

# Report for the third Quarter 2006

# The MLP Group

Key figures in mln. EUR	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005	Change in %
<b>Continuing operations</b>					
Total income	128.8	127.1	375.4	346.7	8 %
Income from brokerage business	104.5	104.7	302.0	284.8	6 %
Income from banking business	17.5	13.6	51.5	38.6	33 %
Other income	6.9	8.8	21.8	23.2	-6 %
Profit from operations (EBIT)	16.0	16.3	40.1	34.6	16 %
Profit before tax (EBT)	17.5	17.7	46.0	33.1	39 %
Net profit from continuing operations	11.0	10.2	31.6	18.1	75 %
Basic earnings per share in EUR	0.11	0.10	0.30	0.17	76 %
Capital expenditure	2.9	3.9	17.4	9.3	87 %
Shareholders' equity (Group)			313.4	455.2 <sup>1</sup>	-31 %
Clients			679,000	635,000	7 %
Consultants			2,551	2,560	-0 %
Branch offices			266	283	-6 %
Employees			1,664	1,521	9 %
<b>Arranged new business</b>					
Pension provision (premium sum in billion EUR)	1.5	2.3	4.3	4.4	-2 %
Health insurance (annual premium)	21.9	14.9	55.8	36.8	52 %
Loans and mortgages	314	296	963	765	26 %
Inflows into funds	215	291	768	623	23 %
Funds under management (in billion EUR)			3.1	2.9 <sup>1</sup>	7 %

\* under 1 percent

<sup>1</sup> as at 31.12.2005

## Renewed revenue and profit growth at MLP

- **Pre-tax profit (EBT) climbs by 39 per cent to EUR 46.0 million after 9 months**
- **Total income increases by 8 per cent to EUR 375.4 million**
- **Significant growth in the private health insurance, loans and mortgages and inflows into funds business**

MLP AG significantly grew its operating business in the first nine months of 2006, posting a pre-tax profit (EBT) of EUR 46.0 million (plus 39 per cent). Net profit of continuing business operations rose by 75 per cent to EUR 31.6 million (EUR 18.1 million). Total income climbed by 8 per cent to EUR 375.4 million, of which EUR 302.0 million was attributable to the brokerage business (plus 6 per cent) and EUR 51.5 million to the banking business (plus 33 per cent).

### Best quarterly result to date in this year

The Q3 pre-tax profit (EBT) of EUR 17.5 million represented the highest figure achieved so far this year. Profit before tax and total income (EUR 128.8 million) are at the same level, compared with the very high level of the same quarter in 2005.

### New business: Strong growth in the health insurance business

The protracted discussions concerning the healthcare reform in Germany have heightened the concerns of many clients with respect to the sustainability of the statutory healthcare system and induced them to switch to full private health insurance or to take out additional private cover. Against this background, the annual premiums in the private health insurance field rose by 52 per cent to EUR 55.8 million in the first nine months of 2006. Pleasing progress was also made in the loans and mortgages and inflows into funds business. Compared with the previous year, new business in loans and mortgages increased by 26 per cent to EUR 963 million and the inflows into funds rose by 23 per cent to EUR 768 million. Total premiums in the long-term pension provision products of EUR 4.3 billion remained around the previous year's level (EUR 4.4 billion).

In the third quarter, MLP expanded its client base by 10,000, taking the overall total to 679,000. This corresponds to an increase of 24,000 clients since the beginning of the year. The number of MLP consultants stands at 2,551 and is thus slightly above the previous quarter. MLP remains the industry benchmark in terms of productivity per consultant, achieving a corresponding figure of EUR 124,000 (EUR 114,000).

## **Majority equity stake in Feri Finance AG completed**

MLP's acquisition of a 56.6 per cent equity stake in Feri Finance AG, Bad Homburg in October has created the framework for significant expansion of the wealth management business activities over the coming years. Together, the two companies now manage an asset volume of about EUR 10 billion, making them by far the market leader within independent wealth management in Germany. At the start of 2007, MLP intends to significantly increase the number of its consultants holding a license following Germany's Banking and Financial Dealings Act (KWG) from the current level of 250 and will offer its clients new and innovative investment concepts that were developed in conjunction with Feri and which distinguish themselves from the market.

## **Preparations for the implementation of the EU Insurance Mediation Directive completed**

During recent months MLP has been thoroughly preparing itself for the forthcoming implementation of the EU Insurance Mediation Directive within German law. The new legislation will make it compulsory for insurance agents and brokers, amongst others, to document their consultation activity and to provide proof of a minimum qualification, namely the qualification as an insurance specialist. MLP has already implemented all the regulations and developed standards that far exceed the statutory minimum requirements. In this respect, new MLP consultants complete their training as insurance specialists in just three months, after which they then undergo a further 21 months of training at the MLP Corporate University to become Senior Financial Consultants. From the start of the coming year, MLP will also set new standards within the industry regarding the documentation of consultation concerning volume, illustration and transparency.

