Contents

Letter to the shareholders

Setting the course for continued success.

Dear Shareholders,

The previous year – the 1998 fiscal year – was again highly successful for MLP. In all important key figures, your and our company was able to record considerable increases – in some cases of up to 50%. MLP continued to grow unabated and the unique dynamism and stability of its development was demonstrated once again. Overall Group consolidated revenues rose by over 37.8 percent, while net income increased by no less than 42.3 percent.

We are, of course, delighted that we are able to look back on our best fiscal year to date. As in previous years, our shareholders will also receive a reasonable portion of the profits in the form of a more than 30% higher dividend. However, the figures alone do not tell the whole story. 1998 was an extremely important year for MLP for strategic reasons above all. We took important decisions which will shape the future course of the Group.

In the past year, MLP completed the conversion of its customer advisory services and operational organisation to the MLP financial management system. This is one of the most far-reaching structural changes in the history of MLP and affects consultants, office staff and the management of the company. MLP is now able to develop individual solutions at the lowest possible cost for customers. We can provide all customers with a customised financial plan.

There is a further decisive competitive edge which gives us such a strong position – and will continue to do so in the future. We now have the most efficient and – in terms of capabilities – most intelligent IT support system. MLP's specific combination of consultants and IT systems will again considerably enhance the value of the advice provided by MLP –

and thus MLP as a whole. We have defined the “MLP class” in the financial services sector.

Independent experts estimate that MLP is about ten years ahead of its competitors with its strategy. This applies even more so now that MLP has linked its advisory services to supporting IT technology. In particular MLP’s own “production companies” are sharpening its competitive edge and becoming increasingly important as product developers.

In 1998, the price of the MLP stock again doubled despite turmoil on the international stock markets. The stock markets appreciate the value of the company’s strategies for the future. We are committed to increasing the value of MLP shares on a sustainable basis.

1998 was the last full year in which Manfred Lautenschläger served as chairman of the Board of Managing Directors. At the end of the annual shareholders’ meeting on May 19, 1999, he will step down and join the Supervisory Board. Dr. Bernhard Termühlen, who has been on the MLP Board of Managing Directors since 1988 and has shaped the development of the company during these years, will then formally take over the management of MLP. This is also a further important step into the future of your and our company, MLP AG.

Sincerely

MANFRED LAUTENSCHLÄGER DR. BERNHARD TERMÜHLEN

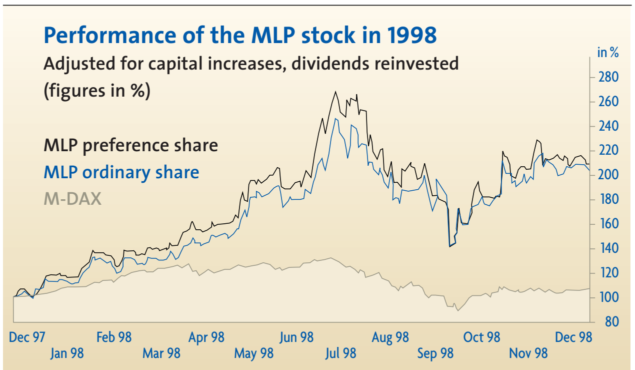
The members of the Board of Managing Directors of MLP AG:
Manfred Lautenschläger and Dr. Bernhard Termühlen

Corporate principles

- MLP is the financial services company for a particular class of private clients.
- Our goal is to be market leader in whatever we do.
- Openness, credibility and clarity characterise the way we deal with our customers.
- As an independent broker, we arrange insurance policies, investments and financing. We provide our customers with comprehensive advice on all business matters and give them lifelong service.
- As an independent partner, we cooperate with banks, insurance and investment companies and – to optimise our range of services – we also develop our own products when the market is unable to offer those we require.
- One of our major goals is to continuously enhance profitability. This strengthens our independence and enables us to provide a state-of-the-art service to our customers.
- Mutual respect and the awareness that we are responsible for each other determine the relationship of the company to its employees as well as among the employees themselves.
- The employees are the backbone of the company, and we place great importance upon their careful selection and intensive initial and ongoing training.
- Staff compensation is performance-related. This benefits all employees who show commitment and contribute to the company's success.
- We do not let success lead to complacency. Even after 25 years, we remain committed to providing ever better services – for the benefit of our customers.

With the introduction of its financial management system, MLP has further extended its competitive edge. This also represents an evolutionary change in our culture: We are no longer just a pure brokerage company, but also a problem solver for our customers.

Investor relations



Performance of MLP ordinary and preference share vs. M-DAX.

Good MLP stock performance

The MLP preference share (symbol: MLP3) continued the good trend set in previous years and on July 21, 1998 rose to an all-time high at DM 1,200. At year-end, the price stood at DM 940. Thus, within one year the price of the MLP preference share rose by DM 500 or more than 108 percent. This makes the stock one of the outstanding performers on the German stock market. The stock demonstrated its particular qualities during the sharp sell-off on the world capital markets in September and October. While the DAX plummeted nearly 40 percent and the M-DAX – the index for the 70 largest stocks by trading volume and capitalisation after the 30 DAX stocks – declined by more than 35 percent and recovered only slowly, the MLP stock quickly bounced back from its lows, and in December had again risen to a very good level.

“Best European stock”

MLP has not only created short-term value for its shareholders – as the long-term performance of the stock illustrates. Investors who acquired DM 10,000 worth of MLP preference shares in 1988, the year in which MLP went public, saw the value of their holding rise to about DM 750,000 on December 30, 1998. And during that period they also received dividends. According to the magazine “Finanzen”, the MLP stock is the best-performing European share in the last ten years.

The “Deutsche Schutzvereinigung für Wertpapierbesitz e.V.” (DSW) rates the MLP stock as the number three among the ten best shares worldwide in the last five years.

The company’s market capitalisation is about DM 6.5 billion. The price-earnings ratio of the MLP stock, while nominally high, is in line with the normal high valuations put on corporations with especially good prospects, a special market position and excellent future expectations – characteristics which apply in full to the MLP stock. The stock is hence reasonably valued. Of the companies in the M-DAX, MLP has one of the highest market capitalisations.

The MLP ordinary share, two-thirds of which are not available on the market, also performed well. They rose to a high of DM 1,180 and at year-end stood at DM 958. Accordingly, the increase in the price of the ordinary share was similar to that of the preference.

Most of the leading analysts at the German and Anglo-Saxon financial institutions continue to rate MLP as a stock with higher than average potential. Their estimation is based mainly on the following factors:

- Unique strategy with high growth potential
- Management quality
- Particularly high-class academic target group
- Cost leadership
- Market leadership
- Expansion
- Quality of the consultants
- Unique IT platform covering all lines of business
- Management participation in the commercial risk.

High price reflects good prospects, the company’s special position in the market and excellent future expectations.

Investor relations intensified – analysts positive for MLP.

The last point mentioned is often highlighted by American and British analysts in particular. For investors in those countries, a high level of management participation is considered a sign of quality.

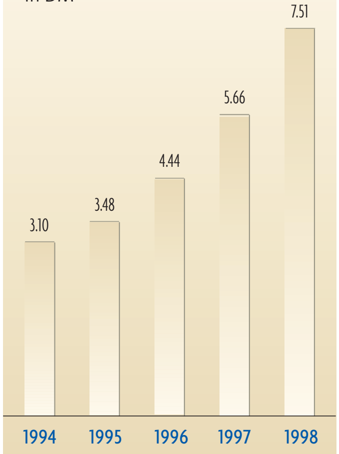
There are a number of comprehensive analyses conducted on MLP in 1998. They are obtainable from the Investor Relations department at MLP AG.

At the end of 1998, most of the MLP preferred shares were held by leading investment companies, including nearly all the major European fund companies and important American houses. The large German investment funds are investing increasingly in MLP. As a result, MLP preferred shares are widely held; there is no dominant shareholder. Together, the ten largest shareholders own just about 13 percent of the MLP preferred stock.

MLP engages in intensive dialogue with existing and potential investors. In the past year, several analysts' meetings were held at the invitation of MLP. The Board of Managing Directors

DVFA results per share at MLP AG

in DM



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ISIN No. MLP preferred stock:
DE 0006569932

Security code number for
MLP preferred stock: 656 993

Symbol: MLP3

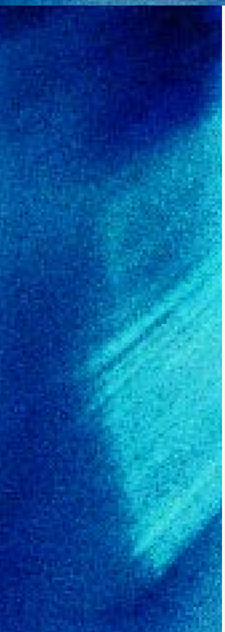
Internet: www.mlp.de

communicated with analysts at a host of investor events, most of which took place in other European countries and the U.S. At MLP, investor relations are handled at board level. This will remain the case even in the future despite – or precisely because of – MLP's continuing strong growth. We worked more closely with the business media in order to intensify communications with investors; the scope and frequency of business information releases to the media increased, while analysts and the press were provided with much more detailed information. The company will continue to pursue and develop this policy of transparency and openness.

For the tenth year in succession, MLP is raising the distribution. The dividend is DM 5.30 per preferred stock and DM 5.20 per common stock – 31 percent higher than the payment in the preceding year. The total amount paid out as dividends will rise from DM 26.4 million in 1997 to DM 34.65 million.

	Common stock	Preferred stock	Change in%[1]
Number of shares of DM 5.00*	3.3	3.3	–
DVFA earnings per share	7.51	7.51	32.7
Subscribed capital**	16.5	16.5	–
Dividend	5.20	5.30	31
Dividend total**	17.16	17.49	31.3
Price-cash flow ratio	15.3	15.1	64.2
Cash flow per share	9.5	9.5	30.1
Market capitalisation at Dec. 31***	3.16	3.1	108
Trading volume***	2.3[2]	8.24[2]	–
Total trading volume*	3.03[2]	10.16[2]	–

1) based on AG result
2) Total trading volume on all German stock exchanges
* in millions ** in DM millions *** in DM billions



Management Report
The MLP Group and the MLP AG

The value of the MLP shares has more than doubled –
largely due to the high-quality advice it provides its customers.
The stock market appreciates the value of MLP.

Lagebericht MLP-Konzern und MLP AG

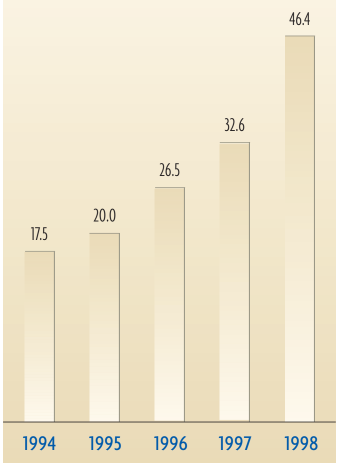
Profit (before taxes)

just under the

DM 100 million mark.

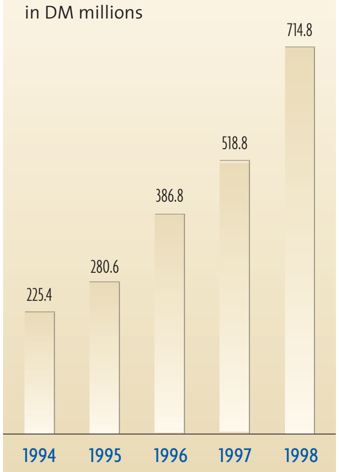
Net incomes in the Group

in DM millions



Group consolidated revenues

in DM millions



Strong net income growth

The MLP Group – with MLP AG as the listed holding company heading the Group – recorded considerable increases in all key figures.

Net income in the Group amounted to DM 46.4 million after DM 32.6 million in 1997, which represents a 42.3 percent increase. The Group consolidated revenues reached DM 714.8 million – 37.8 percent higher than the sales in 1997 of DM 518.8 million.

Profit before taxes on income rose strongly to DM 96 million in the AG (previous year: DM 74.8 million) and just missed the DM 100 million mark. This is a plus of 28.3 percent. In the AG net income for the year rose to DM 49.6 million – DM 12.2 million or 32.7% higher than the comparable figure for 1997.

Increase in number of branch offices

MLP continued on its successful course of penetrating the market and establishing a close presence to its customers. In Germany, MLP opened 25 new offices and so extended its large office network from 78 to 103. As a result, the company is represented locally even closer to its customers, and it can continue to raise the quality of its advisory services and also further exploit the market potential.

MLP continued its highly successful policy of cautious expansion abroad. MLP's operations in Austria, which only began a few years ago, were extremely successful. After four years of establishing itself in the market place, MLP now has a market position in terms of market share and penetration comparable to that in 1993 in Germany. MLP is represented in Austria through six offices. In Switzerland, MLP started operations with its first office in Zurich.

Key figures	1998	1997
Return on equity	20.1 %	15.1 %
Equity ratio	83.0 %	83.7 %
Cash flow MLP AG in DM millions	52.5	40.2
Cash flow MLP Group in DM millions	62.2	47.9

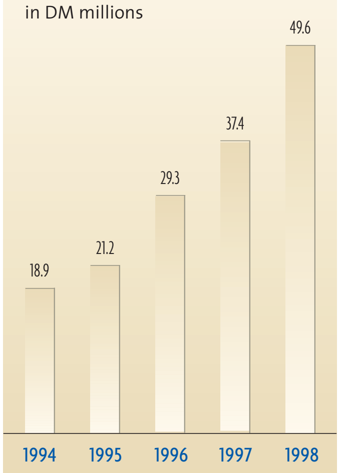
The DVFA result was DM 7.51 per share in the AG – 32.7 percent or DM 1.85 higher than in the previous year. In the Group, this figure was DM 6.81. As a consequence, the company also further improved its return on equity. In 1998, after taxes this key figure amounted to 20.1 percent in the Group compared to just 15.1 percent in the previous year. MLP thus once again fully achieved its return targets in 1998. Equity in the AG and the Group was DM 238.4 million and 230.8 million respectively, representing an increase of DM 14.7 million and DM 15.1 million respectively. In the AG, the equity ratio reached 83.0 percent compared to 27.2 percent in the Group. The decline in this ratio in the Group is largely attributable to the strong growth of MLP Lebensversicherung AG. The life assurance premiums paid by the customers are invested in fund shares (investment stock), which are held by a trustee. On the liabilities side, provisions are set up to the same amount. Since income and any losses are attributed directly to the policyholders, these balance sheet items are neutral for the Group.

Net interest income positive

Cash flow in the Group and the AG amounted to DM 62.2 million and DM 52.5 million respectively. The high cash flow ensures that MLP enjoys a high level of independence. Once again, the entire company growth and all investments were financed entirely from cash flow in 1998. The MLP AG is net creditor. Net interest income was positive at DM 8.2 million.

