Annual Report of MLP AG 2007

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect", "anticipate", "estimate", "assume", "intend", "plan", "should", "could", "project" and other similar terms used in reference to the company describe prognoses based on certain factors subject to uncertainty. Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements. MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.

TABLE OF CONTENTS

Report by the supervisory board

In the financial year 2007, the Supervisory Board invested much time and effort in dealing with the development of the company and performed its duties of supervision in their entirety. It regularly advised and monitored the Executive Board in its management of the company.

Furthermore, during the course of the last financial year the Supervisory Board paid a great deal of attention to the economic development, financial situation and prospects of the company.

The Supervisory and Executive Boards met on numerous occasions to discuss business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board provided the Supervisory Board with timely and comprehensive reports, both written and oral, on a regular basis and on all relevant issues related to corporate planning, strategic development, the business situation and the position and development of the Group as a whole, including the risk situation and risk management.

In 2007, MLP Finanzdienstleistungen Aktiengesellschaft and MLP Bank AG merged and have since been trading under the name MLP Finanzdienstleistungen AG. The new structure enables more focused management of the operational business and improved internal and bank supervisory processes.

Following the successful strategic move of acquiring 56.6% of the shares in Feri Finance AG in October 2006, the focus in 2007 was on further consolidation of the wealth management business segment. MLP AG consequently exercised its preemptive rights to acquire the remaining 43.4% in Feri Finance AG as planned in October 2007.

In the financial year 2007, the Supervisory Board held six regular and four extraordinary meetings, which were, with the exception of two meetings, always attended by all members, either in person or via conference call. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. When necessary, the resolutions were made via telephone conference or by connecting to Supervisory Board members who were unable to attend the meetings in person via telephone.

Four meetings of the Personnel Committee and two meetings of the Audit Committee were also held, all of which were attended by all members. Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informed the other members of the Supervisory Board in detail about the content of the meetings with the Executive Board.

Supervisory Board meetings and important resolutions

Following preparations by meetings of the Audit Committee, the meeting of the Supervisory Board on March 26, 2007 focused on the audit and approval of the financial statements and the consolidated financial statements as at December 31, 2006. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved the financial statements and the consolidated financial statements of December 31, 2006. Other significant issues that figured on the agenda of this meeting were the Supervisory Board's proposals for resolutions to the regular Annual General Meeting of MLP AG on May 31, 2007.

The regular meeting of the Supervisory Board on May 8, 2007 was used to discuss the results and business development of the first quarter of 2007. Also on the agenda was the final resolution on the approval of the merger of MLP Finanzdienstleistungen AG and MLP Bank AG, which had been prepared in the extraordinary meetings of the Supervisory Board on April 18, 2007 and April 24, 2007, which were conducted as telephone conferences. During the entire process, the Supervisory Board was kept informed of the status of the preparations for the merger and the consultations with the Federal Financial Supervisory Authority.

The extraordinary meeting of the Supervisory Board on July 10, 2007 focused on the termination of MLP's business activities in Great Britain and Spain.

The results of the second quarter and the business development in the first half of the year were on the agenda at the regular Supervisory Board meeting on August 7, 2007.

In an extraordinary meeting of the Supervisory Board on September 4, 2007 the Board Member for Sales, Dr. Wulf Böttger was discharged with immediate effect. Mr Muhyddin Suleiman was appointed with immediate effect to the MLP AG Executive Board with responsibility for sales.

At a meeting on October 23, 2007, consultations focused on the future strategic direction of the MLP Group. Most importantly, the Supervisory Board approved the exercising of preemptive rights to acquire the remaining 43.4% in Feri Finance AG.

The November meeting focused on the results of the third quarter.

At the meeting on December 11, 2007 discussion focused on the resolution on the declaration of compliance in line with § 161 of the German Stock Corporation Act (AktG), adherence to the regulations of the German Corporate Governance Code and ensuring compliance within the MLP Group. for 2008 was also discussed.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2007.

The Personnel Committee convened four times in the reporting period. The meetings focused on examining remuneration of the Board and pension promises, preparing to extend the Executive Board appointments of Dr. Schroeder-Wildberg and Mr Frieg until 2012 and preparing for the new appointments in the Sales and Finance departments.

The Audit Committee held two regular meetings in the financial year 2007. Representatives of the auditor were also present at its meetings. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and the Group as well as the proposed appropriation of earnings. There were detailed consultations on relations with the auditor, proposals for electing an auditor, remuneration, audit assignment and monitoring independence. The Audit Committee received regular reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

At the meeting on December 11, 2007, the Supervisory Board passed a resolution on forming a Nomination Committee in line with the German Corporate Governance Code directives of June 14, 2007. Such a committee would consist exclusively of shareholder representatives and propose to the Supervisory Board suitable candidates for its proposals of Supervisory Board members for election at the Annual General Meeting.

Corporate Governance

The Supervisory Board regularly deals with the application of the Corporate Governance principles.

Last year, the Supervisory Board dedicated its meeting on December 11, 2007 to detailed discussions of the amendments of the German Corporate Governance Code ratified on June 14, 2007.

At the meeting on December 11, 2007, the Supervisory Board examined the efficiency of its activities based on an evaluation questionnaire made available to the Supervisory Board members in good time before the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were analysed.

At the meeting on December 11, 2007, the Supervisory Board also satisfied itself that MLP AG had met the recommendations of the German Corporate Governance Code in line with its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will continue to strictly comply with the recommendations of the Government Commission on the German Corporate Governance Code (version June 14, 2007). In December 2007 the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 2007 and made it permanently available to the shareholders via its website.

No conflicts of interest arose in the reporting period.

A summary of Corporate Governance at MLP, including the text of the Declaration of Compliance of December 2007, can be found in the Corporate Governance report by the Executive and Supervisory Boards in this annual report. All relevant information is also available on our homepage at www.mlp.de.

Audit of the annual financial statements and consolidated financial statements for 2007

The MLP AG annual financial statements as at December 31, 2007 and the management report of MLP AG were prepared by the Executive Board in line with the principles of the German Commercial Code (HGB). The consolidated financial statements and Group management report were prepared pursuant to § 315a of the German

Commercial Code (HGB) in accordance with IFRS as adopted by the EU. Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, has audited the financial statements and the management report of MLP AG as at December 31, 2007 and the consolidated financial statements and Group management report prepared in line with the principles of the German Commercial Code (HGB) and issued and unqualified auditor’s opinion. The auditor has conducted the audit in accordance with generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW).

The financial statements, the auditors’ reports and the Executive Board’s proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time.

The Audit Committee of the Supervisory Board examined these documents very thoroughly. The Supervisory Board also checked and discussed the documentation and reports in detail. The audit reports from Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Germany, were made available to all members of the Supervisory Board and were dealt with in full at the Supervisory Board meeting on March 26, 2008 in the presence of the auditor, who reported on the most important results of his audit. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system and gave detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditors’ audit and, on the basis of the final outcome of the Audit Committee’s audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting of March 26, 2008, the Supervisory Board approved the annual financial statements and the MLP AG management report, as well as the consolidated financial statements and the consolidated management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore adopted.

The Supervisory Board agreed with the Executive Board’s proposal to pay out a dividend of € 0.50 per share for the financial year 2007.

As of the Annual General Meeting on May 16, 2008 the term of office of Gerd Schmitz-Morkramer comes to an end, who no longer wishes to stand for election to the Supervisory Board due to age. Mr Schmitz-Morkramer has been a member of the MLP AG Supervisory Board since its inception in 1984. The members of the body would like to thank him for his many years of work as a trusted member of the board.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies and all employees and MLP consultants of the MLP Group for their commitment and achievements in the financial year 2007.

Wiesloch, March 2008

The Supervisory Board

Manfred Lautenschläger

Chairman

Management report

Overall economic situation

Framework conditions

MLP generates over 97% of its income in the German market. This means we can draw strong conclusions regarding the future business development of MLP based on Germany's economic strength. The significant economic figures here are economic development, the number of employees in the target group of academics and other discerning clients, purchasing power and the savings rate. However, in the past we have seen that, in fact, because of the above average income and savings rate of MLP clients, the economic development in Germany only had a limited influence on MLP's development.

National economic climate

In 2007, the global economies showed an overall positive trend in their development. According to the International Monetary Fund (IMF), global growth in 2007 was 4.7%. The looming mortgage crisis in the second half of the year in the USA unsettled the financial markets, but in the financial year 2007 it did not lead to any sustained slowdown in the non-financial markets. The slower growth in the USA (GDP: + 1.9%) and in the Eurozone (GDP: + 2.5%) was compensated for by more dynamic growth in the emerging markets. China and India are now the driving forces of global growth and have stabilised the resilience of the global economy as a whole.

The German economy embraced a solid upturn in 2007. The gross domestic product grew by 2.5%. Sustained strong export figures, an attractive consumer demand from domestic private households, an increase in companies' investing activities and high tax revenues boosted the labour market. The number of those in employment who were subject to social insurance contribution showed a marked increase in the course of the year, while unemployment decreased. The number of unemployed was 9% last year. 3,776,000 people were registered unemployed at the Federal Employment Agency. Once again the chances of finding a job correlated very clearly with the level of education of those seeking work in the course of the year. Academics and other qualified professional groups, in other words MLP's target group, were once again able to benefit the most from the upturn in the labour market in 2007. In previous years, the unemployment rate amongst academics fluctuated within an annual average of between just 3% and 4%. This is less than half the unemployment rate of the whole population.

Disposable income increased by 2.7% in Germany in 2007. However, the consumer prices for energy and some foodstuffs went up considerably. This meant some positive income-generating effects of the economic upturn were again relativised by negative counter movements in the domestic budget. Nevertheless, there was an increase in the number of people prepared to save. The savings rate last year reached 10.8%, signifying an increase of 0.3% compared to last year. This may be an indication of increased awareness on the part of the Germans that they also have to make a contribution to their personal old-age provision. A growing realisation of the necessity of individual efforts to save for one's own old-age provision and possible illness is conducive to MLP's business success.

Industry Situation and competitive environment

MLP operates as an independent financial broker for academics and other discerning clients in all areas of health and old-age provision, insurance cover, wealth management and loans and mortgages. As these markets develop, changes in the domestic competitive environment for banks, insurance companies and financial brokers – such as new legal regulations for financial services companies or new competitors in the market – may impact MLP's future prospects.

Old-age provision

The German pension insurance system has recently experienced the greatest changes in its history. Demographic development and increasing life expectancy due to medical advances have exposed the limits of the pay-as-you-go intergeneration contract. Legislators recognised the need for action in 2005 and introduced the Retirement Income Law (AltEinkG), a new three-layer old-age pension system in Germany:

- Layer 1: basic provision (statutory pension and tax-privileged/Rürup pension)
- Layer 2: private supplementary provision (occupational pension provision, Riester pension)
- Layer 3: other old-age provision products (private pension or endowment life insurance policies)

The products named after Riester have so far been the most successful on the market. Some 10 million Germans are saving for their old age with products that are eligible for the state Riester subsidy.

The basic or Rürup pension introduced in 2005 has so far been considerably less popular. By the end of December 2007, 310,000 Germans had a basic pension. However, we assume that once the demand for Riester contracts has been met, this type of tax-privileged private old-age provision will becoming increasingly popular in the medium to long term.

Investors are increasingly taking an interest in other old-age provision products, such as private pension insurance or life insurance, which come under layer three of the new world of pension provision. As well as offering good returns, investors appreciate the flexibility of the layer three pension products and the option of transfer in the event of death. Last year there was a strong increase in demand for dynamic hybrid models in particular. Such products offer the investor good performance while safeguarding lifelong payments through life insurance cover. In general the financial industry is moving away from traditional approaches in its product development and more towards new types of provision of funds. The trend is towards purchasing guarantees in the equity market.

Occupational pension provision is becoming more firmly entrenched within the old-age provision pyramid. This business segment received a boost in 2007 following the German grand coalition's decision to extend immunity from taxes when deferring compensation within occupational pension provision beyond the end of 2008.

However, the life insurance sector, the biggest supplier of old-age pension products in Germany in 2007, was unable to benefit from the overall attractive framework conditions for the financial services industry. The premium income was slightly below the level of the previous year. There is still a trend for longterm provision contracts. Some 54% of provision contracts with pension-based pay-out plans accounted for the largest proportion of new business.

Health provision

Health reform was not such a prominent public issue in 2007 compared to the previous year. Once the reform had come into force on April 1, 2007, the media reported considerably less on this topic. Changing to a different health insurance provider was still an important issue for many when planning for the future. Only 100,000 people took up the option of going back into a statutory health insurance scheme having previously no longer been eligible for this. This option was linked with the health reform. People are increasingly realising that the German health system with its statutory health insurance schemes has reached its limits. They are concerned that they will not be sufficiently covered by statutory health insurance if they are ill.

Choosing private health insurance is now more complicated since the health reform came into force on April 1, 2007. As of April 2007 there have been more stringent prerequisites for switching from statutory health insurance to private health insurance. Those wanting to change must be able to show a gross annual income of at least € 47,250 over three consecutive years to be eligible for private health insurance. This is causing delays in concluding new private health insurance contracts in the entire industry.

The private health insurance schemes had premium incomes of some € 29 billion in 2007. Some € 27 billion (+ 2.6%) was attributable to the health insurance industry and € 2 billion (+ 0.5%) to long-term care insurance.

The market for option contracts expanded considerably across the industry due to the continued interest in private health insurance coverage. Option contracts safeguard the option for those policyholders – on the basis of their current state of health – who may wish to switch at a later date to private insurance without having to worry about an increase in their contributions should their state of health decline.

MLP offered in-depth advice to clients who are compulsorily insured in a statutory health insurance scheme with regard to changing to a less expensive statutory health insurance scheme. In terms of offering an integrated consulting approach, there are links with follow-on business from changing to a less expensive statutory health insurance scheme. For example, the money saved by switching health insurance schemes may be put towards old-age provision.

Wealth management

The savings rate in Germany rose to 10.8% last year (2006: 10.5%). Despite the fact that people are experiencing many increased costs, such as the huge increases in energy costs, they have put aside money for the future. By the end of the year some € 166 billion had been saved. Based on economists' estimates, German households had gross financial assets of € 4.76 trillion in 2007 (€ 4.53 trillion in 2006) making them better off than ever before. These assets are mainly deposited in banks in the form of sight, time or savings deposits (33%). Insurers hold some 25% of these assets and investment funds around 12%. Some 10% of these assets is invested in fixed income securities.

The Germans' main consideration when investing money is security. According to the results of the 'Wealth barometer 2007' market research study conducted by the German Savings Bank and Clearing Bank Association (Deutscher Sparkassen- und Giroverband) the Germans are primarily interested in security when investing and secondarily in the availability of their savings.

The market for those referred to as high net-worth individuals, in which MLP is represented by its subsidiary Feri, continues to be a promising market segment. In Germany alone the number of millionaires increased to 798,000 in 2006 (2005: 767,000).There is, however, particularly strong competition in the private banking market in Germany. The growth prospects along with the income obtainable in this business segment are enticing a growing number of competitors onto the scene. Experts believe that when competing for clients, the crucial aspects in the future will be quality of services, competence of advisers and the institutes' reputation.

Financing

There was also strong demand in 2007 for German real estate on the part of foreign investors. Meanwhile, development was cautious in the traditional construction financing business for private clients, as in the previous year. Despite the low interest rate, demand was sluggish. The number of building licenses decreased by 35% in 2007. Industry experts attribute this still to the termination of the home owner allowance at the end of 2005 and the increase in value added tax at the beginning of 2007. The financial services industry noted again the erosion of margins and strong competition in the market.

Competition

MLP stands out from the competition with its independent and comprehensive consulting approach. In contrast to many banks, savings banks, insurers or other finance brokers, MLP's choice of products is independent of the interests of the various product suppliers and depends entirely on the quality of the products and product suppliers and clients' particular requirements. In the past few years MLP has broken away from the Group subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG so it can convincingly represent this approach. Instead it has invested in growth areas such as wealth management. By collaborating with Feri Finance AG, Germany's largest adviser for private and institutional wealth, which is independent, MLP has opened up new markets and opportunities for growth. MLP is the only finance broker represented throughout Germany which holds a full banking licence and can offer its clients the entire product range from the financial services market.

Due to the heterogeneous nature of the German financial services market and the unique positioning of MLP within this market, it is not possible to ascertain the exact market share of individual competitors. However, there is clear evidence of one trend: The market share of independent finance brokers has increased considerably over the last few years. A study by the management consultancy Tillinghast reveals that the market share of independent brokers selling life insurance products in the German market increased from 23% in 1999 to 29% in 2006. We believe that MLP is the largest independent financial adviser in the German market.

In the course of the year additional new financial service providers entered the market and a foreign insurance group took over one finance broker to strengthen its sales potential in Germany. This demonstrates the attractiveness of this market.

