

MLP AG
HALF-YEAR REPORT 2002

 **MLP** PRIVATE FINANCE



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Review of the 1st Half-year:

- **External attacks and the financial markets burden MLP**
- **Revised operating result for 2002**
- **Measures implemented to ensure long-term growth**
- **Communication offensive initiated**

In the second quarter of 2002, MLP was affected more than expected by external attacks and the very weak financial markets. The unjustified accusations of alleged balance sheet manipulation from the middle of May and the ensuing, yet unforeseeable, negative implications, caused considerable unrest. This, coupled with the already nervous mood of investors due to the general weakness of the financial markets, led to a massive fall in the MLP share price, thus damaging the reputable image of the company.

Since image and trust are the cornerstones of the MLP business activities, it was hardly surprising that, consequently, the MLP operative business was adversely affected.

Several negative factors have led the executive board of MLP AG to significantly revise its forecasts for the year 2002.

- **Reduced new business expectations.** In view of the negative public debate surrounding MLP, consultation resources which were previously utilised for new client acquisition activities have been temporarily redirected towards strengthening existing client relationships.
- **Very weak capital markets.** The continued very weak state of the capital markets is negatively influencing our efforts to achieve the profit target.
- **Muted response to the "Riester-Rente".** Due to the prevailing "wait and see" attitude which is also evident amongst MLP clients, the revenue expectations for this segment have been revised downwards.
- **New tariff for the unit-linked insurance policy.** Starting April 2002 a change in result realisation of acquisition earnings has occurred.
- **External consultancy and communication expenses.** Appreciable extraordinary charges have arisen from consultation and communication activities.

The multitude of negative influences will, from a current perspective, lead to a fall in pre-tax profits for 2002 to around 100 million Euro which is significantly below the previous year (150.7 million Euro).

The revenue arising from the sale of the 50 percent holding in MLP-Lebenversicherung AG, Vienna to the UNIQA group has been earmarked for reducing the reinsurance quota and is not taken into account in the above mentioned profit forecast.

In view of negative environment, MLP has defined clear statements and objectives which are intended to bring the company back onto the accustomed growth course during 2003 and to regain the confidence of the capital market.

The statements are:

- MLP balance sheets are legally and commercially accurate.
- The fundamental MLP growth and business model is intact.
- MLP is starting an offensive to refocus all efforts on the operative business.
- MLP will continue to invest heavily in the future in order to ensure sustained long-term growth.
- In the medium term, MLP expects average annual growth rates to be above 20 percent.
- MLP has started a communication drive in order to make its business model and the associated value-added activities transparent.

The media coverage of MLP during recent months has revealed a communication deficit which has subsequently been carefully analysed. It has now been established that in the past MLP has not adequately presented its business model and the associated value-added activities. MLP has now initiated an active, maximum transparency communication policy aimed at regaining lost confidence.

Developements in the Group

General climate

The combination of economic pessimism, falling share prices and the continuing low interest rates affected the entire financial services sector, especially in the second quarter. Money flows into mutual funds once again declined substantially in the industry, accompanied by significant outflows. Contrary to expectations, the demand for "Riester-Renten" is again in a "wait and see" mode. For MLP, the already unfavourable environment and the associated uncertainties were further heightened by the public discussion relating to its balance sheet.

Streamlining the Group structure

The entry in the Commercial Register at the end of May completed the capital increase related to streamline the Group structure. This step almost fully integrated MLP Lebensversicherung AG, MLP Vermögensverwaltung AG, its subsidiary MLP Bank AG, MLP Versicherung AG and MLP Login GmbH into the Group and increased the capital stock of MLP AG from 79.2 million Euro to 108.6 million Euro, with a corresponding rise in the number of ordinary shares. From an operational perspective, the integration of all Group companies enables MLP to pursue its planned expansion even more vigorously. In this way, all shareholders will in future have an equal involvement with the value-added process throughout all MLP companies and service levels.

The existing joint venture with UNIQA Versicherung AG is being terminated. In this context, the 50 percent holding in MLP-Lebensversicherung AG, Vienna is being sold to the UNIQA group for 85 million Euro. From 2003 onwards, MLP will market products in Austria, which are administrated on the electronic broker platform MLP Lebensversicherung AG, Heidelberg. This enables MLP to concentrate on a centralised European platform strategy which increases efficiency and generates cost savings.

Slower growth in 2nd quarter

In spite of the previously mentioned negative influences, MLP was also able to improve total revenue in the second quarter by 11 percent to 263.1 million Euro (previous year: 237.7 million Euro). Material costs, which essentially contain the commission payments made to MLP financial consultants, rose by 15 percent to 34.4 million Euro (previous year 29.9 million Euro). Pre-tax profits fell by 19 percent to 28.6 million Euro (previous year 35.2 million Euro).