## Consolidated income statement

### Income statement for the period from 1 January to 30 September 2006

All figures in EUR '000	Note	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
<b>Continuing operations</b>					
Income from brokerage business	[1]	104,475	104,726	302,028	284,843
Income from banking business	[2]	17,469	13,558	51,544	38,620
Other income		6,855	8,798	21,834	23,245
<b>Total income</b>		<b>128,799</b>	<b>127,082</b>	<b>375,406</b>	<b>346,708</b>
Expenses for bokerage business		-48,167	-49,595	-136,053	-125,992
Expenses for banking business	[3]	-5,074	-3,864	-14,961	-10,858
Personnel expenses		-17,832	-16,824	-57,716	-51,323
Depreciation/amortisation		-4,071	-4,278	-12,566	-13,201
Other operating expenses	[4]	-37,638	-36,183	-113,962	-110,716
<b>Profit from operations (EBIT)</b>		<b>16,017</b>	<b>16,338</b>	<b>40,148</b>	<b>34,618</b>
Other interest and similar income		2,256	3,078	8,268	5,079
Other interest and similar expenses		-727	-1,735	-2,448	-6,584
<b>Finance cost</b>		<b>1,529</b>	<b>1,343</b>	<b>5,820</b>	<b>-1,505</b>
<b>Profit before tax (EBT)</b>		<b>17,546</b>	<b>17,681</b>	<b>45,968</b>	<b>33,113</b>
Income taxes		-6,532	-7,432	-14,406	-15,016
<b>Profit from continuing operations</b>		<b>11,014</b>	<b>10,249</b>	<b>31,562</b>	<b>18,097</b>
<b>Operations to be discontinued and discontinued operations</b>	[7]				
Overall profit from operations to be discontinued		-222	-657	-2,472	-1,737
Overall profit from discontinued operations		290	147,227	1,388	158,453
<b>Overall profit from operations to be discontinued and discontinued operations</b>		<b>68</b>	<b>146,570</b>	<b>-1,084</b>	<b>156,716</b>
<b>Net profit (total)</b>		<b>11,082</b>	<b>156,819</b>	<b>30,478</b>	<b>174,813</b>
of which					
shareholders of the parent company account for		11,082	156,819	30,478	174,813
minority interests account for		-	-	-	-
<b>Earnings per share in EUR</b>					
<b>From continuing operations</b>					
basic*		0.11	0.10	0.30	0.17
diluted*		0.11	0.10	0.30	0.17
<b>From continuing operations, operations to be discontinued and discontinued operations</b>					
basic*		0.11	1.45	0.29	1.61
diluted*		0.11	1.43	0.29	1.59

\* The ordinary shares arising from the conversion of the convertible bonds are treated in the same way as previously issued shares.

# Consolidated balance sheet

## Assets as at 30 September 2006

All figures in EUR '000	Note	30 September 2006	31 December 2005
Intangible assets		31,726	22,917
Property, plant and equipment		89,716	94,746
Investment property		15,165	15,538
Deferred tax assets		188	1,568
Receivables from banking business	[5]	612,349	511,023
Financial investments	[6]	43,322	236,741
Tax refund claims		19,859	19,184
Receivables and other assets		103,738	150,293
Cash and cash equivalents		152,063	130,003
Assets from operations to be discontinued	[8]	942	–
<b>Total</b>		<b>1,069,068</b>	<b>1,182,013</b>

## Liabilities and shareholders' equity as at 30 September 2006

All figures in EUR '000		30 September 2006	31 December 2005
Equity attributable to MLP AG shareholders		313,315	455,129
Minority interest		63	63
<b>Total shareholders' equity</b>		<b>313,378</b>	<b>455,192</b>
Other provisions		29,318	32,659
Deferred tax liabilities		1,761	1,265
Liabilities due to banking business		603,154	499,282
Tax liabilities		7,420	13,977
Other liabilities		113,494	179,638
Liabilities from operations to be discontinued	[9]	543	–
<b>Total</b>		<b>1,069,068</b>	<b>1,182,013</b>

## Consolidated cash flow statement

### Consolidated cash flow statement for the period from 1 January to 30 September 2006

All figures in EUR '000	9 months 2006	9 months 2005
Cashflow from operating activities	28,708	252,708
Cashflow from investing activities	-139,420	-28,902
Cashflow from financing activities	-66,315	-46,639
<b>Changes in cash and cash equivalents</b>	<b>-177,027</b>	<b>177,167</b>
Changes in cash and cash equivalents due to exchange rate movements	-14	29
Changes in cash and cash equivalents at end of period	152,933	411,730

### Thereof operations to be discontinued:

All figures in EUR '000	9 months 2006	9 months 2005
Cashflow from operating activities	-146	-1,634
Cashflow from investing activities	-1,167 <sup>1</sup>	-4
Cashflow from financing activities	-	-
<b>Changes in cash and cash equivalents</b>	<b>-1,313</b>	<b>-1,638</b>
Changes in cash and cash equivalents due to exchange rate movements	-29	-13
Changes in cash and cash equivalents at end of period	886	823

### Thereof discontinued operations:

All figures in EUR '000	9 months 2006	9 months 2005
Cashflow from operating activities	-	234,426
Cashflow from investing activities	-2,289 <sup>2</sup>	-16,275
Cashflow from financing activities	-	-1
<b>Changes in cash and cash equivalents</b>	<b>-2,289</b>	<b>218,150</b>
Changes in cash and cash equivalents due to exchange rate movements	-	-
Changes in cash and cash equivalents at end of period	-	285,523

<sup>1</sup> Payments associated with the discontinuation of the operative business of MLP Private Finance AG, Zurich.

<sup>2</sup> Payments associated with the sale of MLP Lebensversicherung AG and MLP Versicherung AG in 2005.