Net income for the year MLP AG

in DM millions



The balance sheet total was DM 883.8 million and DM 321.9 million in the Group and the AG respectively (previous year: DM 635.7 million and DM 293.3 million). The net income shown in the balance sheet is DM 49.6 million in the AG and DM 50.9 million in the Group. The proposal will be made at the annual shareholders' meeting on May 19, 1999 that an increased dividend of DM 5.30 per preferred share (1997: DM 4.05) and DM 5.20 (1997: DM 3.95) be paid out of the net income on the shares entitled to dividends.

MLP also shows high growth rates in the creation of new jobs.

Adding value

In 1998, MLP's market capitalisation continued to grow strongly. At year-end, market capitalisation totalled about DM 6.5 billion or over 100 percent more than in the previous year. Despite the turmoil on the international equity markets, the company created substantial value for its shareholders. This performance makes MLP one of the top shares in the M-DAX of Deutsche Börse AG.

In 1998, MLP again created many new quality jobs. While employment markets were tight generally, MLP was one of the companies with a high rate of new job creation. The total number of employees rose by 18.6 percent from 1,697 at December 31, 1997 to 2,014 at the end of 1998. Following strict selection procedures, some 287 young people were chosen from a total of over 3,000 candidates and given the opportunity of becoming MLP consultants. The level of education of MLP employees, who show commitment way above the average, is exceptionally high: 95 percent of the sales force and 40 percent of those working in offices are university graduates. The average age of field employees is 32 – which is also the average age of the customers.

Summary Group Financial Statements	1998	1997
in DM millions		
Property, plant and equipment	75.3	65.6
Total financial investments	429.7	280.5
of which investments of investment stock of unit-linked life insurance	416.4	269.3
Trade accounts receivable	123.4	60.9
Other assets	68.6	56.4
Liquid funds and securities	147.0	138.5
Equity*	230.8	215.7
Provisions	50.0	37.2
Technical reserves and deposit liabilities	427.6	276.4
Liabilities	140.7	80.0
Profit and loss statement Sales	384.0	313.5
Insurance premiums	186.7	120.3
Cost of materials	214.8	166.0
Personnel expenses	78.1	65.7
Depreciation and amortisation	16.1	15.4
Other operating expenses	97.5	73.7
Expenses from the increase in technical reserves	147.9	111.9
Result of ordinary operations	**91.6**	**68.2**
Taxes	45.1	35.6
Net profit for the year	**46.4**	**32.6**

**adjusted for the distribution*

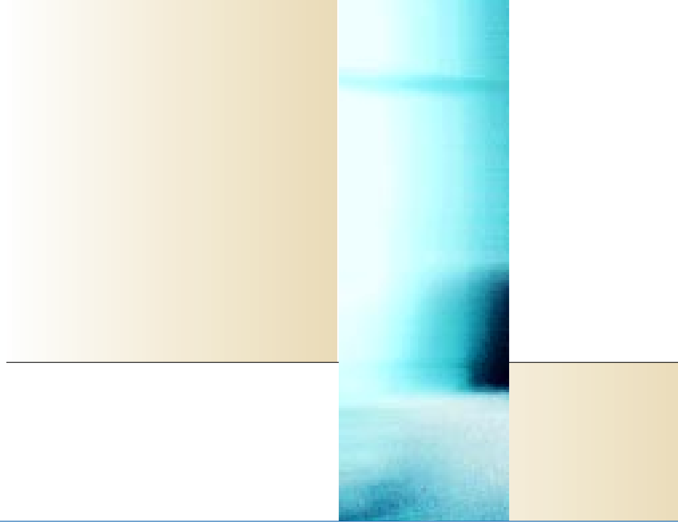
All MLP companies in excellent shape – positive development in all lines.

Young companies successful

The most important contributions to the good result of the MLP Group came from MLP Finanzdienstleistungen AG, MLP Lebensversicherung AG and MLP Vermögensverwaltung AG. The young MLP companies, which have only been operating in their markets for a short time, also performed outstandingly well.

MLP Finanzdienstleistungen AG

MLP Finanzdienstleistungen AG, which is a broker and the most significant company in the MLP Group, achieved substantial growth rates in all areas. The profit transferred to the holding company soared 27 percent to DM 95.4 million. The number of new customers rose to 43,000. The overall number of customers exceeded 250,000. This makes MLP Finanzdienstleistungen AG the largest independent financial services broker for a particular class of private customer in Europe and market leader – both in terms of quality and productivity and, as a consequence, in quantity too. Pure new business in the life assurance line rose by 23 percent in terms of premium income to DM 5.6 billion against DM 4.6 billion in the previous year. In addition, the index-linked policies amounted to DM 635 million after DM 937 million in the previous year. Pure new business in medical insurance increased by 31 percent to an annual premium income of DM 78.7 million. MLP Finanzdienstleistungen AG also showed substantial growth in providing financing – in particular for real estate. Volume rose by 55 percent to DM 1.1 billion. The average age of the customers is 32. The fact alone that the customers' income is expected to grow considerable, indicates a high level of potential for MLP both in this area in particular and also in other lines.



Inflows into investment funds continued to be positive. Despite the volatile markets, DM 935 million were received by the funds compared to DM 869 million in 1997. In property, liability, accident, motor and legal expenses insurance, MLP achieved a 30% increase in the portfolio from DM 89.3 million to DM 116.5 million in annual premiums. In connection with the direct service plan for auto insurance – MLP Car – the number of contracts rose from 25,000 to 44,000.

MLP Lebensversicherung AG

MLP Lebensversicherung AG's portfolio increased by over 100 percent to a total sum insured of DM 9.2 billion. Premium income reached DM 186 million, a rise of 55 percent or DM 66 million. MLP Lebensversicherung AG is thus one of the strongest growing companies in the German life assurance market. The contracts concluded with customers almost all involve the payment of regular premiums over a period of 25 years or longer. Net income more than doubled to DM 1,43 million.

MLP Lebensversicherung AG – one of the fastest growing companies in the sector.

Growth in new business was especially strong at MLP-Lebensversicherung AG – Austria. More than twice as many contracts were concluded as in the previous year. The sum insured totalled ATS 1.67 billion (DM 237.4 million) after ATS 713.8 million (DM 101.3 million) in the preceding year. The figures for the Austrian company are not included in the MLP Lebensversicherung AG premium income, since it is a joint venture with the BARC insurance group and is thus not fully consolidated. Premium income more than doubled from ATS 151.6 million (DM 21.5 million) to ATS 390 million (DM 55.4 million).

Internal service companies provide high-quality support to help give the Group its competitive edge.

MLP Vermögensverwaltung AG

In the fifth year of its existence, MLP Vermögensverwaltung AG exceeded the DM one billion mark of assets under management for the first time. The company grew by about 55 percent. Assets under management totalled DM 1.18 billion after DM 766.7 million in 1997. In the second half of 1998, MLP arranged for funds to be set up by leading investment companies exclusively for its customers. These take even more account of customised investments in the MLP capital appreciation plan. These funds have now been approved by the Federal Office for the Banking Sector. Net income rose by far more than 100 percent to DM 1.1 million.

MLP Bank AG

In its first full fiscal year, MLP Bank AG recorded a successful start. The balance sheet total immediately reached about DM 100 million. 16,000 MLP customers used the bank. In founding MLP Bank AG, the Group has taken a further logical step as part of its strategy of fully covering all the financial needs of its customers. Start-up losses amounted to DM 1.7 million. In future, as a result of changes in statutory regulations, MLP Bank AG will acquire some of the operations of MLP Vermögensverwaltung AG.

MLP Consult GmbH

MLP Consult GmbH (formerly MLP Dignos Software GmbH) is principally engaged in providing IT services mainly within the Group. It achieved overall sales of DM 35.2 million. After a net loss of DM 0.46 million in 1997, the company – which has a wealth of information processing know-how – made a net profit of DM 0.41 million. In future, the company will provide services exclusively to the MLP Group.

MLP Service GmbH, MLP Assekuranzmakler GmbH, MLP Media GmbH

The MLP Service GmbH business developed very well. The company quadrupled its sales to DM 10.7 million. However, as a result of investments to extend the business to all property insurance lines, it posted a net loss of DM 0.45 million. 1998, MLP Assekuranzmakler GmbH reached break-even point; it achieved net income of DM 0.34 million after a loss of DM 0.23 million in the preceding year. MLP Media GmbH, which provides services solely to MLP companies, reduced its loss to DM 0.145 million.

At a glance	DM millions	1998	1997	1996	1995	1994
MLP Group						
Group consolidated revenues		714.8	518.8	386.8	280.6	225.4
Net profit for the year		46.4	32.6	26.5	20.0	17.5
Equity		230.8	215.7	206.1	81.6	72.9
Cash flow		62.2	47.9	41.0	33.2	27.8
DVFA result per share	in DM	6.81	4.85	4.14	3.29	2.88
MLP AG						
Result of ordinary operations		96.0	76.5	56.7	40.9	35.7
Net profit for the year		49.6	37.4	29.3	21.2	18.9
Equity		238.4	223.7	212.5	86.0	78.3
DVFA result per share	in DM	7.51	5.66	4.44	3.48	3.10

Continuing stable growth – optimistic forecast for 1999 and beyond.

Outlook

At the beginning of 1999, the excellent development of MLP continued with growth remaining high. MLP assumes that all relevant key figures will be able to match the growth rates of the previous years. In 1999, the company will again be able to finance its growth from current cash flow. The dividend policy will remain shareholder-friendly and will be geared to the development of earnings.

By mid-1999, MLP will have switched over most of its accounting system to the euro. The company does not expect any appreciable Y2K problems to arise on the forthcoming IT system change-over to the year 2000. MLP has taken steps to deal with these issues in good time and is on schedule. The costs of the year 2000 change-over will amount to some DM 2 million throughout the Group.

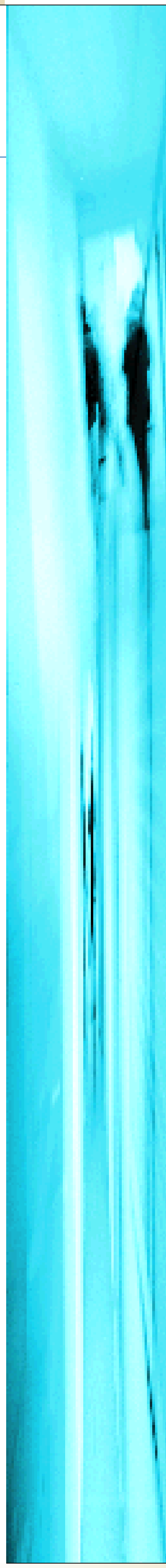
A few key figures already demonstrate that the forecast for positive development has been reliable. For example, in life assurance MLP currently manages a portfolio of in-force business totalling DM 32 billion. This corresponds to an average of DM 130,000.00 per customer. Of this amount, DM 80,000 is for old-age pensions after deduction of premiums for occupational disability and the risk of death. When the customers reach retirement age, generally 65, they will indeed require DM one million on average. Thus, the existing customer base alone will result in a more than tenfold increase in business potential over the next 25 years.

In the future, MLP will focus on the following strategic points:

- It will continue to develop its technological expertise and broaden its uniform platform to support the MLP customer consultants. Focusing on this area in particular will further consolidate its market leadership over any competitors attempting to copy its formula. This technological expertise allows MLP to provide tailor-made overall solutions to customers based on individual modules purchased from banks, insurers and investment companies. MLP will continue to develop this competence, which is a major factor in securing its unique position in the market.

- The extensive network of offices will be enlarged further.
- MLP will continue to expand abroad and develop additional markets.
- MLP will focus on quality: in its advice, in its products and in its selection of partners. This will also mean even more emphasis on training, especially for the MLP consultants.
- MLP will establish new business areas and set up companies to satisfy the demand of MLP customers for additional financial solutions. This demand will grow as they become older, develop personally and their incomes rise.
- The MLP consultants will specialise further in customer groups.

In addition, MLP will step up its efforts to establish business relations with graduates who can already look back on the first years of their professional lives and who did not become MLP customers at the start of their careers. In recent years, an increasing number of people who, although members of the MLP target groups, were not reached by MLP when their careers started have since become MLP customers. These customers normally came to MLP on recommendation. In future, MLP will target its efforts on exploiting this considerable potential to provide a further boost to growth.



Litigation

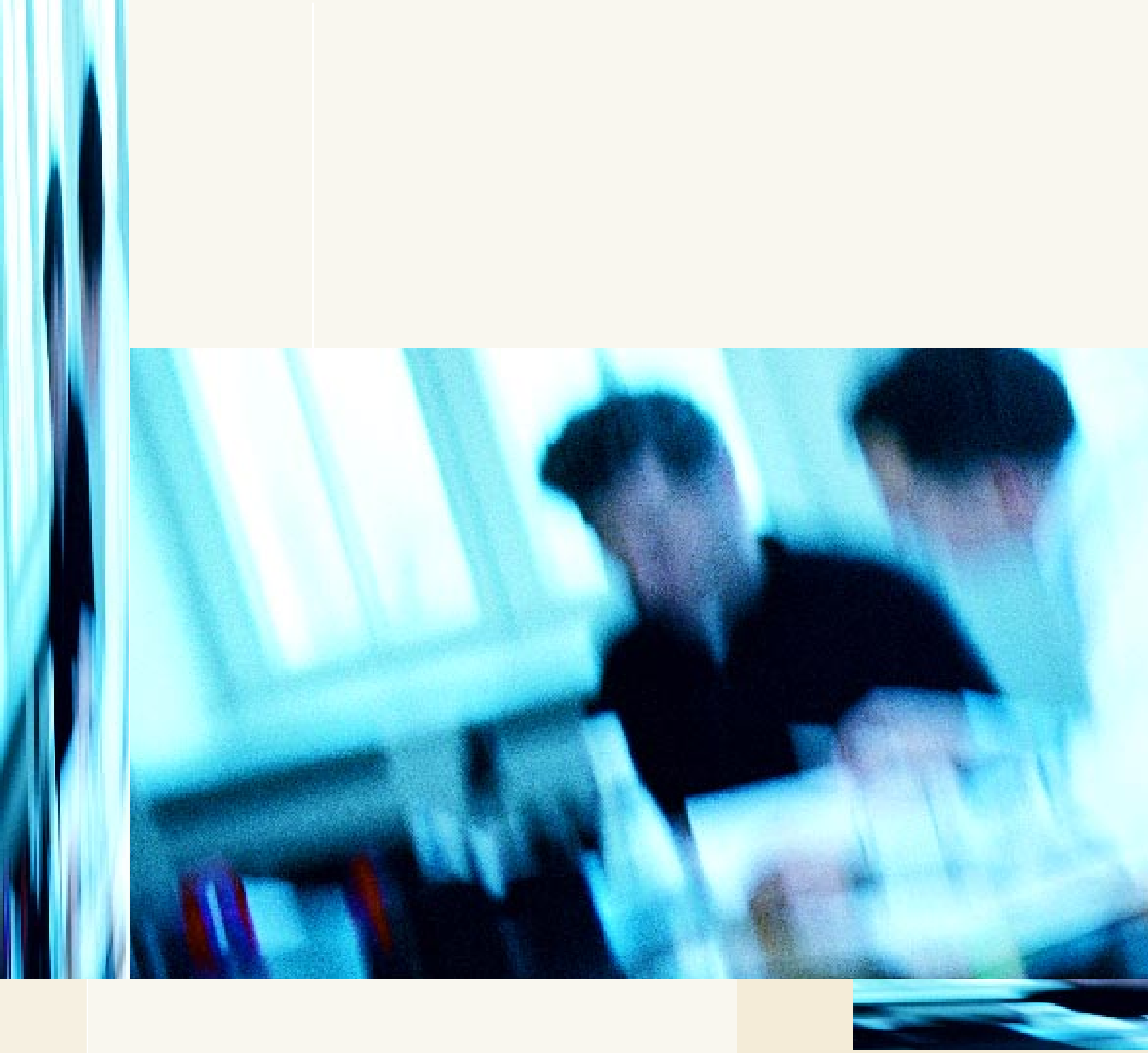
On July 13, 1998, the "Schutzgemeinschaft der Kleinaktionäre e.V" (SdK), an association representing the interests of small investors, filed suit against Marschollek, Lautenschläger & Partner Aktiengesellschaft (MLP AG) and applied that the resolutions of the annual shareholders' meeting on June 15, 1998 on items 3 (resolution on the discharge of the Board of Managing Directors for the 1997 fiscal year) and 4 (resolution on the discharge of the Supervisory Board for the 1997 fiscal year) of the agenda be declared null and void. In the suit it is argued, first, that MLP AG is a corporation controlled by the members of the Board of Managing Directors, Manfred Lautenschläger and Dr. Bernhard Termühlen, but, despite the said dependency, does not prepare a dependency report in accordance with the meaning of Sect. 312 ff. of the German Joint Stock Corporation Act (AKtG) and does not have such a report audited. Furthermore, it is claimed that the Group accounting is inadequate because the share in earnings attributable to other shareholders, in particular majority shareholders, members of boards of managing directors and their families, in subsidiaries are in breach of the by-laws.

