277.9	38.6
Reinsurance premiums		- 49.6	- 50.0	- 134.3	- 124.7
Financial result		- 5.1	- 0.9	- 12.4	- 1.0
Unrealized gains/losses from capital investment for unit-linked life insurance		- 49.0	- 34.2	- 12.1	- 181.3
Segment pre-tax profit	27	5.0	1.6	9.5	7.9
Taxes on profit/loss		0.0	0.8	0.0	- 0.2
Other taxes		0.0	0.0	0.0	0.0
Segment profit/loss		5.0	2.4	9.5	7.6

Life insurance

MLP Lebensversicherung AG has converted the unit-linked policies during the 3rd quarter to an umbrella fund concept that is new to the market. As a result the investment portfolios have been optimised and the risk better diversified at the same time. By using umbrella funds MLP can react much faster to market development, adapting the portfolios as required. The conversion has resulted in one-offs totalling EUR 81.7 million that do not affect net profits. This item is reported as realised gain from capital investments in other operating income. The MLP investment stock of unit-linked insurance policies increased from EUR 0.8 billion at the end of 2002 to EUR 1.1 billion.

Premium income at MLP Lebensversicherung AG climbed by 8 per cent to EUR 117.0 million (Q3/02: EUR 107.0 million). In the same quarter last year the Austrian MLP-Lebensversicherung AG, which has now been sold, contributed insurance premiums of EUR 13.3 million. The reinsurance profits declined as planned to EUR -9.0 million (Q3/02: EUR -2.1 million). This includes EUR 1.2 million (Q3/02: EUR 5.2 million) reinsurance commission payments. Pre-tax profits for the division totalled EUR 5.0 million (Q3/02: EUR 1.6 million). A loss of EUR 0.4 million had been reported in the same quarter last year caused by Austrian life insurance operation.

	Notes	Q3/03	Q3/02	9M/03	9M/02
in EUR million					
Sales revenue	22	1.3	0.5	6.5	6.5
Other capitalized own work		0.1	0.0	0.2	0.0
Insurance premiums		8.4	7.3	26.4	22.9
Income from reinsured business		1.1	1.1	2.3	9.0
Total segment revenue	25	10.9	8.9	35.4	38.3
– thereof with third parties		10.8	8.9	35.2	38.3
– thereof with other segments		0.0	0.0	0.0	0.0
Other operating income		0.2	0.5	0.5	0.7
Cost of materials		- 0.3	- 0.3	- 6.0	- 5.1
Personnel expenses		- 1.2	- 1.2	- 3.7	- 3.8
Depreciation		- 0.4	- 0.6	- 1.0	- 1.6
Other operating expenses		- 5.7	- 6.3	- 16.9	- 15.2
Expenses related to insurance reserves		- 1.7	0.6	- 2.7	- 1.4
Reinsurance premiums		- 1.4	- 1.1	- 4.4	- 10.1
Financial result		0.2	0.1	0.8	0.8
Segment pre-tax profit	27	0.6	0.7	2.0	2.6
Taxes on profit/loss		0.2	0.0	- 0.3	0.0
Other taxes		0.0	0.0	- 0.1	0.0
Segment profit/loss		0.8	0.7	1.6	2.5

Non-life insurance

Premium income at MLP Versicherung AG climbed by 14 per cent to EUR 8.4 million (Q3/02: EUR 7.3 million). The reinsurance profits declined as planned to EUR -0.3 million (Q3/02: EUR 0.0 million). This includes EUR 0.2 million (Q3/02: EUR 0.4 million) reinsurance commission payments. Pre-tax profits of EUR 0.6 million thus almost equalled the previous quarter level of EUR 0.7 million.

	Notes	Q3/03	Q3/02	9M/03	9M/02
in EUR million					
Sales revenue	23	8.6	7.5	23.8	24.6
Other capitalized own work		0.0	0.0	0.1	0.0
Interest income from banking operations		3.9	3.4	11.4	9.8
Total segment revenue		12.4	10.9	35.2	34.4
– thereof with third parties		11.7	10.3	33.0	32.9
– thereof with other segments		0.7	0.6	2.1	1.5
Other operating income		0.3	0.7	1.1	1.5
Cost of materials	26	- 3.7	- 4.0	- 9.8	- 12.0
Personnel expenses		- 1.8	- 1.6	- 5.5	- 5.0
Depreciation		- 0.9	- 0.4	- 1.7	- 1.2
Other operating expenses		- 5.7	- 4.4	- 17.3	- 12.3
Financial result		0.0	0.2	- 1.3	- 1.2
Segment pre-tax profit	27	0.8	1.3	0.8	4.2
STaxes on profit/loss		- 0.1	0.2	- 0.3	0.5
Other taxes		0.0	0.0	0.0	0.0
Segment profit/loss		0.7	1.5	0.5	4.7

