



Annual Report 1997

Marschollek, Lautenschläger und Partner AG

MLP Group

Marschollek, Lautenschläger und Partner AG Holding

As a strategic holding company, the stock-market-listed MLP AG defines the company's objectives, sets the pace for further expansion and ensures a well-coordinated corporate policy within the MLP group.

MLP Finanzdienstleistungen AG

As a sales company, MLP Finanzdienstleistungen AG is the flagship of the MLP group. It is Germany's largest brokerage firm and the leading financial services company for academics in Europe. The market's best products and product parts (modules) are chosen as a broker, are attuned to each other and assembled into optimal concepts for our client groups.

MLP Media GmbH

The MLP Media GmbH coordinates and organises the communication activities and public relations of the MLP group. The employees of MLP Research supply the consultants with data for their consultations and provide service databases for MLP clients.

MLP Lebensversicherung AG

The MLP Lebensversicherung AG produces a unit-linked life assurance policy, a term assurance policy, and an occupational disability insurance policy for MLP target groups. In addition, it coordinates and administers like a primary contractor between the life assurance companies involved in the MLP Vorsorge-management.

MLP- Lebensversicherung AG – Österreich

The MLP-Lebensversicherung AG – Österreich is a joint venture with the MLP-Lebensversicherung AG and the Bundesländer/Raiffeisen Versicherung holding 50 percent each. It offers the unit-linked life assurance policy in Austria.

MLP Vermögensverwaltung AG

The MLP Vermögensverwaltung AG develops innovative investment concepts, manages asset management portfolios, and is responsible for the asset management of the managed MLP Fondspolice (unit-linked policy). In addition, it conceptualises new asset management concepts in cooperation with our partners in the areas of banking and the fund investment.

MLP Bank AG

The MLP Bank AG will assume the role of primary contractor for investment and financing concepts within the MLP group. It supplies modules of its own production for MLP's Vermögensmanagement and coordinates the combination of components provided by various banks and investment companies.

MLP Dignos Software GmbH Dignos EDV-GmbH

The software house provides the technological foundation for modern information management. It focuses on the online communication network to the branch offices and the computing centre. At the same time, complex products and EDP solutions for third-party users are being developed.

MLP Service GmbH

The MLP Service GmbH serves as the central service office for the MLP cover concepts and pool-solutions in the property and liability insurance business. The main focus lies with the administration of the direct service concept MLP Car.

MLP Assekuranzmakler GmbH

The MLP Assekuranzmakler GmbH concentrates on the development and implementation of commercial and industrial insurance concepts. Main target groups are medium-sized companies.

Corporate principles

- ➔ MLP is a financial services provider for the sophisticated private client.
- ➔ It is our goal to be market leader in everything we do.
- ➔ Openness, credibility, and straightforwardness define the contact with our clients.
- ➔ As an independent broker, we negotiate insurances, investments, and financing. We advise our clients extensively in all economic affairs and serve as lifelong consultants.
- ➔ As an independent partner, we cooperate with banks, insurance and investment companies and in order to optimise our service offers we ourselves develop products the market is unable to offer.
- ➔ It is one of our company's main objectives to steadily increase our earning power which will strengthen our independence and enable us to provide our clients with an optimum performance.
- ➔ Mutual consideration in realization of responsibilities determines the company's relationship with its employees and that of the employees amongst each other.
- ➔ The employees are the company's substance, and we place great value in their careful selection and training on and for the job.
- ➔ A performance-oriented salary is one of our principles. It benefits all employees who are exceptionally committed, and thus shapes our company's success.
- ➔ We do not rest on our laurels. Rather, even after 25 years in business, we feel the obligation to continually improve – for the benefit of our clients.

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Highlights of the Year

Successful start abroad in addition to dynamic domestic development of the MLP group.

Growth in all product divisions

MLP Finanzdienstleistungen AG obtained growth rates of 20 to 80 percent in all major product divisions. New business in the sector life assurance has reached a premium sum of more than DM 5.5 billion. The new business in health insurance was increased to over DM 60 million annual premium and thus grew by almost 50 percent. MLP Lebensversicherung AG more than doubled its insurance inventory to DM 4.5 billion. Within a year, the direct service concept MLP Car convinced more than 25,000 clients. Managed assets at the MLP Vermögensverwaltung AG are well over a quarter of a billion DM.

Growth in client servicing

In 1997 we surpassed the mark of 1,000 MLP consultants who extensively and effectively assist the more than 200,000 clients with all their economic questions in 78 branch offices. In 1998, MLP already has 100 branch offices at its disposal.

Growth in Europe

After a successful start in Austria, where we established ourselves firmly in the market in only 3 years, we began preparations for our first branch office in Switzerland last year, which will be opened in the current business year.

Growth within the Group

Two new MLP companies were founded in 1997. The MLP Bank AG received its full banking license by the Bundesaufsichtsamt für das Kreditwesen. With assuming responsibility for the management of portfolios of MLP Vermögensverwaltung AG clients, business commenced at the end of the year. The MLP Service GmbH manages the MLP direct service concept MLP Car and is going to render further services in the property and liability insurance business.

At a glance	in million DM	1997	1996	1995	1994	1993
MLP AG						
Result of general business activities		76.5	56.7	40.9	35.7	30.0
Annual net profit		37.4	29.3	21.2	18.9	14.7
Shareholder's equity ¹⁾		223.7	212.5	86.0	78.3	69.9
DVFA earnings per share	(in DM)	5.66	4.44	3.48	3.10	2.40
MLP Group						
Total income		518.8	386.8	280.6	225.4	175.6
Annual net profit		32.6	26.5	20.0	17.5	13.6
Shareholder's equity ¹⁾		215.7	206.1	81.6	72.9	65.8
Cash flow		47.9	41.0	33.2	27.8	21.7
DVFA earnings per share	(in DM)	4.85	4.14	3.29	2.88	2.16
No. of employees		668	536	421	361	316
MLP Finanzdienstleistungen AG						
Turnover		301.6	242.6	187.0	164.3	137.8
Result before profit transfer to MLP AG		75.1	60.3	44.3	36.8	31.8
New business						
Life assurance	(Premium sum in billion DM)	5.508	4.444	3.229	2.803	2.349
Health insurance (annual new premium sum)		52.0	35.6	28.8	24.7	24.4
Nursing care insurance (annual new premium)		8.2	5.0	3.2		
Property, liability and legal protection insurance (annual new premium sum)		28.2	15.7	12.0	11.0	9.8
Deposits in mutual funds		869.1	659.6	401.6	545.9	415.7
New clients		37,664	29,425	23,096	21,476	19,154
MLP consultants		1,029	833	677	575	473
Office staff		392	353	309	269	230
MLP Lebensversicherung AG						
Premium income		120.3	77.2	50.7	32.6	16.0
Result of general business activities		1.56	0.36	0.27	0.12	0.09
Annual net profit		0.69	0.13	0.02	0.01	0.02
New business policies issued		2.450 ²⁾	977.9	431.4	330.8	218.8
Index-linked earnings		69.9	31.6	19.8	8.3	3.3
MLP Vermögensverwaltung AG						
Turnover		10.9	4.5	1.5	0.7	
Result of general business activities		1.10	0.12	-0.09	-0.07	
Annual net profit		0.49	0.09	-0.08	-0.07	
Managed assets		766.7	479.9	105.7	27.9	
MLP Dignos Software GmbH						
MLP Dignos EDV-GmbH						
Turnover		26.9	16.0	15.5	12.8	12.5
Result of general business activities		-0.79	1.15	0.69	0.38	0.55
Annual net profit		-0.44	0.55	0.32	0.16	0.31
MLP Assekuranzmakler GmbH						
Volume of premium sum		11.1	8.0	2.1		
Turnover		2.1	0.8	0.2		
Result of general business activities		-0.27	-1.10	-0.14		
Annual net profit		-0.23	-0.92	-0.14		
MLP Service GmbH						
Turnover		2.0				
Result of general business activities		-0.36				
Annual net profit		-0.37				

¹⁾ after dividend payment

²⁾ in billion DM

A Word from the Board of Directors

Strong growth
in all companies of
the MLP group.

The dynamic change in economy and society presents major challenges to everyone. But while many people see risks, MLP employees rather see the opportunities. Thus, the business year of 1997 once more proved to be the best in our history. With an increase of over 30 percent in total turnover, we were able to increase profits before taxes accordingly. The stock market honoured this development with doubling our share value yet again.

Will this rapid increase continue? We are convinced it will, because MLP is not dependent on short-lived trends but profits from basic developments. Our target group, young academics, are at the centre of the rapid changes in economy and society. These young economists, jurists, engineers, and physicians, who received the best possible education and are familiar with all technical opportunities, will be leading the way to a new Europe, to a new, more flexible high-tech- and service-oriented society.

In a performance-oriented market economy particularly well-trained employees are paid adequately well above average. A considerable part of this income will flow into different forms of capital formation since consumption will be high in absolute but low in relative terms. Thus, new assets will be created. MLP's target group will save up and invest large amounts of its income. This is especially relevant with regard to provision for individual private retirement because this generation can no longer depend on receiving the major parts of their retirement income out of federal retirement funds. If MLP clients intend to keep up their accustomed standard of living after retirement, they need to make appropriate private provisions early on.

Thus, the foundation of our extraordinary growth is largely independent of changes in the economic, legal, or tax situation. Because of its flat hierarchy and close contacts to their clients, MLP is able to react flexibly, fast, and creatively to new developments. Our target group's market shares and the increase rates in relevant business areas serve to illustrate this point. In addition, high investments and new information technology are securing us a considerable lead.

Our speed of growth is only possible because of our highly committed, qualified, and motivated employees. We are happy and proud that the employees of MLP were able to translate the great innovative boom of the past years into business so brilliantly. We extend special thanks to them, our best resource.

All in all: due to the conceptual developments of our service offers and our employees' commitment, we feel well-prepared to take care of the special needs of our target groups. We continue to view our future optimistically: our chances in an increasingly competitive field are rising because MLP is market leader in all dimensions. Growing turnovers and earnings will continue to reflect this position in the future.