A judgement dated December 1st, 1998, by the Regional Court of Heidelberg declared that the resolutions passed by the annual shareholders' meeting on items 3 and 4 of the agenda were void. The reasons given by the court for its judgement were that, in the 1997 fiscal year, MLP AG was a company which was dependent on the chairman of its Board of Managing Directors, Mr. Lautenschläger, within the meaning of Sections 17 and 311 AktG. Pursuant to Sect. 312 (1) AktG, the Board should have prepared a dependency report and had it audited. The declaration which the Board was required to make in accordance with Sect. 312 (3) sentence 1 AktG should have been included in the management report and the declaration of the Supervisory Board on the dependency report should have been included in the report to the annual shareholders' meeting. According to the court, the majority shareholder and chairman of the Board of Managing Directors had considerable influence over the subsidiaries of MLP AG. He exercises a managerial function both at MLP AG and at some subsidiaries. This, argued the court, is business activity, and not just mere asset management. The court dismissed the claims in the suit on the inadequate accounting and actions contrary to the by-laws in full as being without merit. The judgement is not yet final, because MLP AG has lodged an appeal.

Neither the result nor the reasoning of the judgment of the Regional Court of Heidelberg are convincing.

1. The judgment contains a discrepancy between the statement of facts and the reasons
for the decision, which may be of relevance for the decision. In the statement of facts, it is correctly stated that the chairman of the Board of Managing Directors, Mr. Lautenschläger, holds 53.2 percent of the ordinary shares. In its reasons, the court states that the Board chairman has 53.2 percent of the shares and is majority shareholder and must be deemed to be a controlling enterprise. Since Mr. Lautenschläger in fact holds 26.6 percent of the shares, the reasons of the court with regard to this point can be challenged.
2. The judgement of the Regional Court of Heidelberg considers that Mr. Lautenschläger is a "controlling enterprise". This is incorrect. According to the Federal Supreme Court (BGH), an individual can only be deemed to be a controlling enterprise for the purposes of the Joint Stock Corporation Act if he is either himself a sole businessman or in other words operates a commercial business, or has a controlling interest (i.e. a majority interest) in another business. Only then, namely, does the danger exist that the majority shareholder can enforce his will in one company to the detriment of the other company.

Since Mr. Lautenschläger has no controlling interest (i.e. majority) in another company and does not sit on the board of managing directors or work in the management in any of the subsidiaries of MLP AG, there is, contrary to the opinion of the Regional Court, no obligation to prepare a dependency report on MLP AG.



Corporate strategy

No other company is currently able
to match the quality
of service offered by MLP.

Introduction of the **MLP Financial Management System** completed

Major decisions have been taken to secure the company's future.

In recent years, the MLP Group has consistently pursued its strategy and consolidated and strengthened its unrivalled position in the market. The principal elements of the strategy include:

- Concentration on the graduate target group
- High-quality advice
- Consultants with a high degree of expertise and responsibility
- Independence
- Outstanding IT platform

On this basis MLP took some important strategic steps to lay the foundation for the company's future development.

Completion of the switch-over to the MLP Financial Management System

In 1998, MLP concluded the conversion of its operational organisation and IT platform to the MLP Financial Management System. This represents one of the most far-reaching structural changes that has taken place at MLP – with significant repercussions for the consultants, office staff and management of the company.

As a rule, customers served by MLP have complex problems regarding protection, provision for the future or financing. To provide solutions, MLP has now introduced a new level of high-quality advice and customer benefit following the implementation of its Financial Management System. The principal change is that, on the basis of the customer's requirements as determined with the consultant, the products offered by the MLP "suppliers" are analysed, identified and finally "taken apart". The individual disassembled components are then combined to create an individual solution – a product tailored solely to the needs of the MLP customer in question.

This procedure offers customers extensive benefits and also poses new challenges for MLP. The consultants present the customers with a result which is as unique as a fingerprint: their personal financial and protection plan tailored exclusively to their requirements. They receive the plan at a low cost, since MLP, thanks to its good customer structure and high-quality advice, can buy the products from its "suppliers" at correspondingly low prices. And the customers obtain top-quality products, because MLP applies strict quality criteria in selecting its partners and "suppliers" and then creates an effective customised solution.

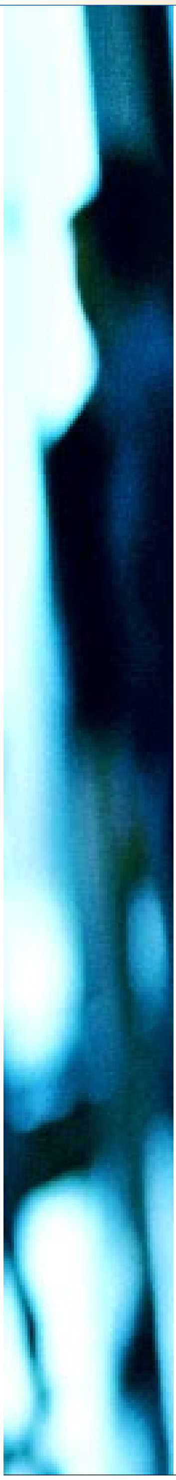
The quality of advice offered by MLP has given it a competitive lead of about ten years.

The demands placed by this management system on MLP, its employees and consultants are high. They require a special training and the willingness to focus even more strongly on the needs of the customers and also develop new creative approaches to solving their problems. This also involves a "cultural" leap forward – the change from being a pure broker to a problem solver for the customers.

This financial management strategy is reinforcing MLP's unique competitive position. No other player is currently able to match the excellence of its advice. This also protects MLP's lead against those who may try to copy its formula. Experts currently reckon that MLP has a lead of over ten years, even if competitors are already copying MLP's own product descriptions.

Efficient IT system assists the consultants

The second major strategic step in 1998 was also the high-point – at least for the time being – in MLP's long-term IT investment program. MLP has upgraded its IT system to enable the consultants to exploit the unique efficiency of its electronic "back office".



Ultimately, the platform enables MLP to record the determined customer needs, define and configure the suitable "parts" to be supplied.

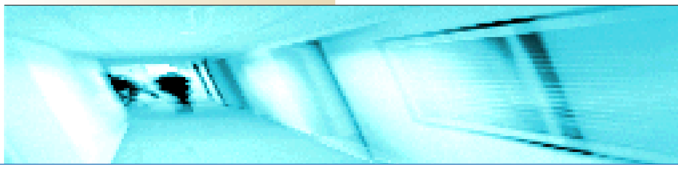
In Austria, MLP is already market leader in its segment.

Further strategic decisions

Expansion outside Germany is becoming an increasingly important part of MLP's strategy. In Austria, MLP is already market leader in its segment. There, MLP has grown faster than it did during its start-up phase in Germany. In Switzerland, MLP has successfully established itself with an office in Zurich. We will be taking further steps to enter and develop foreign markets in the coming years.

MLP is continuing to diversify. While it was a pure broker for higher-class customers just a few years ago, MLP is now an investment adviser, financier, bank, service provider, etc. and has a network of recognised "suppliers" at its disposal. Its strategy aims at covering all its customers' requirements for financing and protection and completing all the related complex work for the customer.

In the coming years, MLP will tap a further strategically important target group besides that of the graduates starting their professional careers. This new group comprises those with several years of job experience whom MLP was unable to acquire as customers when they had just graduated. In the last few years, we have already noted that increasingly more customers from this target group have become MLP customers – above all on recommendation. Exploiting this potential should give a strong boost to growth.
MLP will also concentrate more on turning its customers into shareholders. The customers will then benefit in two ways from their relationship to MLP. And MLP will strengthen its ties to the customers. This is also an important element in MLP's investor relations strategy.



Employee participation

An essential feature of MLP's strategy and corporate culture is employee participation. Virtually every staff member now owns shares in the company.

The MLP management also owns a large stake in the company. This testifies to its willingness to bear the commercial risks. This is viewed as a sign of quality in particular by the analysts of the major American fund companies which hold or acquire MLP stock. MLP also gives employees the opportunity of acquiring shares in the company. Performance, rather than length of service, is what counts. Each year, salaried MLP office staff can acquire shares – for example in MLP Lebensversicherung AG – for up to one third of a monthly salary. Sales staff can acquire shares individually according to performance. Some 15 percent of the shares of this unlisted company are currently held by staff. In 1998, employees acquired about 150,000 shares in MLP Lebensversicherung AG. Thus, each employee participates directly and significantly in the further development of MLP through capital growth.

Turning customers into shareholders – an important element in our investor relations strategy.

The **high**lights

Innovations

In 1998, MLP developed a number of innovations for its customers. For example, it launched funds which have been set up by leading investment companies exclusively for MLP customers. Theses funds have now been approved by the Federal Supervisory Office for the Banking Sector and have been very well received in the market. Customers are responding positively to these exclusive offerings.

In its first complete year of operations, MLP Bank AG was highly successful. 16,000 customers already use the bank and the balance sheet total nearly topped the DM 100 million mark immediately.

After just three months, 10,000 customers are using the new MLP credit card with the corresponding accounts and credit offerings by MLP Bank.

In establishing its own pension fund independently of insurance companies, MLP also took a new approach in its company pension products.

However, the most significant innovation was the completion of the financial management system for the customers. MLP's advisory services are now supported by a totally new platform. The system allows MLP consultants to customise individual solutions for their customers with the aid of the efficient IT system.

Cross-border

MLP's expansion in other countries was also highly successful. We opened our sixth office in Austria. MLP is now growing there considerably faster than it did during its start-up phase in Germany. In Austria, MLP is already the major financial service provider for young graduates. In Switzerland, MLP has begun to establish a presence in the market. The first office in Zurich is operating successfully. Further activities abroad will be cautiously initiated in the coming years.

Change at the top

In December, the founder of MLP, Manfred Lautenschläger, announced that he would hand over his position in the Board of Managing Directors at the end of the annual shareholders' meeting on May 19, 1999 and take a seat on the Supervisory Board. Manfred Lautenschläger announced his decision on the occasion of his 60th birthday. He will be succeeded by Dr. Bernhard Termühlen, who has been a member of the Board of Managing Directors of MLP AG since 1988 and in this period already assumed the management of the company and took the major strategic decisions for the future.

Recognition

For the fifth time, MLP has been named company of the year by "manager magazin", a leading German business magazine. The "Deutsche Schutzvereinigung für Wertpapierbesitz e.V." rates MLP the third best stock in the last five years worldwide.

Employees

In 1998, 3,000 candidates underwent the strict selection procedures of MLP.
287 were given the chance to assume responsibility for the customers as MLP consultants.

MLP employees stand for quality, excellence and responsibility

MLP demands high standards from its employees. The depth and breadth of their training is correspondingly high.

MLP sees itself as a company which is supremely well equipped to solve problems relating to protection as well as financial and business planning for its special customer group. In this regard, quality, responsibility and excellence are core values for MLP.

These principles are applied when we recruit new employees. For example, in 1998, some 3,000 young people underwent the strict selection procedures to become MLP consultants. 287 of them earned the opportunity to become MLP consultants and assume responsibility for the customers.

Unrivalled intensity of employee training

To secure and raise standards, all employees – in particular the consultants – initially undergo intensive training and receive comprehensive on-going training on a regular basis. In 1998, there were no fewer than 23 central training days per consultant. Overall, almost 35,000 training days took place in the MLP headquarters. Together with the further training sessions in the branch offices the number of training days amounted to some 70,000. MLP is increasingly using electronic media for further training – for example to offer online contents especially developed for MLP employees. The number of training days for the new staff members is much higher; they receive 40 training days in the head office in their first year; in addition in 1998 the young consultants attended almost 60 days of comprehensive training sessions in the branch offices. Thus, the rigorous training received by MLP staff is unrivalled in the industry.

At December 31, 1998, the number of employees was 2,104 – an increase of just under 20%. Accordingly, MLP was once again one of the companies with the highest recruitment rate of graduates in particular in Europe in 1998. As already mentioned, no fewer than 287 new consultants started work at MLP. About 95 percent of the MLP consultants have university

degrees. Among the office staff, this figure is 40 percent. Above all, the office employees have trained in the fields of insurance or banking, mathematics, information science and business engineering.

Average age of MLP consultants is the same as that of the customers.

Intensive customer care

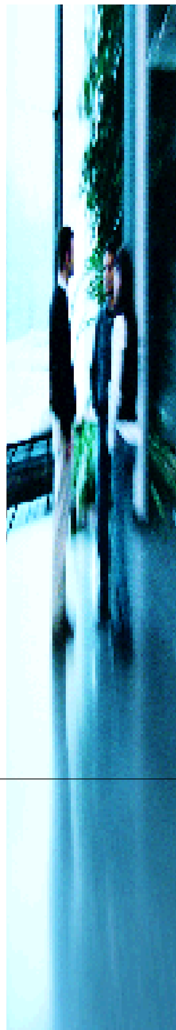
In 1998, personnel costs in the Group totalled DM 67.06 million – up 19 percent on the previous year's figure of DM 53.6 million.

