Focused on what matters. Annual Report 2011

MLP

MLP key figures – multi-year overview

All figures in € million	2011	2010[1]	2009[1]	2008	2007	2006	2005[2]	2004[3]
Continuing operations								
Total revenue	545.5	522.6	532.1	595.2	629.8	588.5	563.9	622.8
Revenue	526.7	497.3	503.8	552.3	588.2	554.2	522.2	592.2
Other revenue	18.8	25.3	28.4	42.9	41.6	34.4	41.7	30.6
Operating EBIT (before one-off exceptional costs)	52.3	47.0	42.2	56.2	113.9	95.1	71.8	88.3
Earnings before interest and tax (EBIT)	18.9	47.0	42.2	56.2	113.9	95.1	71.8	88.3
EBIT-margin (%)	3.5 %	9.0 %	7.9 %	9.4 %	18.1 %	16.2 %	12.7 %	14.2 %
Earnings from continuing operations	12.2	34.1	27.2	30.7	77.5	76.5	42.5	43.0
Earnings per share (diluted) in €	0.11	0.32	0.25	0.30	0.77	0.73	0.39	0.39
MLP Group								
Net profit (total)	12.5	34.1	15.8	24.6	62.1	71.8	199.7	50.3
Earnings per share (diluted) in €	0.12	0.31	0.15	0.24	0.62	0.69[7]	1.84[7]	0.46[7]
Dividend per share in €	0.60[4]	0.30	0.25	0.28	0.50	0.40	0.30[5]	0.22
Cash flow from operating activities	53.3	91.0	72.5	81.0	23.4	87.5	184.8	526.6
Capital expenditure	7.8	3.9	4.0	12.2	16.2	20.0	16.7	25.3
Shareholders´ equity	399.3	420.0	410.0	425.9	339.7	324.9	455.2	289.6
Equity ratio	26.8 %	27.6 %	27.4 %	27.8 %	23.9 %	26.6 %	38.5 %	9.4 %
Balance sheet total	1,487.8	1,522.7	1,498.4	1,534.0	1,424.2	1,270.2	1,182.0	3,086.2
Clients[6]	794,500	774,500	785,500	728,000	701,000	666,000	634,000	592,000
Consultants[6]	2,132	2,273	2,383	2,413	2,535	2,481	2,348	2,368
Branch offices[6]	178	192	238	241	251	246	265	274
Employees	1,584	1,672	1,900	1,986	1,819	1,558	1,417	1,386
Arranged new business[6]								
Old-age provision (premium sum in € billion)	5.2	5.0	5,1	6,6	6,8	6,8	6,3	10,9
Loans and mortgages	1,327.0	1,219.0	1,119.0	919.0	1,162.0	1,195.0	997.0	777.0
Assets under management in € billion[8]	20.2	19.8	17.0	14.0	12.7	–	–	–

[Table 01]

[1] Adjustment of previous year´s figures, see Note 3.
[2] Adjusted due to the sale of the subsidiary 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 June 26, 2012.
[5] Plus an extra dividend of € 0.30 per share.
[6] Continuing operations.
[7] Basic.
[8] Calculated according to the method of the German Association of Investment and Asset Management (BVI).

MLP – The leading independent consulting company

MLP is Germany's leading independent consulting company. 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 of more than € 20.2 billion and supports more than 794,500 private and more than 5,000 corporate clients, respectively employers. The financial services and wealth management consulting company 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, loans and mortgages and banking. Private individuals with assets of more than € 5 million and institutional clients benefit from extensive wealth management and consulting services as well as receiving economic forecasts and ratings provided by the subsidiaries of the Feri Group. 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 schemes and remuneration as well as asset and risk management.

Focused on what matters: our clients.

Whether private and corporate clients or institutional investors, MLP's first obligation is always to its clients with their individual requirements and goals. For more than 40 years, we have been a reliable and trusting partner in all questions of financial advice.

In the field of private clients, MLP has been focusing on providing sound advice for its target group of academics ever since the company was founded. Our consultants, who also have an academic background, each focus on one professional group – for example, physicians, solicitors, engineers or economists. The principle behind this approach is that someone who knows and understands the life of academics can advise them more effectively.

Within this strategy, our consultants provide their clients with holistic advice and are able to independently select individual products from the broad range of offers in the market. Every financial concept is thereby tailored to what matters: the client's individual requirements and goals.

In this year's Annual Report, we have highlighted our clear client focus using three examples.

Old-age provision | Wealth management | Health insurance | Non-life insurance | Loans and mortgages | Banking

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The Executive Board

Dr. Uwe Schroeder-Wildberg
Chairman and CEO MLP AG

Strategy,
Internal audit,
Communication/Investor relations,
Marketing,
Human resources,
Legal affairs

Appointed until December 31, 2017

Manfred Bauer
Member of the Executive Board of MLP AG

Product management

Appointed until 30 April, 2015

Reinhard Loose
Member of the Executive Board of MLP AG

Controlling,
IT and Purchasing,
Accounting,
Risk management

Appointed until January 31, 2014

Muhyddin Suleiman
Member of the Executive Board of MLP AG

Sales

Appointed until September 3, 2017

Letter to our shareholders

Dear Shareholders,

2011 was a landmark year for MLP, a year in which we enjoyed excellent development despite operating in what remains an extremely difficult market environment. We also made important changes for the future and implemented an extensive investment and efficiency program. By taking these steps, we have laid the foundations for achieving our 2012 targets – and for securing sustainable growth in the years to come.

Our consultants again received little in the way of support from the market over the last 12 months. Although the German economy did display stable development, many investors remained cautious in light of the discussions concerning the European debt crisis and increasing inflation, as well as fears of an economic collapse in the coming year. This not only affected the field of old-age provision, i.e. the conclusion of long-term contracts. Significant effects could also be observed in the field of wealth management, particularly following the sometimes severe downturns on the capital markets in the second half of the year. MLP was not able to distance itself entirely from this sector-wide development. However, we did enjoy continuous development in total revenue throughout the year. In fact, we benefited more than ever from our strategy of providing comprehensive consulting across all fields, which has been the focus of activities in the last few years.

We enjoyed healthy growth in the field of health insurance, especially in the first three quarters, and were then able to record significant growth in the field of old-age provision in the final quarter. In addition to this, the segments of wealth management, non-life insurance and loans and mortgages also achieved increasing sales revenues. Bolstered by significant gains in terms of revenues from commissions and fees, our total revenue increased by 4.4 % to € 545.5 million. Operating earnings before interest and tax (EBIT before one-off exceptional costs) rose by 11.3 % to € 52.3 million.

However, our earnings were compromised to a certain degree by one-off expenses which were accrued in the course of the comprehensive investment and efficiency program we introduced in April 2011 to strengthen future growth. The measures implemented include a realignment of our company headquarters in Wiesloch, securing more effective support for MLP consultants and further optimization processes. In addition, we also launched extensive investments in a marketing campaign and a significant increase in visibility at our office locations. At the same time, we continued to drive forward our efficiency measures to ensure a high degree of profitability.

Due to one-off expenses of € 33.4 million, our earnings before interest and tax (EBIT) decreased to € 18.9 million in the financial year 2011, while net profit for the period fell accordingly to € 12.5 million. However, thanks to our excellent equity capital backing and liquidity, we are still in a position to continue the reliable dividend payout policy we have pursued over the last few years. To this end, the Executive Board and Supervisory Board will propose an increase in the dividend per share from € 0.30 to € 0.60 at the Annual General Meeting on June 26, 2012. As a consequence, our shareholders receive constant dividends and a further 30 cents per share on the basis of available liquid funds that are not needed for our operating activities. MLP thus not only offers an attractive dividend yield, but also impressive continuity for investors.

From 2012 onwards, the efficiency measures implemented will make a key contribution to the permanent reduction of our fixed costs. Overall, we expect our 2012 fixed costs to be € 30 million lower than in 2010. On this basis, MLP will return to healthy and sustainable profitability, as we regularly demonstrated before the outbreak of the financial and economic crisis in 2008. In concrete terms, we expect to hit the target we set two years ago and record an operating EBIT margin of 15 % in 2012. Besides reducing our fixed costs, from today's perspective we also expect to see slight increases in revenue in the field of old-age and health provision and significant growth in the field of wealth management. However, due to the difficult market environment, these developments remain subject to a certain degree of uncertainty.

The basis for the positive perspectives is our unique positioning in Germany, which has been defined more sharply over the last few years. Supported by in-house research, the MLP Group works to a holistic and independent consulting approach that covers all financial issues for private and corporate clients, as well as institutional investors. In other words, while we used to concentrate exclusively on private clients, we now also advise more than 5,000 corporate clients and employers in all questions of occupational pension provision and around 200 institutional investors, such as foundations, churches or pension funds, in their investment strategies and implementation of risk control measures. Whereas we used to generate a large portion of our revenue in the private client business through old-age provision solutions, we now have a more diverse basis. In addition to health provision, we have primarily expanded the field of wealth management into another of our core competencies.

Our subsidiary Feri provides a key contribution to strengthening our wealth management activities. Working together, we have further increased the assets under management in the last few years and exceeded the € 20 billion mark for the first time. We have thereby underlined our strong position in the market, leaving a whole host of well-known private banks in our wake in this key area. Our acquisition of the outstanding shares in Feri, which we completed on schedule in April, is a consistent step in the right direction following the successful development of the last few years, providing us with an excellent foundation on which to further strengthen our wealth management activities. Indeed, in addition to organic growth, we could even envisage making further minor acquisitions in the Feri segment.

The excellent position enjoyed by MLP also offers great potential in other areas in the years to come. Our goal here is ultimately to become the absolute Number One for our clients in all questions of finance and wealth management. Not only does this benefit our 794,500 clients, it also benefits MLP as a company.

The political framework conditions are also an important factor for our positioning. The legislator has already taken numerous steps over the course of the last few years to increase the quality and transparency of financial advice in Germany and improve investor protection. We support the direction that has been taken – even if some of the regulations show shortcomings. When it comes to such an important topic as personal financial advice, we consider it unacceptable for certain sections of the market to be inadequately regulated. The German government also passed two new laws for our sector in the financial year 2011 in the form of the so-called Investor Protection Act ("Anlegerschutzgesetz") and the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products ("Novellierung des Finanzanlagenvermittler- und Vermögensanlagenrechts"). These will further increase the pressure on providers that do not adequately focus on client requirements. MLP, on the other hand, benefits from a clear approach to quality and the fact that we already comply with strict regulatory standards as an institute with a banking license. We would also embrace further steps by the government as a way of sustainably increasing investor protection in the market. These include standardization of the legal framework and introduction of clearly defined and legally protected job profiles.

Our new image campaign, which we launched in our 40th anniversary year, underlines our commitment to high quality consulting. The objective here is to position MLP as a reliable partner and specialist in the field of financial consulting for academics.

We are confident that we will be able to continue the success story of the last 40 years using this business model and would be delighted to have you with us on this journey.

I thank you all for your support.

Yours sincerely,

Dr. Uwe Schroeder-Wildberg

The Supervisory Board

Dr. Peter Lütke-Bornefeld
Chairman

Elected until 2013

Dr. h. c. Manfred Lautenschläger
Vice Chairman

Elected until 2013

Dr. Claus-Michael Dill

Elected until 2013

Johannes Maret

Elected until 2013

Maria Bähr
Employees' Representative

Elected until 2013

Norbert Kohler
Employees' Representative

Elected until 2013

Report by the Supervisory Board

In the financial year 2011, 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.

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, and supported the Executive Board in this regard. The focus of its work in 2011 was to support the Executive Board in the company's strategic development and implementation of further measures to increase cost efficiency.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding 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 regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the company management by the Executive Board.

In the financial year 2011, the Supervisory Board held five regular and two extraordinary meetings which, with the exception of two meetings, were always attended by all members either in person or via telephone conference connection. 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 two 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 in detail about the content of these meetings with the Executive Board.

Supervisory Board meetings and important resolutions

In its extraordinary meeting held on February 17, 2011, the Supervisory Board discussed the future strategy and the budget for the financial year 2011, as well as the extension of the current efficiency program and a comprehensive program of investments.

Following preparations in meetings of the Audit Committee, the meeting of the Supervisory Board on March 22, 2011 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2010. 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 as of December 31, 2010. In addition to this, the Supervisory Board also approved the conclusion of a profit/loss transfer agreement with Feri Finance AG für Finanzplanung und Research (operating under the name Feri AG since January 2, 2012) and the proposed resolutions for the company's Regular Annual General Meeting.

An extraordinary meeting of the Supervisory Board was held in April 2011 in the form of a conference call. This meeting was used to prepare the resolution regarding the future strategy, the budget for the financial year 2011, the decision to extend the current efficiency program and a comprehensive program of investments. The Supervisory Board then drafted the final resolution on these issues in the form of a circular resolution.

The regular Supervisory Board meeting on May 10, 2011 focused primarily on discussing the results and business development from the first quarter of 2011.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk controlling (including report on the notion of materiality, risk strategy and risk-bearing capacity concept) constitued the items on the agenda of the regular Supervisory Board meeting on August 9, 2011.

The November meeting focused on the results of the third quarter and the first nine months. In addition to this, the Supervisory Board approved the extension of Mr. Muhyddin Suleiman's contract as a member of the Executive Board.

In addition to the resolution on the Declaration of Compliance as per § 161 of the German Stock Corporation Act ("Aktiengesetz"), the meeting held on December 13, 2011 also focused on adherence to regulations of the Corporate Governance Code in the MLP Group. Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. In addition to this, the Supervisory Board addressed in detail and approved the strategy and the budget for the financial year 2012.

Supervisory Board committees

The Supervisory Board was regularly informed of the work carried out by its committees in 2011.

The Personnel Committee convened three times in the reporting period. The meetings focused on the extension of Mr. Muhyddin Suleiman's employment contract and also covered both the re-insurance of pension obligations and the ultimate switchover of the Executive Board service contracts to the new remuneration model.

The Audit Committee held two regular meetings in the financial year 2011. Representatives of the audit firm also took part in these meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP AG and the MLP Group as well as the proposed appropriation of earnings. There were detailed consultations on relations with the auditor, proposals for electing an auditor, the auditor's remuneration, audit assignment and monitoring the independence of the auditor. The Audit Committee received 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 again dedicated its meeting on December 13, 2011 to the requirements of the German Corporate Governance Code in the version dated May 26, 2010.

In the meeting held on December 13, 2011, 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. On this occasion, the Supervisory Board also reviewed the procedures among the Supervisory Board, the information flow between the Committees and the Supervisory Board, the need for and content of training measures, as well as the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board. Measures aimed at increasing efficiency were analyzed.

At the same meeting, MLP AG's Supervisory Board also assured 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 ("Aktiengesetz") 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 May 26, 2010). In December, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz") for the financial year 2011 and made it permanently available to the shareholders via its website.

No conflicts of interest arose in the reporting period. A summary of corporate governance at MLP, including the Declaration of Compliance from December 13, 2011, can be found in the corporate governance report of the Executive and Supervisory Boards (Page 106 et seq.). All relevant information is also available on the company's homepage at www.mlp-ag.com.

Audit of the annual financial statements and consolidated financial statements for 2011

The financial statements and the management report of MLP AG as of December 31, 2011 have been compiled by the Executive Board pursuant to the German Commercial Code ("Handelsgesetzbuch"). The consolidated financial statements and the group management report as of December 31, 2011 were drafted as per § 315a of the German Commercial Code ("Handelsgesetzbuch") in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2011, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the financial statements and management report of MLP AG in accordance with the principles of commercial law, as well as the Group financial statements and Group management report in accordance with the principles of IFRS, issuing an unqualified auditors' opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the German IDW institute of auditors ("Institut der Wirtschaftsprüfer").

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. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were examined in detail in the Supervisory Board meeting held on March 20, 2012. 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, and gave detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditors' audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 20, 2012, 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 € 0.60 per share for the financial year 2011. 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 consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2011.

Wiesloch, March 2012

The Supervisory Board

Dr. Peter Lütke-Bornefeld
Chairman

Someone who knows and understands the life of academics can advise them more effectively.

This is why Manfred Lautenschläger founded MLP in 1971. His company philosophy was to provide holistic financial advice for academics from academics.

This business model has made MLP into a leading independent financial and investment consulting firm that today advises almost 800,000 private clients and more than 5,000 companies and employers. The success factors at MLP remain the same today as they were when the company was founded more than 40 years ago – a clear focus on specific professional groups, independence from product partners and a high-quality consulting approach – individual and on equal terms with the client.

Dr. h. c. Manfred Lautenschläger, founder of MLP

Buildings are not developed with a "one-size-fits-all approach", and the same is true for financial planning.

Every engineer knows the importance of a well-conceived plan when working towards major goals. Getting the right foundations is absolutely critical here. Thanks to their many years of expertise and comprehensive knowledge, MLP consultants develop tailor-made financial plans based on their clients' personal objectives. Whether disability insurance, provision for old-age or capital accumulation for the future – every recommendation is selected from the broad range of offers in the market. The overall financial plan is perfectly coordinated and remains flexible, allowing adjustments to be made should circumstances require this.

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MLP consultants develop individual financial plans that are perfectly aligned with the personal goals of our clients – and can be flexibly adapted along the way.

Management Report

OVERALL ECONOMIC CLIMATE

The values disclosed in the following management report have been rounded to one decimal place. As a result, differences to reported total amounts may arise when adding up the individual values.

Framework conditions

MLP is Germany's leading independent consulting company. We have been developing holistic financial concepts for academics for over 40 years and are active in the fields of old-age provision, wealth management, health provision, non-life insurance, financing and banking business. We also support corporate clients and institutional investors. You can find further information on our business model on Page 29 et seq.

In the financial year 2011, we once again generated virtually 100 % of revenue in our domestic market of Germany. It is therefore important to take note of general economic developments particularly in our home country of Germany when assessing the success of our business.

We use carefully selected indicators to evaluate the framework conditions here. Economic growth, developments on the labor market, changes in net income, the savings rate and general consumer confidence are all particularly relevant for the success of our consulting firm.

Overall economic situation

Contrary to initially optimistic expectations, the global economy only enjoyed moderate development last year. Events such as the disastrous earthquake in Japan, the European debt crisis, the weakness of the U.S. economy and doubt concerning the stability of the banking system all put the brakes on the willingness to invest over the course of the year. As a result, the initially positive economic forecasts of the research institutes had to be revised downward in the second half of the year, in some cases quite significantly. Indeed, the International Monetary Fund reduced its global economic growth forecast to 4.0 % from 5.1 % in its 2010 “World Economic Outlook”. In the Eurozone, many economic experts settled on a growth rate of 1.7 % as realistic (2010: 1.8 %).

German economy comparatively robust

Although the growth enjoyed by the German economy in 2011 was less dynamic than anticipated, the economy still proved to be relatively robust despite the negative influences from foreign countries. According to initial calculations of the German Federal Statistical Office, the inflation-adjusted gross domestic product (GDP) increased by 3.0 % in 2011 (3.7 % in the previous year). Despite this stable development, however, the future expectations of many citizens remained negative, largely in view of the recent financial crisis.

Economic growth in Germany (all figures in %)

Source: Destatis

[Figure 01]

Consumer confidence stabilizes Germany's domestic economy

The German economy was primarily bolstered by a healthy order situation in industry and stable domestic demand in the reporting year. The country's citizens displayed willingness to spend their money, and the consumer confidence index recorded continuous increases towards the end of the year. The Index of the German Consumer Research Association (GfK) is considered to be the most important indicator of behavior among German consumers and economic stability.

Labor market looking good for academics

There were plenty of encouraging signs on the labor market in the reporting year. Companies once again started hiring staff in 2011. This led to the unemployment rate dropping from 7.1 % in the previous year to 6.6 %. Well-qualified staff, in particular, were able to find new jobs. The percentage of academics among all unemployed remained at a low level in 2011. In the reporting year, just 3.0 % of all persons registered as unemployed had an academic education background (3.1 % in 2010). MLP's target client group – academics and other discerning clients – thereby benefited particularly from the upturn in the employment market observed in 2011.

As a consequence of the improved employment situation, German citizens also enjoyed a higher level of net income last year, which saw a 3.2 % increase over the previous year. The savings rate remained stable and reached 11.4 % compared to 11.1 % in the previous year. The savings rate is defined as the amount a population saves divided by its disposable income as a percentage. According to data published by the German Federal Statistical Office, private households in Germany saved € 181.4 billion, compared with € 180.9 billion in the previous year.

General statement of the Executive Board: Business segments subject to varied development

Overall, the economic data presented in Germany in 2011 initially appear to be positive, given the stable domestic economy, the reduced unemployment rate, the increased level of net income and the stable savings rate. Indeed, in some cases we were able to increase our revenue in the fields of health insurance, financing and non-life insurance quite significantly.

Investors remain reserved

The wealth management sector only showed a moderate increase in revenue. This was down to the fact that especially in the second half of the year private investors across all sectors showed restraint due to the instability in the capital markets. In the old-age provision segment, too, the sound overall economic framework conditions were not able to fully impact the new business. This is largely due to the fact that the long-term future expectations of German citizens play a key role in this particular business segment. These expectations continued to be compromised in 2011, primarily by the ongoing debate about the European debt crisis and the growing risk of inflation. This personal sense of uncertainty thereby once again had an influence on the general willingness to invest in private and occupational pension provision. Yet despite this, MLP was still able to record slightly higher revenue in this field of consulting.

National economic influencing factors on MLP's business development in 2011

Economic development	+
Falling unemployment rate	+
Increasing net income	+
Relatively stable savings rate	0
Friendly consumer climate	–

Extremely positive ++, positive +, neutral 0, negative –, extremely negative – –

[Table 02]

INDUSTRY SITUATION AND COMPETITIVE ENVIRONMENT

MLP provides advisory services to private and corporate clients and institutional investors on a long-term basis, covering all issues of financial planning. MLP generates around 86 % of its revenue from the following three core fields of business: old-age provision, health provision and wealth management. We generate around 9 % of our revenue from non-life insurance, loans and other consulting services. A further 5 % of our revenue is attributable to the interest income. Regulatory or social changes affecting our core business fields, as well as trends in client behavior have a significant influence on our results of operations. In 2011, our business was impacted by both client behavior and new regulatory requirements.

Old-age provision

Demographic change, and its effects both on society at large and social security systems, was once again an important topic in Germany last year. On a continuous basis, representatives from the world of politics, the German pension insurance system and the private insurance industry stress to citizens that it is unwise to rely solely on state-funded old age pension systems and that they would be well advised to make their own provisions for their retirement years. The ever-increasing life expectancy of German citizens and the low birthrate are changing the country's demographic structure. The contribution-funded social security system in Germany is being pushed more and more to breaking point: fewer and fewer young people in employment must finance the pensions of the older generation through their contributions. Consequently, this will lead to the actual level of statutory pensions in Germany declining over the course of the next few years. In 2011, Germany's Federal Employment Ministry informed the country's citizens of an expected decline in statutory pensions of 10 % by the year 2025 – although this percentage does not take into account the associated loss of purchasing power.

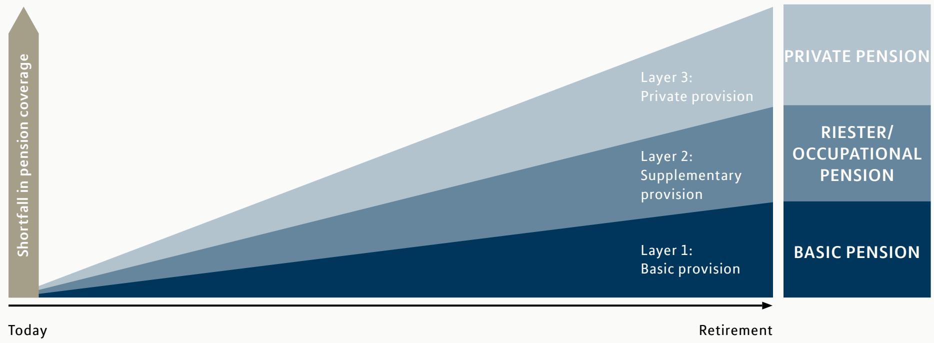
In future, there will definitely be a growing number of people in our country who are no longer capable of maintaining their lifestyle solely via their state pension. This message has arrived among the population. A survey performed by Postbank in the reporting year on investor behavior in the field of old-age provision indicated that 50 % of 16 to 29-year olds now anticipate that they will at least need to be very careful with their money in their old age. 21 % even expect that they will "no longer be able to finance their lifestyle from their own funds."

3-layer model in the field of old-age provision

To exclude the risk of old-age poverty to the greatest possible extent, the government is encouraging citizens to provide for their own future by offering subsidies and tax breaks. This new system of privately-funded old-age provision works according to the so-called 3-layer model:

1. basic provision: Statutory pension and basic pension
2. supplementary pension provision: Riester pension and occupational pension
3. private pension and life insurance

3-layer model of old-age provision in Germany



Source: German Federal Ministry of Labor and Social Affairs

[Figure 02]

With the certified basic pension, often also referred to as the "Rürup pension", citizens can top up their old-age provision independently of the statutory pension insurance system. The catalog of benefits offered by the basic pension and the fact that payments can be offset against tax mean that this system is closely aligned with the concept of the statutory pension. The basic pension is open to everybody, including self-employed and freelancers, who are not obliged to pay into the statutory pension insurance fund.

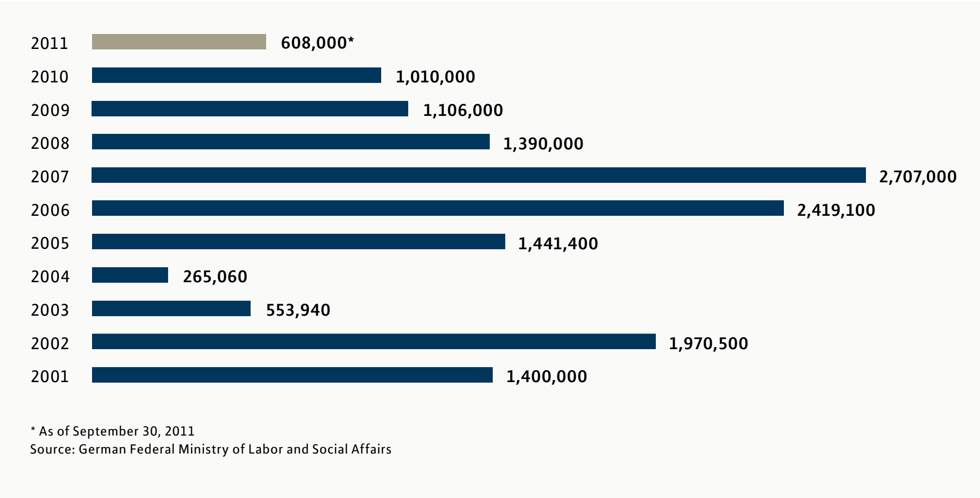
In 2011, it was possible to offset the capital invested into a basic provision policy over the course of the year against income tax as special expenses up to a level of 72 % and a total sum of € 20,000 per person. Yet despite this considerable tax incentive, the basic pension failed to win the acceptance anticipated by the legislator among the German population in the reporting year. Indeed, only 207,600 new basic pension contracts had been signed by the deadline on December 31, 2011 (2010: 218,200). This corresponds to a reduction of 4.9 %.

Sales figures also stagnated across-the-board in the field of new Riester contracts. According to data published by the German Federal Ministry of Labor and Social Affairs, only around 608,000 new contracts were concluded by the end of the 3rd quarter 2011 (FY 2010: 1.14 million).

Despite tax breaks and state subsidies, the sector reported only moderate growth in the pension provision business overall. Even the announced reduction of the guaranteed interest rate to 1.75 % from 2012 onwards did not lead to a significant increase in demand in the reporting year. According to provisional figures provided by the German Insurance Association (GDV e.V.), the premium sum of new business for the entire year increased to € 166.0 billion (€ 157.4 billion).

MLP brokered a premium sum of € 5.2 billion in the financial year 2011, which represents an increase of 4 % compared to the previous year (2010: € 5.0 billion). This means that we were able to maintain our market share of 3.2 % (3.2 %) under continued challenging framework conditions. Contrary to the trend in the sector, our clients also displayed great interest in making one-off payments when concluding old-age pension contracts. We were therefore able to increase our single-premium business in 2011.

Concluded new Riester contracts – comparison 2001–2011



[Figure 03]

Occupational pension provision schemes are becoming more established

Occupational pension provision made a positive contribution to the successful development at MLP. Rewarding our efforts, this form of old-age provision is becoming increasingly important within MLP's revenue structure. Since we are now one of the leading independent advisers in the field of occupational provision in Germany, we were once again able to significantly expand our business with regular premiums in the financial year 2011.

The key reasons behind the success of this business were as follows:

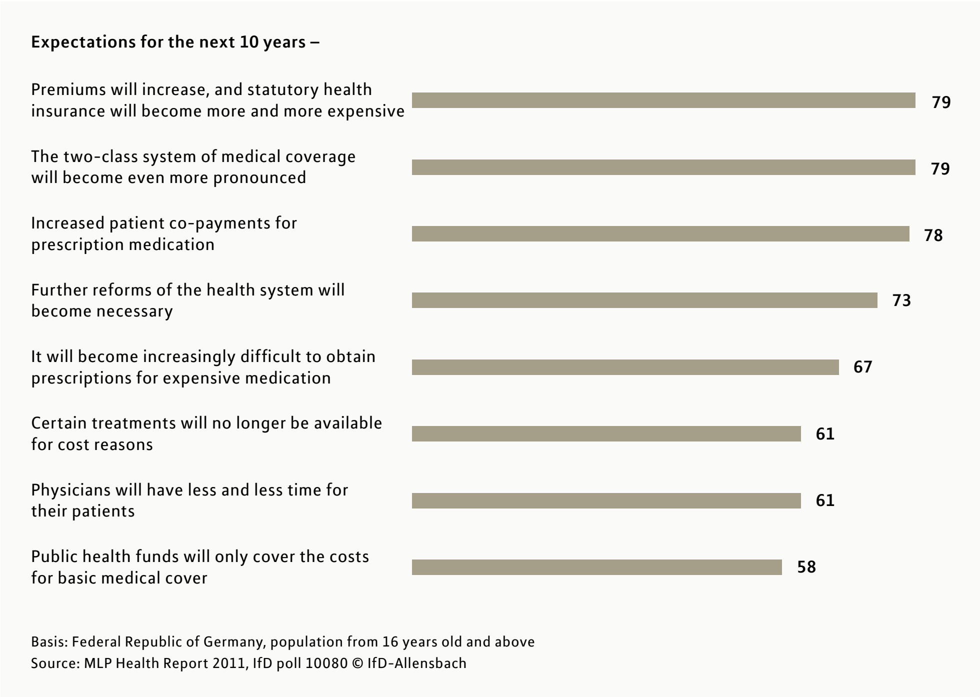
- in 2011, our business clients left the setbacks suffered during the financial and economic crisis of 2008 behind them
- the good economic situation put new life into the employment market and thereby opened up new potential for occupational pension provision
- companies increasingly used occupational pension provision as a powerful argument in the competition to win skilled staff and were therefore interested in getting advice
- new industry solutions for freelancers and the IT sector were anchored in the market

The net effect of these factors is that, in cooperation with our subsidiary TPC THE PENSION CONSULTANCY GmbH (TPC), we were able to increase the percentage of occupational pension provision relative to the total premium sum brokered by MLP to 13 % (2010: 9 %).

Health provision

Developments in the health and long-term care insurance sector in 2011 were once again shaped by the worries of many citizens that they might not be adequately covered in the event of illness or need for long-term care. As underlined in the 6th MLP Health Report, published together with the Allensbach Institute at the end of November 2011, only 16 % of German citizens believe that the current level of coverage can be maintained for all sections of the population. The vast majority, on the other hand, expects to see cost increases and further restrictions to services over the next ten years. Indeed, some 79 % expect to see increasing premiums in the statutory health

Sceptical assessment of future developments in the health system – fewer benefits, higher costs (all figures in %)



[Figure 04]

insurance funds, while 78 % are anticipating that they will have to make greater co-payments for prescription medication in future. In light of this situation, more and more German citizens are now expecting to see a "two-tier system of medical care." Over 50 % of German citizens are today already worried about their financial insurance coverage, should they require long-term care.

Private health insurance enjoying healthy growth

As a consequence of the aforementioned factors, a large number of people once again elected to opt out of the statutory health insurance system in the financial year, making the switch to private coverage. Those still prevented from opting out of the statutory system and joining a private health insurance scheme in 2011 due to their financial situation were at least able to reduce their perceived risk by taking out supplementary health insurance policies. Besides increasing scepticism regarding statutory insurance coverage, one legal change actually had a positive effect. Since January 1, 2011, employees holding statutory insurance policies can make the switch to comprehensive private insurance if they have exceeded the so-called annual earnings threshold (in 2011, € 49,500 per annum) in a single year (previously they had to demonstrate their eligibility over a period of three years).

This stimulated a high level of demand for private health insurance contracts throughout the sector. According to data published by the Association of Private Health Insurers, the number of people holding comprehensive health insurance increased by 54,000 in the first half of 2011 to a total of 8.95 million people. New business was therefore more than 20 % up on the first half of 2010. In addition to this, 118,700 new supplementary insurance policies had been taken out by mid–2011 – significantly more than the 77,000 concluded in the same period of the previous year. We provide an indication of the effects we are expecting to see in the future based on the altered framework conditions in the field of health insurance in the "Forecast" chapter, see Page 85 et seq.

MLP also benefited greatly in the financial year from the altered legal framework conditions that allow citizens to switch from statutory health insurance funds to private health insurance funds. Since we generally advise young clients to conclude a so-called option tariff as a way of securing their current health condition in the event that they decide to join a private medical scheme at a later date, many of our clients were able to make the switch to private health insurance in 2011.

We also offered clients remaining in the statutory insurance system more targeted information on supplementary health insurance policies. Our new contracts in the reporting year primarily revolved around supplementary dental insurance policies, supplementary hospital insurance policies and supplementary long-term care insurance policies.

Overall, MLP generated sales revenue of € 79.9 million in this core business field in the reporting year (2010: € 61.3 million). This corresponds to an impressive increase of 30.5 %. Thus, we were able to continue our previous successes in the field of health insurance, having already enjoyed a 31.8 % increase in sales revenue in this segment the previous year.

Wealth management

A representative survey performed by the Forsa Institute shows that the desire for security on the part of investors had a profound effect on their behavior in the financial year 2011. Volatile capital markets and the debt crisis in Europe were two major causes of concern for German citizens. Set against this background, 62 % of those surveyed stated that their primary goal was to maintain the value of their investments.

Many investors also simply refused to make any new investments. According to data provided by the German Association of Investment and Asset Management (BVI e.V.), the volume of assets controlled by fund management companies in Germany fell by 2.5 % in 2011. At the end of the year, the total funds under management were € 1,783.0 billion, as compared to € 1,829.6 billion in the previous year.

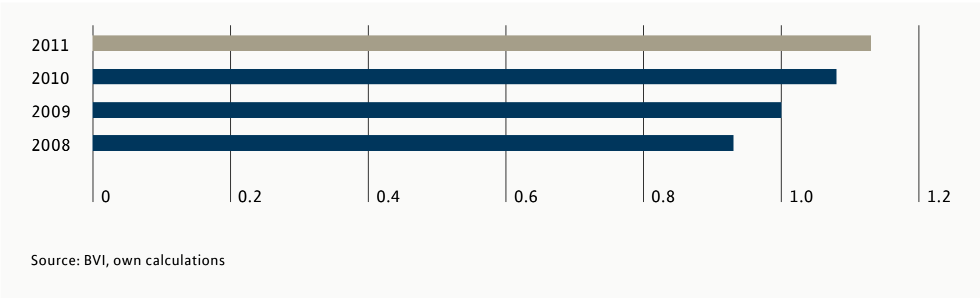
However, according to provisional figures provided by the German Bundesbank, demand deposits at banks increased by 0.5 % up to November 2011, reaching € 446.3 billion. Short-term time deposits also increased by 11.6 % to € 483.9 billion in the same time period. Investors were clearly keen to keep their options open and invest their money as flexibly as possible. The total monetary assets of German households were around € 5 trillion (2010: € 4.7 trillion).

Despite the turbulence in the capital markets, the field of wealth management enjoyed a positive development at MLP in the reporting period. The assets we manage had a total value of € 20.2 billion at the end of 2011, compared to € 19.8 billion at the end of 2010 with new business from institutional investors being the key contributor.

For us, winning new mandates clearly demonstrates that the market is responding well to the consistent expansion of our core area of wealth management with the complete acquisition of Feri AG (operating under the name of "Feri Finance AG für Finanzplanung und Research", Bad Homburg v. d. Höhe, until January 1, 2012) completed in the reporting year. Feri's core competencies lie in the field of investment consulting, wealth management, economic research and rating. The acquisition of this renowned wealth management firm was an important strategic milestone for MLP.

Feri enjoys a strong position and an enviable reputation in both the German and international wealth management markets. Together with Feri, MLP has now climbed into the premier league of investment managers. We are the largest independent wealth management consulting firm in Germany. At the end of 2011, the market share of the MLP Group (measured by the level of total assets under management) increased by 4.7 % to 1.1 %. The Executive Board will continue to focus its efforts on further expanding the field of wealth management. See also the "Forecast" chapter on Page 85 et seq.

Development of MLP's market share in Wealth Management (all figures in %)



[Figure 05]

Desire for security increases demand for property financing

Due to the increased desire for security and the low rates of interest on offer for mortgages, investments in property proved extremely popular in 2011. In a survey performed by the Forsa Institute, 44 % of those surveyed indicated a preference for property in their personal capital accumulation strategy. Another 23 % of those surveyed praised rental property as an ideal form of investment.

Demand for property financing therefore picked up throughout the sector. We are also benefiting from this trend, and our consultants brokered loans with a volume of € 1.3 billion (2010: € 1.2 billion), the highest level in MLP's history. Through the cooperation with MLP Hyp GmbH in Schwetzingen, we were able to filter out the best conditions for our clients from over 200 offers, while at the same time offering personalized and high-grade financial consulting.

Competition

The competitive situation in the German financial services sector did not see any appreciable changes in 2011 compared to the previous year. With a large number of banks, insurance companies, free investment advisers and finance brokers, the sector continues to display a heterogeneous structure. However, the consultants advising clients have different levels of qualification. This makes it extremely difficult for consumers to recognize the differences between various consultants and brokers. The legislator once again aimed in the reporting period to further extend consumer and investor protection – an issue that MLP explicitly supports.

Targeting greater transparency

In this vein, the Investor Protection and Functionality Improvement Act ("Anlegerschutz- und Funktionsverbesserungsgesetz"), often simply referred to as the Investor Protection Act, was passed in April 2011. According to this legislation, investment consultants must comply with new professional requirements and, from 2012 onwards, also put their name on a new register set up by the Federal Financial Supervisory Authority ("BaFin"). In cases where clients have been given incorrect advice, BaFin can in future issue reprimands and also forbid the bank from deploying the consultant in question for investment advisory services over a period of up to 2 years. Now, banks are also obliged to provide their clients with product information sheets, detailing all the important product information, within the scope of their consulting. These regulations apply to securities service providers such as MLP. For the section of the market that has been largely unregulated to date and which does not fall under the supervision of the Federal Financial Supervisory Authority, the Bundestag passed an Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products ("Novellierung des Finanzanlagenvermittler- und Vermögensanlagenrechts") in October. Among other things, this new legislation stipulates professional requirements for the brokerage of open and closed funds by commercial brokers and largely transfers the information, consulting and documentation obligations of banking institutes to this market.

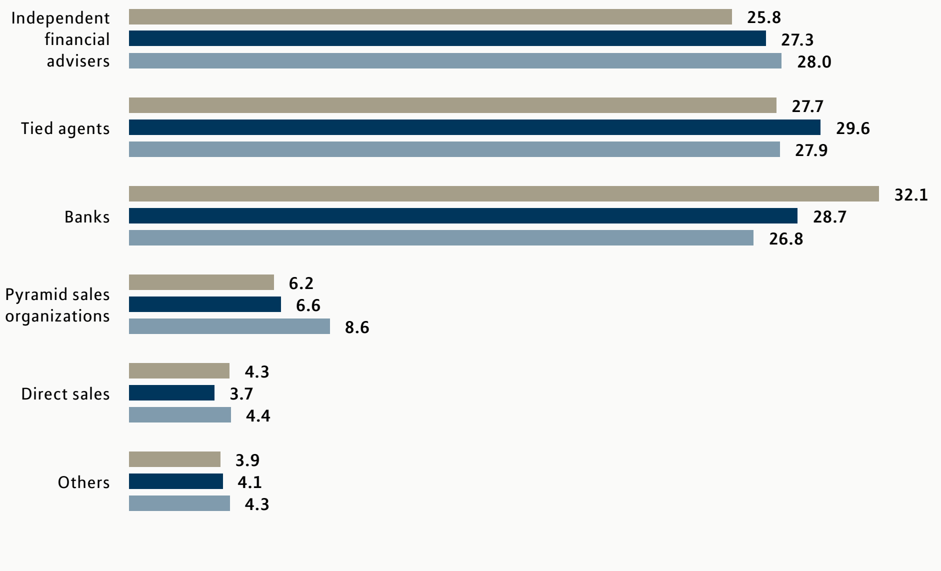
We had already implemented many of the requirements now prescribed by the legislator in the form of rules and standards years ago and are therefore in a position to benefit from the early alignment of our company to future requirements. Thus, the legal amendments now in place only require minimal changes to be made at MLP in the reporting year.

Yet despite the legislator's commitment to making the financial services market more consumer-friendly, the industry was still a long way from resolving all the issues in 2011. The various sales channels employed in the sector are still not being addressed fairly, consistently or equally. For example, BaFin is responsible for supervising banks – which also includes MLP due to its full banking licence – while free brokers are only subject to supervision by municipal inspectorates. However, it is our opinion that the trade supervisory authorities have neither the staff nor the expertise to perform this complex duty correctly.

As a holistically aligned financial and investment advisory company, we support market regulation that is based on quality and transparency. For this reason, we also played our part in influencing political opinions in the financial year 2011. Our goal here was to strengthen investor protection and achieve uniform regulations for all financial services providers. In addition to this, we are still pushing for the introduction of legally protected job profiles.

Independent financial consultants remain extremely successful in brokering new life insurance policies. The 2011 Sales Channel Survey, performed by corporate consultancy Towers Watson, shows that independent brokers are the third most important sales channel for life insurance policies in the industry. According to the latest figures, their market share was 25.8 % in 2010 (2009: 27.3 %). The banks achieved a market share of 32.1 % (2009: 28.7 %), while tied agents recorded a market share of 27.7 % (2009: 29.6 %). According to data published by Towers Watson, independent brokers are also the second most important sales channel for private health insurance contracts with a market share of 40.4 % (2009: 39.6 %). These results fill us with confidence for the future. You can find more detailed information in the "Forecast" chapter on Page 85 et seq.

Market shares of various sales channels for life insurance products in Germany 2008, 2009 and 2010 (all figures in %)



Source: Towers Watson

[Figure 06]

BUSINESS MODEL AND STRATEGY

Business model: Independent financial and investment consulting

MLP is the leading independent consulting firm for financial advice in Germany. Supported by extensive research, the Group advises both private and corporate clients, as well as institutional investors. The key aspect of the consulting approach is the independence from insurance companies, banks and investment firms.

