

Half-year Report 2001

Private Finance by  MLP



Dear shareholders,

Your and our company MLP has clearly and vigorously continued on its successful course. We are very satisfied with the results of the successful first half-year of 2001. The companies in the MLP group have once again realised excellent growth rates and results in the first six months of the current business year set against an otherwise negative market trend across all financial sectors: savings and investment, banking services, loans, life assurance and health insurance. As such we have significantly outperformed the overall market. The constant high payments into mutual funds show that our clients consistently pursue their strategic asset formation objectives, particularly in periods of poor stock market performance. The total consolidated group revenues rose in the first half of 2001 by 38.0 percent to 438.9 million euro, in comparison with 318.1 million euro in the same period last year. The consolidated profits before tax increased by 32.5 percent from some 40.6 million euro to over 53.8 million euro in the first six months of the current business year.



Dr. Bernhard Termühlen,
CEO and Chairman MLP AG

MLP acquired some 42,000 new clients in the first half of 2001. This now means that 2,302 consultants – that is 281 more than at year-start – support 412,000 clients.

These figures once again highlight our ability to consistently generate growth rates and to remain largely resistant to external influences.

A major reason for this is the consistent implementation of our corporate strategy which, in addition to the systematic focus upon specific target groups, mainly comprises a long-term client relationship in turn based upon the high quality of consultation we provide. Our extremely low cancellation rates of less than one percent show that the concept is right and that MLP grows hand in hand with the financial strength of our clients. This is also the basis for our extremely reliable forecasting. We therefore remain optimistic about the second half of the year 2001 and expect that MLP will continue to grow by another 30 percent.

We expect positive mid- to long-term stimuli for our business activities from the pension reform in Germany that comes into effect from the beginning of next year. Our solutions for the pension reform with respect to the investment and life assurance sectors will in turn create singularly good conditions for our clientele, thanks to our innovative and flexible business model with the electronic broker platforms. We will finalise these solutions following the planned certification procedure at year-end.

We are also well equipped to fulfil the legal requirements for pension products stipulated by the so-called "Riester Reform". In this context, we particularly welcome the legal requirement to spread the initial expenses over a ten-year period. This stipulation is far more client-friendly than the general practice in the life assurance industry of charging clients the full initial expenses in the first year of a policy term. Since 1991, we at MLP have already been spreading the initial expenses for our unit-linked life assurance policies over a period of twelve years.

On July 23rd, 2001 the MLP share was accepted into the Dax 30. This was an important day for your company and another milestone in the company's history. The acceptance of the share into the MSCI Provisional Germany Index planned for November 30th 2001 also confirms the success of our unique business model and our corporate strategy. Even more investors will be attracted to MLP as a result of the inclusion in both stock indices, which in turn will broaden our shareholder base and have a positive influence upon the development of our stock.

Although not unexpected, our share price came under pressure directly before and after inclusion in the Dax – as seen previously with other young Dax 30 stocks – as a result of speculation by short-term investors. We assume this to be of temporary nature because in the mid- to long-term the share price is linked to the group's profit growth. We believe in the continued positive performance of our stock based upon the positive outlook for MLP in this sector.

We will also be able to broaden our shareholder base with the imminent conversion of preference shares into ordinary shares. This move will make the MLP stock more interesting for investors whose investment guidelines only allow investments in ordinary shares.

The resolutions for converting the stock were passed at an extraordinary shareholders' meeting held in Heidelberg on 17 November 2000. These resolutions were initially blocked by two "professional shareholders". However, there are now no further obstacles preventing us from implementing these resolutions following a ruling in our favour by the regional court in Heidelberg and the recording of the capital measure in the Heidelberg trade register. The appeal which has subsequently been filed against the ruling will, however, not prevent the implementation of our successful strategy for all shareholders.

The international expansion is on track, our foreign subsidiaries are already operating at an overall profit and growing rapidly.