The average age of the MLP consultants is 32. By comparison, the average age of the MLP customers is also 32. This is deliberate. MLP consultants understand their customers and live and work in a comparable environment.

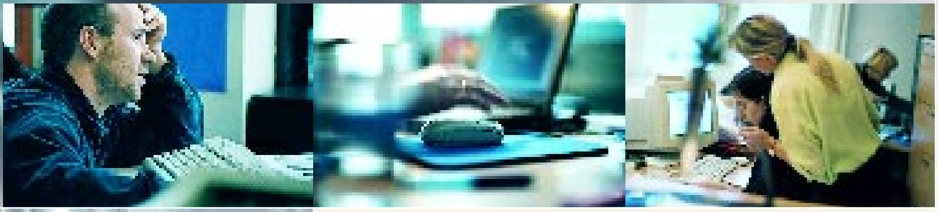
In 1998, MLP consultants served more than 250,000 customers. Statistically, this means an average of some 200 customers per consultant. This figure is very low in the industry and reflects the depth of advice provided to the customers.

Number of employees continues to grow

MLP assumes that the number of staff will continue to grow strongly. We expect the number of employees to double. As a consequence of the strong increase in the number of consultants, the number of office employees is expected to rise considerably in three years. This is one of the reasons why the company intends to build a totally new administration centre in Wiesloch near Heidelberg to meet the requirements of state-of-the-art IT technology. According to current plans, in the first stage, about 350 new workplaces will be created to meet the needs of the employees. In the final construction phase, up to 1,800 staff will have modern and secure workplaces in Wiesloch.





Providing top-quality advice – more than 1,200 consultants undergo the most rigorous initial and on-going training in the industry.

MLP **Finanzdienstleistungen AG**

MLP Finanzdienst-leistungen	1998	1997	Change in %
Sales*	361.9	301.6	20.0
Profit transferred to MLP AG*	95.4	75.1	27.0
New business (total premiums)			
Life assurance**	5.6	4.6	22
Index-linked increases*	635	937	32
Total**	6.3	5.5	14.5
Health insurance including nursing insurance* (annual premium)	78.7	60.2	31
Mutual funds contributions*	934.9	869.1	7.6
Financing**	1.1	0.73	55
Property, liability, accident, motor and legal expenses insurance * (annual premium)	116.5	83.3	39.9
New customers	43,053	37,664	14.3
MLP consultants	1,232	1,029	19.7
MLP salaried employees	782	668	17.1
Total employees	2,014	1,697	18.7
Offices	103	78	32.1

** in DM millions ** in DM billions*

All segments contribute to growth. Pre-tax profit up by 27 percent.

Development

In 1998, MLP Finanzdienstleistungen AG recorded considerable growth rates in all segments. As the most important single company within the MLP Group, it increased sales by more than 20 percent with all segments contributing to the growth. Profit before taxes on income rose by just under 27 percent to DM 96 million. Of this amount, DM 95.4 million was transferred to the MLP AG. This growth was achieved even though a large portion of the business was converted

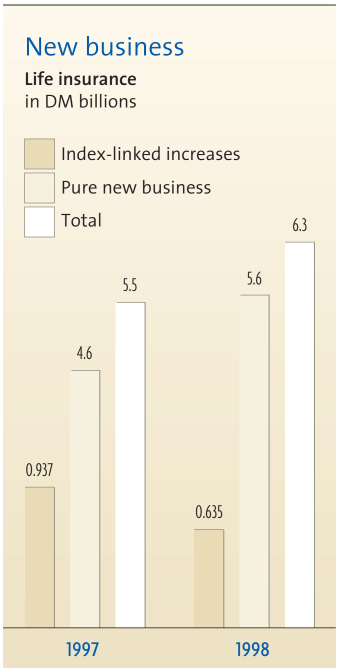
from individual payments to payments spread over several years.

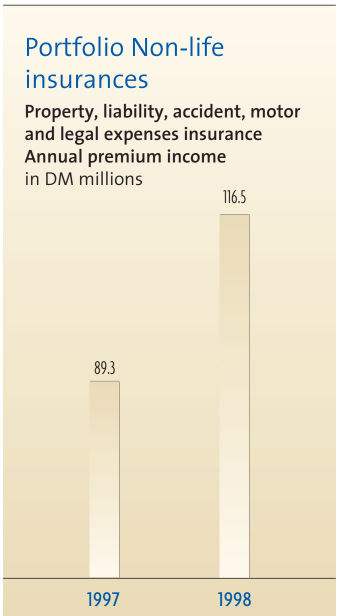
The company's market shares in all the major customer groups – engineers, economists, lawyers and physicians – continued to rise to as much as 30 percent across all customer groups. In the relatively small group of physicians and at some locations, market share already exceeds 60 percent. However, despite its high market penetration, MLP still has enormous potential, which it continued to tap successfully in 1998. Over 43,000 new MLP customers with professional experience were acquired – more than 30 percent of whom came primarily via recommendations. As a result, the total number of customers rose to more than 250,000 – an increase of some 20 percent. The average age of the customers is 32, which illustrates the growth that can be expected as their need for financial services rises in line with their steadily increasing incomes.

In the case of financing business – in particular real estate – the company achieved strong growth. The volume of newly agreed contracts rose by 55 percent to DM 1.1 billion.

MLP Finanzdienstleistungen AG again considerably strengthened its market presence raising the number of branch offices from 78 to 103. The number of consultants rose by nearly 200 to 1,232. In Austria, MLP has no fewer than six offices after only recently entering the market. It is the fastest growing financial services provider for particular customers and already market leader. With the opening of an office in Zurich, the foundation has also been laid for rapid expansion in Switzerland.

43,000 new customers came to MLP – at the end of 1998, total number of customers was over 250,000.





Life assurance

New business in life assurance continued the strong upward trend of the last ten years. It rose to DM 6.3 billion compared to premium income of DM 5.5 billion in the previous year. This is all the more remarkable given that the index-linked adjustments fell by about DM 300 million to DM 635 million as a result of factors relating to the statutory pension insurance system. MLP is unable to influence these factors.

The unit-linked life assurance business again grew substantially – up nearly 50 percent to DM 2.5 billion. As the regular payments are spread over twelve years, MLP is shifting a great deal of revenue to the future.

Non-life insurance

New business in the health insurance segment rose by more than 30 percent to annual premium income of DM 69 million compared to DM 52 million in 1997. In addition, DM 9.7 million came from nursing insurance, so that total new business amounted to DM 78.7 million.

Property, liability, accident, motor and legal expenses insurance

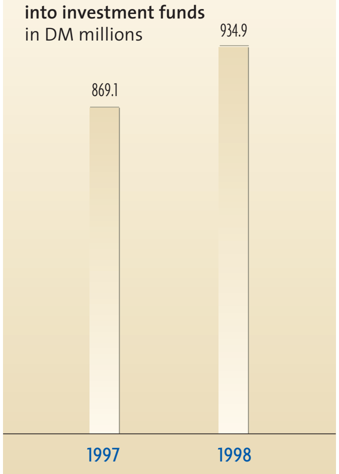
Once again, this area developed extremely satisfactorily. The risk management plan is increasingly bearing fruit. The portfolio of in-force business rose by 30 percent. At year-end annual premiums totalled DM 116.5 million or some DM 33 million more than the annual premiums of DM 89.3 million in 1997.

MLP opened 25 new branch offices in 1998.
In the first quarter of 1999, no fewer than 20
were added.

MLP has created pooled funds for its customers.

Mutual funds contributions

into investment funds in DM millions



Investment funds

In the year under review, contributions into MLP's mutual funds nearly reached DM one billion. Despite – or perhaps precisely because of – the turmoil on the world equity markets, inflows rose from DM 869.1 million to DM 934.9 million. It is also worth noting that these inflows are mainly attributable to very young MLP customers. So the potential for the future is not merely theoretical; it also clearly exists in the form of every individual customer.

The share of new investments between short-dated, money market and near-money-market funds on the one hand and equity and bond funds on the other was roughly equal – DM 456.7 million against DM 478.2 million.

In the second half of 1998, in conjunction with leading investment companies, including Flemings, ABN AMRO, Schroders, DWS, Sal. Oppenheim and Frankfurt Trust, MLP developed a number of mutual funds exclusively for its customers. These funds have now been approved by the authorities.

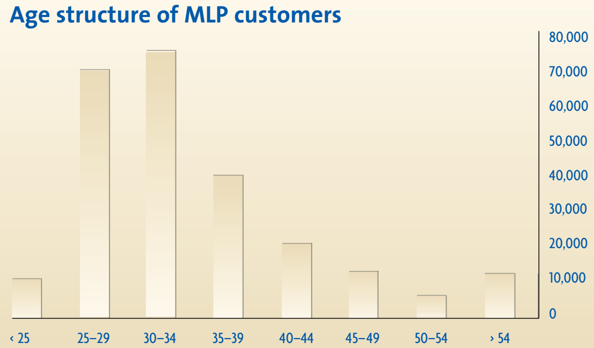
MLP customers

In 1998, MLP continued to gain new business. More than 250,000 mainly young graduates were served by MLP consultants by the end of the year. The number of new customers grew to more than 43,000. Economics and engineering graduates are the largest group at 96,000, followed by physicians (66,000), lawyers (11,700) and dentists (9,000). A further 68,000 customers come from other faculties and occupations or were recommended.

Some 80,000 of the customers are under 30 and just embarking on their professional careers. A further 138,000 customers are between 30 and 44, at the stage of career development, house building and investing. 31,000 customers are 45 or older, when they require asset management services.

MLP has a high market penetration rate. Market share is approaching 70 percent among doctors of medicine; among the other target groups, it is as high as 30 percent. It is possible to achieve a market penetration of 50 percent and more in all locations and among all customer groups. Increasingly, we have also been gaining graduates who have been working for several years and did not become MLP customers immediately on graduation. This offers a further excellent source of growth.

Age structure of MLP customers



Customer groups	
Economists and engineers	96,000
Physicians	66,000
Lawyers	11,700
Dentists	9,000
Other faculties/ recommendations	68,000
Total	**250,000**

MLP consultants – the most highly qualified in the financial services industry.

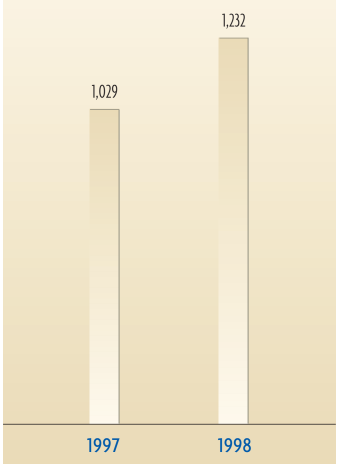
MLP consultants

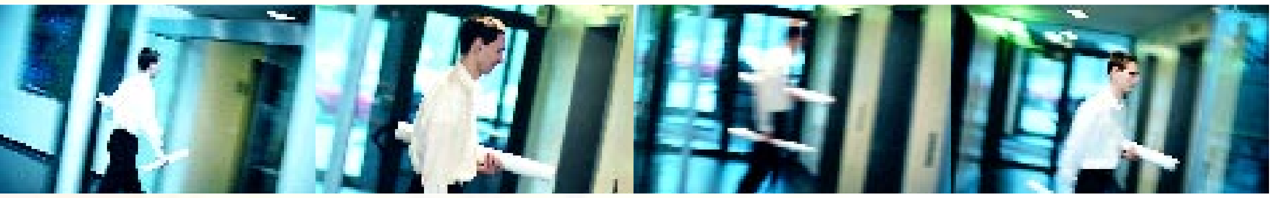
In the year under review, the number of consultants rose by more than 200 or 20 percent. This is a consequence of the strong growth at MLP and the increased exploitation of the market potential. And it is also a precondition for growth. Furthermore, it ensures that we provide a high level of advice and service. On average, each consultant serves just over 200 customers – a very low figure in the industry as a whole. The productivity of our consultants, supported by a rigorous focus on top-quality advice, is the unrivalled benchmark in the market.

In 1998, some 3,000 young people underwent the strict selection procedures to become MLP consultants. These were mainly graduates; a high percentage came from the faculties which provide the core target groups of the company.

Like the average age of the customers, that of the MLP consultants – also 32 – is very low. Most of them have fewer than four years experience as MLP consultants and are growing with their customers whom they support – also in terms of productivity. 74 percent of the consultants have a university degree, while 20 percent have a degree from a higher technical college. Thus, the MLP team of consultants is the most highly qualified in the entire financial sector. The consultants hold a large stake in MLP.

Number of MLP consultants





95 percent of MLP consultants are graduates and speak the language of their customers.

MLP **Lebensversicherung AG**

Portfolio doubled – earnings up almost 100 percent.

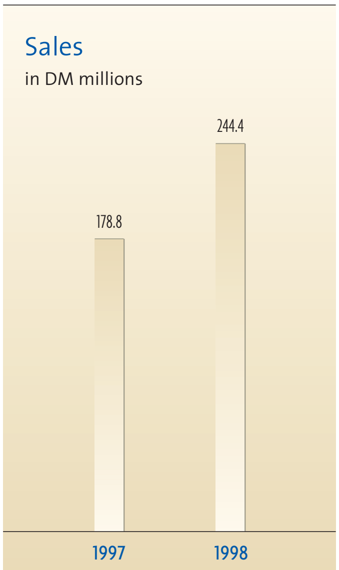
MLP Lebens-versicherung AG	1998	1997	Change in %
Premium income*	186.7	120.3	55
Sales*	244.4	178.8	37
Earnings before taxes on income*	3.1	1.56	99
Net income*	1.43	0.69	107
New polices issued**	4.8	2.5	92
Portfolio**	9.2	4.5	104

* *in DM millions* ** *Sum insured in DM billions*

Development

MLP Lebensversicherung continued to grow strongly in the year under review. Its portfolio more than doubled from DM 4.5 billion to 9.2 billion. Sales rose by some DM 65 million to DM 244.4 million. Net income also doubled to DM 1.43 million. Issued new policies also rose by nearly 100 percent from DM 2.5 billion to 4.8 billion.

This makes MLP Lebensversicherung AG one of the most successful new insurance companies – if not the most successful – of the 1990s. After not quite seven years, the company is already among the leaders in its sector. This is primarily attributable to the success of the financial innovation of unit-linked life assurance. MLP implemented this idea itself working in conjunction with the leading investment companies. In 1998, MLP customers acquired more unit-linked life assurance policies than classical kinds of life insurance; for the first time since the introduction of unit-linked life assurance, the lines of development of the two policies crossed. In the coming years, the company is also aiming for sustained strong growth.