Bank

The interest result at MLP Bank AG rose by 7 per cent to EUR 2.2 million, largely as a result of a higher interest spread (Q3/02: EUR 2.1 million). The commission result benefits from healthy developments in the asset management area. It clearly surpassed the previous year's level by 25 per cent to EUR 6.2 million over EUR 4.9 million. Assets managed increased from EUR 2.9 billion at the end of 2002 to EUR 3.4 billion. Pre-tax profits fell to EUR 0.8 million as a result of higher IT expenditure (Q3/02: EUR 1.3 million).

in EUR million	Notes	Q3/03	Q3/02	9M/03	9M/02
	24				
Sales revenue		0.0	0.0	0.0	0.0
Other capitalized own work		0.0	0.0	0.2	0.0
Total segment revenue		0.0	0.0	0.2	0.0
– thereof with third parties		0.0	0.0	0.0	0.0
– thereof with other segments		0.0	0.0	0.0	0.0
Other operating income		5.0	3.8	16.4	22.7
Cost of materials		- 0.1	- 0.5	- 0.7	- 0.8
Personnel expenses		- 2.2	- 0.7	- 4.3	- 3.1
Depreciation		- 1.7	- 1.5	- 4.8	- 4.6
Other operating expenses		- 5.1	- 6.4	- 15.2	- 15.4
Financial result		0.3	0.5	- 2.4	4.0
Segment pre-tax profit (before RTA)	27	- 3.8	- 4.9	- 10.8	2.8
Taxes on profit/loss		- 5.4	2.0	- 12.1	- 16.5
Other taxes		0.0	0.0	- 0.1	- 0.1
Result transfer agreement		13.0	8.1	35.7	41.3
Segment profit/loss		3.8	5.3	12.7	27.5

Internal services and administration

This segment covers all in-house services and activities within the MLP Group. The listed holding company MLP AG receives its earnings via the result transfer agreement with MLP Finanzdienstleistungen AG.

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 million have been rounded.

Notes to the profit and loss account

1 Sales revenues break down as follows:

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
Life insurance	45.9	29.4	116.2	93.5
Health insurance	12.7	17.3	39.7	52.5
Mutual funds	10.7	8.0	30.1	27.8
Non-life insurance	3.5	2.3	13.1	12.5
Loans	5.2	3.4	13.0	10.9
Other revenue	1.3	2.2	3.2	13.9
Total	79.2	62.6	215.3	211.2

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:

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
MLP Lebensversicherung AG	117.0	107.0	344.5	306.6
MLP Versicherung AG	8.4	7.3	26.4	22.9
MLP-Lebensversicherung AG, Vienna	0.0	13.3	0.0	44.1
Total	125.3	127.6	370.9	373.5

- 5 Income from reinsured business breaks down as follows:

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
Reinsurance portion of increase in premim reserve	44.6	41.3	119.5	102.4
Reinsurance commissions	1.3	5.5	4.1	20.7
Reinsurance portion or insurance claims, repurchases and interest	1.5	3.3	5.0	12.5
Total	47.5	50.1	128.6	135.6

Changes in the reinsurance policy have resulted in a fall in reinsurance commissions of 76 per cent from EUR 5.5 million to EUR 1.3 million.

- 6 The item **Other operating income** includes profit-neutral one-offs of EUR 81.7 million stemming from the introduction of the umbrella fund concept to unit-linked insurance policies of MLP Lebensversicherung. Thereby, mutual fund shares of managed portfolios have been sold, gains realised accordingly and shown in this line item. This income has no effect on the overall picture, as it is compensated in favor of the policy holders by an increase of the same ammount in the expenses related to insurance reserves. In addition, proceeds of EUR 2.3 million from the scheduled unwinding of reserves for the commitments from factoring transactions in the years 1998 till 2001 are included in this position.