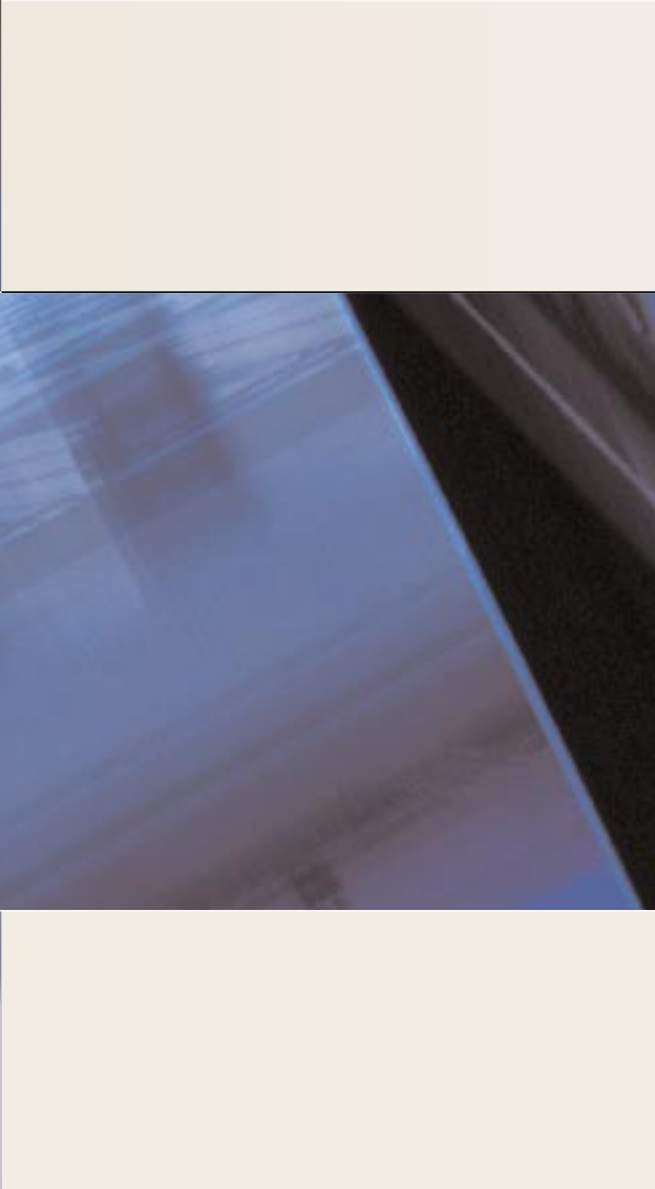
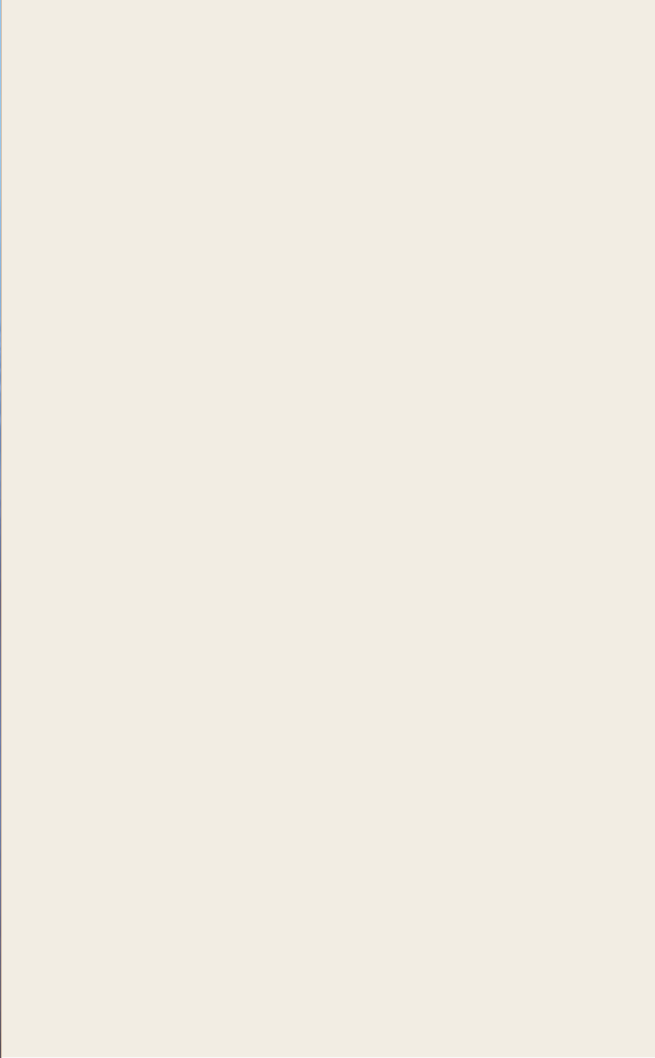


The directors of MLP AG:

Manfred Lautenschläger, Chairman (left),
and Dr. Bernhard Termühlen

MANFRED LAUTENSCHLÄGER

DR. BERNHARD TERMÜHLEN





Corporate Strategy

Doubling our turnovers and earnings in only three years is the result of a consistently applied strategy to reach our target groups.

Dynamic growth through Quality and Innovation

MLP clients belong to the
young performance-
oriented elite with an
income well above average.

Doubling our turnovers and earnings in three years and the market value in only one year is by no means a product of chance, but rather the result of a consistently implemented and dynamically developed long-term target group strategy in the market of financial services. The success of MLP's business politics can be traced back to the following basic elements:

Concentration on academics

The rapidly accelerating development of economy and society – the keywords globalisation and telecommunications may serve as an example – make well-trained employees a company's most important resource. Academics of all fields working as managers, engineers, physicians, or jurists are part of Germany's performance-oriented elite. Our clients, the young academics, are considered to possess high potential, making a well above average career for themselves and earning a corresponding income. As a market leader, MLP has been well ahead of the competitors for these target groups for a long time. In some fields, we reach market shares of over 60 percent with regard to university graduates. Our current market share of all fields of studies combined is 24 percent in Germany and Austria. We are planning to increase this market share to 40 percent and are convinced to reach this ambitious goal. The experience of several decades of consulting helps MLP in recognising and meeting the needs of our sophisticated target group segments. Because we are able to win a high number of academics for us each year, the average age of our clients is only 33 years. In addition to our new young clients,

this grants an increase in quality due to the continuing financial success and the resulting investment and provisional needs of our target group whose members have not yet reached their peak regarding success and income.

Employees' quality

It is a fundamental truth especially in financial services that every business is only as good as its employees. Thus, MLP invested much more money, energy, and commitment than is customary in this line of business into developing its most important resource – its employees. During their first two years, young consultants complete about 70 days of schooling at the corporate headquarter's training center. In the following years, they average about 27 days of training at the center. In addition, all branch offices run extensive training programmes. We know that investing in our employees will lead to much better earnings than common marketing strategies because the quality in consulting, the fresh and sound approach of our almost exclusively university-educated employees, results in the clients' high satisfaction with our company. In the course of their work, MLP consultants not only become general consultants for topics such as financial security, financing, or planning and managing of capital assets, but also for many important matters concerning career and life. They are assisted in their work by the MLP Finanzmanagement-Konzepte as well as the extensive information database provided by the central office in Heidelberg. In many cases, an almost amicable lifelong relationship develops between client and consultant.

MLP Finanzmanagement-Konzepte

Because of the high demands in dealing with an especially critical clientele and their extremely flexible lifestyle, we were aware years ago that the common standard solutions of the

In order to produce individual concepts for our clients, MLP combines product modules of different providers, or – if necessary – produces them itself.

market with regard to financial security, provision and investment are insufficient. Thus, we needed to create more individual and exclusive concepts for MLP clients, which the market in general was unable to provide. During the last years, MLP has either consistently combined under its own name services from various modules of completely different producers, or, if necessary, produced its own modules.

Meanwhile MLP Finanzmanagement – consisting of MLP Vorsorgemanagement, MLP Vermögensmanagement, MLP Risikomanagement, and MLP Darlehensmanagement – provides a sophisticated and dynamically developing MLP-owned name-brand concept. MLP has been developing the necessary precondition by taking over the clients' as well as the cooperating corporations' information processing, crossing the common boundaries of different business lines and corporations. This new infrastructure provides MLP with the chance to further individualize its service offers. In order to do that, we offer tailor-made solutions for each individual client from our cooperating partners' basic modules across different business areas. MLP also uses the opportunity to record in different inventories the target group-related extremely low risks of its clients with regard to premature insurance termination and loans. The past business year shows a breakthrough in this field.

In the provisional area, i.e. in retirement provisions and occupational disability insurance, MLP began in April 1997 to unbundle the product offers of various insurance companies and to rebundle the individual parts into new concepts: the individually tailor-made MLP Vorsorgemanagement for each client. With regard to occupational disability insurance, for example, this concept allows us to record the individual needs as well as the age-, education-, work-, and income-related

better risk structure of MLP clients in one insurance inventory. Our insurance partners, whose share in this concept is defined by quotas, offer well-coordinated conditions and terms according to MLP standards. As early as the beginning of 1998, more than 80 percent of the business was handled in this manner. Our in-house data processing not only supplies an electronic network for all partners involved, but will enable our clients to combine such protective and provisional data with monetary transactions.

As a part of MLP Darlehensmanagement, MLP consultants and the MLP Bank approve loan financing. They are supported in their work by an electronic scoring system that reviews the property in question as well as the clients' credit worthiness. The information is mostly distributed electronically to the loan providers at banks, insurance companies, and building societies. The standards regarding the types of loan, its period of validity and interest rates are defined according to the needs of the MLP target groups.

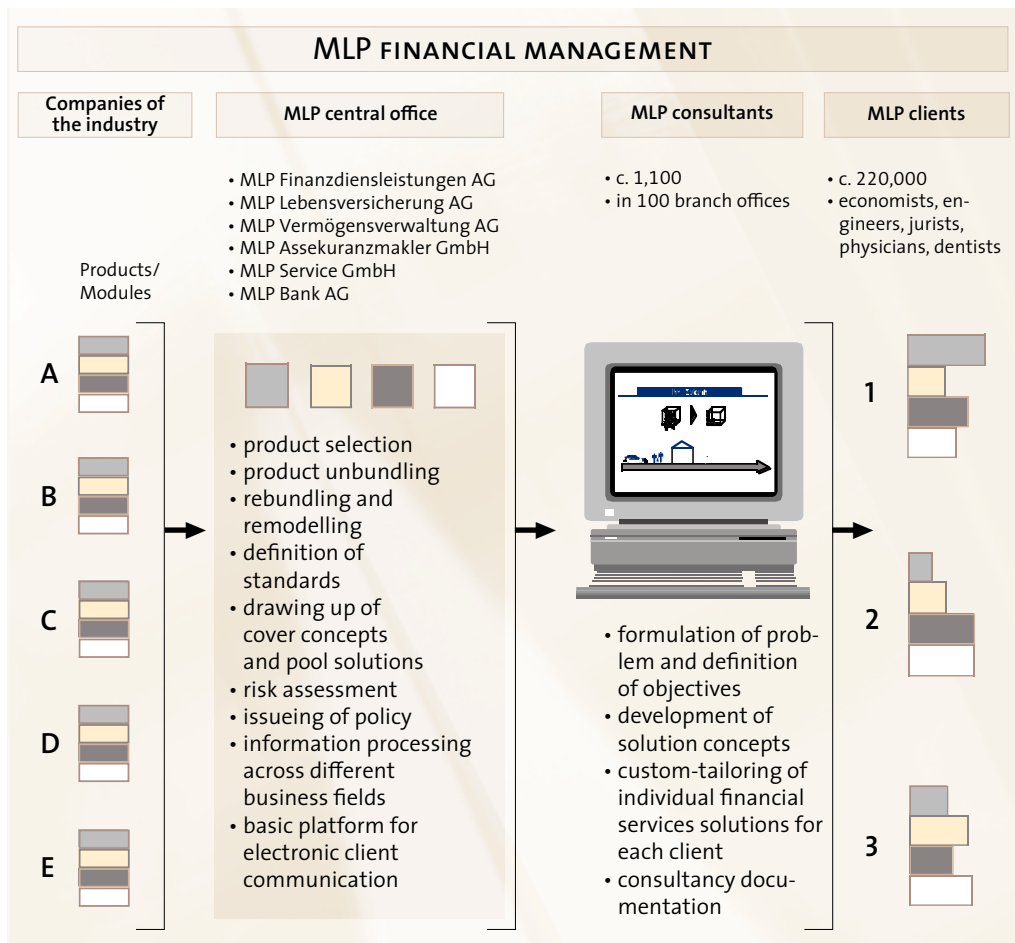
Towards the end of 1998, this concept will also be available for financing physician's practices or other new enterprises. In mid-1998 our clients will already benefit from the private credit- and current accounts of our newly founded MLP Bank with their favourable management, risk, and marketing fees. They will also be supplied with the company's own credit card – the MLP Goldcard.

For the savings and investment sector, we developed individual and self-regulating concepts based on our clients' savings objectives, periods of validity, and willingness to take risks,

**By applying a scoring system,
MLP consultants can directly
approve real estate financing
and grant mortgages.**

Strategic investments of the future with investment funds especially attuned to the MLP Vermögensmanagement.

which we are able to supply as of this spring. MLP has made arrangements with a number of equity investment companies with excellent reputation which will provide and manage investment funds especially attuned to the MLP Vermögensmanagement. Thus, we are able to present the clients with comprehensive and individual consulting in all areas – from investment savings for properties or a new enterprise to asset formation, growth, and management as well as long-term savings arrangements, e.g. educational funds for children.