Our founding idea, which remains the key basis of our business model to this day, is to provide well-founded advice to academics and other discerning clients throughout their life. We develop holistic financial plans for our clients, incorporating all aspects of private and occupational pension provision, health provision, wealth management, insurance, financing and banking. The Feri Group, now 100 % controlled by MLP, also looks after the needs of institutional investors and large personal estates both at home and abroad.

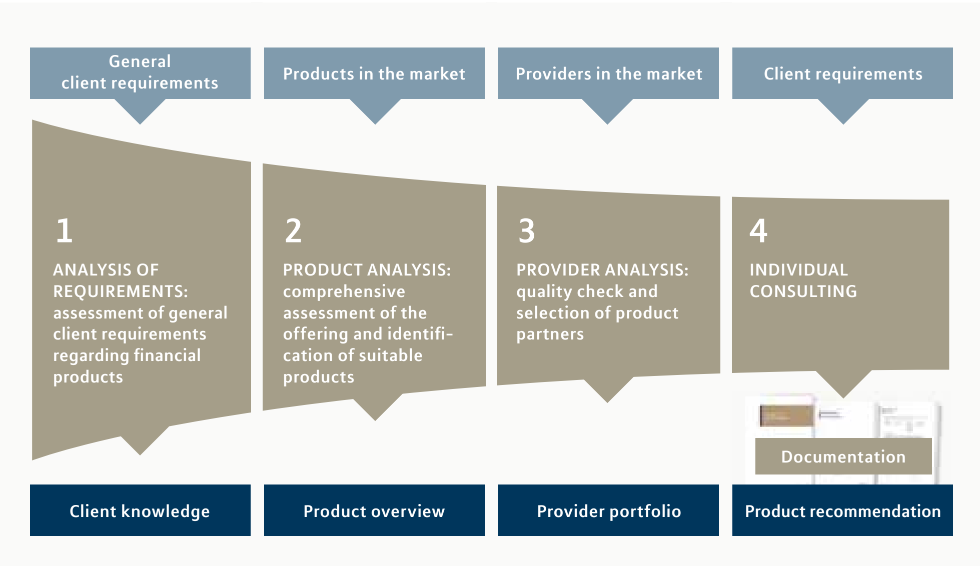
We always aim for long-term relationships with our clients, focusing our attention on their needs and the benefits that can be achieved for them. Our consultants typically get to know their future clients during their time at university and then maintain these contacts over decades. During consultations, our consultants initially query clients to determine their plans and desires, find out about their economic background and then select the most suitable solutions for each client from the broad scope of offers in the market. The objective of this approach is to establish a sustainable and tailor-made financial plan that allows our clients to reach their financial goals in the long term.

We have been demonstrating how well our business model works for more than 40 years. Indeed, MLP has been focusing on providing sound advice to academics since the company was founded in 1971. We therefore know and understand exactly what the requirements of academics and their families are and cater to their needs accordingly. In the reporting year, our private clients in particular included physicians, dentists, pharmacists, lawyers, engineers, computer scientists, natural scientists and economists.

Academics generally place great emphasis on the quality of their financial advice and also demand a high degree of transparency. It is therefore a matter of course for us that our clients are able to grasp and follow our financial plans and the resulting product recommendations. Therefore, we worked hard in the financial year on further increasing the transparency of our product selection process and also published this on the internet.

Products are selected on a completely independent basis, as MLP is not affiliated with any banks, insurers or investment companies. The following figure depicts our product selection process.

MLP's product and partner selection process



[Figure 07]

An innovative method of comparison, which we have developed over the last few years together with the Institute for Financial and Actuarial Sciences ("Institut für Finanz- und Aktuarwissenschaften"; ifa) at the University of Ulm, forms a key part of the product selection process. It assesses the likelihood of various returns materializing during the contractual term of old-age provision products – also taking into account the associated costs in each case. The risk-return profile simulates around 10,000 capital market scenarios in the process. This allows us to say with the greatest possible certainty that the selected products are aligned optimally to the risk appetite of each individual client.

Thanks to our research units, we are also kept continually and comprehensively informed at all times of events taking place on the capital markets. Our specialists constantly observe the trends in the markets and then pass on the most important information at regular intervals to our consultants. This ensures that all offices are kept permanently up-to-date.

Stable, well-founded client relationships require our consultants to regularly extend their knowledge and expertise. Qualifications and further training are therefore of key strategic importance to MLP. We make continued investments here to ensure that our consultants maintain and build on an excellent level of knowledge. We always aim for the highest quality standards. You can find further information on qualifications and further training at the MLP Corporate University in the "Client support" chapter (Page 58 et seq.).

Despite the large number of banks in Germany, we were once again able to increase our client numbers (gross) in 2011 by 34,600. We were therefore supporting a total of 794,500 clients as of December 31, 2011 (2010: 774,500).

Strengthening the field of wealth management

As a reliable partner to our clients, we continuously further develop our portfolio of services. In this vein, we have in particular strengthened our wealth management offer:

- in 2006, we acquired a 56.6 % stake in the renowned investment consulting and administration company Feri AG (operating under the name of "Feri Finance AG für Finanzplanung und Research" until January 1, 2012).
- MLP Finanzdienstleistungen AG has had its own full banking licence since 2007.
- in 2011, MLP then acquired the remaining shares in Feri AG and thereby set a strategic milestone in the company's history.

Measured by assets under management, we have progressed to become Germany's largest independent consulting firm. We are now able to offer our clients full-scope wealth management services – starting from account management and stretching all the way up to high-level services such as the management of family offices. These are operated on behalf of major family estates, which generally consist of private, company and foundation funds. The asset owners are generally keen to secure and optimize their assets over generations through expert consulting from specialists. With Feri, we currently support many wealthy families in this endeavor.

Institutional investors also receive the full scope of services from companies in the Feri Group – from development and implementation of tailor-made investment strategies, right through to regular risk management and risk control.

Full portfolio of services in the field of occupational pension provision

We offer corporate clients independent consulting and concept development in all areas of occupational provision and remuneration, as well as asset and risk management. Together with our subsidiary TPC, we support companies of all sizes with services ranging from requirements analyses, through concept development and implementation, all the way up to continuous inspection and adjustment of their occupational provision strategy.

Strategy

Number One among our clients

MLP targets profitable growth and sustainable increases in our company value – for the benefit of our clients, employees and shareholders. To this end, MLP is engaged in a system of active value management. Starting with clear positioning – as an independent consulting firm for financial and investment consulting – we consistently tap the dynamics of the growth areas in the German financial services market. We develop holistic financial plans for private clients, covering the fields of old-age and health provision, wealth management, financing, insurance and banking. In addition, we also offer tailor-made solutions for large estates, institutional investors and corporate clients.

Since we operate a quality-driven business model, client satisfaction plays a key part in our future company development. MLP's primary objective here is to be the absolute Number One among all clients. In concrete terms, this means that MLP is the first point of contact for clients in all questions pertaining to finance and wealth management.

We continuously strengthen our core fields of expertise within the scope of our profitable growth strategy. Alongside organic growth, we have always been open to making further acquisitions. However, from today's perspective we are unlikely to make any key purchases in the foreseeable future in our core business area, i.e. advising academics and other discerning clients through MLP Finanzdienstleistungen AG. This is largely due to potential acquisitions demanding prices that are simply too high or requiring too much additional investment. Added to this is the fact that we would also have to overcome major cultural differences in many cases – not least with regard to consultant qualification and client support.

Further strengthening of wealth management operations targeted

In the segment of our subsidiary Feri AG, on the other hand, we could easily envisage making further minor acquisitions – both in the business with wealthy private clients and institutional investors. In the reporting year we initially acquired the remaining shares in Feri AG as scheduled.

This renowned company complements MLP's portfolio of services perfectly. The acquisition not only provided us with around 200 institutional investors and a considerable number of major family estates each with a value of € 5 million upwards, but also opened up high-grade asset strategies to our entire client base. This is particularly important because more and more MLP clients will be reaching the milestone age of 40 over the course of the next few years and our clients typically place great emphasis on sophisticated investment consulting at this time in their life. This opens up interesting potential for us (please also refer to the "Forecast" chapter on Page 85 et seq.).

From today's perspective, no strategic financing measures are necessary. Indeed, the Group's financial resources and liquidity are so good that acquisitions would be unlikely to require any extraordinary financing (please also refer to the "Financial position" chapter on Page 50 et seq.).

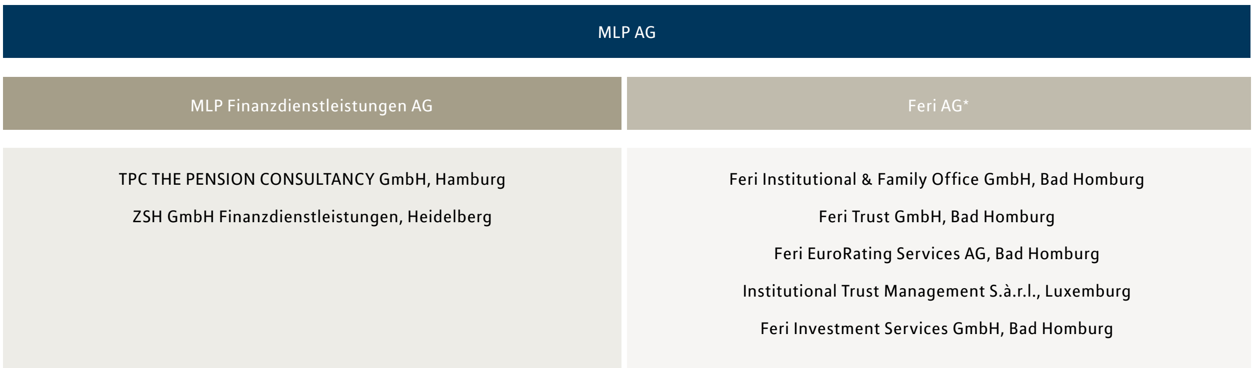
Consistent efficiency management approach increases profitability

In light of the ever-challenging market environment, above all in the field of old-age provision and with regard to the rapidly changing regulatory environment, MLP is underpinning its strategy of profitable growth with a comprehensive efficiency management approach. In the reporting year, important obstacles were overcome on the path toward further, sustainable fixed cost reductions. The Executive Board introduced numerous measures in this connection, including reducing the complexity of IT systems and lowering payroll costs at the company headquarters (HQ), which will lead to a reduction in overall administration costs – defined as personnel expenses, depreciation and amortizations and other operating expenses. To achieve this as quickly as possible, a one-off expense of € 33.4 million was accrued in the reporting period. Apart from this one-off special effect, the efficiency program already proved its effectiveness in reducing our fixed costs in the reporting year. In fact, we have already achieved € 6.3 million in savings within the scope of our 2012 total cost reduction target of at least € 30 million relative to the financial year 2010. Our target for the year 2012 remains an operating margin (before one-off expenses and acquisitions) relative to earnings before interest and tax (EBIT) of 15 % (2011: 9.6 %, 2010: 9.0 %).

Legal corporate structure and Executive Bodies

MLP is organized in a holding structure. The central management duties are performed by the Group's parent company, MLP AG. The subsidiaries MLP Finanzdienstleistungen AG and Feri AG, Bad Homburg von der Höhe, are under the umbrella of the parent company. The business units operate as segments with end-to-end accountability for results. The organization therefore reflects the Group's strategic goals and client requirements.

Actual group structure



* + further direct and indirect subsidiaries

[Figure 08]

MLP Finanzdienstleistungen AG has a full banking license and is responsible for private and corporate client consulting as an insurance broker. All internal services such as Marketing, Communication or the Client and Consultant Service are bundled at the company HQ in Wiesloch. In addition to this, our consultants support our clients at 178 offices throughout Germany. MLP Finanzdienstleistungen AG also acts as the umbrella company for our sales-oriented subsidiaries and joint ventures TPC in Hamburg, ZSH GmbH Finanzdienstleistungen (ZSH) in Heidelberg and MLP Hyp GmbH (MLP Hyp) in Schwetzingen, which we operate together with the mortgage financing broker Interhyp AG in Munich.

Feri stands for internationally recognized investment expertise

Feri is a corporate group that focuses on investment consulting/family office, as well as economic research ratings. Following the planned acquisition of the previously outstanding shares in the company in the first half of 2011, the company restructured its offering. The aim here was to separate consulting from the classic field of wealth management and thereby cater to altered client requirements.

We achieved this by merging the two former companies Feri Family Trust GmbH and Feri Institutional Advisors GmbH. The new company, Feri Trust GmbH, now performs wealth management services for private and institutional investors. At the same time, we also bundled consulting capacities for both client groups in the newly founded Feri Institutional & Family Office GmbH. The third member of the Feri Group is Feri Investment Services GmbH. This company provides investment-related services such as reporting, book-keeping and investment controlling for the Feri Group. The fourth company is Feri EuroRating Services AG, a leading European ratings agency for analysis and evaluation of investment markets and investment products, as well as one of the leading European economic research and forecast institutes. This new structure allows us to focus more effectively on expanding individual business areas.

No important changes to the Group's legal structure are currently planned.

Organization and administration

MLP is a German consulting firm based in Wiesloch, Baden-Württemberg. In the reporting year, MLP's management was made up of four Executive Board members, whereby one new member joined the Executive Board and one left. Reinhard Loose is the new member, assuming the role of Chief Financial Officer in February 2011. Ralf Schmid, Chief Operating Officer in the MLP Group and member of the Executive Board at both MLP AG and the subsidiary MLP Finanzdienstleistungen AG, left both Boards on March 31, 2011. His duties were distributed among the remaining members of the Executive Board.

The Supervisory Board, which is responsible for monitoring the Executive Board under German law, was made up of six Supervisory Board members in the reporting year.

Nationwide network of offices

We are Germany's leading independent financial and investment consulting firm. In the financial year 2011 we generated virtually 100 % of our revenue in our domestic market of Germany. Our client consultants and offices are represented in all German urban centers. We have several locations with multiple offices, some of which we merged as a way of making them more effective and tapping further efficiency potential.

As of December 31, 2011, we operated 178 own representative offices (2010: 192) with 2,132 consultants across the Group (2010: 2,273). The average number of consultants per MLP office is 12 (2010: 10 consultants per office). The following map shows the main locations of our offices:

MLP locations in Germany

[Figure 09]

We place great emphasis on high-quality consulting. In addition to our qualification and further training offers, we also secure this through comprehensive processes and an extensive controlling system. You can find further information on sales controlling in the "Company objectives and corporate management" chapter on Page 38 et seq.

Research and development

Since our consulting firm is a service provider, we are not engaged in any research or development work.

EXPLANATORY REPORT ON THE DISCLOSURES PURSUANT TO § 176 (1) OF THE GERMAN STOCK CORPORATION ACT (AKTG), § 289 (4), § 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

Composition of capital

As of December 31, 2011, the company's share capital amounts to € 107,877,738 and is divided into 107,877,738 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP AG's shares.

Capital stakes

The German Securities Trading Act ("Wertpapierhandelsgesetz") requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority ("BaFin") thereof. The lowest threshold for the duty of notification to apply is 3 %. Any stakes that reach or exceed 10 % of voting rights must be recorded in this explanatory report. MLP AG has been notified of two shareholders that directly or indirectly exceeded 10 % of the voting rights:

	Shareholding*	Number of shares*
Dr. h. c. Manfred Lautenschläger[1)]	25,205,534[1)]	23.36 %
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH	22,618,932	20.97 %
Harris Associates L.P.	10,813,991	10.02 %

* Status known to MLP AG as of December 31, 2011

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.

[Table 03]

Shares with special control rights

Shares which confer special control rights have not been issued.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP AG has in the past issued shares to employees within the scope of its employee participation program, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.

Legal stipulations and provisions in the Articles of Association regarding the appointment and replacement of members of the Executive Board

The appointment and replacement of members of the Executive Board are governed by §§ 84 and 85 of the German Stock Corporation Act ("Aktiengesetz"). 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 Chairperson and one or more vice Chairpersons.

Amendments to the company's Articles of Association

In accordance with § 179 (1) of the German Stock Corporation Act ("Aktiengesetz"), 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 ("Aktiengesetz"), § 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. However, the Supervisory Board is authorized, pursuant to § 21 of the company's Articles of Association, to make amendments to the company's Articles of Association that affect the version.

Authority of the Executive Board to issue or buy back shares

Based on a resolution passed at the Annual General Meeting on May 20, 2010, the Executive Board is authorized to increase the company's share capital by up to € 22 million in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015, subject to the consent of the Supervisory Board. With the consent of the Supervisory Board, it is also authorized to exclude the subscription right of shareholders to participate in the issue of shares in exchange for non-cash contributions.

If the share capital is increased in exchange for cash contributions, the shareholders are to be granted a subscription right. However, the Executive Board has been authorized, 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 authorization is subject to the condition that shares issued in exclusion of subscription rights as per § 186 (3) Sentence 4 of the German Stock Corporation Act ("Aktiengesetz") do not exceed 10 % of the share capital, either at the time of coming into effect or at the time it is exercised (authorized capital).

A resolution passed at the Annual General Meeting on June 10, 2011 also authorized the company, as per § 71 (1) No. 8 of the German Stock Corporation Act ("Aktiengesetz"), to purchase as much as 10 % of the share capital during the authorization period up to December 9, 2013. No shares or derivatives for buying back own shares were bought by the company on the basis of this authorization up to December 31, 2011.

Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer, Reinhard Loose and Muhyddin Suleiman contain a clause stating that they are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10 % at the time at which the contracts were concluded, 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 four-fold 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. For all members of the Executive Board, the remuneration to be paid in the event of a change of control corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The employment contract of Dr. Schroeder-Wildberg runs to December 31, 2012, the employment contract of Mr. Bauer runs to April 30, 2015, the employment contract of Mr. Reinhard Loose runs to January 31, 2014 and the employment contract of Mr Suleiman runs to September 3, 2017. Should any of these contracts be terminated in the two years prior to their regular end date, compensation will only be due on a pro rata temporis basis.

COMPANY OBJECTIVES AND CORPORATE MANAGEMENT

Company objectives

Goal: sustainably increasing company value

We are striving to sustainably increase our company value – for the benefit of our clients, employees and shareholders. To this end, MLP is engaged in a system of active value management. We consider sustainably increasing our company value and continually strengthening the brands of the MLP Group as one of our central missions. We consistently anchor and reinforce the strategic competitive advantages and success factors of our consulting firm.

The operating processes are controlled using an integrated management system, whereby the planning and control systems are tailored to an organization with independent consultants. In addition to this, we apply a holistic management system for the associated opportunities and risks, employing in-house quantitative and qualitative data on our current business success. We also keep a close eye on how the sector environment is developing.

Benchmark comparisons allow us to examine our period data in relation to the key market indices published and then derive any necessary measures for our corporate management from the developments. Information such as the results of market research projects from the competitive environment help us keep track of the situation and see where we stand.

Corporate management

Non-reliance on borrowed capital

The central control variables are earnings before interest and tax (EBIT) and total revenue (sales revenue). We are able to concentrate on these control variables because our consulting firm operates largely without the need for borrowed capital and has low capital intensity. We increase our company value through profitable growth and a rising EBIT margin.

Further key controlling figures, which we can also use to draw conclusions regarding future revenue include: revenue per consultant (productivity), revenue per client and assets under management. These figures are complemented by the number of consultants and the number of clients.

Our key controlling figures at a glance:

Selected key controlling figures

	2010	2011	Growth in %
Total revenues in € million	522.6	545.5	4.4 %
EBIT (continuing operations) in € million	47.0	52.3 (adjusted*)	11.4 %
EBIT margin	9.0 %	9.6 % (adjusted*)	6.7 %
Number of consultants	2,273	2,132	–6.2 %
Productivity (revenue per consultant) in €	204,000	230,000	12.8 %
Number of clients	774,500	794,500	2.6 %
Assets under Management in € billion	19.8	20.2	2.0 %

* Adjusted by one-off expenses from the Investment and Efficiency Program (you can find further information on our Investment and Efficiency Program in the chapter "Significant events that affect business" on Page 43).

[Table 04]

Set against the background of our service pledge, our goal is to control all processes in such a way that MLP clients can rely on our consultants being committed to the same holistic consulting approach in every respect and at every MLP location.

Corporate management must therefore implement procedures which guarantee that all consultants, all employees and every team actively supports MLP's strategic objectives. We continued working on this in 2011 and were able to further refine our tried-and-tested management system. To help achieve this, we brought together previously solitary-working teams involved in controlling tasks to form a central controlling unit. This not only allows us to secure even greater planning quality, but also to achieve greater transparency while at the same time getting the greatest possible benefit out of personnel cost synergies.

The central control program "ISA" (Integrated Strategic Agenda) introduced back in 2010 continued to prove its usefulness in the reporting year. The structure of this instrument is similar to a balanced scorecard. Corporate objectives are broken down to all divisions using ISA. This ensures end-to-end incorporation of all organizational units and integration into the planning and management process.

ISA gives all divisions/departments within the company the opportunity to get involved and have a comprehensive say in the planning of objectives. This promotes motivation and increases planning quality throughout the organization. At the end of the obligatory ISA process (applied consistently throughout the Group), measurements are performed to assess the degree to which the objectives set by the units themselves have been achieved. ISA provides the Executive Board with a high degree of transparency in the value-added process. ISA also allows management to intervene directly and accurately in the event that any undesired developments are starting to emerge. Overall, our planning cycles and control processes are precisely defined and "mesh with one another" in a targeted fashion.

Sales controlling and cost controlling

Sales controlling records the daily sum of all new contracts signed and registered at the branch offices in all fields of consulting. The actual figures are then compared against the projected figures stipulated by the business units and monitored across periods. The management is kept up-to-date on all important events via compressed management reports. These reports are used in decision-making processes and are an important instrument for continuous monitoring of our business success.

Cost controlling is also in focus within the scope of our efforts to increase efficiency. We monitor costs with the same degree of accuracy as revenue, and cost center owners are appointed in all areas to secure accurate reporting.

Important management and control element: Risk management

Corporate management also relies on precise observation of risks in this context. Risk management is permanently anchored in MLP's corporate management strategy with the objective of detecting and assessing risks as early as possible. The division leaders are initially responsible for this and must ensure that the risks are continuously detected and evaluated when and where they occur. However, since division leaders also bear accountability for results, this allows us to create a powerful interface between risk management and operating controlling.

The division leaders are also committed to observing risks, as the objective is to continuously develop the organization further and be able to react quickly to changing market conditions. Among other things, emphasis is placed on the following questions here:

- are we reacting appropriately to trends and changes in the market?
- are our success factors effective and sustainable, for example in the light of the activities of some competitors?
- are we fast enough?

Our streamlined organizational structure with its short decision-making channels help the Executive Board to react quickly and implement any measures deemed necessary without delay. To ensure that the Executive Board is kept up-to-date on all events, it receives regular risk reports on the risk-bearing capacity and risk burden of individual units. We have compiled more detailed information on this in the "Risk and disclosure report" on Page 65 et seq.

Key figures and early indicators used by corporate controlling

We regularly use simulation scenarios to be able to assess the success of our business. In addition to the control variables already mentioned, the key figure of "brokered new business" performs an important indicator function. Brokered new business forms the basis of our revenues from commissions and fees. At the same time, brokered new business also gives an indication of the operating success of our business in the current year.

The key for the field of old-age provision is the new business with life, pension and occupational disability insurance policies. In the field of health provision, it is the monthly health insurance premium concluded per client. The main KPI in the field of wealth management is assets under management. And the financing division focuses primarily on the value of loans issued.

In addition to monetary early indicators, we also monitor our consultant turnover rate (staff fluctuation) on a continuous basis. We are always keen to secure the best consultants in the industry by convincing them of the merits of our business model. We therefore aim for an annual consultant turnover rate of 12 % to 15 %. Our high-quality qualification, further training offers, MLP's open corporate culture and the comprehensive support our consultants receive from our head office have all proven valuable incentives in keeping consultants loyal to the company. The consultant turnover rate dropped to 12.2 % in the financial year 2011.

Early indicators – Comparison of the actual and forecast development of business

	2010	Target 2011	Actual figure achieved in 2011
Arranged new business in old-age provisions in € billion	5.0	no external disclosed target	5.2
Arranged new business in loans and mortgages in € million	1,219	no external disclosed target	1,327
Fluctation of consultants	16 %	12 %–15 %	12.2 %

[Table 05]

Comparison of the actual and forecast development of business

Qualitative revenue forecast

At the start of 2011, we submitted a qualitative forecast for our revenue development. We expected to see stable revenue progression for 2011 in our old-age provision segment. With growth in sales revenue of 1.6 %, we achieved our forecast figures and were even able to slightly exceed them.

In the field of wealth management, our forecast for rising sales revenue also proved accurate, although the actual increase was only moderate at € 0.3 million. This was largely down to the uncertainty felt by many investors in the wake of the turbulence on the capital markets in the course of discussions regarding the European debt crises. This issue had negative effects throughout the sector in the second half of the year, but above all in the consumer business.

We expected to see rising sales revenue in the field of health provision, which we then clearly achieved in the financial year with a 30.5 % increase in revenue. In addition to the increasingly sceptical general perception of statutory insurance coverage, a legal amendment that makes it easier to switch to private health insurance also had a positive effect (please also refer to the chapter "Industry situation and competitive environment" on Page 22 et seq.).

Quantitative cost forecast

To improve the results of the company's operations, at the start of the financial year 2011 we announced our goal of reducing the fixed cost base (defined as the total of personnel expenses, depreciation and amortizations, other operating expenses) by a further € 20 million by the end of 2012. We pushed ahead with these plans in April 2011, bringing forward planned efficiency measures to the financial year 2011. The objective now is to reduce fixed costs to € 249 million by the end of 2012 – which corresponds to a reduction of € 30 million over the financial year

2010. At the same time, we also communicated in April that one-off expenses of around € 30 million would be accrued in the financial year 2011 due to the concentration of efficiency measures. In fact, these one-off expenses amounted to € 33.4 million. The investment and efficiency program already led to a reduction in fixed costs adjusted for one-off expenses of around € 6.3 million in 2011. We are sticking to our target of reducing our annual fixed costs to € 249 million by the end of 2012.

Fulfilment of objectives in 2011 and 2012 target figures

	2010	Target 2011	Actual figure achieved in 2011	Target 2012
Revenue old-age provision	€ 288.3 million	stable	€ 292.9 million	moderate growth
Revenue health insurance	€ 61.3 million	growth	€ 79.9 million	moderate growth
Revenue wealth management	€ 78.5 million	growth	€ 78.8 million	growth
Fixed costs	€ 279.1 million	no disclosed target	€ 306.2 million (adjusted: € 272.8 million*)	€ 249 million
Results of operations (EBIT margin)	9.0 %	no disclosed target	3.5 % (adjusted: 9.6 %*)	15 %
Finance cost	€ 0.0 million	no disclosed target	€ –0.2 million	no disclosed target
Tax rate	27.6 %	approx. 30 %	34.9 %	approx. 32 %

* Adjusted by one-off expenses from the Investment and Efficiency Program.

[Table 06]

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.

In addition to reimbursement of expenses, which also include training, members of the Supervisory Board receive a fixed payment. Further details and information on individualized payments are disclosed in the remuneration report in the “Corporate governance” section of this Annual Report from Page 106 onwards. This remuneration report is part of the management report.

RESULTS OF OPERATIONS

Significant events that affect business

Conditions in the sector remain challenging due to the turmoil on capital markets and debates on the European debt crises

Our total revenue increased by 4.4 % to € 545.5 million in the financial year 2011. This was attributable to the increase in our revenues from commissions and fees across all branches of consulting and to a € 3.0 million year-on-year increase in interest income as a result of higher client deposit volumes. However, other revenue fell due to lower cost transfers to our consultants.

In the field of old-age provision, we were able to increase revenue – primarily thanks to an extremely dynamic fourth quarter. The year-on-year increase in revenue was 1.6 %. The long-term future expectations of citizens play a key role in this particular business segment. Unfortunately, these expectations continued to be compromised in 2011 by the turmoil on the capital markets and the ongoing debate about the European debt crisis. Yet MLP still succeeded in securing slight growth in this environment by providing intensive client support.

In our wealth management segment, we were also able to increase revenue from € 78.5 million to € 78.8 million. Set against the background of volatile capital markets and the discussions regarding the debt crisis in Europe, client behavior continued to be characterized by a desire for security in the financial year 2011. In particular, private investors across the industry display reservations regarding making new investments, especially in the second half of the year. Despite this, our assets under management enjoyed pleasing development, not least due to our success in advising institutional clients. Indeed, the figure even exceeded the € 20 billion mark at the end of 2011, ultimately reaching € 20.2 billion (€ 19.8 billion).

In the field of health insurance, we recorded a 30.3 % increase in revenue to € 79.9 million. In 2011, the situation in this sector was once again shaped by the worries of many citizens that they might not be adequately covered in the event of illness (please refer to the "Industry situation" chapter on Page 22 et seq.). Despite increasing scepticism regarding statutory insurance coverage, one legal amendment actually had a positive effect on our business in 2011. Since January 1, 2011, employees holding statutory insurance policies can make the switch to comprehensive private insurance if they have exceeded the so-called annual earnings threshold of currently € 49,500 (2011) in a single year (previously they had to demonstrate their eligibility over a period of three years). Demand, in particular for fully comprehensive private health insurance policies, therefore increased in the financial year.

We also recorded positive contributions in our non-life insurance segment. Here, it is evident that risk protection continues to play an important part for our clients. Accordingly, revenues from commissions and fees increased from € 27.9 million to € 28.9 million.

In the field of loans, the desire of many clients to finance property resulted in additional revenues from commissions and fees, which increased from € 12.2 million to € 13.5 million in the reporting period.

Investment and efficiency program

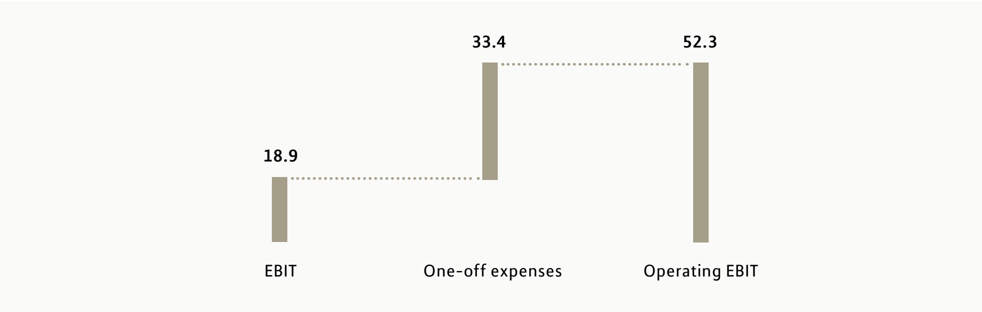
At the start of April, we launched a comprehensive investment and efficiency program that intensifies planned efficiency measures. The program focuses primarily on investments strengthening future growth. Alongside the re-alignment of our company headquarter in Wiesloch, the measures also include securing more effective support for MLP consultants and further optimisation of processes. Alongside this, we also launched extensive investments in a marketing campaign and a significant increase in visibility at our office locations.

The intensification of the efficiency measures resulted in one-off expenses of € 33.4 million in 2011. The program is targeted at achieving significant increases in efficiency, especially from 2012 onwards. Overall, MLP anticipates being able to reduce fixed costs to € 249 million in the financial year 2012 – corresponding to a saving of around € 30 million relative to 2010. This ties in with our goal of increasing our operating EBIT margin to 15 % in 2012.

Increasing operating EBIT (before one-off expenses)

Operating EBIT (adjusted for one-off expenses) also increased in line with total revenue. At € 52.3 million, it displayed an 11.3 % gain over the previous year. However, the reported EBIT decreased to € 18.9 million due to the one-off exceptional costs.

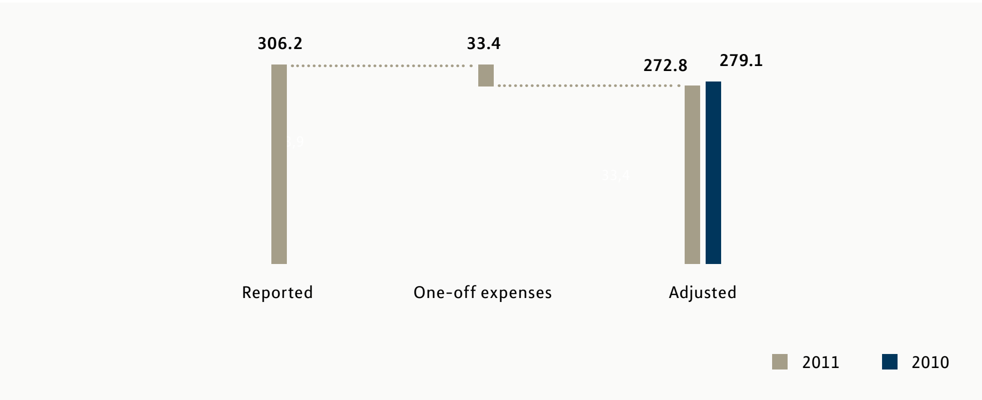
Operating EBIT (adjusted for one-off expenses – all figures in %)



[Figure 10]

By adjusting the administration costs for the one-off expenses from the investment and efficiency program, it becomes clear that MLP has already reduced its fixed costs by € 6.3 million in the reporting year to € 272.8 million.

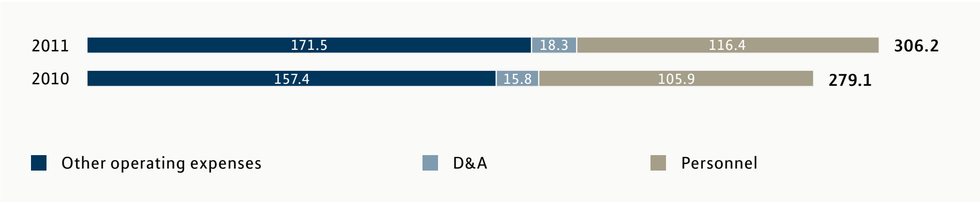
Adjusting fixed costs for one-off expenses (in € million)



[Figure 11]

Including one-off expenses, fixed costs were € 306.2 million.

Development of fixed costs from 2010 to 2011 (in € million)



[Figure 12]

Overall statement by management on the performance of the Group

Company management satisfied with development

Set against the background of framework conditions that remain challenging, we are satisfied with the way our business developed in 2011. However, the turmoil on the capital markets and the ongoing debate about the European debt crisis continued to negatively impact business. But even in this difficult environment, MLP still succeeded in securing improvements in all business areas by providing comprehensive consulting and intensive client support. Total revenue increased and the net income situation, adjusted for the one-off exceptional costs resulting from the investment and efficiency program, also displayed continued improvement.

Total net profit from continuing operations was € 12.2 million, following € 34.1 million in the previous year. Within the scope of the investment and efficiency program communicated in April last year, one-off expenses incurred, which resulted in lower earnings in the financial year 2011 than was anticipated at the time the 2010 Annual Report was published in March 2011.

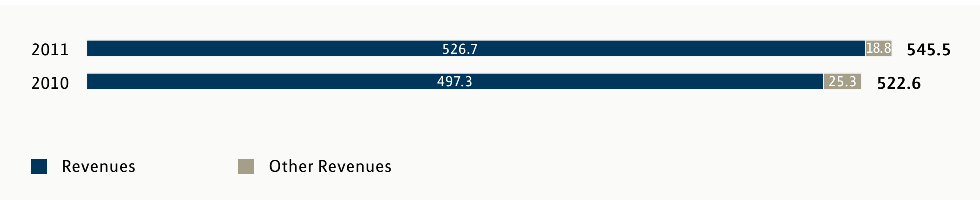
Excellent competitive position

The competitive situation in the German financial services sector did not see any appreciable changes in 2011 compared to the previous year. With a large number of banks, insurance companies, free investment advisers and finance brokers, the sector continues to display a heterogeneous structure. The quality of our consulting, our full-scope approach, including support for corporate clients and institutional investors, our focus on selected client groups and our independence are all factors that contribute to the excellent competitive position we enjoy in this environment. This is complemented and supported by our financial strength.

Analysis of the change in revenue (continuing operations)

In the last financial year, our total revenue increased by 4.4 % from € 522.6 million to € 545.5 million. However, other revenue decreased from € 25.3 million to € 18.8 million due to lower cost transfers to consultants.

Total revenues in continuing operations (in € million)



[Figure 13]

Revenue also increased, reaching € 526.7 million following € 497.3 million in the previous year. This is largely attributable to the increased revenues from commissions and fees. Added to this is an increase in revenue from the interest rate business, where we were able to generate more income than in the previous year thanks to greater client deposit volumes. Our revenues from commissions and fees increased from € 472.2 million to € 498.5 million, with all business sectors contributing to this gain. However, the most pronounced gains were made in the field of health insurance. (Please also refer to the chapter "Significant events that affect business" on Page 43 et seq.).

Breakdown of revenues from commissions and fees and interest income from continuing operations

All figures in € million	2011	2010	Change in %
Old-age provision	292.9	288.3	1.6 %
Health insurance	79.9	61.3	30.3 %
Wealth management	78.8	78.5	0.4 %
Non-life insurance	28.9	27.9	3.6 %
Loans and mortgages	13.5	12.2	10.7 %
Other commissions and fees	4.4	4.0	10.0 %
Commissions and fees	**498.5**	**472.2**	**5.6 %**
Interest income	28.2	25.2	11.9 %
Total	**526.7**	**497.3**	**5.9 %**

[Table 07]

Order situation

MLP is a pure service provider. The company offers a comprehensive consulting service that covers all questions and issues of finance for private and corporate clients, as well as institutional investors. In contrast to a production company, an organization operating under this business model is unable to calculate a key performance indicator 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 expense item in which performance-linked commission payments to our consultants, in particular, are recorded. Due to the successful business development, minor adjustments to the remuneration systems and first-time consolidation of the Luxembourg-based Institutional Trust Management Company S.à.r.l., these payments increased by 13.0 % from € 188.7 million to € 213.3 million in the last financial year. Accordingly, we recorded a commission result of € 285.2 million (€ 283.5 million).

Interest expenses fell from € 9.1 million to € 8.4 million. This allowed our net interest earnings to increase, reaching a level of € 19.8 million (€ 16.1 million).

Gross profit was € 323.8 million in the reporting period (€ 324.8 million). For one, the slight decline can be explained by higher commission expenses resulting from the successful development of our business and minor adjustments in the remuneration systems. Secondly, the lower gross revenue is attributable to the lower level of other revenue which was, however, compensated by increased revenue from the interest rate business. Accordingly, the gross profit margin fell slightly from 62.2 % to 59.4 %.

Slight decline in gross profit margin

Personnel expenses increased by € 10.5 million from € 105.9 million to € 116.4 million. This is primarily due to the one-off expenses from the efficiency program. We are anticipating a significant drop in personal expenses for 2012.

Costs influenced by one-off effects

One-off expenses also affected depreciation and amortization charges, which increased from € 15.8 million to € 18.3 million.

The one-off exceptional costs of the investment and efficiency program also had an effect on other operating expenses. Overall, other operating expenses increased by 9.0 % to € 171.5 million. The rise is mainly attributable to higher IT expenses amounting to € 6.2 million. The main cost contributor here were one-off expenses within the scope of optimizing our IT operations. In addition to this, expenses for representation and advertizing following the launch of our new image campaign were € 11.4 million, following € 7.0 in the previous year. This campaign can be seen throughout the country, both in newspapers and on television.

The expense structure in the reporting period breaks down as follows:

Breakdown of expenses

All figures in € million	2011	in % of total expenses	2010	in % of total expenses	Change in %
Commission expenses	213.3	40.4 %	188.7	39.6 %	13.0 %
Interest expenses	8.4	1.6 %	9.1	1.9 %	–7.7 %
Personnel expenses	116.4	22.1 %	105.9	22.2 %	9.9 %
Depreciation and amortization	18.3	3.5 %	15.8	3.3 %	15.8 %
Operating expenses	171.5	32.5 %	157.4	33.0 %	9.0 %
Total	**527.8**		**476.9**		**10.7 %**

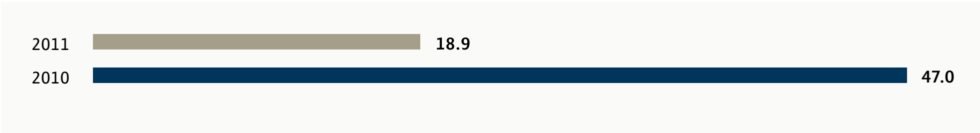
[Table 08]

Business development at MLP Hyp GmbH remained very positive. We have a 49.8 % stake in this company, which is a joint venture with the mortgage broker Interhyp. Having more than tripled in the previous year, our allotted earnings from the company reduced slightly in the reporting year from € 1.3 million to € 1.2 million ("Earnings from shares accounted for using the equity method"). Business conducted indicates that interest in financing property remains high.

At € 18.9 million, the reported EBIT is € 28.1 million below the previous year's EBIT. This dip can be attributed to the one-off expenses from the investment and efficiency program (you can find further information on our investment and efficiency program in the chapter "Significant events that affect business" on Page 43 et seq.).

EBIT affected by one-off expenses

EBIT from continuing operations (in € million)



[Figure 14]

The finance cost fell compared to the previous year from € 0.0 million to € –0.2 million. This can essentially be attributed to a reduction in other interest and similar income from € 6.3 million to € 3.3 million. This decrease was offset by the lower interest expenses. Earnings before tax (EBT) fell from € 47.1 million to € 18.7 million. Due to increased non-deductible expenses, the taxation rate increased from 27.5 % to 34.9 %. At € 6.5 million (€ 13.1 million), income tax expenditure was roughly half the previous year's level.

Earnings from continuing operations reached € 12.2 million (€ 34.1 million). Thus, earnings per share (diluted) decreased from € 0.32 to € 0.11.

Table 09 provides an overview of the earnings structure and the development of earnings and margins.

Structure and changes in earnings from continuing operations

All figures in € million	2011	2010	Change
Total revenues	545.5	522.6	4.4 %
Gross profit	323.8	324.8	–0.3 %
Gross profit margin (%)	59.4 %	62.2 %	–4.5 %
EBIT	18.9	47.0	–59.8 %
EBIT margin (%)	3.5 %	9.0 %	–61.1 %
Finance cost	–0.2	0.0	–
EBT	18.7	47.1	–60.3 %
EBT margin (%)	3.4 %	9.0 %	–62.0 %
Income tax	–6.5	–13.0	–50.0 %
Net profit	12.2	34.1	–64.2 %
Net margin (%)	2.3 %	6.5 %	–64.6 %

[Table 09]

Discontinued operations

Earnings from discontinued operations were € 0.3 million, following a virtually break-even result in the previous year. Earnings from discontinued operations are made up of expenses and income in connection with the sale of our subsidiary in Austria and the branch office in the Netherlands. This item also includes subsequent expenses and income from earlier discontinued operations and disposals.

Group

Group net profit of € 12.5 million

Overall we were able to achieve net profit of € 12.5 million (€ 34.1 million) in the reporting period. The basic earnings per share are therefore € 0.12 (€ 0.32), while the diluted earnings per share are € 0.12 (€ 0.31). The one-off expenses from our investment and efficiency program had a key effect on these figures (you can find further information on our investment and efficiency program in the chapter "Significant events that affect business" on Page 43 et seq.).

