Communication is Key

Annual Report 2009

MLP

Our promise

MLP's corporate mission

- MLP is by far the leading independent financial and investment adviser in Germany for academics and other discerning clients.

- We are committed to providing the highest quality and excellent services that will impress our clients.

- Our individually tailored and holistic financial plans enable our clients to achieve their objectives in and around the fields of health and old-age provision, insurance cover, wealth management, financing and banking.

- We are striving to build on and expand our market position and sustainably increase our company value – for the benefit of our clients, employees and shareholders.

- "Performance" and "trust" are at the heart of our company values. They shape our relationships with one another and with all stakeholders.

- Our consultants and employees represent our company's greatest asset, and we place great emphasis on their selection and further development.

- We encourage and expect entrepreneurial thinking and action from our consultants and employees, whose participation in our company's success forms part of our promise.

- We unite successful entrepreneurship with social commitment.

MLP Group

[Table 01]

MLP key figures – multi-year overview

All figures in € million	2009	2008[1]	2007	2006	2005[2]	2004[3]
Continuing operations						
Total revenue	532.1	595.2	629.8	588.5	563.9	622.8
Revenue	503.8	552.3	588.2	554.2	522.2	592.2
Other revenue	28.4	42.9	41.6	34.4	41.7	30.6
Earnings before interest and tax (EBIT)	42.2	56.2	113.9	95.1	71.8	88.3
EBIT margin (%)	7.9 %	9.4 %	18.1 %	16.2 %	12.7 %	14.2 %
Earnings from continuing operations	27.2	30.7	77.5	76.5	42.5	43.0
Earnings per share (diluted) in €	0.25	0.30	0.77	0.73	0.39	0.39
MLP Group						
Net profit (total)	24.2	24.6	62.1	71.8	199.7	50.3
Earnings per share (diluted) in €	0.22	0.24	0.62	0.69[7]	1.84[7]	0.46[7]
Dividend per share in €	0.25[4]	0.28	0.50	0.40	0.30[5]	0.22
Cash flow from operating activities	77.3	81.0	23.4	87.5	184.8	526.6
Capital expenditure	4.0	12.2	16.2	20.0	16.7	25.3
Shareholders' equity	418.5	425.9	339.7	324.9	455.2	289.6
Equity ratio	28.4 %	27.8 %	23.9 %	25.6 %	38.5 %	9.4 %
Balance sheet total	1,475.5	1,534.0	1,424.2	1,270.2	1,182.0	3,086.2
Clients[6]	785,500	728,000	701,000	666,000	634,000	592,000
Consultants[6]	2,383	2,413	2,535	2,481	2,348	2,368
Branch offices[6]	238	241	251	246	265	274
Employees	1,900	1,986	1,819	1,558	1,417	1,386
Arranged new business[6]						
Old-age provisions (premium sum in € billion)	5.1	6.6	6.8	6.8	6.3	10.9
Health insurance (annual premium)	54.2	49.0	50.0	68.2	55.1	59.0
Loans and mortgages	1,119.0	919.0	1,162.0	1,195.0	997.0	777.0
Assets under management in € billion	12.8[9]	11.4	11.4	10.8	8.3	2.6[8]

[1] Adjustment of previous year's figures, see note 3
[2] Adjusted due to the sale of the subsiduary MLP Private Finance AG
[3] Adjusted due to the sale of the subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG
[4] Subject to the approval of the Annual General Meeting on May 20, 2010
[5] Plus an extra dividend of € 0.30 per share
[6] Continuing operations
[7] Basic
[8] MLP without Feri
[9] Based on the method of calculation employed by the German Association of Investment and Asset Management (BVI) this equates to € 17.0 billion

MLP – the leading independent consulting firm

MLP is Germany's leading independent consulting firm. Supported by comprehensive research, the Group provides a holistic consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence of insurance companies, banks and investment firms. The MLP Group manages total assets under management of more than € 17 billion and supports more than 780,000 private and 4,000 corporate clients. MLP was founded in 1971 and holds a full banking licence.

The concept of the founders, which still remains the basis of the current business model, is to provide long-term consulting for academics and other discerning clients in the fields of old age provision, wealth management, health insurance, non-life insurance, financing and banking. Those with assets above € 5 million are looked after by the subsidiary Feri Family Trust. Moreover, the Group provides consulting services to institutional investors via Feri Institutional Advisors GmbH. Supported by its subsidiary TPC and the joint venture HEUBECK-FERI Pension Asset Consulting GmbH, MLP also provides companies with independent consulting and conceptual services in all issues pertaining to occupational pension provision and asset and risk management.

Communication is Key

With around 2,400 highly qualified consultants, MLP is the only independent consulting firm that supports discerning private and corporate clients, as well as institutional investors in all economic and financial questions. For us, a trusting partnership means constantly facing new challenges. An open and honest exchange of ideas with clients plays a vital role here, as communication is the key to success.

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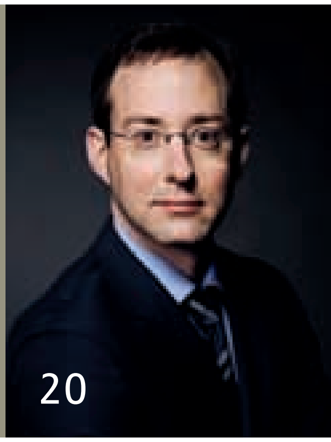
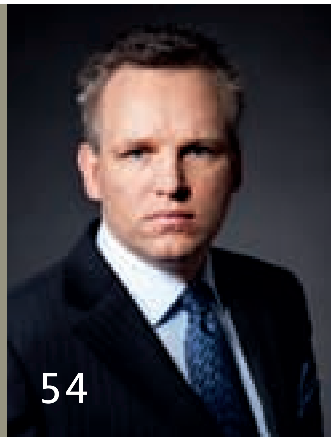
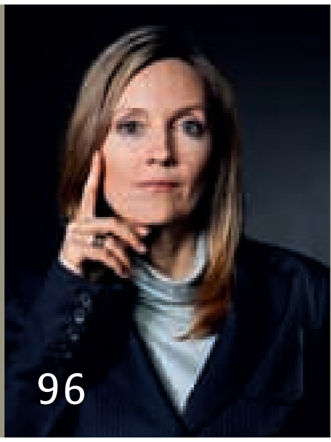
As a responsible and dialogue-oriented company, MLP faces up to the crucial issues of today. In this annual report you can find out about the questions confronting our clients and what answers MLP provides.



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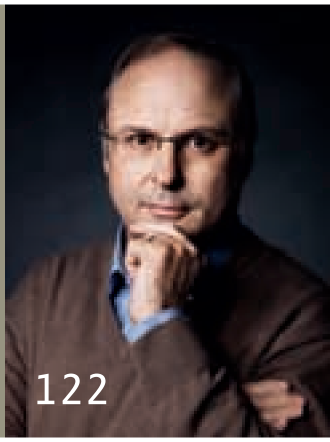
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The Executive Board

MUHYDDIN SULEIMAN
Member of the Executive Board
MLP AG

sales
appointed until September 3, 2012

GERHARD FRIEG
Member of the Executive Board
MLP AG

product management
and purchasing,
until March 31, 2010

DR. UWE SCHROEDER-WILDBERG
Chairman and CEO MLP AG

planning and strategy, human resources, communication, legal affairs, audit, marketing, controlling, risk management, accounting, taxes, treasury and general administration,
appointed until December 31, 2012

RALF SCHMID
Member of the Executive Board
MLP AG, Chief Operating Officer

information technology (IT), IT-business services, group quality management, group business organisation,
appointed until December 31, 2012

Dear Shareholders,

The last financial year was characterised by the most severe economic crisis of the last 80 years. The almost 5 % drop in economic performance experienced in Germany makes this more than clear. And virtually all sectors in the German economy were and still continue to be affected by the crisis. The crisis has also changed the investment and provision behaviour of our clients. Uncertain future prospects and losses on the capital markets led to clear reservations among many clients about making long-term investment decisions. For MLP, this development became apparent from the downward trend in revenue figures in the two most important areas of old-age provision and wealth management. Overall, at € 532.1 million our total revenue is 10.6 % down on the previous year.

The effects of the financial and economic crisis could also be seen and felt in our profits for the year. However, we did succeed in counteracting this trend through early introduction and consistent implementation of our cost cutting programme. This allowed the company's net profit situation to start seeing significant improvement again from the third quarter of 2009. We achieved total Group net profit of € 24.2 million in the financial year. This is only slightly lower than the previous year's figure of € 24.6 million. Together with our excellent equity capital backing and liquidity, this gives us scope to allow you to share in the company's success in what was a challenging financial year in 2009. The Executive Board and Supervisory Board will therefore propose a dividend of € 0.25 for the financial year 2009 at the Annual General Meeting.

After acquiring a stake of almost 27 % in our company in 2008, the Swiss insurance company Swiss Life lowered this holding in two stages to a level below 10 % in 2009. The German insurance companies Talanx and Barmenia took over these shares and now hold 9.9 % and 6.7 % stakes in MLP respectively. By doing this, Swiss Life agreed to our request of lowering its holding to below 10 %. We welcome this step, as it has once again given us a very stable shareholder structure that ensures the company's independence in the interests of its clients.

The financial and economic crisis affected Germany's financial services sector at a time when the entire industry was in the midst of fundamental structural change. This change started in 2005 with the reform of the old-age provision market in Germany and then continued in the years 2007 and 2008 with implementation of the EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and changes to the German Insurance Act. The discussion on the quality of financial advice in Germany, triggered by the financial crisis, eventually led to further regulatory changes. Overall, we consider this change to be both sensible and necessary, as it is in the interest of consumers, and transparent, client-oriented consulting has always been a key part of our business model. However, the speed with which this change has taken place also initially led to greater costs and an increased administrative load. When added to the negative effects of the financial and economic crisis, this results in a very challenging market environment.

MLP was able to overcome this difficult phase in the market. We have actively shaped this change in the last few years and thereby developed MLP from an independent financial and investment adviser for academics and other discerning clients to an independent consulting firm for private and corporate clients and institutional investors. Through acquisition of Feri Finance AG and TPC in the field of occupational pension provision, we can now offer comprehensive consulting concepts for our clients based on an independent investment analysis. And our service portfolio is complemented by the independent rating activities performed by Feri.

As such, we are pioneers in the sector. Clients have a right to financial advice that is tailored to their own specific requirements and objectives. This is a concept to which our company has always remained true and which is rooted in our corporate culture: all consultants must be able to act independently and the advice given must be holistic, i. e. cover all aspects of private or corporate financial and wealth planning. We will continue to pursue our path of seeking the best possible quality and also tailor the scope of our consulting and service portfolio even more carefully to the requirements and wishes of our clients. We will also achieve growth through strengthened client loyalty, systematic utilisation of all potential in our client base and by winning new clients. Our mid-term forecast for 2012 also underlines this objective: With an EBIT margin of 15 %, our goal is to guide the company back to its former earnings strength once the financial and economic crisis has subsided.

I hope you will continue to accompany us on this journey and would like to take this opportunity to thank you for your trust in us throughout what was clearly a difficult financial year in 2009.

Yours sincerely,

Dr. Uwe Schroeder-Wildberg

Letter to our shareholders

MLP's core values

PERFORMANCE | We always deliver top performance. Each one of us acts on our own initiative and takes responsibility for the company, which thereby allows us to take a proactive role in shaping change in our working environment and driving forward innovations.

TRUST | We deal with one another in a trusting and respectful manner and are credible in what we say and do. We focus on sustainability and fairness both among ourselves and with our business partners and clients, and remain loyal at all times.

Report by the Supervisory Board

DR. PETER LÜTKE-BORNEFELD
Chairman

Supervisory Board members:
Dr. Peter Lütke-Bornefeld
(Chairman)
Dr. h. c. Manfred Lauten-schläger
(Vice Chairman)
Dr. Claus-Michael Dill
Johannes Maret
Maria Bähr
(Employees' Representative)
Norbert Kohler
(Employees' Representative)

In the financial year 2009, the Supervisory Board invested much time and effort in dealing with the development of the company and performed its duties of supervision in their entirety. It regularly advised and monitored the Executive Board in its management of the company.

Furthermore, during the course of the last financial year the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company.

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

MLP systematically expanded its market position among clients working in the medical profession throughout 2009 and acquired a 100 % stake in the independent finance broker ZSH. Furthermore, actions relating to MLP's decision to concentrate on the consumer business in its core market of Germany were completed with the sale of MLP Finanzdienstleistungen AG, Vienna in Austria and the decision to also give up the office in the Netherlands.

In the financial year 2009, the Supervisory Board held five regular meetings and one extraordinary meeting, which with one exception were always attended by all members in person. The Supervisory Board was informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions were also passed as circular resolutions.

In addition to this, three meetings of the Personnel Committee and three meetings of the Audit Committee also took place, and were each attended by all committee members. Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss specific issues. The Chairman of the Supervisory Board informed the other members of the Supervisory Board in detail about the content of the meetings with the Executive Board.

Supervisory Board meetings and important resolutions

A circular resolution was drafted on February 28, 2009 to amend MLP AG's articles of association due to the conversion of convertible debentures to shares in MLP AG.

In an extraordinary meeting of the Supervisory Board on February 16, 2009, Mr. Ralf Schmid was appointed as a full member of the Executive Board at MLP AG. Mr. Schmid assumes responsibility for "Operations/IT".

Following preparations in meetings of the Audit Committee, the meeting of the Supervisory Board on March 25, 2009 focused on the audit and approval of the financial statements and the consolidated financial statements as at December 31, 2008. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved both the financial statements and the consolidated financial statements of December 31, 2008.

A circular resolution on the proposals for resolutions to the regular Annual General Meeting of MLP AG on June 16, 2009 was passed on April 3, 2009.

The regular Supervisory Board meeting on May 11, 2009 focused primarily on discussing the results and business development from the first quarter of 2009.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and a discussion about the business and risk strategy were all on the agenda of the regular Supervisory Board meeting on August 10, 2009. Alongside this, a resolution was also passed on the assumption of contractual negotiations concerning the sale of MLP Finanzdienstleistungen AG, Vienna in Austria to Aragon AG. At the same time, the rules and procedures of the Supervisory Board were adapted to the Appropriateness of Management Board Remuneration Act (VorstAG) and the Accounting Law Reform Act (BilMoG).

The November meeting focused on the results of the third quarter and the progress report of the compliance representatives on securing compliance in the MLP Group.

A circular resolution was also passed on a settlement with a former member of the Executive Board regarding outstanding bonus payments dating back to 2005.

At the meeting on December 10, 2009, discussion focused on the resolution on the Declaration of Compliance in line with § 161 of the German Stock Corporation Act (AktG), alongside adherence to the regulations of the German Corporate Governance Code. Thorough reporting was also provided in the field of corporate governance. The strategy for future financial years and the budget for the financial year 2010 were also dealt with.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2009.

The Personnel Committee convened three times in the reporting period. Alongside preparations for the appointment of Mr. Schmid as a full member of the Executive Board, the meetings also focused on checking the appropriateness of Executive Board remuneration and pension commitments set against the background of introduction of the VorstAG legislation and long-term succession planning in the Executive Board. Further details on Executive Board remuneration can be found in the remuneration report, which forms part of the Corporate Governance report. In the course of the introduction of the Appropriateness of Management Board Remuneration Act (VorstAG), the responsibility of the Personnel Committee was adjusted. In future, the Personnel Committee will no longer be responsible for the resolution on Executive Board remuneration, but will rather only prepare this.

The following members of the Supervisory Board were in 2009 also members of the Audit, Personnel and Nomination Committee:
Dr. Peter Lütke-Bornefeld (Chairman)
Dr. h. c. Manfred Lautenschläger (Vice Chairman)
Dr. Claus-Michael Dill
Johannes Maret

The Audit Committee held three regular meetings in the financial year 2009. Representatives of the auditor were also present at its meetings. In the presence of the auditors and the Chairman of the Executive Board, the Audit Committee discussed the financial statements of MLP AG and the Group as well as the proposed appropriation of earnings. There were detailed consultations on relations with the auditor, proposals for electing an auditor, remuneration, audit assignment and monitoring independence. The Audit Committee received regular reports on the work of the internal audit and on legal and regulatory risks and risks to reputation.

Corporate Governance

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

Last year, the Supervisory Board dedicated its meeting on December 10, 2009 in particular to detailed discussions on the amendments of the German Corporate Governance Code ratified on June 18, 2009.

In the meetings held on May 11, 2009 and December 10, 2009, the Supervisory Board examined the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meetings. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were analysed.

At the same meeting, MLP AG's Supervisory Board also satisfied itself that the company had met the recommendations of the German Corporate Governance Code in line with its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will in future continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (version dated June 18, 2009). In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year 2009 and made it permanently available to the shareholders via its website.

More information at www.mlp-ag.com, Corporate Governance

No conflicts of interest arose in the reporting period. A summary of Corporate Governance at MLP, including the text of the Declaration of Compliance of December 2009, can be found in the Corporate Governance report by the Executive and Supervisory Boards in this annual report. All relevant information is also available on our homepage at www.mlp-ag.com.

Audit of the annual financial statements and consolidated financial statements for 2009

The financial statements of MLP AG as at December 31, 2009 and the management report of MLP AG have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the group management report were drafted as per § 315 a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. The financial statements and management report of MLP AG as at December 31, 2009, as well as the consolidated financial statements and Group management report were audited in line with the principles of the German Commercial Code (HGB) and IFRS by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, which issued an unqualified auditors' opinion. The auditor performed the audit in compliance with the generally accepted German standards for the audit of financial statements determined by the Institut der Wirtschaftsprüfer (IDW – German Institute of Auditors) and in supplemental compliance with the International Standards on Auditing (ISA).

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

The Audit Committee of the Supervisory Board examined these documents in detail and reported to the Supervisory Board on its audit. The auditor also reported on the key results of the audit and on the fact that there were no significant weaknesses in either the internal monitoring system or the risk management system. The Audit Committee also examined the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's remuneration, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. The audit reports provided by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, were made available to all members of the Supervisory Board and were examined in full at the Supervisory Board meeting on March 24, 2010 in the presence of the auditor, who reported on the most important results of the audit. At this meeting, the Executive Board explained the financial statements of MLP AG and of the Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management and audit system, as well as giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditors' audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 24, 2010, the Supervisory Board approved the annual financial statements and the MLP AG management report, as well as the consolidated financial statements and the consolidated management report prepared by the Executive Board in accordance with IFRS. The annual financial statements are therefore adopted.

After performing its own examinations, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.25 per share. Both the liquidity situation and budget of the company, as well as the shareholders' interest in the results, were included in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and all consultants working at the various companies within the MLP Group for their commitment and achievements in the financial year 2009.

Wiesloch, March 2010
The Supervisory Board

Dr. Peter Lütke-Bornefeld
Chairman

Anne Diedrich | 29 years old
Lawyer
MLP client since 2005

»What flexibility does my financial planning offer?«

Luca Balestrini | Münster
MLP consultant

»One of the key elements of a sophisticated financial plan is

flexibility.

When plans in life are changing, one's personal financial planning must change along with it. This is why MLP's consulting approach is aligned to the personal desires and goals of each individual client. To be able to adapt to clients' new circumstances, MLP consultants carry out check-up talks together with their clients at regular intervals.«

Only consulting and qualification can build client trust

PROF. DR. ROLF TILMES

The financial market crisis has acted as a catalyst for the discussion on client-consultant relationships in Germany's financial services sector. And tension in the debate, with disappointed clients and poor quality consulting, is of course made even more acute by the personal experiences of broad sections of the population, who have lost not only money but also trust and confidence in the system. While this loss of confidence has been caused in part by developments in the market, investors are also unhappy with the type of consulting they have received, which is often not tailored to their requirements, but rather based on the product-related sales targets of certain brokers [Figure 01]. When clients are confronted with an approach of this nature, their needs and desires often remain misunderstood or even completely disregarded, which causes tension and ultimately motivates large groups of clients to simply go elsewhere. The key challenge for the future is therefore to win back client trust. Personal financial planning is the decisive success factor here, particularly in times of dwindling client loyalty.

In contrast to purely product-based consulting offers, financial planning always focuses on the targets, desires and individual situation of the respective client. It caters to client requirements over the long term and guarantees both inclusion and examination of all assets, wealth and specific circumstances of the client. Incorporating the individual circumstances of each client is a key way in which personal financial planning differs from business models that promote product-based sales interests. Long-term continuity of consulting also stimulates and nurtures mutual trust between client and consultant.

Personal financial planning not only offers higher quality and generates significant client benefit, it also allows qualified consultants and financial services providers to permanently distance themselves from the competition. Yet assuming a position as a provider of high quality solutions, in particular for wealthy private clients, also requires consultants that can prove their expertise through internationally recognised qualifications and certifications. Not only must they be able to demonstrate profound product knowledge, they must also boast excellent all-round consulting skills, which from the client's perspective can make all the difference to both the perceived and actual quality of consulting.

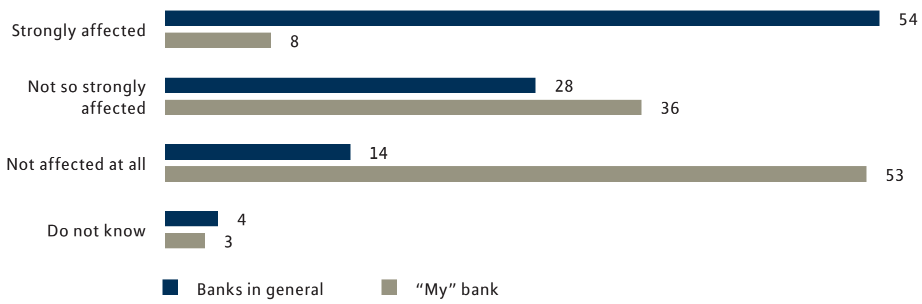
The world of politics has recently turned its attention to the topic of consumer protection, where many weaknesses have been identified – above all in the regulatory framework conditions, the qualification of financial consultants and the quality of consulting associated with the sale of financial products. Germany's Federal Ministry for Food, Agriculture and Consumer

Prof. Dr. Rolf Tilmes, CFP (born in 1964) is Dean at the European Business School (EBS) in Oestrich-Winkel, Germany, as well as holder of the foundation-endowed Chair for Private Finance & Wealth Management. As scientific director of the PFI Private Finance Institute at the EBS, in 2009 Tilmes performed Germany's largest ever survey on the future of independent financial services brokerage. The idea behind the study was to get a meaningful picture of the condition, the business models, the perspectives and the positioning of independent financial advisers for the first time. Tilmes studied Business Studies at the EBS and at universities in the US and France, successfully completed an MBA at the J. L. Kellogg Graduate School, US, and was awarded his doctorate at the EBS. Following lengthy stays at Booz & Company, as well as InsuranceCity AG, he has worked full-time at the EBS since 2007.

[Figure 01]

Effects of the financial market crisis (all figures in %)

Change to trust in banks in general and in one's "own" bank as a result of the financial market crisis



Source: Association of German Banks (BdB), 2009

Protection has chosen to focus the discussion explicitly on qualifications as the key factor in ensuring the quality of financial advice. Indeed, the introduction of a binding minimum qualification standard has been in discussion for some time now. And while for example the relationship between the way in which consultants are paid and the quality of consulting they provide has not yet been empirically demonstrated, there is clearly a link between consultant qualification and consulting quality.

Highly qualified and well trained consultants with excellent all-round skills, such as certified financial planners, already fulfil the strictest requirements regarding client-oriented financial advice. In competing for increasingly well informed, critical and educated clients, by offering personal financial planning companies can position themselves as quality providers of holistic consulting services and win back lost trust from clients.

Review of 2009

COMPANY AND INVESTOR RELATIONS

MLP among the most attractive employers in Germany

MLP is "Top Employer 2009". This means that MLP belongs for the third time in a row to the exclusive group of German companies whose outstanding corporate and employer culture has been acknowledged. The Corporate Research Foundation, an independent research institute, awards their Top Employer prize every year together with the publishing house Handelsblatt. Within the scope of the study, MLP received excellent ratings in all test categories, in particular in the categories of work-life balance and remuneration.

Acquisition of the finance broker ZSH complete

MLP systematically expanded its market position among clients working in the medical profession and acquired a 100 % stake in the independent finance broker ZSH. Just like MLP, ZSH excels through its independent consulting approach and clear client orientation. ZSH was founded in 1973 and looks after wealthy private clients as well as physicians and dentists in all questions of old-age provision and financial planning.

Unique business model further secured

MLP has further strengthened and built upon the independence that sits at the heart of its operations. In the summer of 2008, the Swiss insurance group Swiss Life had acquired a 27 % holding in the company against MLP's will. In the course of 2009 Swiss Life agreed to MLP's request to reduce its shareholding. Swiss Life's share was reduced to 9.9 % in two steps. In March, the Talanx insurance group acquired 8.4 % from Swiss Life and therefore now holds a total stake of 9.9 % in MLP. In December, the insurer Barmenia then acquired a further 6 % of Swiss Life's stake. All insurers with a holding in MLP each control less than 10 %. This gives MLP a stable shareholder structure.

MLP successfully strengthened its excellent position in the market as the leading independent financial and investment adviser in 2009.

PERSONNEL NEWS AND PORTRAITS

Highest honours for MLP founder Manfred Lautenschläger

Dr. h. c. Manfred Lautenschläger, MLP founder and member of the Supervisory Board, received the Order of Merit of the Federal Republic of Germany – Cross of Merit, First class in March. Baden-Württemberg's premier Günther Oettinger presented the Cross at the Ministry of State in Stuttgart. Alongside Lautenschläger's successful corporate work with MLP, Oettinger also praised his generous social commitment. This underlines the commitments that the MLP founder has undertaken in areas including science, education and international relations for years. Indeed, his non-profit Lautenschläger Foundation ranks among the largest private-sector foundations in the country. The foundation sponsors various research and education projects, supports sporting activities and also presents various awards, including the Lautenschläger Research Prize, which comes with € 250,000 in funding.

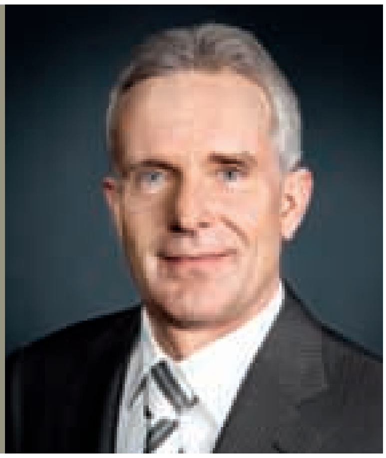
Baden-Württemberg's premier Günther Oettinger and MLP founder Manfred Lautenschläger at the awards ceremony at Villa Reitzenstein in Stuttgart, Germany.

»Manfred Lautenschläger is a great entrepreneur demonstrating an outstanding social commitment.«

Baden-Württemberg's premier Günther Oettinger on the MLP founder and Vice Chairman of the Supervisory Board of MLP AG

MLP strengthens its holding company Executive Board

The MLP AG Supervisory Board extended its Holdings Executive Board in February to include the position of the Chief Operating Officer (COO). Ralf Schmid has been appointed as the new member of the Executive Board up to December 31, 2012. The graduate in business administration has been working for MLP since 1991 and has been a member of the Executive Board at MLP Finanzdienstleistungen AG since 1999, also in a similar role. "A well-positioned organisation, a comprehensive infrastructure and highly effective processes are key success factors in our market", comments Chairman of the Board at MLP, Dr. Uwe Schroeder-Wildberg. "With Ralf Schmid we will further build on our advantage in these fields."



CONSULTING AND PRODUCTS

Honoured for its high quality consulting: MLP can be pleased with three top rankings.

Quality of MLP's consulting confirmed in full by three sources

1st place in the old-age provision consulting test performed by the magazine "Wirtschaftswoche", 2nd place and grade A in the client rating of MLP consulting of "WhoFinance" and 3rd place in the mortgage lending test of the magazine "Euro". These three awards once again underline the outstanding quality of MLP's consulting, which goes far beyond the legally stipulated requirements. "Transparency and client focus must continue to grow in the field of financial consulting", comments Muhyddin Suleiman, member of the Executive Board of MLP AG responsible for sales. "We are actively and consciously seeking the assessments of our clients and see these latest test results as further certification of our discerning consulting approach."

Transparency and client focus: MLP's consulting guidelines for private clients

MLP laid down its ten guidelines on consulting and supporting private clients in November. The guidelines bring together all applicable quality standards, many of which have already been in place for years.
At www.mlp-beratungsqualitaet.de, anyone interested can access an overview of the consulting and client support standards at MLP. In addition to this, the homepage also offers an overview of MLP's position on current political discussions. Here, MLP also offers exemplary documentation for consulting and product selection as well as information that portrays all key factors, such as the cost of financial products, in a clearly structured and easily comprehensible manner.

Investments with well-known asset managers

MLP is further expanding its strong position in the field of investments. Since September 2009, MLP clients have been able to invest individually in investment funds of renowned asset managers, such as Dr. Jens Ehrhardt or Edouard Carmignac, in addition to investments in individual industries or segments and in investment concepts professionally managed together with MLP's subsidiary Feri Finance. In cooperation with Feri Finance, MLP continually checks all asset managers for their performance.

UNIVERSITIES AND CAREER

Once again setting standards in the world of higher education

The economy and the world of higher education can benefit more from one another if they continue to break down the barriers that stand between them – this was just one key finding of the ZEIT CONFERENCE on "Universities and Education". MLP organised the conference held in June at Germany's National Library in Frankfurt together with the "DIE ZEIT" weekly newspaper. Around

220 participants followed addresses and panel discussions from recognised higher education and economic experts, including Hartmut Schauerte, parliamentary Secretary of State at the German Federal Ministry of Economics and Technology, Margret Wintermantel, President of the HRK German Rectors' Conference and Chairman of the Executive Board at MLP, Dr. Uwe Schroeder-Wildberg.

UNIVERSITIES AND CAREER

“Medical Excellence”: New sponsorship programme for medical students

In April, MLP launched one of the largest scholarship programmes for medical students in Germany. “Medical Excellence” supports aspiring physicians and dentists with € 500 of sponsorship per semester. The “Ärzte Zeitung” magazine is the cooperation partner to the scholarship programme. Yet Medical Excellence is not only geared towards helping students with excellent grades. “We also honour high levels of scientific or social commitment”, explains Marc-Phillip Unger, Head of Target Group Management at MLP. Scholarships are offered in three basic categories: “Studies excellence” for outstanding success during studies, “Social excellence” for extraordinary social commitment and “Science excellence” for excellent medical-scientific performance. In 2009, fifteen students received the keenly contested scholarship.

COMMUNICATION AND SERVICE

MLP Health Report: Physicians and citizens see increasing need for reform

MLP published its 4th Health Report a few weeks before Germany’s Bundestag elections in September. Key findings: German citizens and physicians are demanding fundamental reforms in the country’s healthcare system, but they do not believe that these can be successfully implemented by politics. As in previous years, those surveyed criticised continuous drops in the quality of healthcare provision and, despite ever increasing costs, expressed fears of further cutbacks over the course of the next few years. MLP performed the representative and highly regarded survey in cooperation with the Allensbach Institute and with the support of the German Medical Association.

Presenting the MLP Health Report in Berlin:
Dr. Frank Ulrich Montgomery, German Medical Association, Prof. Renate Köcher, Allensbach Institute, Dr. Uwe-Schroeder-Wildberg, MLP Chairman and CEO of the Executive Board.

Media campaign successfully continued

In 2009, MLP continued its campaign “The strategy of your life” launched in 2008 through popular print and television media. In a market environment dominated by economic crisis, many competitors have reduced their advertising, which makes the MLP campaign all the more effective and allows it to attract even greater interest.

Freiherr Hubertus von Erffa | 35 years old
Lawyer and co-founder of the children's hospice Bärenherz
MLP client since 1998

»Two financial crises
in eight years:
what can I learn from this
as a private investor ?«

Steven Reitler | Leipzig
MLP consultant

»For one thing, a

private investor

should not primarily be guided by as high a return as possible but above all by their personal risk propensity. Secondly it is important to not only focus on shares and bonds but also on alternative asset classes. This spread allows investors to take advantage of different market prospects and protects them against market price fluctuations.«

Management Report

OVERALL ECONOMIC SITUATION

Framework conditions

Economic framework conditions holding back business development

As Germany's leading independent financial and investment adviser, generating over 98 % of its total revenue in the German market, MLP is closely linked to the development of the country's economy. The employment market for academics and other discerning target clients, the development of purchasing power and the savings rate are all important indicators for the success of our business. Indeed, one thing always stands out in discussions with both existing and potential clients: the perceived level of economic security and trust in the future on the part of individual investors both have a major influence on the willingness of these investors to take up medium and long-term investments in old-age provision and wealth management concepts.

National economic climate

In 2009, the global economy was largely characterised by the global financial and economic crisis. According to calculations of the International Monetary Fund (IMF), the global economic performance shrunk by 1.1 %. This is compared to economic growth of 3.4 % in the previous year. The industrial nations were only able to overcome the most severe recession for decades thanks to the massive support and rescue measures of the central banks and governments.

Some first signs of slight recovery started to emerge in the second half of the year. Yet despite this, experts at the OECD still expect to see a drop in economic performance for 2009 of 2.5 % in the US, 5.3 % in Japan and 4.0 % in the Eurozone (figures as at the beginning of February 2010). As a result of the improving export business, it was predominantly the German economy that picked up momentum in the second half of the year and dragged the other European states out of the recession. However, in 2009 Germany's economic performance fell by around 4.9 % in comparison with the previous year [Figure 02]. As such, our country has experienced the greatest economic slump since the Federal Republic was founded. We will only be able to assess and report on the long-term effects of the crisis on both the German and the global economy over the course of the next few years (see also "Forecast").

Crisis only affects parts of the real economy

Despite the economic slump, the income, consumption and savings behaviour of private households in Germany remained at around the previous year's level. And contrary to expectations, the employment market remained robust. The average unemployment rate for 2009 as a whole was 8.2 %, compared to 7.8 % in 2008. At Germany's Federal Employment Agency, some 3.3 million people were registered as unemployed at the end of December 2009.

The level of unemployment among academics remained at a low level. A survey commissioned by Germany's Federal Ministry of Education determined an unemployment rate of just 1 % among university graduates in 2009. The proportion of those in work relative to the total population of the same age reached a level of 90 % among academics, compared to a level of 70.7 % in the population at large (so-called employment rate). These figures once again underline the fact that academics and other well trained employees – as most MLP clients are – also have better opportunities of employment in times of economic crisis than those with lower levels of qualification. Yet this does not mean that academics can escape the crisis completely unscathed. At the end of 2009, some 11.3 % more academics were without work than at the end of 2008.

Worry about unemployment on the rise

In the first half of 2009, the savings rate in Germany remained at the previous year's level of 11.2 %. Each German citizen saved an average of € 180 per month in this period, roughly the same amount as in the previous year. With an increase of just 0.4 %, consumer prices also saw only moderate increases in November compared to the previous year. However, consumer confidence cooled off towards the end of 2009. The "German Consumer Research Association (GfK)"

[Figure 02]
Economic growth in Germany (all figures in %)

Source: Organisation for Economic Co-operation and Development (OECD)

[Table 02]
National economic influencing factors on MLP's business development

	Influence on the business development of MLP in 2009
Expectations about Economic situation in the future	– –
Higher rate of unemployment	–
Stable savings rate	0
Higher consumer price	–

determined increased levels of concern among the population regarding growing unemployment. The level of consumer interest went down – which had corresponding negative effects on the demand for old-age provision and wealth management concepts and business development at MLP.

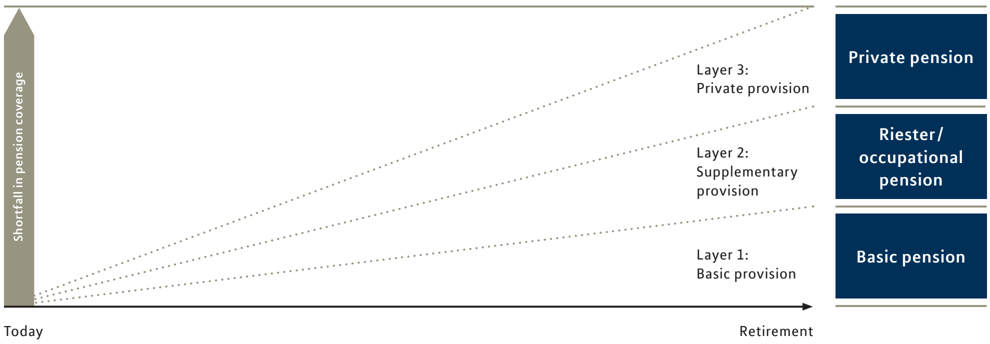
Based on the Executive Board's general statement regarding the economic framework conditions for MLP's business operations in 2009, we can now state that the future expectations of the German population form the key macroeconomic indicator for our business development [Table 02]. People who are afraid of losing their job or suffering financial losses for any other reason act cautiously when considering committing to long-term old-age provision and wealth management investment contracts that would require continuous payments on their part. Set against this background, the Executive Board at MLP sees the reduced level of trust in the future among Germans due to the financial and economic crisis as the central cause for the drop in revenue experienced over the last financial year in the business segments of provision and wealth management.

INDUSTRY SITUATION AND COMPETITIVE ENVIRONMENT

Independent consulting as a hallmark

Changes in people's investment behaviour, structural alterations in the financial sector and new legal requirements for financial consulting can all have an effect on MLP's future prospects. In the following we offer an overview of developments in the field of old-age provision, the healthcare sector and wealth management – the most important markets for MLP, in which we generate 91 % of our commission income – as well as the competitive situation in the last financial year.

[Figure 03]
Three-layer-model of old-age provision in Germany



Source: German Federal Ministry of Labour and Social Affairs

Old-age provision

Private provision required to close pension gap

Increased life expectancy, the low birth rate in Germany and ever shorter working lives have driven Germany's "pay-as-you-go" social security system to its limits. The means available in the system can no longer guarantee all Germans an adequate old age pension. The state is therefore interested in getting citizens actively involved in providing for their own future during their working life. There are three general approaches here [Figure 03]:

- Basic provision: Statutory pension and state-supported pensions such as the Rürup pension
- Private supplementary pension provision: Riester pension and occupational pension provision
- Endowment life insurances and private pension insurances

Rürup pension becoming increasingly important

The Rürup pension offers groups of individuals such as self-employed and freelance workers, who only pay into the statutory pension in exceptional cases, incentives to invest in private old-age provision through tax incentives. Payments made into agreements of this nature are initially recognised as special expenses in income tax returns and are not subject to taxation until the retirement age is reached. However, this concept has only met with limited success among the target group. According to data published by the German Insurance Association (GDV), only around 150,700 new basic pension contracts were concluded in 2009 (cut-off date: September 30, 2009). As such, demand dropped by 20.6 % or 39,000 contracts compared to the previous year. Most investors preferred unit-linked annuity contracts. Indeed, some 94,500 new contracts were concluded throughout the sector in this product group by the end of the third quarter of 2009 (2008: 132,000). The financial services sector currently manages around 1 million Rürup contracts overall.

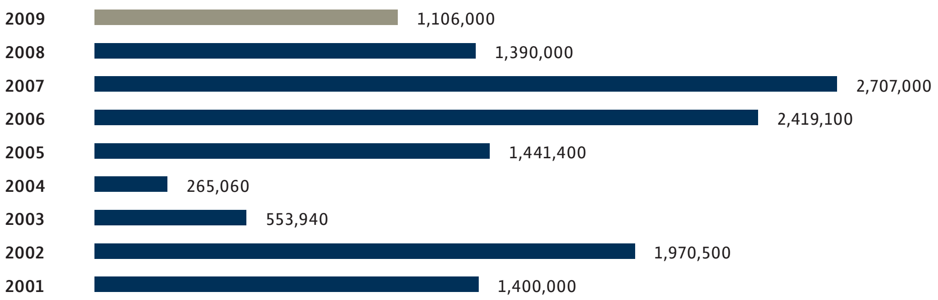
Continued demand for Riester pension

The Riester pension is enjoying the greatest demand, with the total number of Riester contracts having reached the 13 million mark by the end of 2009. 197,000 people also chose to invest in the Riester subsidy for residential property launched at the end of 2008 [Figure 04].

Since its introduction, the Riester concept has become increasingly attractive. This is partly due to the "Wohn-Riester-Rente" (home annuity) scheme, in which even residential property used by the policy holder can be indirectly subsidised, yet also due to a judgement by the European Court of Justice from September 2009, which allows more people to benefit from Riester subsidies than before (see also "Forecast").

[Figure 04]

Concluded new Riester contracts – comparison 2001 – 2008



Source: German Federal Ministry of Labour and Social Affairs

Downward trend in new contracts with regular payments

Based on estimates by the German Insurance Association, new business in the traditional life and pension insurance fields remained fairly stable in 2009 despite the financial market crisis. Indeed, a total of around 6.2 million new contracts were concluded (2008: 6.7 million). These included 528,017 endowment life insurance policies that had been concluded by the end of September 2009 (same period of previous year: 544,803) and 1.19 million pension insurance policies (same period of previous year: 1.18 million). However, sales of contracts with regular premiums paid in by the policyholders were down by 7.1 % to around 4.5 million. Although estimated earnings in the insurance industry were compensated by a heavy increase in one-off payments (+ 45 %).

In terms of new business with regular premiums, we have suffered a marginal loss of market share in the field of private old-age provisions in the financial year 2009. According to provisional figures from the GDV, MLP's market share fell from 4.2 % in 2008 to 3.9 % in the reporting year.

Occupational pension provision sees only slow development

Based on our estimates, occupational pension provision only saw moderate development in the reporting year. The number of occupational pension entitlements is likely to stagnate at a level of around 18 million, despite the fact that every employee has a legal entitlement to deferred compensation. The unstable economic situation clearly motivated many people to refrain from signing up for any additional occupational (or private) old-age provision policy in 2009. However, interest in the options offered by occupational pension provision with its benefits for both employees and employers is growing. And while at first interest predominantly came from major enterprises, occupational pension provision is now starting to become increasingly attractive for small and medium sized companies. For small companies, solutions at association level are particularly attractive.

Industry solutions on the rise

There are five basic implementation routes that can be taken here: employer's pension commitments, provident funds, direct insurances, pension schemes and pension funds. MLP advisers are happy to discuss with their clients which instrument is best suited to each respective company. Together with our Group company TPC THE PENSION CONSULTANCY GmbH, the market leader in the field of industry-specific provision solutions in Germany, we offer a full range of services in occupational pension provision.

Old-age provision saving put on hold

Last year, many people put their private old-age provision payments on hold due to the worst economic crisis since the Federal Republic of Germany was founded. In some cases, existing old-age provision contracts were even dissolved. According to a survey commissioned by Postbank and performed by the Allensbach Institute, the willingness among young professionals aged between 16 and 29 to make private provision investments has declined. While just 11 % of those asked in 2008 said that they are not looking to strengthen their private old-age provisions, the number of those not planning any old-age provision investments increased to 19 % last year. This means that although the population at large is more acutely aware of the need for setting up their own old-age provision plans, economic uncertainty is limiting their willingness to make medium-term and long-term investments.

With regard to our business model we can therefore say that while there is clearly a great demand in the market for qualified consulting in all questions of old-age provision (indeed, a particularly large number of clients sought our advice in 2009), MLP has not been able to overcome the reservations with regard to signing new contracts triggered by the financial and economic crisis. As such, our total revenue in the field of old-age provision dropped by 9.8 %.

Health provision

Trust in the healthcare system now even lower than before

"The German healthcare system is one of the most expensive in the world, yet often only provides average results." It was with quotes like this on December 9, 2009 that the "Frankfurter Allgemeine Zeitung" newspaper cited a survey performed by the Organisation for Economic Co-operation and Development (OECD), in which the healthcare systems of the industrialised nations were compared. The investigators listed exorbitant administrative expenses and high charges for doctors' services and prescriptions as the main causes of the costs in the German healthcare system. As such, the situation in Germany's healthcare system has not improved since the introduction of the German Health Fund on January 1, 2009, with its equal health insurance premiums for all statutory health insurers.

Those willing to change forced to be patient due to 3-year waiting period

In light of this ever decreasing performance and the high costs involved, many people are now keen to opt out of the statutory health provision system in Germany. Yet those willing to make the changeover to private healthcare were once again prevented from doing so in 2009. This is due to the legislator having made it harder for people to switch to private healthcare insurances in the course of the 2007 healthcare reform by setting a high statutory insurance limit and coupling this with a 3-year waiting period. However, this did not prevent the total number of those with full-scope health insurance from increasing by 98,800 persons in the first half of 2009 to a level of 8.74 million. At the end of 2008 the total number was 8.64 million.

Option tariffs and supplementary dental insurance in demand

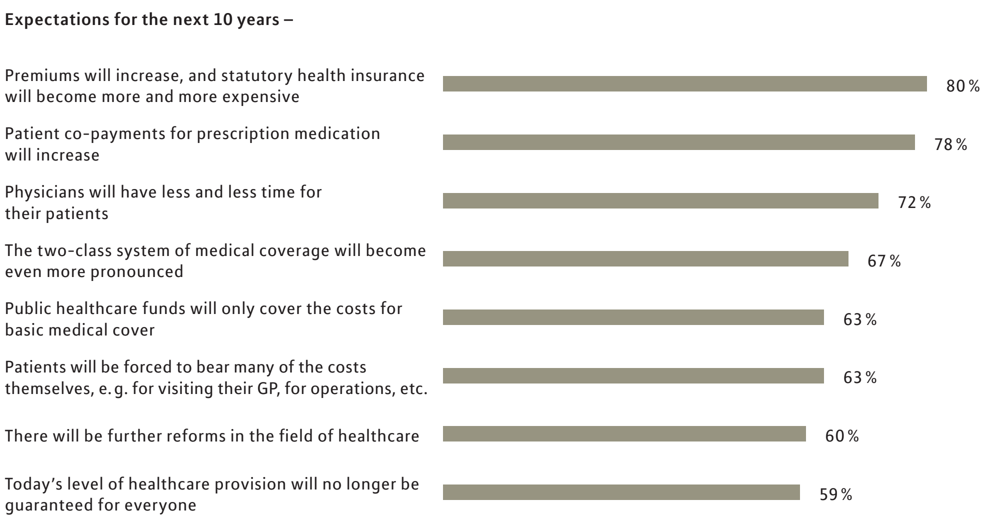
Private supplementary insurance policies remained in demand and at a high level. Indeed, more than 150,000 statutory insurance policy holders opted for a supplementary health insurance policy in the reporting year. According to data published by the German Association of Private Health Insurers, the number of those holding supplementary health insurance policies after the first six months of 2009 had increased to around 21.14 million (+ 0.7 %) compared to 21.0 million as at December 31, 2008. Dental plans (+2.4 %), hospital option tariffs (+1.5 %) and supplementary outpatient insurances (+ 0.5 %) proved particularly popular in the period reviewed.

MLP kept its clients up-to-date with option tariffs through clear and targeted information. Option tariffs allow people to record their current health now but then make the switchover to private insurance at a time of their choosing. Supplementary dental insurance policies, travel health insurance and special hospital option tariffs proved particularly popular.

Our market share in health provision has continually risen over the last few years. In 2004 we had a share of 1.8 % of privately insured individuals, which has steadily risen to 2.1 % by the first half of 2009.

[Figure 05]

Citizens anticipate further limitations and increasing charges in the German statutory health care system



Basis: Federal Republic of Germany, population from 16 years old and above
Source: MLP Health Report 2009

Demand for supplementary insurance continues unabated – private, full-scope healthcare insurance still waiting in the loop

Broad sections of the population are now increasingly aware that the statutory health insurance funds can no longer cope with the demands being placed on them. The 3-year waiting period is therefore unlikely to deter anyone keen to make the switch to private insurance. Indeed, as soon as the waiting period is abolished in 2011 – as announced by the new German government – the number of people opting out of the state system and taking up full-scope private health insurance will increase even further (see also "Forecast"). It was therefore only logical that our advisers made our clients aware of the benefits of optional and supplementary insurances in 2009. The success of our sales in the field of healthcare provision was also largely unaffected by the financial and economic crisis in 2009. In fact, we were even able to increase revenue in this segment by 1.3 % to a level of € 46.5 million.

Wealth management

Monetary assets enjoying growth again

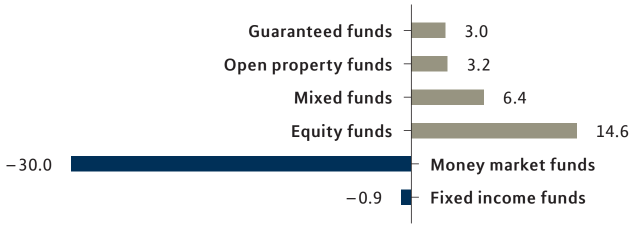
Based on information provided by the German Bundesbank, the monetary assets of private German households has now started to increase again following the collapse in 2008. With an increase of around € 90 billion, monetary assets once again reached a level of € 4,534 billion by mid-2009. At the same time, the behaviour of German investors with regard to investments in securities – which had previously often been sold based on experience in the financial market crisis – also stabilised in the course of the year. According to the German Association of Investment and Asset Management (BVI) investors invested a total of € 33.1 billion in mutual and special funds over the course of 2009. Mutual equity funds were able to profit particularly from this, recording an inflow of funds of € 14.6 billion. On the other hand, investors withdrew € 30.0 billion from money market funds [Figure 06].

Overall, the fund assets of German mutual and special funds increased by 13.0 % to € 1,376 billion in the last financial year.

Based on the method of calculation employed by the BVI for assets under management, MLP has increased its market share over the last two years. While this figure only increased by 0.2 % for the German market as a whole from 2007 to 2009, MLP was able to record an increase of 34 %.

[Figure 06]

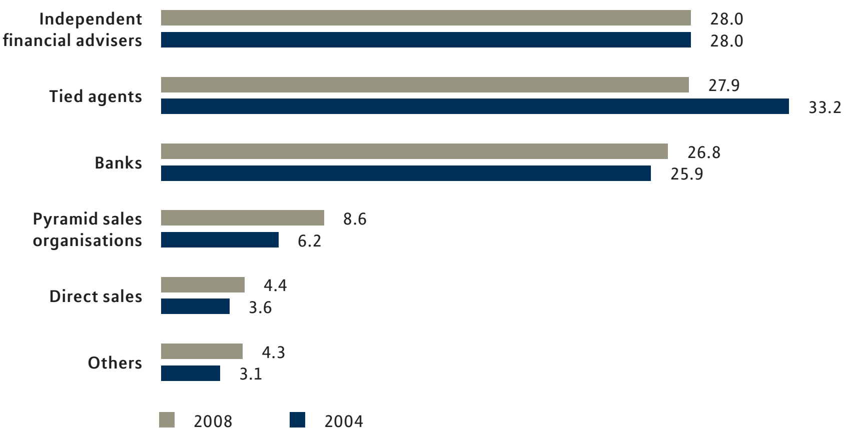
Inflows and outflows in various types of mutual investment funds in Germany in 2009 (all figures in € billion)



Source: German Federal Association of Investment and Asset Management e. V. (BVI)

[Figure 07]

Market shares of various sales channels for life insurances in Germany (all figures in %)



Source: Towers Perrin

General statement: Funds under management at new all-time high

MLP's wealth management service once again demonstrated its power in 2009. With the help of risk-controlled investment concepts from investment experts at our subsidiary Feri Finance AG, we were able to initially limit the losses of investors in the extremely difficult market environment of the financial crisis. And with the return of a more friendly capital market climate since the second quarter of 2009, all profit-making opportunities were again being exploited for investors. As such, the assets under management last year increased by 12.3 % to a level of € 12.8 billion. This is the highest value in MLP's history (2008: € 11.4 billion).