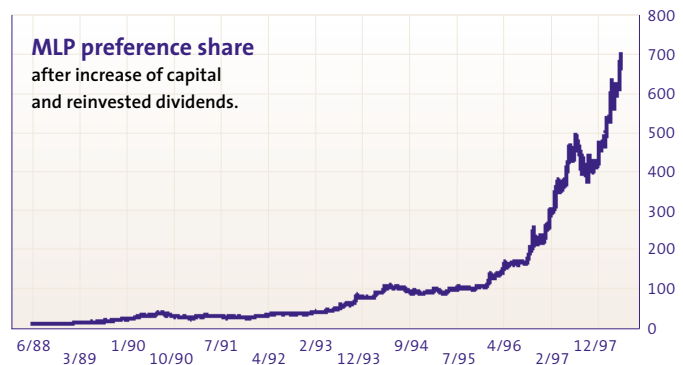
In the field of risk management, we increasingly rely on cover concepts and pool solutions which utilise the favourable risk structure of MLP clients for extremely high benefits at low premiums. New developments in EDP – especially for MLP Car – provided the foundation for effective communication with clients and pool partners.

All these new solutions illustrate: the classical three-way-relationship of client – broker – insurance company attains a completely new quality as it becomes a two-directional partnership – from MLP to the client and to the producer.

Over all, our dynamically developing corporate politics guarantee that MLP's growth will assume similar dimensions in future years as it had in the past. Yet another factor contributes to this: the average age of an MLP client is only 33 years. These younger clients use close to 800 DM per month for savings and insurance. 25 percent of our clients are older than 36 years: this group already spends more than DM 2,000 on capital formation and provisional measures, but its members have yet to reach their best years for capital and asset formation. It is thus predictable that our young clients will use similar sums for savings in future years. This predictable, even calculable development secures a growth rate in quality and quantity for MLP, the largest independent financial services provider for sophisticated clients, that is virtually unparalleled in the market.

The MLP Share

The success continues:
in 1997 the MLP share
almost doubled its value.



Inclusion in M-Dax

A market capitalisation of more than DM 2 billion at the beginning of 1997 (over DM 4 billion for the current year) and corresponding turnovers of the share at the stock market led to the inclusion of MLP AG preference shares in the M-DAX by the Deutsche Börse AG as of March 24, 1997. This index represents the 70 largest companies immediately following the 30 Dax values according to turnovers and market capitalisation. This acceptance offers additional perspectives for the future development of the share and for broader public acclaim with private and institutional providers.

Shareholder value

MLP has viewed shareholder-oriented management as an essential part of corporate politics long before such a notion became generally popular. It has rather, it has been and continues to be the company's daily creed. While shareholder value is often associated with "cost killing mentality", decrease of employees, mergers, etc., it manifests itself as a highly dynamic, creative and innovative cooperation in our company. It has always been crucial for us to let executives and successful employees participate in the company as shareholders via employee participation models. A substantial percentage of employees holds shares of the MLP Lebensversicherung AG, which will eventually be listed on the stock market as well. All MLP shareholders benefit from the suc-

Shareholder value at MLP:
profit for the employees
is conducive to high motivation and excellent results.

cesses thus won by way of share development, high dividends, and bonus shares. Since we invest a substantial part of our turnover in measures to ensure a beneficial future development, such as most current technologies, employee qualifications, and concept development, this shareholder value is secured for the future as well.

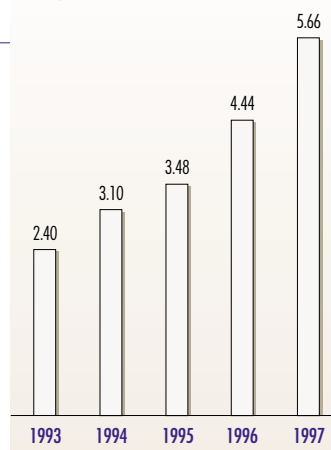
One of the most successful issues of new shares on the stock market

Being listed on the stock market for the first time in 1988, the MLP share developed into one of the most advantageous capital investments of the German stock market index. By the end of 1997, a DM 50.00 preference share for DM 750.00 developed into 60 shares of DM 465.00 through share splitting, bonus shares, and the adjustment to DM 5.00 shares. Current dividend payments were not even entered into this calculation. In 1997 alone, the investment almost doubled, with its value increased by 95 (common share) and 117 percent (preference share) respectively compared to the beginning of the year.

Dividend follows increased profit

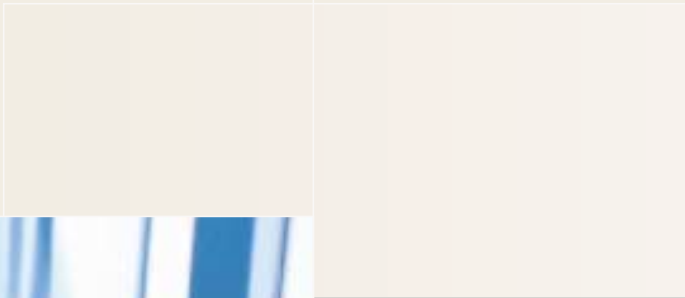
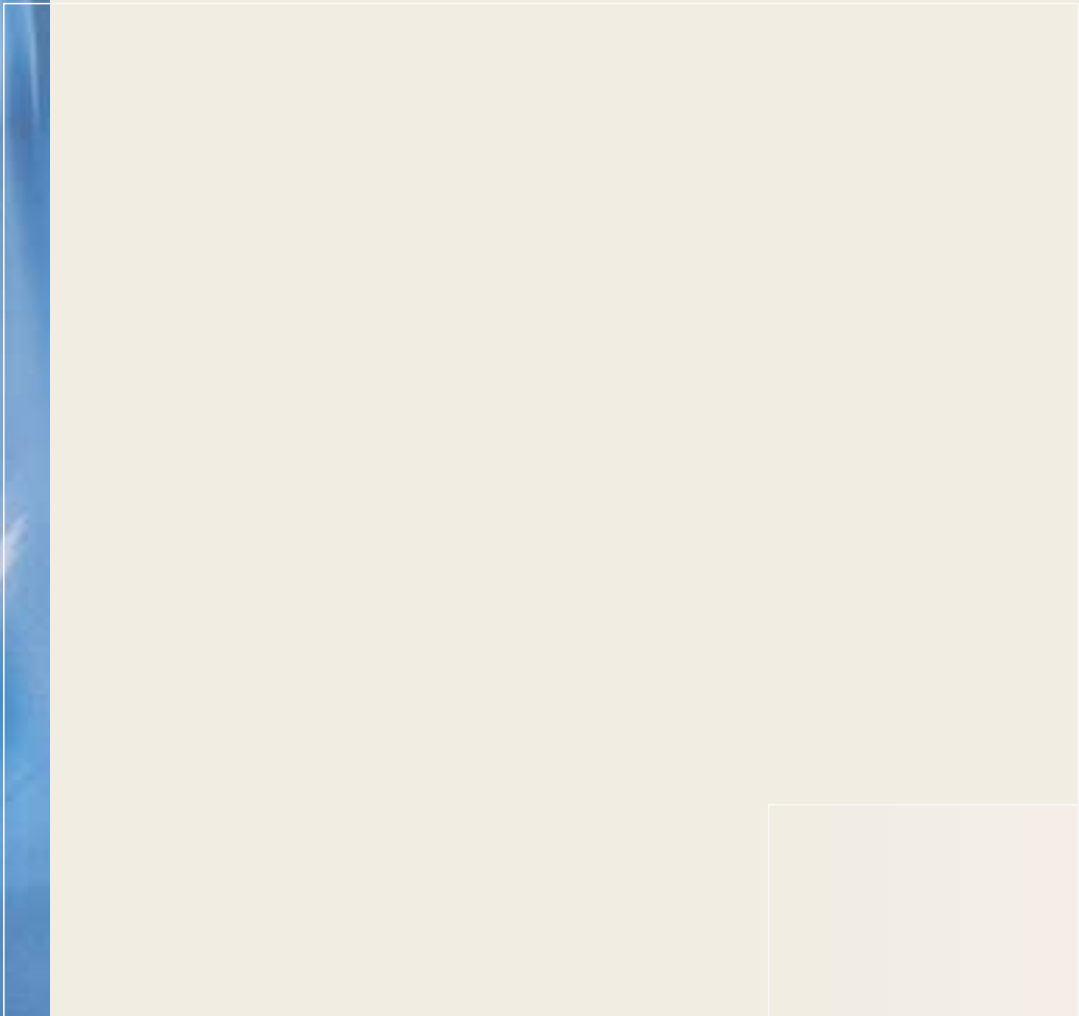
As in the years before, share holders benefit from the profit increase by a substantial increase in dividends. After DM 2.95 for the common share and DM 3.05 for the preference share in the business year of 1996, the dividend for 1997 amounts to DM 3.95 for common shares and DM 4.05 for preference shares of a nominal value of DM 5.00, which represents an increase by about one third.

DVFA earnings per MLP AG (Holding) share
in DM



- ¹⁾ after dividend payment
- ²⁾ bonus
- ³⁾ per share at nominal value of DM 50.00
- ⁴⁾ per share at DM 5.00 nominal value
- ⁵⁾ per share at DM 50.00 nominal value, calculated and adjusted to 5.00 nominal value

Development of the MLP Share	1997	1996	1995	1994	1993
DVFA earnings per share in DM	5.66 ⁴⁾	4.44 ⁴⁾	3.48 ⁵⁾	3.10 ⁵⁾	2.40 ⁵⁾
Subscribed capital					
Common shares in million DM	16.5	16.5	15.0	15.0	7.5
Preference shares in million DM	16.5	16.5	15.0	15.0	7.5
Dividend on preference share in DM	4.05 ⁴⁾	3.05 ⁴⁾	18.00 ³⁾ /5.00 ²⁾	15.50 ³⁾ /2.50 ²⁾	15.50 ³⁾
Dividend on common share in DM	3.95 ⁴⁾	2.95 ⁴⁾	17.00 ³⁾ /5.00 ²⁾	14.50 ³⁾ /2.50 ²⁾	14.50 ³⁾





Development

The MLP Finanzdienstleistungen AG remains the economic core of the group. The subsidiary companies, however, such as the MLP Lebensversicherung AG and the MLP Vermögensverwaltung AG, are by now firmly established in the market.

Group Management Report/ Management Report

MLP AG increased the
result of its general business
activities by 35 percent.

MLP AG

Profit growth

The positive development of the subsidiary companies within the MLP group led to a high growth rate in the result of general business activities. It rose by 35 percent from DM 56.7 million of the previous year to 76.5 million in the business year of 1997. The annual net profit of the MLP AG as holding company listed on the stock market increased by 28 percent to DM 37.4 million. The continual profit dynamics enable the MLP group to completely finance the growth on all levels from the cash flow, which ensures independence and future development.

In the business year of 1997, the development of the company and its perspectives was reflected in stock market rating as well. By the end of the year, the company's value compared to 1996 just about doubled with a market capitalisation of more than DM 3 billion. The Deutsche Börse AG accepted the MLP AG preference share into the M-Dax.