Net Profit

All figures in € million	2011	2010	Change in %
Continuing operations	12.2	34.1	–64.4 %
Discontinued operations	0.3	0.0	151.3 %
Group	**12.5**	**34.1**	**–63.3 %**
Earnings per share in € (basic)	0.12	0.32	–62.5 %
Earnings per share in € (diluted)	0.12	0.31	–61.3 %
No. of shares in million (basic)	107.9	107.9	0.0 %

[Table 10]

Appropriation of profits

We paid our shareholders € 0.30 per share in the form of a regular dividend for the financial year 2010. The total dividend was therefore € 32.4 million, which equates to a distribution rate of virtually 100 % based on earnings from continuing operations. We therefore continued our consistent dividend payout policy in 2011.

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

Dividend rises to € 0.60

Despite the one-off expenses accrued, our excellent equity capital backing and liquidity mean that we are still in a position to continue the constant dividend payout policy we have pursued over the last few years. To this end, the Executive Board and Supervisory Board will propose an increase in the dividend per share from € 0.30 to € 0.60 at the Annual General Meeting on June 26, 2012. As a consequence, our shareholders receive constant dividends and a further 30 cents per share on the basis of available liquid funds that are not needed for our operating activities. MLP thus not only offers an attractive dividend yield, but also impressive continuity for investors.

FINANCIAL POSITION

Aims of financial management

The financial management of the MLP Group is performed by a central Treasury department in cooperation with the Controlling and Risk Management departments. Our primary objective here is to secure the liquidity of the Group at all times, control the risks involved using the various financial instruments and optimize Group-wide cash management. To this end, we employ a system of rolling liquidity planning with a time frame of 15 to 18 months.

No significant liabilities or receivables in foreign currencies

There were no significant liabilities or receivables in foreign currencies during the reporting period, as we generate almost 100 % of total income in the Eurozone. It is therefore 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 39 "Financial risk management", on Page 196.

Financing analysis

MLP is a pure service provider which means that 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

The Group's equity capital backing and liquidity remain excellent. Shareholders' equity decreased slightly from € 420.0 million to € 399.3 million in the reporting period. Factors which had a significant influence on this development were dividend payments for the financial year 2010 of € 32.4 million and the net profit for the financial year 2011 of € 12.5 million. The equity ratio decreased accordingly from 27.6 % to 26.8 % (previous year's values were adjusted. The adjustments are detailed in Note 3 on Page 133). Overall, the equity capital backing therefore remains very good.

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 € 842.0 million (€ 835.7 million) are essentially made up of client deposits which have no financing function for the Group. These liabilities are offset by € 847.7 million in receivables from clients and financial institutions from the banking business (€ 828.5 million).

As provisions only account for 5.9 % (5.1 %) of the balance sheet total, they have no significant financing function for the MLP Group.

Group largely equity-financed

Other liabilities fell from € 177.7 million to € 147.6 million, whereby current liabilities were € 140.0 million (€ 170.0 million). These are essentially liabilities from operating activities. Current liabilities are offset on the assets side of the balance sheet by cash and cash equivalents of € 31.4 million (€ 50.5 million), financial assets of € 232.0 million (€ 252.7 million), as well as other current receivables and other assets of € 123.1 million (€ 115.0 million) (previous year's figures were adjusted. The adjustments are detailed in Note 3 on Page 133).

Further disclosures on the structure of our liabilities and provisions can be found in the Notes on Page 172 et seq.

As of the balance sheet date, financial commitments from rental and leasing agreements of € 14.2 million were in place for the financial year 2012. These mainly constitute liabilities from the renting of our offices, as well as leasing of motor vehicles and office machines. These can result in potential total liabilities of € 55.5 million up to the year 2017.

Other financial commitments

Capital expenditure

MLP generally finances capital expenditures from current cash flow. At € 7.8 million (€ 3.9 million), the total investment volume was significantly higher than in the previous year. This increase can be attributed to the investments made within the scope of the investment and efficiency program. In the mid-term, capital expenditure in the Group has been following a consistent downward trend since 2006. This is down to the fact that 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.

Increased capital expenditure in 2011

The majority of the funds we invested in the last financial year were in the financial services segment (€ 6.7 million). The investments focused on securing continuous improvement to the quality of our consulting and client service (please also refer to the chapter "Client support" on Page 58 et seq.). Alongside capitalizable investments we use other resources for these projects, which are recognized as expenses in the income statement.

In the Feri segment, we invested a total of € 0.8 million in intangible assets, as well as in operating and office equipment in the reporting year.

Capital expenditures

All figures in € million	2011	2010	2009	2008	2007
Intangible assets	**4.3**	**2.3**	**2.4**	**8.1**	**11.5**
Goodwill	–	–	–	1.0	–
Software (developed internally)	0.4	0.5	0.5	0.5	0.5
Software (purchased)	0.2	0.3	0.4	1.2	2.0
Other intangible assets	0,0	–	–	0.4	0.1
Payments on account and assets under construction	3.6	1.4	1.5	5.0	8.9
Property, plant and equipment	**3.5**	**1.6**	**1.6**	**4.1**	**4.7**
Land, leasehold rights and buildings	0.2	0.1	0.2	0.4	0.8
Invesment property	–	–	–	–	0.3
Other fixtures, fittings and office equipment	3.2	1.1	1.2	2.2	2.6
Payments on account and assets under construction	0.0	0.4	0.2	1.5	1.0
Total capital expenditures	**7.8**	**3.9**	**4.0**	**12.2**	**16.2**

[Table 11]

Capital expenditures 2010 and 2011 broken down by segments

	Capital expenditure		Change in %
All figures in € million	2011	2010	
Financial services	6.7	3.0	123.3 %
Feri	0.8	0.9	–11.1 %
Holding	0.3	0.0	–
Total	**7.8**	**3.9**	**99.0 %**

[Table 12]

Liquidity analysis

Cash flow from operating activities down

Cash flow from operating activities in continuing operations was € 50.4 million (€ 94.2 million). This corresponds to 9.2 % of total revenue. Here, significant cash flows result from the deposit business with our clients and from the investment of these funds. The negative change of € 45.9 million results from the change in receivables and liabilities due to clients in the banking business. This was mainly attributable to a lower relative increase in client deposits of € 61.0 million compared to the same period of the previous year. This was offset by the lower increase in receivables.

Other significant cash flows result from the negative change in receivables and liabilities due to banks in the banking business of € 15.4 million, which is essentially attributable to an increase in receivables of € 2.5 million. A decrease in receivables of € 15.3 million was recorded in the same period of previous year.

The change in cash flow from investing activities for continuing operations from € –59.5 million to € –44.0 million is essentially due to lower investments in securities of net € 1.6 million (€ 46.3 million), which are offset by greater investments in time deposits with a term of more than three months with a net total of € 35.0 million (€ 10.0 million).

The change in cash flow from financing activities for continuing operations from € –29.6 million to € –84.0 million can essentially be attributed to the acquisition of the outstanding Feri shares and to higher dividend payments.

Simplified statement of cash flows (continuing operations)

All figures in € million	2011	2010
Cash and cash equivalents at beginning of the period	**125.5**	**123.6**
Cash flows from operating activities	50.4	94.2
Cash flows from investing activities	–44.0	–59.5
Cash flows from financing activities	–84.0	–29.6
Changes in cash and cash equivalents	**–77.5**	**5.1**
Inflows/outflows due to disinvestments	3.4	–3.3
Cash and cash equivalents at the end of period	**51.4**	**125.5**

[Table 13]

As of the balance sheet date of December 31, 2011, the MLP Group had around € 171 million (€ 223 million) in cash holdings. 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 € 64.2 million over the short and medium term (one and three years), although these were not 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.

Liquidity of € 171 million

Weighted capital costs are currently not significant for the MLP Group, as the group is fully equity-financed.

Capital costs

NET ASSETS

The following disclosures take into account the adjustments to the previous year's values specified in Note 3 on Page 133.

Analysis of the asset and liability structure

As of December 31, 2011, the balance sheet total of the MLP Group was € 1,487.8 million, which corresponds to a 2.3 % decrease.

Balance sheet total slightly down

Due to depreciations and amortizations, "intangible assets" decreased from € 148.2 million to € 140.3 million, "property, plant and equipment" decreased from € 74.4 million to € 71.6 million and "investment property" decreased from € 11.2 million to € 7.5 million.

Receivables from clients and from financial institutions in the banking business increased by a total of 2.3 % to € 847.7 million. These investments are essentially re-financed through the deposits of our clients (liabilities due to clients in the banking business). Around 69 % of receivables have a maturity period of up to one year.

We reduced our financial assets in the reporting period. After reaching € 252.7 million in the previous year, our financial assets amounted to € 232.0 million on the balance sheet date. This was essentially due to the reduction in time deposits, which we also employed to finance the purchase of the outstanding shares in Feri AG.

Reduced financial assets

Assets as of December 31, 2011

All figures in € million	2011	2010*	Change in %	in % of Total 2011
Intangible assets	140.3	148.2	–5.3 %	9.4 %
Property, plant and equipment	71.6	74.4	–3.8 %	4.8 %
Investment property	7.5	11.2	–33.0 %	0.5 %
Investment of associates accounted for using the equity method	2.9	2.9	0.0 %	0.2 %
Deferred tax assets	4.7	3.3	42.4 %	0.3 %
Receivables from clients from the banking business	360.1	343.5	4.8 %	24.2 %
Receivables from banks from the banking business	487.6	485.0	0.5 %	32.8 %
Financial investments	232.0	252.7	–8.2 %	15.6 %
Tax refund claims	6.1	11.3	–46.0 %	0.4 %
Receivable and other assets	143.6	139.9	2.6 %	9.7 %
Cash and cash equivalents	31.4	50.5	–37.8 %	2.1 %
Total	**1,487.8**	**1,522.7**	**–2.3 %**	**100.0 %**

* Adjustments to the previous year's values are specified in Note 3 on Page 133.

[Table 14]

Tax refund claims saw a marked decline, reaching a level of € 6.1 million (€ 11.3 million) on the reporting date.

The item "Other accounts receivable and other assets" essentially contains commission receivables due from insurance companies resulting from the brokerage of insurance products. Since business development was stronger compared to the previous year commission receivables at the end of the year also increased by € 10.7 million to € 72.2 million.

Cash and cash equivalents decreased from € 50.5 million to € 31.4 million. This drop can essentially be attributed to the acquisition of the outstanding shares in Feri AG.

Equity ratio remains stable

The Group's equity capital backing also remains excellent. Shareholders' equity decreased slightly from € 420.0 million to € 399.3 million. Accordingly, the equity ratio fell slightly from 27.6 % to 26.8 %. Based on the net profit of € 12.5 million (€ 34.1 million), we achieved a return on equity of 3.1 % (8.1 %).

For various reasons, provisions increased from € 77.7 million to € 87.8 million (please also refer to the Consolidated Financial Statements on Page 172 et seq.).

Deposit business expanded

The deposits of our clients (liabilities due to clients in the banking business) increased by 1.0 % from € 819.3 million to € 827.4 million. This increase is largely attributable to short-term deposits held in bank accounts, credit cards and instant access savings accounts. We continued to reduce liabilities due to banks from € 16.4 million to € 14.5 million.

Other liabilities also fell by € 177.7 million to € 147.6 million. This decrease is attributable to payment of the purchase price liability for the outstanding shares in Feri AG. Significant factors within this item are current liabilities to our consultants and office managers, resulting from open commission claims (please also refer to the chapter "Financial position" on Page 50 et seq.).

Liabilities as of December 31, 2011

All figures in € million	2011	2010*	Change in %	in % of Total 2011
Total shareholder's equity	399.3	420.0	–4.9 %	26.8 %
Provisions	87.8	77.7	13.0 %	5.9 %
Deferred tax liabilities	9.4	10.6	–11.3 %	0.6 %
Liabilities towards clients from the banking business	827.4	819.3	1.0 %	55.6 %
Liabilities towards banks from banking business	14.5	16.4	–11.6 %	1.0 %
Tax liabilities	1.6	1.1	45.5 %	0.1 %
Other liabilities	147.6	177.7	–16.9 %	9.9 %
Total	**1,487.8**	**1,522.7**	**–2.3 %**	**100.0 %**

* Adjustments to the previous year's values are specified in Note 3 on Page 133.

[Table 15]

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. Sales revenue enjoyed a slight increase in the last financial year. This is due to the increase in commission and interest income, which in turn was offset by declines in other revenue. As announced, the Group's net profit situation was impaired by the one-off expenses resulting from our investment and efficiency program. However, due to our excellent equity capital backing and liquidity, our ability to pay dividends remains unaffected by this. We will also continue to work on increasing the efficiency of the Group in the current financial year and thereby target profitable growth (please also refer to the chapter "Forecast" on Page 85 et seq.).

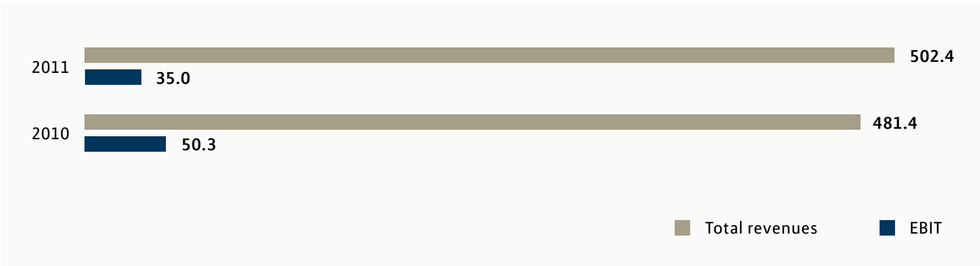
In the last financial year, we already succeeded in reducing our fixed costs adjusted for one-off expenses compared to the previous year. The Group's financial position remains positive. Our cash flow and capital expenditure developed as scheduled. Despite the increased dividend payout, the Group's liquidity remains at a healthy level. The Group's equity capital backing also remains excellent.

SEGMENT REPORT

Financial services segment

Total revenue in the financial services segment increased from € 481.4 million to € 502.4 million. This can essentially be attributed to an increase in revenues from commissions and fees in the fields of old-age provision, health insurance, non-life insurance and loans. We were also able to increase revenue from the interest rate business.

Total revenue and EBIT financial services segment (in € million)



[Figure 15]

Commission expenses, which are, to a large extent, variable increased from € 187.2 million to € 208.9 million. The reasons behind this increase were the successful business development and minor adjustments made to the remuneration systems. Interest expenses fell by 7.5 % from € 9.1 million to € 8.4 million.

EBIT affected by one-off expenses

The investment and efficiency program we launched in April has run successfully. Overall we were able to reduce our fixed costs adjusted for one-off expenses in the financial services segment in 2011. Including the one-off expenses, however, fixed costs increased from € 236.1 million to € 251.3 million in the reporting period. In this connection, personnel expenses increased from € 76.8 million to € 82.8 million, while other operating expenses increased from € 148.7 million to € 158.6 million. However, thanks to process optimizations, we were able to achieve savings in IT operations, rent and leasing, consulting services and expenses for administration operations within the "Other operating expenses" item. Depreciation and amortization fell by € 0.5 million to € 10.0 million.

Overall, EBIT decreased from € 50.3 million to € 35.0 million.

The finance cost improved by € 0.1 million, from € –0.8 million to € –0.7 million. EBT therefore reached € 34.2 million (€ 49.5 million).

Increasing new business in the old-age provision

At € 5.2 billion (€ 5.0 billion) as of December 31, 2011, new business in the field of old-age provision was above the previous year's level. We benefited from improved dynamics here, especially in the fourth quarter. Our financing volume was € 1.3 billion (€ 1.2 billion). The Group's funds under management also enjoyed pleasing development and reached € 20.2 billion as of December 31, 2011 (€ 19.8 billion).

New business

	2011	2010	2009	2008	2007
Old-age provisions (premium sum in € billion)	5.2	5.0	5.1	6.6	6.8
Loans and mortgages (volume in € million)	1,327	1,219	1,119	919	1,162
Assets under management in € billion	20.2	19.8	17.0	14.0	12.7

[Table 16]

Feri segment

The Feri segment depicts the activities of the Feri Group. Since April 2011, MLP has held the previously outstanding 43.4 % of shares in Feri AG (operating under the name of "Feri Finance AG für Finanzplanung und Research" until January 1, 2012).

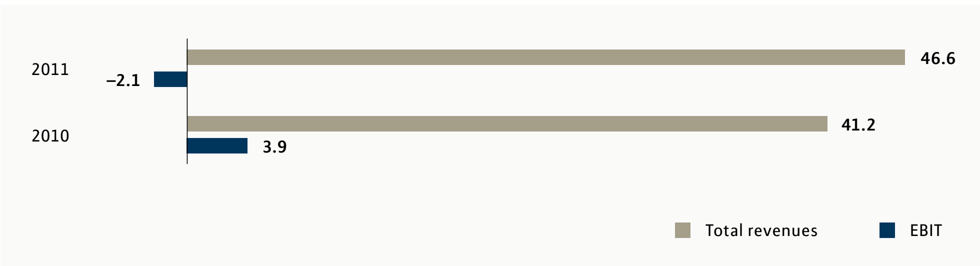
After reaching € 41.2 million in the previous year, total revenue increased to € 46.6 million. The first-time consolidation of Institutional Trust Management Company S.à.r.l., Luxembourg (ITM) made an important contribution to this 13.1 % increase.

Total revenue up

Fixed costs in the segment, also affected by the one-off expenses associated with the investment and efficiency program, increased from € 35.6 million to € 41.0 million. Commission expenses were also significantly affected by the first-time consolidation of ITM and increased from € 1.7 million to € 7.7 million. Personnel expenses were € 26.2 million, following € 23.8 million in the previous year. Depreciation and amortization fell from € 2.3 million to € 2.1 million. Other operating expenses increased from € 9.5 million to € 12.7 million.

Overall, EBIT decreased from € 3.9 million to € –2.1 million due to lower performance fees in the wake of the turmoil on the capital markets and on account of one-off expenses. Together with the finance cost of € 0.0 million (€ –0.1 million), we recorded EBT of € –2.1 million (€ 3.8 million).

Total revenue and EBIT for the Feri segment (in € million)



[Figure 16]

Holding segment

Total revenue in the Holding segment was € 10.9 million (€ 11.5 million). This decrease can essentially be attributed to the lower reversal of provisions in 2011 compared to the previous year.

The effects of our investment and efficiency program were also felt in the Holding segment. Due to the necessary one-off expenses associated with this program, total expenses increased by € 6.1 million from € 18.7 million to € 24.8 million. Other operating expenses increased from € 10.4 million to € 11.1 million. EBIT decreased to € –13.9 million, following € –7.2 million in the previous year.

Finance costs in this segment increased from € 1.7 million to € 2.7 million in the reporting period. Other interest and similar income fell slightly from € 6.9 million to € 5.5 million. Other interest and similar expenses also dropped from € 5.2 million to € 2.7 million. These two items reflect the dividend paid out by our subsidiary Feri AG and the partial distribution of the dividend to the company's other shareholders in the financial year 2011. We received a total dividend of € 2.3 million (€ 0.9 million) in the reporting period, while the dividend paid to the remaining shareholders was € 1.7 million (€ 0.7 million).

In total, we recorded EBT of € –11.2 million (€ –5.5 million) in the Holding segment.

CLIENT SUPPORT

Leading position in the field of financial consulting for academics

MLP is the leading financial and investment adviser for academics in Germany. Building on the business idea of our company founder, Dr. h. c. Manfred Lautenschläger, we concentrate our efforts on a selected target client group and offer financial advice at eye level from academics for academics. In their very first talks with our consultants, our clients learn about the added value that MLP consulting can offer them. We always aim to establish continuous dialog between clients and consultants with the objective of developing sustainable, long-term provision and financial plans.

Top marks for MLP client consulting

With our comprehensive network of offices in Germany, all of our 794,500 clients can reach us at any time without having to travel long distances. Our client focus is something that is recognized and appreciated. We regularly enjoy positive feedback from clients and the trade press regarding their experiences of working with MLP on a regular basis:

Three MLP consultants even secured a place among the top 10 in the "Financial consultant of the year" competition held at the start of 2011 by the magazine "Euro". And in the knowledge test, during which complex questions in and around the fields of old-age provision, capital investment, taxes and insurance had to be answered correctly, MLP consultants took even the top four places. In an evaluation performed by the consumer portal "Whofinance", some 74 MLP consultants ranked among the 350 best regional financial consultants. Last summer, the analysis institute "S.W.I. Finance" once again rated MLP as one of the top three mortgage lenders in Germany in a survey commissioned by the magazine "Euro". In November, our subsidiary Feri also came out on top in the investment manager test held by the publishing company "Fuchsbriefe".

Results like these motivate us to continue refining our holistic approach to financial consulting, aligned with the personal wishes and objectives of our clients. Our goal is to advise clients successfully on financial issues – covering all their financial planning requirements throughout all phases of their life. With this in mind, in 2011 MLP was one of the first financial service providers in Germany to implement a pilot project, testing a new system of feedback for clients at consultant and office level.

Product selection and partner management aimed at securing top quality

We are leaders in the field of financial consulting for academics, not least because we are able to impress this critical client group with our independence from product providers. We act completely independently of banks, investment companies and insurance companies, and only recommend products to our clients which have proven their value and have been qualified in our systematic product and partner selection process.

Within the scope of this process, we examine products available in the market to determine their product features and the economic stability of their providers. Important questions that must be answered in this regard include the following:

- Does the product provider possess the requisite economic stability?
- Are the features of the respective product in line with the requirements of our clients?
- How likely is it that the anticipated return will actually materialize?
- What degree of flexibility do the products offer to our clients?
- Is the product provider capable of sustaining a high level of service for our clients in the long term?

To ensure that the quality of product partners remains at a consistently high level, MLP consultants also regularly evaluate the service of our product partners in the old-age provision, health insurance and non-life insurance segments. In 2011, we once again honored the partners offering the best results and overall performance with the "MLP Service Award". We also presented our Investment Award again in the field of wealth management to honor funds that displayed exceptional performance relative to the relevant comparison index.

Training and further education

Anyone seeking to support the critical client group of academics in the long term needs to repeatedly demonstrate a high level of qualification in financial matters. For our consultants, sound basic training and continuous further qualification are therefore an absolute must. Indeed, the whole area of training is of key strategic importance for our company.

The MLP Corporate University, based at the company's registered office in Wiesloch, is one of only 15 corporate universities in the whole of Europe to be accredited by the European Foundation of Management Development (EFMD). The Corporate University offers training at an international level. The management team in place at the University is supported in this endeavor by an Advisory Board made up of well-known figures from the fields of science and economics.

New consultants start their career at the Corporate University. After completing their training to become certified insurance experts (IHK - Chamber of Commerce and Industry) in the first three months, every consultant undergoes further training over another 18 months before attaining the title of Senior Financial Consultant. In the years that follow, consultants then have the option of studying towards an MBA, which we offer in cooperation with partner universities.

Training at the highest level: Certified Financial Planner

In addition to the aforementioned courses, since 2010 we have also offered our consultants the option of attaining Certified Financial Planner (CFP) status in a tailor-made internal training program. This is the highest internationally recognized quality standard for financial consultants. The accreditation of the Corporate University by the umbrella organization Financial Planning Standards Board Deutschland e.V. (FPSB Deutschland) was awarded following an inspection phase of several months in parallel with the lectures already being held to the same standards. According to data published by the FPSB Deutschland, only around 1,300 financial consultants in Germany currently bear the title of CFP.

Additionally, regular further training sessions are held at our Corporate University. In some cases, our consultants also receive licenses for this, for example to provide consulting in the field of occupational pension provision to companies of certain sizes. Consultants and employees at MLP can attend summer courses, compact courses on financial topics and a large number of other specialist and personal further training offers. A total of 19,800 attendance days were recorded on campus last year.

We are also driving forward internet-based training offers, and recorded particularly impressive results with young consultants in the financial year. Here, all consultants can access the online training sessions directly from their own desk in the offices. This training format is extremely efficient and saves costs, since consultants are able to adapt their training plan flexibly to their own personal workload, requirements and responsibilities.

Consultant workplaces

Another factor behind the success enjoyed by MLP consultants is the fact that they can rely on a powerful and comprehensive system of information technology (IT). Our goal is to free up our consultants from time-consuming administrative duties as far as possible, so that they can commit their time fully to clients. We therefore continuously optimize our IT systems. One example of this is a project we launched for the introduction of new consulting software within the scope of our investment and efficiency program.

Marketing and communication

To further strengthen the MLP brand in Germany, MLP also launched a nationwide image campaign at the start of October 2011. Working to the message of "anyone committed to making their career a lifelong goal deserves the same passion from their financial consultant", the campaign places the focus keenly on academics' need for high-quality financial advice.

The campaign, with which MLP is presenting itself both on television and in magazines, strengthens the organization's position as a reliable partner and specialist in the field of financial planning for academics. The content of the campaign addresses the expectations and wishes of the various professional groups of academics with regard to high-quality consulting.

Further marketing activities in the course of MLP's 40th anniversary included an online competition that ran throughout the year on the MLP homepage and a roadshow that visited 33 university locations across Germany. Around 15,000 students displayed interest in MLP and the expertise in consulting and advising academics. A comprehensive round-up of the events can be found on the internet at www.mlp-surfintour.de (German only).

The company homepage www.mlp.de recorded a total of 6,914,970 visits.

As regards sponsoring, we continued our activities from previous years. Among other commitments, we were title sponsors of the MLP Marathon Mannheim Rhine-Neckar and the MLP GOLF JOURNAL TROPHY.

Early in the year, MLP launched an additional communication campaign on the topic of old-age provision. With the special supplement "World Class" in the "Welt" and "Welt am Sonntag" newspapers, as well as the website www.mlp-laengerleben.de, MLP is keen to highlight both to existing and potential clients the effects that ever-increasing life expectancy is likely to have – and how clients can best make provision for this.

In November, MLP presented the 6th Health Report together with the Allensbach Institute and with the support of the German Medical Association. This report provided information on the state of the German healthcare system in more than 100 articles.

Extensive scholarship program

Sixteen candidates were selected for our "Medical Excellence" scholarship program in the reporting year. The sixteen successful medical students won their place in a multi-stage elimination procedure that started with around 300 applicants from throughout Germany. They will each receive € 500 per semester in financial support from MLP for a period of three years.

In February, MLP also awarded 16 students foreign scholarships within the scope of the "Join the best" program. With this initiative, which has been taking place every year since 2004, we make a joint contribution towards promoting international mobility among young academics.

In addition, MLP also raised a great deal of awareness for the MLP "CampusGirokonto" student current account, both in the form of an online campaign and via advertisements, for example in cinemas. The account was introduced in September and offers an attractive interest rate.

PERSONNEL AND SOCIAL REPORT

We expect demand for pension provision solutions in Germany to remain cyclical. This is based on our experience which has shown that general consumer confidence regarding future developments always plays an important part when making investment decisions. As a financial and investment consulting firm, we cannot completely insulate ourselves from the influences of our business environment. However, we can make sure that our organization remains as flexible as possible as a way of reducing the impact of market deviations.

Targeted investments to prevent a shortage of qualified specialists

For the Human Resources (HR) work at MLP this means that we must make use of all personnel tools and means at our disposal to keep qualified staff and talents loyal to the company and prepare our employees for the challenges of the future. In addition to this, we are keen to further develop our corporate culture and communicate our core values of "performance and trust" to our staff. The measures we implemented to increase efficiency in the reporting year therefore did not focus solely on cost savings, but also included investments as the basis for future growth. Personnel work is of strategic importance to us in this regard, and we employ a system of qualitative and quantitative HR KPIs here.

Re-organization at company headquarter

Within the scope of our investment and efficiency program, in the reporting year we streamlined the 31 sections previously operated at the company headquarters (HQ) to create 24 clearly structured functional units with strategic importance. The scope and responsibilities of all management positions were also investigated with the goal of making the central units more efficient. In terms of the personnel adjustments necessary to achieve this goal, we were able to maintain experienced specialists in strategically important areas within the company, while also opening up new qualification opportunities to junior staff.

Following the re-organization in the reporting year, MLP now has:

- a flat, significantly simplified organizational structure
- short decision-making chains
- more pronounced grouping of responsibilities and
- teams in which sales and central service units are even better co-ordinated than before.

As announced in April, we reduced the number of employees at our company HQ up to the end of 2011. The total headcount at our company HQ was reduced from 850 to 766 in 2011. As communicated in April 2011, part of this reduction is attributable to active downsizing, whereby HR Management was able to ensure that all severances took the form of consensual solutions. For contractual reasons, the effects of the communicated staff reductions concerning around a dozen employees will not be incorporated in the HR KPIs until the first quarter of 2012. In addition to this, we used natural employee turnover, electing not to fill certain positions that became vacant. Overall, the natural employee turnover at the company HQ increased to 8.5 % in the reporting year compared to 5.0 % in the previous year.

A total of 49 women took maternity leave at our company HQ and at the offices in the reporting year (2010: 55), while 168 women and 12 men were on parental leave (2010: 145 women, 6 men).

The total number of employees in the MLP Group was reduced by 5.3 % in the reporting year to an average of 1,584 persons (total number of employees in 2010: 1,672). This includes 175 temporary or marginal part-time employees, compared with 205 in the previous year.

The following table shows the development of average employee numbers in the various units:

Average number of employees

Continuing Operations	2011	2010	2009	2008	2007
Financial Services	1,324	1,407	1,624	1,718	1,564
Feri	249	251	265	257	246
Holding	12	14	11	11	9
Total	**1,584**	**1,672**	**1,900**	**1,986**	**1,819**
of which in Germany	**1,580**	**1,672**	**1,900**	**1,978**	**1,813**

[Table 17]

One-off expenses due to redundancy payments

As was the case in the previous year, the proportion of employees in temporary employment of the balance sheet date on December 31, 2011 was less than 1 %. Personnel expenses increased from € 105.9 million in the previous year to € 116.4 million in the reporting year due to one-off expenses associated with redundancy payments made in the course of our efficiency program. We consider these one-off expenses to be justified, as in return we will be able to considerably and sustainably reduce our personnel expenses from the financial year 2012 onwards. In 2011, personnel expenses included € 102.1 million for wages and salaries (2010: € 91.0 million), € 11.7 million for social security contributions (2010: € 12.2 million) and employer-based old-age provision allowances of € 2.5 million (2010: € 2.7 million).

Top employer with work-life balance

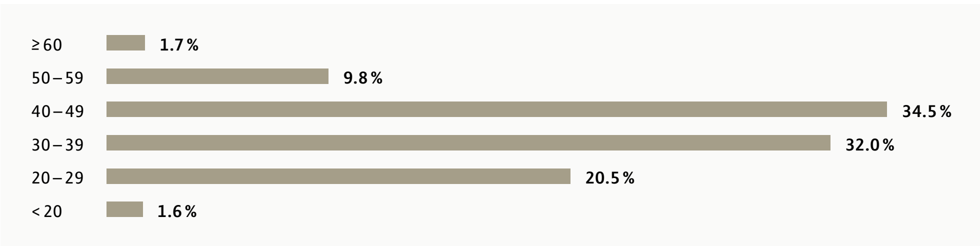
With its 40-year company history, MLP is still a relatively young company. We place great emphasis on open communication, maintaining social diversity and supporting the work-life balance of our employees. The fact that we were presented with the “TOP employer in Germany” award for the fifth time in succession in March 2011 shows us that we are on the right track and motivates us to continue.

We are delighted that MLP can count itself among those German companies with an exceptional corporate and work culture, as underlined by the Corporate Research Foundation Institute (CRF), one of the leading research companies in the field of employer certification and employer branding. We were even able to further increase our score in terms of image, work-life balance and remuneration in the reporting year.

Supporting employees, promoting health

Many employees consider it extremely important to be able to combine their career with a family. Since MLP is a young company and 54 % of employees are under the age of 40 (see figure), we offer an extensive range of family-friendly services in the form of the MLP Family Program. For example, anyone working for MLP in Wiesloch is entitled to a childcare allowance. Employees that choose to use other childcare services are entitled to request free-of-charge assistance at short notice twice a year to cover emergencies, for example if the childminder at home is suddenly taken ill or becomes un-available. In addition to this, the program includes services such as psychological counseling to help staff deal with family crises and can offer support in looking after loved ones.

Age structure of MLP Finanzdienstleistungen AG staff



[Figure 17]

Part-time work offers at company HQ

For MLP, offering part-time workplaces is one of the proven pillars of employee-oriented HR work. MLP is therefore generally open to all types of individual working-hour agreements. As long as the working hours requested by employees are compatible with the department concerned, numerous models are possible.

Our employees are clearly making use of these part-time work offers. Indeed, as of the balance sheet date on December 31, 2011, a total of 158 persons were working part-time at our company HQ (2010: 168). We consider our ability to offer modern part-time working models an important argument when competing for qualified staff in the Rhine-Neckar metropolitan region.

Continuous employee training and qualification

Since we anticipate that the financial services sector will be subject to ever faster changes in future, we particularly encourage and promote employees with a consistent client focus who are flexible, experienced and confident – although this promotion does not necessarily have to involve management duties. A new specialist career path, equivalent to a traditional management career, was therefore set up in the reporting year.

Further improving management performance

Our system of transparent performance appraisal at all levels in the company once again proved its effectiveness in the reporting year. Building on the MLP management principles, the annual target agreement meetings, the 180-degree feedback for managers and our variable bonus system, we are investing in a system of talent management through performance management. The system of variable remuneration is ultimately linked to the target agreement system.

In addition to monetary incentives for employees, HR targets non-monetary incentives. We are also keen to offer skilled and specialist employees a workplace where they feel emotionally at home. We consider the role of direct line managers extremely important in this regard, so we once again made great efforts in the reporting year to further improve the leadership skills of our managers. Having successfully introduced management performance appraisals via 180-degree feedback in 2010, we launched a new survey in the autumn of 2011.

It was very encouraging to see 77 % of employees taking part in this survey, an impressive staff participation rate. Particularly when set against the back-ground of the ongoing re-organization at our company HQ, management per-formance evaluations by employees proved a valuable control and monitoring instrument in 2011.

Thanks to all employees

The Executive Board would like to take this opportunity to express its sincere thanks to all employees and all consultants for their trust and cooperation in the financial year 2011. Our employees and consultants play a key part in the successful development of MLP. The Executive Board is aware that staff face many challenges within the scope of the efficiency program in addition to their day-to-day work. We would like to thank everyone for their excellent commitment.

In this context, we would also like to thank the new works council which was founded in the reporting year. We look forward to a further constructive, partnership-based dialog with the employees' representatives and will use our shared responsibility for the workforce at the greatest possible benefit.

RISK AND DISCLOSURE REPORT

Scope

The disclosure pursuant to Article 144 of the Banking Directive (DI 2006/48/EC) is executed in line with § 2a (6) of the German Banking Act ("Gesetz über das Kreditwesen", KWG) on a consolidated basis. MLP Finanzdienstleitungen AG, as the depository institution and higher-ranking company of the supervisory Financial Holding Group as per § 10a (3) of the German Banking Act (KWG), hereby implements the supervisory disclosure requirements by December 31, 2011 in accordance with § 26a of the German Banking Act (KWG) in connection with §§ 319–337 of the Solvency Ordinance ("Solvabilitätsverordnung", 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 demonstrated that it has fulfilled the conditions stipulated by § 2a (6) No. 1 and No. 2 of the German Banking Act (KWG) of the Deutsche Bundesbank and the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht", BaFin) in accordance with § 2a (2) Sentence 1 of the German Banking Act (KWG).

Pursuant to § 10a of the German Banking Act (KWG), the supervisory scope of consolidation of the MLP Financial Holding Group consists of MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, Feri AG, Bad Homburg v. d. Höhe (operating under the name Feri Finance AG für Finanzplanung und Research until January 1, 2012), Feri Trust GmbH, Bad Homburg v. d. Höhe, Feri Institutional & Family Office GmbH, Bad Homburg v. d. Höhe, Feri Investment Services GmbH, Bad Homburg v. d. Höhe and ZSH GmbH Finanzdienstleistungen, Heidelberg.

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

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

Risk and opportunity management

Objective

Entrepreneurial activity invariably involves taking risks. For MLP Financial Holding Group, "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, a risk that is commensurate with the expected return must be targeted. The aim is to identify risks as early as possible in order to react to them quickly and appropriately. In addition to this, this framework allows business opportunities to be detected early on and followed up. Particularly in Product Management and Purchasing, business opportunities in the market are identified in a targeted process for the individual product segments. Implementation for MLP is then tested and initiated, taking into account the chances of success and the associated risks.

The MLP Financial Holding Group uses the early risk detection and monitoring system as the basis for active risk management throughout the Group. This system ensures appropriate identification, assessment, controlling, monitoring and communication of the major risks. Risk management is a key component of the value-driven management and planning system in the MLP Financial Holding Group. 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 willingness to take risks at Group level is then determined on the basis of this, taking the Group's risk-bearing ability into consideration. On this basis, framework conditions for risk management in the MLP Financial Holding Group are then defined. 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 at the MLP Financial Holding Group:

The Executive Board is responsible for proper organization of the business and its further development:
This responsibility includes defining appropriate strategies and in particular setting up appropriate internal control procedures, thereby assuming responsibility for all significant elements of risk management. The task of defining the business and risk strategy cannot be delegated. It is the responsibility of the Executive Board to implement the strategies, assess the risks associated with them and also implement and monitor measures to ensure that these risks are limited.

The Executive Board bears responsibility for the risk strategy:
The Executive Board defines the risk strategy for the MLP Financial Holding Group. 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 key 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 organizational structures. Risk awareness that goes beyond each department's or person's own field of responsibility is essential. The effectiveness of the risk management system is continuously monitored and any adjustments that become necessary are implemented in a timely manner. 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, and profit and losses at the MLP Financial Holding Group. The Supervisory Board receives the information required to perform its legal obligations. Internal risk communication and risk reporting is supplemented by comprehensive, external publications that appropriately cater to the interests of MLP AG shareholders and the capital market and also comply with the supervisory requirements.

Risk capital management and stress tests

Risk-bearing ability

Risk capital management is an integral part of the Group management system in the MLP Financial Holding Group. Active control of the economic capital adequacy based on the results of risk assessments and in compliance with the supervisory requirements ensures 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. In particular this prevents risks that could threaten the continuity of the business model.

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. The focus is on the key risks for the MLP Financial Holding Group, which are identified at least once a year within the scope of a risk inventory (risk profile) performed throughout the Group. Here, the key risk indicators determined using standardized procedures are compared against threshold values applied throughout the Group. The Group-wide risk profile represents the basis for both risk capital management and the risk management and controlling processes.

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.

The MLP Financial Holding Group displayed a solid risk-bearing ability throughout 2011.

Stress tests

Regular stress tests are also performed for special analysis of the effects of unusual, yet still plausible, events. Comprehensive analyses have therefore been implemented, both at the level of the individual risk types and across all risk types. The effects of potential concentrations of risks are also taken into particular account here.

When performing the standardized stress tests, the key risk drivers are scaled in such a way that they reflect disproportionately negative economic situations. The implemented stress tests can then be used to check whether MLP's risk-bearing ability can still be secured even under unfavorable economic framework conditions. The market value effects on the financial situation, the liquidity situation and the results of operations are investigated here.

Organization

Group-wide risk management

In the sense of § 25a (1a) of the German Banking Act (KWG) and in conjunction with AT 4.5 of the Minimum Requirements for Risk Management (MaRisk), the Executive Board at MLP Finanzdienstleistungen AG ensured appropriate control and monitoring of the significant risks at Group level through suitable processes (AT 4.5 Tz. 1). This approach encompasses in particular

- defining Group-wide strategies,
- securing the Group's risk-bearing ability,
- establishing structural and organizational regulations for the Group,
- implementing Group-wide risk management and controlling processes and
- setting up an Internal Audit department which will operate throughout the Group.

In order to evaluate the risks of the MLP Financial Holding Group, MLP Finanzdienstleistungen AG, acting as a controlling company, obtains an overview of the risks in the Financial Holding Group on a regular and ad hoc basis. Based on the risks identified in the individual companies and their relative weighting, the "MaRisk scope of consolidation" is formed, which defines the scope of the Group-wide risk management system. In principle, all risks identified as significant within the Group by the controlling company are taken into account - regardless of whether the risks are caused by companies subject to mandatory consolidation in the sense of § 10a of the German Banking Act (KWG) or by other companies that do not fall within the scope of the Minimum Requirements for Risk Management (MaRisk). Group-wide regulations and policies for establishing Group-wide risk management at MLP are defined taking into account the type, scope, complexity and risk content, as well as the different application options provided by corporate law on an individual basis.

Functional separation

Our risk management concept follows clearly defined basic principles that are applied as binding throughout the entire Group and whose compliance is continuously checked. A crucial element of these principles is a clear organizational and operational distinction between the individual functions and activities of risk management.

We have defined and documented the organization of risk management and the associated tasks and responsibilities in accordance with supervisory requirements, both at Group level and at the level of the Group companies. For risk management at Group level, appropriate organizational precautions which also define the framework for risk management design at the level of the individual Group companies are taken by MLP Finanzdienstleistungen AG as a higher-level entity. The operational and organizational structure is regularly checked and assessed through internal audits and adapted to internal and external developments as they happen.

Group Risk Manager

The Group Risk Manager is responsible for the risk monitoring and controlling activities in the MLP Financial Holding Group. He is kept continuously informed of the risk situation in the Financial Holding Group and gives regular reports on this to the entire Executive Board and Supervisory Board.

Risk management and controlling processes

Risk management at the MLP Financial Holding Group and its local operating implementation in the business units is performed on the basis of the risk strategy. 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 business units that control the risks. 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 the regulatory requirements for risk management and controlling are met by the Group companies.

The methods used at the MLP Financial Holding Group to assess risks are in line 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 those forecast by the risk models.

Controlling monitors earnings trends

Controlling is responsible for continuously monitoring trends in earnings. This involves comparing revenue and earnings levels with the corresponding planned figures and thereby creating continuous transparency for the Executive Board.

The analysis time line of strategic controlling covers the next two to four years. In this connection sales and profit trends are analyzed (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 and earnings risks and decisive value drivers transparent for the Executive Board.

Internal controlling 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 organization manual, which is continuously updated and can be accessed by all employees. Functional separations, as well as ongoing and subsequent checks based on the “four-eyes 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 Audit, which assumes monitoring and control tasks in major Group companies on the basis of outsourcing contracts is an important element of the internal monitoring 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.

Risk reporting

A substantial risk reporting scheme forms the basis for appropriate and successful corporate management. This is complemented by an extensive system of internal reporting, which provides the key decision-makers with prompt information on the current risk situation. Risk reports are generated at fixed intervals or, if necessary, produced ad-hoc. 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.

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 credit 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 the MLP Financial Holding Group.

On the balance sheet date of December 31, 2011, gross loans of the MLP Financial Holding Group amounted to € 1,642.4 million. In this connection, gross loans are defined as the exposure value before the recognition of collateral (in the standardized approach to credit risk incl. allowances for losses on individual accounts) in accordance with the Solvency Ordinance (SolvV).