Competition

Market consolidation continues

The financial services market in Germany is characterised by cut-throat competition. Banks, investment companies, insurance companies, investment advisers, pyramid sales organisations, independent financial consultants, etc. are all vying for clients. Overall, the market is very heavily fragmented. Added to this are the problems the sector faces due to new legislation such as

[Table 03]
Industry-specific influencing factors on the business development of MLP

	Influence on business development in the industry in 2009	Influence on MLP's business development in 2009
Effect of the financial and economic crisis on old-age provision	– –	– –
Trends towards more private provision in the field of healthcare	+	+
Effect of the financial and economic crisis on wealth management	–	–
Increased intensity of competition between sales channel for financial services	0	+

the EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and the German Insurance Act, introduced in part for consumer protection, as well as stagnating commission revenue. Small and medium-sized insurance offices are now in a position where they can barely meet the ever increasing requirements of quality consulting and financial power. The market is seeing consolidation.

MLP builds on its competitive advantage

In 2009, MLP once again used market consolidation to expand its market share through acquisitions. Following the 2008 acquisition of TPC, the specialist in occupational pension provision, the finance broker ZSH was taken over this reporting year. ZSH looks after wealthy private clients, including many physicians and dentists, one of MLP's main target groups. With these targeted purchases, MLP is strengthening its leading role in the independent financial service provider market [Figure 07]. According to the Tillinghast sales channel survey performed by Towers Perrin, some 56 % of insurance companies rate independent financial service brokerage as their most important form of sales. No other sales channel can boast this success or such great growth forecasts (see also "Forecast").

BUSINESS MODEL AND STRATEGY

Business model: Independent consulting firm

MLP is Germany's leading independent consulting firm. Supported by comprehensive research, the Group provides a holistic consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence of insurance companies, banks and investment companies. MLP was founded in 1971 and holds a full banking licence. The concept of the founders, which still remains the basis of the current business model, is to provide long-term consulting for academics and other discerning clients in the fields of provision, wealth management, health care, insurance, financing and banking. Those with assets above € 5 million are looked after by the subsidiary Feri Family Trust. Moreover, the Group provides consulting services to institutional investors via Feri Institutional Advisors GmbH. Supported by its subsidiary TPC and the joint venture HEUBECK-FERI Pension Asset Consulting GmbH, MLP also provides companies with independent consulting and conceptual services in all issues pertaining to occupational pension provision and asset and risk management [Figure 08].

[Figure 08]
MLP – The consulting firm

Clear target group in the consumer business

One of MLP's core skills lies in providing independent, comprehensive consulting and support to its target client group of academics and other discerning clients. Our business model is geared towards long-term client relations. Indeed, many consultants get to know their clients during their studies and then continue to support them all the way up to retirement age. This closeness to clients allows our consultants to assume the role of reliable financial coaches for our clients and their families.

High quality consulting through outstanding training

Anyone wishing to work as a financial consultant, supporting and advising academics and other discerning clients throughout their entire life, needs to be very well trained and also continue to attend further training during their career. The Corporate University therefore assumes an important role in MLP's business model. Our company-owned training institute is also one of only 15 corporate academies in Europe to have gained accreditation from the renowned European Foundation for Management Development, thereby securing the high level of expertise among our consultants. You can find more information on the Corporate University in the chapter entitled Client support (page 60 et seq.).

MLP's client consulting guidelines were laid down in 2009 in a consulting code. We also implemented in full the guidelines of the Association of German Banks (BdB) in 2009 to strengthen investor confidence. Our clients can see the advantages of the holistic and independent consulting approach we provide and are therefore willing to recommend us to others. Thanks to these recommendations, our client base continued to grow in the reporting year. At the end of the year, we had the trust of 785,500 clients. With this our client base grew by 7.9 % compared to the previous year.

Strategy

Excellent market position in Germany

As an independent consulting firm, MLP enjoys a very strong position in Germany's financial services market. We focus our efforts on the growth markets of old-age provision, health care and wealth management, where our goal is to generate greater growth than the market as a whole and thereby increase our already high market share. And when we have the chance to acquire companies, we do not hesitate to seize our opportunity. However, the prerequisites for an acquisition include an acceptable price, synergies on the revenue and profit side and alignment with MLP's culture and business model. We have defined strengthening our sales force in Germany's retail market and increasing the volume of assets we manage for clients as a basic acquisition objective.

We consistently take our opportunities

In 2009, we had the chance to acquire the independent finance broker ZSH, which we took over with all its wealthy private clients – including many physicians and dentists – at the start of the year. With this move we were able to expand our sales force in Germany and increase our market share among dentists.

In 2008 we also had the excellent opportunity of expanding our market share in the field of occupational pension provision through the acquisition of TPC THE PENSION CONSULTANCY GmbH in Hamburg, Germany, the market leader in the field of industry solutions for occupational pension provision. We had already secured a majority holding in Feri Finance AG back in 2006 and thereby completed our entry into the field of wealth management.

And acquisitions within the field of our subsidiary Feri Finance AG are also possible over the course of the next few years. This applies in particular to the sector of asset managers, which is currently in a phase of reorganisation due to the financial crisis and changes in the banking sector. Many specialised asset managers and fund boutiques are now looking for a powerful partner. We could also well envisage entering into partnerships and generating growth in our business with institutional clients – above all to grant us further internationalisation.

Yet we are also just as resolute when markets or investments fail to meet our profitability requirements. In the reporting year this was the case with our business activities in Austria and the Netherlands. As such, we withdrew completely from Austria by the end of the financial year 2009 and from the Netherlands by the start of 2010. We now use our entire sales force to focus on the key growth markets in Germany's financial services market, i.e. old-age provision, health care and wealth management.

We are not currently planning any strategic financing measures for the foreseeable future. Through the increase in capital stock in 2008, the Group's financial resources and liquidity are now both excellent, meaning that no extraordinary financing would be necessary for any acquisitions we wish to make (please also refer to the chapter "Financial position", page 47 et seq.).

In an excellent position with Feri as our partner

Within the scope of our growth strategy in the field of wealth management, we have invested consistently in the performance of our wealth management concepts over the last few years. Together with our renowned subsidiary Feri Finance AG, we have now become the leading independent investment adviser in Germany. Today we can offer professional asset and wealth management consulting services to our company/institutional clients, to wealthy families and also to young clients seeking to start off with small amounts. This comprehensive, wide-ranging offer is rare in Germany's financial services landscape.

Demand for wealth management remains high

Feri advises more than 1,000 institutional clients and 220 wealthy families with at least €5 million each in assets. And the company has even been able to expand its client base throughout the financial and economic crisis. At the same time, the number of wealthy clients in MLP's client base seeking wealth management advice has also risen. More than 40% of our clients were in the 40+ age group in 2009. Clients that were students back when MLP was founded are now well-positioned as managers with greater need for wealth management services. MLP has adapted to changes in demand and can now offer clients wealth management services of the highest standard through the recognised expertise of Feri.

Legal corporate structure

MLP is managed with a holding structure. MLP AG held the subsidiaries MLP Finanzdienstleistungen AG and Feri Finance AG on the balance sheet date of December 31, 2009. Feri Finance AG is the ratings, research and wealth management specialist in the MLP Group. At its company headquarters in Bad Homburg v. d. Höhe, Germany, it draws up investment concepts and looks after wealthy institutional and private investors under their own mandate. We currently hold a 56.6 % share in Feri Finance AG and are set to acquire all remaining shares in 2011.

Client support with the central services and offices is all performed under the umbrella of MLP Finanzdienstleistungen AG. With its full banking licence, the company holds a particularly important USP. Alongside this, the services of various subsidiaries round off the company's portfolio. Key companies to note in this regard are TPC THE PENSION CONSULTANCY GmbH, Hamburg, Germany, the market leader for industry solutions in the field of occupational pension provision, and the joint venture MLP Hyp GmbH, Schwetzingen, Germany, held together with the mortgage broker Interhyp (see also "Industry situation and competitive environment"). Through our purchase of ZSH GmbH Finanzdienstleistungen at the start of 2009, we have also further strengthened our sales force in Germany's retail market.

No significant changes to the Group structure are currently in planning. An overview of the Group's current structure can be found on inner back cover page.

Organisation and administration

Close to clients

MLP is based in the south of Germany. The registered office is located in the town of Wiesloch in the economically prosperous federal state of Baden-Württemberg. The company was managed by a committee of four Executive Board members in the reporting year. MLP also expanded its Executive Board through the appointment of a Chief Operating Officer (COO), with effect from March 1, 2009. In this connection, the Supervisory Board appointed Ralf Schmid as the new Executive Board member up to December 31, 2012 on February 16, 2009. The monitoring of the Executive Board required by German law is performed by the Supervisory Board, which is made up of six members. Flat hierarchies ensure that information is passed on quickly within the company and that decision making processes are kept short.

Working exclusively for MLP

In 2009, we generated more than 98 % of revenue in our domestic market of Germany, where we have offices at all important university locations and in all urban centres [Figure 09]. On the balance sheet data of December 31, 2009, the number of offices operated was 238 (2008: 241). With this we are represented throughout the whole of Germany. There are no plans to further expand the network of offices. Due to the decentralised structure and small average size of the offices (10 consultants per office), the availability of office space and employees is not a limiting factor in the administrative field. 2,383 consultants (2008: 2,413) were available for client consulting.

Our client consultants are predominantly free commercial agents who are paid by commission. It is important for our business model that all consultants work exclusively with MLP, as this is the only way to ensure MLP's independent and holistic consulting philosophy is maintained across-the-board.

Research and development

MLP is a pure service provider. We therefore do not engage in research or development activities.

[Figure 09]
MLP locations in Germany

DISCLOSURES PURSUANT TO §§ 289 (4), 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

As at December 31, 2009 the company's share capital is € 107,877,738 and is divided into 107,877,738 ordinary bearer shares with a nominal value of € 1 per share.

MLP AG was notified of two shareholders which directly or indirectly exceeded 10 % of the voting rights [Table 04].

[Table 04]

Shareholders which directly or indirectly exceeded 10 % of the voting rights

	Number of shares*	Shareholding*
Dr. h. c. Manfred Lautenschläger[1]	25,205,534[1]	23.36 %
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,618,932	20.97 %

* MLP AG's status as at December 31, 2009

[1] In accordance with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG), 22,618,932 voting rights (= 20.97 % of the share capital of MLP AG) held by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH are attributable to Dr. h. c. Manfred Lautenschläger

Executive Board

The company's articles of association specify that the Executive Board must consist of at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can withdraw the appointment to a member of the board before the time in office expires with good cause. Such cause would be gross breach of duty, inability to manage properly or a vote of no confidence by the Annual General Meeting.

The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the employment contracts with board members. The Supervisory Board can appoint one Chairman and one or more Vice Chairmen.

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

Authorized capital

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital by up to € 21,000,000 in total by May 30, 2011 by issuing on one or more occasions new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's approval, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions.

If the share capital is increased in exchange for cash contributions, the shareholders shall be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights in accordance with § 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is implemented (authorised capital). With the Supervisory Board's consent, the Executive Board of MLP AG decided on a partial utilisation of the authorised capital on August 21, 2008 and issued 9,799,152 new shares, excluding subscription rights, in exchange for cash contributions of € 123,763,290. This has increased the share capital accordingly by € 9,799,152.

Authorisation to acquire own shares

A resolution passed by the Annual General Meeting of June 16, 2009 also authorised the company, as per § 71 (1) no. 8 of the German Stock Corporation Act (AktG), to purchase up to 10 % of the share capital during the authorisation period by December 15, 2010. No shares were bought by the company on the basis of this authorisation up to December 31, 2009.

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

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

COMPANY OBJECTIVES AND CORPORATE MANAGEMENT

Company objectives

The Executive Board at MLP operates an active system of value management. The objectives of its business activities are profitable growth and to sustainably increase company value. Our explicit aim is also to let our shareholders, clients and employees participate in the long-term increase in the value of MLP. As such, all departments and units are committed to the task of strengthening the company's strategic competitive advantages and systematically further developing the success factors in the business model of an independent financial and investment adviser.

Executive Board committed to sustainable increase in value

Within the scope of the value-added process we employ, our offices form a core unit and are of key significance in our overall performance. The quality of the client consulting and support services that our clients receive from the freelance finance brokers at our offices essentially determines MLP's success and brand value.

Offices make or break success

As an independent consulting firm that focuses on old-age provision, health care and wealth management, we feel a special responsibility towards society. After all, we advise and support our clients in all questions of particularly high individual and social significance. We are aware of this responsibility and have therefore decided to summarise our client consulting guidelines in our consulting code (see also “Client support”). This code expresses our desire to always offer our clients holistic advice of the highest quality (see also “Corporate responsibility report”). Yet it also creates transparency for everyone involved, as all clients can also refer to the code.

Corporate management

Value reporting

Our system of external reporting within the scope of our value-oriented management focuses sharply on the company's value drivers. As such, we provide our investors and other stakeholders with a sound basis of information, so that they can get a clear picture of the company value (value reporting). We concentrate our efforts and work with a high degree of sensitivity on meeting the ever increasing requirements of capital market communication through our sustainable, integrated and reliable system of corporate reporting. The detailed information in the consolidated management report and the consolidated financial statements supplement publications made throughout the year, such as interim financial reports.

Controlling focuses on the financial services segment

With its precise structure, our central planning and controlling system stretches over the entire added value chain at MLP and is tailored to the specific requirements of a sales organisation with independent financial brokers. All control instruments focus on the financial services segment, in which 92 % of our total revenue was generated last year.

Two-tier corporate management

Corporate management at MLP is broken down into two tiers, the operative and the strategic tier. Initially, operative controlling lays down the company strategy based on a planning horizon of three to five years in line with defined targets. The aim here is a sustainable increase in client value, for which we examine our business areas, products, projects and investments, while also ensuring optimum resource allocation as the basis for medium and long-term company development. Here, the resource allocation must cater both to management plans and also to the requirements of the capital market.

In sales management, controlling concentrates on the branch offices. Insurance applications submitted at the offices are recorded on a daily basis and then summarised in weekly and monthly reports. These reports provide management with a good basis for gathering information on how the business is running. Target-performance comparisons between planned and actual business, as well as comparisons of figures with previous periods enable management to implement measures in good time, should trends in real business deviate from planned developments.

Rolling cost controlling

Costs at MLP are also recorded in just as much detail as revenue, with controlling employing the same methodology as on the revenue side. The key players in rolling cost controlling are the cost managers appointed for each department. Their task is to monitor the costs of their department and then report to their Executive Board member on cost trends. New forecasts examining anticipated cost trends for the coming 15 months are drawn up in each quarter. This helps ensure that the company can react quickly to any cost variations – whether through an increase in budget with approval of the respective Executive Board member or introduction of a spending freeze.

Risk controlling is another important constituent of corporate management. It includes the identification and assessment of risks and the monitoring of upper loss limits. Appropriate guidelines and an efficient monitoring process also ensure that regulatory requirements for risk management and controlling are met by the Group companies. A substantial risk reporting scheme forms the basis of appropriate controlling. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. Particular attention is paid to compliance with the risk-bearing ability and the risk loading here. In addition, planning, simulation and control instruments show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations. Further details on this can be found in the risk and disclosure report on pages 67 et seq.

[Table 05]
Selected key controlling figures

	2008	Target for 2009	Actual figure achieved in 2009	Growth	Medium-term target	Long-term target
Total revenues in € million	595.2	No external disclosed target	532.1	– 10.6 %	Growth	Growth
EBIT (continuing operations) in € million	56.2	No external disclosed target	42.2	– 24.9 %	Growth	Growth
EBIT margin	9.4 %	No external disclosed target	7.9 %	–	15 % in 2012	Growth
Number of consultants	2,413	No external disclosed target	2,383	– 1.2 %	Growth	Growth
Productivity (revenue per consultant) in €	214,000	No external disclosed target	198,000	– 7.5 %	Growth	Growth
Number of clients	728,000	Growth	785,500	7.9 %	Growth	Growth
Cross-selling ratio	7.3	Growth	7.5	–	Growth	Growth
Assets under management	11.4	Growth	12.8	12.3 %	Growth	Growth

Key figures and early indicators used by corporate controlling

Total revenue and EBIT are key controlling variables

Our total revenue and EBIT (earnings before interest and tax) are the target and controlling variables at MLP. These figures result directly from the Group accounting. As our business model is not capital-intensive and we do not rely on borrowed capital to finance our business, it is safe to assume that medium to long-term profitable growth or an increase to the EBIT margin will lead to increased company value.

Various key operating figures, such as the number of client consultants, their productivity (revenue per consultant), developments in the number of clients, revenue per client, the number of contracts per client (cross-selling quota) and the development of the assets under management all have an influence on the development of our total revenue [Table 05].

We use the key figure of "arranged new business" throughout the year in all business units as an early indicator of our operating success.

Early indicators of business development

In the field of old-age provision, we class brokered new business as the sum of premiums from life, pension and occupational disability insurance policies clients have applied for. In the field of health insurance, this is made up of the annual premium that clients are required to pay for private health insurance. In the case of loans, brokered new business represents the total amount borrowed. We use the development of assets under management as an early indicator in the field of wealth management. Generally these key figures form the basis for calculating the commission revenue we receive from our product partners. In the field of old-age provision, we can also determine these key figures retrospectively with a time lag of 24 hours. By comparing these with our projected figures or figures from previous periods, we can then draw conclusions on the development of our commission revenue in a running period.

[Table 06]

Early indicators

	2008	Target for 2009	Actual figure achieved in 2009
Arranged new business in old age provisions in € billion	6.6	No external disclosed target	5.1
Arranged new business in health insurance in € million	49.0	No external disclosed target	54.2
Arranged new business in loans and mortgages in € million	919	No external disclosed target	1.119
Fluctuation of consultants	17%	12 % – 15 %	16%

An important early indicator for all departments and segments is consultant turnover. Our goal here is to keep this within or below the range of 12 % – 15 % per year. In the financial year 2009, consultant turnover reached a level of 16 %. The regulatory changes introduced over the last three years have led to increased competition for well trained financial consultants. We already reacted to this in 2008 through targeted measures to stimulate consultant loyalty. Introduction of client support commission and a participation programme are just two examples of this. These measures started to bear fruit during the course of 2009, resulting in a drop of consultant turnover rate from 17 % in 2008 to 16 % in the last financial year [Table 06].

Comparison of the actual and forecast development of business

At the start of 2009, it was not yet possible to estimate the severity or duration of the economic downturn caused by the financial crisis. As such, we were unable to assess the potential effects of the crisis on the investment behaviour of our clients and thereby on our revenue and earnings. We therefore decided not to make any concrete revenue or earnings forecasts.

Cost cutting target exceeded

Although no revenue or earnings forecasts were made, we did offer a forecast on the development of our costs. Our goal here was to lower our fixed costs (personnel expenses, depreciation/amortisation and impairments, other operating expenses; prior to one-off effects and cost increases caused by acquisitions) from € 312 million in 2008 to € 290 million in the last financial year. We not only met this target, we also exceeded it. The adjusted fixed costs were € 282,9 million for the financial year 2009 (please also refer to the chapter "Results of operations", p. 41 et seq.).

Our finance cost also enjoyed slightly better than planned development. We are forecasting a significant improvement from € – 9.5 million in 2008 to a level somewhere in the negative medium single-figure million range here. In 2009, we achieved a value of € – 2.5 million (please also refer to the chapter "Results of operations", p. 41 et seq.).

In terms of the tax rate for continuing operations, we assumed a range of 33 % – 35 %. The actual tax rate for 2009 was 31.5 % [Table 07].

[Table 07]
Fulfilment of objectives in 2009 and medium-term target figures

	2008	Target 2009	Actual figure achieved in 2009	Medium-term target
Fixed costs (exluding one-off effects and before cost increases due to acquistions)	€ 312 million	€ 290 million	€ 282.9 million	€ 273 million in 2010
Finance cost	€ – 9.5 million	Mid single-digit million amount	€ – 2.5 million	No external disclosed target
Tax rate	34.1 %	33 % – 35 %	31.5 %	32 % – 33 %

REMUNERATION REPORT

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

More information at www.mlp-ag.com, Corporate Governance

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

RESULTS OF OPERATIONS

Significant events that affect business

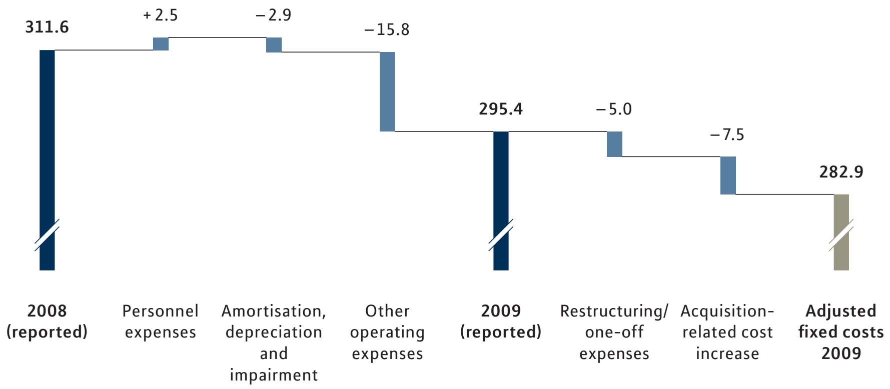
Financial and economic crisis has a negative impact on revenue

We have identified three factors that had a significant effect on our total revenue in the last financial year. The first was the financial and economic crisis (see also the section entitled "Overall economic situation"), which made many of our clients extremely reluctant to sign old-age provision contracts and make longer-term investment decisions in the area of wealth management. Revenue in these two areas fell by € 44.3 million, explaining as much as 70 % of the € 63.1 million decline in total revenue. The positive trend in health insurance, loans and mortgages, and non-life insurance was not enough to offset the decline. Due to the general drop in interest rates and the fall in client deposits, we also suffered a € 9.4 million decline in interest income. A further factor to bear in mind is that the final increase in subsidised contributions to the Riester pension had a positive impact on prior-year revenue from old-age provision.

Successful cost-cutting programme*

[Figure 10]

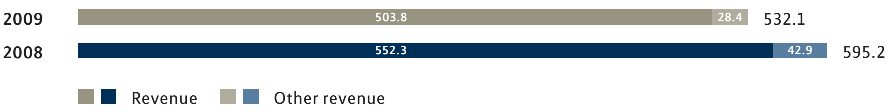
Fixed costs (all figures in € million)



* Reduction in the fixed cost base excluding one-off items and acquisition-related cost increases

[Figure 11]

Total revenues in continuing operations (all figures in € million)



Successful cost-cutting programme limits the decline in earnings

In order to protect our earnings from the anticipated negative impacts on revenue, a cost-cutting programme was launched at the beginning of 2009 and implemented successfully during the course of the year. Our aim here was to reduce our fixed cost base (personnel expenses, depreciation, amortisation and impairment, and other operating expenses excluding both one-off items and acquisition-related cost increases) by € 34 million to approximately € 280 million by the end of 2010. In the past financial year, we planned to cut costs to approximately € 290 million, an interim target that we met and exceeded. Excluding one-off items and acquisition-related cost increases, we achieved cost savings of € 28.7 million in 2009 (for details, see [Figure 10]).

In financial year 2009, one-off items included the costs we incurred in connection with Swiss Life's acquisition of an equity stake (€ 3.0 million) and one-off restructuring expenses at subsidiaries (€ 2.0 million).

Finance cost shows a significant improvement

Another factor helping to stabilise our results of operations was the significant improvement in our finance cost. This fell from the € – 9.5 million reported in 2008 to € – 2.5 million in the reporting period. In 2007, our subsidiary Feri Finance AG sold one of its second tier subsidiaries. For this reason, in the previous year, the dividend payment to the remaining minority shareholders in Feri Finance AG reached € 7.8 million. In the reporting period, a dividend of just € 2.4 million was distributed for financial year 2008.

[Table 08]
Breakdown of revenue (continuing operations)

All figures in € million	2009	2008	Change
Old-age provision	311.1	344.8	–9.8 %
Wealth management	71.6	82.2	–12.9 %
Health insurance	46.5	45.9	1.3 %
Non-life insurance	26.5	23.1	14.7%
Loans and mortgages	12.6	11.6	8.6 %
Other commissions and fees	4.1	4.0	2.5 %
Commission and fees	**472.4**	**511.5**	**–7.6 %**
Interest income	**31.4**	**40.8**	**–23.0 %**
Total	**503.8**	**552.3**	**–8.8 %**

The improvement in earnings from discontinued operations also helped to stabilise our results of operations. Mainly as a result of the successful sale of our subsidiary in Austria and the reversal of unnecessary provisions relating to the sale of MLP Lebensversicherung AG in 2005, we were able to raise earnings from discontinued operations by € 3.1 million to € – 3.0 million.

Company management's general statement on business

Company management satisfied with development

Mainly because of the effects of the financial and economic crisis, business was unfavourable in financial year 2009. Both total revenue and earnings declined. With the introduction of the cost-cutting programme, we exceeded our interim target for the reduction of fixed costs for the financial year 2009 by € 4.7 million. At € 24.2 million, net profit was only slightly down on the previous year (€ 24.6 million). This means that, in a difficult financial year, we were able to stabilise the Group's profitability and capability to payout dividends. Overall, therefore, we are satisfied with the company's development in a challenging environment.

Excellent competitive position

We believe that the ongoing process of consolidation in the German financial services market has further improved our position in the core markets of old-age provision, health care and wealth management. Our full-scope approach as an independent consulting firm for private and corporate clients as well as institutional investors puts us in an excellent competitive position. Added to this are our outstanding equity base and liquidity, which are key for further improving our competitive position, particularly during times of crisis.

Analysis of the change in revenue (continuing operations)

In the last financial year, total revenue fell by 10.6 % to € 532.1 million. Other revenue dropped sharply from € 42.9 million to € 28.4 million. This was due primarily to the year-on-year reduction in income from investments attributable to our subsidiary Feri Finance AG. In addition, the prior-year figure included a subsequent profit component from the sale of MLP Lebensversicherung AG in 2005 in the amount of € 4.0 million. This profit component was granted for the last time in 2008 [Figure 11].

[Table 09]

Expense structure

All figures in € million	2009	In % of total expenses	2008	In % of total expenses	Change
Commission expenses	182.6	37.2 %	204.7	37.9 %	–10.8 %
Interest expenses	12.3	2.5 %	23.5	4.4 %	–47.7 %
Personnel expenses	111.4	22.7 %	108.9	20.2 %	2.3 %
Amortisation, depreciation and impairment	18.1	3.7 %	21.0	3.9 %	–13.8 %
Other operating expenses	165.9	33.8 %	181.8	33.7 %	–8.7 %
Total	**490.3**		**539.8**		**–9.2 %**

Revenue declines

Revenue declined by 8.8 % to € 503.8 million. The financial and economic crisis made many clients reluctant to sign longer-term old-age provision contracts and to invest in wealth management concepts, sharply reducing commissions in the areas of old-age provision and wealth management (see also the section entitled "Significant events that affect business"). The gratifying trend in the areas of health insurance, non-life insurance, and loans and mortgages was not enough to offset this. The decline in commission income is solely attributable to volumes. The commissions obtainable (price) have not changed year on year [Table 08].

Due to the decline in client deposits available for investment (liabilities due to clients from the banking business) and the general drop in interest rates, our interest income fell sharply by 23.0 % to € 31.4 million.

Order situation

MLP is a pure service provider. It offers a comprehensive consulting service for private and corporate clients as well as institutional investors that addresses every economic and financial issue. In contrast to a production company, an organisation operating under this business model is unable to calculate a key figure comparable to order intake or order backlog that can be used to estimate future revenue or earnings.

Analysis of the results of operations and the change in key items in the income statement (continuing operations)

Commission expenses are the largest single item in expenses. The performance-linked commission payments to our sales force are recorded here. These payments fell by 10.8 % to € 182.6 million. We therefore achieved a commission result of € 289.8 million (€ 306.8 million).

[Figure 12]

EBIT from continuing operations (all figures in € million)

Net interest income improved

Interest expenses decreased from € 23.5 million to € 12.3 million. In addition to the decline in client deposits, this was also due to the drop in interest rates. However, as interest expenses fell more sharply than interest income, we were able to increase our net interest income in the reporting period from € 17.3 million to € 19.1 million.

Gross profit amounted to € 337.3 million (€ 367.0 million) in the reporting period. The decline is attributable to the sharp reduction in other revenue and the fall in the commission result. By contrast, we were able to raise the gross profit margin from 61.7 % to 63.4 %.

Personnel expenses increased by a marginal 2.3 % to € 111.4 million. This was due primarily to the first-time inclusion of employees at ZSH GmbH and one-off restructuring expenses. We expect personnel costs to fall in the current financial year.

Depreciation, amortisation and impairment dropped from € 21.0 million to € 18.1 million. The prior-year figure included an impairment loss of € 2.5 million on a let office and administration building that is held as an investment property.

Successful cost cutting

Other operating expenses were 8.7 % lower at € 165.9 million, reflecting the success of the cost-cutting programme initiated at the start of the reporting period. Through targeted process optimisation, we were able to significantly reduce consultancy costs, training and seminar expenses, and advertising expenses (you can find further information on the objectives of the cost-cutting programme in the sections entitled “Significant events that affect business” and “Forecast”).

The structure of the individual types of expense did not change during the reporting period [Table 09].

EBIT of € 42.2 million

Earnings before interest and tax (EBIT) reached € 42.2 million (€ 56.2 million) in the last financial year [Figure 12].

We achieved a significant year-on-year improvement in our finance cost, reducing it from € – 9.5 million to € – 2.5 million (for an explanation, please see “Significant events that affect business”). Therefore, at 14.8 %, the decline in earnings before tax (EBT) is also much less significant than the decline in EBIT. EBT amounted to € 39.7 million compared with € 46.6 million in the same period of the previous year. The tax rate dropped slightly from 34.1 % to 31.5 %. Income tax expenditure in the reporting year is € 12.5 million (€ 15.9 million).

Earnings from continuing operations comes to € 27.2 million (€ 30.7 million). As such, earnings per share (diluted) fell from € 0.30 to € 0.25 [Table 10].

[Table 10]

Structure and changes in earnings (continuing operations)

All figures in € million	2009	2008	Change
Total revenue	532.1	595.2	–10.6 %
Gross profit	337.3	367.0	–8.1 %
Gross profit margin	63.4 %	61.7 %	–
EBIT	42.2	56.2	–24.9 %
EBIT margin	7.9 %	9.4 %	–
Finance cost	–2.5	–9.5	73.7 %
EBT	39.7	46.6	–14.8 %
EBT margin	7.5 %	7.8 %	–
Income taxes	–12.5	–15.9	–21.4 %
Net profit (continuing operations)	27.2	30.7	–11.4 %
Net margin	**5.1 %**	**5.2 %**	**–**

Discontinued operations

Discontinued operations include MLP Lebensversicherung AG and MLP Versicherung AG, both former subsidiaries sold in 2005, as well as the business activities discontinued at our subsidiaries in Switzerland, the United Kingdom and Spain in 2006 and 2007. In addition, we decided to focus on our activities in the private client segment of our core market of Germany. We therefore sold our business activities in Austria with effect from December 31, 2009. The business activities in the Netherlands were sold with a purchase contract dated January 15, 2010. Both units are disclosed as discontinued operations.

We significantly improved earnings from discontinued operations in 2009. This item fell from a loss of € 6.1 million to a loss of € 3.0 million (for an explanation, please see "Significant events that affect business").

Group

Net profit only slightly lower year on year

Overall we were able to achieve Group net profit of € 24.2 million (€ 24.6 million) in the reporting period. Basic and diluted earnings per share are therefore € 0.22 (€ 0.24) [Table 11].

Appropriation of profits

In the last financial year, we paid our shareholders € 0.28 per share in the form of a regular dividend for financial year 2008. The total dividend was therefore € 30.2 million, which equates to a distribution rate of slightly more than 100 % based on earnings from continuing operations. Thanks to the company's excellent equity capitalisation and liquidity, we have now raised our distribution rate in the interest of our shareholders to a level significantly above the 60 % to 65 % targeted originally.

We did not purchase any treasury stock during the reporting period.

Dividend virtually unchanged

As the Group's equity capitalisation and liquidity remain excellent, the Executive and Supervisory Boards will propose a dividend of € 0.25 per share to the Annual General Meeting on May 20, 2010. This corresponds to a total dividend of € 27.0 million.

[Table 11]
Net profit

All figures in € million	2009	2008	Change
Continuing operations	27.2	30.7	–11.4%
Discontinued operations	–3.0	–6.1	50.8%
Group	**24.2**	**24.6**	**–1.6%**
Earnings per share in € (basic)	0.22	0.24	–8.3%
Earnings per share in € (diluted)	0.22	0.24	–8.3%
Number of shares in millions (diluted)	108.8	103.2	

FINANCIAL POSITION

Aims of financial management

The financial management of the MLP Group is performed by the central Treasury department in cooperation with the Controlling and Risk Management departments. Our primary aim here is to increase the Group's financial power. Within the framework of our financial management, we ensure the liquidity of the Group at all times, control the risks involved using the various financial instruments and optimise Group-wide cash management. In addition, we implement rolling liquidity planning with a time horizon of 15 months.

No significant liabilities or receivables in foreign currencies

In the reporting period there were no significant liabilities or receivables in foreign currencies, as we generate almost 100% of total revenue in the Eurozone. Thus, it is not necessary for us to hedge net items in foreign currencies by means of hedging instruments. You can find details on the financial risks in the notes to the consolidated financial statements, note 41 "Financial risk management", p. 207.

Financing analysis

MLP is a pure service provider. Thus our business model is less capital intensive and generates high cash flows. This also has effects on the investments and financing of our Group.

Excellent equity base

We expect that both regulatory changes and the financial and economic crisis will lead to a consolidation of our sector over the next few years. It is our aim to play an active part in this consolidation. And our excellent equity base is a good prerequisite for this. Shareholders' equity dropped only slightly in the reporting period from €425.9 million to €418.5 million. Significant influences on this were dividend payments for the financial year 2008 of €30.2 million and the net profit for the financial year 2009 of €24.2 million. As our net assets also saw a drop, the equity ratio improved from 27.8% to 28.4%. The equity capitalisation therefore remains excellent.

At present we are not using borrowed funds to finance the Group long-term. Changes to the general interest rate or future credit terms therefore have no material effect on the financing of the Group. Total liabilities due to clients and financial institutions from the banking business of €771.1 million (€803.9 million) mainly concern client deposits which have no financing function for the Group. These liabilities are offset by receivables from clients and banks from the banking business of €811.7 million (€881.0 million).

[Table 12]

Capital expenditures from 2005 to 2009

All figures in € million	2009	2008	2007	2006	2005
Intangible assets	**2.4**	**8.1**	**11.5**	**17.5**	**12.0**
Goodwill	–	1.0	–	–	–
Software (developed internally)	0.5	0.5	0.5	0.1	–
Software (purchased)	0.4	1.2	2.0	0.5	1.2
Other intangible assets	–	0.4	0.1	0.1	–
Payments on account and assets under construction	1.5	5.0	8.9	16.8	10.8
Fixed assets	**1.6**	**4.1**	**4.7**	**2.5**	**4.7**
Land, leasehold rights and buildings	0.2	0.4	0.8	0.6	0.5
Investment property	–	–	0.3	0.2	–
Other fixtures, fittings and office equipment	1.2	2.2	2.6	1.6	2.5
Payments on account and assets under construction	0.2	1.5	1.0	0.1	1.7
Total capital expenditures	**4.0**	**12.2**	**16.2**	**20.0**	**16.7**

As provisions only account for 3.6 % (3.4 %) of net assets, they have no significant financing function for the MLP Group.

Group largely financed by shareholders' capital

The other liabilities dropped from € 239.2 million to € 211.8 million. Here, current liabilities were € 145.8 million (€ 162.6 million). These are essentially liabilities from operating activities. Non-current liabilities reached a level of € 66.0 million (€ 76.6 million) on the reporting date. This figure is largely made up of a purchase price liability from the acquisition of Feri Finance AG in 2006 amounting to € 52.8 million (€ 57.1 million), which will be due no earlier than April 15, 2011. Current liabilities are offset on the assets side of the statement of financial position by cash and cash equivalents of € 55.0 million (€ 38.1 million), financial investments of € 192.4 million (€ 179.9 million), as well as other current receivables and other assets of € 110.4million (€ 129.6 million).

Further disclosures on the structure of our liabilities and provisions can be found in the notes on pages 179 et seq.

Other financial commitments

As at the end of the reporting period, financial commitments from rental and leasing agreements of € 17.2 million were in place for the financial year 2010. These mainly constitute liabilities from the renting of our branch offices, as well as leasing of motor vehicles and office machines. These can result in potential total liabilities of € 55.8 million up to the year 2014.

[Table 13]

Capital expenditures for 2008 and 2009 by segment

All figures in € million	2009	2008	Change
Financial services	3.0	8.7	–65.5 %
Feri	0.8	2.5	–68.0 %
Holding	0.2	1.0	–80.0 %
Total	**4.0**	**12.2**	**–67.2 %**

Capital expenditures

Business model requires only minimal capital expenditure

MLP generally finances capital expenditures from current cash flow. At € 4.0 million (€ 12.2 million), the total investment volume was significantly lower in the last financial year than the previous year [Table 12]. Overall, capital expenditures in the Group have been following a consistent downward trend since 2006. This reflects the realignment of the Group. Since the sale of our subsidiaries MLP Lebensversicherung AG and MLP Versicherung AG in 2005, our business activities have focused purely on providing services. This business model is less capital intensive and therefore requires only minimal capital expenditure. Following the sale of the subsidiaries, in 2006 we began a comprehensive investment programme to expand our IT structure as a way of providing better support for our consulting and operating processes (recorded under "Advance payments and developments in progress"). With our IT systems having reached a performance level considered to be pioneering in the German financial services sector, these capital expenditures have also been reduced since 2006.

The majority of the funds we invested in the last financial year were in the financial services segment (€ 3.0 million). The investments were focused on continuous improvement in the quality of the consulting and client service we provide (see also the chapter "Client support"). Alongside capitalisable expenditures we use other resources for these projects, which are included as expenses in the income statement.

In the Feri segment, we invested exclusively in intangible assets and operating and office equipment in the reporting year. Total capital expenditures were € 0.8 million here [Table 13].

Liquidity analysis

Cash flow from operating activities remains virtually unchanged

Cash flow from operating activities in continuing operations was € 76.4 million (€ 80.5 million). This corresponds to 14.4 % of total revenue. Here, significant cash flows result from our deposit business with clients and from the investment of these funds predominantly among German financial institutions. The change in receivables and liabilities due to clients in the banking business resulted in a negative cash flow of € 72.3 million, which is mainly broken down into an increase in receivables of € 38.1 million and a reduction in client deposits of € 28.6 million. This is offset by a positive change of € 103.1 million from the receivables and liabilities due to banks in the banking business.

[Table 14]

Simplified statement of cash flows of continuing operations

All figures in € million	2009	2008
Cash and cash equivalents at beginning of period	38.0	36.6
Cash flow from operating activities	76.4	80.5
Cash flow from investing activities	43.1	–135.9
Cash flow from financing activities	–30.3	64.5
Change in cash and cash equivalents	**89.2**	**9.1**
Inflows/outflows due to divestments	–3.6	–7.7
Cash and cash equivalents at end of period	123.6	38.0

Cash flow from investing activities of continuing operations improved significantly from € –135.9 million to € 43.1 million. In the third quarter of the previous year, the cash inflow from the increase in capital stock was invested in the form of time deposits. These reached maturity in the last financial year and only some were re-invested with a maturity longer than three months. A payment of € 10.6 million to acquire ZSH GmbH Finanzdienstleistungen also had a significant effect.

Dividends influence cash flow from financing activities

Our cash flow from financing activities of continuing operations fell from € 64.5 million to € – 30.3 million in the reporting period. The only significant cash flow in the financial year 2009 was the payment of dividends amounting to € 30.2 million. In the period under comparison we received around € 125 million due to an increase in capital stock, which was offset by payments for dividends and the buyback of own shares amounting to € 49.0 million and € 11.5 million. In addition to that, there were no significant financing activities in 2009 [Table 14].

As at the reporting date December 31, 2009, the MLP Group had around € 210 million in cash holdings (€ 210 million). The liquid funds available are therefore still very good. Thus there are sufficient cash reserves available to the MLP Group. In addition to the cash holdings, we also have lines of credit amounting to around € 109 million over the short and medium term (one and three years), which were hardly drawn on in the reporting period. No liquidity squeeze occurred in the reporting period, nor is any such shortfall expected. There are no limitations which restrict the availability of funds.

Capital costs

Weighted capital costs are not currently of relevance for the MLP Group, as the Group is financed almost exclusively through shareholders' equity.

[Table 15]

Assets as at December 31, 2009

All figures in € million	2009	2008	Change	As % of net assets 2009
Intangible assets	156.1	162.4	–3.9 %	10.6 %
Property, plant and equipment	78.8	80.4	–2.0 %	5.3 %
Investment property	11.4	11.7	–2.6 %	0.8 %
Shares accounted for using the equity method	2.0	2.3	–13.0 %	0.1 %
Deferred tax assets	3.0	2.6	15.4 %	0.2 %
Receivables from clients in the banking business	313.5	275.4	13.8 %	21.2 %
Receivables from banks in the banking business	498.2	605.6	–17.7 %	33.8 %
Financial investments	192.4	179.9	6.9 %	13.0 %
Tax refund claims	33.1	26.9	23.0 %	2.2 %
Other accounts receivable and other assets	132.1	145.4	–9.1 %	9.0 %
Cash and cash equivalents	55.0	38.1	44.4 %	3.7 %
Non-current assets held for sale and disposal groups	–	3.3	>–100.0 %	–
Net assets	**1,475.5**	**1,534.0**	**–3.8 %**	

NET ASSETS

Analysis of the asset and liability structure

Net assets fell slightly

The net assets of the MLP Group fell by 3.8 % to € 1,476 million. On the assets side, intangible assets decreased from € 162.4 million to € 156.1 million due to changes in the scope of consolidation (ZSH GmbH), adjustments to the variable purchase price components for Feri Finance AG and TPC GmbH, as well as amortisation and impairment. Property, plant and equipment also saw a decline from € 80.4 million to € 78.8 million as a result of the change in the scope of consolidation, as well as depreciation. The item “Investment property” was down 2.6 % to € 11.4 million due to depreciation.

[Table 16]

Liabilities and shareholders' equity as at December 31, 2009

All figures in € million	2009	2008	Change	As % of the balance sheet total 2009
Shareholders' equity	418,5	425,9	−1,7 %	28,4 %
Provisions	52,4	52,9	−1,0 %	3,6 %
Deferred tax liabilities	10,7	9,6	11,5%	0,7 %
Liabilities due to clients in the banking business	750,3	778,8	−3,7 %	50,9 %
Liabilities due to banks in the banking business	20,8	25,0	−16,8 %	1,4 %
Tax liabilities	9,0	–	> 100,0 %	0,6 %
Other liabilities	211,8	239,2	−11,5 %	14,4 %
Liabilities in connection with non-currennt assets held for sale and disposal groups	2,0	2,6	−23,1 %	0,1 %
Total	**1.475,5**	**1.534,0**	**−3,8 %**	

Receivables from clients and from banks in the banking business together fell slightly by 7.9 % to € 811.7 million. These loans are essentially refinanced through the deposits of our clients (liabilities due to clients from the banking business).

Increase in financial assets and cash and cash equivalents

We further increased financial investments by € 12.4 million to € 192.4 million. This was essentially due to shifting of short-term funds into longer term forms of investment.

Tax refund claims also increased significantly, reaching a level of € 33.1 million (€ 26.9 million) on the reporting date. Due to weaker business development than in the previous year, other accounts receivable and other assets also dropped from € 145.4 million to € 132.1 million. This item essentially contains commission receivables from insurance companies resulting from the brokerage of insurance products.

Cash and cash equivalents saw a marked increase, reaching a level of € 55.0 million (€ 38.1 million) on the reporting date [Table 15].

By reducing net assets, we were able to further improve the Group's capital structure in the last financial year. The equity ratio increased from 27.8 % to 28.4 %. With shareholders' equity standing at € 418.5 million (€ 425.9 million), the Group's equity capitalisation remains very good. Based on net profit, the return on equity remains unchanged at 5.8 %.

Capital structure improved

We were able to reduce provisions on the reporting date December 31, 2009 from € 52.9 million to € 52.4 million.

Liabilities due to clients and banks from the banking business together dropped by 4.1 % to € 771.1 million. The deposits of our clients, predominantly held in accounts, credit cards and instant access accounts, dropped by 3.7 % to € 750.3 million. We reduced liabilities due to banks by 16.8% to € 20.8 million.

Downward trend in liabilities

Other liabilities also fell by € 27.4 million to € 211.8 million. This item is mainly attributable to current liabilities to our consultants and branch managers due to open commission claims and a purchase price liability resulting from the acquisition of Feri Finance AG in 2006 (see also "Financial position", p. 47).

Disclosures on the structure of the asset and debt values in the individual segments can be found in the notes to the segment report on pages 134 – 135.

General statement on the economic situation

The corporate management considers the Group's economic situation to be positive, both at the end of the reporting period and at the time of preparing the Group management report. Despite the drop in total revenue, largely attributable to the global financial and economic crisis, implementation of a successful cost-cutting programme meant we were able to stabilise the results of operations and our ability to pay dividends. We will continue our cost-cutting programme as a way of further increasing our earning power in future (see "Forecast").

Economic situation positive

Even in these difficult economic times, we were able to improve MLP's financial position. Our cash flow and capital expenditures developed as scheduled. We have an excellent equity and liquidity basis – a strength few competitors can claim in the current crisis. We are keen to use this strength to further improve our market position. We will play an active part in the upcoming consolidation of the financial services market (see also "Forecast").

Jörg Ohlsen | 40 years old
Managing Director/CEO of EDAG GmbH, MLP corporate client in the area of occupational pension provision since 2008

EDAG is one of the world's leading development partners for products and production facilities in the automotive and aerospace industry. More than 5,000 employees are based at 30 international locations.

»Occupational pension provision – does it really make sense for our employees?«

Frank Jökel | Fulda
MLP consultant

»Occupational

pension provision

offers attractive advantages for both sides: employees benefit from the extensive state subsidies and supplement their statutory pension by a highly profitable old-age provision. The employer on the other hand reduces its social security contributions and strengthens the loyalty of employees to the company.«

[Figure 13]
Total revenues and EBIT for the financial services segment (all figures in € million)

SEGMENT REPORT

Financial services segment

In the financial services segment, total revenue fell by 9.2 % from € 541.1 million to € 491.5 million, largely because of the decline in revenue – especially in the areas of old-age provision and wealth management. The total revenue figure for the previous year included the increase in tax-privileged 'Riester' pension premiums (so called "Riester step") in the first quarter of 2008. Despite this, we succeeded in limiting the decline in segment earnings before interest and tax (EBIT) in the last financial year to no more than € 49.3 million (€ 55.3 million) [Figure 13].

EBIT in decline

Commission expenses, which are mostly variable, fell by 10.7 % to € 181.4 million (€ 203,1 million). Interest expenses fell by nearly half from € 24.0 million to € 12.3 million, largely as a result of lower client deposits and the decline in the general interest rate level.

Personnel expenses rose slightly as a result of acquisitions. At € 81.7 million, they are 1.9 % above the figure for the previous year (€ 80.2 million). However, we were able to reduce depreciation and impairments by 4.6 % to € 12.5 million. Thanks to our cost-cutting programme, we managed to cut our other operating expenses by 6.9 % to € 154.7 million (€ 166.2 million). Optimising our processes played a significant part in achieving this reduction. The resulting savings were registered in the areas of consultancy costs and advertising expenses, among others.

Segment earnings before interest and tax (EBIT) fell by 10.8% to € 49.3 million (€ 55.3 million). The finance cost was € – 2.3 million (€ – 1.4 million), taking the earnings before tax (EBT) to € 47.0 million (€ 53.9 million).

Significant increase in assets under management

At December 31, 2009, new business in the area of old-age provision amounted to € 5.1 billion, which was lower than the previous year (€ 6.6 billion). It should be borne in mind that the previous year's figure includes the final increase in tax-privileged premiums for the Riester pension (so-called "Riester step"). We performed well in the private health insurance segment, achieving a clear increase in brokered annual premiums from € 49.0 million to € 54.2 million. Our financing volume was € 1.1 billion (€ 0.9 billion). The assets managed jointly with Feri Finance AG also increased and now amount to € 12.8 billion (€ 11.4 billion) [Table 17].

[Table 17]
New business

		2009	2008	2007	2006	2005	2004
Old-age provision	premium sum in € billion	5.1	6.6	6.8	6.8	6.3	10.9
Health insurance	annual premium in € million	54.2	49.0	50.0	68.2	55.1	59.0
Loans and mortgages	volume in € million	1,119	919	1,162	1,195	997	777
Assets under management	in € billion	12.8	11.4	11.4	10.8	8.3	2.6

[Figure 14]
Total revenues and EBIT for the Feri segment (all figures in € million)

Feri segment

Feri affected by financial and economic crisis

The Feri segment covers the wealth management, rating and research activities of our subsidiary Feri Finance AG.

As a result of the financial and economic crisis, clients in this segment continued to be cautious about making new investments in wealth management concepts. The trend towards investing funds in lower-risk portfolios also had a negative effect on fees and therefore on total revenue in this segment, which were € 38.8 million (€ 46.4 million).

Total expenses in this segment amounted to € 38.7million (€ 40.8 million). Personnel expenses increased slightly by 2.9 % to € 25.1 million (€ 24.4 million). Depreciation and impairments amounted to € 2.4 million, which represents an increase of 26.3 % over the previous year (€ 1.9 million). On the other hand, other operating expenses fell by 23.6 % to € 9.7 million.

Segment earnings before interest and tax (EBIT) fell from € 5.7 million to € 0.1 million. Taking the finance cost of € – 0.2 million (€ 0.1 million) into account, earnings before tax (EBT) were € – 0.1 million (€ 5.8 million) [Figure 14].

Holding segment

Cost-cutting programme takes effect

Total revenues in the Holding segment amounted to € 16.9 million (€ 22.6 million) in the last financial year. The figures for the previous year contained a subsequent profit component of € 4.0 million from the sale of MLP Lebensversicherung AG, which took place in 2005.