MLP unit-linked policy

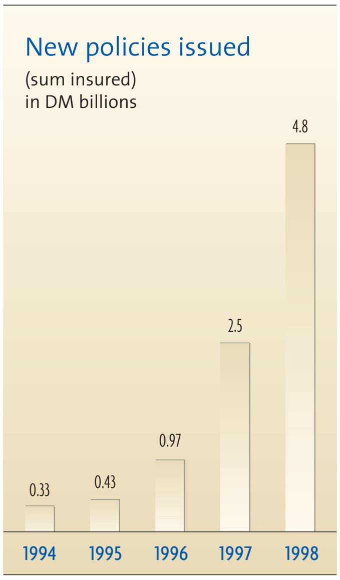
New business (issued policies) in the case of unit-linked life assurance, including the index-linked policies, reached a sum insured of DM 1.9 billion after DM 1.3 billion in the previous year. The number of contracts rose by 22,800 to 62,150.

Term life assurance

Once again, MLP Lebensversicherung AG achieved considerable growth in this young line. The number of contracts rose by 2,800 to 5,100.

Flexible occupational disability insurance

MLP achieved very high growth rates with its flexible occupational disability insurance. New business almost tripled from a sum insured of DM 811 million (12 times annual pension) to DM 2.3 billion. It should be borne in mind that this product has only been on offer since the beginning of 1997.



MLP **Vermögensverwaltung AG**

Volume of assets under management exceeds DM one billion for the first time.

MLP Vermögens-verwaltung AG	1998	1997	Change in %
Sales*	14.3	10.9	31.2
Earnings before taxes on income*	2.6	1.9	136
Net income*	1.1	0.49	124.5
Assets under management*	1,188	766.7	55
* in DM millions			

Dynamic growth

In 1998, MLP Vermögensverwaltung AG, which provides professional asset management services within the MLP Group, once again recorded strong growth. Founded just five years ago, the company increased assets under its management to more than DM one billion for the first time – a rise of about 60 percent. This also affected sales as well as pre-tax profit and net income, both of which rose by far more than 100 percent. Thanks to the MLP Group strategy of focusing on young graduates in precisely defined student groups, the MLP customers are among the nearly 14 percent of the population with net monthly incomes exceeding DM 4,000. After the basic needs for protection and financial planning in the first few years after education and training, these customers soon require asset management services. A tailor-made plan is developed to satisfy the specific needs of each customer. Customers also regularly receive personal reports of their financial position and changes.

In the coming years, the company will develop into one of the most important asset managers.

MLP **Bank AG**

MLP Bank AG	1998
Balance sheet total*	100
Result before Taxes on income*	–1.7
Customers	16,000
* *in DM millions*	

Successful start – balance sheet total already DM 100 million.

Good first year of operations

In its first effective year, MLP Bank AG enjoyed an exceptionally successful start. The balance sheet total immediately rose to about DM 100 million. The number of customers using the bank was about 16,000. The MLP card, a new credit card product in the range of services offered to MLP customers, was used by 10,000 customers. As the electronic hub and operating platform for the banks, mortgage banks (Bausparkassen) and insurers cooperating with MLP in financing business, MLP Bank was able to coordinate and process a considerable portion of the financing arranged by MLP. MLP Bank AG is a wholly owned subsidiary of MLP Vermögensverwaltung AG. It operates securities accounts for the assets under management. In future, as a result of changes in the statutory regulations, the company will assume some of the responsibilities of MLP Vermögensverwaltung AG.

The company posted a net loss of DM 1.7 million in 1998 as a result of start-up investments.

Advising customers is teamwork – the MLP consultant is in the forefront, backed up by efficient and intelligent IT systems.

MLP **Service GmbH**

MLP Service GmbH	1998	1997	Change in %
Sales*	8.95	2.0	448
Loss before taxes on income*	–0.90	–0.76	18
Net loss*	–0.45	–0.37	22
Managed contracts**	85,000	25,000	340
* in DM millions ** number			

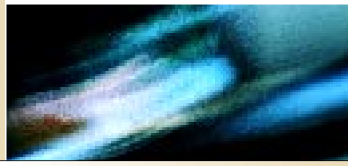
Technological lead in systems development is extended.

Higher investments

In its second year of operations, MLP Service GmbH further increased its technological lead in developing systems to combine property insurance contracts of different insurers into customised overall solutions. The company already manages 85,000 contracts – which reflects the exceptional growth. In 1997, it managed just 25,000 contracts. The number of contracts for MLP Car – the direct service plan for motor insurance – soared from 25,000 to 44,000. On its platform, the company also manages contracts of MLP suppliers.

In 1998, MLP Service GmbH invested heavily in long-term IT systems. In view of the service start-up costs and expansion of its operations, the company's profit and loss statement shows a loss of DM 0.45 million.

The company focuses primarily on managing its customers' non-life risks. In doing so, MLP uses its position in the market and its clients' the particularly favourable risk structure to develop attractive products with its partners and make these available to MLP customers.



MLP **Assekuranzmakler GmbH**

MLP Assekuranz-makler GmbH	1998	1997	Change in %
Sales*	3.65	2.10	74
Profit/loss before taxes on income*	0.40	–0.27	–148
Net income/ loss*	0.34	–0.23	–148
* *in DM millions*			

Solid performance

Formed in 1994, the company reached break-even in fiscal year 1998 and recorded a clear profit for the first time. This is due in part to the declining effect of the start-up investments and the company's improving position in the market. Sales rose nearly 80 percent to DM 3.65 million.

Sales rose almost 80 percent to DM 3.65 million.

MLP uses MLP Assekuranzmakler GmbH to handle the commercial insurance business and advise companies on corporate retirement plans. Above all, it caters to the needs of those customers who have reached senior positions in their companies and increasingly want to use the MLP services in this area as well. In this field alone, 31 collective agreements have been concluded with MLP to offer company pension plans on an exclusive basis.

MLP **Consult GmbH**

MLP Consult GmbH	1998	1997	Change in %
Sales*	35.2	24.2	45.1
Profit before taxes on income*	0.93	–0.9	203.4
Net income*	0.41	–0.46	189.4
* *in DM millions*			

Introduction of financial management system successfully completed. Company posts a profit.

Total sales 45.1 percent higher

MLP Consult GmbH (formerly MLP Dignos Software GmbH) is principally engaged in providing IT services to MLP, mainly as an internal service provider. In 1998, its total sales rose by 45.1 percent to DM 35.2 million. After a net loss of DM 0.46 in the previous year, the company achieved a profit of DM 0.41 million as planned.

The highly successful and smooth introduction of the MLP financial management system is mainly thanks to this company's work.

MLP **Media GmbH**

MLP Media GmbH	1998	1997	Change in %
Sales*	6.8	5.3	28
Profit before taxes on income*	–0.15	–0.28	87
Net income*	–0.14	–0.28	87

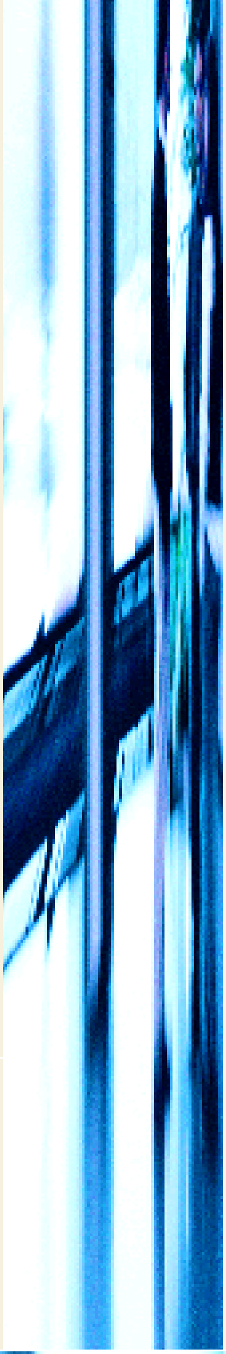
** in DM millions*

Communications instruments

MLP Media GmbH is a wholly owned subsidiary of MLP Finanzdienstleistungen AG. Accordingly, the results of MLP Media are consolidated with those of that company.

MLP Media provides communications services on behalf of the business such as investor relations IR etc. and makes the necessary instruments available. The company is an internal service provider and MLP in-house agency. In addition, it advises the MLP companies on communications issues. It does not serve any non-group companies.

Internal service provider and in-house agency for communications



Annual financial statements

The growth of the previous years
continued unabated.
The prospects for the future remain positive.

Consolidated balance sheet
at December 31, 1998

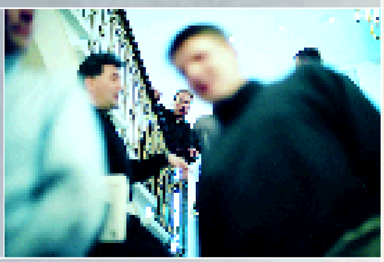
ASSETS	DEC. 31, 1998 DM	DEC. 31, 1997 DM
A EXPENSES FOR THE START-UP AND EXPANSION OF OPERATIONS	2,400,000.00	1,200,000.00
B FIXED ASSETS		
I. Intangible assets		
1. Concessions, trademarks and similar rights and assets and licenses in such rights and assets	9,866,309.91	8,622,903.47
2. Advance payments	558,677.52	169,406.13
	10,424,987.43	**8,792,309.60**
II. Tangible assets		
1. Land, equivalent rights and buildings, including buildings on third-party land	47,478,490.76	41,143,720.75
2. Other plant, office equipment	26,349,267.50	23,859,883.84
3. Payments on account	1,475,261.68	597,335.85
	75,303,019.94	**65,600,940.44**
III. Financial assets		
1. Participating interests	0.00	32,000.00
2. Interests in associated companies	4,064,434.79	3,275,423.55
3. Securities held as fixed assets	8,237,577.04	6,906,525.00
4. Other loans	944,915.66	1,044,245.05
5. Investments of investment stock of unit-linked life insurance	416,449,520.44	269,264,579.56
	429,696,447.93	**280,522,773.16**
C CURRENT ASSETS		
I. Inventories		
Work in process	22,751.00	5,155,916.85
II. Accounts receivable and other assets		
1. Trade accounts receivable – of which falling due after more than one year: DM 0.00	123,361,017.80	60,889,182.88
2. Receivables due from companies in which a participating interest is held – of which falling due after more than one year: DM 0.00	652,958.59	573,330.38
3. Other assets – of which falling due after more than one year: DM 18,866,928.65	68,566,723.66	56,388,556.47
	192,580,700.05	**117,851,069.73**
III. Securities		
Other securities	84,317,761.68	65,976,121.84
IV. Cash on hand, postal giro balances, balances at credit institutions	62,663,100.87	72,490,650.04
D PREPAID EXPENSES	**10,339,510.91**	**6,692,069.63**
E DEFERRED TAXES	**16,017,000.00**	**11,385,000.00**
	883,765,279.81	**635,666,851.29**

LIABILITIES		DEC. 31, 1998 DM	DEC. 31, 1997 DM
A.	**EQUITY**		
I.	Subscribed capital		
	1. Ordinary shares	16,500,000.00	16,500,000.00
	2. Nonvoting preference shares	16,500,000.00	16,500,000.00
		33,000,000.00	**33,000,000.00**
II.	Capital reserve	134,123,000.00	134,123,000.00
III.	Revenue reserves		
	1. Statutory revenue reserve	750,257.22	725,474.52
	2. Other revenue reserves	53,655,326.55	39,140,791.52
	3. Adjustment item from elimination of inter-company results	–16,909,996.97	–11.381,084.17
		37,495,586.80	**28,485,181.87**
IV.	Adjustment item for shares of other shareholders	9,920,616.39	9,307,818.76
V.	Consolidated net earnings	50,914,541.50	37,184,413.07
		265,453,744.69	**242,100,413.70**
B.	**PROVISIONS**		
	1. Provisions for pensions and similar commitments	9,882,118,00	8,734,916.00
	2. Provisions for taxes	36,940,019.15	25,547,181.00
	3. Other provisions	3,216,225.00	2,954,843.92
		50,038,362.15	**37,236,940.92**
C.	**TECHNICAL RESERVES AND DEPOSIT LIABILITIES**		
	1. Technical reserves for unit-linked life assurance insofar as they have to be covered by investment stock	225,352,080.44	144,659,547.56
	2. Deposit liabilities resulting from the outward reinsurance business insofar as they have to be covered by the investment stock	191,097,440.00	124,605,032.00
	3. Other technical reserves	9,176,238.26	6,626,809.98
	4. Other deposit liabilities resulting from the outward reinsurance business	1,954,164.70	476,205.88
		427,579,923.40	**276,367,595.42**
D.	**LIABILITIES**		
	1. Payments on account – of which with a remaining term of up to one year: DM 9,902,262.79; 1997: DM 9,880,483.10	9,902,262.79	13,173,977.42
	2. Amounts due to credit institutions – of which with a remaining term of up to one year: DM 2,932,143.20; 1997: DM 0.00	2,932,143.20	0.00
	3. Trade accounts receivable – of which falling due within one year: DM 106,056,369.71; 1997: DM 44,253,502.89	106,056,369.71	44,253,502.89
	4. Amounts due to companies in which a participating interest is held – of which falling due within one year: DM 91,376.01; 1997: DM 5,515.56	91,376.01	5,515.56
	5. Other liabilities – of which taxes: DM 1,546,509.79; 1997: DM 7,463,787.25 – of which social security:: DM 1,488,208.21; 1997: DM 549,384.00 – of which falling due within one year: DM 21,040,077.83; 1997: DM 22,159,066.53	21,710,477.86	22,528,285.38
		140,692,629.57	**79,961,281.25**
E.	**ACCRUALS AND DEFERRED INCOME**	**620.00**	**620.00**
		883,765,279.81	**635,666,851.29**

Consolidated profit and loss statement
January 1 – December 31, 1998

		1998 DM	1997 DM
1.	Group consolidated revenues	383,966,465.45	313,516,278.57
2.	Decrease in work in process	(5,116,277.82)	(2,035,562.13)
3.	Other capitalised own work	1,500,000.00	0.00
4.	Insurance premiums	186,724,030.55	120,264,892.07
5.	Income from outward reinsurance business	110,825,944.49	73,090,999.09
6.	Other operating income	36,903,400.13	13,981,862.85
7.	Cost of materials Expenses for purchased services	214,819,087.49	165,976,099.69
8.	Personnel expenses a) Wages and salaries	67,060,139.40	56,280,259.94
	b) Social contributions and expenses for old age pensions and benefits – of which for pensions: DM 1,319,461.64; 1997: DM 1,327,448.89	11,052,781.03	9,452,450.11
9.	Depreciation on intangible and tangible fixed assets	16,135,046.68	15,386,606.47
10.	Other operating expenses	97,544,317.26	73,738,904.90
11.	Increase in technical reserves	147,919,322.87	111,862,262.56
12.	Reinsurance premiums	85,543,991.41	56,619,996.30
13.	Income from investments in associated companies	516,449.20	0.00
14.	Income from other securities and loans held as financial assets	4,545,903.90	34,006,067.27
15.	Other interest and similar income	8,180,204.87	5,952,104.42

		1998 DM	1997 DM
16.	Depreciation on financial assets and securities held as current assets	38,544.65	343,352.17
17.	Interest and similar expenses	7,244,693.49	4,719,736.99
18.	Unrealised gains from investments	18,820,651.05	15,491,946.89
19.	Unrealised losses from investments	7,953,844.02	11,706,696.71
20.	Profit from ordinary operations	91,555,003.52	68,182,223.19
21.	Taxes on income	45,058,502.57	33,740,964.26
22.	Other taxes	81,143.06	1,873,026.34
23.	Net income for the year	46,415,357.89	32,568,232.59
24.	Result carried forward		
	– Net income from previous year	37,184,413.07	29,299,321.06
	– Dividend distribution MLP AG	–26,400,000.00	–19,800,000.00
	– Dividend distribution MLP Lebensversicherung AG	–170,349.00	0.00
	– Adjustment entries in connection with capital consolidation	313,603.07	0.00
		10,927,667.14	9,499,321.06
25.	Withdrawals from revenue reserves		
	– Increase in adjustment item from elimination of inter-company results	5,528,912.82	4,616,801.14
26.	Transfers to revenue reserves		
	a) to statutory reserve	59,505.56	55,755.52
	b) to other reserves	11,000,000.00	9,400,000.00
27.	Shares of other shareholders in results for the year		
	a) Profit shares	1,988,911.43	665,090.01
	b) Loss shares	1,091,020.64	620,903.81
28.	**CONSOLIDATED NET EARNINGS**	**50,914,541.50**	**37,184,413.07**



Each year the MLP consultants spend at least five weeks “at school” – another reason why MLP has a unique position in the market.

