Annual Report 2011 | 2012

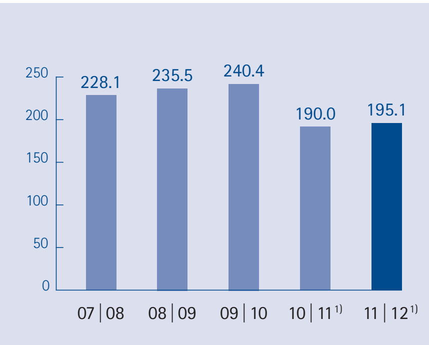
MARSEILLE-KLINIKEN AG®

Main Group figures (IFRS)

		2011 | 2012	2010 | 2011	Change in %
Results				
Group sales	€ million	195.1	190.0	2.7
EBITDAR	€ million	54.8	51.9	5.6
EBITDA	€ million	17.6	13.7	28.5
EBIT	€ million	10.9	5.7	91.2
EBIT margin	%	5.6	3.0	86.7
Group earnings after tax (EAT)	€ million	6.5	2.9	124.1
RoS	%	3.3	1.5	120.0
Cash flow from operating activities	€ million	6.6	0.9	633.3
Balance sheet				
Fixed assets	€ million	157.5	162.6	-3.1
Investments	€ million	2.1	3.1	-29.0
Shareholders' equity	€ million	37.0	34.2	8.2
Shareholders' equity incl. investment grants	€ million	70.7	69.2	2.2
Equity ratio	%	19.5	17.1	14.1
Equity ratio incl. investment grants	%	37.4	34.6	7.8
Return on equity	%	17.6	8.4	109.5
Financial debt	€ million	57.5	57.1	0.7
Financial ratio	%	30.4	28.6	6.2
Per capita sales	€ thousand	41.3	42.0	-1.6
Other key facts				
Earnings per share[1]	€	0.45	0.23	95.7
Employees	Number	4,718	4,522	4.4
Facilities	Number	60	60	0.0
Bed capacity	Number	8,028	8,083	-0.7
Occupancy rate	%	88.9	87.1	2.1

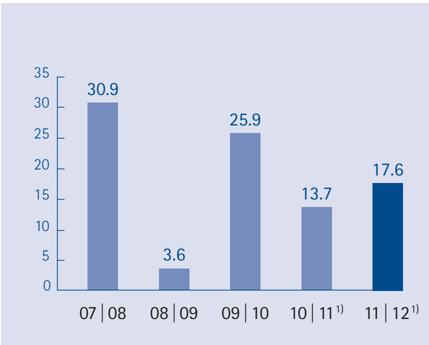
[1] based on 14,464,325 (2011/2012) or 12,290,626 (2010/2011) weighted ciculated shares

Sales of
Marseille-Kliniken Group
€ million



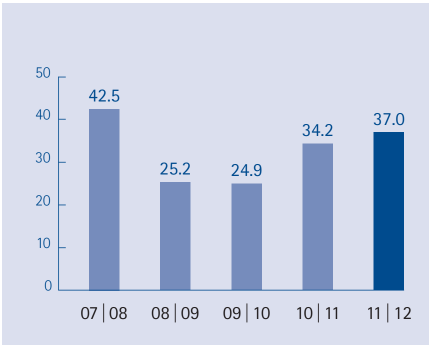
[1] after deconsolidation of rehabilitation segment

EBITDA of
Marseille-Kliniken Group
€ million



[1] after deconsolidation of rehabilitation segment

Equity of
Marseille-Kliniken Group
€ million



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Mission statement

Vision

In a market environment making it increasingly difficult for the government and charitable organisations to guarantee an adequate degree of nursing care out of budgetary restraints, Marseille-Kliniken AG as a private supplier will continue to take on this demographically indispensable nursing care. Simultaneously assuming social responsibility within Germany's health care system and securing long-term profitable company growth are therefore not a contradiction for us, but rather make up the core of our corporate vision.

Mission

In our actions as a publicly listed operator of care facilities and homes for assisted living, we are guided by our three principles of customer orientation, social responsibility, and efficiency. By combining these, we hope to build confidence with the residents of our facilities and their family members as well as our employees, business partners, and shareholders in order to realise our corporate vision.

Strategy

As one of Germany's leading companies in the health care sector, our business model is vitally influenced by demographic trends. Combined with the limited options on the part of public authorities to act, it thus has reliable and sustainable future prospects. Short-term economic fluctuations, in contrast, only exert a small influence on our Company. Marseille-Kliniken AG operates in this promising market environment through its Group strategy, which is characterised by the clear focus on the business field of nursing care, its quality leadership, and the effective management structures. Detailed information on this can be found in Section 3 (Group strategy) of the Group management report.

Letter to the shareholders

Dear shareholders and readers,

The situation of Marseille-Kliniken AG at the start of the 2011/2012 financial year was characterised by the realisation of the strategic realignment with the pillars of focusing on our core business in inpatient and outpatient care, the expansion of our quality leadership, and a new management structure (decentralised regional management). At the same time, this period also marked a personal change in the Group's Management Board. At the beginning of October 2011, the Supervisory Board transferred responsibility for the Group's management and the continuation of the introduced strategy to today's Management Board.

Together, the management team of Marseille-Kliniken AG was able to solidify the path chosen for the Group strategy and achieve very measurable success from this. As such, sporadic halts in occupancy were reduced and facilities in the red at that time, like AMARITA-Hamburg, began reporting profits once again. All in all, the occupancy rate rose from an average of 87.1% in the previous year to 88.9% in the 2011/2012 financial year. This success was also apparent in our Group's profit situation. Revenues in the 2011/2012 reporting year for example climbed by +2.7% to € 195.1 million and yielded EBIT of € 10.9 million with slightly lower overall spending. This translates into some 91% growth (2010/2011: € 5.7 million). With these results, not only did we meet our forecast of a moderate revenue increase and EBIT of € 10 million, but we even marginally exceeded it. We are especially pleased to say that these figures are not based on one-off effects, but rather are the result of a sustainable strategy. In addition to this profit increase, we were also able to step up our financial strength even further. In December 2011 the then one-year corporate bond was replaced with the issue of a new two-year bond. This extended term both improved our repayment procedures and has given us sufficient flexibility through the option to prematurely redeem the bond after a year. By April 2012 we had already repaid € 3.0 million of the bond, thereby lowering our future interest expenses. This transaction was financed by the cash flow that we generated and a long-term loan.

In the reporting period our facilities showed a vacancy rate of over 10%. Related to this the overall lack of qualified employees in the German health sector hindered a more rapid occupancy of our facilities. We will consistently move forward on the path targeted in the reporting period with the strategic points within the Company and the success achieved from the operating activities, and lastly we will take advantage of the possibilities for improving our strategic realisation. We expect this to yield a revenue increase as well as an improvement in EBIT in the 2012/2013 financial year. This should realistically also provide additional impulse for the share price.

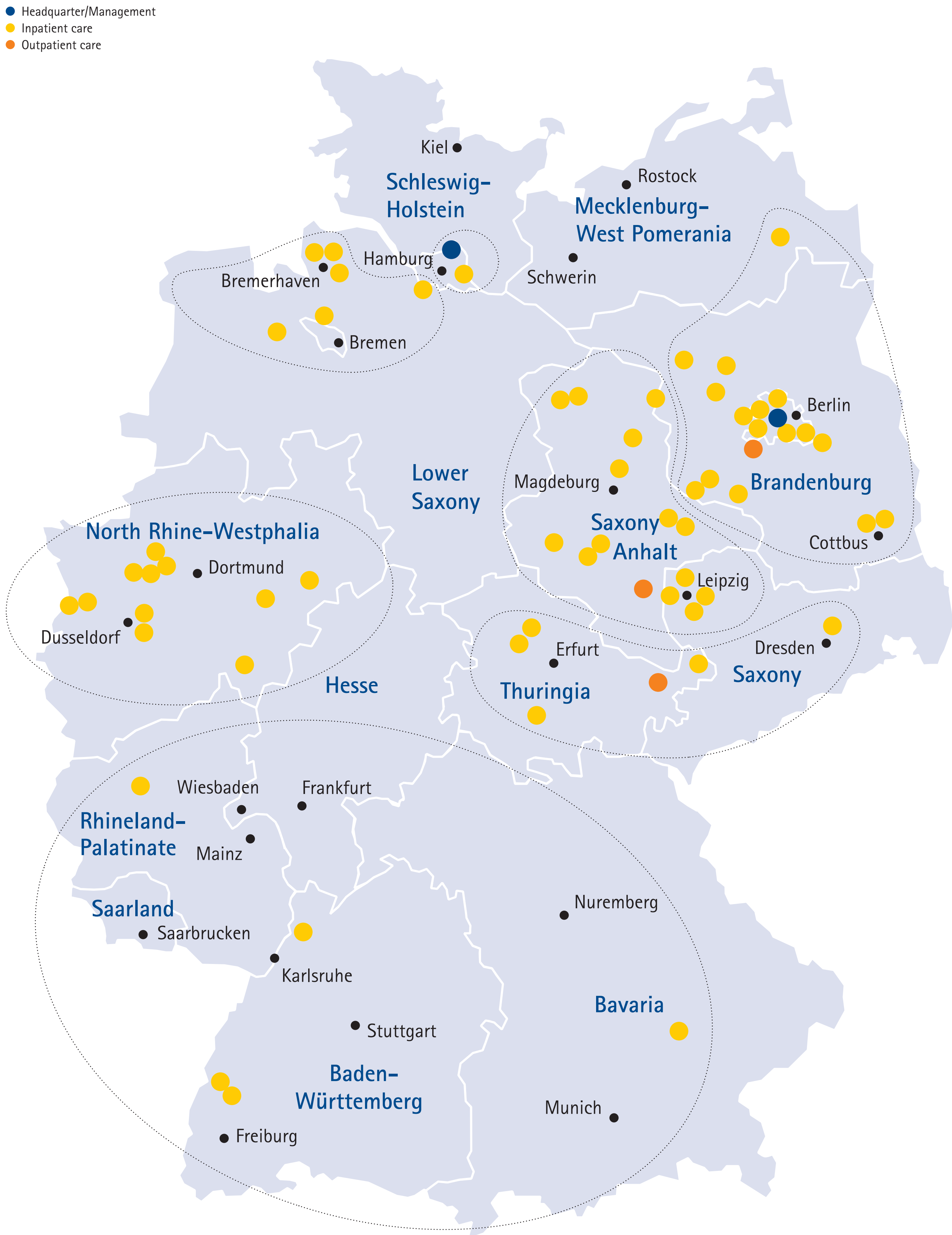
Finally, we would particularly like to thank our employees, who are always working towards the well-being of our residents as well as those committed to the organisation and administration of our Company. Thanks to your daily work, the entire Group of Marseille-Kliniken AG has played a leading role in the German nursing sector for over 25 years. We would also like to thank our shareholders and the residents at our facilities as well as their family members for the trust they have bestowed upon Marseille-Kliniken AG.

Berlin, October 2012

Michael Thanheiser

Michael Thanheiser

Locations



Segments

Inpatient care

The full inpatient nursing care of those in need is one of two segments in the nursing care business field at the centre of Marseille-Kliniken AG's focus. With 57 facilities throughout Germany out of a total of 60 locations maintained within the Group, the full care and support work makes up the core segment of Marseille-Kliniken AG. Most of the facilities feature different degrees of specialisation and concepts with regard to the care and support services performed. In addition to special concepts like support for patients with dementia, after-care of people with dependence illnesses, or care for patients in a persistent vegetative state, there are the general 2-star, 3-star, and 4-star facilities within the Group segment of inpatient care. This variety of offerings for living and support concepts meets the individual needs and options of the target group. As an optional addition to the basic nursing care furnishings of the respective facilities, the residents for example can also integrate their own furniture into the room, thereby taking an important part of the personal surroundings previously familiar to them into their new home environment. True to the motto "As good as home", Marseille-Kliniken AG thus offers a multifaceted living concept for the different preferences of each individual person in need of care. General care understanding is based on the one hand on self-determined and personal lifestyle choices of the resident and on the other hand a focus on their abilities, needs, and personalities. Another central component of our basic principle of care is the co-operation with therapists, doctors, hospitals, clergy, technical schools, and other facilities. These various concepts and innovations are also important characteristics that set the Company apart from its smaller regional competitors. This is because, given the conceptual complexity and necessary resources, these types of projects cannot be carried out by smaller providers. Marseille-Kliniken AG would like to use its prominent market position together with its clear commitment to top quality to further expand bed occupancy while maintaining the existing capacities and thereby ensure that the Group segment of inpatient care remains attractive in the long run.

Outpatient care

Outpatient nursing care is the second segment of the nursing care business field in addition to inpatient care. The employees perform the services associated with it using the fundamental principle of "as independent as possible, as much assistance as necessary". For the individual customers of these services, it is very much possible to live their everyday lives largely independently as they see fit. However, they still wish to take advantage of the professional nursing care services offered by Marseille-Kliniken AG in order to guarantee that their individual needs are met in a competent and reliable manner. This allows them to remain in their private living environment, even in the event that their health deteriorates.

For those seniors in need of more comprehensive nursing care, Marseille-Kliniken AG is able to offer them an apartment within some of its care facilities in the scope of the assisted living concept. The various residential units in this large and familiar atmosphere have different floor plans and can be arranged according to the residents' own standards in order to ensure the individuality and autonomy of each person. This standard of living is optionally and sensibly supplemented by the offering of care services by the Group's professional outpatient nursing staff. Residents themselves decide when they need support and to what extent, allowing them to continue living at the facility. Support services are possible for all care levels from 0 to 3 and are performed with top quality by specialised staff. Another move to a full inpatient care facility is therefore not necessary.

Strength from the satisfaction of our interested parties and employees

··· Facility

- Modern, centrally located care facility
- Very good MDK mark

SENIOREN-WOHNPARK®
DÜSSELDORF – VOLKSGARTEN

··· Resident Elfriede Krause

- Resident of the Senioren-Wohnpark Düsseldorf – Volksgarten for the last six years
- Recently celebrated her 100th birthday

··· Family member Doris Schmitz

- Daughter of Ms Krause
- Is impressed with her mother's professional accommodation and care

··· Nursing staff Inge Bethke

- Living area manager at Senioren-Wohnpark Düsseldorf – Volksgarten
- Values the Group's own continuing education programmes

Good care all over

··· Elfriede Krause

- **Six-year** resident of Senioren-Wohnpark Düsseldorf – Volksgarten
- Is **very satisfied** with her living area manager Stipe Dropuljic
- Recently celebrated her **100th** birthday
- Enjoys browsing through photo albums with the nurses

When Elfriede Krause, age 100, flips through her photo albums, a lot of memories from her long and eventful life re-emerge. Prior to moving into the 3-star care facility Senioren-Wohnpark Düsseldorf – Volksgarten, Ms Krause lived in the Dusseldorf neighbourhood of Oberbilk, where another senior residence is located, until 2006. In accordance with Marseille-Kliniken AG's basic principle, she now takes advantage of the care services as a resident to meet her individual needs.

Custom-made care services

All of these services are geared towards the care model of Marseille-Kliniken AG. This includes the values, approaches and objectives of the care services. It serves as a guideline for all nursing employees and is echoed in the daily care and support as a tried and tested culture of the facilities. The central components of the care model are the ethical tenor, understanding, and the quality of the care. The understanding of care is based on the one hand on self-determined and personal lifestyle of the residents, and on the other hand on a gearing to their individual abilities, needs, and wishes.

The basic care used by the residents is comprised of personal hygiene including all prophylactic measures and a review of vital statistics and weight. Intensive biography work and the inclusion of family members and friends are intended to improve the quality of the care process and create a familiar atmosphere. If needed, these care services are expanded to include other offers, like special care for people with dementia. These residents require more intensive support and care, thus enabling the individuals affected to continue living a mostly independent life. The facilities of Marseille-Kliniken AG therefore offer a growing number of concepts with dementia living groups. Targeted activities like joint cooking, singing, puzzles, warm-up exercises, and ball games have the intention of preserving and training the psychosocial, emotional, cognitive, and motor skills of life.

Cultural offering promotes staying active later in life

Aside from her basic care, Elfriede Krause does not need any additional services at the moment. However, she does have the option of changing her individual care services at any time to meet her future needs in order to guarantee optimum care. In addition, services like pedicures are also available to ensure all-around well-being. The structural and personal environment of the care facility furthermore enables her to participate in various events. These include, for example, afternoon themes, exercising, arts and crafts, visits from animals, choir songs, parlour games, and barbecue dinners.

Trust through quality

··· Doris Schmitz

- Daughter of Ms Krause
- Age 68
- Values the **personal contact** with the living area manager and facility manager
- Is impressed with her mother's **professional accommodation** and can rely on this accommodation being fostered with care

Today Ms Schmitz is visiting her mother Elfriede Krause at the Senioren-Wohnpark Dusseldorf – Volksgarten, as she does several times a week. She quickly considers over a cup of coffee on the building's terrace which particular attributes were crucial in selecting this senior residence back when that decision was taken.

Various opportunities for visitors

For Ms Schmitz, the selection criteria for the facility where her mother has been living for more than six years and where she recently even celebrated her 100th birthday were very important. The building, located in central Dusseldorf, received very good marks by the Medical Review Board of the German Statutory Health Insurance funds (MDK) (1.3) and offers a number of services for her mother. This variety of offerings meets the individual needs and demands of the interested seniors.

The individual everyday amenities for the residents are also important for most family members. By integrating the kitchens within the facility, for example, it is possible to better cater to the special wishes of the residents in addition to ensuring that they get healthy and balanced diets. That way no one has to go without their culinary preferences.

In addition to the nursing and care services for the residents, the organisation options of their visitors are also by all means important to the relatives. The facilities of Marseille-Kliniken AG offer not only the accessible common rooms, cafés, and gardens, but also options for joint walks, shopping, or short excursions to nearby areas. Many residents and their family members also wish to plan birthday celebrations at the facilities. This offers the opportunity to celebrate in a suitable environment and to take advantage of the services at home.

However, relatives with fewer options for regular visits at the care facilities can get current information on the health of their family members online at no cost, 24 hours a day, using Marseille-Kliniken AG's digital care record www.meingesundheitsbuch.de. This award-winning online platform, where the relatives and caretakers can get information such as temperature, weight, blood pressure, blood sugar, and pulse confidentially and only with prior legitimation, establishes more transparency in the nursing sector. This allows any authorized family member a glimpse into the system for care documentation, administered drugs, and changes in dosages as well as diagnoses and treatments following a doctor's visit.

Doris Schmitz visits on a regular basis and can therefore look back to six years ago with the knowledge that she took the right decision together with her mother when it came to selecting a care facility.

Well managed facilities

··· Senior citizens' residential Düsseldorf – Volksgarten

- **3-star nursing care facility** with 77 single rooms and nine double rooms
- Built in 2006 in accordance with **high nursing care standards** and centrally located
- Occupancy 2011/2012: **90.6%**, employees (30 June 2012): **70**
- MDK rating: **1.3**

The senior citizens' residential home Düsseldorf – Volksgarten is centrally located in the neighbourhood of Oberbilk. It offers its residents more than 4,500 m² of modern floor space in addition to a direct connection to the city centre and shopping. Since the building was opened, the staff roster layout and care level management have been continuously improved, thereby benefiting both its residents and employees. The result is clear and the rating by the independent MDK (Medical Review Board of the German Statutory Health Insurance funds) was recently upgraded from the already very good mark of 1.6 to now 1.3.

This puts this facility within the trend of the entire facility development of Marseille-Kliniken in North Rhine-Westphalia. The existing regional management structures have been solidified further and extensive renovation has been carried out on the facilities of senior citizens' residential home Flora Marzina and Koppenbergs Hof in Herne. All in all, these measures have produced a substantial increase in utilisation by 3.5% in the region of North Rhine-Westphalia.

Success throughout the facilities

These types of utilisation increases are seen not only from the individual regions; the occupancy rate throughout the group has increased from 87.1% to 88.9% based on the business year 2011/2012. This rise is a result of various factors, such as the consistent gearing towards quality and the focus on the core business of nursing with the different special concepts like dementia, Parkinson's disease, or multiple sclerosis. At the same time, these concepts are also important characteristics that set the Company apart from its smaller regional competitors. Given the complexity and necessary resources, these types of projects are easier to perform for larger private providers like Marseille-Kliniken AG. The clear-sighted construction, appealing colour and pleasant appearance schemes reflect Marseille-Kliniken AG's 25 years of experience running care facilities.

High degree of comfort at the facilities will also pay off

All of these developments come together to earn the outstanding MDK rating. At the moment, 41 of Marseille-Kliniken AG's facilities have received an overall mark of 1.3 or better. However, the Company is not satisfied with taking the success already achieved and calling it a day. New trends in nursing care are a specialised care concept for residents with dementia, greater expectations of the facility furnishings by the future resident, and stronger transparency as a result of internet portals and digitalisation. Marseille-Kliniken AG is best equipped for the current and future trends through the measures and implementations described.

Staff retention via promotion

··· Inge Bethke and Stipe Dropuljic

- Support as the managers of living areas 2 and 3
- Completing **various further education programmes** to become nursing care managers and practice supervisors
- Both value the **co-operative environment** at the facility
- Are **very pleased** with nursing care manager and facility manager

The two nursing employees Inge Bethke and Stipe Dropuljic can easily agree: working in the stressful field of nursing care requires a feeling of competence and resilience. But from their perspective, working at the senior living facility also comes with benefits above all. These include interpersonal factors like the good team collaboration as well as a number of individual advantages.

Marseille-Kliniken AG as an attractive employer in the nursing care industry

Ms Bethke and Mr Dropuljic are convinced that regular continuing and further education of the employees is extremely important when it comes to personnel measures. Programmes are offered throughout the Group to prepare its workers for leadership tasks and further training to become living area managers or nursing care managers. Its e-learning classes – Marseille-Kliniken AG is Germany's largest provider of e-learning for primarily nursing curricula – also give the Group a unique further education system within the nursing care sector overall. The quality of the day-to-day professionalism of the nursing staff is increased within the Group not only by the continuing and further education, but also by the optimisation of staff rosters and work schedules. The implementation of suitable software solutions also helps reduce the time spent on administrative tasks.

Other benefits for the employees are performance-based salary components, participation in the Company's own pension fund, and an open-minded approach to part-time work and childcare as well as recreational facilities for employees and their families.

Countering employee bottlenecks with the appropriate measures

These types of measures aimed at securing a sufficient number of qualified staff are rudimentary for the entire nursing care sector. According to expert opinions, the need for additional nursing staff in both inpatient and outpatient care will grow to some 108,000 by the year 2020 and even to 120,000 – 175,000 by 2030. In addition to staff retention, the recruitment of qualified nursing staff is therefore another one of the Group's objectives. As a result, the Company both has staff recruitment in Germany and operates a professional network consisting of personnel employees, administrators, language schools, and recruitment agencies with the aim of winning over qualified specialists from abroad. These measures helped raise the number of nursing staff in the 2011/2012 financial year by 156 to 2,894. The number of trainees has also risen by more than 75% since 2007 and came out to 232 people on average in the 2012 calendar year. This approach to recruitment and sustainable retention offers advantages for both Marseille-Kliniken and employees like Inge Bethke, Stipe Dropuljic, and the other 2,892 nursing staff.

Health care industry

- The German **health care market** continues **to grow** (3.2%)
- The related **nursing care market** is showing **disproportionately** high growth (5.0%)
- Rising national debt is pushing the **long-term trend** toward **private-sector structures**

The changes made to health care for years in shorter intervals by politicians and social insurance carriers clearly show how much reform is needed for Germany's social insurance system, which dates back to the 19th century. Practice fees, additional premiums, health care funds, additional care premiums for people without children ("Kinderberücksichtigungsgesetz"), and the current "Pflege-Neuausrichtungsgesetz (PNG)" are just a few of the most recent developments. Given the rising number of people who are getting older and are thus more susceptible to disease, the future financing of the entire health care system is thus becoming increasingly more difficult and represents one of the greatest challenges for politics, economics, and society.

A healthy growth market

As the statutory health care and nursing care insurance systems are dependent on financial allocations and contributions from wages and salaries, economic crises have a direct influence on the funding of social insurance. Germany's growing national debt in particular will have impacts on its health care market in the medium and long term. The health care and nursing care insurance funds above all, with a system that has always been supported by tax money in the past, will thus see more of a revenue bottleneck.

On the other hand, health care spending in Germany rose by 3.5% p.a. on average from 2004 to 2010 (current statistical survey) to € 287.3 billion. In a direct comparison with the past year, the costs rose by € 8.9 billion or 3.2% from 2009 to 2010.[1] This spending thus accounted for approximately 11.6% of the country's gross domestic product (2010).

Given the demographic trends and medical advancement, the quality of life of older Germans will continue to improve and the proportion of seniors in the overall population continues to rise. An 18.8% increase in the age group of 60- to 70-year-olds within the German population and 38.9% growth in the number of 80- to 90-year-olds are expected by 2020.[2]

In sum, it can be said that the financing for the growing funding gap in the system will have to be provided by tax money for the time being. However, it is obvious from the perspective of market experts that this financing will have to be fundamentally reshaped if it is going to hold up in the long-term. This is all the more so as the financing gaps are increasingly based on demographic trends and will continue to gain momentum in future. Transforming today's system into insurance that merely finances reduced health care is almost inevitable.

Nursing care sector continues to drive the health care system

The current market volume of outpatient and inpatient care within the health care industry amounted to € 31.8 billion according to the most up-to-date statistics from 2010. This translates into market growth of around 5.0% versus the previous year (2009: € 30.3 billion) and thus stronger growth than the health care market (3.2%) overall.[3]

According to a forecast by the Institut der Deutschen Wirtschaft (German Institute for Economic Research), this market volume and the spending associated with it will continue to increase in future, as the number of people in need of care will rise from approximately 2.3 million (2008) to 4.1 million by 2050. Within nursing care, experts are forecasting a parallel trend away from home care by family members and toward inpatient or outpatient care by specialised personnel.[4] This development within the field of care can be explained by the larger number of childless people in need of care and a higher proportion of family members with full-time jobs, thus making family care impossible.

As in other parts of the health care industry, this demand for nursing care services within the nursing sector (which is also expected to rise in future) will likewise be faced with limited financing from public authorities and social insurance going forward. Although the rate of unemployment is lingering at a low level at the moment, there is no guarantee of another economic upturn and thus continuing employment in the immediate future, meaning the revenue needed from this for social insurance is also not guaranteed.

Three trends shaping the nursing care sector

This initial situation is yielding three major trends in the nursing care sector:

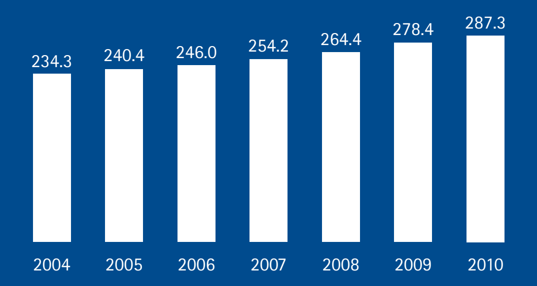
First, the concentration process continues to grow, based on the rising degree of pressure on individual providers to keep costs down and to perform. Market analysts believe that this will lead to individual, autonomous facilities becoming obsolete and barely having any chance to succeed.

Second, medical progress and shorter lengths of stay in inpatient care require closer co-operation at all levels of health care. A significant rise in occurrences of outpatient treatment is expected. The various health care sectors – primary care, acute medical treatment, care, and rehabilitation – will continue to merge. This trend is expected to facilitate co-operations and integration through legal regulations.

Third, there is an increasing degree of capitalisation of the nursing care market by private investors, other investors and patients. The politics of financing rely on private capital, as public authorities are not in a position to invest the urgently needed funds in the facilities or to pay for the losses in their budgets. Private-sector structures are needed to break up the halt in investments already seen today, as only they can establish the professional management systems and ultimately culminate in sustainable earning potential.

Development of health care expenditure in Germany

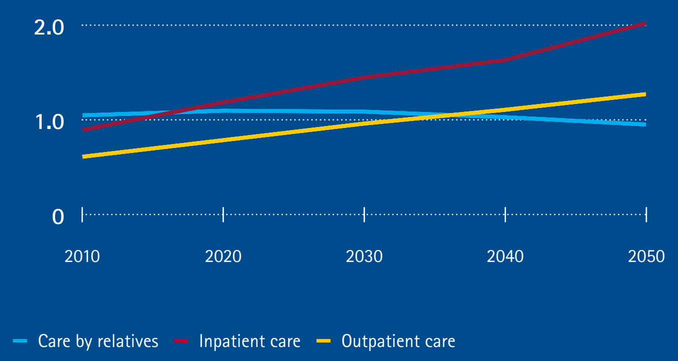
€ billions



Source: "Statistisches Bundesamt (2012)"

Expected number of people in need of care in Germany

millions



Source: Institut der Deutschen Wirtschaft (2008)

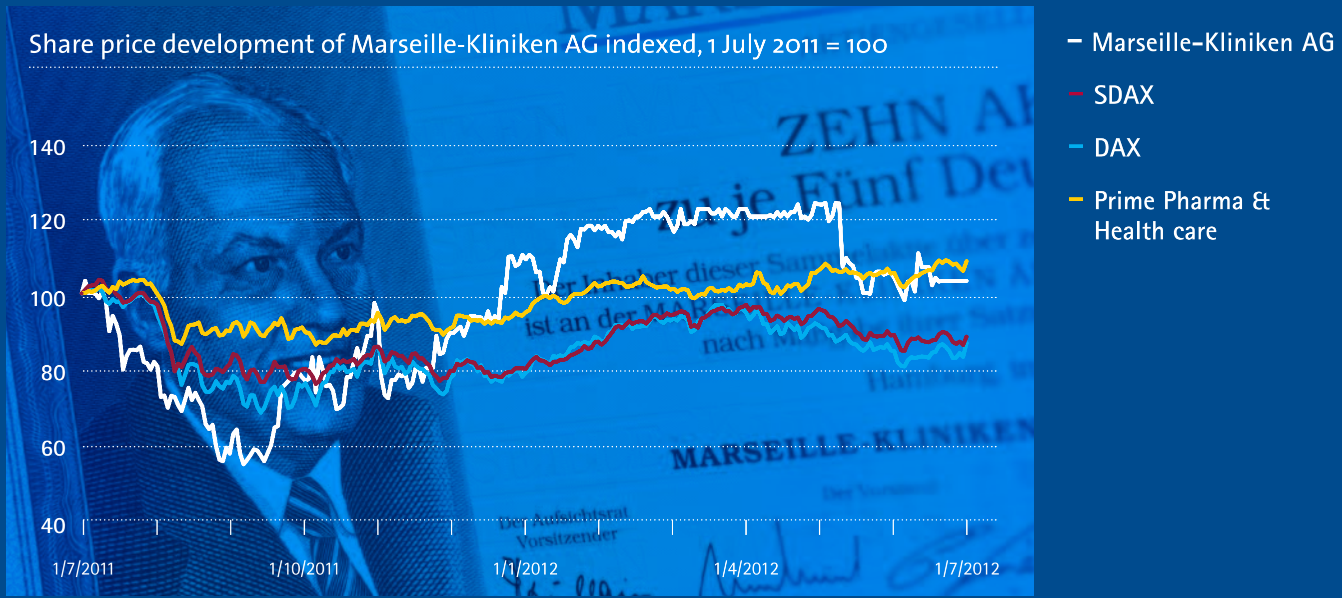
"Pflege-Riester" strengthening the concept of Marseille-Kliniken AG

Substantial evidence of this development is seen in the reform dubbed "Pflege-Riester" or "Pflege-Bahr" by the media and adopted in June 2012. This referred to government sponsorship of private nursing care insurance in order to close the looming insurance gaps for the ageing population. This incentive for self-provision makes greater financial resources available for care services to those insured in the event that care is needed. This will yield additional sales potential in the long run for Marseille-Kliniken AG. Moreover, the Company sees this development as confirmation of its view that the nursing care sector is shifting away from government provisioning and in the direction of a largely private-sector system. Marseille-Kliniken AG matches this private demand with its individual living and care concepts and its clear focus as a quality leader (see section "Group strategy").