Total expenses dropped by 13.3 %, with significant decreases in depreciation and impairments, which fell by 45.0 % to € 3.3 million (€ 6.0 million). Thanks to our cost-cutting programme, we were able to reduce other operating expenses in this segment as well, bringing them down by 7.4 % to € 16.3 million. Earnings before interest and tax (EBIT), which were € – 5.2 million the previous year, fell to € – 7.2 million in the reporting period.

Finance costs in this segment rose by 25.0 % in the reporting period to € 3.0 million (€ 2.4 million). Other interest and similar income fell from € 15.8 million to € 10.2 million. Similarly, other interest and similar expenses decreased by 46.3 % to € – 7.2 million (€ – 13.4 million). These two items reflect the dividend paid out by our subsidiary Feri Finance AG and the partial distribution of the dividend to the company's remaining shareholders. We received a total dividend of € 3.1 million (€ 10.2 million). The dividend paid to the remaining shareholders was € 2.4 million (€ 7.8 million).

CLIENT SUPPORT

Holistic consulting philosophy

At MLP, we support our private clients via a nationwide network of offices with presences in all German urban areas and at all important university locations. With our 2,383 consultants we are never far away from our clients, for whom we pursue a holistic support philosophy. Our consultants concentrate on the requirements of selected professional groups and place their clients' wishes at the heart of the financial advice they provide. Their goal is to develop optimum financial solutions, building on individual analyses of the personal situation of the respective client. We offer full-scope, comprehensive financial plans, which provide our clients with complete protection and financial mobility throughout all phases of their life. Here, we select from the whole universe of around 20,000 different products, using objective and transparent quality criteria to find the best products in their class for our clients. After all, as an independent finance broker, we have obligations to no-one except our 785,500 clients.

The quality of our consulting services is underlined by several awards which we won in the last financial year. Having achieved the highest overall points score in an old-age provision consulting test undertaken by the "Wirtschaftswoche" magazine in May 2009, we were ranked as one of the top 3 mortgage lenders in Germany by the magazine "Euro" shortly after. And we are particularly proud of the latest confirmation of our consulting quality, having received grade "A" from the online review portal "WhoFinance". This is extremely important, as this rating is not decided by testers, but rather through active assessments of our actual clients.

Training and further education

Strategic success factor: Corporate University

Our high quality consulting services require a great deal of willingness on the part of all MLP consultants to continuously improve and regularly adjust their own professional experience to the ever changing framework conditions. In MLP's corporate culture, education and training at our Corporate University therefore has strategic significance.

By ensuring that the prescribed quality and training standards are met, we are also making our own specific contribution to defining a future-oriented profession of a competent and independent financial and investment adviser well-recognised by society.

Qualified MLP trainers regularly pass on the knowledge they have acquired from many years of working as consultants to their new and young consultant colleagues. This helps ensure that the unique know-how in the company is passed on in a targeted manner for the benefit of all involved.

Having recorded over 27,000 central trainee days (= number of participants × number of training days) in 2009, MLP not only provides high quality training, but also an extremely high volume of training. The almost 5,000 trainer days were spent in teams of trainers, each with specially qualified and licenced MLP trainers. This approach contributes to further systematisation and professionalisation of the training provided. And this is supplemented by almost as many trainee days again in local events.

The higher the qualification, the more qualified the consulting

During the 24-month extra-occupational primary training, MLP consultants gain comprehensive specialist knowledge in and around the field of financial management. After just 3 months, participants sit their competence test as per § 34 d of the Industrial Code (GewO). In the months that follow this, they then work on broadening their knowledge in areas including client requirements analyses, wealth management and financing.

Following their 24 months of initial training, all MLP consultants continue to regularly attend further training and deepen their special knowledge in seminars, workshops and conferences to ensure they are always ideally prepared for the constantly changing framework conditions within their role. In this way, MLP guarantees practical consumer protection that goes far beyond the legally stipulated level.

Executive MBA in Private Finance

Experienced consultants can even round off their qualifications with an Executive Master of Business Administration (MBA) in Private Finance. The supplementary course of studies is offered in co-operation with the Hohenheim Management School and other high-ranking European business schools.

Certified Financial Planner®

The Certified Financial Planner® is the internationally recognised quality standard in the financial services sector. Quality assurance and auditing are performed by the Financial Planner Standard Board Deutschland e.V. (FPSB) here. The MLP Corporate University is currently in the process of gaining accreditation for the corresponding parts of its training. It will then be only the third training institute in Germany to be recognised by the FPSB.

Career opportunities for MLP Senior Financial Consultants

"Take the lead": Within the scope of this programme, the best MLP Senior Financial Consultants are prepared for the fascinating and challenging duties of a branch manager. Here, they can demonstrate their special aptitude for sales management positions in various theoretical and practical sessions. The basic training to become a branch manager is made up of 15 attendance days with 5 modules. After assuming responsibility for a branch, this basic training is then followed by systematic further training measures. Outstanding universities and excellent independent educational institutions serve as the benchmark for this high-grade training.

Success factor IT

Optimum client support requires high performance IT at consultants' workplaces. Having access to the latest hardware and software is one of the key strategic competitive factors in the financial services sector. Client consulting, with its vast array of client and product data as well as ever stricter stipulations regarding consumer protection, simply cannot be performed effectively without end-to-end IT support. MLP prepared itself for the requirements early on and today benefits from an ultra-modern IT landscape.

Having implemented the new legal documentation requirements with tailor-made IT solutions in 2008, we were able to concentrate on optimising the programmes in 2009. With the modern client relationship management system we introduced in 2008, we are now in the design optimisation phase and working on making all procedures even more user-friendly and efficient. On the basis of process analyses at 25 selected branches, in 2009 all consulting and order applications were checked and further optimisations addressed.

IT outsourcing: Lower costs – greater efficiency

An important milestone in this context was to outsource part of our IT to Hewlett-Packard on August 1, 2009. The company took on all 55 of MLP's IT employees and now provides the technical service for us. Through this partnership, MLP has been able to significantly increase its efficiency while also saving costs in the millions.

Less administration and more time for client meetings

Within the scope of the sector initiative to promote process optimisation (BiPRo), progress was also made in 2009 – although the sector has still not been able to agree on uniform, end-to-end standards. We therefore reached individual agreements with several of our product partners and anticipate that we will soon be able to process around 80 % of the administration work required within the scope of our life insurance business fully automatically.

Marketing and communication

Significant increase in awareness level

In 2009, MLP succeeded in significantly increasing its brand awareness. With the brand campaign "The strategy of your life" and accompanying communication measures such as media cooperations and events, the level of awareness among our target client group of academics has been sustainably increased. This has been documented in a market research survey performed by the University of Bremen, Germany.

Not only has the MLP brand been able to distance itself from the general loss of trust in the financial sector among consumers, it has also managed to significantly increase its popularity among its target group. Indeed, MLP's target group of academics now associates the brand more and more with "independence", "individual consulting" and "sound consulting" – the brand's core messages. This is a major success for us. The year 2009 was ideal for a brand campaign, as the economic crisis meant that conditions at the media enterprises were favourable and the intensity of competition among our competitors was comparably low – good prerequisites for an efficient and effective use of resources.

In the field of event management, the MLP Golf Journal Trophy was a highlight in 2009, with 35 tournaments attracting some 3,500 participants. And thousands more checked out the event on its homepage at www.mlp-golfjournaltrophy.de.

When we examine the various communication channels used by MLP, online communication is becoming ever more important. The spectrum covered here by the Marketing Department ranges from branch homepages, through dedicated homepages on the most diverse of financial subjects, right up to co-operations with university portals (see also “University management”). And given the high proportion of young clients, online communication is set to become even more important within the communication landscape at MLP, as it is the best way to reach these target clients.

University management

“University and Education” conference

MLP cultivates intensive contacts with German universities. We offer students free-of-charge personality and specialist seminars and also collaborate systematically with various research institutes. With the “University and Education” conference, MLP launched a new platform in 2009. More than 200 high-ranking representatives from the world of education and training got together with us to discuss necessary changes to Germany’s university landscape. We view the conference as an excellent addition to the “Three-Module Programme for High Potentials”.

Online presence is also becoming increasingly important within the scope of university management. Since 2009 we have also been fostering a co-operation with www.absolventa.de, the leading online job market for students and young professionals. With this approach, MLP is able to reach precisely the desired target groups. And use of MLP’s online-offers is constantly on the increase among students. In 2009, the personality and salary analyses were called up particularly often at absolventa.de, with the number of MLP salary analyses performed almost doubling compared to the previous year. Through offers and services of this nature, MLP acquires contact details and offers students more in-depth discussions within the scope of its holistic client support approach.

Partner management

Systematic partner management

The quality of our client consulting depends not least on our clients being able to rely on receiving the best products in their class from us. This requires a comprehensive and quality-assured product selection process. We therefore place great emphasis on systematic partner management, subjecting every product to critical examination before it is included in our product portfolio. The quality of service given by our providers is also tightly controlled through regular checks. We also quiz our consultants about their experiences with our partners and consistently seek to further develop our partnerships. Our partner companies know and understand MLP’s insistence on high quality and are more than willing to put together new and continually improved offers for our clients.

[Table 18]
Average number of employees

Continuing operations	2009	2008	2007	2006	2005
Financial Services	1,624	1,718	1,564	1,508	1,403
Feri	265	257	246	40	*
Holding	11	11	9	10	14
Total	**1,900**	**1,986**	**1,819**	**1,558**	**1,417**
of which in Germany	**1,900**	**1,978**	**1,813**	**1,552**	**1,413**

* Feri Finance AG was acquired in 2006

PERSONNEL AND SOCIAL REPORT

HR management of strategic importance

A key principle in MLP's consulting code reads "We are committed to providing the highest quality and excellent services that will impress our clients." Our company's service culture is a central component in our corporate culture. As such, the HR department sees itself as a service provider for its internal clients, our employees. At the heart of everything we do is the question:
What can the company do
- to win the best talents and
- to form a connection between employees and their employer, on both an emotional and intellectual level, so that they remain committed to providing the best possible service at their workplace?

Our personnel policy is therefore of great strategic importance, as it must create the framework conditions that cater to employees' requirements and wishes with regard to their employer, while also allowing the company's targets to be met.

Increased efficiency at all levels

In the reporting year, project teams from all organisational levels within the company worked on making utilisation of resources at MLP even more efficient. Within the scope of this, the average annual number of employees in continuing operations in 2009 dropped as scheduled by 4.3 % over the previous year to a level of 1,900 employees (2008: 1,986) [Table 18]. We did not make any forced redundancies here, but rather offered individual, socially responsible solutions in dialogue with every single employee. The number of marginal part-time employees employed at the branch offices was also reduced. On the balance sheet date of December 31, 2009 the proportion of temporary workers among all personnel was below 1 %. In addition to this, 55 employees moved to our IT service provider Hewlett-Packard to increase the efficiency and quality of our IT services.

Personnel expenses of € 111.4 million (€ 108.9 million) were disclosed, of which € 94.4 million (€ 93.1 million) are attributable to salaries and wages, € 12.8 million (€ 12.1 million) to social security contributions and € 4.2 million (€ 3.6 million) to old-age provision. 1,624 (1,718) of our employees worked in the financial services segment in 2009. With 11 people, the number of employees in the holding company remained at the previous year's level. Feri Finance AG increased its head count to 265 (257).

We would like to draw particular attention to the fact that the employee turnover rate at MLP, which has been reflected within employee statistics for years, is largely due to the high proportion of female staff at the headquarters in Wiesloch (55 %) taking time off work to start a family.

[Figure 15]
Age structure of MLP staff in 2009

[Table 19]
Key performance indicators for environmental, social and governance issues

	2009	2008
Number of advanced training days per employee	2.4	1.6
Expenditure for advanced training per employee	€ 540	€ 190
Total expenditures for advanced training in % of revenues	0.19 %	0.06 %
Number of employees, who will be pensioned in the next five years	12 employees	14 employees
Average staff membership	7.47 years	6.44 years
Number of absent/sick days per employee per year	4.5 days	3.2 days

Family-friendly employer

In the reporting year, some 65 female employees took extended maternity leave following the birth of their child. A total of 128 women and 4 men were off work on parental leave. MLP has a comparably young staff base, with 64 % of our employees under the age of 40. The average age was 35.9 years in the reporting year. In the HR department we therefore once again placed great emphasis on helping employees combine the requirements of their family and career. The following offers from MLP's family programme proved particularly successful in 2009:

- Child daycare: MLP covered up to 50 % of daycare costs for its employees with children not yet of school age, up to a limit of € 250 per month.
- Holiday camps for school children: Employees with children of school age had the opportunity to send their children to holiday camps during the summer holidays. 12 mothers and fathers took up this offer in the reporting year (2008: 17).
- Free-of-charge consulting on family issues: MLP employees were once again able to rely on a qualified consulting offer in and around family issues in 2009. They were offered free-of-charge and uncomplicated support on questions of childcare and care for the aged.

Other important modules geared towards combining family and career, as well as further qualifications, were offered within the large range of courses for employees at the Corporate University. The number and scope of courses on offer were once again significantly increased in the reporting year, with courses ranging from software training, through presentation training, right up to training events on topics such as conflict management. And within the scope of personnel development, a new training career was also created to open up new professional opportunities for employees from 2010 onwards.

“Top Employer 2009”

MLP received further reinforcement of its positive image as an employer in the media when it received the “Top Employer” award. This award is presented annually by the Corporate Research Foundation (CRF) and the magazine “Junge Karriere”. This year represented the third time in succession that we have won this prestigious award.

Being a family-friendly employer today goes hand in hand with being open to individual working hours models. Offering the highest possible level of freedom in terms of how employees perform their work and organise their working times are par for the course at MLP, as these factors stimulate motivation and loyalty to the company. As such, numerous part-time and job-sharing contracts were concluded and home office workplaces set up in 2009. Some 24 % of our employees worked part-time last year (2008: 22 %).

MLP’s salary structure includes performance-linked and service-based components to stimulate the best possible performance among staff. Individual, target agreement-based remuneration components for managers are just as much a part of this performance-related system as the option to award team members bonuses and special payments for exceptional performance. In addition to this, phantom shares for all employees have been in use since 2008 to provide financial incentives and keep them loyal to the company. Occupational pension provision and the relief fund were further important social benefits in 2009.

Key figures for leadership quality

Alongside regulating working times and remuneration, the quality of leadership received by their direct line managers has a significant influence on the motivation levels of employees. Various measures were implemented in 2009 to anchor MLP’s open leadership and communication culture in the operative personnel management instruments. Following intensive discussions between Executive Board, managers and employees, management guidelines were passed, standardised MLP employee appraisal meetings introduced and thereby the seeds sown for creating a KPI system to secure high quality management. In November 2009, employees also gave their superiors 180-degree feedback.

Last year, 15 students from Baden-Wuerttemberg Cooperative State University and 22 trainees began their training at MLP. As such, a total of 115 employees were in training or still completing their studies. 3 trainees and 4 students of combined degree programmes were able to successfully complete their training with us in 2009. Within the scope of HR marketing, our company was represented at all relevant graduate fairs, while an average of 50 applicants attended the 12 Assessment Centres for finding new consultants in 2009.

Thank you from the Executive Board

The Executive Board wishes to thank all employees and consultants for their trusting cooperation in 2009. Given the difficult economic environment, the management would also like to offer its express gratitude for the constructive climate, in which the workforce helped carry the heavy load of the previous year. Internal solidarity among colleagues forms an important foundation for securing our future in a fiercely competitive market environment.

RISK AND DISCLOSURE REPORT 2009

Scope

The disclosure pursuant to Article 144 of the Banking Directive (DI 2006/48/EC) is executed in line with § 2 a (6) of the German Banking Act (KWG) on a consolidated basis. MLP Finanzdienstleistungen AG, as the depository institution and higher-ranking company of the supervisory Financial Holding Group as per § 10 a (3) of the German Banking Act (KWG), hereby implements the supervisory disclosure requirements by December 31, 2009 in accordance with § 26a of the German Banking Act (KWG) in connection with §§ 319 – 337 of the Solvency Ordinance (SolvV).

MLP applies the waiver rule according to § 2a of the German Banking Act (KWG) for the Financial Holding Group in line with § 10 of the German Banking Act (KWG). MLP Finanzdienstleistungen AG has reported to the Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin) that it has fulfilled the conditions stipulated by § 2a (6) no. 1 and no. 2 of the German Banking Act (KWG) in accordance with § 2 a (2) sentence 1 of the German Banking Act (KWG).

The supervisory scope of consolidation of the MLP Financial Holding Group as per § 10 a of the German Banking Act (KWG) consists of MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri Finance AG, Bad Homburg v. d. Höhe, Feri Family Trust GmbH, Bad Homburg v. d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v. d. Höhe, MLP Finanzdienstleistungen AG, Vienna (until December 31, 2009), and from January 21, 2009 also ZSH GmbH Finanzdienstleistungen, Heidelberg.

Within the scope of risk management, Feri EuroRating Services AG, Bad Homburg v. d. Höhe, and TPC THE PENSION CONSULTANCY GmbH, Hamburg, are also included in the supervisory scope of consolidation as per § 25 a (1 a) of the German Banking Act (KWG).

The relevant supervisory disclosures as per § 26 a of the German Banking Act (KWG) made within the scope of the risk reporting of the MLP Group are designated as such.

Risk management

Objective

Entrepreneurial activity invariably involves taking risks. For MLP, “risk” means the danger of possible losses or lost profits. This danger can be attributable to internal or external factors. Since it will not be possible to eliminate all risks, the objective must be a risk that is commensurate with the expected return. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. MLP’s Group-wide early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which it then quantifies, aggregates and assesses to form the basis for proactive Group-wide risk management and controlling. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is embedded in the Group’s value-driven management and planning system. Moreover, the Group’s risk culture is continuously consolidated and efforts are made to communicate information relevant to risk across all business segments.

Risk policies

The Executive Board defines the business and risk strategy. The readiness to take risks at Group level is then derived on the basis of this, taking the Group's risk-bearing ability into consideration. This gives rise to framework conditions for risk-taking and risk management in the Group. The readiness to take risks is regularly checked and adjusted as necessary.

The following basic principles are consistent with the business strategy and describe the central framework conditions for the risk management and risk controlling system at MLP:

The Executive Board is responsible for proper organisation of the business and its further development:

Irrespective of its internal responsibility assignments, the Executive Board is responsible for the proper organisation of the business and its further development. This responsibility includes defining appropriate strategies and setting up appropriate internal control procedures – thereby assuming responsibility for all significant elements of the risk strategy. It is also the responsibility of the Executive Board to implement the strategies, assess the risks associated with these and also implement and monitor measures to ensure that the risks are limited.

The Executive Board bears responsibility for the risk strategy:

The Executive Board defines the risk strategy for MLP. The risk strategy reflects the risk propensity or "risk tolerance" based on the targeted risk/performance ratio. The Executive Board ensures that a comprehensive approach, incorporating all risk types, is integrated in the company and that suitable steps are taken to implement the risk strategy.

MLP promotes a strong awareness of risks and lives a pronounced risk culture:

A strong awareness of risks across all divisions and a corresponding risk culture are encouraged through appropriate organisational structures. Risk awareness that goes beyond each department's or person's own field of responsibility is essential. The effectiveness of the risk management and risk controlling system is continuously monitored and any adjustments that become necessary are implemented as quickly as possible. Appropriate data security and quality standards are established and subjected to continuous checks.

MLP pursues a strategy of comprehensive risk communication and risk reporting:

Detected risks are reported to the responsible management level openly and without restriction. The Executive Board is informed in a comprehensive and timely manner (if necessary ad hoc) of the risk profile of the relevant risks, gains and losses. Every three months the Supervisory Board is provided with comprehensive written information on the company's risk situation. The Supervisory Board is also made aware of any key risk-related information immediately.

Risk capital management

Risk capital management is an integral part of corporate management at MLP. Active control to provide sufficient financial capital on the basis of risk values measured internally and the supervisory requirements ensure that risk-taking is always in line with capital backing.

Risks are only accepted within limits derived from aspects of the risk-bearing ability to achieve returns, taking into account risk/return factors. This should, in particular, prevent any risks that threaten the Group's continued existence.

The Executive Board defines the equity capital backing based on business policy targets and controls the risk profile in an appropriate ratio to the risk coverage fund. Within the scope of the analysis of risk-bearing ability, the risk coverage fund is continuously compared with and checked against the risk potential associated with our business activities. Based on this, the Executive Board has defined the applicable upper loss limits per risk type and overall.

In controlling the financial risk capital, the regulatory requirements of capital adequacy (regulatory capital adequacy in line with the German Banking Act (KWG), Solvency Ordinance and Large Exposure and million Loans Regulation) are additional conditions that are to be strictly complied with.

In addition, scenario analyses are performed for special analysis of extreme market movements. These analyses quantify the effects of extraordinary events and extreme market conditions on MLP's assets. Within the scope of these analyses, the market value effects on the balance sheet and profit and loss items are also investigated. The effects of the scenarios are set against the respectively specified limits for each risk. The Executive Board is regularly informed of the results of the scenario analyses. The scenario analyses performed in the reporting year showed that the risk-bearing ability is also effective in the event of extreme market conditions.

Economic capital management is based on the internal methods of risk measurement. These take the key risk types for MLP into account. The financial risks are measured using value-at-risk approaches or approaches that express a comparable loss potential. The operational risk is measured on the basis of the supervisory basic indicator approach.

Organisation

Functional separation

Our risk management concept within the scope of internal monitoring procedures follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A clear organisational and operational distinction is made between the individual functions and activities of risk management.

We have defined and documented the risk organisation and associated tasks and responsibilities within risk management in accordance with supervisory requirements, both at Group level and at the level of the Group companies. The operational and organisational structure, as well as the risk controlling processes, are regularly checked and assessed through internal audits and are adapted to internal and external developments as they happen.

Head of Finance acts as Group Risk Manager

In his capacity as Group Risk Manager, the Head of Finance of MLP AG is responsible for risk controlling activities in the MLP Group. He is kept continuously informed of the risk situation in the Group and gives regular reports on this to the Executive Board and Supervisory Board.

Risk management and controlling processes

Risk management at MLP and its local operative implementation in the risk-bearing business units is performed on the basis of the risk strategies. The units responsible for risk management reach decisions for conscious acceptance, reduction, transfer or avoidance of risks, observing the framework conditions specified centrally.

Risk controlling is responsible for the identification and assessment of risks, as well as for monitoring upper loss limits. This is accompanied by reporting the risks to the Executive Board and the risk-bearing business units.

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

Appropriate guidelines and an efficient monitoring process also ensure that regulatory requirements for risk management and controlling are met by the Group companies.

The methods used at MLP to assess risks are up-to-date with the current level of knowledge and are aligned with practices in the banking sector as well as recommendations of the Federal Financial Supervisory Authority. The results determined with the risk models are suitable for controlling the risks without restrictions. The measurement concepts are subject to regular checks by risk controlling, as well as internal and external audits. However, despite careful model development and regular checks, it is conceivable for circumstances to occur that lead to greater losses than forecast by the risk models.

Group controlling monitors results risks

Group controlling is divided into an operational and a strategic controlling department. Operational Group controlling is responsible for continuously monitoring the short term profit risks. This involves comparing key profit figures with the corresponding planned figures and deriving controlling measure proposals for the Executive Board.

The analysis time line of strategic controlling covers the next three to five years. In this connection revenue and profit trends are analysed (in particular taking into account changes in economic or legal framework conditions) and transformed into target figures for the individual business segments. Corresponding simulations make potential revenue risks transparent for the Executive Board in the key strategic business segments.

Monitoring and risk management system in the accounting process

Group accounting is the central contact for all accounting questions, both at individual company and Group level. Financial accounting acts as the central processing point for all accounting-related information. Job descriptions, substitution plans and work instructions are all in place to support the correct procedure. Process descriptions and various checklists are also available for further support. All regulations and instructions are published in the organisation manual, which is continuously updated and can be accessed by all employees. Functional separations, as well as ongoing and subsequent checks based on the double control principle, are in place to prevent any misuse or fraud. Continuous further training of employees ensures that all accounting is performed in line with current legislation.

Internal audits

Internal audits, which assume monitoring and control tasks throughout the Group, are an important element of the risk management system. The internal audit department performs regular, systematic risk-oriented inspections with regard to compliance with legal, supervisory and internal specifications. The department also monitors the functional separation and effectiveness of the risk management system, and performs follow-up procedures on audit recommendations. The minimum requirements for risk management governing the internal audit function are complied with throughout the Group.

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

Risk reporting

A substantial risk reporting scheme forms the basis of appropriate controlling. To this end, we have instituted a comprehensive internal reporting system, which ensures that the decision-makers are promptly informed of the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. Particular attention is paid to compliance with the risk-bearing ability and the risk loading here. In addition, planning, simulation and control instruments show possible positive and negative developments to the most important value and controlling parameters of the business model and their effect on the net assets, financial position and results of operations.

Risk reports are submitted to the controlling units, the Executive Board and the Supervisory Board. Those receiving the reports are informed promptly and comprehensively of changes to relevant influential factors. Risk controlling is responsible for making decisions regarding the methodology employed as well as the content of risk reporting.

Statement of risks

Financial risks

Counterparty default risks

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

On the balance sheet date of December 31, 2009, gross loans of the Financial Holding Group were € 1,536.7 million. In this connection, gross loans are defined as the exposure value before the recognition of collateral (in the credit risk standardised approach incl. allowances for losses on individual accounts) in accordance with the Solvency Ordinance (SolvV).

The MLP Group's credit risks predominantly result from the typical client credit business at MLP Finanzdienstleistungen AG.

There are no significant risks related to specific countries in accordance with § 327 (2) no. 2 of the Solvency Ordinance (SolvV), as lending is mainly limited to borrowers domiciled in the Federal Republic of Germany. The predominant geographical centre of the loan-bearing instruments is the Federal Republic of Germany (99.31 %). The other regions (0.69 %) are situated exclusively in the European Monetary Union (EMU).

To prevent risks from accumulating ("concentration of risks"), MLP pursues a strategy of diversification and risk avoidance. As such, investments are diversified into bonds, debentures and other financial instruments in the asset class "corporates" in various sectors. We have defined binding upper investment limits for the individual sectors and issuers in our capital investment directive.

In the consumer business, any potential concentrations in ratings classes with high loss rates are avoided by focussing on commission-based products and the retail products of credit cards and accounts in connection with the client segment being targeted. In addition to this, avoidance of major individual risks is a further central component of MLP's credit policy. This involves striving to spread parts of the credit risks to other market members where possible, but also minimising market price and liquidity risks by ensuring items of the statement of financial position are balanced by applying a maturity-matching strategy. Focusing on the target group of academics and other discerning private clients allows an attractive profit margin to be achieved.

[Table 20]
Main sectors

All figures in € million	Loans, commitments and other non-derivative off-balance-sheet assets	Securities	Derivative financial instruments*
Domestic banks	668.0	80.8	0.6
Deutsche Bundesbank	20.2	–	–
Foreign banks	0.5	–	–
Other financing institutions	10.0	–	–
Other companies	530.8	–	–
Self-employed persons	167.1	–	–
Employees	41.1	–	–
Other private individuals	8.9	–	–
Foreign companies and private individuals	10.6	–	–
Total	**1,455.3**	**80.8**	**0.6**

*Notional volume

[Table 21]
Residual terms

All figures in € million	Loans, commitments and other non-derivative off-balance-sheet assets	Securities	Derivative financial instruments*
< 1 year	996.0	41.5	–
1 year – 5 years	168.6	39.3	–
> 5 years to open-ended	290.7	–	0.6
Total	**1,455.3**	**80.8**	**0.6**

*Notional volume

The allocation to different sectors in accordance with § 327 (2) no. 3 of the Solvency Ordinance (SolvV) is shown in [Table 20].

The contractually fixed terms to maturity in accordance with § 327 (2) no. 4 of the Solvency Ordinance (SolvV) are stated in [Table 21].

The responsibilities in the credit business, from application, through authorisation, to completion and including regular monitoring with regular creditworthiness analyses, have been defined and documented in the organisation manuals. Decision-making authority is laid down in the authority regulations, which themselves are based on the risk content of the transactions.

[Table 22]
Non-performing and defaulted loans

Main sectors All figures in € million	Total availment of non-performing and defaulted loans (including impairment)	Specific allowance for doubtful accounts	General allowance for doubtful accounts	Provisions	Net allocation/reversals for specific and general allowance for doubtful accounts/provisions	Direct write-off	Income from receivables which have already been written off	Defaulted loans (excluding impairment)
Self-employed persons	42.7	18.4		–	2.7	2.1	–	–
Employees and other individuals	12.1	8.3		1.9	0.1	1.1	0.2	–
Total			1.2					

We also monitor and control any potential default risks from advances paid to consultants and branch managers via a layered warning system, in which any incidents are quickly detected and active receivables management is guaranteed.

Loans to clients are granted on the basis of standardised principles under application of typical market credit assessment standards based on a scoring approach.

The creditworthiness of the borrower forms the basis for our credit decision. Collateral does not have any influence on the borrower's rating. Depending on the structure of a transaction, collateral can however be of significance for the risk assessment of a commitment.

All forms of traditional loan collateral are essentially used throughout. This specifically includes mortgages on residential and commercial property, warranties, sureties, life insurances, financial collateral, as well as assigned receivables. Privileged mortgages, warranties and financial collateral are used for supervisory recognition under the Solvency Ordinance. Receivables and physical collateral are currently not taken into account.

According to § 336 in connection with § 154 (1) no. 1 of the Solvency Ordinance (SolvV), the financial collateral of the Financial Holding Group to be taken into account within the scope of volume transactions is € 8.7 million.

As a whole, the potential credit loss risks are continuously determined and evaluated by simulating the allowances for bad debt as a percentage of the credit volume that carries risks. For accounts that are regarded as carrying acute risk, we build up appropriate allowances for bad debt. Loans that are recognised as being problematic are transferred to certain specialist departments at MLP and managed by experts.

The non-performing and defaulted receivables in accordance with § 327 (2) no. 5 of the Solvency Ordinance (SolvV) are divided into main industries or groups of debtors in [Table 22]. MLP defines the transactions of a client as non-performing if a default incident occurs in accordance with § 125 of the Solvency Ordinance (SolvV), irrespective of whether any allowances for losses have been formed. Transactions are defined as being in default when they have been delayed by 90 days and this is also recognised as a default criterion in the banking systems.

[Table 23]
Development of the allowances for losses

Amount in € million	Opening balance	Allocations	Reversals	Utilisation	Exchange rate movements and other changes	Closing balance
Specific allowance for doubtful accounts	24.0	5.3	0.8	1,7	–	26.7
General allowance for doubtful accounts	1.5	0.1	0.4	–	–	1.2
Provisions	1.6	0.7	0.4	–	–	1.9
Total	**27.1**	**6.1**	**1,6**	**1,7**	**–**	**29.9**

The non-performing and defaulted loans are exclusively in the Federal Republic of Germany.

The development of allowances for losses in accordance with § 327 (2) no. 6 of the Solvency Ordinance (SolvV) is shown in [Table 23].

In addition to the above-described risks, there is an issuer's risk from the bonds, debentures and other financial instruments acquired by MLP. We reduce the risk of default among issuers, whose securities we have acquired within the scope of capital investment management – also in light of current market trends – through the specified creditworthiness requirements of our capital investment directive.

Where available, MLP also bases its decisions in the field of financial investments on external ratings. Within the scope of internal risk management, MLP uses the state, bank and company ratings of the agencies Moody's, Fitch and Standard & Poor's for the relevant receivables classes.

The individual receivables classes are assigned a risk weighting in line with the Solvency Ordinance. This assignment is disclosed in [Table 24] in accordance with § 328 of the Solvency Ordinance (SolvV).

The Financial Holding Group also records investments in the asset ledger in line with § 332 no. 2 a – b of the Solvency Ordinance (SolvV). The investments in the asset ledger include investment instruments of affiliated companies amounting to € 193.9 million and listed securities of € 8.5 million. The investments and the shares in affiliated companies are not listed on the stock exchange. The investments in the asset ledger are therefore disclosed according to the principle of lower of cost or market applicable to fixed assets.

Realised and unrealised gains and losses resulting from investments in accordance with § 332 no. 2 c – d of the Solvency Ordinance (SolvV) can be found in [Table 25].

The Financial Holding Group holds derivative counterparty default risk and offsetting items in line with § 326 of the Solvency Ordinance (SolvV). In order to fix the interest flows for the financing of individual construction phases of the Wiesloch building project completed in 2004, the Financial Holding Group took out two payer interest rate swaps in 1999. After the premature redemption of the loans, the open interest position resulting from the purchase of two reverse swaps with identical amounts and terms was closed. In addition, MLP purchased three interest rate swaps for the hedging of interest risks. The interest rate swaps do not serve any speculative purposes. They are held as hedges within the scope of hedging relationships. The face value of the swaps is € 105 million. The negative replacement value is € 2.3 million.

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

[Table 24]
Risk weighting per receivables class

Risk weighting in %	Total outstanding receivables in accordance with standard approach: before credit risk reduction in € million	after credit risk reduction in € million
0	40.1	40.1
10	10.1	10.1
20	660.7	660.7
35	15.3	15.3
50	0.1	0.1
70	–	–
75	276.4	254.5
90	–	–
100	456.2	454.2
115	–	–
150	18.3	18.3
190	–	–
250	–	–
290	–	–
350	–	–
370	–	–
1250	–	–
Alienation of capital	1,477.2	1,453.3

[Table 25]
Realised and unrealised gains and losses from investments

All figures in € million	realised gains/losses from sales/liquidations	Latent revaluation gains (losses): in total	amounts thereof included in tier 2 capital
Total	**–1.0**	**–1.7**	**0**

Market price risks

The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

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

The market liquidity risk is the risk of a loss that can occur due to detrimental fluctuations in market liquidity – for example due to market disturbances.

[Table 26]
Interest rate risk

	Interest rate shock / parallel shift	
Amount in € million	Change in value +130 BP	Change in value –190 BP
Total	**–3.6**	**6.9**

At the Financial Holding Group, market risks essentially come about from incomplete congruency of interest rate agreements between the loans granted by MLP and their refinancing. A low level of market price risks also comes from internal business activities.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations. The basis of this is our interest management tool, which makes risks and their effects transparent in multi-layered interest scenarios.

In this context, cash value changes of all items in the asset ledger are shown in relation to the equity, with the application of the changes in interest rates prescribed by the Federal Financial Supervisory Authority. The simulation is performed by automated means for all the interest-bearing and interest-sensitive items. It is in this manner that the controlling of the interest risk is ensured. The change in value determined in the reporting period always remained below the threshold of 20% of equity – a threshold which, if exceeded, must be reported by the institute according to the regulations of the Federal Financial Supervisory Authority.

In accordance with § 333 of the Solvency Ordinance (SolvV), the interest risks in the asset ledger of the Financial Holding Group are shown in [Table 26].

In order to reduce the cash flow-relevant interest risk, we use derivative financial instruments (interest rate swaps) on a small scale.

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

The recognition of equity requirements for market risks in accordance with § 330 of the Solvency Ordinance (SolvV) is not relevant to the Financial Holding Group. There are minor risks relating to foreign currency or commodities.

The speculative use of financial instruments with a view to making profits in the short term was not conducted in the year under review, nor is it envisaged for the future. MLP continues to hold the status of a non-trading book institute.

Liquidity risks

Liquidity risk is the danger that there are inadequate financial resources to meet payment obligations. Ensuring solvency at all times is the core function of our liquidity control system. This is secured through daily scheduling. Alongside possible cash flow scenarios, updated new business planning, investment planning and other capital transactions are all regularly taken into account. The controlling of financial instruments of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

Using liquidity gap analyses we examine the anticipated development of our liquidity across various time frames. Here, we take into account all assets and liabilities relevant for the refinancing profile based on their term. The liquidity gap analysis indicates for each time frame whether there is a surplus or shortfall of financing means and thereby allows open liquidity items to be controlled. Alongside the development assumed in standard scenarios, we have also defined stress scenarios, so that we can detect any increased liquidity requirements early on and, if necessary, take any appropriate counter-measures. Within the scope of the stress scenarios, particular attention is paid to detecting any potential changes in the market environment.

The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. Appropriate short and medium-term credit lines have also been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

The processes used are subjected to regular checks and adjusted as and when necessary.

Operational risks

Operational risk is the risk of losses caused by inadequacy or failure of internal procedures and systems, people or by external events. This definition includes legal risks.

Operational risks are identified and assessed locally throughout the Group in the individual organisational units. To this end, a risk inventory is performed at least once a year, the scope of which includes analysis of the company's main risks. Within this framework, experts from all departments examine and assess the operational risk within the scope of self-assessment processes that are broken down into an assessment of risk potential for identification and evaluation of the main risks and into suggested measures derived from this. In addition to this, any loss/damage occurring in the Group is continuously recorded and analysed. Collecting all loss/damage data allows loss events to be identified and evaluated as a way of detecting trends and any concentration of operational risks. The results are collated and checked for feasibility by risk controlling and then made available to the Executive Board and the controlling units.

MLP currently uses the basic indicator approach in line with §§270 et seq. of the Solvency Ordinance (SolvV) to determine the amount eligible for inclusion in operational risks. As per §331 of the Solvency Ordinance (SolvV), the procedure used to determine the equity subject to operational risks is explained in the following. Within the scope of the basic indicator approach, the amount eligible for inclusion as per the supervisory regulations for the operational risk is determined using a fixed calculation scheme. The amount eligible is then 15 % of the average gross proceeds of the last three financial years, whereby only positive gross proceeds are taken into account.

Risks from internal procedures

The operational and organisational structure at MLP is described comprehensively and laid down in the organisation manual.

Reduction of the operational risk from internal procedures along with the reduction in the frequency and level of losses is primarily achieved through continuous improvement of business processes. Further safeguarding measures include risk transfer through conclusion of insurance policies and consciously avoiding risky products. Comprehensive emergency and business continuity plans are also in place for the most important areas and processes to secure the continuation of operations.

Here, our Business Continuity Management (BCM) system identifies potentially critical business processes which could have a major effect on the Group's business in the event of malfunction or failure. Suitable measures are defined for this in order to safeguard regular business operations within set standards. This also includes a written emergency plan which reduces losses to a minimum in the event of severe disruptions to operations and safeguards the ongoing business. The critical processes and the effectiveness of the defined measures are subject to constant monitoring and development. A BCM manual is available for the business units and employees.

Human resources risks

MLP is dependent on qualified employees and managers in the back-office areas. With comprehensive personnel planning and targeted personnel marketing measures, we reduce the risk of staff shortages. Employees working with confidential information undertake to observe the respective regulations and handle the information responsibly. A clear separation of management and control functions restricts the risk of breaching internal and external regulations. Defined agency and successor regulations secure our business and decision-making processes.

A possible error in client consulting, investment and acquisition brokerage or finance portfolio management and associated claims for damages can present a consulting and liability risk. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results coming from this are comprehensively documented. A high standard of training is guaranteed by our own Corporate University, at which each of our consultants initially attends extra-occupational training to become a Senior Financial Consultant. Our Corporate University has been awarded the seal of approval by the European Foundation for Management Development.

IT risks

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

Risks from external events

As our business processes focus on the broker and banking business and because of cost optimisation and scalability, MLP makes use of external partners for standard services. However, all key outsourcing activities of the MLP Financial Holding Group are coupled with risk management. As such, outsourced activities are incorporated in the risk controlling and management processes with continuous risk identification, evaluation, management and reporting. MLP has clearly defined responsibility for the outsourced processes here. This ensures that any potential organisational, structural or process-based risks that may occur due to outsourced business activities can be closely managed.

In addition to this, corresponding insurance policies have been concluded where appropriate to minimise risks from external events such as fraud, burglary, theft or damage due to force majeure.

Internal security measures are also set up in such a way that any attempts at fraud, burglary or theft are thwarted before they begin.

To ensure maintenance of critical processes in all cases, the potential consequences of external events are examined within the scope of the Business Continuity Management (BCM) system and corresponding plans of action drawn up.

Legal risks

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

According to our audit, the pending or threatening legal proceedings against MLP do not represent risks which could endanger the company's continued existence. The Executive Board at MLP AG is convinced that the legal claims filed since August 2007 with virtually the same wording and originating from a single firm of lawyers will not be successful. These claims have been filed for 32 clients for damages due to the issuing of allegedly erroneous capital market information between 2000 and 2002. Two of them have already been withdrawn.

Taxation risks

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

General business risks

Overall economic risks

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

Economic development in Germany – the market in which MLP generates over 98 % of its revenue – continued to be affected by the financial crisis in 2009. Following an extreme collapse in economic performance in the first quarter, first signs of stabilisation at a low level started to appear from the second quarter onwards. This trend then continued up to the end of the year. The stabilisation can largely be attributed to the positive effects of the comprehensive political and fiscal measures implemented by the central banks and the individual governments. Private consumption also played a particularly important part in stabilising the economy as a whole over the course of the year. The purchasing power of private households was supported by drops in employment levels remaining moderate and the stable price climate. The employment market continued to display remarkable stability and resilience.

However, the overall economic framework conditions in the financial year 2009 remained difficult for MLP. Pessimistic economic expectations continued to have negative effects, including ongoing reservations on the part of clients about signing long-term provision contracts or making investment decisions. Based on our investigations, these reservations are in particular due to uncertainty regarding further economic development and potential loss of workplaces.

Business environment and sector-related risks

The financial and economic crisis has further intensified competition in the sale of financial services in Germany and accelerated consolidation of the heavily fragmented market. However, the triggers for this development actually revolved around the tightening of the basic legal conditions (EU Insurance Mediation Directive, Markets in Financial Instruments Directive (MiFID), changes to the German Insurance Act). Small and medium-sized financial services providers in particular are facing the challenge of implementing the new requirements in an appropriate framework while remaining profitable. MLP is actively engaged in consolidation of the market. With the acquisition of the independent finance broker ZSH, completed at the beginning of the year, we have been able to further expand our sales force in the German market. Competition to find qualified financial consultants has also increased.

MLP is well prepared for the changes that lie ahead. The quality of our consulting, our focus on selected client groups and our independence give us a strong market position. Thanks to our financial strength, we can also continue to play an active role in the consolidation of the market.

In its business activities, MLP concentrates on the areas of old-age and health provision, as well as wealth management. The economic crisis has also become a determining factor in the further development of these markets. Clients make long-term investment decisions in the areas of old-age provision and wealth management. Since economic expectations remain rather pessimistic, private clients in particular are being extremely cautious and therefore continuing to display reservations in making long-term investment decisions.

Corporate strategy risks

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

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

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

With the concentration on broker business and, in particular, on the core competencies of old-age provision, health insurance and wealth management for academics and other discerning clients, MLP is well positioned on the market.

The productivity of the MLP consultant in particular is a central value driver of MLP's business model. We determine this productivity using various indicators, such as the revenue per consultant. Therefore, the effects on the company's success due to positive or negative trends in new business and the productivity of MLP consultants with existing clients are constantly analysed and evaluated, and form the basis of sales measures which may need to be introduced. The volume of new business generated with existing and new clients and the development of contract inventories in the different segments are the object of periodic reporting and form the basis for a timely and precise evaluation of the business development by the management.

Linking a sufficient number of competent consultants to the company over the long term and ensuring low consultant turnover are important prerequisites for the future growth of MLP. The development of the consultant base with regard to the time consultants have been with MLP, the number of applications, employment contracts signed and terminations issued is therefore also the object of periodic reporting and forms the basis for a timely and precise evaluation by management.

We subject the entry of new competitors into the market and possible fluctuation trends in this connection to intensive observation and analysis. This allows appropriate measures to be introduced promptly. We aim to continuously expand our consultant base by means of attractive job entry models and career models for graduates and professionals, and by using our remuneration model.

Winning new clients and ensuring long-term client loyalty are also key values in the MLP business model. The development of the client base, split into existing and new clients, its age structure and analyses of potentials at consultant and office level are the object of periodic reporting. The effects of possible positive or negative trends in client development on the company's overall success are constantly analysed and evaluated.

[Table 27]
Equity components

All figures in € million	
Paid-in capital (business capital, share capital, capital stock, endowment capital and business assets) excluding cumulative preference shares	141.7
General reserves	360.6
Net accumulated losses from investments	–
Unappropriated profit, interim profit	–
Carrying amounts for Group companies	–189.1
Investments of silent partners	–
Special items for general bank risks in line with § 340g of the German Commercial Code (HGB)	–
Unblocked assets recognised by the Federal Financial Supervisory Authority (BaFin)	–
Deductible items according to § 10 (2a) sentence 2 of the German Banking Act (KWG)	–20.8
Remaining goodwill according to § 10a (6) sentence 9 of the German Banking Act (KWG)	47.9
Thereof: Impairment shortfalls and anticipated losses according to § 10 (6a) no. 1 and 2 of the German Banking Act (KWG)	–
Total core capital according to § 10 (2a) of the German Banking Act (KWG)	**340.3**
Total tier 2 capital according to § 10 (2b) of the German Banking Act (KWG) after deduction of deductible items in line with § 10 (2b) sentence 2 of the German Banking Act (KWG) and tier 3 capital in line with § 10 (2c) of the German Banking Act (KWG)	**2.0**
for informative purposes: Total of deductible items in line with § 10 (2b) sentence 2 of the German Banking Act (KWG)	–
Total modified disposable shareholders' equity according to § 10 (1d) sentence 1 of the German Banking Act (KWG) and the eligible tier 3 capital in line with § 10 (2c) of the German Banking Act (KWG)	**342.3**

The strong market position at universities and the many years of close business relations with our clients ensure that MLP's client base undergoes continuous expansion.

Commission forms the core component of the Group's total income and cash flow. Using our planning and simulation tools, we analyse the effects of potential changes to commission models, possible regulatory intervention in the cost calculation of the products brokered by MLP or the tax treatment of our sales concept.

Other risks

Reputation risks

Reputation risks are defined as risks that occur due to a loss of image by MLP, either as a whole or by a single or several operating units, among eligible parties, shareholders, clients, employees, business partners or the general public. MLP is in particular subjected to the risk that public trust in our Group may be negatively influenced through public reporting of a transaction, a business partner or a business practice in which a client is involved. We minimise potential consulting risks by maintaining consistently high quality consulting which we ensure, for example, through IT-supported consulting tools. Consultations with our clients and the results arising from these are also comprehensively documented.

[Table 28]
Capital ratios of principal companies

Consolidated group of banks	Total capital ratio in %	Core capital ratio in %
MLP AG	88.2	88.2
MLP Finanzdienstleistungen AG*	5.3	5.2
FERI AG	13.2	13.2
FERI FT	8.8	8.8
FERI IA	2.1	2.1
ZSH GmbH	4.9	4.9

*holding institution

Supervisory risks/solvency

The Financial Holding Group is obliged to back its weighted risk assets with at least 8 % equity (equity ratio). The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4 %. These requirements have not changed in the financial year 2009. The same applies for MLP's internal processes, objectives and measures for investment control.

The equity structure of MLP in accordance with § 324 of the Solvency Ordinance (SolvV) is disclosed in [Table 27].

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

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), MLP Finanzdienstleistungen AG employs the credit risk standardised approach (KSA) for the credit risk and the basis indicator approach (BIA) for the operational risk in accordance with the German Banking Act (KWG) and the Solvency Ordinance.

MLP fulfilled all legal requirements relating to shareholders' equity backing in line with § 325 of the Solvency Ordinance (SolvV) throughout the entire financial year 2009. The capital backing of the major companies of MLP is disclosed in [Table 28].

Equity requirements derived from the application of the credit risk standardised approach are shown in [Table 29].

No other risks are known at MLP which could have a significant influence on the Group's continued existence.

[Table 29]
Credit risk standard approach

Equity requirements in € million	
Central governments	–
Regional governments and local government bodies	–
Other authorities	–
Multilateral development banks	–
International organisations	11.2
Institutions	–
Backed debentures emitted by financial institutions	–
Companies	18.8
Volume transactions	16.2
Items collateralised by property	0.4
Fund shares	1.4
Other items	14.1
Overdue items	2.2
Risks from book values of investments in companies	
Book values of investments in the standard approach	5.2
Operational risks	
Operational risks according to the basic indicator approach	**58.3**
Total	**127.8**

Summary

MLP's business development is essentially influenced by financial, operational and general business risks. Using our systems and comprehensive reporting, we ensure the identification, assessment, control and monitoring of our risks in terms of both current and future developments. The information provided guaranteed that risk management measures were introduced and prioritised promptly.

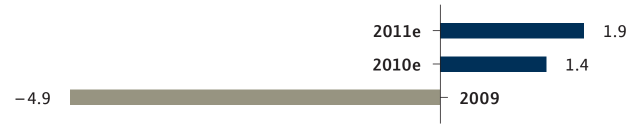
Both the MLP Group as a whole and the Group companies always acted within the scope of their financial risk-bearing ability in 2009. In addition, the supervisory requirements were met in full at all times. There are currently no discernible risks that could threaten MLP's continued existence. And we do not expect to see any negative development in the coming year.
Our Business Continuity Management also ensures regulated business operations in the event of any disruptions. Our risk monitoring and control systems and the consistent alignment of our business model to our risk-bearing ability enable us to ensure that the risks taken in our business activities are backed with adequate risk capital.

The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors. The system of risk management and risk controlling is subject to continuous further development, in particular with regard to developing the volume and complexity of our business.

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

[Figure 16]

Expected economic growth in Germany (all figures in %)



Source: Organisation for Economic Co-operation and Development (OECD)

FORECAST

Future overall economic development

Economy has not yet stabilised

MLP's business operations focus on financial and investment consulting to discerning private clients in Germany. Over 98 % of our total revenue is generated within Germany's borders. The development of the German economy and its legal framework conditions are therefore extremely important in terms of our business opportunities.

Based on the forecasts of economic research institutes, the global economy is set to recover in 2010 and 2011. Following two years of economic slump as a result of the financial and economic crisis in 2008 and 2009, global growth is now set to reach 6 % in 2010 based on estimates by the Organisation for Economic Cooperation and Development (OECD). Above all driven by recovering exports and economic stimulus packages, Germany's gross domestic product is set to rise to a level of around 1.4 % according to estimates by economic experts. And growth of 1.9 % is expected for the year 2011 [Figure 16].

Increasing unemployment

However, the return to positive growth in Germany is not likely to be accompanied by an increase in the number of jobs. Indeed, the OECD expects the unemployment rate to go up by 2 percentage points to 9.7 % by 2011. This translates to around 4.3 million unemployed people in Germany (2009: 3.3 million unemployed; 8.2 %). The anticipated economic upturn will therefore not rejuvenate the employment market. Set against this background, the OECD and leading economic experts are warning that increasing unemployment will lead to reduced tax revenues, while at the same time demanding greater social welfare payments. Both of these factors will have a serious impact on public funds, leaving little if any money available in Germany for economic stimulation measures over the course of the next few years.