The counterparty default risks of the MLP Financial Holding Group are essentially made up of the client credit business under the company's own liability, the company's own business and the commission receivables against our product partners. There are no significant risks related to specific countries as per § 327 (2) No. 2 of the Solvency Ordinance (SolvV), as lending is mainly limited to borrowers domiciled in the Federal Republic of Germany, which make up 98.09 %. The other regions (1.91 %) mainly comprise the Netherlands, Switzerland, France and Liechtenstein.

Concentration of risk

Identification of potential concentrations of risks constitutes another key component of credit risk management. Those risks which result from uneven distribution of business partners in credit relations or other business relations or which are caused by sectoral/geographical business focuses and are capable of generating such great losses that the solvency of an institute may be threatened are classed as concentrations of risk in the credit portfolio. To be able to identify concentrations of risk in the lending business early on, the portfolio is analyzed using various approaches, such as investigations based on sector, size and risk classes or security categories. Concentrations of risk are also given special consideration in the stress tests specific to the risk types.

To minimize potential concentrations of risk before they can even occur, the MLP Financial Holding Group follows a strategy of diversification and risk avoidance. Thus, investments are diversified into bonds, debentures and other financial instruments across various sectors. We have defined binding investment limits for the individual sectors and issuers via our capital investment directive. These limits were observed at all times over the course of the year.

In the retail business, potential concentrations in ratings classes with high failure rates should be avoided. This is achieved by focusing on commission-based products and the retail products of credit cards and accounts in connection with the targeted client segments. In addition to this, avoidance of major individual risks is a further central component of the credit policy in place at the MLP Financial Holding Group. Focusing on the target group of academics and other discerning private clients allows an attractive profit margin to be achieved.

The sectors are divided into the following groups in accordance with § 327 (2) No. 3 of the Solvency Ordinance (SolvV):

Main sectors

All figures in € million	Loans, commitments and other non-derivative off-balance-sheet assets	Securities	Derivative financial instruments
Domestic banks	609.0	92.1	–
Deutsche Bundesbank	21.0	–	–
Foreign banks	–	5.0	–
Insurance companies	10.0	24.3	–
Other financing institutions	6.7	0.9	–
Other companies	637.1	–	–
Self-employed persons	131.9	–	–
Employees	58.7	–	–
Other private individuals	29.9	–	–
Foreign companies and private individuals	13.2	2.6	–
Total	**1,517.5**	**124.9**	**–**

[Table 18]

The contractually fixed terms to maturity in accordance with § 327 (2) No. 4 of the Solvency Ordinance (SolvV) are listed in the following overview:

Residual terms

All figures in € million	Loans, commitments and other non-derivative off-balance-sheet assets	Securities	Derivative financial instruments
< 1 year	934.8	32.0	–
1 year – 5 years	230.3	73.3	0.0
> 5 years to open-ended	352.4	19.6	–
Total	**1,517.5**	**124.9**	**0.0**

[Table 19]

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

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

Loan approval, in particular in the client credit business, takes the form of credit limits being granted for the individual borrower or borrower unit. Individual credit decisions are reached by specialized employees that follow clearly defined guidelines based on the size, creditworthiness and collateral of the respective borrower. A special scoring process allows fast decisions to be made, in particular for credit cards and accounts in the retail lending business, while also securing consistently high quality.

The basis of our credit decisions is always the creditworthiness of the borrower. 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. As a rule, 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.

Eligible financial collateral of the MLP Financial Holding Group within the scope of retail business pursuant to § 336 and in connection with § 154 (1) No. 1 of the Solvency Ordinance (SolvV) is only included in the risk assessment pursuant to the Solvency Ordinance (SolvV) at a negligible level.

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 recognized as being problematic are transferred to certain specialist departments and managed by experts.

The following table shows the non-performing and defaulted receivables in accordance with § 327 (2) No. 5 of the Solvency Ordinance (SolvV) and are divided into main industries or groups of debtors. 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.

Non-performing and defaulted loans

Main sectors in € million	Total availment of non-performing and defaulted loans (including impairment)	Specific allowance for doubtful accounts	General allowance for bad debts	General allowance for doubtful accounts	Provision allowance	Net allocation/ reversals for specific and general allowance for doubtful accounts/ provisions	Direct write-offs	Income from receivables which have already been written off	Defaulted loans (excluding impairment)
Self-employed persons	23.8	8.9	4.0	0.1	–	–1.0	1.8	–	–
Employees and other individuals	20.6	6.7	8.3	1.2	1.1	–0.8	0.8	0.2	–
Total	**44.4**	**15.5**	**12.4**	**1.3**	**1.1**	**–1.8**	**2.6**	**0.2**	**–**

[Table 20]

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

The development of the allowances for losses is as follows in accordance with § 327 (2) No. 6 of the Solvency Ordinance (SolvV):

Development of the allowances for losses

All figures in € million	Opening balance	Allocations	Reversals	Utilization	Other changes	Closing balance
Specific allowance for doubtful accounts	14.9	4.5	0.7	3.4	0.2	15.5
General allowance for bad debts	14.2	0.3	1.9	–	–0.1	12.4
General allowance for doubtful accounts	1.2	0.3	0.2	–	–	1.3
Provisions	1.6	0.2	0.5	0.3	0.2	1.1
Total	**31.8**	**5.2**	**3.3**	**3.7**	**0.3**	**30.3**

[Table 21]

In addition to the above-described risks, there is an issuer's risk from the bonds, debentures and other financial instruments acquired. 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, the MLP Financial Holding Group also bases its decisions in the field of financial investments on external ratings. Within the scope of internal risk management, the MLP Financial Holding Group 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 process is illustrated below in accordance with § 328 of the Solvency Ordinance (SolvV):

Risk weighting per receivables class

	Total outstanding receivables in accordance with standard approach	
Risk weighting in %	before credit risk reduction in € million	after credit risk reduction in € million
0	75.8	75.8
10	21.4	21.4
20	670.3	670.3
35	28.4	26.5
50	0.5	0.5
70	–	–
75	257.0	236.8
90	–	–
100	466.3	465.5
115	–	–
150	32.2	25.0
190	–	–
250	–	–
290	–	–
350	–	–
370	–	–
1,250	–	–
Alienation of capital	1,551.9	1,521.7

[Table 22]

The MLP Financial Holding Group records investments in the asset ledger in line with § 332 No. 2a – b of the Solvency Ordinance (SolvV). The investments in the asset ledger include investment instruments of affiliated companies amounting to € 268.5 million and listed securities of € 6.1 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.

Realized and unrealized gains and losses from investments in line with § 332 No. 2c – d of the Solvency Ordinance (SolvV) break down as follows:

Realized and unrealized gains and losses from investments

All figures in € million	Realized gains/ losses from sales/ liquidations	Latent revaluation gains (losses) in total	Latent revaluation gains (losses) amounts thereof included in Tier 2 capital
Total	–3.5	–0.2	–

[Table 23]

The MLP Financial Holding Group has derivative counterparty default risk and netting positions as per § 326 of the Solvency Ordinance (SolvV) (interest rate swap). The face value of these swaps is € 5 million. The negative replacement value is € 0.3 million.

In our view, appropriate provision is made at MLP Financial Holding Group for counterparty default risks.

Market price risks

The MLP Financial Holding Group understands market price risks as the uncertainty regarding changes in market prices and rates (including interest, share prices, exchange rates and raw material prices), the correlations between them and their volatility. The market price risks are made up of the market price risk in the narrow sense and the market liquidity risk.

Market risks essentially come about from incomplete congruency of interest rate agreements between the loans granted and their re-financing. Market price risks are also caused by internal business activities. There are currently only very minor open risk items in foreign currency.

Possible effects of different interest development scenarios are portrayed via planning and simulation calculations. The basis for this is our interest management application, which makes the risks and their effects transparent in complex 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, in this way ensuring control of the interest risks. Here, the determined change in value in the reporting period was always significantly below the supervisory reporting threshold of 20 %.

In accordance with § 333 of the Solvency Ordinance (SolvV), the interest risks in the asset ledger of the MLP Financial Holding Group are as follows:

Interest rate risk

	Interest rate shock/parallel shift	
All figures in € million	Change in value + 200 BP	Change in value – 200 BP
Total	3.0	–2.0

[Table 24]

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 thereby ensuring a prompt reaction to market changes.

In order to reduce the cash flow-relevant interest risk, we use interest rate swaps on a small scale. We currently employ three interest rate swaps as a way of hedging interest risks in the client credit business.

The recognition of equity requirements for market risks in accordance with § 330 of the Solvency Ordinance (SolvV) is not relevant to the MLP 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. The MLP Financial Holding AG continues to hold the status of a non-trading book institute.

Liquidity risks
The MLP Financial Holding Group understands liquidity risks to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce risk items which is either insufficient or which can only be secured by accepting unfavorable terms. Liquidity risks can result from both internal and external risk factors.

In controlling the liquidity risk, we employ two different approaches, operational and structural.

Operational liquidity control

The central instruments and control variables of operational liquidity control at the MLP Financial Holding Group include itemization of financial assets and re-financing sources in the company's own business as per the balance sheet date within the scope of cash management, but also the liquidity and observation ratios of the liquidity regulation. In addition to this, the volume of daily net cash inflows and outflows is observed and incorporated into the risk assessment within the scope of liquidity control.

Structural liquidity control

The funding matrix is the central instrument of structural liquidity control at the MLP Financial Holding Group and also a preliminary step towards economic analysis of additional re-financing costs. It indicates for each time frame whether there is a surplus or shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk, which indicates the additional re-financing costs required to close open liquidity items, is another key instrument of structural liquidity control and is also used in risk capital management.

In addition to the assumed development in standard scenarios, we have also defined stress scenarios to simulate potential increases in liquidity requirements as a result of a negative change in the market environment. These enable us to introduce any counter-measures deemed necessary in good time.

The fundamental principles of liquidity control and planning are defined in the internal guidelines. Appropriate short and medium-term credit lines have also been agreed to safeguard against a possible short-term liquidity shortfall.

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 organizational units. To this end, a risk inventory is performed at least once a year. Within this scope, experts from all specialist departments examine and assess the operational risks on the basis of self-assessments. They 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 at the MLP Financial Holding Group is continuously recorded and analyzed. 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.

Capital charge according to the basic indicator approach

The MLP Financial Holding Group currently uses the basic indicator approach in line with §§ 270 et seq. of the Solvency Ordinance (SolvV) to quantify operational risks. As per § 331 of the Solvency Ordinance (SolvV), the procedure used to determine the equity needed to back operational risks can be explained as follows: Within the scope of the basic indicator approach, the supervisory capital charge for the operational risk is determined using a fixed calculation scheme. On this basis the capital charge is 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 organizational structure at the MLP Financial Holding Group is described and laid down in the organization manual.

Reduction of operational risks from internal procedures along with the reduction in the frequency and level of losses is primarily achieved through continuous improvement of business processes and the expansion of the internal monitoring system. Further safeguarding measures include risk transfer by taking out insurance policies and consciously avoiding risky products. In order to secure the continuation of business operations, comprehensive emergency and business continuity plans are also in place for the most important areas and processes.

The Business Continuity Management (BCM) system identifies potentially critical business processes which could have a major effect on MLP's business in the event of disruptions or failure. Suitable measures are defined for this which are intended 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 the constant monitoring and development of Business Continuity Management. Corresponding documentation is available to the business units and employees.

Human resources risks

The MLP Financial Holding Group places great value on having qualified employees and managers, particularly in the back-office areas. Staff resources and sufficient qualification/training of employees are secured by the responsible specialist departments. 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 substitute and successor regulations guarantee that the necessary procedures are still securely maintained, even when employees are unexpectedly unavailable for work.

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 minimize 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 these discussions 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 minimize possible IT risks, the MLP Financial Holding Group pursues an 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 correct functioning of our IT systems is ensured by comprehensive system tests and approval processes performed before they are commissioned. Our data processing center is outsourced to leading service providers with various sites, back-up systems and a defined contingency plan. This secures our data against possible loss, thereby ensuring availability and consistency. We protect our IT systems against unauthorized access through our access and authorization concepts, extensive virus protection, as well as other comprehensive security measures.

Risks from external events

As our business processes focus on the brokerage and banking business, on cost optimization and on scalability, the MLP Financial Holding Group makes use of external partners for standard services. However, all key outsourcing activities are integrated in risk management. The outsourcing activities are therefore integrated into the risk management and controlling processes. Responsibilities for outsourced processes are clearly set out at the MLP Financial Holding Group. This ensures that any potential organizational, structural or process-based risks that may occur due to outsourced business activities are closely controlled.

In addition to this, corresponding insurance policies have been concluded where appropriate to minimize 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. Selected scenarios are examined and analyzed at least once a year within the scope of stress tests.

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 minimizing, limiting or preventing such risks are shown. The legal department coordinates the commissioning and integration of external lawyers. Within the scope of risk mitigation, the legal department checks and monitors the existing insurance coverage and initiates any adjustments which may be necessary.

According to our review, the pending or threatening legal proceedings against the MLP Financial Holding Group do not represent risks which could endanger the Group'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 meet with success. 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.

In addition to this, MLP AG filed a lawsuit against several former shareholders in Feri AG for negative declaratory relief in January 2012. The aim of this lawsuit is to attain judicial assessment confirming that the claims asserted by the former shareholders are not valid. It is the opinion of MLP that the claims made following acquisition of the outstanding shares in Feri AG in April 2011 are unfounded and have no legal basis.

Taxation risks

Changes that emerge in tax law are continually checked and examined with regard to any effects they may have on the MLP Financial Holding 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 the MLP Financial Holding Group. 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. The knowledge bundled at Feri EuroRating Services offers us particular support in this regard.

Although economic development in Germany – the country in which the MLP Financial Holding Group generates virtually 100 % of its revenue – was less dynamic than anticipated, it still proved to be relatively resistant to the negative foreign influences. According to initial calculations performed by the German Federal Statistical Office, the economy in Germany grew by 3.0 % in 2011. The stable market conditions also had an extremely positive effect on the unemployment rate. The net income of households enjoyed an increase compared to the previous year. Yet despite this, the ongoing debt crisis in Europe and the problems being faced in the US economy can still have a negative impact on economic development in Germany.

Based on the economic framework data available, the MLP Financial Holding Group can expect little momentum in the market for the next year. Although our target group of private academic clients will be able to enjoy a comparably good overall financial situation, they are likely to remain cautious with regard to long-term saving plans – such as those necessary for old-age provision. However, we expect the slight positive trend enjoyed in this field of consulting in the financial year 2011 to continue in the current year.

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. Social changes, new regulatory requirements and identifiable trends in client behavior are all factors which can have a significant influence on the business of the MLP Financial Holding Group. We also expect the competition for qualified financial consultants to intensify further.

The MLP Financial Holding Group is well prepared for the changes that lie ahead, as the quality of our consulting, our focus on selected client groups and our independence give us a strong market position.

In its business activities, the MLP Financial Holding Group concentrates on the areas of old-age and health provision, as well as wealth management. The economic crisis has also become a decisive factor in the further development of these markets. It is primarily important for clients to make long-term investment decisions in the areas of old-age provision and wealth management. Private clients in particular remain very cautious and are therefore continuing to display reservations in making long-term investment decisions.

Corporate strategy risks

Corporate strategy risks mostly occur through 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. Changes and developments on the national and international markets and the business environment are analyzed on the basis of continual observation of the competitive environment and decisions are derived with a view to securing and building on 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 its focus on providing independent, holistic and lifelong advice to academics and other discerning clients, MLP is well positioned in the market. Our mission and goal is to be the Number One among our clients – i.e. their first point of contact for all questions regarding holistic financial management.

The strong market position among students and academics guarantees continuous expansion of our client base through the acquisition of new clients. In addition to this, the long-standing and close business relationships we maintain with our clients guarantee further penetration within our existing client base.

To ensure that we can continue providing our clients with qualified, top-level advice, we place great emphasis on selecting and training our consultants. 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.

In light of the ever-challenging market environment, above all in the field of old-age provision and wealth management and with regard to the rapidly changing regulatory environment, MLP is underpinning its strategy of profitable growth with a comprehensive efficiency management approach. In the reporting year, important steps were taken on the path toward a further, sustainable reduction of fixed costs.

All key value drivers in MLP's business model are subject to continuous analysis and active management via a comprehensive system of central and local controlling. The Group strategy and the measures it involves, all of which are set out by the Executive Board, are reflected within the scope of budget and long-term planning as a way of analyzing their effects on the business situation. Continuous reporting is performed to record the anticipated course of business, so that action can be taken quickly in the event of any negative deviations.

Commissions form the core component of MLP's total income and cash flow. Using our planning and simulation tools, we analyze 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 minimize 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.

Supervisory risks/solvency

The MLP 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 %. There were no changes to these requirements in the financial year 2011. The same applies for MLP's internal processes, objectives and measures for investment control.

Pursuant to § 31 (3) Sentence 1, 2 of the German Banking Act (KWG), the companies listed in the following were not included in the summary as per §§ 10 a (6) – (12), 12 a (1) Sentence 1 and 13 b (3) and (4) of the German Banking Act (KWG) in the sense of §§ 10 a (1) – (5) and 13 b (2) of the German Banking Act (KWG) or included in the condensed monthly financial statement pursuant to § 25 (2) of the German Banking Act (KWG) (RS 06/2008 BA). The Federal Financial Supervisory Authority was informed accordingly.

- Family Private Fund Management S.à.r.l., Luxembourg
- Ferrum Fund Management Company S.à.r.l., Luxembourg
- Ferrum Pension Management S.à.r.l., Luxembourg
- Feri Private Equity GmbH & Co. KG, Germany
- Feri Private Equity Nr. 2 GmbH & Co. KG, Germany
- Feri Trust AG (Switzerland), Switzerland
- FPE Direct Coordination GmbH, Germany
- FPE Privat Equity Beteiligungs Treuhand GmbH, Germany
- FPE Privat Equity Koordinations GmbH, Germany
- Institutional Trust Management Company S.à.r.l., Luxembourg
- Private Trust Management Company S.à.r.l., Luxembourg
- HEUBECK-FERI Pension Asset Consulting GmbH, Germany
- TPC THE PENSION CONSULTANCY GmbH, Germany

The equity structure of MLP is as follows in accordance with § 324 of the Solvency Ordinance (SolvV):

Equity components

All figures in € million	
Paid-in capital (business capital, share capital, capital stock, endowment capital and business assets) excluding cumulative preference shares	140.1
General reserves	352.9
Net accumulated losses from investments	–
Unappropriated profit, interim profit	–
Carrying amounts for Group companies	–252.9
Investments of silent partners	–
Special items for general bank risks in line with § 340g of the German Commercial Code (HGB)	–
Unblocked assets recognized by the Federal Financial Supervisory Authority (BaFin)	–
Deductible items according to § 10 (2a) Sentence 2 of the German Banking Act (KWG)	–11.4
Remaining goodwill according to § 10a (6) Sentence 9 of the German Banking Act (KWG)	85.3
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)	**314.0**
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)	**2.5**
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)	**316.5**

[Table 25]

The tier 2 capital solely consists of the contingency reserves according to § 340 f of the German Commercial Code ("Handelsgesetzbuch", HGB).

On the basis of the Basle II implementation strategy for the calculation of shareholders' equity requirements (Basle Pillar 1), MLP Financial Holding Group employs the standardized approach to credit risk (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 2011. The capital backing of the most important companies of MLP are as follows:

Capital backing of the most important companies

Consolidated group of banks	Total capital ratio in %	Core capital ratio in %
MLP AG	104.4	104.4
MLP Finanzdienstleistungen AG*	5.8	5.6
Feri AG	–68.9	–68.9
Feri Trust GmbH	8.2	8.2
Feri Institutional & Family Office GmbH	0.8	0.8
Feri Investment Services GmbH	–2.0	–2.0
ZSH GmbH Finanzdienstleistungen	7.7	7.7

* Holding institution

[Table 26]

Equity requirements derived from the application of the standardized approach to credit risk are made up as follows:

Credit risk standard approach

All figures in € million	Equity requirements
Central governments	–
Regional governments and local government bodies	–
Other authorities	–
Multi-lateral development banks	–
International organizations	–
Institutions	11.0
Backed debentures emitted by financial institutions	0.2
Companies	19.3
Volume transactions	14.2
Items collateralized by property	0.8
Fund shares	0.2
Other items	9.9
Overdue items	3.0
Risks from book values of investments in companies	
Book values of investments in the standard approach	7.9
Operational risks	
Operational risks according to the basic indicator approach	52.4
Total	**118.8**

[Table 27]

Summary

MLP's business development is essentially influenced by financial, operational and general business risks. We use our risk management system for the identification, assessment, control, monitoring and communication of our key risks in terms of both current and future developments. The information provided ensured prompt introduction and prioritization of risk management measures without exception.

The activities of both the MLP Group as a whole and the Group companies were always within the scope of their financial risk-bearing ability in 2011. 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, neither do we 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 risk management system is subject to continuous further development, in particular with regard to developing the volume and complexity of our business. The effectiveness of our risk management system and its supervisory implementation are also checked cyclically by both external and internal auditors.

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.

There are no known risks which could have a significant influence on the MLP Group's continued existence.

FORECAST

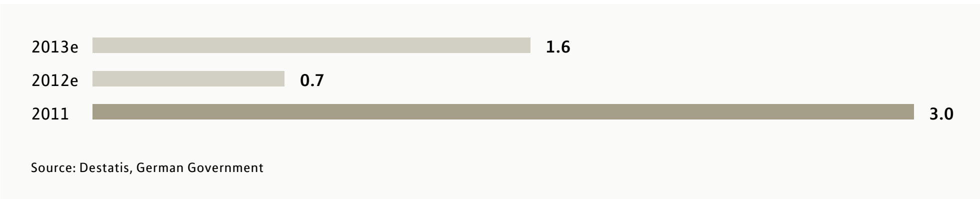
Overall future economic development

MLP concentrates on financial and investment consulting in Germany. We generate virtually 100 % of our revenue in our home country. The economic situation in Germany therefore determines the framework for our business perspectives.

Little in the way of positive external influences

In our opinion, companies in Germany will receive only few positive external impulses in 2012. The debt crisis in Europe and the problems in the US economy are likely to have a negative impact on economic activity. Although the economic experts at the International Monetary Fund (IMF) expect global economic development to hit 4.0 % (2011: 4.0 %), growth in Europe could well be as low as 1.4 % in 2012 (2011: 1.7 %). The German government is actually predicting a growth of the gross domestic product of just 0.7 % for 2012 following 3.0 % in the previous year – and some economic research institutes are even more pessimistic. Germany must therefore prepare itself for a significant economic slowdown.

Anticipated economic growth in Germany in %



[Figure 18]

Consumer behavior benefits from stable employment market

According to the German Institute for Economic Research (DIW), the employment situation is likely to remain comparatively stable. This institute expects to see 35,000 fewer unemployed in 2012 than in 2011. According to estimates, disposable incomes are also likely to increase by a further 2.9 % (2011: 3.2 %). For academics who generally enjoy higher salaries, we therefore expect to see further improvement to the status quo. These people should be able to benefit far more significantly from the ongoing demand for qualified employees and increasing salaries than other professional groups.

In light of this scenario, the experts at the German Consumer Research Association (GfK) expect the high level of consumption among the population to continue. However, they anticipate that consumers will favour reliable, long-term assets and property rather than investments in the financial market.

General statement: ongoing reservations regarding long-term saving processes

Based on the economic framework data available, MLP can therefore expect little momentum in the market for the next year. Although the economy is likely to become weaker, predictions are that the employment market will develop on a stable basis. One reason for this is the current lack of qualified specialists. Although our target group of private academic clients will be able to enjoy a comparably good overall financial situation, they are likely to remain cautious with regard to long-term saving plans – such as those necessary for old-age provision. However, we expect slight growth for the old-age provision segment in the financial year 2012.

Expected impact of macro-economic data on MLP's business in 2012

	Influence on MLP's business development in 2012
Negative economic development	–
Fall in unemployment rate	+
Increase in disposable income	+
Increasing comsumption trend	–

Very positive ++, positive +, neutral 0, negative –, very negative –– [Table 28]

We expect in general that many citizens in Germany will continue to favour short-term investment options and tangible assets such as property within the scope of their investment strategy.

In the mid-term, the Executive Board also expects to see clear growth in the field of old-age provision. Our target client group enjoys a high level of earnings and therefore potentially faces a massive gap between their salary and the pension they can expect to receive when they retire if they do not put some form of private and/or occupational provision in place. Anyone drawing a high salary throughout their career is likely to get used to a certain standard of living, which they will then certainly wish to maintain in their old age.

However, this requires every individual to take personal action in securing their future finances. Since well-trained employees are likely to benefit most from the expected shortage of skilled specialists, for example in the form of job security and salary increases, there is a good chance that they will also be more willing to invest in our tailor-made old-age provision concepts.

Future industry situation

Old-age provision

Private old-age provision is an important social issue. More and more people in Germany are now giving serious thought to their financial situation when they retire and are worried about how they will manage in their old age (please refer to "Industry situation and competitive environment" on Page 22 et seq.). According to data published by Germany's Federal Employment Ministry in 2011, the statutory pension is likely to be reduced by 10% by the year 2025 – therefore, the ministry has not taken into account the associated loss of purchasing power up to the payout date. This "gap in coverage" is being highlighted to citizens on a regular basis both by the state and also the media. There can be no doubt that private and occupational provision will become increasingly necessary in future and therefore play a more important role.

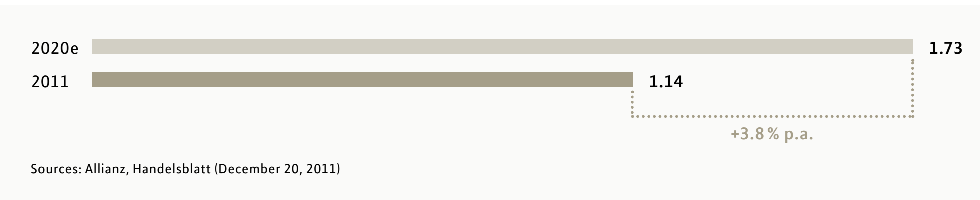
Desperate search for qualified consulting

Although citizens are well aware of this fact, deciding on how best to set up their own personal old-age provision plan is a complex issue. Whether basic pension, the Riester pension, occupational pension provision or private pension insurance – the many options to choose from can be overwhelming.

But qualified old-age provision consulting is still hard to find in Germany, since many financial services providers continue to focus exclusively on selling individual products. MLP, on the other hand, distinguishes itself from the competition by employing a different philosophy. We create holistic provision concepts for our clients, taking into account the personal goals and risk appetite of each individual client. We do not focus on any single product. Instead, our primary objective is to find the most suitable product for each client based on our systematic product and partner selection process. Since we are completely independent of product partners, we are free to choose the most suitable solutions for specific client requirements.

Working to this concept, MLP should be able to benefit greatly from the ever-increasing demand for private old-age provision over the course of the next few years. Based on a survey they commissioned, Allianz insurance company, for example, anticipates that the capital invested in old-age provision products in Germany is set to increase by 3.8% per year up to 2020 (see figure 19).

Investments in old-age provision products in Germany in € trillion



[Figure 19]

These survey results are also reinforced by other studies. The outcome clearly shows that the market for old-age provision products still holds massive potential.

Sales markets insufficiently cultivated

Although the Riester pension is fairly well-known in Germany, only a fraction of German citizens have so far taken up this offer. Thus, the market is light years away from saturation. Indeed, only around 15 million German citizens currently have a Riester contract, although 36 million are eligible.

In the field of basic pensions, the discrepancy between the number of contracts currently in place and the market potential is even greater. Despite the tax breaks on offer, according to figures published by the German Insurance Association (GDV e.V.) only around 1.5 million of the more than 40 million employees and self-employed persons nationwide had taken up the benefits offered by the basic pension by the end of 2011 (2010: 1.3 million). Thus, only around 2 % of the potential market has been covered. The premiums paid into a basic pension can be offset against income tax up to a level of € 20,000 (single) or € 40,000 (married couple) as special expenses.

Occupational pension provision poised for growth spurt

At least, sales of occupational old-age provision products are increasing in line with our forecasts. More and more companies are now realizing that they can make themselves increasingly attractive as an employer by offering their staff occupational pension provision schemes. At the same time, more and more employees are recognizing that occupational pension provision not only allows them to pay less tax today, but also to improve their retirement budget. Yet despite these extremely powerful arguments, only around 13 million people of the 41 million employed in Germany have taken up this interesting approach to old-age provision. This segment therefore still holds big sales potential.

MLP is in a perfect position to grow with the market volume for occupational pension provision schemes over the next few years. With our consultants, who have been specially trained to deal with questions of occupational pension provision, and subsidiaries such as TPC GmbH in Hamburg we are able to offer powerful arguments when addressing and advising companies. Our meetings with company owners and industry representatives in Germany fill us with confidence that increasing numbers of small and medium-sized companies will start to look for industry solutions in the foreseeable future.

The old-age provision market will continue to develop in 2012 with regard to the transparency, service and products on offer. Following the reduction of the guaranteed interest rate, many insurers are likely to revise their products within the scope of the necessary recalculations. However, from today's perspective we do not expect to see any appreciable product innovations in this segment in the coming financial year.

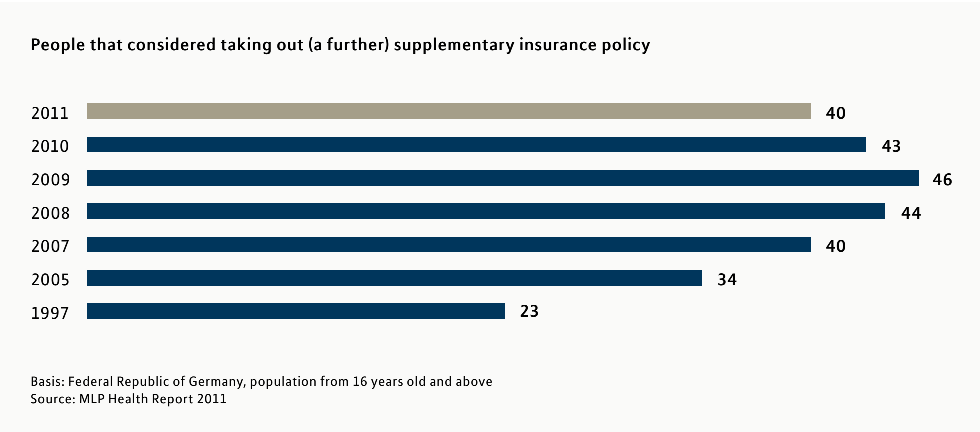
Health provision

Trend towards private provision

In the health provision market, the trend towards private healthcare and long-term care insurance is continuing unabated. Spiralling costs in the healthcare system mean that further reforms will be unavoidable in the mid and long term. While the legislator simply seeks to make slight improvements to the existing structures, many citizens have long since realized that the scope of healthcare services guaranteed by the statutory schemes will be further reduced in future and costs will increase.

We therefore assume that more and more people will be keen to make the switch from a statutory health insurance fund to a private scheme – at the very least by concluding private supplementary insurance policies, for example to cover hospital stays or dental treatment. Accordingly, in 2012 we once again expect to see a large number of clients seeking our assistance in finding the optimum medical or supplementary insurance product.

Continued stable level of interest in private supplementary insurance (all figures in %)



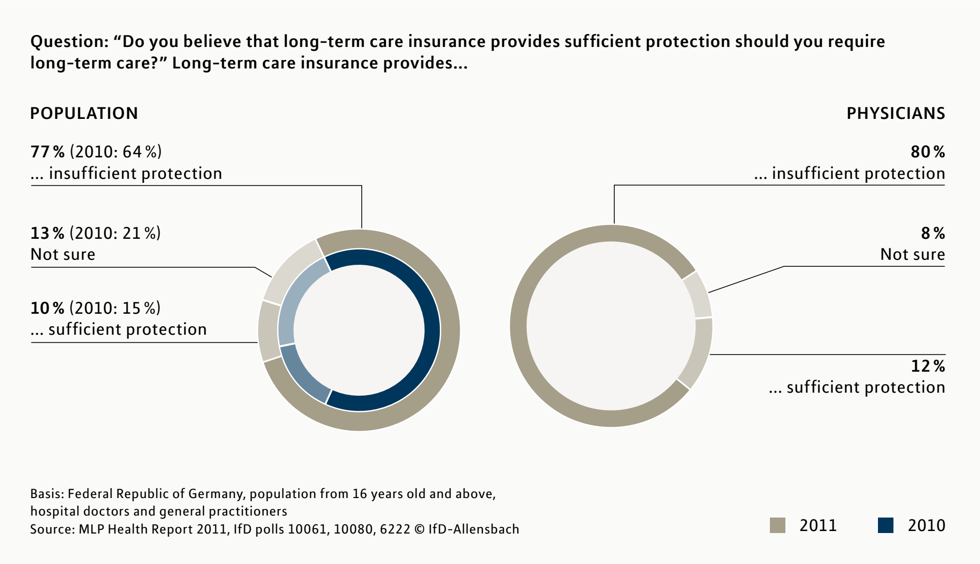
[Figure 20]

A decision reached by the German Bundestag in October within the scope of the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products ("Gesetz zur Novellierung des Finanzanlagenvermittler- und Vermögensanlegerechts") will also have an influence on consulting in the field of healthcare provision. The key issues here are the capping of acquisition commission and an extension of the cancelation liability periods for private health insurance. The amendment will come into force on April 1, 2012. In detail, it requires that the acquisition commission received for brokerage of a private health insurance policy be limited to no more than nine monthly premiums of said policy. In addition to this, the broker's liability period in the event of the insurance policy being canceled by the client will be extended to 5 years in future. These measures will change the market even further and make it significantly more difficult for certain parts of the sector to do business. On the other hand, the effects for MLP, as a client-oriented consulting firm with extremely low cancelation rates and a comprehensive policy maintenance system, are already clear from today's perspective. We expect trailer fees to become more important compared to the current situation.

Long-term care insurance will see dynamic development

In our opinion, interest in private long-term care provision will pick up. We also feel certain that supplementary long-term care insurance will enjoy greater exposure in the social discussion over the next few years. More and more people in Germany are already being forced to care for their own relatives. Since it costs around € 3,000 per month to house a dependent in a Care Level III residential care home – to which statutory long-term care insurance funds are willing to contribute just € 1,510 per month at best – private supplementary long-term care insurance policies are set to become increasingly important.

Increasing conviction: the benefits of statutory long-term care insurance are inadequate



[Figure 21]

Sales prospects in the market for health provision are positive in the mid and long term. Our business expectations are also in line with the results of the Sales Channel Survey published by corporate consultant Towers Watson in November 2011. According to this survey, independent consultants are already the second most important brokers of private health insurance policies in Germany with a market share of 40.4 %. Only tied agents, i.e. agents who exclusively represent a single insurance company, currently have a higher market share of 48.9 %.

We do not expect to see any significant innovations in the health provision market in the coming financial year.

Wealth management

Wealth management continues to grow

The need for high-quality wealth management services is increasing worldwide. With a view to our domestic market of Germany, we therefore see great growth potential for MLP private client consulting and our subsidiary Feri next year.

According to the World Wealth Report, published by Merrill Lynch Global Wealth Management and Capgemini in October 2011, our country is home to some 924,000 millionaires, 7.2 % more than in the previous year (862,000).

In addition to this, the financial sector anticipates major account and deposit re-shifting to take place over the course of the next few years. This is partly due to the change of generation and partly due to Swiss banks having lost some of their attractiveness for major German investors due to the tax treaty now in place with Germany.

As highlighted by the BBE Sector Report in November 2011, the financial sector expects to see re-structuring of assets of around € 2.1 trillion within the scope of inheritances by the year 2025 (monetary assets and property, plant and equipment). Every asset transfer offers investment managers a potential opportunity to win new mandates. Industry experts also believe that German investors are likely to increasingly withdraw funds from Swiss bank and deposit accounts.

Competition in the German financial services sector is therefore set to remain dynamic in future. Anyone looking to be successful will need sound arguments to keep existing clients loyal and also win new clients.

However, MLP has a head start on many of its competitors here. We are already catering to modern wealth management trends with our holistic consulting philosophy and offer independent consulting services throughout the Group. In addition to this, the expertise of our subsidiary Feri AG has been impressing experts and clients alike in the field of wealth management for years. We therefore expect to be able to benefit disproportionately from the growing market of wealth management in Germany over the next few years.

Risks could arise from the potential escalation of the European debt crisis. Should this crisis lead to more intense turbulence on the capital markets, it could also temporarily hinder growth in this field of consulting.

We do not expect to see any significant innovations in the field of wealth management over the next year.

Competition

Greater investor protection is changing the sector

Since the beginning of the financial and economic crisis in 2008, the legislator has been regulating the financial sector significantly more strictly than before – something which MLP supports in principle. The government is keen to use new laws as a way of preventing citizens from suffering capital losses due to investments made in cases where they have been given incorrect financial advice. Financial services providers must therefore now comply with an extensive system of rules and standards in their client consulting. The list of regulations and requirements ranges from certificates of proficiency for investment advisors, right through to capping the level of commission for health insurance brokerage.

This trend will establish itself over the course of the next few years through new directives issued by the European Commission – predominantly through the so-called "MiFID II". One objective of this directive is to increase the relative level of non-commission-based remuneration in the field of financial investment consulting. However, the draft of the directive must first be discussed in the European committees and subsequently implemented as national law.

MLP in principle has a positive attitude towards fee-based consulting and already uses this system in certain areas where clients are willing to pay a fee. However, the vast majority of citizens in Germany remain unwilling to accept fee-based consulting. Indeed, in the 2011 Wealth Barometer of the Deutsche Sparkassen- und Giroverband, 82 % of those surveyed said that they were against fee-based consulting. Many also expressed concern that poorer sections of the population would then no longer be able to afford any kind of financial advice.

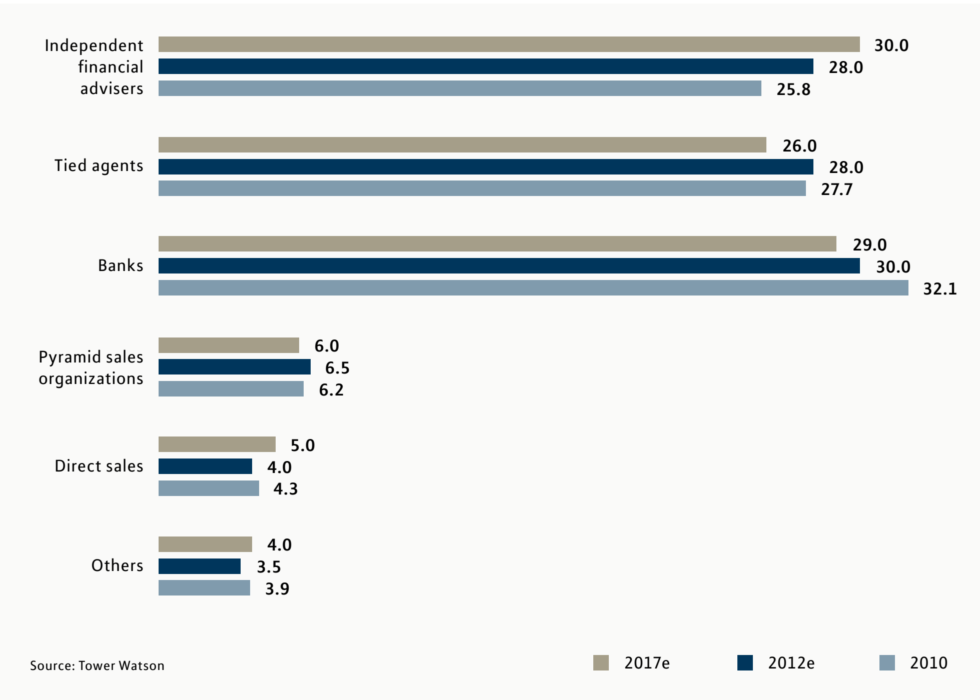
As a consulting firm working to a business model of holistic, independent client consulting, we generally support every step taken towards greater transparency and investor protection. However, it is important to ensure that any further measures implemented possess the right cost-benefit ratio and do not simply lead to an unnecessary increase in bureaucracy.

We advocate and promote uniform consulting legislation for all groups of consultants, as well as the introduction of legally protected job profiles. Only when these conditions have been met, clients will instantly be able to recognize who is advising them – whether it be a broker focusing on just one area of consulting who is tied to a single product provider or a consultant such as those employed by MLP, who always select the most suitable product for each respective client from the broad range of offers on the market.

Much of what the legislator is now requiring in the form of rules and standards has already been permanently anchored in our consulting approach for years. However, new legal stipulations will also entail additional costs. Our continuous efficiency management approach is extremely important in this regard. MLP introduced extensive cost-saving measures in the reporting year within the scope of its 2011 investment and efficiency program. We will reduce our fixed costs by at least € 30 million in 2012 compared to 2010. Indeed, we have already realized savings in fixed costs adjusted for one-off expenses of € 6.3 million in the reporting year. We are therefore confident that we will be able to reach our cost targets.

All in all, we rate the conditions as good for our future growth. As the scope, diversity and complexity of products being offered in the market continuously increase, providing high-quality consulting for all questions of investment and wealth management will become increasingly important. As an independent financial and investment adviser, we also operate a non-capital-intensive business model and align our operations strictly to the growth areas in our market, namely: old-age provision, wealth management and health provision. This will allow us to achieve profitable growth in future years, too. A study performed by corporate consultant Towers Watson confirms this assessment. These industry experts expect the market share held by independent brokers to increase to 30 % by 2017 (comparison: 2010: 25.8 %).

Market shares of various sales channels for life insurance products in Germany 2010, 2012 and 2017 (all figures in %)



[Figure 22]

Industry-specific factors impacting on MLP's business development

	Effect on business development in the industry in 2012	Effect on business development of MLP in 2012
Rising demand for old-age provision	+	+
Legal framework conditions for health insurance	–	0
Raising demand for independent consulting	0	+
Increase in regulation	–	0

Very positive ++, positive +, neutral 0, negative –, very negative –– [Table 29]

Anticipated business development

Significant economic slowdown in 2012

The financial year 2012 is likely to be characterized by a significant downturn in economic activity. Although German research institutes and experts are not predicting a recession for Germany, they are forecasting economic growth of between 0.3 % and 0.7 %, which is significantly lower than in the reporting year. Yet despite this, the German government expects to see a comparably stable employment situation, and the disposable income of German households is also likely to increase further. The primary risks for the economy are based on the debt crisis of several states in the Eurozone.

Apart from weaker economic development, we also face further challenges in our core markets of old-age provision, health provision and wealth management. Consumers require a certain degree of trust and confidence in the future when making investment decisions – particularly with long-term saving processes. However, this confidence has been damaged both by the financial crisis that started in 2008 and by the current discussions concerning national debt and inflation. The situation has also been compounded by increasing volatility on the capital markets, which is contributing to a feeling of even greater uncertainty among investors. Market conditions therefore remain challenging in the immediate future, particularly in the fields of old-age provision and wealth management.

Goal: Increased sales revenue in the core fields of business

MLP will not be able to distance itself fully from this development. However, we are anticipating a moderate increase in revenue for 2012 in the field of old-age provision. We also expect to see rising revenues in the field of health insurance, although we expect only a minor increase in 2012 following the strong growth enjoyed in 2011. In the field of wealth management, we are expecting stronger growth – not least due to the excellent potential of our subsidiary Feri. However, due to the challenging market conditions there remains a certain amount of uncertainty regarding the continued development in all fields of consulting.