In the first half-year of 2002 MLP achieved an increase in total revenue of 15 percent to 505.9 million Euro (previous year 438.9 million Euro). This growth was fuelled in particular by insurance premiums (246.0 million Euro) which rose by 30 percent and by interest income resulting from banking operations (8.6 million Euro), rising by 44 percent. Material costs increased by 25 percent to 66.4 million Euro (previous year 53.1 million Euro).

Pre-tax profits amounted to 53.1 million Euro and fell slightly short of the 53,8 million Euro achieved in the previous year.

Due mainly to the capital increase, the DVFA result for the first half-year fell from 38 Cents to 31 Cents. Profits per share for the second quarter were 17 cents (previous year 25 Cents).

MLP finances the organic growth out of the current cash flow. In the first half-year 2002 MLP generated a cash flow from current business operations of 51.5 million Euro (previous year 13.5 million Euro). Net financial assets increased by 5.0 million Euro (previous year -34.2 million Euro).

MLP continues to invest heavily. Fixed assets expenditure totalled 35.1 million Euro (previous year 21.2 million Euro). The main investments are being made in the IT-Infrastructure of 14.7 million Euro (previous year 6.8 million Euro), branch office network of 5.3 million Euro (previous year 4.5 Million Euro) and in the extension to the company headquarters in Wiesloch of 2.7 million Euro (previous year 9.2 million Euro).

The number of clients in the second quarter of 2002 rose from 477,000 to 486,000 which was below expectations. The slower growth in new clients is attributable to the service drive focusing on existing MLP customers, made necessary by the negative media coverage. Consultation resources which were previously dedicated to attracting new clients are temporarily being utilised to strengthen existing client relationships. As per 30.06.2002, there were 1,557 employees (previous year 1,269) and 2,842 financial consultants (previous year 2,302) working for MLP. The rise in the number of employees indicates that MLP remains a very attractive employer. In the second quarter 26 new branch offices were opened, giving MLP a total of over 374 branch offices.

Outlook

The continuing difficult financial market environment and the effects of the attacks on MLP mean that for the time being, fewer new clients and less new business are being won than had previously been planned which prompted the MLP management to revise its forecasts for the full year 2002. The original profits forecast of an increase of 30 per cent compared to previous year will not be reached. As already explained in detail at the beginning, pre-tax profits for the full year 2002 are now expected to be around 100 million Euro.

Business model is intact

MLP firmly believes that the discussion surrounding its accounting practices will soon be replaced by a refocusing on the operative business. In this respect, MLP is aiming to return to its original growth path by the start of next year at the latest. The business model and with it the organic growth capability, remain intact. In the medium to long-term, the need for an increasingly privately funded retirement provision, the uniquely comprehensive MLP personal financial management philosophy, the expertise of the MLP Financial Consultants and the individually tailored MLP financial concepts indicate that a significant rise in the volume of new business will once again be achieved. Under these conditions MLP expects, in the medium term, an annual growth rate of over 20 percent.