Notes to the consolidated financial statements

First consolidation and consolidation methods

The company prepared annual financial statements according to the provisions of the German Commercial Code (HGB) for the first time for the year ended December 31, 1992. The capital consolidation was effected at the date on which the subsidiaries were first included in the Group annual financial statements (Sec. 301 (2) sentence 1 HGB).

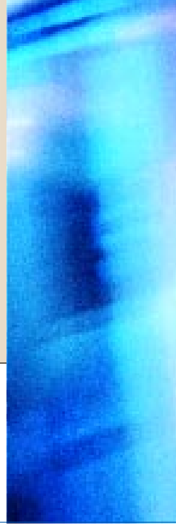
All companies included in the Group annual financial statements were initially consolidated in accordance with the book value method under Sec. 301 (1) no. 1 HGB insofar as such companies had to be included on the basis of the principles of full consolidation.

The differences arising from the initial capital consolidations were openly set off against the reserves in accordance with Sec. 309 (1) sentence 3 HGB.

The interests held in associated companies are consolidated in accordance with the book value method under Sec. 312 (1) sentence 1 no. 1 HGB. The differences arising from the respective book value of the interest and the proportionate equity at the date on which the associated companies were first included in the Group annual financial statements were offset against the Group's revenue reserves.

In the years following initial consolidation, the value of the interests held in associated companies is adjusted in such a way that any change in the equity of the associated company is added to, or deducted from, the stated valuation proportionately to the amount of the direct percentage interest in the associated company. The share in the profits of other shareholders arising from the indirect shareholding is taken into account in the corresponding item in the profit and loss statement after the net income for the year.

In fiscal year 1998, the Group accounting system was converted to the Group module “FILC Version 3.1 i” of SAP. Since all cut-off dates with regard to the capital consolidation since the first preparation of the 1992 Group financial statements had to be recreated for technical reasons, inaccuracies arising from previous years have been adjusted in the 1998 consolidated financial statements. These inaccuracies are, however, immaterial with regard to the effects on the true and fair view. In addition, accounting and consolidation methods, in particular regarding the creation of additional transparency, were revised in this context.



The effects of the adjustments are set out below:

1. Interests held in associated companies

a) MLP-Lebensversicherung AG – Austria, Vienna. The interest in MLP-Lebensversicherung AG – Austria, Vienna, was consolidated for the first time as at December 31, 1997.

   In the Group, this is of indirect interest, since the shares in the company are shown in the balance sheet of MLP Lebensversicherung AG, Heidelberg.
   The presentation in the 1997 Group financial statements according to the adding method was changed in the 1998 Group financial statements. The investment is now stated according to the multiplying method, which takes account of the fact that the indirect percentage holding of the Group differs from that shown in the financial statements of MLP Lebensversicherung AG, Heidelberg.

For the form of presentation selected for the 1997 financial statements, this gives rise to the following effects, which were taken into account in the 1998 financial statements:

	DM
Book value of MLP Lebens-versicherung AG, Heidelberg, at December 31, 1997	4,271,055.88
Proportionate equity in MLP-Lebens-versicherung AG – Austria, Vienna, at December 31, 1997	3,275,423.55
Difference offset against the revenue reserves	**995,632.33**
Adjustment in the amount of the share of other shareholders attributable thereto	–551,160.15
Remaining difference offset against the revenue reserves	**444,472.18**

b) DIGNOS EDV GmbH

At December 31, 1998, as a result of changes in the shareholdings, DIGNOS EDV GmbH ceased to be consolidated and was accounted for at equity for the first time.

The development of the valuation of the DIGNOS EDV GmbH in the balance sheet of MLP Consult GmbH in 1998 is as follows:

	DM	Interest %
Book value	5,500,000.00	100.00
Sale of shares	3,300,000.00	60.00
	2,200,000.00	40.00
Proportionate equity in DIGNOS EDV GmbH	272,562.04	40.00
DIFFERENCE	**1,927,437.96**	

Since Marschollek, Lautenschläger & Partner AG holds only an indirect interest (25.12 %) in this company, the difference was set off as follows:

	DM
Revenue reserves	–1,210,431.04
Shares of other shareholders	–717,006.92
TOTAL	**–1,927,437.96**

2. Adjustment from the elimination of unrealised results of inter-company transactions

In the 1998 Group financial statements an adjustment item relating to the elimination of unrealised results of inter-company transactions is shown for the first time under the revenue reserves. The item contains all the unrealised profits or losses eliminated since the first preparation of consolidated financial statements for the 1992 fiscal year.

One of the purposes of this new consolidation adjustment item is to enhance transparency. Since the elimination of inter-company results relates almost solely to software produced in the Group and its amortisation , this item also serves to indicate the extent of the development work carried out by the MLP Group in this area.

As a consequence of the creation of the adjustment item in the balance sheet at December 31, 1998, the inter-company results set off against the revenue reserves up to December 31, 1996 to adjust the Group profit to the unappropriated retained earnings in the annual financial statements of Marschollek, Lautenschläger & Partner AG, Heidelberg, had to be added back to these reserves.

The increase in the adjustment item with regard to the inter-company results of the 1997 fiscal year is effected through the consolidated net earnings.

In the Group balance sheet at December 31, 1998, the corresponding figures of the previous year were adjusted for comparative purposes.

The creation of the adjustment item from the elimination of inter- company results has the following accounting effect:

	Dec. 31, 1998 DM	Dec. 31, 1997 DM
Adjustment item from elimination of inter-company results		
1992–1996	6,764,283.03	6,764,283.03
1997	4,616,801.14	4,616,801.14
1998	5,528,912.82	0.00
	16,909,996.99	**11,381,084.17**
Other revenue reserves at the balance sheet date prior to introduction of adjustment item	46,891,043.52	32,376,508.49
Inter-company results 1992–1996	6,764,283.03	6,764,283.03
	53,655,326.55	**39,140,791.52**
Increase in adjustment item from elimination of inter-company results (profit and loss statement)		**4.616.801.14**
Group consolidated net earnings prior to increase of adjustment item		32,567,611.93
Inter-company result 1997		4,616,801.14
TOTAL		**37,184,413.07**

3. Commissions of MLP Lebensversicherung AG

The commission paid by MLP Lebensversicherung AG, Heidelberg, to MLP Finanzdienstleistungen AG for concluding and supporting unit-linked life insurance policies were not included in the consolidation of expenses and revenues.

The reason is that in the past years these amounts were only of secondary importance in giving a true and fair view of the net worth, financial and earnings position of the Group. Since the business of MLP Lebensversicherung AG has risen considerably in the last two years and the commissions paid to MLP Finanzdienstleistungen AG have increased accordingly, these commissions which were not consolidated will be consolidated in the 1999 Group financial statements.

For the 1998 fiscal year, these commissions amount to DM 64,242,000 (1997: DM 36,372,000).

The income-neutral expense or revenue consolidation of this amount would be reflected in the profit and loss statement by a corresponding reduction in the sales and cost of materials.

Related companies

COMPANY	Jan 1, 1998	Addition	Disposal	Dec. 31, 1998
	DM	DM	DM	DM
MLP Finanzdienstleistungen Aktiengesellschaft Heidelberg	20,000,000.00	–.–	–.–	20,000,000.00
MLP Lebensversicherung Aktiengesellschaft Heidelberg	2,790,137.50	–.–	78,086.25	2,712,051.25
MLP Vermögensverwaltung Aktiengesellschaft Heidelberg	2,500,500.00	–.–	–.–	2,500,500.00
MLP Bank Aktiengesellschaft Heidelberg	12,000,000.00	–.–	–.–	12,000,000.00
MLP Assekuranzmakler GmbH Heidelberg	378,000.00	–.–	–.–	378,000.00
MLP Service GmbH Heidelberg	2,217,600.00	–.–	–.–	2,217,600.00
MLP Consult GmbH Heidelberg	1,008,000.00	2,512,000.00	–.–	3,520,000.00
MLP Media GmbH Publishing and advertising company Heidelberg	50,000.00	–.–	–.–	50,000.00
Total of related companies				

Associated companies

COMPANY	Jan 1, 1998	Addition	Disposal	Dec. 31, 1998
MLP-Lebensversicherung Aktiengesellschaft – Austria, Vienna	3,275,423.55	516,449.20	–.–	3,791,872.75
DIGNOS EDV GmbH Mörfelden-Walldorf	5,500,000.00	–.–	5,227,437.96	272,562.04
Total associated companies				
Total				

Subscribed capital DM	Shares	Net income/loss for the year (–) DM	Profit attributable to other share-holders' interests DM	Loss attributable to other share-holders' interests DM
10,000,000.00	100 %	–.–	–.–	–.–
25,000,000.00 of which paid up 6,250,000.00	a) Common shares 50% + 20 shares b) non-voting preference shares: 33.48105 %	1,429,853.22	809,399.59	–.–
5,000,000.00	50.01%	1,138,959.80	569,366.00	–.–
10,000,000.00	50.01%	–1,738,580.20	–.–	–869,116.24
500,000.00	50.40%	335,636.48	166,475.69	–.–
1,000,000.00	50.40%	–447,387.91	–.–	–221,904.40
4,000,000.00	62.80%	406,781.77	151,322.82	–.–
50,000.00	100.00 %	–.–	–.–	–.–
			1,696,564.10	**–1,091,020.64**
12,773,700.00 (90,000,000.00 ATS) of which paid up 8,515,800.00 (60,000,000.00 ATS)	21.69641 %	1,032,898.39 (7,266,767.90 ATS)	292,347.33	–.–
400,000.00 of which paid up 250,000.00	25.12 %	–39,447.49 [1)]	–.–	–.–
			292,347.33	**–,–**
			1,988,911.43	**–1,091,020.64**

[1)] Provisional result for the year

Accounting, valuation and conversion methods

The classification and description of individual items in the Group balance sheet and profit and loss statement were altered to take account of the special features of the MLP Group.

These are items which have to be reported in the annual financial statements of MLP Lebensversicherung AG Heidelberg, in accordance with the accounting regulations for insurance companies.

The assets and liabilities of MLP Lebensversicherung AG and MLP Bank AG are valued in accordance with the principles applicable to insurance companies and banks.

The reserves earned by the subsidiaries subsequent to the date of their first consolidation are transferred to the reserves of the Group insofar as they are attributable to shares of the Group.

Receivables and liabilities between consolidated companies are netted. The revenues from intercompany sales and other income are set off against the corresponding expenses.

Receivables and liabilities in foreign currencies are valued on the basis of the exchange rate on the date of their creation or the more unfavourable exchange rate prevailing on the balance sheet date.

Details of accounting and valuation methods for individual balance sheet items

The depreciable fixed assets were valued at cost of acquisition or production less scheduled depreciation.

The costs of acquisition or production contain the part of the invoiced value added tax which related to the additions and which cannot be deducted as input tax. The scheduled depreciation is deducted on the basis of the following probable useful lives in accordance with the straight-line method of depreciation:

Expenses for start-up and expansion of operations	4 years
Concessions, trademarks and similar rights and assets and licenses in such rights and assets	5 years
Administration building	25 years
External facilities	15 years
Leasehold improvements	Term of lease
Fixtures and fittings	5–10 years
Computer hardware	5–10 years
Office furniture and equipment	5–10 years
Cars	5 years

Low-value assets (acquisition costs of up to DM 800.– net) are written off completely in the year of purchase and recorded as disposals.

In the case of non-real-estate fixed assets, the additions in the first half of the year are depreciated at the full annual rate, while the additions in the second half are depreciated at half the annual rate.

The investments held as fixed assets shown under financial investments are valued at cost.

The other long-term loans are stated at the nominal value less any necessary write-downs.

The investments (in this case fund shares) which are required to cover the commitments from the (unit -linked) life insurance are transferred to the investments of the investment stock of the unit -linked life insurance. The investment stock is stated at current market value.

The technical reserves for life insurance policies and the deposit liabilities resulting from the outward reinsurance business, in both cases insofar as the investment risk is borne by the policyholder, which are shown on the liabilities side, are equal to the total of the individual premium reserves. The premium reserve is made up of fund shares in the investment stock which are valued at current market value on the balance sheet date.

Receivables are stated at nominal value less any necessary individual value adjustment.

The deferred tax item arises from netted eliminations of inter-company results affecting income and relating mainly to software produced within the Group. An average tax rate of 50 percent was assumed with regard to this item.

For obligations arising from the company old-age pension system, pension provisions are made in the amount of the actuarially determined value (Teilwert) pursuant to Sec. 6a of the German Income Tax Act and on the basis of an assumed interest rate of 6 percent and the tables of Dr. Klaus Heubeck. For reasons of materiality, the 1998 tables were not used.

For contingent liabilities, provisions are made in such an amount as is deemed necessary on the basis of sound commercial judgement.

Liabilities are stated at their repayment amount.

Notes to the balance sheet and profit and loss statement

The development of the fixed assets and depreciation and write-offs in 1998 is set out in the fixed asset schedule on pages 76/77 of the notes to the Group financial statements.