The greatest changes in the financial services industry result from the regulatory environment of the industry. In 2007 and the beginning of 2008 a series of directives and laws came into force containing new regulations for selling financial services:

- the EU Insurance Mediation Directive (VVR; since May 2007)
- the Markets in Financial Instruments Directive, (MiFID; since November 2007)
- the change to the German Insurance Contract Law (VVG; since January 2008)

In addition, on January 1, 2009 the new final withholding tax on capital gains will be introduced.

The legislation with its new guidelines aims to better protect investors by increasing market transparency and strengthening competition. The effects of these far-reaching regulations on the entire financial services industry in Germany will only become clear in the next few years (see forecast).

Company Situation

Business model: Independent holistic consulting

Independent, holistic consulting with a clear target group focus on academics and other discerning clients is the central element of our business model. Our clients appreciate the comprehensive, long-term support, the careful product range tailored to their interests according to the best-in-class principle and the closeness to their consultants.

MLP clients know they have a highly qualified financial adviser on hand to assist with all of life's circumstances. MLP acquires most of its new clients by targeting graduates at universities. Our aim is to provide decades of support to our clients as they move along their career and life paths. This leads to high customer loyalty and a wide range of opportunities for cross-selling.

On December 31, 2007 the company had 721,000 clients (previous year 685,000). Seven new offices were opened over the course of the year; the total number of offices is now 262. In the period under review, client support was provided by 2,613 mainly self-employed MLP consultants who work exclusively for MLP. In addition to its core German market, MLP also operates in Austria and the Netherlands.

The decentralised sales model with its holistic consulting philosophy is convincing people in the industry as well as clients. MLP is the benchmark for the industry in terms of consultant productivity and cross-selling. The average revenue per consultant in 2007 was € 190,000. This is a top result for the industry.

Strategy

Independence in the consultancy process and in product selection has become a key selling argument in the competition among financial service providers in Germany. MLP has been following this approach since it was founded and this has helped it become a premium brand among the financial service providers operating in Germany. Today the company has a proven top reputation and an excellent position on the market.

The company's strategic development over the past three years, particularly the expansion of financial asset management as another core competence alongside old-age and health provision, is intended to contribute to a long-term increase in company value.

After having acquired a 56.6% majority holding in Feri Finance AG in October 2006, MLP exercised its option to purchase the remaining 43.4% of the shares in October 2007. Feri's position within the MLP Group has seen positive developments. Early successes can be observed in new, customised concepts for MLP clients and personal collaboration on a number of levels.

MLP's acquisition of Feri Finance AG opens up a new dimension in financial asset management for MLP clients. Feri Finance AG has until now been largely active in the area of investment advice for institutional customers and wealthy private investors. The collaboration with MLP means that Feri's expertise now benefits MLP clients as well and there is additional market potential, particularly in the MLP client base, to be tapped.

Within MLP's financial asset management segment, Feri Finance AG is, with its excellent rating competence and internationally recognised research, an important intermediary for developing concepts for discerning investment strategies. Feri's comprehensive industry knowledge objectifies the investment world for MLP clients. Its high-quality rating and research work enables clients to take investment decisions based on a solid basis of information. Each year Feri conducts more than a thousand expert discussions with portfolio managers, monitors their success and continually compares the results of the various investment categories. Under Feri's independent and critical gaze, the world of financial investment is laid bare. The aim is to achieve maximum decision-making transparency for clients. Feri's findings are used in MLP's financial asset management concepts. Clients select products based on objective information in line with their return expectations and risk propensity.

37% of MLP clients already fall within the classic private banking segment. This group of clients will become even more important because well-placed academics and discerning clients are increasingly interested in integrated financial asset management concepts over the course of their lives. MLP recognised this challenge in good time and has systematically invested in expanding the relevant consultancy services.

Feri Finance AG will continue with its financial asset management on behalf of major wealthy clients, with the development of innovative investment concepts and with its rating and research work almost exactly as before.

Occupational pension provision

The strategic decision taken in 2004 to enter the occupational pensions market has proved successful. This market's contribution to new business in the area of pensions was already around 7% in the past financial year.

This business segment is making an increasing contribution within MLP's value chain in terms of revenue, acquisition of new clients and cross-selling. The transaction volume for the industry as a whole is registering annual growth rates of 10–11%, and experts believe that these growth rates will continue in future. The German government's decision at the end of 2007 not to stop support for deferred compensation in the area of occupational pensions at the end of 2008 as planned, but to leave the tax exemption in place for an unlimited period, has once again considerably improved future business prospects in the area of occupational pensions.

In collaboration with its subsidiary BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, MLP focuses on consultancy for small and medium-sized companies, freelancers and public-law institutes and associations.

The vast majority of MLP consultants have already informed their clients about occupational pension instruments in the period under review. The high level of acceptance can be seen in the good penetration rates (proportion of a company's employees that take up the occupational pension offer) achieved by our consultants.

Our consultants acquire the necessary specialist knowledge in the area of occupational pensions in the company's own Corporate University. In their dayto- day work they also have the support of an IT-based consultancy programme.

Business abroad

At the balance sheet date of December 31, 2007, MLP had a subsidiary in Austria and a branch office in the Netherlands. MLP pulled out of the loss-making UK and Spanish markets in the third quarter of 2007 and is now concentrating on its core German market and its activities in Austria and the Netherlands. The key reason for pulling out of the UK and Spain was the competition on those markets. Overall however, foreign business plays a limited role in MLP's business success. Last year less than 3% of revenue was generated abroad.

Organisation and structure

MLP AG is the holding company for the MLP Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. In the first half-year 2007, MLP successfully completed the merger of MLP Finanzdienstleistungen Aktiengesellschaft with MLP Bank AG. The merged company now trades under the name of MLP Finanzdienstleistungen AG. Through this subsidiary, MLP – as sole large and independent financial service provider – obtained a full banking licence and in its capacity as broker offers its clients independent consulting on all issues pertaining to finance, provision and wealth management.

The Group's business activities are organised in segments and were mainly conducted by the two subsidiaries MLP Finanzdienstleistungen AG and MLP Bank AG. After having acquired a share of 56.6% in Feri Finance AG in the fourth quarter of 2006, the MLP Group continued its strategic realignment by exercising the call option to acquire the remaining stake of 43.4% in Feri Finance AG in late October 2007. The in rem execution of the share transfer will take place in the first half of 2011. Feri Finance

AG represents the wealth management segment. Accordingly, at the end of the financial year 2007 the following significant companies belonged to the Group:

- MLP Finanzdienstleistungen AG including MLP BAV GmbH, Berag Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH (including its subsidiary) and a foreign branch and foreign subsidiaries of MLP Finanzdienstleistung AG
- Feri Finance AG (including its subsidiaries)

In the past financial year, MLP Finanzdienstleistungen AG has additionally purchased a 49.8% share in MLP Hyp GmbH. This company has been established jointly with the property finance broker Interhyp to conduct brokerage business regarding property finance via this platform in the future.

In the past financial year, the following changes took place within the Executive Board of MLP AG:

- On June 30, 2007, Nils Frowein left the Executive Board of MLP AG. His tasks as the company's Chief Financial Officer were then assumed by Chairman of Executive Board, Dr. Uwe Schroeder-Wildberg. Under his management, Andreas Dittmar has headed the finance division since January 1, 2008.
- On September 4, 2007, Muhyddin Suleiman was appointed as a new member of the Executive Board of MLP AG. He is responsible for the sales division and has assumed the tasks of Dr. Wulf Böttger who left the Executive Board at the same time.

Disclosures pursuant to § 289 (4) of the German Commercial Code (HGB)

As at December 31, 2007 the share capital of the company is € 108,812,289 and is divided into 108,812,289 ordinary bearer shares with a nominal value of € 1 per share.

As a result of the approvals granted by the Annual General Meeting of June 21, 2005 and May 31, 2006, MLP AG purchased a total of 9,648,609 own shares (as at December 31, 2007 this corresponds to 8.87% of the share capital) in the period from December 1, 2005 to December 22, 2006 and in the period from November 9, 2007 to the balance sheet date of December 31, 2007. As per § 71b of the German Stock Corporation Act (AktG), these shares grant no rights and, more specifically, have no voting rights and dividends.

MLP AG was notified of two shareholders which exceeded 10% of the voting rights on December 31, 2007:

	Number of shares	**Shareholder in %**
Manfred Lautenschläger[1)]	12.991.597	11,94%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	11.857.781	10,91%

[1)] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 10,404,995 of the shares (= 9.56% of the share capital) held by Lautenschläger Beteiligung GmbH are attributable to Manfred Lautenschläger.

The company's articles of association specify that the Executive Board must consist of at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can withdraw the appointment to a member of the board before the time in office expires with good cause. Such cause would be gross breach of duty, inability to manage properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the employment contracts with board members. The Supervisory Board can appoint one Chairman and one or more Vice Chairmen.

In accordance with § 179 (1) of the German Stock Corporation Act (AktG), each amendment to the articles of association requires a resolution by the Annual General Meeting. In deviation from § 179 (2) sentence 1 of the German Stock Corporation Act (AktG), § 17 (4) of the company's articles of association stipulates that resolutions on amendments to the articles of association by the Annual General Meeting can be passed with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required according to binding legal requirements.

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital).

A resolution passed at the Annual General Meeting of May 31, 2007 also authorised the company, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase up to 10% of the share capital during the authorisation period by November 29, 2008; on the basis of this authorisation, the company purchased 785,500 shares in the period from November 9, 2007 to the balance sheet data of December 31, 2007.

In connection with the acquisition of the majority holding in Feri Finance AG, MLP AG exercised its call option in 2007, which will lead to the acquisition of the remaining shares in 2011. In the event that a third party purchases at least 51% of the entire share capital of MLP AG by December 31, 2010 and exercises the voting rights from these shares in the Annual General Meeting following the acquisition or in a later Annual General Meeting, the vendors of the options are entitled to a minimum purchase price, if the acquisition of shares results in the business model agreed between MLP and Feri becoming inoperable.

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, Gerhard Frieg and Muhyddin Suleiman contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded purchase a share of at least 50% of the voting rights. Should they exercise this right to termination, MLP is obliged to pay them the fourfold annual fixed remuneration which would have been payable, had the contract not been terminated by them as a result of the change of control and provided that the termination of contract is more than two years before its scheduled termination. The contract of employment of Dr. Schroeder-Wildberg has a term until December 31, 2012, of Mr Frieg until May 18, 2012 and of Mr Suleiman until September 3, 2012. In the case of a termination of contract within the two years of the scheduled termination the severance payment shall be paid pro rata temporis.

Earnings position

Other operating income of € 26.9 million (€ 24.6 million) was generated in the financial year 2007. The previous year's value includes a subsequent profit component of € 11.3 million (€ 8.6 million) from the sale of MLP Lebensversicherung AG in 2005. This item also contains income not relating to the period to the tune of €1.1 million from the financial year 2006. The subsequent profit component will be paid for the last time in 2008 estimated at a similar level.

Personnel expenses rose in the reporting period from € 5.5 million to € 6.7 million. This was mainly due to higher compensation payments.

In the reporting year depreciation and amortisation expenses slightly decreased from € 5.1 million in the previous year to € 5.0 million in 2007.

The other operating expenses of MLP AG increased from € 22.7 million to € 25.1 million in the period under review. This is mainly due to a contractually agreed adjustment of the preliminary purchase price of the former subsidiary MLP Lebensversicherung AG amounting to € 6.3 million.

In the reporting year the finance cost rose due to write-off of treasury stock amounting to € 36.7 million (€ 15.4 million). At € 59.1 million (€ 77.2 million), the financial result for the year 2007 was thus significantly lower than in the previous year. Due to lower bank deposits, other interest and similar income fell from € 8.1 million to € 4.4 million in 2007. The financial result also contains the dividend payments of the former MLP Bank AG and Feri Finance AG for the financial year 2006 totalling € 5.3 million (€ 2.6 million). In the previous year this item included the payments of the former MLP Bank AG and MLP Login GmbH. In the reporting year, MLP Finanzdienstleistungen Aktiengesellschaft and MLP Bank AG merged and now trade under the name of MLP Finanzdienstleistungen AG. As a result of the profit/loss transfer agreement between MLP AG and MLP Finanzdienstleistungen AG profits of € 87.5 million (€ 84.6 million) were transferred in the last financial year. Therefore, the reporting year also contains the earnings from the banking business.

In the financial year 2007, MLP AG generated total earnings before tax (EBT) of € 49.2 million (€ 68.6 million). The tax expenditure rose significantly in the last financial year to € 30.8 million (€ 17.3 million). In 2006, tax expenditure had dropped sharply due to the legally required capitalisation of a corporation tax credit and municipal trade tax refunds for the years 1997 to 2001. In addition, write-off of treasury stocks is not tax-deductible.

Accordingly, the net profit for the last financial year amounts to € 18.4 million (€ 51.3 million).

The earnings position of MLP AG is influenced to a large extent by the business development of the largest subsidiary MLP Finanzdienstleistungen AG – for which a profit/loss transfer agreement is in place.

Investments

The commission income of MLP Finanzdienstleistungen AG, which makes up the main part of the company's sales revenue, decreased from € 501.4 million to € 493.3 million in the reporting period.

Therefore the operating result achieved in the financial year 2007 amounted to € 87.2 million (2006: € 93.1 million).

In the last financial year, € 87.5 million (€ 84.6 million) was transferred to MLP AG.

In the period under review, the development of the Feri Group's business has been very pleasing. The total income rose to € 50.7 million and the earnings before interest and tax (EBIT) amounted € 11.3 million.

In the past financial year, MLP Finanzdienstleistungen AG additionally purchased a 49.8% share in MLP Hyp. Since this company started its operations only in December 2007, no significant results were achieved in 2007.

Financial position

The balance sheet total of MLP AG has decreased from € 492.5 million at the end of the financial year 2006 to € 466.8 million at the end of the last financial year.

On the asset side of the balance sheet, financial investments decreased from € 153.5 million to € 147.9 million due to the repayment of a loan by MLP Bank AG.

"Receivables and other assets" rose to € 112.9 million (€ 53.7 million) in the period under review. This is mainly attributable to the rise in receivables from associated companies (MLP Finanzdienstleistungen AG) due to the profit transfer for the last financial year. In the reporting year, this item rose from € 25.1 million to € 94.3 million. This development was countered by the decrease of the other assets from € 28.6 million to € 18.6 million which is primarily due to the decline in the income tax receivables/ income tax refund claims.

The item "Securities" includes treasury stock (785,500 shares) which were purchased within the scope of the share buyback programme in November and December of the last financial year. Write-off of treasury stock and the sale of securities resulted, however, in a decrease from € 147.0 million to € 115.7 million.

The cash holdings specified under the item "Cash on hand, deposits at the Deutsche Bundesbank, bank deposits and cheques" dropped from € 59.2 million to € 15.5 million. This is primarily attributable to the dividend payments for the financial year 2006.

On the equity side of the balance sheet, the shareholders' equity decreased by 4.7% to € 429.6 million. In line with the "Treasury stock" item on the balance sheet's asset side, reserves for treasury stock reduced from € 132.9 million to € 103.7 million at the end of 2007. This was countered by the rise in other retained earnings from € 143.8 million to € 156.0 million. The unappropriated profit for 2007 of € 49.0 million (€ 53.5 million) was lower than in the previous year.

In the reporting period the provisions totalling € 21.8 million (€ 30.6 million) significantly decreased compared to 2006. This is predominantly due to the use of tax reserves amounting to € 5.8 million and lower provisions for outstanding invoices of € 0.4 million (€ 1.8 million).

In the last financial year the liabilities of MLP AG rose from € 11.0 million to € 15.5 million particularly due to the increase in other liabilities. The purchase price adjustment in connection with the sale of MLP Lebensversicherung AG in 2005 is the reason for this development.

Liquidity, dividends and share buyback programme

At the balance sheet date, MLP AG had cash holdings amounting to € 15.5 million (€ 59.2 million). The decrease compared to the previous year was mainly due to the dividend payments for the financial year 2006 and the buyback of own shares. The dividend for the financial year 2006 amounted to € 0.40 per share (total volume of around € 40 million). Furthermore, cash and cash equivalents were paid to our shareholders within the scope of the share buyback programme. 785,500 shares at an average price of € 9.49 were purchased between November 12, 2007 and December 28, 2007. The total volume of the share buyback programme came to approximately € 7.5 million in the year under review.

As in the past, it is MLP's corporate policy to give our shareholders an adequate share in the success of the company. Dividends are paid in accordance with the Group's financial situation, the assets position and the future need for liquid funds. The Executive and Supervisory Boards of MLP AG will propose to the Annual General Meeting in 2008 to increase the dividend from € 0.40 per share in 2006 to € 0.50 per share for the financial year 2007.

Pursuant to § 71b of the German Stock Corporation Act (AktG), own shares held by the company are not entitled to dividends.

Remuneration report

The total remuneration of the Executive Board is made up of the following elements: a fixed and variable remuneration, long-term incentive and old-age provision components.

In addition to reimbursement of expenses, members of the Supervisory Board receive a fixed payment. Further details and the individualised payments are disclosed in the remuneration report in the "Corporate Governance" section of this annual report. This remuneration report is part of the management report.