This qualitative forecast forms the basis for our ultimate objective, to increase the operating EBIT margin to 15 % in the financial 2012.

Based on what we know today, we are not planning any significant changes to our corporate policy or Group structure in the coming year.

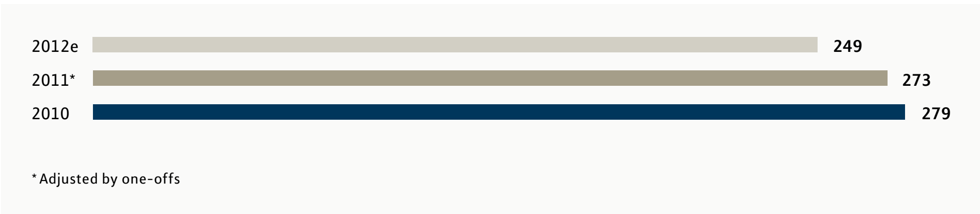
Anticipated development of revenues 2012

[Figure 23]

Reduction of administration costs to around € 249 million

We will continue our successful efficiency management approach in the coming year. The aim is reduce the fixed cost base (defined as the total of personnel expenses, depreciations and amortizations, other operating expenses) to € 249 million in the financial year 2012. This corresponds to a saving of € 30 million relative to the year 2010. Alongside a reduction in administrative expenses and IT complexity, reduced payroll costs will also contribute to this saving. These lower payroll costs are a result of the re-organization at our company HQ in Wiesloch, which we communicated in April 2011. The expense items "Personnel", "Depreciations and amortizations" and "Other operating expenses" will all drop as a result of the these measures.

Planned reduction in fixed costs (in € million)



[Figure 24]

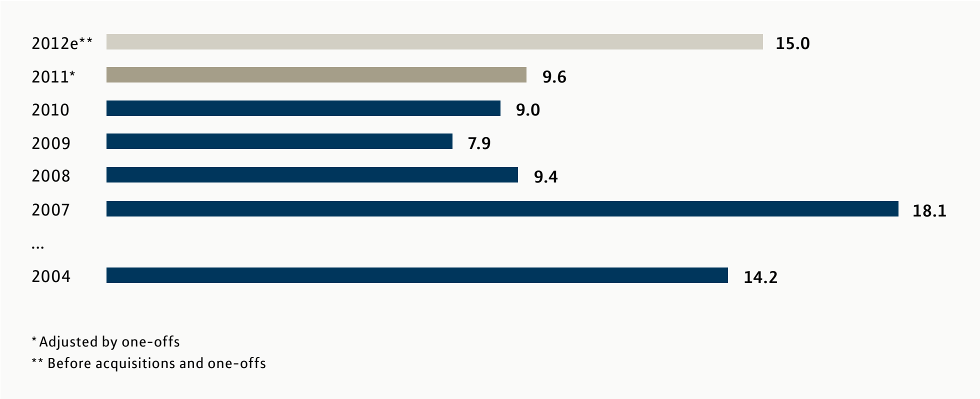
Compared to our slightly negative financial result in 2011, we expect to see a slight increase in the current financial year. The main reason for this is that we will no longer have to pay any dividends to Feri shareholders, having now acquired the outstanding shares in our subsidiary Feri AG.

The taxation rate was around 35 % for the financial year 2011. For the current year, we expect it to be at a level of around 32 %.

Goal: 2012 operating EBIT margin of 15 %

Having suffered a hit to our profitability in the years 2008 and 2009 – essentially due to the financial and economic crisis – at the start of 2010 we set ourselves the target of achieving an operating EBIT margin of 15 % in 2012. We are sticking to this target. This is based on the intended further reduction in the cost base and the sales revenue development described above.

Development of the operating EBIT margin 2004 to 2012 (all figures in %)



[Figure 25]

Smaller acquisitions possible at our subsidiary Feri

The continuing consolidation of the financial services market also opens up opportunities for acquisitions. However, as it stands today, we are not planning any acquisitions in the foreseeable future for supporting private clients at MLP Finanzdienstleistungen AG. We expect that no company will entirely meet our specific conditions for acquisition – i.e. an acceptable purchase price, synergies on the revenue and income side, as well as alignment with MLP's culture and business model. However, we could envisage making minor acquisitions in the field of our subsidiary Feri AG.

Dividend increase to € 0.60

Despite one-off expenses in the financial year 2011, our excellent equity capital backing and liquidity mean that we are still in a position to continue the constant dividend payout policy we have pursued over the last few years. To this end, the Executive Board and Supervisory Board will propose an increase in the dividend per share from € 0.30 to € 0.60 at the Annual General Meeting on June 26, 2012. As a consequence, our shareholders receive constant dividends and a further 30 cents per share on the basis of available liquid funds that are not needed for our operating activities. Therefore, MLP boasts an attractive dividend yield and offers investors impressive continuity in its dividend policy.

As a general rule, our dividend policy is always aligned to the respective financial and earnings position, as well as the company's future liquidity requirements. Since MLP operates a non-capital-intensive business model, we fully intend to continue our dividend payout policy in future and to distribute significant portions of our net profit to shareholders.

We have distributed virtually 100 % of net earnings to our shareholders each year since the financial year 2008. As a consequence, our shareholders receive constant dividends despite the decline in earnings caused by the economic and financial crisis. Once the anticipated higher level of profit is reached again, we will return to our long-standing distribution rate of 60 to 70 %.

Planned financing activities and investments

The MLP Group held sufficient shareholders' equity and 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 the forecast period 2012. This therefore makes us largely non-reliant on developments in the capital markets. Even increasing interest rates or more restrictive issuing of loans by banks would not have a negative effect on our financing options or liquidity. We will use our cash flow to allow shareholders to participate in the company's success and to strengthen the Group's financial power.

Slight increase in investment volume

Our investment volume was € 7.8 million in the last financial year. This will increase slightly in the current financial year. The financial services segment remains the focus of investments. We will once again employ funds here to improve the quality of client support and consulting. Within these projects, we will use further funds that will flow directly into our income statement as expenses. We expect to be able to finance all investments from cash flow.

Return on equity developed from 8.1 % to 3.1 % in the financial year 2011. For the financial year 2012, we also expect the return on equity to increase along with the improvement of the EBIT margin.

Excellent liquidity

The Group's liquidity fell from € 223 million to € 171 million in the financial year 2011. This was largely due to the payment of the purchase price for the acquisition of the outstanding shares in our subsidiary Feri AG. However, the overall liquidity situation remains excellent. Liquidity will be reduced by the intended dividend payment of € 64.7 million for the financial year 2011. It will increase again in the second half of 2012 thanks to the typical year-end business. Acquisitions which we finance with cash holdings would also have a negative effect on the Group's liquidity. We are not anticipating any liquidity squeezes for the year 2012.

Prospects

Opportunities from changing framework conditions

The economic forecasts for the year 2012 would seem to offer only limited opportunities for MLP. Although the economy is anticipated to grow further – albeit at a significantly lower level – disposable incomes are set to increase and experts are predicting comparatively stable development for the employment market. However, this is counteracted by the reservations of clients to sign long-term old-age savings contracts, as described in the forecast. Despite this, the increasing necessity of private and occupational pension provision should at least stimulate demand in the mid to long-term.

The ever-stricter regulation of the financial services sector in Germany, with the objective of increasing investor protection, presents both challenges and opportunities for MLP. Stricter regulatory requirements will initially lead to additional costs and reduced productivity, since the administrative expenses for our consultants will increase and processes in the company will have to be adapted or newly established. However, the regulation also tightens the quality standards required of market members. This will accelerate consolidation of the market, as individual brokers will not be able to comply with the stricter requirements. The supply side of the market will reduce in size overall. We will be able to benefit from this development in the mid-term thanks to our high-quality consulting approach, focusing on client requirements, and our early alignment to the new framework conditions over the last few years.

Corporate strategy opportunities

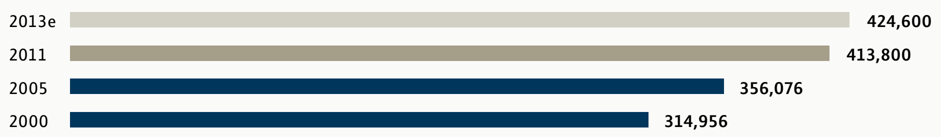
We see corporate strategy opportunities primarily in MLP's positioning as an independent, well-established, full-scope consulting firm, a position which has been strengthened over the last few years. Alongside support for private clients, we are now increasingly focusing on our business with corporate clients and institutional investors. In cooperation with our subsidiaries TPC and Feri, 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. Further and improved networking of these areas with one another and with MLP's retail business will unlock corresponding revenue potential.

Business performance opportunities

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

In the field of sales, our client potential in the retail business will increase even further over the course of the next few years. The need for well-trained employees in Germany is increasing, which in turn improves the basic conditions for our client group of academics. At the same time, the number of new students is also rising, which will lead to greater new client potential for MLP (see Figure 26).

First-year students per year in Germany



Source: FiBS-Forum No. 48; Actual prognosis of first-year students

[Figure 26]

We are also keen to use a more targeted penetration of our client base to achieve growth, in particular in the field of wealth management. Since our clients are generally very well-trained and thereby have excellent income prospects, they have a continuous need for sound financial advice and hold corresponding revenue potential for MLP.

The retail business is not the only area in which we see opportunities for winning clients. There is also a high demand for independent, professional consulting in the business with institutional clients, which we have now bundled at our subsidiary Feri AG, and with corporate clients.

Further business performance opportunities could also arise from the increase in numbers of our consultants and a corresponding increase in the number and productivity of our consultants. However, winning new consultants remains difficult. Competition to find qualified financial consultants is extremely intensive. At the same time, regulatory requirements and our own quality standard are raising the entry bar for new consultants.

Improved sales support

To increase the productivity of our consultants, we implemented numerous measures in April 2011 in the course of our comprehensive investment and efficiency program. These include further development of our consulting programs, even greater support for our consultants – for example in product selection – and even more effective service from the back-office in Wiesloch. The goal of these measures is to allow our consultants to focus on their core duty, namely advising and supporting their clients. This provides important revenue potential for the future.

We have not identified any other opportunities which could result in significant positive development of MLP's economic situation in future.

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

Positive operating development in 2011

Set against the background of the continuing crisis of confidence among investors, we are satisfied with our business development in 2011. In the current financial year 2012 we are operating under significantly dampened overall economic framework conditions. Added to this is the fact that many consumers continue to display reservations, particularly with regard to long-term investment decisions. These reservations are due to the financial and economic crisis that started in 2008, as well as the extensive public discussions concerning the EU debt crisis and increasing inflation. Yet despite all of these factors, we believe that the market for old-age provision has now passed its low point and that we will start to see a moderate increase in revenue in this field of consulting in 2012 – particularly following the successful fourth quarter of 2011. The framework conditions also remain generally positive in the field of health provision. However, since such strong growth was recorded in 2011, we are only expecting a moderate increase in revenue in the current financial year. We are forecasting a significant increase in revenue for the field of wealth management in the financial year 2012 – not least due to excellent potential at our subsidiary Feri.

Alongside the planned revenue increases, we are continuing our efficiency program and planning to reduce our fixed costs for the year 2012 to € 249 million. Our overall target remains achieving an operating EBIT margin of 15 % for the financial year 2012. We expect to follow this trend in the coming year, too.

Positive development of the Group anticipated

The Group's equity capital backing and liquidity remain excellent. Thus, we have excellent financial power, which we are keen to use to expand our competitive position in the mid to long-term growth markets of old-age provision, healthcare and wealth management together with our unique positioning as an independent consulting firm for private and corporate clients and institutional investors. We therefore expect to see continued positive overall development within the Group.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There were no appreciable events after the balance sheet date affecting the MLP Group's financial or asset situation.

Wiesloch, March 13, 2012

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Muhyddin Suleiman

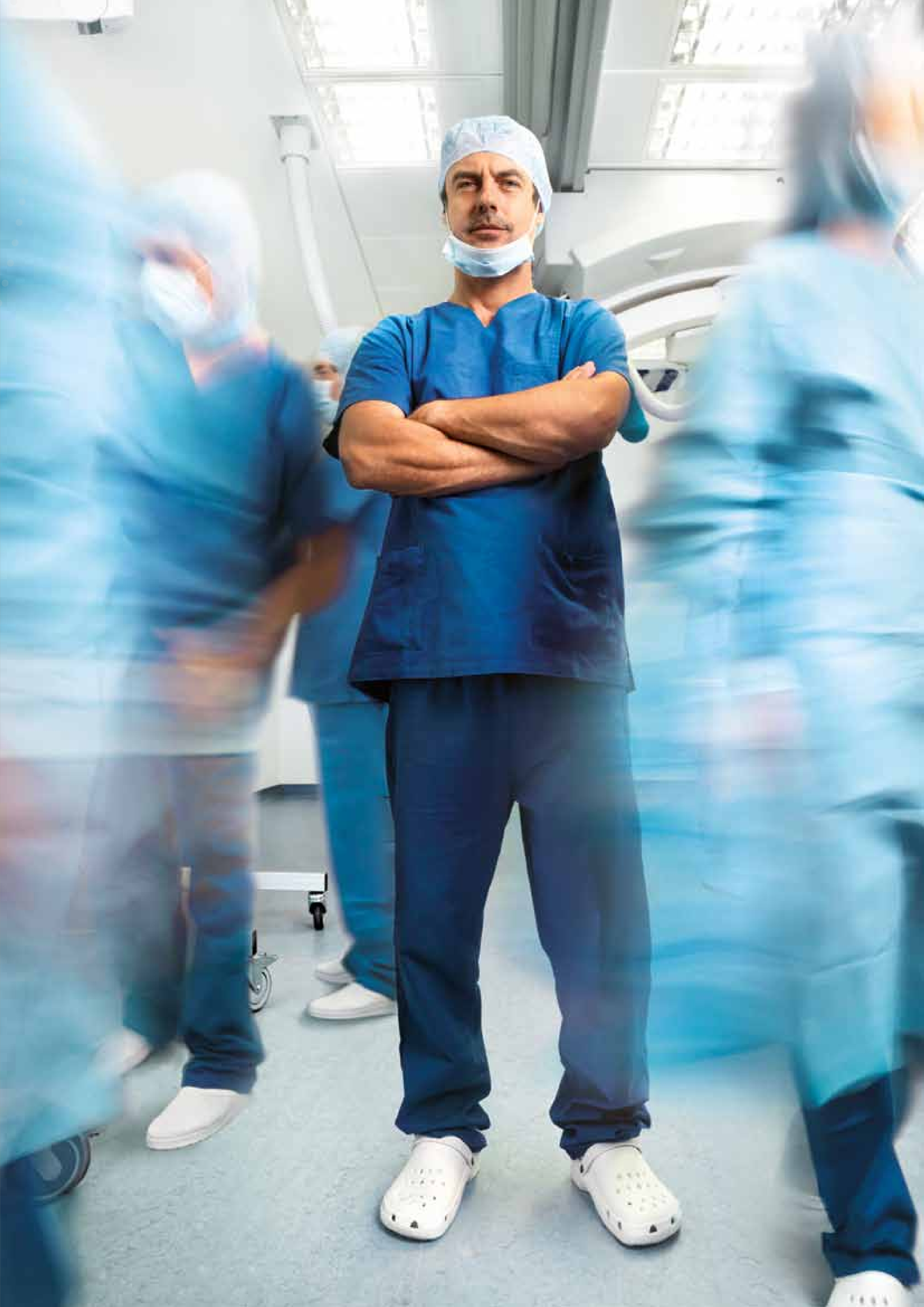
Prognoses
This documentation includes certain prognoses and information on future developments founded on the conviction of MLP AG's Executive Board and on assumptions and information currently available to MLP AG. Words such as "expect," "anticipate," "estimate," "assume," "intend," "plan," "should," "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.

Anyone who follows their calling should expect the same commitment from their financial consultant.

The best thing in any career is to find fulfilment. This is particularly true in the challenging everyday work performed by physicians. MLP has been focusing on advising this professional group for many years and today looks after well over 100,000 physicians. Starting with their degree, continuing through their international internship and stretching all the way up to the responsibilities of working at a clinic or founding their own practice – MLP offers targeted support and develops individual solutions. Our consultants know and understand the specific questions and requirements of physicians and accompany them throughout their life. This makes advising more than just a career – it becomes a true mission in life.



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MLP consultants know and understand the needs of the individual professional groups very well – and provide their clients with tailored solutions.

Investor Relations

Stock market year – Development of the markets

Decline in share prices on the stock markets

Although the start of the reporting year 2011 saw a period of stability and price increases on the international stock markets, this positive trend was halted in the second half of 2011. A key reason behind this was the discussion on the indebtedness of certain European states and the associated worries regarding the future of the Euro currency. Although the leading U.S. index, the Dow Jones Industrial Average, recorded a plus of 4.7 % over the course of the year, this increase was characterized by a rapid collapse in August and a high degree of volatility, reflecting the uncertainty in the markets (annual high: 12,810.1; annual low 10,655.3). The leading Asian index, the Nikkei, lost 18.7 % in the reporting period.

The German market saw comparably poor developments, with the DAX Index falling 15.6 % year-on-year. Germany's second-line index, the SDAX, on which the MLP share is also listed, suffered a similar downturn (–15.7 %). Both indices collapsed comprehensively in August and have remained at a low level since. The discussions concerning the European debt crisis and rising inflation, as well as fears of economic meltdown in the coming year are playing a key part in dampening growth here.

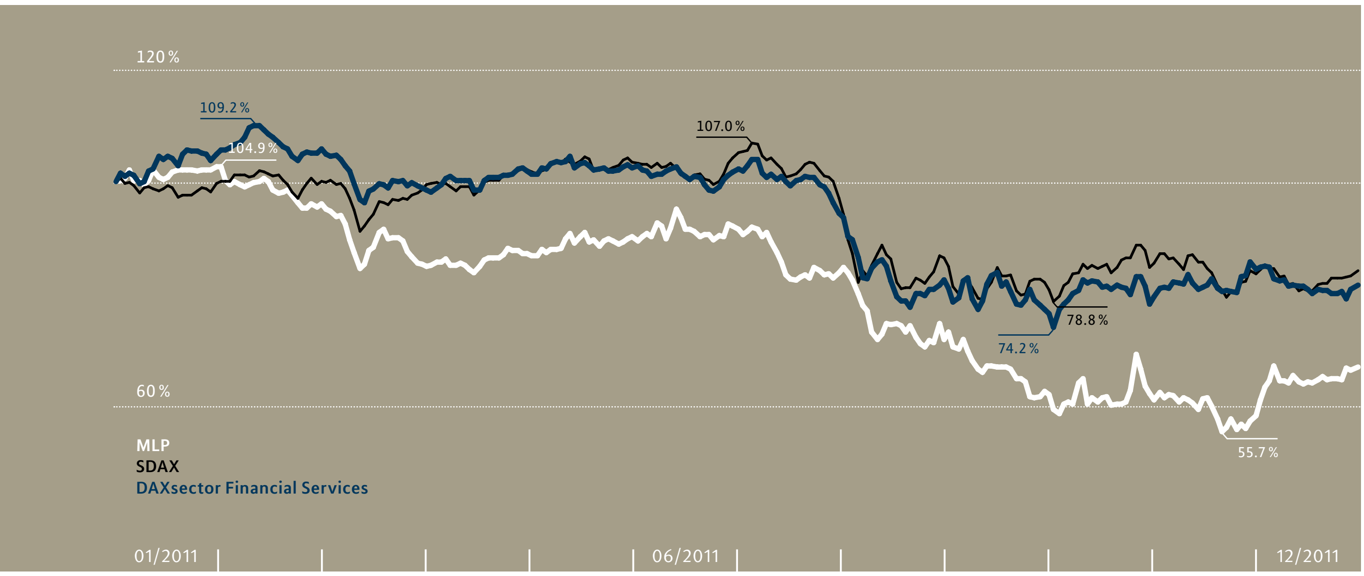
The financial industry has been particularly hard-hit by this decline. For example, the sector index for German financial institutions (DAXsector Financial Services) suffered an 18.5 % downturn in 2011. The threat of state bankruptcies of several European countries are having an above-average effect here. At the same time, stricter future regulation of the sector, for example including tighter equity regulations for banks, is reducing the kinds of returns that investors can expect to make in this sector.

The MLP share

MLP share price in line with the indices at a lower level

Over the course of the year, the MLP share followed the trend of the relevant indices (DAXsector Financial Services and SDAX) at a lower level. On the last day of trading in the year, the share price was € 5.12. Compared with the price at the start of the year, this represents a decline of 33.0 %. Our share hit its lowest point at the end of November at € 4.25, while the high of € 7.85 was recorded at the start of February 2011.

MLP share, SDAX and DAXsector Financial Services in 2011



Source: Bloomberg

[Figure 27]

Key Figures

		2011	2010	2009	2008	2007
Shares in circulation as of Dec. 31	in units	107,877,738	107,877,738	107,877,738	107,861,141	99,163,680
Share price at the beginning of the year	in €	7.64	8.27	9.80	10.74	15.12
Share price at the end of the year	in €	5.12	7.60	8.06	9.80	10.75
Share price high	in €	7.85	8.27	10.98	14.25	19.56
Share price low	in €	4.25	6.21	5.25	8.18	8.05
Market capitalization at the end of the year	in € billion	0.6	0.8	0.9	1.1	1.2
Average daily turnover of shares	in units	39,673	87,274	106,927	728,053	724,896
Dividend per share	in €	0.60*	0.30	0.25	0.28	0.50
Total dividend	in € million	64.7*	32.4	27.0	30.2	49.0
Return on dividend	in %	11.8	4.0	3.1	2.6	3.5
Earnings per share	in €	0.12	0.32	0.22	0.24	0.62
Diluted earnings per share	in €	0.12	0.31	0.22	0.24	0.62

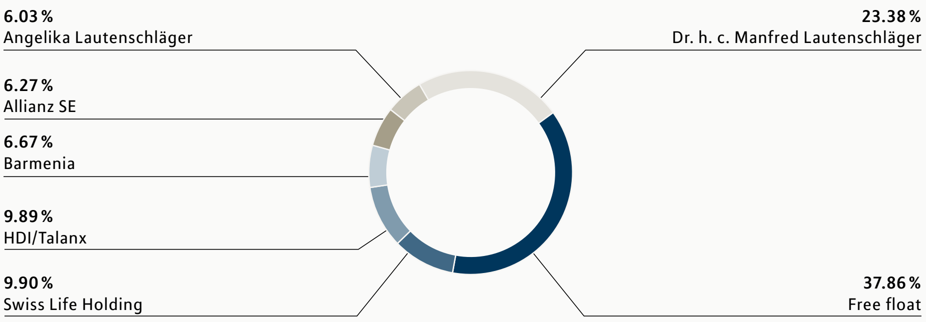
* Subject to the approval of the Annual General Meeting on June 26, 2012

[Table 30]

An increase in the stake held by Harris Associates (U.S.) from 5.10 % to 10.02 % represented a significant change in the shareholder structure in the reporting year. Harris Associates generated this increase in its stake in MLP AG from the existing freefloat. Other than that, there were no significant changes to the shareholder structure in the reporting year. Figure 28 provides an overview of the major shareholders.

MLP shareholder stucture

Shareholder structure in 2011
as of December 31, 2011*



* Definition free float Deutsche Börse; respectively including additional voting rights in line with § 22 of the German Securities Trading Act (WpHG).

[Figure 28]

Dividend

Dividend continuity

Thanks to our excellent equity capital backing and liquidity, we are able to continue the constant dividend policy we pursued in previous years. Executive Board and Supervisory Board will propose an increase in the dividend per share from € 0.30 to € 0.60 at the Annual General Meeting on June 26, 2012. As a consequence, our shareholders receive constant dividends and a further 30 cents per share on the basis of available liquid funds that are not needed for our operating activities. Accordingly, MLP offers an attractive dividend yield and once again underlines its impressive dividend continuity for investors.

Investor relations activities

The goal of our investor relations activities is to establish a continuous and open dialog with our shareholders, potential investors and the capital market. We are keen to establish and build on trust among investors and support the market in assessing the value potential of our company.

To this end, we provide continuous, up-to-date and reliable information on relevant events and incorporate feedback received from capital market players. We also sought active exchange with both private and institutional investors at regular capital market events, such as roadshows, conferences and our Annual General Meeting.

Alongside direct contact, financial reporting is a key basis for our communication. The Annual Report plays a particularly important part here, as it provides comprehensive and transparent information on all aspects of the company.

Award for the MLP Annual Report 2010

Just as in previous years, we were once again able to secure one of the top places in the "Best annual report" competition held by "manager magazin". With an overall score of 71.43 points (out of a possible 100), we took second place among all companies listed on the SDAX. Particular praise was given to our group management report and notes to the consolidated financial statements, as well as our business and sector framework reporting. Under the scientific leadership of Prof. Dr. Baetge, "manager magazin" analyzes the annual reports of the most important German listed public limited companies every year, presenting awards to those companies that provide the most comprehensive and reliable information for investors.

Information on the Group, the share and other relevant notices can be found on our investor relations web pages. We also provide a special investor relations newsletter service, whereby anyone interested can sign up to receive e-mails on important events. Anyone interested can also keep up-to-date with news from the company and the sector via twitter (http://twitter.com/MLP_AG). You can find the investor relations section at: http://www.mlp-ag.com/investor-relations. Personal contacts are also available if you would prefer to talk to us directly.

Investor relations on the internet

Key figures for business valuation and statement of financial position analysis

		2011	2010
Equity ratio	in %	26.8	27.6*
Return on equity	in %	3.1	8.1
Net liquidity	in € million	171.0	223.0
Market capitalization	in € million as of Dec., 31	552.8	819.9
Total income from continuing operations	in € million	545.5	522.6
Earnings before interest and tax (EBIT) from continuing operations	in € million	Operating EBIT: 52.3 EBIT: 18.9	47.0

* Previous year's values adjusted. The adjustments are disclosed in Note 3, p 133.

[Table 31]

Corporate Governance report – Declaration on Corporate Governance

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. The following statements and details are provided as a Declaration on Corporate Governance in the sense of § 289a of the German Commercial Code ("Handelsgesetzbuch", HGB).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Text of the Declaration of Compliance

"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 May 26, 2010) since the last Declaration of Compliance was issued. Only the recommendations specified in Section 4.1.5, Section 4.2.3 (4) and (5), Section 5.1.2 Sentences 2 and 7, Section 5.4.1 Sentence 2, Section 5.4.1 (2) and (3) and Section 5.4.6 Sentence 4 were not followed.

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

Section 4.1.5 (compliance with diversity at management level)

Based on the recommendations of the German Corporate Governance Code, the Executive Board must pay attention to diversity when filling management positions and aim for an appropriate consideration of women.

The Executive Board will continue to strengthen its efforts to secure diversity when filling management positions and in particular aim for an appropriate consideration of women at the management levels within the company. The Executive Board at MLP AG has already implemented measures in the past with the objective of making it easier for staff to combine their career with a family. It will test the effectiveness of these measures in the financial year 2012 and either make any changes deemed necessary or implement additional measures to ensure that women are given appropriate consideration at the management levels, taking into account the company's specific situation.

For the practical application of the corporate governance rules, it has still not been adequately clarified how concrete and comprehensively described an overall concept needs to be in order to comply in full with the requirements of Section 4.1.5 of the code. As it was also the case in the financial year 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

Section 4.2.3 (4) and (5) (severance payment cap)

As per the recommendations of the German Corporate Governance Code, attention must be paid when concluding Executive Board member contracts to ensure that any payments to members of the Executive Board do not exceed the value of two years' remuneration including fringe benefits (severance payment cap) of these Executive Board members, should their position be terminated prematurely without serious cause. Calculation of the severance payment cap should be based on the total remuneration of the previous 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 severance payment cap.

MLP switched over all service contracts with the members of the Executive Board to a new remuneration system in the course of the financial year 2011. Having completed this switchover, MLP now complies with the aforementioned recommendations. However, MLP did still deviate from these recommendations in some cases before switching over the contracts to the new system, i.e. in the financial year 2011. The service contracts with Executive Board members signed prior to July 31, 2009 stipulated that, in the event of premature termination due to either dismissal or termination of appointment of an Executive Board member without an important reason, a severance payment corresponding to a maximum of four times the fixed annual salary of said Executive Board member has to be paid. This payment was reduced 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. In the financial year 2011, the final remaining service contracts with the members of the Executive Board were then amended such that MLP now follows this recommendation in full.

There is no entitlement to severance payment in the case of termination of contract by mutual agreement. For contractual reasons, provisions regulating severance payment 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 it was also the case in 2011, MLP has therefore once again elected not to comply with this recommendation in 2012.

Section 5.1.2 Sentence 2 (diversity in the composition of the Executive Board)
Based on the recommendations of the German Corporate Governance Code, the Supervisory Board should also pay attention to diversity in the composition of the Executive Board and in particular aim for an appropriate consideration of women.

The Supervisory Board at MLP AG aims at increasing its efforts of respecting diversity, and, in particular, ensuring appropriate consideration of women for future appointments of Executive Board members. The Supervisory Board gives specific consideration to applications from suitable women in its selection procedures. Furthermore, in one of its meetings in the financial year 2010, the Supervisory Board discussed diversity issues regarding the Executive Board. In the financial year 2012 it will continue to address this topic, and modify existing selection processes as and if necessary and/or take further measures directed at attaining an appropriate consideration of women also within the company's Executive Board, taking into account the company's specific situation. Irrespective of this, the Supervisory Board at MLP AG intends to continue basing its selection decisions solely on personal and professional qualifications.

For the practical application of the corporate governance rules, it has still not been adequately clarified how concrete and comprehensively described an overall concept needs to be in order to comply in full with the requirements of Section 5.1.2 Sentence 2 of the code. As it was also the case in the financial year 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

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 2011. 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 it was also the case in 2011, MLP has therefore once again elected not to follow this recommendation in 2012.

Section 5.4.1 Sentence 2 (age limit for members of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, an age limit should be set and taken into account when considering proposals for the election of Supervisory Board members.

MLP did not follow this recommendation in 2011. No age limit is set for members of the Supervisory Board at MLP. In the 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 it was also the case in 2011, MLP has therefore once again elected not to follow this recommendation in 2012.

Section 5.4.1 (2) and (3) (specification of concrete objectives for the composition of the Supervisory Board)

Based on the recommendations of the German Corporate Governance Code, the Supervisory Board is to stipulate concrete objectives regarding its composition, which, whilst considering the company's specific situation, take into account the company's international operations, any potential conflicts of interest, an age limit to be specified for members of the Supervisory Board and diversity. These concrete objectives should, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the respective selection committees should also take these objectives into account. The objectives and present status of implementation are to be published in the corporate governance report.

MLP did not follow this recommendation in 2011. In one of its meetings in the financial year 2010, the Supervisory Board at MLP AG addressed the topic of setting concrete targets for the composition of the Supervisory Board, paying particular attention to diversity. In light of the knowledge, skills and specialist experience that members of the Supervisory Board require as per Section 5.4.1 Sentence 1 of the code, it would currently appear to make little sense to specify any concrete targets in terms of a female appointment quota for the Supervisory Board, largely due to the low number of members that sit the Supervisory Board as per the Articles of Association. Therefore, it is currently also not possible to report on any concrete objectives in the corporate governance report.

As it was also the case in the 2011, MLP therefore chose not to follow this recommendation in the financial year 2012.

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 2011. 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 it was also the case in 2011, MLP has therefore once again elected not to comply with this recommendation in 2012.

In December 2011, the Executive and Supervisory Boards issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act ("Aktiengesetz", AktG) and made it permanently available to shareholders via the company's website. The text of the Declaration of Compliance dated December 13, 2011 can also be viewed online at http://www.mlp-ag.com/.

You can also find more information on the topic of corporate governance at MLP on the aforementioned homepage.

CORPORATE GOVERNANCE

Responsible and value adding management

By mainly complying with the stipulations of the German Corporate Governance Code in the version of June 26, 2010, MLP continues to reinforce the confidence of its shareholders, clients, employees and other stakeholders in the management of the company. Responsible management geared toward long-term added value is a high priority for us. The Executive and Supervisory Boards ensure that MLP continues to review and develop corporate governance across the Group.

Management and controlling structure

Executive Board

As the management body of an "Aktiengesellschaft" (public limited corporation), 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 of procedures and schedule of responsibilities.

The members of the Executive Board hold joint responsibility for the entire management. Decisions made by the Executive Board are reached during Executive Board meetings held at regular intervals. 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. Manfred Bauer, Mr. Muhyddin Suleiman and, since February 1, 2011, Mr. Reinhard Loose.

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 of procedures for the Supervisory Board.

Resolutions of the Supervisory Board are made during meetings convened by the Chairman of the Supervisory Board and require a majority vote. 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. A transcript of each meeting 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 2011. Particular attention was paid to the efficiency of the 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. Further measures aimed at increasing efficiency were drafted in the course of intensive discussions.

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 human resources (HR) issues concerning 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 also 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 2011, 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 amendments to the Code passed on May 26, 2010 were again the object of intensive discussions by the Supervisory Board. The changes were analyzed and corresponding adjustments to the internal regulations and procedures followed by the Supervisory Board were either suggested or submitted for verification.

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 Audit Committee fully complies with the requirements.

Further disclosures on the Supervisory Board's activities can be found in the report by the Supervisory Board on Page 11 et seq.

Cooperation between Executive Board and Supervisory Board

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

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 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 11 et seq.).

TRANSPARENCY

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

As of December 31, 2011, the shares held by the members of the company's Executive and Supervisory Boards were distributed as follows:

Shares held by the members of the company's Executive and Supervisory Boards

Supervisory Board member	Number of shares as of Dec. 31, 2010	Number of shares as of Dec. 31, 2011
Dr. Peter Lütke-Bornefeld	40,000	50,000
Dr. h. c. Manfred Lautenschläger[1)]	25,205,534	25,205,534
Johannes Maret	–	100,000
Dr. Claus-Michael Dill	–	–
Maria Bähr	11,503	11,503
Norbert Kohler	94	94

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

[Table 32]

Executive Board member	Number of shares as of Dec. 31, 2010	Number of shares as of Dec. 31, 2011
Dr. Uwe Schroeder-Wildberg	–	–
Manfred Bauer	11,254	11,254
Muhyddin Suleiman	–	–
Reinhard Loose	–[2)]	5,000

[2)] Not applicable, as only a member of the Executive Board at MLP AG since 2010.

[Table 33]

Directors' Dealings

Directors' Dealings

Pursuant to § 15a of the German Securities Trading Act (WpHG), persons discharging managerial responsibilities at an issuer of shares must notify the issuer and the Federal Financial Supervisory Authority (BaFin). This duty also applies to persons with a close relationship to such a person.

Pursuant to § 15a of the German Securities Trading Act (WpHG) three transactions were reported to us in the financial year 2011. These can be viewed on our website http://www.mlp-ag.com.

Compliance

Compliance guidelines

In accordance with the stipulations of the German Corporate Governance Code, the Executive Board at MLP ensures compliance with the legal provisions and our internal company guidelines throughout the Group. Acting responsibly in compliance with all relevant laws and codes of conducts for the capital market is an integral part of our corporate culture and forms the basis for the trust that clients, shareholders and business partners show in us.

This principle is permanently anchored in our internal compliance guidelines. Our compliance activities are based on a Group-wide compliance strategy, which is specifically designed with preventive measures to avoid risks that could arise from non-conformity with applicable legislation, internal standards and processes. In the interest of our clients, shareholders, employees and MLP, the Compliance Organization supports and advises the Executive Board in its task to ensure compliance with legal obligations as well as intra-company directives and to establish uniform standards for all Group companies. The Compliance department controls the continuous further development of our internal codes of conducts and monitors implementation of the internal and external requirements. All employees of the MLP Group attend regular training sessions to learn about the relevant regulations. This helps prevent them from making any accidental violations and supports them in applying our corporate guidelines. The Compliance department also acts as a point of contact for employees who wish to report suspicious activities relating to criminal offences or infringements against the respective regulations. Any violations determined are investigated immediately, comprehensively clarified and then used to eliminate any weaknesses identified. The Executive Board and Supervisory Board are regularly informed of all relevant actions and measures taken by the Compliance department.

An extensive system of compliance rules and standards in the MLP Group explains the legal regulations on insider law both to members of the Executive Bodies and employees, and describes the internal guidelines for performing investment business. The compliance guidelines also ensure that sensitive information is handled responsibly at MLP and provide our employees with the legal framework for accepting invitations and gifts. To prevent any impairment of client interests, 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.

Corporate management practices

Defined company values

MLP has redefined its core values, a process in which a large number of employees and consultants were involved. “Performance” and “Trust” were identified as values here. Building on this, MLP’s existing corporate mission was then revised. This can be found on Page 120 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 summarizes 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. You can find the guidelines on Page 121 of this Annual Report and on our website at http://www.mlp-ag.com/

As per the recommendation in Section 4.1.5. of the Corporate Governance Code, the Executive Board will further intensify its efforts to secure diversity when filling management positions, targeting appropriate consideration of women at management levels within the company.

A description of the business strategy, risk strategy and risk management system can be found on Page 65 et seq. of this Annual Report.

Information

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

Information of all target groups

In order to provide comprehensive and timely information on the company's position and significant changes in a way that ensures all stakeholders are treated equally, we also use the internet. We provide access to both German and English versions of annual and quarterly reports, press releases, conference calls and presentations on our homepage at http://www.mlp-ag.com/. Our financial calendar informs about important events and dates for investors. Analysts' and media conferences are held at least once a year. In accordance with legal provisions, ad-hoc notices are published on our website, where we also provide comprehensive information on corporate governance at MLP. We provide access to our Declaration of Compliance on our homepage for at least five years.

Accounting and audit

Group accounting is performed in line with International Financial Reporting Standards (IFRS). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor by the Annual General Meeting. This company audited the 2011 (Group) financial statements and reviewed both the condensed financial statements and the interim management report in 2011 (pursuant to §§ 37w (5), 37y No. 2 of the German Securities Trading Act ("Wertpapierhandelsgesetz", 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.

Principles of Executive Board remuneration

With the Appropriateness of Management Remuneration Act ("Gesetz zur Angemessenheit der Vorstandsvergütung", VorstAG), which came into force on August 5, 2009, the legislator in Germany has 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.

Based on expert assessment, MLP's previous system of Executive Board remuneration was already largely aligned with the objectives of the new legislation in Germany's Appropriateness of Management Board Remuneration Act (VorstAG). Nonetheless, in 2010 the Supervisory Board devoted much attention to the further development of the Executive Board remuneration system at MLP and decided on a new remuneration system which has been applied since then for the appointment and repeated appointment of members of the Executive Board.

A legal right to continuation applied to the contracts of those individuals who were already members of the Executive Board prior to March 24, 2010, namely Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman. For this reason, the company employed two different remuneration systems for the members of the Executive Board. The remuneration systems are described in two separate sections in the following. During the course of the financial year 2011, the contracts of all members of the Executive Board were converted to the new system.

Remuneration regulations in the form agreed prior to March 24, 2010

Based on the contracts of employment set up according to the former remuneration system, the members of the Executive Board were entitled to both a fixed (non-performance-related) and a variable (performance-linked) remuneration. The basis of assessment for variable remuneration were the earnings before tax (EBT) of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The key figure was the EBT that resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations were to be recognized in the financial year, the basis of assessment was formed by the total of the EBT of the operations to be continued and discontinued respectively. No costs and income directly related to the discontinuation/sale of business segments were included in the basis of assessment. The variable remuneration was 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 was granted pro rata temporis.

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

In addition there were long-term remuneration components. The members of the Executive Board participated in the Long Term Incentive Program ("LTI") from 2008 to 2010. Since the switchover to the new system of remuneration, this program no longer exists. The structure of this program is described below.

In 2005, a Long-Term Incentive Program 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 EBT over several years and the development of the share price. Performance shares (phantom shares) can be allocated here. These were 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, the 2007 tranche expired in 2010 and the 2008 tranche expired in 2011. For the tranches approved in the financial years from 2008 to 2010, the cash payout was determined on the basis of three times the earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). Only when this performance hurdle was reached were the beneficiaries entitled to receive a cash payout.

An equity settlement was not planned. The fair value of the phantom shares was re-calculated on each closing date on the basis of an appropriate valuation method.

In its meeting on March 22, 2011, the Supervisory Board proposed revising the LTI conditions for the 2010 tranche, subject to the condition that the payments made to the members of the Executive Board under the LTI Program shall reach a level of 0.4 % of the EBIT achieved in the MLP Group. The following amendments were made in order to reach this resolution: the growth lever was set to 3 %. In the event that the reference value exceeds the performance hurdle by 3 %, the number of performance units will increase by 3 % of the 100 % allocation volume upon reaching the hurdle. In addition to this, the payment per share was capped at 50 % above the MLP share price of the allocation. The performance hurdle for the 2010 tranche was fixed at € 150 million.

If an employee or member leaves the company, the phantom shares granted expire.

Within the scope of the Long-Term Incentive Program, members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. The number and values of phantom shares, insofar as these have not been paid out or have expired are specified in the table below:

Long Term Incentive Program – Executive Board

All figures in units	Tranche 2009	Tranche 2010
Fair value at grant date	7.59 €	7.54 €
Dr. Uwe Schroeder-Wildberg	65,876	66,313
Muhyddin Suleiman	39,526	39,788
Total	**105,402**	**106,101**

[Table 34]

The Performance Share Units (PSU) of the 2008 tranche have expired, since the key performance hurdle for the LTI tranche was not achieved.

Participation in the LTI program was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011.

The costs of the 2010 tranche for members of the Executive Board recorded in the 2011 income statement are € 0 thsd (previous year: € 155 thsd).

The members of the Group Executive Board, Dr. Uwe Schroeder-Wildberg and Mr. Muhyddin Suleiman, continue to hold individual occupational benefit plans. 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. However, the members of the Group Executive Board, Manfred Bauer and Reinhard Loose, receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of all members of the Group Executive Board comprise change-of-control clauses granting the right to termination for cause in the event

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act.
- of a re-organization of the company in line with the provisions of the German Re-organization of Companies Act ("Umwandlungsgesetz", UmwG). This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Re-organization of Companies Act or for mergers in accordance with the provisions of the Re-organization of Companies Act, in which the company is the incorporating legal entity.

Since the amendment of the service contracts of Executive Board members in the financial year 2011, a member of the Executive Board resigning on the basis of the aforementioned conditions is entitled to maximum compensation of two times a year's fixed salary, on the condition that the termination takes place more than two years before the end of the contract. After that, the regulations apply on a pro rata temporis basis.

Remuneration regulations in the form agreed since March 24, 2010

The new Executive Board remuneration system, introduced due to the stipulations of the German Appropriateness of Management Board Remuneration Act ("Gesetz zur Angemessenheit der Vorstandsvergütung", VorstAG) and passed on March 24, 2010 by the Supervisory Board, was applied from this time onwards when appointing or re-appointing members to the Executive Board. This new remuneration system was used for the first time for the appointment of Mr. Manfred Bauer to the Executive Board, who has been a member on this Board since May 1, 2010. The system was also used for the service contract with Mr. Reinhard Loose, who was appointed as a further member of the Executive Board in November 2010 and took up this post on February 1, 2011. The service contracts for Dr. Uwe Schroeder-Wildberg und Muhyddin Suleiman have been amended with effect for 2011. After Mr. Ralf Schmid withdrew from his position as a member of the Executive Board in March 2011, the employment relationship was ended with mutual consent. Consequently, all existing Executive Board contracts have been switched over to the new remuneration system since 2011.