Downturn in real income

Based on estimates of economic researchers, the disposable income of German citizens is likely to drop by 0.5 % next year in real terms. If oil prices continue to rise due to increased demand in the emerging markets – as forecast by the investment bank Goldmann Sachs – this is also likely to hinder rather than stimulate consumer spending among Germans. Legislative initiatives to stimulate the economy, such as the Citizens Relief Act or the Growth Acceleration Act, both of which are set to take effect in 2010, will at best only be able to reduce the load slightly.

General statement: Demand for medium and long-term provision contracts remains stifled

Even if Germany's economic performance does indeed improve in the current financial year following the collapse in 2009, the fact that unemployment is on the increase and real income is in decline means that we are not expecting to see any appreciable growth impulses from the macroeconomic environment for our business. In fact, we expect people to remain cautious throughout the current financial year with regard to signing new medium and long-term old-age provision and health cover contracts or with the transfer of mandates in the field of wealth management [Table 30].

[Table 30]
National economic influencing factors on MLP's business development in the years 2010 and 2011

	2010	2011
Expectations about economic situation in the future	0	+
Higher rate of unemployment	–	–
Stable savings rate	0	0
Higher consumer prices	–	–

Future industry situation

The situation in Germany's financial services industry has changed markedly over the course of the last few years. Competition has become fiercer, not least due to the appearance of more competitors. At the same time, regulatory requirements have been tightened with measures to increase consumer protection in Europe. Only the very best financial services providers can sustain long-term profit in an environment such as this. We therefore assume that the sector will see further consolidation over the next few years.

Well established as a premium brand

With its quality culture, its brand strength and its non-cost-intensive business model in the form of a free broker organisation, MLP is well established in the German market as an independent consulting firm for private and corporate clients, as well as institutional clients. We are the leading independent financial and investment adviser and have the power to draw benefits from market consolidation. And assuming we can find suitable candidates, we will take our opportunities to acquire new operations. In addition to this, the clear alignment of our business operations towards the growth areas in the German financial services market, i. e. old-age and health provision as well as wealth management, puts us in a sound position in the current competitive environment. We are observing first hand how the economic and political framework conditions in our growth areas are taking effect and are adjusting our sales based on actual and anticipated situations to target profitable growth.

Old-age provision

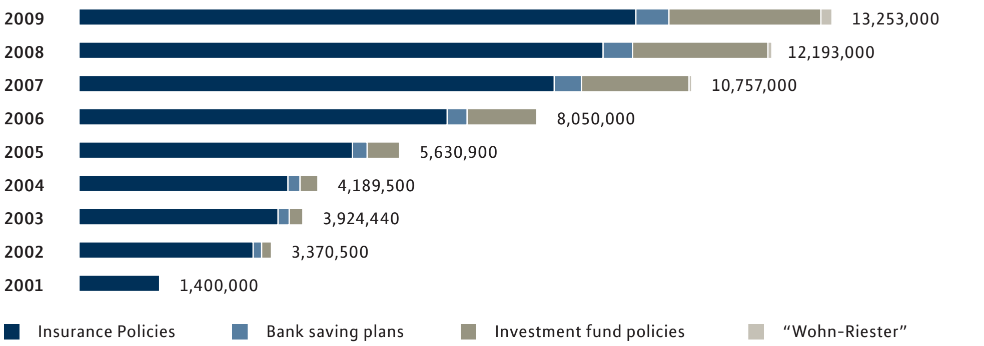
Increased awareness of the need for old-age provision products

Our core competency of old-age provision is an area that has enjoyed increased popularity over the last few years through Germany's pension reform. Increased awareness among Germany's population of having to at least provide a part of their old-age income through personal financing is helping sales of old-age provision products. Overall we can say that there is great demand for competent consulting in this field, as many still struggle to fully understand the three-tier old-age provision system in Germany. Indeed, most clients welcome structured advice on matters pertaining to old-age provision, although such advice is not a matter of course in Germany's financial services sector. In day-to-day business with private clients (retail business), sales of standalone products scarcely tailored to the needs of the individual are still more common than a balanced, holistic approach in the financial sector. Yet in comparison with the competition, the old-age provision specialists at MLP come out on top with their individual needs analyses and holistic old-age provision concepts, the effectiveness of which was recently underlined in a test on the topic of old-age provision performed by the magazine “Wirtschaftswoche”.

Old-age provision market not even close to being fully exploited

The demand for old-age provision concepts is far from saturated in Germany. As determined by the Allensbach Institute in 2009 on behalf of Postbank, every third employed person currently has no policies in place to provide private old-age income. And the Riester pension, which with 13 million policies already in place is currently the most popular form of private old-age

[Figure 17]
Development in the number of Riester contracts



Source: German Federal Ministry of Labour and Social Affairs

provision in Germany, now offers even greater sales opportunities. With the product variant colloquially referred to as "Wohn-Riester", the Riester concept has now been extended to include subsidies on property which policyholders themselves use as their residence. And the legislator is also set to further expand the scope of those eligible for these subsidies in the coming months. Following a judgement of the European Court of Justice, those persons residing abroad but working in Germany, where they are obliged to pay into the statutory pension scheme, must also be eligible for the Riester subsidy. In addition, the judges in Luxembourg criticised the fact that the Riester subsidy had to date been restricted to domestic residential property. Germany's legislator must now correct both of these issues [Figure 17].

The potential sales market is even greater when we consider the Rürup pension. According to data published by the German Insurance Association (GDV), people have been slow to warm to this product. In fact, it has only sold just over 1 million contracts to date. However, the increase in the level of old-age provision expenses that can now be offset against tax and the introduction of more attractive product concepts are helping to boost sales of Rürup pensions.

Small and medium-sized companies now starting to discover the benefits of occupational pension provision

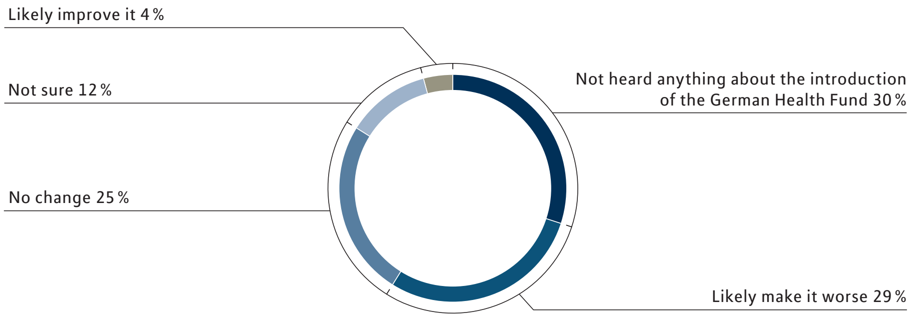
Occupational pension provision is far from reaching its peak in Germany. And although with around 18 million contracts as it stands today, it is the second most important pillar of old-age provision, there is still a great deal of untapped potential. Small and medium-sized companies, which account for almost 60 % of all employees in Germany, are only now slowly starting to discover what this instrument has to offer. Through its acquisition of the leading specialist in industry solutions for occupational pension provision, TPC THE PENSION CONSULTANCY GmbH, MLP is now in an excellent position to build on its market share in this segment in the future.

We are advising our clients to invest the tax savings they make in 2010 due to the Citizens Relief Act in an additional, tax-privileged old-age provision concept. This is especially important for those with good earnings (such as our discerning target clients), who have become accustomed to a comparably high income and without additional provision measures could well be left with a massive pension shortfall later in life, given the ever diminishing performance of the statutory pension.

From today's perspective we do not expect to see any significant product innovations in the field of private or occupational pension provision in the years 2010 and 2011.

[Figure 18]
Different expectations regarding the effects of the German Health Fund

The German Health Fund will have the following effect on the quality of healthcare provision –



Basis: Federal Republic of Germany. Population from 16 years old and above
Source: MLP Health Report 2009

Health provision

Demand for private healthcare provision still on the rise

The status quo in Germany's healthcare system has not improved, even more than a year after introduction of the German Health Fund. Within the scope of the MLP Health Report 2009, the Allensbach Institute determined that more than half the country's population and doctors are complaining about worse performance in healthcare provision in Germany. The gap between ever lower performance and ever increasing costs is widening. At the start of 2010, the first statutory health insurance funds announced that they would be demanding additional premiums from their policy holders, as the money raised by the German Health Fund is simply not enough to cover their running costs. Statutory insurance policy holders can hardly be happy with this situation, which in turn will lead to a high degree of willingness to make the switch to private health insurance [Figure 18].

The new German government has drawn some initial conclusions and announced that it will reduce the legally stipulated 3-year waiting period that must elapse before switching to a private health insurance to a 1-year waiting period. This makes it significantly easier for those wishing to make the switch to private health insurance. Policy holders who decide to make the switch this year will then be able to fulfil their wish in 2011.

Demand for private supplementary health insurance policies will also rise. German society is now increasingly aware of the need for insurance to cover potential illness and/or nursing care, not least due to the increased coverage of these topics in the media. While in 2005 just 34% of people considered taking out a private supplementary insurance policy, last year this figure increased to 46 %. We therefore feel certain that demand for private healthcare provision will see a further, significant increase over current levels once the economic framework conditions pick up.

We do not expect to see any new products or services in the field of private health insurance over the next two years.

Wealth management

Continued growth prospects in private banking

Growth prospects in the high-end retail banking business and the field of wealth management also remain excellent, disregarding the temporary, negative influences of the financial and economic crisis. In 2008 there were 8.6 million private individuals worldwide with a combined wealth of US$ 32.8 trillion. In Germany there were 809,700 private individuals with net financial assets of at least US$ 1 million each (owner-occupied real estate and commodities are not included). These figures are taken from the World Wealth Report 2009 published by the investment bank Merrill Lynch and corporate consulting company Capgemini.

Trust in banks lower then ever

The high-end retail banking business, often referred to as private banking, has been the pinnacle of the financial services sector for years. Yet since the general public's trust in banks has dropped so sharply in the course of the financial crisis, there is a definite sense that this sector may too see some regulatory changes. According to an important poll performed by the Allensbach Institute on behalf of the "Frankfurter Allgemeine Zeitung" newspaper, only 23 % of the population stated "complete trust" in the banks. Indeed, 70 % reported "little or no trust" in banks. As such, investors in Germany are more critical of the credit and insurance industry than they were prior to the crisis and in future are more likely to scrutinise the quality of financial advice they receive more closely.

With its renowned subsidiary, Feri Finance AG, MLP has recognised expertise in the field of investment consulting. We are already the largest independent financial and investment adviser in Germany and will continue to build on and expand our market position.

In the field of wealth management, we do not expect to see any significant new products or services in the next two years.

Competition

Consolidation offers opportunities for MLP

Competition in Germany's financial services sector, which has already been fierce for years, is now set to enter an even tougher dimension due to the lack of trust in the banking system caused by the financial and economic crisis. Indeed, Germany's "Stiftung Warentest" product test foundation gave a further damning review of the investment consulting offered by banks and savings banks as recently as December 2009, thereby providing consumer protection agencies with even more arguments to demand further legislation to protect private investors. As such, we should not be surprised to see further regulations enforced in the near future alongside existing regulatory requirements such as the EU Insurance Mediation Directive, the Markets in Financial Instruments Directive (MiFID) and the German Insurance Act. Since January 1, 2010 banks have already been obliged to document their investment consulting in a comprehensible manner and hand this documentation out to their clients. At the end of 2009, the Consumer Protection Ministry also announced that it was preparing a major package of measures designed to offer greater transparency in financial services consulting.

Regardless of whether new regulatory measures can actually bring about greater consumer protection, measures of this nature will certainly increase costs in the industry and put greater pressure on the margins. This will take its toll on small and medium-sized financial services providers, as only the strongest companies will be able to survive the stricter client requirements and extreme cost pressure to generate profitable growth in the long term.

Set against this background, the concept of independent consulting and sales will become ever more important, as underlined by the Tillinghast Sales Channel Survey published by Towers Perrin in 2009. This corporate consulting company anticipates that independent financial consultants will be able to increase their market share in the sale of financial products to 29 % by 2016 (2008: 28 %) [Figure 19].

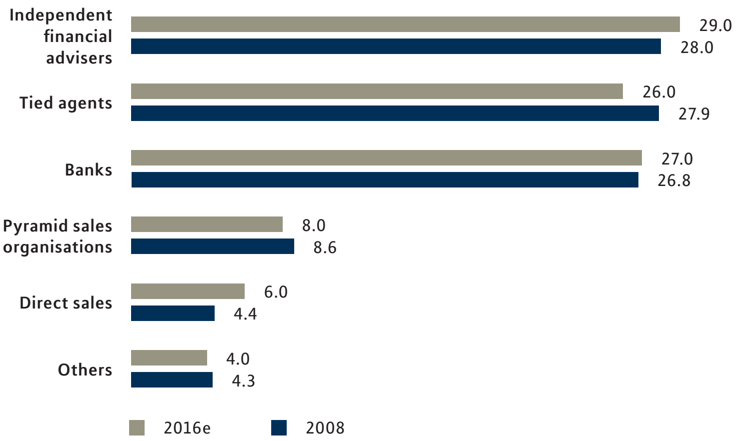
[Table 31]

Effect of industry-specific factors on the anticipated business development of the industry and MLP in 2010 and 2011

	Effect on business development in the industry		Effect on business development of MLP	
	2010	2011	2010	2011
Rising demand for private and occupational pension provision	+	+	+	+
Legal framework conditions for health insurance	0	+	0	+
Loss of confidence in banks due to the financial crisis	–	–	+	+
Increase in competitive intensity in the financial services sector	0	0	+	+

[Figure 19]

Market shares of various sales channels for life insurance products in Germany 2008 and 2016 (all figures in %)



Source: Towers Perrin

[Table 32]

Anticipated development of revenue from 2010 to 2012

	2010	2011 / 2012
Revenue: old-age provision	→	↗
Revenue: wealth management	↗	↗
Revenue: health provision	→	↗

Expected development of business

MLP – A well-established, full-scope consulting firm

Today, MLP is a well-established, full-scope consulting firm with clear positioning and prospects. Supported by comprehensive research, the MLP Group works to a holistic and independent consulting approach that covers all economic and financial questions for private and corporate clients, as well as institutional investors. This broad scope of services is what makes our company so strong. We have also significantly strengthened our business with corporate clients in the last few years. An important goal for the next few years – alongside our retail business, which has always been strong – is to further build on this pillar of our business.

Based on what we know today, we are not currently planning any significant changes to our corporate policy or corporate structure for the next two financial years.

Framework conditions remain difficult in 2010

For the financial year 2010, and the first half of the year in particular, we expect framework conditions to remain as difficult as last year. Although we have now started to see first signs of recovery in our business with private and corporate clients, the market environment remains tense. As such, we do not expect the economic environment to provide any noticeable impulses for our business development. And although experts are predicting economic growth of 1.4 % in Germany for 2010, unemployment continues to rise.

As the market environment remains difficult, we have decided to only provide a qualitative forecast for revenue up to 2012. With framework conditions remaining difficult, we expect to see only stable revenue this year in our core sectors of old-age and health provision. However, our goal for the years 2011 and 2012 – by which time the economic environment should be more favourable – is to get back on track with healthy growth. In the field of wealth management, on the other hand, we are already expecting to see a moderate increase in revenue in the current financial year, which will also continue over the two subsequent years [Table 32].

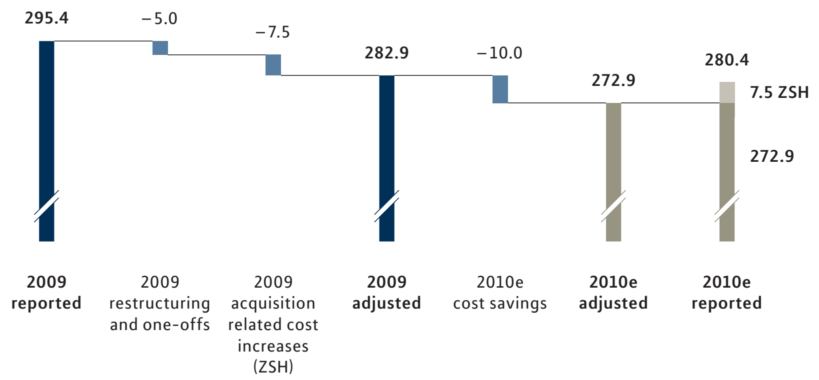
Further cost reductions

In addition to fully utilising our revenue potential, continuing our strict level of cost discipline will remain important in the current financial year. For 2009 we aimed at lowering fixed costs (personnel expenses, depreciation/amortisation and impairments, other operating expenses; excluding one-off effects and before acquisition-related cost increases) by € 24 million and in 2010 by a further € 10 million. In the last financial year we not only achieved this goal, but with savings of € 28.7 million were even able to exceed it. However, despite this excellent result, we have chosen to keep our goal for 2010 and reduce our fixed costs by a further € 10 million [Figure 20].

The expense items “Personnel”, “Depreciation/amortisation and impairment” and “Other operating expenses” will all drop as a result of the cost reductions. We are not planning any active personnel reduction measures, although we will take a restrictive approach in refilling vacant positions. Further optimisation of existing processes and reduction in administrative expenses will also allow other operating expenses to be reduced. The other two expense items in our income statement (Commission expenses and Interest expenses) are essentially variable costs that will follow the development of revenue in the respective segments.

[Figure 20]

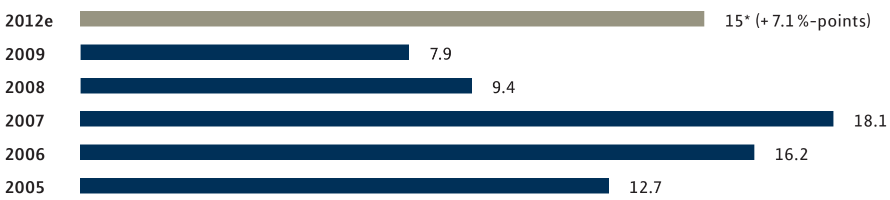
Planned cost reduction in 2010 (all figures in € million) – Fixed costs*



* before acquisitions and one-offs

[Figure 21]

Development of the EBIT margin from 2005 to 2012 (all figures in %)



* before acquisitions and one-offs

In terms of our finance cost, we do not expect any significant changes in the current fiscal year. Our tax rate is likely to see only a slight increase over the course of the next few years from 31.5 % in 2009 to between 32 % and 33 %.

In the years 2005 to 2007, we succeeded in significantly increasing our company's profitability. In 2008 we then had to suffer a significant drop in this key performance indicator. One important reason for this was the additional costs associated with implementation of the new German Insurance Act. Added to this were the unforeseeable and severe effects of the economic and financial crisis, which had a massive influence on the revenue side in the last financial year. Our goal now, once the worst of the financial and economic crisis is over, is to get back on track and almost double our EBIT margin to 15 % by the end of the 2012 [Figure 21]. This is based on the intended reduction in the cost basis and the increase in revenue mainly anticipated in the years 2011 and 2012.

EBIT margin for 2012: 15 %

The topic of acquisitions also remains part of our management agenda. However, the prerequisites for an acquisition include an acceptable purchase price, synergies on the revenue and profit side and alignment with MLP's culture and business model. And acquisitions are not only possible for expanding our traditional retail business in Germany, but also for strengthening our subsidiary Feri Family Trust in the wealth management sector. This industry is currently in a phase of restructuring due to the financial crisis and changes in the banking sector. Many specialised asset managers and investment boutiques are now looking for a powerful partner. Moreover, we can very well envisage entering into partnerships and generating growth in our business with institutional and corporate clients – above all to grant us further internationalisation.

Dividend of € 0.25

The Executive Board and Supervisory Board will propose a dividend of € 0.25 per share for the financial year 2009 at the Annual General Meeting on May 20, 2010. This corresponds to a total dividend of € 27.0 million. As such, the dividends remain at virtually the same level as the previous year (€ 0.28 per share, € 30.2 million). Measured against earnings from continuing operations, we will achieve a distribution rate of around 100 %. As a general rule, our dividend payout policy is always aligned to the respective financial and profit situation, as well as the Group's future liquidity requirements. Since our equity capital backing and liquidity are both excellent, we also expect to be able to increase dividends in the forecast period while maintaining the distribution rate, assuming that our expectations with regard to trends in revenue and earnings up to 2012 prove accurate.

Planned financing activities and investments

The MLP Group had access to sufficient cash holdings on the balance sheet date. Our business model is not capital-intensive and generates high cash flows. From today's perspective, this provides sufficient internal financing capacity for 2010 and 2011. In terms of the company's financing, we are largely independent of further developments in the capital markets. Even limited or more restrictive issuing of loans by financial institutions (so-called "credit crunch") would not have a negative effect on our financing options. We will use our cash flow to allow shareholders to participate in the company's success and to further strengthen the Group's financial power.

Investment volume unchanged

The investment volume will not see any significant change in comparison with the financial year 2009 (around € 4 million). We will continue to invest the majority of funds into further improving the quality of consulting and client service (please also refer to the chapter "Financial position" and "Client support") and thereby in the financial services segment. Alongside capitalisable investments expenditures we use other resources for these projects, which are included as expenses in the income statement. Our intention is to finance all investments from cash flow.

The return on equity relative to net profit remained unchanged in the reporting year at 5.8 %. Although we do not use this figure as one of our key performance indicators, our goal is to continuously increase our return on equity over the course of the next few years.

Excellent liquidity

At around € 210 million on the balance sheet date, the Group's liquidity is excellent. As is typical and seasonal, over the course of the year this will initially be reduced by factors including the planned dividend payment of € 27.0 million, but then increase again in the second half of the year due to the year-end business. Acquisitions we finance with cash holdings would have a negative effect on the Group's liquidity. We do not expect a liquidity squeeze in the current year or next year.

[Figure 22]

Number of university graduates in Germany (all figures in thsd.)

Source: Institut der deutschen Wirtschaft, Cologne, Federal Statistical Office, Boston Consulting Group (BCG)

Prospects

Opportunities from the development of framework conditions

Given the economic environment, we do not expect any significant impulses for our business development in the current financial year. The anticipated recovery with economic growth of 1.4 % is simply too low for this. However, should economic activity see faster or greater improvement than expected, this would also have effects on the future expectations of our clients. A more positive appraisal of their future economic situation could also increase willingness on the part of clients to invest in long-term old-age provision or wealth management concepts.

We are also expecting a positive effect on our business development from the Citizens Relief Act. Through various tax breaks, German citizens will have greater net income from January 2010 onwards. Looking at their needs, for many clients it makes sense to invest at least a part of these funds in old-age or health provision concepts or in capital accumulation.

The current political discussion on reform of the healthcare system in Germany underlines the fact that the present system is simply not sustainable from a financial perspective in light of the demographic change in our society and medical advances being made.

Once the political discussions have been completed, further reforms are to be expected in the current legislative period. It is highly likely that there will be a greater need for private provision, whatever the results of the discussion and whatever shape the future system takes. These increased requirements can only be covered with private full-scope or supplementary health insurance. This development would also offer MLP opportunities for consulting and brokering corresponding products.

Corporate strategy opportunities

The positioning of our company that we have undertaken over the last few years to create an independent, well-established, full-scope consulting firm offers us great opportunities. Alongside business with private clients, we are now increasingly focussing on our business with corporate clients and institutional investors. In cooperation with our subsidiaries Feri and TPC we will further expand our portfolio for corporate clients and institutional investors in the areas of investment, risk management and occupational pension provision over the course of the next few years. Improved interlinking of these areas with one another and the retail business unlock diverse cross-selling opportunities alongside the corresponding revenue potential.

Pressure for consolidation in the financial services sector has grown drastically as a result of the financial and economic crisis. This applies both to consumer and corporate business, as well as all major investments. We are keen to play an active part in the consolidation, which will offer us opportunities for external growth.

Business performance opportunities

As a pure service provider, our operational tasks comprise sales, sales support and product purchasing/product selection.

Alongside intensive support for existing clients, we will also place emphasis on winning new clients. In our client group of academics, potential in Germany is set to increase over the next few years [Figure 22]. Due to the ever increasing demand for well-trained employees, the number of university graduates is likely to rise over the next few years. And the importance of securing recommendations from our existing client base will increase. Our goal is to consistently utilise these opportunities for growth.

We also expect to see interesting revenue opportunities for 2010 in supporting wealthy clients via our subsidiary Feri Finance AG – not least due to the severe changes in the private banking market. In the business with corporate clients we see revenue potential in the fields of asset liability management, asset allocation, risk overlay management and risk management. The new Accounting Law Reform Act (BilMoG) and the increased contributions to the pension guarantee association will also continue to stimulate a high demand among companies for independent, professional consulting in the field of occupational pension provision.

MLP is an attractive partner for freelance consultants

If we are successful in increasing the number of our consultants and improving their productivity, this will also generate further opportunities in sales. Despite the fact that unemployment in Germany has increased over the last 18 months, competition for both trainee and experienced financial consultants is extremely intensive. We have introduced a large number of measures to make this career more appealing and also make our company more attractive as a partner for freelance consultants. Introduction of client support commission and a participation programme are just two examples of this. Added to this is the training we offer at our Corporate University, considered to be pioneering in the sector.

To increase the productivity of our consultants, in the last few years we have further improved sales support through IT and also through additional centralised services. With end-to-end electronically supported processes throughout the entire value added chain, in future we should succeed in increasing the productivity of our consultants, lowering unit costs and improving our attractiveness as a partner.

We have not identified any other opportunities which could result in significant positive development in the economic situation in future.

General statement by corporate management on the expected development of the Group

In the last financial year, the financial and economic crisis was the key factor affecting the Group's business development. Now that economic downturn has bottomed out, growth of 1.4 % is being forecast for Germany in 2010. However, this growth impulse will not be enough to stimulate sustainable growth in our business development. Indeed, we do not expect to see positive impulses from general economic developments until 2011.

In our main revenue fields of old-age and health provision, we expect to see stable revenue in 2010. For the two subsequent financial years we then expect to see revenue increase. Our third important revenue pillar – wealth management – is likely to see the beginning of positive developments in the current financial year. This positive trend will also continue into 2011 and 2012.

The cost-cutting programme we successfully initiated and implemented at the start of the financial year 2009 has made a significant contribution to securing the Group's profitability. We are continuing this programme in the current financial year to get back on track and move back towards our former earnings strength in the mid term. Our goal is to achieve an EBIT margin (before one-off effects and acquisition-related cost increases) of 15 % in 2012.

Positive development of the Group anticipated

The Group's equity capital backing and liquidity are excellent. This financial power, in connection with MLP's strategic positioning as an independent, well-established, full-scope consulting firm for private and corporate clients, as well as institutional investors in the growth markets of old-age provision, health care and wealth management will strengthen our competitive position. We therefore expect to see continued positive overall development within the Group.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Within the scope of our concentration on growth markets, in future we will focus on our core market of Germany in the retail business at our subsidiary MLP Finanzdienstleistungen AG. To this end, in January 2010 we agreed to sell our branch in the Netherlands to NBG B.V., Valkenswaard, Netherlands. We generated less than 1% of our total revenue in this market.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the MLP Group's net assets, financial position and results of operations.

Wiesloch, March 16, 2010

Dr. Uwe Schroeder-Wildberg | Gerhard Frieg

Ralf Schmid | Muhyddin Suleiman

Prognoses

This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect," "anticipate," "estimate," "assume," "intend," "plan," "should," "could," "project" and other similar terms used in reference to the company describe prognoses based on certain factors subject to uncertainty.

Many factors can contribute to the actual results of the MLP Group differing significantly from the prognoses made in such statements.

MLP AG accepts no liability to the public for updating or correcting prognoses. All prognoses and predictions are subject to various risks and uncertainties, which can lead to the actual results differing from expectations. The prognoses reflect the points of view at the time when they were made.


Martina Schreck | 45 years old
Managing Director of a medical
training institute
MLP client since 2006

»What is

the key focus – me

or the commission?«

Ulrich Hilß | Munich
MLP consultant

»A consultant at MLP has the best chance of success if the

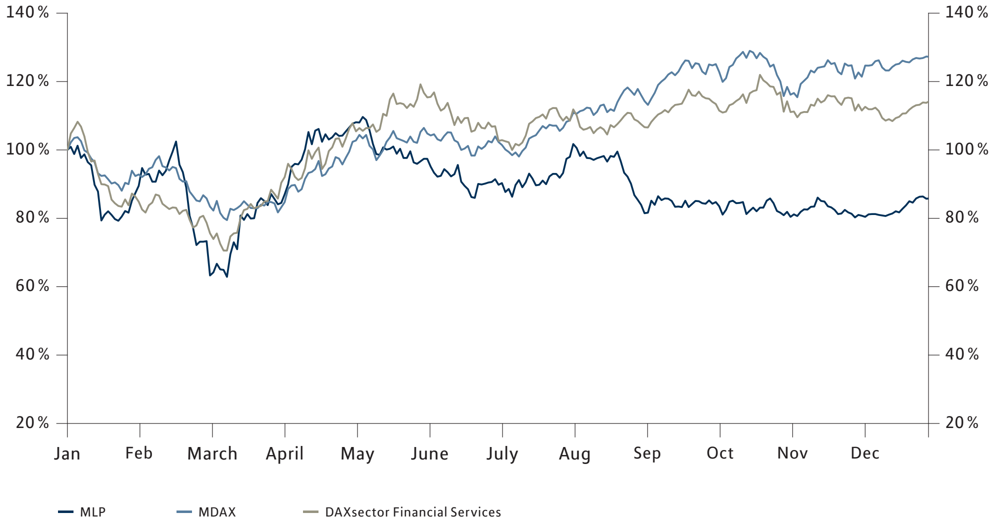
key focus

of his work is on the individual need of the client and long-term support. This principle is firmly rooted in MLP's business model.

Moreover, extensive training and further education, an independent product selection and a high level of transparency are decisive for high-quality client advice.«

Investor Relations

[Figure 23]
MLP share • MDAX and DAXsector Financial Services for 2009



Stock market year – Development of the markets

Following a weak start to the stock market year 2009, largely due to the financial and economic crisis, the stock markets were able to record significant gains from the second quarter onwards. This trend continued over the course of the year with just a few setbacks along the way. A range of economic indicators signalled the end of the global recession and the first signs of global economic recovery, which the markets had already factored in.

Market prices signal economic upturn

America's leading index, the Dow Jones Industrial Average, increased from 8,776 points at the start of the year to 10,428 points at the end of December, a gain of 18.8 %. Germany's leading index, the DAX, reached its annual peak in December at 6,016 points and closed the year on 5,957 points, a plus of 19.8 % in comparison with the end of 2008. The MDAX, in which the MLP share is listed, recorded above-average positive development with growth of 34.0 %. Over the course of the year, the index increased from 5,602 to 7,507 points at the end of the year. Following the severe crash in 2008 with a drop of almost 60 %, the sector index for the German financial sector once again saw positive development in the last financial year. Starting at 582.1 points at the start of the year, the DAXsector Financial Services rose consistently in the second half of the year, reaching its annual peak of 741.8 points in October 2009. It then closed at 686.1 points at the end of the stock market year.

[Table 33]

Key figures for business valuation and balance sheet analysis

		2009	2008
Equity ratio	in %	28.4	27.8
Return on equity	in %	5.8	5.8
Net liquidity	in € million	210.0	210.1
Market capitalisation	in € million as at Dec, 31	869.49	1,057.04
Enterprise Value (EV)	in € million	659.49	846.9
EV/total income		1.2	1.4
EV/EBIT		15.6	15.1
Total revenue from continuing operations	in € million	532.1	595.2
EBIT from continuing operations	in € million	42.2	56.2

[Table 34]

Overview of the largest MLP shareholders

All figures in %	
Manfred Lautenschläger (D)[1]	23.38
Angelika Lautenschläger (D)[2]	6.03
Swiss Life (CH)	9.90
HDI/Talanx AG (D)	9.89
ALLIANZ SE (D)	6.27
Barmenia (D)	6.67
Harris Associates (USA)	5.10
Berenberg Bank (D)	4.84
AXA S.A. (F)	4.72
Uberior Ena Ltd. (HBOS) (UK)	0.73

[1] 20.98 % of the voting rights of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH (Germany) are attributable to the 23.38 % of voting rights of Manfred Lautenschläger (in accordance with article 22, section 1, sentence 1, No. 6 of the German Securities Trading Act (WpHG))

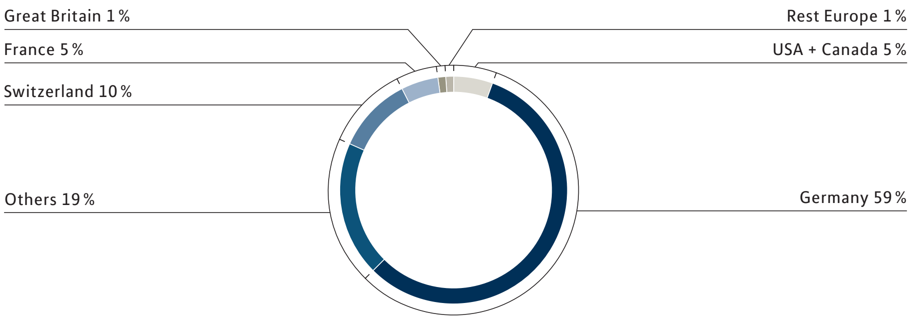
[2] 4.17 % of voting rights of M. L. Stiftung gGmbH (Germany) are attributable to the 6.03 % of voting rights of Angelika Lautenschläger (in accordance with article 22, section 1, sentence 1, No. 6 of the German Securities Trading Act (WpHG))

The MLP share

MLP share unable to maintain upward trend

The price of the MLP share followed the developments in the stock markets until May 2009 – running in parallel to the MDAX, in which the MLP share is listed, and the DAXsector Financial Services in terms of the downwards movement up to the end of the first quarter and the increases up to the third quarter. From June 2009 onwards, our share was then no longer able to sustain the index's upwards movement. At the end of 2008, the price of the MLP share was € 9.80. In March 2009, it reached its lowest level of € 5.25 before then climbing to its highest level of € 10.98 in May 2009. The closing price on December 31, 2009 was € 8.06.

[Figure 24]
Shareholder structure



As at June 30, 2009

Shareholder structure

Swiss Life reduces holding

The Swiss insurance group Swiss Life reduced its 24 % shareholding in MLP in April 2009 by releasing 8.40 % of its shares to the insurance group Talanx AG. Following the sale of a further 6.00 % of shares to Barmenia Krankenversicherung in December 2009, Swiss Life's holding had been reduced to 9.90 % by the end of 2009. [Table 34] provides an overview of the major shareholders.

Based on our last shareholder survey, conducted in mid-2009, a large proportion of MLP shares remain in the hands of German investors. The shareholder structure can be seen in [Figure 24].

Dividend

In 2009, MLP once again allowed its shareholders to participate in the company's success. With € 0.28 per share, our shareholders received tax-exempt dividend payouts totalling € 30.2 million. This results from the changed tax treatment of the incorporation of MLP AG subsidiaries into MLP AG and their subsequent sale. This also applies to the next few years, in which shareholders in MLP AG can expect to receive tax-exempt dividend payouts of around € 350 million.

Dividends only slightly below the previous year

MLP also wants its shareholders to participate in the company's success in 2010. At the Annual General Meeting on 20 May, 2010, the Executive Board and Supervisory Board will propose a dividend of € 0.25 per share.

[Table 35]

Key Figures

		2009	2008	2007	2006	2005
Shares in circulation as at Dec 31	in units	107,877,738	107,861,141	99,163,680	99,918,294	108,026,177
Share price at the beginning of the year	in €	9.80	10.74	15.12	17.61	14.73
Share price at the end of the year	in €	8.06	9.8	10.75	15.04	17.52
Share price high	in €	10.98	14.25	19.56	22.59	17.53
Share price low	in €	5.25	8.18	8.05	13.38	10.71
Market capitalisation at the end of the year	in € billion	0.9	1.1	1.2	1.5	1.9
Average daily turnover of shares	in units	106,927	728,053	724,896	449,052	411,610
Dividend per share	in €	0.25*	0.28	0.50	0.40	0.30
Total dividend	in € million	27.0*	30.2	49.0	40.0	31.5
Return on dividend (without extra dividend)	in %	3.1	2.6	3.5	2.4	2.0
Extra dividend per share	in €	–	–	–	–	0.30
Total extra dividend	in € million	–	–	–	–	31.5
Earnings per share	in €	0.22	0.24	0.62	0.69	1.84
Diluted earnings per share	in €	0.22	0.24	0.61	0.69	1.81

*Subject to the approval of the Annual General Meeting on May 20, 2010

Investor relations in times of financial and economic crisis

Open dialogue with shareholders plays a vital role for MLP, particularly in times of continuing financial crisis and economic uncertainty. We give the capital market and its protagonists regular and reliable reports with clear information on important events in the Group as a way of creating trust and making it easier for investors to gain a clear picture of our company value.

Open dialogue, even in times of crisis

We continued to pursue our approach of value-driven reporting last year and sought continuous exchange with our shareholders – whether private or institutional. Alongside numerous capital market events such as roadshows, conferences and the Annual General Meeting, we also offer information on our business development through our system of financial reporting. In addition, shareholders can enter into continuous dialogue in the Investor Relations section of our Internet presence at www.mlp-ag.com, where both investors and the general public can also find reliable and up-to-date information on our company and its business development. The Investor Relations section also provides personal contact details for anyone wishing to get in touch.

Award for the 2008 Annual Report

Annual report: 3rd place in the MDAX

In the awards ceremony held by “manager magazin”, MLP won 3rd place in the category of best Annual Report 2008 among MDAX companies. We were also able to improve on our position in the direct sector comparison, winning 2nd place among the financial institutions. Under the scientific leadership of Prof. Dr. Baetge, “manager magazin” analyses the Annual Reports of the most important German and European public limited companies listed on the stock exchanges every year, presenting awards to those companies that provide the most comprehensive and reliable information for investors.

Corporate Governance report

Every year, the Executive Board and Supervisory Board report on the company's corporate governance in the Annual Report as required by the German Corporate Governance Code. Furthermore, the following statements and details are provided as a Declaration of Corporate Governance in the sense of § 289 a of the German Commercial Code (HGB).

TEXT OF THE DECLARATION OF COMPLIANCE PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Declaration of Compliance of MLP AG pursuant to § 161 of the German Stock Corporation Act (AktG) (version dated December 10, 2009)

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of MLP AG hereby declare that the company has complied with the recommendations of the "German Corporate Governance Code" government commission (version dated June 18, 2009) since the last Declaration of Compliance was issued. However, the recommendations specified in section 3.8 sentence 4 and 5, section 4.2.3 (4) and (5), section 5.1.2 sentence 6, section 5.4.1 sentence 2 and section 5.4.6 sentence 4 were not complied with.

The reasons for these deviations from the recommendations are as follows:

Section 3.8 sentence 4 and sentence 5 (D & O insurance with excess)

Based on the recommendations of the German Corporate Governance Code (section 3.8 sentence 4 of the version dated June 6, 2008), the company should agree an appropriate excess for members of the Executive Board and Supervisory Board when concluding a D & O insurance. Initially, the company did not comply with this recommendation.

However, with introduction of the Appropriateness of Management Board Remuneration Act (VorStAG), members of the Executive Board must now agree to an excess. This excess must be at least 10 % of the loss up to at least an amount representing one and a half times the annual remuneration of the respective Executive Board member. A corresponding insurance excess is also to be agreed as per section 3.8 sentence 5 of the German Corporate Governance Code in a D & O insurance for the Supervisory Board.

MLP initially deviated from these recommendations in 2009. In the meantime, however, MLP has modified the existing D & O insurance in such a way as to provide excesses for the members of the Executive Board and Supervisory Board in the coming financial year and thereby comply with the regulations and recommendations of the German Corporate Governance Code. As such, MLP will now comply with this recommendation in 2010, unlike in 2009.

Section 4.2.3 (4) and (5) (compensation cap)

As per the recommendations of the German Corporate Governance Code, attention must be paid when concluding Executive Board contracts to ensure that any payments to members of the Executive Board do not exceed the value of two years remuneration including perks (compensation cap) of these Executive Board members, should their position be terminated prematurely without an important reason. Calculation of the compensation cap should be based on the total remuneration of the last financial year and, if available and appropriate, also the total anticipated remuneration of the current financial year. In the event of premature termination of Executive Board membership due to a change of control, any commitment for payments should not exceed 150 % of the compensation cap.

MLP deviates from this. The service contracts with the Executive Board members stipulate that, in the event of premature termination due to either dismissal or termination of appointment of an Executive Board member without an important reason, compensation corresponding to a maximum of four times the fixed annual salary of said Executive Board member is to be paid. This is paid on a pro-rata-temporis basis should the respective Executive Board member's contract be terminated within the last two years prior to its expiration. This stipulation still applies, even if members of the Executive Board make use of the extraordinary right to termination granted to them in their respective contracts. This applies in certain cases where the company changes its corporate form as per the Reorganisation of Companies Act (UmwG) or if a third party who had a shareholding of less then 10 % in MLP AG when signing the contract then acquires at least a 50 % share of the voting rights.

There is no entitlement to compensation in the case of termination of contract by mutual agreement. In the company's view, compensation based on the total remuneration of the last financial year, which thereby also includes a variable portion of remuneration, is not suitable for use as a basis of assessment relating to future contractual periods. For contractual reasons, provisions regulating compensation arrangements concerning the termination of contracts by mutual agreement can in any case only be seen as a guideline. And the parties involved are free to deviate from these provisions at any time with mutual consent. For this reason, any provisions of this nature would be no more than a formality. As was also the case in 2009, MLP has therefore once again elected not to comply with this recommendation in 2010.

Section 5.1.2 sentence 7 (age limit for members of the Executive Board)
Based on the recommendations of the German Corporate Governance Code, an age limit should be set for members of the Executive Board.

MLP did not follow this recommendation in 2009. No age limit is set for members of the Executive Board at MLP. The appointment of members of the Executive Board should be based solely on their knowledge, skills and specialist experience. As was also the case in 2009, MLP has therefore once again elected not to follow this recommendation in 2010.

Section 5.4.1 sentence 2 (age limit for members of the Supervisory Board)
Based on the recommendations of the German Corporate Governance Code, a definable age limit should be considered when proposing candidates for the election of Supervisory Board members.

MLP did not follow this recommendation in 2009. No age limit is set for members of the Supervisory Board at MLP. In light of the knowledge, skills and specialist experience stipulated in section 5.4.1 sentence 1 of the Code, it makes little sense to specify an age limit. As was also the case in 2009, MLP has therefore once again elected not to follow this recommendation in 2010.

Section 5.4.6 sentence 4 (performance-related remuneration of the Supervisory Board)
Based on the recommendations of the German Corporate Governance Code, the members of the Supervisory Board are to receive performance-related remuneration alongside their fixed remuneration.

MLP did not follow this recommendation in 2009. The members of the MLP AG Supervisory Board do not receive performance-related pay, as no convincing concepts in support of such remuneration structures have yet come to light. As was also the case in 2009, MLP has therefore once again elected not to comply with this recommendation in 2010.

Wiesloch, December 2009

MLP AG

The Executive Board The Supervisory Board

You can also find further information on the topic of Corporate Governance at MLP on the internet at www.mlp-ag.com.

More information at www.mlp-ag.com, Corporate Governance

CORPORATE GOVERNANCE

Responsible and value adding management

By complying with the stipulations of the German Corporate Governance Code of June 18, 2009, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared towards long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

As the management body of an "Aktiengesellschaft" (public limited company), the Executive Board runs the business and is tied to the interests and business principles of the company within the scope of corporation law. The responsibilities and duties of the Executive Board are laid down in the German Stock Corporation Act (AktG), in MLP AG's articles of association, as well as in the Executive Board's rules and procedures and schedule of responsibilities.

The members of the Executive Board together hold responsibility for the entire management. Decisions of the Executive Board are made in Executive Board meetings, which take place regularly and are convened by the Chairman of the Executive Board. Resolutions are drafted as ordinary resolutions with majority votes and recorded accordingly.

The members of the Executive Board are Dr. Uwe Schroeder-Wildberg (Chairman), Mr. Gerhard Frieg, Mr. Ralf Schmid and Mr. Muhyddin Suleiman.

Supervisory Board

The Supervisory Board advises and monitors the Executive Board. The responsibilities and duties of the Supervisory Board are derived from the German Stock Corporation Act (AktG), MLP AG's articles of association and a set of rules and procedures for the Supervisory Board.

Resolutions of the Supervisory Board are passed in meetings, which are generally convened by the Chairman of the Supervisory Board. The Supervisory Board convenes for both regular and extraordinary meetings, which are generally attended by all members of the Supervisory Board in person. The Supervisory Board is informed of particularly important or urgent projects outside of the regular meetings. Where necessary, resolutions can also take the form of circular resolutions or be passed via telephone. The resolutions of the Supervisory Board require a majority of votes cast to be passed. In the event of an equal number of votes, the Chairman's vote is decisive. A transcript of the meetings is drafted.

Members of the Supervisory Board

The Supervisory Board currently consists of six members. These are four shareholder representatives, elected by the Annual General Meeting, and two employees' representatives, elected by employees. The Supervisory Board is currently made up of Dr. Peter Lütke-Bornefeld, Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill, Mr. Hans Maret, Mr. Norbert Kohler and Mrs. Maria Bähr.

Efficiency of the Supervisory Board

In the absence of the Executive Board, the Supervisory Board also reviewed the efficiency of its own activities in 2009. Particular attention was paid to the efficiency of the procedures in the Supervisory Board, the information flow between the committees and the Supervisory Board plenary meeting and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Further measures aimed at increasing efficiency were discussed intensively in target-oriented talks.

Supervisory Board committees

The Supervisory Board of MLP AG has set up committees in order to improve the effectiveness of its work. The Personnel Committee prepares the resolutions on HR issues concerning the Executive Board members with the company. The Audit Committee is responsible for auditing the accounting processes, risk management issues and the auditing system itself, as well as ensuring the independence of the auditors, awarding the audit contract to the auditors, determining the focal points of the audits and agreements on fees. The committee also discusses the annual financial statements, the consolidated financial statements and the management reports of MLP AG and the MLP Group and submits a recommendation for resolution to the Supervisory Board. The Supervisory Board has formed a nomination committee which is exclusively composed of shareholder representatives who propose suitable candidates to the Supervisory Board for recommendation to the Annual General Meeting. Dr. Peter Lütke-Bornefeld, Dr. h.c. Manfred Lautenschläger, Dr. Claus-Michael Dill and Mr. Hans Maret are members of the three aforementioned committees.

Corporate Governance in the Supervisory Board

In 2009, the Executive and Supervisory Boards of MLP AG again dealt intensively with the German Corporate Governance Code and further new legislation significant to the work performed by the Supervisory Board and its committees. The changes to the Code passed on June 18, 2009, and in particular the changes caused by Germany's Appropriateness of Management Remuneration Act (VorstAG) and Accounting Law Reform Act (BilMoG) enforced in 2009, were a topic of intensive discussion in the Supervisory Board. The changes were analysed and corresponding adjustments made to the internal regulations and procedures followed by the Supervisory Board.

No conflict of interest in the Supervisory Board

The Supervisory Board considers itself to consist of a suitable number of members who have no business or personal relationship with the company or members of the Executive Board which could form grounds for a conflict of interest. The Supervisory Board examined the knowledge and experience required of the Chairman of the audit committee under the German Corporate Governance Code with regard to reporting and internal control procedures. The Chairman of the MLP AG auditing committee fully complies with the requirements. The recommendations made by the Code with regard to the election of the company's Supervisory Board were complied with regarding the Supervisory Board election in 2008. More specifically, this means that the Supervisory Board elections took the form of uninominal voting and that the nomination of the Chairman of the Supervisory Board was made known to the shareholders prior to the Annual General Meeting. These requirements are also to be observed for future appointments to the Supervisory Board.

Further disclosures on the Supervisory Board's activities can be found in the Report by the Supervisory Board on page 6 et seq.

Co-operation between Executive Board and Supervisory Board

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

Significant legal transactions by the Executive Board require the consent of the Supervisory Board. Internal rules of procedure issued by the Supervisory Board govern the distribution of business, powers of approval and its co-operation with the Executive Board. Further details on the co-operation between Executive Board and Supervisory Board can be found in the report by the Supervisory Board (page 6 et seq.).

[Table 36]
Shareholdings of members of the Supervisory Board

Supervisory Board member	Number of shares as at Dec 31, 2008	Number of shares as at Dec 31, 2009
Dr. h. c. Manfred Lautenschläger[1]	25,205,534	25,205,534
Dr. Peter Lütke-Bornefeld	30,000	30,000
Johannes Maret	–	–
Dr. Claus-Michael Dill	–	–
Maria Bähr	11,503	11,503
Norbert Kohler	1,094	94

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

[Table 37]
Shareholdings of members of the Executive Board

Executive Board member	Number of shares as at Dec 31, 2008	Number of shares as at Dec 31, 2009
Dr. Uwe Schroeder-Wildberg	–	–
Gerhard Frieg	181,463	181,463
Muhyddin Suleiman	–	–
Ralf Schmid	–[2]	–

[2] No details, as only member of the Executive Board at MLP AG since March 1, 2009

TRANSPARENCY

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

As at December 31, 2009, the shares held by the members of the company's Executive and Supervisory Boards were distributed as shown in [Table 36] and [Table 37].

Directors' Dealings

Directors' Dealings

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

Pursuant to § 15 a of the German Securities Trading Act (WpHG) one transaction was reported to us in the financial year 2009. This can also be viewed on our website www.mlp-ag.com.

More information at www.mlp-ag.com, Corporate Governance, Directors' Dealings

Compliance

Compliance guidelines

Section 4.1.3 of the German Corporate Governance Code defines the tasks of the Executive Board within the scope of Compliance as follows: The Executive Board must ensure compliance with the legal provisions and the internal company guidelines, and also work towards their observance by the Group companies. For us, the principles of good company management also comprise compliance with all applicable laws and codes of conducts for the capital market. This is an integral part of our corporate culture.

MLP has established a group-wide Compliance Organisation. In the interest of our clients, shareholders, employees and MLP, the Compliance Organisation supports and advises the Executive Board in its task to ensure compliance with legal obligations and intra-company directives and to establish uniform standards for all Group companies. Executive Board and Supervisory Board are regularly informed about significant facts and events.

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

Information on corporate governance practices

Core values redefined

MLP redefined its core values in 2009, a process in which a large number of employees and consultants were involved. “Performance” and “Trust” were identified as values that portray MLP particularly authentically. Building on this, MLP’s existing corporate mission was then revised. This can be found on the front cover page of the Annual Report. In a third step, the following management principles were then derived from this for MLP:
MLP managers:

- are committed to the interests of MLP clients
- live out the core values of “Performance” and “Trust”
- implement agreed targets and decisions consistently
- are proactive in shaping the future
- work together openly as team players
- ensure systematic development of managers and staff

As a contribution to the discussion on the quality of financial advice in Germany, MLP presented a consulting code in the form of guidelines for client consulting in 2009. This code does not contain any new concepts, but rather summarises MLP’s consulting and client support standards, many of which have already been in use at the company for several years. The aim is to increase transparency for clients, interested parties and the general public. All guidelines are based on MLP’s company values, which shape the relationship between employees and consultants, as well as all stakeholders. The guidelines can also be found on page 126 of this Annual Report.