Risk report

Company-wide risk management

Entrepreneurial activity invariably involves taking risks. For MLP, "risk" means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, the objective must be a risk that is commensurate with the expected return. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. Our early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which are quantified, aggregated and assessed to provide an active risk management and controlling. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. As such, risk management is embedded in the company's value-oriented management and planning system. Moreover, the Group's risk culture, which is reflected in the corporate mission statement, must be continuously consolidated and efforts made to communicate information relevant to risk across the business segments.

Principles of risk management and controlling

Our risk management and risk controlling system, as an integral part of the internal monitoring system, follows clearly defined principles the implementation of which is mandatory throughout the entire Group. We continuously check that these principles are observed. On this basis we can take appropriate measures with a view to detecting undesirable developments early on and promptly introducing the right countermeasures.

The ability to bear risk as a strategic controlling parameter

The risk coverage fund is a strategic controlling parameter for the risks taken in the Group and a measure of its ability to bear risks, and from it are derived limits for each type of risk. The risk capital requirement is determined by appropriate methods for the major types of risk. Continuously comparing the allocated risk limit to the assessed risk ensures that the risk-bearing ability is consistently monitored.

Readiness to take risks

The Executive Board defines the business strategy. The readiness to take risks is then derived on the basis of this in the light of the risk-bearing ability. This gives rise to framework conditions for risk-taking and risk management in the company. The readiness to take risks is regularly checked and adjusted as necessary.

Compliance with legal requirements

Appropriate guidelines and an efficient controlling process ensure that regulatory requirements are met for risk management and controlling

Risk organisation structures

We have defined and documented our risk organisation, the risk processes as well as tasks and responsibilities of risk management and controlling functions in line with legal requirements. Any altered requirements are implemented promptly. The organisational structure, structuring of operations and risk controlling process are regularly checked and assessed by the internal auditing department.

The organisation of our risk management, the methods used and the risk processes that are implemented are documented in a comprehensive manual and are available to staff in electronic form.

The Risk Officer is responsible for the implementation of the risk policies in the company in coordination with the Risk Manager and the Group Risk Officer. He reports to the Risk Manager. Tried and tested qualitative and quantitative methods are used to evaluate and analyse risks.

The suitability of the organisational structures and the methods and processes is checked at regular intervals and adapted to internal and external developments.

Observance of functional separation

A clear organisational and operational distinction is made between the individual functions and activities of risk management.

Prompt and consistent monitoring of risks

Suitable early detection systems support risk monitoring, identify potential problems early on and thereby enable prompt planning of measures.

The processes that are laid down in writing guarantee that the same risks are treated consistently at all times.

Reporting of risks

A substantial risk reporting scheme forms the basis of appropriate controlling. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at defined intervals or, if necessary, on an ad-hoc basis.

Multi-level risk management/ constituents

Early risk detection system

A central component of our early risk detection system is the risk inventory, which is carried out at regular intervals, and with which the risks present in the company are established according to risk class for each business segment. Risks are assessed using risk-related key figures which are then benchmarked against segment- and function-related thresholds. The assessed risks are aggregated in an overall analysis.

Risk coverage fund

In our risk management process, the risk coverage fund is continuously compared with the risk potential associated with our business activities. Stress scenarios also form a constituent of our analyses. Risks that could either individually or cumulatively cause the loss of half the equity, or which could considerably impede short-term solvency are presently classified as posing a significant danger to business operations.

Planning, simulation and controlling tools

Planning, simulation and controlling tools show possible positive and negative developments on the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

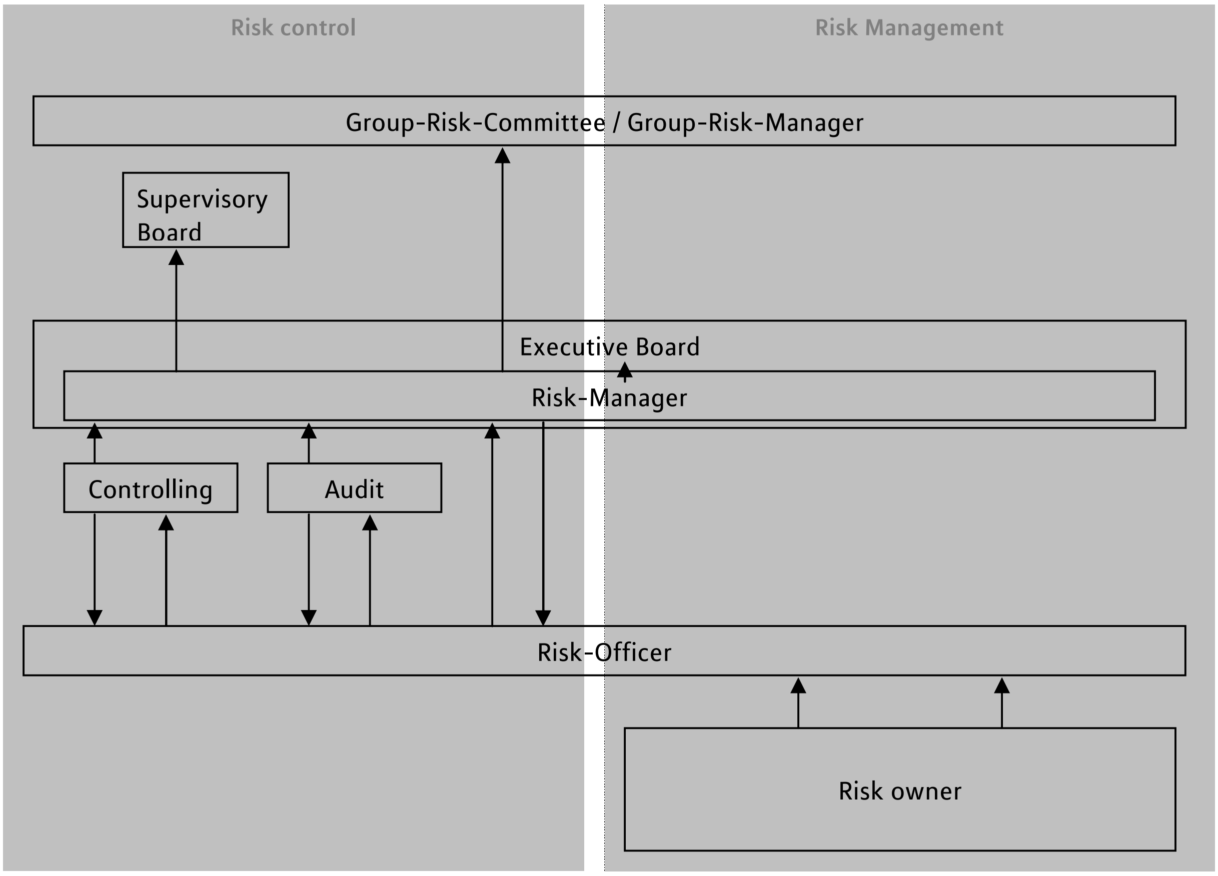
Furthermore, our planning, simulation and controlling tools ensure that the company's development is continually monitored based on actual values and with regard to defined target values which are summarised in a periodic report.

Business Continuity Management (BCM)

Our BCM identifies possible critical business processes which could have a major effect on the business of MLP AG in the event of malfunction or failure. Suitable measures are defined for this in order to safeguard regular business operations within set standards. This also includes a written emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to constant monitoring and development. An up-to-date BCM manual is available for the business segments and employees.

Multi-level risk management/ organisation

A multi-level risk management and controlling organisation with clear responsibilities and tasks is in place for implementing our risk principles.



Head of Finance acts as Risk Manager

In his capacity as Risk Manager, the Head of Finance of MLP AG is responsible for risk controlling activities in MLP AG. He is constantly kept informed of the risk situation in the company and regularly reports this to the Executive Board and the Supervisory Board as well as the Group Risk Manager and the Group Risk Officer.

The Risk Officer of the company is responsible for the uniform implementation of the risk policies. Moreover, he keeps the Risk Manager constantly informed of the current risk situation of the company.

A risk owner is appointed for each risk that is identified. This person monitors and assesses the risks and initiates possible measures for minimising the risk value in coordination with the Risk Officer.

Controlling monitors results risks

Controlling is responsible for continuously monitoring the short term profit risks. This involves comparing key profit figures with the corresponding planned figures and deriving controlling measure proposals for the Executive Board.

The analysis time line of strategic controlling covers the next three to five years. Here, sales and profit trends are analysed, taking into account changes in economic or legal framework conditions, and transformed into proposals for defining target figures for the individual business segments. Corresponding simulations make potential income risks in the strategically important business segments transparent for the Executive Board.

Regular company risk meetings are held within the scope of the Executive Board meetings. During these meetings, the risk situation of the company is presented based on a twelve-month time horizon.

Internal audit department performs process and system checks

The internal auditing department operates throughout the Group in an independent capacity. The internal auditing department is also independent in its reporting and valuation of audit results.

Under the audit programmes, the internal audit department regularly performs process and systems checks in all business segments within the company and monitors the implementation of the audit outcomes. This also includes a security check of the IT systems.

It monitors the observance of legal requirements and evaluates risk management and the controlling, management and monitoring systems, thereby helping to improve them consistently.

Statement of risks / strategic risks

Overall economic risk

Changes in economic and political factors can affect the business model and the development of MLP AG. We therefore constantly monitor national and international developments in the political, economic and regulatory arenas as well as business developments and requirements on the financial services market.

Corporate strategy risk

Corporate strategy risks largely consist in the erroneous assessment of market trends and, in consequence, the erroneous alignment of business activities. Strategic risks also emanate from unexpected changes in market and environmental conditions with negative effects on the results of operations.

Corporate strategy control is primarily the responsibility of the MLP AG Executive Board. On the basis of continual observation of the competitive environment, changes and developments on the national and international markets and the business environment are analysed and decisions are derived with a view to ensuring the Group's corporate success in the long term.

This risk is mainly influenced by the productivity of the MLP companies. This particularly relates to the fulfilment of the control and profit and loss transfer agreement by MLP Finanzdienstleistungen AG.

Target values are laid down based on a projected assessment of success factors. The achievement of these values is constantly monitored. In this way the Group's strategic positioning regularly undergoes critical scrutiny through comparison of target and actual values, taking possible scenarios into account.

Financial risks

(Report according to § 289 (2) No. 2b German Commercial Code (HGB))

Default risks

The credit risk is the risk of a loss or lost profit because of the defaulting of or deterioration in creditworthiness of a business partner. The credit risk includes the contracting party risk (risk arising from classic credit business, re-covering risk and advance performance and counterparty settlement risk), as well as the risks related to specific countries which, however, are only of secondary importance to MLP AG.

The strict creditworthiness requirements of our capital investment directive help us reduce the risk of default by issuers whose securities we have acquired within the scope of capital investment management.

In our view, the default risks at MLP AG are being allowed for appropriately.

Market risk

Market risk is the danger of a loss that can arise as a result of detrimental fluctuations in the market price or parameters that affect price. The market price risk includes the interest risk, currency risk, share price risk and raw materials risk.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations.

Shares, bonds, promissory note bonds and funds held can be subject to a market risk due to fluctuations in the market price or changes in creditworthiness. Through constant monitoring and evaluation of our portfolio, possible effects on results caused by strong exchange rate fluctuations can be addressed early on.

In order to cover any possible interest risk, derivative financial instruments (interest rate swaps) have been used. Appropriate provisions have been established.

No currency or raw materials risks exist or, if they do, they are of secondary importance.

The speculative use of financial instruments with a view to making profits in the short term was not conducted in the year under review, nor is it envisaged for the future.

Liquidity risk

Liquidity risk is the danger that there are inadequate financial resources to meet payment obligations.

Within MLP AG, the liquidity control is performed by means of daily scheduling based on defined planning horizons, taking into account possible cash flow scenarios, updated new business planning, investment planning and other capital transactions. The controlling of financial instruments of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

Ensuring solvency at all times is the core function of our treasury. Business operations are essentially funded from current cash flow. The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. The assessments of creditworthiness based on internal ratings by various renowned commercial banks confirm MLP's high credit standing (investment grade). Appropriate short and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

Operational risks

Operational risk is taken to be the danger of a loss that is caused by human error or technical malfunction or weaknesses in process or project management, or by external events. In the same way as the Basle Committee's definition, this also covers legal risks, whereas strategic risks and reputation risks are not included.

Operational risk

MLP AG's management and administrative activities mean that it requires internal and external staff as well as suitable premises and technical facilities. Comprehensive insurance cover, which is subject to continuous checks, protects us against claims and possible liability risk. No identifiable risks arose in the financial year, nor do we expect any negative developments in the coming financial year.

Personnel risk

We are heavily dependent on qualified employees and managers in the back-office areas. With comprehensive personnel planning and targeted personnel marketing measures, we reduce the risk of staff shortages. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined agency and successor regulations secure our business and decision-making processes. Attractive career development options, a broad range of further training options and comprehensive fringe benefits combine to generate a high level of motivation and keep our employees loyal, thereby safeguarding our corporate knowledge.

IT-Risk

To effectively minimise possible risks in the IT area, MLP AG pursues a standardised IT strategy. When selecting our IT systems, we generally opt for industry-specific standard software from reputable providers. If necessary, business-specific proprietary IT applications are developed by qualified internal and external specialists. The comprehensive system tests and pilots carried out before the launch ensure the trouble-free function of our IT systems. Our data processing centre is outsourced to leading service providers with various sites, back-up systems and mirror databases. This, and a defined contingency plan, secure our data against possible loss, ensuring consistent availability. We protect our IT systems against unauthorised access through our access and authorisation concept, extensive virus protection as well as other extensive security settings.

Other risks

Legal risk

Our legal department controls legal risks. In addition to consulting on corporate decisions and designing business processes, its tasks include following and assessing current legal disputes. Possible legal risks are detected at an early stage and possible solutions for minimising, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors the existing insurance coverage and initiates any adjustments which may be necessary.

According to our audit, the pending or threatening legal proceedings against MLP AG do not represent risks which could endanger its continued existence. The Executive Board is convinced that there will not be a successful outcome to the legal claims that have been filed, which are essentially identical, originate in a single firm of lawyers and date from August 2007. They have been filed for a total of 29 clients, for damages for the issuing of allegedly erroneous capital market information between 2000 and 2002.

Supervisory-risk / solvency

The MLP Group has a status as a finance holding group and is therefore obliged to back its weighted risk assets with at least 8% equity (equity ratio) from June 2006. The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4%. These requirements have not changed in the financial year 2007. The same applies for MLP's internal processes, objectives and measures for investment control.

MLP's risk assets are weighted using the values planned up to December 31, 2006 in line with Principle I of the Deutsche Bundesbank which covers equity of institutions. In this respect, MLP exercises the transitional provision of § 64h of the German Banking Act (KWG). Instead of the standardised approach for credit risk in line with the German Solvency Regulation (SolvV - the regulation governing the capital adequacy of institutions, groups of institutions and financial holding groups) of December 14, 2006, the requirements of Principle I covering the principles of equity of financial institutions were used in the version published on October 29, 1997, last amended in compliance with the announcement of July 20, 2000.

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), as adopted by the Group Executive Board, in future MLP Finanzdienstleistungen AG will be implementing the credit risk standard approach (KSA) for the credit risk and the basis indicator approach (BIA) for the operational risk in accordance with the German Banking Act (KWG) and the Solvency Regulation.

The core capital is made up of the following equity items of the relevant groups of institutions in line with § 10 of the German Banking Act (KWG): share capital, capital reserves, statutory reserve, reserve for treasury stock. The following reduce core capital: intangible assets, treasury stock, investment carrying amounts in companies belonging to the relevant groups of institutions, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2007. The relationship between the weighted risk assets and core capital is illustrated below.

All figures in €'000 or %	**2007**	**2006**
Core capital	**185,227**	**185,350**
Tier 2 capital	250	0
Tier 3 capital	0	0
Equity	**185,477**	**185,350**
Weighted risk assets	**704,688**	**682,663**
Equity ratio (equity/risk assets) min. 8%	26.32%	27.15%
Core capital ratio (core capital/risk assets) min. 4%	26.28%	27.15%

MLP's tier 2 capital consists solely of the contingency reserves according to § 340f of the German Commercial Code.

Compliance risk

Compliance risks include sanctions under the law and regulations, and financial losses caused by failure to comply with the legislation, regulations, directives or organisational standards and rules of conduct that relate to MLP's business activities.

It is largely a matter of preventing money laundering and protecting data and business secrets, as well as protecting investors and complying with the rules of the German Securities Trading Act.

The requirements in question are implemented by the relevant officers together with the specialist departments concerned.

We protect confidential or price-sensitive information in a consistent manner, and conflicts of interests are kept to a minimum. Staff are made aware of compliance-relevant issues in the thoroughgoing training that they receive.

Taxation risk

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on MLP AG. The company's compliance with fiscal requirements is checked by internal and external experts in accordance with the tax regulations and the documents pertaining to these issued by the tax authority.