Marseille-Kliniken AG overall has established an outstanding starting point for the upcoming changes within the growth industry of nursing care. As an operator of 60 nursing care facilities, the Group today already has the necessary market position to continue to take advantage of the on-going concentration process. Its orientation as a private, stock market-listed operator of nursing homes also allows the Company to finance the investments needed in health care through private-sector capital better and on a more sustainable basis than is feasible for public and charitable institutions. The clear focus on the dynamic segment of nursing is also creating considerable growth potential for Marseille-Kliniken AG.

1) Statistisches Bundesamt (2012) at https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Gesundheit/_Grafik/Nominal.html
2) Ernst & Young (2011) Stationärer Pflegemarkt im Wandel – Gewinner und Verlierer 2020
3) Statistisches Bundesamt (2011 & 2012) – Fachserie 12, Reihe 7.1.1 & 7.1.2
4) Institut der Deutschen Wirtschaft (2008) Wertschöpfungs- und Beschäftigungspotenziale auf dem Pflegemarkt in Deutschland bis 2050

The share and Investor Relations



Share price development

	29/6/2012	30/6/2011	Change in %
Marseille share	2.58 €	2.50 €	+3.20
DAX	6,416.28	7,376.24	-13.00
SDAX	4,804.29	5,416.54	-11.30
CDAX	568.84	651.43	-12.70
Prime All Share	2,423.21	2,752.10	-11.95
Classic All Share	3,468.49	3,645.03	-4.80
GEX	1,054.95	1,864.12	-43.40
Prime Pharma & Healthcare	2,253.27	2,079.41	+8.40

Key figures about the share

		2011 | 2012	2010 | 2011
Net profit	€ million	6.46	2.97
Dividend per share	€	0.00	0.00
Share price high	€	3.09	4.23
Share price low	€	1.34	2.22
Year-end share price	€	2.58	2.50
Number of shares	million	14.58	14.58
Market capitalisation (as at June 30)	€ million	37.61	36.45
Price-to-earnings ratio[1]		5.73	10.87

[1] calculated using the weighted average after deducting treasury shares

Marseille-Kliniken AG share rises contrary to the general stock market trend

The Marseille-Kliniken AG share price rose in the 2011/2012 financial year after an initial value adjustment. The initial rewards coming from the Company's strategic repositioning were accounted for by these share price increases in the period September 2011 to March 2012. A subsequent adjustment was made against the backdrop of a generally clouded environment for the capital market.

The lapsed financial year (1 July 2011 – 30 June 2012) was characterised by uncertainty in the eurozone and, in part, the threat of a global economic downturn. This market environment caused considerable fluctuations for stock indices around the world, as seen in the strong share price declines from July to September 2011 and the subsequent recovery from September 2011 to March 2012. The declining trend setting in from March to June 2012 was put to a stop with a positive performance at the beginning of June.

Share price developments

The German blue chip index DAX has also seen strong fluctuations overall. In the timeframe mentioned above, these led to share price losses of around -30% (July – September 2011) and -17% (March – June 2012) as well as share price gains of 41% (September 2011 – March 2012). Taking the entire reporting period as a basis, the DAX fell by around -13% compared to its level from the previous year to 6,416 points (29 June 2012).

While the Marseille-Kliniken AG share was not able to fully elude the general development on the capital market, it did put up a much better performance in the full year than the stock market in general with a positive share price trend of +3.2% (see table). Only the Prime Pharma & Healthcare index showed a stronger increase. The Company's Xetra share price on 1 July 2011 came out to € 2.50 before falling to € 1.38 by the beginning of September 2011. From this low-point for the year, the value then climbed substantially with the help of the positive operating performance by the Company through the beginning of March 2012 before a sideways movement set in with a share price level of around € 3. The share reached its high for the year on 8 May 2012 at € 3.09. In light of the strong oversupply on 10 May 2012, the price of the share fell to € 2.67 and showed a sideways movement after that time until closing out the financial year at € 2.58 on 29 June 2012.

Market capitalisation and trading volume

Based on the closing share price from 29 June 2012, the market capitalisation of Marseille-Kliniken AG saw a rise to € 37.6 million (same period in the previous year: € 36.5 million). The average trading volume of the share on the Frankfurt Stock Exchange and in the Xetra system increased by roughly 15% to 16,583 shares per day. In the previous year's period this figure came out to 14,366 shares.

The Management Board of Marseille-Kliniken AG is of the opinion that the share price increases in the 2011/2012 financial year and the closing price on 30 June 2012 do not yet reflect the full positive operating performance of the Group in the lapsed financial year. In order to further convince the capital market of the opportunities involved in investing in the share, it will be necessary to continue offering ongoing proof of the Group's sustainable profitability. The Management Board is convinced that the Company is still on a good path in this regard.

Analyst estimates

Marseille-Kliniken AG was valued and analysed by four renowned banks and research companies on an ongoing basis during the reporting period. The expectation of the future development of the share is different between individual institutes. Of the analysts' recommendations, three were "Buy" and one was "Hold", which sounds a positive note for the estimates overall and also shows the Group development of the last financial year. The continuous coverage of the Company by these independent research analysts ensures an appropriate perception of the Company and representative coverage of the stock in the financial community. Potential investors are able to receive independent and well-founded information about the Group's development, even beyond the Company's own publications.

Investor contacts and shareholder structure

During the past financial year, Marseille-Kliniken AG also maintained its relationship with capital market participants by taking part in investor conferences such as the German Equity Forum and the HPS-Gesundheitstag (HPS Health Day) (both in Frankfurt am Main). Moreover, talks with representatives of institutional investors were conducted, in which the Company's development plans as well as the potential of capital investment resulting from these plans were explained. The Company again plans to expand its Investor Relations activities in future in order to give shareholders, potential investors, and financial analysts additional extensive information. The founder and principal shareholder Ulrich Marseille and his wife Estella-Maria Marseille hold approximately 60% of the registered capital of Marseille-Kliniken AG. On 16 December 2011 Dr h.c. Carsten Maschmeyer acquired shares amounting to roughly 5.33% of the Marseille-Kliniken AG stock.

Bond

The one-year bearer bond with an aggregate principle amount of € 15 million issued in December 2010 was successfully replaced in November 2011 by a new two-year bond with an identical amount. This bond was slightly oversubscribed by institutional investors and is listed on the open market of the Frankfurt Stock Exchange (ISIN DE000A1MASB1). The coupon amounts to 9.5% in the first year and 12.5% in the second year, whereby the Company was granted the option of premature redemption after a year. Given the Group's sound earnings performance and the loan from a financial institution with a more favourable interest rate, the first partial redemption of the bond in the amount of € 3.0 million came as early as April 2012.

Investor Relations

The aim of our Investor Relations activities is to provide reliable and transparent information on an ongoing basis to all capital market participants. As a supplement to the mandatory publications, we also offer existing and potential shareholders as well as financial analysts the option to get a transparent view of our Company at analysts' meetings, investor conferences and road shows. A variety of information is also available to potential investors in the field of Investor Relations on the Company's website. In addition to the annual and interim reports, the site also has financial figures, studies by financial analysts, and general information on the Group strategy and the Company's fields of activity.

Financial calendar

for the 2012/2013 financial year	
Small Cap Conference (investor conference)	August 2012
Publication of consolidated financial statements 2011/2012	October 2012
Press conference	October 2012
Report on the 1st quarter 2012/13	November 2012
German Equity Forum (investor conference)	November 2012
113th Annual General Meeting	December 2012
Report on the 2nd quarter 2012/13	February 2013
Report on the 3rd quarter 2012/13	May 2013

Share information

ISIN	DE0007783003
Stock exchange code	MKA.ETR
Reuters code	MKAG
Stock exchange segment	Prime Standard
Trading locations	Xetra, Frankfurt/Main, Hamburg
Designated sponsor	Close Brothers Seydler Bank AG

Dividend

In the past Marseille-Kliniken AG paid its shareholders attractive dividends. The Company attempts to return to this policy as soon as possible considering the operational and financial background.

Listing

The Marseille-Kliniken AG share is listed in the Prime Standard segment. As such, the Company is subject to extensive informational and transparency requirements, which we have met in full. In the 2011/2012 financial year there were stock market listings in the regulated market of the Frankfurt, Hamburg and Xetra trading locations. On 29 June 2012 Marseille-Kliniken AG announced that it would abandon its listing on the Hamburg Stock Exchange due to the low trading volume there.

Group management report

The management report of Marseille-Kliniken AG has been combined with the management report of the Marseille-Kliniken Group pursuant to § 315(3) of the German Commercial Code (HGB). The risks and opportunities open to Marseille-Kliniken AG as parent company are inseparable from those of the Group as a whole. This management report contains information which, unless otherwise specified, refers to the Group. Information about the situation of the parent company Marseille-Kliniken AG is presented in the separate section "Separate financial statements of Marseille-Kliniken AG".

The consolidated financial statements of the Marseille-Kliniken Group are prepared in accordance with the International Financial Reporting Standards as they are used in the EU, while the separate financial statements of Marseille-Kliniken AG are prepared in accordance with the principles of the German Commercial Code (HGB) and the German Companies Act (AktG).

1. Overview and key Group indicators

Marseille-Kliniken AG is a leading operator of nursing homes in Germany and is listed on the stock market. The Company's core segment is care for the elderly, where it has a supply capacity of 8,028 beds (sales capacity 7,915 beds). The Group operates a total of 60 facilities for the elderly, of which three are care homes for people with disabilities. As such, it provides for patients in need of care and those with disabilities almost throughout Germany, namely in 13 of 16 German states. The assisted living segment sensibly complements the core nursing care segment within the Group. Here the Company provides services for the elderly in 1,146 residential units in four building complexes in Gera, Halle, and Potsdam.

The prior 2010/2011 financial year represented a positive turning point for Marseille-Kliniken. The strategic realignment was continued and, for the most part, completed in the 2011/2012 financial year. The Group has consistently pursued its strategic reorientation since 2010 with the sale of the rehabilitation segment, the introduction of an operating and decentralised regional management structure, and the further expansion of its quality leadership. The operating success of this strategy is seen in the higher utilisation rate of 88.9% on average (2010/2011: 87.1%). As at 30 June 2012, there were 84 (previous year: 123) companies included in the Group. The announced streamlining of the Group structure was thus successfully realised in the lapsed financial year, in that companies not part of the operating activities were liquidated and some mergers were carried out.

In addition to the higher utilisation and ensuring our quality leadership, another strategic goal is to establish capacities in the field of assisted living. A rise in bed capacity in the inpatient segment, on the other hand, is not aimed for due to the overcapacities dominating the market. As such, the capacities in the two Company segments are geared even more towards the actual market demand.

In the 2011/2012 financial year, the Marseille-Kliniken Group generated revenues of € 195.1 million after € 190.0 million in the year prior. With this, the Marseille-Kliniken Group managed to hold its ground in a difficult market environment and generate higher revenues by improving its utilisation and revenue quality.

The Group's earnings before interest, taxes, depreciation, amortisation, and rent costs (EBITDAR) rose by € 2.9 million from € 51.9 million to € 54.8 million.

On the basis of rental expenses, EBITDA improved by € 3.9 million from € 13.7 million to € 17.6 million.

EBIT adjusted for extraordinary effects improved by € 2.5 million from € 4.6 million in the previous year to € 7.1 million.

The previous year saw amortisation of € 0.8 million on intangible assets. As a result, write-downs in the reporting year fell from € 8.0 million to € 6.7 million. The financial result was reduced by € 0.6 million to € -4.6 million. This was largely attributable to interest expenses in connection with the audit for the financial years 2005 to 2008 and the higher interest rate on the bond issued in December 2011.

After taxes and minority interests, consolidated profit at Marseille-Kliniken AG came out to € 6.5 million, which was roughly 125% above the figure from the previous year's period (€ 2.9 million).

2. Business operations and environment

2.1 Business operations

Marseille-Kliniken AG has 57 inpatient care facilities, four residential units for assisted living, and some 4,700 employees, making it a leading listed company on the nursing care market in Germany. The Company's core business segment is care services, where it has a supply capacity of 8,028 beds (sales capacity 7,915 beds). This business segment is split up into inpatient care and outpatient care. The sub-segment "assisted living" within outpatient care offers a sensible supplement here. Here the Company provides services for the elderly in Gera, Halle, and Potsdam. The business model is critically influenced by the demographic development, which is benefiting the Company. This development provides long-term prospects for the future. Short-term economic fluctuations, in contrast, only exert a minor influence on the Company. As a consistently modern quality supplier, the private company is in a good position within a competitive environment primarily determined by regionally active charities.

The operating management is performed by the responsible regional heads and the Management Board of Marseille-Kliniken. It is supported by internal service providers for the central functions of human resources, finance and controlling, accounting, taxes, information technology, organisational management, and marketing. With this organisational approach, the lasting regional presence is secured yet again together with its operating capabilities.

The individual facilities are largely run as legally autonomous subsidiaries affiliated with the parent company Marseille-Kliniken AG.

2.2 General economic conditions

2.2.1 Macroeconomic environment

The macroeconomic situation in Germany is currently marked by a downturn after 3.1% growth in gross domestic product (GDP) in 2011. In the first two quarters of 2012, the economic growth amounted to 0.5% and 0.3%, respectively, over the same periods of the previous year.[1)] The result is a flatter, but still positive growth expectation for the German economy overall at 0.7% in 2012 and 1.6% in 2013.[2)]

Contrary to the largely positive performance of the private sector since 2010, the debt of various states is seen by most economic experts as problematic. The considerable expansion of sovereign debt of the Federal Republic of Germany, which now exceeds 80% of the country's gross domestic product, could have substantial structural effects on the entire health care market in the long run.[3)]

2.2.2 The German health care market

The volume of the German health care market at the time of the last statistical survey from 2010 amounted to € 287.3 billion. The share of gross domestic product in the Federal Republic of Germany derived from this came out to around 11.6%. This relatively high share also reflects the stable growth of the health care market within the last few years compared to other industries. The average rise in the market volume from 2004 to 2010 came out to 3.5% p.a. From 2009 to 2010 costs rose by € 8.9 billion or 3.2%.[4)] Despite some of the economic uncertainty seen during this time, the market growth clearly shows the health care market's considerable independence from the general economic development.

Within the health care sector, the current statistics from the year 2010 show that the entire market volume of outpatient and inpatient care amounts to € 31.8 billion. This means considerable growth of around 5.0% year-on-year (2009: € 30.3 billion) and thus stronger growth than the health care market overall.[5)]

A forecast by the Institute for Economic Research states that the volume of the market for care services and the spending associated with these will continue to rise, as the number of people requiring care will grow from some 2.3 million (as at 2008) to 4.1 million individuals in 2050. Within the nursing care industry, experts are forecasting a parallel trend away from home care by family members and toward inpatient or outpatient care by specialised personnel.[6)]

There are challenges in this market environment for Marseille-Kliniken as a private operator of senior living facilities when it comes to taking on social responsibility within the health care market, but there is also considerable long-term growth potential for the Group as a whole. The corporate strategy derived as a result is explained in the following section.

1) Federal Statistical Office (2012); "Gross domestic product (quarterly and annual information) long series starting in 1970"; www.destatis.de/DE/ZahlenFakten/GesamtwirtschaftUmwelt/VGR/VolkswirtschaftlicheGesamtrechnungen.html

2) Federal Ministry of Economics and Technology (2012) "Projections by the Federal Government"; www.bmwi.de/DE/Themen/Wirtschaft/Konjunktur-und-statistiken/projektionen.html

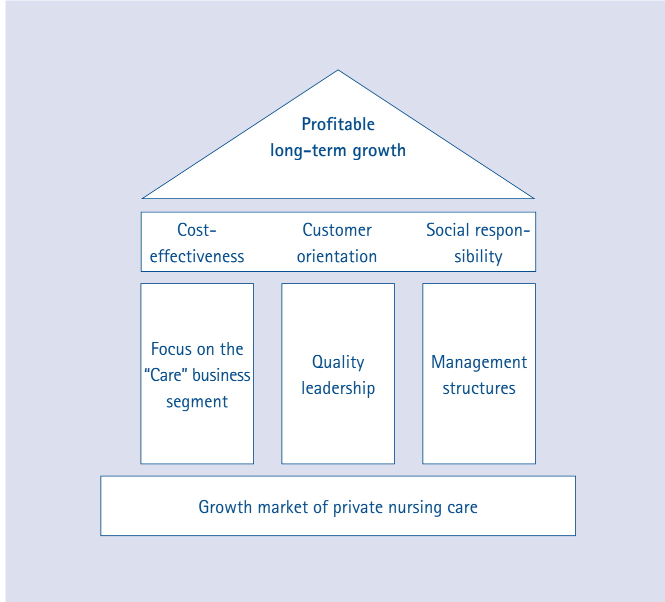
3) Federal Statistical Office (2012) "European Union (EU) Stability Pact"; www.destatis.de/DE/ZahlenFakten/GesamtwirtschaftUmwelt/VGR/EUStabilitaetspakt/Tabellen/Defizit-SchuldenEU.html

4) Federal Statistical Office (2012) "Development of health care spending (nominal)"; www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Gesundheit/_Grafik/Nominal.html

5) Federal Statistical Office (2011 & 2012) – Technical series 12, series 7.1.1 & 7.1.2

6) Institute for Economic Research (2008) Value added and employment potential of the nursing care market in Germany through 2050

3. Group strategy



As a stock market-listed operator of nursing homes and assisted-living facilities, Marseille-Kliniken AG is amongst the leading providers of nursing care services in Germany. In addition to the demographic trend, poor public finances and funding for long-term care insurance are also shaping the growth market of private-sector inpatient and outpatient care for the elderly and thus laying the foundation for the Group strategy. Marseille-Kliniken has positioned itself within the future-oriented market with a Group strategy based on three pillars, with the aim of accommodating its Group target of profitable long-term growth:

One of the three pillars of the strategy is the Group's standard for **quality leadership** in the German nursing care market. Marseille-Kliniken's innovative solutions for improving quality and transparency make it a pioneer on the market for nursing care services. High standards have been set for care, handling patients in need of aid, social support, accommodation, and service. The nursing facilities have been certified by external experts according to recognised standards such as MDK (Medical Review Board of the German Statutory Health Insurance funds) marks or Grüner Haken. To safeguard the high quality standards and to further develop the facilities, a comprehensive audit system, which is exemplary for the nursing sector (differentiating between process, visit, and system audits), has been established. The Group's internal quality management system is based on key indicators and a computer-based log, which enable us to identify nursing risks at an early stage and provide information on the current quality of nursing care on an on-going basis. An analysis of the day-to-day care provided, a differentiated complaints management procedure, and conducting a regular, anonymous survey of residents' relatives all additionally round off the continual improvement process. In addition, adapted software solutions eliminate administrative duties for care personnel, thereby allowing the employees more time for individual support of the residents. Our employees take on a central role particularly in the strategic pillar of quality leadership. It is also very important that staff receive regular further training and continuing professional development in order to meet the high quality standards for nursing and individual care. This is done within the widespread human resources campaigns in order to make the Group more attractive as an employer. The component of further training is clearly shown in the operation of Marseille Academy. With its computer-aided e learning courses, the Marseille Academy has established a system which is the only one of its kind in our industry. This ensures that information is quickly transferred from the fields of research and academia to our nursing staff. Marseille-Kliniken AG today is already one of Germany's largest providers of e-learning for subjects related to nursing care.

The second pillar of the Group strategy is the clear **focus on the two segments** of inpatient nursing care and outpatient care. The April 2010 sale of the rehabilitation segment (which was not a part of the core business), the end to the Group's involvement in the field of acute treatment clinics and centre for incontinence, and the efforts to further improve utilisation of the existing capacities in the core segment successfully aided in the goal of clearly improving efficiency for the entire Group. Given the overcapacities in the inpatient health care market overall and the multifaceted supply within this Group segment (retirement communities as 2-, 3- and 4-star facilities), a capacity increase is currently being examined only in the assisted living segment.

The third pillar of the Group structure is found in the **management structures** created. These include, in addition to efficiency improvements within administration, the successful introduction of a regional management structure on an operating level. There are five regions in the Federal Republic of Germany within this existing regional management structure. This has decentralised the scope of activity for the operating Group management and made it more heavily geared toward the situation and the demand from the individual facilities. The decision-making abilities and responsibilities of the individual facilities were strengthened, which resulted in a consistently high bed occupancy rate in the period under review.

The Group strategy of Marseille-Kliniken AG is defined by these three pillars. The close interconnection and mutual strengthening of the individual pillars allows for the creation of a stable construct that makes it possible to realise the Group's goal of profitable long-term growth while also accounting for the aspects of social responsibility, operating efficiency, and customer orientation.

4. Profit situation of the Group

€ thousand	1/7/2011 to 30/6/2012	1/7/2010 to 30/6/2011
Revenues	195,058	190,003
Other operating income	11,439	12,125
Total revenues	**206,497**	**202,128**
Cost of materials/ Cost of services rendered	23,241	20,887
Personnel expenses	101,948	98,783
Depreciation and amortisation	6,697	8,041
Other operating expenses	62,772	68,207
Other taxes	936	549
Earnings from operating activities	**10,903**	**5,661**
Financial income	1,334	1,051
Financial expense	5,935	5,081
Earnings before taxes	**6,302**	**1,632**
Income tax	-164	-1,146
Group net profit/loss	**6,466**	**2,777**
Minority interests	-2	93
Group result attributable to Marseille-Kliniken AG	**6,464**	**2,870**

The Group's bed capacity (supply capacity) was 8,028 at the 60 facilities for the elderly as at 30 June 2012, which was a slight reduction versus the previous year due to restructuring measures and temporary subleasing.

4.1 Revenues

Revenues improved by € 5.1 million in the financial year to € 195.1 million. If we eliminate sales from the Montabaur facility, which was given up as at 1 October 2010 and had contributed € 1.2 million to the previous year's sales, the result would be an adjusted sales increase of € 6.3 million for the Group (+3.3%). Sales revenues include those from other accounting periods in the amount of € 0.7 million (previous year: 0.8 million), which result from the retroactive increase in care rates for a facility.

In particular, the increases in rates of occupancy at the AMARITA Bremerhaven facility, the Kandel care clinic, and various facilities in the region of Dusseldorf were crucial for the rise in sales.

4.2 Other operating income

Other operating income came out to € 11.4 million (previous year: € 12.1 million) and was primarily comprised of: income from the release of provisions (€ 3.5 million), the pro-rata release of investment grants received in previous years (€ 1.6 million), personnel cost allowances received (€ 2.1 million), compensation from insured losses (€ 0.8 million), and rental lease proceeds (€ 0.5 million). Other operating income from the previous year included € 0.9 million from actuarial gains in connection with the pension obligations. This year the lower interest level resulted in actuarial losses of € 1.6 million, which were posted in other operating expenses.

4.3 Cost of materials

The cost of materials rose from € 20.9 million in the previous year to € 23.2 million in the lapsed year. The main reason for the increase lies in both the effects from the higher utilisation of our facilities and price increases in energy (fuel oil, electricity, etc.) as well as food and beverages.

4.4 Personnel expenses

The personnel expense grew by a total of € 98.8 million to € 101.9 million. The 3.2% increase is related to the higher occupancy and the acquisition of nursing staff associated with this.

The Group had an average of 4,718 employees in the lapsed financial year (previous year: 4,522 employees). Additional personnel were hired in the core segment of Care and the area of economic services in particular (food and beverages, home cleaning) in the reporting period. The focus here was on the quality of care and the expansion of our service offering. As such, the basis has been laid for another profitable development at the Company.

4.5 Depreciation and amortisation

Depreciation and amortisation in the year under review at € 6.7 million was € 1.3 million below the previous year's figure of € 8.0 million. While impairments of € 0.8 million were carried out on intangible assets in the year prior, impairments of € 0.3 million on redundant properties were necessary in the 2011/2012 financial year.

Amortisation of capitalised finance leases amounted to € 1.4 million (previous year: € 1.8 million).

Additional information can be found in the statement of changes in consolidated assets attached as an appendix to these notes.

4.6 Other operating expenses/Other taxes

Other operating expenses including other taxes amounted to € 63.7 million in the lapsed financial year. This figure was € 5.0 million below the previous year's level of € 68.7 million. Savings in legal and consulting costs as well as for rents and leases were achieved as a result of active contract management. The annual result is strained by actuarial losses in connection with pension obligations (€ 1.6 million) and subsequent tax payments resulting from the concluded audit for the 2005 to 2008 financial years (€ 0.7 million).

Rental and lease expenses at € 37.2 million (previous year: € 38.2 million) within other expenses make up the largest portion of costs, followed by legal and consultancy costs (€ 4.9 million; previous year: € 5.7 million), administrative expenses (€ 4.1 million; previous year: € 5.1 million), and maintenance costs (€ 4.0 million; previous year: € 4.1 million).

The actuarial losses at € 1.4 million mostly pertain to companies (Karlsruher Sanatorium AG and Mineralquelle Waldkirch Verwertungsgesellschaft mbH) that were part of the rehabilitation segment and are not amongst the operating activities of Marseille-Kliniken AG. Against this background, the Company is looking into whether the potential income-neutral inclusion of profits/losses will be recognised in accordance with IAS 19 in order to even better illustrate the significance of the Group's operating performance.

4.7 Financial result

The financial result at € -4.6 million is below the previous year's level of € -4.0 million. With slightly higher interest income of € 1.3 million (€ +0.3 million), the interest expenses climbed by € 0.9 million to € 5.9 million. This is based primarily on interest expenses in connection with the results of the audit from 2005 to 2008 (€ 0.8 million) and the bond issued in December 2011 (€ 0.1 million). This was pitted against € 0.5 million in interest income related to the audit.

4.8 Income tax

The Group reported tax income of € 0.2 million in the lapsed financial year (previous year: income of € 1.1 million). This is made up of an actual tax expense of € 2.2 million and deferred tax income of € 2.4 million.

In total, income tax thus came out to around € 1.2 million, including the income tax expense of around € 1.0 million expected on the basis of the EBT of € 6.3 million (Group tax rate: 15.825%).

This positive effect is based on both the results of the audit for the period 2005 to 2008 and the increasing use of tax losses carried forward through the Group's corresponding design measures. From this, additional deferred tax assets on tax losses carried forward in the amount of € 1.4 million were set aside in the lapsed financial year.

The actual tax expense of € 2.2 million is largely influenced by the required reversal of reserves for tax reasons pursuant to § 6b of the Income Tax Act (EStG) (effect of € 1.8 million including interest), for which deferred tax liabilities had been set aside in the years prior.

In addition to the corresponding income from the reversal of reserves pursuant to § 6b EStG in the amount of € 1.4 million from the deferred tax assets additionally set aside, the deferred tax income of € 2.4 million was also based on tax losses carried forward of € 1.4 million and opposing effects.

4.9 One-off factors affecting earnings

Consolidated earnings before tax (EBT) amount to € 6.3 million (previous year: € 1.6 million). This figure includes the following major extraordinary effects:

	2011/2012		*2010/2011*	
€ million	Expense	Income	Expense	Income
Actuarial gains/ losses from pensions	1.6	–	–	0.9
Provisions	–	3.5	2.3	–
Expense for other taxes from audit 2005-2008	0.7	–	–	–
Reserves for bad debt/write-off receivables	1.6	0.3	–	–
MK Switzerland	0.3	–	1.6	–
Impairments on vacant properties	0.3	–	–	–
Intangible assets incl. goodwill	0.0	–	0.4	–
Other	0.7	0.6	0.8	1.2
	5.2	**4.4**	**5.1**	**2.1**
Total one-off factors	-0.8	–	-3.0	–
EBT after one-off factors	7.1	–	4.6	–

The extraordinary effects from the lapsed financial year influenced Group profits by € -0.8 million, whereas the previous year showed an earnings strain of € -3.0 million. The EBT figure adjusted for these extraordinary effects is € 7.1 million for the 2011/2012 financial year, while this figure in the year prior amounted to € 4.6 million. On an adjusted basis, the result is therefore an earnings improvement by € 2.5 million on a Group level.

The losses accrued in the 2011/2012 financial year at Marseille-Kliniken AG, Zug, Switzerland, pertain to subsequent costs from a project that ended in the previous year, which is not sufficiently likely to bring in the corresponding revenues from what is known today.

In the 2011/2012 financial year, a provision formed in the past for possible care obligations amounting to € 1.6 million was released, as it has been sufficiently ensured that the corresponding liabilities do not exist. In connection with this, a provision of € 0.2 million was set aside for existing pension claims by employees.

Other taxes mainly include subsequent payments of value-added tax from the audit of 2005-2008 and are primarily assigned to the rehabilitation companies sold in 2010.

The 2010/2011 financial year had seen extraordinary effects particularly from provisions for the former facility in Bad König and amortisation of intangible assets and receivables at MK Switzerland, which were pitted against income from the appreciation of properties in Schömberg and the release of a provision for social insurance obligations.

4.10 Operating result and profit ratios

The following table shows the development of the Group's earnings position:

€ million	2011 | 2012	2010 | 2011
EBITDAR	54.8	51.9
EBITDA	17.6	13.7
EBIT	10.9	5.7
EBT	6.3	1.6
EBITDAR margin	28.1%	27.3%
EBITDA margin	9.0%	7.2%
EBIT margin	5.6%	3.0%

4.11 Group net profit/loss

Group net income amounts to € 6.5 million (previous year: € 2.8 million) before and € 6.5 million (previous year: € 2.9 million) after minority interests.

The restructuring of the management structure, primarily shifting the power of decision in day-to-day operating tasks to the regional managers and optimised involvement of these decentralised management structures in the strategic Group management, has allowed the Company to react more flexibly to regional peculiarities of the nursing care market. Together with stringent cost management, the Group generated better EBIT of € 10.9 million this year versus € 5.7 million in the previous year.

4.12 Earnings per share

Marseille-Kliniken AG's subscribed capital as at 30 June 2012 amounts to € 37.2 million, divided into 14,580,000 bearer shares. The shares are fully paid in.

Earnings per share were determined after deducting treasury shares (115,675 no-par shares). Based on the resulting 14,464,325 shares, earnings per share are calculated at € 0.45 (previous year: based on the weighted 12,290,626 shares: € 0.23).

5. Asset situation of the Group

Total assets as at the reporting date amounted to € 189.5 million (previous year: 199.7 million) and fell by € 10.2 million versus the previous year.

Non-current assets at € 162.4 million are below the previous year's figure of € 167.2 million as the result of lower investments. Current assets fell considerably by € 5.4 million to € 27.1 million primarily due to the repayment of loan receivables from Mrs Estella-Maria Marseille (€ 3.0 million) and SCS AG (€ 2.6 million).

Given the positive Group profit, equity was increased by 8.2% to € 37.0 million, while long-term and short-term liabilities were reduced by € 13.1 million.

€ thousand	30/6/2012	30/6/2011	Change in %
Intangible assets	31,742	32,599	-2.6%
Property, plant and equipment	116,094	119,936	-3.2%
Other non-current assets	14,551	14,713	-1.1%
Non-current assets	**162,387**	**167,248**	**-2.9%**
Trade receivables	10,135	10,181	-0.5%
Other current assets	5,271	12,806	-58.8%
Cash and cash equivalents	11,696	9,488	23,3%
Current assets	**27,102**	**32,475**	**-16.5%**
Total assets	**189,489**	**199,723**	**-5.1%**
Shareholders' equity	**37,015**	**34,195**	**8.2%**
Long-term liabilities	**111,887**	**97,991**	**14.2%**
Short-term liabilities	**40,587**	**67,537**	**-39.9%**
Total shareholders' equity and liabilities	**189,489**	**199,723**	**-5.1%**
Cash ratio (first degree liquidity)	28.8%	14.0%	105.8%
Quick ratio (second degree liquidity)	53.8%	29.1%	84.8%
Equity ratio	19.5%	17.1%	14.0%

The cash ratio indicates the ratio of cash and cash equivalents to short-term liabilities. The quick ratio indicates the ratio of cash and cash equivalents plus receivables to short-term liabilities.