## Segment reporting (quarterly comparison)

### Continuing operations

All figures in EUR '000	Consulting and Sales		Bank	
	3rd Quarter 2006	3rd Quarter 2005	3rd Quarter 2006	3rd Quarter 2005
<b>Segment income</b>				
Income from third parties				
Brokerage business	108,888	107,632	–	–
Banking business	–	–	17,561	13,848
thereof with other continuing segments	4,413	2,907	92	290
<b>Total segment income</b>	<b>108,888</b>	<b>107,632</b>	<b>17,561</b>	<b>13,848</b>
Other income	5,632	8,994	3	1
<b>Segment expenses</b>				
Brokerage business	–48,167	–49,761	–	–
Banking business	–	–	–9,042	–6,909
Personnel expenses	–14,522	–13,593	–1,819	–1,551
Depreciation/amortisation	–3,091	–3,248	–60	–98
Other	–33,216	–30,929	–4,553	–3,694
<b>Total segment expenses</b>	<b>–98,996</b>	<b>–97,531</b>	<b>–15,474</b>	<b>–12,252</b>
<b>Segment result before finance cost (EBIT)</b>	<b>15,524</b>	<b>19,095</b>	<b>2,090</b>	<b>1,597</b>
Other interest and similar income	155	440	0*	0*
Other interest and similar expenses	–28	–1,944	–1	–4
<b>Finance cost</b>	<b>127</b>	<b>–1,504</b>	<b>–1</b>	<b>–4</b>
<b>Segment result after finance cost before tax (EBT)</b>	<b>15,651</b>	<b>17,591</b>	<b>2,089</b>	<b>1,593</b>
Income tax expenditure/revenue	–	–	–	–
<b>Segment result from continuing operations after tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Segment result from operations to be discontinued</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Segment result from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group net profit incl. minority interest</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* less than EUR 1 thsd



	Internal services and administration		Consolidation		Total	
	3rd Quarter 2006	3rd Quarter 2005	3rd Quarter 2006	3rd Quarter 2005	3rd Quarter 2006	3rd Quarter 2005
	–	–	–4,413	–2,906	104,475	104,726
	–	–	–92	–290	17,469	13,558
	–	–	–	–	–	–
	–	–	–4,505	–3,196	121,944	118,284
	5,339	3,355	–4,119	–3,552	6,855	8,798
	–	–	–	166	–48,167	–49,595
	–	–	3,968	3,045	–5,074	–3,864
	–1,491	–1,680	–	–	–17,832	–16,824
	–920	–932	–	–	–4,071	–4,278
	–4,580	–5,232	4,711	3,672	–37,638	–36,183
	–6,991	–7,844	8,679	6,883	–112,782	–110,744
	–1,652	–4,489	55	135	16,017	16,338
	2,173	2,926	–72	–288	2,256	3,078
	–714	63	16	150	–727	–1,735
	1,459	2,989	–56	–138	1,529	1,343
	–193	–1,500	–1	–3	17,546	17,681
	–	–	–	–	–6,532	–7,432
	–	–	–	–	11,014	10,249
	–	–	–	–	–222	–657
	–	–	–	–	290	147,227
	–	–	–	–	11,082	156,819

## Segment reporting (nine months comparison)

### Continuing operations

All figures in EUR '000	Consulting and Sales		Bank	
	9 months 2006	9 months 2005	9 months 2006	9 months 2005
<b>Segment income</b>				
Income from third parties				
Brokerage business	315,488	292,341	–	–
Banking business	–	–	51,636	39,173
thereof with other continuing segments	13,460	7,498	92	553
<b>Total segment income</b>	<b>315,488</b>	<b>292,341</b>	<b>51,636</b>	<b>39,173</b>
Other income	18,951	23,816	99	86
<b>Segment expenses</b>				
Brokerage business	–136,053	–126,421	–	–
Banking business	–	–	–26,868	–18,333
Personnel expenses	–47,327	–42,405	–5,545	–4,675
Depreciation/amortisation	–9,598	–10,100	–224	–281
Other	–100,064	–97,177	–13,656	–11,208
<b>Total segment expenses</b>	<b>–293,042</b>	<b>–276,103</b>	<b>–46,293</b>	<b>–34,497</b>
<b>Segment result before finance cost (EBIT)</b>	<b>41,397</b>	<b>40,054</b>	<b>5,442</b>	<b>4,762</b>
Other interest and similar income	726	1,415	1	0*
Other interest and similar expenses	–167	–5,969	–4	–21
<b>Finance cost</b>	<b>559</b>	<b>–4,554</b>	<b>–3</b>	<b>–21</b>
<b>Segment result after finance cost before tax (EBT)</b>	<b>41,956</b>	<b>35,500</b>	<b>5,439</b>	<b>4,741</b>
Income tax expenditure/revenue	–	–	–	–
<b>Segment result from continuing operations after tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Segment result from operations to be discontinued</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Segment result from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Group net profit incl. minority interest</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* less than EUR 1 thsd