Reputation risk

Since the beginning of 2006, the public prosecutor's office in Heidelberg has been undertaking preliminary proceedings against managers of MLP Finanzdienstleistungen AG, who also have managerial responsibilities at MLP AG, due to suspicion of unauthorised lending amongst other things. We and our external legal advisers are convinced that the objections raised are unjustified and that the charges will be dropped in the foreseeable future.

Environmental risk

Even though MLP AG's business activities have only a minor impact on the environment, we are intent on pursuing environment-conscious and environmentally-friendly working methods at our offices. There are no appreciable environment risks.

Other risk

No other risks are known at the company which could have a significant influence on its continued existence.

Summary

MLP AG's business development is essentially influenced by performance-related risks. Using our systems and comprehensive reporting, we ensure the monitoring and control of our risks concerning current and future development. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

Change in supervisory requirements

The merging of MLP Finanzdienstleistungen AG into MLP Bank AG and the associated full banking licence for the company, as well as the shareholding in Feri Finance AG with permission for investment and acquisition brokerage and finance portfolio management, mean that the risk structure has changed with an expansion of the requirements of supervisory law at individual company level and at Group level. In addition, it has been necessary to implement the new supervisory regulations such as, for example, the solvency regulation.

As a financial holding company, MLP AG is subject to the relevant supervisory regulations of the German Banking Act (KWG) and the supervision of the Federal Financial Supervisory Authority (BaFin). Through our supervisory departments and defined workflows, we ensure that the supervisory requirements are strictly adhered to.

No risks posing a significant danger to business operations

An overall inspection of risks confirmed that MLP AG did not face any risks which could have jeopardised its continued existence. At present MLP AG is not exposed to such risks and we do not expect any negative development in the future. Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control system and the consistent alignment of our business model to our risk-bearing ability enables us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The effectiveness of our early risk detection system is checked by the auditors in line with legal requirements. The audits by our internal audit department showed that the type and extent of our risk control correspond to the basic principles of risk control and that the existing monitoring systems can fulfil their task.

Further expansion of the risk management system

We will continue to expand our risk management and controlling system in future to increase the transparency of the risks taken and to further improve our risk-controlling options.

The above-mentioned risks, and such risks which are not yet known to us or are currently considered insignificant, could have a negative impact on our forecasts detailed in the outlook.

Forecast

As an independent holistic financial services provider for academics and other discerning clients with its core competencies in the old-age and health provision and wealth management sectors, MLP has a unique profile within the German market. The realignment of the MLP Group, which was initiated with the sale of MLP Lebensversicherung AG and MLP Versicherung AG in 2005 and consistently pursued with the expansion of wealth management in the years 2006 and 2007, has largely been completed. No further significant changes to corporate policy are currently planned for the next two years.

Our objectives for the next two financial years are therefore also clear: in the medium to long term, we aim to achieve profitable growth and increased shares in a market which is changing rapidly, in particular as the result of regulatory requirements. The sale of our unprofitable business units in Great Britain and Spain in the past financial year means that, apart from our core market of Germany, our regional focus is on markets in Austria and The Netherlands. We intend to make consistent use of opportunities for growth arising for us in the old-age and health provision and wealth management sectors.

In so doing, particular emphasis will be given to wealth management and to achieving sales success in this field. With the aid of our subsidiary, Feri Finance AG, which was acquired in 2007, we have developed new wealth management strategies tailored to our target client group and prepared their implementation in sales.

The competitive advantage of MLP and Feri is due to systematic use of the complementary strengths of both companies. Combining the expertise of the two companies has resulted in a range of services unique in Germany in terms of the quality of its modules, ‘best-of methodology’, and the width and depth of coverage of financial issues. Research-based integration of all asset categories means that the portfolio yield of MPS wealth management clients is optimised and appropriately stabilised on the basis of individually requested risk inclination. This new competency will be of interest to and be influential with a large number of people before the new withholding tax comes into force in 2008. At the present time, MLP is therefore well placed to appeal especially to existing customers with the new wealth management range and thus to generate additional income.

The competitive advantage of MLP and Feri is due to systematic use of the complementary strengths of both companies. Combining the expertise of the two companies has resulted in a range of services unique in Germany in terms of the quality of its modules, ‘best-of methodology’, and the width and depth of coverage of financial issues. Research-based integration of all asset categories means that the portfolio yield of MPS wealth management clients is optimised and appropriately stabilised on the basis of individually requested risk inclination. This new competency will be of interest to and be influential with a large number of people before the new withholding tax comes into force in 2008. At the present time, MLP is therefore well placed to appeal especially to existing customers with the new wealth management range and thus to generate additional income.

Overall economic development in the future

MLP generates more than 97% of its sales in Germany. As a result, economic development on the domestic market has the greatest impact on the Group’s business success. For 2008, economic research institutions predict a slight downturn in growth of 2 to 2.2%. This trend is expected to continue in 2009 as well. For example, the Deutsches Institut für Wirtschaftsforschung (DIW, German Institute of Economic Research) anticipates growth of only 1.9% for 2009. For Europe, the International Monetary Fund even predicts growth of less than 2%.

On the basis of the worsening mortgage crisis in the US in the spring of 2008, there are also fears that not even these forecasts may be realised. A raft of uncertainties has darkened the global economic outlook since January 2008. If these fears of recession from the US afflict Europe during the further course of the year, this could have an additional negative effect on the economic prospects for Germany. Once Germany’s real economy is affected, this could also have an impact on MLP’s business prospects.

During the coming year, economic growth in Germany is expected to be based on increasing consumer demand. Despite turbulence on the stock markets at the beginning of 2008, experts continue to assume an easing of tension on the German employment market over the coming two years. The DIW anticipates that the unemployment rate will fall from 8.9% in 2007 to 7.7% in 2009. The German economy is particularly interested in a highly qualified workforce. MLP’s target group should benefit to the greatest extent from improved prospects on the employment market.

The positive economic environment will also have an impact on the purchasing power and the available income of the German population. In 2008, purchasing power is expected to further increase. For 2008, the DIW anticipates an average annual increase in disposable income of 2.9%. However, for 2009, the increase is expected to be somewhat lower at 2%.

Outlook for the industry

MLP's business activities cover the areas of old-age provision, insurance cover, wealth management and financing. Our business prospects are therefore characterised by development in the corresponding sectors. Whereas the latter are largely influenced by economic development, the old-age and health provision sectors are particularly susceptible to the influence of politics. The situation regarding competition in the entire financial services sector will change significantly over the coming years as the result of changes to the regulatory framework introduced in 2007 and 2008.

Old-age provision

With its core competency of old-age provision, MLP is operating in a growth market. All poll results emphasise the increasing problem awareness of Germans regarding provision for old age. At least in the medium term, this problem awareness will result in more money being invested in occupational and private pension schemes. This will open up additional acquisition potential for MLP.

Whereas our parents' generations could still rely on 80% of their retirement pension being provided by state pension schemes, younger generations can only expect 40% of their old-age pension to be paid for by the state. According to a study carried out by the OECD, pension levels in Germany around the year 2050 are expected to be lower than those of most other European countries.

Private provision has therefore become significantly more important in Germany. Those who want to ensure an adequate income for old age, must make private provision during their professional life. The legislator encourages saving for old age with subsidies and tax benefits. Those who save money for their old age during their active professional life receive tax rebates and allowances from the state. On the other hand, subsequent pensions are liable to tax. Only those who avail themselves of state allowances during their professional life therefore benefit from the new system. However, despite various information campaigns on behalf of the finance industry and the legislator, large sections of the population are not aware of how to plan their own old-age provision. The need for consultation has therefore increased dramatically and offers MLP with its highly qualified consultants and its best-in-class product approach good prospects for further business expansion.

The number of Riester contracts taken out is an indicator of the potential of the private old-age provision market in Germany. By the end of 2007, around 10 million German citizens had taken out this type of personal pension scheme. Experts calculate that the potential for Riester policies is in the order of 36 million. If the legislator soon extends Riester sponsorship to include residential property, as expected at the end of 2007, this will open up further opportunities for consultation and new business. Since 2002, MLP has continually made clients aware of the advantages of Riester contracts.

The basic pension introduced with the Retired Income Law in 2005 also promises a high sales potential. After only approximately 310,000 policy holders had taken out this type of personal pension policy by the end of December 2007, it can be assumed that this form of tax-privileged private old-age provision will attract more widespread attention in the medium to long term, as soon as the demand for Riester policies is satisfied.

An important component of provision is occupational pension provision. With the aid of this state-subsidised additional provision, employed persons benefit from the advantages of deferred compensation when planning their individual pension provision, as its financing is exempt from taxes and social insurance contributions up to at least 4% of the contribution assessment ceiling (2008: € 2,544 p.a., e.g. contributions to direct insurances and pension schemes). At the end of 2007, the legislature converted the initial short-term exemption from social insurance contributions to indefinite exemption. As the employee is entitled to deferred compensation and more and more companies in Germany are recognising the benefit of occupational pension provision for employees and employers, the basic parameters for expanding business are good.

In future, occupational pension provision and private old-age provision components from the three-layer model will increasingly merge to form an optimised concept. This applies particularly to clients in the MLP target group, who have an above-average old-age provision requirement.

Health provision

The drop in profits from business from private fully comprehensive health insurance caused by the health care reform will equalise again in the medium term. The population has lost confidence in the pay-as-you-go financed health system operated by compulsory health insurance funds. Interest in changing to private health insurance or at least in acquiring private additional insurance is great and continues to grow. However, this area of business continues to be overshadowed by the Damocles sword of politics.

New political tides against free competition in health care may once again have a negative impact on the business prospects in this sector

According to a representative survey, which MLP carried out in conjunction with the Allensbach Institute (Institut für Demoskopie Allensbach) in 2007, Germans are increasingly sceptical about the future of their health system. Three quarters of respondents anticipate further reforms. Only 17% think that politics will succeed in ensuring good health care for the population in the longer term. The need for reform in the German health care system is great. People are looking or solutions for themselves and their families.

The sector expects that premium income can be increased in the coming years. However, this expectation would require the economic upturn in Germany soon to be reflected more clearly in Germans' available household budgets.

Wealth management

World Wealth Report 2007 by Merrill Lynch and Capgemini, the net financial assets of wealthy private persons increased to US $ 37.2 billion in 2006 and thus by 11.4% compared with the previous year. There were 798,000 millionaires in Germany in 2006. In the previous year, there were 767,000. Against the background of these figures, the sector anticipates sustained profitable growth with high margins in the next decades. Business with wealthy private clients also offers the best of prerequisites. The wealth management sector assumes an annual increase in customer wealth of 30%.

Against this extremely positive backdrop, MLP has over the past two years initiated the strategic realignment necessary to exploit the potentials in the growth area of wealth management. The objective is now to boost synergies with the company's other operations and expand wealth management into a strong source of income within the MLP business model.

Currently, 37% of MLP's 721,000 clients are already potential wealth management clients. In the coming years, more and more academics and other discerning MLP clients, will grow into this segment.

In 2008, the start-up conditions for the new MLP wealth management are particularly favourable, as the planned introduction of withholding tax on January 1, 2009 has stimulated activity in the financial services market in Germany. Experts predict that Germans will regroup up to € 200 billion during the run-up to introduction of this tax. The stage has therefore been set for MLP to prove their consultancy competency in wealth management in 2008.

Financing

In 2007, business in private construction financing was slack throughout the sector. However, the domestic market should offer good potential compared with the rest of Europe. Whereas countries such as France have a home ownership rate of 56%, and the rate in Spain is as high as 81%, most people in Germany still live in rented property. The home ownership rate in Germany is only 43%.

Since the introduction of Riester sponsorship for residential property, the sector has anticipated an improved commercial basis. At the same time, it is expected that positive impulses will result from the KfW Home Ownership Programme, which is set to become more attractive from February 2008 onwards. Public agencies have declared that they intend to bring about an increase in the home ownership rate in Germany.

In future, MLP will arrange brokerage of financing for residential property in conjunction with the residential property financing broker Interhyp AG via MLP Hyp GmbH. MLP holds 49.8% of this company. This results in a range of advantages for clients, but also for MLP consultants, who have optimum access to an efficient product and system platform for financing residential property and are supported in all detail questions. MLP clients benefit from independent selection of a range of products combined with a high level of service provided by personal MLP consultation. Via the new company, MLP can offer its clients further improved conditions whilst simultaneously generating advantages in terms of margin.

Competition

The intensity of competition in the German financial services sector will continue to grow during the coming years. Whereas in previous years, international competition and the requirements of capital markets have forced market participants to optimise their costs, in the years to come, change in the sector will be accelerated by growing regulatory requirements.

In particular, the following changes introduced in the years 2007 and 2008 should be mentioned with regard to the sale of financial services:

- The EU Insurance Mediation Directive (VVR; since May 2007)
- The Markets in Financial Instruments Directive, (MiFID; since November 2007)

- Amendments to the German Insurance Contract Law (VVG; since January 2008)

These legislative amendments do on the one hand increase barriers to market entrance for new competitors. On the other hand, they will promote professionalisation and specialisation on the part of providers. Industry experts therefore expect a consolidation process to take place amongst small and medium-sized providers on the one hand during the coming years but, on the other, a process of concentration towards bigger and bigger and therefore more efficient institutions, which can generate economies of scale and retain qualified staff. This is because the new statutory requirements for financial services providers necessitate high levels of investment in IT, as well as comprehensive process optimisation within companies. Only efficient providers with forward-looking corporate policies, well-trained consultants and the requisite financial power will be able to embrace the statutory requirements on a long-term basis.

In this connection, comparison is also made of the advantages and disadvantages of the various sales channels in the financial services sector. This process of comparison makes it increasingly clear that the type of non-capital-intensive, independent financial service provision, which MLP has practised successfully for many years, is set to become the gold standard. For example, the Tillinghast Sales Channel Survey, a report by the Towers Perrin consultancy renowned within the sector, assumes that independent finance brokers will continue to acquire market share. Whereas a market share of 23% was measured in 1999, the market share of independent finance brokers is expected to reach the 33% mark by the year 2015. Apart from banks, MLP's sales channel is thus one of the very few channels which will be able to acquire market shares in the future. MLP is therefore positioned in a segment with favourable prospects for the future.

This trend is also confirmed by developments in other countries, especially in Great Britain, where a similar tightening of the regulatory environment has taken place and the market share of independent financial advisors has increased from 39% in 1992 to 73% in 2006.

Despite the increased regulatory requirements, the sale of financial services, remains an attractive market segment in the overall financial services markets. This is also demonstrated by the fact that new competitors entered the market, or announced their intention of entering the market, during the past year. This may also contribute to intensification of competition in the future.

MLP is well prepared for change in the competitive environment and for tightened regulatory requirements. On the basis of its strategic realignment over the past three years, and with the aid of its state-of-the-art IT environment, MLP is now in a position not only to fulfill the new requirements, but also to offer its clients a wide range of additional benefits over and above the new regulatory requirements.

We therefore assume that we can continue to expand our market share precisely because of the consolidating competitive environment.

Anticipated business development

In our estimation, MLP occupies an excellent position in the German financial services market due to the strategic measures implemented during recent financial years. Our objective is to continue to expand our market share in the old-age provision and wealth management sectors in Germany. These markets promise growth in the coming years.

During the past financial year, we have made the necessary adjustments for implementation of the Insurance Mediation Directive (VVR), the MiFID and the amendments to the German Insurance Act (VVG). As the amendments to the German Insurance Act (VVG) are particularly far-reaching and will also result in adjustment processes on the part of our product partners, we cannot currently predict the short-term effects of the changes on our productivity. Furthermore, it is possible that statutory requirements for improved price transparency for life and health insurance products could lead to changed client behaviour and have a negative effect on our business.

However, in the medium to long term, we assume that, due to our unique business model, we will benefit from the changes to the regulatory framework introduced during the past financial year and at the beginning of 2008.

Events subsequent to the reporting date

As scheduled, MLP AG finished its share buyback programme, which began on November 8, 2007, on January 30, 2008. A further 1.2 million treasury stock with a total value of € 11.5 million (excluding incidental acquisition expenses) were purchased after the end of the reporting period. After the conclusion of this programme, treasury stock amounts to 9.94% of the share capital.

On February 19, 2008, the Executive Board of MLP AG decided to make use of the authorisation by the Annual General Meeting in line with § 71 (1) no. 8 of the German Stock Corporation Act (AktG) to reduce the company's share capital by 1,957,656 ordinary bearer shares. Pursuant to § 71 (1) no. 8 sentence 6 of the German Stock Corporation Act (AktG), the capital decrease shall take place by retiring the company’s own shares bought back between November 11, 2007 and January 30, 2008 for the purpose of reducing the share capital. The retirement of shares is subject to a further resolution by the Board.

To strengthen the business segment of occupational pension provision, MLP acquired the TPC Group GmbH, Hamburg on February 29, 2008.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the company's financial and asset situation.