Compared to the previous year, intangible assets fell from € 32.6 million to € 31.7 million. The reduction is largely attributable to the impairment of € 1.0 million.

This item was mostly made up of goodwill of € 27.3 million (previous year: € 27.3 million).

Goodwill was subject to impairment tests on the basis of value in use. The impairment tests are based on the budget plans of the various companies and the present values deduced from planned cash flows. Assumptions about revenues and earnings are based on these plans, which are derived from management estimates and from strategies for the relevant regional markets.

No goodwill impairments were carried out in the 2011/2012 financial year, while impairments of € 0.3 million had been accounted for in the previous year.

Property, plant, and equipment decreased from € 119.9 million to € 116.1 million.

Investments of € 2.0 million primarily pertain to the expansion of our laundry service PROMINT GmbH in the amount of € 0.4 million and investments in operating and office equipment totalling € 1.2 million.

Depreciation on property, plant, and equipment amounted to € 5.4 million.

Impairments of € 0.3 million on redundant properties were carried out in the lapsed financial year (previous year: € 0 million).

Please see the statement of changes in consolidated assets for the development of non-current assets.

Other non-current financial assets in the balance sheet fell by € 0.4 million and came out to € 9.7 million as at the end of the 2011/2012 financial year.

This item mainly included receivables from finance lease agreements, for which the Marseille-Kliniken Group is the lessor, in the amount of € 6.3 million (previous year: € 6.8 million). In addition, the asset values of reinsurance coverage for pension commitments at € 0.9 million (previous year: € 1.1 million), which mostly involve Karlsruher Sanatorium AG (hereinafter: Kasanag), as well as saving instalments for a long-term tenant loan of € 1.7 million (previous year: € 1.5 million) were also included in this item.

The non-current income tax refund claims of € 0.9 million (previous year: € 1.1 million) relate to the tax credit pursuant to § 37 of the German Corporation Tax Act (KStG), which will be paid out to the financial authorities until 2017.

Deferred taxes show tax benefits arising from the use of existing losses carried forward with various subsidiaries within the next five years. Deferred tax assets for tax losses carried forward totalling € 1.4 million were capitalised in the 2011/2012 financial year, although these were in part offset against deferred tax liabilities. All in all, deferred tax assets rose from € 3.6 million in the previous year to € 4.0 million as at the end of the financial year.

Current assets declined by € 5.4 million to € 27.1 million, which was mostly attributable to the drop in other receivables and assets by € 6.7 million. Cash and cash equivalents are showing the opposite trend with a € 2.2 million improvement to € 11.7 million.

The structural composition of current assets changed only marginally. These are mostly made up of trade receivables (€ 10.1 million), cash and cash equivalents (€ 11.7 million), other receivables (€ 2.6 million), and current tax refund claims (€ 1.3 million).

The Group's shareholders' equity increased from € 6.5 million to € 37.0 million as a result of the Group profit. This put the equity ratio at 19.5% after 17.1% in the previous year.

Considering the equity ratio of 84.175% of the deferred investment grants, which the Group was allowed as lost grants, shareholders' equity amounts to € 70.7 million after € 69.2 million in the previous year, thus leaving the adjusted equity ratio at 37.4% (previous year: 34.6%).

The balancing item from the step transaction (€ -2.9 million) in Group equity pertains to the income-neutral reporting of the acquisition of minority interests in Kasanag and Waldkirch GmbH.

Long-term real estate loans amounting to € 12.5 million were taken up in the lapsed financial year. Most funds were used to repay bank liabilities in the amount of € 8.0 million, while € 3.0 million was used to repay part of the € 15.0 million corporate bond issued in December 2011 with a term of two years.

Pension obligations as an element of internal financing were increased by € 1.2 million to € 14.1 million, particularly due to a rise in actuarial losses of € -1.6 million in connection with the reduction of the discount rate to 3.95% (previous year 5.20%).

Deferred tax liabilities of € 4.9 million (previous year: € 7.1 million) were especially a result of differing tax economic useful lives of property, plant and equipment relating to commercial law. The reduction is attributable to the reversal of reserves for tax reasons pursuant to § 6b.

The short-term provisions of € 13.6 million are well below the previous year's level of € 20.1 million. The reason here lies mainly in the lower need for provisions for accounts outstanding (€ -3.1 million), the reduction of provisions for personnel (€ -1.4 million), and the claiming of provisions from process risks of € 2.0 million.

In addition to the provisions of € 7.1 million relating to personnel (previous year: € 8.5 million), outstanding accounts of € 1.9 million (previous year: € 5.0 million) and legal and consultancy costs as well as archiving expenses at a total of € 0.7 million (previous year: € 0.9 million) are covered by the provisions.

Trade payables fell by € 2.3 million to € 8.5 million, while current tax liabilities were nearly unchanged at € 3.2 million (previous year: € 3.1 million) and other current debt was cut by another € 2.3 million to € 10.6 million. The reduction of other short-term debts was largely the result of the settlement of existing liabilities to SCS Betrium GmbH (€ 2.6 million) with the loan receivables from SCS AG.

6. Financial position of the Group

The successful issue of a corporate bond in the amount of € 15.0 million in November 2011 secured the refinancing of the bond that had expired at that time in the same amount. The new bond has a term of two years, meaning it is to be allocated to long-term debts. With this measure and the repayment of bank debts of € 1.2 million as well as the repayment of finance lease obligations in the amount of € 0.4 million, short-term financial debts were reduced to € 4.7 million (previous year: € 20.7 million).

Given the refinancing of the bond in December 2011 in particular, long-term financial debts climbed from € 36.4 million to € 52.9 million. A residual amount of € 11.9 million is shown in the balance sheet as at June 2012 due to the repayment of part of the bond to the tune of € 3.0 million. Moreover, mortgage loans were taken up with an insurance company in the financial year, which were posted at € 12.4 million as at the balance sheet date. An amount of € 3.7 million from this was the replacement of the existing loans. Bank debts were lowered overall from € 38.5 million in the previous year to € 30.5 million. Long-term debt also included finance lease obligations of € 1.8 million (previous year: € 1.8 million) and debt from financial instruments of € 0.8 million (previous year: € 0.4 million).

All in all, short-term and long-term financial debts for the Group at € 57.5 million in the lapsed financial year hardly changed versus the previous year (€ 57.1 million).

Cash and cash equivalents at € 11.7 million at the end of the 2011/2012 financial year were slightly above the previous year's level of € 9.5 million. This increase came against the background of the substantially improved cash flow from operating activities of € 6.6 million (previous year: € 0.9 million).

7. Group investments

The Marseille-Kliniken Group's additions to non-current assets were € 2.1 million in the 2011/2012 financial year compared to € 3.1 million in the 2010/2011 financial year. Of the investments carried out, € 0.2 million refers to the area of intangible assets and € 1.9 million to property, plant and equipment.

€ million	2011 | 2012	2010 | 2011
Intangible assets	0.2	1.0
Property, plant and equipment	1.9	2.1
Total investments	**2.1**	**3.1**

Additions to intangible assets mostly pertain to computer software. Of the additions to property, plant and equipment, the majority is allotted to operating and office equipment (€ 1.2 million) and investments in construction (€ 0.5 million). Of the investments in construction, € 0.4 million refers to the expansion of the laundry service.

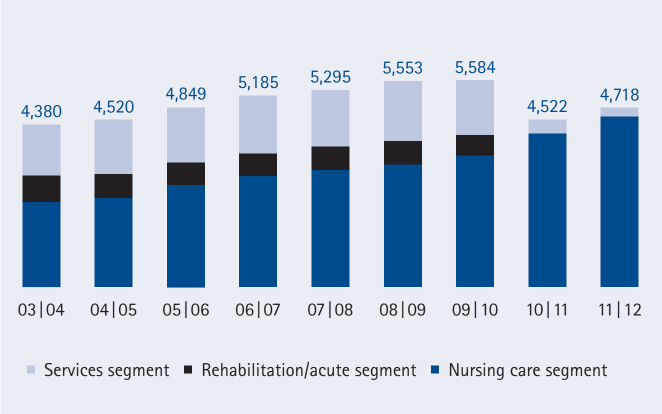
8. Research and development

Marseille-Kliniken's research and development activities primarily focus on the development of new computer-based systems aimed at improving nursing care services. These include systems like the newly created internet portal www.MeinGesundheitsbuch.de, which relatives can use to get daily updated information on the health and care of their loved ones at the individual care facilities. Innovative training programmes (e.g. e-learning systems) using state-of-the-art information technology (see section "Group strategy") are also amongst these systems. By meeting the constantly growing demands of the health care industry, another focus of activities lies on the development of new approaches which play an important role in coming up with new treatment and accommodation concepts. The goal here is to relieve care personnel of administrative duties in order to give them more time for the individual care of the facilities' residents.

9. Employees

The Group's employees are a critical factor in its success. They therefore make up an integral component of Marseille-Kliniken's strategy (see section on "Group strategy"). The Marseille-Kliniken Group had an average of 4,718 employees in the 2011/2012 financial year (previous year: 4,522 employees).

Average number of employees in the financial years



Marseille-Kliniken AG offers its employees not only a secure job in the future-oriented market of nursing care, but also a number of additional benefits. These include flexibility with individual work schedule requests, financial support by helping out with childcare expenses, an offering of continuing and further education, interesting career opportunities within the Group, and financial support with retirement provisions.

10. Individual financial statements of Marseille-Kliniken AG

Marseille-Kliniken AG has its registered office in Berlin and is both an exchange-listed stock corporation and the parent company of the Marseille-Kliniken Group.

The annual financial statements for Marseille-Kliniken AG are prepared in accordance with the requirements of the German Commercial Code (HGB) and the German Companies Act (AktG).

10.1 Profit situation

€ thousand	1/7/2011 to 30/6/2012	1/7/2010 to 30/6/2011	Change
Revenues	24,108	13,248	10,860
Other operating income	30,784	20,234	10,550
Total revenues	**54,892**	**33,482**	**21,410**
Cost of materials/ Cost of services rendered	2,681	2,251	430
Personnel expenses	14,408	10,850	3,558
Depreciation and amortisation	6,750	4,012	2,738
Other operating expenses	36,203	33,927	2,276
Other taxes	1,297	72	1,225
Result from investments	15,176	27,168	-11,992
Financial result	-2,114	-1,783	-331
Earnings from operating activities	**6,615**	**7,753**	**-1,138**
Extraordinary income	907	-53	960
Income tax	-224	1,638	-1,862
Net profit	**7,746**	**6,062**	**1,684**

VDSE GmbH was merged with Marseille-Kliniken AG with effect on 1 July 2011. This makes it more difficult to compare the profit situation for the 2011/2012 financial year with that of the previous year.

The revenues of Marseille-Kliniken AG at € 24.1 million were € 10.9 million above the previous year's figure of € 13.2 million. Of this, € 14.4 million was generated by the four care facilities directly belonging to the parent company (previous year: € 13.2 million) and € 9.7 million resulted from the first-time provision of services (administrative cost allocations) to affiliated companies as a result of the merger with VDSE (previous year: € 0 million).

Other operating income rose from € 20.2 million to € 30.8 million. The increase was mainly a result of the income from the reversal of allowances in the amount of € 7.0 million, income from the reversal of provisions at € 1.8 million, and cost transfers to affiliated companies to the tune of € 0.5 million. Other operating income was primarily made up of rent cost transfers to affiliated companies in the amount of € 17.1 million (previous year: € 16.9 million), € 7.3 million in income from the reversal of allowances (previous year: € 0.3 million), income from the reversal of provisions at € 2.8 million (previous year: € 1.0 million), and cost transfers to affiliated companies in the amount of € 2.1 million (previous year: € 1.6 million).

The cost of materials at € 2.7 million changed only slightly versus the previous year (€ 2.3 million). The increase is related on the one hand to the rise in bed occupancy at the care facilities (€ +0.3 million) and on the other hand to the merger with VDSE GmbH (€ +0.1 million).

Personnel expenses grew from € 10.9 million in the previous year to € 14.4 million, largely as a result of the additional personnel hired in connection with the greater bed occupancy and the inclusion of former VDSE employees.

Amortisation and depreciation of intangible assets and property, plant and equipment increased from € 0.6 million in the previous year to € 1.3 million on the basis of the merger.

Higher write-downs than usual were recognised on current assets, amounting to € 5.4 million (previous year: € 3.4 million). This primarily relates to individual write-downs on Marseille-Kliniken AG's receivables from subsidiaries. The reserves for bad debt and waivers were necessary to deal with the accumulated losses at these companies.

Other operating expenses/other taxes increased from € 34.0 million in the previous year to € 37.5 million, primarily as a result of the merger with VDSE GmbH. The significant expense items here include expenses from rent and leases of € 20.0 million (previous year: € 18.8 million), advertising costs of € 0.6 million (previous year: € 0.6 million), legal and consultancy costs of € 4.1 million (previous year: € 4.6 million), and other administrative expenses of € 4.1 million (previous year: € 1.0 million). The increase in other taxes resulted primarily from sales tax payments (€ 0.9 million) related to the audit for FY 2005-2008.

The result from investments decreased year-on-year by € 12.0 million to € 15.2 million. The reason here lay particularly in a one-off effect in the previous year, which was a result of the reversal of special reserves with an equity portion in accordance with § 6b EStG in the scope of the first-time application of the German Accounting Law Modernisation Act (BilMoG) and significantly impacted the income from profit transfer agreements in the amount of € 11.1 million.

As impairments on financial assets of € 3.8 million were needed in the year prior, the lapsed financial year saw the need for an impairment of € 1.0 million.

The financial result of € -2.1 million deteriorated by € 0.3 million compared to the previous year. This deviation is especially attributable to interest from the audit for the years 2005 to 2008, which on balance produced an expense of € 0.3 million.

Income from operating activities in the lapsed financial year came out to € 6.6 million (previous year: € 7.8 million) due to the factors described above.

The annual net profit of Marseille-Kliniken AG rose from € 6.1 million in the previous year to € 7.7 million. € 0.9 million of the increase pertained to the extraordinary income from the merger with VDSE GmbH.

10.2 Asset and financial position

The following is a short overview of the Company's asset situation in the balance sheet:

€ thousand	30/6/2012	30/6/2011	Change in %
Intangible assets	724	199	263.8%
Property, plant and equipment	24,923	25,100	-0.7%
Financial assets	74,795	73,009	2.4%
Fixed assets	**100,442**	**98,308**	**2.2%**
Raw materials and supplies	98	79	24.1%
Trade receivables	1,717	735	133.6%
Receivables from affiliated companies	64,255	73,786	-12.9%
Other current assets	2,804	8,243	-66.3%
Cash and cash equivalents	9,547	8,034	18.8%
Working capital	**78,421**	**90,877**	**-13.7%**
Total assets	**178,863**	**189,185**	**-5.5%**
Shareholders' equity	**49,632**	**41,885**	**18.5%**
Special item for investment grants	1,734	1,792	-3.2%
Provisions/deferred tax liabilities	10,664	12,596	-15.3%
Bonds	12,000	15,000	-20.0%
Liabilities to banks	15,070	16,355	-7.9%
Trade payables	2,038	2,496	-18.3%
Trade payables (affiliated companies)	85,984	92,974	-7.5%
Other liabilities	1,741	6,087	-71.4%
Liabilities	**116,833**	**132,912**	**-12.1%**
Total shareholders' equity and liabilities	**178,863**	**189,185**	**-5.5%**

Marseille-Kliniken AG's non-current assets increased from € 98.3 million in the previous year to € 100.4 million. This is primarily correlated to the purchase of 6% of the shares in Karlsruher-Sanatorium Aktiengesellschaft at a purchase price of € 2.2 million.

Receivables from affiliated companies decreased by € 9.5 million compared to the previous year. The reason here lay particularly in the lower receivables from profit transfer agreements.

Other current assets fell by 5.4 million as at 30 June 2012 to € 2.8 million. This largely relates to the reduction of loan receivables from Mrs Estella-Maria Marseille (€ 3.0 million) and the settlement of loan receivables from SCS Standard Computersysteme Aktiengesellschaft (€ 2.6 million) with the corresponding liabilities to the former SCS Betrium GmbH.

Cash and cash equivalents rose by € 1.5 million as at the balance sheet date to € 9.5 million (previous year: € 8.0 million).

The shareholders' equity of Marseille-Kliniken AG increased by the net income for the year of € 7.7 million from € 41.9 million to € 49.6 million.

Provisions (incl. for deferred tax liabilities) declined by € 1.9 million versus the year prior to € 10.7 million (previous year: € 12.6 million). These were mostly made up of pension provisions (€ 0.6 million; previous year: € 0.5 million), provisions for current and deferred taxes (€ 6.1 million; previous year: € 6.2 million), and other provisions (€ 4.0 million; previous year: € 5.9 million). The latter particularly pertained to possible liabilities for employees acquired in previous years (€ 0.2 million; previous year: € 1.6 million), outstanding accounts (€ 1.0 million; previous year: € 1.6 million), personnel costs (€ 0.8 million; previous year: € 0.8 million), and acquisition costs and auditor's fees (€ 0.4 million; previous year: € 0.5 million).

The issue of a new bond amounting to € 15.0 million in November 2011, which served to refinance the bond replaced in December 2011, also for € 15.0 million, resulted in liabilities of € 12.0 million after a repayment of € 3.0 million during the year as at the balance sheet date. The newly placed bond has a term of two years.

Through the repayment of existing loans, liabilities to banks were reduced by € 1.3 million.

Liabilities to affiliated companies decreased by € 7.0 million in the lapsed financial year to € 86.0 million. The drop was primarily due to liabilities from the cash pool, which fell from € 57.6 million in the previous year to € 50.8 million. In addition, liabilities to affiliated companies are comprised of borrowings of € 26.2 million (previous year: € 26.2 million), trade payables of € 7.4 million (previous year: € 7.1 million), and liabilities from loss-sharing obligations of € 1.6 million (previous year: € 2.1 million).

Other liabilities of € 1.7 million are made up primarily of liabilities from taxes in the amount of € 0.8 million and other liabilities of € 0.9 million. Other liabilities were reduced by € 4.4 million (previous year: € 6.1 million) as a result of the settlement of borrowings with the former SCS Betrium GmbH in the amount of € 2.6 million, with receivables from SCS AG, and the repayment of residual purchase price liabilities from the acquisition of shares in AAP – Allgemeine Ansgar Pflegedienste GmbH amounting to € 1.0 million.

Total assets of Marseille-Kliniken AG amounted to € 178.9 million (previous year: € 189.2 million), with 72.2% of this amount (previous year: 77.9%) financed through debt capital.

11. Risk report

11.1 Risk management system

Marseille-Kliniken AG's commercial activities expose it to various risks which may influence its commercial activity and the respective business results. Risk is fundamentally limited by the fact that the Company only exposes itself to threats that are manageable within the recognised methods and systems of the Group.

The central risk management system is rooted in the organisational manual of Marseille-Kliniken and the relevant risks are compiled in a risk map, which is regularly adjusted in accordance with current events. These updates ensure that the Management Board is regularly informed about the status and development of relevant risks. Regular consultations between management and the controlling department also ensure that relevant decision-making information on the Group's asset situation, financial position, and profitability is available and analysed in good time. A detailed, multi-stage, IT-assisted planning and control system ensures that uniform risk principles are implemented, realised, and complied with. The integrated, Group-wide reporting system informs decision makers of all the data and circumstances relevant to risk.

The Group holds derivative financial instruments for the purpose of hedging future cash flows. In concrete terms, these are two interest rate swaps, which were acquired in order to hedge floating-rate loans. Through this, the uncertain variable interest rate payments are transformed into fixed-rate payments. The market value was determined using the mark-to-market method. Any risks for the Company arising from holding interest rate swaps result from the change in the market interest rate and thus any fluctuations in market value associated with this. There are no significant credit risks, however, as the hedging transaction was concluded with the financing bank.

Risk management is therefore an integral part of the Company management and is integrated into all business processes.

11.2 Accounting-related internal controlling and risk management system

§ 315(2) no. 5 of the German Commercial Code (HGB) defines the tasks of an accounting-related internal control and risk management system as to ensure orderly internal and external financial reporting and comply with relevant statutory and other legal regulations as well as to ensure orderly operating activities overall. The Marseille-Kliniken Group has a system for the (Group) financial reporting process with which suitable structures and processes are defined and implemented in organisational terms. This system guarantees on the one hand a timely, uniform, and correct accounting treatment of all business processes and transactions, and on the other hand compliance with statutory norms and accounting standards. Legal changes as well as new accounting standards and other pronouncements are continually reviewed for relevance and effects on the consolidated financial statements and the resulting changes are made to the Group's internal systems.

The form of the accounting-related internal control system is derived from the organisation of the accounting and financial reporting process. One of the core functions of this process is the management of the entire Group and its operating units. It starts with the targets set by the Management Board of Marseille-Kliniken AG. Based on these and our expectations for operating developments, a medium-term plan is drawn up annually. It includes budget figures for the next financial year and estimates for the years thereafter. The Management Board of Marseille-Kliniken AG and the decision-makers at the main subsidiaries ensure that these forecasts are up to date by analysing the quarterly and annual financial reports.

As part of external financial reporting, the Management Board of Marseille-Kliniken AG signs a balance sheet oath and the declaration by the legal representatives of the Company for the full year. It thereby confirms that the Marseille-Kliniken Group complies with the applicable accounting standards and its own financial reporting guidelines and that the figures give a true and fair view of its asset situation, financial position, and profitability.

The internal controlling system is based on defined control mechanisms, e.g. systematic and manual consultation procedures, as well as on the separation of functions and compliance with guidelines and instructions. At Marseille-Kliniken the consolidation and financial reporting process is co-ordinated by the central Group accounting and tax departments as well as the controlling and reporting departments.

A Group company, Datess Gesellschaft für Datendienste GmbH, prepares the individual financial statements for the respective Group companies and transmits them using a uniform data model across the Group. In addition, an external accountancy firm prepares and transmits the interim financial statements for our foreign subsidiary using the same principles. The respective Group companies are responsible for keeping with the processes applicable to the entire Group and for the orderly and timely performance of their accounting processes and systems. Regular training sessions are conducted for the staff involved in the consolidated accounting process. In addition, central contact partners are available in the entire accounting process.

Measures have also been implemented as a part of the accounting process, which are intended to ensure that the consolidated financial statements conform to the applicable rules. The steps serve to identify and assess risks as well as to limit and monitor those identified. For example, significant new contractual relations are systematically recorded and analysed.

Based on the data from the subsidiaries included in the consolidated financial statements, the consolidated accounts are prepared centrally by Marseille-Kliniken AG. The Group accounting and tax department is responsible for consolidation procedures, co-ordination as required, and the monitoring of deadlines and processes. Systematic controls are monitored by staff and supplemented by manual checks. Authorisation at every level requires at least two signatures. Certain approval procedures must be carried out throughout the entire accounting process. Marseille-Kliniken AG is responsible for central management tasks in the area of accounting and consolidated accounting. Amongst other things, this involves consolidating figures, accounting for pension provisions, and testing goodwill for impairment and investments. Moreover, Marseille-Kliniken AG is assigned the tasks of administering and monitoring financial instruments, payments, cash investments, and Group invoicing.

With financial reporting, one risk is that annual and interim financial statements can contain erroneous information which may have a material influence on decisions made by their addressees. The accounting-related internal control system of Marseille-Kliniken aims to identify these potential sources of errors and limit the resulting risks. It extends to the financial reporting for the entire Marseille-Kliniken Group in order to guarantee with sufficient certainty that the separate and consolidated financial statements are drawn up in accordance with statutory regulations. It should essentially be noted that an internal control system, whatever form it takes, does not provide absolute certainty that material accounting misstatements will be avoided or discovered.

11.3 External and sector risks

The economic situation is still marked by continuously dynamic competition and a consolidation of the entire health care industry, as well as increasing quality demands by customers, patients, and legislators. In addition, there is a nation-wide capacity oversupply in the industry, which raises the occupancy risk.

The legal requirement of having qualified employees at our facilities can lead to an increase in personnel costs, as finding qualified nursing staff remains a persistent problem. The Company carries out human resource measures in order to get high-quality employees to commit to the Group. The on-going education, training, and skill enhancement of our employees is also achieved through the realisation of our special concepts. Our pay is above average and we also offer additional performance-based incentive schemes. Detailed notes on this can be found in the section "Group strategy".

Marseille-Kliniken AG generates a significant portion of its revenue from services performed for holders of statutory nursing care insurance. The prices for these services are not set on the open market, but rather are legally stipulated and thus in large part depend on the financial situation of the funding organisations (nursing care insurers, social welfare departments, etc.). Price increases resulting from legal changes may not be fully offset by additional services and cost savings. Prices can also only be increased over longer periods, meaning that losses in real terms may be incurred due to inflation. These connections could have adverse effects on the Group's asset situation, financial position, and profitability.

11.4 Economic performance risks of the Group

Risks arising in the scope of the quality of nursing care, treatment, and supervision are minimised on an on-going basis through the development and training of our employees based on the latest scientific knowledge and methods. Surveys of relatives' opinions and audits by our central quality management unit carried out at the respective facilities allow the Group's management to judge the services actually provided and how they have been perceived. Group-wide quality reports exist within the risk management system, which are based on internal audits (in accordance with the guidelines of the MDK (Medical Review Board of the German Statutory Health Insurance funds)) and the results of the surveys carried out with patients' relatives. Furthermore, the structures and processes of the quality management system of all care facilities and the corporate head office with its subsidiaries have been certified externally since March 2009 in accordance with the DIN EN ISO 9001:2008 standard. The Group's internal complaint management system and an intensification of the co-operation with local advisory committees at the individual facilities bring about a continuous improvement process by implementing customers' wishes.

11.5 Strategic risks for the Group

Marseille-Kliniken's strategic risks primarily lie in the utilisation and cost situation of the individual facilities for the elderly and the Group's real estate portfolio. The Management Board, Supervisory Board, and Group management counter these risks with continuous alignments and adjustments to the Company strategy.

The management levels of Marseille-Kliniken AG have been reorganised in order to optimise the operational management of the nursing care segment. Five regions have been defined for this purpose, each of which is headed by a regional manager. This restructuring strengthens the decision-making abilities and responsibilities to the facilities themselves.

The Company is keen on expanding its specialisation in age-related clinical pictures at the individual facilities. This specialisation serves to better meet demand and thus improve the occupancy rates at the individual facilities. The primary objective in this area continues to be a very high occupancy level at all of the existing care facilities. There is nevertheless always a risk that occupancy rates at some facilities might temporarily drop more than planned.

The average bed occupancy of the Bad Schönborn location stagnated in the year under review. Against this background, the reporting year saw the appointment of a new management team, the initiation of investments in the facility, and the opening of living areas with special new concepts (including a living area for addicts in August 2012, amongst other things).

The Pflegehaus Kreuzberg facility in Berlin has reported a slight increase in the average occupancy from 43.8% to 45.9%. An experienced regional manager, a new management team, and a more active occupancy management for the realisation of the conceptual changes made will accompany the further activities in the 2012/2013 financial year aimed at raising the bed occupancy rate.

The risks described apply to the current situation in the inpatient segment, which is not in the focus of further capacity growth due to the current oversupply. This capacity growth could be realised, if need be, in the outpatient nursing care operations of the assisted living segment. With regard to the profitability of the Group as a whole, significant factors are not only the utilisation and expansion, but also the cost structure. Above-average occupancy in the nursing care segment continues to be the main target, but costs still need to be managed closely in order to counter the aforementioned revenue risks and to ensure that the Group remains profitable on a sustainable basis.

We still intend to dispose of the three redundant rehabilitation properties in Reinerzau, Bad Oeynhausen, and Blankenburg, which are carried at an aggregate amount of € 7.1 million (previous year: € 7.5 million).

11.6 Financial risks

The Group's management draws up a detailed business plan at least once a year. This includes the results of managing and valuing the portfolio of companies. The plan includes numerous assumptions on nursing care rates and occupancy rates of the individual senior facilities, which are necessary for the planned revenues to be achieved. However, the future developments may differ from these assumptions for a number of reasons. Therefore no guarantee can be given that Marseille-Kliniken AG will generate the revenues necessary to meet the financial targets.

The top priority of the financial analysis is to ensure liquidity. On the basis of continual liquidity monitoring, the liquidity planning is derived on a daily, monthly, quarterly, and annual basis. Marseille-Kliniken AG also anticipates a substantially positive cash flow from operating activities in 2012/2013.

Against the background of a change in policy of many banks due to the financial crisis, especially induced by more restrictive equity requirements (Basel III), the Company continued to restructure its liabilities in the 2011/2012 financial year.

The one-year bond maturing on 8 December 2011 (€ 15.0 million) was refinanced through the issue of a new bond in the same amount, which has a term of two years. By taking up a new long-term loan, a partial amount of € 3.0 million was refinanced from the new bond. In order to achieve a balanced financing structure for the Company, Marseille-Kliniken AG is still in talks with financial institutes about a long-term corporate financing strategy. With these measures the Company reduces the Group's financing risk.

Between 2004 and 2008, Marseille-Kliniken AG and its subsidiaries signed several framework agreements with various investors for sale-and-leaseback transactions relating to senior citizens' residential estates and nursing homes. The structure of the framework agreements is roughly the same: the properties are sold by the company or its subsidiaries to third parties, who then lease the residential estates and nursing homes back to the company. In the event that the owner wishes to sell the property, the agreements provide for a call option or pre-emption right for the respective Group companies, secured by a priority notice in the land register. At the end of the lease, the appropriate company is entitled to buy the property. The sale-and-leaseback agreements signed under each framework agreement form a single entity for legal purposes: if one of the two agreements becomes invalid, is not executed, or is unwound, the other agreement is also not executed and unwound in its entirety. In particular, delays in rent payments therefore not only entitle the buyer and lessor of the property to cancel the lease, but also to revoke the sales contract. The sale-and-leaseback contracts each signed between 2004 and 2008 therefore not only yield liquidity benefits, but could also bear risk, for example from restitution claims of the respective buyers against the Marseille-Kliniken Group.

11.7 Legal risks

Risks for Marseille-Kliniken AG from legislative changes to the social security system may be regarded as minimal. There are continual attempts to stabilise the financial position of the health and nursing care systems by legislative means, but the economic effects of changes in the law are seen as very limited by the political and financial framework. However, the federalism reform stipulates different nursing care rights in the German states, which enhance complexity. This also applies to the field of assisted living. The introduction of the nursing care insurance system was viewed positively by all groups in society. However, the reform enacted in mid-2008 is controversial among experts but has not led to any impairment in Marseille-Kliniken AG's comfortable estimation of its risks. Nonetheless, should there be any changes to the legal framework at the federal level in Germany, we are convinced that our orientation toward customers and efficiency will help us maintain our leading position in the competitive environment.

In order to cover risks, decisions and the organisation of business processes are normally made on the basis of comprehensive legal and tax advice. Individual companies within the Marseille-Kliniken Group are involved in both active and passive legal disputes in various places of jurisdiction. No detailed information can be provided regarding ongoing litigation, as this could negatively impact lines of defence and counterargument in these proceedings. Based on currently available information, the provisions that have been made are sufficient. The Company believes it has set aside sufficient provisions to cover any other existing litigation risks, and so believes it has set aside sufficient provisions to cover all current litigation risks. The Company estimates that any utilisation arising from existing letters of comfort will be low.

11.8 Other risks

Water, electricity, gas, and oil are used as energy sources on a strictly consumption-oriented basis. Special machines and environmentally friendly washing agents are used in laundry operations, which like the dishwashers optimised to run in accordance with specific requirements, also minimise the use of resources in the kitchens. The risk of further price increases, for example in the energy sector, is lowered for Marseille-Kliniken as a result of this efficiency. To a negligible extent, the Company uses interest rate instruments to hedge electricity prices for a certain period. These hedging instruments are insignificant for the asset, financial, and earnings situation of Marseille-Kliniken AG and the Marseille-Kliniken Group. Please refer to the statements in the Notes to the separate and consolidated financial statements.

12. Events after the balance sheet date

There were no significant events after the end of the 2011/2012 financial year which could affect the situation as detailed in the consolidated financial statements at hand and which have significant effects on the business operations of Marseille-Kliniken AG or the Group overall.