	Internal services and administration		Consolidation		Total	
	9 months 2006	9 months 2005	9 months 2006	9 months 2005	9 months 2006	9 months 2005
	–	–	–13,460	–7,498	302,028	284,843
	–	–	–92	–553	51,544	38,620
	–	–	–	–	–	–
	–	–	–13,552	–8,051	353,572	323,463
	14,934	9,903	–12,150	–10,560	21,834	23,245
	–	–	–	429	–136,053	–125,992
	–	–	11,907	7,475	–14,961	–10,858
	–4,844	–4,243	–	–	–57,716	–51,323
	–2,744	–2,820	–	–	–12,566	–13,201
	–14,191	–13,054	13,949	10,723	–113,962	–110,716
	–21,779	–20,117	25,856	18,627	–335,258	–312,090
	–6,845	–10,214	154	16	40,148	34,618
	10,364	6,545	–2,823	–2,881	8,268	5,079
	–2,333	–1,116	56	522	–2,448	–6,584
	8,031	5,429	–2,767	–2,359	5,820	–1,505
	1,186	–4,785	–2,613	–2,343	45,968	33,113
	–	–	–	–	–14,406	–15,016
	–	–	–	–	31,562	18,097
	–	–	–	–	–2,472	–1,737
	–	–	–	–	1,388	158,453
	–	–	–	–	30,478	174,813

## Consulting and sales segment

The revenue in the consulting and sales segment for the first nine months of the financial year 2006 increased by 8 percent compared to the same period last year and reached EUR 315.5 million. The third quarter contribution to this figure was EUR 108.9 million (previous year: EUR 107.6 million).

The segment expenses, both in the nine-month period as well as in the Q3 analysis, developed proportionally to the revenues. For the period between January and September they amounted to EUR 293.0 million (previous year: EUR 276.1 million). In the third quarter of the current financial year they rose slightly compared with the same period last year and amounted to EUR 99.0 million (previous year: EUR 97.5 million). The predominantly variable expenses for the brokerage business represent by far the largest portion of the overall costs in this segment and rose to EUR 136.1 million for the period from January to September (previous year: EUR 126.4 million). In Q3 2006 the figure fell from EUR 49.8 million to EUR 48.2 million. In the first nine months of 2006, the personnel expenses rose from EUR 42.4 million to EUR 47.3 million, due in particular to recruitment in the areas of occupational pension provisions and sales support during the second half of 2005. The rise in Q3 2006 was less pronounced, with personnel costs amounting to EUR 14.5 million (previous year: EUR 13.6 million).

Depreciations both for the period January to September 2006 totalling EUR 9.6 million (previous year: EUR 10.1 million) as well as in Q3 of the current financial year amounting to EUR 3.1 million (previous year: EUR 3.2 million) were slightly below previous year's levels. The profit from operations (EBIT) for the segment in the first nine months of 2006 amounts to EUR 41.4 million, a rise of some 3 percent compared with the same period last year. In Q3 the EBIT figure of EUR 15.5 million (previous year: EUR 19.1 million) was significantly weaker than last year. The EBIT margin in the first nine months of the current financial year as well as in Q3 2006 was below corresponding figures for the previous year, coming in at 13.1 percent for the period from January to September (previous year: 13.7 percent). In Q3 an EBIT margin of 14.3 percent was achieved (previous year: 17.7 percent).

The financial result of the segment for the first nine months of 2006 amounted to EUR 0.6 million (previous year: EUR -4.6 million) and is thus significantly above last year's level. In Q3 of the current financial year a financial result of EUR 0.1 million (previous year: EUR -1.5 million) was achieved. The positive development in the financial result is essentially attributable to annulled factoring contracts in 2005 and the associated cessation of interest expenses.

In the period from January to September 2006 the revenue from the brokerage business of all foreign business activities (excluding MLP Private Finance AG, Zurich) increased significantly. The pre-tax losses in the same time period amounted to EUR -3.2 million (previous year: EUR -2.6 million).

In the period between January and September 2006 the client base grew by 24,000 to a total of 679,000 (31.12.2005: 655,000). In the same period last year 20,000 new customers were won. On 30 September 2006 the number of consultants stood at 2,551, showing an increase of 18 people compared to the end of Q2.

The business development in the consulting and sales segment revealed a mixed picture in the first nine months of the current financial year. Whereas there was pleasing development in new business in the health insurance area with total annual premiums of EUR 55.8 million (previous year: EUR 36.8 million), loans reaching a volume of EUR 963 million (previous year: EUR 765 million) and financial investment with inflows of funds amounting to EUR 768 million (previous year: EUR 623 million), there was, on the other hand, a decline in business volume within the important old-age pension provision sector which fell from EUR 4.4 billion to EUR 4.3 billion compared to the same period last year. The decline was more pronounced in Q3 during which the new business in this sector fell from EUR 2.3 billion to EUR 1.5 billion. The assets under management within the group rose from EUR 2.9 billion at the end of 2005 to EUR 3.1 billion as at 30 September 2006.

### Bank segment

In Q3 the banking segment was able to continue its positive business development. In the period between January and September the segment revenue rose by 32 percent compared to the same period last year and reached EUR 51.6 million. In Q3 of the current financial year revenue climbed to EUR 17.6 million (previous year: EUR 13.8 million). This figure was positively influenced by the rise in managed depot funds in the financial investment field as well as the overall growth in business volume.

In the first nine months of 2006 the total expenses for the segment increased from EUR 34.5 million to EUR 46.3 million. Total expenses in Q3 amounted to EUR 15.5 million, a rise of 26 percent compared to the same period last year. Once again the increase in the business volume and the managed account business were reflected by a proportional rise in expenses for the banking business. In the first nine months of 2006 the interest and the commission result amounted to EUR 8.6 million (Q3/06: 3.1 million) and EUR 18.4 million (Q3/06: EUR 6.2 million) respectively.