MLP Group

Significant growth in turnover and earnings

Yet again, the MLP group exhibited an obvious growth in turnover and earnings in the business year of 1997. It is especially gratifying to see this growth reflected in the development of all subsidiaries. The relatively young companies, such as MLP Lebensversicherung AG and MLP Vermögensverwaltung AG, have already clearly entered the profits wedge. The new management concepts most certainly require high initial investments in EDP and personnel development. However, these concepts are going to present a substantial contribu-

tion to a later growth in turnover and to generate corresponding profits. The high turnover dynamics enable the MLP group to increase profits parallel to proceeds despite higher-than-average investments into information technology and software. The foundation laid by today's investments is going to secure our dynamics for the future. MLP's expansion towards a high-tech financial services group is well under way.

The total income of the MLP group including the premium income of the MLP Lebensversicherung AG was DM 518.8 million in 1997. With an increase rate of 34 percent they clearly surpassed previous year's total income of DM 386.8 million. The turnover increased by 26 percent from DM 248.6 million in 1996 to DM 313.5 million.

The groups's annual net profit also improved notably by 23 percent. It rose from DM 26.5 million to DM 32.6 million.

MLP Finanzdienstleistungen AG

Large growth in all fields

The MLP group's flagship, the MLP Finanzdienstleistungen AG, the leading independent financial services company for sophisticated private clients in Europe, shows growth rates of 20 to 80 percent in all essential product divisions. The client pool grew to around 210,000 clients. The branch offices in Austria are already successfully established in the market. The growth expectations in Austria are estimated at 70 percent for the current year. With a first branch office in Switzerland, the expansion in Europe will be pursued. The new business in life assurance increased by 24 percent, in mutual funds by 32 percent, in health insurance by 46 percent, and in property, liability, and legal protection insurances by 80 percent

Growth rate of 20 to 80 percent in all essential product divisions.

The insurance inventory of the MLP Lebensversicherung AG more than doubled to DM 4.5 billion.

compared to the previous year. In the business year of 1997, the turnover increased by 24 percent to DM 301.6 million compared to DM 242.6 million in the previous year. The future earning potential from business with current compensation could to be increased substantially.

MLP Lebensversicherung AG

Doubling of insurance inventory

Compared to 1996 the insurance inventory could be more than doubled from DM 2.057 billion to DM 4.494 billion. This growth was based on an increase in new business in unit-linked life assurance from a premium sum of DM 887.5 million to DM 1.311 billion, on the increase in term assurance from DM 90.5 million to DM 397.2 million sum insured, and on the success of the newly offered occupational disability insurance policy with new business amounting to DM 811.7 million premium sum (12 times the annuity). Completely new perspectives presented themselves to MLP Lebensversicherung AG when taking over the administration of MLP Vorsorgemanagement. In Austria, the MLP Lebensversicherung AG, a 50 percent subsidiary, also managed a breakthrough and showed increased growth. New business totalled an amount of ATS 713.8 million (DM 101.3 million) premium sum. Premium income amounts to ATS 156.6 million (DM 21.5 million).

The result from general business activities increased from TDM 359 to DM 1.6 million. Annual net profit of the MLP Lebensversicherung AG rose from TDM 126 to TDM 692. The recorded income from premiums increased by 56 percent, from DM 77.2 million in 1996 to 120.3 million in 1997.

MLP Vermögensverwaltung AG

Consistent expansion

The value of assets managed by the MLP Vermögensverwaltung AG saw an increase of 60 percent, from DM 479.9 million to DM 766.7 million. Thus asset management based on invest-

ment funds established itself as a regular component within the MLP Vermögensmanagement.

The total turnover increased from DM 4.5 million in 1996 to DM 10.9 million in 1997. The result of general business activities rose from TDM 120 to DM 1.1 million. With an annual net profit of TDM 490 after TDM 90 in 1996, the company already makes a valuable contribution towards the earnings of the MLP group as a whole.

MLP Bank AG

Business commenced

After receiving its full banking license by the Bundesaufsichtsamt für das Kreditwesen in October 1997, business commenced shortly afterwards with taking over the investment accounts for the clients of the MLP Vermögensverwaltung AG. As it expands its business, the MLP Bank AG will offer MLP clients further banking services and serve as central coordinator for banking services from our banking and investment business partners. The deficit amounted to TDM 286.

MLP Dignos Software GmbH/Dignos EDV-GmbH

Technical platform

The two software companies develop and supervise the technical platform of the information and communication structure for the whole group and exhibit significant growth in this field. Almost all resources are used to meet the demands of the MLP group. The turnover of MLP Dignos Software GmbH rose from DM 15.0 million to DM 26.2 million. This year's deficit amounts to TDM 455 after a surplus of TDM 554 in the preceding year.

1997 was characterized by high expenditures for the new development of the system base for the MLP Finanzmanagement. However, the new sales products that will be derived from this progressive system base, which required high expenditures for employee recruitment and qualifying

As a bank holding investment

accounts for the MLP Vermögens-

verwaltung AG, the MLP Bank AG

is fully activated.

The MLP Service GmbH will
serve as central services
provider for the concepts of
MLP Risikomanagement.

measures, are going to result in corresponding turnovers and profits.

The Dignos EDV GmbH had a turnover of DM 1.8 million in 1997, as compared to DM 1.7 million the previous year. After TDM 214 in 1996, the annual net profit amounts of TDM 14.

MLP Service GmbH

Successfully launched

The MLP Service GmbH has started its business in an extraordinarily successful manner. With the concept of MLP Car, the acquired inventory was increased to over 25,000 contracts within the first complete year of business. The non-life insurance concepts developed for MLP as a services provider hold high promises for future business.

High initial investments in personnel and EDP technology were necessary in order to set up the company, including its telephone service centre. The start-up loss for 1997 came to TDM 365.

MLP Assekuranzmakler GmbH

Operating nationwide

Specialised in the sector of commercial non-life insurance, the company meanwhile offers its services nationwide. However, the formative phase is not yet over. The premium volume increased to DM 11.1 million. The turnover of DM 2.1 million surpasses last year's volume by TDM 810. The annual deficit in 1997 amounted to TDM 227 after TDM 923 in 1996.

MLP Media GmbH

Communication and public relations

The company expands the communication and public relations activities for the MLP group as a whole. Modern online communication represents the most strongly expanding

field. As a subsidiary wholly owned by the MLP Finanzdienstleistungen AG, results of the company are consolidated with this company.

MLP Group

Unimpeded growth

For the MLP group, 1997 was characterised by the development of innovative provisional, financing, and financial security concepts based on the high quality and competence in consulting of our more than 1,000 MLP consultants and supported by extremely modern EDP and network technology.

The gratifying figures of the first quarter of 1998 illustrate that the implementation of the new MLP financial management is highly accepted by our clientele. It allows for a completely different quality in conceptualising the individually custom-tailored solutions for our clients. The founding of the MLP Bank AG enabled us to develop and expand further business areas which will significantly contribute to our increase in turnover and profit in future years.

The board of directors is confident that the positive effects of the new MLP services – MLP Vorsorgemanagement, MLP Vermögensmanagement and MLP Risikomanagement – whose effects will only fully unfold in the course of the year, will shape the development of the group as a whole, so that continuing unimpeded growth for the MLP group is to be expected also for the future.

The first quarter of 1998

shows a gratifying

development for the

new managements.



75 percent of all engineers (17 percent of our clients) are involved in manufacturing; 11 percent are employed by EDP-companies or consulting firms.

MLP Holding

MLP Holding		1997	1996
Result of general business activities	in million DM	76.5	56.7
Annual net profit	in million DM	37.4	29.3
Shareholder's equity ¹⁾	in million DM	223.7	212.5
DVFA earnings per share	in DM	5.66	4.44
¹⁾ after dividend payment			

Business performance in 1997

The stock market listed holding company exhibits a substantial increase in earnings for the business year of 1997. The annual net profit of the MLP AG improved by 28 percent from DM 29.3 million to DM 37.4 million.

Investments from cash flow

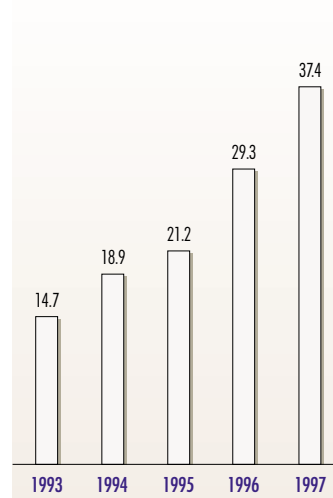
The high percentage of shareholder's equity and the good profit situation enable the MLP AG to finance the necessary investments for the future, especially those for reinforcing EDP and information technology, from cash-flow. Thus, the MLP AG's consistently continuing course of expansion and the breakthrough into new fields of business, as well as the expansion on the European market, are secured by a solid foundation.

Acceptance into the M-Dax

With a market capitalisation of over DM 3 billion, the MLP AG has long since outgrown the role of a "small cap". As a consequence, MLP AG preference shares were included in the M-Dax on March 24, 1997. With regard to its stock market value, the MLP AG thus acquires a completely new position nationally as well as internationally.

Increase of result of general business activities by 35 percent to DM 76.5 million.

Annual net profit
in million DM



MLP Group

Significant growth in turnover and earnings with significant investments into new management concepts.

MLP Group		1997	1996
Total income	in million DM	518.8	386.8
Annual net profit	in million DM	32.6	26.5
Shareholder's equity ¹⁾	in million DM	215.7	206.1
Cash flow	in million DM	47.9	41.0
DVFA earnings per share	in DM	4.85	4.14
No. of employees		668	536
¹⁾ after dividend payment			

Growth in turnover and profit

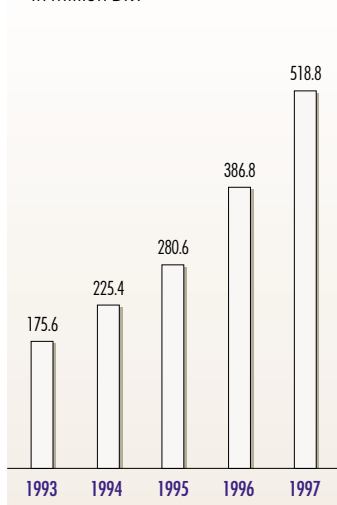
The MLP group exhibits significant growth in turnover and profit. Thus, the course of growth has consistently progressed. The diversification of different segments of the financial services market provides a solid foundation for an expansion along these lines.

Even after the extraordinarily successful year 1996, whose increase rates were the highest since the formation of the MLP Group, substantial growth in all essential product divisions could be recorded. With growth rates from 20 to 80 percent, the previous year's increases could even be surpassed.

Well-prepared for the future

The company's diversification into the segments of the field of financial services without withdrawing from key areas, but rather expanding and securing them, prepare the group well for future challenges. For one, being able to employ the core company – MLP Finanzdienstleistungen AG – as a broker but at the same time operating as a producer in selected market divisions, allows for the highest measure of flexibility and independence with regard to product and concept design as well as to reactions to changes in the economic and political climate. Secondly, with the producing companies functioning as primary contractors for the new management concepts,

Total income
in million DM



we acquire much more information which we can process centrally and use to further optimise our service offers. In the end, these self-designed components and services result in additional income and cover funds for the group.

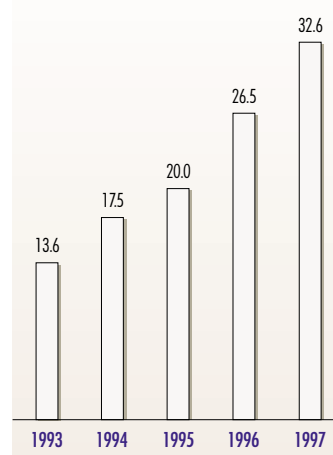
Successful subsidiaries

As a supplier of unit-linked life assurance, term assurance, and flexible occupational disability insurance policies for academics, the MLP Lebensversicherung AG is among this segment's leading suppliers. The MLP Vermögensverwaltung AG also established itself in the market and is growing continually. The latest subsidiary company, the MLP Bank AG, is also expected to quickly leave the formative stage.