13. Remuneration report

The remuneration of Management Board members is made up of fixed and variable components (salary plus bonus). The variable remuneration components are performance-related.

Total remuneration of the Management Board members in the 2011/2012 financial year is described in the notes to the separate and consolidated financial statements.

According to its dutiful discretion, the Supervisory Board can reward extraordinary performance of individual or all members of the Management Board by way of a special incentive payment.

In a manner usual for the market and the Group, the Company grants all members of the Management Board, arising from their contracts, further benefits, some of which are regarded as monetary benefits and are taxed accordingly; one example is the allocation of a corporate vehicle.

Any secondary employment is subject to approval. The assumption of Management and Supervisory Board duties at Group companies is generally not paid.

14. Corporate Governance (declaration of compliance, Management Board report on related-party transactions, disclosures in accordance with § 315(4) HGB)

Statement on Corporate Governance

The Supervisory Board and the Management Board issued a management declaration in accordance with § 289a of the German Commercial Code (HGB) and made these permanently available to shareholders and the Company on its website at www.marseille-kliniken.de. The management declaration also includes the statement of compliance that the Supervisory Board and Management Board issued with regard to the recommendations of the Federal Commission for the German Corporate Governance Code in accordance with § 161 of the German Companies Act (AktG).

Management Board report on related-party transactions

The Management Board, in accordance with § 312 of the German Companies Act (AktG), has prepared a report on the relationships with all the affiliated companies for the 2011/2012 financial year. In accordance with § 313 of the German Companies Act (AktG), the report was submitted to the auditor for examination. The following declaration is given at the end of this report:

"The Management Board of Marseille-Kliniken AG, Berlin, declares that Marseille-Kliniken AG, under the circumstances that were known to it at the time when the legal transactions were conducted or the measures implemented or omitted, received appropriate consideration for every legal transaction and was not disadvantaged by the implementation or omission of certain measures within the scope of the legal transactions and measures specified in the affiliated companies report."

Statements made pursuant to § 315(4) of the German Commercial Code (HGB)

Subscribed capital
The Company's fully paid-in share capital amounts to € 37,320,000.00 as at 30 June 2012 and is divided into 14,580,000 bearer shares, each notionally representing € 2.56 (rounded) of share capital.

Direct or indirect equity investments
Equity investments (including indirect or attributed shareholdings pursuant to §§ 21, 22 German Securities Trading Act (WpHG)) which exceed 10% of the Company's voting rights are held by the family.

Holders of shares with special rights
There are no shares with special rights.

Type of voting control in the event that employees hold shares in the Company
No employees hold shares in the Company.

Statutory regulations and provisions of the articles of association on appointing and dismissing members of the Management Board and on amending the articles of association
Members of the Management Board are appointed and dismissed in accordance with §§ 84, 85 of the German Companies Act (AktG). The articles of association are amended in accordance with §§ 133, 179 of the German Companies Act (AktG). Provisions in the Company's articles of association relating to these matters can be found in the articles of association.

Authorisation of the Management Board to issue and buy back shares
At the Annual General Meeting held on 18 December 2009, the authorisation of the Management Board granted at the Annual General Meeting on 12 December 2008 to buy treasury shares was withdrawn and a new authorisation issued. The authorisation is valid until 18 December 2014 and is limited to a maximum of 10% of current share capital. The authorisation was made so that the Company could act quickly, flexibly, and cost-effectively when buying or investing in companies.

The Annual General Meeting on 27 January 2012 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital until 27 January 2017 by up to € 18,660,000.00 (in words: eighteen million, six hundred sixty thousand) through one or multiple issues of up to 7,290,000 (in words: seven million, two hundred ninety thousand) new bearer shares against contribution in cash or kind (**authorised capital**). The authorisation can also be given in partial amounts. The Management Board is authorised, with the approval of the Supervisory Board, to determine the design of shareholders' rights and the conditions of the issue.

The Management Board is authorised, with the approval of the Supervisory Board, to exclude subscription rights for capital increases against contribution in kind. For capital increases against cash, the subscription rights of shareholders for the new shares cannot be excluded. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude subscription rights of shareholders in the event of capital increases against cash.

Limitations affecting voting rights or the transfer of shares
The registered shares of Marseille-Kliniken AG do not have restricted transferability. We are not aware of any other limitations affecting voting rights or the transfer of shares.

Investments exceeding more than 10% of voting rights
The founder and main shareholder Ulrich Marseille and his wife Estella-Maria Marseille hold more than 60% of the share capital of Marseille-Kliniken AG. In accordance with the German Securities Trading Act (WpHG), every investor who exceeds or falls below certain levels of voting rights through acquisition, sale, or in some other way must notify the Company and the German Federal Financial Supervisory Authority (BaFin). We are not aware of any other direct or indirect shareholding which exceeds the 10% voting rights threshold.

Shares with special control rights
No shareholder of Marseille-Kliniken AG is authorised by the articles of association to place members on the Supervisory Board. In addition, no shares with special control rights have been issued.

Type of voting controls where employees hold capital share but do not exercise their control rights directly
Like other shareholders, employees who hold shares in Marseille-Kliniken AG may exert their control rights directly in accordance with legal stipulations and the articles of association. There are no limitations on voting rights for shares held by employees of Marseille-Kliniken AG.

Regulations regarding the appointment and termination of members of the Management Board
In accordance with the articles of association of Marseille-Kliniken AG, the Management Board consists of one or more members, whose number shall be determined by the Supervisory Board and who may each be appointed by the Supervisory Board for a period of up to five years in accordance with § 84 of the German Companies Act (AktG). If the Management Board consists of several members, the Supervisory Board may appoint one member of the Management Board as Chairman of the Management Board. It can also appoint deputy Management Board members. An appointment to the Management Board requires a simple majority of the Supervisory Board. In the event of a tie, the vote of the Chairman of the Supervisory Board at the applicable meeting shall be decisive. An appointment to the Management Board may be terminated by the Supervisory Board in accordance with § 84 of the German Companies Act (AktG) if there is a good and valid cause. If a required member of the Management Board has not been appointed, the court may, in urgent circumstances, appoint a member to the Management Board pursuant to § 85 of the German Companies Act (AktG) if an involved party files a request to this effect.

Regulations regarding amendments to the articles of association
Any amendment to the articles of association requires a resolution of the Annual General Meeting (§ 179 of the German Companies Act (AktG)). Pursuant to § 9 of the articles of association and § 179 of the German Companies Act (AktG), the Supervisory Board may resolve to amend or supplement the articles of association in a manner that refers only to formal wording. Unless the law requires otherwise, resolutions of the Annual General Meeting may be made with a simple majority of votes cast and, for increases in capital, a simple majority of the capital (§ 15(2)). Pursuant to § 181(3) of the German Companies Act (AktG), changes to the articles of association do not become valid until they are entered into the Commercial Register.

The articles of association do not contain any provision which authorises the Management Board to buy back shares, for instance in a takeover situation.

Significant agreements subject to a change of control in the event of a takeover bid
There are no significant agreements which are subject to a change of control in the event of a takeover bid.

15. Forecast

In light of the demographic development, the nursing care market is as independent of the general economic conditions as possible. The ageing population in Germany ensures continuously rising demand for inpatient and outpatient nursing care services. The supply side of this growing market is currently still characterised by individual public care facilities or those managed by charitable organisations. Based on the rising level of national debt and the financing bottlenecks resulting from this, however, the investments in these facilities that would be needed to maintain the level of competition in the long term cannot be made in full. The higher regulatory requirements for reporting and documentation as well as the introduction of a minimum wage are adding additional consolidation pressure within the industry. For these reasons, the trend towards major private providers like Marseille-Kliniken AG is also expected to continue in the long run. In the reporting period our facilities showed a vacancy rate of over 10%. The overall lack of qualified employees in the German health sector hindered a more rapid occupancy of our facilities.

The general trends described above and the consistent Group strategy that we expect to be implemented have produced a rising bed capacity ratio since the 2010/2011 financial year. We expect this to remain stable at over 90% for the current 2012/2013 financial year. Against this background, we expect stable sales in the 2012/2013 financial year in excess of the previous year's level.

One strategic focal point for the current financial year is still the optimisation of our core segment of nursing care, which will also yield cost reductions likely leading to consolidated EBIT above the previous year's level.

The sound performance in Q1 2012/2013 supports our forecast for the 2012/2013 financial year.

Of course, the figures we expect may deviate from the actual results. However, we believe these differences will be kept within limit.

Berlin, Germany, 25 September 2012
Marseille-Kliniken Aktiengesellschaft

Chairman
Michael Thanheiser

Consolidated financial statements

Financial statements of the parent company

Consolidated income statement

of Marseille-Kliniken AG

€ thousand	Notes	1/7/2011 to 30/6/2012	1/7/2010 to 30/6/2011
Revenues	5.1	195,058	190,003
Other operating income	5.2	11,439	12,125
Total revenues		**206,497**	**202,128**
Cost of materials/Cost of services rendered	5.3	23,241	20,887
Personnel expenses	5.4	101,948	98,783
Depreciation and amortisation	5.5	6,697	8,041
Other operating expenses	5.6	62,771	68,207
Other taxes	5.9	936	549
Earnings from operating activities		**10,903**	**5,661**
Financial income	5.7	1,334	1,051
Financial expense	5.7	5,935	5,081
Earnings before taxes (and minority interests)		**6,302**	**1,632**
Income tax	5.8	-164	-1,146
Group net profit/loss	5.11	6,466	2,777
Minority interests	5.10	-2	93
Group result attributable to the shareholders of Marseille-Kliniken AG	5.11	6,464	2,870
Earnings per share (in €)			
on the basis of 14,464,325 weighted share certificates outstanding		0.45 €	
on the basis of 12,290,626 weighted share certificates outstanding			0.23 €

Consolidated statement of comprehensive income

of Marseille-Kliniken AG

€ thousand	1/7/2011 to 30/6/2012	1/7/2010 to 30/6/2011
Earnings after taxes	**6,466**	**2,777**
Cash flow hedges:		
Losses reclassified to profit and loss	271	335
Fair value of derivative financial instruments	-591	93
Costs of capital increase	0	-198
Taxes on expenses and income recognised directly in equity	51	-36
Currency translation	-5	91
Expenses and income recognised directly in equity	**-274**	**285**
Total	**6,192**	**3,062**
Minority interests	-2	93
Interests held by Marseille-Kliniken AG shareholders	**6,190**	**3,155**

Consolidated balance sheet

of Marseille-Kliniken AG

ASSETS € thousand	Notes	30/6/2012	30/6/2011
Non-current assets			
Intangible assets	4.1.1/4.1.2	31,742	32,599
Property, plant and equipment	4.1.3	116,094	119,936
Other financial assets	4.1.5	9,666	10,056
Income tax claims	4.1.10	922	1,086
Deferred tax assets	4.1.6	3,963	3,571
		162,387	**167,248**
Current assets			
Inventories	4.1.7	1,367	1,501
Trade receivables	4.1.8	10,135	10,181
Other receivables and assets	4.1.9	2,627	9,283
Current tax claims	4.1.10	1,277	2,022
Cash and cash equivalents	4.1.11	11,696	9,488
		27,102	**32,475**
Total assets		**189,489**	**199,723**

EQUITY AND LIABILITIES € thousand	Notes	30/6/2012	30/6/2011
Shareholders' equity			
Subscribed capital	4.2.1	37,153	37,153
Capital reserve	4.2.1	1	1
Revenue reserve	4.2.1	1,302	915
Balancing item from step transaction	4.2.1	-2,902	0
Treasury stock	4.2.1	-928	-928
Time valuation reserve	4.2.1	-640	-371
Foreign exchange differences	4.2.1	91	96
Group accum. income (prev. yr. group tax losses carried forward)	5.11	2,928	-3,150
Minority interests	4.2.1	10	479
		37,015	**34,195**
Long-term liabilities			
Deferred investment grants	4.2.2	39,980	41,570
Long-term financial debt	4.2.3	41,006	36,424
Bonds	4.2.3	11,861	0
Pension obligations	4.2.4	14,095	12,930
Deferred taxes	4.2.5	4,945	7,067
		111,887	**97,991**
Short-term liabilities			
Bond	4.2.3	0	14,726
Short-term financial liabilities	4.2.3	4,665	5,928
Short-term provisions	4.2.6	13,604	20,062
Trade payables	4.2.7	8,460	10,774
Current tax liabilities	4.2.8	3,222	3,106
Other short-term liabilities	4.2.9	10,636	12,941
		40,587	**67,537**
Total liabilities and shareholders' equity		**189,489**	**199,723**

Consolidated cash flow statement

of Marseille-Kliniken AG

€ thousand	1/7/2011 to 30/6/2012	1/7/2010 to 30/6/2011
Cash flow from operating activities		
Earnings before interest and tax	**10,903**	**5,661**
Proceeds from the disposal of non-current assets (- profit/+ loss)	-32	-584
Depreciation and amortisation	6,697	8,041
Other non-cash income and expenses	-4,086	-4,554
Decrease/increase/ (+/-) in inventories	134	-348
Increase/decrease (+/-) in pension provisions	1,449	-1,338
Increase/decrease (+/-) in short-term provisions	-6,459	3,445
Income tax received/paid	72	-2,880
Changes in net working capital	-2,087	-6,586
Cash flow from operating activities	**6,592**	**857**
Cash flow from investing activities		
Investments in intangible assets	-155	-202
Investments in property, plant and equipment	-1,578	-1,633
Investments in financial assets	-1,971	-270
Inflows from asset disposals (property, plant and equipment)	149	377
Cash flow from investing activities	**-3,555**	**-1,728**
Cash flow from financing activities		
Inflow from a bond issue	15,000	15,000
Repayment of bonds issued	-18,000	0
Inflow from an increase in equity	0	6,221
Increase in financial liabilities	12,500	585
Repayment of financial liabilities	-9,353	-20,838
Inflow from loans and finance leases	1,457	2,314
Interest paid	-3,556	-3,770
Interest received	1,123	743
Cash flow from financing activities	**-829**	**255**
Increase/decrease in cash and cash equivalents	2,208	-616
Cash and cash equivalents at the beginning of financial year	9,488	10,104
Cash and cash equivalents at the end of financial year	**11,696**	**9,488**
of which cash in hand, bank balances	*11,696*	*9,488*

Changes in consolidated assets

of Marseille-Kliniken AG as at 30 June 2011

€	Acquisition and production costs					Cumulated depreciation				Carrying amount	
	1/7/2010	Additions	Reclassifications	Disposals	30/6/2011	1/7/2010	Additions	Disposals	30/6/2011	30/6/2011	30/6/2010
I. Intangible assets											
1. Concessions	4,349,842.90	258,001.67	258,385.55	0.00	4,866,230.12	4,041,424.09	590,062.44	0.00	4,665,538.10	200,692.02	308,418.81
2. Software	11,672,646.14	37,351.68	0.00	0.00	11,709,997.82	9,555,561.02	1,014,167.98	0.00	10,569,729.00	1,140,268.82	2,117,085.12
3. Intangible licence (licensing agreement)	3,571,669.02	0.00	0.00	0.00	3,571,669.02	0.00	119,055.63	0.00	119,055.63	3,452,613.39	3,571,669.02
4. Customer base	644,442.42	0.00	0.00	0.00	644,442.42	0.00	184,126.41	0.00	184,126.41	460,316.01	644,442.42
5. Goodwill	28,520,729.07	667,199.64	0.00	0.00	29,187,928.71	1,497,481.25	345,025.00	0.00	1,842,506.25	27,345,422.46	27,023,247.82
	48,759,329.55	**962,552.99**	**258,385.55**	**0.00**	**49,980,268.09**	**15,094,466.36**	**2,252,437.46**	**0.00**	**17,380,955.39**	**32,599,312.70**	**33,664,863.19**
II. Property, plant and equipment											
1. Land, leasehold rights, and buildings including buildings on third-party land	163,173,089.41	54,972.35	1,551,356.93	3,938.39	164,775,480.30	60,583,848.87	2,385,497.08	3,938.39	62,461,794.10	102,313,686.20	102,589,240.54
2. Technical equipment and machinery	643,514.04	0.00	0.00	0.00	643,514.04	503,758.28	22,469.35	0.00	526,227.63	117,286.41	139,755.76
3. Other plant, operating and office equipment	36,370,550.24	543,663.16	−258,385.55	813,378.09	35,842,449.76	25,473,219.02	1,554,037.16	696,047.15	26,297,157.46	9,545,292.30	10,897,331.22
4. Finance leases for operating and office equipment	8,841,331.83	497,101.17	0.00	729,414.55	8,609,018.45	4,604,746.03	1,804,729.55	729,414.56	5,680,061.02	2,928,957.43	4,236,585.80
5. Deposits paid and assets under construction	6,305,316.86	1,029,023.46	−2,299,014.93	4,834.64	5,030,490.75	0.00	0.00	0.00	0.00	5,030,490.75	6,305,316.86
	215,333,802.38	**2,124,760.14**	**−1,006,043.55**	**1,551,565.67**	**214,900,953.30**	**91,165,572.20**	**5,766,733.14**	**1,429,400.10**	**94,965,240.21**	**119,935,713.09**	**124,168,230.18**
Total	**264,093,131.93**	**3,087,313.13**	**−747,658.00**	**1,551,565.67**	**264,881,221.39**	**106,260,038.56**	**8,019,170.60**	**1,429,400.10**	**112,346,195.60**	**152,535,025.79**	**157,833,093.37**

of Marseille-Kliniken AG as at 30 June 2012

€	Acquisition and production costs					Cumulated depreciation				Carrying amount	
	1/7/2011	Additions	Reclassifications	Disposals	30/6/2012	1/7/2011	Additions	Disposals	30/6/2012	30/6/2012	30/6/2011
I. Intangible assets											
1. Concessions	4,866,230.12	0.00	0.00	0.00	4,866,230.12	4,665,538.10	82,630.56	0.00	4,748,168.66	118,061.46	200,692.02
2. Software	11,709,997.82	155,133.78	0.00	0.00	11,865,131.60	10,569,729.00	626,706.33	0.00	11,196,435.33	668,696.27	1,140,268.82
3. Intangible licence (licensing agreement)	3,571,669.02	0.00	0.00	0.00	3,571,669.02	119,055.63	119,055.63	0.00	238,111.26	3,333,557.76	3,452,613.39
4. Customer base	644,442.42	0.00	0.00	0.00	644,442.42	184,126.41	184,126.41	0.00	368,252.82	276,189.60	460,316.01
5. Goodwill	29,187,928.71	0.00	0.00	0.00	29,187,928.71	1,842,506.25	0.00	0.00	1,842,506.25	27,345,422.46	27,345,422.46
	49,980,268.09	**155,133.78**	**0.00**	**0.00**	**50,135,401.87**	**17,380,955.39**	**1,012,518.93**	**0.00**	**18,393,474.32**	**31,741,927.55**	**32,599,312.70**
II. Property, plant and equipment											
1. Land, leasehold rights, and buildings including buildings on third-party land	164,775,480.30	230,890.60	2,867,429.99	9,707.58	167,864,093.31	62,461,794.10	2,754,614.70	1,544.37	65,214,864.43	102,649,228.88	102,313,686.20
2. Technical equipment and machinery	643,514.04	4,464.17	0.00	0.50	647,977.71	526,227.63	21,984.44	0.50	548,211.57	99,766.14	117,286.41
3. Other plant, operating and office equipment	35,842,449.76	1,203,508.18	0.00	999,153.25	36,046,804.69	26,297,157.46	1,529,726.43	901,626.25	26,925,257.64	9,121,547.05	9,545,292.30
4. Finance leases for operating and office equipment	8,609,018.45	15,358.67	0.00	1,832,740.69	6,791,636.43	5,680,061.02	1,378,117.91	1,823,257.22	5,234,921.71	1,556,714.72	2,928,957.43
5. Deposits paid and assets under construction	5,030,490.75	503,249.78	−2,867,429.99	0.00	2,666,310.54	0.00	0.00	0.00	0.00	2,666,310.54	5,030,490.75
	214,900,953.30	**1,957,471.40**	**0.00**	**2,841,602.02**	**214,016,822.68**	**94,965,240.21**	**5,684,443.48**	**2,726,428.34**	**97,923,255.35**	**116,093,567.33**	**119,935,713.09**
Total	**264,881,221.39**	**2,112,605.18**	**0.00**	**2,841,602.02**	**264,152,224.55**	**112,346,195.60**	**6,696,962.41**	**2,726,428.34**	**116,316,729.67**	**147,835,494.88**	**152,535,025.79**

Consolidated statement of changes in equity

of Marseille-Kliniken AG for the period 1 July 2011 to 30 June 2012 and the previous year's period

1/7/2010 – 30/6/2011	*Parent company*									*Minority shareholders*	*Group*
€ thousand	Subscribed capital	Capital reserve	Revenue reserve	Balancing item from step transaction	Treasury stock	Time valuation reserve	Currency translation differences	Consolidated loss	Shares Marseille-Kliniken AG	Minority interests	Total equity
Balance as at 1/7/2010	**31,100**	**0**	**627**	**0**	**–903**	**–731**	**5**	**–5,733**	**24,365**	**573**	**24,938**
Purchase of treasury stock	0	0	0	0	-25	0	0	0	-25	0	-25
Capital increase	6,220	1	0	0	0	0	0	0	6,221	0	6,221
Income and expense directly shown in equity	*-167*	*0*	*0*	*0*	*0*	*361*	*91*	*0*	*285*	*0*	*285*
Consolidated earnings	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*2,870*	*2,870*	*-93*	*2,777*
Earnings in the period	-167	0	0	0	0	361	91	2,870	3,155	-93	3,062
Allocation to statutory reserve	0	0	288	0	0	0	0	-288	0	0	0
Balance as at 30/6/2011	**37,153**	**1**	**915**	**0**	**–928**	**–371**	**96**	**–3,150**	**33,716**	**479**	**34,195**

1/7/2011 – 30/6/2012	*Parent company*									*Minority shareholders*	*Group*
€ thousand	Subscribed capital	Capital reserve	Revenue reserve	Balancing item from step transaction	Treasury stock	Time valuation reserve	Currency translation differences	Consolidated gain	Shares Marseille-Kliniken AG	Minority interests	Total equity
Balance as at 1/7/2011	**37,153**	**1**	**915**	**0**	**–928**	**–371**	**96**	**–3,150**	**33,716**	**479**	**34,195**
Acquisition of additional shares of subsidiaries already fully consolidated in previous years	0	0	0	-2,902	0	0	0	0	-2,902	-471	-3,373
Income and expense directly shown in equity	*0*	*0*	*0*	*0*	*0*	*-269*	*-5*	*0*	*-274*	*0*	*-274*
Consolidated earnings	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*6,465*	*6,465*	*2*	*6,467*
Earnings in the period	0	0	0	0	0	-269	-5	6,465	6,191	2	6,193
Allocation to statutory reserve	0	0	387	0	0	0	0	-387	0	0	0
Balance as at 30/6/2012	**37,153**	**1**	**1,302**	**–2,902**	**–928**	**–640**	**91**	**2,928**	**37,005**	**10**	**37,015**

Income statement

of Marseille-Kliniken AG (separate company)

€	2011 | 2012	2010 | 2011
1. Revenues	24,107,869	13,248,082
2. Other operating income	30,784,264	20,234,076
3. Cost of materials		
a) Raw materials and consumables used	-2,307,156	-1,780,849
b) Cost of purchased services	-374,197	-470,597
	–2,681,353	**–2,251,446**
4. Personnel expenses		
a) Salaries and wages	-12,088,389	-9,195,419
b) Expenditure for old-age pension and support	-2,319,974	-1,654,730
	–14,408,364	**–10,850,149**
5. Depreciation on property, plant and equipment	-6,749,829	-4,012,469
6. Other operating expenses	-36,203,328	-33,926,797
7. Income from investments	193	163
8. Expenses/income from the transfer of profits and losses		
a) Income from profit transfer agreements	17,784,415	32,170,180
b) Expenses from the transfer of losses	-1,567,208	-1,158,053
	16,217,207	**31,012,127**
9. Other interest and similar income	3,849,432	3,672,789
of which from associated companies	*2,934,030*	*3,204,473*
10. Impairment of financial assets	-1,041,000	-3,844,055
11. Other interest and similar expense	-5,963,578	-5,456,050
of which from associated companies	*-2,796,746*	*-3,042,606*
12. Earnings before taxes (EBT)	**7,911,512**	**7,826,271**
13. Extraordinary income	907,580	0
14. Extraordinary expense	0	-53,547
15. Extraordinary result	**907,580**	**-53,547**
16. Income tax	224,362	-1,638,326
17. Other taxes	-1,297,175	-72,369
18. Net profit	**7,746,278**	**6,062,030**
19. Allocation to statutory reserve	-387,000	-287,545
20. Allocation to other revenue reserve	0	-1,097,411
21. Accumulated income (previous year: loss carried forward)	4,365,937	-311,136
22. Retained earnings	**11,725,216**	**4,365,937**

Balance sheet

of Marseille-Kliniken AG (separate company)

ASSETS €	30/6/2012	30/6/2011
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Franchises, industrial property rights and similar rights and values	723,524	199,436
	723,524	199,436
II. Property, plant and equipment		
1. Land, leasehold rights, and buildings	24,279,327	21,709,257
2. Technical equipment and machinery	222	268
3. Other plant, operating, and office equipment	643,943	529,281
4. Deposits paid and assets under construction	0	2,861,074
	24,923,492	25,099,880
III. Financial assets		
1. Shares in affiliated companies	74,540,937	72,755,365
2. Other equity investments	65,586	65,948
3. Non-current securities	188,000	188,000
	74,794,523	73,009,313
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	98,304	79,325
	98,304	79,325
II. Receivables and other assets		
1. Trade receivables	1,717,264	734,682
2. Receivables from affiliated companies	64,254,757	73,785,689
3. Other assets	2,745,095	8,167,527
	68,717,117	82,687,898
III. Cash and cash equivalents	9,547,204	8,033,555
C. DEFERRED EXPENSES AND ACCRUED INCOME	58,582	76,054
	178,862,746	189,185,462

EQUITY AND LIABILITIES €	30/6/2012	30/6/2011
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	37,023,910	37,023,910
II. Capital reserve	800	800
III. Revenue reserve	881,618	494,618
IV. Net profit	11,725,216	4,365,937
a) Net income for the year	7,746,278	6,062,030
b) Allocation to revenue reserve	-387,000	-1,384,956
c) Accumulated income (previous year: loss carried forward)	4,365,937	-311,136
	49,631,544	41,885,266
B. SPECIAL RESERVES	1,734,048	1,791,823
C. PROVISIONS		
1. Pension provisions and similar obligations	560,916	496,833
2. Deferred tax provisions	3,165,748	5,004,833
3. Tax provisions	2,923,873	1,240,838
4. Other provisions	4,013,347	5,853,175
	10,663,884	12,595,679
D. LIABILITIES		
1. Bond	12,000,000	15,000,000
2. Bank debts	15,070,234	16,355,162
3. Trade payables	2,037,581	2,495,915
4. Trade payables (affiliated companies)	85,983,639	92,973,670
5. Other liabilities	1,307,752	5,735,275
of which from taxes	*818,474*	*246,861*
of which relating to social security	*31,824*	*328,288*
	116,399,206	132,561,466
E. DEFERRED INCOME AND ACCRUED EXPENSES	434,063	351,227
	178,862,746	189,185,462

Financial statements

Notes to the consolidated financial statements

1. Information about the company

The consolidated financial statements for the financial year from 1 July 2011 to 30 June 2012 will likely be approved for publication on 26 September 2012 by resolution of the Management Board of Marseille-Kliniken AG.

Marseille-Kliniken AG is a limited company founded in Germany with its registered office in Berlin (registered in the Commercial Register of Berlin-Charlottenburg local court under HRB 86329), whose shares have been listed since 29 June 2012 exclusively in the Prime Standard index of the Frankfurt Stock Exchange. The stock market listing on the Hanseatic Securities Exchange in Hamburg has been withdrawn with reference to the low level of trading for the share in Hamburg. The bonds issued on 30 November 2011 are also approved and listed on the Frankfurt Stock Exchange.

The administrative headquarters are at rented premises in Hamburg.

The primary activities of Marseille-Kliniken AG are to build, acquire, and/or operate nursing care facilities, residential homes for the elderly, service companies in the social and charitable field as well as accommodation companies.

2. Accounting and valuation principles

2.1 Basis of preparation for the financial statements

The financial year deviates from the calendar year. It begins on 1 July and ends on 30 June of the following year.

The consolidated financial statements are fundamentally drawn up using the historical cost principle. Exceptions from this are properties held as financial investments (if there are any), derivative financial instruments, and available-for-sale financial instruments, which are valued at fair value. The adjustment of carrying amounts of assets and liabilities included in the balance sheet which constitute the underlying transactions within the scope of hedging the fair value is carried out based on changes to the fair values, which are imputed to the hedged risks.

The consolidated financial statements are prepared in euros. Items are mainly shown in thousands (€ '000) or as € million. Rounding differences amounting to € '000 +/- 1 can occur.

The Company has prepared the annual financial statements under the going concern assumption.

2.1.1 Declaration on compliance with IFRS

The consolidated financial statements of Marseille-Kliniken AG were drawn up in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applicable in the EU and in consideration of the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the additional regulations specified by German commercial law under § 315a (1) of the German Commercial Code (HGB). The consolidated financial statements consist of the balance sheet, the income statement, the consolidated statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes.

2.1.2 Basis of consolidation

The consolidated financial statements of Marseille-Kliniken AG consist of the annual financial statements of Marseille-Kliniken AG and its subsidiaries as at 30 June of each financial year. All annual financial statements for consolidated companies as at the reporting date of Marseille-Kliniken AG of 30 June 2012 are prepared in accordance with International Accounting Standard (IAS) 27 and using the same accounting and measurement principles as the parent company. Interim financial statements as at 30 June 2012 were prepared for the subsidiary Marseille-Kliniken AG (Switzerland).

As at 30 June 2012, there were 84 (previous year: 123) companies included in the Group. In the 2011/2012 financial year, 35 companies were liquidated and one company was newly founded. The lower number of companies to be consolidated is furthermore a result of the merging of six Group companies.

The consolidated financial statements include all subsidiaries in which Marseille-Kliniken AG has a controlling interest (control principle). These are all the companies over whose financial and business policies Marseille-Kliniken AG exercises control, normally indicated by its holding of more than 50% of the voting rights. The existence and influence of potential voting rights which are currently exercisable or convertible are taken in account when assessing whether there is control.

Subsidiaries are included in full in the consolidated financial statements from the time of acquisition, i.e. the time at which the Group acquired control. Inclusion in the consolidated financial statements ends as soon as the parent company no longer exercises control over the Company.

Pursuant to IFRS 3, all company acquisitions must be shown in accordance with the purchase method. The capital consolidation is carried out pursuant to IAS 27 by offsetting the carrying amounts of investments against the prorata equity of the subsidiaries. When a company is in the process of being acquired, the assets, liabilities, and contingent liabilities of the acquired subsidiaries are valued at fair value at the time of acquisition. If acquisition costs exceed the fair value attributed to the identifiable assets, liabilities, and contingent liabilities that were acquired, the difference is recognised as goodwill. Every negative difference between the cost of the acquisition and the value attributed to the identifiable assets, liabilities, and contingent liabilities acquired is charged to earnings in the period in which the acquisition was carried out.

Minority interests are the part of the subsidiaries' earnings and assets which are not attributable to the Group. Minority interests are shown separately in the consolidated statement of comprehensive income and in the consolidated balance sheet. They are recognised in the consolidated balance sheet under equity and separately from any equity attributable to the shareholders of the parent company.

The consolidated financial statements include expenses and income of the newly consolidated companies from the day of their first consolidation.

Earnings from subsidiaries acquired or disposed of during the course of the financial year are included in the consolidated statement of comprehensive income as from the effective acquisition date or up until the effective disposal date. Companies set up during the respective financial year are included in the consolidated financial statements as from the date of their establishment.

All intra-Group balances, income, expenses, and unrealised profits and losses from intra-Group transactions have been eliminated in full.