In the first nine months of the current financial year the pre-tax profit (EBT) for this segment increased by 15 percent to EUR 5.4 million. In the period between July and September EBT rose to EUR 2.1 million (previous year: EUR 1.6 million).

### Internal services and administration segment

In the first nine months of the current financial year pre-tax profit (EBT) in this segment amounted to EUR 1.2 million (previous year: EUR -4.8 million). In Q3 2006 the EBT figure of EUR -0.2 million (previous year: EUR -1.5 million) also showed a substantial improvement over the same period last year. This position was particularly influenced by a subsequent profit component of EUR 4.5 million (previous year: EUR 0 million) arising from the sale of former subsidiary MLP Lebensversicherung AG as well as the financial result, which at EUR 8.0 million (previous year: EUR 5.4 million) for the first nine months of 2006, was significantly above the result achieved in the corresponding period in the previous year. The positive development in the financial result is attributable to the increase in liquid assets resulting from the sale of the former subsidiaries MLP Lebensversicherung AG and MLP Versicherungs AG in 2005 as well as to an improved investment strategy.

## Changes in the consolidated shareholders' equity

All figures in EUR '000	Equity attributable to MLP AG shareholders						Minority interest	Total shareholders' equity
	Share capital	Capital reserves	Treasury stock	Available-for-Sale reserve	Remaining equity	Total		
As at 1 January 2005	108,641	9,361	–	–229	171,204	288,977	586	289,563
Change in the scope of consolidation	–	–	–	–	–1,604	–1,604	–130	–1,734
Currency translation	–	–	–	–	92	92	–	92
Capital increases	–	–	–	–	–	–	–	–
Change in available-for-sale reserve	–	–	–	390	–	390	–	390
Net profit	–	–	–	–	174,813	174,813	–	174,813
Dividends paid to shareholders and minority shareholders	–	–	–	–	–23,901	–23,901	–392	–24,293
Convertible debentures	–	1,637	–	–	–	1,637	–	1,637
Acquisition of treasury stock	–	–	–	–	–	–	–	–
As at 30 September 2005	108,641	10,998	–	161	320,604	440,404	64	440,468
As at 1 January 2006	108,641	11,474	–10,505	63	345,456	455,129	63	455,192
Change in the scope of consolidation	–	–	–	–	–	–	–	–
Currency translation	–	–	–	–	93	93	–	93
Capital increases	–	–	–	–	–	–	–	–
Change in available-for-sale reserve	–	–	–	–64	–	–64	–	–64
Net profit	–	–	–	–	30,478	30,478	–	30,478
Dividends paid to shareholders and minority shareholders	–	–	–	–	–62,991	–62,991	–	–62,991
Convertible debentures	116*	2,435	–	–	–	2,551	–	2,551
Acquisition of treasury stock	–	–	–111,881	–	–	–111,881	–	–111,881
As at 30 September 2006	108,757	13,909	–122,386	–1	313,036	313,315	63	313,378

\* The increase in the amount of shares outstanding is due to the issue of new shares by way of the exercising of convertible bonds

In Q2 2006 MLP AG paid dividends totalling EUR 62,991 thsd to its shareholders. This includes special dividend payments of some EUR 31,496 thsd.

## Notes

### 1. General information

The MLP AG Interim Report was compiled in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), London, taking into account the interpretation of the International Financial Reporting Interpretations Committee (IFRIC), in so far as this has been adopted from the European Union. IAS 34 (interim reporting) was applied here.

The “interim report” presented here was not subject to an audit examination. Figures are presented in EUR thousands unless otherwise stated.

### 2. Accounting policies

Fundamentally the same consolidation principles and accounting and valuation methods were applied for the interim report and the comparison with figures from the previous year as were applied for the group annual report 2005. A detailed description of the accounting and valuation methods is published in the notes to the annual report 2005. This can be downloaded from the company’s website at [www.mlp.de](http://www.mlp.de).

Results from discontinued operations and operations to be discontinued, are each shown separately in the profit and loss account. The comparative periods were adjusted accordingly in the profit and loss account and are thus no longer comparable with the accounts presented in previous years. The assets specified for disposal or any associated liabilities from the operations to be discontinued are shown separately in the balance sheet. In accordance with IFRS 5, the balance sheet figures from previous years did not have to be adjusted.

In order to provide final account addressees with a better assessment of the financial effects of the operations to be discontinued and discontinued operations (IFRS 5.30), we have not applied the consolidation of expenditure and earnings between the continued operations and the discontinued operations and those to be discontinued.

The scheduled depreciation of long-term assets for operations to be discontinued and discontinued operations was suspended according to IFRS 5.25.

The following explanations in the notes refer to continued operations, with the exception of the explanations made explicitly under the item “operations to be discontinued and discontinued operations”.

### 3. Scope of consolidation

The consolidated Group report includes the MLP AG final accounts and those of the companies (subsidiaries) it controls, which are listed below according to IAS 27, and in which it holds the majority of voting rights or for which it has the factual control. No changes were made to the scope of consolidation of MLP AG in the third quarter 2006.