A description of the business strategy, risk strategy and risk management system can be found on pages 32 et seq. and 67 et seq. of this Annual Report.

Information

More information at www.mlp-ag.com, Investor Relations, Annual General Meeting

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

Information of all target groups

We place great emphasis on keeping both the capital market and interested public up-to-date with regular, prompt and comprehensive information on the economic situation and results in our Group. Reporting is provided within the specified deadlines in the form of the Annual Report, the semi-annual financial report and the interim financial reports on quarterly results. We also provide information on current events and new developments in press releases or, where legally stipulated, in ad-hoc statements. All messages and statements are available on the Internet. Our financial calendar provides information on dates and deadlines relevant for the capital market, such as our Annual General Meeting and publication of our Annual Report and interim financial reports.

Under "Investor Relations" on our homepage at www.mlp-ag.com, you can not only access both German and English versions of the aforementioned information instruments, but also conference calls and presentations.

More information at www.mlp-ag.com, Corporate Governance

Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance at MLP. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). This offers a high degree of transparency and simplifies comparability with our competition. Ernst & Young AG GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, was appointed as auditor by the Annual General Meeting. This company audited the 2009 (Group) financial statements and reviewed both the condensed financial statements and the interim management report in 2009 (pursuant to §§ 37 w (5), 37 y No. 2 of the German Securities Trading Act (WpHG). The Supervisory Board gave its assurance that the relations existing between the auditors and MLP or its governing bodies give no cause for doubting the independence of the auditor. MLP AG's Supervisory Board not only discusses the annual and Group financial statements, but also examines the semi-annual and quarterly financial reports together with the Executive Board prior to their publication.

REMUNERATION REPORT

Subject to the disclosure obligations pursuant to the German Commercial Law, the following remuneration report also forms part of the management report.

Remuneration of the members of the Executive Board

Resolution on Executive Board remuneration in the plenary meeting of the Supervisory Board

In the course of introduction of the Appropriateness of Management Remuneration Act (VorstAG), the responsibility for laying down Executive Board remuneration was transferred from the Personnel Committee of the Supervisory Board to the plenary meeting of the Supervisory Board. In future, the Personnel Committee will no longer be responsible for the resolution on Executive Board remuneration, but instead will only prepare this.

Principles of Executive Board remuneration

With the Appropriateness of Management Remuneration Act (VorstAG), which came into force on August 5, 2009, the legislator in Germany has also created new requirements with regard to the terms of Executive Board remuneration. The legislator's goal here is to align Executive Board remuneration with sustainable company development. This goal is covered in principle by MLP's Executive Board remuneration system. In its meeting on December 10, 2009, the Personnel Committee of the Supervisory Board examined the new legislation, in particular also with a view to alignment of Executive Board remuneration with sustainable corporate management. Based on the assessment of experts, the present system of Executive Board remuneration is already largely aligned with the objectives of the new legislation. Yet despite this, the Supervisory Board will still examine the further development of the Executive Board remuneration system at MLP in the financial year 2010.

The members of the Group's Executive Board are entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration in accordance with the contracts of employment currently in place [Table 38] [Table 39]. The basis of assessment for variable remuneration are the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The key figure is the earnings before tax (EBT) that would have resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations are to be recognised in the financial year, the basis of assessment is formed by the total of the earnings before tax (EBT) of the operations to be continued and discontinued respectively. No costs and income directly connected with the discontinuation/sale of business segments are included in the basis of assessment. The variable remuneration is calculated on the basis of a fixed percentage of the assessment basis. Should a contract of employment commence or terminate during the course of a financial year, the profit-sharing payment for this financial year is granted pro rata temporis as a matter of principle.

The members of the Executive Board are furthermore entitled to unrestricted use of a company car and payments from a whole life and disability insurance policy.

[Table 38]

Individualised Executive Board remuneration for the financial year 2009

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	527	206	734
Gerhard Frieg	383	165	548
Ralf Schmid*	317	138	455
Muhyddin Suleiman	378	165	543
Total	**1,606**	**674**	**2,280**

* Executive Board member since March 1,2009

[Table 39]

Individualised Executive Board remuneration for the financial year 2008

All figures in €'000	Fixed portion of remuneration	Variable portion of remuneration	Total
Dr. Uwe Schroeder-Wildberg	528	249	777
Gerhard Frieg	384	200	583
Muhyddin Suleiman	380	200	579
Total	**1,291**	**648**	**1,939**

As at December 31, 2009, pension provisions for former members of the Executive Board amounted to € 8,923 thsd (previous year: € 8,718 thsd).

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2004 and the Long-Term Incentive Programmes 2007 to 2009. The structure of these programmes is described below.

Share options programme and share-based remuneration systems

The Annual General Meeting of MLP AG held on May 28, 2002 authorised the Executive Board, with the Supervisory Board's consent, to issue on one or more occasions a total of up to 1,700,000 non-interest-bearing convertible debentures with a nominal value of € 1 each up to a total nominal value of € 1,700,000 over the period up to May 28, 2007. These may be issued with a term of six years each to members of the Executive Board and company employees, as well as to members of the Management Board, sales representatives working as independent commercial agents and employees of companies associated with the company as defined by §§ 15 et seq. of the German Stock Corporation Act (AktG). Convertible debentures entitle the owner to purchase new shares from the conditional capital of MLP AG in accordance with the convertible debenture conditions. If convertible debentures were issued to members of the company's Executive Board, only the Supervisory Board was authorised to issue these.

[Table 40]

Convertible debentures

		Tranche 2003	Tranche 2004	Tranche 2005
Exercise period				
Start		Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End		Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount	in €	1.00	1.00	1.00
Exercise prices	in €	7.02	12.40	13.01
Subscribed convertible debenture	€ or units	281,040	677,042	577,806
Converted until Dec 31, 2007	€ or units	169,668	1,850	85
Convertible debentures at Dec 31, 2007	€ or units	78,595	582,594	553,018
of which Executive Board	€ or units	–	32,300	–
Converted in 2008	€ or units	16,445	29,087	24,933
Refunded in 2008	€ or units	4,320	42,619	37,538
Convertible debentures at Dec 31, 2008	€ or units	57,830	510,888	490,547
of which Executive Board	€ or units	–	32,300	–
Converted in 2009	€ or units	16,573	24	–
Refunded in 2009	€ or units	41,257	20,281	23,993
Convertible debentures at Dec 31, 2009	€ or units	0	490,583	466,554
of which Executive Board	€ or units	–	32,300	–

[Table 41]

Convertible debentures – Executive Board members

All figures in €'000 or units	Convertible debentures Tranche 2004 (value at grant date)	Convertible debentures Total units as at Dec 31, 2009	Convertible debentures Total units as at Dec 31, 2008
Dr. Uwe Schroeder-Wildberg	49	12,300	12,300
Gerhard Frieg	40	10,000	10,000
Muhyddin Suleiman	40	10,000	10,000
Total	**130**	**32,300**	**32,300**

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

Since the exercise hurdle (€ 39.28) for the allocation of the first tranche of convertible debentures from 2002 was not reached by August 19, 2005, the convertible debentures of the first tranche could no longer be converted. The nominal amount was refunded to the beneficiaries [Table 40].

The exercise hurdle for the second tranche emitted in the financial year 2003 was reached in the financial year 2006. During the exercise period from August 5, 2006 to August 4, 2009, the bearers of convertible debentures were entitled to exercise their right to conversion. By the end of the financial year 2009, a total of 202,686 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2004 issued in the financial year 2004 was reached in 2007. During the exercise period from August 17, 2007 until August 16, 2010, the bearers of convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2009, a total of 30,961 conversion rights had been exercised and converted into shares of MLP AG.

The exercise hurdle for the tranche 2005 issued in the financial year 2005 was reached in 2006. During the exercise period from August 16, 2008 until August 15, 2011, the bearers of convertible debentures are entitled to exercise their right to conversion. By the end of the financial year 2009, a total of 25,018 conversion rights had been exercised and converted into shares of MLP AG.

Executive Board members active at December 31, 2009 hold convertible debentures issued by the company. See [Table 41] for further details.

In 2005 a Long-Term Incentive Programme ("LTI") was launched for the first time. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both net profit before tax (EBT) over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche expired in 2009. For the tranches approved in the financial years from 2007 to 2009, the cash payout is determined on the basis of the triple earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout.

An equity settlement is not planned. The fair value of the phantom shares is recalculated on each closing date on the basis of an appropriate valuation method.

[Table 42]
Long-Term Incentive Programme

All figures in units	Tranche 2007	Tranche 2008	Tranche 2009
Performance shares at time of allocation	233,120	228,825	296,440
of which Executive Board	117,899	122,983	177,866
of which others	115,221	105,842	118,574
Performance shares as at Dec 31, 2008	225,081	228,825	–
of which Executive Board	117,899	122,983	–
of which others	107,182	105,842	–
Performance shares expired in 2009	–	–	–
Performance shares paid out	–	–	–
Performance shares as at Dec 31, 2009	225,081	228,825	296,440
of which Executive Board	117,899	122,983	177,866
of which others	107,182	105,842	118,574

[Table 43]
Long-Term Incentive Programme – Executive Board members

	Tranche 2007	Tranche 2008	Tranche 2009
Fair value at grant date	€ 9.33	€ 9.92	€ 7.59
All figures in units			
Dr. Uwe Schroeder-Wildberg	53,591	50,403	65,876
Gerhard Frieg	32,154	36,290	39,526
Ralf Schmid (member of the Executive Board since March 1, 2009)	–	–	32,938
Muhyddin Suleiman	32,154	36,290	39,526
Total	**117,899**	**122,983**	**177,866**

If an employee or member leaves the company, the phantom shares granted expire. Of the total of 758,385 allocated performance shares, 8,039 expired by December 31, 2009 [Table 42].

Within the scope of the Long-Term Incentive Programme, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2009. Refer to [Table 43] for the number and values of the phantom shares, insofar as these have not been paid out or have expired.

The costs included in the income statement arising from the Long-Term Incentive Programme for Executive Board members during the financial year 2009 are € 328 thsd (previous year: € 0 thsd).

Individual occupational benefit plans have been established for members of the Group Executive Board. An old-age pension upon reaching 62 years of age, a disability pension, a widow's pension and orphan's benefits have been guaranteed. The amount of the agreed benefit is 60 % of the last fixed monthly salary received, or is fixed separately on the basis of amendments to the service contracts.

[Table 44]
Individualised Supervisory Board remuneration

All figures in €'000	Fixed portion of remuneration 2009	Fixed portion of remuneration 2008
Dr. Peter Lütke-Bornefeld (Chairman)	87	67
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	72	86
Johannes Maret	57	57
Dr. Claus Michael Dill	57	36
Norbert Kohler	30	30
Maria Bähr	30	30
Gerd Schmitz-Morkramer*	–	27
Total	**333**	**333**

* Member of the Supervisory Board until May 16, 2008

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

Remuneration of the members of the Supervisory Board

In addition to compensation for their expenses for the financial year, the members of the Supervisory Board receive a fixed annual remuneration of € 30,000 in accordance with the articles of association. The Chairman of the Supervisory Board receives double and his deputy one and a half times this amount. An additional remuneration is granted for activities in a committee. This amounts to 0.3 times the basic remuneration as a Supervisory Board member for each committee. The Chairman of the committee receives 0.4 times the basic remuneration, his deputy 0.35 times this amount. If the Chairman of the Supervisory Board also holds the chair in one or more committees, he receives only the basic remuneration (0.3 times the fixed Supervisory Board remuneration) per committee in addition to his remuneration for the Supervisory Board. The fixed portion of remuneration is paid after the end of the financial year. No member of the Supervisory Board receives any variable or share-based remuneration payments [Table 44].

In the financial year 2009, € 21 thsd (previous year: € 4 thsd) was paid as compensation for expenses.

Corporate Responsibility report

Basic principles

Sustainability and value orientation in focus

Corporate responsibility (CR) has become an important concept in company management over the last few years, with the key focus on sustainability and the value orientation of all considerations and actions.

The goal of CR at MLP is to create added value for the people connected to our company. Performance and trust are at the heart of our company values. They shape our relationships with one another and with all stakeholders.

We assume responsibility for the success of our clients and investors, the welfare of our consultants and employees and successful cooperation with our partners. We also support the community.

In the following chapter we lay down exactly how the MLP Group embraced and lived up to this responsibility in the financial year 2009.

Clients

MLP advises its clients with a long-term, holistic approach based on their individual needs. We secure consistently high-grade consulting for our clients through numerous processes and measures, such as comprehensive training for our consultants. Our independence from any specific product providers sits at the heart of our consulting services. In our approach, consultants get together with their clients to discuss and select the most suitable products from the broad range of offers in the market.

Excellent quality consulting

This is an approach that is increasingly gaining favour among the general public, who again praised the quality of our consulting and our proximity to clients in the financial year 2009. Indeed, MLP was awarded the highest total score of all 35 institutes on test in an old-age provision consulting test performed by the magazine “Wirtschaftswoche” in May 2009. And in June 2009, the company was awarded 3rd place overall in the mortgage lending test held by the magazine “Euro”.

For several years, MLP has been supporting plans for political reform to improve the quality of consulting in the market, as transparent and client-oriented consulting has always been at the heart of our business model. Within the scope of the “Consumer Finance Quality Campaign” launched by Germany’s Federal Ministry for Food, Agriculture and Consumer Protection (BMELV), MLP provided suggestions for further development of the legal framework conditions. A key point in this regard is to increase the training requirements for anyone wishing to work as a financial consultant and to introduce a clear definition of what independent financial consultants actually do – similarly to a barrister or tax advisor.

More information at www.mlp-beratungsqualitaet.de

At www.mlp-beratungsqualitaet.de, MLP laid down its ten guidelines for supporting and consulting private clients in November 2009. This allows clients, interested parties and also the general public to gain an overview of the standards employed at MLP, some of which have already been in place for many years.

In the field of data protection, MLP once again expanded and further developed its risk controlling instruments for all issues concerning data protection in 2009.

Investors

Sustainable increase in company value

We assume responsibility towards our investors by aligning the actions and strategy of our business to achieve sustainable increases in our company value. We also ensure transparent, comprehensible and fast reporting. In the financial year 2009, the Executive Board and Supervisory Board once again continuously monitored and further developed the MLP Corporate Governance throughout the Group. Alongside obvious factors such as fulfilling all applicable laws and internal regulations, for MLP the principles of good corporate management also include a sustainable system of risk management and a Group-wide compliance organisation (please refer to the section entitled "Company objectives and corporate management", the risk and disclosure report, as well as the investor relations and Corporate Governance report for details).

Consultants and employees

Our consultants and employees represent our company's greatest asset. Their commitment and performance are the foundations of our success. Securing workplaces has therefore been the top priority for MLP's management throughout the current efficiency programme.

MLP once again named "Top Employer"

The magazine "Handelsblatt Junge Karriere" and the market research company CRI once again honoured MLP as Germany's "top employer" in the financial year 2009. Key success factors in this regard are the development opportunities that we offer our employees, including our comprehensive range of training courses.

In 2009, MLP continued its participation programme for consultants and employees, while also further reinforcing its profile as a family and child-friendly company. Indeed, the offers available within the scope of MLP's family programme include contributions towards accommodation and care costs for children not yet of school age, holiday camps for school children and free-of-charge consulting covering all questions of both childcare and care for the aged. Another important element is occupational pension provision and personal healthcare provision for our employees, who we both encourage and support with a wide range of measures (please refer to the personnel and social report for details).

Within the scope of the project "Values and Leadership", MLP brought together all consultants and employees to discuss the company's key values in 2009. Based on this, we then revised MLP's promise and laid down our management principles in greater detail. In the course of doing this, a system of "180 degree feedback on management performance" was also introduced in the last financial year. This involves all employees assessing the performance of their respective superiors.

The MLP Corporate University also assumes a key role in the business model, as it is one of the few corporate academies in Europe to have been accredited by the European Foundation for Management Development. In the last financial year, approximately 50,000 training days were held – an important basis for the continuous further development of our consultants and employees.

In addition to this, MLP continued its commitment in the field of vocational training with more than 100 trainees. Alongside the legally stipulated contents, MLP offers its trainees additional seminars on self-development from the very start.

Partners

Comprehensive partner and product selection process

Our business partners represent another target group within our corporate responsibility. To ensure that our clients receive the most suitable products for their specific needs, we perform a very thorough partner and product selection process – assessing products from the portfolio of leading banks, insurance firms and investment companies. At the same time we also draft proposals for the further development of products to benefit our clients.

In addition, a high level of service quality among product partners forms a key foundation for the satisfaction of our clients. With this in mind, we were delighted to present the MLP Service Award for the fourth time in 2009 to those partners with the highest level of service quality. And MLP also honoured outstanding management performance among its partners in the field of investment in 2009 with the "Investment Award".

Society

Social responsibility

As a player in the social market economy, MLP gladly accepts its social responsibility. Within the scope of our corporate social responsibility (CSR) we have therefore been committed to social projects and the future of our community for decades. The following sections offer an overview of how the MLP Group assumes social responsibility in the five areas of universities, sport, culture, ecology and healthcare/social issues. Added to this are the diverse non-profit commitments of the MLP branches in their local area, the support of charitable foundations through our subsidiary Feri Finance AG and the broad spectrum of work performed by the non-profit foundation of company founder and Supervisory Board Vice Chairman, Dr. h.c. Manfred Lautenschläger.

Universities

Strong commitment to supporting universities and students

MLP considers its support of universities and students one of its most important commitments. Indeed, we are among the largest and most reliable corporate partners to universities.

In the financial year 2009 we expanded on our co-operations with universities, fellowships, student and scientific organisations, for example with the DFG German Research Foundation. To support students and improve their understanding of the professional world during their time at university, MLP now cooperates with around 60 universities and institutes, most of which take the form of public-private partnerships. Within the scope of continued support of the foundation professorship for university and science management at the Center for Science & Research in Speyer, funded together with "Stifterverband", MLP is supporting fundamental research for further professionalisation in the field of university management. And on December 19, 2009, the Manfred Lautenschläger Foundation presented the Lautenschläger Research Prize at the University of Heidelberg, the largest prize of its kind in Europe with € 250,000 in funding, to the Heidelberg-based astrophysicist Prof. Dr. Eva Grebel as a "leading figure in the field of research".

In the field of university politics, MLP was co-host of the first ZEIT conference "Universities and Education", held in Germany's National Library in Frankfurt am Main on July 3, 2009 and attended by high-ranking representatives from national and international universities. This expert conference, with around 220 participants, dealt with current challenges in the field of university and science policy. In addition to this, MLP also got together with the media service "kress" to publish the "Taschenbuch der Hochschulpresse" (University Press Pocketbook), which alongside a section on statistics contains the contact details of more than 1,000 communicators and journalists operating in Germany's university landscape.

MLP also organised the "Join the best" initiative in the financial year 2009. In a competition with more than 3,740 participants, following several selection stages fifteen students won the opportunity to attend practical work placements abroad at renowned, international companies.

Students of medicine were also supported by MLP in 2009 within the scope of the "Medical Excellence" scholarship programme, which sponsors twelve aspiring physicians and three aspiring dentists per year in cooperation with the magazine "Ärzte Zeitung". Alongside scientific aptitude, a high degree of social commitment also plays an important part in the sponsorship programme's application process.

Sport

Sport and exercise are not only important for our health, but also for social solidarity. MLP is therefore committed to supporting both amateur and professional sport and is a sponsor member of the "Sports Region Rhine-Neckar" sports association.

Sports sponsoring

The company has also been sponsor to the German University Sports Championships since 2004, helping more than 2,500 students organise their competitions in various disciplines and at numerous university locations. A real highlight in the world of amateur sport in 2009 was the MLP Marathon in Mannheim, Germany, which only starts as night falls. Around 11,000 runners took part in the event on May 9, 2009, which also attracted around 130,000 visitors.

MLP holds varied commitments in the Rhine-Neckar sports region. As well as being main sponsor to the ProA basketball team at USC Heidelberg, MLP is also title sponsor of the MLP cycling team in the U23 federal league and the MLP-Cup men's tennis world ranking tournament in Nussloch, Germany.

Culture

In the cultural sponsoring arena, MLP continues to focus on supporting the international music festival "Heidelberger Frühling" as a prime partner. With more than 25,000 visitors, the festival that unites both classic and contemporary music with internationally renowned artists was again completely sold out in 2009.

Ecology

Energy efficiency and optimisation

Although MLP has only limited influence on the environment as a financial and investment adviser, the relevant areas within our company are geared to environmental awareness and friendliness.

Since their construction, the buildings of MLP AG in Wiesloch, Germany, have been supplied with heat and regenerative energy via the local heat network of the Wiesloch biomass heating plant. The environmentally friendly heat is generated by burning natural wood harvested during countryside and forestry maintenance work in the region. Benefit: MLP saves more than 620 tonnes of carbon dioxide over conventional oil heating every year. In addition to this, MLP Facility Management and Group Purchasing also built on their measures to increase energy efficiency and energy optimisation as well as the environmentally friendly use of resources.

On January 29, 2009, the Manfred Görlitz Foundation (founded in 1995) was presented with the Feri Foundation Award. This award comes with € 25,000 in sponsorship and has been presented by Feri Finance Group every year since 2005. The foundation initiates and promotes innovative projects and courses that encourage children and young people to use energy in a sensible and sustainable manner and also show how energy can be generated and recovered.

Health & social aspects

MLP supports sustainable development of the German healthcare system. In the financial year 2009 we once again published the MLP Health Report together with the Allensbach Institute and the German Medical Association. In this representative survey, both the general public and doctors give their assessment of the status quo and the further development of the healthcare system.

MLP's donations and sponsorships

The key focus of MLP's donations and sponsorships remains on strengthening social solidarity. Examples here include support of the "Postillion" association, which works with young people and children in the Rhine-Neckar region, the "Arbeitsgemeinschaft Soziale Nothilfe e. V." association, the "Waldpiraten" in Heidelberg (an institute of the German Cancer Foundation) and the "Stiftung Erlanger Kinderhilfe" children's aid foundation. In addition to this, MLP's HQ in Wiesloch and several other MLP branches, including Hamburg and Pforzheim, collected a total of around € 25,000 in Christmas donations in 2009, which were then passed on to non-profit institutions and associations.


Dr. Karl Adenauer | 59 years old
Internist
MLP client since 2009

»What does the increasing age of our society mean for our social security systems?«

Cono Letizia | Bonn
MLP consultant

»Demographic change in

society

and medical progress mean that ever more people call on the social security systems for an ever longer period of time. The state combats this challenge by gradually cutting back on benefits. Therefore, those who wish to protect their standard of living in the long term should take out supplementary private provision at an early stage.«

Guidelines on consulting and supporting private clients

1. The client is our main focus.
2. MLP places great emphasis on selecting the right consultants.
3. All consultants receive thorough training and continue to attend regular training throughout their career.
4. Consultants' remuneration enables long-term client support.
5. A comprehensive portfolio and needs analysis is the starting point for all consultations.
6. MLP advises its clients with a long-term, holistic approach based on their individual needs.
7. Products are selected independently and based on objective criteria.
8. MLP clearly lays out the charges and services involved in its consulting.
9. Comprehensive documentation of the consultation offers clients clear added value.
10. MLP supports further development of the legal framework for financial advice.

More information at
www.mlp-beratungsqualitaet.de

Income statement and statement of comprehensive income

[Table 45]

Income statement for the period from January 1 to December 31, 2009

All figures in €'000	Notes	2009	2008*
Revenue	(9)	503,775	552,267
Other revenue	(10)	28,368	42,933
Total revenue		**532,143**	**595,200**
Commission expenses	(11)	–182,619	–204,656
Interest expenses	(12)	–12,256	–23,514
Personnel expenses	(13)	–111,387	–108,869
Depreciation and amortisation	(14)	–18,120	–20,971
Other operating expenses	(15)	–165,947	–181,769
Earnings from shares accounted for using the equity method	(16)	368	740
Earnings before interest and tax (EBIT)		**42,182**	**56,161**
Other interest and similar income		7,820	5,436
Other interest and similar expenses		–10,346	–14,979
Finance cost	(17)	**–2,526**	**–9,543**
Earnings before tax (EBT)		**39,656**	**46,618**
Income taxes	(34)	–12,486	–15,941
Earnings from continuing operations after tax		**27,170**	**30,677**
Earnings from discontinued operations after tax		**–2,985**	**–6,084**
Net profit		**24,185**	**24,593**
Of which attributable to			
owners of the parent company		24,185	24,593
Earnings per share in €	(39)		
From continuing operations			
basic		0.25	0.30
diluted		0.25	0.30
From continuing and discontinued operations			
basic		0.22	0.24
diluted		0.22	0.24

* Previous year's values adjusted. The adjustments are disclosed in note 3

[Table 46]

Statement of comprehensive income for the period from January 1 to December 31, 2009

All figures in €'000	2009	2008*
Net profit	**24,185**	**24,593**
Other comprehensive income		
Securities marked to market	–1,398	–70
Tax expense	–78	125
Other comprehensive income after tax	**–1,476**	**55**
Total comprehensive income	**22,708**	**24,648**
Total comprehensive income attributable to		
owners of the parent company	22,708	24,648

* Previous year's values adjusted. The adjustments are disclosed in note 3

Consolidated statement of financial position

[Table 47]

Assets as at December 31, 2009

All figures in €'000	Notes	Dec 31, 2009	Dec 31, 2008*	Jan 1, 2008*
Intangible assets	(18)	156,138	162,422	184,739
Property, plant and equipment	(19)	78,781	80,409	83,910
Investment property	(20)	11,432	11,700	14,635
Shares accounted for using the equity method	(21)	2,013	2,319	1,579
Deferred tax assets	(34)	2,969	2,648	2,812
Receivables from clients in the banking business	(22)	313,494	275,433	260,297
Receivables from banks in the banking business	(22)	498,201	605,580	603,951
Financial investments	(23)	192,389	179,941	52,400
Tax refund claims	(34)	33,059	26,870	9,653
Other accounts receivable and other assets	(24)	132,088	145,359	160,275
Cash and cash equivalents	(25)	54,968	38,088	37,251
Non-current assets held for sale and disposal groups	(26)	–	3,281	12,154
Total		**1,475,532**	**1,534,048**	**1,423,656**

* Previous year's values adjusted. The adjustments are disclosed in note 3

[Table 48]

Liabilities and shareholders' equity as at December 31, 2009

All figures in €'000	Notes	Dec 31, 2009	Dec 31, 2008*	Jan 1, 2008*
Shareholders' equity	(27)	418,532	425,928	336,655
Minority interests		–	–	63
Provisions	(28)	52,383	52,896	43,777
Deferred tax liabilities	(34)	10,668	9,597	9,897
Liabilities due to clients in the banking business	(29)	750,282	778,835	724,816
Liabilities due to banks in the banking business	(29)	20,774	25,024	27,465
Tax liabilities	(34)	9,029	–	74
Other liabilities	(30)	211,816	239,187	280,908
Liabilities in connection with non-current assets held for sale and disposal groups	(36)	2,049	2,581	–
Total		**1,475,532**	**1,534,048**	**1,423,656**

* Previous year's values adjusted. The adjustments are disclosed in note 3

Consolidated statement of cash flows

[Table 49]

Statement of cash flows for the period from January 1 to December 31, 2009

All figures in €'000	2009	2008*
Net profit (total)	**24,185**	**24,593**
Write-downs/impairments/reversal of impairments on intangible assets and property, plant and equipment	18,229	21,170
Depreciation and impairments on financial investments	949	2,194
Allowances for bad debts	5,971	5,901
Increase/decrease of provisions	121	9,305
Adjustments from income taxes, interest and other non-cash transactions	15,978	56,514
Gain/loss from the disposal of intangible assets and property, plant and equipment	771	726
Gain/loss from the disposal of financial investments	–1,374	636
Increase/decrease of receivables from/liabilities due to banks from the banking business	103,130	–4,070
Increase/decrease of receivables from/liabilities due to bank clients	–72,292	34,591
Increase/decrease of other assets	7,763	–1,871
Increase/decrease of other liabilities and shareholders' equity	–28,670	–45,430
Gains from the disposal of subsidiaries	3,361	–
Income taxes paid	–19,705	–35,274
Interest and dividends received	37,628	45,921
Interest paid	–18,711	–33,909
Cash flow from operating activities	**77,334**	**80,997**
of which from discontinued operations	**982**	**462**
Proceeds from disposal of intangible assets and property, plant and equipment	505	327
Payments for intangible assets and property, plant and equipment	–4,085	–11,432
Proceeds from disposal of financial investments	169,574	42,273
Payments for purchases of financial investments	–112,381	–161,812
Payments for the acquisition of shares in associates	–	–173
Proceeds from the disposal of subsidiaries	1	–
Payments for the disposal of subsidiaries	–4,882	–7,742
Payments for the acquisition of subsidiaries	–10,561	–5,572
Cash flow from investing activities	**38,169**	**–144,131**
of which from discontinued operations	**–4,924**	**–8,243**

All figures in €'000	2009	2008*
Proceeds from transfer to equity	117	125,077
Payments to company owners and minority shareholders	–30,201	–48,996
Payments for the acquisition of treasury stock	–	–11,455
Payments for the repayment of bonds and redemption of loans	–242	–155
Cash flow from financing activities	**–30,326**	**64,471**
of which from discontinued operations	**–**	**–**
Change in cash and cash equivalents	85,177	1,337
Cash and cash equivalents at beginning of period	38,447	37,110
Cash and cash equivalents at end of period	**123,624**	**38,447**
Composition of cash and cash equivalents		
Cash and cash equivalents	54,968	38,470
Loans < 3 months	70,000	–
Liabilities to banks due on demand	–1,343	–23
Cash and cash equivalents at end of period	**123,624**	**38,447**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The notes on the consolidated statement of cash flows appear in note 31.

Statement of changes in equity

[Table 50]

	EQUITY ATTRIBUTABLE TO MLP AG SHAREHOLDERS		
All figures in €'000	Share capital	Capital reserves	Securities marked to market
As at Jan 1, 2008 (as reported)	**108,812**	**16,056**	**–151**
Retrospective adjustments*	–	–	–
As at Jan 1, 2008 (adjusted)	**108,812**	**16,056**	**–151**
Dividend	–	–	–
Exertion of conversion rights	70	1,243	–
Acquisition of treasury stock	–	–	–
Reduction of capital – § 237 of the German Stock Corporation Act (AktG)	–10,821	10,821	–
Acquisition of remaining shares of BERAG	–	–	–
Increase of capital – § 202 of the German Stock Corporation Act (AktG)	9,799	113,964	–
Transactions with owners	**–951**	**126,028**	**0**
Total comprehensive income	–	–	54
As at Dec 31, 2008	**107,861**	**142,084**	**–97**
As at Jan 1, 2009	**107,861**	**142,084**	**–97**
Dividend	–	–	–
Exertion of conversion rights	17	100	–
Changes to the scope of consolidation	–	–	–
Transactions with owners	**17**	**100**	**0**
Total comprehensive income	–	–	–1,476
As at Dec 31, 2009	**107,878**	**142,184**	**–1,573**

* Previous year's values adjusted. The adjustments are disclosed in note 3

Other comprehensive income	Treasury stock	Total	Non-controlling interest	Total shareholders' equity
370,749	**–155,805**	**339,660**	**63**	**339,723**
–3,005	–	–3,005	–	–3,005
367,744	**–155,805**	**336,655**	**63**	**336,719**
–48,996	–	–48,996	–	–48,996
–	–	1,314	–	1,314
–	–11,455	–11,455	–	–11,455
–167,260	167,260	0	–	0
–	–	0	–63	–63
–	–	123,763	–	123,763
–216,256	**155,805**	**64,626**	**–63**	**64,563**
24,593	–	24,647	–	24,647
176,081	**0**	**425,928**	**0**	**425,928**
176,081	**–**	**425,928**	**–**	**425,928**
–30,201	–	–30,201	–	–30,201
–	–	117	–	117
–20	–	–20	–	–20
–30,221	**–**	**–30,105**	**–**	**–30,105**
24,185	–	22,708	–	22,708
170,044	**–**	**418,532**	**–**	**418,532**

Notes to the consolidated financial statements

[Table 51]

Segment reporting

	FINANCIAL SERVICES	
All figures in €'000	2009	2008*
Revenue	472,371	517,376
of which total inter-segment revenue	159	202
Other revenue	19,136	23,689
of which total inter-segment revenue	2,458	2,516
Total revenue	**491,507**	**541,065**
Commission expenses	–181,375	–203,064
Interest expenses	–12,259	–23,954
Personnel expenses	–81,734	–80,217
Depreciation /amortisation and impairment	–12,500	–13,090
Other operating expenses	–154,716	–166,172
Earnings from shares accounted for using the equity method	368	740
Segment earnings before interest and tax (EBIT)	**49,291**	**55,308**
Other interest and similar income	945	477
Other interest and similar expenses	–3,209	–1,902
Finance cost	**–2,264**	**–1,425**
Earnings before tax (EBT)	**47,028**	**53,883**
Income taxes		
Earnings from continuing operations after tax		
Earnings from discontinued operations after tax	**–6,094**	**–5,991**
Net profit (total)		
Segment assets	**1,094,592**	**1,157,426**
of which shares accounted for using the equity method	2,013	2,319
of which tax receivables/deferred tax assets	2,974	2,855
of which non-current assets held for sale and disposal groups	–	3,281
Segment liabilities	**993,722**	**1,052,974**
of which tax liabilities/deferred tax liabilities	1,382	2
of which liabilities in connection with non-current assets held for sale and disposal groups	2,049	2,581
Investments in intangible assets and property, plant and equipment	**3,013**	**8,730**
Major non-cash expenses:		
Impairment charges/reversal of impairment charges for receivables and financial investments	–7,462	–7,876
Increase/decrease of provisions/accrued liabilities	–26,911	–21,678
Interest charge/income	–302	–189

* Previous year's values adjusted. The adjustments are disclosed in note 3

	FERI		HOLDING		CONSOLIDATION / OTHER		TOTAL	
	2009	2008	2009	2008	2009	2008*	2009	2008*
	31,935	35,244	–	–	–530	–353	503,775	552,267
	372	151	–	–	–530	–353	0	0
	6,874	11,178	16,899	22,551	–14,543	–14,484	28,368	42,933
	–	616	12,084	11,353	–14,543	–14,484	0	0
	38,809	**46,422**	**16,899**	**22,551**	**–15,073**	**–14,838**	**532,143**	**595,200**
	–1,522	–1,720	–	–	278	128	–182,619	–204,656
	–	–	–	–	3	440	–12,256	–23,514
	–25,125	–24,424	–4,528	–4,228	–	–	–111,387	–108,869
	–2,364	–1,922	–3,256	–5,958	–	–	–18,120	–20,971
	–9,704	–12,692	–16,333	–17,603	14,805	14,699	–165,947	–181,769
	–	–	–	–	–	–	368	740
	94	**5,662**	**–7,218**	**–5,239**	**14**	**429**	**42,182**	**56,161**
	57	309	10,249	15,843	–3,431	–11,193	7,820	5,436
	–265	–214	–7,213	–13,409	341	547	–10,346	–14,979
	–209	**94**	**3,037**	**2,434**	**–3,090**	**–10,646**	**–2,526**	**–9,543**
	–115	**5,757**	**–4,181**	**–2,805**	**–3,076**	**–10,217**	**39,656**	**46,618**
							–12,486	–15,941
							27,170	**30,677**
	–	**–**	**–**	**–**	**3,109**	**–93**	**–2,985**	**–6,084**
							24,185	**24,593**
	105,626	**110,920**	**513,831**	**517,416**	**–238,517**	**–251,714**	**1,475,532**	**1,534,048**
	–	–	–	–	–	–	2,013	2,319
	832	1,451	32,223	25,193	–	18	36,028	29,517
	–	–	–	–	–	–	–	3,281
	18,779	**19,161**	**86,975**	**86,649**	**–42,475**	**–50,664**	**1,057,001**	**1,108,120**
	9,636	9,409	8,678	171	–	15	19,696	9,597
	–	–	–	–	–	–	2,049	2,581
	776	**2,459**	**213**	**1,003**	**–**	**–**	**4,002**	**12,192**
	–145	–177	–	–	–	–	–7,607	–8,053
	–1,946	–3,557	–3,170	–1,251	–	–	–32,027	–26,485
	–	–	–3,258	–3,334	–	–	–3,561	–3,522

GENERAL INFORMATION

(1) Information about the company

The consolidated financial statements were prepared by MLP AG, Wiesloch, Germany, the ultimate parent company of the MLP Group. MLP AG is listed in the Mannheim Commercial Register under the number HRB 332697 at the address Alte Heerstraße 40, 69168 Wiesloch, Germany.

Since it was founded in 1971, MLP has been operating as a broker and adviser for academics and other discerning clients in the fields of old-age provision including corporate pension provision, health care, financing, wealth management and banking services.

(2) Principles governing the preparation of the financial statements

The consolidated financial statements of MLP AG have been prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by the International Accounting Standard Board (IASB), taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they apply in the European Union (EU). In addition, the commercial law regulations to be observed pursuant to § 315a (1) of the German Commercial Code (HGB) were also taken into account. The financial year corresponds to the calendar year.

The consolidated financial statements have been prepared on the basis of the historical cost convention with the exception that certain financial instruments are measured at fair value. MLP presents the consolidated statement of financial position based on liquidity. This form of presentation offers information that is more relevant than if it were based on the time-to-maturity factor.

The consolidated income statement is prepared in accordance with the nature of expense method. The net income of discontinued operations is disclosed separately. Adjusted previous year's figures are not directly comparable with figures disclosed in the financial statements of previous years. For further details, please refer to notes 3 and 36.

The consolidated financial statements are drawn up in euros (€), which is the functional currency of the parent company. Unless otherwise specified, all amounts are stated in thousands of euros (€'000). Both individual and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when the individual values shown are added up.

(3) Adjustments to the accounting policies

The accounting policies applied are the same as those used in the previous year, with the following exceptions:

In the course of focusing on the core market of Germany, the management decided to sell MLP Finanzdienstleistungen AG, Vienna, Austria in the fourth quarter of the financial year 2008. The sale was completed in the fourth quarter of 2009, with the company being deconsolidated. A decision was also taken in the first quarter of 2009 to withdraw from the market in the Netherlands. For this reason the revenues and expenses of MLP Finanzdienstleistungen AG in the Netherlands were reclassified to the earnings from discontinued operations. The prior-year figures were adjusted accordingly. The reporting changes have no effect on net profit or earnings per share.

Since 2009, MLP no longer considers expenses for the use of PC hardware, notebooks, copiers and software maintenance as operating leases but as expenses for the usage of IT services. The assessment changes have no effect on net profit or earnings per share.

In the financial year 2009, MLP became aware of two cases which were recorded incorrectly in the previous years. In one case a trailer commission and in the other an expense allocated to the wrong period of time. The errors are corrected retroactively in line with IAS 8. The effects of the adjustment in 2008 on the earnings per share was less than €0.01.

The revised amounts of items of the statement of financial position concerned are illustrated in the table below:

[Table 52]

All figures in €'000	As at Jan 1, 2008	As at Dec 31, 2008
Increase in deferred tax assets	1,242	1,322
Decrease in other accounts receivable and other assets	1,800	1,692
Decrease in shareholders' equity	3,005	3,197
Increase in other liabilities	2,447	2,827

The table below illustrates the effects of the error correction and the change in presentation with regard to the previous year's figures:

[Table 53]

All figures in €'000	2008 adjusted	2008 as reported	+/–	of which IFRS 5	of which error correction
Revenue	552,267	554,807	–2,540	–2,540	–
Other revenue	42,933	42,940	–8	–8	–
Total revenue	**595,200**	**597,748**	**–2,548**	**–2,548**	**–**
Personnel expenses	–108,869	–110,626	1,757	1,757	–
Depreciation / amortisation and impairment	–20,971	–20,988	17	17	–
Other operating expenses	–181,769	–182,084	316	588	–272
Earnings before interest and tax (EBIT)	**56,161**	**56,619**	**–459**	**–187**	**–272**
Finance cost	**–9,543**	**–9,543**	**–**	**–**	**–**
Earnings before tax (EBT)	**46,618**	**47,076**	**–459**	**–187**	**–272**
Income taxes	–15,941	–16,020	**80**	**–**	**80**
Earnings from continuing operations after tax	**30,677**	**31,056**	**–379**	**–187**	**–192**
Earnings from discontinued operations after tax	**–6,084**	**–6,271**	**187**	**187**	**–**
Net profit (total)	**24,593**	**24,785**	**–192**	**–**	**–192**

The revised version of IAS 1 "Presentation of financial statements" is to be applied for the first time in the financial year 2009. IAS 1 (revised) extends the income statement to include a transition of profit/loss (net profit) to total comprehensive income including the presentation of components of other comprehensive income (statement of comprehensive income). This also changes the presentation of the statement of changes in equity. In the statement of changes in equity, transactions with owners are shown separately. Profit/loss and other earnings are apportioned to the individual equity capital components. The prior-year figures were adjusted accordingly. The reporting changes have no effect on net profit, total comprehensive income or earnings per share.

Furthermore, in the financial year 2009 the following new or amended standards were to be applied for the first time:

- Revision of IAS 23 “Borrowing costs”. The main amendment concerns the elimination of the option of recognising immediately as an expense borrowing costs that are directly attributable to a qualifying asset. In accordance with the new standard, borrowing costs must be capitalised as part of the acquisition or manufacturing costs of the asset.
- Revision of IAS 32 and IAS 1 “Puttable financial instruments”. According to the existing version of IAS 32, financial instruments must be classified as financial liabilities if the issuer can be required to pay cash or another financial asset in return for redeeming or repurchasing a financial instrument. As a result of the changes, puttable financial instruments and liabilities which only have to be paid back upon the issuer’s liquidation are now classified as equity if specified criteria are met. The classification of these instruments as equity triggers additional disclosure obligations in the notes.
- Revision of IAS 39 “Reclassification of financial assets”. On October 27, 2008, the IASB published an updated version of the amendments of IAS 39 dated October 13, 2008, which were adopted by the EU in September 2009. This version clarifies the fact that any reclassification that takes place on or after November 1, 2008, will become effective at the time of the reclassification. Reclassifications taking place before November 1, 2008, can become effective on July 1, 2008, or at a later date. Retroactive reclassifications at a date before July 1, 2008, are not permitted.
- Amendment to IFRS 1 and IAS 27 “Cost of an investment in a subsidiary, jointly controlled entity or associate”. The amendment makes it easier to measure the acquisition costs of shares in subsidiaries, jointly-controlled entities and associates in the separate individual financial statements on first-time adoption of the IFRSs.
- Amendment to IFRS 2 “Vesting conditions and cancellations”. The amendments clarify the term “vesting conditions” and provide clearer regulation of the accounting treatment of the cancellation of a plan induced by other party than the company.
- Amendments to IFRS 7 “Improving disclosures about financial instruments”. Essential changes: Measurements at fair value are to be disclosed in line with the three-level fair value hierarchy. In addition, minimum disclosure requirements concerning liquidity risks have been extended.
- Amendment to IAS 39 and IFRIC 9 “Embedded derivatives”. The amendments clarify the accounting treatment of embedded derivatives for companies which have made use of the reclassification changes published by the IASB in October 2008.
- IFRIC 13 “Customer loyalty programmes” addresses the accounting by entities that grant their customers award credits when purchasing other goods or services. In particular the question of how these companies have to recognise their obligations to clients redeeming their credits in the balance sheet was clarified.

- IFRIC 16 “Hedges of a net investment in a foreign operation”. IFRIC 16 clarifies: (a) foreign exchange differences arising from net investments that arise from differing functional currencies within a Group can be hedged and (b) hedging instruments can be held by any entity within the Group with the exception of the entity in relation to which the currency risk arising from the net investment is hedged.
- Improvements of IFRS 2008. In May 2008, the Board published, for the first time, a collection of amendments designed to change various IFRSs with the primary objective of removing inconsistencies and clarifying wordings. Each standard has its own transitional provisions.

The amendment to IFRS 7 requires further disclosures in particular regarding financial instruments measured at fair value. Because they are not relevant to MLP, the other new or amended IFRS mentioned above do not have any influence on the consolidated financial statements.

The application of the following new or amended standards and new interpretations was not yet binding for the financial year beginning on January 1, 2009, and they were not early adopted:

- Revision of IFRS 3 and IAS 27 “Business combinations, Phase II”. The changes in the standards largely relate to the method used to account for business combinations, the recognition of goodwill and transactions with minority interests. As a departure from the legal position hitherto, IFRS 3 and IAS 27, inter alia, provide for the following rules: (a) Incidental acquisition costs that are incurred when the business combination is created are to be recognised as expenditure. (b) In the amount of the fair value of contingent considerations the level of which depends on events that occur after acquisition (e. g. payments based on earn-out clauses), an asset, a liability or an equity instrument is to be recognised at the time of acquisition. (c) There is the option of capitalising the goodwill relating to the minority interests using the full goodwill method. (d) Disposals of shares that do not involve a loss of control will be recognised as straightforward transactions between the shareholders, i.e. recognised directly in other comprehensive income. The same applies to acquisitions of other shares in subsidiaries after control has been achieved. The revised standards are to be applied to financial years beginning on or after July 1, 2009.
- Revision of IAS 24 “Related party disclosures”. The revision provides a simplification of disclosure requirements of state-controlled entities. In addition the definition of “related party” has been revised. IAS 24 is to be applied, if accepted in its current form by the EU, to financial years beginning on or after January 1, 2011.
- Amendment to IAS 32 “Classification of rights issues”. The amendments state that certain rights issues as well as options and warrants in foreign currency with the issuer to whose equity instruments these rights relate, are no longer to be reported as liabilities but as shareholders’ equity. IAS 32 is to be applied to financial years beginning on or after February 1, 2010.
- Amendment to IAS 39 “Eligible hedged items”. The amended standard specifies which risks and which portions of a hedged item can be designated under hedge accounting. The revised standard is to be applied to financial years beginning on or after July 1, 2009.

- Amendment to IFRS 1 “Additional exemptions for first-time adopters”. The amendments apply to the retroactive application of IFRS and are aimed at avoiding unnecessary costs during the transition to IFRS. The amendments of IFRS 1 are to be applied retroactively, if accepted in its current form by the EU, to financial years beginning on or after January 1, 2010.
- Amendment to IFRS 2 “Group cash-settled share-based payment transactions”. The amendments clarify the accounting for group cash-settled share-based payment transactions. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments of IFRS 2 are to be applied retroactively, if accepted in its current form by the EU, to financial years beginning on or after January 1, 2010.
- IFRS 9 “Financial instruments”. IFRS 9 pursues a new, less complex approach for the classification of assets. IFRS 9 is to be applied, if accepted in its current form by the EU, to financial years beginning on or after January 1, 2013.
- Amendment to IFRIC 14 “Prepayment of a Minimum Funding Requirement”. The amendment applies in the limited circumstances of when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. If accepted in its current form by the EU, the amendment has an effective date for mandatory adoption of January 1, 2011, with early adoption permitted for 2009 year-end financial statements. The amendments must be applied retroactively to the earliest comparative period presented.
- IFRIC 17 “Distributions of non-cash assets to owners”. According to IFRIC 17, the dividends should be entered on the liabilities side if the dividend has been authorised and is no longer at the discretion of the entity distributing it. Non-cash dividends should be measured at the fair value of the assets being paid out. If there is any difference between the fair value and the carrying amount of the assets, the latter will be recognised in profit or loss. IFRIC 17 has to be applied prospectively to financial years beginning on or after July 1, 2009.
- IFRIC 18 “Transfers of assets from customers”. IFRIC 18 is particularly relevant for entities in the utility sector and deals with agreements in which an entity receives from a customer an item of property, plant, and equipment or cash for acquiring or constructing such item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services. IFRIC 18 has to be applied to financial years beginning on or after July 1, 2009.
- IFRIC 19 “Extinguishing financial liabilities with equity instruments”. If a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are ‘consideration paid’. Accordingly, the debtor should derecognise the financial liability fully or partly. IFRIC 19 is to be applied, if accepted in its current form by the EU, to financial years beginning on or after July 1, 2010. Early adoption is permitted. The interpretation must be applied retroactively to the earliest comparative period presented.

- Improvements of IFRS 2009. In April 2009, the Board published a collection of amendments designed to change various IFRSs with the primary objective of removing inconsistencies and clarifying wordings. Each standard has its own transitional provisions. The amendments are to be applied, if accepted in their current form by the EU, at the earliest to financial years beginning on or after January 1, 2009.

The conditions mentioned in the new IFRIC have not occurred at MLP to date. MLP expects that the new IFRS 9 will lead to changes with regard to the classification of financial assets. The revised version of IFRS 3 will affect the accounting for business combinations. Depending on the nature and volume of future transactions, the changes will have an effect on the Group's net assets, financial position and results of operations. In all other cases, MLP is not expecting any effects on the representation of the Group's net assets, financial position or results of operations. MLP will apply the new and/or revised IFRS standards at the latest when their application becomes binding following their acceptance by the EU.

(4) Scope of consolidation and shares in associates

The scope of consolidation consists of seven fully consolidated German subsidiaries (previous year: six German and one foreign subsidiary) and one associate as was the case in the previous year.

Subsidiaries

The consolidated financial statements include MLP AG as parent company and the companies (**subsidiaries**) controlled by it. Subsidiaries are companies in which MLP AG holds the majority of the voting rights or exerts any other means of control over the financial and operating policy so as to obtain benefits from its activities. The subsidiaries consolidated as at December 31, 2009 are listed in the table below:

[Table 54]

	Shareholding in %	First consolidated
MLP Finanzdienstleistungen AG, Wiesloch	100.00	Dec 31, 1997
TPC THE PENSION CONSULTANCY GmbH, Hamburg	100.00	Oct 8, 2004
ZSH GmbH Finanzdienstleistungen, Heidelberg	100.00	Feb 4, 2009
Feri Finance AG für Finanzplanung und Research, Bad Homburg v.d. Höhe	56.59	Oct 20, 2006
Feri Family Trust GmbH, Bad Homburg v.d. Höhe	56.59	Oct 20, 2006
Feri Institutional Advisors GmbH, Bad Homburg v.d.Höhe	56.59	Oct 20, 2006
Feri EuroRating Services AG, Bad Homburg v.d. Höhe	56.59	Oct 20, 2006

The complete listing of MLP's shareholding is recorded in the electronic German Register of Companies and can be accessed via www.ebundesanzeiger.de.

The effects of the business combinations in the financial year 2009 are explained in note 6.

Shares in associates

Associates are companies where MLP AG has significant influence on financial and operating policy, but which are neither subsidiaries nor joint ventures.