Overall business performance in 1997

The overall business performance is the result of the positive performances of the individual companies. Total income including premium income of the MLP Lebensversicherung AG increased by 34 percent. It amounted to DM 518.8 million. The group's net profit shows a significant increase. It is up by 23 percent and comes to DM 32.6 million as compared to DM 26.5 million the previous year.

Annual net profit
in million DM



Cash Flow Statement for the Business Year 1997

	1997 TDM	1996 TDM
CHANGES IN NET CASH INFLOW FROM OPERATING ACTIVITIES		
Annual net profit	32,567.6	26,523.6
Plus (less) expenses (income) which do not decrease (increase) net cash inflow		
– Activated expenses for initiating and expanding business	–1,200.0	0.0
– Depreciation on intangible fixed assets	2,966.0	2,645.2
– Depreciation on tangible fixed assets	12,420.7	10,844.2
– Depreciation on non-trading assets/ financial investments	33.5	0.0
– Amortization of special reserve items	0.0	–1.4
– Additions to retirement reserves	1,054.7	935.7
	15,274.9	14,423.7
Plus (less) decreases (increases) in short-term asset with the exception of liquid funds		
– Debtors and other assets	2,018.7	–5,458.1
– Trade debtors	–42,859.0	1,673.3
– Amounts owed by associated companies	–160.2	531.9
– Other assets	–16,180.1	625.8
– Other investments	–60,393.7	–5,489.1
– Prepaid expenses	–3,152.1	–2,870.3
– Deferred taxation	–4,620.0	–1,120.0
	–125,346.4	–12,106.5
Plus (less) increase (decrease) in short term debit items		
– Provisions for taxation	2,240.7	12,691.8
– Other provisions	461.1	79.8
– Other insurance-related provisions	3,425.3	1,437.8
– Payments on account received	–1,105.2	7,758.0
– Trade creditors	17,154.7	9,264.2
– Associated companies creditors	5.5	0.0
– Other liabilities	10,910.7	2,729.1
– Deferred income items	0.0	0.6
	33,092.8	33,961.3
Decrease/increase of net cash inflow from current operating activities	–44,411.1	62,802.1
CHANGES IN NET CASH INFLOW FROM INVESTMENT ACTIVITIES		
– Additions to intangible fixed assets	–3,924.6	–3,462.9
– Additions to tangible fixed assets	–16,424.2	–13,239.3
– Additions to financial investments	–3,800.2	–2,244.8
– Receipts from sale of tangible fixed assets, net	1,328.1	1,424.8
– Receipts from sale of fixed asset investments, net	1,000.0	1,200.0
Decrease in net cashflow from investing activities	–21,820.9	–16,322.2

	1997 TDM	1996 TDM
CHANGES IN NET CASH INFLOW FROM SPECIAL OPERATING ACTIVITIES RELATING TO THE INSURANCE BUSINESS		
Plus (less) expenses (income) which do not decrease (increase) net cash inflow		
– Additions to cover funds	111,076.0	72,163.6
– Unrealised profits from invested capital	–15,491.9	–8,346.5
– Unrealised losses from invested capital	11,706.7	571.9
Increase in net cash inflow from specifically insurance related activities	107,290.8	64,389.0
CHANGES IN NET CASH INFLOW FROM SPECIFICALLY INSURANCE RELATED INVESTMENT ACTIVITIES		
– Acquisitions of fixed asset investments	–1,011,293.3	–332,551.8
– Disposals of fixed asset investments	904,002.5	268,162.8
Increase of net cash inflow from specifically insurance related investment activities	–107,290.8	–64,389.0
CHANGES IN NET CASH INFLOW FROM FINANCING		
– Increase in nominal capital less deposits paid	0.0	2,752.0
– Increase in capital reserve	0.0	114,000.0
– Increase in profit and loss account, net	8,630.7	5,625.6
– Increase in minority interests	4,260.1	175.8
– Development of group profit (excluding annual net income)		
– Dividend payments	–19,800.00	–13,500.0
– Allocations to profit and loss account	–9,450.0	–7,706.3
– Withdrawals from profit and loss account for consolidation	0.0	2,762.1
– Allocation to profit and loss account for consolidation	–49.4	0.0
Increase/decrease of net cash inflow from financing	–16,408.6	104,109.2
CHANGES IN NET CASH INFLOW FROM CONSOLIDATION PROCESSES		
– Decrease of shares in associated companies	995.6	0.0
Increase/decrease of net cash inflow	–81,645.0	150,589.1
Liquid funds at end of business year	72,490.7	154,135.7
Short-term liabilities towards banks at the end of business year	0.0	0.0
Liquid funds at the beginning of business year	–154,135.7	–4,678.0
Short-term liabilities towards banks at the beginning of business year	0.0	1,131.4
	–81,645.0	150,589.1

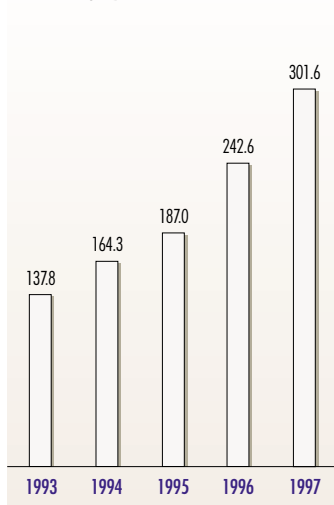
MLP Finanzdienstleistungen AG

Germany's major broker and

Europe's leader in financial services for graduates.

MLP Finanzdienstleistungen		1997	1996
Turnover	in million DM	301.6	242.6
New business			
Life insurance, gross	in billion DM	5.508	4.444
Health insurance	in million DM	52.0	35.6
Nursing care insurance	in million DM	8.2	5.0
Property, liability and legal protection insurance	in million DM	28.2	15.7
Mutual funds receipts	in million DM	869.1	659.6
New clients		37,664	29,425
MLP consultants		1,029	833
Office staff		392	353

Turnover
in million DM



Business performance in 1997

MLP Finanzdienstleistungen AG has become Europe's leader in providing financial services for professional groups of academics. For decades it has specialized on precision work in all economic questions – in the professional as well as the private sector. MLP consults above all economists, engineers, jurists, and physicians. In these target groups the market shares have positively increased. In all target groups a market share of about 24 percent has been reached in Germany and Austria combined. In individual segments, as for example the medical profession, the market share even reached a peak of more than 60 percent.

1997 was marked by MLP's developing into a broker of completely new dimensions. Already MLP services such as Vorsorge- management, Vermögensmanagement or Darlehensman-

agement are making a fundamental contribution to the high increase of new business in the various lines of product.

The income development reflects the increase of new business. Turnover was at DM 301.6 million, which represents an increase of 24 percent over the previous year's volume of 242.6 million.

Life assurance

Irrespective of the global economic development and the onsetting discussions about the tax reform at the beginning of 1997, we have raised the total new business in life assurance of 1997 by 24 percent to DM 5.508 billion compared with DM 4.444 billion in the previous year.

This is equivalent to the common calculations in our line of business of a weighted premium sum of more than DM 8.2 billion which is the result of strategic planning of personal insurance provision for our clients.

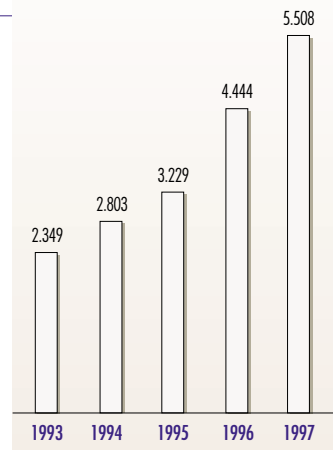
The inventory of life assurance business was at DM 23.304 billion by the end of 1997, compared with the previous year's figure of 18.368 billion. In contrast to the general development in this line of business, our life assurance new business consists almost exclusively of contracts with regular contributions and only in a few exceptions of contracts with a lump-sum payment.

Medical insurance

More and more of our young clients use the advantages of private medical insurance. Despite higher premium assessment limits the annual premium sum of new business in medical insurance including compulsory nursing care insurance went up by 48 percent to DM 60.2 million. The fact that this new business consists mainly of private comprehensive insurance policies covering all risks is a sign for the rapidly increasing income of the MLP clients being on the average

New business

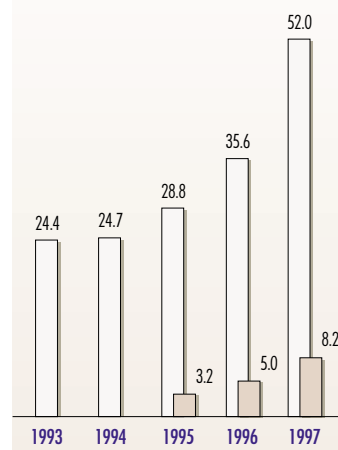
Life assurance
including index-linked earnings
in billion DM



New business

Medical insurance
in million DM

- Health insurance
- Nursing care insurance



**Major market share
in comprehensive medical
insurance – new business.**

still very young, and therefore for the future MLP growth potential. The net increase of just under 20,000 new applicants for the comprehensive medical insurance policy tallies with a major share of the total German market in comprehensive medical insurance, which is estimated to total a little less than 100,000 persons newly insured.

The annual contribution without the nursing care insurance boosted from DM 35.6 million to DM 52.0 million. Another DM 8.2 million from the nursing care insurance business can be added, compared to DM 5.0 million in the previous year.

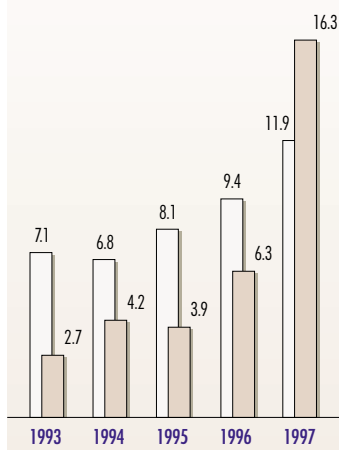
Property, liability and legal protection insurance

MLP's new cover concepts in the sector of property insurance and the outstanding success of our new direct service concept MLP Car have led to a strong increase of 80 percent to an annual contribution sum of DM 28.2 million in the sector of property, liability and legal protection insurance. In the previous year, new business amounted to an annual contribution sum of DM 15.7 million. New business not including car insurance rose by 27 percent from an annual contribution sum of DM 9.4 million to 11.9 million. A paramount increase of 157 percent was achieved in the new business car insurance with a growth of contributions of new business from DM 6.3 million to DM 16.3 million. The new direct service concept MLP Car plays a major role in this development, having acquired after only 1 1/2 years of presence on the market already more than 25,000 contracts. For the current year we expect the enormous rise in the figures to continue.

The inventory of policies in the property, liability and legal protection insurances increased to DM 92.2 million by the end of the year 1997. DM 34.0 million pertain to the car insurance business.

**New business
Property, liability and legal
protection insurance
in million DM**

□ without car insurance
■ car insurance



Mutual funds

In 1997, MLP clients contributed a total of DM 869.1 million to investment funds, 32 percent more than in 1996. The investment funds sector has secured itself a permanent position as a major component in the income and provisional insurance strategy of our clients. The new MLP Vermögensmanagement strategy, which will take full effect only in the course of the year to come, leads us to expect distinct increase rates in this evermore important business sector also for 1998 and for the following years. Already in 1997, the broker MLP doubled its incomes from the asset investment sector to nearly DM 25 million.