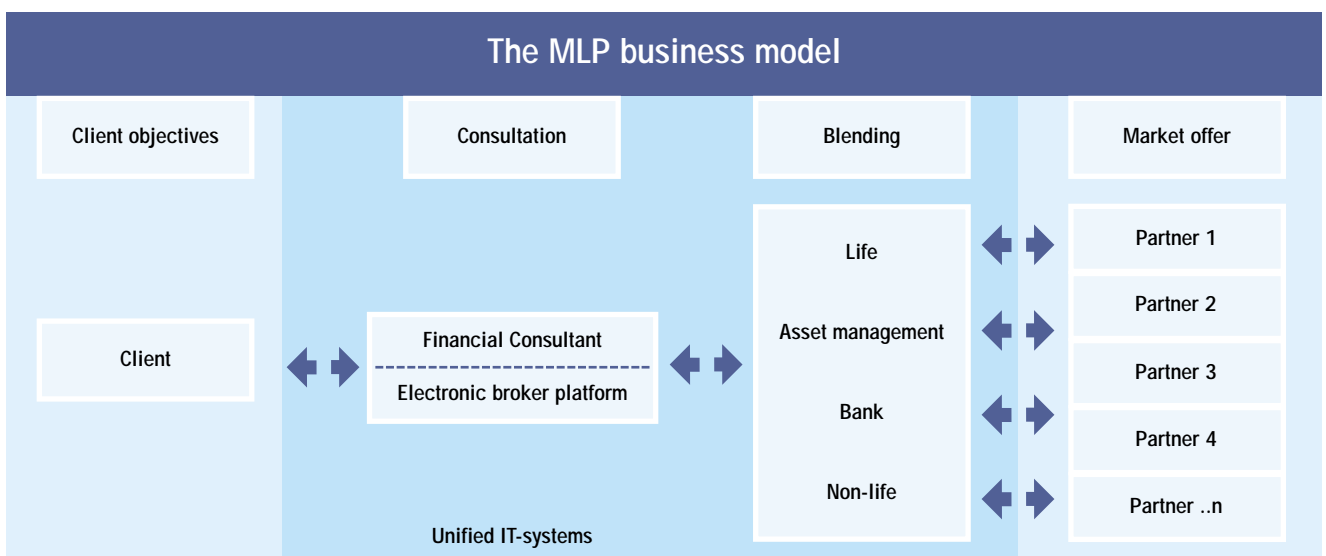
MLP business strategy

Europe's leading private financial services provider

As Europe's leading financial services provider, MLP generates the major portion of its revenue through the provision of financial consultation services for discerning client groups with an academic qualification. MLP services and advises predominantly engineers, lawyers, medical professionals and economists. MLP financial consultants win the majority of their clients directly following their graduation yet an increasingly important portion of the business is also made up of new clients who are already established in their careers. The objective of the MLP life-phase model is to achieve life-long client loyalty by providing specific consultation services for each stage of their lives. MLP also sees high future potential in the rising numbers of very wealthy private clients which will further support MLP's sustained growth.

Individualised products at favourable rates

Optimal customer proximity and the highest quality of consultation are very important corner stones of our success. MLP creates an individualised financial concept for each customer consisting of a mix of partner products. An example of this is the so-called "MLP best partner concept". This unique and innovative solution adheres strictly to the principle of diversification and takes the individual investment horizon of the client into account. MLP enjoys a significant competitive edge and high value-added potential thanks to a uniform and unique IT structure in all business fields via electronic broker platforms which allow a streamlined organisational structure and the creation of optimised individualised products at favourable rates.



Unique value-added chain

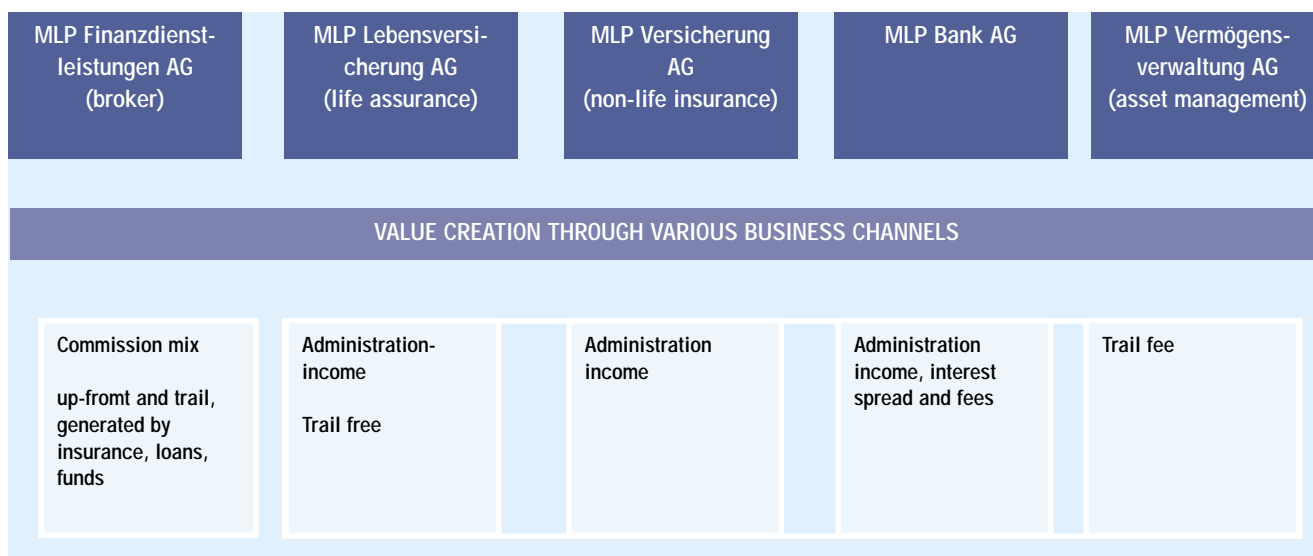
MLP has a unique integral value-added chain covering all financial services. The consultation business under the umbrella of MLP Finanzdienstleistungen AG generates income mainly at the contract signing stage. The electronic broker platforms enable MLP to benefit significantly from current business revenues and to generate cost benefits for the clients.

MLP Lebensversicherung AG is mainly concerned with unit-linked life assurance and retirement provision. In addition, it is also active within the areas of term insurance, conventional life insurance and pensions, as well as occupational accident insurance, whereby this business is mainly conducted within the framework of various underwriting consortiums. In such cases, MLP acquires only a small holding with low risks and capital requirements for the MLP companies.

MLP Versicherung AG is the electronic broker platform for the private non-life insurance business of MLP clients. This insurance is also usually covered by underwriting consortiums.

The fields of business are supplemented by MLP Bank AG, which provides financing concepts as well as administering the accounts and portfolios of MLP clients. The financing risks are largely transferred out to Third Parties via the practised trustee procedure.