MLP Hyp GmbH, Schwetzingen is an associate in which MLP Finanzdienstleistungen AG holds a stake of 49.8 % in total. The financial year of MLP Hyp GmbH corresponds to the calendar year.

(5) Principles of consolidating subsidiaries and associates

Full consolidation

The consolidated financial statements include the financial statements of MLP AG and its subsidiaries as at December 31 of each financial year. The financial statements of the parent company and of the subsidiaries are prepared in accordance with uniform accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which MLP AG gains control. They are deconsolidated as soon as the parent company loses control.

Assets, liabilities and contingent liabilities resulting from company acquisitions are valued at fair value at the date of acquisition. If the cost of an acquisition exceeds the pro rata net fair value of the object to be acquired, goodwill corresponding to the difference is recognised. A negative difference is recognised as income in the period of the acquisition. The interest of other shareholders is measured in proportion to the net fair value of the assets of the subsidiary. The results of the subsidiaries achieved during the financial year are included in the consolidated income statement from the effective date of their acquisition.

The consolidated financial statements contain no effects of intercompany transactions. Receivables and liabilities between the consolidated companies are offset and intra-group gains and losses are eliminated. Intra-group income is offset against the corresponding expenses. Deferred taxes are recognised by MLP to accommodate any unrecognised differences between the IFRS carrying amounts and the tax values resulting from the consolidation.

Equity method

The shares in associates accounted for using the equity method are recorded at the date of addition based on their historical costs. The goodwill corresponds to the positive difference between the historical costs of the interest and the pro rata net fair value of the associate's assets. When applying the equity method, the goodwill is not amortised, but is reviewed for any indication of an impairment of the shares.

The acquisition costs are annually updated by taking into account the equity changes of the associates corresponding to MLP's equity share. Unrealised gains and losses from transactions with associates are eliminated based on the percentage of shares held. The changes of the pro rata shareholders' equity are shown in the company's income statement under "Earnings from companies accounted for using the equity method".

If shares in associates are to be classified as available for sale, the shares are no longer valued using the equity method, but rather at the lesser of either the last carrying amount or the fair value minus costs of sale. In the statement of financial position these shares are to be disclosed under "Non-current assets held for sale and disposal groups".

Currency translation

Since all subsidiaries operate as financially, economically and organisationally independent entities, their respective local currency is their functional currency. The assets and liabilities of foreign subsidiaries are translated at the closing rate on the closing date and expenses and income are translated based on monthly average rates. Translation differences are recognised in other comprehensive income with no effect on the operating result until the disposal of the subsidiary.

Monetary items (liquid funds, receivables, liabilities) measured in foreign currency are translated using the closing rate, while **non-monetary items** are translated at their historical costs. The differences resulting from the translation of monetary items are recorded by MLP AG in the income statement under other operating expenses and other revenue. In the financial year 2009, income of €67 thsd (previous year: €273 thsd) and expenses of €89 thsd (previous year: €294 thsd) resulted from currency translation.

No subsidiaries of the MLP Group operate in hyper-inflationary economies.

(6) Business combinations

To consolidate our market position among medics, MLP purchased all company shares in ZSH Vermittlung von Versicherungen und Vermögensanlagen Verwaltungs GmbH (ZSH Verwaltungs-GmbH), Heidelberg, and all limited partners' shares in ZSH Vermittlung von Versicherungen und Vermögensanlagen GmbH & Co KG (ZSH GmbH & Co KG), Heidelberg on February 4, 2009. At the time of acquisition, ZSH GmbH & Co KG held a 100 % stake ZSH GmbH Finanzdienstleistungen (ZSH GmbH).

In the fourth quarter of 2009 ZSH GmbH & Co KG was converted to a limited company (GmbH) under the name ZSH Holding GmbH (ZSH Holding). ZSH Verwaltungs GmbH and ZSH GmbH merged with ZSH Holding in the fourth quarter of 2009. ZSH Holding was renamed ZSH GmbH Finanzdienstleistungen ("ZSH").

The primary object of ZSH is the administration and brokerage of all types of insurance policies and investments, real estate and loans as well as the provision of other services economically related to the aforementioned objects.

The purchase price for the acquisition was € 10,765 thsd and was paid from cash holdings. The allocation of the purchase price from this acquisition was concluded in the fourth quarter of 2009:

[Table 55]

Acquired net assets of ZSH

All figures in €'000	Carrying amount before purchase	Adjustment	Fair value
Intangible assets	475	9,408	9,883
Property, plant and equipment	4,809	–716	4,093
Financial investments	123	–	123
Other accounts receivable and other assets	3,391	–740	2,651
Cash and cash equivalents	1,738	–	1,738
Provisions	–1,499	191	–1,308
Liabilities	–9,895	672	**–9,223**
Deferred tax liabilities	**–**	**–41**	**–41**
Net assets	**–859**	**8,774**	**7,915**
Pro rata net assets		100 %	**7,915**
Goodwill			**4,272**
Purchase price			**10,765**
Incidental acquisition expenses			**1,422**
Acquisition costs			**12,187**
Cash outflow to date due to the acquisition			**10,886**

Due to the disclosure of hidden reserves in supplementary tax accounts, the recognition of deferred tax liabilities on the adjustment of carrying amounts before purchase was not required.

ZSH contributed € –3,327 thsd to the net profit. If the business combination had taken place at the beginning of the year, the net profit for the financial year 2009 would have been € 23,937 thsd and sales revenue from continuing operations € 505,254 thsd.

Feri EuroRating Services AG acquired business operations from Property Funds Research Ltd. ('PFR'), Reading, UK, on october 1, 2008 as an asset deal. The purchase price for the acquisition was € 1,233 thsd. The allocation of the purchase price which was performed provisionally on December 31, 2008 was then finalised in the last financial year. No difference resulted from the provisional and final values attributed to assets acquired and liabilities assumed. In the previous year, MLP also acquired a 100 % stake in TPC-Group GmbH, Hamburg.

(7) Significant discretionary decisions, estimates and changes in estimates

On occasions, the preparation of the financial statements included in IFRS consolidated financial statements requires estimates, which influence the level of the disclosed assets and debts, the disclosures of contingent liabilities and receivables, the income and expenses of the reporting period and the other disclosures in the consolidated financial statements. The actual values may deviate from the estimates.

The accounting policies applied are described in note 8. Significant discretionary decisions and estimates affect the following events:

MLP considers a lease agreement governing the commercial leasing of its building in Heidelberg, Forum 7, to be an **operating lease**, as the significant risks and rewards incident to ownership of the property were not transferred to the lessee. As at December 31, 2009, the carrying amount of the property stood at € 11,432 thsd (previous year: € 11,700 thsd).

MLP classifies € 45,385 thsd (previous year: € 22,828 thsd) of **financial instruments** as "**held to maturity**". These financial instruments are fixed income securities that are quoted on the stock exchange. So far MLP has not sold or reclassified any financial instruments classified as "held to maturity" before maturity.

For the evaluation of **pension obligations**, MLP uses actuarial calculations to estimate future events for the calculation of the expenses, obligations and entitlements in connection with these plans. These calculations are based on assumptions regarding the discount rate and the growth rates of salaries and pensions. The interest rate used to discount post-employment benefit obligations is derived from the interest rates of corporate bonds with an AA rating. As at December 31, 2009, the present value of provisions for pensions and other post-employment benefits payable under defined benefit plans was € 15,508 thsd (previous year: € 19,285 thsd). Further details of pension provisions are given in note 33.

Allowances for losses in the banking business are estimated on the basis of historical loss rates. Specific allowances for bad debts are recognised if receivables are likely to be uncollectable. In addition, MLP forms allowances for bad debts on a portfolio basis for remaining accounts receivable based on the dunning level. Allowances for losses on individual account amount to € 4,685 thsd as at December 31, 2009 (previous year: € 3,751 thsd). The impairment loss on portfolio basis as at December 31, 2009 was € 9,287 thsd (previous year: € 9,390 thsd). Alongside the receivables deducted from the allowances for losses on the assets side of € 13,971 thsd (previous year: € 13,140 thsd), the allowances for losses on loans and advances include provisions for credit risks of € 1,864 thsd (previous year: € 1,614 thsd).

The allowances for **other accounts receivable and other assets** essentially relate to receivables from branch office managers and consultants. Value adjustments on receivables from active consultants are recognised through the estimation of remaining terms and fluctuation rates, while value adjustments on receivables from former consultants are recognised on the basis of the factors of amount and age structure. In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, impairment losses are recognised on the basis of empirical values. The same applies to receivables which are disputed and where legal action is pending. MLP determines any impairment of receivables from active office managers in individual offices on the basis of an experience-based reference balance. Impairment of receivables from office managers no longer active for the company are established individually. Allowances for losses on individual account amount to € 7,746 thsd as at December 31, 2009 (previous year: € 7,805 thsd). The impairment loss on portfolio basis as at December 31, 2009 was € 6,983 thsd (previous year: € 5,035 thsd).

Business combinations require estimates of the fair value of the assets acquired, assumed debts and contingent liabilities purchased. Property, plant and equipment are usually measured by independent experts, while marketable securities are shown at their stock market price. If intangible assets are to be valued, MLP either consults an independent external expert or calculates the fair value based on a suitable valuation method, generally discounted cash flows, depending on the type of asset and the complexity involved in calculating the value. Depending on the type of asset and the availability of information, various valuation techniques are applied (market-price-oriented, capital-value-oriented and cost-oriented methods). For instance, when valuing trademarks and licences, the relief-from-royalty method may be appropriate, whereby the value of intangible assets is assessed on the basis of royalties saved for trademarks and licences held by the company itself. Please refer to note 6 regarding the companies acquired in the previous year and the assets and liabilities identified in the purchase price allocation including contingent liabilities and their fair values.

Within the scope of several business combinations variable purchase prices have been agreed. The variable purchase prices, the maximum cash outflows and the maturities of liabilities in connection with the acquisition of ZSH GmbH Finanzdienstleistungen (ZSH), Property Fund Research Ltd., Reading, UK (PFR), TPC-Group GmbH (TPC) and Feri Finance AG are disclosed in the table below.

[Table 56]

All figures in €'000	Carrying amount	Anticipated cash outflow	Maximum cash outflow	Date/period of payment
ZSH	1,092	1,160	1,160	2010
PFR	792	792	792	2009–2012
TPC	0	0	29,000	2013
Feri Finance AG	0	0	130,323	Apr 15, 2011

As at December 31, 2009, MLP adjusted the estimate of the variable purchase price component of TPC to € 0 thsd. The difference of € 6,304 thsd reduced the goodwill. The accumulated accrued interest effect on the change in estimate of € 416 thsd is recognised in other revenues.

As at December 31, 2009, MLP adjusted the estimate of the variable purchase price component from the acquisition of Feri Finance AG to 0. The difference of € 5,000 thsd reduced the goodwill. The accumulated accrued interest effect on the change in estimate of € 526 thsd is recognised in other revenues. As at December 31, 2009, the overall accrued liability from the fixed and variable purchase price component amounted to € 52,782 thsd (previous year: € 57,062 thsd). The remaining stake of 43.414 % in Feri Finance AG will be transferred to MLP AG at the earliest by April 15, 2011. The overall liability will become due with the actual transfer of shares.

Since the principal opportunities and risks associated with the shares that have not yet been transferred with legal effect rest with MLP, no minority shares were recognised for Feri Finance. Profit distributions to the owners of Feri shares not yet transferred with legal effect will be recognised as interest charge. In the financial year 2009, an interest expense of € 2,368 thsd arising from such distributions had to be taken into account (previous year: € 7,830 thsd).

MLP tests **goodwill** from business combinations for impairment at least once a year. For the purpose of the impairment test, goodwill is allocated to cash-generating units at the acquisition date. The impairment test compares the carrying amount of the cash-generating units with the recoverable amount. The recoverable amount is the higher amount of the net selling price and the value in use of the cash-generating unit. For the allocation of goodwill, MLP identified the operating segments financial services, old-age provision and ZSH (included in the financial services reporting segment), Feri Family Trust, Feri Institutional Advisors and Feri EuroRating Services (included in the Feri reporting segment) as relevant cash-generating units. Cash-generating units were allocated the following goodwill values arising from business combinations.

[Table 57]

All figures in €'000	Dec 31, 2009	Dec 31, 2008
Financial services	22,042	27,042
Old-age provision	9,955	16,259
Feri Family Trust	23,702	23,702
Feri Institutional Advisors	24,030	24,030
Feri EuroRating Services	7,762	7,762
ZSH	4,272	–
	91,763	**98,795**

MLP establishes the recoverable amount as value in use and thus as present value of future cash flow of the respective cash-generating unit. The future cash flows are based on MLP planning. The calculation of the present value of anticipated future cash flows is based on assumptions on the development of funds under management, future sales volumes and expenses. The cash flow estimates are based on detailed planning periods extending through to 2014. For the period after that, the planning is based on an average growth rate of 1.0 % (previous year: 1.0 %). The cash flow figures for the detailed planning phase were discounted with weighted capital cost rates of 11.7 % to 13.3 % (previous year: 11.3 % to 12.1 %) before tax. Taking account of the growth rates, the discount rates for the period after the detailed planning phase range between 10.8 % and 12.7 % (previous year: 10.3 % and 11.1 %) before taxes.

As at December 31, 2009 a total goodwill of € 91,763 thsd (previous year: € 98,795 thsd) had been capitalised. As in the previous year, the impairment test has confirmed the carrying amounts for goodwill.

Within the scope of its impairment testing MLP carried out sensitivity analyses. For this purpose the discount rates were alternatively increased by one percentage point or the planned EBTs reduced by 5.0 %. This variation of valuation parameters would have also not resulted in an impairment loss for recorded goodwill.

Indefinite-lived intangible assets are also to be tested for possible impairment on a yearly basis. This concerns the "Feri" brand, which was acquired in 2006 within the scope of the business combination with the Feri Group. In view of the high level of brand awareness, at present no definite end of its useful life can be specified. The carrying amount of the "Feri" brand is € 15,829 thsd (previous year: € 15,829 thsd). The brand is fully attributed to the group of cash-generating units of the "Feri" reporting segment. A fair value minus costs of disposal has been established for the "Feri" brand on the basis of the relief-from-royalty method. Since this value exceeds the carrying amount of the "Feri" brand, no impairment loss had to be recorded, as was the case in the previous year.

Definite-lived intangible assets need to be estimated with regard to the depreciation method. Useful life periods are defined on the basis of empirical values. A change in underlying economic conditions might require the choice of a different method. This can have a significant effect on the amount of depreciation. At MLP this mainly concerns client relations and software.

For the liability arising due to the premature loss of brokered insurance policies whereby commission that has been earned must be refunded in part, MLP sets up provisions for **cancellation risks**. MLP estimates the cancellation rate by product group, tariff and the period of the underlying policy that has already run on the basis of empirical values. The period in which MLP is obliged to refund portions of the commissions due to the premature loss of a policy is determined either by the statutory provisions of the German Insurance Act or the distribution agreements that have been concluded with the product providers. MLP will use the longer of these periods. As at December 31, 2009, the carrying amount of the provision amounts to € 15,921 thsd (previous year: € 15,713 thsd).

On account of the crisis in the economy and the financial markets, in the view of MLP, indicators of an impairment loss are also present for such assets which cannot be tested annually for a possible impairment loss in the same way as goodwill or the "Feri" brand. Therefore, MLP also tested the property, plant and equipment, and other intangible assets for a possible impairment loss. In estimating the future cash flows, as in determining the valuation parameters, MLP has taken the effects of the crisis in the economy and the financial markets into account. The carrying amounts of tested assets were confirmed by the impairment test. The sensitivity analyses carried out by MLP showed that even in the case of a variation of these parameters within certain fluctuation margins no impairment loss would need to be recognised. For this purpose the discount rates were alternatively increased by one percentage point or the planned EBTs reduced by 5.0 %.

In the financial year 2008, MLP set up a share-based remuneration system for office managers, consultants and employees. The recognition of the anticipated expenditure arising from this system demands that assumptions be made about turnover and exercise rates. As at December 31, 2009, the carrying amount of the provision amounts to € 1,448 thsd (previous year: € 621 thsd).

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Based on reasonable estimates, MLP establishes provisions for taxes for potential effects of field tax audits.

(8) Accounting policies

Income

Revenue is generally recognised if it is probable that MLP will gain a definable economic benefit from it.

MLP generates sales revenue from **commission**. This commission is in turn generated in the areas of old-age provision, wealth management, health insurance, non-life insurance, financing and other consulting services. In addition, **revenue from the interest rate business** is generated from transactions with MLP clients. Sales revenue from the interest rate business also includes interest income from the investment of funds of MLP Finanzdienstleistungen AG. Interest income from investment of funds from other Group companies is a constituent of the finance cost.

In the field of **old-age provision**, only commission income from the brokering of life insurance policies is included. In the areas of **non-life and health insurance**, commission income comes solely from the brokering of corresponding insurance products.

Commission income from the brokerage of insurance policies (**acquisition commission**) is recognised independently of the inflow of funds if the Group is entitled to receive payment. The entitlement to payment automatically arises when the first premium of the policy holder has been collected by the insurance company, but at the earliest upon conclusion of the insurance contract. MLP is entitled to time-limited **trail commission** for the brokerage of certain contracts (especially pertaining to life insurance). They are realised according to the same principles as acquisition commission. MLP receives partially recurrent **trailer fees** for brokered old-age provision and health insurance contracts. The company is usually entitled to these as long as premiums are payable for underlying contracts. MLP sets up provisions for cancellation risks based on empirical values with regard to its obligation to repay commission received if brokered insurance policies are cancelled.

Revenue from **wealth management** includes issuing premiums, custody and account maintenance charges, fund management fees, as well as brokerage and trailer commission from wealth management mandates. Further wealth management revenue comes from research and rating services. Revenue is generated after service provision.

Commission income from the brokering of loans (credit brokering commission) is attributed to the sales revenue from **financing**. MLP realises brokerage commission for loan brokerage after concluding the respective loan agreement.

Other consulting income is generated at the level to which consulting services are performed. They are paid in particular for consulting services to companies on setting up occupational pension provision schemes as well as consulting services in connection with medical practice financing and business start-ups.

Revenue from the interest rate business is earned by MLP for the duration of the capital investment in line with the effective interest method. Commission that is part of the effective interest return of a receivable are treated as sales revenue from the interest rate business and recorded in those periods in which they are actually earned. They include **commitment interest** for giving loan commitments or taking over an existing liability. The company realises fees for other current handling and processing services (for example prematurity compensation) after providing these services.

Interest income is earned for the duration of the capital investment in line with the effective interest method, **dividends** are recognised the moment an entitlement to payment arises.

Rental income from investment property is realised by the Group on a straight-line basis over the duration of the tenancy agreement.

Intangible assets

Intangible assets generated internally are only capitalised at their cost of conversion if the conditions required pursuant to IAS 38 are fulfilled. The cost of conversion includes all costs directly attributable to the development process and appropriate portions of development-related overheads. If the capitalisation conditions for internally generated intangible assets are not met, MLP recognises the development costs as expenses in the period in which they were incurred. On initial recognition, individually acquired intangible assets are recorded at their acquisition costs. The costs of acquisition of intangible assets due to business combinations correspond to their fair values at the date of their acquisition.

Definite-lived intangible assets are usually written down on a straight-line basis over their economic life. Amortisation begins once the intangible asset becomes ready for use and ends as soon as the asset is derecognised or if the asset is no longer classified as "available for sale". The residual value, useful life and amortisation method for a definite-lived intangible asset are reviewed at the end of each financial year. If the expected useful life or the expected pattern of an asset's usage has changed, MLP caters to this by adjusting the amortisation period or selecting a different amortisation method. MLP treats these changes as changes in estimates. Definite-lived intangible assets are tested for impairment whenever there are indications that these assets may be impaired.

Definite-lived intangible assets are amortised on a straight-line basis over the following useful life periods:

[Table 58]

Intangible assets

	Useful life
Acquired software	3–7 years
Software generated internally	3–5 years
Acquired trademark rights	10–15 years
Client relations/orders on hand	5–25 years

Indefinite-lived intangible assets are not amortised. They are subjected to an impairment test individually or at the level of the cash-generating unit at least once a year. They are also reviewed once a year to establish whether their classification as an indefinite-lived asset is still justified. If this is not the case, the asset is accounted for according to the principles for definite-lived assets from then on.

Goodwill

Goodwill is valued at the excess of the business combination's acquisition cost over the acquired net assets on the date of addition. Subsequent to initial recognition, MLP measures goodwill at cost less cumulative impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost and, if applicable, less depreciation and impairment losses. MLP does not apply the revaluation method.

Depreciation is charged on a straight-line basis. Depreciation of the property, plant and equipment or components with a finite useful life begins once the assets have been brought to working condition. Probable physical wear and tear, technical obsolescence and legal/contractual limitations are taken into account in determining expected useful lives.

Items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

[Table 59]

Property, plant and equipment

	Useful life / residual value
Administration buildings	33 years to residual value (30 % of original cost)
Land improvements	15 – 25 years
Leasehold improvements	Term of the respective lease
Furniture and fittings	10 – 25 years
IT hardware, IT cabling	3 – 13 years
Office equipment, office machines	3 – 13 years
Cars	6 years
Works of art	13 – 15 years

The residual carrying amounts of assets, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted according to the regulation regarding estimated adjustments where necessary.

Investment property

Investment property pursuant to IAS 40 consists of all property that is held to earn rental income and/or for capital appreciation, rather than for use in the supply of services or for administrative purposes or sale in the company's ordinary course of business. MLP applies the acquisition cost model when valuing real estate of this kind. Investment property is written off in accordance with the principles detailed for property, plant and equipment.

Investment property is derecognised if it is sold or no longer used on a permanent basis or if no future economic benefit is expected when selling it. Gains or losses from the retirement or disposal of an investment property are recognised at the time of their retirement or sale.

Impairment of property, plant and equipment, investment property and intangible assets (without goodwill)

At the end of each reporting period, MLP AG assesses whether there are any indications that a long-term asset may be impaired. If this is the case, the Group estimates its recoverable amount. If the recoverable amount for the individual asset cannot be determined, the estimate is made for the smallest cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of the fair value of an asset less selling costs and the value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and is written down to its recoverable amount. For the purposes of determining value in use, estimated future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset. Impairment losses are shown in the income statement under "Depreciation / amortisation and impairment".

At the end of each reporting period, the Group assesses whether there are any indications that an impairment loss recognised in prior reporting periods no longer exists or may have decreased. If there is any such indication, it measures the recoverable amount. An impairment loss recognised previously is reversed if, since the last impairment loss was recognised and due to a change in the estimates, the recoverable amount is higher than the asset's carrying amount. The reversal may not exceed what the amortised cost would have been if an impairment had not been recognised in the previous years. Such a reversal must be recognised directly in the net income for the period. Once impairment losses have been reversed, an adjustment may need to be made in future reporting periods so as to systematically distribute the asset's adjusted carrying amount less any residual value over its remaining useful life.

Impairment of goodwill

Goodwill is tested for impairment losses at least once a year and also at any time when there is indication of potential impairment losses on assets.

For the purposes of impairment tests, the goodwill must be allocated from the date of acquisition onwards to those of the Group's cash-generating units or groups of cash-generating units that are to benefit from the synergies from the combination. This applies irrespective of whether other assets or liabilities of the acquired company have been allocated to these units or groups of units. Each unit or group of units to which goodwill has been allocated

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes, and
- is no larger than an operating segment in the sense of IFRS 8.

Impairment is measured by calculating the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

If the Group sells part of a cash-generating unit to which goodwill is allocated, the goodwill is regularly divided in proportion to the values of the sold and retained portion of the unit. The proportional goodwill allocated to the part that has been sold is included in the calculation of the profit from sale of discontinued operations.

Leases

MLP operates as both a lessee and lessor to third parties. MLP determines whether a contractual agreement constitutes or contains a lease on the basis of the economic substance of the agreement concluded. This requires an assessment of whether performance of the agreement is dependent upon the use of a particular asset or particular assets and whether the agreement confers the right to use the asset.

Leases where all risks and rewards incident to ownership of the leased asset remain substantially with the Group are classified as operating leases.

MLP has not signed any agreements that essentially transfer all risks and rewards associated with the ownership of the leased asset to the lessee (finance leases). The notes below are therefore limited to operating leases.

Group as lessor: Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and expensed over the term of the lease, just as rental income is recognised over the term of the lease.

Group as lessee: Rental payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The same principle applies to benefits received and receivable that serve as an incentive to enter into an operating lease.

Financial instruments – General information

A financial instrument is a contract that simultaneously gives rise to a financial asset at one entity and a financial liability or equity instrument at the other entity. In the case of regular-way purchases and sales, financial instruments are recognised or derecognised in the statement of financial position on the trade date. Regular-way purchases or sales are purchases or sales of financial assets requiring delivery of the assets within a period dictated by market regulations or conventions. Financial instruments are either categorised as financial instruments measured at fair value, as loans and receivables, or as available-for-sale financial instruments. The Group defines the classification of its financial instruments with initial recognition. They are initially recognised at their fair value plus transaction costs. Transaction costs incurred when purchasing financial instruments of the category "at fair value through profit or loss" are recognised directly as charges to the income statement.

The subsequent measurement of financial instruments depends on their classification as follows:

Financial instruments of the category "**at fair value through profit and loss**" comprise the subcategories "Held for trading" and "Designated at fair value". Financial instruments of this category are measured at fair value. The change in fair value is directly recognised in the net income for the period.

Financial instruments of the category "**held-to-maturity**" are non-derivative financial assets with fixed or determinable payments traded on an active market. Classifying the instruments as such assumes capability and intention to hold the securities to maturity. They are values at amortised cost using the effective interest method. Impairment losses are charged to income if the recoverable amount falls below the carrying amount.

Financial instruments classified as "**loans and receivables**" are also measured at amortised cost using the effective interest method.

"**Available-for-sale**" financial instruments are non-derivative financial assets and are carried at their fair value. Changes in fair value between reporting dates are recognised in the item "Securities marked to market" under "other equity" which has no effect on the operating result. Impairment losses and gains from currency translation under monetary items are excluded from this. These flow directly into profit or loss. The reserve is reversed to income either when the assets are sold or if the assets are impaired. MLP values equity instruments of which the fair value cannot be reliably determined and derivatives to such instruments at their cost of acquisition.

Financial instruments – Receivables from banking business

Receivables from banking business from banks and receivables from clients for loans are recognised at amortised cost using the effective interest method. Charges and premiums/discounts are recognised as part of the actual interest return of the financial instrument over the term of the relevant loan.

In order to avoid any inconsistency in recognition, MLP measures receivables from clients due to loans with a nominal value of €4,920 thsd (previous year: €4,978 thsd) at their fair value. These are offset against interest rate swaps. Gains and losses from changes to the fair value are recognised in both cases directly in the net income for the period.

Financial instruments – Financial investments

The **financial investments** of the Group include debt securities, shares in investment funds, shareholdings and loans.

Investments are capitalised as available-for-sale financial assets at their acquisition costs less any impairment losses. The investments represent equity instruments of non-consolidated companies. They are not traded on an active market. It is not possible to calculate their fair value reliably any other way.

Loans belong to the category "loans and receivables". These include fixed term deposits with a term of up to five years.

The **securities** not contained in loans are classified as "held-to-maturity" if they are financial assets with fixed or determinable payments which the company intends and is able to hold to maturity. All other financial assets, loans and investment funds are classified as "available for sale".

Financial instruments – Other accounts receivable and other assets

Other accounts receivable and other assets are measured at amortised cost less impairment losses. The impairment loss is recognised in the income statement.

Financial instruments – Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits at the Deutsche Bundesbank and due on demand bank deposits insofar as these are not to be allocated to the banking business of MLP Finanzdienstleistungen AG. They are measured at face value.

Financial instruments – Impairment

MLP tests the carrying amounts of the financial assets that are not measured at fair value through profit and loss individually at each closing date to determine whether there is objective, material evidence of **impairment of the financial assets**. For receivables from banking business and for other receivables and other assets, impairment losses on portfolio basis are formed for receivables for which no specific allowances are recognised. The allowances are determined based on the dunning level, the age of the receivables and on the basis of the past experience. Any impairment losses at the level of the difference between the carrying amount and lower recoverable amount are recognised in profit or loss on the corresponding impairment account. If a receivable is uncollectable (i.e. default is certain), it is written off.

If changes to the fair value of available-for-sale financial investments led to formation of a negative reserve in the shareholders' equity, these must now be reclassified from equity in the amount of the impairment determined to the income statement. If, in a subsequent period, the fair value of debt instruments increases and this increase can be related objectively to events occurring after the impairment was recognised, the impairment loss is reversed to income in the appropriate amount. Impairment losses on equity instruments that are classified as available for sale may not be reversed. MLP records any further increase of the fair value under shareholders' equity with no effect on the operating result.

Both the recoverable amount of securities held to maturity and the recoverable amount of the loans and receivables valued at amortised cost, which are required for impairment testing, correspond to the present value of the expected future cash flow. To determine impairment losses for the unquoted equity instruments measured at cost, the expected future cash flows are discounted using the current interest rate that corresponds to the investment's special risk position.

Financial instruments – Liabilities due to banking business

The liabilities due to banking business are carried as financial liabilities for their initial recognition at fair value, if applicable including deduction of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financial instruments – Other liabilities

Trade accounts payable and other liabilities are recognised at amortised cost.

Financial instruments – Derivative financial instruments

The derivative financial instruments of the MLP Group primarily cover interest rate swaps. They are initially recognised at fair value excluding transaction costs and subsequently remeasured at fair value. Derivatives with positive market values are recognised in item of the statement of financial position "other accounts receivable and other assets" and derivatives with negative market values in the item "other liabilities". The MLP Group does not make use of hedge accounting pursuant to IAS 39. Changes in the market value of derivatives are directly recognised in the income statement and are contained in the finance cost and the income/expenses from the banking business.

Non-current assets held for sale and disposal groups

Individual, formerly non-current assets and disposal groups, whose sale is to be expected within twelve months after classification as "available for sale" are recorded either at the adjusted carrying amount at the time of reclassification or their fair value minus the costs of disposal.

Provisions

The **pension obligations** due to defined benefit plans are determined pursuant to IAS 19 according to the projected unit credit method. Obligations are measured on the basis of an independent actuarial study. The interest component of pension expenses is reported under other interest and similar expenses. For the recognition of gains or losses resulting from the difference between the projected pension obligation and the actual defined benefit obligation MLP makes use of the option of only recognising gains and losses if they breach the 10 % limit of the defined benefit obligation (corridor method).

Payments for defined contribution plans represent the costs for periods in which the associated work is performed. Payments for statutory pension plans are treated in the same way as defined contribution plans.

Other provisions are recognised when the Group has a present obligation (legal or constructive) resulting from a past event, settlement is expected to result in an outflow of resources and the obligation's amount can be estimated reliably. If the Group is practically certain to receive a reimbursement from an identifiable third party (e.g. in case of an existing insurance policy), MLP recognises the reimbursement as a separate asset. The expenditure required to set up the provision is recognised in the income statement after deduction of the reimbursement. If provisions contain an interest component they are recognized at their present value. MLP recognises the increase in provisions due to the passage of time as an interest charge.

Share-based payments

The MLP Group grants certain employees, independent commercial agents and managers share-based payments that can be settled partly by issuance of equity instruments and partly in cash.

The expense incurred as a result of **equity-settled payments** is recognised at the grant-date fair value of the equity instruments granted. The fair value is determined using the Black-Scholes formula and is recognised on a straight-line basis as personnel expenses or other operating expenses over the period during which the exercise conditions are to be met. This time period ends as soon as the eligible employee is irrevocably entitled to receive the awards. In return capital reserves are increased by a corresponding amount.

The proportion of the fair value of **share-based payments settled in cash** attributable to services provided up to the valuation date is recognised as personnel expenses or as cost of purchased services from the commission business and at the same time as a provision. The fair value determined based on the Monte-Carlo simulation or another suitable valuation model is recalculated at the end of each reporting period and on the payment date. Any change to the fair value is to be recognised in profit or loss. At the payment date, the fair value of the liability corresponds to the amount which is to be paid to the eligible employee.

Taxes

Actual **tax refund claims** and **tax liabilities** for both the current period and earlier periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amount is determined on the basis of the tax rates and tax legislation that apply at the end of the reporting period.

Deferred taxes are recognised in accordance with the balance sheet liability method for all taxable temporary differences existing at the end of the reporting period between the values of the IFRS consolidated statement of financial position and the taxable values of the individual companies.

Deferred taxes are measured at the tax rates that apply when an asset is realised or a liability settled. They are recognised in the income statement, except where the unrecognised difference has a direct effect on equity.

Deferred tax liabilities are recognised for all taxable temporary differences. This does not apply to temporary differences arising from the initial recognition of goodwill or from the recognition of other assets or liabilities for the first time that do not result from a business combination and which neither affect the taxable income nor net income at the date of recognition. In addition to tax advantages from deductible unrecognised differences, deferred tax assets also comprise tax load reducing claims resulting from an expected future use existing losses. No consideration is made for deductible unrecognised differences in the case of assets or liabilities which do not result from a business combination and which neither affect the taxable income nor net income at the date of recognition.

Deferred tax assets are recognised if it is probable that there will be offsetable taxable income available at the time of reversing the deductible temporary differences or that loss carryforwards can be used within a limited timeframe. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that there will be sufficient taxable profit against which the deferred tax assets can be used. Deferred tax assets that have not been recognised are reviewed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will make realisation possible.

Deferred tax assets and deferred tax liabilities are offset against one another if there is an enforceable right to offset tax refund claims against tax liabilities and if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

MLP records the **amount of value-added tax** to be reimbursed by or remitted to the fiscal authority under the items “other accounts receivable and other assets” or “other liabilities”.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

[Table 60]

(9) Revenue

All figures in €'000	2009	2008*
Old-age provision	311,144	344,809
Wealth management	71,559	82,205
Health insurance	46,487	45,883
Non-life insurance	26,488	23,068
Loans and mortgages	12,609	11,563
Other commission and fees	4,122	3,973
Commission and fees	**472,408**	**511,500**
Interest income	**31,367**	**40,767**
Total	**503,775**	**552,267**

* Previous year's values adjusted. The adjustments are disclosed in note 3

[Table 61]

(10) Other revenue

All figures in €'000	2009	2008*
Cost transfers to commercial agents	7,800	8,245
Income from reinsuring pension obligations	3,888	3,773
Income from investments	1,941	5,025
Reversal of impairment losses/income from written-off receivables	1,854	3,109
Income from the reversal of deferred obligations	1,846	3,232
Remuneration of management	1,797	2,038
Rent	1,252	1,436
Income from the adjustment of variable purchase price liabilities	942	2,953
Income from the reversal of provisions	890	1,554
Own work capitalised	479	1,045
Income from securities of the participation programme	239	–
Subsequent income from sale	–	4,000
Income from the partner forum	–	1,437
Sundry other income	5,441	5,087
Total	**28,368**	**42,933**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The sub-item “cost transfers to commercial agents” covers among other things income from the renting out of laptops and the cost transfers of other material costs.

The “income from reinsuring pension obligations” is offset by the premium payments for these insurance policies at a similar level recorded under “other operating income”.

The “income from investments” is mainly attributable to foreign subsidiaries.

The item “reversal of impairment losses/income from written-off receivables” relates to the items “receivables from clients in the banking business” and “other accounts receivable and other assets,” which is offset by allowances for bad debts disclosed under “other operating expenses”.

The item “Remuneration for management” contains pre-allocated profits due to management tasks for private equity companies.

(11) Commission expenses

The comission expenses mainly consists of the commission payments and other remuneration components for the self-employed MLP consultants. This item fell by € 22,037 thsd to € 182,619 thsd during the financial year (previous year: € 204,656 thsd).

[Table 62]

(12) Interest expenses

All figures in €’000	2009	2008
Interest and similar expenses		
Financial instruments measured at amortised cost	11,992	21,004
Available-for-sale financial instruments	70	2,277
Change fair value option		
Financial instruments at fair value through profit and loss	194	232
Total	**12,256**	**23,514**

[Table 63]

(13) Personnel expenses

All figures in €'000	2009	2008*
Salaries and wages	94,406	93,149
Social security contributions	12,798	12,128
Expenses for old-age provisions and benefits	4,184	3,592
Total	**111,387**	**108,869**

* Previous year's values adjusted. The adjustments are disclosed in note 3

Personnel expenses essentially include salaries and wages, remuneration and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mostly include employer's shares of supplementary occupational provision.

The rise in personnel expenses is mainly due to the acquisition of ZSH and one-off restructuring expenses of € 2,070 thsd.

[Table 64]

(14) Depreciation/ amortisation and impairment

All figures in €'000	2009	2008*
Depreciation/amortisation		
Intangible assets	11,331	11,238
Property, plant and equipment	6,507	6,702
Investment property	268	424
	18,106	**18,365**
Impairment		
Property, plant and equipment	14	96
Investment property	–	2,511
	14	**2,607**
Total	**18,120**	**20,971**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The development of the non-current assets is disclosed in note 18 (intangible assets), note 19 (property, plant and equipment) and note 20 (investment property).

[Table 65]
(15) Other operating expenses

All figures in €'000	2009	2008*
IT costs	50,940	47,368
Cost of premises	23,941	22,335
Audit and consultancy costs	11,048	15,170
Training and seminars	8,216	11,340
Advertising expenses	8,066	11,609
Banking-related expenses	8,027	8,607
Communication requirements	7,867	8,580
Allowances for doubtful accounts	7,578	6,932
Insurance	6,289	6,337
Rental and leasing	5,477	4,999
Representation/entertainment expenses	4,610	6,470
Expenses for consultants/branch office managers	4,104	5,758
Travel expenses	2,186	2,452
Premiums and fees	2,095	1,324
Office supplies	2,031	2,913
Vehicle costs	1,560	1,389
Other personnel costs	1,176	2,050
Expenses for corporate communications	875	1,398
Disposal of intangible assets/property, plant and equipment	460	530
Expenses from currency translation	89	294
Share-based payment (convertible debentures)	–	513
Sundry other operating expenses	9,311	13,401
Total	**165,947**	**181,769**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The increase in IT costs is mainly attributable to higher costs for the computer centre and consulting expenses in connection with the extended range of services and the expansion and optimisation of applications. Audit and consultancy costs comprise one-off expenses of € 3.0 million accrued in connection with Swiss Life's acquisition of an equity stake.

The bank-related expenses mainly contain securities settlement costs and transaction costs in connection with the MLP credit card. Communication requirements include telecommunication and data transfer expenses as well as costs for postage and freight. Expenses for insurance contain for one premium payments for reinsurance of pension commitments to board members and also other premium payments for professional liability and group accident insurance schemes. In addition to expenses for consultants and office managers no longer active for the company, consultant costs also include recruitment costs for hiring new consultants. Premium and fees contain association membership fees and premiums for deposit guarantee schemes in the banking business. "Expenses for corporate communications" essentially contains costs in connection with the MLP client magazine.

Sundry other operating expenses are mainly made up of third party work/service, repair and maintenance, gestures of goodwill, and other taxes.

[Table 66]

(16) Earnings from shares accounted for using the equity method

All figures in €'000	2009	2008
Revenue of MLP Hyp GmbH, Schwetzingen	4,835	6,452
Earnings of MLP Hyp GmbH, Schwetzingen	739	1,485
Earnings from shares accounted for using the equity method (pro rata 49.8 %)	**368**	**740**

[Table 67]

(17) Finance cost

All figures in €'000	2009	2008
Other interest and similar income	**7,820**	**5,436**
Interest from financial instruments	–9,709	–13,853
Accrued interest on pension provisions	–527	–396
Losses on the disposal of financial investments	–110	–730
Other interest and similar expenses	**–10,346**	**–14,979**
Finance cost	**–2,526**	**–9,543**

The increase in other interest and similar income is attributable to income from the sale of securities and the interest on tax credits resulting from the tax audit for the years 2002 to 2006. The decline in other interest and similar expenses is mainly down to dividend payouts to other shareholders of Feri Finance AG amounting to € 2,368 thsd (previous year: € 7,830 thsd) and falling interest charges for the purchase price liability for Feri Finance AG.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

[Table 68]

(18) Intangible assets

All figures in €'000	Goodwill	Software (generated internally)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As at Jan 1, 2008	**117,273**	**15,417**	**56,463**	**14,657**	**37,586**	**241,396**
Changes to the scope of consolidation	15,574	–	75	–	1,429	17,078
Adjustment of purchase price allocation	–35,000	–	–	–	–	–35,000
Additions	950	536	1,189	4,998	438	8,111
Disposals	–	–	–1	–398	–417	–816
Transfers	–	–	18,444	–18,444	–	0
Discontinued operation	–	–	–419	–293	–	–712
As at Dec 31, 2008	**98,798**	**15,953**	**75,751**	**520**	**39,037**	**230,059**
Changes to the scope of consolidation	4,272	–	2,227	–	8,402	14,901
Adjustment of purchase price allocation	–11,304	–	–	–	–	–11,304
Additions	–	463	448	1,478	5	2,395
Disposals	–	–	–	–199	–40	–239
Transfers	–	–	1,720	–1,720	–	0
Discontinued operation	–	–	–3	–	–	–3
As at Dec 31, 2009	**91,766**	**16,417**	**80,143**	**80**	**47,404**	**235,810**
Amortisation and impairment						
As at Jan 1, 2008	**3**	**14,123**	**39,611**	**–**	**2,921**	**56,657**
Amortisation	–	902	9,363	–	1,053	11,318
Disposals	–	–	–	–	–207	–207
Discontinued operation	–	–	–131	–	–	–131
As at Dec 31, 2008	**3**	**15,024**	**48,843**	**–**	**3,767**	**67,637**
Changes to the scope of consolidation	–	–	665	–	81	746
Amortisation	–	787	8,198	–	2,346	11,331
Impairment	–	–	0	–	–	0
Reversal of impairment	–	–	–41	–	–	–41
Discontinued operation	–	–	–3	–	–	–3
As at Dec 31, 2009	**3**	**15,811**	**57,664**	**–**	**6,194**	**79,671**
Carrying amount Jan 1, 2008	117,271	1,294	16,852	14,657	34,665	184,739
Carrying amount Dec 31, 2008	**98,795**	**929**	**26,907**	**520**	**35,270**	**162,422**
Carrying amount Dec 31, 2009	**91,763**	**605**	**22,480**	**80**	**41,210**	**156,138**

Intangible assets created in-house concern development costs for internally developed software. All development costs incurred in the financial year 2009 met the criteria for inclusion on the asset side in line with IAS 38.57 (2009: € 479 thsd; 2008: € 1,045 thsd). They are recorded under "software (purchased)", "software (generated internally)" and "advance payments and developments in progress".

The item "acquired software" also includes expenses for internal development services which were incurred for preparing software developed by third parties for its intended use. The other intangible assets include client relations, orders on hand, licences and similar rights.

"Changes to the scope of consolidation" comprise the acquisition of all shares in ZSH in 2009 (see note 6). The previous-year figure includes the acquisition of a further stake of 48.92 % in BERAG Beratungsgesellschaft für betriebliche Altersversorgung und Vergütung mbH and BERAG Versicherungsmakler GmbH as well as the acquisition of shares in TPC Group GmbH. As in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2009 (see note 7).

The item "adjustment of purchase price allocation" shows changes due to the adjustment of variable purchase price components (see note 7).

Of the amortisation and impairment of intangible assets, € 11,331 thsd (previous year: € 11,238 thsd) is attributable to continuing operations and € 1 thsd (previous year: € 80 thsd) to discontinued operations. Amortisation and impairment of intangible assets relating to continuing operations is shown in note 14.

There are no restraints and pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets amount to € 533 thsd as at December 31, 2009.

[Table 69]

(19) Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings	Other fixtures, fittings and office equipment	Payments on account and assets under construction	Total
Acquisition costs				
As at Jan 1, 2008	**80,283**	**66,274**	**1,000**	**147,558**
Changes to the scope of consolidation	–	204	–	204
Additions	422	2,151	1,509	4,082
Disposals	–271	–3,868	–121	–4,260
Transfers	1,864	68	–1,932	0
Discontinued operation	–547	–1,388	–	–1,935
As at Dec 31, 2008	**81,752**	**63,442**	**456**	**145,650**
Changes to the scope of consolidation	4,121	2,340	–	6,461
Additions	249	1,196	162	1,607
Disposals	–415	–2,181	–231	–2,828
Transfers	357	27	–384	0
Reclassification of IFRS 5 items	–87	–117	–	–204
As at Dec 31, 2009	**85,976**	**64,707**	**4**	**150,686**
Depreciation and impairment				
As at Jan 1, 2008	**19,911**	**43,737**	**–**	**63,648**
Depreciation	2,213	4,609	–	6,821
Impairment	–	96	–	96
Disposals	–178	–3,635	–	–3,813
Discontinued operation	–400	–1,111	–	–1,511
As at Dec 31, 2008	**21,545**	**43,696**	**–**	**65,241**
Changes to the scope of consolidation	603	1,766	–	2,369
Depreciation	2,282	4,228	–	6,510
Impairment	83	78	–	160
Disposals	–302	–1,869	–	–2,171
Reclassification of IFRS 5 items	–87	–117	–	–204
As at Dec 31, 2009	**24,123**	**47,782**	**–**	**71,905**
Carrying amount Jan 1, 2008	60,373	22,537	1,000	83,910
Carrying amount Dec 31, 2008	**60,206**	**19,746**	**456**	**80,409**
Carrying amount Dec 31, 2009	**61,853**	**16,925**	**4**	**78,781**

Of the depreciation of property, plant and equipment, € 6,507 thsd (previous year: € 6,702 thsd) is attributable to continuing operations and € 3 thsd (previous year: € 119 thsd) to discontinued operations.

Of the impairments, € 14 thsd (previous year: € 96 thsd) is attributable to continuing operations and € 147 thsd (previous year: € 0 thsd) to discontinued operations.

Depreciation and impairment relating to continuing operations is shown in note 14.

There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 10 thsd as at December 31, 2009.

[Table 70]

(20) Investment property

All figures in €'000	Investment property
Acquisition costs	
As at Jan 1, 2008	**25,033**
As at Dec 31, 2008	**25,033**
As at Dec 31, 2009	**25,033**
Depreciation and impairment	
As at Jan 1, 2008	**10,397**
Depreciation	424
Impairment	2,511
As at Dec 31, 2008	**13,333**
Depreciation	268
As at Dec 31, 2009	**13,601**
Carrying amount Jan 1, 2008	14,635
Carrying amount Dec 31, 2008	**11,700**
Carrying amount Dec 31, 2009	**11,432**

The investment property held by the Group concerns an office and administration building which is rented out under an operating lease. As at December 31, 2009, the value in use stood at € 11,468 thsd (previous year: € 11,700 thsd). This evaluation was carried out in line with the gross rental method for buildings and with the sales comparison approach for land. The evaluation was not carried out by an independent surveyor.

In order to calculate the land value, the standard land value is used as a basis, taking into account the derived floor space index in accordance with the advice of the local expert advisory committee. There was a marginal change compared to the previous year.

The gross rental value is determined on an estimate of the sustainable gross rental income. Taking into account the specific location of the real estate and the estimated development of the rental tariffs of comparable objects at the same location, the sustainable annual gross proceeds have been reduced compared to the previous year. The anticipated property return is 5.5 % (previous year 5.5 %).

Rent income from the letting of investment property held by the Group amounts to € 1,252 thsd in 2009 (previous year: € 1,436 thsd). In 2008 this included a subsequent claim for incidental costs from previous years. The expenses in connection with the investment property totalled € 417 thsd in the financial year 2009 (previous year: € 403 thsd).

As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

(21) Shares accounted for using the equity method

The shares accounted for using the equity method relate only to the 49.8 % share in MLP Hyp GmbH and have developed as follows:

[Table 71]

All figures in €'000	2009	2008
Share as at Jan 1	2,319	1,579
Dividend payouts	–674	–
Pro rata profit after tax	368	740
Share as at Dec 31	**2,013**	**2,319**

The following table contains summarised financial information on MLP Hyp GmbH:

[Table 72]

All figures in €'000	Dec 31, 2009	Dec 31, 2008
Assets of MLP Hyp GmbH	4,405	5,332
Outstanding debts of MLP Hyp GmbH	665	977
Shareholders' equity of MLP Hyp GmbH	3,739	4,354
Equity attributable to MLP (49.8 %)	1,862	2,168

(22) Receivables from banking business

In the table below the items of the statement of financial positon "Receivables from clients in the banking business" and "Receivables from banks in the banking business" have been summarised.

[Table 73]

	DEC 31, 2009			DEC 31, 2008		
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Receivables from banks	485,701	12,500	498,201	600,580	5,000	605,580
Receivables from clients	139,026	188,439	327,465	156,207	132,366	288,573
Total, gross	**624,727**	**200,939**	**825,665**	**756,787**	**137,366**	**894,153**
Impairment	–10,745	–3,226	–13,971	–9,955	–3,185	–13,140
Total, net	**613,982**	**197,712**	**811,694**	**746,832**	**134,181**	**881,013**

The receivables from clients mainly concern receivables from loans, current accounts and credit cards.

[Table 74]

				Financial assets at Dec 31, 2009 neither impaired nor overdue within the following time span		
All figures in €'000	Gross value at Dec 31, 2009	Of which financial assets at Dec 31, 2009	Financial assets at Dec 31, 2009 neither impaired nor overdue	< 90 days	90–180 days	> 180 days
Receivables from clients	327,465	327,465	316,518	3,554	397	2,121
Total	**327,465**	**327,465**	**316,518**	**3,554**	**397**	**2,121**

[Table 75]

				Financial assets at Dec 31, 2008 neither impaired nor overdue within the following time span		
All figures in €'000	Gross value at Dec 31, 2008	Of which financial assets at Dec 31, 2008	Financial assets at Dec 31, 2008 neither impaired nor overdue	< 90 days	90–180 days	> 180 days
Receivables from clients	288,573	288,573	272,341	9,110	303	943
Total	**288,573**	**288,573**	**272,341**	**9,110**	**303**	**943**

Receivables from clients due to originated loans are generally secured by land charges, liens on life insurance policies or securities. Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there was no indication at the end of the reporting period that debtors will not meet their payment obligations. Receivables from banking business for which new terms were agreed and which would otherwise have been overdue or impaired amounted to € 250 thsd at the end of the reporting period (previous year: € 2,181 thsd). Due to defaults of debtors of € 1,717 thsd during the financial year (previous year: € 1,030 thsd) financial and non-financial assets were assigned to MLP by way of collateral for originated loans and receivables. The carrying amount of these assets was € 1,717 thsd at the closing date (previous year: € 1,030 thsd). The assets mainly concern receivables from claimed life insurance policies.

Overdue accounts receivable for which no specific allowance has been made are secured with customary bank collateral. Receivables for which a specific allowance has been made are secured by customary bank collateral of € 1,951 thsd (previous year: € 851 thsd).