Development of expenses for the start-up and expansion of operations and of fixed assets in 1998

Acquisition costs

Description	Balance of Jan. 1, 1998 DM	Additions DM	Disposals DM	Transfers DM	Balance at Dec. 31, 1998 DM
A. EXPENSES FOR START-UP AND EXPANSION OF OPERATIONS	**1,200,000.00**	**1,500,000.00**	**0.00**	**0.00**	**2,700,000.00**
B. FIXED ASSETS					
I. INTANGIBLE ASSETS					
1. Concessions, trademarks and similar rights and assets and licenses in such rights and assets	23,533,968.55	4,579,783.98	243,516.44	174,526.13	28,044,762.22
2. Payments on account	169,406.13	558,677.52	0.00	–169,406.13	558,677.52
	23,703,374.68	**5,138,461.50**	**243,516.44**	**5.120.00**	**28,603,439.74**
II. TANGIBLE ASSETS					
1. Land, equivalent rights and buildings, including buildings on third-party land	54,354,793.41	4,632,692.73	116,583.54	5,060,746.04	63,931,648.64
2. Other plant, office and plant equipment	57,112,028.93	12,107,047.85	2,791,749.35	193,050.98	66.620,378.41
3. Payments on account and plant in construction	597,335.85	6,136,842.85	0.00	–5,258,917.02	1,475,261.68
	112,064,158.19	**22,876,583.43**	**2,908,332.89**	**–5,120.00**	**132,027,288.73**
III. FINANCIAL ASSETS					
1. Participating interests	32,000.00	0.00	32,000.00	0.00	0.00
2. Interests in associated companies	3,275,423.55	789,011.24	0.00	0.00	4,064,434.79
3. Securities held as fixed assets	6,906,525.00	3,035,302.04	1,704,250.00	0.00	8,237,577.04
4. Other loans	1,044,245.05	0.00	99,329.39	0.00	944,915.66
5. Investments of investment stock	269,264,579.56	715,950,275.86	579,632,142.01	0.00	405,582,713.41
	280,522,773.16	**719,774,589.14**	**581,467,721.40**	**0.00**	**418,829,640.90**
TOTAL	**416,290,306.03**	**747,789,634.07**	**584.619.570,73**	**0.00**	**579,460,369.37**

Depreciations/appreciations					Book values	
Balance at Jan. 1, 1998 DM	Additions DM	Disposals DM	Appreciations DM	Balance at Dec. 31, 1998 DM	Balance at Dec. 31, 1998 DM	Balance at Dec. 31, 1997 DM
0.00	**300,000.00**	**0.00**	**0.00**	**300,000.00**	**2,400,000.00**	**1,200,000.00**
14,911,065.08	3,333,467.61	66,080.38	0.00	18,178,452.31	9,866,309.91	8,622,903.47
0.00	0.00	0.00	0.00	0.00	558,677.52	169,406.13
14,911,065.08	**3,333,467.61**	**66,080.38**	**0.00**	**18,178,452.31**	**10,424,987.43**	**8,792,309.60**
13,211,072.66	3,337,555.73	95,470.51	0.00	16,453,157.88	47,478,490.76	41,143,720.75
33,252,145.09	9,164,023.34	2,145,057.52	0.00	40,271,110.91	26,349,267.50	23,859,883.84
0.00	0.00	0.00	0.00	0.00	1,475,261.68	597,335.85
46,463,217.75	**12,501,579.07**	**2,240,528.03**	**0.00**	**56,724,268.79**	**75,303,019.94**	**65,600,940.44**
0.00	0.00	0.00	0.00	0.00	0.00	32,000.00
0.00	0.00	0.00	0.00	0.00	4,064,434.79	3,275,423.55
0.00	0.00	0.00	0.00	0.00	8,237,577.04	6,906,525.00
0.00	0.00	0.00	0.00	0.00	944,915.66	1,044,245.05
0.00	7,953,844.02	0.00	18,820,651.05	–10,866,807.03	416,449,520.44	269,264,579.56
0.00	**7,953,844.02**	**0.00**	**18,820,651.05**	**–10,866,807.03**	**429,696,447.93**	**280,522,773.16**
61,374,282.83	**23,788,890.70**	**2,306,608.41**	**18,820,651.05**	**64,035,914.07**	**515,424,455.30**	**354,916,023.20**

Revenue reserves

The development of revenue reserves is set out as follows:

	Statutory reserve DM	Other revenue reserves DM	Total DM
Jan. 1, 1998	725,474.52	39,140,791.52	39,866,266.04
Transfer by annual meeting	0.00	11,000,000.00	11,000,000.00
Transfer from net income	59,505.56	0.00	59,505.56
Change resulting from consolidation measures	–34,722.86	3,514,535.03	3,479,812.17
TOTAL	**750,257.22**	**53,655,326.55**	**54,405,583.77**

The change in other revenue reserves in connection with consolidation measures is mainly made up as follows:

	DM
Deconsolidation DIGNOS EDV GmbH	4,541,020.21
Adjustment reflecting other interests in MLP-Lebensversicherung AG – Austria, Vienna	551,160.15
Difference from first equity consolidation of DIGNOS EDV GmbH	–1,210,431.04
Increase in amount of holding in MLP Consult GmbH	–250,829.67
Other consolidation measures	–151,107.48
TOTAL	**3,479,812.17**

Other provisions

The other provisions cover residual vacation entitlements of salaried employees for 1998 (DM 1,247,000), audit and tax consulting fees (DM 872,000), annual audit fees (DM 320,000), contributions to employers' occupational accident insurance scheme, fees for Supervisory Board members, severely disabled levy, litigation risks and outstanding invoices.

Payments received on account

This item contains mainly liabilities of MLP Lebensversicherung AG from insurance policies concluded by itself to policyholders in the amount of DM 9,790,000.

Sales

Sales are broken down as follows:

	1998 DM 1000	1997 DM 1000
Life insurance	248.822	213.525
Health insurance	55.570	39.415
Property insurance	28.621	18.554
Investments	27.655	25.769
Other revenues	23.298	16.253
TOTAL	383.966	313.516

Insurance premiums

The insurance premiums comprise the following:

	1998 DM 1000	1997 DM 1000
Booked gross premiums	186,357	120,321
Change in gross premium carry forwards	–1,665	–1,384
Premiums from the gross provision for premium refunds	2,032	1,328
TOTAL	186,724	120,265

Cost of materials

In the 1998 consolidated financial statements the commission expenses of MLP Lebensversicherung AG for the conclusion of life insurance contracts (DM 61,519,000) are for the first time shown under cost of materials. In 1997, these expenses (DM 35,517,000) were shown under other operating expenses. For comparative purposes, the previous year's figures have been adjusted for the respective items in the profit and loss statement.

Other operating expenses

The item comprises the following:

	1998 DM 1000	1997 DM 1000
Office space expenses	17,955	15,218
Other technical expenses	10,874	6,443
Communications expenses	9,447	6,798
IT costs	8,220	2,545
Losses from reallocating investments of MLP Lebensversicherung AG	7,954	11,950
Training and seminars	6,876	5,286
Office supplies	6,607	5,306
Others	29,611	20,193
TOTAL	97,544	73,739

Financial position

To describe the financial position, the flow of funds analysis, which proceeds from the net financial assets as financing fund, is set out below (see pages 78/79).

Flow of funds analysis for the 1998 fiscal year

	1998 DM 1000	1997 DM 1000
CHANGE IN NET FINANCIAL ASSETS FROM CURRENT OPERATIONS		
Net income for the year	**46,415.4**	**32,567.6**
Plus (less) expenses (income) which do not reduce (increase) the net financial assets		
– Capitalised expenses for start-up and expansion of operations	–1,500.0	–1,200.0
– Amortisation of intangible assets	3,333.5	2,966.0
– Depreciation of tangible assets	12,501.6	12,420.7
– Write-downs of financial assets	0.0	33.5
– Depreciation of capitalised start-up and expansion expenses	300.0	0.0
– Transfer to pension provisions	1,147.2	1,054.7
	15,782.3	**15,274.9**
Plus (less) reductions (increases) in short-term asset items except for liquid funds		
– Inventories	5,133.2	2,018.7
– Trade accounts receivable	–62,471.8	–42,859.0
– Amounts due from companies in which participating interests are held	–79.6	–160.2
– Other assets	–12,178.2	–16,180.1
– Prepaid expenses	–3,647.4	–3,152.1
– Accrued deferred taxes	–4,632.0	–4,620.0
	–77,875.8	**–64,952.7**
Plus (less) increases (reductions) in short-term liability items		
– Provisions for taxes	11,392.8	2,240.7
– Other provisions	261.4	461.1
– Other technical provisions	4,027.4	3,425.3
– Received payments on account	–3,271.7	–1,105.2
– Trade accounts payable	61,802.9	17,154.7
– Amounts due to companies in which participating interests are held	85.9	5.5
– Other liabilities	–817.8	10,910.7
– Accruals and deferred income	0.0	0.0
	73,480.9	**33,092.8**
Increase in net financial assets from current operations	**57,802.8**	**15,982.6**
CHANGE IN NET FINANCIAL ASSETS FROM INVESTMENT ACTIVITY		
– Additions to intangible fixed assets	–5,138.5	–3,924.6
– Additions to tangible fixed assets	–27,876.6	–16,424.2
– Additions to financial assets	–3,035.3	–3,800.2
– Disposals of intangible fixed assets	177.4	0.0
– Disposals of tangible fixed assets (net)	667.8	1,328.1
– Disposals of financial assets (net)	1,835.5	1,000.0
Decrease in net financial assets from investments	**–28,369.7**	**–21,820.9**

	1998 DM 1000	1997 DM 1000
CHANGE IN NET CASH FLOW FROM SPECIAL FEATURES OF CURRENT INSURANCE BUSINESS		
Expenses (income) which do not reduce (increase) the net financial assets		
– Transfer to cover reserves	147,184.9	111,076.0
– Unrealised gains from investments	–18,820.6	–15,491.9
– Unrealised losses from investments	7,953.8	11,706.7
Increase in net financial assets from insurance operations	**136,318.1**	**107,290.8**
CHANGE IN NET FINANCIAL ASSETS FROM INSURANCE INVESTMENTS		
– Additions to investments in investment stock	–715,950.3	–1,011,293.3
– Disposals of investments in investment stock	579,632.2	904,002.5
Decrease in net financial assets from insurance investments	**–136,318.1**	**–107,290.8**
CHANGE IN NET FINANCIAL ASSETS FROM FINANCING ACTIVITIES		
Deposits		
– Increase in revenue reserve	9,010.4	8,630.6
– EIncrease in adjustment item for outside shareholders	612.8	4,260.1
– Development of Group profit (excluding net income for year)		
– Dividend distribution	–26,570.4	–19,800.0
– Transfer to revenue reserves	–11,059.5	–14,071.9
– Withdrawals from revenue reserves for consolidation purposes	313.6	0.0
– Increase in adjusting item from elimination of inter-company results	5,528.9	4,616.8
– Transfers to the adjustment items of other shareholders	–897.9	–44.2
Decrease/Increase in net cash flow from financing activities	**–23,062.1**	**–16,408.6**
CHANGE IN NET FINANCIAL ASSETS FROM CONSOLIDATION TRANSACTIONS		
– Increase/decrease in investments in associated companies	–789.0	995.6
Decrease/Increase in net financial assets	**5,582.0**	**–21,251.3**
Liquid funds at year-end	62,663.1	72,490.7
Short-term securities at year-end	84,317.8	65,976.1
Short-term liabilities due to credit institutions at year-end	–2,932.1	0.0
Liquid funds at beginning of year	–72,490.7	–154,135.7
Short-term securities at beginning of year	–65,976.1	–5,582.4
Short-term liabilities due to credit institutions at beginning of year	0.0	0.0
	5,582.0	**–21,251.3**

Other information

The number of employees – determined in accordance with Sec. 267 (5) of the German Commercial Code – was 791 in 1998. Of these, 713 were in full-time, and 78 in part-time employment. On average, 33 were trainees.

The total compensation paid to members of the management (Sec. 314 (1) no. 6a Commercial Code) for 1998 were DM 9,976,160.10.

In 1998, the fees of the Supervisory Board totalled DM 39,681.20.

Heidelberg, March 19, 1999

The Board of Managing Directors

MANFRED LAUTENSCHLÄGER

DR. BERNHARD TERMÜHLEN

Auditor's opinion

According to our audit, performed in conformity with our professional duties, the Group financial statements comply with the legal requirements. The Group financial statements present a true and fair view of the net worth as well as the financial and earnings position of the Group with regard to generally accepted accountings standards. The Group management report is consistent with the Group financial statements.

Düsseldorf, March 19, 1999
A & T Rölfs • Bühler & Partner AG
Wirtschaftsprüfungsgesellschaft

GEORG VAN HALL
WIRTSCHAFTSPRÜFER

THOMAS BUDDE
WIRTSCHAFTSPRÜFER

On average every consultant serves about 200 customers. This ensures that customers receive high-quality, comprehensive advice.

Balance sheet at December 31, 1998

ASSETS		DEC. 31, 1998 DM	DEC. 31, 1997 DM
A.	**FIXED ASSETS**		
I.	Intangible assets		
	Concessions, trademarks and similar rights and assets and licenses in such rights and assets	2.00	2,045.00
II.	Tangible assets		
	1. Land, equivalent land and buildings, including buildings on third-party land	38,945,757.09	33,513,574.00
	2. Other plant, office and plant equipment	4,288,711.00	3,525,421.00
	3. Advance payments and plant under construction	292,366.92	0.00
		43,526,835.01	**37,038,995.00**
III.	Financial assets		
	1. Shares in related companies	31,328,151.25	28,894,237.50
	2. Long-term loans to related companies	2,500,000.00	1,000,000.00
	3. Other loans	944,915.66	1,044,245.05
		34,773,066.91	**30,938,482.55**
		78,299,903.92	**67,979,522.55**
B.	**CURRENT ASSETS**		
I.	Accounts receivables and other assets		
	1. Receivables from related companies – of which falling due after more than one year: DM 0.00; 1997: DM 0.00	158,651,552.83	110,109,185.30
	2. Other assets – of which falling due after more than one year: DM 4,128,494.47; 1997: DM 451,414.07	5,535,317.18	1,617,225.22
		164,186,870.01	**111,726,410.52**
II.	Securities		
	Other securities	54,835,000.00	54,835,000.00
III.	Cash on hand, balances at credit institutions	24,533,722.07	58,719,452.86
		243,555,592.08	**225,280,863.38**
C.	**PREPAID EXPENSES**	**0.0**	**10,219.83**
		321,855,496.00	**293,270,605.76**

LIABILITIES	DEC. 31, 1998 DM	DEC. 31, 1997 DM
A. EQUITY		
I. Subscribed capital		
Common stock	16,500,000.00	16,500,000.00
Nonvoting preferred stock	16,500,000.00	16,500,000.00
	33,000,000.00	**33,000,000.00**
II. Capital reserves	134,123,000.00	134,123,000.00
III. Revenue reserves		
1. Statutory reserve	660,019.00	660,019.00
2. Other reserves	55,600,000.00	44,600,000.00
	56,260,019.00	**45,260,019.00**
IV. Unappropriated retained earnings	49,637,210.37	37,461,799.22
	273,020,229.37	**249,844,818.22**
B. PROVISIONS		
1. Provisions for pensions	7,054,337.00	6,429,569.00
2. Provisions for taxes	33,974,993.40	24,607,142.00
3. Other provisions	549,450.00	591,050.00
	41,578,780.40	**31,627,761.00**
C. LIABILITIES		
1. Trade accounts receivable – of which falling due within one year: DM 549,764.35; 1997: DM 619,588.03	549,764.35	619,588.03
2. Other liabilities – of which taxes: DM 48,988.27; 1997: DM 6,066,154.87 – of which social security: DM 8,126.62; 1997: DM 8,296.07 – of which falling due within one year: DM 6,706,721.88; 1997: DM 11,178,438.51	6,706,721.88	11,178,438.51
	7,256,486.23	**11,798,026.54**
	321,855,496.00	**293,270,605.76**