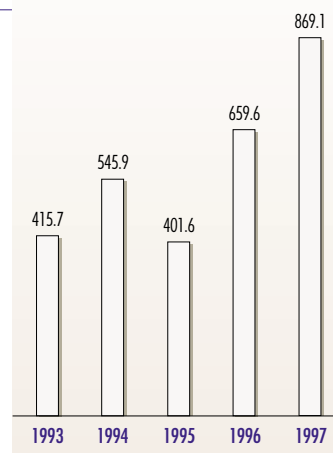
DM 504.6 million of the new premiums pertain to the money market funds and funds associated with the money market without agio, and DM 364.5 million to equity funds, fixed interest securities, and real estate funds.

MLP clients

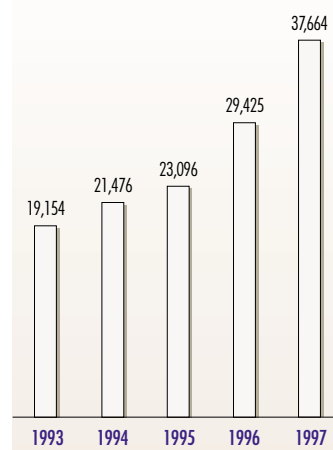
MLP Finanzdienstleistungen AG has increased its pool of clients by 37,664 new clients to a total of 209,081. MLP clients are graduates from universities and universities for applied science, economists, engineers and scientists as well as jurists, physicians and dentists. In these groups of graduates, MLP had a market share of 24 percent in Germany and Austria in 1997. For the present, the market share has already increased markedly in some of the target groups: by over 60 percent in the traditional target group of MLP, the young physicians. Because of the diversification into further academic professional groups, physicians only account for 18 percent of all newly acquired clients totalling 6,897. The medical profession with a total of 68,978 clients is no longer the largest group of clients, which is now made up above all of economists, technicians and jurists. In the years to come, the strongest growth is to be expected in these groups and we strive for a marked expansion of market shares. In the 1997 business year alone,

Mutual funds – contribution

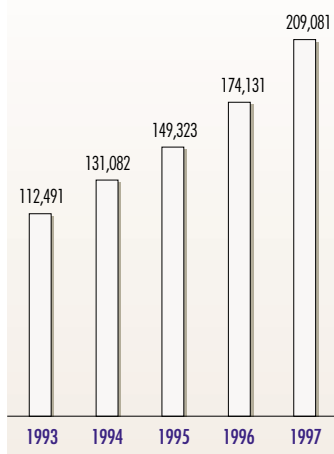
in million DM



New clients



Development client pool



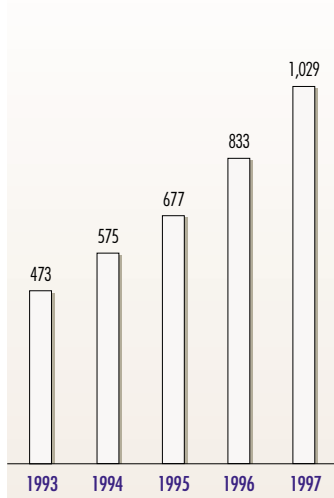
high rates of increase were achieved in the target groups. The market share in new business rose among economists and engineers (Witec's) from 15.7 percent to 19.1 percent.

On an average, MLP clients are 33 years old. This is an age when graduates who will have higher incomes only later in their lives still have to decide on their provisions to be taken concerning retirement, capital investment, and financing. In the intensive consulting of the quickly growing pool of young professional private clients as well as in the increasing recruitment of new clients, MLP Finanzdienstleistungen AG sees an enormous potential for the future.

Consultancy team

In order to achieve these goals with the recruitment of new clients, the consultancy team is being systematically enlarged according to complex planning programmes. The number of consultants, 95 percent of which are themselves academics, was raised from 833 to 1,029, from the end of 1996 to the end of 1997. Before joining the MLP consultancy team, applicants have to pass a severe Assessment Center. The young consultants are trained for about 70 days during the first two years in the MLP training center in the sectors of banking services and insurances. During the training they have to participate in in-house examinations. Only after having passed the exam the team member may consult the client in the respective subject matters examined. Constant participation in courses and seminars is a must for every MLP team member, even if he has been a successful consultant for a long time. The average number of days spent in training per senior consultant amounts to approximately 27 days per year in the MLP training center, as well as additional days of training in the regional branch offices.

Consultancy team Field service consultants

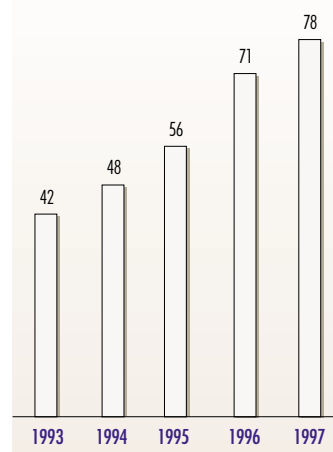


On an average every consultant concentrates on serving only between 200–300 clients, which guarantees intensive high-quality counselling. We are especially proud of the low fluctuation rate in the consultancy team. Ours is surely the lowest rate to be found in this line of business. During the first two years the rate lies in the single-digit range of percentage and then falls to under one percent up to the fifth year of membership.

Branch offices

With the increase in size of the consultancy team there has also been a continual expansion of the network of branch offices. By the end of the business year 1997, 78 branch offices were operating, additional branch offices being in preparation, the total number thus rising up to at least 100 in the course of 1998. In accordance with our orientation towards academic target groups, these branch offices are located in cities with a university or university for applied science. Ideally, 20–25 consultants work in a single branch office. This size guarantees for the best implementation of the company's philosophy of flat level hierarchies. This explains why in some cities there are several branch offices located. With the help of branch offices in Innsbruck, Linz, as well as in Vienna, we have consolidated our position in this branch of the market. Preparations for a first branch office in Switzerland have set in, so that in 1998 we will have opened our first branch office there.

Branch offices



MLP Lebensversicherung AG

Increase in premium
income by 50 percent
to DM 120 million.

MLP life assurance		1997	1996
Premium income	in million DM	120.3	77.2
Result of general business activities	in million DM	1.56	0.36
Annual net profit	in million DM	0.69	0.13
New business, policies issued	in billion DM	2.450	0.978
Index-linked earnings	in million DM	69.9	31.6

Business performance in 1997

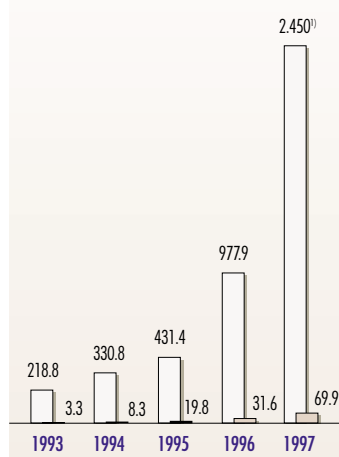
The MLP Lebensversicherung AG has continued to increase its dynamic growth in its sixth complete business year of 1997. The unlimited high demand for MLP's unit-linked policy, in particular in the managed version, the very successful launch of the term assurance policy in 1996, and the flexible disability assurance policy, lead to a sum insured in new business of DM 2.450 billion. The MLP Lebensversicherung AG concentrates on these three lines of product, which are adapted to our specific target groups and managed to more than double the inventory of MLP, the volume of the weighted sum insured totalling DM 4.494 billion. The premium income rose by 56 percent from DM 77.2 million in the previous year to DM 120.3 million. As the inventory and the new business of MLP consists almost exclusively of contracts with regular contributions, a high continuity of premium income is guaranteed for many years. On account of the yearly growing new business dynamic growth is ensured.

The MLP Lebensversicherung AG took over the central management and coordination for the MLP Vorsorgemanagement in the second half of 1997. Besides the integration of self developed modules, it thus takes charge of the complete risk assessment, the issuing of the policies, and the documentation for the clients. As the MLP Vorsorgemanagement will unfold its full dynamics only during the following year, we are

New business

in million DM – sum insured
¹⁾ in billion DM

□ New business, policies issued
 ■ Index-linked earnings



expecting a strongly increasing business volume for the next year and the years to come.

The clients' capital assets in the company's investment stock increased by 64 percent to DM 287.4 million. MLP Lebensversicherung AG has distinctly surpassed its initial phase. For 1997 the net profit for the year is at TDM 692 after TDM 126 in 1996.

MLP Fondspolice (unit-linked policy)

The unit-linked policy remains the central product of MLP Lebensversicherung AG. The new business premium sum including index-linked earnings rose by 49 percent from DM 887.5 million to DM 1.311 billion. The index-linked earnings rose from DM 31.6 million to DM 69.9 million. The premium income of the unit-linked policy increased by 53 percent. In 1997 they were at DM 117.8 million compared with DM 77.2 million in the year before. The average sum insured was at DM 81,080.00

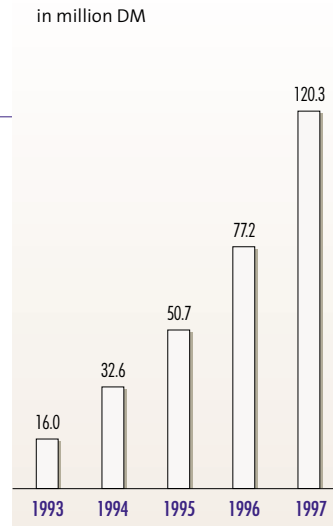
Term assurance

Introduced in the second half of 1996, the volume in term assurance policies continues to grow dynamically. The new business in terms of sum insured is at DM 397.2 million. The premium income was at DM 1.5 million.

Flexible disability insurance

This product was newly introduced into the market in the second quarter of 1997. It has become a major module in the Vorsorgemanagement and was well accepted from the very beginning. Consequently, in this first year the weighted premium sum was already at DM 811.7 million (12 times the annuity), with a premium income of DM 1.0 million.

Premium income
in million DM



Over 10 percent market share

in new business on the
unit-linked policy market.



18 percent of MLP's clients hold a degree in economics. The proportion is rising quickly. One third of them are women.

MLP Vermögensverwaltung AG

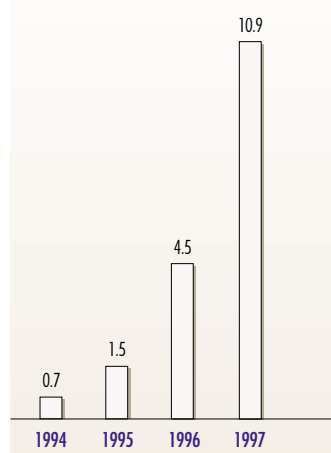
MLP Vermögensverwaltung		1997	1996
Turnover	in million DM	10.9	4.5
Result of general business activities	in million DM	1.10	0.12
Annual net profit	in million DM	0.49	0.09
Managed assets	in million DM	766.7	479.9

Business performance in 1997

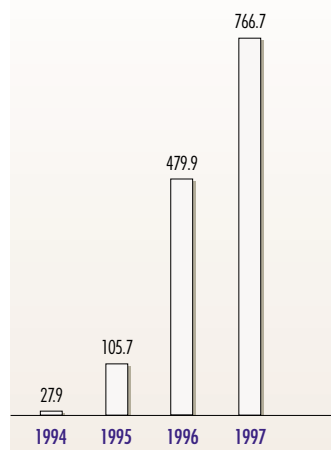
With the concept of an efficient and independent asset management, MLP has met the clients' requirements precisely. The company which was founded no earlier than at the end of 1994 was able to raise the managed volume by 60 percent from DM 479.9 million to DM 766.7 million. Especially in this sector, we expect a continuing strong increase in volume. The services of MLP Vermögensverwaltung AG play an increasingly important role in the investment concepts of the whole MLP group. This will not only have an effect on administration portfolios, but will also influence other product lines in the frame of MLP Vermögensmanagement, as well as the cooperation with our partners.