All in all, the MLP business model is designed to generate long-term growth. We have made thorough preparations for the future and expect to continue to achieve consistent and rapid growth. I am pleased that you will be accompanying us as a shareholder. We at MLP will definitely do our utmost to ensure that we will once again be able to present you with excellent results at the end of this business year.

Best regards

B. J. Müller

MLP Financial calendar

Subject	Date
Results for 1st half-year 2001	14 August 2001
Results for 3rd quarter 2001	15 November 2001
Preliminary results for 2001	31 January 2002
Final results for 2001	09 April 2002
Results for 1st quarter 2002	21 May 2002
Annual general meeting 2002	28 May 2002
Results for 1st half-year 2002	14 August 2002

The MLP Group

In the first six months of 2001 the MLP group achieved or surpassed its forecasts in all major sectors, realising high growth rates of between 20 and 110 percent in every division.

The total consolidated revenue for the MLP group increased in comparison with the figure adjusted for the same period last year by 38.0 percent from 318.1 million euro to 438.9 million euro. The consolidated profits before tax on income grew by 32.5 percent from 40.6 million euro to 53.8 million euro. This underlines both the reliability of MLP forecasting as well as the company's ability to generate constant dynamic growth and remain largely resistant to external influences. The board of directors also forecasts growth of 30 percent for the second half of the year.

MLP, the industry and the future

The pension reform which has now been passed in Germany will generate considerable additional demand for retirement provision solutions. The legal stipulation in this context of spreading the initial expenses for the retirement products promoted as part of the so-called "Riester Pension" over a period of ten years will not necessitate any changes for MLP. We have already been spreading the initial expenses for unit-linked life assurance policies over a period of twelve years since 1991. This stipulation is far more client-friendly than the general practice in the insurance industry of charging clients with the full acquisition costs in the first year of a policy term. At the same time with this strategic step we have also created a basis which will ensure the continuous and long-term revenue growth of our company, since revenues and profit are transferred into the future.

If MLP were to apply the non-client-friendly charging methods normally practised in the industry, our profit and revenue growth would be even more dynamic. However, it is not MLP's strategic objective to maximise short-term revenues and results. Our real aim is strong long-term growth. In order to achieve this goal, two major factors have utmost priority, both for MLP and for our clients: the guarantee of independent and high quality consultation as well as high quality financial solutions. Only recently have other market-players begun to attempt to adopt the approach practiced by MLP for more than 30 years. With its unique strategy, MLP has created market standards in the financial services sector, timely and without any legal pressure to do so. In the future, MLP will exploit the strategic advantage of its current head start.

Meanwhile we have developed our Private Finance Concept into a state-of-the-art client service package. This links our highly qualified personal consultation with the Internet offers of MLP Online Finance. Using our MLP Financepilot, our clients can obtain information about their policies completed with MLP on the Internet and access their current contractual status at any time. We have always viewed the integration of the Internet into our service concept as an improvement in client communication and as a supporting tool for the personal consultation we provide. This is another example of the foresight and success of our corporate strategy. In the second half of the year the online offerings will be complemented by an MLP Security Brokerage Platform.

The overall concept provides both our clients as well as MLP itself with almost unrestricted possibilities in terms of client communication, and once again sets a new market standard in the financial services sector.

MLP Finanzdienstleistungen AG

MLP Finanzdienstleistungen AG is the leading company in Europe for consultation to sophisticated private clients and graduates. As part of its Private Finance services the company provides its clients with quality consultation concerning all issues of private insurance cover, provisional cover and financial planning, combining various banking and insurance services to form strategic financial concepts specifically adapted to each individual client. The combination of personal consultation with the unique online financial service provides MLP clients with an individual strategic financial solution for each stage of their lives. From the beginning of their professional careers and throughout all stages of their life MLP can provide its clients with quality consultation regarding all issues of private insurance, provisional cover and financial planning.

Great importance is placed here upon the MLP consultants. Together with their clients they develop the appropriate individual financial strategies incorporating products especially designed for MLP clients by various banks, insurance and investment companies. Each individual consultant focuses on just one particular profession and age group. As a result he has an in-depth knowledge of his clients and an appreciation of their financial concerns, hence making him a competent partner and consultant.