Wiesloch, March 14, 2008

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Corporate Governance Report

By complying with the German Corporate Governance Code of June 14, 2007 MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Intensive dialogue between the Executive and Supervisory Boards forms the basis of transparent and responsible company management. The Executive Board of MLP AG provides the Supervisory Board with regular, timely and comprehensive information on the Group's position, including information on its risk situation, risk management and compliance. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Furthermore, the Chairman of the Supervisory Board meets with the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informs the other members of the Supervisory Board in detail about the content of his meetings with the Executive Board. The Supervisory Board discussed the Group's corporate planning and plans for strategic growth with the Executive Board.

The Supervisory Board advises and monitors the Executive Board. Significant legal transactions by the Executive Board require its approval. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and its co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the Report by the Supervisory Board.

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2007. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board plenary meeting and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were discussed intensively in target-oriented talks. All proposals have since been implemented.

Efficient committee work

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee discusses HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for accounting and risk management issues, the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation to the Supervisory Board regarding resolutions. In accordance with the German Corporate Governance Code of June 14, 2007, the Supervisory Board passed a resolution on forming a nomination committee which is exclusively composed of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting in 2007.

Corporate Governance in the supervisory board

In 2007, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code. The changes to the Code ratified on June 14, 2007 were the object of in-depth discussions in a joint meeting of the Executive and Supervisory Boards.

The Supervisory Board considers itself to consist of a suitable number of members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board examined the knowledge and experience required of the Chairman of the audit committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG auditing committee fully complies with the requirements. The recommendations made by the Code with regard to the election of the company’s Supervisory Board are to be met during the next Supervisory Board election in this year. More specifically, this means that the Supervisory Board elections are to take the form of uninominal voting and that the nomination of the Chairman of the Supervisory Board is to be made known to the shareholders.

Transparency

Shareholdings of members of the Executive and Supervisory Boards as at the balance sheet date

As at December 31, 2007, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Supervisory Board member	Number of shares 31.12.2006	Number of shares 31.12.2007
Manfred Lautenschläger[1)]	17,316,597	12,991,597
Gerd Schmitz-Morkramer	9,935	9,935
Dr. Peter Lütke-Bornefeld	-	30,000
Johannes Maret	-	-
Maria Bähr	11,503	11,503
Norbert Kohler	1,094	1,094

[1)] incl. additional voting rights in line with § 22 of the German Securities Trading Act (WpHG)

Executive Board member	Number of shares 31.12.2006	Number of shares 31.12.2007
Dr. Uwe Schroeder-Wildberg	-	-
Gerhard Frieg	177,839	181,463
Muhyddin Suleiman	-[1)]	-

[1)] not specified since only a member of the Executive Board of MLP AG as of September 4, 2007

Directors' Dealings

The expanded regulation of § 15a of the German Securities Trading Act (WpHG) on publishing and reporting transactions with shares of the issuers or financial instruments which relate thereto has been in force since October 30, 2004. This stipulates that persons who perform executive functions for share issuers are to report these transactions to the issuers and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

Three transactions pursuant to § 15a of the German Securities Trading Act (WpHG) were reported to us in the financial year 2007. They are published on our website at www.mlp.de.

Compliance

For us the principles of good company management also comprises the compliance with all applicable laws and codes of conducts for the capital market. MLP has established a group-wide Compliance Organisation. In the interest of our clients, shareholders and of MLP, the Compliance Organisation supports the Executive Board in its task to ensure compliance with legal provisions and intracompany directives and to establish uniform standards for all Group companies. Executive Board and Supervisory Board are regularly informed about significant facts and events.

The MLP Group has a comprehensive volume of regulations on compliance which explains the legal regulations on insider law to members of the Executive Bodies and to employees alike, and gives a legal framework within which they can carry out their investment business. The guideline also ensures that sensitive information is handled responsibly at MLP. To prevent any impairment of client interests - in particular with regard to the securities business - we have defined policies regarding the avoidance and monitoring of conflicts of interest. These policies are regularly reviewed and adapted to changing requirements.

The implementation of the Markets in Financial Instruments Directive (MiFID), the EU Insurance Mediation Directive and the reform of the German Insurance Contract Law have entailed supervisory requirements to which we have reacted with extensive measures in 2007. Their continuous optimisation and consistent development reflects our promise and commitment to provide high quality consulting.

Information

By law, the shareholders are involved in all fundamentally important decisions at MLP AG, such as decisions on amendments to the articles of association and the issue of new shares. In order to help shareholders assert their rights, MLP offers them the option of having their voting rights exercised in writing by nondiscretionary proxies appointed by the company. We report on the main content of the Annual General Meeting on our website at www.mlp.de, where the Chairman’s speech can also be accessed online.

In order to provide comprehensive and timely information on the company’s position and significant changes in a way that ensures all stakeholders are treated equally, we use the Internet. Under “Investor Relations on our homepage www.mlp.de” we have published both German and English versions of annual and quarterly reports, press releases, conference calls and presentations. Our financial calendar includes important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance at MLP. We provide access to our declaration of compliance on our homepage for at least five years.

Accounting and audit

The Company's account is prepared in line with the regulations of the German Commercial Code (HGB). Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, was appointed as auditor by the Annual General Meeting and audited the 2007 financial statements. The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor.

Remuneration report

Subject to the disclosure obligations pursuant to the German commercial law, the following remuneration report also forms part of the Notes and the Management Report alike.

Share options programme and share-based remuneration systems

The Annual General Meeting of MLP AG on May 28, 2002 conditionally increased the share capital of the company by up to €1,700,000 by issuing a total of up to 1,700,000 new individual stocks in the name of the owner, each with a proportional value of the share capital of € 1. The conditional capital increase grants conversion rights to the owners of convertible debentures which are issued by the company on account of the authorisation resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorisation resolution of the Annual General Meeting of May 28, 2002.

The same Annual General Meeting authorised the Executive Board, with the Supervisory Board's approval, to issue on one or more occasions a total of up to € 1,700,000 non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1.700,000 over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management Board, sales representatives working as independent commercial agents and employees of companies associated with the company as defined by §§ 15 ff of the German Stock Corporation Act (AktG). They entitle the owners of convertible debentures to purchase new shares from the conditional capital of MLP AG in accordance with the convertible debenture conditions. If convertible debentures were issued to members of the company's Executive Board, only the Supervisory Board was authorised to issue these.

The convertible debentures were offered in allocated amounts in the years 2002 until 2005. Within the period from 2002 until 2005 a total of € 1,651,188 or units of convertible debentures were allocated. The size of each tranche was determined by the Executive Board with the approval of the Supervisory Board. The beneficiaries and the scope of the corresponding right to purchase the convertible debentures were determined by the Executive Board. If members of the Executive Board were affected, these factors were determined by the Supervisory Board.

	tranche 2003	**tranche 2004**	**tranche 2005**
Exercise period			
Start	05.08.2006	17.08.2007	16.08.2008
End	04.08.2009	16.08.2010	15.08.2011
Nominal amount (€)	1.00	1.00	1.00
Exercise prices (€)	7.02	12.40	13.01
Subscribed convertible debenture (€ or units)	281,040	677,042	577,806
Convertible debentures at Dec 31, 2006 (€ or units)	109,561	649,291	569,886
of which Executive Board (€ or units)	3,624	22,300	-
Converted in 2007	29,036	1,850	-
Refunded (paid back) in 2007	1,930	64,847	16,868
Convertible debentures at Dec 31, 2007 (€ or units)	78,595	582,594	553,018
of which Executive Board (€ or units)	-	32,300	-

Since the exercise hurdle (€ 39.28) for the allocation of the first trance of convertible debentures from 2002 was not reached by August 19, 2005, the convertible debentures of the first tranche could no longer be converted. The nominal amount was paid back to the beneficiaries.

The exercise hurdle for the second tranche emitted in the financial year 2003 was reached in the financial year 2006. During the exercise period from August 5, 2006 to August 4, 2009, the bearers of the convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2007, a total of 169,753 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2004 issued in the financial year 2004 was reached in 2007. During the exercise period from August 17, 2007 until August 16, 2010, the bearers of convertible debentures are entitled to exercise their right to conversion. During the financial year 2007, a total of 1,850 conversion rights had been exercised and converted into shares of MLP AG.

In 2005 a Long-Term Incentive Programme ("LTI") was launched for the first time. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and the rise in share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. A payout in cash of phantom shares will only take place if the earnings before tax (EBT) of the MLP Group in the years 2005 to 2007 reach a certain amount (performance hurdle), which is established by Supervisory Board in accordance with MLPs strategic planning. The Supervisory Board will establish the performance hurdle in Spring 2008. In Spring 2008, the Supervisory Board will determine whether a dividend payout is to take place. On December 12, 2005, a further tranche was approved for the financial year 2006. In this instance, too, these phantom shares are only paid out in cash if the Group's earnings before tax (EBT) for 2006 to 2008 reach a sum established in advance by the Supervisory Board. In Spring 2009, the Supervisory Board will determine whether a dividend payout is to take place. A further tranche was approved in 2007. Unlike previous tranches, the cash payout is determined on the basis of the triple earnings before interest and tax (EBIT) of continuing operations (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout.

An equity settlement is not planned. The fair value of the phantom shares is reassessed on each closing date using the Monte-Carlo simulation method.

If an employee or member of the Executive Board leaves the company, the phantom shares granted expire. Of the total of 513,148 allocated performance shares, 89,896 expired by December 31, 2007.

	Tranche 2005	Tranche 2006	Tranche 2007
Performance Shares at time of allocation (units)	144,728	135,300	233,120
of which Executive Board	89,592	78,173	117,899
of which others (units)	55,136	57,127	115,221
Performance Shares as at Dec 31, 2006 (units)	124,053	117,260	-
of which Executive Board (units)	68,917	60,133	-
of which others (units)	55,136	57,127	-
Performance shares expired in 2007	24,121	27,060	-
Performance shares at Dec 31, 2007 (units)	99,932	90,200	233,120
of which Executive Board (units)	53,411	46,603	117,899
of which others (units)	46,521	43,597	115,221

Remuneration of the members of the supervisory board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 30,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives double and his deputy one and a half times this amount. An additional remuneration is granted for activities in a committee. This amounts to 0.3 times the basic remuneration as a Supervisory Board member for each committee. The Chairman of the committee receives 0.4 times the basic remuneration, his deputy 0.35 times this amount. If the Chairman of the Supervisory Board also holds the chair in one or more committees, he receives only the basic remuneration (0.3 times the fixed Supervisory Board remuneration) per committee in addition to his remuneration for the Supervisory Board. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments.

All figures in €‘000	**Fixed portion of remuneration incl. VAT**
Manfred Lautenschläger (Chairman of the Board)	93
Gerd Schmitz-Morkramer (Vice Chairman)	75
Dr. Peter Lütke-Bornefeld	57
Johannes Maret	57
Norbert Kohler	36
Maria Bähr	36
Total	**353**

€ 7 thsd were used as compensation for expenses in the financial year 2007.

Remuneration of the members of the executive board

The members of the Group's Executive Board are entitled to both a fixed (non performance-related) and a variable (performance-linked) remuneration in accordance with the concluded contracts of employment. The basis of assessment are the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards used in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations/operations to be continued and discontinued operations/operations to be discontinued are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the continued operations/operations to be continued and discontinued operations/operations to be discontinued. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment. The variable remuneration is calculated on the basis of a fixed percentage of the assessment basis. Should a contract of employment commence or terminate during the course of a financial year, the profit-sharing payment for this financial year is granted pro rata temporis as a matter of principle.

Individualised Executive Board remuneration for the financial year 2007

All figures in €'000	**Fixed portion of-remuneration**	**Variable portion of-remuneration**	**Allocation to pension provision**	**Total**
Dr. Uwe Schroeder-Wildberg	524	568	84	1,176
Gerhard Frieg	312	375	104	791
Muhyddin Suleiman since 04.09.2007	102	125	86	313
Total	**938**	**1,068**	**274**	**2,280**

During their active service, the former members of the Executive Board Böttger/ Frowein received a fixed portion of remuneration of € 1,037 thsd/€ 178 thsd and a variable portion of remuneration of € 254 thsd/€ 187 thsd. In addition this group of people were paid € 1,722 thsd compensation for a non-competition clause, the premature termination of the board service agreement and the associated loss of earning opportunities. Other former Executive Board members received a total renumeration of € 301 thsd. As at December 31, 2007 pension provisions for former members of the Executive Board amounted to € 6,451 thsd.

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2002 and the Long Term Incentive Programme 2005. The structure of these programmes is described in detail under “Share options programme and share-based remuneration systems” of this Corporate Governance report.

Executive Board members active on December 31, 2007 hold convertible debentures issued by the company. See the table below for further details

All figures in €‘000	Convertible debentures Tranche 2003 (Value as at Dec 31, 2007)	Convertible debentures Tranche 2004 (Value as at Dec 31, 2007)	Convertible debentures Total units as at Dec 31, 2007
Dr. Uwe Schroeder-Wildberg	-	50	12,300
Gerhard Frieg	-	40	10,000
Muhyddin Suleiman since 04.09.2007	-	40	10,000
Total	**-**	**130**	**32,300**

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005, 2006 and 2007. See the following table for number of units and values of phantom shares:

All figures in €‘000	Tranche 2005	Tranche 2006	Tranche 2007	Tranche 2005	Tranche 2006	Tranche 2007
	Value as at Dec 31, 2007			(unit)	(unit)	(unit)
Dr. Uwe Schroeder-Wildberg	182	-	69	27,567	24,053	53,591
Gerhard Frieg	137	-	41	20,675	18,040	32,154
Muhyddin Suleiman since 04.09.2007	34	-	41	5,169	4,510	32,154
Total	**353**	**-**	**152**	**53,411**	**46,603**	**117,899**

Declaration of compliance

MLP AG complies strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version of June 14, 2007) with the exception only of sections 3.8 sentence 4, 5.1.2 sentence 6, 5.4.1 sentence 2 and 5.4.7 sentence 4.

A new Directors & Officers insurance policy (D&O insurance) with no excess is in place for the members of the Executive and Supervisory Boards. An excess is ill suited to increasing the committee members' motivation and sense of responsibility.

There is no age limit for the members of the Executive and Supervisory Boards of MLP AG. The appointment of members of the Executive and Supervisory Boards should be geared solely towards knowledge, skills and specialist experience. For this reason we will not implement this recommendation in 2008, as was also the case in 2007.

The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing plans in support of such remuneration structures have yet come to light. For this reason we will not implement this recommendation in 2008, as was also the case in 2007.

In December 2007, the Executive and Supervisory Boards issued a declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders via the company's website. You can view the text of the declaration of compliance of December 11, 2007 at www.mlp.de.

You can find further information on corporate governance at MLP on the internet at www.mlp.de.

Financial statements/ Notes

Profit and loss account for 2007

All figures in €'000		Notes	2007	2006
1.	Other operating income	[1]	26,949	24,628
2.	Personnel expenses			
	a) Salaries and wages	[2]	-5,872	-4,739
	b) Social security contributions and expenses for Old-age provision and benefits of which for pensions: € 547 thsd (previous year: € 601 thsd)	[2]	-802	-724
3.	Depreciation/amortisation Amortisation of intangible assets and tangible fixed assets	[3]	-4,983	-5,112
4.	Other operating expenses	[4]	-25,106	-22,661
5.	Income from investments of which from affiliated companies: € 5,318 thsd (previous year: € 2,606 thsd)	[5]	5,318	2,606
6.	Income from profit and loss transfer agreements	[5]	87,481	84,573
7.	Income from other securities and financial assets of which from affiliated companies: € 262 thsd (previous year: € 212 thsd)	[5]	280	246
8.	Other interest and similar income of which from affiliated companies: € 320 thsd (previous year: € 60 thsd)	[5]	4,386	8,145
9.	Amortisation of financial assets and securities held as current assets	[5]	-36,697	-15,547
10.	Interests and similar expenses of which for affiliated companies: € 51 thsd (previous year: € 52 thsd)	[5]	-1,716	-2,792
11.	**Finance cost**		**59,051**	**77,231**
12.	**Earnings before tax**		**49,236**	**68,623**
13.	Income tax expense	[6]	-30,681	-17,156
14.	Other taxes		-125	-128
15.	**Net profit**		**18,430**	**51,339**
16.	Profit brought forward			
	a) Unappropriated profit in the previous year		53,535	277,097
	b) Dividend payout		-39,967	-62,991
17.	Withdrawal from retained earnings	[16]		
	a) from the reserve for treasury stock		29,224	0
	b) from other retained earnings		26,998	122,441
18.	Transfer to retained earnings	[16]		
	a) to the reserve for treasury stock		0	-122,441
	b) to other retained earnings		-29,224	0
	c) to other retained earnings in accordance with the AGM resolution		-10,000	-211,910
19.	**Unappropriated profit**		**48,996**	**53,535**

Balance sheet as at 31 December 2007

Assets

All figures in €'000	Notes	2007	2006
A. FIXED ASSETS	[7]		
I. Intangible assets			
Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets		**42**	**39**
II. Fixed assets			
1. Land, leasehold rights and buildings including buildings on third-party land		63,085	66,164
2. Other fixtures, fittings and office equipment		11,064	12,413
3. Payments on account and assets under construction		649	0
		74,798	**78,577**
III. Financial investments			
1. Shares in affiliated companies	[8]	147,812	147,812
2. Loans to affiliated companies	[9]	0	5,656
3. Other loans		66	5
		147,878	**153,473**
		222,718	**232,089**
B. CURRENT ASSETS			
I. Receivables and other assets			
1. Receivables from affiliated companies	[10]	94,273	25,100
2. Other assets of which € 4,452 thsd with a remaining term of more than one year (previous year: € 5,020 thsd) Receivables from affiliated companies	[11]	18,638	28,589
		112,910	**53,689**
II. Securities			
1. Treasury stock	[12]	103,723	132,947
2. Other securities	[13]	11,974	14,019
		115,697	**146,966**
III. Cash on hand and on deposit at the Deutsche Bundesbank, bank deposits and cheques		**15,453**	**59,235**
		244,060	**259,890**
C. PREPAID EXPENSES		**58**	**519**
		466,836	**492,498**

Liabilities and shareholders´ equity

All figures in €'000		Notes	2007	2006
A.	**SHAREHOLDERS' EQUITY**			
I.	**Share capital** Ordinary shares	[14]	**108,812**	**108,781**
II.	**Capital reserves**	[15]	**8,910**	**8,714**
III.	**Retained earnings**	[16]		
1.	Statutory reserve		3,097	3,097
2.	Reserve for treasury stock		103,723	132,947
3.	Other retained earnings		156,015	143,789
			262,834	**279,833**
IV.	**Umappropiated profit**	[17]	**48,996**	**53,535**
			429,553	**450,863**
B.	**PROVISIONS**			
1.	Provisions for pensions and similar obligations		7,903	7,494
2.	Tax reserves	[18]	19	5,811
3.	Other provisions	[18]	13,872	17,308
			21,794	**30,613**
C.	**LIABILITIES**			
1.	Trade accounts payable		1,269	3,973
2.	Liabilities due to affiliated companies			
3.	Other liabilities		1,312	1,167
	of which € 345 thsd of taxes (previous year: € 211 thsd)	[19]	12,908	5,882
			15,489	**11,022**
			466,836	**492,498**

Notes to the financial year 2007

General information

General information on the company

Since October 2006, the registered office of MLP AG has been located at Alte Heerstr. 40, 69168 Wiesloch, Germany. It is entered in the Mannheim Commercial Register under the number HRB 332697.