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

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
Commission expense	32.8	28.8	87.9	91.5
Interest expense from banking operations	1.6	1.5	3.8	3.0
Other costs of materials	0.3	0.4	1.0	1.0
Total	34.7	30.8	92.7	95.5

To a great extent, the item Cost of materials comprises commission payments to selfemployed 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 same quarter last year 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:

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
Other insurance expenses	14.6	10.1	44.1	37.7
Losses from the disposal of unit-linked investment stock	- 2.4	77.7	9.2	93.2
Sum	12.3	87.7	53.2	130.9
IT expenses	11.8	15.4	38.6	38.2
Cost of premises	5.8	5.8	17.9	16.8
Communications costs	3.2	5.3	11.2	12.7
Training and seminars	1.4	2.2	4.0	6.0
Office supplies	1.0	1.2	2.8	3.9
Advertising expenses	1.9	4.6	5.9	8.0
Consulting expenses	4.0	4.0	9.7	7.8
Value adjustments on receivables	0.0	0.1	0.1	0.2
Other expenses	8.1	7.2	24.2	17.7
Sum	37.1	45.9	114.4	111.2
Total	49.4	133.6	167.6	242.1

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 -2.4 million (2002: EUR 77.7 million). The negative figure arises from the fact that the ledger of Gains/Losses from individual mutual fund is kept on a net basis. 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 19 per cent from EUR 45.9 million to EUR 37.1 million.

- 9 Proceeds from the planned unwinding of reserves related to the commitments from factoring transactions as well as the associated imputed interest was shown on a net basis in the line item **Expenses in other accounting periods**. In the 3rd quarter, the proceeds are shown on a gross basis in other operating income and the respective imputed interest in the financial result. The change in disclosure does not affect profits.
- 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.

11 Reinsurance premiums

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
MLP Lebensversicherung AG	49.6	31.3	134.3	96.5
MLP Versicherung AG	1.4	1.1	4.4	10.1
MLP-Lebensversicherung AG, Vienna	0.0	18.7	0.0	28.1
Total	51.0	51.1	138.7	134.8

12 Financial result

	Q3/03	Q3/02	9M/03	9M/02
in EUR million				
Income from securities held as fixed assets	0.3	0.7	3.9	2.4
Other interest and similar income	0.8	0.3	3.5	2.4
Amortization of financial investments and sec. in current assets	- 0.1	- 1.2	- 0.3	- 1.6
Interest and similar expenses	- 11.6	- 1.3	- 27.7	- 4.5
Total	- 10.6	- 1.5	- 20.6	- 1.4

The financial result fell from EUR -1.5 million to EUR -10.6 million. The line item "Interest and similar expenses" includes EUR 5.1 million technical interest from reinsurance business of MLP Lebensversicherung AG and 5.6 EUR million imputed interest on the formed long-term reserves related to former factoring transactions.

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 3rd 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 **Revenues** of the Life Insurance segment and of the Non-life Insurance segment essentially include 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 from ordinary business activity.

Changes in reinsurance result

in EUR million	MLP Lebens- versicherung AG, Heidelberg		MLP-Lebens- versicherung AG, Vienna		MLP Versicherung AG, Heidelberg		MLP Group	
	Q3/03	Q3/02	Q3/03	Q3/02	Q3/03	Q3/02	Q3/03	Q3/02
	Income from reinsured business	46.3	29.2	0.0	19.9	1.1	1.1	47.5
Reinsurance premiums	- 49.6	- 31.3	0.0	- 18.7	- 1.4	- 1.1	- 51.0	- 51.1
Technical interest	- 5.7	0.0	0.0	- 0.3	0.0	0.0	- 5.7	- 0.3
Reinsurance result	- 9.0	- 2.1	0.0	0.8	- 0.3	0.0	- 9.3	- 1.4

in EUR million	MLP Lebens- versicherung AG, Heidelberg		MLP-Lebens- versicherung AG, Vienna		MLP Versicherung AG, Heidelberg		MLP Group	
	9M/03	9M/02	9M/03	9M/02	9M/03	9M/02	9M/03	9M/02
	Income from reinsured business	126.4	94.5	0.0	32.2	2.3	9.0	128.6
Reinsurance premiums	- 134.3	- 96.5	0.0	- 28.1	- 4.4	- 10.1	- 138.7	- 134.8
Technical interest	- 17.6	0.0	0.0	- 1.4	0.0	0.0	- 17.6	- 1.4
Reinsurance result	- 25.5	- 2.1	0.0	2.7	- 2.2	- 1.2	- 27.7	- 0.6

DVFA earnings per share

in EUR million	Q3/03	Q3/02	9M/03	9M/02
Net income	8.6	4.7	20.8	37.1
DVFA-Adjustments	2.2	0.7	5.2	2.1
Minorities	0.0	0.0	0.0	0.0
DVFA-earnings	10.8	5.4	26.0	39.2
Number of shares	108.6	108.6	108.6	108.6
DVFA earnings per share in EUR	0.10	0.05	0.24	0.36

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”, “could” and similar expressions as they relate to the company are intended to identify such forward-looking statements. Such statements are subject 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.

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Gerhard Frieg
Dr. Uwe Schroeder-Wildberg (CFO)

Supervisory Board: Manfred Lautenschläger (Chairman)
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