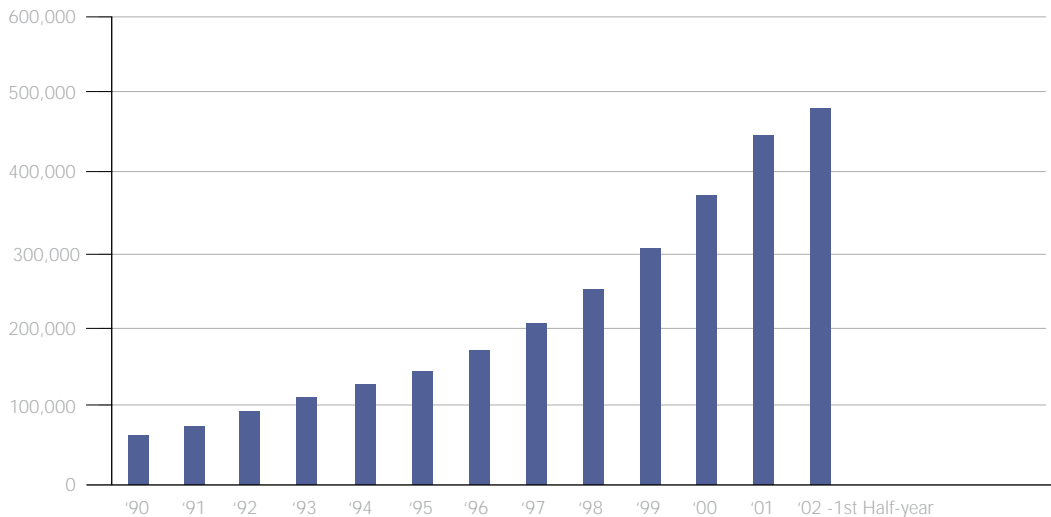
The activity spectrum of MLP Vermögensverwaltung AG comprises the development of investment concepts, the management of MLP client portfolios as well as the MLP unit-linked insurance policies.



Rapid growth since the stock market listing in 1988

Since its first listing on the stock market in 1988, the MLP Group has continually shown profitable growth. This underlines the success of the business model. The average growth in turnover during this period is over 32 percent per annum. In terms of net profits, the average increase was even higher, amounting to 38 percent. These rates of growth are based solely on organic expansion of the business. The number of clients in this period rose from 45,000 to currently 486,000. The number of consultants and branch offices rose in accordance with this expansion. There are now 137 consultants compared to 2,842 back in 1988. Customer loyalty can only be achieved through high quality consultation services. Well over 90 percent of MLP financial consultants have an academic qualification. Intensive training measures, particularly during the first two years as an MLP consultant, guarantee an excellent standard of MLP consultancy services.

Number of clients



Konzernbilanz

ASSETS	1ST HALF-YEAR 2001 TEURO	1ST QUARTER 2002 TEURO	1ST HALF-YEAR 2002 TEURO
Start-up costs	3,612.6	9,131.3	8,420.9
Fixed Assets	914,464.8	1,137,864.6	1,050,704.6
<i>of which investment stock of unit-linked life assurance</i>	<i>779,934.8</i>	<i>967,353.6</i>	<i>881,614.0</i>
Current assets	404,864.8	589,638.1	556,832.2
<i>of which bank client assets</i>	<i>184,919.5</i>	<i>207,719.4</i>	<i>215,987.9</i>
Trust assets	159,149.0	196,973.6	212,620.6
Prepaid expenses	19,660.5	22,459.0	22,288.8
Deferred taxes		1,528.1	931.7
Total	<u>1,501,751.7</u>	<u>1,957,594.7</u>	<u>1,851,798.6</u>

EQUITY AND LIABILITIES	1ST HALF-YEAR 2001 TEURO	1ST QUARTER 2002 TEURO	1ST HALF-YEAR 2002 TEURO
Equity	198,936.2	281,192.1	259,158.2
Liabilities	1,143,616.5	1,479,388.8	1,379,979.7
<i>of which reserves for unit-linked life assurance</i>	<i>779,934.8</i>	<i>967,353.6</i>	<i>881,614.0</i>
<i>of which bank clients deposits</i>	<i>121,864.2</i>	<i>211,893.3</i>	<i>239,550.3</i>
Trust Liabilities	159,149.0	196,973.6	212,620.6
Deferred income	50.0	40.2	40.2
Total	<u>1,501,751.7</u>	<u>1,957,594.7</u>	<u>1,851,798.6</u>