Accounting policies

Estimations and assumptions

In preparing the annual financial statements, it is necessary to make estimates and assumptions which may affect the carrying amounts of the assets, liabilities and financial liabilities as at the balance sheet date as well as income and expenses for the year under review.

General information

The present financial statements have been prepared in line with §§ 242 ff., 264 ff. of the German Commercial Code (HGB) and the applicable regulations of the German Stock Corporation Act. The company is a large stock corporation pursuant to § 267 (3) of the German Commercial Code (HGB).

The balance sheet is prepared taking into account the partial appropriation of the net result for the year.

The same valuation methods were used as for the previous year.

With effect from June 6, 2007, MLP Finanzdienstleistungen Aktiengesellschaft was merged into MLP Bank AG. The amalgamated company now operates under the name MLP Finanzdienstleistungen AG.

On April 18, 2007 and in accordance with § 291 of the German Stock Corporation Act (AktG) a profit/loss transfer agreement was concluded between MLP AG and MLP Bank AG. The consent of the Annual General Meetings of MLP AG and MLP Bank AG was given on May 31, 2007 and May 2, 2007. The entry in the commercial register relevant for MLP Finanzdienstleistungen AG (former MLP Bank AG) took place on June

13, 2007.

The balance sheet is prepared in accordance with the system of classification set forth in § 266 of the German Commercial Code (HGB).

The profit and loss account is prepared in accordance with the nature of expense method outlined under § 275 (2) of the German Commercial Code (HGB) and supplemented by § 277 (3) of the German Commercial Code (HGB) for the income from profit and loss transfer agreements, the transfer of losses and the development of the unappropriated profit.

For the purpose of better clarity of the profit and loss account, the sum item "Finance cost" has been added.

Foreign currency assets and liabilities are valued at the rate of exchange in place on the day they occur or the less favourable exchange rate on the balance sheet date.

The values entered in the tables are generally given in thousands of euros (€'000). Any deviation from this style is noted directly in the relevant tables. Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when the individual values shown are added up.

Disclosure of the accounting policies for the individual balance sheet items

Intangible assets and tangible assets are stated at historical cost, less scheduled depreciation/amortisation charges.

In each instance, acquisition costs include the portion of sales tax incurred on additions and invoiced but not eligible for input tax deduction.

In line with the average useful lives established under tax regulations, assets are written down on a straight-line basis over the following periods:

Intangible assets	
Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	5 years
Fixed assets	
Land, land rights and buildings including buildings an third-party land	
Administration buildings	25 - 33 years
Land improvements	15 - 25 years
Other fixtures, fittings and office equipment	
Furniture and fittings	10 – 25 years
IT hardware / IT cabling	3 - 13 years
Office equipment / office machines	8, 10 - 13 years
Cars	6 years
Works of art	0 or 15 years

The additions to the movable assets are depreciated pro rata temporis.

In general, low-value assets up to a net value of € 410 are depreciated in full in the year of addition and carried as disposal. The low-value assets procured in connection with the furnishing and fitting of the administration building in Wiesloch in 2001 are depreciated over their expected useful life.

Financial assets are stated at acquisition costs or lower fair values.

Other loans are stated at their acquisition cost minus allowances for losses on individual accounts.

Receivables and other assets are stated at face value or at the present value. Risk-carrying items are impaired where required.

The treasury stock and other securities carried under current assets are valued according to the principle of lower of cost or market pursuant to § 253 (3) of the German Commercial Code (HGB).

Cash and cash equivalents are stated at face value.

Pension provisions set aside to meet liabilities under the company pension scheme are calculated on the basis of the going-concern value as defined in § 6a of the German Income Tax Act (EStG), calculated using actuarial methods and an actuarial interest rate of 6 percent, and on the basis of the mortality chart 2005 G by Dr. Klaus Heubeck.

The tax reserves and other provisions take into account all uncertain liabilities and impending losses from open contracts.

The liabilities are stated at the settlement value.

Notes to the profit and loss account

[1] Other operating income

All figures in €'000	**2007**	**2006**
Group allocations	1,920	1,960
Rent and incidentals	10,672	10,267
Revenue from the sale of shares in affiliated companies less disposals at book value/subsequent profit component	11,295	8,640
Income from the reversal of provisions	2,502	2,962
Other	560	799
	26,949	**24,628**

The revenue from the sale of shares in affiliated companies and the subsequent profit component 2007 contains € 1,082 thsd which is attributable to the final settlement of Clerical Medical International Holdings B.V. and concerns the year 2006.

[2] Personnel expenses

All figures in €'000	**2007**	**2006**
Salaries and wages	5,872	4,739
Social security contributions	255	123
Expenses for old-age provision	547	601
	6,675	**5,463**

The increase in personnel expenses in 2007 was mainly due to indemnity payments to members of the Executive Bodies.

The average number of full-time employees for the financial year 2007, determined according to § 267 (5) of the German Commercial Code (HGB), was 10 (previous year: 10).

[3] Depreciation/amortisation

All figures in €'000	**2007**	**2006**
Intangible assets	19	30
Land, leasehold rights and buildings, including buildings on third-party land	3,201	3,224
Other fixtures, fittings and office equipment	1,763	1,858
	4,983	**5,112**

[4] Other operating expenses

All figures in €'000	**2007**	**2006**
Cost of premises	2,565	2,793
Communication costs	584	830
Representation / entertainment expenses	1,375	1,780
IT costs	790	1,005
Consultancy costs and lawyers' fees	7,067	7,877
Company restaurant	436	428
Group allocations	2,073	1,839
Purchase price adjustment for MLP Lebensversicherung AG	6,330	1,187
Other	3,886	4,922
	25,106	**22,661**

The purchase price adjustments resulted from the purchase price adjustment clause in the purchase contract signed between MLP AG and Clerical Medical International Holdings B.V., Maastricht, Netherlands, for the sale of MLP Lebensversicherung AG. In this connection, the purchase price changed due to the development in premium increases for the FLVH policies brokered until 2004. As at December 31, 2007 the final purchase prices reduced by € 7.5 million, of which € 6.2 million are attributable to 2007 and € 1.2 million to 2006.

Auditor's fees

The following expenses for fees in connection with the auditing firm Ernst & Young AG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (auditor) were recorded in the following amounts in the financial year 2007 (including expenses and statutory value added tax):

All figures in €'000	**2007**	**2006**
Audit	401	343
Other audit-related or consulting services	61	0
Other services	69	161
	531	**504**

[5] Finance cost

Income from investments comprises profit distributions from the former MLP Bank AG and Feri Finance AG for the financial year 2006. In the previous year, the item included the dividend payouts of the former MLP Bank AG and MLP Login GmbH. In the reporting year MLP Finanzdienstleistungen Aktiengesellschaft was merged into MLP Bank AG and then the company name was changed to MLP Finanzdienstleistungen AG. Due to the profit and loss transfer agreement between MLP AG and MLP Finanzdienstleistungen AG, a profit amounting to € 87,481 thsd (previous year: € 84,573 thsd) had to be transferred in the last financial year. Therefore the reporting year also contains the earnings from the banking business.

The depreciation/amortisation on marketable securities contains € 36,677 thsd (previous year: € 15,406 thsd) resulting from the write-down of treasury stock.

Otherwise the lower financial result was mainly due to the reduction in interest income from bank balances and time deposits. Furthermore, the year 2006 shows an interest income from tax refunds resulting from the field tax audit for the years 1997 to 2001.

[6] Income tax expense

As a result of the corporation and trade-tax arrangements with MLP Finanzdienstleistungen AG, MLP BAV GmbH, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (BERAG), BERAG Versicherungs-Makler GmbH (BERAG Makler) and MLP Media GmbH, the company's tax expenses include the corporation tax and trade tax for these companies.

In 2006, a corporation tax credit of € 5,020 thsd had to be capitalised due to legal requirements. The corporation tax credit was discounted using a no-risk interest rate suitable to the deadline. As at December 31, 2007 the corporation tax credit stood at € 5,081 thsd. The field tax audit for the years 1997 until 2001 resulted in back-tax payments of € 1,022 thsd for 2007 due to the adjusted corporation and trade tax declarations.

Notes to the statement of changes in assets

[7]

The development of the fixed assets and the depreciation in the financial year 2007 are shown under note 24.

Notes to the balance sheet

Fixed assets

[8] Shares in affiliated companies

With effect from June 6, 2007, MLP Finanzdienstleistungen Aktiengesellschaft was merged into MLP Bank AG. The book values for both companies were consolidated into one figure. The amalgamated company operates now under the name MLP Finanzdienstleistungen AG.

On July 12, 2007, Feri Rating & Research GmbH sold FI Datenservice GmbH (formerly Mainsee 437. V V GmbH), Frankfurt am Main, Germany.

The two subsidiaries of MLP Finanzdienstleistungen AG - MLP Private Finance plc., London, Great Britain and MLP Private Finance Correduria de Seguros S.A., Madrid, Spain - are in liquidation or are being prepared for liquidation.

[9] Loans to affiliated companies

The loan granted to the former MLP Bank AG was repaid in full in the financial year.

[10] Receivables from affiliated companies

Changes in the items "Receivables from affiliated companies" exist in connection with the profit/loss transfer agreement in place between MLP AG and MLP Finanzdienstleistungen AG.

[11] Other assets

The other assets include income tax refund claims of € 8,178 thsd (previous year: € 19,564 thsd). These include the corporation tax credit of € 5,081 thsd (previous year: € 5,020 thsd), which had to be capitalised due to legal regulations. The change is mainly attributable to accrued interest. This also includes a subsequent profit component from the sale of MLP Lebensversicherung AG to the tune of € 10,213 thsd (previous year: € 8,640 thsd).

[12] Treasury stock

On November 11, 2005, following approval of the Supervisory Board granted on the same day, the Executive Board of MLP AG decided to acquire own shares. This buyback aims to improve the balance sheet structure at MLP AG and pay out surplus liquidity to the shareholders.

Authorisation for the buyback of own shares was granted by the Annual General Meeting on June 21, 2005 and May 31, 2006. The resolution of May 31, 2006 was valid until November 29, 2007.

Within this period, a total of up to 10% of the share capital existing at the time of the resolution can be acquired via the stock exchange or by means of a public offer to buy directed at all shareholders.

Should these shares be bought back via the stock exchange, the purchase price per share paid by MLP AG (excluding transaction costs) may not be more than 10% greater or less than the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the three preceding trading days prior to the obligation to purchase. In the case of a public offer, the purchase price may not exceed or fall below the average closing price (arithmetic mean) of the MLP AG share in the XETRA trading system (or a comparable successor system) on the Frankfurt Stock Exchange by 10% over the three trading days preceding the day the offer is made public.

The buyback programme shall be implemented in line with the implementation regulations (Directive EC 2273/2003) enacted under Article 8 of the Directive 2003/6/EC. An investment bank was commissioned to set up the resolution in the form of a systematic buyback programme via the stock exchange. This investment bank decides on the time of the individual buybacks based on a systematic buyback model. MLP has no influence on this.

During the period between January 1, 2005 and December 31, 2005, a total of 614,509 shares were acquired by MLP AG at an overall value of € 10,505,048 including incidental acquisition costs. This corresponds to 0.57% of the share capital (date of the resolution). The acquired shares correspond to € 614,509 of the share capital.

During the period between January 1, 2006 and December 20, 2006, a total of 8,248,600 shares were acquired by MLP AG at an overall value of € 137,847,996 (including incidental acquisition costs). This reflects 7.58% of the share capital as at December 31, 2006. The acquired shares correspond to € 8,248,600 of the share capital.

Acquisition of treasury stock in 2006

Month	Units	Value	share capital	Proportion of the share capital
	No. of shares	**€**	**€**	**%**
January	556,000	10,323,093	108,640,686	0.51
February	617,000	12,100,821	108,640,686	0.57
March	755,000	14,112,187	108,640,686	0.69
April	511,000	10,203,675	108,640,686	0.47
May	602,000	11,478,153	108,640,686	0.55
June	893,600	14,278,273	108,640,686	0.82
July	932,000	14,094,062	108,640,686	0.86
August	1,132,000	15,962,065	108,731,776	1.04
September	623,000	9,328,758	108,757,037	0.57
October	705,000	11,394,037	108,765,928	0.65
November	773,000	11,570,085	108,775,120	0.71
December	149,000	2,304,526	108,781,403	0.14
	8,248,600	**137,149,735**		

In a resolution passed on May 31, 2007, the Annual General Meeting of MLP AG authorised the Executive Board of the company to instigate a new share buyback programme. MLP is authorised to purchase up to 10% of the share capital during the authorisation period (i.e. up to 10,878,141 shares) until November 29, 2008.

On October 11, 2007, the Executive Board of MLP AG decided to make use of this authorisation and continue with the share buyback programme. As of November 8, 2007 a maximum of 1.8% of the share capital, i.e. a maximum of 2,015,031 shares will have been bought back. In line with the share price valid at the date of the resolution this corresponds to a volume of about € 22 million. The share buyback programme will mainly be organised and carried out by an investment bank. The purchase price per share paid by MLP AG may not be more than 10% greater or less than the average share price (closing price of the MLP AG share in the XETRA trading system or a comparable successor system on the Frankfurt Stock Exchange) over the three preceding trading days prior to the obligation to purchase.

Provided it has not yet been exercised, the initial share buyback programme of MLP AG, based on an authorisation granted by the Annual General Meeting on June 21, 2005 and May 31, 2006, was cancelled by the resolution on May 31, 2007.

Acquisition of treasury stock in 2007

Month	Units	Value	share capital	Proportion of the share capital
	No. of shares	**€**	**€**	**%**
November	440,000	3,766,848	108,811,775	0.40
December	345,500	3,685,605	108,812,289	0.32
	785,500	**7,452,453**		

As at December 31, 2007, MLP AG had acquired a total of 9,648,609 shares at an o-verall value of € 155,805,496 (including incidental acquisition costs). This corresponds to 8.87% of the share capital (as at May 31, 2007).

As at December 31, 2007, a write-down of € 36,677 thsd (previous year: € 15,406 thsd) was applied to the fair value in accordance with § 253 (3) of the German Commercial Code (HGB).The reserve for treasury stock to be formed in accordance with § 272 (4) of the German Commercial Code (HGB) was adjusted accordingly (see note 16).

Following the authorisation by the Annual General Meeting, the Executive Board of MLP AG decided on July 23, 2007 to decrease the company's share capital by retiring 8,863,109 ordinary bearer shares in line with § 71 (1) no. 8 of the German Stock Corporation Act (AktG). Pursuant to § 71 (1) no. 8 sentence 6 of the German Stock Corporation Act (AktG), the capital decrease shall take place by retiring the company's own shares bought back until December 20, 2006 for the purpose of reducing the share capital. In 2007, no shares of MLP AG were called in.