Thank to the rigorous implementation of this strategy MLP is the leading European provider of consultation services to sophisticated private clients and graduates. The company has consistently been able to increase its market presence and gain new clients among graduates. And an increasing number of clients with work experience are also approaching MLP as a result of personal recommendations. At the end of the reporting period 2,302 consultants worked for MLP (in comparison with 1,700 in 2000). They supported some 412,000 clients (cf. 335,000). MLP has also expanded its market presence significantly. As a result, the number of branch offices grew to 280 (cf. 180). In doing so the objective set for 2001 regarding the number of new branch offices has already been achieved in the first half of the year. The number of branch offices is one of the most important indicators of future growth for the MLP group.

Although since 1991, MLP has spread the initial expenses for unit-linked life assurance policies over a 12-year period, and has therefore relocated revenues from front loaded commissions to level load, the sales revenues in the first half of 2001 increased in comparison with the same period last year by 27.8 percent from 114.1 million euro to 145.8 million euro. The profits before profit transfers and tax on income grew by 23.0 percent from 27.0 million euro to 33.2 million euro.

With the timely decision to spread the initial expenses of the unit-linked life assurance over a 12-year period, MLP has not only taken on a leading role in terms of client satisfaction, but has also altered its consulting culture during the last ten years. This strategic step has helped us achieve a unique position in the market in view of the latest pension reform in Germany, which legally stipulates that the acquisition costs be spread over a ten year period.

With the MLP Provisional Management Concept and the Best Partner Solutions different modules can be combined such as occupational disability cover, life assurance and pension insurance, unit-linked life assurance, or term insurance to form client-specific and flexible retirement provision concepts.

The average age of our clients is 34. As a result the new business in the retirement provisional field as well as the existing policies, comprise almost exclusively long-term policies running for an average of 30 years with continuous premium contributions. The importance of the provisional management sector will continue to grow strongly as a result of the latest pension reform. The pension debate also contributes to making clients even more aware of the dynamic increase in the need for private provisions.

The dynamic new business growth was achieved in the coverage and provisional sector. At MLP this includes unit-linked life assurance, term insurance, endowment as well as occupational disability cover. In the first half-year MLP was able to increase the premium contributions by 27.0 percent from 2.15 to 2.73 billion euro. In comparison, the industry as a whole only recorded an average increase of some 13.0 percent. The new business reported for private health insurance was even more impressive. It grew by 30.9 percent from 23.0 million euro to 30.1 million euro annual premiums. This new business volume must surely make MLP the leading broker for private health insurance in Germany. The excellent support provided to our clients from graduation to the time when they surpass the income threshold for private health cover, is reflected in the continual increase in the MLP private health insurance business.

The payments into mutual funds increased by 20.9 percent from 450 million euro to 544 million euro. With these results MLP has significantly outperformed the industry trend since, on average, the German investment companies and their foreign subsidiaries experienced a decline of some 70 percent in the inflow of funds for the first half-year. In comparison with the member companies of the Bundesverband Deutscher Investmentgesellschaften (federation of German mutual investment companies) in terms of measured inflow of funds MLP would now be in fifth position. The clear increase in comparison to the otherwise very negative market trend shows the strength and stability of MLP in the financial investment sector. Due to the MLP consultation concepts, MLP clients do not change their investment behaviour even in times of weak stock markets.

The extensive possibilities for MLP consultants to approve loans based on a secure risk scoring system, clearly make MLP the most important broker of loans to private clients. It is particularly worth mentioning that the loans issued to date have proven extremely secure. There have been very few defaults to date. The high reliability of MLP forecasts is also evident in this sector: today we are generally financing the projects of clients acquired in the examination period seven years ago. The growth rate in this sector as a result of the increased number of new clients acquired each year in recent years, is also rising. In the loans sector, new business reached a volume of 452.7 million euro after 334 million euro in the comparable period last year. As a result, MLP has achieved an increase of 35.5 percent while the sector as a whole recorded a decline in new business of some 15 percent.