Group consolidated profit and loss account

	1ST HALF-YEAR 2001	1ST QUARTER 2002	2. QUARTER 2002	1ST HALF-YEAR 2002
	TEURO	IN TEURO	IN TEURO	IN TEURO
1. Total revenue	438,863.3	242,704.2	263,148.5	505,852.7
<i>of which sales revenues</i>	134,264.6	72,511.4	75,632.8	148,144.2
<i>of which interest income from banking operations</i>	5,958.0	4,261.8	4,338.8	8,600.6
<i>of which insurance premiums</i>	188,943.6	119,710.8	126,244.8	245,955.6
<i>of which income from outward reinsurance business</i>	94,511.4	42,628.0	42,905.0	85,533.0
<i>of which other operating income</i>	15,185.7	3,592.2	14,027.1	17,619.3
2. Cost of materials	- 53,110.4	- 29,801.3	-36,636.2	-66,437.5
3. Personnel expenses (Costs of purchased services)	- 30,339.8	- 16,956.0	-19,857.4	-36,813.4
4. Depreciation	- 7,240.8	- 5,098.9	-6,100.4	-11,199.3
5. Other operation expenses	- 91,784.1	- 48,054.8	-60,491.6	-108,546.4
6. Expenses related to insurance reserves	- 116,470.5	- 80,722.8	81,657.0	934.2
7. Reinsurance premiums	- 84,442.8	- 41,865.4	-41,811.6	-83,677.0
8. Finance income, net	-249.5	- 206.6	343.1	136.5
9. Unrealised gains from investments	16,359.6	15,373.8	-14,046.8	1,327.0
10. Unrealised losses from investments	- 17,830.6	-10,837.9	-137,610.7	-148,448.6
11. Profit from ordinary operations	53,754.4	24,534.3	28,593.9	53,128.3
12. Taxes on income and profit	- 20,964.2	- 9,582.6	-11,137.4	-20,720.0
13. Net income	32,790.2	14,951.7	17,456.5	32,408.2
14. Earnings per share in Cent	38.0	14.4	16.7	31.1

Notes to the balance sheet

Accounting and valuation methods

The consolidated financial statements presented here were prepared in accordance with §§ 290ff. HGB (German commercial Code) as well as the relevant regulations of the German Stock Corporation Law. The profit and loss account was set out in line with the expenditure type of presentation in accordance with § 275 Section 2 HGB. The segmental reporting is based on the Standards of the German Accounting Standards Committee (DRSC). Since in accordance with this standard, the other operating revenues are not accounted for within the segmental reporting, the sum of the segment revenues is less than the total revenue in the profit and loss account, and by the amount of the other operating revenue.

Assets

In the second quarter the capitalised start up costs for business operations in England and for the build-up of the securities brokerage platform fell from 9.1 million Euro to 8.4 million Euro. The decline results from the effected depreciation to the amount of 0.7 million Euro. New start up costs were not capitalized.

The fixed assets reduced from 1,137.9 million Euro to 1,050.7 million Euro. This change is due to market price losses of the mutual fund units, which are held for clients in the investment stock of the MLP fund policy. This fell from 967,4 million Euro to 881.6 million Euro.

Current assets also fell in the second quarter, from 589.6 million Euro to 556.8 million Euro. This is mainly due to the payment of dividends which has led to a decrease of deposits at banks from 111.1 million Euro to 65,4 million Euro. The credit granted to bank clients contained within the current assets rose from 207.7 million Euro to 216.0 million Euro.

Since the 2001 annual accounts the trust property is now shown separately. These are loans for third-party accounts, which are granted to clients of MLP Bank AG in their own name for the account and risk of other banks for the financing of building projects and practice financing. As such, the trustee liabilities are shown with a corresponding amount. These increased in the second quarter from 197.0 million Euro to 212.6 million Euro.

Total equity and liabilities

The equity capital of the Group fell due to the payment of dividends to 259.2 million Euro. The capital increase resulted in a goodwill of 6.2 million Euro which is entirely set against reserves. Therefore, goodwill is neutral to the development of shareholder's equity.

Liabilities also reduced, falling from 1,479.4 million Euro to 1,380.0 million Euro. This results from the 85.7 million Euro reduction in the insurance related reserves which corresponds to the unit-linked investment stock. Client deposits with MLP Bank AG rose however from 211.9 to 239.6 million Euro.

The trust liabilities developed in unison with trust assets.

Notes to the profit and loss account for the first half-year 2002

Position 1 total revenue

Total revenue rose by 15 percents to 505.9 million Euro (previous year: 438.9 Million Euro). Income from reinsurance fell by 10 percents to 85.5 million Euro (previous year: 94.5 million Euro). The decline stems from a lower reinsurance quota for new business.

Total insurance premiums rose by 30 percents to 246.0 million Euro (previous year: 188.9 million Euro) which were achieved by MLP Lebensversicherung AG 199.6 million Euro (previous year: 151.8 million Euro), MLP-Lebensversicherung AG, Austria 30.9 million Euro (previous year: 25.8 million Euro) and MLP Versicherung AG 15.5 million Euro (previous year: 11.3 million Euro) .