The remuneration system agreed here provides for a fixed basic annual salary and also variable remuneration (bonus) (see Table 35). The basic figure for the bonus payment is determined based on the income statement of the MLP Group in accordance with the respective (international) accounting standards applied in the Group. The EBIT of the MLP Group in the past financial year for which the bonus is to be paid forms the basis of assessment here. The key figure is the EBIT that would have resulted without deduction of profit-sharing payments. If continuing operations and discontinued operations are to be recognized in the financial year, the basis of assessment is formed by the total of the EBIT of the operations to be continued and discontinued operations respectively. No costs and income directly related to the discontinuation/sale of business segments are included in the basis of assessment. If the employment contract begins or ends in the course of the financial year, the basic bonus figure is reduced pro rata temporis.

The thus calculated 45 % of the bonus is to be paid as an immediate payment following presentation of the company's adopted financial statements.

The remaining 55 % is only to be paid as a "deferred payment" after presentation of the financial statements for the financial year two years after the year of the immediate payment. The level of the deferred payment effectively to be paid to the member of the Executive Board is also subject to upwards or downwards adjustment, depending on the ratio of the average EBIT recorded in the base year and the three subsequent years to the EBIT in the base year.

The following amounts were recognized as liabilities in connection with deferred payments in the financial year 2011: Dr. Uwe Schroeder-Wildberg € 458 thsd, Manfred Bauer € 367 thsd, Reinhard Loose (since February 1, 2011) € 321 thsd, Muhyddin Suleiman € 367 thsd.

In contractually more closely specified boundaries, the immediate payment and the deferred payment are also subject to an adjustment right, which can be used at the discretion of the Supervisory Board. Here, the Supervisory Board is authorized, at its reasonable discretion, to increase or reduce the immediate payment by up to 30 % and the deferred payment by up to 10 % based on its assessment of the individual performance of the respective member of the Executive Board or extraordinary developments.

In addition to this, the service contract provides for a cap of the immediate payment and the deferred payment in Euros. For both bonus parts, a maximum of 150 % of the basic figure is stipulated as the cap with an assumed EBIT of € 100 million.

Under the new remuneration system, the members of the Executive Board still remain entitled to unrestricted use of a company car and payments from a life and disability insurance policy. The members of the Group Executive Board, Manfred Bauer and Reinhard Loose, continue to receive employer-financed, defined contribution benefits in an occupational pension scheme.

The service contracts of the members of the Group Executive Board drawn up with the new system also comprise change-of-control clauses, granting the right to termination for cause in the event

- the company's share of voting rights changes in accordance with §§ 21, 22 of the German Securities Trading Act.
- of a re-organization of the company in line with the provisions of the German Re-organization of Companies Act. This does not apply if the company changes its corporate form, outsourcings in line with § 123 (3) of the German Re-organization of Companies Act or for mergers in accordance with the provisions of the Re-organization of Companies Act ("Umwandlungsgesetzes", UmwG), in which the company is the incorporating legal entity.

As described earlier, since the amendment of the service contracts of Executive Board members in the financial year 2011, a member of the Executive Board resigning on the basis of the aforementioned conditions is entitled to a maximum compensation of two times a year's fixed salary, on the condition that the termination takes place more than two years before the end of the contract. After that, the regulations apply on a pro rata temporis basis.

Individualized Executive Board remuneration for the financial year 2011

All figures in € thsd	Fixed portion of remuneration	Variable portion of remuneration/ (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	119	647
Manfred Bauer	382	95	478
Reinhard Loose (since February 1, 2011)	269	83	352
Ralf Schmid (until March 31, 2011)	118	20	138
Muhyddin Suleiman	379	95	474
Total	**1,676**	**413**	**2,089**

[Table 35]

Individualized Executive Board remuneration for the financial year 2010

All figures in € thsd	Fixed portion of remuneration	Variable portion of remuneration/ (immediate payment)	Total
Dr. Uwe Schroeder-Wildberg	528	267	795
Gerhard Frieg (until March 31, 2010)	139	40	179
Manfred Bauer (since May 1, 2010)	253	128	382
Ralf Schmid	380	214	594
Muhyddin Suleiman	379	214	593
Total	**1,680**	**863**	**2,542**

[Table 36]

As of December 31, 2011, pension provisions for former members of the Executive Board were € 11,842 thsd (previous year: € 11,008 thsd).

Former members of the Executive Board received compensations of € 1,260 thsd (previous year: € 0 thsd).

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 € 40,000 in accordance with the Articles of Association. The Chairman of the Supervisory Board receives twice and his deputy one and a half times this amount. Additional, special remuneration is granted for work on the Audit Committee and the Personnel Committee. This comes to € 25,000 for the Audit Committee and € 15,000 for the Personnel Committee. The Chairman of the respective committee receives twice the stated level of remuneration. 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.

Individualized Supervisory Board remuneration

All figures in € thsd (without tax)	Remuneration 2011	Remuneration 2010
Dr. Peter Lütke-Bornefeld (Chairman)	135	160
Dr. h. c. Manfred Lautenschläger (Vice Chairman)	100	100
Dr. Claus-Michael Dill	105	80
Johannes Maret	80	80
Norbert Kohler	40	40
Maria Bähr	40	40
Total	**500**	**500**

[Table 37]

In the financial year 2011 € 25 thsd (previous year: € 19 thsd) was paid as compensation for expenses.

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 strive 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 of our 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.

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 (German only).

Students who are 100 % committed to their degree should expect the same commitment when it comes to their finances.

University study creates the basis for a successful career. Here, MLP is on hand as a strong and reliable partner from the outset. Our consultants specialize in serving individual professional groups. They understand what academics need, thanks both to their own experience and the profound knowledge they acquire in our extensive qualification and further training program. Based on special offers, they draft individual financial and provision concepts to provide the insurance cover that students need – whether during their degree course or when taking their first steps into the professional world. They then accompany their clients throughout their life.

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MLP consultants understand what academics need and provide them with sound advice throughout their life – starting from their studies.

Overview – MLP Consolidated Financial Statements

Income statement and statement of comprehensive income

Income statement for the period from January 1 to December 31, 2011

All figures in €'000	Notes	2011	2010
Revenue	(8)	526,679	497,322
Other revenue	(9)	18,795	25,259
Total revenue		**545,474**	**522,582**
Commission expenses	(10)	–213,265	–188,663
Interest expenses	(11)	–8,391	–9,071
Personnel expenses	(12)	–116,412	–105,874
Depreciation and amortization	(13)	–18,311	–15,848
Other operating expenses	(14)	–171,456	–157,368
Earnings from shares accounted for using the equity method	(15)	1,219	1,265
Earnings before interest and tax (EBIT)		**18,857**	**47,022**
Other interest and similar income		3,349	6,282
Other interest and similar expenses		–3,539	–6,254
Finance cost	**(16)**	**–190**	**28**
Earnings before tax (EBT)		**18,667**	**47,051**
Income taxes	(32)	–6,513	–12,950
Earnings from continuing operations after tax		**12,155**	**34,101**
Earnings from discontinued operations after tax	**(34)**	**298**	**–39**
Net profit		**12,453**	**34,062**
Of which attributable to			
owners of the parent company		12,453	34,062
Earnings per share in €	**(37)**		
From continuing operations			
basic		0.11	0.32
diluted		0.11	0.32
From continuing and discontinued operations			
basic		0.12	0.32
diluted		0.12	0.31

[Table 38]

Statement of comprehensive income for the period from January 1 to December 31, 2011

All figures in €'000	2011	2010
Net profit	**12,453**	**34,062**
Other comprehensive income		
Securities marked to market	–777	2,937
Tax expense	8	–171
Other comprehensive income after tax	**–769**	**2,766**
Total comprehensive income	**11,684**	**36,827**
Total comprehensive income attributable to		
owners of the parent company	11,684	36,827

[Table 39]

Statement of financial position

Assets as of December 31, 2011

All figures in €'000	Notes	Dec. 31, 2011	Dec. 31, 2010*	Jan. 1, 2010*
Intangible assets	(17)	140,331	148,157	156,138
Property, plant and equipment	(18)	71,569	74,403	78,781
Investment property	(19)	7,481	11,178	11,432
Shares accounted for using the equity method	(20)	2,863	2,910	2,013
Deferred tax assets	(32)	4,688	3,283	2,969
Receivables from clients in the banking business	(21)	360,148	343,453	313,494
Receivables from banks in the banking business	(21)	487,557	485,023	498,201
Financial assets	(22)	232,024	252,687	192,389
Tax refund claims	(32)	6,140	11,275	33,059
Other accounts receivables and other assets	(23)	143,640	139,896	154,975
Cash and cash equivalents	(24)	31,350	50,470	54,968
Total		**1,487,792**	**1,522,736**	**1,498,419**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 40]

Liabilities and shareholders' equity as of December 31, 2011

All figures in €'000	Notes	Dec. 31, 2011	Dec. 31, 2010*	Jan. 1, 2010*
Shareholders' equity	(25)	399,341	419,984	410,126
Provisions	(26)	87,849	77,691	75,269
Deferred tax liabilities	(32)	9,428	10,551	10,668
Liabilities due to clients in the banking business	(27)	827,413	819,294	750,282
Liabilities due to banks in the banking business	(27)	14,540	16,391	20,774
Tax liabilities	(32)	1,585	1,109	17,434
Other liabilities	(28)	147,635	177,716	211,816
Liabilities in connection with non-current assets held for sale and disposal groups		–	–	2,049
Total		**1,487,792**	**1,522,736**	**1,498,419**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 41]

Statement of cash flow

Statement of cash flow for the period from January 1 to December 31, 2011

All figures in €'000	2011	2010*
Net profit (total)	**12,453**	**34,062**
Depreciation and amortization/impairments/write-ups of intangible assets and property, plant and equipment	18,311	15,848
Depreciation/impairments/write-ups on financial investments	3,859	3,618
Allowances for bad debts	3,401	6,632
Increase/decrease of provisions	10,158	1,900
Adjustments from income taxes, interest and other non-cash transactions	–9,498	–13,342
Gain/loss from the disposal of intangible assets and property, plant and equipment	–3,402	50
Gain/loss from the disposal of financial assets	–338	62
Increase/decrease of receivables from / liabilities due to bank clients	–4,385	10,966
Increase/decrease of receivables from / liabilities due to bank clients	–9,726	36,140
Increase/decrease of other assets	–2,070	37,692
Increase/decrease of other liabilities and shareholders' equity	–31,770	–52,656
Purchase price liability for the acquisition of additional shares in subsidiaries	51,140	–
Income taxes paid	–4,172	–7,216
Interest received	31,100	28,082
Dividends received	122	425
Interest paid	–11,353	–11,304
Cash flow from operating activities	**53,829**	**90,958**
of which from discontinued operations	**3,406**	**–3,284**
Proceeds from disposal of intangible assets and property, plant and equipment	212	632
Payments for intangible assets and property, plant and equipment	–7,754	–3,917
Proceeds from disposal of financial assets	148,158	62,288
Payments for purchases of financial assets	–184,603	–118,474
Cash flow from investing activities	**–43,988**	**–59,472**
of which from discontinued operations	**–**	**–**
Dividends paid	–32,363	–26,969
Payments for the acquisition of additional shares in subsidiaries	–51,140	–
Payments for the repayment of bonds and redemption of loans	–453	–2,676
Cash flow from financing activities	**–83,956**	**–29,646**
of which from discontinued operations	**–**	**–**
Change in cash and cash equivalents	–74,115	1,840
Cash and cash equivalents at beginning of period	125,465	123,624
Cash and cash equivalents at end of period	**51,350**	**125,465**
Composition of cash and cash equivalents		
Cash and cash equivalents	31,350	50,470
Loans ≤ 3 months	20,000	75,000
Liabilities to banks due on demand	–	–6
Cash and cash equivalents at end of period	**51,350**	**125,465**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 42]

Statement of changes in equity

	Equity attributable to MLP AG shareholders				
All figures in €'000	**Share capital**	**Capital reserves**	**Securities marked to market**	**Other equity**	**Total shareholders' equity**
As of Jan. 1, 2010 (as reported)	**107,878**	**142,184**	**–1,573**	**170,044**	**418,532**
Retrospective adjustment*	–	–	–	–8,406	–8,406
As of Jan. 1, 2010 (adjusted)	**107,878**	**142,184**	**–1,573**	**161,639**	**410,126**
Dividend	–	–	–	–26,969	–26,969
Transactions with owners	**–**	**–**	**–**	**–26,969**	**–26,969**
Total comprehensive income	–	–	2,766	34,062	36,827
As of Dec. 31, 2010	**107,878**	**142,184**	**1,193**	**168,731**	**419,984**
As of Jan. 1, 2011	**107,878**	**142,184**	**1,193**	**168,731**	**419,984**
Dividend	–	–	–	–32,363	–32,363
Changes to the scope of consolidation	–	–	–	37	37
Transactions with owners	**–**	**–**	**–**	**–32,326**	**–32,326**
Total comprehensive income	–	–	–769	12,453	11,684
As of Dec. 31, 2011	**107,878**	**142,184**	**424**	**148,858**	**399,341**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 43]

Notes

Segment reporting

	Financial services	
All figures in €'000	2011	2010
Revenue	490,543	464,026
of which total inter-segment revenue	3,269	237
Other revenue	11,813	17,324
of which total inter-segment revenue	1,667	1,820
Total revenue	**502,356**	**481,350**
Commission expenses	–208,882	–187,165
Interest expenses	–8,394	–9,074
Personnel expenses	–82,756	–76,841
Depreciation and amortization	–9,351	–10,507
Impairment	–646	–
Other operating expenses	–158,579	–148,738
Earnings from shares accounted for using the equity method	1,219	1,265
Segment earnings before interest and tax (EBIT)	**34,967**	**50,290**
Other interest and similar income	289	341
Other interest and similar expenses	–1,016	–1,107
Finance cost	**–727**	**–766**
Earnings before tax (EBT)	**34,240**	**49,524**
Income taxes		
Earnings from continuing operations after tax		
Earnings from discontinued operations after tax	**298**	**–39**
Net profit (total)		
Shares accounted for using the equity method	**2,863**	**2,910**
Investments in intangible assets and property, plant and equipment	**6,667**	**3,019**
Major non-cash expenses:		
Impairment charges/reversal of impairment charges for receivables and financial assets	6,823	9,341
Increase/decrease of provisions/accrued liabilities	39,017	19,995

	Feri		Holding		Consolidation		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	39,746	33,738	–	–	–3,610	–441	526,679	497,322
	341	204	–	–	–3,610	–441	0	0
	6,845	7,452	10,858	11,531	–10,722	–11,048	18,795	25,259
	–	–	9,055	9,228	–10,722	–11,048	0	0
	46,592	**41,189**	**10,858**	**11,531**	**–14,332**	**–11,489**	**545,474**	**522,582**
	–7,692	–1,729	–	–	3,308	231	–213,265	–188,663
	–	–	–	–	2	3	–8,391	–9,071
	–26,154	–23,800	–7,502	–5,233	–	–	–116,412	–105,874
	–2,120	–2,300	–2,763	–3,041	–	–	–14,234	–15,848
	–	–	–3,432	–	–	–	–4,077	–
	–12,745	–9,480	–11,085	–10,440	10,954	11,291	–171,456	–157,368
	–	–	–	–	–	–	1,219	1,265
	–2,118	**3,880**	**–13,924**	**–7,183**	**–68**	**35**	**18,857**	**47,022**
	76	69	5,475	6,893	–2,490	–1,021	3,349	6,282
	–44	–148	–2,731	–5,175	251	176	–3,539	–6,254
	32	**–79**	**2,744**	**1,719**	**–2,239**	**–845**	**–190**	**28**
	–2,086	**3,800**	**–11,180**	**–5,464**	**–2,307**	**–810**	**18,667**	**47,051**
							–6,513	–12,950
							12,155	**34,101**
	–	–	–	–	–	–	**298**	**–39**
							12,453	**34,062**
	–	**–**	**–**	**–**	**–**	**–**	**2,863**	**2,910**
	808	**858**	**273**	**41**	**–**	**–**	**7,748**	**3,917**
	773	124	–	1,236	–	–	7,596	10,701
	5,693	2,373	4,275	7,284	–	–	48,985	29,653

[Table 44]

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 occupational pension provision, health provision, 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 assessed at fair value. MLP prepares its consolidated balance sheet 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.

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

3 Adjustments to the accounting policies

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

The FREP (German Financial Reporting Enforcement Panel) performed a random sample examination of the consolidated financial statements of MLP AG for the financial year 2010. According to the results determined by the FREP, tax receivables disclosed in the consolidated financial statements as of December 31, 2010 were € 8.4 million too high.

Following an external tax audit for the assessment periods 2002 to 2006, at the end of 2009 the tax authorities established retrospective corporation tax and trade tax liabilities on account of partial write-downs on receivables from foreign subsidiaries which are fiscally not recognized. MLP considers the retrospective tax liability of € 7.1 million plus interest of € 1.3 million to be unfounded and therefore filed an objection to the tax assessment in due form and time. Based on expert testimony by a renowned tax consultancy, the company refuted the existence of a probable tax liability claim as of December 31, 2009 and refrained from recognizing a provision for the disputed tax payment obligation. In conformity with the acknowledgement of this tax position, the payment of € 8.4 million made in 2010 was recognized as a receivable in the balance sheet. For reasons of procedural economy, MLP has decided to adjust the disclosures in the consolidated financial statements retrospectively to comply with IAS 8. Irrespective of this correction, MLP still anticipates being able to enforce its legal position in the dispute with the fiscal authority, continuing to assert its belief that the retrospective tax liability claimed by the authorities is unjustified.

In compliance with IAS 8, the comparative figures for the financial year 2010 have been corrected as follows:

- In the opening balance sheet as of January 1, 2010, an additional liability of € 8.4 million was recorded for the retrospective tax obligation based on the amended tax assessment notices issued in 2009. Other equity was therefore disclosed at a correspondingly lower level.
- MLP did not recognize the tax payments made based on the tax assessment notices in the financial year 2010 as a receivable. The tax liability raised in the previous year was settled by this payment.

Due to these changes, the comparative figures reported for the financial year 2010 differ from the values disclosed in the consolidated financial statements as of December 31, 2010. This does not have any effect on Group net profit or net cash flows for the financial year 2010. If MLP had recorded the tax liabilities in the consolidated financial statements as of December 31, 2009, earnings from discontinued operations would have been reduced by the amount of the accrued figure.

The revised amounts of affected balance sheet items are illustrated in the table below:

All figures in €'000	As of Jan. 1, 2010	As of Dec. 31, 2010
Decrease of tax refund claims	–	571
Decrease of other accounts receivable and other assets	–	7,834
Decrease in shareholders' equity	8,405	–
Increase of tax liabilities	8,405	–
Decrease of tax liabilities	–	8,405

[Table 45]

Reimbursements resulting from recourse claims were offset against certain provisions in the previous year's report. MLP has refrained from this practice for this financial year. The previous year's values have been adjusted accordingly. Explanations of this can be found in Notes 23 and 26.

New and revised standards and interpretations to be applied for the first time in the financial year 2011 and which affect the consolidated financial statements:
The lASB published its **improvements to IFRS 2010** in May 2010. The amendments to the standards IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27 and IAS 34, as well as the interpretation of IFRIC 13 were adopted by the EU in February 2011. The amendments eliminate inconsistencies and clarify certain formulations. They do not have any effects on the presentation of net assets, the financial position or results of operations. The majority of the amendments are only compulsory for reporting periods starting on or after January 1, 2011.

Adoption of the following new or revised standards and interpretations was not yet binding for the financial year commencing on January 1, 2011. They were not adopted ahead of time:
The IASB published its amendment to **IFRS 7 "Financial Instruments: Disclosures"** in October 2010. The amendments were adopted by the EU in November 2011. The extended disclosure requirements are intended to allow anyone reading the balance sheet to understand the relationships between transferred financial assets and the corresponding financial liabilities. In addition to this, readers of the balance sheet should also be able to assess the type and, in particular, the risks of continuing involvement with financial assets de-recognized in their entirety. The amendments also require additional disclosures to be made when a disproportionately large number of transfers is made around the end of a reporting period. The amended version of IFRS 7 is to be adopted for the first time for reporting periods beginning on or after July 1, 2011.

The IASB published its amendment to **IAS 12 "Income Taxes"** in December 2010. In this context, the stipulations of SIC 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" were annuled. Adoption of the amendments by the EU is still pending. The amendment introduces a rebuttable presumption that the carrying amounts of investment property as per IAS 40 are generally realized through sale. This presumption does not apply to assets where the revaluation method is applied as per IAS 16 or IAS 38. The amended version of IAS 12, if accepted in its current form by the EU, is to be adopted for the first time for reporting periods beginning on or after January 1, 2012.

The lASB published its amendment to **IAS 1 "Presentation of Items of Other Comprehensive Income"** in June 2011. Adoption of the amendments by the EU is still pending. With this new amendment, the IFRS income statement will, in future, only formally consist of a single financial statement: the "Statement of Profit or Loss and Other Comprehensive Income". As per the current IAS 1 standard, the income statement can formally be a separate component of the financial statements which must precede the statement of comprehensive income. Another change involves the key figure of "other comprehensive income" (OCI) in future being split based on whether the expenses and income it records are to be recycled in the income statement at a later date. The option of presenting OCI items either before or after taxes remains. However in the case of a before-tax presentation, the taxes must be disclosed separately based on whether they refer to items which can be recycled (for example, cash flow hedges, currency translations) or to items which are not to be recycled (for example, items to be recognized in the income statement through other comprehensive income as per IAS 39 "Financial Instruments"). Overall, the amendments lead to a more transparent and comparable presentation of other comprehensive income (OCI). The amended version of IAS 1, if accepted in its current form by the EU, is to be adopted for the first time for reporting periods beginning on or after July 1, 2012.

The IASB published its amendment to **IFRS 9 (2009) "Financial Instruments"** in November 2009. The aim is for this standard – together with two further supplements – to gradually replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 (2009) contains rules for the classification and measurement of financial assets. With this standard, the former measurement categories are replaced by the categories "Amortized Cost" and "Fair Value".

The IASB published **IFRS 9 (2010) "Financial Instruments"** in October 2010. Supplementing IFRS 9 (2009), IFRS 9 (2010) includes regulations for the classification and measurement of financial liabilities, as well as for de-recognition of financial assets and liabilities. With the exception of the fair value option, IFRS 9 (2010) does not contain any significant changes for financial liabilities. Fair value changes under the fair value option due to the own credit risk are to be recognized under OCI, while all other fair value changes are to recognized in the income statement (one-step approach). With regard to de-recognition, IFRS 9 (2010) applies the same ruling as the currently valid IAS 39. If accepted by the EU in the form as published by the IASB on December 16, 2011, adoption of IFRS 9 is to be applied for the first time for periods beginning on or after January 1, 2015. Adoption of the amendments in European law is still pending.

The IASB published the standards **IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”** in May 2011. The amendments to **IAS 27 “Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** were also published. Adoption by the EU is still pending.

IFRS 10 “Consolidated Financial Statements” replaces the consolidation guidelines in IAS 27 “Consolidated and Separate Financial Statements Pursuant to IFRS” and SIC-12 “Consolidation – Special Purpose Entities” by introducing a single consolidation model for all entities on the basis of control, on the basis of control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control will be based on whether an investor has power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the returns.

The aim of IAS 27 (2011) “Separate Financial Statements” is to set standards for use when valuing investments in subsidiaries, associated companies and joint ventures if a company decides to or is obliged to present separate financial statements due to local regulations. The consolidation requirements previously included in IAS 27 (2008) have been revised and are now included in IFRS 10.

IFRS 11 “Joint Arrangements” replaces IAS 31 “Interests in Joint Ventures”. The option to apply the proportional consolidation method when accounting for jointly controlled entities has been removed. Additionally, IFRS 11 will eliminate jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

IFRS 12 “Disclosure of Interests in Other Entities” requires improved disclosures of both consolidated and non-consolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IAS 28 (2011) “Investments in Associates and Joint Ventures” takes into account adjustments resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

Adoption of the new/amended standards, if accepted in their current form by the EU, is to be applied for the first time for reporting periods beginning on or after January 1, 2013.

The IASB also published **IFRS 13 "Fair Value Measurement"** in May 2011. Adoption by the EU is still pending. IFRS 13 offers support in determining the fair value, insofar as this is prescribed by other IFRS as the assessment method to be used. Thus, the process for fair value assessment has not been extended in IFRS 13. The objective is to achieve cross-standard uniformity of the term "fair value", of the methods employed in determining fair value and in particular also of the notes associated with fair value assessment. IFRS 13 is applied when another IFRS stipulates/permits an assessment at fair value or requires disclosures to be made regarding assessment of the fair value, with the exception of share-based remuneration transactions within the application scope of IFRS 2, leasing transactions within the scope of IAS 17, assessments which display similarities to the fair value concept but which are not actually fair value, such as the net sale value in IAS 2 or the value in use as per IAS 36. If accepted in its current form by the EU, IFRS 13 is to be adopted for financial years beginning on or after January 1, 2013.

The IASB published its amendment to **IAS 19 "Employee Benefits"** in June 2011. Adoption of the amendments by the EU is still pending. The most important change lies in the fact that unanticipated future variations in pension obligations and any pension scheme assets, so-called actuarial profits and losses, must be recorded directly under other comprehensive income (OCI). The former option that allowed companies to choose between immediate disclosure as profit or loss, disclosure under other comprehensive income (OCI) or delayed disclosure in line with the so-called corridor method has been annuled. In the transition to OCI disclosure, this can lead to an increase in shareholders' equity volatility, particularly in cases where the corridor method has previously been applied. A second change to pension accounting pursuant to IAS 19 involves management in future no longer estimating the return on pension scheme assets according to expectations based on the asset allocation method. Instead, income from anticipated returns on pension scheme assets may only be recorded at the level of the discount rate. In a third key change, the amended IAS 19 stipulates more comprehensive notes. In future, companies must first make disclosures on the financing strategy for their pension plans and not only describe, but also quantify the financing risks associated with their plans. Among other things, this will in future require a sensitivity analysis to be performed that shows the scope to which pension obligations are covered in the event of changes to key assessment assumptions. The average remaining term of pension obligations must also be specified in future. The amended version of IAS 19, if accepted in its current form by the EU, is to be adopted for the first time for reporting periods beginning on or after January 1, 2013.

The IASB published its amendment to **IAS 32 "Financial Instruments: Presentation"** in December 2011. Adoption of the amendments by the EU is still pending. The aim of this supplement is to eliminate practical handling inconsistencies when offsetting financial assets and financial liabilities. The supplement also explains the significance of the current right to offset. In addition to this, it stipulates what gross settlement systems may be considered equivalent to net settlement within the context of the standard. The amended version of IAS 32, if accepted in its current form by the EU, is to be adopted for the first time for reporting periods beginning on or after January 1, 2014. In this context, a supplement to IFRS 7 "Financial Instruments" was created regarding offsetting financial instruments.

MLP expects that the new IFRS 9 will lead to changes with regard to the classification of financial assets. As it stands today, MLP does not anticipate any effects on the scope or methods of consolidation from the introduction of IFRS 10, 11, 12 and the amendments to IAS 27 and 28. Within the scope of the amendment to IAS 19, however, MLP does anticipate effects on the Group's net assets, financial position and results of operations, particularly with respect to elimination of the corridor method. 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 adoption becomes binding following endorsement by the EU.

4 Scope of consolidation and shares in associates

MLP acquired the outstanding 43.4 % shares in Feri AG (until January 1, 2012 Feri Finance AG für Finanzplanung und Research). Even before acquiring the outstanding shares, MLP did not disclose any minority interests in Feri AG (FAG), since MLP had borne the primary opportunities and risks arising from the shares not yet transitioned from a legal standpoint since acquisition of the first shares in 2006.

Since January 1, 2011, Institutional Trust Management Company S.à.r.l., Luxembourg has been included in the scope of consolidation. For reasons of immateriality, the company was not consolidated in previous years.

In line with the merger agreement dated August 12, 2011, Feri Institutional Advisors GmbH was merged retroactively with Feri Trust GmbH (operating under the name Feri Family Trust GmbH up to September 1, 2011).

In addition to this, Feri Institutional & Family Office GmbH and Feri Investment Services GmbH are consolidated for the first time with effect from August 31, 2011.

Alongside MLP AG as the parent company, eight fully consolidated domestic subsidiaries (previous year: seven), one fully consolidated foreign subsidiary (previous year: zero) and, as was already the case in the previous year, one associated company were incorporated in the consolidated financial statements as of December 31, 2011. These companies are listed in the following overview.

Listing of shareholdings for the consolidated financial statements 2011 as per § 313 (2) of the German Commercial Code (HGB)

Name and registered office	Share of capital in %	Shareholders' equity (€'000)	Net profit (€'000)
Fully consolidated subsidiaries			
MLP Finanzdienstleistungen AG, Wiesloch [1]	100.0	79,548	34,135
TPC THE PENSION CONSULTANCY GmbH, Hamburg [1]	100.0	314	1,977
ZSH GmbH Finanzdienstleistungen, Heidelberg [1]	100.0	1,190	2,203
Feri AG, Bad Homburg v.d. Höhe [1]	100.0	19,808	19,713
Feri Trust GmbH, Bad Homburg v.d. Höhe [1]	100.0	5,458	20,963
Feri Investment Services GmbH, Bad Homburg v.d. Höhe [1]	100.0	27	2
Feri Institutional and Family Office GmbH, Bad Homburg v.d. Höhe [1]	100.0	25	83
Feri EuroRating Services AG, Bad Homburg v.d. Höhe [1]	100.0	958	32
Institutional Trust Management Company S.à.r.l., Luxembourg	100.0	833	1,163
Associates consolidated at equity			
MLP Hyp GmbH, Schwetzingen	49.8	4,875	1,875
Companies not consolidated due to immateriality			
MLP Consult GmbH, Wiesloch	100.0	2,382	24
Academic Networks GmbH, Wiesloch	100.0	–659	0
MLP Media GmbH, Wiesloch	100.0	26	–8
MLP Private Finance plc, London [3]	100.0	–	–
Feri Trust AG (Switzerland), St. Gallen [2]	100.0	CHF –479 thsd	CHF –300 thsd
Private Trust Management Company S.à r.l., Luxembourg	100.0	257	375
Family Private Fund Management Company S.à r.l., Luxembourg	100.0	443	660
Feri S.à r.l. (France), Paris [2]	99.6	46	–10
Feri Corp. (USA), New York [2]	100.0	USD 87 thsd	USD –24 thsd
Ferrum Fund Management Company S.à r.l., Luxembourg	100.0	240	303
Heubeck Feri Pension Asset Consulting GmbH, Bad Homburg v.d. Höhe [2]	50.0	234	138
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich [2]	100.0	232	100
FPE Private Equity Koordinations GmbH, Munich [2]	100.0	84	59
FPE Direct Coordination GmbH, Munich [2]	100.0	76	17
Feri Private Equity GmbH & Co. KG, Munich [2]	100.0	37	4
Feri Private Equity Nr. 2 GmbH & Co. KG, Munich [2]	100.0	6	0
Ferrum Pension Management S.à r.l., Luxembourg	100.0	426	608

[1] A profit and loss transfer agreement is in place.
[2] Shareholders' equity and net profit as of December 31, 2010.
[3] The company is in liquidation.

[Table 46]

Subsidiaries

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.

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.

5 Principles of consolidating subsidiaries and associates

Full consolidation

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

Subsidiaries material to the consolidated financial statements are fully consolidated from the date of acquisition, i.e. from the date on which MLP AG gains control. They are de-consolidated 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 recognized. A negative difference is recognized as income in the period of the acquisition. Any interest of other shareholders is assessed in proportion to the net fair value of the assets of the subsidiary. MLP does not apply the full goodwill method. 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 inter-company 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 recognized by MLP to accommodate any unrecognized 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 amortized, but in the case of indications it is tested for 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. Unrealized 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 balance sheet 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 organizationally 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 recognized directly in the equity with no effect on the operating result until the disposal of the subsidiary.

Monetary items (liquid funds, receivables, liabilities) assessed 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 2011, income of € 9 thsd (previous year: € 15 thsd) and expenses of € 15 thsd (previous year: € 56 thsd) resulted from currency translation effects.

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

6 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 disclosed under Note 7. 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 was not transferred to the lessee. As of December 31, 2011, the carrying amount of the property stood at € 7,481 **thsd** (previous year: € 11,178 thsd).

MLP classifies € 108,768 thsd (previous year: € 83,379 thsd) of **financial instruments** as **"held to maturity"**. These financial instruments are fixed income securities. So far MLP has not sold or re-classified 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 of December 31, 2011, the present value of provisions for pensions and other post-employment benefits payable under defined benefit plans was €14,219 thsd (previous year: € 15,045 thsd). Further details of pension provisions are given in Note 31.

Allowances for losses in the banking business are established on the basis of historical loss rates. Specific allowances for bad debts are recognized 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 € 6,558 thsd as of December 31, 2011 (previous year: € 5,667 thsd). The impairment loss on portfolio basis as of December 31, 2011 was € 9,520 thsd (previous year: € 9,763 thsd). Alongside the receivables deducted from the allowances for losses on the assets side of € 16,078 thsd (previous year: € 15,429 thsd), the allowances for losses on loans and advances include provisions for credit risks of € 1,101 thsd (previous year: € 1,572 thsd).

The allowances for **other receivables and other assets** essentially relate to receivables from branch office managers and consultants. Value adjustments on receivables from active consultants are recognized through the estimation of remaining terms and fluctuation rates, while value adjustments on receivables from former consultants are recognized 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 recognized 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 € 9,984 thsd as of December 31, 2011 (previous year: € 9,979 thsd). The impairment loss on portfolio basis as of December 31, 2011 was € 4,179 thsd (previous year: € 5,665 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 assessed 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.

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. (PFR asset deal), TPC THE PENSION CONSULTANCY GmbH (TPC) and Feri AG are disclosed in the table below.

	Carrying amount		Anticipated outflow		Maximum cash outflow		Date/period of payment
All figures in €'000	2011	2010	2011	2010	2011	2010	
ZSH	–	769	–	831	–	831	2010–2011
PFR (asset deal)	–	112	–	128	–	771	2009–2013
TPC	–	–	–	–	29,000	29,000	2013
Feri AG	–	–	–	–	51,472	127,262	indefinite

[Table 47]

The carrying amount of the purchase price liability for ZSH was finally fixed at € 521 thsd in 2011 and then settled through payment.

Due to the reversal performed in 2011, the carrying amount of the variable purchase price liability for PFR is € 0 thsd.

The variable purchase price component resulting from the purchase of TPC is calculated on the basis of the accumulated earnings of the purchased company for the financial years 2008 to 2012. MLP does not expect any variable purchase price component to become due for payment.

Since January 1, 2010, the variable purchase price component of Feri AG is valued at € 0 thsd. As of December 31, 2011, the overall accrued liability from the fixed and variable purchase price component amounts to € 809 thsd (previous year: € 51,429 thsd). The remaining stake of 43.4 % in Feri AG was transferred to MLP AG by April 15, 2011. The overall liability became due with the actual transfer of shares. The outstanding balance as of December 31, 2011 reflects the interest on the purchase price liability. Please refer to Note 36 for further disclosures.

Profit distributions to the owners of Feri shares not yet transferred with legal effect will be recognized as interest charge. An interest expense of € 1,740 thsd arising from such distributions had to be taken into account for the last time in the financial year 2011 (previous year: € 653 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 either the fair value less cost to sell or the value in use of the cash-generating unit. For the allocation of goodwill, MLP identified the business segments of financial services, occupational pension provision and ZSH (all three of which are included in the "financial services" reporting segment), as well as the operating segments Feri Asset Management Private Clients, Feri Asset Management Institutional Clients, Feri Consulting Private Clients, Feri Consulting Institutional Clients and Feri EuroRating Services (all of which are included in the "Feri" reporting segment).

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. Cash flow estimates are based on detailed planning periods extending through to 2015. For the period after that, the planning is based on an average growth rate of 1 % (previous year: 1 %). Cash flow figures for the detailed planning phase were discounted with weighted capital cost rates of 9.95 % - 10.97 % (previous year: 7.1 % to 9.8 %) before tax. Taking account of the growth rates, the discount rates for the period after the detailed planning phase range between 8.95 % and 9.97 % (previous year: 6.1 % and 8.8 %) before taxes. Within the scope of calculating the shareholders' equity costs, a beta factor is taken into account which is determined on the basis of capital market data of companies comparable with MLP.

As of December 31, 2011 a total goodwill of € 90,613 thsd (previous year: € 91,227 thsd) had been capitalised. As in the previous year, the impairment test has confirmed the anticipated carrying amounts for goodwill.

Within the scope of its impairment testing MLP carried out sensitivity analyses. The effects of a 1% increase in the discount interest rates and the effects of a 25 % reduction in planned earnings before tax (EBT) relative to the approved corporate planning were investigated here.

The sensitivity analyses showed that, from today's perspective, there are no impairment losses for recorded goodwill at any cash-generating unit, even under these assumptions.

Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010
Financial services	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH*	4,072	4,272
Financial services	**36,069**	**36,269**
Feri EuroRating Services*	6,812	7,226
Feri Asset Management - private clients	21,634	–
Feri Asset Management - institutional clients	23,291	–
Feri Consulting - private clients	2,068	–
Feri Consulting - institutional clients	739	–
Feri Family Trust	–	23,702
Feri Institutional Advisors	–	24,030
Feri	**54,544**	**54,958**
Total	**90,613**	**91,227**

* Disposal due to reversal of PFR/purchase price adjustment for ZSH

[Table 48]

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 recognition of this brand, 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 cancelation risks.** MLP estimates the cancelation rate by product group, tariff and the period the underlying policy has been in place so far 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 of December 31, 2011, the carrying amount of the provision amounts to € 36,482 thsd (previous year: € 34,490 thsd).

MLP has 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 of December 31, 2011, the carrying amount of the provision amounts to € 3,980 thsd (previous year: € 2,639 thsd). Further details on this participation program can be found in Note 30.

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

7 Accounting policies

Revenue recognition

Revenue is generally recognized if it is probable that MLP will derive 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, **interest income** is generated from transactions with MLP clients. 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.

Revenues from commissions and fees from the brokerage of insurance policies (**acquisition commission**) is recognized 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. Obligations to consultants and office managers also arise at this point in time. MLP is entitled to time-limited **trail commissions** for the brokerage of certain contracts (especially pertaining to old-age provision). They are realized according to the same principles as acquisition commissions. 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 cancelation risks based on empirical values with regard to its obligation to repay commissions received if brokered insurance policies are canceled.

In the field of **old-age provision**, only revenues from commissions and fees from the brokering of life insurance policies are included. In the areas of **non-life and health insurance**, revenues from commissions and fees come solely from the brokering of corresponding insurance products.

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.

Revenues from commissions and fees from the brokering of loans (credit brokering commission) is attributed to the sales revenue from **financing**. MLP realizes brokerage commissions for loan brokerage after concluding the respective loan agreement.

Other commission and fees are 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.

Interest income is earned by MLP for the duration of the capital investment in line with the effective interest method. Commissions that are part of the effective interest return of a receivable are treated as interest income 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 realizes 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 recognized the moment an entitlement to payment arises.

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

Intangible assets

Intangible assets generated internally are only capitalized 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 capitalization conditions for internally generated intangible assets are not met, MLP recognizes 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. Amortization begins once the intangible asset becomes ready for use and ends as soon as the asset is de-recognized or if the asset is no longer classified as “available for sale”. The residual value, useful life and amortization 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 amortization period or selecting a different amortization 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 amortized on a straight-line basis over the following useful life periods:

Intangible assets

	Useful life
Acquired software/licences	3 - 7 years
Software created internally	3 - 6 years
Acquired trademark rights	10 - 15 years
Client relations/contract inventories	5 - 25 years

[Table 49]

Indefinite-lived intangible assets are not amortized. They are subjected to an individual impairment test 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 handled 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 assessed at cost and, if applicable, less depreciation and impairment losses. MLP does not apply the revaluation method.

Depreciation takes place on a straight-line basis. Depreciation of the property, plant and equipment or components begins when an asset is ready for use. 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:

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

[Table 50]

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 de-recognized 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 shutdown or the disposal of an investment property are recognized at the time of their shutdown or sale.

Impairment of property, plant and equipment, investment property and intangible assets (without goodwill)

At each closing date, MLP AG assesses whether there are any indications that a non-current 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 either the fair value of an asset less selling costs or 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 and amortization".

At each closing date, the Group assesses whether there are any indications that an impairment loss recognized in prior reporting periods no longer exists or may have decreased. If there is any such indication, it assesses the recoverable amount. An impairment loss recognized previously is reversed if, since the last impairment loss was recognized 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 amortized cost would have been if an impairment had not been recognized in the previous years. Such a reversal must be recognized 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 a business segment in the sense of IFRS 8.

Impairment is assessed 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 recognized.

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 as lessor 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 further notes 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 recognized as expenses 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 recognized or de-recognized in the balance sheet 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 categorized as financial instruments assessed at fair value, as held to maturity, as loans and receivables, as available-for-sale, or as financial liabilities accounted for at amortized costs. MLP defines the classification of its financial instruments with initial recognition. They are initially recognized 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 recognized directly as charges to the income statement.

The subsequent assessment 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 assessed at fair value. The change in fair value is directly recognized 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 and a fixed term. Classifying the instruments as such assumes the capability and intention to hold the securities to maturity. They are valued at amortized cost.

Financial instruments of the category "Loans and receivables" are non-derivative financial assets with fixed or determinable payments not traded on any active market. These are also recognized at amortized cost.

"Available-for-sale" financial instruments are non-derivative financial assets and are carried at their fair value. The difference between fair value and amortized cost is recognized directly in equity under other comprehensive income (securities marked to market) until the asset is disposed or permanently impaired. Gains from currency translation under monetary items are excluded from this. They are recognized directly in 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 for which no listed price exists on an active market, and whose fair value cannot be reliably determined, at their cost of acquisition.

Financial instruments – Impairment

MLP tests the carrying amounts of the financial assets that are not assessed at fair value through profit and loss individually at each closing date to determine whether there is objective and 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 recognized. The allowances are determined based on the dunning level, the age of the receivables and on the basis of past experience. Any impairment losses are recognized in profit or loss on the corresponding impairment account. If a receivable is uncollectable (i.e. payment is almost certainly impossible), it will be written off.

If a decline in the fair value of an available-for-sale financial asset has been recognized directly under other comprehensive income and there is an objective indication of impairment of this asset, this loss recognized directly in equity must be re-classified from equity to profit or loss up to the level of the determined impairment. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and this increase can be related objectively to events occurring after the impairment was recognized, the impairment loss is reversed to equity at the appropriate level. An impairment loss relating to an available for sale equity instrument may not be reversed. MLP records any further increase of the fair value under shareholders' equity with no effect on the operating result.