New business in the non-life, third-party liability, accident and motor, and legal protection insurance climbed by 28.1 percent from 11.4 million euro to 14.6 million euro.

MLP Lebensversicherung AG

MLP Lebensversicherung AG develops target-group-specific unit-linked life assurance policies, term insurance cover as well as occupational disability insurance. In a similar way to a main contractor, it also co-ordinates and manages via its electronic broker platform the administration of the MLP Provisional Management Concept between the life assurance companies involved.

The premium contributions increased in the first half-year by 38.6 percent from 109.5 million euro to 151.8 million euro. New business total premiums increased by 27.1 percent from 1.24 billion euro to 1.58 billion euro. By comparison the life assurance industry is only forecasting a growth of 4 percent for the whole year. Profits before tax on income reached 8.0 million euro after 3.9 million euro last year. This represents an increase of 105.1 percent, and is also an indication of the growing provisional requirements of our clientele. At the same time this result also demonstrates our continued stable growth independent of external influences.

The 50-percent MLP Lebensversicherung AG subsidiary operating in Austria – a joint venture with the Uniqa group – recorded new business volume of 305 million euro premium contributions in comparison with 300 million euro in the same period last year. The premium contributions rose to 52 million euro, making MLP the market leader in Austria with a market share of 15 percent for new business in unit-linked life assurance.

MLP Vermögensverwaltung AG

MLP Vermögensverwaltung AG develops innovative financial investment concepts, manages portfolios for MLP clients and signs for the financial planning of the managed MLP fund policies. The company also designs new financial management concepts with our partners in the banking and mutual fund sectors, and is now one of the leading German independent asset managers.

Even weak stock markets have not been able to influence the investment behaviour of MLP clients. Against the strong negative trend MLP Vermögensverwaltung AG increased the assets managed in mutual funds by 85.1 percent from 1.45 billion euro to 2.68 billion euro. The total assets managed for clients by the MLP group increased to 3.0 billion euro. Profits before tax on income rose by 106.7 percent from 1.5 million euro to 3.1 million euro.

MLP Bank AG

MLP Bank AG is a main contractor for the financial investment and loan concepts of the MLP group. The bank contributes self-developed modules to the MLP financial management concept and co-ordinates the combination of modules from different banks and investment managers. Electronic scoring systems and the mortgage-lending platform MLP-Hyp ensure that MLP has a technological lead in financial loan concepts.

As at the cut-off date 30 June 2001, MLP Bank AG reported 182,000 clients in comparison with 112,000 clients at the end of the same period last year as a full-service online bank. As such, MLP Bank AG has recorded an increase of 62.5 percent in the number of clients in an online banking environment otherwise marked by poor growth, without increasing its marketing costs. The objective for the online banking business is to win over the entire MLP client base. The increase is a clear indication that the MLP clients are both accepting, and increasingly taking advantage of, the still relatively young MLP banking services. Profits before tax on income increased from 0.1 million euros to 0.2 million euros, although the additional expenditure for the MLP Online securities brokerage, due to be launched in the fourth quarter, has already been included in the profit and loss accounts for the MLP Bank.