[13] Other securities

The item "Other securities" includes fixed income securities amounting to € 4,974 thsd (previous year: € 6,999 thsd), variable interest-bearing bonds of € 5,000 thsd (previous year: € 5,020 thsd) and investment funds of € 2,000 thsd (previous year: € 2,000 thsd). Depreciations of € 20 thsd (previous year: € 96 thsd) were applied to this.

[14] Share capital

The share capital is made up of 108,812,289 (previous year: 108,781,403) ordinary shares. In the financial year 2007, 30,886 (previous year: 140,717) ordinary shares of MLP AG were issued by exercising conversion rights.

The share capital is conditionally increased by up to € 1,559,283, divided into 1,559,283 ordinary bearer shares. The conditional capital increase will only be carried out insofar as the owners of convertible debentures, issued by the company on account of the authorisation granted to the Executive Board by the resolution of the Annual General Meeting on May 28, 2002 exercise their right to conversion (conditional capital).

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital on one or more occasions by up to € 21,000,000 in exchange for cash or non-cash contributions until May 30, 2011 (authorised capital).

The resolution passed at the Annual General Meeting of May 28, 2002 authorised the Executive Board of MLP AG, with the Supervisory Board's consent, to issue non-interest-bearing convertible debentures in one or more tranches up to a total amount of € 1,700,000 in the period to May 28, 2007 (conditional capital).Within the framework of the MLP Incentive Programme 2002, the company issued non-interest-bearing convertible debentures to bearer. They incorporate the right to purchase MLP AG shares and were issued to members of the Executive Board, members of the management and the staff of MLP AG, as well as MLP consultants acting as self-employed commercial agents and employees of affiliated companies pursuant to article 15 and following articles of the German Stock Corporation Act (AktG).

The convertible debentures rank pari passu with the partial debentures to bearer with a face value of € 1 each and have a maturity of six years each (of which three years is a qualifying period).

The conversion right may only be exercised if, at any time during the qualifying period, the closing price of the MLP AG shares in the XETRA trade (or a comparable successor system replacing the XETRA system at the Frankfurt/Main Stock Exchange) amounts to 130% of the basis price (exercise hurdle). The basic price corresponds to the arithmetic mean of the closing price of the MLP AG shares in the Xetra trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to qualifying persons.

The following table shows details of the programme:

	1st tranche (2002)	**2nd tranche (2003)**	**3rd tranche (2004)**	**4th tranche (2005)**
Exercise period:				
Start:	20.08.2005	05.08.2006	17.08.2007	16.08.2008
End:	19.08.2008	04.08.2009	16.08.2010	15.08.2011
Basic price:	€ 30,22 (not reached)	€ 7,02	€ 12,40	€ 13,01
Exercising of conversion rights:				
In 2006		140.717 units		
In 2007		29.036 units	1.850 units	

The bearers of the convertible debentures are entitled to exercise their right to conversion during the respective exercise period.

When the right is exercised, each partial debenture with a face value of € 1 is exchanged for a new no-par-value share. This procedure results in an increase in the capital stock by € 30,886 as at December 31, 2007.

During the subscription period for the Incentive Programme 2002, partial debentures amounting to € 115 thsd were subscribed, and for the subscription period 2003 partial debentures amounting to € 281 thsd were subscribed. During the 2004 subscription period, the subscription of partial debentures amounted to € 677 thsd and for the subscription period 2005 the subscription of partial debentures amounted to € 578 thsd. Of the subscribed convertible debentures, € 1,214 thsd (previous year: € 1,329 thsd) was outstanding on the balance sheet date. Convertible debentures amounting to € 84 thsd (previous year: € 25 thsd) were repaid during 2007.

[15] Capital reserves

All figures in €'000	2007	2006
As at Jan 1	8,714	7,866
Allocation	196	848
As at Dec 31	**8,910**	**8,714**

Due to the convertible debentures exercised in 2007, the capital reserves increased by € 196 thsd (previous year: € 848 thsd).

The allocation in the financial year 2007 is the difference between the exercise price and the nominal amount (€ 7.02 – € 1) of the second tranche conversion rights exercised (see note 14), and the difference between the exercise price and nominal amount (€ 12.40 - € 1) of the third tranche conversion rights exercised.

[16] Retained earnings

Reserve for treasury stock

In the financial year 2007 a reserve for treasury stock amounting to € 103,723 thsd (previous year: € 132,947 thsd) had to be allocated in accordance with § 272 (4) of the German Commercial Code (HGB). The amount corresponds to the value shown on the assets side under "Treasury stock" (cf. note 12). The reserve was provided from the existing other retained earnings.

Other retained earnings

Other retained earnings have changed as follows:

All figures in €'000	**2007**	**2006**
As at Jan 1	143,789	54,320
Transfer/withdrawal/reclassification	2,226	-122,441
Transfer from net profit	10,000	211,910
As at Dec 31	**156,015**	**143,789**

The transfer of € 10,000 thsd to other retained earnings was carried out in line with § 58 (3) of the German Stock Corporation Act (AktG) on the basis of the resolution passed by the Annual General Meeting on May 31, 2007.

[17] Unappropriated profit

Due to the amounts allocated and withdrawed to other retained earnings and the net profit for 2007, unappropriated profit changed as follows:

All figures in €'000	**2007**	**2006**
Unappropriated profit as at Jan 1	53,535	277,097
Dividend payout	-39,967	-62,991
Withdrawal from retained earnings	26,998	0
Transfer to retained earnings	-10,000	-211,910
Net profit	18,430	51,339
Unappropriated profit as at Dec 31	**48,996**	**53,535**

[18] Provisions

In the last financial year, the company recognised tax provisions totalling € 19 thsd (previous year: € 5,811 thsd). Previous year provisions were exhausted through payments.

Other provisions consist mainly of those for impending losses from open contracts amounting to € 4,583 thsd (previous year: € 5,838 thsd), liabilities in connection with the sale of the two insurance subsidiaries of € 4,940 thsd (previous year: € 7,300 thsd), provisions for the Long Term Incentive Programme of € 961 thsd (previous year: € 623 thsd), provisions for outstanding invoices of € 407 thsd (previous year: € 1,790 thsd).

The impending losses from open contracts are the result of interest rate swaps. In order to hedge the financing of individual construction phases of the Wiesloch building project, which was completed in 2004, two interest rate swaps (payer swaps) were taken out in August 1999 (cf. note 22).

Due to the full repayment of the loan for the financing of the new building in 2005 (cf. note 21), no hedge accounting was applied. The provision disclosed for impending losses from open contracts had to be adjusted accordingly at the time. To eliminate the interest risk caused, two reverse swaps with identical amounts and terms were concluded.

A Long Term Incentive Programme (LTI) was implemented for the first time in the financial year 2005. The programme was opened both to members of the Executive Board of the reporting company and to Executive Board members and managerial staff of subsidiaries of MLP AG. The structure of the programme is outlined in the management report.

[19] Other liabilities

Other liabilities primarily include bonus payments for current and former members of the Executive Board and interest deferrals resulting from the interest rate swaps.

This item also contains a loan in the form of convertible debentures amounting to € 1,214 thsd (previous year: € 1,329 thsd).The structure of the programme is explained under note 14.

Other liabilities furthermore include liabilities from the purchase price adjustment in connection with the sale of MLP Leben amounting to € 7,517 thsd (cf. note 4).

Statement of liabilities as at December 31, 2007

Liability type		With a remaining term of		
All figures in €'000		up to 1 year	1 to 5 years	more than 5 years
Trade accounts payable [1)]	**1,269**	1,269	0	0
liabilities due to affiliated companies [2)]	**1,312**	1,312	0	0
Other liabilities	**12,908**	12,908	0	0
	15,489	**15,489**	**0**	**0**

[1)] The standard retentions of title clauses have been asserted.
[2)] Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

Statement of liabilities as at December 31, 2006

Liability type		With a remaining term of		
All figures in €'000		up to 1 year	1 to 5 years	more than 5 years
Trade accounts payable [1)]	**3,973**	3,973	0	0
liabilities due to affiliated companies [2)]	**1,167**	1,167	0	0
Other liabilities	**5,882**	5,312	570	0
	11,022	**10,452**	**570**	**0**

[1)] The standard retentions of title clauses have been asserted.
[2)] Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities.

[20] Other financial liabilities not recognised in the balance sheet

On the balance sheet date, other financial commitments were as follows:

All figures in €'000	2008	2009	Subsequent	Total
Purchase commitments	495	0	0	495
Car leasing	88	64	58	211
	583	64	58	705

On October 30, 2007 MLP AG exercised its call option to acquire the remaining stake of 43.414% in Feri Finance AG. The put option granted to the remaining shareholders of Feri Finance AG to sell their remaining stake of 43.414% in Feri Finance AG to MLP AG is thus obsolete.

By exercising the call option, the associated rights will be transferred to MLP AG on December 31, 2010. The purchase price for the remaining 43.414% is € 47,755 thsd. Depending on the future economic development of Feri Finance AG and the development of funds under management at MLP, the purchase price may rise by a variable component in the range of € 0 - € 98,000 thsd. MLP anticipates that the variable component of the purchase price will come to € 40,000 thsd.

There were no other financial liabilities than those disclosed above.

[21] Guarantees and other commitments

The purchase contract signed between MLP AG and Gothaer Allgemeine Versicherung AG, Cologne on the sale of MLP Versicherung AG contains a purchase price adjustment clause which, in the worst case, allows for a maximum reduction in the purchase price of € 7.25 million in 2010. Given the current situation, we do not expect any repayment.

As at the balance sheet date, MLP AG and MLP Finanzdienstleistungen AG were jointly and severally liable for the € 80,000 thsd line of credit granted to both companies by several financial institutions. However, as at December 31, 2007, this line of credit had not yet been drawn on.

Lease agreements have been and are being concluded between HP Finanz Service GmbH and the various individual companies of the MLP Group as lessees. In accordance with the declaration of liability of August 2, 2006 between MLP AG and HP Finanz Service GmbH, Böblingen, MLP AG is liable for all of the lessees' obligations arising from the lease agreements (assumption of joint cumulative liability for debt). MLP AG is liable irrespective of whether the individual companies of the MLP Group and other holdings subject to applicable corporate law continue to exist.

MLP AG is jointly and severally liable for the liabilities arising from the purchase contract signed between MLP Private Finance Limited and Towry Law. Given the current situation, the maximum risk is 1 million pounds sterling.

MLP AG acts as a guarantor for the existing liability due to the approved loan of € 21,000 granted by MLP Finanzdienstleistungen AG to Swiss Independance AG.

MLP AG is not liable in any situation other than those outlined above.

[22] Reporting for derivative financial instruments in accordance with § 285 No. 18 of the German Commercial Code (HGB)

Due to the lack of a commercial-law definition of the term "financial instrument", International Financial Reporting Standards (IFRS) were applied mutatis mutandis.

According to IAS 32.11 (2005), a financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. According to IAS 39.9 (2005), a derivative financial instrument is a financial instrument whose value changes in response to the change in a given interest rate, security price, commodity price, exchange rate, price or interest rate index, credit rating or credit index, or similar variable (also termed "underlying") that requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors and that is settled at a future date.

The key data of the derivative financial instruments as at December 31, 2007 is as follows:

	1st contract	2nd contract
Date of transaction	12.08.1999	12.08.1999
Start of term	15.01.2001	16.07.2001
End of term	17.01.2011	17.01.2011
Face amount (€)	30,000,000	20,000,000
Fixed rate payer	MLP AG	MLP AG
Fixed interest	5.9%	6.0%
Variable rate	EURIBOR – 6 months	EURIBOR – 6 months
Settlement	Half-yearly	Half-yearly

	3rd contract	4th contract
Date of transaction	18.01.2005	18.01.2005
Start of term	20.01.2005	20.01.2005
End of term	17.01.2011	15.01.2011
Face amount (€)	20,000,000	30,000,000
Variable rate payer	MLP AG	MLP AG
Fixed interest	3.11%	3.13%
Variable rate	EURIBOR – 6 months	EURIBOR – 6 months
Settlement	Half-yearly	Half-yearly

Accounting treatment and measurement

Derivative financial instruments are measured at cost on initial recognition. They are subsequently measured at the lower of cost or fair value. Fair value (market value) is calculated using the present value method on the basis of the current swap rates.

Recognition

In accordance with the principles of commercial law, swaps are recognised in the balance sheet under “Other provisions” if the fair value is negative.

Gains or losses from measurement at fair value are recorded under the finance cost. The fair value of the interest rate swaps amounts to -€ 4,583 thsd as at the balance sheet date (previous year: -€ 5,838 thsd).

Notes on the consolidated cash flow statement

[23]

The following cash flow statement, which discloses net financial assets as cash and cash equivalents, is intended to help readers understand the company's financial position. It is prepared in accordance with the provisions of DRS 2 (German Accounting Standards).

Cash flow statement

All figures in €'000	2007	2006
Changes in net financial assets from operating activities		
Net profit	**18,430**	**51,339**
plus (minus) expenses (income), which do not decrease (increase) net financial assets		
Amortisation of intangible assets	19	30
Write ups/downs of financial assets	-45	45
Depreciation of tangible fixed assets	4,964	5,082
Write-down of treasury stock	36,677	15,406
Allocation to pension provisions (net)	409	481
Gains from the disposal of non-current assets	0	-162
Losses from the disposal of non-current assets	312	324
Gains from the disposal of marketable securities	0	-10
Gains from the disposal of shares in affiliated companies	36	0
	42,372	**21,196**
Plus (minus) decreases (increases) in short-term assets excluding cash holdings		
Receivables from affiliated companies	-69,173	-23,521
Other assets	9,951	-1,976
Prepaid expenses	461	1
	-58,760	**-25,496**
Plus (minus) increases (decreases) in short-term liabilities		
Tax reserves	-5,791	-8,727
Other provisions	-3,437	-3,006
Trade accounts payable	-2,705	2,784
Liabilities due to affiliated companies	145	-8,397
Other liabilities	7,172	295
	-4,615	**-17,051**
Cash flow from operating activities	**-2,574**	**29,988**
Changes in net financial assets from investing activities		
Capital expenditure on intangible assets	-21	-22
Capital expenditure on tangible fixed assets	-1,525	-593
Capital expenditure on financial assets	-28	-34
Proceeds from the disposal of tangible fixed assets	27	748
Proceeds from the disposal of financial assets	5,668	169
Proceeds from the disposal of shares in affiliated companies	0	0
Expenditure on the purchase of shares in affiliated companies	0	-67,462
Proceeds from cash investments made in managing financial investments (marketable securities)	2,045	10
Expenditure on cash investments made in managing financial investments (marketable securities)	-36	-2,008
Cash flow from investing activities	**6,130**	**-69,192**
Changes in net financial assets from financing activities		
Dividend payout	-39,967	-62,991
Proceeds from transfer to equity	196	848
Payments for the acquisition of treasury stock	-7,452	-137,847
Repayment of loans	0	-4,118
Payments received and repayments from convertible debentures	-115	-164
Change in capital reserve from discounting of convertible bonds	0	0
Cash flow from financing activities	**-47,338**	**-204,273**
Increase/decrease in net financial assets	**-43,783**	**-243,477**
Cash and cash equivalents at the end of the financial year	15,436	59,219
Cash and cash equivalents at the beginning of the financial year	59,219	302,696
	-43,783	**-243,477**

Income tax payments amounted to € 27,086 thsd in the financial year. Interest paid amounted to € 1,610 thsd in the last financial year.

Cash holdings correspond to the balance sheet item "Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques". The balance sheet item contains amounts totalling € 17 thsd, which is subject to a restraint. The cash holdings were reduced accordingly by this amount.