The following table shows the scope of consolidation of MLP AG:

	Shareholding in %	First consolidated
<b>Subsidiaries</b>		
MLP Finanzdienstleistungen AG, Wiesloch	100	31.12.1992
MLP Bank AG, Wiesloch	100	31.12.1997
MLP Private Finance plc., London, Great Britain	100	31.12.2001
MLP Private Finance Correduria de Seguros S.A., Madrid, Spain	100	22.2.2002
MLP Private Finance AG, Zurich, Switzerland	100	28.2.2002
MLP BAV GmbH, Heidelberg	100	1.4.2004
BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen	51,08	8.10.2004
BERAG Versicherungs-Makler GmbH, Bremen	51,08	8.10.2004
MLP Vermögensberatung AG, Vienna, Austria	100	9.3.2005

MLP Login GmbH was merged with MLP Finanzdienstleistungen AG on 10 April 2006.

### 4. Treasury stock

The Executive Board of MLP AG took a decision on 11 November 2005, following the Supervisory Board's approval of the same date, to acquire treasury stock up to ten percent of the present share capital of 108,640,686 (as per the day the resolution was passed) shares. The authorisation to buy back treasury stock was granted by the Annual General Meeting of 21 June 2005 and was valid until 20 December 2006. With the resolution passed with the ordinary Annual General Meeting held on 31 May 2006 MLP AG was again authorised to buy back its own shares in accordance with § 71 (1) no. 8 of the German Stock Corporation Law (AktG). At the same time the resolution passed by the Annual General Meeting on 21 June 2005 was rescinded. The current resolution remains valid until 29 November 2007.

In the period from 1 January 2006 to 30 September 2006 a total of 6,621,600 shares were purchased exclusively by MLP AG at a total value of EUR 111,881,087. This represents 6.09 percent of the capital stock (as at 30 September 2006). The purchased shares account for EUR 6,621,600 of the share capital.

A total of 7,236,109 shares equating to the value of EUR 122,386,135 have been purchased since the launch of the share buy-back program. This represents 6.66 percent of the capital stock (as at 30 September 2006). The purchased shares account for EUR 7,236,109 of the share capital.



## 5. Notes to the consolidated income statement

Income by business segment is stated in the segment report.

### [1] 5.1 Income from brokerage business

The income from brokerage business breaks down as follows:

All figures in EUR '000	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
Life insurance	77,995	83,711 <sup>1</sup>	212,480	212,624 <sup>1</sup>
Health insurance	14,775	10,137	45,567	33,262
Non-life insurance	1,920	2,274	16,987	16,043
Mutual funds	3,502	3,547	10,163	10,781
Loans	4,090	3,311	10,450	7,106
Other income	2,193	1,746	6,381	5,027
<b>Total</b>	<b>104,475</b>	<b>104,726</b>	<b>302,028</b>	<b>284,843</b>

<sup>1</sup> Before consolidation (incl. discontinued operations)

### [2] 5.2 Income from banking business

The income from banking business breaks down as follows:

All figures in EUR '000	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
Interest and similar income	6,392	4,787	17,674	13,777
Non-current income fom investments	3	4	6	4
Fair value option loan	-136	-	177	-
Commission income	11,210	8,767	33,687	24,839
<b>Total</b>	<b>17,469</b>	<b>13,558</b>	<b>51,544</b>	<b>38,620</b>

Commission income from the banking business is essentially down to income received from bank accounts, the credit card and financing business and from fees for wealth management and saving scheme products.

### [3] 5.3 Expenses for banking business

The following table shows the expenses for the banking business:

All figures in EUR '000	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
Interest and similar expenses	3,237	2,149	8,888	6,101
Expenses for investments	7	3	18	13
Allowances for losses	794	1,161	2,233	3,082
Change fair value option	-124	40	205	200
Commissions paid	1,160	511	3,617	1,462
<b>Total</b>	<b>5,074</b>	<b>3,864</b>	<b>14,961</b>	<b>10,858</b>

### [4] 5.4 Operating expenses

The development of other operating expenses is disclosed in this table:

All figures in EUR '000	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
IT costs	9,376	8,592	28,505	27,158
Cost of premises	5,287	5,355	17,138	16,435
Audit and consultancy costs	1,989	2,640	6,701	6,743
Communication requirements	2,416	3,085	8,473	9,094
Value adjustments on receivables	204	36	747	395
Training and seminars	2,241	2,298	7,682	8,368
Expenses for retired sales representatives	1,778	1,798	3,797	4,328
Advertising expenses	3,244	1,583	8,594	6,621
Representation, entertainment expenses	1,056	901	4,214	3,705
Office supplies	702	832	2,181	2,257
Other taxes	80	122	206	250
Currency translation expenses	19	1	24	9
Summary other expenses	9,246	8,940	25,700	25,353
<b>Total</b>	<b>37,638</b>	<b>36,183</b>	<b>113,962</b>	<b>110,716</b>

## 6. Notes to the balance sheet

### [5] 6.1 Receivables from banking business

Receivables due from banking business relate to bank clients and financial institutions as follows:

All figures in EUR '000	30.09.2006	31.12.2005
Receivables from bank clients	266,893	272,798
Receivables from other financial institutions	345,456	238,225
<b>Total</b>	<b>612,349</b>	<b>511,023</b>

Receivables from bank clients relate mainly to debts from loans, accounts and credit cards.