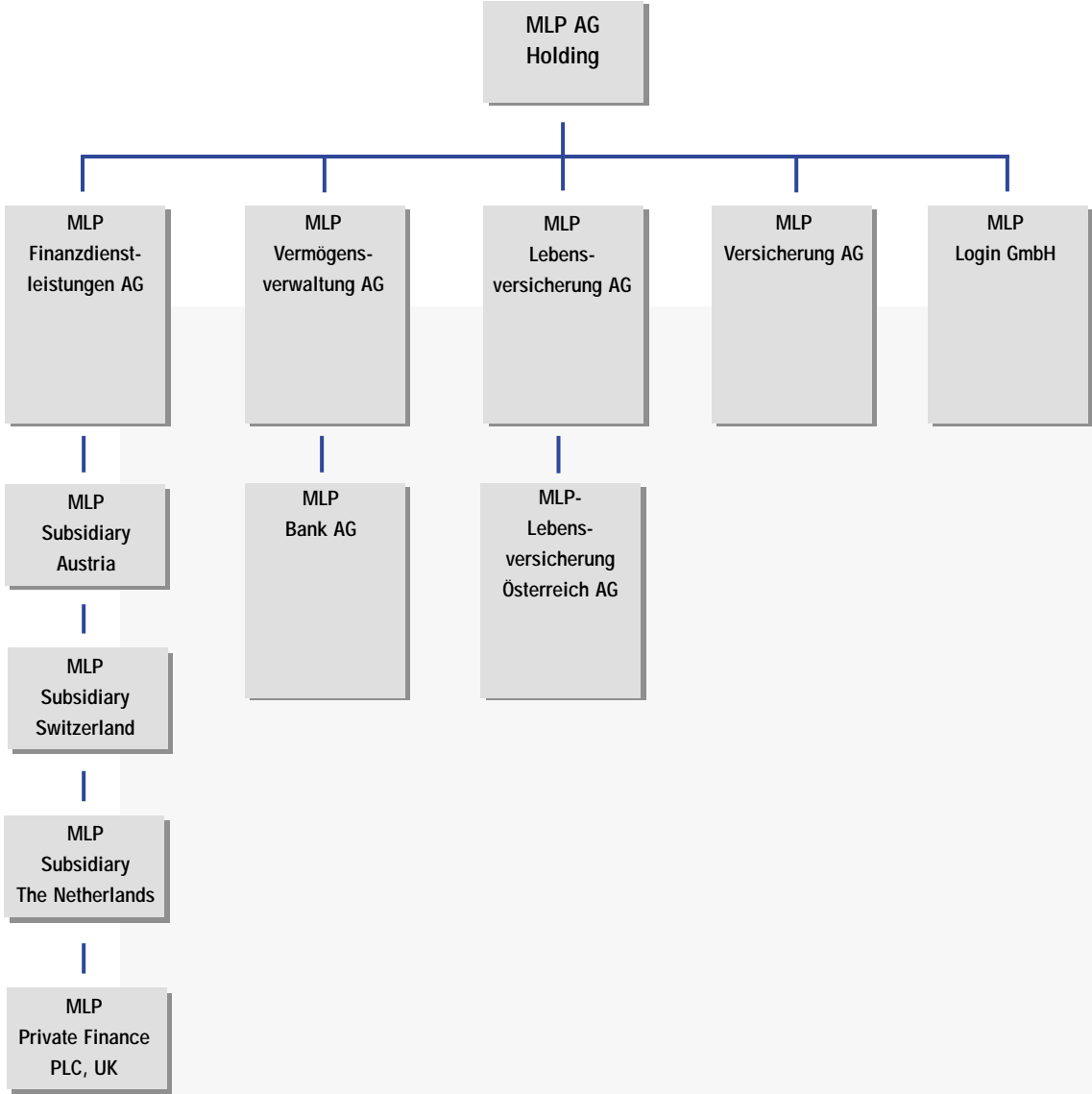
MLP Versicherung AG

MLP Versicherung AG is the central service point for the MLP Cover Concepts and Pool Solutions for the non-life, third-party liability and accident and motor insurance business. The entire administration of the direct service concept for motor vehicles – MLP Car – as well as the MLP Risk Management concept form additional core areas. MLP Versicherung AG now manages some 238,000 policies (last year figure 139,000). The premium contributions totalled 11.3 million euro in the first half-year. Profits before tax on income was positive for the first time, reaching the 1.3 million euro mark.

MLP Login GmbH

MLP Login GmbH is responsible for the Internet platform and the IT development for the MLP group. In addition to technical activities, the company is also responsible for client service. A negative result of 2.4 million euro was reported.