Profit and loss statement
January 1 to December 31, 1998

	1998 DM	1997 DM
1. Other operating income	5,369,514.32	5,479,832.08
2. Personnel expenses		
a) Wages and salaries	7,860,272.00	6,263,471.68
b) Social security contributions and expenses relating to pensions and benefits – of which for pensions: DM 589,792.23; 1997: DM 526,312.80	623,350.64	553,502.53
	8,483,622.64	6,816,974.21
3. Depreciation on intangible and tangible fixed assets	2,325,498.85	2,282,747.63
4. Other operating expenses	2,271,596.90	1,431,588.68
5. Income from investments	170,349.00	35,143.14
6. Income from profit and loss transfer agreements	95,422,601.42	75,118,851.99
7. Income from other investments and long-term loans – of which from related companies: DM 126,410.38; 1997: DM 341,499.99	126,410.38	484,254.90
8. Other interest and similar income – of which from related companies: DM 3,559,885.38; 1997: DM 1,496,451.30	8,113,440.10	6,345,826.45
9. Write-downs of securities held as current assets	0.00	297,000.00
10. Interest and similar income – of which to related companies: DM 0.00; 1997: DM 0.00	74,522.81	143,242.17
11. Profit from ordinary operations	96,047,074.02	76,492,355.87
12. Taxes on income	46,407,311.96	37,401,860.43
13. Other taxes	64,350.91	1,728,017.28
14. Net income for the year	49,575,411.15	37,362,478.16
15. Profit carried forward from previous year		
– Unappropriated retained profit from previous year	37,461,799.22	29,299,321.06
– Dividend distribution	26,400,000.00	19,800,000.00
16. Transfer to other revenue reserves	11,000,000.00	9,400,000.00
17. UNAPPROPRIATED RETAINED EARNINGS	**49,637,210.37**	**37,461,799.22**





MLP continues to extend its competitive edge by using information technology to enhance its advisory services.

Notes to the annual financial statements of MLP AG

General information

The annual financial statements of Marschollek, Lautenschläger und Partner Aktiengesellschaft for the year ended December 31, 1998 are prepared after appropriation of the result for the year.

On September 5, 1992, Marschollek, Lautenschläger und Partner Aktiengesellschaft and MLP Finanzdienstleistungen Aktiengesellschaft concluded a control and profit and loss transfer agreement pursuant to Sect. 291 of the German Joint Stock Corporation Act (AktG). The annual shareholders' meetings of Marschollek, Lautenschläger und Partner Aktiengesellschaft and MLP Finanzdienstleistungen Aktiengesellschaft approved the agreement on June 17, 1993. The agreement was entered in the Commercial Register responsible for MLP Finanzdienstleistungen Aktiengesellschaft on December 15, 1993.

The profit and loss statement is prepared in accordance with the total cost form of presentation under Sect. 275 (2) of the German Commercial Code (HGB).

Corporate income tax is computed on the basis of the proposal on the appropriation of the result.

Accounting and valuation methods

The assets and liabilities are stated in accordance with general valuation principles set out in Sections 252 et. seq. of the Commercial Code.

Intangible and tangible fixed assets are stated at cost of acquisition less scheduled depreciation and amortisation.

The costs of acquisition or production contain the portion of the value added tax charged which is attributable to the additions and which cannot be deducted as input tax.

Scheduled depreciation is provided on a straight-line basis in accordance with the following probable useful lives:

Concessions, trademarks and similar rights and assets and licenses in such rights and assets	5 years
Administration building	25 years
External facilities	15 years
Fixtures in third-party buildings	Term of respective lease
Fixtures and fittings	10 years
Computer hardware/cables	5–10 years
Office furniture and equipment	5–10 years
Cars	5 years

In the case of non-real-estate fixed assets, the additions in the first half of the year are depreciated at the full annual rate, while additions in the second half of the year are depreciated at half the annual rate.

Low-value assets (acquisition cost up to DM 800.– net) are written off completely in the year of acquisition and recorded as disposals.

The shares in related companies reported under financial investments are valued at the cost of acquisition. The loans to related companies and other loans are stated at their nominal value less any required write-downs.

Receivables are stated at nominal value less any necessary individual value adjustment.

The other current assets are valued at cost of acquisition unless in a specific case a lower value is required under Sect. 253 (3) sentences 1 and 2 of the Commercial Code.

For the commitments arising from the company old-age pension plan, pension provisions are formed in the amount of the actuarially determined value (Teilwert) pursuant to Sect. 6a EStG (German Income Tax Act) on the basis of an interest rate of 6 percent and the mortality tables of Dr. Klaus Heubeck. The new mortality tables from 1998 have not been used for accounting purposes for reasons of materiality.

For contingent liabilities provisions are made to such extent as is required by sound commercial judgement.

The liabilities are stated at their repayment amount.

Explanatory notes to the balance sheet

The schedule shown on pages 90/91 sets out the development of fixed assets and amortisation/depreciation in the 1998 fiscal year.

The fixed assets and amortisation/depreciation in the 1988 fiscal year developed as follows:

Costs of acquisition

Description	Jan. 1, 1998 DM	Additions DM	Disposals DM	Dec. 31, 1998 DM
I. INTANGIBLE FIXED ASSETS				
Concessions, trademarks and similar rights and assets and licenses in such rights and assets	42,964.00	0.00	0.00	42,964.00
	42,964.00	**0.00**	**0.00**	**42,964.00**
II. TANGIBLE FIXED ASSETS				
1. Land, equivalent rights and buildings including buildings on third-party land	42,267,240.64	7,217,128.23	0.00	49,484,368.87
2. Other plant and equipment	5,822,021.85	1,487,480.11	374,654.74	6,934,847.22
3. Advance payments and construction in progress	0.00	292,366.92	0.00	292,366.92
	48,089,262.49	**8,996,975.26**	**374,654.74**	**56,711,583.01**
III. FINANCIAL ASSETS				
1. Shares in related companies	28,894,237.50	2,512,000.00	78,086.25	31,328,151.25
2. Long-term loans to related companies	1,000,000.00	1,500,000.00	0.00	2,500,000.00
3. Other loans	1,044,245.05	0.00	99,329.39	944,915.66
	30,938,482.55	**4,012,000.00**	**177,415.64**	**34,773,066.91**
TOTAL	**79,070,709.04**	**13,008,975.26**	**552,070.38**	**91,527,613.92**

Depreciation and amortisation				Bookvalues	
Jan. 1, 1998 DM	Zugänge DM	Abgänge DM	Dec. 31, 1998 DM	Dec. 31, 1998 DM	Dec. 31, 1997 DM
40,919.00	2,043.00	0.00	42,962.00	2.00	2,045.00
40,919.00	**2,043.00**	**0.00**	**42,962.00**	**2.00**	**2,045.00**
8,753,666.64	1,784,945.14	0.00	10,538,611.78	38,945,757.09	33,513,574.00
2,296,600.85	538,510.71	188,975.34	2,646,136.22	4,288,711.00	3,525,421.00
0.00	0.00	0.00	0.00	292,366.92	0.00
11,050,267.49	**2,323,455.85**	**188,975.34**	**13,184,748.00**	**43,526,835.01**	**37,038,995.00**
0.00	0.00	0.00	0.00	31,328,151.25	28,894,237.50
0.00	0.00	0.00	0.00	2,500,000.00	1,000,000.00
0.00	0.00	0.00	0.00	944,915.66	1,044,245.05
0.00	**0.00**	**0.00**	**0.00**	**34,773,066.91**	**30,938,482.55**
11,091,186.49	**2,325,498.85**	**188,975.34**	**13,227,710.00**	**78,299,903.92**	**67,979,522.55**

Shareholdings

The sharholdings at December 31,1998 were as follows:

COMPANY	Dec. 31, 1998	Addition
	DM	DM
MLP Finanzdienst-leistungen Aktiengesellschaft Heidelberg	20,000,000.00	–.–
MLP Lebensversicherung Aktiengesellschaft Heidelberg	2,790,137.50	–.–
MLP Vermögens-verwaltung Aktiengesellschaft Heidelberg	2,500,500.00	–.–
MLP Assekuranzmakler GmbH Heidelberg	378,000.00	–.–
MLP Consult GmbH Heidelberg	1,008,000.00	2,512,000.00
MLP Service GmbH Heidelberg	2,217,600.00	–.–

[1] Of the outstanding contributions in respect of MLP Lebensversicherung AG , DM 8,136,153.75 are due from the company.

Equity

The capital stock of the company has been stated as subscribed capital in accordance with Sect. 152 (1) of the German Joint Stock Corporation Act.
At December 31, 1998, it consists of the following:

	DM
3,300,000 common shares	16,500,000.00
3,300,000 preferred shares	16,500,000.00

Other provisions

The other provisions cover the costs of auditing the annual financial statements (DM 300,000) audit and tax consultancy fees (DM 202,000), litigation costs (DM 25,000), fees for the members of the Supervisory Board, residual vacation entitlement for the salaried employees for 1998 and contributions to the employer occupational accident insurance scheme.

Disposal DM	Dec. 31, 1998 DM	Subscribed capital DM	Shares	Net income/loss (–) DM
–.–	20,000,000.00	10,000,000.00	100 %	–.–
78,086.25	2.712.051,25	25,000,000.00[1)] of which paid up 6,250,000.00	Common shares 50 % + 20 shares Non-voting preferred shares: 33.48105 %	1,429,853.22
–.–	2,500,500.00	5,000,000.00	50.01 %	1,138,959.80
–.–	378,000.00	500,000.00	50.40 %	335,636.48
–.–	3,520,000.00	4,000,000.00[2)]	62.80 %	406,781.77
–.–	2,217,600.00	1,000,000.00	50.40 %	–447,387.91

[2)] In the 1998 fiscal year, the subscribed capital was raised from DM 1 million to DM 4 million. The capital increase had not been registered in the Commercial Register by December 31, 1998.

Notes to the profit and loss statement

Other operating income

The "Other operating income" relates mainly to rental income from the leasing of the administration building in Heidelberg to MLP Finanzdienstleistungen Aktiengesellschaft, MLP Lebensversicherung Aktiengesellschaft, MLP Vermögensverwaltung Aktiengesellschaft, MLP Consult GmbH and MLP Bank Aktiengesellschaft.

Taxes on income

For corporate income and trade tax purposes, MLP AG and MLP Finanzdienstleistungen form a single fiscal entity (Organschaft). Accordingly, the tax expense of the company includes the corporate income tax and trade tax for both companies. The taxes were not passed on proportionately to MLP Finanzdienstleistungen because of the existing profit and loss transfer agreement.

Marschollek, Lautenschläger und Partner Aktiengesellschaft and its other subsidiaries form a single fiscal entity for trade tax purposes. The settlement of the trade tax with the subsidiaries is effected by an inter- company charge.

Other information

In 1998, the company had three employees – as determined by way of analogy to Sect. 267 (5) of the Commercial Code.

The members of the Supervisory Board are:

Gerd Schmitz-Morkramer, banker, Munich, chairman
Gerhard Struch, business graduate, Schlangenbad, deputy chairman,
Christa Fähnrich, secretary, Offenburg-ZW (Until June 15, 1998)
Norbert Kohler, departmental head, Oftersheim (As from June 15, 1998)

The members of the Board of Managing Directors are:

Manfred Lautenschläger, assessor, Gaiberg, Chairman
Dr. Bernhard Termühlen, Dipl.-Ing./Dipl.-Wirt.-Ing., Gaiberg

In the 1998 fiscal year, the payments to the members of the Board of Managing Directors totalled DM 7,442,099.10.

In the 1998 fiscal year, the total remuneration of the members of the Supervisory Board was DM 33,900.00.

Proposal on appropriation of profit

The Board of Managing Directors proposes pursuant to Sect. 170 (2) of the Joint Stock Corporation Act that the retained earnings of DM 49,637,210.37 shown in the balance sheet at December 31, 1998 be appropriated as follows:

	DM
Distribution to the shareholders	34,650,000.00
Transfer to other revenue reserves	14,900,000.00
Profit carried forward	87,210.37
UNAPPROPRIATED RETAINED EARNINGS	**49,637,210.37**

Heidelberg, March 19, 1999
The Board of Managing Directors

MANFRED LAUTENSCHLÄGER

DR. BERNHARD TERMÜHLEN

Auditor's opinion

According to our audit, performed in conformity with our professional duties, the accounting and annual financial statements comply with the legal requirements. The annual financial statements present a true and fair view of the net worth as well as the financial and earnings position of the company. The management report is consistent with the annual financial statements.

Düsseldorf, March 19, 1999
A & T Rölfs • Bühler & Partner AG
Wirtschaftsprüfungsgesellschaft

GEORG VAN HALL
WIRTSCHAFTSPRÜFER

THOMAS BUDDE
WIRTSCHAFTSPRÜFER

Supervisory board report

The Supervisory Board was kept regularly and fully informed of the business and financial position as well as the current development of business at MLP AG in four meetings held on April 24, June 15, October 9, and November 26, 1998 and using written and oral reports as well as individual discussions with the Board of Managing Directors. The Supervisory Board discussed general issues with the Board of Managing Directors regarding the MLP AG business policy as a strategic holding company. Throughout the year, the Board of Managing Directors was able to obtain advice from the Supervisory Board. In addition, the Supervisory Board discussed issues of strategic corporate planning, in particular regarding investments in related companies. When measures required approval from the Supervisory Board, the Supervisory Board approved such measures after reviewing and discussing them in detail with the Board of Managing Directors .

The annual financial statements/consolidated financial statements of MLP AG and the MLP Group, which were submitted by the Board of Managing Directors, were audited by A & T Rölfs • Bühler & Partner AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, together with the accounting records, and approved with an unqualified auditor's opinion. The Supervisory Board has reviewed and approved the MLP AG and the MLP Group annual financial statements after raising no objections thereto. The proposal of the Board of Managing Directors regarding the appropriation of profits was approved and thus established.

As of June 15, 1998, Ms. Christa Fähnrich retired from the Supervisory Board after ten years of service. On behalf of the Supervisory Board, I would like to thank her for her work on the Board during this long period. At the same time, Mr. Norbert Kohler was appointed member of the Supervisory Board as representative of the employees.

The Supervisory Board would like to express its thanks to the Board of Managing Directors and employees of the MLP Group and its companies for their committed and successful work during 1998.

Heidelberg, April 1999
The Supervisory Board

GERD SCHMITZ-MORKRAMER
VORSITZENDER