### [6] 6.2 Financial assets

Financial assets consist of:

All figures in EUR '000	30.09.2006	31.12.2005
Available-for-sale financial assets		
Investments	1,668	1,373
Available-for-sale securities	31,669	35,184
Held-to-maturity securities	9,931	–
Loans	54	184
Other financial assets	–	200,000
<b>Total</b>	<b>43,322</b>	<b>236,741</b>

The decrease in financial assets is mainly attributable to the payment of a dividend in the current financial year to the amount of EUR 62,991 thsd and to the payments within the framework of the share buy-back programme totalling EUR 111,881 thsd. In addition there was a shift towards cash and cash equivalents.

## [7] 7. Operations to be discontinued and discontinued operations

In a move to restructure foreign business operations, MLP has during the current year suspended its operating business activities at its Swiss subsidiary MLP Private Finance AG, Zurich. Following final approval by the authorities MLP also has already de-consolidated the companies MLP Lebensversicherung AG and MLP Versicherung AG on 5 September 2005 and 16 August 2005 respectively in the third quarter 2005.

MLP Private Finance AG, Zurich, is presented as an operation to be discontinued, while MLP Lebensversicherung AG and MLP Versicherung AG are presented as already discontinued operations.

Operations to be discontinued and already discontinued operations are to be presented separately in line with IFRS 5. The income statement has been adjusted by the respective amounts from the operations to be discontinued and the discontinued operations, and the resulting net earnings have been posted in a separate line in the profit and loss accounts. The corresponding assets and liabilities from the operations to be discontinued have been posted separately in the balance sheet.

### Income statement for the period 1 January to 30 September 2006

All figures in EUR '000	3rd Quarter 2006	3rd Quarter 2005	9 months 2006	9 months 2005
Income from brokerage business	173	420	1,120	1,554
Other income	8	–	12	97
<b>Total income</b>	<b>181</b>	<b>420</b>	<b>1,132</b>	<b>1,651</b>
Other expenses	–486	–1,068	–1,747	–3,361
<b>Profit from operations</b>	<b>–305</b>	<b>–648</b>	<b>–615</b>	<b>–1,710</b>
Finance cost	–38	–13	–105	–35
<b>Profit before tax (EBT)</b>	<b>–343</b>	<b>–661</b>	<b>–720</b>	<b>–1,745</b>
Income taxes	19	4	29	8
<b>Operating result</b>	<b>–324</b>	<b>–657</b>	<b>–691</b>	<b>–1,737</b>
Cost to sell	102	–	–1,781	–
<b>Overall profit from operations to be discontinued</b>	<b>–222</b>	<b>–657</b>	<b>–2,472</b>	<b>–1,737</b>
Overall profit from discontinued operations	290	147,227	1,388	158,453
<b>Overall profit from operations to be discontinued and discontinued operations</b>	<b>68</b>	<b>146,570</b>	<b>–1,084</b>	<b>156,716</b>
Basic earnings per share in EUR	0.00	1.35	–0.01	1.44
Diluted earnings per share in EUR	0.00	1.33	–0.01	1.42

The overall profit from discontinued operations of EUR 1,388 thsd is connected with the release of provisions for sales costs that were formed in 2005 but not fully required.

**[8] Assets as at 30 September 2006**

All figures in EUR '000	30.09.2006
Property, plant and equipment	–
Deferred provisions	–
Tax refund claims	–
Account receivables and other assets	56
Cash and cash equivalents	886
<b>Total</b>	<b>942</b>

**[9] Liabilities as at 30 September 2006**

All figures in EUR '000	30.09.2006
Shareholders' equity	–
Insurance provisions	383
Deferred provisions	–
Tax liabilities	–
Other liabilities	160
<b>Total</b>	<b>543</b>

**8. Notes to the consolidated cash flow statement**

The cash flow statement illustrates the change in cash resources of the MLP Group during the course of the business year as a result of the cash flows from operating, financing and investment activities. In addition to changes in fixed assets the payments for investment operations also cover payments for the purchase of own shares from the share buy-back program initiated in December 2005. The financing business reflects the cash-related changes in equity capital and borrowing/repayments. All other payments from main business activities that affect turnover are assigned to operating business activities.

**9. Notes on Group reporting by segment**

Segmentation of the MLP Group annual account data is based on the internal organisational structure of the MLP Group according to business segments (primary segments).

The business segments are made up of the individual companies in the MLP Group. The reportable segments constitute strategic Group business segments which differ as regards their services and products, as well as the regulatory framework.

Derivation of the reportable strategic business segments is based on the criteria of the relationship between potential opportunities and risks in the market in which the MLP Group transacts business.

The MLP Group is currently structured in the following business segments:

- Consulting and sales
- Banking
- Internal services and administration

The object of the *consulting and sales* segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational old-age provision schemes and financing of all kinds, as well as of the broking of contracts concerning these financial services. With 2,551 consultants and a comprehensive scope of services, the company currently caters for some 679,000 clients in the named segments. In order to offer clients innovative and tailor-made financial plans, products used include those available on the market from third parties and from MLP Bank AG. Outside the core market in Germany, services are also offered abroad in Great Britain, Austria, the Netherlands and Spain.

The segment was increased by one company in the business year 2005 with the foundation of the wealth management company MLP Vermögensberatung AG and until 31 December 2005 was made up of the following companies: MLP Finanzdienstleistungen AG, Heidelberg, MLP Private Finance plc., London, Great Britain, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH, Bremen, BERAG Versicherungs-Makler GmbH, Bremen, MLP BAV GmbH, Heidelberg, as well as MLP Vermögensberatung AG, Vienna, Austria.