2.1.3 Group companies

The companies to be included in Marseille-Kliniken AG's group of consolidated companies pursuant to IAS 27 changed during the 2011/2012 financial year compared with the group of consolidated companies as at 30 June 2011.

As at 30 June 2012, Marseille-Kliniken AG and all of the following 84 (previous year: 123) subsidiaries were included in the consolidated financial statements:

	Share in %
Senioren-Wohnpark Langen GmbH, Langen	100.0
Senioren-Wohnpark Lemwerder GmbH, Lemwerder	100.0
Astor Park Wohnanlage Langen GmbH, Langen	100.0
Senioren-Wohnpark Hennigsdorf GmbH, Hennigsdorf	100.0
Senioren-Wohnpark Radensleben GmbH, Radensleben	100.0
Senioren-Wohnpark Neuruppin GmbH, Neuruppin	100.0
Senioren-Wohnpark Treuenbrietzen GmbH, Treuenbrietzen	100.0
Senioren-Wohnpark Erkner GmbH, Erkner	100.0
Senioren-Wohnpark Tangerhütte GmbH, Tangerhütte	100.0
Senioren-Wohnpark Kyritz GmbH, Kyritz	100.0
Senioren-Wohnpark Thale GmbH, Thale	100.0
Senioren-Wohnpark Wolmirstedt GmbH, Wolmirstedt	100.0
Senioren-Wohnpark Aschersleben GmbH, Aschersleben	100.0
Senioren-Wohnpark Coswig GmbH, Coswig	100.0
Senioren-Wohnpark Stützerbach GmbH, Stützerbach	100.0
Senioren-Wohnpark Schollene GmbH, Schollene	100.0
Senioren-Wohnpark Bad Langensalza GmbH, Bad Langensalza	100.0
Senioren-Wohnpark Ballenstedt GmbH, Ballenstedt	100.0
Senioren-Wohnpark HES GmbH, Hamburg	100.0
PRO F & B Gastronomische Dienstleistungsgesellschaft mbH, Hamburg	100.0
Senioren-Wohnpark Klausa GmbH, Nobitz	100.0
Senioren-Wohnpark Friedland GmbH, Friedland	100.0
- SWP – Senioren-Wohnpark Klötze GmbH, Klötze	100.0
Senioren-Wohnpark Leipzig – Am Kirschberg – GmbH, Leipzig	100.0
SWP soziale Grundbesitzgesellschaft mbH, Hamburg	100.0
AMARITA Buxtehude GmbH, Buxtehude	100.0
Pro Work Dienstleistungsgesellschaft mbH, Hamburg	100.0
Senioren-Wohnpark Cottbus-SWP-GmbH, Cottbus	100.0
Medina Meerbusch GmbH, Pritzwalk	100.0
Marseille-Klinik-Delta GmbH, Hamburg	100.0
Senioren-Wohnpark soziale Altenbetreuung gemeinnützige GmbH, Langen	100.0
Allgemeine soziale Dienstleistungen gemeinnützige GmbH, Langen	100.0
Medina soziale Behindertenbetreuung gemeinnützige GmbH, Wolmirstedt	100.0
MK "Vorrat Nr. 26" Vermögensverwaltungs GmbH, Berlin	100.0
"Villa Auenwald" Seniorenheim GmbH, Böhlitz-Ehrenberg	100.0
PROMINT/Dienstleistungsgruppe Neuruppin GmbH, Neuruppin	100.0
Senioren-Wohnpark Hennigsdorf – SWP – GmbH, Hennigsdorf	100.0
SIV Immobilien-Verwaltungsgesellschaft mbH, Hamburg	100.0
Grundstücksgesellschaft Nikolaus Büren mbH, Hamburg	100.0
DaTess Gesellschaft für Datendienste mbH, Pritzwalk	100.0
Alstersee 124. V V GmbH, Hamburg	99.8
eqs. Privatinstitut für Evaluation und Qualitätssicherung im Gesundheits- und Sozialwesen mbH, Hamburg	100.0
Marseille-Akademie GmbH, Hamburg	100.0
Betrium Nr. 29 Vermögensverwaltungs-GmbH, Pritzwalk	100.0
Senioren-Wohnpark Leipzig "Stadtpalais" GmbH, Leipzig	100.0
Senioren-Wohnpark Leipzig "Eutritzscher Markt" GmbH, Leipzig	100.0
Senioren-Wohnpark Lichtenberg GmbH, Berlin	100.0
MVZ Hennigsdorf Medizinisches Versorgungszentrum Am Senioren-Wohnpark Hennigsdorf GmbH, Hennigsdorf	100.0
Senioren-Wohnpark Landshut GmbH, Landshut	100.0
AMARITA Datteln GmbH, Datteln	100.0
AMARITA Hohen Neuendorf GmbH, Hohen Neuendorf	100.0
SGG Soziale Grundbesitzgesellschaft Potsdam mbH, Pritzwalk	100.0
Betrium Nr. 52 Vermögensverwaltungs-GmbH, Pritzwalk	100.0
MobiRent Vermietung GmbH, Pritzwalk	100.0
Betrium Nr. 55 Vermögensverwaltungs-GmbH, Pritzwalk	100.0
AMARITA Bremerhaven GmbH, Bremerhaven	100.0
Pflegehaus Kreuzberg gemeinnützige GmbH, Berlin	100.0
Senioren-Wohnpark Meerbusch GmbH, Pritzwalk	100.0
AMARITA Oldenburg GmbH, Oldenburg	100.0
Spezial-Pflegeheim Hennigsdorf GmbH, Hennigsdorf	100.0
TÜRK GÜNDÜZ BAKIM EVI GmbH, Pritzwalk	100.0
SFS Dienstleistungs-GmbH, Pritzwalk	100.0
Senioren-Wohnpark Lessingplatz GmbH, Düsseldorf	100.0
Senioren-Wohnpark Dresden "Am Großen Garten" GmbH, Dresden	100.0
Senioren-Wohnpark Arnsberg GmbH, Arnsberg	100.0
Senioren-Wohnpark Büren GmbH, Büren	100.0
Senioren-Wohnpark Kreuztal-Krombach GmbH, Kreuztal-Krombach	100.0
Senioren-Wohnpark Lutzerath GmbH, Lutzerath	100.0
AMARITA Hamburg – Mitte PLUS GmbH, Hamburg	100.0
Senioren-Wohnpark Oberhausen GmbH, Pritzwalk	100.0
Senioren-Wohnpark Düsseldorf-Volksgarten GmbH, Düsseldorf	100.0
CareAktiv GmbH, Hamburg	100.0
Logo 7. Grundstücksverwaltungsgesellschaft mbH, Pritzwalk	100.0
ProTec Dienstleistungsgesellschaft mbH, Pritzwalk	100.0
Medina Belzig GmbH, Belzig	100.0
Marseille Projektgesellschaft "Bremerhaven" mbH, Berlin	100.0
Allgemeine Dienstleistungsgesellschaft mbH ADG-, Pritzwalk	100.0
Ausgleich- und Bürgschaftsgesellschaft im Heim- und Pflegewesen mbH i.L., Pritzwalk	100.0
Marseille-Kliniken AG, Zug, Switzerland	100.0
AAP – Allgemeine Ansgar Pflegedienste GmbH, Zirchow	100.0
Karlsruher-Sanatorium-Aktiengesellschaft, Hamburg	99.8 [1)]
Mineralquelle Waldkirch Gesellschaft mit beschränkter Haftung, Hamburg	99.8 [1)]
Mineralquelle Waldkirch Verwertungsgesellschaft mbH, Hamburg	99.8 [1)]
Talhaus "Waldkirch" GmbH & Co. KG, Hamburg	99.8 [1)]

1) Group share after deduction of direct and indirect minority shares

The following equity investments are also shown as other financial assets of Marseille-Kliniken AG, Berlin:

€ thousand	Share in %	Sub-scribed capital	Equity 30 June 2012	Net profit or loss 2011 | 2012	Net profit or loss 2010 | 2011
SCS Standard Computersysteme AG, Hamburg	1.6	3,211	1,082	-64 [1)]	221
Kurbetriebsgesellschaft Bad Klosterlausnitz mbH, Bad Klosterlausnitz	49.5	52	29 [2)]	– [2)]	-14

1) there were no current financial statements at the time this report was prepared
2) Preliminary annual financial statements

In addition, the Group has three other shareholdings which are insignificant. Of these, two are in liquidation.

Information regarding equity and the subsidiaries' results for the year is obtained from the individual financial statements prepared in accordance with the requirements of German commercial law.

Certain subsidiaries are structured in the form of a "gemeinnützige GmbH", or a charity with limited liability. In order to maintain their tax status, these companies may only make distributions under certain conditions. Profits mainly have to be retained and used within a short period of time.

The parent company of the extended group of consolidated companies is Marseille-Kliniken AG, Berlin.

As at the balance sheet date of 30 June 2012, there were a total of 43 (previous year: 54) profit and loss transfer agreements between Marseille-Kliniken AG, Berlin, as controlling Company and various subsidiaries, and nine (previous year: seven) profit and loss transfer agreements between Marseille-Klinik-Delta GmbH and some of its subsidiaries. In addition, there is a profit and loss transfer agreement in place between SWP Wolmirstedt GmbH and Amarita Hamburg-Mitte GmbH.

One company in which Marseille-Kliniken holds a share with 94% of the limited partnership capital is not consolidated due to fact that the voting and profit claims deviate from company law.

Liquidation

The change in Group companies is especially a result of the deconsolidation of companies in liquidation. In all, 35 companies were liquidated in the 2011/2012 financial year, thereby leaving the scope of consolidation of the Marseille-Kliniken Group.

	Deleted from the commercial register on
Senioren-Wohnpark OES GmbH	27/9/11
Senioren-Wohnpark ZES GmbH	27/9/11
Marseille-Klinik-Omega GmbH	28/9/11
CASA Trainingsstätte und Bildungszentrum für Dienstleister im Gesundheitswesen GmbH	25/10/11
SCS Standard Computersysteme Entwicklungsgesellschaft mbH	4/11/11
Betrium Nr. 20 Vermögensverwaltungs-GmbH	1/11/11
Cetrium Vermögensverwaltungs GmbH	29/9/11
Senioren-Wohnpark Friedland – SWP- GmbH	6/1/12
Senioren-Wohnpark Neuruppin -SWP- GmbH	14/11/11
Cefugium Betriebsmanagement GmbH	1/11/11
MHCC – Marseille Health Care Consulting GmbH	29/9/11
Tessenow Bau- und Vermögensverwaltung Nr. 20 GmbH	12/12/11
Tessenow Vermögensverwaltungs GmbH	12/12/11
Teufelsbad Residenz Blankenburg GmbH	7/12/11
Betrium Nr. 44 Vermögensverwaltungs-GmbH	1/11/11
Marseille-Kliniken R.S.A. GmbH	28/11/11
Betrium Nr. 50 Vermögensverwaltungs-GmbH	1/11/11
Betrium Nr. 53 Vermögensverwaltungs-GmbH	26/10/11
WK Grundstücksverwaltung Nr. 50 GmbH	10/1/12
WK Grundstücksverwaltung Nr. 52 GmbH	12/12/11
WK Grundstücksverwaltung Nr. 54 GmbH	12/12/11
WK Grundstücksverwaltung Nr. 55 GmbH	20/1/12
WK Grundstücksverwaltung Nr. 56 GmbH	27/12/11
WK Grundstücksverwaltung Nr. 57 GmbH	3/1/12
WK Grundstücksverwaltung Nr. 58 GmbH	10/1/12
WK Grundstücksverwaltung Nr. 59 GmbH	12/12/11
Atrium Senioren-Wohnstift Nr. 24 GmbH	30/1/12
VSE Vermietungsgesellschaft für soziale Einrichtungen mbH	2/1/12
Atrium Senioren-Wohnstift Nr. 32 GmbH	29/2/12
Atrium Senioren-Wohnstift Nr. 34 GmbH	16/3/12
Collateral Transparency GmbH	7/3/12
Sozialimmobilien "Südharz" GmbH	26/1/12
Atrium Senioren-Wohnstift Nr. 42 GmbH	29/2/12
MK "Vorrat Nr. 23" Vermögensverwaltungs GmbH	1/11/11
MK IT-Entwicklungs GmbH	27/9/11

The assets and liabilities eliminated in the scope of deconsolidation and the loss from the deconsolidation are shown in the following:

€ thousand		
	Assets	
	Current assets	32
./.	**Total assets**	**32**
	Liabilities	
	Current liabilities	14
+	**Total liabilities**	**14**
=	**Loss from deconsolidation**	**18**

Mergers

The following mergers were carried out in the 2011/2012 financial year:

SWP Wolmirstedt GmbH	with	newly founded MK Mitte Plus GmbH
VDSE GmbH	with	Marseille-Kliniken Aktiengesellschaft
Marseille-Kliniken-Beteiligungsgesellschaft Nr. 46 mbH	with	Marseille-Akademie GmbH
SWP Bad Oeynhausen GmbH	with	Marseille-Akademie GmbH
SWP Siekertal GmbH	with	Marseille-Akademie GmbH
Betrium Nr. 55 Vermögenverwaltungs-GmbH	with	Marseille-Akademie GmbH

2.1.4 Currency translation

Functional currency and reporting currency

The reporting currency for the consolidated financial statements is the euro (EUR), which is the functional currency of the parent company and simultaneously – with the exception of the subsidiary Marseille-Kliniken AG, Zug (Switzerland) – that of the subsidiaries included in the consolidated financial statements.

The annual financial statements of the subsidiary Marseille-Kliniken AG, Zug, Switzerland, which have a different functional currency from the Group reporting currency, are translated into euro, the reporting currency, as follows:

Assets and liabilities are translated at the rate on the reporting date and income and expenses at the average rate. Equity acquired in foreign subsidiaries that is consolidated for the first time is translated on the reporting date using the historical rate as at the acquisition date. The resulting currency translation differences are recognised directly in equity.

The CHF exchange rate against the euro is shown in the following table:

Currency	*Spot rate*		*Average rate*	
in €	30/6/2012	30/6/2011	30/6/2012	30/6/2011
1 CHF	1.2018	1.2099	1.2032	1.2079

Notes

Transactions and balances
Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the time of the transaction. Gains and losses resulting from the performance of such transactions and from the translation of monetary assets and liabilities in foreign currencies at divergent rates on the balance sheet date are recognised with effect on net income.

2.2 Changes to accounting and valuation principles

2.2.1 Impact of new accounting regulations

The following accounting standards and interpretations, which have been newly adopted or amended by IASB and IFRIC and approved by the EU, were mandatory for the 2011/2012 financial year for the first time:

Standard		Status	To be applied from
IAS 24	Related Party Disclosures	Changed	1/1/2011
IFRIC 14	Voluntary Prepaid Contributions – Minimum Funding Requirements	New	1/1/2011
IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	Changed	1/7/2011

The amendments to IAS 24 include an updated definition of related companies and persons.

In the treatment of financial instruments (pursuant to IFRS 7), the new changes pertain to the extension of disclosure requirements in the case of transactions for the purpose of transferring financial assets, for which certain rights and obligations remain with the transferring company and were taken over in the scope of the transaction. The information is intended to reveal the relationship between the transfer of financial assets and the corresponding financial liabilities. The transferring company must provide more extensive information on the rights and obligations associated with the transaction.

The newly applied standards and interpretations had no significant effects on the consolidated financial statements.

2.2.2 New accounting regulations published but not implemented before mandatory date and not implemented by the EU

The IASB has adopted new or revised standards, which will be mandatory starting 1 July 2012 or later. The application of these standards requires recognition by the European Union, which in some cases is still outstanding. In detail, these pertain to the following IFRS/IAS:

Standard		Status	To be applied from
AIP 2009–2011	Change to various standards	Changed	1/1/2013
IAS 1	Presentation of Financial Statements	Changed	1/7/2012
IAS 12	Income Taxes: Recovery of Underlying Assets	Changed	1/1/2011
IAS 19	Employee Benefits	Changed	1/1/2013
IAS 27	Separate Financial Statements	Changed	1/1/2013
IAS 28	Investments in Associates and Joint Ventures	Changed	1/1/2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	Changed	1/1/2014
IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	Changed	1/1/2013
IFRS 9	Financial Instruments	New	1/1/2015
IFRS 10	Consolidated Financial Statements	New	1/1/2013
IFRS 11	Joint Arrangements	New	1/1/2013
IFRS 12	Disclosure of Interests in Other Entities	New	1/1/2013
IFRS 13	Fair Value Measurement	New	1/1/2013

Any changes resulting from the annual improvement process from 2009 to 2011 must be applied for the first time for financial years starting on or after 1 January 2013. Voluntary application prior to this time is permissible. The assumption of changes by the EU is currently still pending.

Individually, the changes pertain to the following:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 32 Financial Instruments: Presentation
- IAS 34 Interim Financial Reporting

The clarification in IAS 32 was already taken into account in the 2011/2012 financial year with the acquisition of minority interests. No effects are expected from the other standards.

The change to IAS 1 pertains to the presentation of individual items in other income. In the new version of IAS 19, finance costs are determined on a net basis; the corridor method will no longer be used. IAS 27 includes all remaining regulations on separate financial statements after the regulations on control in IFRS 10 have been taken on. IAS 28 includes the regulations on jointly managed companies as well as affiliated companies valued using the equity method after publication of IFRS 11.

At the moment, the valuation of deferred taxes on assets pursuant to IAS 12 depends on whether the carrying amount of an asset is realised through use or sale. This is revised through the introduction of a refutable assumption. It can fundamentally be assumed that the carrying amount is realised through sale provided that the company has no clear indication of any other realisation.

The amendments to IFRS 7 include more extensive information on financial instruments. The amendments to IFRS 9 include a reclassification and valuation of financial instruments.

The new standard IFRS 9 is the first step in replacing IAS 39 and fundamentally changes the previous regulations on the categorisation and valuation of financial assets and liabilities.

IFRS 10 serves as a standardised consolidation model for all companies, which applies to the control of a subsidiary by the parent company. The Group still has yet to analyse the effects of IFRS 10.

The new IFRS 12 will combine the revised disclosure requirements for IAS 27/IFRS 10, IAS 31/IFRS 11, and IAS 28 into one standard. The Group still has yet to analyse the effects of IFRS 12.

The new standard IFRS 13 describes how the fair value is defined. It also formulates how the valuation is carried out and what statements must be made.

No use was made of the possibility to prematurely apply standards that had already been adopted by the IASB. According to a current assessment, earlier adoption would have had no material impact on the current asset, financial, and earnings situation. The same applies for future adoption.

Provided that the potential effects on the consolidated financial statements prepared in accordance with IFRS have already been examined, no significant effects on the IFRS consolidated financial statements have been determined. If necessary, the scope of consolidation is increased through the new consolidation package. If this is not the case, extensive information must be provided in the notes to the consolidated financial statements. Additional new standards and interpretations, such as IFRIC 20, are not explained due to their obviously insignificant effect on the consolidated financial statements of Marseille-Kliniken AG prepared in accordance with IFRS.

2.3 Significant discretionary assumptions and estimates

Preparation of the consolidated financial statements in accordance with IFRS requires that, to a certain extent, assumptions and estimates be made which have an impact on values stated for assets, liabilities, and contingent liabilities as well as the income and expenses included in the financial statements. These assumptions and estimates relate, amongst other things, to accounting for and measuring

- goodwill
- non-current assets
- provisions for pensions and similar obligations
- deferred tax assets, particularly on losses carried forward

Assumptions and estimates are made in determination of useful lives for property, plant, and equipment (incl. redundant properties), for discounted cash flows as part of impairment tests, and in the formation of provisions, such as those for legal disputes and taxes.

Measurement of redundant properties was carried out at amortised cost.

Estimates are based on experience and other assumptions that seem appropriate under the given circumstances. They are monitored continually, but may vary from the actual figures.

At least once per year, the Group examines whether goodwill has decreased in value. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. In estimating value in use, the management must estimate probable future cash flows from the cash-generating units and choose an appropriate discount rate in order to determine the present value of the cash flows. The carrying amount of goodwill as at 30 June 2012 was € 27,345 thousand (previous year: € 27,345 thousand). Further details are presented in the notes to the balance sheet under the heading “Goodwill”.

Determination of the economic useful life of assets in property, plant, and equipment is likewise based on assumptions about the residual value of these assets at the end of their respective estimated useful lives. These estimates are mainly based on external sources. Estimates have also been made about recoverable amounts in accordance with IAS 36, but with regard to the valuation of properties and buildings, in some cases external opinions have been sought.

Expenses for pension obligations are determined on the basis of actuarial reports. Actuarial valuation is made on the basis of assumptions with regard to discount factors, expected earnings from plan assets, future salary and wage rises, mortality, and future pension increases. Such estimates are subject to considerable uncertainty due to the long-term aspects of this planning.

Furthermore, provisions for bad debts, deferred tax assets for losses carried forward, and the valuation of current provisions depend on assumptions and estimates being made by the management on the basis of the latest information.

All assumptions are based on circumstances and estimates as at the balance sheet date. In addition to this, the future economic development in the industry and regions in which the Group operates, which was assumed to be realistic at the time, was taken into consideration for assessing the future business development. Actual figures may differ from the estimates made due to developments in these general economic conditions. In such cases the assumptions and, where necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

2.4 Summary of important accounting and valuation principles

The following accounting and valuation principles have been applied in preparing the consolidated financial statements of Marseille-Kliniken AG:

Intangible assets are recognised at the cost of production or acquisition. With the exception of goodwill, intangible assets are amortised over useful lives of three to thirty years. Loan interest is not currently included in production costs.

Development costs are recognised as internally generated intangible assets if the asset is sufficiently likely to generate future cash inflows, allocable expenses can be reliably determined, and technical and economic feasibility has been established. This is usually the case if a development project has reached a certain milestone in an existing project management model.

As at each balance sheet date, the Group examines whether there are any indications that an intangible asset might have decreased in value. If such a value reduction has occurred, an impairment charge is recognised for that asset.

Goodwill is shown at acquisition cost, adjusted for impairment if necessary. Pursuant to IFRS 3 in conjunction with IAS 36, goodwill is not subject to amortisation.

In order to assess value reductions, each year on 30 June impairment tests are carried out on goodwill at the level of cash-generating units in order to identify any necessary impairment losses pursuant to IAS 36. In addition to this, an impairment test for goodwill is carried out when actual circumstances demand it. A value reduction is determined based on the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount from the cash-generating unit is lower than its carrying amount, an impairment charge is recognised. The recoverable amount is the higher of net realisable value or the present value of the estimated cash inflows (value in use). In order to estimate value in use pursuant to IAS 36, the probable future cash flows from the cash-generating unit are estimated and discounted by an appropriate interest rate in order to determine their present value. For the fixed planning period of five years used in determining the value in use of a cash-generating unit, the assumption was made that the last planning year would also be in perpetuity, as it is assumed that the asset has a longer period of use.

All **property, plant and equipment** is recognised using the historical cost method at acquisition cost or production cost less accumulated depreciation and accumulated impairment expenses. Production costs for self-developed assets include directly allocable costs as well as pro-rata overheads and depreciation. In accordance with IAS 23, borrowing costs are only capitalised if they are incurred in direct connection with the financing of the acquisition or production of a qualifying asset. A qualifying asset is one which requires a considerable period of time between its production and its readiness for use. All other borrowing costs are recognised as expenses in the period in which they are incurred. Repair and maintenance costs are recognised as an expense as at the time they were incurred. Depreciation is carried out on a straight-line basis over the expected useful life of the asset.

Buildings are generally depreciated using the straight-line method based on a useful life of 50 years. Technical equipment and machinery are generally depreciated on the basis of a useful life of five to 20 years, other plant, operating, and office equipment generally over a period of three to 15 years. Depreciation is carried out using the straight-line method based on the customary useful life expectancy of the assets. Buildings are depreciated to a residual value as defined in IAS 16.6, which amounts to 10% of acquisition or production costs.

The carrying amounts of property, plant, and equipment are examined and, if necessary, adjusted if there are any indications of impairment. Any impairment made is – in the absence of a reason leading to it – eliminated by appreciation to a maximum of acquisition costs.

Property, plant, and equipment used on the basis of lease agreements is capitalised and depreciated in accordance with IAS 17 if the requirements for a **finance lease** are met. Leases are classified pursuant to IAS 17 as finance leases if all the significant risks and opportunities associated with ownership are transferred to the lessee by the lease terms. This is assumed to be true if the present value of the minimum lease payments essentially corresponds to the fair value of the leased asset. The lower limit for this is considered to be 90% of the fair value. Assets held as finance leases have a term until maturity of up to five years and are recognised at fair value or at the present value of minimum lease repayments at the beginning of the lease agreement, whichever is lower. Depreciation methods and useful lives assumed correspond to those of comparable acquired assets. Liability to the lessor is shown in the balance sheet as a finance lease obligation. Lease payments are allocated to interest expenses and redemption of the lease obligation in such a way that the interest on the remaining liability remains constant. Interest expenses are recognised with effect on net income. The proportion accounted for by redemption is offset against the liability without affecting income.

The buildings in Herrenalb and Ortenau are still let on a long-term basis. In accordance with IAS 17, these leases are qualified as finance leases.

All other leases are classified as **operating leases**. Lease payments made in connection with operating leases are generally recognised using the straight-line method over the term of the relevant lease agreement.

Financial assets comprise loans and receivables, purchased equity or debt instruments, cash and cash equivalents, and derivatives with positive fair values. Accounting and valuation of financial assets is carried out in accordance with IAS 39, according to which financial assets are recognised in the consolidated balance sheet if the Group has a contractual right to receive cash or other financial assets from another party. Sales and purchases of financial assets on usual market terms are generally recognised as at their settlement date. Initial recognition of financial assets is carried out at fair value plus transaction costs. Any transaction costs which arise upon purchase of financial assets at fair value through profit and loss are recognised directly as expenses. Receivables bearing no interest or an interest rate lower than the prevailing market rate are initially recognised at the present value of the expected future cash flows. Revaluation is carried out in accordance with allocation of the financial assets to one of the following categories:

Financial assets measured at fair value through profit or loss comprise financial assets held for trading. This measurement category includes receivables from futures trading and receivables from other derivative financial instruments allocated to other assets, provided that hedge accounting is not used. In addition, the assets from reinsurance reported under non-current assets are assigned to this category. Changes to the fair value of financial assets in this category are recognised at the time of the increase or decrease in value.

Loans and receivables are non-derivative financial assets which are not listed on an active market. Loans and receivables are valued at amortised cost. Trade receivables, financial receivables included under other assets, and loans included under non-current assets are assigned to this measurement category. Interest income from items in this category are determined using the effective interest method, provided it does not relate to current receivables and the effect from compounding is not significant.

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed term for which they are being held. They are valued at amortised cost using the effective interest method. As at the balance sheet date, the Group had assigned no financial assets to this category.

Available-for-sale financial assets include those non-derivative financial assets which cannot be allocated to one of the above categories. These are, in particular, equity securities valued at fair value and debt instruments not to be held to maturity which constitute part of the other financial assets. Changes in the fair value of available-for-sale financial assets are recognised directly in equity and not recognised in profit or loss until they are sold or impaired. In situations where the market value of equity or debt instruments can be determined, they will be recognised at fair value. If there is no listed market price and the fair value cannot be estimated reliably, these financial assets are shown at acquisition cost less impairment expenses.

If there are objective, substantial indications of the impairment of financial assets in the categories loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, it shall be investigated whether the carrying amount is greater than the present value of expected future cash flows which are discounted by the current market yield of a comparable financial asset. If this is the case, a value adjustment will be carried out to cover the differential amount. Indications of impairment include operating losses over several years for a company, a reduction in its market value, a significant deterioration in its creditworthiness, a specific breach of contract, the high probability of insolvency or another form of financial restructuring for the debtor, or the collapse of an active market. Where the reasons for the impairment charges no longer apply, appropriate write-ups will be carried out but not in excess of the amortised costs. No write-ups are carried out in respect of available-for-sale equity instruments.

Financial assets are removed from the financial statements if the contractual rights to payments from the financial assets no longer exist or if the financial assets and all material risks and opportunities are transferred. Treatment of financial and commodity price risks, and in particular derivative financial instruments and hedging with derivative financial instruments, are explained in more detail in the section "Management of financial risks".

Shares in an **associated company** are accounted for using the equity method or at amortised cost if immaterial. An associated company is a company in which the Group has a significant influence and its participating interest is usually between 20% and 50%.

The shares in an associated company are recognised in the balance sheet using the equity method at acquisition cost plus any post-acquisition changes in the Group's share of the associated company's net worth. Goodwill connected with the associated company is contained in the shareholding's carrying amount and is subjected to neither scheduled amortisation nor a separate impairment test.

After applying the equity method, the Group ascertains whether it is necessary to include an additional impairment charge for its shares in associated companies. On every balance sheet date, the Group determines whether there are any objective indications that the shareholding in an associated company could have increased or decreased in value. If this is the case, the difference between the recoverable amount of the shareholding in the associated company and the carrying amount of the shareholding is recognised with effect on income as a write-up or an impairment charge.

Pursuant to IAS 2, **inventories** include those assets held for sale in normal business operations (merchandise), those which are in production and intended for sale (work in progress), and those which are used during the course of rendering services (raw materials and consumables). Inventories are valued using the weighted average method at the lower of acquisition or production costs or net realisable value (realisable proceeds in normal business operations less estimated cost of completion and selling costs). Write-downs are made where there is a lower net realisable value as at the balance sheet date. Production costs comprise, in particular, wages and salaries and other personnel expenses which go directly towards the rendering of services (IAS 2.19), all directly allocable material and production direct costs, and material and production overheads. General administrative costs and selling and distribution costs are not included in inventories.

Other **receivables and assets** are shown at nominal value less provisions for bad debts. Provisions for bad debts are, in particular, made for receivables that are unlikely to be collected. Receivables and other assets are written off when they are regarded as uncollectible.

Cash and cash equivalents include cash on hand, bank balances, and short-term deposits with an original maximum term of less than three months and are valued at nominal value.

Treasury stock is deducted from equity. The purchase or sale, or the issue or buy-back, of treasury shares is recognised with no effect on income. All consideration given or received is recognised directly in equity.

Non-current assets held for sale are classified as such and reported separately in the balance sheet if the associated carrying amount is realised predominantly through disposals rather than continued use. These assets are valued at their carrying amount or at fair value less costs to sell, whichever is lower, and are no longer subject to depreciation or amortisation. Value reductions are carried out with effect on income if the fair value less costs to sell is lower than the carrying amount. Any write-ups on grounds of an increase in fair value less costs to sell are limited to the impairment charges previously recognised for the respective assets.

Provisions for pensions are set aside in accordance with IAS 19 and valued using the projected unit credit method for pension commitments. This takes into account not only pensions and purchased entitlements known as at the balance sheet date, but also expected future increases in salaries and pensions.

For some employees, provision for pensions during the period after retirement is met by the Group directly or by the payments of our pension fund. Obligations include those for existing pensions and also for future pension claims. Company pensions within the Group are usually defined benefit plans. For defined contribution pension systems, the Company makes contributions to public or private pension insurance companies in accordance with statutory or contractual obligations or on a voluntary basis. No further obligations are incumbent on the Company once it has paid the contributions. Ongoing contributions are recognised as expenses for the respective year. All other pension systems are defined benefit plans. The inclusion of defined benefit plans in the consolidated financial statements recognises all net income and expenses, excluding interest, balanced in the operating result. The interest component is shown in the financial result under other financial income and expenses. Actuarial gains and losses from defined benefit pension plans and reductions that take upper limits for assets into account are included in full with effect on net income.

Estimated benefits to be paid after commencement of the entitlement are spread over the employee's total number of years in employment, with future salary increases being taken into account. Comprehensive actuarial calculations are made annually as at the balance sheet date for all the facilities.

Expected future cash outflows are discounted in order to show pension and similar obligations at present value as at the balance sheet date. The discount rate used for the discounting of pension and similar obligations is based on yields as at the balance sheet date.

Due to changing market and economic conditions, actual future expenses and obligations may vary significantly from the estimates, which are made on the basis of actuarial assumptions.