The recoverable amount of securities held to maturity which is required for impairment testing corresponds to the present value of the expected future cash flow, discounted using the original effective interest rate of the financial asset. Should the present value of expected future cash flows fall below the carrying amount, impairment charges will be recognized in the income statement.

To determine impairment losses for the unquoted equity instruments assessed at cost, the expected future cash flows are discounted using the current market return rate that corresponds to the investment's special risk position.

Financial instruments – item

Financial instruments – Receivables from banking business

Receivables from banks and receivables from clients for loans are recognized at amortized cost.

In order to avoid any inconsistency in recognition, MLP assesses receivables from clients for loans of € 4,074 thsd (previous year: € 4,750 thsd) at fair value. These are offset against interest rate swaps. Profit and loss from changes to the fair value are recognized in both cases directly in the net income for the period.

Financial instruments – Financial assets

The Group's **financial assets include** investments, securities and loans.

Investments are capitalized 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.

Securities 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.

Debt securities are designated at fair value through profit and loss if this allows incongruences in their assessment or recognition to be eliminated or significantly reduced.

All other financial assets are classified as “available for sale”.

Loans belong to the category “Loans and receivables”. These include fixed and time deposits with a term of one day and up to ten years.

Financial instruments - Other receivables and other assets
Other receivables and other assets (with the exception of derivative financial instruments) are assessed at amortized cost less impairment losses. The impairment loss is recognized in the income statement.

Financial instruments – Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits at 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 assessed at face value.

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 assessed at amortized cost.

Financial instruments – Other liabilities
Other liabilities (with the exception of derivative financial instruments) are recognized at amortized cost.

Financial instruments – Derivative financial instruments
The derivative financial instruments of the MLP Group primarily cover interest rate swaps. They are initially recognized at fair value excluding transaction costs and subsequently re-assessed at fair value. Derivatives with positive market values are recognized in the balance sheet item Other receivables 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 recognized 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 re-classification or their fair value minus the costs of disposal.

Provisions

In compliance with IAS 19, **pension obligations** due to defined benefit plans are determined according to the projected unit credit method using the 2005G mortality tables by Heubeck. Obligations are assessed on the basis of an independent actuarial report. The interest component of pension expenses is reported under other interest and similar expenses. Actuarial gains and losses are only recognized as income or expenses when the balance of the accumulated, non-recognized actuarial gains and losses exceed 10 % of the maximum present value of the defined-benefit obligation or the fair value of the pension scheme assets. The exceeding amount is spread over the residual service time of active employees and is recognized in the income statement under other operating expenses.

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 recognized 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 expects to receive a reimbursement of at least part of a practically certain provision from an identifiable third party (e.g. in case of an existing insurance policy), MLP recognizes the reimbursement as a separate asset. The expenditure required to set up the provision is recognized in the income statement after deduction of the reimbursement. Where the effect of the time value of money is material, provisions are stated at their present value.

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 recognized at the grant-date fair value of the equity instruments granted. The fair value is determined using the Black-Scholes formula and is recognized on a straight-line basis as personnel expenses or other operating expenses over the period during which the vesting 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 recognized as personnel expenses or as commission expenses and at the same time as a provision. The fair value determined based on the Monte-Carlo simulation or another suitable valuation model is re-calculated on each balance sheet date and on the payment date. Any change to the fair value is to be recognized 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 assessed 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 on the respective balance sheet date.

Deferred taxes are recognized in accordance with the balance sheet liability method for all taxable unrecognized differences existing on the balance sheet date between the values of the IFRS consolidated balance sheet and the taxable values of the individual companies.

Deferred taxes are assessed at the tax rates that apply when an asset is realized or a liability settled. They are recognized in the income statement, except where the temporary difference has a direct effect on equity.

Deferred tax liabilities are recognized for all taxable temporary differences. This does not apply to unrecognized 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 unrecognized differences, deferred tax assets also comprise tax load reducing claims resulting from an expected future carryover of existing losses. No consideration is made for deductible unrecognized 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 recognized if it is probable that there will be offsettable 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 each balance sheet date 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 recognized are reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will make realization 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.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8 Revenue

All figures in €'000	2011	2010
Old-age provision	292,934	288,273
Health insurance	79,941	61,273
Wealth management	78,789	78,539
Non-life insurance	28,941	27,882
Loans and mortgages	13,522	12,196
Other commissions and fees	4,359	4,006
Commissions and fees	**498,486**	**472,169**
Interest income	**28,193**	**25,154**
Total	**526,679**	**497,322**

[Table 51]

9 Other revenue

All figures in €'000	2011	2010
Reversal of impairment losses/income from written-off receivables	3,511	2,984
Cost transfers to commercial agents	1,956	7,424
Remuneration of management	1,659	1,807
Income from investments	1,651	3,236
Rent	1,337	1,351
Income from the reversal of provisions	908	1,469
Income from the reversal of deferred obligations	859	2,222
Own work capitalized	596	434
Income from securities of the participation program	310	269
Sundry other income	6,008	4,063
Total	**18,795**	**25,259**

[Table 52]

The item “Reversal of impairment losses/income from written-off receivables” relates to the items “Receivables from clients in the banking business” and “Other receivables and other assets”, which is offset by allowances for bad debts disclosed under “Other operating expenses”.

The sub-item “Cost transfers to commercial agents” comprises among other things income from the cost transfer of material costs.

The item “Remuneration for management” contains pre-allocated profits due to management tasks for private equity companies.

Income from investments is mainly attributable to non-consolidated subsidiaries of the Feri Group.

Sundry other income includes interest income on tax credit, income from cost reimbursement claims, offset remuneration in kind and income from the performance of IT services.

10 Commission expenses

Commission expenses mainly consist of the commission payments and other remuneration components for the self-employed MLP consultants.

11 Interest expenses

All figures in €'000	2011	2010
Interest and similar expenses		
Financial instruments assessed at amortized cost	7,868	8,503
Available-for-sale financial instruments	29	222
Change fair value option		
Financial instruments at fair value through profit and loss	494	346
Total	**8,391**	**9,071**

[Table 53]

12 Personnel expenses

All figures in €'000	2011	2010
Salaries and wages	102,132	91,017
Social security contributions	11,749	12,178
Expenses for old-age provisions and benefits	2,531	2,679
Total	**116,412**	**105,874**

[Table 54]

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 mainly include the employer's shares of supplementary occupational provision.

13 Depreciation and amortization

All figures in €'000	2011	2010
Depreciation and amortization		
Intangible assets	8,568	9,710
Property, plant and equipment	5,400	5,870
Investment property	266	267
	14,234	**15,848**
Impairment		
Intangible assets	–	–
Property, plant and equipment	646	–
Investment property	3,432	–
	4,077	**–**
Total	**18,311**	**15,848**

[Table 55]

The development of non-current assets is disclosed in Note 17 (intangible assets), Note 18 (property, plant and equipment) and Note 19 (investment property).

14 Other operating expenses

All figures in €'000	2011	2010
IT operations	54,667	48,471
Consultancy	17,039	14,307
Rental and leasing	16,096	16,065
Administration operations	13,222	14,071
Representation and advertizing	11,368	7,014
External services – banking business	7,060	7,643
Premiums and fees	4,252	4,997
Travel expenses	4,066	3,886
Training and further education	3,947	4,086
Write-downs and impairments of other receivables and other assets	3,832	5,281
Expenses for commercial agents	3,446	5,153
Expenses from the disposal of assets	3,414	68
Maintenance	2,966	1,745
Entertainment	2,883	2,940
Insurance	2,854	2,957
Write-downs and impairments of other receivables from clients in the banking business	2,759	4,081
Other employee-related expenses	1,321	1,108
Audit	942	1,136
Sundry other operating expenses	15,322	12,359
Total	**171,456**	**157,368**

[Table 56]

The costs of IT operations are mainly attributable to IT services and computer center services that have been outsourced to an external service provider. The consulting costs are made up of tax advice costs, legal advice costs as well as general and IT consulting costs. The expenses for administration operations contain costs relating to building operations, office costs and communication costs. Expenses for representation and advertizing include costs incurred due to media presence and client information activities. The item "External services – banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card. Depreciation and impairment on other receivables and other assets comprise allowances for receivables from commercial agents. Expenses for commercial agents include costs for former consultants and the training allowance granted for new consultants. Sundry other operating expenses essentially comprise external services, expenses for the participation program, car costs and Supervisory Board remuneration.

15 Earnings from shares accounted for using the equity method

All figures in €'000	2011	2010
Revenue of MLP Hyp GmbH, Schwetzingen	8,175	7,675
Earnings of MLP Hyp GmbH, Schwetzingen	1,875	1,947
Earnings from shares accounted for using the equity method	**1,219**	**1,265**

[Table 57]

In line with a company agreement, the profit distribution of MLP Hyp GmbH is disproportionate.

16 Finance cost

All figures in €'000	2011	2010
Other interest and similar income	**3,349**	**6,282**
Interest from financial instruments	–2,257	–5,083
Accrued interest on pension provisions	–1,282	–1,060
Losses on the disposal of financial assets	–	–110
Other interest and similar expenses	**–3,539**	**–6,254**
Finance cost	**–190**	**28**

[Table 58]

The decline in other interest and similar income can be attributed to the non-recurrence of interest income from the assessment of the purchase price liability for Feri AG, as well as to lower income from interest rate swaps.

The fall in other interest and similar expenses is essentially due to the non-recurrence of write-downs of financial investments and lower expenses from interest rate swaps. On the other hand, there were higher dividend payments to the other shareholders in Feri AG.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

17 Intangible assets

All figures in €'000	Goodwill	Software (created internally)	Software (purchased)/ licenses	Advance payments and developments in progress	Other intangible assets	Total
Acquisition costs						
As of Jan. 1, 2010	**91,766**	**16,417**	**80,143**	**80**	**47,404**	**235,810**
Additions	–	434	370	1,432	37	2,273
Disposals	–536	–	–29		–82	–647
Transfers	–	–	31	–31	–	0
As of Dec. 31, 2010	**91,229**	**16,851**	**80,515**	**1,482**	**47,359**	**237,436**
Adjustment of purchase price allocation	–200	–	–	–	–	–200
Additions	–	409	236	3,624	27	4,297
Disposals	–414	–9,488	–9,127	–2,866	–608	–22,503
Transfers	–	–	477	–477	–	0
As of Dec. 31, 2011	**90,616**	**7,772**	**72,101**	**1,764**	**46,778**	**219,030**
Amortization and impairment						
As of Jan. 1, 2010	**3**	**15,811**	**57,664**	**–**	**6,194**	**79,671**
Amortization	–	482	6,868	–	2,361	9,710
Disposals	–	–	–20	–	–82	–102
As of Dec. 31, 2010	**3**	**16,293**	**64,511**	**–**	**8,473**	**89,280**
Amortization	–	332	6,028	–	2,208	8,568
Disposals	–	–9,488	–9,064	-	–597	–19,149
As of Dec. 31, 2011	**3**	**7,137**	**61,475**	**–**	**10,085**	**78,699**
Carrying amount Jan. 1, 2010	91,763	605	22,480	80	41,210	156,138
Carrying amount Dec. 31, 2010	**91,227**	**558**	**16,004**	**1,482**	**38,886**	**148,157**
Carrying amount Jan. 1, 2011	91,227	558	16,004	1,482	38,886	148,157
Carrying amount Dec. 31, 2011	**90,613**	**635**	**10,626**	**1,764**	**36,693**	**140,331**

[Table 59]

Intangible assets include work performed in-house in connection with the development and implementation of software. They are recorded under Software (purchased), Software (created internally) and Advance payments and developments in progress. All development and implementation costs incurred in the financial year 2011 complied in full with the criteria for capitalisation pursuant to IAS 38.57 (2011: € 596 thsd; 2010: € 434 thsd).

Other intangible assets include acquired trademark rights, client relations and contract inventories.

As in the previous year, there was no need for an impairment of capitalized goodwill in the financial year 2011 (see Note 6).

The item "Adjustment of purchase price allocation" shows changes due to the adjustment of variable purchase price components (see Note 6).

Amortization of intangible assets relating to continuing operations is disclosed in Note 13.

As in the previous year, no depreciation or impairment charge was recognized for discontinued operations in the financial year.

There are no restraints on disposal or pledges with regard to intangible assets. Contractual obligations for the purchase of intangible assets have a net total of € 402 thsd as of December 31, 2011 (previous year: € 0 thsd).

18 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 of Jan. 1, 2010	85,976	64,707	4	150,686
Additions	115	1,129	386	1,630
Disposals	–797	–2,107	–	–2,904
Transfers	289	8	–297	0
As of Dec. 31, 2010	**85,583**	**63,737**	**92**	**149,412**
Changes to the scope of consolidation	–	25	–	25
Additions	247	3,175	35	3,457
Disposals	–569	–2,269	–41	–2,879
Transfers	58	–	–58	0
As of Dec. 31, 2011	**85,320**	**64,668**	**28**	**150,016**
Amortization and impairment				
As of Jan. 1, 2010	**24,123**	**47,782**	**–**	**71,905**
Amortization	2,192	3,678	–	5,870
Impairment	–	0	–	0
Disposals	–783	–1,984	–	–2,767
Transfers	1	–1	–	0
As of Dec. 31, 2010	**25,534**	**49,475**	**–**	**75,009**
Changes to the scope of consolidation	–	11	–	11
Amortization	2,092	3,308	–	5,400
Impairment	84	562	–	646
Disposals	–515	–2,104	–	–2,619
As of Dec. 31, 2011	**27,194**	**51,252**	**–**	**78,447**
Carrying amount Jan. 1, 2010	61,853	16,925	4	78,781
Carrying amount Dec. 31, 2010	**60,049**	**14,262**	**92**	**74,403**
Carrying amount Jan. 1, 2011	60,049	14,262	92	74,403
Carrying amount Dec. 31, 2011	**58,125**	**13,416**	**28**	**71,569**

[Table 60]

Depreciation and impairment relating to continuing operations is disclosed in Note 13. As in the previous year, no depreciation or impairment charge was recognized for discontinued operations in the financial year.

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 € 553 thsd net as of December 31, 2011 (previous year: € 9 thsd).

Please refer to Note 4 for further information on the changes to the scope of consolidation.

19 Investment property

All figures in €'000	Investment property
Acquisition costs	
As of Jan. 1, 2010	**25,033**
Additions	14
As of Dec. 31, 2010	**25,047**
Additions	–
As of Dec. 31, 2011	**25,047**
Amortization and impairment	
As of Jan. 1, 2010	**13,601**
Amortization	267
As of Dec. 31, 2010	**13,868**
Amortization	266
Impairment	3,432
As of Dec. 31, 2011	**17,566**
Carrying amount Jan. 1, 2010	11,432
Carrying amount Dec. 31, 2010	**11,178**
Carrying amount Jan. 1, 2011	11,178
Carrying amount Dec. 31, 2011	**7,481**

[Table 61]

The investment property held by MLP AG concerns an office and administration building which is rented out under an operating lease. As of December 31, 2011, the value in use is € 7,481 thsd (previous year: € 11,132 thsd). This evaluation was carried out in line with the gross rental method for buildings and in accordance with the sales comparison approach for land.

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 only a marginal change compared to the previous year.

The gross rental value is determined on an estimate of the sustainable gross rental income. The estimates were based on the 2010 property market report for the city of Heidelberg. Taking into account the specific location of the real estate, the anticipated development of rental tariffs for comparable properties at the same location, as well as the anticipated future management of the real estate, the sustainable annual gross proceeds have been reduced relative to the previous year. The anticipated property return is 6.0 % (previous year 5.5 %). Due to the given parameters, there was an impairment loss of € 3,432 thsd on the value in use.

Rent income from the letting of investment property held by the Group amounts to € 1,261 thsd in 2011 (previous year: € 1,261 thsd). The expenses in connection with the investment property totalled € 333 thsd in the financial year 2011 (previous year: € 346 thsd).

As a lessor, MLP is obliged to maintain the exterior of the building and the technical equipment and facilities.

The minimum term of the rental agreement is 10 years, and will end no earlier than October 6, 2015.

The total of minimum leasing payments due to irredeemable operating leases breaks down as follows:

≤ 1 year	> 1 – ≤ 5 years	> 5 years	Total
€ 1,261 thsd	€ 3,469 thsd	€ 0 thsd	€ 4,731 thsd

20 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:

All figures in €'000	2011	2010
Share as of Jan. 1	2,910	2,013
Dividend payouts	–1,265	–368
Pro rata profit after tax	1,219	1,265
Share as of Dec. 31	**2,863**	**2,910**

[Table 62]

The following table contains summarized financial information on MLP Hyp GmbH:

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010
Assets of MLP Hyp GmbH	5,622	5,887
Outstanding debts of MLP Hyp GmbH	747	940
Shareholders' equity	4,875	4,947
Equity attributable to MLP (49.8 %)	**2,428**	**2,464**

[Table 63]

21 Receivables from banking business

The balance sheet items "Receivables from clients in the banking business" and "Receivables from banks in the banking business" are summarized in the table below.

	Dec. 31, 2011			Dec. 31, 2010		
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Receivables from banks	453,057	34,500	487,557	460,023	25,000	485,023
Receivables from clients	142,426	233,799	376,225	145,306	213,577	358,882
Total, gross	**595,482**	**268,299**	**863,781**	**605,329**	**238,577**	**843,906**
Impairment	–12,618	–3,459	–16,077	–11,323	–4,106	–15,429
Total, net	**582,864**	**264,840**	**847,705**	**594,006**	**234,471**	**828,476**

[Table 64]

The **receivables from clients** mainly concern receivables from loans, current accounts and credit cards.

				Financial assets as of Dec. 31, 2011, neither impaired nor overdue within the following time span		
All figures in €'000	Gross value as of Dec. 31, 2011	Of which financial assets as of Dec. 31, 2011	Financial assets as of Dec. 31, 2011, neither impaired nor overdue	< 90 days	90–180 days	> 180 days
Receivables from clients	376,225	376,225	353,909	1,025	90	567
Total	**376,225**	**376,225**	**353,909**	**1,025**	**90**	**567**

[Table 65]

				Financial assets as of Dec. 31, 2010, neither impaired nor overdue within the following time span		
All figures in €'000	Gross value as of Dec. 31, 2010	Of which financial assets as of Dec. 31, 2010	Financial assets as of Dec. 31, 2010, neither impaired nor overdue	< 90 days	90–180 days	> 180 days
Receivables from clients	358,882	358,882	336,621	1,415	155	767
Total	**358,882**	**358,882**	**336,621**	**1,415**	**155**	**767**

[Table 66]

Receivables from clients due to originated loans are generally secured by mortgages of € 27,656 thsd, assignments of € 17,812 thsd or liens predominantly on securities of € 12,635 thsd. Receivables from current accounts and credit cards are not generally collateralized. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date 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 € 316 thsd on the closing date (previous year: € 251 thsd).

Due to defaults of debtors of € 1,800 thsd during the financial year (previous year: € 1,853 thsd), financial and non-financial assets were realized by way of collateral for originated loans and receivables. The carrying amount of these assets was € 1,800 thsd at the closing date (previous year: € 1,853 thsd). The assets mainly concern property and receivables from claimed life insurance policies.

Overdue accounts receivable for which no specific allowance has been made are secured with customary banking collaterals. Accounts receivable for which a specific allowance has been made are secured with customary banking collaterals amounting to € 1,426 thsd (previous year: € 1,549 thsd).

Allowances for losses on individual accounts of € 6,558 thsd (previous year: € 5,667 thsd) and impairment losses on portfolio basis of € 9,520 thsd (previous year: € 9,763 thsd) were recognized for counterparty default risks. Alongside the receivables deducted from the allowances for losses on the assets side of € 16,078 thsd (previous year: € 15,429 thsd), the allowances for losses on loans and advances include provisions for credit risks of € 1,101 thsd (previous year: € 1,572 thsd). Thus the total allowance for losses is € 17,179 thsd (previous year: € 17,001 thsd).

	Allowances for losses on individual account		Impairment loss on portfolio basis		Provisions		Total	
All figures in €'000	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
As of Jan. 1	**5,667**	**4,685**	**9,763**	**9,287**	**1,571**	**1,864**	**17,000**	**15,835**
Allocation/reclassification	2,073	1,956	514	1,221	358	163	2,945	3,340
Reversal/utilised	–1,182	–974	–757	–745	–828	–456	–2,767	–2,174
As of Dec. 31	**6,558**	**5,667**	**9,520**	**9,763**	**1,101**	**1,572**	**17,179**	**17,001**
Of which allowances for bad debts assessed at amortized cost	**6,558**	**5,667**	**9,520**	**9,763**	**1,101**	**1,572**	**17,179**	**17,001**

[Table 67]

Taking into account total direct amortization of € 685 thsd (previous year: € 1,161 thsd), allocations to impairment losses recognized in the income statement of € 2,074 thsd (previous year: € 2,920 thsd) and reversals of € 1,609 thsd (previous year: € 1,169 thsd) resulted in a net cost of allowances for losses of € 932 thsd (previous year: € 2,707 thsd).

Accounts receivable for which specific allowances have been made total € 9,045 thsd (previous year: € 7,819 thsd). For € 2,373 thsd of these (previous year: € 1,224 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 amounts to € 6,558 thsd (previous year: € 5,667 thsd). This corresponds to a percentage of 73 % (previous year 72 %).

Receivables from banks mainly concern time deposits. The accounts receivable with up to one year remaining to maturity amount to € 453,057 thsd (previous year: € 460,023 thsd), while those with more than one year remaining to maturity amount to € 34,500 thsd (previous year: € 25,000 thsd). The receivables are not collateralized. MLP only places funds at banks with a first-class credit standing. At the closing date there are no receivables from banks which are overdue or impaired.

Further information on receivables from banking business is disclosed in Note 38.

22 Financial assets

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010
Securities rated at fair value through profit and loss	6,695	6,895
Available for sale		
Securities	8,522	33,744
Investments	2,774	3,385
Held-to-maturity securities	108,768	83,379
Loans and receivables	105,265	125,284
Total	**232,024**	**252,687**

[Table 68]

Securities rated at fair value through profit and loss

	(Amortized) acquisition costs		Accumulated realized gains		Accumulated realized losses		Market values	
All figures in €'000	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Debt securities								
up to 1 year	–	–	–	–	–	–	–	–
more than 1 year up to 5 years	5,000	5,000	–	–	–394	–289	4,606	4,712
more than 5 years	2,934	2,186	42	32	–887	–34	2,089	2,183
Total	**7,934**	**7,186**	**42**	**32**	**–1,281**	**–323**	**6,695**	**6,895**

[Table 69]

For the determination of realized gains and losses on securities, it is assumed that financial assets will be sold in the order they were acquired.

Securities available for sale

All figures in €'000	(Amortized) acquisition costs Dec. 31, 2011	(Amortized) acquisition costs Dec. 31, 2010	Accumulated unrealized gains Dec. 31, 2011	Accumulated unrealized gains Dec. 31, 2010	Accumulated unrealized losses Dec. 31, 2011	Accumulated unrealized losses Dec. 31, 2010	Market values Dec. 31, 2011	Market values Dec. 31, 2010
Debt securities								
up to 1 year	–	–	–	–	–	–	–	–
more than 1 year and up to 5 years	5,366	13,626	328	129	–	–	5,694	13,756
more than 5 years	–	–	–	–	–	–	–	–
Investment funds	2,633	18,817	196	1,576	–1	–404	2,828	19,988
Total	**7,999**	**32,443**	**524**	**1,705**	**–1**	**–404**	**8,522**	**33,744**

[Table 70]

Unrealized gains of € 206 thsd (previous year: € 2,937 thsd) and unrealized losses of € 984 thsd (previous year: € 0 thsd) are recognized directly in equity under Securities marked to market in the period under review. The realization of earnings from the market valuation of securities contributes € –2,749 thsd (previous year: € –3,628 thsd) to the net income for the period.

For the determination of realized gains and losses on debt securities and investment funds, it is assumed that the financial assets will be sold in the order they were acquired.

Held-to-maturity securities

All figures in €'000	Amortized acquisition costs Dec. 31, 2011	Amortized acquisition costs Dec. 31, 2010	Market values Dec. 31, 2011	Market values Dec. 31, 2010
Securities				
up to 1 year	27,006	13,646	27,122	12,936
more than 1 year and up to 5 years	68,375	57,234	68,109	58,744
more than 5 years	13,387	12,500	13,279	12,450
Total	**108,768**	**83,379**	**108,510**	**84,131**

[Table 71]

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

Fixed and time deposits are € 105,265 thsd (previous year: € 125,284 thsd), of which € 95,265 thsd (previous year: € 125,284 thsd) have a remaining term of up to one year.

Assets pledged as collateral

A security amounting to € 1,035 thsd (previous year: € 1,035 thsd) with a face value of € 1,000 thsd (previous year: € 1,000 thsd) was pledged to Deutsche WertpapierService Bank AG as collateral for liabilities arising from security transactions. All collaterals transferred can only be utilized by the collateral taker in the event that MLP Finanzdienstleistungen AG is not able to meet its payment obligations on a permanent basis.

The availability of liquidity facilities provided by Deutsche Bundesbank is collateralized by marketable securities amounting to € 41,178 thsd (previous year: € 33,903 thsd) with a face value of € 44,000 thsd (previous year: 33,750 thsd).

For further disclosures regarding financial assets, please refer to Note 38.

23 Other receivables and assets

	Dec. 31, 2011			Dec. 31, 2010*		
All figures in €'000	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Trade accounts receivable	72,457	–	72,457	61,740	–	61,740
Receivables from commercial agents	10,110	17,937	28,048	11,655	23,157	34,812
Advance payments	11,430	–	11,430	12,975	–	12,975
Interest derivatives	–	–	–	506	–	506
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	1,112	3,022	4,135	2,422	3,913	6,336
Refund receivables from recourse claims	16,963	9,492	26,455	16,602	9,129	25,731
Other assets	14,707	572	15,279	12,822	618	13,440
Total, gross	**126,779**	**31,024**	**157,803**	**118,722**	**36,817**	**155,539**
Impairment	–3,668	–10,495	–14,163	–3,747	–11,897	–15,644
Total, net	**123,111**	**20,529**	**143,640**	**114,975**	**24,920**	**139,896**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 72]

The main items included in trade accounts receivable 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, Vienna, Austria, a subsidiary of Aragon AG, Wiesbaden. Further information on the purchase price can be found in Note 36.

Refund receivables from recourse claims are due to MLP consultants and office managers, as well as insurance companies.

The allowances for bad debts and other assets are as follows:

	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
All figures in €'000	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
As of Jan. 1	**9,979**	**7,746**	**5,665**	**6,982**	**15,644**	**14,729**
Discontinued operations	–17	–	–	–	–17	–
Utilization	–2,614	–2,071	–	–	–2,614	–2,071
Allocation	3,468	4,930	46	69	3,514	4,998
Reversal	–293	–190	–1,387	–1,403	–1,680	–1,593
Reclassification of other statement of financial position items	–538	–437	–144	17	–682	–420
As of Dec. 31	**9,984**	**9,979**	**4,180**	**5,665**	**14,163**	**15,644**

[Table 73]

Other receivables and assets are usually not collateralized. With regard to receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

				Financial assets as of Dec. 31, 2011, neither impaired nor overdue within the following time span		
All figures in €'000	**Gross value as of Dec. 31, 2011**	**Of which financial assets as of Dec. 31, 2011**	**Financial assets as of Dec. 31, 2011, neither impaired nor overdue**	**< 90 days**	**90–180 days**	**> 180 days**
Trade accounts receivable	72,457	72,457	67,608	2,804	783	1,112
Receivables from commercial agents	28,048	28,048	17,706	418	230	315
Advance payments	11,430	11,430	11,430	–	–	–
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	4,135	4,135	4,135	–	–	–
Refund receivables from recourse claims	26,455	–	–	–	–	–
Other assets	15,279	6,098	4,823	–	–	–
Total	**157,803**	**122,167**	**105,701**	**3,222**	**1,013**	**1,448**

[Table 74]

All figures in €'000	Gross value as of Dec. 31, 2010*	Of which financial assets as of Dec. 31, 2010*	Financial assets as of Dec. 31, 2010, neither impaired nor overdue*	Financial assets as of Dec. 31, 2010, neither impaired nor overdue within the following time span*		
				< 90 days	90–180 days	> 180 days
Trade accounts receivable	61,740	61,740	58,418	1,698	568	842
Receivables from commercial agents	34,812	34,812	24,069	359	283	236
Advance payments	12,975	12,975	12,975	–	–	–
Interest derivatives	506	506	506	–	–	–
Purchase price receivables for MLP Finanzdienstleistungen AG, Austria	6,336	6,336	5,025	–	1,310	–
Refund receivables from recourse claims	25,731	–	–	–	–	–
Other assets	13,440	6,640	5,833	–	–	27
Total	**155,539**	**123,008**	**106,827**	**2,057**	**2,161**	**1,106**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 75]

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 of December 31, 2011, receivables for which specific allowances have been made amount to a total of € 10,826 thsd (previous year: € 10,858 thsd). For € 516 thsd of these (previous year: € 732 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 € 9,984 thsd (previous year: € 9,979 thsd). This corresponds to an average impairment rate of 92 % (previous year: 92 %).

Additional disclosures on other receivables and assets is disclosed in Note 38.

24 Cash and cash equivalents

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010
Bank deposits	10,225	26,621
Deposits at Deutsche Bundesbank	21,017	23,728
Cash on hand	108	121
Total	**31,350**	**50,470**

[Table 76]

Changes in cash and cash equivalents during the financial year are shown in the cash flow statement.

25 Shareholders' equity

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010*
Share capital	107,878	107,878
Capital reserves	142,184	142,184
Securities marked to market	424	1,193
Other equity	148,857	168,730
Total	**399,341**	**419,984**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 77]

Changes in the fully paid-in shares outstanding

No. of shares	2011	2010
As of Jan. 1	107,877,738	107,877,738
Conversion of convertible debentures	–	–
As of Dec. 31	**107,877,738**	**107,877,738**

[Table 78]

Share capital

The share capital of MLP AG is made up of 107,877,738 (December 31, 2010: 107,877,738) no-par-value shares. No new no-par-value shares were issued in the financial year 2011 up to December 31, 2011 as no conversion rights were exercised. 258,665 new no-par-value shares had previously been issued by exchanging convertible debentures.

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 authorization resolution passed. The shares are issued to the owners of convertible debentures by the method for determining the conversion price defined in the authorization resolution of the Annual General Meeting on May 28, 2002. For further details on share-based payments, please refer to Note 30.

Authorized capital

Based on a resolution passed at the Annual General Meeting on May 20, 2010, and with the Supervisory Board's consent, the Executive Board is authorized to increase the company's share capital by up to € 22,000,000 in total by issuing new ordinary bearer shares in exchange for cash or non-cash contributions on one or more occasions until May 19, 2015. This resolution replaces the resolution approved at the Annual General Meeting on May 31, 2006.

Capital reserves

The capital reserves include increases/decreases in capital stock in MLP AG from previous years and the difference between the excercise price for the conversion rights and the face value of the issued shares. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG).

Securities marked to market

The provision comprises unrealized profits and losses on securities available for sale (€ 523 thsd) having account (€ - 99 thsd).

Other equity

Other equity comprises retained earnings of the MLP Group.

Proposed appropriation of profit

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 64,727 thsd (previous year: € 32,363 thsd) for the financial year 2011 at the Annual General Meeting. This corresponds to € 0.60 (previous year: € 0.30) per share.

26 Provisions

Pension provisions amount to € 12,718 thsd as of December 31, 2011 (previous year: € 14,412 thsd) and are explained in more detail in Note 31. Other provisions are made up as follows:

	Dec. 31, 2011			Dec. 31, 2010*		
All figures in €'000	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Cancellation risks	19,014	17,468	36,482	17,651	16,839	34,490
Bonus schemes	14,467	–	14,467	10,824	–	10,824
Share-based payments	2,372	1,723	4,095	2,034	906	2,939
Lending business	963	200	1,162	1,387	435	1,822
Rent	1,833	418	2,250	526	475	1,001
Litigation risks/ costs	2,873	–	2,873	2,030	–	2,030
Phased retirement	144	465	609	141	477	618
Anniversaries	111	219	330	44	379	423
Economic loss	7,006	–	7,006	7,301	–	7,301
Other	5,362	494	5,856	1,403	428	1,831
Total	**54,145**	**20,986**	**75,131**	**43,340**	**19,939**	**63,279**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 79]

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2011	Utilization	Reversal	Compounding/ Discounting	Allocation	Netting	Dec. 31, 2011
Cancellation risks	34,490	–1,446	–	7	3,431	–	36,482
Bonus schemes	10,824	–10,771	–53	–	14,467	–	14,467
Share-based payments	2,939	–	–356	–98	1,610	–	4,095
Lending business	1,822	–326	–691	189	169	–	1,162
Rent	1,001	–447	–33	7	1,722	–	2,250
Litigation risks/ costs	2,030	–355	–288	–	1,487	–	2,873
Phased retirement	618	–270	–	–11	332	–59	609
Anniversaries	423	–	–112	–	19	–	330
Economic loss	7,301	–663	–61	–	428	–	7,006
Other	1,831	–357	–5	10	4,377	–	5,856
Total	**63,279**	**–14,635**	**–1,599**	**104**	**28,042**	**–59**	**75,131**

[Table 80]

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

Provisions for bonus schemes and share-based payments are recognized for incentive agreements and for profit-sharing schemes for Executive Board members, employees and self-employed commercial agents.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 6,633 thsd (previous year: € 7,001 thsd).

27 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

			Dec. 31, 2011			Dec. 31, 2010
All figures in €'000	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	827,157	256	827,413	819,038	256	819,294
Liabilities due to banks	1,658	12,882	14,540	1,399	14,992	16,391
Total	**828,814**	**13,138**	**841,951**	**820,437**	**15,248**	**835,685**

[Table 81]

The change in liabilities due to banking business from € 835,685 thsd to € 841,851 thsd is essentially attributable to the increase in client deposits.

At December 31, 2011, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 12,937 thsd (previous year: € 12,208 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in Note 38.

28 Other liabilities

	Dec. 31, 2011			Dec. 31, 2010		
All figures in €'000	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Purchase price liability FERI AG	809	–	809	51,429	–	51,429
Purchase price liability Property Funds Research Ltd,	–	–	–	112	–	112
Purchase price liability ZSH GmbH Finanzdienstleistungen	–	–	–	769	–	769
Liabilities due to commercial agents	57,443	1,692	59,135	48,273	2,717	50,991
Advance payments received	19,629	–	19,629	23,881	–	23,881
Trade accounts payable	31,116	–	31,116	19,208	–	19,208
Interest derivatives	–	343	343	1,217	306	1,523
Liabilities due to other taxes	4,178	–	4,178	3,050	–	3,050
Convertible debentures	–	–	–	435	–	435
Liabilities due to banks	–	–	–	6	–	6
Liabilities from social security contributions	84	–	84	30	–	30
Other liabilities	26,691	5,650	32,341	21,595	4,687	26,282
Total	**139,950**	**7,685**	**147,635**	**170,007**	**7,710**	**177,716**

[Table 82]

For further information on the purchase price liability arising from the purchase of shares in Feri AG, Property Funds Research Ltd. and ZSH GmbH Finanzdienstleistungen can be found in Note 6.

Liabilities due to commercial agents represent unsettled commission claims. 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.

Trade accounts payable essentially reflect costs from the Investment and Efficiency Program launched in 2011.

Disclosures regarding liabilities due to convertible debentures can be found in Note 30.

Other liabilities comprise commissions withheld from MLP consultants due to cancelations amounting to € 7,325 thsd (previous year: € 8,095 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite.

MLP has agreed upon, non-utilized lines of credit amounting to € 64,157 thsd.

Further disclosures on other liabilities can be found in Note 38.

NOTES TO THE STATEMENT OF CASH FLOW

29 Information on the statement of cash flow

The consolidated cash flow statement shows how cash and cash equivalents have changed in the course of the year as a result of inflows and outflows of funds. As per IAS 7 "Statement of Cash Flows", differentiation is made between cash flows from operating activities, from investing activities and from financing activities.

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 cash flow, the changes in balance sheet items due to operating activities are adjusted by effects from changes to the scope of consolidation and currency translations. The changes in the respective balance sheet items can therefore only be partially aligned with the corresponding values in the published consolidated balance sheets.

Cash flow from operating activities has fallen by € 37.1 million year on year to a level of € 53.8 million.

Cash flows from **investing activities** primarily comprises changes in non-current assets.

The **financing activity** represents cash-related equity changes, loans used and paid back, as well as payments for the acquisition of additional shares in subsidiaries.

The cash flow statement 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 assets which can be converted into cash at any time and which are only subject to minor value fluctuation risks.

All figures in €'000	Dec. 31, 2011	Dec. 31, 2010
Cash and cash equivalents	31,350	50,470
Loans ≤ 3 months	20,000	75,000
Liabilities to banks due on demand	–	–6
Cash and cash equivalents	**51,350**	**125,465**

[Table 83]

Receivables from banks of MLP Finanzdienstleistungen AG are not included in cash and cash equivalents. They are an integral part of the operating business of the banking business segment and are thus to be attributed to the cash flow from current business activities.

MISCELLANEOUS INFORMATION

30 Share-based payments

Convertible debentures

The resolution passed by the Annual General Meeting on May 28, 2002 authorized 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 Program, 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 eligible participants. When the right is exercised, each partial debenture with a nominal value of € 1 is exchanged for a new ordinary share of MLP AG.

The exercise hurdle for the fourth tranche issued in the financial year 2005 was reached in 2006. The bearers of convertible debentures were entitled to exercise their right to conversion during the exercise period from August 16, 2008 to August 15, 2011.

As was the case in the previous year, no conversion rights were exercised in the financial year 2011. Conditional capital was removed on November 8, 2011. Thus, it is € 0 (previous year: € 1,441,335).

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 recognized 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.

As of December 31, 2011, the carrying amount of the liability from the issued convertible debentures amounted to € 0 thsd (previous year: € 435 thsd).

The following table shows details of the “Incentive Program”:

	Tranche 2005
Exercise period	
Start	Aug. 16, 2008
End	Aug. 15, 2011
Nominal amount (€)	1.00
Exercise prices (€)	13.01
Subscribed convertible debenture (€ or units)	577,806
of which converted by Dec. 31, 2010 (€ or units)	25,018
of which repaid in total by Dec. 31, 2010 (€ or units)	100,052
Convertible debentures not converted by Dec. 31, 2010 (€ or units)	452,736
of which Executive Board (€ or units)	–
Converted in 2011 (€ or units)	–
Repaid in 2011 (€ or units)	452,736
Convertible debentures not converted by Dec. 31, 2011 (€ or units)	–
Weighted average share price 2008 (€)	13.35
Weighted average share price 2009 (€)	–
Weighted average share price 2010 (€)	–
Weighted average share price 2011 (€)	–

[Table 84]

Long Term Incentive Program

In 2005, a Long-Term Incentive Program (“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 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 tranches from 2006 to 2008 have expired. For the tranches approved in the financial years from 2007 to 2011, the cash payout is determined on the basis of three times the earnings before interest and tax (EBIT) achieved in the financial year preceding the year of allocation (performance hurdle). For the 2010 and 2011 tranches, an additional minimum amount is set out for the performance hurdle, which will replace a lower EBIT in the base year if applicable. Only when this performance hurdle is reached will the beneficiaries be entitled to receive a cash payout. Due to the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011, participation in the Long Term Incentive Program has been discontinued from the 2011 tranche onwards.

The LTI program does not provide for settlement by issuance of equity instruments.

The anticipated costs resulting from the LTI program 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 every balance sheet date and on the basis of the settlement value. The company records the anticipated total cost of the program 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:

	Tranche 2009	Tranche 2010	Tranche 2011*
Performance shares at time of allocation (units)	296,440	277,687	126,048
of which Executive Board	177,866	145,889	–
of which others (units)	118,574	131,798	126,048
Performance shares as of Dec. 31, 2010 (units)	256,914	277,687	–
of which Executive Board (units)	138,340	145,889	–
of which others (units)	118,574	131,798	–
Performance shares expired in 2011	55,994	72,945	–
Performance shares paid out	–	–	–
Performance shares as of Dec. 31, 2011 (units)	200,920	204,742	126,048
of which Executive Board (units)	105,402	106,101	–
of which others (units)	95,518	98,641	126,048
Parameters for fair value as of Dec. 31, 2011			
Dividend yield (%)	–	2.91	5.28
Expected volatility (%)	–	31.53	28.11
Risk-free interest rate (%)	–	1.40	1.31
Anticipated remaining term of option (years)	–	1	2
Parameters for fair value as of Dec. 31, 2010:			
Dividend yield (%)	4.19	4.55	–
Expected volatility (%)	24.70	43.61	–
Risk-free interest rate (%)	1.29	1.55	–
Anticipated remaining term of option (years)	1	2	–

* Subject to the resolution on the allocation rate.

[Table 85]

The costs included in the 2011 income statement arising from the Long Term Incentive Program are € 115 thsd (previous year: € 300 thsd). As of December 31, 2011 a provision of € 115 thsd (previous year: € 300 thsd) was recognized for the Long Term Incentive Program.

Participation program

In the financial year 2008, MLP launched a participation program for office managers, consultants and employees as a measure with which to retain their loyalty to the company in the long-term. The program 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 wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008–2010 tranches were allocated in 2009–2011. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. 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 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 been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II phase at the end of phase 3. Participation in the program 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 all previous tranches, although this expires if the eligible participant decides to continue participation in the program 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 II phase over years 9 to 12 (no front-loaded recognition of expenses).

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011
Inventory on Jan. 1, 2011 (units)	282,401	189,615	–	–
Virtual SARs allocated in 2011 (units)	–	–	151,134	–
SARs expired in 2011 (units)	–6,331	–4,293	–	–
Paid out in 2011 (units)	–	–	–	–
Inventory on Dec. 31, 2011 (units)	276,070	185,322	151,134	–
Guaranteed share price (€)	8.51	7.40	7.80	5.36
Expenses recognizsed in 2010 (€'000)	620	344	272	–
Income recognized in 2010 (€'000)	–41	–4	–	–
	579	341	272	–
Expenses recognized in 2011 (€'000)	668	344	226	159
Income recognized in 2011 (€'000)	–40	–16	–	–
	628	328	226	159
Provision as of Jan. 1, 2011 (€'000)	1,722	646	272	–
Provision as of Dec. 31, 2011 (€'000)	2,349	974	498	159
Inventory certificates on Jan. 1, 2011 (units)	847,203	568,845	–	–
Inventory certificates on Dec. 31, 2011 (units)	828,210	555,966	–	–

[Table 86]

MLP has hedged the fair value risk attached to the assessment of the liability of the 2008 and 2009 tranches 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 for the 2008 tranche and 600,000 certificates for the 2009 tranche, 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. The certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are assessed at fair value recognized directly in equity. The fair value of the certificates is based directly on the price of the MLP share.

The expense and the provision from the participation program are recognized pro rata temporis throughout the individual phases (vesting period). The provision is assessed at fair value through profit and loss. The provision accrued on the respective closing date 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 assessment of the provision, 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 "assessed at fair value through profit and loss" (fair value option).