This still quite young company will therefore play an increasingly important role in the MLP consultancy concepts. It will thus continue the successfully started pathway in the years to come. Turnover was at DM 10.9 million in 1997, compared with DM 4.5 million in 1996. The net profit for the third complete business year was at TDM 490, following a net profit of TDM 90 in the previous year.

Turnover
in million DM



Managed assets
in million DM



MLP Bank AG

In the future the MLP AG will
take over the central role
in the coordination of banking
services for MLP clients.

Business commenced

MLP Bank AG, a perfect subsidiary of the MLP Vermögensverwaltung AG, was granted the full banking license in October 1997 and in a very short time has successfully concluded the takeover of the investment accounts for the clients of the MLP Vermögensverwaltung AG. It is thus fully activated with regard to its initial function as deposit management bank. In the current business year additional areas of activity are being opened up. Moreover, the MLP Bank AG will play a central role concerning the activities of the MLP group in the sector of banking services. The MLP Bank AG will contribute its own modules, but, similarly to the MLP Lebensversicherung AG, will also act as a primary contractor in coordinating and managing the modules of the most diverse product partners in the frame of the MLP Vermögensmanagement, in the sector of capital investment, and in the sector of financing. Therefore a very fast and successful start can be anticipated for this company. In 1997 a loss of TDM 286 was reported.

MLP Dignos Software GmbH

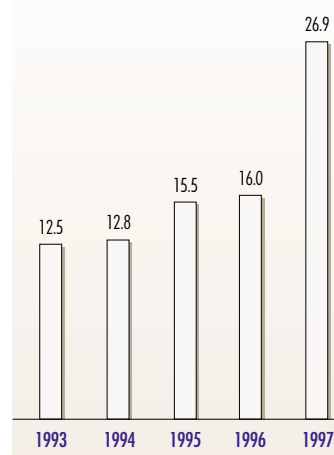
MLP Dignos EDV-GmbH

MLP Dignos Software MLP Dignos EDV-GmbH		1997	1996
Turnover	in million DM	26.9	16.0
Result of general business activities	in million DM	-0.79	1.15
Annual net profit	in million DM	-0.44	0.55

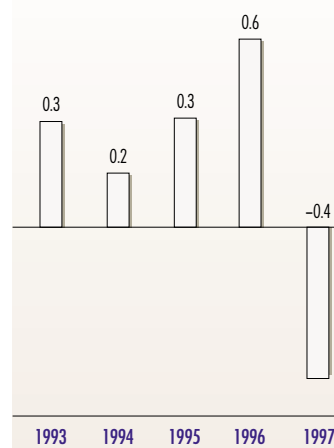
Technological basis

Growth in all sectors puts very high demands on EDP development, especially in the sector of portfolio management systems and network techniques. This was taken into account by founding a softwarehouse of our own. This was of great strategic advantage in setting-up our intelligent and efficient communication and information management. The experience gained by the activity of MLP Dignos on the free market has been a source of important impulses. In the 1997 business year the turnover of MLP Dignos Software GmbH and its subsidiary Dignos EDV-GmbH were at DM 26.9 million, compared to DM 16.0 million in 1996. After a net result of TDM 554 in 1996, a loss of TDM 441 was reported for 1997. This was due to the setting-up of a highly modern basic system for the data processing systems used by Dignos. The products which are bound to develop from this basis will lead to earnings and profits in the next years.

Turnover
in million DM

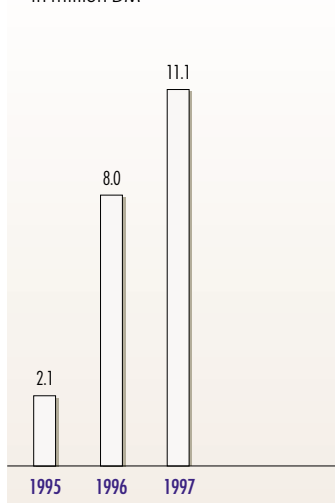


Annual net profit
in million DM



MLP Assekuranzmakler GmbH

Volume of premiums
in million DM

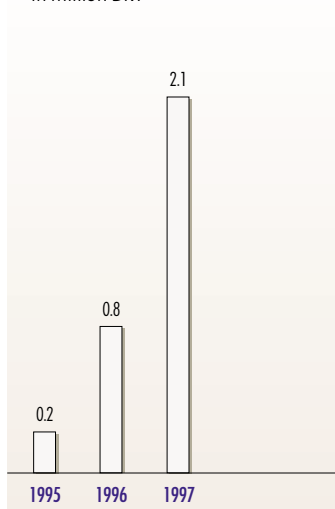


MLP Assekuranzmakler		1997	1996
Volume of premiums	in million DM	11.1	8.0
Turnover	in million DM	2.1	0.8
Result of general business activities	in million DM	-0.27	-1.10
Annual net profit	in million DM	-0.23	-0.92

General development of business

The company which concentrates on the conception and implementation of insurance solutions for small and medium-sized companies is in its second complete year of business. The negotiated volume of premiums could be increased from 8.0 million to DM 11.1 million. The turnover grew from TDM 810 to DM 2.1 million. The company is still in its build-up phase and undergoes national expansion. The necessary investments lead to losses amounting to TDM 227 in 1997.

Turnover
in million DM



MLP Service GmbH

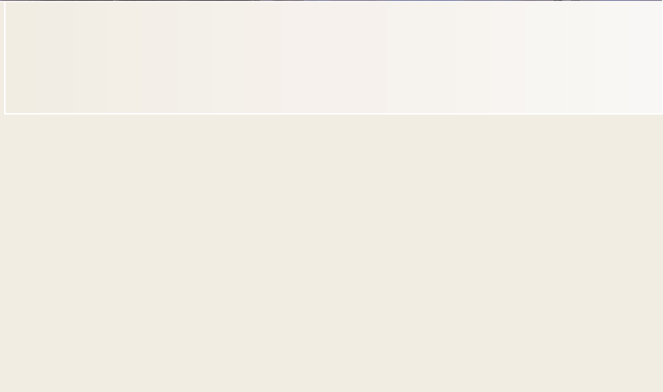
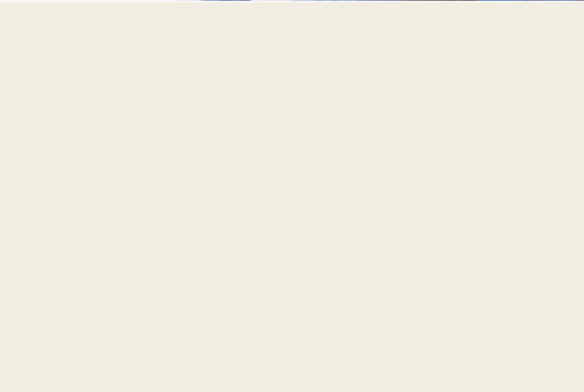
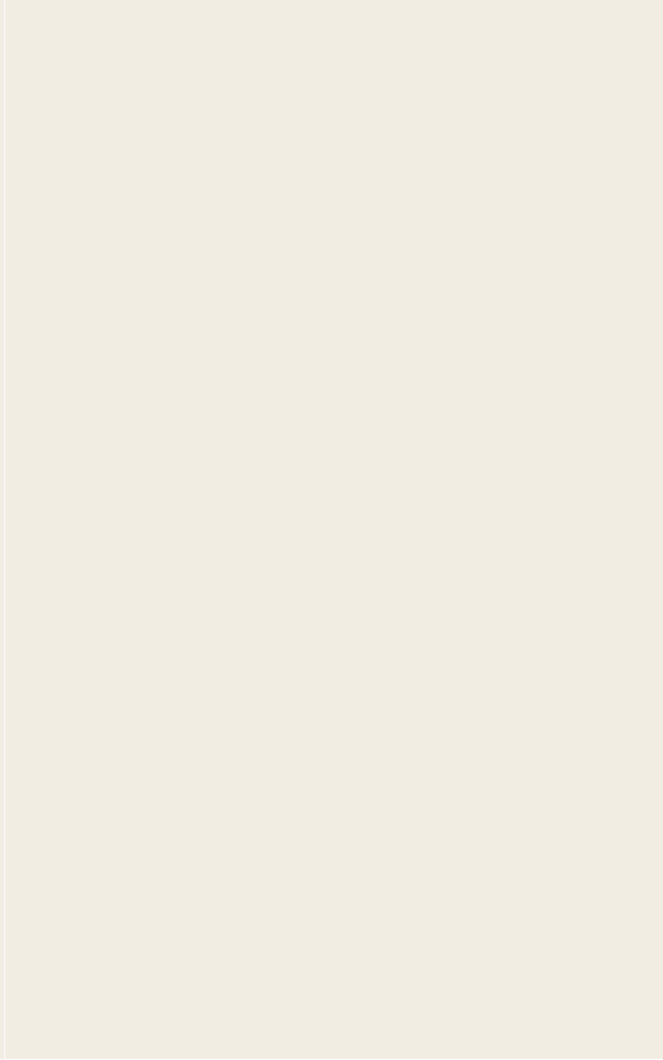
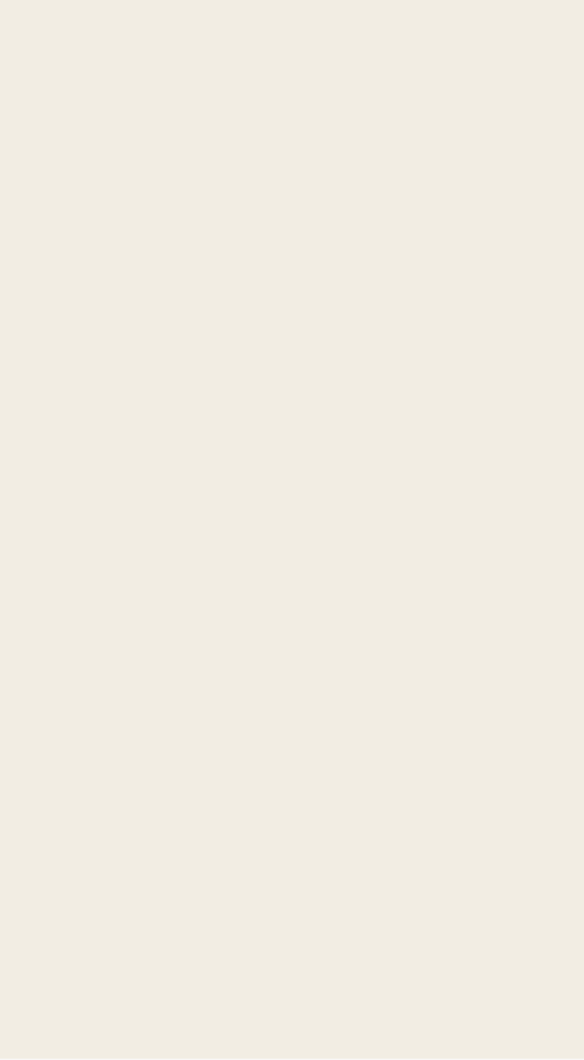
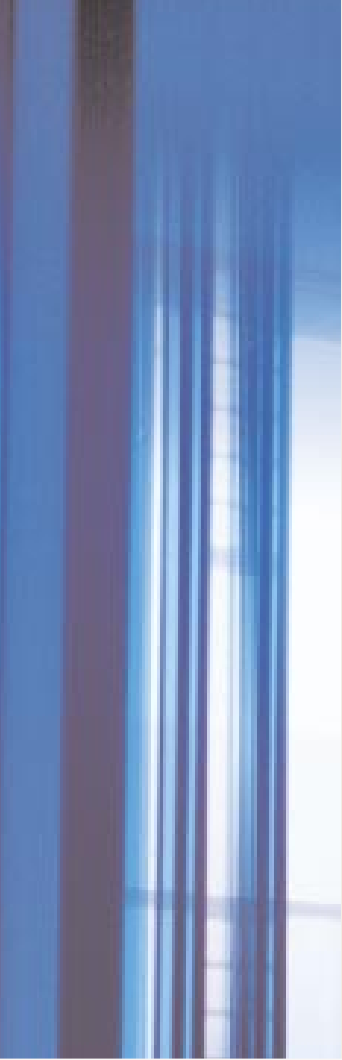
Service provider

In the course of the 1997 business year, those business sectors were excluded from the MLP Assekuranzmakler GmbH which are now handled by the MLP Service GmbH. These are mainly the direct service concept MLP Car and the organization and management of pool solutions and cover concepts in property, liability, and legal protection insurance. MLP Car has in the meanwhile acquired over 25,000 contracts. Especially the services sector with the telephone service center as well as the management of damages was considerably expanded. This required first of all high investments, so that losses amounting to TDM 365 for the first year of business had to be recorded.