Provisions are formed if a past event has resulted in a legal or de facto obligation to a third party which will probably result in an outflow of assets and this outflow can be estimated with sufficient reliability. Provisions are formed for all apparent risks and uncertain commitments in the amount of their probable occurrence and are not offset against recourse claims. Any expenses incurred in forming provisions are shown in the income statement after deduction of reimbursements.

Financial liabilities consist of primary liabilities and the negative fair value of derivative financial instruments. Primary liabilities are shown in the consolidated balance sheet if the Group has a contractual obligation to transfer funds or other financial assets to another party. Primary liabilities are recognised for the first time at the fair value of the consideration received or at the value of the funds received less any transaction costs. Liabilities are revalued at amortised cost using the effective interest method. Liabilities from finance leases are shown at the present value of minimum lease payments.

Derivative financial instruments are measured at fair value through profit and loss, provided there is no hedge accounting. The change in the fair value of derivative financial instruments which serve to hedge future payment flows (cash flow hedges) is shown under equity with no effect on income and is posted to income only when the cash flow is realised. The negative fair values of derivative financial instruments are included in financial liabilities. The recognition of derivative financial instruments and hedge accounting with derivative financial instruments in the financial statements is discussed further in the section "Management of financial risks". Financial liabilities are removed from the accounts when financial obligations are met or cancelled or have expired. As far as possible, reference is made to publicly quoted market rates on the open market to determine current value.

Interest-bearing loans are included for the first time at the fair value of the consideration received less any transaction costs incurred. Subsequently, interest-bearing loans are valued at amortised cost using the effective interest method. Borrowing costs are recognised directly in profit and loss in the period in which they arise. Pursuant to IAS 39.56, gains and losses are recognised in profit or loss when debts are repaid and in the course of amortisation.

Trade payables and **other current and non-current liabilities** are valued at their repayment amounts.

Government grants (IAS 20) are recognised when there is sufficient certainty that the grants will be made and the company will meet the associated conditions. Cost-related grants are recognised as scheduled income over the period of time required to offset them against the expenses for which the grant has been made. Grants for an asset are shown in the consolidated balance sheet as the deferred income item "Deferred investment grants". This deferred income item is released in the financial statements in equal annual instalments over the expected useful life of the asset involved.

Prepayments received on account from customers and **deferred income** are shown under other liabilities. Deferred income serves to allocate revenue to income for the correct reporting period.

With regard to the temporary differences between the carrying amounts of assets and liabilities in the tax balance sheets prepared in accordance with the relevant regulations, **deferred tax** assets and liabilities are set up pursuant to IAS 12. Tax losses carried forward at the consolidated companies lead to the utilisation of deferred tax assets to the extent that the company in question is likely to benefit from having tax losses to be offset during the next five financial years.

As in the previous year, the tax rate for deferred taxes is 15.825%. Deferred tax assets and liabilities are offset against one another in the consolidated balance sheet due to balance sheet latencies for each Group company, provided that the necessary requirements are met.

The **income statement** is classified using the total cost method.

The income statement recognises **revenues and other operating income** from the rendering of services and to a minor extent from sales of goods if the significant risks and opportunities were transferred to the customers, the company retains neither a continuing right of disposal as is customary with property nor an effective right of disposal over the goods sold, the amount of income and costs incurred or to be incurred can be reliably determined, and it is reasonably likely that the transaction will result in an economic benefit for the Group.

Revenues are recognised net of value-added tax and after deduction of rebates. Recognition of revenues at the time they arise includes reduced amounts for any rebates and customer discounts granted. Estimates of reduced earnings are mainly based on past experience, specific contractual terms and anticipated future revenue development. It is unlikely that any other estimate parameters for income reductions will have a significant effect on the Group's business operations. The fluctuation margin in balance-sheet precautions taken for reductions in earnings is insignificant in relation to the disclosed operating result.

Operating expenses are recognised as at the time when the service incurring the expenses is utilised. Borrowing costs for non-qualified assets are recognised in profit and loss in the period in which they arise. Income taxes are determined on the basis of the tax law requirements of the countries in which the Group operates.

3. Events after the balance sheet date

There were no significant events after the end of the 2011/2012 financial year.

4. Explanatory notes to the consolidated balance sheet

4.1 Consolidated balance sheet – assets

4.1.1 Intangible assets

Changes in intangible assets in the 2011/2012 financial year and in the previous year are shown in the tables below:

2011/2012 financial year

	Acquisition and production costs					*Carrying amounts*	
€ thousand	1/7/2011	Additions	Reclassifications	Disposals	30/6/2012	30/6/2012	30/6/2011
Franchises	4,866	0	0	0	4,866	118	201
Software	11,710	155	0	0	11,865	669	1,140
Right of use (licensing agreement)	3,572	0	0	0	3,572	3,334	3,453
Customer base	644	0	0	0	644	276	460
Goodwill	29,188	0	0	0	29,188	27,345	27,345
Total	49,980	155	0	0	50,135	31,742	32,599

Previous year

	Acquisition and production costs					*Carrying amounts*	
€ thousand	1/7/2010	Additions	Reclassifications	Disposals	30/6/2011	30/6/2011	30/6/2010
Franchises	4,350	258	258	0	4,866	201	308
Software	11,673	37	0	0	11,710	1,140	2,117
Right of use (licensing agreement)	3,572	0	0	0	3,572	3,453	3,572
Customer base	644	0	0	0	644	460	644
Goodwill	28,521	667	0	0	29,188	27,345	27,024
Total	48,759	962	258	0	49,980	32,599	33,665

No development costs were capitalised in the 2011/2012 financial year or the previous year.

All depreciation, amortisation, and impairment charges are recognised in income.

Other classifications to intangible assets in the consolidated financial statements are detailed in the statement of changes in consolidated assets attached as an appendix to these notes.

4.1.2 Goodwill

Goodwill was subject to impairment tests on the basis of value in use. The impairment tests are based on the budget plans of the various companies and the present values deduced from planned cash flows then taking account of perpetuity. In two cases, the discount was carried out over a finite period. Assumptions about revenues and earnings are based on these plans, which are derived from the estimations of the management and from strategies for the relevant regional markets. Increases in personnel expenses and other operating expenses have been taken into consideration. The regular discount rate used to discount cash flows in the planning period was the weighted average cost of capital of 7.34% (previous year: 7.65%). The growth discount was 0.0% (previous year: 0.5%).

No impairment on goodwill was made in the 2011/2012 financial year, whereas impairment charges of € 345 thousand were necessary in the previous year due to changes in the market estimates.

Goodwill consists of the following:

€ thousand	30/6/2011	Change	30/6/2011
ADG GmbH	10,171	0	10,171
SWP Aschersleben	3,318	0	3,318
SWP Neuruppin	3,177	0	3,177
AAP Betreutes Wohnen Gera	2,985	0	2,985
SWP Bad Langensalza	1,163	0	1,163
SWP Thale	1,015	0	1,015
SWP Klausa	800	0	800
SWP Schollene	796	0	796
Astor Park	596	0	596
SWP Erkner	512	0	512
SWP Coswig	381	0	381
Other	2,431	0	2,431
	27,345	0	27,345

4.1.3 Property, plant and equipment

Property, plant, and equipment consist of the following:

2011/2012 financial year

	Acquisition and production costs					Carrying amounts	
€ thousand	1/7/2011	Additions	Reclassi-fications	Disposals	30/6/2012	30/6/2012	30/6/2011
Land, leasehold rights and buildings including buildings on third-party land	164,775	231	2,867	10	167,863	102,649	102,314
Technical equipment and machinery	644	4	0	0	648	100	117
Other plant, operating and office equipment	35,843	1,204	0	999	36,047	9,122	9,546
Finance leases for operating and office equipment	8,609	15	0	1,833	6,792	1,557	2,929
Deposits paid and assets under construction	5,030	503	–2,867	0	2,666	2,666	5,030
Total	214,901	1,957	0	2,842	214,017	116,094	119,936

Previous year

	Acquisition and production costs					Carrying amounts	
€ thousand	1/7/2010	Additions	Reclassi-fications	Disposals	30/6/2011	30/6/2011	30/6/2010
Land, leasehold rights and buildings including buildings on third-party land	163,173	55	1,551	4	164,775	102,314	102,589
Technical equipment and machinery	644	0	0	0	644	117	140
Other plant, operating and office equipment	36,371	544	–258	813	35,843	9,546	10,897
Finance leases for operating and office equipment	8,841	497	0	729	8,609	2,929	4,237
Deposits paid and assets under construction	6,305	1,029	–2,299	5	5,030	5,030	6,304
Total	215,334	2,125	–1,006	1,552	214,901	119,936	124,168

The additions from finance leases for operating and office equipment amounting to € 15 thousand (previous year € 497 thousand) result from the conclusion of contracts in the 2011/2012 financial year which under IAS 17 must be classified as finance leases.

Additions to assets under construction primarily relate to an expansion of the laundry service of Promint amounting to € 416 thousand. Moreover, there was a reclassification for the concluded property Flora Marzina in the 2011/2012 financial year into land and buildings in the amount of € 2,861 thousand.

4.1.4 Properties held as financial instruments

As in the previous year, no properties were held as financial instruments.

4.1.5 Other financial assets

As at the balance sheet date, other financial assets amounted to € 9.7 million (previous year: € 10.1 million) and consisted of the following:

€ thousand	30/6/2012	30/6/2011
Receivables from finance leasing	6,311	6,792
Other loans	2,142	1,873
Reinsurance of pensions	949	1,127
Other securities	188	188
Investments	76	76
Total	9,666	10,056

In accordance with IAS 17, other financial assets include the properties in Ortenau and Herrenalb, as well as a lease contract on office supplies concluded in the 2010/2011 financial year, for which the Marseille-Kliniken Group is lessor.

The asset values of pension guarantees relate to Karlsruher-Sanatorium AG in the amount of € 726 thousand (previous year: € 843 thousand) and Mineralquelle Waldkirch Verwertungsgesellschaft mbH in the amount of € 223 thousand (previous year: € 284 thousand). Liability insurance does not entail plan assets in the meaning of IAS 19.

Other loans consist particularly of rent deposits of € 194 thousand (previous year: € 193 thousand), saving instalments of € 1,722 thousand (previous year: € 1,484 thousand) for a non-current loan, and the non-current portion of rent surcharges of € 171 thousand (previous year: € 196 thousand).

4.1.6 Deferred tax assets

Provided that they are apportioned to the same tax unit, deferred tax liabilities are set off against deferred tax assets.

As at 30 June 2012 there were total corporation tax losses carried forward amounting to € 41.9 million (previous year: € 41.2 million), which can essentially be utilised with no time limitation.

Deferred tax assets are applied to the tax losses carried forward at the consolidated companies to the extent that the company in question is likely to benefit from the expected use of tax losses carried forward during the next five financial years. Against the backdrop of existing budgeting and various measures introduced, it is expected that the losses can be used in an adequate amount and that the current tax burden will be lessened in a corresponding amount.

Where it does not seem likely that future taxed profits of a company will allow for tax relief to be realised due to existing losses carried forward, deferred tax assets cannot in principle be used against losses carried forward, and appropriate value adjustments will be made to deferred tax assets.

Deferred tax assets for tax losses carried forward not matched by deferred tax liabilities or only matched to a minor extent were recognised for 15 Group companies. For two Group companies, deferred tax assets on the tax losses carried forward were shown against higher deferred tax liabilities, so that the deferred tax assets were fully set off.

For a total of five Group companies, the existing profit and loss transfer agreements to Marseille-Kliniken AG were rescinded as of 30 June 2012 in order to make future use of existing tax losses carried forward within the Group. In total, deferred tax assets of € 647 thousand were set up and offset against existing deferred tax liabilities.

The following overview shows the tax losses carried forward for which deferred tax assets were formed or offset against deferred tax liabilities and the other valuation differences for which deferred tax assets were formed:

	Temporary differences		Tax on this	
€ thousand	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Tax losses carried forward	27,730	22,563	4,388	3,571
Pension provisions/ anniversary bonuses	538	0	85	0
Total deferred tax assets	**28,268**	**22,563**	**4,473**	**3,571**
Offsetting against deferred tax liabilities	3,228	0	510	0
Disclosure of deferred tax assets	**–**	**–**	**3,963**	**3,571**

4.1.7 Inventories

Inventories fell by € 0.1 million to € 1.4 million compared to the previous year (€ 1.5 million).

Raw materials, consumables and supplies amounted to € 1.3 million (previous year: € 1.4 million). These consisted mainly of energy resources as well as food and beverages.

4.1.8 Trade receivables

Trade receivables declined marginally by € 46 thousand from € 10,181 thousand overall on 30 June 2011 to € 10,135 thousand.

€ thousand	30/6/2012	30/6/2011
Receivables before value adjustments	13,110	12,796
less value adjustments	–2,976	–2,615
Receivables after value adjustments	**10,135**	**10,181**

Trade receivables from related parties and their affiliated companies which are more than one year old bore interest of 8.12% (previous year: 8.12%).

Trade receivables contain value adjustments for ascertained default risks amounting to € 3.0 million (previous year: € 2.6 million). Value adjustments developed as follows:

€ thousand	2011 | 2012	2010 | 2011
As at 1 July	2,615	1,581
Additions	520	380
Reclassifications/consumptions	145	916
Reversals	304	262
Total as at 30 June	**2,976**	**2,615**

Receivables older than 360 days are written down at a fixed rate of 20% and those older than 720 days at a fixed rate of 40%. Receivables that lawyers have been appointed to recover are written down at 60%.

The term structure of non-impaired receivables is shown in Section 12.5 in the notes on credit risk.

4.1.9 Other receivables and assets

Other receivables and assets are made up as follows:

€ thousand	30/6/2012	30/6/2011
Loans to St. Nikolaus Hospital, Büren	256	229
Short-term share of finance lease agreements	456	408
Bonuses/reimbursements	367	1,043
Prepaid expenses	151	87
Loans to Mr Marseille	146	106
Loans to SCS AG	126	2,687
Loans to Mrs Marseille	0	3,022
Other receivables	1,125	1,701
	2,627	**9,283**

The previous year saw a loan claim from SCS AG amounting to € 2,687 thousand. Loans from third parties in the previous year included a loan from SCS Betrium GmbH (incl. interest) totalling € 2,578 thousand. The two claims were offset with the merging of SCS Betrium GmbH with SCS AG.

In the lapsed financial year, the loan claim of € 3,022 thousand from Mrs Marseille was repaid in full by setting this off against purchase price liabilities from the acquisition of shares in Karlsruher-Sanatorium AG and Mineralquelle Waldkirch Verwertungsgesellschaft mbH. Further details about the loans to Mrs and Mr Marseille are provided in the information on related persons and companies.

The insolvency proceeding was opened through the asset of St. Nikolaus Hospital in Büren in the 2010/2011 financial year. The original receivable was written down, with the exception of the expected insolvency dividend.

Other receivables declined in the reporting year by € 576 thousand from € 1,701 thousand to € 1,125 thousand. The drop resulted mainly from the settlement of receivables.

Value adjustments amounting to € 2,752 thousand (previous year: € 2,551 thousand) were carried out for other receivables and assets:

€ thousand	30/6/2012	30/6/2011
Other receivables and assets before value adjustments	5,379	11,834
less value adjustments	-2,752	-2,551
Other receivables and assets after value adjustments	**2,627**	**9,283**

Development of value adjustments

€ thousand	2011 | 2012	2010 | 2011
As at 1 July	2,551	2,374
Additions	223	152
Reclassifications	0	141
Reversals	22	116
Total as at 30 June	2,752	2,551

4.1.10 Current tax claims

Current tax receivables of € 1.3 million (previous year: € 2.0 million) are made up of current corporation tax receivables, including the solidarity surcharge, of around € 0.4 million overall (previous year: € 1.4 million), trade tax receivables of € 0.7 million (previous year: € 0.4 million), and a tax credit pursuant to § 37 of the German Corporation Tax Act (KStG) of € 1.1 million (previous year: € 1.2 million), € 0.9 million of which is posted under non-current assets (payment for the years 2012-2017).

4.1.11 Cash and cash equivalents

As at 30 June 2012, cash and cash equivalents totalling € 11,696 thousand (previous year: € 9,488 thousand) contained cash on hand amounting to € 181 thousand (previous year: € 172 thousand) and cash at banks totalling € 11,516 thousand (previous year: € 9,315 thousand).

Of the cash and cash equivalents, a total of € 0.4 million (previous year: € 0.4 million) cannot be disposed of freely. Specifically, these consist of time deposits which are pledged up to the amount of € 414 thousand as at the balance sheet date (previous year: € 411 thousand). The fixed-term balances are for terms of less than three months.

4.1.12 Non-current assets held for sale

As at 30 June 2012, the conditions for presentation under non-current assets held for sale have not been met.

4.2 Consolidated balance sheet – liabilities

4.2.1 Equity

Group equity as at 30 June 2012 was € 37,015 thousand (previous year: € 34,195 thousand). The changes are reported in the statement of changes in equity.

Capital control

The most important aims of financial management are a sustained increase in enterprise value, the securing of liquidity, and the maintenance of the Group's credit standing. The reduction of capital costs and improvement in cash flow from financing activities play as important a role as optimisation of the capital structure and effective risk management.

As part of its financing and lease agreements, the Group has also signed agreements on financial covenants. The financial covenants relate, amongst other things, to a net debt ratio. Some of the sale-and-leaseback agreements contain various escalation levels in the event of non-compliance with the financial covenants, such as the depositing of additional security or the possible extraordinary termination of the loan agreement. By keeping the necessary cash reserves available, it is possible to make additional security deposits. The degree of compliance with the covenants is checked regularly by the Group's controlling department and managed as part of its internal risk management function. In this respect, the capital control also relates to compliance with these minimum requirements. The financial covenants were met in full in the 2011/2012 financial year.

With regard to credit standing, the Group's financial strategy is aimed at improving its rating category. The Group's rating is based on the debt ratios published by the rating agencies, which (in various forms) compare cash flow during a period to net indebtedness. In recent years, divestment and operating cash flows have been used mainly to reduce net debt in order to implement this strategy. The maintenance of an appropriate equity base (equity ratio) likewise serves to improve the Group's rating.

The Company assumes that the financial covenants will also be met in future.

Subscribed capital

Subscribed capital (share capital) of the parent company Marseille-Kliniken AG amounts to € 37,320,000.00 and is divided into 14,580,000 bearer shares, each representing capital of € 2.56 (rounded). The subscribed capital is fully paid in. The subscribed capital of € 37,153 thousand takes into account the transaction costs directly posted in equity due to the capital increased carried out in the year prior on 24 May 2011.

At the Annual General Meeting on 27 January 2012, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital up to 27 January 2017 by issuing up to 7,290,000 new bearer shares in return for cash and/or capital contributions in one or more tranches by a total of up to € 18,660,000 (authorised capital).

The Management Board is authorised, subject to the approval of the Supervisory Board, to resell treasury shares other than via the stock exchange or by an offer to all shareholders and to suspend shareholders' subscription rights. If certain conditions are fulfilled, the Management Board, with the consent of the Supervisory Board, is authorised to suspend shareholders' subscription rights.

Capital reserve

The capital reserve concerns the premium from cash deposits within the framework of the capital increases amounting to € 800.00.

Revenue reserve

The revenue reserve of € 1,302 thousand (previous year: € 915 thousand) includes a statutory reserve in the amount of € 882 thousand (previous year: € 495 thousand) and other revenue reserves in the amount of € 420 thousand (previous year: € 420 thousand).

Balancing items from a step transaction

The balancing item from a step transaction is a result of the acquisition of additional shares of companies already fully consolidated in years prior. According to the regulations of IAS 27, this transaction was considered as a payment between investors. Consequently, the purchase price exceeding the minority interest carried as a liability after deducting any accruing transaction costs is appointed to its own item.

Treasury stock

There were no transactions with treasury stock in the 2011/2012 financial year. Please also see Section 8.

Time valuation reserve

The interest hedging transactions with no effect on income are shown in the time valuation reserve. These are two interest rate swaps which were acquired in order to hedge floating-rate loans. This has the effect of transforming the future floating-rate loans into fixed-rate loans. As at 30 June 2012 the time valuation reserve contains the negative market values of the interest swaps of € 760 thousand (previous year: € 440 thousand), less deferred taxes of € 120 thousand (previous year: € 69 thousand). The market value was ascertained using the mark-to-market method.

Foreign currency differences

The balancing item from the currency translation amounting to € 91 thousand (previous year: € 96 thousand) refers to the currency translation for the financial statements of the foreign subsidiary in Switzerland.

Minority interests

Additional shares in companies already fully consolidated in the years prior were acquired in the 2011/2012 financial year.

The minority interests remaining as at 30 June 2012 can be seen in the list of shareholdings in Section 2.1.3 Group companies.

Information on stock option programmes

The existing stock option programme was terminated upon Management Board member Stefan W. Herzberg's resignation. No payment was required.

4.2.2 Deferred investment grants

The following table shows the development of government grants:

€ thousand	2011 | 2012	2010 | 2011
Opening	41,569	42,993
Reverse through profit and loss	1,589	1,424
Closing	**39,980**	**41,571**
of which non-current	*39,980*	*41,569*

As in previous years, this item refers mainly to grants for nursing care facilities operated by the Group. The investment grants are released on a pro-rata basis and posted in other operating income.

4.2.3 Long- and short-term financial debt

Liabilities to banks and insurance companies, bond liabilities, finance lease liabilities, and derivative financial instruments (swap transactions) are reported under financial debt.

Non-current financial debt comes to a total of € 52,867 thousand (previous year: € 36,424 thousand) and is made up of the issue of a bond amounting to € 11,861 thousand (previous year: € 0 thousand), liabilities to banks (€ 39,345 thousand; previous year: 34,086 thousand) and insurance companies (€ 26,945 thousand; previous year: € 34,086 thousand), derivative financial instruments of € 760 thousand (previous year: € 440 thousand), and finance lease liabilities of € 801 thousand (previous year: € 1,824 thousand).

Short-term debt of € 4,665 thousand (previous year: € 20,654 thousand) includes current liabilities to banks in the amount of € 3,509 thousand (previous year: € 4,459 thousand), finance lease liabilities of € 1,023 thousand (previous year: € 1,469 thousand) and interest payables amounting to € 132 thousand. In the previous year, the bond liability was classified as short-term due to the fact that it was due for repayment on 8 December 2011. This bond was repaid following the issue of a new bond in November 2011.

The newly placed bond from November 2011, with a term of two years and an overall volume of € 15.0 million, bears an interest rate of 9.5% p.a. in the first year and 12.5% p.a. in the second year and was repaid after the first year.

Total long and short-term financial debt as at the balance sheet date was € 57,532 thousand (previous year: € 57,078 thousand). The utilisation of current lines of credit and interest-bearing loans as at 30 June 2012 and at last year's reporting date can be seen from the following table.

€ thousand	Original amount	Value 30/6/2012	of which < 1 year	of which > 1 year
Financial debt	89,786	57,532	4,665	52,867
of which:				
fixed-interest financial debt	*89,786*	*57,532*	*4,665*	*52,867*
floating-interest financial debt	*0*	*0*	*0*	*0*

€ thousand	Original amount	Value 30/6/2011	of which < 1 year	of which > 1 year
Financial debt	100,045	57,078	20,654	36,424
of which:				
fixed-interest financial debt	*99,993*	*57,078*	*20,654*	*36,424*
floating-interest financial debt	*52*	*0*	*0*	*0*

Financial debt in the amount of € 43.0 million (previous year: € 38.5 million) is secured by mortgages as well as pledged assets and third-party guarantees (including local authority guarantees).

The following table contains the fixed interest periods and their original and carrying amounts at the end of the financial year (excluding leases and interest hedging):

Term of interest rate € thousand	30/6/2012 Original amount	30/6/2012 Carrying amount
30/6/2013	15,352	11,405
30/6/2014	29,807	22,874
30/6/2015	405	107
30/6/2016	21,843	10,016
from 1/7/2017	10,770	10,544
	78,177	54,946

Term of interest rate € thousand	30/6/2011 Original amount	30/6/2011 Carrying amount
30/6/2012	38,970	23,881
30/6/2013	10,734	8,620
30/6/2014	23,943	12,658
30/6/2015	405	154
30/6/2016	13,253	4,393
from 1/7/2016	3,899	3,838
	91,204	53,544

The long-term financial debt also includes derivative financial instruments which serve the purpose of hedging future payment flows (cash flow hedging). These are two interest rate swaps which were acquired in order to hedge floating-rate loans. Any risks for the Company which arise from holding interest rate swaps result from the change in the market interest rate and any fluctuations in market value which may result from that. There are no significant credit risks, however, as the hedging transaction was concluded with the financing bank.

The terms of the interest rate swaps correspond fully with those of the loan agreements, with the result that no ineffectiveness arises in the interest rate swaps.

The interest rate swaps meet the requirements of IAS 39. Please also see our notes under "Management of financial risks".

With regard to the statements on finance lease liabilities, we refer to the explanatory notes on Leasing.

4.2.4 Pension obligations

Some employees have been promised regular payments after retirement under the Company pension scheme. This involves almost exclusively defined benefit plans in the form of rights to Company pension payments in accordance with § 1 of the German law for the improvement of Company pension provisions (BetrAV G). Eligible employees receive a pension upon disability or at the latest as of their 65th birthday (for men) or 60th birthday (for women).

The amount of the pension is determined on the basis of classification into groups receiving 5%, 10% or 15% of the pensionable salary. Eligible male employees have surviving dependents' rights amounting to 61% of the old-age or disability pension or of the accumulated rights to such pensions.

Pension obligations are fully funded and cover both pensions that are already being paid and rights to pensions payable in future. Pensions are generally calculated on the basis of length of service with the Company and pension contributions.

The development of pension provisions over the course of the 2011/2012 financial year is shown in the following table:

€ thousand	2011 | 2012	2010 | 2011
Present value of total commitment at the beginning of the financial year	12,930	14,268
Service cost	2	3
Interest cost	646	690
Provision payments	-1,072	-1,123
Actuarial gains and losses	1,589	-908
Present value of total commitment at the end of the financial year	**14,095**	**12,930**

Pension obligations had the following present values at the reporting dates for the last five financial years:

€ thousand	30/6/2012	30/6/2011	30/6/2010	30/6/2009	30/6/2008
Carrying amount provision	14,095	12,930	14,268	16,364	16,898

The calculations used a discount rate of 3.95% (previous year 5.20%), salary increases of up to 1.00% (previous year: 1.00% p.a.), an average fluctuation of 0.00% p.a. (previous year: 0.00% p.a.) and pension increases of 1.10% (unchanged).

The employer's pension liability insurance does not satisfy the criteria of IAS 19 for plan assets. As such, it is not deducted from the value of the provisions, but is instead shown under other non-current assets.

Actuarial gains and losses are recognised in full in income. The consolidated income statement contains expenses from actuarial losses amounting to 1,589 thousand (previous year: income of € 908 thousand) and interest expenses amounting to € 643 thousand (previous year: € 690 thousand).

Payments for defined-contribution plans to the Company's own pension fund for employees and payments for two nursing homes to the federal and state pension fund amounted to a total of € 744 thousand for the 2011/2012 financial year (previous year: € 969 thousand). The probable expenses for the subsequent financial year can be expected to be of a similar magnitude.

Employer contributions to statutory pension insurance came out to € 7,771 thousand in the 2011/2012 financial year (previous year: € 7,482 thousand).

4.2.5 Deferred taxes

Deferred tax liabilities amounting to € 4,945 thousand (previous year: € 7,067 thousand) result from the negative balance of deferred tax assets and deferred tax liabilities, insofar as this offsetting is permissible and the deferred tax claims or liabilities relate to the same tax authority. If this offsetting results in a positive amount, this is shown as a non-current asset.

For the calculation of deferred tax liabilities, the deferred tax assets referring to existing tax losses carried forward of some companies are accounted for and netted against these liabilities.

As in the previous year, this was based on a tax rate of 15.825%.

Deferred tax liabilities can be allocated as follows:

	Temporary differences		*Taxes on these amounts*	
€ thousand	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Losses carried forward	3,228	2,143	511	339
Pension provisions/ anniversary bonuses	3,484	1,463	465	232
SWAP	760	856	120	135
Other	0	196	0	31
Total deferred tax assets	7,472	4,658	1,097	737
Intangible assets	3,963	4,245	627	672
Property, plant and equipment	29,645	28,789	4,691	4,556
Reserves under § 6b Income Tax Act (EStG)	4,500	16,282	712	2,577
Other	72	0	11	0
Total deferred tax liabilities	38,180	49,316	6,042	7,804
Closing			-1,097	-737
Disclosure of deferred tax liabilities	–	–	4,945	7,067

The deviations in property, plant and equipment are largely based on differing tax depreciation rates for the Company's properties.

The decline in deferred tax liabilities for reserves pursuant to § 6b of the Income Tax Act (EStG) is primarily based on the reversal of a reserve for SWP Wolmirstedt GmbH in the amount of € 9,014 thousand and the adjustment of the reserve pursuant to § 6b of the Income Tax Act (EStG) for Karlsruher-Sanatorium AG totalling € 2,768 thousand. The remaining reserve pursuant to § 6b of the Income Tax Act (EStG) amounting to € 4,500 thousand was carried over to the property of an unconsolidated subsidiary.

The differences in pension provisions and anniversary bonuses are the result of a considerable increase in pension provisions in the consolidated financial statements prepared according to IFRS due to lower underlying discount rates, while the provisions for tax purposes remained stable as a result of the legally stipulated interest rate.

4.2.6 Current provisions

Changes in other current provisions are shown in the following table:

2011/2012 financial year

€ thousand	1/7/2011	Use	Reversal	Addition	30/6/2012
Litigation risks	2,249	2,042	181	94	120
Outstanding invoices	5,044	4,520	524	1,941	1,941
Legal and consultancy costs	587	585	2	385	385
Archiving provisions	325	33	0	33	325
Personnel provisions					
Holiday bonus	2,664	2,445	219	2,310	2,310
Christmas bonus	707	566	40	1,319	1,420
Employer's liability insurance	394	380	14	325	325
Disability contribution	119	103	16	109	109
Overtime pay	1,925	319	157	283	1,732
Personnel severance pay	191	127	11	258	311
Profit-sharing	451	256	195	261	261
Time supplements	207	205	2	149	149
Employee bonuses	197	158	38	260	261
Other	1,600	0	1,600	200	200
Other	3,402	657	483	1,493	3,755
	20,062	12,396	3,482	9,420	13,604

Previous year

€ thousand	1/7/2010	Use	Reversal	Addition	30/6/2011
Litigation risks	1,176	883	0	1,956	2,249
Outstanding invoices	4,167	3,380	787	5,044	5,044
Legal and consultancy costs	443	443	0	587	587
Archiving provisions	325	0	0	0	325
Personnel provisions					
Holiday bonus	2,419	2,251	168	2,664	2,664
Christmas bonus	786	750	36	707	707
Employer's liability insurance	255	249	6	394	394
Disability contribution	121	80	41	119	119
Overtime pay	1,678	1,459	219	1,925	1,925
Personnel severance pay	1,516	356	1,160	191	191
Profit-sharing	359	241	118	451	451
Time supplements	180	153	27	207	207
Employee bonuses	150	28	122	197	197
Other	1,752	62	90	0	1,600
Other	4,191	1,164	127	502	3,402
	19,518	11,499	2,901	14,944	20,062

Most of the **other provisions** have remaining terms of up to one year and do not bear interest.

The change in **provisions for litigation risks** mainly refers to the conclusion of litigation for the former facility in Bad König. The district court Hamburg has ordered Karlsruher-Sanatorium-AG, with a ruling from 27 September 2010, to pay an amount of € 1,426 thousand plus interest since 24 December 2009. The higher regional court in Hamburg confirmed the ruling of the district court. The payment for this was made in the 2011/2012 financial year.

Provisions for the employers' liability insurance association include the employers' liability insurance premiums expected for the 2011/2012 financial year. The amount of the provision is dependent on several variables, which are determined every year by the employers' liability insurance association. The provisions were allocated on the basis of unchanged parameters from the previous financial year. Employers' liability insurance premiums are always due in May of the subsequent year.