By selling the equity-based certificates, assessment gains so far recognized directly in equity are realized and expenses from the increase in liability for the participation program are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

31 Pension schemes

At MLP, executive members of staff 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
- orphan's benefit of 10 % of the pension of the original recipient

The benefit obligations are partly covered by re-insurance. In the financial year 2011, the total expenses for defined pension plans amounted to € 2,147 thsd (previous year: € 2,393 thsd). As of 2010, re-insurance policies fulfil the conditions of plan assets. For this reason the claims from re-insurance policies are netted against corresponding pension provisions in the balance sheet. The total of insurance premiums, income from plan assets and current service costs are recorded under other operating expenses. Accrued interest expenses for pension benefits and interest income from plan assets are disclosed in the income statement under other interest and similar expenses.

Total expenses for defined benefit schemes break down as follows:

All figures in €'000	2011	2010
Current service cost	1,162	1,399
Accrued interest on pension entitlements	1,282	1,258
Expected return on plan assets	–297	–217
Actuarial gains/losses	–	–48
Total	**2,147**	**2,393**

[Table 87]

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 13,494 thsd (previous year: € 12,704 thsd). All other pension obligations (defined benefit obligation of € 15,461 thsd; previous year: € 13,678 thsd) are covered by re-insurance contracts, which fulfil the conditions of plan assets.

The reconciliation of pension obligations to pension provisions is shown in the table below: Pension provisions recognized in the balance sheet of € 334 thsd (previous year: € 847 thsd) are attributable to Executive Board members active at the end of the reporting period.

All figures in €'000	2011	2010
Benefit obligations as of Jan. 1	26,382	23,169
Current service cost	1,162	1,399
Actuarial interest	1,282	1,258
Actuarial losses	577	997
Benefits paid	–448	–438
Defined benefit obligation (DBO) as of Dec. 31	**28,955**	**26,382**
Fair value of the plan assets as of Dec. 31	–14,736	–11,337
Net obligation as of Dec. 31	**14,219**	**15,045**
Unrecognized actuarial gains and losses	–1,501	–632
Pension provisions recognized in the statement of financial position as of Dec. 31	**12,718**	**14,412**

[Table 88]

Plan assets saw the following developments:

	2011	2010
Fair value of the plan assets as of Jan. 1	**11,338**	**7,661**
Expected return on plan assets	297	217
Employer's contributions	3,677	4,007
Benefits paid	–283	–276
Actuarial gains and losses/experience adjustments	–292	–271
Fair value of the plan assets as of Dec. 31	**14,736**	**11,337**

[Table 89]

The actual income from pension scheme assets is the balance of anticipated income and actuarial gains and losses. In the financial year they total € 5 thsd (previous year: € –54 thsd).

Actuarial calculations incorporate the following assumptions:

	2011	2010
Assumed interest rate	4.60 %	4.90 %
Anticipated annual salary development	2.00 %	2.60 %
Anticipated annual pension adjustment	2.00 %/1.80 %	2.00 %
Anticipated income from the plan assets	2.25 %	2.25 %
Assumed retirement age	60, 62 or 65	60, 62 or 65

[Table 90]

Experience adjustments of defined benefit obligations are as follows:

All figures in €'000	2011	2010	2009	2008	2007
Expected defined benefit obligation	28,378	25,279	22,449	19,985	23,366
Experience adjustments	–482	–1,028	–54	24	–2,461
Change in the assumption on which calculations were based	1,059	2,131	774	–724	–3,010
Defined benefit obligation	**28,955**	**26,382**	**23,169**	**19,285**	**17,895**
Anticipated fair value of the pension scheme assets as of Dec. 31	15,028	11,608	7,848	–	–
Experience adjustments	–292	–271	–187	–	–
Fair value of the pension scheme assets as of Dec. 31	**14,736**	**11,337**	**7,661**	**–**	**–**
Net obligation/underfunding as of Dec. 31	**14,219**	**15,045**	**15,508**	**19,285**	**17,895**

[Table 91]

In 2012, we anticipate payments with regard to net pension provisions of € 3,615 thsd (of which € 440 thsd is attributable to anticipated pension payments of the company and € 3,175 thsd to expected premiums to re-insurance companies).

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 recognized as personnel expenses in the case of employees and as operating expenses in the case of office managers in the respective year. In the financial year 2011 they total € 9,336 thsd (previous year: € 7,782 thsd).

32 Income taxes

All figures in €'000	2011	2010
Income tax attributable to continuing operations	6,513	12,950
of which current taxes on income and profit	9,033	13,551
of which deferred taxes	–2,520	–601
Income tax attributable to discontinued operations	2	110
Total	**6,515**	**13,060**

[Table 92]

The current taxes on income and profit from continuing operations include expenses of € 218 thsd (previous year: € 408 thsd) which relate 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 % (previous year: 13.4 % or 12.3 %).

The effective income tax rate applicable to the earnings before tax is 34.9 % for continuing operations (previous year: 27.5 %). The following reconciliation account shows the relationship between the earnings before tax and the taxes on income and profit in the financial year. The anticipated tax expense is based on the German combined income tax rate of 29.25 % (previous year: 29.25 %).

All figures in €'000	2011	**2010**
Earnings before tax from continuing operations	18,667	47,051
Earnings before tax from discontinued operations	301	71
	18,968	**47,121**
Group income tax rate	29.25 %	29.25 %
Calculated income tax expenditure in the financial year	**5,548**	**13,783**
Tax-exempt earnings and permanent differences	–2,246	–1,741
Non-deductible expenses	2,641	1,802
Divergent trade taxation charge	485	148
Effects of other taxation rates applicable abroad	–6	–57
Income tax not relating to the period	–223	–433
Tax effects from tax rate changes	358	–
Change in the tax effect due to unrecognized differences and tax losses for which no deferred tax assets were formed	–	–389
Other	–42	–53
Income taxes	**6,515**	**13,060**

[Table 93]

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.

Non-deductible expenses are due to entertainment costs, gifts and other such matters.

Deferred taxes

	Deferred tax assets		Deferred tax liabilities	
All figures in €'000	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Intangible assets	2,802	2,206	11,188	11,506
Property, plant and equipment	281	302	2,577	2,335
Financial assets	63	173	2	248
Investment property	–	–	150	950
Other assets	2,043	1,786	30	8
Provisions	3,647	3,092	10	–
Liabilities	381	297	–	77
Gross value	**9,217**	**7,856**	**13,957**	**15,124**
Netting of deferred tax assets and liabilities	–4,529	–4,573	–4,529	–4,573
Total	**4,688**	**3,283**	**9,428**	**10,551**

[Table 94]

The deferred tax income recognized in the statement of comprehensive income is € 8 thsd (previous year: € –171 thsd).

Tax refund claims

Tax refund claims include € 5,534 thsd (previous year: € 9,504 thsd) of corporation tax and € 604 thsd (previous year: € 2,342 thsd) of trade tax. The major portion of € 5,952 thsd (previous year: € 11,644 thsd) is attributable to MLP AG.

Tax liabilities

Tax liabilities are made up of € 925 thsd (previous year: € 623 thsd) of corporation tax and € 659 thsd (previous year: € 486 thsd) of trade tax, of which € 1,035 thsd (previous year: € 490 thsd) is attributable to MLP AG.

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

33 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", "Occupational pension provision" and "ZSH" to form a single, reportable "Financial services" operating segment.

To form the reportable business segment "Feri", MLP combined the operating segments "Feri Asset Management Private Clients", "Feri Asset Management Institutional Clients", "Feri Consulting Private Clients", "Feri Consulting Institutional Clients" 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. The companies were de-consolidated. You can find further details on discontinued operations in Note 34.

The business operations of the **Feri** segment cover wealth and investment consulting. This segment is made up of Feri AG, Bad Homburg v. d. Höhe, Feri Trust GmbH, Bad Homburg v. d. Höhe, Feri Institutional and Family Office GmbH, Bad Homburg v. d. Höhe, Feri Investment Services GmbH, Bad Homburg v. d. Höhe, Feri EuroRating Services AG, Bad Homburg v. d. Höhe and Institutional Trust Management Company S.à.r.l., Luxembourg.

The **Holding** business segment consists of MLP AG, Wiesloch. The main internal services and activities are combined in this segment.

Intra-segmental 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. The Feri segment also operates in Luxembourg.

Revenue of € 80,294 thsd and € 68,896 thsd is generated in the financial services segment with two product partners. The same business segment generated a revenue of € 81,588 thsd and € 60,083 thsd with two product partners in the previous year.

34 Discontinued operations/disposal groups

Expenses and income of discontinued operations break down as follows.

Net income of discontinued operations

All figures in €'000	2011	2010
Earnings from the sale/closure of operations before tax	301	71
Income taxes	–2	–110
Earnings from the sale of operations after tax	**298**	**–39**
Earnings from discontinued operations after tax	**298**	**–39**

[Table 95]

As of December 31, 2011, earnings before tax from the sale of operations encompass expenses and income of € 345 thsd (previous year: € 416 thsd) in connection with the sale of the subsidiary in Austria in 2009 and the office in the Netherlands in 2010. However, this item also includes € –44 thsd (previous year: € –345 thsd) in subsequent expenses and income from the earlier discontinuation of operations and sales.

Earnings per share

The earnings per share of the discontinued operations are disclosed in Note 37.

35 Leasing

MLP has concluded operating leases for various motor vehicles, administration buildings and branch offices as well as office machines. The average term of the contracts is 4 years for motor vehicles, 7 years for buildings and 4 years for office machines. Some of the lease contracts also include extension options.

The following future minimum lease payments (face values) due to irredeemable operating leases were in place on the balance sheet date:

	Due 2012	Due 2013–2016	Due from 2017	Total
Rent on buildings	12,883	31,332	8,735	52,950
Other rental/leasing liabilities	1,347	1,225	–	2,572
Total	**14,230**	**32,557**	**8,735**	**55,522**

[Table 96]

The Group entered into a lease agreement as lessor for an administration building. MLP classifies this contract as an operating lease, as the risks and opportunities associated with the ownership of the lease object remain with the lessor. Further disclosures can be found in Note 19.

36 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business 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.

On April 15, 2011, MLP paid the provisional basic purchase price plus interest to acquire the outstanding shares in Feri AG. The purchase price is deemed provisional, as the contracting parties have not yet reached a final agreement with regard to the level of a variable purchase price component. However, MLP does not expect to make any further payments. In line with the purchase contract, the company therefore called in an arbitrator on October 7, 2011. A corresponding arbitrator's report was not yet available at the time when the financial statements were drafted.

Irrespective of the arbitrator's report, some of the sellers asserted claims of € 51,472 thsd. However, MLP filed a negative declaratory relief on this issue at the Frankfurt Regional Court on January 20, 2012. In the opinion of MLP, the claims being asserted have no legal foundation.

On the balance sheet date, actions are pending for potentially considerable damages due to incorrect disclosures in the capital market information published by the company, predominantly in the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

On the balance sheet date, there are € 9,910 thsd (previous year: € 9,638 thsd) in contingent liabilities on account of sureties and warranties (face value of the obligation) and irrevocable credit commitments (contingent liabilities) of € 19,798 thsd (previous year: € 23,651 thsd).

Re-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 is a member in the depositor's guarantee fund of the Association of German Banks (BdB e.V.) in Berlin and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

For details on variable purchase price components, maturity dates and expected cash outflows due to the acquisitions of TPC THE PENSION CONSULTANCY GmbH and Feri AG, please refer to Note 6.

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 stipulates that MLP is entitled to 50 % of the subsequent net revenues from commissions and fees of MLP Finanzdienstleistungen AG, Vienna, Austria for the years from 2011 up to and including 2014.

Contingent liabilities of a further € 784 thsd result from the sale of MLP Finanzdienstleistungen AG, Vienna.

Potential tax refund entitlements/tax back-payments for the time periods prior to the sale could lead to a contingent claim/liability against AFSH GmbH, Wien, Austria, the amount of which cannot be determined at this stage.

37 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:

All figures in €'000	2011	2010
Basis of the basic earnings per share (net profit)	12,453	34,062
Effect of the potential share dilution: interest on convertible debentures (after tax)	12	33
Basis of the diluted earnings per share	**12,465**	**34,095**

All figures in number of units		
Weighted average number of shares for the basic earnings per share	107,877,738	107,877,738
Effect of the potential share dilution: convertible debentures	–	452,736
Weighted average number of shares for the diluted earnings per share	**107,877,738**	**108,330,474**

[Table 97]

The basic earnings per share for continuing and discontinued operations are € 0.12 (previous year: € 0.32), while the diluted earnings per share amount to € 0.12 (previous year: € 0.31).

The calculation for the basic and diluted earnings per share for the total earnings for continuing operations is based on the following data:

All figures in €'000	2011	2010
Basis of the basic earnings per share (net profit)	12,155	34,101
Effect of the potential share dilution: interest on convertible debentures (after tax)	12	32
Basis of the diluted earnings per share	**12,167**	**34,133**

All figures in number of units		
Weighted average number of shares for the basic earnings per share	107,877,738	107,877,738
Effect of the potential share dilution: convertible debentures	–	452,736
Weighted average number of shares for the diluted earnings per share	**107,877,738**	**108,330,474**

[Table 98]

The basic earnings per share for continuing operations are € 0.11 (previous year: € 0.32), while the diluted earnings per share amount to € 0.11 (previous year: € 0.32).

The calculation for the basic and diluted earnings per share for the total comprehensive income from discontinued operations is based on the following data:

All figures in €'000	2011	2010
Basis of the basic earnings per share (net profit)	298	–39
Effect of the potential share dilution: interest on convertible debentures (after tax)	0	1
Basis of the diluted earnings per share	**299**	**–38**
All figures in number of units		
Weighted average number of shares for the basic earnings per share	107,877,738	107,877,738
Effect of the potential share dilution: convertible debentures	–	452,736
Weighted average number of shares for the diluted earnings per share	**107,877,738**	**108,330,474**

[Table 99]

The basic earnings per share for the earnings from discontinued operations are € 0.00 (previous year: € 0.00), while the diluted earnings per share amount to € 0.00 (previous year: € 0.00).

38 Additional information on financial instruments

Based on the relevant items in the balance sheet, the following tables show the carrying amounts of the financial instruments held on the closing date in the categories laid down by IAS 39. MLP's categorization according to IAS 39 corresponds with the classification pursuant to IFRS 7.

The carrying amounts of financial assets and liabilities assessed at fair value correspond to the market values.

Dec. 31, 2011

All figures in €'000	IAS 39 category	Carrying amount	Amortized cost	Fair value (with no effect on the operat-ing result)	Fair value (recog-nized in the income statement)	Fair value	No financial instruments according to IAS 32/39
Receivables from banking business – banks	L+R	487,557	487,557	–	–	493,561	–
Receivables from banking business – clients	L+R	355,659	355,659	–	–	395,544	–
Receivables from banking business – clients	FVPL	4,489	–	–	4,489	4,489	–
Financial assets – debt securities and investment fund shares	AfS	8,522	–	8,522	–	8,522	–
Financial assets – debt securities and investment fund shares	FVPL	6,695	–	–	6,695	6,695	–
Financial assets – investments	AfS	2,774	2,774	–	–	2,774	–
Financial assets – securities	HtM	108,768	108,768	–	–	108,510	–
Financial assets – loans and receivables	L+R	105,265	105,265	–	–	105,265	–
Trade accounts receivable	L+R	72,202	72,202	–	–	72,202	–
Receivables from commercial agents	L+R	15,124	15,124	–	–	15,124	–
Advance payments	L+R	11,430	11,430	–	–	11,430	–
Purchase price receivables	L+R	4,135	4,135	–	–	4,135	–
Interest derivatives (asset)	HfT	–	–	–	–	–	–
Other assets	L+R	5,112	5,112	–	–	5,112	9,181
Cash and cash equivalents	L+R	31,350	31,350	–	–	31,350	–
Liabilities due to banking business – clients	AC	827,413	827,413	–	–	818,913	–
of which savings deposits		12,937	12,937	–	–	12,730	–
of which other		814,475	814,475	–	–	806,183	–
Liabilities due to banking business – banks	AC	14,540	14,540	–	–	15,809	–
Purchase price liability FERI AG	AC	809	809	–	–	809	–
Purchase price liability Property Funds Research Ltd,	AC	–	–	–	–	–	–
Purchase price liability ZSH	AC	–	–	–	–	–	–
Liabilities due to commercial agents	AC	58,888	58,888	–	–	58,888	248
Advance payments received	AC	19,629	19,629	–	–	19,629	–
Trade accounts payable	AC	31,116	31,116	–	–	31,116	–
Interest derivatives (liability)	HfT	343	–	–	343	343	–
Share-based payments (convertible debentures)	AC	–	–	–	–	–	–
Liabilities due to banks	AC	–	–	–	–	–	–
Other liabilities	AC	11,430	11,430	–	–	11,430	20,911
Aggregated in line with IAS 39 categories							
Loans and receivables	**L+R**	**1,087,834**	**1,087,834**	**–**	**–**	**1,133,724**	**–**
Financial liabilities, assessed at amortized cost	**AC**	**963,824**	**963,824**	**–**	**–**	**957,596**	**–**
Designated at fair value through profit and loss	**FVPL**	**11,184**	**–**	**–**	**11,184**	**11,184**	**–**
Held to maturity	**HtM**	**108,768**	**108,768**	**–**	**–**	**108,510**	**–**
Held for trading (liability)	**HfT**	**343**	**–**	**–**	**343**	**343**	**–**
Available for sale	**AfS**	**11,296**	**2,774**	**8,522**	**–**	**11,296**	**–**

[Table 100]

All figures in €'000	IAS 39 category	Carrying amount	Amortized cost	Fair value (with no effect on the operating result)	Fair value (recognized in the income statement)	Fair value	No financial instruments according to IAS 32/39
							Dec. 31,2010*
Receivables from banking business – banks	L+R	485,023	485,023	–	–	485,873	–
Receivables from banking business – clients	L+R	338,229	338,229	–	–	369,353	–
Receivables from banking business – clients	FVPL	5,224	–	–	5,224	5,224	–
Financial assets – debt securities and investment fund shares	AfS	33,744	–	33,744	–	33,744	–
Financial assets – debt securities and investment fund shares	FVPL	6,895	–	–	6,895	6,895	–
Financial assets – investments	AfS	3,385	3,385	–	–	3,385	–
Financial assets – securities	HtM	83,379	83,379	–	–	84,131	–
Financial assets – loans and receivables	L+R	125,284	125,284	–	–	125,284	–
Trade accounts receivable	L+R	61,452	61,452	–	–	61,452	–
Receivables from commercial agents	L+R	20,227	20,227	–	–	20,227	–
Advance payments	L+R	12,975	12,975	–	–	12,975	–
Purchase price receivables	L+R	6,336	6,336	–	–	6,336	–
Interest derivatives (asset)	HfT	506	–	–	506	506	–
Other assets	L+R	5,869	5,869	–	–	5,869	6,800
Cash and cash equivalents	L+R	50,470	50,470	–	–	50,470	–
Liabilities due to banking business – clients	AC	819,294	819,294	–	–	811,771	–
of which savings deposits		12,208	12,208	–	–	12,206	–
of which other		807,086	807,086	–	–	799,565	–
Liabilities due to banking business – banks	AC	16,391	16,391	–	–	16,812	–
Purchase price liability FERI AG	AC	51,429	51,429	–	–	51,429	–
Purchase price liability Property Funds Research Ltd,	AC	112	112	–	–	112	–
Purchase price liability ZSH	AC	769	769	–	–	769	–
Liabilities due to commercial agents	AC	50,667	50,667	–	–	50,667	324
Advance payments received	AC	23,881	23,881	–	–	23,881	–
Trade accounts payable	AC	19,208	19,208	–	–	19,208	–
Interest derivatives (liability)	HfT	1,523	–	–	1,523	1,523	–
Share-based payments (convertible debentures)	AC	435	435	–	–	435	–
Liabilities due to banks	AC	6	6	–	–	6	–
Other liabilities	AC	11,787	11,787	–	–	11,787	14,496
Aggregated in line with IAS 39 categories							
Loans and receivables	**L+R**	**1,105,866**	**1,105,866**	**–**	**–**	**1,137,839**	**–**
Financial liabilities, assessed at amortized cost	**AC**	**993,979**	**993,979**	**–**	**–**	**986,876**	**–**
Designated at fair value through profit and loss	**FVPL**	**12,119**	**–**	**–**	**12,119**	**12,119**	**–**
Held to maturity	**HtM**	**83,379**	**83,379**	**–**	**–**	**84,131**	**–**
Held for trading (liability)	**HfT**	**1,017**	**–**	**–**	**1,017**	**1,017**	**–**
Available for sale	**AfS**	**37,128**	**3,385**	**33,744**	**–**	**37,129**	**–**

* Previous year's values adjusted. The adjustments are disclosed under Note 3.

[Table 101]

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 accounts receivable, receivables from companies in which the Group holds an interest and other assets have mainly short remaining terms. Their carrying amounts on the balance sheet date 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 assets 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 debts assessed at fair value by MLP to the three levels of the fair value hierarchy as of December 31, 2011.

All figures in €'000	2011 Level 1	2011 Level 2	2011 Level 3
Assets - assessed at fair value			
Receivables from clients in the banking business	–	4,489	–
Financial assets, debt securities and shares in investment funds	15,217	-	–
Financial liabilities - assessed at fair value			
Interest derivatives	–	343	–

[Table 102]

All figures in €'000	2010 Level 1	2010 Level 2	2010 Level 3
Assets – assessed at fair value			
Receivables from clients in the banking business	–	5,224	–
Financial assets, debt securities and shares in investment funds	40,639	-	–
Interest derivatives	–	506	–
Financial liabilities – assessed at fair value			
Interest derivatives	–	1,523	–

[Table 103]

No re-classifications of the assessment between level 1 and 2 were made in the financial year 2011.

The next table shows the net gains or losses from financial instruments in line with the categories of IAS 39.

All figures in €'000	2011	2010
Net gains or losses from financial instruments of the category		
Loans and receivables (L+R)	27,849	24,456
Available for sale (AfS)	–357	507
Fair value through profit and loss (FVPL)	352	–125
Held to maturity (HtM)	1,298	1,832
Liabilities at amortized cost (AC)	–9,812	–9,520
Held for trading (HfT)	441	–265

[Table 104]

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 assessment at fair value.

For financial instruments not assessed at fair value through profit and loss, interest income of € 26,528 thsd and interest charges of € 9,812 thsd were accrued in the last financial year (previous year: € 21,318 thsd interest income, € 9,727 thsd interest charge).

For impairment losses we refer to the note on “Receivables from banking business” and ”Other receivables and assets”. In the reporting year and the previous year, no impairment losses were charged for the “held-to-maturity” financial instruments (HtM). Impairment charges of € 3,194 thsd (previous year: € 1,199 thsd) were recognized for "available for sale" financial instruments (AfS). With regard to revenues from commissions and fees 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. For the financial instruments of the other categories, the maximum default risk corresponds to the carrying amount.

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.

All figures in €’000	Face value Dec. 31, 2011	Fair value Dec. 31, 2011	Face value Dec. 31, 2010	Fair value Dec. 31, 2010	End of term
Interest rate swap 1	–	–	30,000	–726	Jan. 17, 2011
Interest rate swap 2	–	–	20,000	–491	Jan. 17, 2011
Interest rate swap 3	–	–	20,000	200	Jan. 17, 2011
Interest rate swap 4	–	–	30,000	306	Jan. 15, 2011
Interest rate swap 5	1,000	–71	1,000	–73	Jul. 1, 2014
Interest rate swap 6	1,500	–99	1,500	–99	Jul. 1, 2014
Interest rate swap 7	2,500	–172	2,500	–134	Apr. 1, 2015
Total	**5,000**	**–343**	**105,000**	**–1,017**	

[Table 105]

The face values 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 of December 31, 2011, the accumulated fair value of the interest derivatives was € –343 thsd (previous year: € –1,017 thsd). The valuation is based on the market values on the balance sheet date. Depending on their fair value, the instruments are disclosed under other accounts receivable and other assets or under other liabilities. The changes in fair value of derivatives of € –96 thsd (previous year: € 1,338 thsd) were recorded in the financial result or under earnings from the interest rate business.

39 Financial risk management

MLP is faced with a number of financial risks. MLP's Group-wide early risk detection and monitoring system is used as the basis for active risk management throughout the Group. 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, the price risk, and the liquidity risk. There is no substantial foreign exchange risk, country risk and no other market price risks. Regular stress tests are performed for analysing the effects of unusual yet still plausible events and the effects of potential concentrations of risks are also taken into particular account.

MLP's **counterparty default risks** are essentially made up of the client credit business under the company's own liability, the company's own business and the commission receivables from our product partners. Depending on the structure of a transaction, receivables from banking business are secured by collaterals customary in banking.

Loan approval, in particular in the client credit business, takes the form of credit limits being granted for the individual borrower or borrower unit. Individual credit decisions are reached by employees specialising in this sector who that follow clearly defined guidelines based on the size, creditworthiness and collateral of the respective borrower.

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. The maximum default risk of financial instruments corresponds to their carrying amount (see Note 38).

When financial instruments point to a variable interest rate, MLP is faced with a **cash flow-relevant interest risk**. For fixed interest-bearing financial instruments, the interest risk relates to the fair value of the financial instruments (fair value-relevant interest risk).

As of December 31, 2011, the company does not hold any available-for-sale fixed income securities (previous year: € 5,013 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 re-financing of these loans. These maturity transformation risks, which result from the incongruence 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-relevant interest 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, 2011, the fair value of the fixed interest-bearing loans and fixed interest-bearing re-financing, which have been designated as at "fair value through profit and loss", would have been increased by € 3 thsd (previous year: reduced by € 5 thsd) or reduced by € 3 thsd (previous year: increased by € 7 thsd). Accordingly, the net profit would then have increased by € 3 thsd (previous year: reduced by € 5 thsd) or reduced by € 3 thsd (previous year: increased by € 7 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.

We understand **liquidity risks** to mean uncertainty in terms of the availability of funds to meet payment obligations or reduce risk items which is either insufficient or which can only be secured by accepting unfavourable terms. Liquidity risks can result from both internal and external risk factors.

In controlling the liquidity risk, we employ two different approaches,operational and structural.

The central instruments and control variables of operational liquidity control at MLP include itemization of financial assets and re-financing sources in the company's own business as per the balance sheet date within the scope of cash management, but also the liquidity and observation ratios of the liquidity regulation. In addition to this, the volume of daily net cash inflows and outflows is observed and incorporated into the risk assessment within the scope of liquidity control.

The funding matrix is the central instrument of structural liquidity control at MLP and also a preliminary step towards economic analysis of additional re-financing costs. The funding matrix indicates for each time frame whether there is a surplus or shortfall of financing means and thereby allows open liquidity items to be controlled. The liquidity value at risk, which indicates the additional refinancing costs required to close open liquidity items, is another key instrument of structural liquidity control and is also used in risk capital management. When determining the liquidity value at risk as of December 31, 2011, net cash inflows for the year were in line with forecasts and no additional re-financing costs are thus expected to occur. If, contrary to expectations, net cash outflows should occur, sufficient cash reserves are available.

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:

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2011	**Due on demand**	**Up to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Liabilities due to banking business – clients	828,216	12	272	–	828,499
Liabilities due to banking business – banks	1,443	1,066	9,416	4,441	16,366
Purchase price liability FERI	–	809	–	–	809
Liabilities due to commercial agents	55,114	2,213	1,561	–	58,888
Trade accounts payable	–	31,116	–	–	31,116
Liabilities due to savings deposits	–	13,201	–	–	13,201
Liabilities due to banks	–	–	–	–	–
Interest derivatives	–	96	257	–	354
Advance payments received	–	19,629	–	–	19,629
Convertible debentures	–	–	–	–	–
Other liabilities	–	4,105	–	–	4,105
Sureties and warranties	9,910	–	–	–	9,910
irrevocable credit commitments	19,798	–	–	–	19,798
Total	**914,479**	**72,249**	**11,506**	**4,441**	**1,002,675**

[Table 106]

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2010	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities due to banking business – clients	813,908	12	28	256	814,204
Liabilities due to banking business – banks	1,126	1,371	9,808	6,745	19,050
Purchase price liability FERI	–	51,575	–	–	51,575
Purchase price liability PFR	–	–	128	–	128
Purchase price liability ZSH	–	831	–	–	831
Liabilities due to commercial agents	45,719	2,343	2,605	–	50,667
Trade accounts payable	–	19,208	–	–	19,208
Liabilities due to savings deposits	–	12,238	–	–	12,238
Liabilities due to banks	–	6	–	–	6
Interest derivatives	–	1,217	306	–	1,523
Advance payments received	–	23,881	–	–	23,881
Convertible debentures	–	435	–	–	435
Other liabilities	–	3,813	338	–	4,151
Sureties and warranties	9,638	–	–	–	9,638
irrevocable credit commitments	23,651	–	–	–	23,651
Total	**894,042**	**116,930**	**13,214**	**7,000**	**1,031,186**

[Table 107]

Other market risks for financial instruments result from changes such as stock exchange prices for equity instruments. As of December 31, 2011, MLP has shareholdings of € 2,774 thsd (previous year: € 3,385 thsd) and available-for-sale securities of € 15,217 thsd (previous year: € 40,639 thsd). Available-for-sale securities include variable interest-bearing securities of € 4,606 thsd (previous year: € 9,715 thsd). The remaining available-for-sale securities of € 10,611 thsd (previous year: € 30,924 thsd) are non-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 therefore valued at their acquisition cost, minus any impairments.

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.

40 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 its website, **www.mlp-ag.de** and in the corporate governance report of this Annual Report.

41 Related parties

Executive Board

Dr. Uwe Schroeder-Wildberg, Heidelberg
Chairman responsible for Strategy, Internal Audit, Communication/Investor Relations, Marketing, HR, Legal

Reinhard Loose, Berlin
responsible for Controlling, IT and Purchasing, Accounting, Risk Management (since February 1, 2011)

Manfred Bauer, Leimen
responsible for Product Management

Muhyddin Suleiman, Rauenberg
responsible for Sales

Ralf Schmid, Gaiberg
responsible for Operations (until March 31, 2011)

Supervisory Board

Dr. Peter Lütke-Bornefeld, Everswinkel
Chairman

Dr. h. c. Manfred Lautenschläger, Gaiberg
Vice Chairman

Dr. Claus-Michael Dill, Berlin

Johannes Maret, Burgbrohl

Maria Bähr, Sandhausen,
Employees' Representative, employee 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 AG, Bad Homburg v. d. H. (Chairman)	–
Feri AG, Bad Homburg v. d. H (since June 8, 2011)	–
Feri AG, Bad Homburg v. d. H (until December 31, 2011)	MLP Hyp GmbH, Schwetzingen
Feri AG, Bad Homburg v. d. H (until June 8, 2011 and from November 22, 2011 until December 31, 2011)	–
–	–

[Table 108]

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 • General Reinsurance AG, Cologne • Delvag Rückversicherungs-AG, Cologne • Deutsche Insurance Asset Management Oppenheim VAM Kapitalanlagegesellschaft mbH, Cologne • MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	–
–	University Hospital Heidelberg, Heidelberg (Supervisory Board)
• General Reinsurance AG, Cologne (Chairman) • Damp Holding AG, Hamburg/Ostseebad Damp • Württembergische Lebensversicherungs AG, Stuttgart (until December 31, 2011) • HUK-COBURG AG, Coburg (since July 2, 2011) • HUK-COBURG a.G., Coburg (since July 1, 2011) • Polygon AB, Stockholm, Sweden (since September 13, 2011)	–
–	• Gebrüder Rhodius KG, Burgbrohl (Chairman of the Advisory Board) • The Triton Fund, Jersey, GB (Investment Committee Member) • Basler Fashion Holding GmbH, Goldbach (Chairman of the Advisory Board) • BEX Beteiligungs GmbH, Bad Oeynhausen (Chairman of the Advisory Board)
–	–
–	–

[Table 109]

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 refer to payment transactions and securities services of € 326 thsd (previous year: € 258 thsd). The legal transactions were completed under standard market or employee conditions.

As of December 31, 2011, members of the executive bodies had current account debits totaling € 606 thsd (previous year: € 673 thsd). Current account debits are charged at 7.25 % to 8.7 % interest (previous year: 7.25 % to 7.7 %). Surety loans existing in 2010 were no longer in place at the balance sheet date.

The total remuneration for members of the Executive Board active on the reporting date is € 3,463 thsd (previous year: € 2,699 thsd), of which € 1,558 thsd (previous year: € 1,680 thsd) is attributable to the fixed portion of remuneration and € 1,905 thsd (previous year: € 1,020 thsd) is attributable to the variable portion of remuneration. In the financial year, expenses of € 278 thsd (previous year: € 100 thsd) were accrued for occupational pension provision. Retired members of the Executive Board received redundancy payments of € 1,260 thsd (previous year: € 0 thsd). As of December 31, 2011, pension provisions for former members of the Executive Board amounted to € 11,842 thsd (previous year: € 11,008 thsd).

Variable portions of remuneration comprise long-term remuneration components. The members of the Executive Board participated in the 2005 to 2010 Long-Term Incentive Programs.

Executive Board members active on December 31, 2011 no longer hold any convertible debentures issued by the company.

Within the scope of the **Long-Term Incentive Program,** members of the Executive Board received performance shares (phantom shares) in the years 2005 to 2010. The performance shares of the 2008 tranche expired in the financial year. Participation in the Long Term Incentive Program was terminated with the switchover of contracts for all members of the Executive Board to the new Executive Board remuneration system with effect for 2011. 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:

	Tranche 2009	Tranche 2010
Fair value at grant date	€ 7.59	€ 7.54
All figures in number of units		
Dr. Uwe Schroeder-Wildberg	65,876	66,313
Muhyddin Suleiman	39,526	39,788
Total	**105,402**	**106,101**

[Table 110]

The costs included in the income statement arising from the Long Term Incentive Program for Executive Board members during the financial year 2011 are € 0 thsd (previous year: € 155 thsd).

The members of the Supervisory Board received non-performance-related remuneration of € 500 thsd for their activities in 2011 (previous year: € 500 thsd). In addition, € 25 thsd (previous year: € 19 thsd) was paid as compensation for expenses and training measures.

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

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 in line with conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. The services performed for the companies listed in the following essentially concern remuneration for wealth management and consulting, as well as brokerage, sales and trailer commission.

In the financial year 2011, transactions were carried out with major related companies which led to the following items in the consolidated financial statements:

Related companies 2011

All figures in €'000	Receivables	Liabilities	Income	Expenses
Academic Networks GmbH, Wiesloch	705	–	–	–
MLP Consult GmbH, Wiesloch	1	2,027	–	18
MLP Media GmbH, Wiesloch	7	–	8	523
MLP Hyp GmbH, Schwetzingen	29	–	3,795	–
Feri Trust AG (Switzerland), St. Gallen	482	–	85	59
Private Trust Management Company S.à.r.l., Luxembourg	175	–	2,661	–
Family Private Fund Management Company S.à.r.l., Luxembourg	152	–	2,248	–
Heubeck-Feri Pension Asset Consulting GmbH, Bad Homburg v. d. Höhe	433	171	517	216
Ferrum Fund Management Company S.à.r.l., Luxembourg	377	–	2,385	–
Ferrum Pension Management S.à.r.l., Luxembourg	7	–	622	–
Total	**2,367**	**2,198**	**12,322**	**816**

[Table 111]

Related companies 2010

All figures in €'000	Receivables	Liabilities	Income	Expenses
Academic Networks GmbH, Wiesloch	705	–	–	–
MLP Consult GmbH, Wiesloch	1	2,009	1	6
MLP Media GmbH, Wiesloch	–	14	8	130
MLP Hyp GmbH, Schwetzingen	–	–	3,164	–
Feri Trust AG (Switzerland), St. Gallen	435	–	40	1
Private Trust Management Company S.à.r.l., Luxembourg	319	–	3,263	–
Family Private Fund Management Company S.à.r.l., Luxembourg	309	–	2,897	–
Feri Corp., New York, USA	53	–	–	281
Heubeck-Feri Pension Asset Consulting GmbH, Bad Homburg v. d. Höhe	288	69	525	213
Ferrum Fund Management Company S.à.r.l., Luxembourg	–	–	1,979	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	190	–	315	–
Institutional Trust Management Company S.à.r.l., Luxembourg	76	–	2,369	–
Ferrum Pension Management S.à.r.l., Luxembourg	5	–	450	–
Total	**2,381**	**2,092**	**15,012**	**630**

[Table 112]

42 Number of employees

The average number of staff employed decreased from 1,672 in 2010 to 1,584 in 2011.

	2011		2010	
		of which marginal part-time employees		of which marginal part-time employees
Financial services	1,324	116	1,407	140
Feri	249	58	251	64
Holding	12	1	14	1
Total	**1,584**	**175**	**1,672**	**205**

[Table 113]

An average of 93 people (previous year: 100) underwent vocational training in the financial year.

43 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt in the financial year 2011 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2011	2010*
Audit services	479	704
Other assurance services	91	136
Tax advisory services	0	0
Other services	151	67
Total	**721**	**906**

*Auditor: Ernst&Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart.

[Table 114]

The item "Audit services" 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.

44 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 AG, Bad Homburg v. d. Höhe, Feri Institutional and Family Office GmbH, Bad Homburg v. d. Höhe, Feri Trust GmbH, Bad Homburg v. d. Höhe, Feri Investment Services GmbH, Bad Homburg v. d. Höhe and ZSH GmbH Finanzdienstleistungen, Heidelberg. As a deposit-taking bank, MLP Finanzdienstleistungen AG, Wiesloch is a superordinate 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) transfer to statutory reserve as class 1 tier 2 capital, (ii) issue of new shares, (iii) buy-back and redemption of treasury stock.

As a financial holding group, MLP is obliged to back its capital adequacy requirements for counterparty default risks and capital adequacy requirements for operational risk with at least 8 % of eligible own funds (own funds 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 standardized approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) 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 eligible own funds for the 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 2011. The same also applies for MLP's internal processes, objectives and measures for investment control.

The core capital is made up, inter alia, of the following equity items of the relevant groups of institutions in line with § 10a of the German Banking Act (KWG): share capital, capital reserves and statutory reserves. 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 2011. The relationship between the risk assets and core capital at year-end closing is illustrated below.

All figures in €'000	2011	2010
Core capital	**313,984**	**348,407**
Tier 2 capital, class 1	2,500	2,000
Tier 3 capital	–	–
Eligible own funds	**316,484**	**350,407**
Capital adequacy requirements for counterparty default risks	**66,118**	**70,411**
Capital adequacy requirements for operational risk	**52,429**	**56,016**
Equity ratio min. 8 %	**21.36**	**22.17**
Core capital ratio min. 4 %	**21.19**	**22.05**

[Table 115]

MLP's tier 2 capital of class 1 is solely made up the contingency reserves in accordance with § 340f of the German Commercial Code (HGB).

45 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) 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 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). 0.27 % of the shares (corresponding to 290,000 voting rights) are attributable to Barmenia Krankenversicherung a. G. 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 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).

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 Sach Serviceholding AG, 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 5 % and 3 % on August 4, 2010 and now amounts to 0 % (corresponding to 0 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.

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 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 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 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 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.

Talanx Beteiligungs-GmbH & Co. KG, Hanover, Germany informed us in line with §§ 21 (1), 22 (1) Sentence 1, No. 2 and 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, 8.67 % (corresponding to 9,350,719 voting rights) is 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 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, 8.67 % (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).

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 10 % on April 20, 2011 and on that day amounted to 10.02 % (corresponding to 10,813,991 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). It is allocated voting rights from the following shareholders, each of whose share of the voting rights in MLP AG is 3 % or more: Oakmark International Small Cap Fund.

The Oakmark International Small Cap Fund, 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 October 14, 2010 and on that day amounted to 3.05 % (corresponding to 3,286,623 voting rights).

Gerling Beteiligungs-Gesellschaft mit beschränkter Haftung, Cologne, 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 October 22, 2010 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this sum, 2.45 % (corresponding to 2,642,500 voting rights) is attributable to the company in line with § 22 (1) Sentence 1, No. 1 of the German Securities Trading Act (WpHG) via Talanx Beteiligungs-GmbH & Co. KG and 7.44 % (corresponding to 8,029,469 voting rights) is attributable to the company in line with § 22 (1) of the German Securities Trading Act (WpHG).

Talanx Deutschland Bancassurance GmbH, Hilden, 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 25, 2011 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this sum, 1.22 % (corresponding to 1,321,250 voting rights) is allocated to the company in line with § 22 (1) Sentence 1, No. 1 of the German Securities Trading Act (WpHG) and 8.67 % (corresponding to 9,350,719 voting rights) is allocated to the company in line with § 22 (2) of the German Securities Trading Act (WpHG), of which 3 % or more of the shares are attributable via HDI-Gerling Lebensversicherung AG in the sense of allocating additional voting rights in line with § 22 (2) of the German Securities Trading Act (WpHG).

PB Lebensversicherung Aktiengesellschaft, Hilden, 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 October 4, 2011 and now amounts to 9.89 % (corresponding to 10,671,969 voting rights). Of this, 9.65 % (10,408,201 voting rights) are attributable to it in line with § 22 (2) of the German Securities Trading Act (WpHG). 3 % or more of the voting rights are attributable to HDI-Gerling Lebensversicherung AG in accordance with § 22 (2) of the German Securities Trading Act (WpHG).

46 Events after the balance sheet date

There were no appreciable events after the balance sheet date affecting the company's financial or asset situation.

47 Release of consolidated financial statements

The Executive Board has prepared the consolidated financial statements on March 13, 2012 and will present them to the Supervisory Board on March 20, 2012 for publication.

Wiesloch, March 13, 2012

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Muhyddin Suleiman

Auditor’s Report

“We have audited the consolidated financial statements prepared by the MLP AG, Wiesloch, comprising the consolidated statement of income and statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, and notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2011. 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 § 315a Abs. 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 § 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 assessment of 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 an evaluation of the overall presentation of the consolidated financial statements and 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 § 315a Abs. 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.”

Frankfurt am Main, March 14, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Hübner
Wirtschaftsprüfer

Fust
Wirtschaftsprüfer

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 13, 2012

MLP AG

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

Muhyddin Suleiman

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Glossary

Amortized cost
Amortized cost is the historical cost less scheduled depreciation and amortization 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 pre-determined price and in a pre-determined 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 recognized by the acquirer as an asset from the acquisition date and is initially assessed 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 amortized but is subject to an impairment review. If necessary, an impairment loss is recognized (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 pre-determined price and in a pre-determined 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

NOVEMBER

November 14, 2012
Publication of the financial results for the first nine months and the third quarter.
MLP publishes the Interim Report for the first nine months and the third quarter.

AUGUST

August 9, 2012
Publication of the financial results for the first half of the year and the second quarter.
MLP publishes the Interim Report for the first half of the year and the second quarter.

JUNE

June 26, 2012
Annual General Meeting of the MLP AG in Mannheim
MLP AG convenes for the Ordinary Annual General Meeting at the Rosengarten Mannheim.

MAY

May 10, 2012
Publication of the financial results for the first quarter of the year.
MLP publishes the Interim Report for the first quarter of the year.

MARCH

March 22, 2012
Publication of the Annual Report 2011.
MLP publishes the Annual Report for 2011.

FEBRUARY

February 29, 2012
Annual press conference and analyst conference.
MLP announces preliminary results for the business year 2011 at the annual press conference in Frankfurt, Germany.

More information at
www.mlp-ag.com, Investor Relations, Calendar

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