Allowances for losses on individual accounts of € 4,685 thsd (previous year: € 3,751 thsd) and impairment losses on portfolio basis of € 9,287 thsd (previous year: € 9,390 thsd) were recognised for counterparty default risks. Alongside the receivables deducted from the allowances for losses on the assets side of € 13,971 thsd (previous year: € 13,140 thsd), the allowances for losses on loans and advances include provisions for credit risks of € 1,864 thsd (previous year: € 1,614 thsd). Thus the total allowance for losses is € 15,835 thsd (previous year: € 14,754 thsd).

[Table 76]

	ALLOWANCES FOR LOSSES ON INDIVIDUAL ACCOUNT		IMPAIRMENT LOSS ON PORTFOLIO BASIS		PROVISIONS		TOTAL	
All figures in €'000	2009	2008	2009	2008	2009	2008	2009	2008
As at Jan 1	**3,751**	**2,860**	**9,390**	**9,439**	**1,614**	**1,524**	**14,754**	**13,823**
Allocation	1,143	1,347	478	168	746	231	2,367	1,746
Reversal/utilised	–209	–456	–581	–217	–495	–141	–1,286	–814
As at Dec 31	**4,685**	**3,751**	**9,287**	**9,390**	**1,864**	**1,614**	**15,835**	**14,754**
Of which allowances for bad debts measured at amortised cost	**4,685**	**3,751**	**9,287**	**9,390**	**1,864**	**1,614**	**15,835**	**14,754**

Taking into account total direct amortisation of € 1,123 thsd (previous year: € 1,058 thsd) allocations to impairment losses recognised in the income statement of € 2,367 thsd (previous year: € 1,746 thsd) and reversals of € 1,265 thsd (previous year: € 248 thsd) resulted in a net cost of allowances for losses of € 2,001 thsd (previous year: € 737 thsd).

Receivables for which specific allowances have been made total € 6,996 thsd (previous year: € 5,876 thsd). For € 6,190 thsd of these (previous year: € 908 thsd) the impairment was less than 50 % of the gross receivable, the remaining volume was written down by more than 50 %. The allowance for bad debts comes to € 4,685 thsd (previous year: € 3,751 thsd). This corresponds to a percentage of 67 % (previous year: 64 %).

Receivables from other banks mainly concern time deposits. The accounts receivable with up to one year remaining to maturity amount to € 485,701 thsd (previous year: € 600,580 thsd), while those with more than one year remaining to maturity amount to € 12,500 thsd (previous year: € 5,000 thsd). The receivables are not collateralised. At the end of the reporting period there are no receivables from banks which are overdue or impaired.

More information on receivables from banking business can be found in note 40. The changes to the previous year's figures are explained in note 3.

[Table 77]

(23) Financial investments

All figures in €'000	Dec 31, 2009	Dec 31, 2008
Available for sale		
Debt securities and holdings in investment funds	33,424	47,885
Investments	3,398	4,227
Held-to-maturity securities	45,385	22,828
Loans and receivables	110,183	105,002
Total	**192,389**	**179,941**

[Table 78]

Available-for-sale debt securities and holdings in investment funds

	(Amortised) acquisition costs		Accumulated unrealised gains		Accumulated unrealised losses		Market values	
All figures in €'000	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Debt securities								
up to 1 year	–	–	–	–	–	–	–	–
more than 1 year to 5 years	16,582	16,217		4	–1,975	–483	14,659	15,738
more than 5 years	–	–	–	–	–	–	–	–
Holdings in Investment funds	18,408	31,628	709	761	–353	–241	18,764	32,147
Total	**34,991**	**47,845**	**709**	**765**	**–2,327**	**–724**	**33,424**	**47,885**

Unrealised losses of € 1,398 thsd (previous year: € 693 thsd) and no unrealised gains (previous year: € 623) were recognised directly in the other comprehensive income "securities marked to market" in the period under review. The realisation of gains from the market valuation of securities contributes € 1,086 thsd (previous year: € – 2,793 thsd) to the net income for the period.

Based on objective evidence, investments were impaired by € 999 thsd.

When determining realised gains and losses on securities and investment funds it is assumed that the financial investments which were purchased first will also be sold first.

[Table 79]

Held-to-maturity securities

	AMORTISED COST		MARKET VALUES	
All figures in €'000	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Securities				
up to 1 year	–	–	–	–
more than 1 year and up to 5 years	45,385	22,828	46,066	23,032
more than 5 years	–	–	–	–
Total	**45,385**	**22,828**	**46,066**	**23,032**

The fair value of individual securities may drop temporarily below their carrying amount. However, insofar as there are no credit risks, these securities are not written down.

Loans and receivables

Loans amount to a total of € 110,183 thsd (previous year: € 105,002 thsd), of which € 70,183 thsd have a time to maturity of up to one year and € 40,000 thsd of up to five years.

Assets pledged as collateral:

A security amounting to € 1,110 thsd with a face value of € 1,000 thsd was pledged to Deutsche Wertpapier Service Bank AG as collateral for liabilities arising from security transactions.

A security amounting to € 4,999 thsd with a face value of € 5,000 thsd was pledged to DZ Bank AG as collateral for liabilities arising from security transactions.

All collateral transferred can only be utilised by the respective secured party in the event that MLP Finanzdienstleistungen AG is not able to meet its payment obligations on a timely basis.

For further disclosures regarding financial investments, please refer to note 40.

[Table 80]

(24) Other accounts receivable and other assets

	DEC 31, 2009			DEC 31, 2008		
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Trade accounts receivable	63,000	–	63,000	80,051	–	80,051
Receivables from commercial agents	13,051	23,264	36,315	12,353	20,847	33,200
Advance payments	20,041	–	20,041	23,443	–	23,443
Interest derivatives	–	1,358	1,358	–	–	–
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	–	7,404	7,404	–	–	–
Other assets	18,049	649	18,698	17,328	4,175	21,503
Total, gross	**114,141**	**32,676**	**146,817**	**133,175**	**25,022**	**158,197**
Impairment	–3,778	–10,951	–14,729	–3,603	–9,236	–12,839
Total, net	**110,363**	**21,725**	**132,088**	**129,573**	**15,786**	**145,359**

The main items included in trade receivables are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Receivables from sales representatives concern MLP consultants and branch office managers.

The item "advance payments" comprises trail commissions paid to self-employed commercial agents in advance on commissions for unit-linked life insurance policies.

The purchase price receivable from the sale of the shares in MLP Finanzdienstleistungen AG, Vienna, Austria is due from AFSH GmbH, a subsidiary of Aragon AG. Alongside the purchase price receivable, there is a purchase price liability of € 1,339 thsd due to the same company. Further information on the purchase price can be found in note 38.

The other assets mainly comprise receivables from the tax office and accrued receivables.

The allowances for bad debts and other assets are as follows:

[Table 81]

All figures in €'000	2009	2008
Impairments as at Jan 1	**12,839**	**11,452**
Discontinued operations	–	–384
Utilisation	–1,836	–1,321
Allocation	4,089	4,136
Reversals	–364	–1,043
Impairment losses as at Dec 31	**14,729**	**12,839**

Other accounts receivable and other assets are usually not collateralised. With regard to receivables and other assets which are neither impaired nor overdue, there are no indications at the end of the reporting period that debtors will not meet their payment obligations. At the end of the reporting period there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or impaired.

[Table 82]

All figures in €'000	Gross value at Dec 31, 2009	Of which financial assets at Dec 31, 2009	Financial assets at Dec 31, 2009 neither impaired nor overdue	Financial assets at Dec 31, 2009 neither impaired nor overdue within the following time span		
				< 90 days	90 – 180 days	> 180 days
Trade accounts receivable	63,000	63,000	60,204	1,575	89	920
Receivables from commercial agents	36,315	36,315	28,214	228	92	304
Advance payments	20,041	20,041	20,041	–	–	–
Interest derivatives	1,358	1,358	1,358	–	–	–
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	7,404	7,404	7,404	–	–	–
Other assets	18,698	5,334	4,432	3	–	127
Total	**146,817**	**133,453**	**121,654**	**1,805**	**181**	**1,350**

[Table 83]

All figures in €'000	Gross value at Dec 31, 2008	Of which financial assets at Dec 31, 2008	Financial assets at Dec 31, 2008 neither impaired nor overdue	Financial assets at Dec 31, 2008 neither impaired nor overdue within the following time span		
				< 90 days	90 – 180 days	> 180 days
Trade accounts receivable	80,051	80,051	72,224	6,910	476	294
Receivables from commercial agents	33,200	33,200	23,758	57	81	286
Advance payments	23,443	23,443	23,443	–	–	–
Other assets	21,503	11,170	10,155	91	10	164
Total	**158,197**	**147,864**	**129,580**	**7,057**	**567**	**744**

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending. As at December 31, 2009, receivables for which specific allowances have been made amount to a total of € 8,462 thsd (previous year: € 9,915 thsd). For € 349 thsd of these (previous year: € 2,215 thsd) the allowance for bad debts was less than 50 % of the gross receivable, the remaining volume was written down by more than 50 %. The impairment loss comes to a total of € 7,746 thsd (previous year: € 7,805 thsd). This corresponds to an average impairment rate of 92 % (previous year: 79 %).

Additional information on the other receivables and assets is given in note 40.

The adjustments made to the previous year figures are explained in note 3.

[Table 84]

(25) Cash and cash equivalents

All figures in €'000	Dec 31, 2009	Dec 31, 2008
Bank deposits	34,651	21,576
Deposits at the Deutsche Bundesbank	20,173	16,404
Cash on hand	144	108
Total	**54,968**	**38,088**

Changes in cash and cash equivalents during the financial year are shown in the cash flow statement.

(26) Non-current assets held for sale and disposal groups

As at December 31, 2009 there are no non-current assets held for sale and disposal groups (previous year: € 3,281 thsd). The previous year's balance sheet item included shares in funds held for sale and assets of the discontinued operation MLP Finanzdienstleistungen AG, Vienna, Austria. The shares in funds were reclassified under the item of the statement of financial position "Financial investments". Due to the financial crisis it was not possible to sell the shares in funds within a period of twelve months as originally anticipated and stipulated by IFRS 5.

Table 85]

(27) Shareholders' equity

All figures in €'000	Dec 31, 2009	Dec 31, 2008*
Share capital	107,878	107,861
Capital reserves	142,184	142,084
Securities marked to market	–1,573	–97
Other equity	170,044	176,081
Total	**418,532**	**425,928**

* Previous year's values adjusted. The adjustments are disclosed in note 3

[Table 86]

Changes in the fully paid-in shares outstanding

Units	2009	2008
As at Jan 1	107,861,141	99,163,680
Treasury shares redeemed	–	–1,172,156
Conversion of convertible debentures	16,597	70,465
Capital increase	–	9,799,152
As at Dec 31	**107,877,738**	**107,861,141**

Share capital

The share capital of MLP AG is made up of 107,877,738 (December 31, 2008: 107,861,141) no-par-value shares. 16,597 new no-par-value shares were issued in the financial year 2009 up to December 31, 2009 through the exercise of conversion rights. 258,665 new no-par-value shares had previously been issued by exchanging convertible debentures. For further details on share-based payments, please refer to note 32.

Conditional capital

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

Authorised capital

A resolution passed by the Annual General Meeting on May 31, 2006 authorised the Executive Board, with the Supervisory Board's approval, to increase the company's share capital on one or more occasions by up to € 21,000,000 in exchange for cash or non-cash contributions until May 30, 2011. The authorised capital amounted to € 11,200,848 on December 31, 2009.

Capital reserves

Due to the conversion rights exercised in 2009, the capital reserves increased by € 100 thsd from € 142,084 thsd to € 142,184 thsd. The allocation in the financial year 2009 is the difference between the exercise price for the second or third tranche conversion rights and the face value of the issued shares.

Securities marked to market

This item shows unrealised gains and losses on securities available for sale having accounted for deferred taxes.

Other equity

Other equity comprises retained earnings of the MLP Group and accumulated currency translation differences.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG propose a dividend of € 26,969 thsd for the financial year 2009 to the Annual General Meeting. This corresponds to € 0.25 per share (previous year: € 0.28 per share).

(28) Provisions

The pension provisions amount to € 16,190 thsd as at December 31, 2009 (previous year: € 20,963 thsd) and are explained in more detail in note 33. The other provisions comprise the following components:

[Table 87]

	DEC 31, 2009			DEC 31, 2008		
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	8,246	7,675	15,921	8,052	7,661	15,713
Bonus schemes	10,360	–	10,360	7,643	–	7,643
Share-based payment	–	1,983	1,983	–	621	621
Lending business	742	1,122	1,864	741	873	1,614
Rent	988	784	1,772	231	689	920
Litigation risks/costs	1,577	–	1,577	1,902	–	1,902
Phased retirement	198	495	693	139	542	681
Anniversaries	201	297	498	191	386	577
Economic loss	118	–	118	197	–	197
Other	1,005	403	1,409	1,599	465	2,065
Total	**23,435**	**12,759**	**36,194**	**20,696**	**11,237**	**31,933**

Other provisions have changed as follows:

[Table 88]

All figures in €'000	Jan 1, 2009	Changes to the scope of consolidation	Utilisation	Released	Allocation	Discontinued operations	Dec 31, 2009
Cancellation risks	15,713	45	–1,343	–	2,976	–1,471	15,921
Bonus schemes	7,643	–	–7,615	–18	10,350	–	10,360
Share-based payment	621	–	–	–9	1,371	–	1,983
Lending business	1,614	–	–86	–409	746	–	1,864
Rent	920	–	–150	–318	1,592	–272	1,772
Litigation risks/costs	1,902	74	–1,055	–158	814	–	1,577
Phased retirement	681	–	–161	–247	420	–	693
Anniversaries	577	–	–	–79	–	–	498
Economic loss	197	–	–104	–3	28	–	118
Other	2,065	45	–952	–75	326	–	1,409
Total	**31,933**	**164**	**–11,467**	**–1,316**	**18,625**	**–1,743**	**36,194**

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

The provisions for bonus schemes and share-based payments are recognised for incentive agreements and for profit-sharing schemes for Executive Board members, employees and self-employed commercial agents.

(29) Liabilities due to banking business

In the table below the items of the statement of financial position “Liabilities due to clients in the banking business” and “Liabilities due to banks in the banking business” have been summarised.

[Table 89]

	DEC 31, 2009			DEC 31, 2008		
All figures in €’000	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	750,027	256	750,282	778,400	435	778,835
Liabilities due to banks	51	20,723	20,774	1,059	23,965	25,024
Total	**750,078**	**20,979**	**771,057**	**779,459**	**24,400**	**803,859**

The change in liabilities in the banking business of € 803,859 thsd to € 771,057 thsd is essentially attributable to the fall in client deposits.

At December 31, 2009, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 11,196 thsd (previous year: € 9,632 thsd).

The liabilities due to clients or due to other banks does not comprise any large individual items.

More information on liabilities in the banking business can be found in note 40.

[Table 90]

(30) Other liabilities

	DEC 31, 2009			DEC 31, 2008		
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Purchase price liability Feri Finance AG	–	52,782	52,782	–	57,062	57,062
Purchase price liability TPC THE PENSION CONSULTANCY GmbH	–	–	–	–	6,493	6,493
Purchase price liability Property Funds Research Ltd.	144	648	792	118	775	892
Purchase price liability ZSH GmbH Finanzdienstleistungen	724	381	1,105	–	–	–
Liabilities due to commercial agents	53,199	2,040	55,239	58,590	1,857	60,447
Advance payments received	32,689	–	32,689	43,427	11	43,438
Trade accounts payable	27,589	–	27,589	19,776	17	19,793
Interest derivatives	–	3,713	3,713	–	3,522	3,522
Liabilities due to other taxes	5,633	–	5,633	7,921	–	7,921
Convertible debentures	893	–	893	933	–	933
Liabilities due to banks	1,923	2,172	4,095	23	–	23
Liabilities from social security contributions	33	–	33	63	–	63
Other liabilities	23,011	4,240	27,251	31,764	6,837	38,601
Total	**145,838**	**65,978**	**211,816**	**162,615**	**76,573**	**239,187**

* Previous year's values adjusted. The adjustments are disclosed in note 3

Further information on the purchase price liability arising from the purchase of shares in Feri Finance AG, TPC THE PENSION CONSULTANCY GmbH, Property Funds Research Ltd. and ZSH GmbH Finanzdienstleistungen can be found in note 7.

Liabilities due to commercial agents represent unsettled commissions. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

The item “advance payments received” concerns paid-in-advance trail commissions from unit-linked life insurance policies.

Liabilities due to banks are mainly attributable to loans payable of ZSH, which was purchased in the financial year. Furthermore, MLP has agreed upon, non-utilised lines of credit amounting to € 105,307 thsd.

The sub-item “other liabilities” covers commissions withheld from MLP consultants due to cancellations amounting to € 7,682 thsd (previous year: € 9,384 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

Details on the liabilities from convertible debentures can be found in note 32, while further details on the other liabilities are provided in note 40.

NOTES TO THE STATEMENT OF CASH FLOWS

(31) Notes on the consolidated statement of cash flows

The **cash flow from operating activities** results from cash flows that cannot be defined as investing or financing activities. This is determined on the basis of the consolidated net profit for the year from continuing operations, current earnings and profit from the sale of discontinued operations. As part of the indirect determination of the cash flow, the changes in items of the statement of financial position due to operating activities are adjusted for effects from changes to the scope of consolidation and currency translation. The changes in the respective items of the statement of financial position can therefore only be partially aligned with the corresponding values in the published consolidated statements of financial position. Cash flow from operating activities has decreased by € 3,663 year on year to a level of € 77,334 thsd.

In addition to changes in non-current assets, **cash flow from investing activities** comprises the acquisition of the ZSH (previous year: TPC-GmbH). These cash flows also include payments in connection with the discontinuation of business at MLP Finanzdienstleistungen AG, Vienna, Austria, the MLP Finanzdienstleistungen AG branch in the Netherlands, MLP Private Finance Correduria de Seguros S. A., Madrid, Spain, MLP Private Finance AG, Zurich, Switzerland, the former MLP Lebensversicherung AG, Heidelberg and the former MLP Versicherung AG, Heidelberg.

The **financing activity** shows the cash-related equity changes and loans used and paid back.

The statement of cash flows also includes cash inflows and outflows of discontinued operations. These are shown separately as an "of which" item.

Cash and cash equivalents with a term to maturity of not more than three months are recorded under cash and cash equivalents. Cash equivalents are short-term financial investments which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

[Table 91]

All figures in €'000	Dec 31, 2009	Dec 31, 2008
Cash and cash equivalents	54,968	38,088
Cash and cash equivalents contained in non current assets held for sale and disposal groups	–	399
Restraints	–	–17
Loans < 3 months	70,000	–
Liabilities to banks due on demand	–1,343	–23
Cash and cash equivalents	**123,624**	**38,447**

The receivables from banks of MLP Finanzdienstleistungen AG are not included in cash and cash equivalents as they are to be attributed to the current business activities of the banking business segment.

OTHER DISCLOSURES

(32) Share-based payments

The resolution passed by the Annual General Meeting of May 28, 2002 authorised the Executive Board of MLP AG to issue non-interest-bearing **convertible debentures** in one or more tranches up to a total amount of the conditional capital of € 1,700,000 thsd in the period up to May 28, 2007, subject to the approval of the Supervisory Board.

Within the scope of the MLP Incentive Programme, the company issued non-interest-bearing convertible debentures made out to the bearer between 2002 and 2005. They incorporate the right to purchase MLP AG shares and were issued to members of the Executive Board, members of the management and the staff of MLP, as well as for MLP consultants acting as self-employed commercial agents and employees of affiliated companies pursuant to §§ 15 et seq. of the German Stock Corporation Act (AktG).

The convertible debentures rank pari passu with the partial debentures made out to the bearer with a face value of € 1 each and have a maximum maturity of six years (of which three years is a qualifying period and three years an exercise period). The conversion right may only be exercised if the closing price of the MLP AG shares in the XETRA trade (or a comparable successor system replacing the XETRA system at the Frankfurt/Main Stock Exchange) exceeds 130 % of the basis price at least once during the qualifying period (exercise hurdle). The basic price corresponds to the arithmetic mean of the closing price of the MLP AG shares in the Xetra trade over the last five trading days preceding the MLP AG Executive Board's resolution concerning exercising the authority to issue convertible debentures to qualifying persons. When the right is exercised, each partial debenture with a face value of € 1 is exchanged for a new no-par-value share of MLP AG.

The exercise hurdle for the second tranche issued in the financial year 2003 was reached in the financial year 2006. During the exercise period from August 5, 2006 to August 4, 2009, the bearers of the convertible debentures were entitled to exercise their right to conversion.

The exercise hurdle for the third tranche issued in the financial year 2004 was reached in 2007. During the exercise period from August 17, 2007 until August 16, 2010, the bearers of convertible debentures are entitled to exercise their right to conversion.

The exercise hurdle for the fourth tranche issued in the financial year 2005 was reached in 2006. During the exercise period from August 16, 2008 until August 15, 2011, the bearers of convertible debentures are entitled to exercise their right to conversion.

In the financial year 2009, a total of 16,597 conversion rights (previous year: 70,465 conversion rights) were exercised and converted to MLP AG shares. Overall, conditional capital decreased to € 1,441,335 (previous year: € 1,457,932).

The right to cancel convertible debentures lies exclusively with the bearers and may only be exercised if the issuer is insolvent or in receivership.

MLP estimates the fair value of the conversion rights at the grant date using the Black-Scholes formula and taking into account the conditions upon which the conversion rights are granted. The payments received are recognised over the expected vesting period. The liability from the issue of the convertible debentures is recorded by MLP at the time of its addition based on its fair value. Subsequent measurement is made applying the effective interest rate method.

At December 31, 2009, the carrying amount of the liability from the issued convertible debentures amounted to € 893 thsd (previous year: € 933 thsd).

The following table shows details of the "Incentive Programme":

[Table 92]

		Tranche 2003	Tranche 2004	Tranche 2005
Exercise period				
Start		Aug 5, 2006	Aug 17, 2007	Aug 16, 2008
End		Aug 4, 2009	Aug 16, 2010	Aug 15, 2011
Nominal amount	in €	1.00	1.00	1.00
Exercise prices	in €	7.02	12.40	13.01
Subscribed convertible debenture	in € or units	281,040	677,042	577,806
of which converted by Dec 31, 2008	in € or units	186,113	30,937	25,018
of which repaid in total by Dec 31, 2008	in € or units	37,097	135,217	62,241
Convertible debentures not converted by Dec 31, 2008	in € or units	57,830	510,888	490,547
of which Executive Board	in € or units	–	32,300	–
Converted in 2009	in € or units	16,573	24	–
Repaid in 2009	in € or units	41,257	20,281	23,993
Convertible debentures not converted by Dec 31, 2009	in € or units	–	490,583	466,554
of which Executive Board	in € or units	–	32,300	–
Weighted average share price 2006	in €	14.30	–	–
Weighted average share price 2007	in €	15.11	11.61	–
Weighted average share price 2008	in €	11.96	13.08	13.35
Weighted average share price 2009	in €	8.84	8.70	–
Parameters for the fair value:				
Dividend yield	in %	1.68	2.34	2.37
Expected volatility	in %	64.52	47.75	31.49
Risk-free interest rate	in %	3.68	3.56	2.86
Anticipated remaining term of option	in years	**0.00**	**0.63**	**1.63**

The anticipated volatility is based on the assumption that future trends can be inferred from historical volatility. The actual volatility may deviate from the assumptions made.

In 2005 a Long-Term Incentive Programme ("LTI") was launched for the first time. It is designed to include the members of the Executive Board and selected managers of the MLP Group. This is a company performance plan based on key figures, which takes into account both the earnings before tax (EBT) and changes to the share price. Performance shares (phantom shares) can be allocated here. These are allocated to the members of the Executive Board by the Supervisory Board. The payout for the 2005 tranche was made in 2008, the 2006 tranche has expired. For the tranches approved in the financial years from 2007 to 2009, the cash payout is determined on the basis of the triple earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout.

The LTI programme does not provide for settlement by issuance of equity instruments.

The anticipated costs resulting from the LTI programme are valued using the Monte-Carlo simulation based on the fair value of the phantom shares. MLP updates the valuation of the fair value at the end of every reporting period and on the basis of the settlement value. The company records the anticipated total cost of the programme pro rata temporis over the time period up to the first possible exercise date of the phantom shares.

Details of the LTI can be found in the following table:

[Table 93]

		Tranche 2007	Tranche 2008	Tranche 2009
Performance shares at time of allocation	units	233,120	228,825	296,440
of which Executive Board	units	117,899	122,983	177,866
of which others	units	115,221	105,842	118,574
Performance shares as at Dec 31, 2008	units	225,081	228,825	–
of which Executive Board	units	117,899	122,983	–
of which others	units	107,182	105,842	–
Performance shares expired in 2009	units	–	–	–
Performance shares paid out in 2009	units	–	–	–
Performance shares as at Dec 31, 2009	units	225,081	228,825	296,440
of which Executive Board	units	117,899	122,983	177,866
of which others	units	107,182	105,842	118,574
Parameters for fair value as at Dec 31, 2009:				
Dividend yield	in %	–	2.47	2.69
Expected volatility	in %	–	58.94	50.80
Risk-free interest rate	in %	–	1.24	1.79
Anticipated remaining term of option	in years	–	1	2
Parameters for the fair value as at Dec 31, 2008:				
Dividend yield	in %	5.04	4.98	–
Expected volatility	in %	44.91	38.97	–
Risk-free interest rate	in %	2.67	2.68	–
Anticipated remaining term of option	in years	**1**	**2**	**–**

The costs included in the 2009 income statement arising from the Long Term Incentive Programme are € 535 thsd (previous year: € 0 thsd). A reserve of € 535 thsd (previous year: € 0 thsd) has been set up for the Long Term Incentive Programme up to December 31, 2008.

In the financial year 2008, MLP launched a participation programme for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for office managers and consultants based on their sales performance in the core fields of old-age provision, health insurance and investment, as well as for employees based on their position and gross annual income. The SARs of the 2008 tranche were allocated in 2009. The assessment period for determining the number of SARs allocated was the calendar year 2008. The SARs of the 2009 tranche will be allocated in 2010 on the basis of the calendar year 2009. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are then paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not vested beforehand. The SARs originally granted vest at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo 2 at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP share at the time payment is requested. A share price guarantee is in place for both previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 of the 12th year, he or she is only entitled to receive payment for vested phantom shares earned up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

In terms of eligibility, the 3 phases each represent completed vesting periods. Accordingly, the expenses due to the SARs originally granted are distributed over phase 1 (years 1 to 4), the expenses due to the bonus SARs of turbo I phase over years 5 to 8 and the expenses due to the bonus SARs of turbo 2 phase over years 9 to 12 (no front-loaded recognition of expenses).

[Table 94]

		Tranche 2008	Tranche 2009
Inventory on Jan 1, 2009	units	–	–
Virtual SARs allocated in 2009	units	306,753	–
SARs expired in 2009	units	–9,458	–
Paid out in 2009	units	–3,235	–
Inventory on Dec 31, 2009	units	294,060	–
Guaranteed share price	in €	8.51	7.40
Expenses recognised in 2008	in €	620,742	–
Income recognised in 2008	in €	–	–
		620,742	–
Expenses recognised in 2009	in €	531,035	305,310
Income recognised in 2009	in €	–9,001	–
		522,034	305,310
Provision as at Dec 31, 2008	in €	620,742	–
Provision as at Dec 31, 2009	in €	1,142,776	305,310
Start of certificates	units	925,000	–
Certificates as at 31 Dec	units	882,180	–

MLP has hedged the fair value risk attached to the measurement of the liability of the first tranche for the SARs and also the cash flow risk from the SARs allocated.

To hedge the cash flow risk, 925,000 certificates were initially acquired, with the right to return them to the issuer at any time within the term of a tranche (or later) at the MLP share price valid at that time, minus a discount. As such, the certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are measured at fair value recognised directly in other comprehensive income. The fair value of the certificates is based directly on the price of the MLP share.

The expenses and the provison from the participation programme are recognised pro rata temporis over the individual phases (vesting periods). The provision is measured at fair value through profit and loss. The provision accrued at the end of the respective reporting period depends on the price of the MLP share, the number of SARs issued and the length of the remaining vesting period. To hedge the fair value risk associated with the measurement of the liability, MLP can sell the equity-based certificates listed above to the issuer and in return acquire limited term certificates. These represent debt instruments designated by MLP to be "measured at fair value through profit and loss" (fair value option).

By selling the equity-based certificates, measurement gains so far recognised directly in other comprehensive income are realised and expenses from the increase in provision for the participation programme are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

In addition, the number of loan-based certificates held corresponds to the number of phantom shares already earned at any given time. In each case, loan-based certificates are acquired and equity-based certificates sold in the volume of SARs are earned. Since changes in the fair value of these debt instruments are recognised in the income statement due to the fair value option, the expenses and income from the measurement of these debt instruments and the provision for the SARs correlate.

(33) Pension schemes

At MLP, executive members have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years of age
- Disability pension
- Widow's and widower's pension of 60 % of the pension of the original recipient and
- Orphan's benefit of 10 % of the pension of the original recipient

The pension payments are funded by means of provisions. In the financial year 2009, the total expenses for defined pension plans amounted to € 2,346 thsd (previous year: € 2,341 thsd). The current service costs are included in the income statement under "personnel expenses". The corresponding interest components are recorded under "other interest and similar expenses".

The expenses for old-age provisions and benefits from defined benefit schemes are as follows:

[Table 95]

All figures in €'000	2009	2008
Current service cost	1,288	1,385
Accrued interest on pension entitlements	1,147	977
Actuarial gains/losses	–89	–21
Total	**2,346**	**2,341**

Pension provisions are measured in line with IAS 19. The method of valuation on which the report is based is the projected unit credit method (running single premiums method) using the mortality charts 2005 G compiled by Dr. Klaus Heubeck. Actuarial gains or losses are accounted for using the corridor approach. Actuarial gains or losses are only recorded if they exceed 10 % of the maximum defined benefit obligation. The exceeding amount is spread over the residual service time of active employees and is recognised in the income statement under "Personnel expenses".

The defined benefit obligation for retirement income, funded by means of provisions, comes to € 23,169 thsd (previous year: € 19,285 thsd). Reinsurance cover, which fulfils the conditions of pension scheme assets, has been concluded to cover a portion of the benefit obligations.

The reconciliation of pension obligations to pension provisions is shown in the table below: Pension provisions include provisions recognised in the statement of financial position of € 2,531 thsd (previous year: € 3,494 thsd) for Executive Board members active at the end of the reporting period.

[Table 96]

All figures in €'000	2009	2008
Defined benefit obligation		
Benefit obligations as at Jan 1	19,285	17,895
Current service cost	1,288	1,385
Interest	1,147	977
Actuarial gains and losses	720	−699
Benefits paid	−416	−272
Change in scope of consolidation	1,144	–
Defined benefit obligation as at Dec 31	**23,169**	**19,285**
Fair value of the plan assets as at Dec 31	−7,661	–
Net obligation as at Dec 31	**15,508**	**19,285**
Unrecognised actuarial gains and losses	682	1,678
Pension provisions recognised in the statement of financial position as at Dec 31	**16,190**	**20,963**

Plan assets saw the following developments:

[Table 97]

All figures in €'000	2009
Fair value of the pension scheme assets as at Dec 1	**0**
Employer's contributions	8,124
Benefits paid	−276
Actuarial gains and losses	−187
Fair value of the pension scheme assets as at Dec 31	**7,661**

Actuarial calculations incorporate the following assumptions:

[Table 98]

	2009	2008
Assumed interest rate	5.50 %	5.70 %
Anticipated annual salary development	2.60 %	2.60 %
Anticipated annual pension adjustment	1.50 % / 2.00 %	2.00 %
Anticipated income from the plan assets	2.25 %	–
Assumed retirement age	60, 62 or 65	60 or 62

Experience adjustments of defined benefit obligations are as follows:

[Table 99]

All figures in €'000	2009	2008	2007	2006	2005
Expected defined benefit obligation	22,449	19,985	23,366	21,393	14,987
Experience adjustments	– 54	24	– 2,461	– 142	1,030
Change in the assumption on which calculations were based	774	– 724	– 3,010	– 667	2,744
Defined benefit obligation	**23,169**	**19,285**	**17,895**	**20,584**	**18,761**

In 2010 we anticipate payments with regard to net pension provisions of € 4,601 thsd (of which € 372 thsd is attributable to anticipated pension payments of the company and € 4,229 thsd to expected premiums to employer's pension liability insurance.

In addition there are defined contribution plans. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums are recognised as personnel expenses or operating expenses in the respective year. In the financial year 2009 they totalled € 8,407 thsd (previous year: € 7,655 thsd).

[Table 100]

(34) Income taxes

All figures in €'000	2009	2008*
Income tax attributable to continuing operations	12,486	15,941
of which current taxes on income	11,856	16,844
of which deferred taxes	630	–904
Income tax attributable to discontinued operations	3,062	187
Total	**15,547**	**16,127**

* Previous year's values adjusted. The adjustments are disclosed in note 3

Current taxes on income from continuing operations include income of €642 thsd which is attributable to previous periods.

Income taxes from Group companies outside Germany were attributed to discontinued operations.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The combined income tax rate for domestic companies is made up of corporation tax at 15 % (previous year: 15 %), the solidarity surcharge at 5.5 % (previous year: 5.5 %) and an average municipal trade tax rate of 13.4 % or 12.3 % (previous year: 13.4 % or 12.3 %).

The effective income tax rate applicable to the earnings before tax is 31.5 % for continuing operations (previous year: 34.2 %). The following reconciliation account shows the relationship between the earnings before tax and the taxes on income in the financial year. The anticipated tax expense is based on the German combined income tax rate of 29.25 % (previous year: 29.25 %).

[Table 101]

All figures in €'000	2009	2008*
Earnings before tax from continuing operations	39,656	46,618
Earnings before tax from discontinued operations	76	–5,897
	39,732	**40,720**
Group income tax rate	29.25 %	29.25 %
Calculated income tax expenditure in the financial year	**11,621**	**11,911**
Tax-exempt earnings and permanent differences	1,291	2,393
Non-deductible expenses	2,045	871
Divergent trade taxation charge	273	305
Effects of other taxation rates applicable abroad	127	182
Income tax not relating to the period	–638	–531
Change in the tax effect due to unrecognised differences and tax losses for which no deferred tax assets were recognised	865	1,031
Other	–37	–35
Income taxes	**15,547**	**16,127**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The item "Income tax not relating to the period" includes effects of the tax field audit for the period between 2002 and 2006, which was completed in 2009.

The tax-exempt earnings and permanent differences include investment income of the Feri Group, the tax-free dividends in MLP Hyp GmbH and the tax effect of dividends paid to minority shareholders.

[Table 102]

Deferred taxes

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
All figures in €'000	Dec 31, 2009	Dec 31, 2008*	Dec 31, 2009	Dec 31, 2008*
Intangible assets	2,022	81	12,315	10,176
Property, plant and equipment	252	–	2,073	1,845
Financial investments	91	–	103	22
Investment property	–	–	747	543
Other assets	6,591	2,954	235	1,229
Tax loss carryforwards	14	2	–	–
Provisions	475	2,780	712	–
Liabilities	1,554	1,114	2,513	64
Gross value	**10,999**	**6,931**	**18,698**	**13,879**
Netting of deferred tax assets and liabilities	–8,030	–4,283	–8,030	–4,283
Total	**2,969**	**2,648**	**10,668**	**9,597**

* Previous year's values adjusted. The adjustments are disclosed in note 3

The foreign Group company in Austria was deconsolidated as at December 31, 2009. The branch in the Netherlands recorded tax loss carryforwards of € 6,707 thsd (previous year: € 3,659 thsd). Deferred tax assets for tax loss carryforwards were not recognised in the statement of financial position. The option to utilise losses is essentially limited to a maximum of nine years here.

As at December 31, 2009, deferred income tax claims of € 78 thsd (previous year: € 0 thsd) and no deferred income tax liabilities (previous year: € 125 thsd) were recognised directly in other comprehensive income.

Tax refund claims

Tax refund claims include € 22,040 thsd (previous year: € 18,447 thsd) of corporation tax and € 11,018 thsd (previous year: € 8,422 thsd) of trade tax. The major portion of € 32,223 thsd (previous year: € 25,193 thsd) is attributable to MLP AG.

Tax liabilities

Tax liabilities are made up of € 3,272 thsd (previous year: € 0 thsd) of corporation tax and € 5,757 thsd (previous year: € 0 thsd) of trade tax. The major portion of € 7,818 thsd (previous year: € 0 thsd) is attributable to MLP AG.

The tax liabilities are due to taxes on the income of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

(35) Notes on Group reporting by segment

The division of MLP into operating segments follows the structure in place for internal reporting. The MLP Group is subdivided into the following reportable operating segments:

- Financial services
- Feri
- Holding

In line with IFRS 8.12, MLP has merged the operating segments “financial services”, “old-age provision” and “ZSH” to form a single, reportable “financial services” operating segment.

To form the reportable business segment “Feri”, MLP merged the operating segments “Feri Family Trust”, “Feri Institutional Advisors” and “Feri EuroRating Services”.

The **Financial services** business segment consists of consulting services for academics and other discerning clients, particularly with regard to insurance, investments, occupational pension provision schemes and loans of all kinds, as well as the brokering of contracts concerning these financial services. This segment also includes finance portfolio management, the trustee credit business and the loan and credit card business. The financial services segment incorporates the divisions focused on the brokerage business of MLP Finanzdienstleistungen AG, Wiesloch, TPC THE PENSION CONSULTANCY GmbH, Hamburg, ZSH GmbH Finanzdienstleistungen, Heidelberg and the associate MLP Hyp GmbH, Schwetzingen.

MLP Private Finance plc., London, UK, MLP Private Finance Correduria de Seguros S.A., Madrid, Spain, MLP Private Finance AG, Zurich, Switzerland, MLP Finanzdienstleistungen AG, Vienna, Austria and the dependent business establishment of MLP Finanzdienstleistungen AG in the Netherlands together form the discontinued operations of the financial services operating segment. You can find further details on discontinued operations in note 36.

The business operations of the Feri segment cover wealth and investment consulting. This segment is made up of Feri Finance AG for financial planning and research, Bad Homburg v.d. Höhe, Feri Family Trust GmbH, Bad Homburg v.d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v.d. Höhe and Feri EuroRating Services AG, Bad Homburg v.d. Höhe.

The **Holding** business segment consists of MLP AG, Wiesloch. The main internal services and activities are combined in this segment. Intrasegment 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.

The management makes decisions on the allocation of resources and determines segment performance on the basis of the income statement for that segment. MLP employs the accounting policies applied in the consolidated financial statements to determine financial information on the segments.

All segments perform their economic activities predominantly in Germany.

Revenue of € 97,804 thsd is generated in the financial services operating segment with one client. In the previous year, revenue of € 191,670 thsd was generated in the financial services and holding operating segments with two clients.

(36) Discontinued operations/disposal groups

In the course of focusing on the core market of Germany, the management decided to sell MLP Finanzdienstleistungen AG, Vienna, Austria in the fourth quarter of the financial year 2008. The sale was completed in the fourth quarter of 2009, with the company being deconsolidated. A decision was also taken in the first quarter of 2009 to withdraw from the market in the Netherlands. The subsidiary and the branch in the Netherlands were part of the financial services operating segment.

The expenses and income from this and earlier discontinued operations are illustrated below.

The disposal group breaks down as follows:

[Table 103]

All figures in €'000	2009	2008
Intangible assets	–	581
Property, plant and equipment	–	424
Other accounts receivable and other assets	–	1,116
Cash and cash equivalents	–	399
Deferred taxes	–	31
Total assets	**–**	**2,552**
Provisions	–1,743	–324
Liabilities	–306	–2,257
Total debts	**–2,049**	**–2,581**

The previous year's figures show the assets and debts from MLP Finanzdienstleistungen AG, Vienna, Austria – the subsidiary held for sale in the previous year. The current figures show the liabilities held for sale of the branch in the Netherlands.

The deconsolidated net assets of the company sold, MLP Finanzdienstleistungen AG, Vienna, Austria, amounted to € 2,704 thsd on the deconsolidation date.

[Table 104]

Income statement of discontinued operations

All figures in €'000	2009	2008
Revenue	6,305	10,289
Other revenue	513	475
Total revenue	**6,817**	**10,764**
Commission expenses	–2,636	–4,200
Personnel expenses	–4,518	–7,210
Depreciation and amortisation	–3	–199
Other operating expenses	–2,930	–3,432
Earnings before interest and tax (EBIT)	**–3,270**	**–4,277**
Other interest and similar income	10	17
Other interest and similar expenses	–5	–4
Finance cost	**5**	**13**
Earnings before tax (EBT)	**–3,265**	**–4,264**
Income taxes	–42	–3
Operating profit	**–3,307**	**–4,267**
Earnings from the sale/closure of operations before tax	3,341	–1,634
Income taxes	–3,020	–183
Earnings from the sale of operations after tax	**321**	**–1,817**
Earnings from discontinued operations after tax	**–2,985**	**–6,084**

The operating results in 2008 and 2009 contain only the expenses and income of the foreign subsidiary in Austria and the branch in the Netherlands.

Earnings before tax from the sale of operations as at December 31, 2009 include an amount of € –1,541 thsd (therein pursuant to IFRS 5.20, a write-down of € –147 thsd on the non-current assets at the branch in the Netherlands) in connection with the sale of the subsidiary in Austria and the branch in the Netherlands, as well as subsequent expenses and income of € 4,883 thsd from the earlier discontinuation of operations.

Income taxes

Observations were made within the scope of the tax audit for the years 2002 to 2006, based on which € 1,455 thsd were recognised as liabilities. These liabilities are in connection with the discontinuation of foreign operations.

Earnings per share

The earnings per share of the discontinued operations is disclosed in note 39.

(37) Leasing

The Group has concluded lease contracts for various motor vehicles, administration buildings and office machines. The average term of the contracts is three to five years for motor vehicles, seven years for buildings and four years for office machines. Some of the lease contracts also include extension options.

The following future minimum lease payments (face values) due to irredeemable leases were in place at the end of the reporting period:

[Table 105]

	Due 2010	Due 2010–2014	Due from 2015	
Rent on buildings	14,947	36,641	14,629	66,217
Other rental/leasing liabilities	2,240	1,964	0	4,204
Total	**17,187**	**38,605**	**14,629**	**70,421**

(38) Contingent assets and liabilities and other liabilities

As it is composed of companies from different operating segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by allowances for losses or insurance and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

At the end of the reporting period there are liabilities on account of sureties and warranties of € 23,300 thsd (previous year: € 15,183 thsd) and irrevocable credit commitments of € 9,117 thsd (previous year: € 9,545 thsd).

Employer's pension liability insurance has been arranged for benefit obligations for the independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Finanzdienstleistungen AG has committed itself to providing MLP Private Finance AG, Zurich with liquid funds, whenever necessary, until the time of completion of the liquidation proceedings. For reasons of practicability, no information is provided on financial effects and maturity dates.

MLP Finanzdienstleistungen AG is a member in the depositor's guarantee fund of the Association of German Banks (BdB e.V.), Berlin. Due to the allocation obligation pursuant to § 12 of the company's articles of association, obligations to make additional payments may arise. There is a declaration of indemnification in accordance with § 5 (10) of the statute of the depositor's guarantee fund of the Association of German Banks e.V. (BdB) in favour of MLP Finanzdienstleistungen AG. For reasons of practicability, no information is provided on financial effects and maturity dates.

For details on the variable purchase price component, maturity dates and the expected cash outflows from the acquisitions of Property Fund Research Ltd., Reading, UK, TPC-Group GmbH and Feri Finance AG, please refer to note 7.

Observations were made within the scope of the tax audit for the years 2002 to 2006, which could potentially lead to additional income tax payments. For issues totalling € 8.5 million, MLP considers it highly unlikely that any payments will have to be made, if necessary, after taking any legal action.

Purchase price adjustments and contingent assets / liabilities from the sale of MLP Finanzdienstleistungen AG, Vienna, Austria

The purchase contract concluded between MLP and the purchaser of MLP Finanzdienstleistungen AG, Vienna, Austria, includes a purchase price adjustment clause, which depends on the expenses for restructuring MLP Finanzdienstleistungen AG, Vienna, Austria, by no later than April 30, 2011. In the best case scenario, MLP will receive an additional € 3.00 million from the purchaser. In the worst case scenario, MLP will have to reimburse the purchaser for any restructuring expenses that exceed € 3.00 million.

In addition to this, an agreement was reached with the purchaser that MLP will be entitled to 50 % of the net trail commission income generated by MLP Finanzdienstleistungen AG, Vienna, Austria for the years from 2010 up to and including 2014.

Contingent liabilities of € 1.8 million result from the sale of MLP Finanzdienstleistungen AG, Vienna, Austria. Potential tax refund entitlements for the time periods prior to the sale could lead to a contingent claim against AFSH GmbH the amount of which cannot be determined.

Purchase price adjustments from the sale of MLP Versicherung AG

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

(39) Earnings per share

The calculation for the basic and diluted earnings per share for the total earnings for continuing and discontinued operations is based on the following data:

[Table 106]

All figures in €'000	2009	2008
Basis of the basic earnings per share (net profit)	24,185	24,593
Effect of the potential share dilution: Interest on convertible debentures (after tax)	44	45
Basis of the diluted earnings per share	**24,229**	**24,637**

All figures in units		
Weighted average number of shares for the basic earnings per share	107,869,037	102,100,933
Effect of the potential share dilution: Convertible debentures	957,137	1,059,265
Weighted average number of shares for the diluted earnings per share	**108,826,174**	**103,160,198**

The basic earnings per share for continuing and discontinued operations is €0.22 (previous year: €0.24), while the diluted earnings per share comes to €0.22 (previous year: €0.24).

The calculation for the basic and diluted earnings per share for the total earnings for continuing operations is based on the following data:

[Table 107]

All figures in €'000	2009	2008
Basis of the basic earnings per share (net profit)	27,170	30,677
Effect of the potential share dilution: Interest on convertible debentures (after tax)	41	33
Basis of the diluted earnings per share	**27,211**	**30,710**

All figures in units		
Weighted average number of shares for the basic earnings per share	107,869,037	102,100,933
Effect of the potential share dilution: Convertible debentures	957,137	1,059,265
Weighted average number of shares for the diluted earnings per share	**108,826,174**	**103,160,198**

The basic earnings per share for continuing operations is €0.25 (previous year: €0.30), while the diluted earnings per share comes to €0.25 (previous year: €0.30).

The calculation for the basic and diluted earnings per share for the net earnings from discontinued operations is based on the following data:

[Table 108]

All figures in €'000	2009	2008
Basis of the basic earnings per share (net profit) Effect of the potential share dilution:	– 2,985	– 6,084
Interest on convertible debentures (after tax)	3	12
Basis of the diluted earnings per share	**– 2,982**	**– 6,072**
All figures in units		
Weighted average number of shares for the basic earnings per share	107,869,037	102,100,933
Effect of the potential share dilution: Convertible debentures	957,137	1,059,265
Weighted average number of shares for the diluted earnings per share	**108,826,174**	**103,160,198**

The basic earnings per share for the earnings from discontinued operations is € – 0.03 (previous year: € – 0.06), while the diluted earnings per share comes to € – 0.03 (previous year: € – 0.06).

(40) Additional information on financial instruments

Based on the relevant items in the statement of financial position, the following tables show the carrying amounts of the financial instruments held at the end of the reporting period in the categories laid down by IAS 39. MLP's categorisation according to IAS 39 corresponds to the classification pursuant to IFRS 7. The carrying amounts of financial assets and liabilities measured at fair value correspond to the market values.