A **disability contribution** must be paid if government quotas for the employment of disabled people are not met. As this affects several Group companies, provisions have been set aside to cover this eventuality.

The **provision for profit-sharing and bonuses** refers to the earnings for the 2011/2012 financial year and to the performance-related payments to managers and employees of Group companies. These payments are generally authorised and paid in the second quarter of the subsequent financial year.

Other personnel provisions relate principally to the release of possible obligations for employees taken on in prior years amounting to € 1,600 thousand. This is based on the change in the legal situation due to high-court adjudication.

4.2.7 Trade payables

Trade payables amounted to € 8,460 thousand as at the reporting date (previous year: € 10,774 thousand), a decrease of € 2,314 thousand.

4.2.8 Current tax liabilities

Current tax liabilities totalling € 3,222 thousand (previous year: 3,106 thousand) consist of the following:

€ thousand	30/6/2012	30/6/2011
Corporate income tax	3,203	1,565
Trade tax	19	74
Value-added tax	–	9
Wage income tax, other	–	1,458
Total	**3,222**	**3,106**

Wage income tax and value-added tax are shown under other current liabilities, unlike in the previous year (current tax liabilities).

Current tax liabilities have a residual term to maturity of up to one year and are reported at their anticipated repayable amount.

4.2.9 Other current liabilities

The following table shows the components of miscellaneous current liabilities:

€ thousand	30/6/2012	30/6/2011
Deferred income	5,986	5,504
Customers with credit balances	1,681	1,549
Liabilities to financial authorities	1,673	0
Rent deposits and securities received	48	43
Liabilities from social security contributions	30	380
Purchase price liabilities from the acquisition of AAP (Gera)	2	1,030
Loans from third parties	0	2,740
Liabilities from legal disputes	0	999
Other	1,216	696
	10,636	12,941

The accrued income item principally consists of prepaid revenue for the following month.

Unlike in the previous year, liabilities to financial authorities were not shown under current tax liabilities in the reporting year. The current account was amended as a result of the insignificant change in the item overall. Please also see Section 4.2.8.

Loans from third parties in the previous year included a loan from SCS Betrium GmbH (incl. interest) totalling € 2,578 thousand. At the same time, the previous year saw a loan claim from SCS AG amounting to € 2,687 thousand. Claims and liabilities were offset with the merging of SCS Betrium GmbH with SCS AG.

5. Explanatory notes to the consolidated income statement

5.1 Revenues

In the reporting year revenues rose by 2.7% from € 190.0 million to € 195.1 million. The rise primarily resulted from the improvement in bed occupancy and the expansion of service offerings.

5.2 Other operating income

In the current financial year, other operating income amounted to € 11.4 million (previous year: € 12.1 million) and consists of the following:

€ thousand	2011 | 2012	2010 | 2011
Income from the reversal of provisions	3,482	2,901
Grants for personnel	2,122	1,213
Income from the reversal of investment grants	1,589	1,424
Neutral income	771	573
Rent and leasehold income	538	454
Income from the reversal of allowances	327	378
Benefits in kind for automobiles	103	136
Income from other accounting periods	92	605
Income from asset disposals	46	620
Other refunds	33	48
Income from the increase in asset value of liability insurance	17	193
Income from the reversal of pension provisions	0	908
Gains from the disposal of lease assets	0	606
Other	2,321	2,066
	11,439	12,125

The change in provisions is described under point 4.2.6. Neutral income primarily consists of insurance reimbursements for claims.

5.3 Cost of materials

The cost of materials includes expenses for raw materials, consumables, and supplies, purchased goods and the cost of purchased services. Operating expenses are recognised in the income statement as at the time the service is utilised or caused. As there is no deduction of input tax, expenses additionally include statutory value-added tax.

Expenses for raw materials, consumables, and supplies rose by € 2.1 million from € 19.0 million in the previous year to € 21.1 million. This was due particularly to the € 0.9 million increase in food expenses and the € 0.8 million rise in energy costs, which was primarily attributable to the greater business volume and the higher energy prices.

The cost of purchased services rose by € 0.2 million from € 1.9 million in the previous year to € 2.1 million, particularly due to higher house-cleaning and laundry costs. This was also mainly attributable to the higher business volume.

5.4 Personnel expenses

Personnel expenses are as follows:

€ thousand	2011 | 2012	2010 | 2011
Wages and salaries	83,748	80,807
Profit-sharing and bonuses	693	912
Employer's liability insurance	760	734
Social security contributions	15,926	15,266
Old-age provisions	821	1,064
	101,948	98,783

The average number of employees in the 2011/2012 financial year (headcount), divided into groups, is shown in the following table:

Full-time employees	2011 | 2012	2010 | 2011
Doctors	8	9
Nursing staff	3,108	2,952
	3,116	2,961
Housekeeping staff	1,085	1,038
Technical staff	104	99
Administrative staff	413	424
	1,602	1,561
Total	4,718	4,522

5.5 Depreciation and amortisation

Depreciation and amortisation in the reporting year amounted to € 6.7 million (previous year: € 8.0 million).

There were no impairments of intangible assets in the current financial year. An impairment of property, plant and equipment amounting to € 0.3 million was carried out in the 2011/2012 financial year (previous year € 0.0). The previous year saw impairments of intangible assets of € 0.8 million. Amortisation of capitalised finance leases amounted to € 1.4 million (previous year: € 1.8 million).

5.6 Other operating expenses

Other operating expenses at € 62.8 million (previous year: € 68.2 million) fell compared to the previous year.

The composition of other operating expenses can be seen in the following table:

€ thousand	2011 | 2012	2010 | 2011
Rent and lease payments	37,189	38,217
Legal and consultancy costs	4,942	5,728
Administrative expenses	4,143	5,137
Repair and maintenance costs	4,021	4,122
Funding for housekeeping	1,856	2,306
Value adjustments, losses from receivables	1,617	532
Actuarial losses from the revaluation of pensions	1,589	0
Marketing and representation expenses, Annual General Meeting	1,533	2,247
Vehicle and aircraft costs	859	853
Insurance	663	831
Fees, contributions	473	638
Other social security costs	451	396
Ongoing education and training	436	216
Damages	329	250
Losses from deconsolidation	90	36
Compensation payments	0	1,000
Insolvency damages	0	916
Expenditures in connection with a former Group company	23	1,718
Other expenses	2,557	3,064
	62,771	68,207

The decrease in rental and lease payments was mostly due to expiring lease agreements.

The reduced expenses for legal and consultancy costs were predominantly a result of the lower level of litigation carried out in the 2011/2012 financial year.

Administrative expenses consist primarily of expenses for IT services amounting to € 1.2 million (previous year: € 1.3 million) and for telephone and fax services in the amount of € 0.7 million (previous year: € 1.0 million), as well as expenses for outside staff amounting to € 0.5 million (previous year: € 0.4 million).

For impairment charges and bad debt losses see notes 4.1.8 and 4.1.9.

Legal and consulting costs include fees detailed below for the auditors (including expenses and value-added tax) for the consolidated financial statements as at 30 June 2012:

€ thousand	2011 | 2012	2010 | 2011
Audit of financial statements 2011/2012	339	0
Audit of financial statements 2010/2011	190	312
Audit of financial statements 2009/2010	0	15
Other certification and valuation services	0	27
Other services	24	14
	553	368

5.7 Financial result

The financial result is as follows:

€ thousand	2011 | 2012	2010 | 2011
Interest income from finance leases	324	344
Interest from audits	495	0
Interest from loans and fixed deposits	515	707
Financial income	**1,334**	**1,051**
Interest paid on loans	3,821	3,703
Interest expense for pension provisions	646	690
Interest on provisions	346	165
Interest on audits	780	0
Interest paid on finance leases	308	492
Other interest	34	31
Financial expenses	**5,935**	**5,081**
Financial result	**–4,601**	**–4,030**

5.8 Income taxes

Income taxes include both current and deferred taxes. The following table shows the offsetting and reconciliation of expected and actual tax expenses. To determine the anticipated tax expenses, earnings before taxes are multiplied by the corporation tax rate of 15.825% (including solidarity surcharge), which has remained unchanged since the previous year.

€ thousand	2011 | 2012	2010 | 2011
Earnings before taxes	**6,302**	**1,632**
Group tax rate	**15.825%**	**15.825%**
Expected tax charge	**997**	**258**
Effects of varying domestic tax rates	35	457
Tax increase due to non-deductible expenses	103	74
Tax increase due to off-balance sheet additions	0	172
Tax reduction due to tax-free income	-8	0
Tax reduction due to use of tax losses carried forward, previous year of no value	-48	0
Activation of losses carried forward, previous year of no value	-1,361	-2,415
Tax increase due to losses in current year, of no value	234	202
Tax increase due to devaluation of deferred taxes on losses carried forward	386	0
Taxes from other accounting periods	-566	217
Effect from losses of non-profit organisations	64	0
Other effects	0	-111
Actual tax charge	**–164**	**–1,146**
Actual tax rate	-2.60%	-70.20%

Tax income from other periods is particularly a result of the positive trade tax effects of the audit conducted for the period 2005 to 2008 with an extensive exemption from trade tax for Marseille-Kliniken AG.

The tax increases from non-deductible operating expenses are mostly based on non-deductible interest on subsequent tax payments for the audit from 2005 to 2008 pursuant to § 233a of the German Tax Code (AO).

The effects of capitalising tax losses carried forward result from the termination of tax groups as at 30 June 2012 with five subsidiaries, which have losses carried forward from prior to the tax groups, and from the capitalisation of deferred taxes on losses carried forward of Mineralquelle Waldkirch Verwertungsgesellschaft mbH.

The breakdown of income taxes is as follows:

€ thousand	2011 | 2012	2010 | 2011
Deferred tax income	-2,419	-2,670
Current tax charge	2,255	1,524
Income taxes	**–164**	**–1,146**

5.9 Other taxes

Other taxes rose by € 387 thousand to € 936 thousand and, in addition to property taxes, above all included subsequent payment of value-added tax for the years 2004-2009 due to the audit conducted.

5.10 Minority interests in Group net profit/loss

The proportion of Group net profit/loss attributable to minority interests is € 2 thousand (previous year: € -93 thousand).

5.11 Group net profit/loss

Group net profit/loss for the 2011/2012 financial year amounts to € 6,466 thousand (previous year: € 2,777 thousand). Of the total, € 6,464 thousand (previous year: € 2,870 thousand) was attributable to the shareholders of the parent company and € 2 thousand (previous year: € -93 thousand) to minority interests.

6. Additional notes on financial instruments

The following table contains the fair value and corresponding carrying amount for each class of financial asset and financial liability. Any resultant differences represent the amount of hidden reserves or charges in the financial instruments:

€ thousand	Measurement category under IAS 39	Carrying amount 30/6/2012	Fair value 30/6/2012	Carrying amount 30/6/2011	Fair value 30/6/2011
ASSETS					
Non-current financial assets					
Loans	LaR	2,142	2,142	1,873	1,873
Asset-side pension coverage	Fvtpl	949	949	1,127	1,127
Shareholdings	AfS	76	76	76	76
Other securities	AfS	188	188	188	188
Finance leases	IAS 17/LaR	6,311	6,311	6,792	6,792
Current financial assets					
Trade receivables	LaR	10,135	10,135	10,181	10,181
Finance leases	IAS 17/LaR	456	456	408	408
Other receivables	LaR	2,021	2,021	8,788	8,788
Cash and cash equivalents	n.a.	11,696	11,696	9,488	9,488
LIABILITIES					
Non-current financial liabilities					
Financial debts	FLAC	51,306	51,306	34,160	34,160
Finance leases	IAS 17/FLAC	801	801	1,824	1,824
Derivative financial instruments	Derivates in effective hedging relationship	760	760	440	440
Current financial liabilities					
Financial debts	FLAC	4,665	4,665	19,185	19,185
Finance leases	IAS 17/FLAC	1,023	1,023	1,469	1,469
Trade payables	FLAC	8,460	8,460	10,774	10,774
Other current financial liabilities	FLAC	2,977	2,977	7,054	7,054

Aggregated in accordance with measurement categories, the assets and liabilities are as follows:

	Assets		*Liabilities*		*Assets*		*Liabilities*	
€ thousand	Carrying amount 30/6/2012	Fair value 30/6/2012	Carrying amount 30/6/2012	Fair value 30/6/2012	Carrying amount 30/6/2011	Fair value 30/6/2011	Carrying amount 30/6/2011	Fair value 30/6/2011
Loans and receivables (LaR)	14,298	14,298	–	–	20,842	20,842	–	–
Fair value through profit and loss (Fvtpl)	949	949	–	–	1,127	1,127	–	–
Available for sale (AfS)	264	264	–	–	264	264	–	–
Finance lease receivables valued at present value (IAS 17)	6,767	6,767	–	–	7,200	7,200	–	–
Financial liabilities at cost (FLAC)	–	–	67,408	67,408	–	–	71,099	71,099
Finance lease liabilities valued at present value (IAS 17)	–	–	1,824	1,824	–	–	3,293	3,293
Derivates in an effective hedging relationship	–	–	760	760	–	–	440	440

Cash and cash equivalents, trade receivables, and other receivables primarily have short remaining terms. Their carrying amounts therefore represent the fair value as at the balance sheet date. The asset values of liability insurance policies are reported at their fair value in accordance with actuarial reports. The loans do not bear interest, as the interest component has been taken into account in the rent with the result that our estimation of the fair value corresponds to the carrying amount. The equity investments and other securities are valued at acquisition cost, which likewise correspond to estimated fair values, and have an insignificant influence on the Group.

The interest terms agreed for existing financial liabilities to banks largely take account of prevailing market rates. We therefore assume that the carrying amount shown reflects the fair value.

The interest rate used as the basis for the reported lease obligations mainly corresponds to the effective interest rate prevailing on the market for lessors of selected leased items.

Derivative financial instruments exist in the form of swap transactions, which are stated at their fair value using the mark-to-market method.

Trade payables, current financial liabilities, and other liabilities regularly have short remaining terms. The values recognised therefore represent fair values.

All of the above assets and liabilities are held to maturity.

The net profits or losses as well as interest income and expenses of the financial assets and liabilities are as follows:

€ thousand	*Interest income/ expense* 2011 | 2012	*Net result* 2011 | 2012	*Interest income/ expense* 2010 | 2011	*Net result* 2010 | 2011
Loans and receivables (LaR)	515	–1,290	673	–154
Financial lease receivables valued at present value (IAS 17)	324	0	378	0
Financial liabilities at cost (FLAC)	–3,821	0	–3,734	0
Financial lease liabilities valued at present value (IAS 17)	308	0	–492	0
Derivates in an effective hedging relationship	0	–271	0	–334
Total	**–2,674**	**–1,561**	**–3,175**	**–488**

7. Segment reporting

The planned Company strategy stipulates focussing the business activities on the two core segments of inpatient and outpatient care. The restructuring measures carried out and particularly the sale of the rehabilitation segment have prompted the Group to focus its activities on nursing care. The change on the management level had a major influence on the business performance of Marseille-Kliniken AG and led to a standardisation of existing segments into the single segment of nursing care.

From today's perspective, the planned revenues in the field of outpatient care will not exceed the quantitative thresholds in the next few years in accordance with IFRS 8.13. For this reason, the previous split by business segment is no longer a part of the internal reporting (management approach).

There is also no geographical level of classification used for segment reporting, as the Group operates almost exclusively in Germany.

8. Earnings per share

In calculating basic earnings per share, the portion of the profit attributable to shareholders of the parent company is divided by the weighted average number of ordinary shares in circulation during the course of the financial year (i.e. without treasury shares).

The total number of shares is 14,580,000 (previous year: 14,580,000), comprising 115,675 treasury shares (previous year: 115,675) and 14,464,325 shares in circulation (previous year: 14,464,325) as at the balance sheet date. The table below shows the future trend in terms of the number of treasury shares:

Date	Number of shares bought	Number of shares sold	Share price in €	Number of shares	Market value in €	Percentage of share capital in %	Amount of share capital in €
As of 1 July 2011	0	0	8.032	115,675	929,079.62	0.79	246,741.60
As of 30 June 2012	0	0	8.032	115,675	929,079.62	0.79	246,741.60

In the period between the balance sheet date and the preparation of the consolidated financial statements, Marseille-Kliniken AG carried out no transactions with ordinary shares or potential ordinary shares.

9. Dividends paid and proposed

The net profit of Marseille-Kliniken AG (individual financial statements) will be carried forward.

There are no plans to pay a dividend.

10. Consolidated statement of changes in equity

The statement of changes in equity shows the development of equity.

11. Consolidated cash flow statement

The cash flow statement has been divided up according to operating activities, investing activities, and financing activities. Cash flow from operating activities is presented according to the indirect method.

The funds as at 30 June 2012 include cash and cash equivalents of € 11,696 thousand (previous year: € 9,488 thousand), which comprise cash on hand amounting to € 180 thousand (previous year: € 172 thousand) and cash at banks amounting to € 11,516 thousand (previous year: € 9,315 thousand). Of the cash and cash equivalents, a total of € 414 thousand (previous year: € 411 thousand) cannot be disposed of freely. See 4.1.11 for more details.

12. Miscellaneous information

12.1 Contingent liabilities

Unrestricted letters of comfort were issued by Marseille-Kliniken AG in such a way as to guarantee obligations arising from lease agreements with individual subsidiaries. This refers to the lease agreements between Logo 7. Grundstücksverwaltungsgesellschaft mbH, Senioren-Wohnpark Landshut GmbH and AMARITA Oldenburg GmbH and non-Group leasing companies. An unlimited liquidity guarantee was given in respect of SWP – Senioren-Wohnpark Klötze GmbH so that it could meet its obligations from property lease agreements.

Some lease agreements entitle the lessor to terminate sale-and-leaseback contracts if the counterparty is in default.

In connection with the bankruptcy of a former Group company, the lease agreement between this company and the lessor was terminated prematurely by the insolvency administrator. Adequate provisions have been set aside for still outstanding rents and operating costs. The maximum possible risk arising from these obligations and litigation risks is € 9.1 million.

The contracts related to the sale of the rehabilitation companies in the 2009/2010 financial year contain tax exemption clauses for previous financial years.

There is also the general risk of sale-and-leaseback contracts being terminated if the contractual financial covenants are not met.

Marseille-Kliniken AG is involved in several passive legal disputes, in which the Company expects claims to be extremely unlikely.

There are no further contingent liabilities as at the balance sheet date.

12.2 Leasing

Lessees – financial leases

The assets classified as finance leases include the capital goods assigned to operating and office equipment. In the classification of lease agreements for moveable goods, an internal interest rate of 11.1% (previous year: 11.1%) was used as the basis for calculating their present value. This interest rate was derived on the basis of a review of agreements for selected leased items.

The significant obligations entered into during the term of the lease agreements concern, in addition to the lease payments themselves, the bearing of maintenance costs and insurance premiums. The terms of the lease agreements generally range from three to five years and also contain prolongation options with varying conditions.

The table below shows the assets which are used within the framework of finance leases:

€ thousand	30/6/2012	30/6/2011
Acquisition costs	6,792	8,609
less:		
accumulated depreciation	-5,235	-5,680
Net carrying amount	**1,557**	**2,929**

€ thousand	30/6/2011	30/6/2010
Acquisition costs	8,609	8,841
less:		
accumulated depreciation	-5,680	-4,605
Net carrying amount	**2,929**	**4,236**

The future minimum lease payments for the finance leases described above amount to:

30 June 2012 € thousand	Present value	Interest	Minimum leasing rate
During the first year	1,023	164	1,184
1st to 5th year	801	72	877
After 5 years	0	0	0
Total	**1,824**	**236**	**2,061**

The previous year's figures as at 30 June 2011 are as follows:

30 June 2011 € thousand	Present value	Interest	Minimum leasing rate
During the first year	1,469	308	1,768
1st to 5th year	1,824	238	2,072
After 5 years	0	0	0
Total	**3,293**	**546**	**3,840**

Lessors – financial leases

The other financial assets classified as receivables from finance leases are mainly the result of leases for the properties in Herrenhalb and Ortenau since the 2009/2010 financial year. In the classification of lease agreements for property, a weighted internal interest rate of 5.43% was used as the basis for calculating their present value.

The residual terms for the lease agreements are 20.5 years. A residual value has not been applied.

Receivables from finance leases are determined as follows:

€ thousand	30/6/2012	30/6/2011
Outstanding minimum lease payments	10,495	12,312
+ not guaranteed residual values	0	0
= Gross investment	**10,495**	**12,312**
– Unrealised financial income	3,728	5,112
= Present value of minimum lease payments	**6,767**	**7,200**

The terms of the gross payment inflows expected from the finance lease agreements and their present values are as follows:

30 June 2012 € thousand	Total gross investment	Present value of minimum lease payments
During the first year	808	456
1st to 5th year	2,576	2,193
After 5 years	7,111	4,118
Total	**10,495**	**6,767**

The previous year's figures as at 30 June 2011 were as follows:

30 June 2011 € thousand	Total gross investment	Present value of minimum lease payments
During the first year	808	408
1st to 5th year	2,858	1,381
After 5 years	8,646	5,411
Total	**12,312**	**7,200**

12.3 Contingent claims

In a legal dispute between Marseille-Kliniken AG, Zug (Switzerland) and the government of Equatorial Guinea, contractual claims have been made. Due to existing realisation uncertainties, no accounting of these claims has been made.

12.4 Operating lease agreements and other financial obligations

The Group's overall obligations from operating lease and other financial obligations amount to € 549.5 million (previous year: € 580.1 million) as at the balance sheet date 30 June 2012. The annual lease payments resulting from operating lease agreements were reported in the amount of € 37.2 million (previous year: € 38.2 million) with effect on expenses in the reporting year.

Of the operating lease agreements, the sum of € 539.7 million (previous year: € 567.5 million) is accounted for by property rented under long-term arrangements. The long-term agreements covering these 42 (previous year: 42) rented or leased properties are classified as operating leases by IAS 17 and are included in the balance sheet of the lessor. The underlying lease agreements generally have terms of 20 to 25 years. The contracts stipulate that rents can be increased by an amount that is proportional to an increase in the consumer price index.

The remaining terms for the operating lease obligations are as follows:

2011/2012 financial year

€ thousand	2011 | 2012	Remaining terms: Up to 1 year	1-5 years	> 5 years
Rental and lease agreements (property and moveable goods)	539,713	34,588	139,660	365,464
Building and lease agreements	7,055	203	814	6,038
Lease agreements (operating/office equipment incl. vehicles)	2,644	1,265	1,339	40
Service agreements	105	21	73	11
Total	549,517	36,077	141,886	371,553

Previous year

€ thousand	2010 | 2011	Remaining terms: Up to 1 year	1-5 years	> 5 years
Rental and lease agreements (property and moveable goods)	567,455	32,906	132,384	402,165
Building and lease agreements	7,259	203	814	6,242
Lease agreements (operating/office equipment incl. vehicles)	4,109	1,920	2,096	93
Service agreements	1,300	1,097	177	26
Total	580,123	36,126	135,471	408,526

Contractual price escalation clauses (indexing) and changes in duration have been taken into account for the measurement of other financial obligations.

There were no contingent liabilities or important other financial obligations as at the balance sheet date.

12.5 Management of financial risks

The Marseille-Kliniken Group is exposed to risks from, in particular, changes to interest rates with regard to its assets, liabilities, and planned transactions. The goal of financial risk management is to limit these market risks by means of ongoing operational and finance-oriented activities. Depending on how the risk is assessed, selected derivative and non-derivative hedging instruments can be used. In general, only those risks which could have an effect on the Group's cash flow are hedged.

Derivative financial instruments are used only as hedging instruments, meaning they are not used for trading or other speculative purposes. To minimise the default risk, hedging transactions are carried out only with leading financial institutions.

The basic features of financial policy are determined annually by the Management Board and monitored by the Supervisory Board. Implementation of the financial policy and ongoing risk management is the responsibility of specified persons within the Group (finance department). Transactions require prior approval from the Management Board, which is also kept informed on a regular basis about the scope and amount of the current risk exposure.

Effective management of the market risk is a major responsibility. In order to estimate the effects of different circumstances on the market, simulated calculations are made on the basis of worst-case and market scenarios if required.

See the Risk report section in the management report for further information.

Interest risk/market price risk

Derivative financial instruments were held in the form of two interest rate swaps in the 2011/2012 financial year.

Marseille-Kliniken AG had concluded two loan agreements with HSH Nordbank in the 2008/2009 financial year which serve to finance the construction project in Herne. Two fixed-interest swaps were concluded in order to hedge this floating-rate loan. This has the effect of transforming the future floating-rate loans into fixed-rate loans.

The terms of the interest rate swaps correspond with the terms of the loan agreements, with the result that no ineffectiveness arises in the interest rate swaps. The interest rate swaps are held to maturity and meet the requirements of IAS 39. They were still designated as hedging transactions in the 2011/2012 financial year.

As at 30 June 2012 the time valuation reserve within equity contains negative market values of € 760 thousand (previous year: € 440 thousand) were accrued in the time valuation reserve directly under equity. The market value was ascertained using the mark-to-market method.

Equalisation payments resulting from interest-rate hedge agreements amounting to € 271 thousand became due in the 2011/2012 financial year. These payments were removed from the time valuation reserve with effect on income and recognised in net interest.

The derivative financial instruments consist of the following:

€ thousand	Nominal volume	Market value[1] as of 30/6/2012
SWAP 1	6,553	-222
SWAP 2	2,968	-538
Total	9,521	-760

€ thousand	Nominal volume	Market value[1] as of 30/6/2011
SWAP 1	7,395	-227
SWAP 2	3,045	-213
Total	10,440	-440

[1] = clean prices

The redemption payments (anticipated cash flows) of the swaps are apportioned as follows:

30 June 2012

€ thousand	
0 to 1 year	964
1 to 2 years	1,011
2 to 3 years	1,060
3 to 4 years	1,112
4 to 5 years	1,166
5 to 12 years	4,207
Total	9,520

30 June 2011

€ thousand	
0 to 1 year	920
1 to 2 years	964
2 to 3 years	1,011
3 to 4 years	1,060
4 to 5 years	1,112
5 to 12 years	5,373
Total	10,440

In order to estimate what effects hypothetical changes in relevant risk variables can have on earnings and equity, IFRS 7 stipulates that sensitivity analyses be carried out. As at the balance sheet date 30 June 2012, the Marseille-Kliniken Group was exposed primarily to interest rate risks. The effects are determined by comparing the hypothetical changes to risk variables with the value of financial instruments as at the balance sheet date. This is based on the assumption that the value as at the balance sheet date is representative of the whole year.

The interest sensitivity analyses are based on the following assumptions:

Changes to the market interest rates for primary financial instruments with fixed interest rates affect earnings only if these instruments are valued at fair value. This means that all financial instruments with fixed interest rates valued at amortised cost present no interest rate risk as per IFRS 7.

Changes to the market interest rates for financial instruments which are designated as hedging instruments as part of cash flow hedging in order to hedge against interest-related payment variations have an effect on the hedging reserve in equity and are therefore included in equity-related sensitivity calculations.

Market interest rate changes also affect the net interest income of primary floating-rate financial instruments where the interest rate risks associated with the interest payments for these instruments are not hedged against using hedging transactions as part of cash flow hedging. As a result, these changes are included in earnings-related sensitivity calculations.

Changes to the market interest rates for interest derivatives (interest rate swaps, interest rate/currency swaps), which are not linked to a hedging transaction pursuant to IAS 39, affect the other financial result (valuation result from the adjustment of financial assets to fair value) and are therefore taken into account in earnings-related sensitivity calculations.

If the market interest rate as at 30 June 2012 had been 100 basis points higher (or lower) than it was, earnings before taxes would have been around € 0.3 million (previous year: € 0.3 million) higher or some € 0.3 million lower (previous year: € 0.4 million).

The interest rate sensitivity has decreased as a result of taking up fixed-interest mortgages.

With regard to cash flow hedges, a change in the interest rate of +/– 100 basis points would have the following effect on equity:

2011/2012 financial year

Increase/decrease in basis points	Effect on equity in € million
+ 100	+ 0.3
- 100	- 0.4

Previous year

Increase/decrease in basis points	Effect on equity in € million
+ 100	+ 0.3
- 100	- 0.4

Liquidity risk

Liquidity risk refers to the danger of the Marseille-Kliniken Group being unable to meet its present or future payment commitments fully or on time.

A refinancing risk is a special form of liquidity risk which arises when required liquidity cannot be obtained on the expected terms when it is needed.

In addition, a liquidity risk can arise from a possible change in the market interest rate. This risk is countered by means of suitable terms to maturity and a balanced relationship between fixed-interest and floating-rate net financial liabilities.

Notes

As at 30 June 2012, the Group's financial liabilities had the following due dates. The information is provided on the basis of the contractual, undiscounted payments, with consideration given to the anticipated interest payments.

30 June 2012

	Maturities			
€ thousand	< 1 year	1 to 5 years	> 5 years	Total
Interest-bearing loans[1] and interest-rate hedges	6,900	33,632	34,195	74,727
Finance leases	1,023	801	0	1,824
Trade payables	8,460	0	0	8,460
Other financial liabilities	4,648	0	0	4,648
Total	**21,031**	**34,433**	**34,195**	**89,659**

[1] interest and redemption payment without credit lines

30 June 2011

	Maturities			
€ thousand	< 1 year	1 to 5 years	> 5 years	Total
Interest-bearing loans[1] and interest-rate hedges	21,855	19,381	27,235	68,471
Finance leases	1,768	2,072	0	3,840
Trade payables	10,774	0	0	10,774
Other financial liabilities	7,436	0	0	7,436
Total	**41,833**	**21,453**	**27,235**	**90,521**

[1] interest and redemption payment without credit lines

Prudent liquidity management which involves maintaining sufficient reserves of cash and cash equivalents also helps to eliminate liquidity risk. A further hedging measure is the provision of liquidity throughout the Group by a central cash pool management system.

Financial covenants
Binding financial ratios were agreed with the lessors of properties. These are currently being fulfilled in their entirety by Marseille-Kliniken AG.

Credit risk
The Group's business activities expose it to a credit risk. Credit risk means the risk of insolvency or deterioration in the credit standing of a contractual partner.

The maximum default risk from financial assets (e.g. cash and cash equivalents, securities, loans, receivables, derivatives) corresponds to the carrying amount shown in the balance sheet.

In operating activities, outstanding amounts are continuously monitored on a divisional, i.e. decentralised, basis. As part of its risk management activities, the Marseille-Kliniken Group strives to avoid a default risk with regard to its customer receivables. As the Marseille-Kliniken Group generates the bulk of its revenues from pension insurance companies and statutory and private health insurance organisations, the credit risk must generally be classified as low. All other significant counterparties have to undergo a credit assessment. Any default risks over and above this are taken into account by means of individual write-downs and general write-downs based on the term structure.

The consolidated financial statements contain receivables which are due but for which no provisions have been set up. These receivables have the following due dates. The table includes loans, trade receivables, and other receivables, similar to the way allocations are made to the measurement category "Loans and receivables".

€ thousand	30/6/2012	30/6/2011
Receivables neither due nor written down	10,886	17,493
Receivables due, but not written down		
fewer than 30 days	5,265	5,079
between 31 and 90 days	1,282	1,214
between 91 and 180 days	1,118	800
between 181 and 360 days	593	1,477
more than 360 days	0	0
Total	**19,144**	**26,063**
Residual carrying amount of written-down receivables	1,920	1,979
Net carrying amount	**21,064**	**28,042**

Currency risk
The transactions in foreign currencies were only of low amounts, with the result that no hedging transactions for currency risks were necessary.

12.6 Investments in Marseille-Kliniken AG made known to the Company pursuant to § 21(1) or 21(4) of the German Securities Trading Act (WpHG)

1. Pursuant to § 21(1) of the German Securities Trading Act (WpHG), Dr h.c. Carsten Maschmeyer, Germany, informed us on 20 December 2011 that his share of voting rights in Marseille-Kliniken AG had exceeded the thresholds of 3% and 5% on 16 December 2011 and on that day amounted to 5.33%. This amounts to 776,478 of the total 14,580,000 voting rights in Marseille-Kliniken AG.