Miscellaneous information

[24] Changes in assets in the financial year 2007

Procurement and manufacturing costs

	All figures in €'000	1.1.2007	Additions	Disposals	31.12.2007
I.	**Intangible assets**				
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	148	21	0	170
		148	**21**	**0**	**170**
II.	**Fixed assets**				
1.	Land, leasehold rights and buildings including buildings on third-party land	88,791	166	818	88,138
2.	Other fixtures, fittings and office equipment	21,802	710	810	21,702
3.	Payments on account and assets under construction	0	649	0	649
		110,593	**1,525**	**1,628**	**110,489**
III.	**Financial investments**				
1.	Shares in affiliated companies	149,801	0	0	149,801
2.	Loans to affiliated companies	5,656	0	5,656	0
3.	Other loans	50	28	12	66
		155,507	**28**	**5,668**	**149,866**
		266,248	**1,574**	**7,296**	**260,525**

Accumulated depreciation/amortisation

	All figures in €'000	1.1.2007	Additions	Disposals	Appreciation	31.12.2007
I.	**Intangible assets**					
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	109	19	0	0	127
		109	**19**	**0**	**0**	**127**
II.	**Fixed assets**					
1.	Land, leasehold rights and buildings including buildings on third-party land	22,627	3,201	773	0	25,053
2.	Other fixtures, fittings and office equipment	9,389	1,763	515	0	10,637
3.	Payments on account and assets under construction	0	0	0	0	0
		32,016	**4,964**	**1,288**	**0**	**35,691**
III.	**Financial investments**					
1.	Shares in affiliated companies	1,989	0	0	0	1,989
2.	Loans to affiliated companies	0	0	0	0	0
3.	Other loans	45	0	0	45	0
		2,034	**0**	**0**	**45**	**1,989**
		34,159	**4,983**	**1,288**	**45**	**37,806**

Carrying amounts

	All figures in €'000	31.12.2007	31.12.2006
I.	**Intangible assets**		
1.	Concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	42	39
		42	**39**
II.	**Fixed assets**		
1.	Land, leasehold rights and buildings including buildings on third-party land	63,085	66,164
2.	Other fixtures, fittings and office equipment	11,064	12,413
3.	Payments on account and assets under construction	649	0
		74,798	**78,577**
III.	**Financial investments**		
1.	Shares in affiliated companies	147,812	147,812
2.	Loans to affiliated companies	0	5,656
3.	Other loans	66	5
		147,878	**153,473**
		222,718	**232,089**

[25] Executive bodies of MLP AG

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman Responsible for planning and strategy, human resources, communication, legal affairs, audit, IT, controlling, accounting, taxes, treasury and general administration	Feri Finance AG, Bad Homburg v.d.H. (Chairman)	Deutsche Bank AG, Mannheim (Advisory Board) Fuchs Petrolub AG, Mannheim (Advisory Board) MLP Finanzdienstleistungen AG, Vienna (Chairman of the Supervisory Board) MLP BAV GmbH, Wiesloch (Chairman)
Dr. Wulf Böttger, Essen Responsible for sales and marketing, until September 4, 2007	-	-
Gerhard Frieg, Heidelberg Responsible for product management and purchasing	Feri Finance AG, Bad Homburg v.d.H	MLP BAV GmbH, Wiesloch BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen (Chairman of the Supervisory Board) MLP Hyp GmbH, Schwetzingen
Nils Frowein, Frankfurt Chief Financial Officer, until June 30, 2007	Feri Finance AG, Bad Homburg v.d. Höhe (until June 30, 2007)	MLP BAV GmbH, Wiesloch BERAG Beratungsgesellschaft für betriebliche Altersvorsorge und Vergütung mbH, Bremen (Vice Chairman of the Supervisory Board) MLP Finanzdienstleistungen AG, Vienna - all until June 30, 2007
Muhyddin Suleiman, Rauenberg Responsible for sales and marketing, since September 4, 2007	Feri Finance AG, Bad Homburg v.d.H	

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Manfred Lautenschläger, Gaiberg Chairman	MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	Heidelberg University Clinic, Heidelberg
Gerd Schmitz-Morkramer, Munich Vice Chairman	Merck Finck Treuhand AG, Frankfurt/Main (Chairman) bmp AG, Berlin (Chairman) YOC! AG, Berlin (Chairman)	Ernst Max von Grunelius Foundation, Frankfurt (Chairman) Taurus Investment Holding, Boston, USA (Chairman of the Advisory Board)
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman of the Board of Kölnischen Rückversicherungs-Gesellschaft AG	Europa Rückversicherung AG, Cologne until July 3, 2007 VPV Lebensversicherungs- AG, Stuttgart Delvag Rückversicherungs- AG, Cologne	*Group companies*: General Reinsurance Corporation (Holding), Stamford, USA Cologne Reinsurance Company (Dublin) Ltd., Dublin, Ireland General Re Life Corporation, Stamford, USA GeneralCologne Re Capital GmbH, Cologne *Others*: Deutsche Kernreaktor-Versicherungsgemeinschaft, Cologne (Chairman) Faraday Holdings Limited, London, Great Britain
Johannes Maret, Burgbrohl Entrepreneur	DAB Bank AG, Munich	Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) The Triton Fund, Jersey, USA (Investment Committee Member) Xchanging Ltd., London (Non-Executive Director) Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board) CET Beteiligungs GmbH, Vienna (Chairman of the Supervisory Board)
Maria Bähr, Sandhausen Employees' representative Departmental head at MLP Finanzdienstleistungen AG	MLP Finanzdienstleistungen AG, Wiesloch	-
Norbert Kohler, Oftersheim Employees' representative Team leader at MLP Finanzdienstleistungen AG	MLP Finanzdienstleistungen AG, Wiesloch	-

[26] Emoluments paid to members of the Supervisory Board and Executive Board

For the detailed structuring of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the "Corporate Governance" chapter. The remuneration report is part of the management report.

The total remuneration for members of the Executive Board amounted to € 2,280 thsd. € 938 thsd of this makes up the fixed portion of remuneration and € 1,068 thsd is the variable portion of remuneration. Furthermore, payments allocated to pension provisions totalled € 274 thsd.

Former board members received € 2,023 thsd. As of December 31, 2007, pension provisions totalling € 6,451 thsd were in place for this group of people.

Supervisory Board

The members of the Supervisory Board received non-performance-related remuneration of € 353 thsd for their activities in 2007. In addition, € 7 thsd was used as compensation for expenses.

As of December 31, 2007, members of the executive bodies had current account debits of € 6 thsd, which were charged at an interest rate of 7.5%.

[27] Shareholders as at the balance sheet date

	Ordinary shares	**Ordinary shares**	**Proportion of the share capital**	**Proportion of the share capital**
	2007 No. of shares	2006 No. of shares	2007 %	2006 %
Manfred Lautenschläger	12,991,597	17,316,597	11.94	15.92
Other members of the Supervisory Board	52,532	22,532	0.05	0.02
Executive Board	181,463	177,839	0.17	0.16
MLP AG (treasury stock)	9,648,609	8,863,109	8.87	8.15
Other shareholders	85,938,088	82,401,326	78.98	75.75
	108,812,289	**108,781,403**	**100.0**	**100.0**

[28] Declaration of compliance with the German Corporate Governance Code

The Executive and Supervisory Boards issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, www.mlp.de.

[29] Disclosures pursuant to §§ 21 (1), 22 German Securities Trading Act (WpHG)

Mr Manfred Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany dropped below the threshold of 15% on December 7, 2007, and amounted to 11.94% on this day (12,991,597 votes). This share comprises 9.56% (10,404,995 votes) of Manfred Lautenschläger Beteiligungen GmbH attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Mr Manfred Lautenschläger, Germany, informed MLP AG in line with § 41 (4a) sentence 1 of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch was 15.92% (17,316,597 votes) on January 20, 2007. 13.54% of these (14,729,995 votes) are attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). Of the total number of attributable shares, 9.40% (10,229,995 votes) were held by Manfred Lautenschläger Beteiligungen GmbH and 4.14% (4,500,000 votes) by Manfred Lautenschläger Stiftung gGmbH.

Manfred Lautenschläger Beteiligungen GmbH, Gaiberg, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany dropped below the threshold of 10% on December 7, 2007, and amounted to 9.56% (10,404,995 votes) on this date.

M.L. Stiftung gGmbH, Gaiberg, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3% on December 7, 2007, and amounted to 4.14% (4,500,000 votes) on this day. This share comprises 4.14% (4,500,000 votes) of Manfred Lautenschläger Stiftung gGmbH attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Heidelberg exceeded the threshold of 10% on July 8, 2003 and is now 10.91%. This corresponds to 11,857,781 votes.

Mrs Angelika Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3% and 5% on December 7, 2007, and amounted to 5.97% (6,500,000 votes) on this day. This share comprises 4.14% (4,500,000 votes) of M.L. Stiftung gGmbH attributable to her in line with §§ 22 (1) 1 sentence 1 no. 1, and 22 (1) sentence 2 of the German Securities Trading Act (WpHG). 4.14% (4,500,000 votes) of the shares held by Manfred Lautenschläger Stiftung gGmbH are attributable to M.L. Stiftung gGmbH in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

On behalf of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Charlottenstraße 47, 10117 Berlin, Regionalverbandsgesellschaft mbH, Berlin informed us on August 9, 2007, in line with §§ 21 (1) and 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), that their share of the voting rights in MLP AG exceeded the thresholds of 3% and 5% on August 8, 2007, and amounted to 6.07% (6,595,082 votes) on this day. The aforementioned votes belong to Landesbank Berlin AG, Berlin. 100% of Landesbank Berlin AG, Berlin is owned by Landesbank Berlin Holding AG, Berlin. Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG holds a stake of 80.95% in Landesbank Berlin Holding AG, Berlin. In line with § 22 (1) sentence 1 in conjunction with § 22 (1) sentence 3 of the German Securities Trading Act (WpHG), a share of 6.07% (6,595,082 votes) of the aforementioned votes are thus attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG via Landesbank Berlin AG, Berlin, and Landesbank Berlin Holding AG, Berlin.

Regionalverbandsgesellschaft mbH Berlin has also informed us in line with §§ 21 (1) and 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG exceeded the thresholds of 3% and 5% on August 8, 2007, and amounted to 6.07% (6,595,082 votes) on this day. The aforementioned votes belong to Landesbank Berlin AG, Berlin and 6.07% (6,595,082 votes) is attributable Regionalverbandsgesellschaft mbH, Berlin through Landesbank Berlin Holding AG, Berlin and Erwerbsgesellschaft der S-Finanzgruppe mbH & CO. KG, Berlin in line with § 22 (1) sentence 3 of the German Securities Trading Act (WpHG), as Regionalverbandsgesellschaft mbH is the sole general partner and owner of all voting rights of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG.

The State of Berlin, Berlin, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights held indirectly through Landesbank Berlin Holding AG's investment in MLP AG; Alte Heerstraße 40, 69168 Wiesloch, Germany, dropped below all thresholds on August 8, 2007 and is now 0% of the voting rights. This corresponds to 0 votes.

Termühlen Beteiligungen Verwaltungs GmbH, Im Talblick 9, 69251 Gaiberg informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Alte Heerstraße 40, 69168 Wiesloch dropped below the thresholds of 5% and 3% on May 22, 2007 and now amounts to 1.56%. This corresponds to 1,700,000 votes.

Dr. Bernhard Termühlen, 24357 Fleckeby, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Alte Heerstraße 40, 69168 Wiesloch dropped below the thresholds of 5% and 3% on May 22, 2007 and is now 1.56%. This corresponds to 1,700,000 votes. This share comprises 1.56% of the voting rights (1,700,000 votes) of Termühlen Beteiligungen Verwaltungs GmbH attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

FMR LLC, Boston, Massachusetts 02109, USA informed us in a corrective notification that it is the legal successor to the FMR Corp., Boston, Massachusetts, USA with effect from October 1, 2007 and has taken over all rights and duties. FMR LLC has also informed us that on October 1, 2007 it held 3.01% of the voting rights (3,279,650 shares) in MLP AG, Wiesloch, Germany and thus exceeded the threshold of 3%. The votes are attributable to FMR LLC in line with §§ 22 (1) sentence 2 in connection with 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

However, FMR LLC, Boston, Massachusetts 02109, USA, informed us on October 23, 2007 in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany dropped below the threshold of 3% on October 17, 2007 and is now 2.86% (3,114,053 shares). The votes are attributable to FMR LLC in line with §§ 22 (1) sentence 2 in connection with 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany dropped below the threshold of 10% on December 4, 2007 and is now 9.98% (this corresponds to 10,851,355 shares). All of these voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, Illinois 60602, USA also informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany dropped below the threshold of 10% on December 4, 2007 and is now 9.98% (this corresponds to 10,851,355 shares). All of these voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, Illinois 60602, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 10% on November 22, 2007 and is now 10.25% (this corresponds to 11,156,355 shares). These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, Illinois 60602, USA also informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 10% on November 22, 2007 and is now 10.25% (this corresponds to 11,156,355 shares). These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

In line with § 21 (1) of the German Securities Trading Act (WpHG), MLP AG declares that due to the purchase of treasury stock in line with § 71 (1) no. 8 of the German Stock Corporation Act (AktG), it exceeded the threshold of 5.0% of treasury stock on July 31, 2006, and that its share of treasury stock now amounts to 5.0216%. This corresponds to 5,455,509 of treasury stock.

[30] Investments in affiliated companies

The company's shareholdings are as follows as at December 31, 2007:

Direct holdings

Name, registered office	Carrying amount 01.01.2007	Addition due to merger	Disposal due to merger	Carrying amount 31.12.2007	Share	Shareholders' equity as at 31.12.2007	Net profit/ loss
	€	€	€	€	%	€	€
MLP Finanz-dienstleistungen Aktiengesellschaft, Wiesloch[2)]	44,463,430.39		-44,463,430.39	0.00	0.00	-	-
MLP Bank Aktiengesellschaft, Wiesloch[2]	34,541,402.53	44,463,430.39		79,004,832.92	100.00	78,939,445.87	-[1)]
MLP Consult GmbH, Wiesloch	1,344,959.00			1,344,959.00	100.00	1,752,499.86	100,678.89
Feri Finance AG, Bad Homburg	67,462,073.77			67,462,073.77	56.59	37,850,775.81	18,013,675.26
	147,811,865.69	**44,463,430.39**	**-44,463,430.39**	**147,811,865.69**			

1) There is a profit and loss transfer agreement in place.
2) Simplified statement: MLP Finanzdienstleistungen Aktiengesellschaft merged with MLP Bank AG on June 6, 2007. The new institution operates under the name of MLP Finanzdienstleistungen AG

Indirect holdings

Name	Registered office	Share %	Shareholders' equity as at 31.12.2007 €	Net profit/ loss €
MLP Media GmbH (100% subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100.0	25,788.72	- [3)]
MLP Private Finance plc. (100% subsidiary of MLP Finanzdienstleistungen AG) i.L.	London, Great Britain	100.0	609,085.86	-4,076,629.12
MLP Private Finance Correduria de Seguros S.A. (100% subsidiary of MLP Finanzdienstleistungen AG)	Madrid, Spain	100.0	-9,016,856.90	-2,779,970.99
MLP Finanzdienstleistungen AG, Vienna (100% subsidiary of MLP Finanzdienstleistungen AG)	Vienna, Austria	100.0	979,770.41	-1,939,759.28
MLP BAV GmbH (100% subsidiary of MLP Finanzdienstleistungen AG)	Wiesloch	100.0	25,000.00	- [3)]
BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH (51.08% subsidiary of MLP Finanzdienstleistungen AG)	Bremen	51.08	130,000.00	- [3)]
BERAG Versicherungs-Makler GmbH (100% subsidiary of MLP Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH)	Bremen	51.08	25,564.59	- [4)]
MLP Hyp GmbH	Schwetzingen	49.80	2,805,581.68	-194,418.32
Feri Wealth Management GmbH (100% subsidiary of Feri Finance AG)	Bad Homburg v.d.H.	56.59	2,393,831.43	-[5)]
Feri Institutional Advisors GmbH (100% subsidiary of Feri Finance AG)	Bad Homburg v.d.H.	56.59	1,914,092.15	-[5)]
Feri Rating & Research GmbH (100% subsidiary of Feri Finance AG)	Bad Homburg v.d.H.	56.59	957,969.49	-[5)]

[3] There is a profit transfer agreement in place with MLP Finanzdienstleistungen AG
[4)] There is a profit transfer agreement in place with BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH
[5)] There is a profit transfer agreement in place with Feri Finance AG

As at December 31, 2007, neither MLP AG nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 no. 11 of the German Commercial Code (HGB). The voting right granted under § 286 (3) sentence 1 no. 1 of the German Commercial Code (HGB) was exercised.

[31] Proposal for the appropriation of MLP AG's unappropriated profit

Pursuant to § 170 (2) of the German Stock Corporation Act, the Executive Board proposes that the unappropriated profit of € 48,995,762.00 stated in the annual financial statements for the year ending December 31, 2007 be used as follows:

	31.12.2007 **€**
Payout to shareholders	48,995,762.00
Transfer to revenue reserves	0.00
Profit brought forward	0.00
Unappropriated profit	**48,995,762.00**

Pursuant to § 71b of the German Stock Corporation Act (AktG), the treasury stock held by the company is not entitled to dividends.

Wiesloch, March 14, 2008

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Audit opinion

We have audited the annual financial statements - consisting of balance sheet, income statement and notes - together with the bookkeeping system, and the management report of MLP AG, Wiesloch, for the fiscal year from January 1, to December 31, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB "Handelsgesetzbuch" (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer IDW (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. On the whole, the management report provides a suitable understanding of the company's position and suitably presents the risks to future development.

Stuttgart, March 15, 2008

Ernst & Young AG

Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft

Prof. Dr. Pfitzer

Auditor

Skirk

Auditor

Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company in the remainder of the financial year."

Wiesloch, March 14, 2008

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Muhyddin Suleiman

Financial calendar 2008

May 7, 2008

Results for the first quarter 2008

May 16, 2008

Annual General Meeting 2008, Mannheim, Germany

August 13, 2008

Results for the second quarter 2008

November 12, 2008

Results for the third quarter 2008

Imprint

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