Major expansion

of direct service

concept MLP Car.





Annual Account

All figures relevant for the assessment of MLP continue to show a growth rate of at least 20 percent.

Balance Sheets

at 31st December, 1997

ASSETS	1997 DM	1996 DM
A EXPENSES FOR THE START-UP AND EXPANSION OF BUSINESS OPERATIONS	1,200,000.00	0.00
B INVESTMENT CAPITAL		
I. Intangible assets		
1. Concessions, trademarks and similar rights and assets, plus licenses for such rights and assets	8,622,903.47	7,619,658.58
2. Payments on account	169,406.13	230,956.13
	8,792,309.60	7,850,614.71
II. Tangible assets		
1. Land, equivalent land rights and buildings including buildings on leasehold land	41,143,720.75	39,792,672.02
2. Equipment, fixtures, fittings and vehicles	23,859,883.84	22,685,472.23
3. Payments on account	597,335.85	430,412.09
	65,600,940.44	62,908,556.34
III. Financial assets		
1. Investments	32,000.00	4,303,055.88
2. Investments in associated companies	3,275,423.55	0.00
3. Securities of investment capital	6,906,525.00	4,175,625.00
4. Other net borrowings	1,044,245.05	1,008,451.69
5. Capital invested in fund-linked life policy	269,264,579.56	158,188,535.53
	280,522,773.16	167,675,668.10
	354,916,023.20	238,434,839.15
C CURRENT ASSETS		
I. Stocks		
Work in progress	5,155,916.85	7,174,590.95
II. Debtors and other assets		
1. Trade Debtors – amounts falling due after more than one year: DM 0.00	60,889,182.88	18,030,148.04
2. Amounts due from companies in which the company has an interest – amounts falling due after more than one year: DM 0.00	573,330.38	413,154.86
3. Other assets – amounts falling due after more than one year: DM 33,543,064.54	56,388,556.47	40,208,424.09
	117,851,069.73	58,651,726.99
III. Investments		
Other listed investments	65,976,121.84	5,582,416.00
IV. Cash at bank and in hand	72,490,650.04	154,135,686.21
	261,473,758.46	225,544,420.15
D PREPAID EXPENSES	6,692,069.63	3,539,964.97
E DEFERRED TAXATION	11,385,000.00	6,765,000.00
	635,666,851.29	474,284,224.27

CAPITAL AND RESERVES	1997 DM	1996 DM
A SHARE CAPITAL		
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 reserves	134,123,000.00	134,123,000.00
III. Profit and loss account	33,101,983.01	24,471,324.51
IV. Minority interests	9,307,818.76	5,047,748.53
V. Group profit retained for the financial year	32,567,611.93	29,299,321.06
	242,100,413.70	225,941,394.10
B PROVISIONS		
1. Provision for pensions and similar obligations	8,734,916.00	7,680,174.00
2. Provision for taxation	25,547,181.00	23,306,482.75
3. Other provisions	2,954,843.92	2,493,713.70
	37,236,940.92	33,480,370.45
C PROVISIONS RELATING SPECIFICALLY TO INSURANCE BUSINESS AND DEPOSITORY LIABILITIES		
1. Provisions for the fund-linked life policy that can be adequately covered by fixed assets	144,659,547.56	80,544,203.53
2. Depository liabilities from reinsurance business that can be adequately covered by fixed assets	124,605,032.00	77,644,332.00
3. Others	6,626,809.98	3,673,877.60
4. Other depository liabilities from reinsurance business	476,205.88	3,831.70
	276,367,595.42	161,866,244.83
D CREDITORS		
1. Payments on account received – amounts falling due within one year: DM 9,880,483.10	13,173,977.42	14,279,174.97
2. Trade creditors – amounts falling due within one year: DM 44,253,502.89	44,253,502.89	27,098,827.94
3. Amounts owed to companies in with the companies has an interest	5,515.56	0.00
4. Other creditors – Taxation: DM 7,463,787.25 – Social security: DM 549,384.00 – Amounts falling due within one year: DM 22,159,066.53	22,528,285.38	11,617,591.98
	79,961,281.25	52,995,594.89
E DEFERRED INCOME	620.00	620.00
	635,666,851.29	474,284,224.27

Group Profit and Loss Account

January 1st to December 31st, 1997

	1997 DM	1996 DM
1. Turnover	313,516,278.57	248,637,576.85
2. Changes in work in progress	(2,035,562.13)	5,458,146.22
3. Insurance premiums	120,264,892.07	77,212,021.94
4. Income from reinsurance business	73,090,999.09	49,546,655.44
5. Other income	13,981,862.85	5,967,059.26
	518,818,470.45	386,821,459.71
6. Material costs		
Costs of services received	130,459,292.85	102,984,267.69
7. Staff costs		
a) Wages and salaries	56,280,259.94	43,810,381.78
b) Social security costs and costs for pensions and other benefits – includes DM 1,327,448.89 for pensions	9,452,450.11	7,132,741.02
	65,732,710.05	50,943,122.80
8. Depreciation on intangible fixed assets	15,386,606.47	13,489,384.81
9. Other operating costs	109,255,711.74	72,425,722.20
10. Expenses for increase in provisions for insurance business	111,862,262.56	72,285,324.74
11. Reinsurance premiums	56,619,996.30	37,217,445.01
12. Income from other listed invest- ments and net borrowings from financial assets	34,006,067.27	9,419,739.02
13. Interest receivable and similar income	5,952,104.42	1,654,154.98
14. Depreciation on financial assets and on short-term investments	343,352.17	5,134.75
15. Interest payable and similar costs	4,719,736.99	3,012,638.50
16. Unrealized gain from investments	15,491,946.89	8,346,506.61
17. Unrealized loss from investments	11,706,696.71	571,912.79
18. Result of general business activities	68,182,223.19	53,306,907.03
19. Tax on income	33,740,964.26	26,281,230.47
20. Other taxes	1,873,026.34	502,073.63
21. Profit for the financial year	32,568,232.59	26,523,602.93
Profit carried forward from the previous year	99,321.06	19,906.68
Transfers from profit and loss account	0.00	2,835,055.19
Allocations to profit and loss account	55,755.52	6,277.00
Share of profits for consolidation of investment	44,186.20	72,966.74
22. GROUP PROFIT	32,567,611.93	29,299,321.06

27 percent of all physicians employed in Germany are already clients of MLP. Moreover, MLP gains 6 out of 10 young physicians right after their graduation.



Balance Sheets

at 31st December, 1997

ASSETS	1997 DM	1996 DM
A. FIXED ASSETS		
I. Intangible assets		
concessions, trademarks and similar rights an assets, plus licenses for such rights and assets	2,045.00	10,637.00
II. Tangible assets		
1. Land, equivalent land rights and buildings, including buildings on leasehold land	33,513,574.00	33,249,114.00
2. Other plants, fixtures, fittings and vehicles	3,525,421.00	3,222,532.00
	37,038,995.00	36,471,646.00
III. Financial assets		
1. Shares in associated companies	28,894,237.50	24,867,207.50
2. Net borrowings of associated companies	1,000,000.00	5,000,000.00
3. Other net borrowings	1,,044,245.05	1,008,451.69
	30,938,482.55	30,875,659.19
	67,979,522.55	67,357,942.19
B. CURRENT ASSETS		
I. Debtors and other assets		
1. Amounts due from associated companies – amounts falling due after more than one year: DM 0.00	110,109,185.30	55,902,704.28
2. Other assets – amounts falling due after more than one year: DM 451,414.07; 1996: DM 415,028.16	1,617,225.22	975,415.72
	111,726,410.52	56,878,120.00
II. Investments		
Other listed investments	54,835,000.00	5,000,000.00
III. Cash at bank and in hand	58,719,452.86	136,855,100.31
	225,280,863.38	198,733,220.31
C. PREPAID EXPENSES	10,219.83	10,219.83
	293,270,605.76	266,101,382.33

CAPITAL AND RESERVES	1997 DM	1996 DM
A. SHARE CAPITAL		
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 reserves	134,123,000.00	134,123,000.00
III. Profit and loss account		
1. Legally restricted reserves	660,019.00	660,019.00
2. Other profits retained	44,600,000.00	35,200,000.00
	45,260,019.00	35,860,019.00
IV. Profit carried forward	99,321.06	19,906.68
V. Profit retained for the financial year	37,362,478.16	29,279,414.38
	249,844,818.22	232,282,340.06
B. PROVISIONS FOR LIABILITIES AND CHARGES		
1. Provision for pensions	6,429,569.00	5,863,596.00
2. Provision for taxation	24,607,142.00	22,208,119.00
3. Other provisions	591,050.00	479,500.00
	31,627,761.00	28,551,215.00
C. CREDITORS		
1. Trade creditors	619,588.03	489,599.77
– amounts falling due within one year: DM 619,588.03; 1996: DM 489,599.77		
2. Other creditors	11,178,438.51	4,778,227.50
– Taxation: DM 6,066,154.87; 1996: DM 895,808.76		
– Social security: DM 8,296.07; 1996: DM 0.00		
– Amounts falling due within one year: DM 11,178,438.51; 1996: DM 4,778,227.50		
	11,798,026.54	5,267,827.27
	293,270,605.76	266,101,382.33

Profit and Loss Account

from January 1st to December 31st, 1997

	1997 DM	1996 DM
1. Other income	5,479,832.08	3,764,323.22
2. Staff costs		
a) Wages and salaries	6,263,471.68	5,026,536.45
b) Social security costs and costs for pensions and other benefits – includes DM 526,312.80 for pensions 1996 DM 477,717.40	553,502.53	508,141.91
	6,816,974.21	5,534,678.36
3. Depreciation on fixed assets	2,282,747.63	2,094,099.71
4. Other operating costs	1,431,588.68	2,400,475.26
5. Income from transfer of profits agreements	35,143.14	0.00
6. Income from other listed investments and net borrowings from financial assets	75,118,851.99	60,253,124.61
7. Other interest receivable and similar income – including DM 341,999.99 from associated companies; 1996 : DM 429,000.00	484,254.90	561,767.05
8. Interest payable and similar income – including DM 1,496,451.30 from associated companies; 1996: DM 1,359,903.32	6,345,826.45	2,157,057.54
9. Depreciation on short-term investments	297,000.00	5,000.00
10. Interest rates and similar expenses – including DM 0.00 from associated companies; 1996: DM 9,984.80	143,242.17	52,102.52
11. Result of general business activities	76,492,355.87	56,649,916.57
12. Tax on income	37,401,860.43	27,061,455.02
13. Other taxes	1,728,017.28	309,047.17
14. Net profit for the financial year	37,362,478.16	29,279,414.38
15. Profit carried forward from the previous year	99,321.06	19,906.68
16. PROFIT RETAINED FOR THE FINANCIAL YEAR	37,461,799.22	29,299,321.06



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