[Table 109]

All figures in €'000	IAS 39 category	Carrying amount	Amortised cost	Fair value (with no effect on the operating result)	Fair value (recognised in the income statement)	Fair value	No financial instruments according to IAS32/39
	DEC 31, 2009						
Receivables from banking business – banks	L + R	498,201	498,201	–	–	499,786	–
Receivables from banking business – clients	L + R	308,093	308,093	–	–	333,024	–
Receivables from banking business – clients	FVPL	5,401	–	–	5,401	5,401	–
Financial investments – debt securities and investment fund shares	AfS	32,343	–	30,963	1,380	32,343	–
Financial investments – debt securities and investment fund shares	FVPL	1,080	–	–	1,080	1,080	–
Financial investments – investments	AfS	3,398	3,398	–	–	–	–
Financial investments – securities	HtM	45,385	45,385	–	–	46,066	–
Financial investments – loans and receivables	L + R	110,183	110,183	–	–	110,183	–
Trade accounts receivable	L + R	62,731	62,731	–	–	62,731	–
Receivables from commercial agents	L + R	22,598	22,598	–	–	22,598	–
Advance payments	L + R	20,041	20,041	–	–	20,041	–
Purchase price receivables	L + R	7,404	7,404	–	–	7,404	–
Interest derivatives	HfT	1,358	–	–	1,358	1,358	–
Other assets	L + R	4,592	4,592	–	–	4,592	13,364
Cash and cash equivalents	L + R	54,968	54,968	–	–	54,968	–
Liabilities due to banking business – clients	AC	750,282	750,282	–	–	757,065	–
of which savings deposits		11,196	11,196	–	–	11,209	–
of which other		739,086	739,086	–	–	745,856	–
Liabilities due to banking business – banks	AC	20,774	20,774	–	–	21,232	–
Purchase price liability Feri Finance AG	AC	52,782	52,782	–	–	52,782	–
Purchase price liability Property Funds Research Ltd.	AC	792	792	–	–	792	–
Purchase price liability ZSH	AC	1,105	1,105	–	–	1,105	–

All figures in €'000	IAS 39 category	Carrying amount	Amortised cost	Fair value (with no effect on the operating result)	Fair value (recognised in the income statement)	Fair value	No financial instruments according to IAS32/39
	DEC 31, 2009						
Liabilities due to commercial agents	AC	54,361	54,361	–	–	54,361	878
Advance payments received	AC	32,689	32,689	–	–	32,689	–
Trade accounts payable	AC	27,589	27,589	–	–	27,589	–
Interest derivatives	HfT	3,713	–	–	3,713	3,713	–
Share-based payments (convertible debentures)	AC	893	893	–	–	893	–
Liabilities due to banks	AC	4,095	4,095	–	–	4,095	–
Other liabilities	AC	12,589	12,589	–	–	12,589	14,662
Liabilities in connection with disposal groups held for sale	AC	–	–	–	–	–	2,049
Aggregated in line with IAS 39 categories							
Loans and receivables	L + R	**1,088,810**	**1,088,810**	–	–	**1,115,327**	–
Financial liabilities, measured at amortised cost	AC	**957,952**	**957,952**	–	–	**965,192**	–
Designated at fair value through profit and loss	FVPL	**6,481**	–	–	**6,481**	**6,481**	–
Held to maturity	HtM	**45,385**	**45,385**	–	–	**46,066**	–
Held for trading	HfT	**2,355**	–	–	**2,355**	**2,355**	–
Available for sale	AfS	**35,742**	**3,398**	**30,963**	**1,380**	**32,343**	–

[Table 110]

All figures in €'000	IAS 39 category	Carrying amount	Amortised cost	Fair value (with no effect on the operating result)	Fair value (recognised in the income statement)	Fair value	No financial instruments according to IAS32/39
	DEC 31, 2008						
Receivables from banking business – banks	L + R	605,580	605,580	–	–	605,580	–
Receivables from banking business – clients	L + R	270,027	270,027	–	–	276,097	–
Receivables from banking business – clients	FVPL	5,405	–	–	5,405	5,405	–
Financial investments – debt securities and investment fund shares	AfS	47,885	–	45,579	2,306	47,885	–
Financial investments – investments	AfS	4,227	4,227	–	–	–	–
Financial investments – securities	HtM	22,828	22,828	–	–	23,032	–
Financial investments – loans and receivables	L + R	105,002	105,002	–	–	105,002	–
Trade accounts receivable	L + R	79,803	79,803	–	–	79,803	–
Receivables from commercial agents	L + R	21,360	21,360	–	–	21,360	–
Advance payments	L + R	23,443	23,443	–	–	23,443	–
Other assets	L + R	10,420	10,420	–	–	10,420	10,333
Cash and cash equivalents	L + R	38,088	38,088	–	–	38,088	–
Non-current assets held for sale	AfS	729	–	–	729	729	–
Financial instruments in connection with disposal groups held for sale	L + R	1,464	1,464	–	–	1,464	1,088
Liabilities due to banking business – clients	AC	778,835	778,835	–	–	778,835	–
of which savings deposits		9,632	9,632	–	–	9,632	–
of which other		769,203	769,203	–	–	769,203	–
Liabilities due to banking business – banks	AC	25,024	25,024	–	–	25,024	–
Purchase price liability Feri Finance AG	AC	57,062	57,062	–	–	57,062	–
Purchase price liability TPC THE PENSION CONSULTANCY GmbH	AC	6,493	6,493	–	–	6,493	–
Purchase price liability Property Funds Research Ltd.	AC	892	892	–	–	892	–

All figures in €'000	IAS 39 category	Carrying amount	Amortised cost	Fair value (with no effect on the operating result)	Fair value (recognised in the income statement)	Fair value	No financial instruments according to IAS32/39
	DEC 31, 2008						
Liabilities due to commercial agents	AC	59,762	59,762	–	–	59,762	685
Advance payments received	AC	43,438	43,438	–	–	43,438	–
Trade accounts payable	AC	19,793	19,793	–	–	19,793	–
Interest derivatives	HfT	3,522	–	–	3,522	3,522	–
Share-based payments (convertible debentures)	AC	933	933	–	–	933	–
Liabilities due to banks	AC	23	23	–	–	23	–
Other liabilities	AC	9,292	9,292	–	–	9,292	29,310
Liabilities in connection with disposal groups held for sale	AC	1,363	1,363	–	–	1,363	1,218
Aggregated in line with IAS 39 categories							
Loans and receivables	L + R	**1,155,187**	**1,155,187**	–	–	**1,161,257**	–
Financial liabilities, measured at amortised cost	AC	**1,002,910**	**1,002,910**	–	–	**1,002,910**	–
Designated at fair value through profit and loss	FVPL	**5,405**	–	–	**5,405**	**5,405**	–
Held to maturity	HtM	**22,828**	**22,828**	–	–	**23,032**	–
Held for trading	HfT	**3,522**	–	–	**3,522**	**3,522**	–
Available for sale	AfS	**52,841**	**4,227**	**45,579**	**3,035**	**48,614**	–

The fair value for the client receivables from banking business designated as at "fair value through profit and loss" is calculated as the present value of the payments using the current yield curve. For the financial assets classified as "available for sale", MLP applies the share price in an active market, if available. The carrying amount and fair value are identical in these cases.

Due to the difficulty of reliably determining the fair value, the investments are valued at their cost of acquisition. There is no indication of fair values being lower than carrying amounts.

Cash and cash equivalents, trade receivables, receivables from companies in which the Group holds an interest and other assets have mainly short remaining terms. Their carrying amounts at the end of the reporting period are therefore almost identical to the fair values. The same applies to the trade accounts payable.

The fair values of other non-current receivables, held-to-maturity financial investments due after one year and of liabilities due to banks correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms, conditions and expectations. The fair values of other financial liabilities are calculated as the present values of the payments related to debts, based on the applicable yield curve.

The market value of interest derivatives (interest rate swaps) is determined by discounting the anticipated future cash flows over the remaining term of the derivative on the basis of current market interest rates and the yield curve. Compensation effects from the hedged item are not taken into account when determining the market value of derivative financial instruments.

IAS 39 provides the following hierarchy for determining fair values:

- Level 1: Listed (and assumed unchanged) market prices in an active market for identical assets and debts;
- Level 2: Use of information other than the quoted market used in level 1, but which can be observed either directly (e.g. prices) or indirectly (i.e. derived from prices) for the asset or the debt;
- Level 3: Use of information based on non-observable market data.

The following table shows the allocation of the financial assets and liabilities measured at fair value by MLP to the three levels of the fair value hierarchy as at December 31, 2009.

[Table 111]

All figures in €'000	Level 1	Level 2	Level 3
Assets – measured at fair value			
Receivables from clients in the banking business	–	5,405	–
Financial assets – debt securities and shares in investment funds	33,424	–	–
Interest derivatives	–	1,358	–
Financial liabilities – measured at fair value			
Interest derivatives	–	3,713	–

No reclassifications of the measurement between level 1 and 2 were made during/took place in the financial year 2009.

The next table shows the net gains or losses from financial instruments in line with the categories of IAS 39.

[Table 112]

All figures in €'000	2009	2008
Net gains or losses from financial instruments of the category		
Loans and receivables (L+R)	27,468	37,914
Available for sale (AfS)	2,718	4,123
Fair value through profit and loss (FVPL)	317	242
Held to maturity (HtM)	1,393	870
Liabilities at amortised cost (AC)	–15,523	–33,251
Held for trading (HfT)	–353	–330

Net gains or losses include: interest income and expenses, dividend income, impairment losses, reversals of impairment losses, sales proceeds, subsequent income from written-off financial assets, income and expenses due to the measurement at fair value.

For financial instruments not measured at fair value through profit and loss, interest income of € 37,497 thsd and interest charges of € 15,523 thsd were accrued in the last financial year (previous year: € 44,294 thsd interest income, € 33,145 thsd interest charge).

For impairment losses we refer to the note for the items "receivables from the banking business" and "other accounts receivable and other assets". No impairment losses (previous year: € 2,194 thsd) were recorded for the financial instruments "held to maturity" and "available for sale". With regard to commission income and expenses not included in the calculation for determining the effective interest rate, we refer to the notes on income and expenses due to the banking business.

For the "loans and receivables" designated as at fair value through profit and loss, the maximum credit risk corresponds to the carrying amount of these financial instruments. The change in the fair value is solely due to the changes in market conditions. As in the previous year, there are no changes in the fair value due to the credit standing.

Derivative business

In order to fix the interest flows for the financing of individual construction phases of the Wiesloch building project completed in 2004, MLP took out two payer interest rate swaps in 1999. After the premature redemption of the loans, the open interest position resulting from the purchase of two reverse swaps with identical amounts and terms was closed. In addition, three interest rate swaps were concluded by MLP Finanzdienstleistungen AG with a total value of € 5,000 thsd. The interest rate swaps do not serve speculative purposes, but are rather taken out to hedge interest risks (interest-dependent risk of changes to the fair value of originated fixed interest-bearing loans). They are not included in a hedge accounting relationship.

[Table 113]

All figures in €'000	Face value Dec 31, 2009	Fair value 31, 2009	Face value Dec 31, 2008	Fair value Dec 31, 2008	End of term
Interest rate swap 1	30,000	–2,063	30,000	–1,967	Jan 17, 2011
Interest rate swap 2	20,000	–1,402	20,000	–1,359	Jan 17, 2011
Interest rate swap 3	20,000	539	20,000	–48	Jan 17, 2011
Interest rate swap 4	30,000	819	30,000	–68	Jan 15, 2011
Interest rate swap 5	1,000	–67	1,000	–36	July 1, 2014
Interest rate swap 6	1,500	–86	1,500	–38	July 1, 2014
Interest rate swap 7	2,500	–95	2,500	–6	April 1, 2015
Total	**105,000**	**–2,355**	**105,000**	**–3,522**	

The face value of derivative financial instruments stated in the table correspond to the purchasing/selling values or contract values of hedged items which are economically connected with the swaps. They are shown gross (even if offsetting transactions exist).

As at December 31, 2009, the accumulated fair value of the interest derivatives was € – 2,355 thsd (previous year: € – 3,522 thsd). The valuation is based on the market values at the end of the reporting period. The instruments with an accumulated negative market value totalling € 3,713 thsd (previous year: € 3,522 thsd) are reported under other liabilities. The instruments with an accumulated positive market value totalling € 1,358 thsd (previous year: € 0 thsd) are reported under other receivables and other assets. The changes in fair value of derivatives of € – 353 thsd (previous year: € – 330 thsd) were recorded in the finance cost or under earnings from the interest rate business.

The adjustments made are explained in note 3.

(41) Financial risk management

MLP is faced with a number of financial risks. MLP's Group-wide early risk detection and monitoring system is used for the qualified and prompt identification of all major risks, which it then quantifies, aggregates and assesses to form the basis for proactive Group-wide risk management and controlling. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks.

The **financial risks** relevant to MLP include in particular the counterparty default risk, the interest risk and the liquidity risk. There is no substantial foreign exchange risk, country risk and no other market price risks. There is no concentration of risk.

The **counterparty default risks** predominantly result from typical client credit business. The counterparty default risk is reflected by the carrying amounts at the end of the reporting period. Receivables from the banking business are secured with customary banking collateral.

Loans to clients are granted on the basis of standardised principles under application of typical market credit assessment standards based on a scoring approach. Accounts that are regarded as carrying risk are adjusted accordingly.

In addition to the above-described risks, there is an issuer's risk from the bonds, debentures and other financial instruments acquired by MLP. We reduce the risk of default among issuers, whose securities we have acquired within the scope of capital investment management – also in light of current market trends – through the specified creditworthiness requirements of our capital investment directive.

When financial instruments are subject to a variable interest rate, MLP is exposed to a **cash flow interest rate risk**. For fixed interest-bearing financial instruments, the interest risk relates to the fair value of the financial instruments (fair value interest rate risk).

The total portfolio of available-for-sale fixed income securities amounts to € 7,392 thsd (previous year: € 15,503 thsd). If the market interest rate level had been higher (lower) by 50 basis points on December 31, 2009, the market value of the total stock of these fixed interest-bearing financial instruments would have been reduced by € 2 thsd (previous year: by € 3 thsd) or increased by € 3 thsd (previous year: by € 3 thsd). As these fixed income securities are classified as "available for sale", changes to the fair value are thus included in shareholders' equity, meaning that any change to the market interest rate level would have had no effect on the net profit. For this reason the notional change in the market interest rate level would have reduced shareholders' equity by € 2 thsd or increased it by € 3 thsd (previous year: reduced or increased by € 3 thsd).

MLP faces a further **interest risk**, the maturity transformation risk, from the incongruities between the terms of interest of granted loans and those of the refinancing of these loans. These maturity transformation risks, which result from the incongruency in the terms of interest of granted loans and those of the refinancing of these loans, are continuously monitored and evaluated in compliance with supervisory requirements (stress scenarios).

In order to reduce the **cash flow interest rate risk**, we use derivative financial instruments (interest rate swaps). If the market interest rate level had been 50 basis points higher (lower) on December 31, 2009, the fair value of the fixed interest-bearing loans and fixed interest-bearing refinancings, which have been designated as at "fair value through profit and loss", would have been increased by € 4 thsd or reduced by € 3 thsd. The net profit would thus have increased by € 4 thsd or fallen by € 3 thsd.

The changes in market value of loans in the category "Fair value through profit and loss" are purely due to changes in interest rates. MLP bases the selection process of these loans on a very good credit rating of the debtor. There have been no changes in the fair value due to credit standing.

Liquidity risk is the danger that there are inadequate financial resources to meet payment obligations. Ensuring solvency at all times is the core function of our liquidity control system. This is secured through daily scheduling. Alongside possible cash flow scenarios, updated new business planning, investment planning and other capital transactions are all regularly taken into account. The controlling of financial instruments of the cash reserve in our inventory is based on the present value of our cash and cash equivalents and their potential development in various interest scenarios.

The fundamental principles of liquidity control and planning are defined in the internal capital investment directives. Appropriate short and medium-term credit lines have been agreed with a number of financial institutions to safeguard against a possible short-term liquidity shortfall.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

[Table 114]

Total cash flow (principal and interest) in €'000 as at Dec 31, 2009	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities due to banking business – clients	766,557	57	296	–	742,416
Liabilities due to banking business – banks	59	2,749	7,502	14,275	24,585
Purchase price liability FERI	–	–	54,704	–	54,704
Purchase price liability PFR	–	144	648	–	792
Purchase price liability ZSH	–	744	417	–	1,160
Liabilities due to commercial agents	48,836	3,625	1,900	–	54,361
Trade accounts payable	–	27,589	–	–	27,589
Liabilities due to savings deposits	–	11,231	–	–	11,231
Liabilities due to banks	1,343	591	566	2,172	4,673
Interest derivatives	–	–	3,713	–	3,713
Advanced payments received	–	32,689	–	–	32,689
Convertible debentures	–	893	–	–	893
Other liabilities	–	4,775	132	–	4,907
Total	**792,302**	**85,087**	**69,878**	**16,447**	**963,714**

[Table 115]

Total cash flow (principal and interest) in €'000 as at Dec 31, 2008	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities due to banking business – clients	754,916	20,949	6,368	260	782,493
Liabilities due to banking business – banks	1,059	2,284	10,684	16,024	30,051
Purchase price liability FERI	–	–	75,029	–	75,029
Purchase price liability TPC	–	–	7,400	–	7,400
Purchase price liability PFR	–	124	969	–	1,093
Liabilities due to commercial agents	55,472	2,729	1,561	–	59,762
Trade accounts payable	–	19,776	17	–	19,793
Liabilities due to savings deposits	–	9,703	–	–	9,703
Liabilities due to banks	23	–	–	–	23
Interest derivatives	–	–	3,522	–	3,522
Advanced payments received	470	42,958	11	–	43,438
Convertible debentures	–	933	–	–	933
Other liabilities	–	9,292	–	–	9,292
Total	**811,939**	**108,747**	**105,561**	**16,284**	**1,042,531**

Other market risks for financial instruments result from changes such as stock exchange prices for equity instruments. As at December 31, 2009, MLP has shareholdings of € 3,398 thsd (previous year: € 4,227 thsd) and available-for-sale securities of € 33,424 thsd (previous year: € 47,885 thsd). Available-for-sale securities include variable interest-bearing securities of € 7,361 thsd (previous year: € 15,503 thsd). The remaining available-for-sale securities of € 26,063 thsd (previous year: € 32,382 thsd) are not fixed interest-bearing. The investments are shares in non-consolidated subsidiaries, whose equity instruments have no market price and whose fair value cannot be reliably determined. The shares are thus valued at their cost of acquisition.

A detailed representation of business risks and a description of the risk management can be found in the risk report of this annual report, which forms a part of the management report.

(42) Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the Stock Corporation Act (AktG)

The Executive and Supervisory Boards issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via the management report and its website, www.mlp-ag.com and in the Corporate Governance report in this Annual Report.

More information at www.mlp-ag.com

(43) Related parties

[Table 116]

Executive Board

Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman, responsible for planning and strategy, human resources, communication, legal affairs, audit, marketing, controlling, risk management, accounting, taxes, treasury and general administration
Gerhard Frieg, Heidelberg Responsible for product management and purchasing
Muhyddin Suleiman, Rauenberg Responsible for sales
Ralf Schmid, Gaiberg Responsible for operations (Information Technology (IT), IT Business Services, Group Quality Management, Group Business Organisation) (since March 1, 2009)

[Table 117]

Supervisory Board

Dr. Peter Lütke-Bornefeld, Everswinkel, Chairman of the Board of Kölnische Rückversicherungs-Gesellschaft AG (until March 31, 2009) Chairman
Dr. h. c. Manfred Lautenschläger, Gaiberg Vice Chairman
Dr. Claus-Michael Dill, Berlin
Johannes Maret, Burgbrohl
Maria Bähr, Sandhausen Employees' representative, Departmental head at MLP Finanzdienstleistungen AG
Norbert Kohler, Hockenheim Employees' representative, Team leader at MLP Finanzdienstleistungen AG

Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Feri Finance AG, Bad Homburg v. d. H. (Chairman) Reutax AG, Heidelberg (until November 3, 2009)	MLP Finanzdienstleistungen AG, Vienna (Chairman of the Supervisory Board) (until December 31, 2009)
Feri Finance AG, Bad Homburg v. d. H.	MLP Hyp GmbH, Schwetzingen
Feri Finance AG, Bad Homburg v. d. H.	–
–	–

Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
VPV Lebensversicherungs- AG, Stuttgart Kölnische Rückversicherungs- Gesellschaft AG, Cologne (since April 1, 2009) MLP Finanzdienstleistungen AG, Wiesloch (Chairman since March 11, 2009)	Group companies: GeneralCologne Re Capital GmbH, Cologne Others: Faraday Holdings Limited, London, UK
MLP Finanzdienstleistungen AG, Wiesloch (Chairman until March 10, 2009)	University Hospital Heidelberg, Heidelberg (Supervisory Board)
Kölnische Rückversicherungs-Gesellschaft AG, Cologne (Chairman) TÜV Rheinland Holding AG, Cologne (Chairman) Damp Holding AG, Damp (since February 12, 2009)	TÜV Rheinland Berlin Brandenburg Pfalz e.V., Cologne (Governing Board) Golding Capital Partners, Munich (Advisory Board) WestLB, Dusseldorf (Economic Advisory Board) HUK Coburg AG, Coburg (Group Advisory Board) Gothaer Versicherungen AG, Cologne (Social Policy Advisory Board)
–	Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) The Triton Fund, Jersey, UK (Investment Committee Member) Xchanging plc., London, UK (Non-Executive Director) Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board)
–	–
–	–

Related persons

Within the scope of the ordinary business, legal transactions were made between the Group and members of the Executive Board and the Supervisory board. The legal transactions concern the conclusion of insurance policies or business regarding payment transactions and private wealth management. The legal transactions were completed under standard market or employee conditions.

As at December 31, 2009, members of the executive bodies had current account debits, surety credits and other loans totalling € 169 thsd (previous year: € 190 thsd), whereby collateral of € 121 thsd has been provided. The surety credits make up 0.5 % to 1.0 % of this (previous year: 1.0 %) and the current account debits 7.0 % to 7.7 % (previous year: 7.0 % to 7.5 %) and the other loans are charged with 4.5 % interest.

The total remuneration for members of the Executive Board active on the reporting date is € 2,280 thsd (previous year: € 1,939 thsd) of which € 1,606 thsd (previous year: € 1,291 thsd) is attributable to the fixed portion of remuneration and € 674 thsd (previous year: € 648 thsd) is attributable to the variable portion of remuneration. As in the previous year, former members of the Executive Board received no compensation. As at December 31, 2009, pension provisions for former members of the Executive Board amounted to € 8,923 thsd (previous year: € 8,718 thsd).

In addition there are long-term remuneration components. The members of the Executive Board participate in the Incentive Programme 2002 and the Long-Term Incentive Programmes 2005 to 2009.

Executive Board members active at December 31, 2009 hold convertible debentures issued by the company. See the following table for the number and values of convertible debentures:

[Table 118]

All figures in €'000 or units	Convertible debentures tranche 2004 (value at grant date)	Convertible debentures Total units as at Dec 31, 2009	Convertible debentures Total units as at Dec 31, 2008
Dr. Uwe Schroeder-Wildberg	49	12,300	12,300
Gerhard Frieg	40	10,000	10,000
Muhyddin Suleiman	40	10,000	10,000
Total	**130**	**32,300**	**32,300**

Within the scope of the **Long-Term Incentive Programme**, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2009. Refer to the following table for the number and values of the phantom shares, insofar as these have not been paid out or have expired:

[Table 119]

	Tranche 2007	Tranche 2008	Tranche 2009
Fair value at grant date	€ 9.33	€ 9.92	€ 7.59
All figures in units			
Dr. Uwe Schroeder-Wildberg	53,591	50,403	65,876
Gerhard Frieg	32,154	36,290	39,526
Ralf Schmid (Member of the Executive Board since March 1, 2009)	–	–	32,938
Muhyddin Suleiman	32,154	36,290	39,526
Total	**117,899**	**122,983**	**177,866**

The costs included in the income statement arising from the Long Term Incentive Programme for Executive Board members during the financial year 2009 are € 328 thsd (previous year: € 0 thsd).

The members of the Supervisory Board received non-performance-related remuneration of € 333 thsd for their activities in 2009 (previous year: € 333 thsd). In addition, € 21 thsd (previous year: € 4 thsd) was paid as compensation for expenses.

For the detailed structure of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the “Corporate governance” chapter. The remuneration report is part of the management report.

Related companies

Not fully consolidated subsidiaries are considered to the related companies. Within the scope of its ordinary business, MLP AG and its consolidated subsidiaries have business relations to a large number of companies. This also includes subsidiaries which are non-consolidated for reasons of materiality. All business dealings are concluded at conditions and terms customary in the industry and as a matter of principle do not differ from delivery and service relationships with other companies.

All related companies included in the consolidated financial statements are stated in the list of shareholdings (note 4).

In the financial year 2009, transactions were carried out with significant related companies which led to the following items in the consolidated financial statements:

[Table 120]

All figures in €'000	Receivables	Liabilities	Income	Expenses
Academic Networks GmbH, Wiesloch	40	705	–	–
MLP Consult GmbH, Wiesloch	1,858	2	13	1
MLP Media GmbH, Wiesloch	1	33	259	8
Feri Trust AG (Switzerland), St. Gallen, Switzerland	272	–	12	–
Private Trust Management Company S.à.r.l., Luxembourg	359	–	3,612	–
Family Private Fund Management Company S.à.r.l., Luxembourg	335	–	3,529	–
Feri Corp., New York, USA	53	7	–	229
Heubeck-Feri Pension Asset Consulting GmbH, Bad Homburg	609	65	637	199
Ferrum Fund Management Company S.à.r.l., Luxembourg	432	–	2,525	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	162	–
Institutional Trust Management Company S.à.r.l., Luxembourg	91	–	1,853	–
Ferrum Pension Management S.à.r.l., Luxembourg	–	–	321	–
Total	**4,051**	**812**	**12,922**	**438**

(44) Number of employees

The average number of staff employed decreased from 2,060 in 2008 to 1,900 in 2009.

[Table 121]

	2009		2008	
		of which marginal part-time employees		of which marginal part-time employees
Financial services	1,624	276	1,792	474
Feri	265	66	257	60
Holding	11	1	11	1
Total	**1,900**	**343**	**2,060**	**535**

The average number of employees in continuing operations fell by 86, from 1,986 to 1,900. An average of 116 people (previous year: 120) were trained in the financial year.

The number of employees in the financial services segment includes 60 employees of the ZSH Group, which was acquired during the financial year.

(45) Auditor's fees

The fees in connection with services of the auditing firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart (auditor), in the financial year 2009 (including expenses, excluding statutory value added tax) amount to:

[Table 122]

All figures in €'000	2009	2008
Audit	674	842
Other certification and assessment services	104	108
Tax advisory services	63	179
Other services	185	148
Total	**1,026**	**1,276**

The item "Audit" contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries.

(46) Disclosures on capital

A primary objective of investment control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum amount of shareholders' equity backing, are fulfilled. With regard to the compliance with statutory solvency regulations as per § 2a (6) of the German Banking Act (KWG), MLP evaluates its minimum shareholders' equity backing on a consolidated basis. Pursuant to § 10a (3) no. 1 of the German Banking Act (KWG), the relevant Financial Holding Group comprises MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri Finance AG, Bad Homburg v.d. Höhe, Feri Institutional Advisors GmbH, Bad Homburg v.d. Höhe, Feri Family Trust GmbH, Bad Homburg v.d. Höhe and ZSH GmbH Finanzdienstleistungen, Heidelberg. As a deposit-taking bank, MLP Finanzdienstleistungen AG, Wiesloch is a holding institution according to § 10a (3) no. 4 of the German Banking Act (KWG).

The following means and measures for controlling and adjusting the capital structure are available to MLP: (i) transferring to the statutory reserve, (ii) issuing new shares, (iii) buying back and redeeming treasury stock.

As a financial holding group, MLP is obliged to back its weighted risk assets and operational risks with at least 8 % equity (equity ratio) according to § 2 (6) of the Solvency Ordinance (SolvV – ordinance governing the capital adequacy of institutions, groups of institutions and financial holding groups) of December 14, 2006. MLP applies the credit risk standard approach for determining the risk-weighted exposure values (risk assets) in accordance with § 24 et seq. of the Solvency Ordinance (SolvV). The amount eligible for inclusion in the operational risk is determined using the basic indicator approach (§§ 269 (2) and § 270 et seq. of the Solvency Ordinance (SolvV)).

The backing of risk assets with core capital (tier 1 capital) generally requires a minimum ratio of 4 %. As in the previous year, these requirements have not changed during the financial year 2009. The same also applies for MLP's internal processes, objectives and measures for investment control.

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

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum shareholders' equity backing during the financial year 2009. The relationship between the weighted risk assets and core capital is illustrated below.

[Table 123]

All figures in €'000	2009	2008
Core capital	**340,258**	**359,238**
Tier 2 capital	2,000	250
Tier 3 capital	–	–
Equity	**342,258**	**359,488**
Weighted risk assets	**869,819**	**810,542**
Operational risk	**58,335**	**57,030**
Equity ratio min. 8 % (Equity × 100 / (12.5 × operational risk + risk assets)	**21.40**	**23.60**
Core capital ratio min. 4 % (Core capital × 100 / (12.5 × operational risk + risk assets)	**21.28**	**23.58**

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

(47) Disclosures pursuant to §§ 21 (1), 22 of the German Securities Trading Act (WpHG)

Mr. Manfred Lautenschläger, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 25 % on August 22, 2008, and amounted to 23.38 % on that day (25,205,534 voting rights). This share comprises 20.98 % of the voting rights (22,618,932 voting rights) of Angelika Lautenschläger Beteiligungen Verwaltungs GmbH attributable to him in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 15 % and 20 % on April 21, 2008 and amounted to 23.08 % (22,618,932 voting rights) on that day.

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

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

Barmenia Krankenversicherung a. G., Wuppertal, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on December 21, 2009, and amounted to 6.67 % on that date (corresponding to 7,197,664 voting rights). This share comprises 0.27 % (corresponding to 290,000 voting rights) attributable to Barmenia Krankenversicherung a. G. in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Barmenia Krankenversicherung a. G., Wuppertal, Germany informed us in line with § 25 (1) of the German Securities Trading Act (WpHG) that on December 15, 2009 through the aggregation of voting rights which it can unilaterally acquire by way of directly or indirectly held financial instruments and from voting rights in line with §§ 21, 22 of the German Securities Trading Act (WpHG), its share of the voting rights would have exceeded the thresholds of 3 % and 5 % and would amount to 6.67 % (corresponding to 7,197,664 voting rights) on that date. Of this, its share of the voting rights acquirable through financial instruments amounts to 6.00 % (6,472,664 voting rights) and our share of the voting rights in line with §§ 21, 22 of the German Securities Trading Act (WpHG) is 0.67 % (725,000 voting rights). The respective exercise date for the financial instruments is December 21, 2009.

Barmenia Krankenversicherung a. G., Wuppertal, Germany informed us in line with § 25 (1) of the German Securities Trading Act (WpHG) that on December 21, 2009 it exercised its previously directly or indirectly held financial instruments and fell back below the thresholds of 3 % and 5 % with respect to these financial instruments. The exercise date for the financial instruments was December 21, 2009.

Barmenia Krankenversicherung a. G., Wuppertal, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that on December 21, 2009 its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % and amounted on that date to 6.67 % (corresponding to 7,197,664 voting rights).

Swiss Life Beteiligungs GmbH, Hanover, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 15 % and 10 % on December 21, 2009 and now amounts to 9.90 % (corresponding to 10,679,892 voting rights).

Swiss Life Holding AG, Zurich, Switzerland informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the thresholds of 15 % and 10 % on December 21, 2009 and now amounts to 9.90 % (corresponding to 10,679,892 voting rights). The voting rights are attributable to Swiss Life Beteiligungs GmbH in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Swiss Life Beteiligungs GmbH, Hanover, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 20 % on April 1, 2009 and now amounts to 15.90 % (corresponding to 17,152,556 voting rights).

Swiss Life Holding AG, Zurich, Switzerland informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 20 % on April 1, 2009 and now amounts to 15.90 % (corresponding to 17,152,556 voting rights). The voting rights held by Swiss Life Beteiligungs GmbH are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Berenberg Bank, Joh. Berenberg Gossler & Co. KG, Hamburg, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5 % on November 18, 2009 and now amounts to 4.84 % (corresponding to 5,223,957 voting rights).

AXA S.A., Paris, France, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany, fell below the threshold of 5 % on August 22, 2008 and amounted to 4.72 % (5,090,989 voting rights) on that day. 4.18 % of the voting rights (4,503,693 voting rights) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and a further 0.54 % (587,296 voting rights) is attributable to it in line with § 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

AXA S.A., Paris, France, also informed us that the attributable voting rights are controlled by the following Group structure: AXA S.A., Paris, France, is the parent company and controls Vinci B.V., Utrecht, Netherlands; this controls AXA Konzern AG, Cologne, Germany; this in turn controls AXA Lebensversicherung AG, Cologne, Germany.

AXA S.A., Paris, France, informed us of the following in line with § 21 (1) of the German Securities Trading Act (WpHG):

The share of the voting rights of AXA Lebensversicherung AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to 4,503,693 voting rights) on that date.

The share of the voting rights of AXA Konzern AG, Cologne, Germany, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to 4,503,693 voting rights) on that date. The inclusion of these voting rights occurs in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of Vinci B.V., Utrecht, Netherlands, in MLP AG, Wiesloch, Germany, exceeded the threshold of 3 % on August 21, 2008, and amounted to 4.60 % (corresponding to 4,503,693 voting rights) on that date. The inclusion of these voting rights occurs in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The share of the voting rights of AXA S.A., Paris, France, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 21, 2008, and amounted to 5.17 % (corresponding to 5,063,489 voting rights) on that date. Of this, 4.60 % (4,503,693 voting rights) is attributable to AXA S.A. in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and a further 559,796 voting rights (0.57 %) are attributable in line with § 22 (1) sentence 1 no. 6 in connection with sentence 2 of the German Securities Trading Act (WpHG).

AXA S.A., Paris, France, also informed us that the attributable voting rights are controlled by the following Group structure: AXA S.A., Paris, France, is the parent company and controls Vinci B.V., Utrecht, Netherlands; this controls AXA Konzern AG, Cologne, Germany; this in turn controls AXA Lebensversicherung AG, Cologne, Germany.

Allianz SE, Munich, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights) on that day. The voting rights were attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to it were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Deutschland AG, Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

At the same time, Allianz SE informed us of the following in line with §§ 21 (1) in connection with § 24 of the German Securities Trading Act (WpHG):

The share of the voting rights held by Allianz Deutschland AG, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights). These voting rights are attributable to Allianz Deutschland AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Allianz Deutschland AG were held by the following companies it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherung AG.

The share of the voting rights held by Jota Vermögensverwaltungsgesellschaft mbH, Munich, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights). These voting rights are attributable to Jota Vermögensverwaltungsgesellschaft mbH in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to Jota Vermögensverwaltungsgesellschaft mbH were held by the following company it controls, whose respective share of the voting rights in MLP AG amounted to 3 % or more: Allianz Lebensversicherung AG.

The share of the voting rights held by Allianz Lebensversicherung AG, Stuttgart, Germany, in MLP AG, Wiesloch, Germany, exceeded the thresholds of 3 % and 5 % on August 22, 2008 and amounted to 6.27 % (corresponding to 6,761,893 voting rights).

HDI-Gerling Pensionskasse AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.39 % (corresponding to 10,132,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Pensionskasse AG holds 0.50 % (corresponding to 539,000 voting rights) directly.

Aspecta Lebensversicherung AG, Cologne, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.40 % (corresponding to 9,054,969 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). Aspecta Lebensversicherung AG holds 1.50 % (corresponding to 1,617,000 voting rights) directly.

CiV Lebensversicherung AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65 % (corresponding to 10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). CiV Lebensversicherung AG holds 0.24 % (corresponding to 263,768 voting rights) directly.

PBV Lebensversicherung AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65 % (corresponding to 10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). PBV Lebensversicherung AG holds 0.24 % (corresponding to 263,768 voting rights) directly.

Neue leben Lebensversicherung AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.16 % (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). neue leben Lebensversicherung AG holds 0.74 % (corresponding to 793,714 voting rights) directly.

Neue leben Holding AG, Hamburg, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 1 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.16 % (corresponding to 9,878,255 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 0.74 % (corresponding to 793,714 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Proactiv Holding AG, Hilden, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 1 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

HDI-Gerling Industrie Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Industrie Versicherung AG holds 0.41 % (corresponding to 440,417 voting rights) directly.

HDI-Gerling Firmen und Privat Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,552 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI-Gerling Firmen und Privat Versicherung AG holds 0.41 % (corresponding to 440,417 voting rights) directly.

HDI Direkt Versicherung AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.49 % (corresponding to 10,231,553 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). HDI Direkt Versicherung AG holds 0.41 % (corresponding to 440,416 voting rights) directly.

HDI-Gerling Sach Serviceholding AG, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 1 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

Talanx Beteiligungs-GmbH & Co. KG, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 2 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 2 of the German Securities Trading Act (WpHG).

Hannover Beteiligungsgesellschaft mbH, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) sentence 1 no. 2 in connection with sentence 2 and (2) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % on May 14, 2009 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 8.67 % (corresponding to 9,350,719 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG) and a further 1.22 % (corresponding to 1,321,250 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 2 in connection with sentence 2 of the German Securities Trading Act (WpHG).

HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hanover, Germany informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that by the exercise of financial instruments on April 1, 2009 its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). The voting rights are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG).

The voting rights attributable to it are held by the following companies it controls, whose share of the voting rights in MLP AG in each case amounts to 3 % or more: Talanx AG, Hanover, Germany, HDI-Gerling Leben Serviceholding AG, Cologne, Germany, HDI-Gerling Lebensversicherung AG, Cologne, Germany.

Furthermore, HDI Haftpflichtverband der Deutschen Industrie V.a.G. informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that by the exercise of financial instruments on April 1, 2009 the share of the voting rights of Talanx AG, Hanover, Germany in MLP AG, Wiesloch, Germany exceeded the thresholds of 3 % and 5 % and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). The voting rights are attributable to Talanx AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). The voting rights attributable to Talanx AG are held by the following companies it controls, whose share of the voting rights in MLP AG in each case amount to 3 % or more: HDI-Gerling Leben Serviceholding AG, HDI-Gerling Lebensversicherung AG.

Furthermore, HDI Haftpflichtverband der Deutschen Industrie V.a.G. informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that by the exercise of financial instruments on April 1, 2009 the share of the voting rights of HDI-Gerling Leben Serviceholding AG, Cologne, Germany in MLP AG exceeded the thresholds of 3 % and 5 % and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). The voting rights are attributable to HDI-Gerling Leben Serviceholding AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). The voting rights attributable to HDI-Gerling Leben Serviceholding AG are held by the following companies it controls, whose share of the voting rights in MLP AG in each case amount to 3 % or more: HDI-Gerling Lebensversicherung AG.

Furthermore, HDI Haftpflichtverband der Deutschen Industrie V.a.G. informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that by the exercise of financial instruments on April 1, 2009 the share of the voting rights of HDI-Gerling Lebensversicherung AG, Cologne, Germany in MLP AG exceeded the thresholds of 3 % and 5 % and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). HDI Haftpflichtverband der Deutschen Industrie V.a.G. also informed us in line with §§ 25 (1), 24 of the German Securities Trading Act (WpHG) that on April 1, 2009 HDI Haftpflichtverband der Deutschen Industrie V.a.G., Talanx AG, HDI-Gerling Leben Serviceholding AG and HDI-Gerling Lebensversicherung AG no longer held any financial instruments directly or indirectly that grant them the right to acquire shares in MLP AG. Therefore, on that day they had fallen below the threshold of 5 % of the voting rights in MLP AG according to § 25 (1) of the German Securities Trading Act (WpHG). Pursuant to §§ 21, 22 of the German Securities Trading Act (WpHG) they hold 9.89 % of the voting rights (10,671,969 voting rights).

HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hanover, Germany informed us in line with §§ 25 (1), 24 of the German Securities Trading Act (WpHG) that on March 23, 2009 HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hanover, Germany, Talanx AG, Hanover, Germany, HDI-Gerling Leben Serviceholding AG, Cologne, Germany and HDI-Gerling Lebensversicherung AG, Cologne, Germany directly or indirectly held financial instruments which granted them the right to acquire shares in MLP AG, Wiesloch, Germany amounting to 8.40 % of the voting rights (9,060,334 voting rights).

Furthermore, HDI Haftpflichtverband der Deutschen Industrie V.a.G. informed us that HDI Haftpflichtverband der Deutschen Industrie V.a.G., Talanx AG, HDI-Gerling Leben Serviceholding AG and HDI-Gerling Lebensversicherung AG directly or indirectly hold shares in MLP AG amounting to 1.49 % of the voting rights (1,611,635 voting rights). Together with the voting rights in MLP AG already held by HDI Haftpflichtverband der Deutschen Industrie V.a.G., Talanx AG, HDI-Gerling Leben Serviceholding AG and HDI-Gerling Lebensversicherung AG, to which the previously-mentioned financial instruments directly held on March 23, 2009 grant entitlement, would represent 9.89 % of the voting rights (10,671,969 voting rights). Therefore HDI Haftpflichtverband der Deutschen Industrie V.a.G, Talanx AG, HDI-Gerling Leben Serviceholding AG and HDI-Gerling Lebensversicherung AG would have exceeded the threshold of 5 % of the voting rights in MLP AG on March 23, 2009.

The indirectly held shares and financial instruments held by HDI Haftpflichtverband der Deutschen Industrie V.a.G., Talanx AG, HDI-Gerling Leben Serviceholding AG and HDI-Gerling Lebensversicherung AG are held through the following companies controlled by them:

1. In the case of HDI Haftpflichtverband der Deutschen Industrie V.a.G.:
   - Talanx AG, Hanover, Germany
   - HDI-Gerling Leben Serviceholding AG, Cologne, Germany
   - HDI-Gerling Lebensversicherung AG, Cologne, Germany
2. In the case of Talanx AG:
   - HDI-Gerling Leben Serviceholding AG, Cologne, Germany
   - HDI-Gerling Lebensversicherung AG, Cologne, Germany
3. In the case of HDI-Gerling Leben Serviceholding AG:
   - HDI-Gerling Lebensversicherung AG, Cologne, Germany

According to notification by HDI Haftpflichtverband der Deutschen Industrie V.a.G., the maturity date of the aforementioned financial instruments is at the latest the third trading day after the Supervisory Board of Talanx AG agrees to the purchase contract of March 23, 2009.

Harris Associates L.P., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 5 % on October 14, 2009 and on that day amounted to 5.10 % (corresponding to 5,500,722 voting rights). These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 5 % and 3 % on March 21, 2008 and amounted to 0.00 % (corresponding to 0 voting rights) on that day. This publication is based on the fact that Harris Associates Inc. fulfils the conditions in § 32 of the German Investment Act (InvG) and in §§ 22 (3a) and 29a (3) of the German Securities Trading Act (WpHG). The share of the voting rights of Harris Associates LP, Chicago, USA is not affected by this notification.

Harris Associates Inc., Chicago, USA informed us that it had revoked its voting rights notifications in line with § 21 (1) of the German Securities Trading Act (WpHG) regarding the voting rights in MLP AG, Wiesloch, Germany of April 3, 2008, May 21, 2008, October 1, 2008, November 3, 2008, March 13, 2009, May 20, 2009 and June 25, 2009. This revocation is based on the fact that Harris Associates Inc. did not hold shares of the voting rights in MLP AG which would have necessitated a voting rights notification on April 3, 2008, May 21, 2008, October 1, 2008, November 3, 2008, March 13, 2009, May 20, 2009 and on June 25, 2009. The voting rights notifications of Harris Associates LP, Chicago, USA are not affected by this revocation.

Harris Associates L.P., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on June 24, 2009 and on that day amounts to 3.09 % (corresponding to 3,332,291 voting rights). These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on June 24, 2009 and on that day amounts to 3.09 % (corresponding to 3,332,291 voting rights). These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3 % on May 19, 2009 and amounted to 2.99 % (corresponding to 3,233,217 voting rights) on that day. These voting rights are attributable to Harris Associates L.P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3 % on May 19, 2009 and amounted to 2.99 % (corresponding to 3,233,217 voting rights) on that day. These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Harris Associates L.P., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on March 12, 2009 and amounted to 3.00 % (corresponding to 3,236,336 voting rights) on that day. These voting rights are attributable to Harris Associates L. P. in line with § 22 (1) sentence 1 no. 6 of the German Securities Trading Act (WpHG).

Harris Associates Inc., Chicago, USA informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany exceeded the threshold of 3 % on March 12, 2009 and amounted to 3.00 % (corresponding to 3,236,336 voting rights) on that day. These voting rights are attributable to Harris Associates Inc. in line with §§ 22 (1) sentence 1 no. 6 in connection with 22 (1) sentence 2 of the German Securities Trading Act (WpHG).

Regionalverbandsgesellschaft mbH, Berlin, Germany fulfilled its obligation to inform us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3 % on May 8, 2008 and amounted to 2.23 % (2,183,499 voting rights) on that day. Of this, 2.23 % (2,183,499 voting rights) was attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to it were held by the following companies controlled by it, whose direct or indirect share of the voting rights in MLP AG amounted to 2.23 %: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany fulfilled its obligation to inform us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany fell below the threshold of 3 % on May 8, 2008, and amounted to 2.23 % (2,183,499 voting rights) on that day. Of this, 2.23 % (2,183,499 voting rights) was attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to it were held by the following companies controlled by it, whose direct or indirect share of the voting rights in MLP AG amounted to 2.23 %: Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin.

Landesbank Berlin Holding AG, Berlin, Germany, informed us in line with § 21 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP AG, Wiesloch, Germany, fell below the threshold of 3 % on May 8, 2008 and on that day amounted to 2.23 % (2,183,499 voting rights).

Landesbank Berlin Holding AG, Berlin, Germany, also informed us that 2.23 % (2,183,499 voting rights) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Landesbank Berlin Holding AG are held by the following company it controls, whose share of the voting rights in MLP AG directly amounts to 2.23 %: Landesbank Berlin AG, Berlin, Germany.

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany, informed us that Landesbank Berlin Holding AG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) is a subsidiary of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG and that the voting rights of Landesbank Berlin Holding AG in MLP AG are attributable to it. The share of the voting rights held by Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, fell below the threshold of 3 % on May 8, 2008 and on that day amounted to 2.23 % (2,183,499 voting rights).

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, also informed us that 2.23 % (2,183,499 voting rights) are attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Berlin, Germany, are held by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 2.23 %: Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

Regionalverbandsgesellschaft mbH, Berlin, Germany, informed us that Landesbank Berlin Holding AG is a subsidiary of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG) and that the voting rights of Landesbank Berlin Holding AG in MLP AG are attributable to it. The share of the voting rights held by Landesbank Berlin Holding AG in MLP AG, Wiesloch, Germany, fell below the threshold of 3 % on May 8, 2008 and amounted to 2.23 % (2,183,499 voting rights) on that day.

Regionalverbandsgesellschaft mbH, Berlin, Germany, also informed us that 2.23 % (2,183,499 voting rights) is attributable to it in line with § 22 (1) sentence 1 no. 1 of the German Securities Trading Act (WpHG). These voting rights attributable to Regionalverbandsgesellschaft mbH, Berlin, Germany, are held by the following companies it controls, whose direct or indirect share of the voting rights in MLP AG is 2.23 %: Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Landesbank Berlin Holding AG, Landesbank Berlin AG, Berlin, Germany.

(48) Events after the balance sheet date

The dependent branch in the Netherlands was sold with a purchase contract of January 15, 2010. MLP anticipates minimal expenses as a result of this.

Apart from those described here, there were no other appreciable events after the balance sheet date with effects on the company's net assets, financial position or results of operations.

(49) Release of consolidated financial statements

The Executive Board authorised the consolidated financial statements for issue on March 16, 2010 and will present them to the Supervisory Board for publication on March 24, 2010.

Wiesloch, March 16, 2010

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Ralf Schmid

Muhyddin Suleiman

Audit Opinion

"We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flow, the statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315 a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315 a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 17, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier
German Public Auditor

Frey
German Public Auditor

Responsibility statement

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

Wiesloch, March 16, 2010

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Gerhard Frieg

Ralf Schmid

Muhyddin Suleiman

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Glossary

Amortised cost
Amortised cost is the historical cost less scheduled depreciation and amortisation and impairment losses.

Available for sale
Available-for-sale securities are securities that are not to be held to maturity and have not been acquired for sale in the near term. These securities are shown at fair value.

Call option
The buyer of a call option has the right to buy a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.

Cash flow statement
The cash flow statement illustrates flows of cash and cash equivalents during a financial year, broken down into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Consolidation
Consolidation involves combining the separate financial statements of companies belonging to the Group so as to prepare a set of consolidated financial statements. Transactions between the individual Group companies are eliminated on consolidation.

Contingent liabilities
Contingent liabilities are liabilities whose occurrence is improbable. Although they are not carried in the balance sheet, they must be disclosed in the notes, e. g. as liabilities on account of sureties.

Corporate Governance
Corporate Governance refers to the legal and practical framework for managing and monitoring companies. Corporate Governance regulations serve to offer greater transparency, thereby increasing confidence in responsible company management and supervision oriented toward added value.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are based on limited-time differences in the methods of balancing of accounts according to the International Financial Reporting Standards and the corresponding national tax law (so-called temporary differences). If, in the consolidated financial statements in line with IFRS, assets are stated at a lower (higher) level or liabilities at a higher (lower) level than in the tax balance sheet of the respective Group company, the future tax relief that arises from this must be recorded as deferred tax asset (liability). Deferred tax assets can also be recorded as tax loss carryforwards. Deferred tax assets are value-adjusted if it seems unlikely that the corresponding level of tax receivables will arise.

Derivative financial instruments
Derivative financial instruments are financial instruments whose value depends on the price performance of an underlying asset. Examples of derivative financial instruments include swaps.

Earnings per share
Earnings per share is the ratio of the consolidated profit or loss for the year to the average number of shares issued. For diluted earnings per share, the number of shares and the consolidated profit or loss for the year are adjusted by the dilutive effects of any subscription rights that have been or can still be exercised. Subscription rights arise in connection with issues of convertible debentures and share options.

EBT
Earnings before tax.

EBIT
Earnings before interest and tax.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s-length transaction. Fair value usually corresponds to the stock market or market value or to a value derived from this. In some cases, the fair value is calculated as the present value.

Goodwill
Goodwill is recognised by the acquirer as an asset from the acquisition date and is initially measured as the excess of the cost of the business combination over the acquirer’s share of the net fair values of the acquiree’s identifiable assets, liabilities and contingent liabilities. Any goodwill resulting from business combinations after March 31, 2004 is not amortised but is subject to an impairment review. If necessary, an impairment loss is recognised (impairment only approach).

Held-to-maturity securities
The company holds held to maturity securities with the intent and ability to hold these securities to maturity.

Interest rate swaps
Interest rate swaps are used to exchange payment obligations that are denominated in the same currency but subject to different interest terms (fixed/variable).

IAS and IFRS
International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) are accounting standards promulgated by the International Accounting Standards Board (IASB), which is responsible for issuing IASs/IFRSs. Since 2002, the standards issued by the IASB are known as “IFRS”; the standards issued previously were called “IAS”.

Put option
The buyer of a put option has the right to sell a financial instrument at a predetermined price and in a predetermined quantity within a certain period or at a given point in time.

Segment reporting
Segment reporting is financial information based on the consolidated financial statements, reported by business segment and region.

Financial Calendar 2010

March 25

MLP Group Annual Report 2009

May 12

Results for the 1st quarter 2010
(Publication of the financial interim report)

May 20

Annual General Meeting 2010, Mannheim, Germany

May 21

Dividend payment 2010

August 12

Results for the 2nd quarter 2010
(Publication of the financial interim report)

November 11

Results for the 3rd quarter 2010
(Publication of the financial interim report)

More information at
www.mlp-ag.com, Investor Relations, Financial calendar

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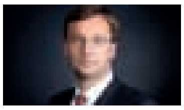
PEFC

The MLP Group at a glance

[Figure 25]

MLP AG

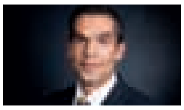
100 %



DR. UWE SCHROEDER-WILDBERG

Chairman of the Executive Board at MLP AG

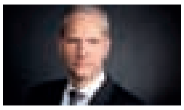
· CEO
· Finance



MUHYDDIN SULEIMAN

Member of the Executive Board at MLP AG

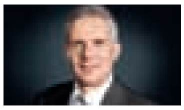
· Sales



GERHARD FRIEG

Member of the Executive Board at MLP AG*

· Product management and purchasing



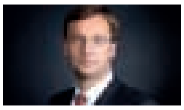
RALF SCHMID

Member of the Executive Board at MLP AG

· Operations

56.6 %

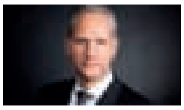
MLP Finanzdienstleistungen AG



DR. UWE SCHROEDER-WILDBERG

Chairman of the Executive Board

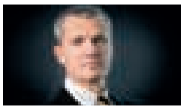
· Chairman and CEO
· Finance



GERHARD FRIEG

Member of the Executive Board

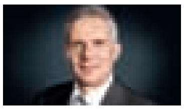
· Product management and purchasing



EWALD WESP

Member of the Executive Board

· Banking business



RALF SCHMID

Member of the Executive Board

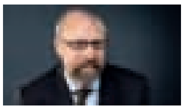
· Operations

Feri Finance AG

MICHAEL STAMMLER

Chairman of the Executive Board

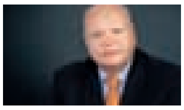
· Private clients / Family Trust



DR. MATTHIAS KLÖPPER

Member of the Executive Board

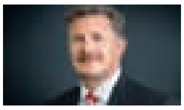
· Finance



DR. HELMUT KNEPEL

Member of the Executive Board

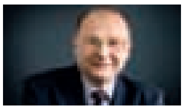
· Rating & Research



DR. HEINZ-WERNER RAPP

Member of the Executive Board

· Asset allocation & investment strategy



ARND THORN

Member of the Executive Board

· Institutional clients

* until March 31, 2010

MLP AG

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