The company structure



Group consolidated balance sheet 30.06.2001

ASSTES		TEURO
Start-up costs		3,612.6
Fixed assets		914,464.8
<i>of which Investment stock of unit-linked life assurance</i>	779,934.8	
Current assets		404,864.8
<i>of which Bank clients credit</i>	184,919.5	
Prepaid expenses		19,660.5
Total		<u>1,342,602.7</u>

EQUITY AND LIABILITIES		TEURO
Equity		198,936.2
Liabilities		1.143,616.5
<i>of which Reserves for unit-linked life assurance</i>	779,934.8	
<i>of which Bank clients deposit</i>	121,864.2	
Deferred income		50.0
Total		<u>1,342,602.7</u>

Group consolidated profit and loss account

	1ST QUARTER TEURO	2ND QUARTER TEURO	1ST HALF YEAR TEURO
1. Total revenue	201.156,2*	237.707,1	438,863.3
<i>of which sales revenues</i>	57,738.2	76,526.4	134,264.6
<i>of which interest income from banking operations</i>	2,764.5	3,193.5	5,958.0
<i>of which insurance premiums</i>	92.332,4*	96.611,1	188,943.6
<i>of which income from outward reinsurance business</i>	44,898.3	49,613.1	94,511.4
<i>of which other operating income</i>	3,422.7	11,763.0	15,185.7
2. Cost of materials	- 22,314.6	- 30,795.8	- 53,110.4
3. Personnel expenses	- 12,753.3	- 17,586.5	- 30,339.8
4. Depreciation	- 3,022.9	- 4,217.9	- 7,240.8
5. Other operation expenses	- 43,070.8	- 48,713.3	- 91,784.1
6. Expenses related to insurance reserves	- 21.002,8*	- 95.467,7	- 116,470.5
7. Reinsurance premiums	- 44.008,5*	- 40.434,2	- 84,442.8
8. Finance income, net	34.6	- 284.1	- 249.5
9. Unrealized gains from investments	3,299.4	13,060.2	16,359.6
10. Unrealized losses from investments	- 39,740.1	21,909.5	- 17,830.6
11. Profit from ordinary operations	18,577.1	35,177.3	53,754.4
12. Taxes on income and profit	- 7,245.1	- 13,719.1	- 20,964.2
13. Net income	11,332.0	21,458.2	32,790.2
14. Earnings per share in Euro	0.14	0.27	0.41


* Due to organizational changes the Austrian results were corrected. The first quarter 2001 Austrian results were neutral.

Cashflow statement

	1ST HALF YEAR TEURO
Net income	32,790.2
Change in net financial assets from current operations	- 19,294.6
Change in net financial assets from investment activity	- 24,863.8
Change in net financial assets from financing activity	- 22,831.3
Increase in net financial assets	- 34,199.5

MLP at a glance

MLP Half-year results in million euro	2001	2000	Change in %
MLP Group			
Total revenues	438.9	318.1	38.0
Profits before tax on income	53.8	40.6	32.5
MLP Finanzdienstleistungen AG (Broker)			
Sales revenues	145.8	114.1	27.8
Profit before transfer agreements and tax on income	33.2	27.0	23.0
New business:			
Life assurance (premium sum)	2,730	2,150	27.0
Health insurance (annual premium)	30.1	23.0	30.9
Loans (volume transacted)	452.7	334.0	35.5
Inflows in mutual funds	544.0	450.0	20.9
Non-life insurance (annual premium)	14.6	11.4	28.1
Number of clients	412,000	335,000	23.0
Number of MLP branch offices	280	180	55.6
MLP Lebensversicherung AG (Life assurance)			
Premium income	151.8	109.5	38.6
Total new business (premium sum)	1,571	1,236	27.1
Profits before tax on income	8.0	3.9	105.1
MLP Vermögensverwaltung AG (Wealth management)			
Sales revenues	4.2	2.4	75.0
Assets under management	2,684	1,450	85.1
Profits before tax on income	3.1	1.5	106.7
MLP Bank AG			
Number of clients	182,000	112,000	62.5
Profits before tax on income	0.2	0.1	100.0
MLP Versicherung AG (Non-life insurance)			
Premium income	11.3	-	-
Policy contracts	238,000	139,000	71.2
Profits before tax on income	1.3	- 0.3	



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