As part of the ongoing tightening of the Group structure, the company MLP Login GmbH was merged with MLP Finanzdienstleistungen AG with effect from 10 April 2006. Since MLP Login GmbH provides IT services almost exclusively for MLP Finanzdienstleistungen AG subsequent to the sale of MLP Lebensversicherung AG and MLP Versicherung AG, the MLP Login GmbH was restructured from the segment Internal Services and Administration to the Consulting and Sales segment. Figures from the previous year have been adjusted.

Additionally, MLP Private Finance AG, Zurich, Switzerland, has been presented since Q1 2006 separately as an operation to be discontinued and this lies outside the segment of Consulting and Sales. Figures from the previous year have also been adjusted here.

The *banking* segment includes the administration of financial portfolios, the trustee credit business, the loan and credit card business, consulting regarding investment decisions concerning investment funds, as well as the conception and organisational implementation of new financial products for the MLP Group. The segment is made up exclusively of MLP Bank AG.

The *internal services and administration* segment is made up of MLP AG.

The information supplied concerning the individual segments is based on standardised accounting and valuation methods which were also applied for establishing the consolidated figures of the Group's financial statements.

Presentation of the individual business sectors (primary segments) takes place after consolidation of internal transactions within the individual business sectors, but before cross-segment consolidation.

Intra-segment supplies and services are settled in principle at normal market prices. In the case of intra-group allocations, an appropriate general overhead surcharge is levied on the direct costs actually incurred.

All segments perform their economic activities predominantly in Germany. The consulting and sales segment also has minor operations in Austria, the Netherlands, Great Britain and Spain.

As the Group chiefly confines its business activities to Germany (proportion of foreign revenue in the period under review and in the previous year is less than three percent), a geographic (secondary) breakdown of the segments is not required.

## 10. Other information

The number of employees totalled 1,664 as per 30 September 2006 (previous year: 1,521). Of these, some 398 were employed on a part-time basis (previous year: 357).

Termühlen Beteiligungen Verwaltungs GmbH, Im Talblick 9, 69251 Gaiberg, has informed us in accordance with § 21 (1) of WpHG (German Securities Trading Law) that on 21 September 2006 its voting rights holding in MLP AG, Alte Heerstraße 40, 69168 Wiesloch fell below the 10 percent threshold and is now 9.73 percent. This corresponds to 10,572,735 votes.

Dr. Bernhard Termühlen of 24357 Fleckeby, has informed us in accordance with § 21 (1) of WpHG (German Securities Trading Law) that on 21 September 2006 his voting rights holding in MLP AG, Alte Heerstraße 40, 69168 Wiesloch fell below the 10 percent threshold and is now 9.73 percent. This corresponds to 10,572,735 votes. Of these, 9.73 percent of the voting rights (10,572,735 votes) are to be ascribed to him in accordance with § 22 (1) sentence 1 no.1 of WpHG (German Securities Trading Law).

The Landesbank Berlin AG, Alexanderplatz 2, 10178 Berlin has informed us in accordance with § 21 (1) of WpHG (German Securities Trading Law) that on 29 August 2006 its voting rights holding in MLP AG, Alte Heerstraße 40, 69168 Wiesloch exceeded the threshold of 5 percent and is now 9.90 percent.

## **11. Events after the balance sheet date**

The transfer of MLP AG's place of business from Heidelberg to Wiesloch which was passed at the annual general meeting on 31 May 2006 was entered into the Mannheim Commercial Register (HRB 332697) in October 2006. Furthermore, the adopted authorisation for the Executive Board to increase the capital stock of the company by up to EUR 21,000 thsd was also entered.

On 20 October 2006, MLP AG acquired an overall 56.586 percent stake in Feri Finance AG für Finanzplanung und Research, Bad Homburg v.d. Höhe, Germany. In addition, time-limited option rights exist that can lead to the acquisition of a further 43.414 percent stake in 2011. These options contain an exercise price, which in addition to a fixed price for the remaining stake, contains an additional purchase price that is substantially dependent on the future new business of the investment area.



## **Executive bodies MLP AG**

### **Executive board**

Dr. Uwe Schroeder-Wildberg (Chief Executive Officer)  
Eugen Bucher (until 7 August 2006)  
Gerhard Frieg  
Nils Frowein

### **Supervisory board**

Manfred Lautenschläger (Chairman)  
Gerd Schmitz-Morkramer (Vice Chairman)  
Dr. Peter Lütke-Bornefeld  
Johannes Maret  
Maria Bähr (Employee Representative)  
Norbert Kohler (Employee Representative)

## Financial calendar

### **14 February 2007**

Preliminary results 2006

### **27 March 2007**

Full year results 2006

### **09 May 2007**

Results for the first quarter 2007

### **31 May 2007**

Annual General Meeting 2007, Mannheim,  
Germany

### **08 August 2007**

Results for the second quarter 2007

### **07 November 2007**

Results for the third quarter 2007

## Investor Relations activities

### **16 November 2006**

German corporate conference of WestLB, Frankfurt,  
Germany

### **08.–10.October 2007**

Dresdner Kleinwort Wasserstein German Investment  
Seminar, New York, USA

### **16 January 2007**

Cheuvreux 6th German Corporate Conference, Frankfurt,  
Germany

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