One item within the other operational revenue are the realised gains of the investment stock for the fund policy, which is reported at current market value. These amounted to 3.0 million Euro (previous year: 4.4 million Euro). The realised gains of the unit-linked investment stock do not affect the operating profit of MLP since the insurance related expenses rise accordingly. (Position 6 of the profit and loss account).

Position 2 material expenses

The position costs of materials contains the commission payments to the MLP financial consultants. The commission payments rose by 23 percents to 57.5 million Euro (previous year: 46.6 million Euro).

Position 4 depreciation

The increase in depreciation of 7.2 million Euro to 11.2 million Euro is mainly due to the new training and administration centre in Wiesloch, the rapid expansion of the profit centre run branch office network and in the past capitalised start up costs.

Position 5 Other operating expenses

The other operational expenses include, in particular, EDP costs amounting to 22.8 million Euro (previous year 22.1 million Euro), expenses for insurance claims, redemption surrender and reserves for premium refunds und direct credit notes amounting to 27.7 million Euro (previous year 15.3 million Euro), building occupancy expenses amounting to 11.0 million Euro (previous year 9.6 million Euro), profit and loss account realised losses from the unit-linked investment stock, not affecting the operating result, amounting to 15.5 million Euro (previous year 13.2 million Euro) and communication expenses totalling 7.4 million Euro (previous year 5.7 million Euro).

Position 6 Expenses related to insurance reserves

The expenses related to insurance reserves fell sharply from 116.5 to -0.9 million Euro. This sharp fall is attributable to the change in value of the unit-linked investment stock.

Position 7 Reinsurance premiums

The reinsurance premiums declined slightly. This is attributable to the exit of several large heavily reinsured insurance contracts from business in force for which no further reinsurance premiums were then due.

Position 9 and 10 Unrealised gains / Loss from investments

The investments of the unit-linked investment stock for the fund policy are reported, as stipulated by the legal requirements, using the current market value, i.e. the investment fund prices at the balance sheet date. Unit price gains or losses for investment fund units which were already held at the start of the year are reported in the consolidated profit and loss account under position 9 "unrealised gains from investments" or position 10 "unrealised losses from investments". The contraitem is entered into the consolidated profit and loss account under position 6 "expenses related to insurance reserves". These accounting measures do therefore not affect the operating result of MLP.

Position 14 Period surplus per share

At this time in the previous year (30.06.2001) the capital stock consisted of 79.2 million shares. As a result of the capital increase there are now, at the end of June 2002 108,640,686 shares. In accordance with DVFA it is therefore necessary to retrospectively adjust the profits per share for the first quarter of 2002.

DVFA-results per share

	1ST HALF-YEAR 2002 TEURO	2nd Quarter 2002 TEURO	1ST QUARTER 2002 TEURO after Capital increase	1ST QUARTER 2002 TEURO before Capital increase	1ST HALF-YEAR 2001 TEURO
Net profit	32,408,231.32	17,456,580.53	14,951,650.79	14,951,650.79	32,790,183.37
Depreciation of capitalised start-up costs	1,420,867.00	710,433.00	710,434.00	710,434.00	570,868.00
Minorities	-6,590.48	-1,295.15	-5,295.33	-2,551,358.57	-3,236,029.69
DVFA-result	33,822,507.84	18,165,718.38	15,656,789.46	13,110,726.22	30,125,021.68
Number of shares	108,640.686	108,640.686	108,640.686	79,200.000	79,200.000
DVFA-result per share in Cent	31.1	16.7	14.4	16.6	38.0

Segment reporting 1st Half year 2002

in TEuro

	Consultation and Sales	Life assurance	Non-life assurance	Banking & Asset management	Other Segments	Total	Adjustment	Group
Third party revenues	122,067.9	312,429.3	29,391.1	24,345.1	0.0	488,233.4	0.0	488,233.4
Segment results	31,424.0	6,251.5	1,892.3	2,879.3	- 490.7	41,956.4	11,171.9	53,128.3

Segment reporting 2nd Quarter 2002

in TEuro

	Consultation and Sales	Life assurance	Non-life assurance	Banking & Asset management	Other Segments	Total	Adjustment	Group
Third party revenues	63,729.1	159,355.6	14,704.2	11,332.5	0.0	249,121.4	0.0	249,121.4
Segment results	15,399.3	983.9	1,247.9	1,329.3	- 527,8	18,432.6	10,161.4	28,594.0

Segment reporting 1st Quarter 2002

in TEuro

	Consultation and Sales	Life assurance	Non-life assurance	Banking & Asset management	Other Segments	Total	Adjustment	Group
Third party revenues	58,338.8	153,073.7	14,686.9	13,012.6	0.0	239,112.0	0.0	239,112.0
Segment results	16,024.7	5,267.6	644.4	1,550.0	37,1	23,523.8	1,010.5	24,534.3

Segment reporting 1st Half-year 2001

in TEuro

	Consultation and Sales	Life assurance	Non-life assurance	Banking & Asset management	Other Segments	Total	Adjustment	Group
Third party revenues	107,522.2	268,321.8	22,477.4	25,332.2	24.0	423,677.6	0.0	423,677.6
Segment results	33,228.0	8,475.7	1,321.4	3,298.1	- 2,431.2	43,892.0	9,862.4	53,754.4

Notes to the Segment Report

Business area - Consultation and marketing

The business segment comprises MLP Finanzdienstleistungen AG with its foreign branches and subsidiaries.

In the second quarter the sales revenue of MLP Finanzdienstleistungen AG rose by 7 percents to 88.4 million Euro (previous year: 83.2 million Euro). The consolidated segment revenue reached 63.7 million Euro (previous year: 64.8 million Euro); 5 percents of which was achieved outside Germany.

In the first half-year 2002 sales revenue of MLP Finanzdienstleistungen AG increased by 14 percent to 166.8 million Euro (previous year: 145,8 million Euro). Pre-tax profits reached 31.4 million Euro (previous year 33.2 million Euro). The domestic business of MLP Finanz-dienstleistungen AG reached pre-tax profits of 34.7 million Euro (previous year: 32.7 million Euro) and exceeded the previous year by 6 percent. Due to further investment, the foreign business of around 1.7 million Euro was negative (previous year: +0.5 million Euro).

The client base increased to 486,000 clients and has thus risen by 9,000 clients since 31. March 2002. As already explained the consulting capacity of MLP is less used for acquiring new clients instead more for servicing the existing client base. MLP Finanzdienstleistungen AG expects the slower rate of new customer business to continue in the second half-year of 2002 and the return of the accustomed dynamism in winning new customers in 2003.

At the end of June there were 2,842 financial consultants working (previous year: 2,302) in 374 branch offices (previous year: 280). Of these, 39 branches (previous year: 21) and 239 financial consultants (previous year: 141) were outside Germany.

Despite the unfavourable general climate, the brokered new business, with the exception of money flows into investment funds, was significantly above the previous year level. In detail:

Life insurance

In the 1st half-year the German life insurance market was slightly above the level of the previous year. Contrary to expectations, the demand for "Riester Renten" is again hesitant. MLP was once again able to differentiate itself from the market trend. New business rose by 17 percent to 3.19 billion Euro (previous year: 2.73 billion Euro) of premium sum.

Health insurance

The new business in the health insurance area in the first half-year of 2002 increased by 15 percent to 34.5 million Euro in terms of annual premiums (previous year: 30.1 million Euro). The discussions regarding the coming reform of the state health insurance system lead MLP to believe that this will have positive effects on new business

Investment

The German mutual fund market reported a decline in money flows into equity funds in the 1st half-year 2002 of 53 percents. The stock volume compared to the corresponding time in the previous year was 26 percents lower. In contrast, property funds witnessed a four-fold growth in inflows. However, the MLP consultation remained focused on investment in equity and fixed income funds since these offer the best returns over the longer term. Furthermore, the inflow into mutual funds through MLP reached in the first 6 months 372 million Euro (previous year 544 million Euro). The bank deposits (money at call) of MLP Bank clients rose from 189.2 to 239.6 million Euro.

Financing

The continuing low interest rates are favourable to the brokered new business in the financing area. The volume rose by 5 percent to 474 million Euro (previous year 453 million Euro).

Non-life insurance

The new business in the non-life insurance area increased by 31 to 19.2 million Euro in terms of annual premiums (previous year 14.6 million Euro). The sharp rise is attributable to the superior position of the products which are marketed via the electronic broker platform MLP Versicherung AG.

Business area - Life insurance

The business area life insurance comprises MLP Lebensversicherung AG and its 50 percent subsidiary MLP-Lebensversicherung AG, Vienna.

In the second quarter MLP Lebensversicherung AG achieved insurance premiums to the value of 105.4 million Euro (previous year 77.4 million Euro). For the half-year the figure was 199.6 million Euro (previous year: 151.8 million Euro). This equates to an increase of 36 percent for the quarter and 31 percent for the half-year. The result was burdened by new business in the second quarter which was lightly reinsured and thus declined to 0.9 million Euro (previous year 5.5 million Euro). Pre-tax profits for the half-year were consequently 5.6 million Euro (previous year 8.0 million Euro).

MLP-Lebensversicherung AG, Vienna, which is being consolidated with the 50 percent holding quota achieved a total of 61.7 million Euro (previous year: 51.7 million Euro) in terms of insurance. Pre-tax profits amounted to 1.3 million Euro (previous year: 0.9 million Euro). The new business at MLP Lebensversicherung AG in the first half-year was significantly above last year. The total premium sum for new fund policy business totalled 1.07 billion Euro (previous year 0.82 billion Euro). The first year's annual premium for the entire new business increased by 42 percent to 46.9 million Euro (previous year 32.9 Million Euro). The amount insured for the new business fell from 1.58 billion Euro auf 1.26 billion Euro. due to actuarial changes in the product design for occupational accident insurance and term insurance. The investment stock for the fund policy amounted to 0.75 billion Euro (previous year 0.67 billion Euro).

In the middle of April a new rate system for fund policies was introduced whereby policy acquisition costs are no longer spread over 12 years but henceforth over just 6 years. With this solution MLP is pursuing a two-fold strategy: the shorter cost spread period helps the group financing which reduces the reinsurance volume. However MLP continues to have an unusually customer friendly product since throughout the industry the acquisition costs are generally deducted from the client account upon commencement of the policy. The new product has been very well received by the market.

Business area - Bank & asset management

The business area Bank & asset management comprises MLP Bank AG and MLP Vermögensverwaltung AG.

In the second quarter the segment revenue in this area totalled 11.3 million Euro (previous year 13.1 million Euro). The pre-tax profits of MLP Vermögensverwaltung AG were 1.2 million Euro (previous year 2.0 million Euro). MLP Bank AG achieved pre-tax profits of 0.16 million Euro (previous year -0.02 million Euro). Net interest income rose from 1.0 million Euro to 2.0 million Euro.

In the first half-year this business area achieved segment revenue totalling 24.3 million Euro (previous year: 25.3 million Euro). The pre-tax profits of MLP Vermögensverwaltung AG totalled 2.6 million (previous year 3.1 million Euro). Net interest income for MLP Bank AG rose to 4.0 million Euro (previous year: 1.8 million Euro), and commissions rose to 6.0 million Euro (previous year 4.7 million Euro). The securities brokerage operation continued to incur significant expenses and is as yet, only generating a small amount of revenue. However, MLP Bank AG was able to slightly increase pre-tax profits to 0.26 million Euro (previous year: 0.20 million Euro).

Client assets managed by MLP Vermögensverwaltung AG amounted to 2.7 billion Euro, as in the previous year. From the Group's point of view client assets including bank deposits reached 3.2 billion Euro. This also contains 0.75 billion Euro from unit-linked policies. The decline since the end of 2001 amounting to 0.1 billion Euro is a result of the poor performance of the capital markets. The average performance of the invested assets, which have about a 60 percent equity fund content, was minus 11.2 percent in the first half-year of 2002. This performance lies above the market since in the same half-year the MSCI World Index fell by 19.3 percent, the S&P 500 fell by 23.8 percent and the DAX fell by 15.0 percent. The development of the bond market was also unsatisfactory: the JPM Bonds Global fell by 3.1 percent, whereas the German bond market, measured against the REX increased by 2.2 percent.

Business area – non-life insurance

This business area comprises MLP Versicherung AG.

In the second quarter MLP Versicherung AG achieved 6.9 million Euro of insurance premiums as well as 1.9 million Euro sales revenue from its activities as consortium leader. The decrease of insurance premiums in comparison to the first quarter is attributable to prescribed insurance related accruals. Pre-tax profits rose to 1.2 million Euro (previous year 0.9 million Euro). Insurance premium revenue for the first half-year of 2002 was 15.5 million Euro (previous year: 11.3 million Euro) plus 6.0 million Euro in consortium leader fees. Pre-tax profit rose to 1.9 million Euro (previous year: 1.3 million Euro).

Business area - Other

The business area Other comprises MLP Login GmbH.

MLP Login GmbH performs solely group internal services and showed a loss of 0.5 million Euro (previous year: -2.4 million Euro)

Transition

The transition contains the profits of MLP AG, MLP Consult GmbH and consolidation effects. MLP AG achieved pre-tax profits, before transfer of profits from MLP Finanzdienstleistungen AG, of 8.1 million Euro (previous year: 7.4 million Euro).

Cashflow statement

	1ST HALF YEAR 2001 TEURO	1ST QUARTER 2002 TEURO	1ST HALF YEAR 2002 TEURO
Change in net financial assets from current operations	13.495,6	38.562,3	51.526,1
Change in net financial assets from investment activity	-24.863,8	-16.746,7	-12.174,6
Change in net financial assets from financing activity	-22.831,3	5.218,5	-34.317,8
Increase in net financial assets	-34.199,5	27.034,1	5.033,7

Notes to the cashflow statement

In the first half-year of 2002 MLP generated a cash flow from current operations of 51.5 million Euro (previous year 13.5 million Euro). The investment activity cost 12.2 million Euro (previous year: 24.9 million Euro), which was mainly invested in the new administration building and in software. The negative cash flow is solely attributable to the dividend payment of 39.6 million Euro (previous year: 30.9 million Euro) on 29. May 2002. In summary, net financial assets rose by 5.0 million Euro (previous year -34.2 million Euro).



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