   4.49% (654,478 voting rights) is allocated to Dr h.c. Carsten Maschmeyer in accordance with § 22(1)(1) no. 1 of the German Securities Trading Act (WpHG).

   Assigned voting rights are thus held via the following companies controlled by him with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more:

   - Paladin Asset Management GmbH
   - MM Vermögensverwaltungs- GmbH & Co. KG

2. Pursuant to § 21(1) of the German Securities Trading Act (WpHG), MM Vermögensverwaltungs- GmbH & Co. KG, Hanover, Germany, informed us on 20 December 2011 that its share of voting rights in Marseille-Kliniken AG had exceeded the threshold of 3% on 16 December 2011 and on that day amounted to 4.49%. This amounts to 654,478 directly or indirectly held voting rights of the total 14,580,000 voting rights in Marseille-Kliniken AG.

   This 4.49% (654,478 voting rights) is allocated to MM Vermögensverwaltungs- GmbH & Co. KG in accordance with § 22(1)(1) no. 1 of the German Securities Trading Act (WpHG).

   Assigned voting rights are thus held via the following companies controlled by it with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more:

   - Paladin Asset Management GmbH

3. Pursuant to § 21(1) of the German Securities Trading Act (WpHG), Paladin Asset Management GmbH, Hanover, Germany, informed us on 20 December 2011 that its share of voting rights in Marseille-Kliniken AG had exceeded the threshold of 3% on 16 December 2011 and on that day amounted to 4.49%. This amounts to 654,478 directly held voting rights of the total 14,580,000 voting rights in Marseille-Kliniken AG.

12.7 Supervisory Board

The members of the Supervisory Board are and were:

Dr Dr hc. Thomas Middelhoff, Businessman, Chairman and Founding Partner Pulse Capital Partners LLC, New York, Bielefeld (Chairman starting 27 September 2011)

Supervisory Board member:
- Senator Entertainment AG, Berlin (Chairman)
- New York Times Company, New York, USA
- 3W Power S.A./AEG Power Solutions, Luxembourg/Zwanenburg, Netherlands
- ePals, Inc., Herndon (USA) (Chairman ePals Europe)
- NeuPals Dalian Educational Information Technologies Co., Ltd., China (Vice Chairman of the Board)

Advisory Board:
- Westfälische Wilhelms-Universität Münster – Member of the university council, Münster
- Oxford University Centre for Corporate Reputation, Oxford, UK – Member of the Global Advisory Board
- Fitch, Paris, France

Mr Hans-Hermann Tiedje, media entrepreneur, Berlin (Deputy Chairman)

Management Board member:
- WMP EuroCom AG, Berlin (Chairman)

Supervisory Board member:
- Hofkontor AG, Büdelsdorf
- Columbia Hospital AG, Berlin

Mr Uwe Bergheim, communications manager, Dusseldorf (Chairman until 27 September 2011)

Management:
- Falke KGaA, Schmallenberg (Chairman)

Advisory Board:
- DMK Deutsches Milchkontor GmbH, Everswinkel

Prof. Dr med. Matthias Schönermark, university professor, managing partner, SKC Beratungsgesellschaft mbH, Hanover

Mrs Estella-Maria Marseille, lawyer, Hamburg

Supervisory Board member:
- Columbia Hospital AG, Berlin

Prof. Dr sc. med. Dietmar Enderlein, OMR Professor, CEO of the MEDIGREIF Group, Greifswald (starting 27 January 2012)

Mr Mathias D. Kampmann, business manager, Hamburg until 27 January 2012)

In the 2011/2012 financial year, members of the Supervisory Board received aggregate remuneration of € 301 thousand (previous year: € 153 thousand).

12.8 Management Board

Mr Michael Thanheiser, Neustadt

Mr Stefan W. Herzberg, Ratingen, Head of Marketing & Care division (until 10 October 2011)

Advisory Board:
- Tente-Rollen GmbH, Wermelskirchen

Dr Thomas Klaue, Pullach, CFO and Deputy Chairman (until 4 October 2011)

Supervisory Board member:
- IEP – Innovative Energie für Pullach GmbH, Pullach

Mr Ulrich Marseille, Hamburg, CEO (until 31 August 2011)

Supervisory Board member:
- Karlsruher-Sanatorium-AG, Hamburg (Chairman)
- WMP EuroCom AG, Berlin
- Columbia Hospital AG, Berlin

On 31 August 2011 Mr Ulrich Marseille resigned from office as Chairman of the Management Board. On 1 September 2011 Mr Stefan W. Herzberg took over the office. Dr Thomas Klaue left the Company on 4 October 2011 and Mr Stefan W. Herzberg left on 10 October 2011. On 1 August 2011, Mr Michael Thanheiser, Neustadt, was appointed as a member of the Management Board responsible for Group auditing and IT. Mr Michael Thanheiser has been the sole member of the Management Board since 10 October 2011.

The Company is represented by two Management Board members or by one Management Board member and an authorised signatory. If only one Management Board member has been appointed, he/she shall represent the Company alone. The Supervisory Board may exempt members of the Management Board from the restrictions of § 181 of the German Civil Code (BGB).

The members of the management bodies were paid as follows for 2011/2012:

Management Board € thousand	2011 | 2012 fixed	2011 | 2012 variable	2011 | 2012 total
Mr Michael Thanheiser	156	84	240
Mr Ulrich Marseille	33	0	33
Mr Stefan W. Herzberg	88	39	127
Dr Thomas Klaue	88	133	221
Total	**365**	**256**	**621**

The members of the management bodies were paid as follows for 2010/2011:

Management Board € thousand	2010 | 2011 fixed	2010 | 2011 variable	2010 | 2011 total
Mr Ulrich Marseille	257	0	257
Dr Thomas Klaue	273	0	273
Mr Stefan W. Herzberg	210	0	210
Mr Axel Regenhardt	134	0	134
Total	**874**	**0**	**874**

Remuneration for members of the Management Board in the financial year was paid exclusively by Marseille-Kliniken AG. The only loans between the Company and members of the Management Board in the reporting year concerned the Mr Ulrich Marseille. A detailed list can be found in section 12.9 below.

Pension payments to former Management Board members and their surviving dependants amounted to € 57 thousand (previous year: € 57 thousand). Provisions amounting to € 561 thousand (previous year: € 495 thousand) have been set aside for future obligations.

12.9 Related party disclosures

Business relationships between all the companies included in the consolidated financial statements are eliminated in their entirety in those consolidated financial statements. Business transactions between the companies in the Marseille-Kliniken Group and related parties are disclosed as follows:

All in all, trade receivables and receivables arising from loans to the Marseille family and these related companies amount to € 1.0 million (previous year: € 7.4 million), while liabilities amount to a total of € 0.7 million (previous year: € 4.4 million). The Marseille-Kliniken Group acquired or made use of goods and services, as well as assets, from related persons and companies in the amount of € 4.0 million (previous year: € 6.1 million). The Marseille-Kliniken Group delivered or rendered goods and services totalling € 0.6 million (previous year: € 0.1 million) to related persons and companies during the reporting period.

In the course of the 2011/2012 financial year, Group companies conducted the following transactions with related persons and companies that do not belong to the Group:

1. Marseille-Kliniken AG, as a legal successor of VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH, rents the administrative building (including inventory) at Sportallee 1 in Hamburg. The contract with Citycomp Grundstücks GbR expires on 31 December 2019 and the monthly rent is € 60 thousand. After the fixed rental period expires, the rental agreement is extended for an indefinite period and can be terminated by either party to the contract with six months' notice as of 30 June and 31 December of any given year. The resulting rental expense in the 2011/2012 financial year amounted to € 720 thousand.

2. Hansel/Gehrckens Grundstücks GbR signed a licence agreement with Allgemeine Soziale Dienstleistungen gGmbH. The expense in the reporting year came out to € 36 thousand.

   In addition, meeting places and office spaces are rented in Tangerhütte in connection with this. Allgemeine Soziale Dienstleistungen gGmbH as a result accrued expenses of € 15 thousand in the 2011/2012 financial year.

3. The following business relationships exist between Marseille-Kliniken AG and SCS Standard Computersysteme AG:

   - Due to the merging of SCS Betrium GmbH with SCS AG, the loan receivable of Marseille-Kliniken AG (1 July 2011: € 2,687 thousand) was offset against the original loan liability to SCS Betrium GmbH (1 July 2011: € 2,578 thousand) in the lapsed financial year. This left a remaining receivable of € 126 thousand. Interest is calculated using the German Central Bank's base rate plus a margin of 2.0% and a risk premium of 4.5%. Interest income amounted to € 8 thousand in the reporting year.

   - SCS Standard Computersysteme AG performed services on the basis of customer support, software maintenance, and development contracts. These led to expenses of € 510 thousand in the 2011/2012 financial year. Furthermore, Marseille-Kliniken AG capitalised expenses of € 100 thousand as a result of the further development of Senator Software.

   - A service agreement on the assumption of financial and personnel accounting and a rental agreement for premises at Alsterkrugchaussee 283 exist between Marseille-Kliniken AG and SCS Standard Computersysteme AG. This resulted in income of € 6 thousand in the 2011/2012 financial year. In addition, Marseille-Kliniken AG generated income in the 2011/2012 financial year from the cost transfer of consulting expenses having accrued in years prior to SCS Standard Computersysteme AG in the amount of € 240 thousand.

   - A rental agreement on premises at Heselstücken 7, Hamburg exists between Marseille-Akademie GmbH and SCS Standard Computersysteme AG. The contract resulted in income of € 7 thousand in the 2011/2012 financial year.

4. The following business relationships exist between Marseille-Kliniken AG and Mrs Estella-Maria Marseille:

   - Mrs Estella-Maria Marseille was granted a loan of € 1,722 thousand with a loan agreement in 2001 for the acquisition of shares in Karlsruher-Sanatorium AG (Kasanag). The loan was secured through the pledging of the 28,802 Kasanag shares acquired. Including the accrued interest of € 1,128 thousand, the loan was valued at € 2,849 thousand as at 29 June 2012. The loan was settled with the purchase price liability from the acquisition of shares in Karlsruher-Sanatorium AG by Mrs Estella-Maria Marseille in the amount of € 2,200 thousand. The purchase price of the shares is based on an auditor's report. The remaining amount of € 649 thousand has been repaid. The interest income in the reporting year amounted to € 161 thousand.

   - Mrs Estella-Maria Marseille was granted a loan of € 175 thousand by Marseille-Kliniken AG for the acquisition of shares in Mineralquelle Waldkirch Verwertungsgesellschaft mbH. Including accumulated interest of € 120 thousand, the loan in June 2012 amounted to € 295 thousand. The loan has been repaid including accumulate interest. The interest rate is calculated at the refinancing rate of the lender plus a profit margin of 1.0% per annum. Interest income came out to € 16 thousand in the reporting year.

   - In June 2012 Mrs Estella-Maria Marseille sold her shares in Mineralquelle Waldkirch Verwertungsgesellschaft mbH to Marseille-Kliniken AG at a purchase price of € 940 thousand. The purchase price of shares in Mineralquelle Waldkirch Verwertungsgesellschaft mbH is based on an auditor's report.

   - The law firm of Mrs Estella-Maria Marseille performed various consultancy services for Marseille-Kliniken AG in the 2011/2012 financial year. The Company's Supervisory Board approved these services. The expense in the 2011/2012 amounted to € 417 thousand. Of this, € 60 thousand pertained to fees passed on, expenditures, legal costs and other costs passed on.

5. The following business relationships exist between Marseille-Kliniken AG and Telekommunikation TV Service – TTVS – GmbH:

   - The residual purchase price liabilities to Telekommunikation TV Service – TTVS – GmbH remaining from the purchase of AAP – Allgemeine Ansgar Pflegedienste GmbH in the 2009/2010 financial year were repaid in an amount of € 529 thousand in the reporting year. Including accrued interest, the liabilities amounted to € 529 thousand as at 30 June 2012. The residual purchase price liabilities to Mr Ulrich Marseille were also repaid in full in the lapsed financial year, including accrued interest totalling € 498 thousand. The interest from these liabilities at 8.0% p.a. in the reporting year resulted in interest expenses of 48 thousand for Marseille-Kliniken AG.

   - A contract for the operation of an SAP environment from 2009 between Marseille-Kliniken AG as the legal successor of VDSE – Verwaltungsdienstleister sozialer Einrichtungen GmbH and Telekommunikation TV Service –TTVS- GmbH yielded income of € 31 thousand for Marseille-Kliniken AG. Trade receivables and other receivables bear interest of 8.0 percentage points above the base rate according to § 247 in connection with § 288 BGB, accordingly 8.12% p.a. The interest on receivables from Telekommunikation TV Service – TTVS – GmbH brought Marseille-Kliniken AG as the legal successor of VDSE – Verwaltungsdienstleister sozialer Einrichtungen GmbH interest income of € 15 thousand.

6. The following legal relationships existed between Marseille-Kliniken AG and Held Bau Consulting GmbH:

   - Held Bau Consulting GmbH performed various services for Marseille-Kliniken AG on a contractual basis. These amounted to € 850 thousand in the lapsed 2011/2012 financial year.

   - In the scope of a lease and fleet management agreement, Marseille-Kliniken AG as the legal successor of VDSE – Verwaltungsdienstleister sozialer Einrichtungen GmbH generated income of € 2 thousand in the 2011/2012 financial year. Trade receivables and other receivables bear interest of 8.0 percentage points above the base rate according to § 247 in connection with § 288 BGB, accordingly 8.12% p.a. Interest income of € 1 thousand was generated from the interest on receivables from Held Bau Consulting GmbH.

   - A sublease agreement exists for the premises at Heselstücken 7, Hamburg, between Marseille-Akademie GmbH and Held Bau Consulting GmbH. The contract resulted in income of € 35 thousand in the 2011/2012 financial year.

   - There is a cleaning contract between Pro Work Dienstleistungsgesellschaft mbH and Held Bau Consulting GmbH. This resulted in income of € 5 thousand in the 2011/2012 financial year.

   - In connection with its construction activities for the Group, Held Bau Consulting GmbH claimed interest from Marseille-Kliniken AG and some subsidiaries for the late payment of final revision and account settlements in the amount of € 220 thousand. Inversely, Marseille-Kliniken AG claimed interest for the late payment of receivables by Mr Ulrich Marseille, Mrs Estella-Maria Marseille, and companies affiliated with them for a total of € 224 thousand. In the scope of a payment concluded in 2011/2012, Held Bau Consulting GmbH waived the interest claims of € 220 thousand and, in turn, Marseille-Kliniken AG waived interest receivables of € 224 thousand, thus offsetting claims and liabilities with the exception of € 4 thousand. As for interest claimed by Held Bau Consulting GmbH, a reserve was created in the 2010/2011 financial year, thus yielding no expenses for the 2011/2012 financial year.

7. A loan agreement between TD Artos Verwaltungsgesellschaft mbH and Marseille-Kliniken AG was signed in 2005. After the increase in the loan by € 10 thousand in the reporting year, the loan was valued at € 176 thousand on 30 June 2012. The interest rate of 6.0% p.a. on the loan resulted in interest income of € 10 thousand in the 2011/2012 financial year.

8. An agreement on the cession of right to use of an aircraft exists between SGS GmbH and Marseille-Kliniken AG as the legal successor of VDSE – Verwaltungsdienstleister sozialer Einrichtungen GmbH. This yielded expenditures of € 182 thousand in the reporting year.

9. Final compromise talks regarding a remaining receivable (including interest) of Pro Work Dienstleistungsgesellschaft mbH (for short: Pro Work) in the amount of € 270 thousand from EWG Hansel Wohnungs KG (for short: EWG), a company with which Mr and Mrs Marseille are affiliated, were carried out in the 2011/2012 financial year, as the cleaning services invoiced by Pro Work in previous years had not been received in full. In order to accommodate the threat of a default risk, a provision of € 200 thousand was set aside in the annual financial statements as at 30 June 2011. The final compromise led to an additional expense of € 25 thousand in the 2011/2012 financial year.

10. A rental agreement for the premises at Julius-Sturm-Strasse 1 in Gera was signed between DL Immobilienverwaltung GmbH & Co "Altmark Ansgar" KG and Allgemeine Ansgar Pflegedienste GmbH in 2008. This resulted in rent expenses of € 83 thousand in the reporting period.

11. Mr Andreas Fickenwirth was appointed the Managing Director of Marseille Projektgesellschaft Bremerhaven mbH and the real estate company Nikolaus Büren mbH in the 2011/2012 financial year. At the same time, Mr Fickenwirth held management posts at Held Bau Consulting Projekt- und Steuerungsgesellschaft and M. Held GmbH & Co. Baubetreuungs KG.

12. The following legal relationships exist between Marseille-Kliniken AG and Mr Ulrich Marseille as well as the companies with which he is affiliated:

- A consultancy contract between Marseille-Kliniken AG and Mr Ulrich Marseille was signed in September 2011 with an initial term through 31 August 2012. The Company's Supervisory Board approved the consulting activities. The contract was extended automatically by one additional year. The expense in the 2011/2012 financial year amounted to € 119 thousand.

- As at 30 June 2012, AAP- Allgemeine Ansgar Pflegedienste GmbH had receivables including accumulated interest from Mr Ulrich Marseille and companies with which he is affiliated in a total amount of € 8 thousand.

- The interest charged on short-term loans at 6% p.a. granted during the year by Ulrich Marseille and companies with which he is affiliated yielded interest income of € 1 thousand for AAP- Allgemeine Ansgar Pflegedienste GmbH.

- Other receivables bear interest of 8.0 percentage points above the base rate according to § 247 in connection with § 288 BGB, accordingly 8.12% p.a. The interest on receivables from Mr Ulrich Marseille yielded interest income of € 11 thousand for Allgemeine Dienstleistungsgesellschaft mbH -ADG- in the reporting year.

- As at 30 June 2012, the liabilities including interest to Mr Ulrich Marseille and companies with which he is affiliated totalled € 4 thousand.

- The interest charged on short-term loans at 6% p.a. granted during the year by Mr Ulrich Marseille and companies with which he is affiliated yielded interest expenses of € 1 thousand for AAP- Allgemeine Ansgar Pflegedienste GmbH.

- In the 2007/2008 financial year, Mr Ulrich Marseille had granted a loan, which was charged interest in the amount of the average refinancing rate of Marseille-Kliniken AG plus a margin. The loan was paid off in the 2009/2010 financial year. The interest invoiced through to the repayment of the loan proved to be too high after being reviewed in the 2011/2012 financial year. The correction led to an expenditure of € 106 thousand.

- In connection with the bond issued by Marseille-Kliniken AG on 28 November 2011, an option-writer contract was signed between Mr Ulrich Marseille and Marseille-Kliniken AG. This did not yield expenses for Marseille-Kliniken AG.

- In the 2011/2012 financial year, Marseille-Kliniken AG took over the payroll accounting for various companies with which Mr Ulrich Marseille is affiliated. The assumption of this service yielded revenues of € 17 thousand for Marseille-Kliniken AG in the reporting year.

13. The following legal relationships exist between Marseille-Kliniken AG and Mr Hans-Hermann Tiedje and companies with which he is affiliated:

- A project agreement existed between Marseille-Kliniken AG and WMP EuroCom AG, Berlin (WMP) and was terminated as of 31 August 2012. The agreement was paid at a rate of € 25 thousand per month plus sales tax until 30 September 2011 and was reduced to € 20 thousand per month plus sales tax with effect from 1 October 2011. The expenses amounted to € 303 thousand in the 2011/2012 financial year. WMP offers consulting services for all matters relating to public affairs – the purpose of the contract consisted of the following services:

  - Assumption of all communication by the partner of WMP
  - Improvement in the image of the target group, in personnel and the financial market
  - More positive public image

- Hans-Hermann Tiedje Leasing GmbH & Co. KG, Ebersberg, was granted an annuity loan for € 83 thousand by Marseille-Kliniken AG in the 2010/2011 financial year. The loan is not secured, and was valued at € 21 thousand including accrued interest as at 30 June 2012. The income resulting from the interest rate of 6% p.a. totalled € 1 thousand.

- Two callable lease agreements were concluded between PROMINT/Dienstleistungsgruppe Neuruppin GmbH and Hans-Hermann Tiedje Leasing GmbH & Co. KG, Ebersberg, as at 30 December 2009 and 21 December 2010. Given the non-callable contractual relationship in the fixed lease terms of 36 and 24 months, respectively, there are financial obligations of € 35 thousand overall for the remaining period. Lease expenditures in the 2011/2012 financial year amounted to € 106 thousand.

14. The following legal relationships existed between Marseille-Kliniken AG and M. Held GmbH & Co. Baubetreuungs KG:

- Marseille-Kliniken AG and subsidiaries as well as Mr Ulrich Marseille and companies with which he is affiliated had signed a framework agreement with an architecture firm in 2005 on the planning / construction supervision with various building projects (including the "AMARITA" construction series). A settlement for a total of € 162 thousand was agreed upon before the Hamburg higher regional court in 2008 in the scope of a legal dispute regarding the compensation of the architecture firm. The expenditures resulting from this were initially taken over by M. Held GmbH & Co. Baubetreuungs KG and have now been passed on on a pro-rata basis. The result is an expense of € 108 thousand in the reporting year.

- In connection with a construction project by SWP Friedland GmbH, interest receivables of € 84 thousand were claimed by M. Held GmbH & Co. Baubetreuungs KG. Part of these interest receivables was considered through a provision for outstanding invoices in the 2010/2011 financial year in the amount of € 45 thousand, thus resulting in an expense of € 39 thousand in the 2011/2012 financial year.

15. Prof. Dr Enderlein acquired a bond worth € 3,000 thousand through a company with which he is affiliated. The bond conditions are described in the notes to the consolidated financial statements under item 4.2.3.

12.10 Publication

The consolidated financial statements for the 2011/2012 financial year will be submitted to the official company register and published in the electronic German Federal Gazette (Bundesanzeiger).

The following Group companies are included in the consolidated financial statements of Marseille-Kliniken AG and use the exemptions pursuant to § 264(3) of the German Commercial Code (HGB):

- Senioren-Wohnpark Neuruppin GmbH,
- Senioren-Wohnpark Treuenbrietzen GmbH,
- Senioren-Wohnpark Erkner GmbH,
- Senioren-Wohnpark Tangerhütte GmbH,
- Senioren-Wohnpark Kyritz GmbH,
- Senioren-Wohnpark Thale GmbH,
- Senioren-Wohnpark Aschersleben GmbH,
- Senioren-Wohnpark Coswig GmbH,
- Senioren-Wohnpark Stützerbach GmbH,
- Senioren-Wohnpark Schollene GmbH,
- Senioren-Wohnpark Bad Langensalza GmbH,
- Senioren-Wohnpark Ballenstedt GmbH,
- Senioren-Wohnpark HES GmbH
- Pro F & B gastronomische Dienstleistungsgesellschaft mbH,
- Senioren-Wohnpark Klausa GmbH,
- Senioren-Wohnpark Friedland GmbH,
- Senioren-Wohnpark Klötze GmbH,
- Senioren-Wohnpark Leipzig- Am Kirschberg GmbH,
- Senioren-Wohnpark soziale Grundbesitzgesellschaft mbH,
- AMARITA Buxtehude GmbH,
- PRO WORK Dienstleistungsgesellschaft mbH,
- Senioren-Wohnpark Cottbus-SWP-GmbH,
- Marseille-Klinik Delta GmbH,
- "Villa Auenwald" Seniorenheim GmbH,
- PROMINT Dienstleistungsgruppe Neuruppin GmbH,
- Senioren-Wohnpark Hennigsdorf -SWP-GmbH,
- SIV Immobilien-Verwaltungsgesellschaft mbH,
- DaTess Gesellschaft für Datendienste mbH,
- Marseille-Akademie GmbH,
- Senioren-Wohnpark Leipzig "Stadtpalais" GmbH,
- Senioren-Wohnpark Leipzig "Eutritzscher Markt" GmbH,
- Senioren-Wohnpark Lichtenberg GmbH,
- Senioren-Wohnpark Landshut GmbH,
- AMARITA Datteln GmbH,
- AMARITA Hohen Neuendorf GmbH,
- MobiRent Vermietung GmbH,
- AMARITA Oldenburg GmbH,
- Senioren-Wohnpark Arnsberg GmbH,
- Senioren-Wohnpark Büren GmbH,
- Senioren-Wohnpark Kreuztal-Krombach GmbH,
- Senioren-Wohnpark Lutzerath GmbH,
- ProTec Dienstleistungsgesellschaft mbH,
- Allgemeine Dienstleistungsgesellschaft mbh- ADG-,
- Logo 7. Grundstücksverwaltungsgesellschaft mbH.
- Senioren-Wohnpark Langen GmbH
- Senioren-Wohnpark Lemwerder GmbH
- Senioren-Wohnpark Radsleben GmbH
- Astor Park Wohnanalage Langen GmbH
- Senioren-Wohnpark Henningsdorf GmbH
- Betrium Nr. 55 Vermögensverwaltungs-GmbH
- Senioren-Wohnpark Düsseldorf Volksgarten GmbH
- Senioren-Wohnpark Dresden "Am Großen Garten" GmbH

12.11 Declaration on the Corporate Governance code (§ 161 of the German Companies Act (AktG))

The declaration of compliance in accordance with § 161 of the German Companies Act (AktG) submitted by Marseille-Kliniken Aktiengesellschaft has been and will continue to be made permanently accessible to the shareholders in its most up-to-date version on the Company's website (www.marseille-kliniken.de).

Responsibility statement issued by the legal representatives of Marseille-Kliniken AG (Balance Sheet Oath)

"To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements for the financial year that ended on 30 June 2012 give a true and fair picture of the assets, liabilities, financial position and profit or loss of the Group and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Berlin, 25 September 2012

Michael Thanheiser
Vorstand

Auditor's report

Auditor's report

The following unqualified audit certificate has been issued about the complete consolidated statements as at 30 June 2012 and the management report combined with the Group management report for the business year 2011/2012:

We have audited the consolidated financial statements prepared by Marseille-Kliniken Aktiengesellschaft, Berlin, comprising the consolidated statements of financial position, income, comprehensive income, cash flow and changes in equity and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Marseille-Kliniken Aktiengesellschaft, for the financial year from July 1, 2011 to June 30, 2012. The preparation of the consolidated financial statements and combined management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a par. 1 HGB are the responsibility of the parent company's board of management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined 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 Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – 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 combined 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 combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined 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 par. 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 combined 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.

Hamburg, September, 27 2012

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze — Wirtschaftsprüfer
Andreas Fettke — Wirtschaftsprüfer

Auditor's report

The following unqualified audit certificate has been issued about the complete annual financial statements as at 30 June 2012 and the management report combined with the Group management report for the business year 2011/2012:

We have audited the consolidated financial statements prepared by Marseille-Kliniken Aktiengesellschaft, Berlin, comprising the consolidated statements of financial position, income, comprehensive income, cash flow and changes in equity and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Marseille-Kliniken Aktiengesellschaft, for the financial year from July 1, 2011 to June 30, 2012. The preparation of the consolidated financial statements and combined management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a par. 1 HGB are the responsibility of the parent company's board of management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined 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 Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – 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 combined 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 combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined 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 par. 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 combined 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.

Hamburg, September, 27 2012

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze — Wirtschaftsprüfer
Andreas Fettke — Wirtschaftsprüfer

Corporate Governance report

Statement on Corporate Governance in accordance with § 289a German Commercial Code (HGB)

The statement on Corporate Governance in accordance with § 289a(1) of the German Commercial Code (HGB) includes the statement of compliance pursuant to § 161 of the German Companies Act (AktG), information about Corporate Governance practices, and a description of working procedures for the Management Board and Supervisory Board. Marseille-Kliniken AG strives to keep the presentation of Corporate Governance in the statement clear and succinct.

- Statement of compliance
- Information on the Corporate Governance practices applied
- Working procedures for the Management Board and Supervisory Board

The statement on Corporate Governance has been made publicly available on the Company's website, www.marseille-kliniken.com, under the heading "Investor Relations".

Statement by the Management Board and Supervisory Board of Marseille-Kliniken Aktiengesellschaft, Berlin, on the recommendations of the "Government Commission of the German Corporate Governance code" in accordance with § 161 of the German Companies Act (AktG)

The German Corporate Governance code, which was published by the German Ministry of Justice in the official section of the electronic Federal Gazette, includes a number of recommendations and suggestions in addition to legal regulations. The Management Board and Supervisory Board of Marseille-Kliniken AG declare in accordance with § 161 German Companies Act (AktG) that since the last statement of compliance issued in October 2011, the Company has, with the exception of the following recommendations, complied with the recommendations of the Federal Commission on the German Corporate Governance code as amended on 26 May 2010 and since it took effect with the code as amended on 15 May 2012, and with the following exceptions will continue to do so:

- The Company has taken out D&O insurance for the Supervisory Board. Contrary to the recommendation of section 3.8 of the code, the Company has not provided for any excess for the Supervisory Board members, which according to the code should amount to at least 10% of the loss, up to at least one and a half times fixed annual salary. No excess has been agreed to for the Supervisory Board, as in the opinion of the Company an excess is not likely to have a significant influence on the motivation and sense of responsibility with which the Supervisory Board members carry out their duties. Furthermore, the Company is of the opinion that an excess would be unreasonable given the remuneration of Supervisory Board members and would make it difficult to attract suitable members to the Supervisory Board.

- The Management Board of Marseille-Kliniken AG temporarily consists of one person and not of several people as recommended in 4.2.1 of the code. The reason for this is the unforeseen resignation of two members of the Management Board in October 2011.

- At present the Supervisory Board does not believe that a fixed age limit, as recommended in section 5.1.2 of the code, for members of the Company's Management Board is necessary. The members of the Management Board are appointed for a maximum period of five years. The Supervisory Board takes decisions about reappointments in each individual case. For the Supervisory Board the age of a Management Board member is just one of several decision-making criteria, so that in the opinion of the Supervisory Board this single criterion should not constitute a general impediment. It would also run contrary to European principles on age discrimination. Furthermore, an absolute age limit does not appear to be necessary given the current age structure of the Management Board.

- The fixed and variable components of the compensation paid to the members of the Supervisory Board are based on the Company's articles of association. The variable component of the compensation paid to the members of the Supervisory Board complies with the legal regulations in § 113(3) of the German Companies Act (AktG). Remuneration is not shown on an individual basis, also not for the additional components, contrary to the recommendation of section 5.4.6 of the code, because shareholders can calculate it themselves based on the articles of association.

- There is also no additional individual disclosure of the shares held by the Chairman of the Management Board in the notes or in this report. Total shareholdings by other members of the Management and Supervisory Boards are also not broken down as recommended in section 6.6 of the code, as the statutory disclosure obligations on significant voting rights and directors' dealings announcements already provide sufficient transparency in this regard.

- In accordance with the German Commercial code, the consolidated financial statements are published within four months of the end of the financial year and not within 90 days as recommended in section 7.1.2 of the code. The particular difficulties involved in preparing the consolidated financial statements and the interim reports require the figures to be compiled and checked thoroughly, which given the complex structure of the Company cannot be completed with the necessary deliberation within the short period of 90 days from the close of the financial year.

- As the Company's business is concentrated in Germany, the Supervisory Board sees no need to represent an international orientation in its choice of members. No age limit has been defined for Supervisory Board members, as the current age structure is already balanced.

Information on Corporate Governance practices applied

The Company applies all the Corporate Governance practices stipulated by law. There are no other additional standards that apply to the whole Company, be they ethical, labour, or social standards.

Working procedures for the Management Board and Supervisory Board

A basic principle of German stock corporation law is the dual governance system, with a management board and a supervisory board, each with its own independent responsibilities. The Management Board and Supervisory Board of Marseille-Kliniken AG work closely and in confidence to manage and monitor the Company. The Management Board of Marseille-Kliniken AG is currently made up of one person. As the executive body, he conducts the Company's business on his own responsibility and in the interests of the Company with the aim of creating sustainable value.

The regional directors report to the Management Board on the development of the facilities for which they are responsible and bear responsibility for the results of their respective region.

The Supervisory Board appoints the members of the Management Board. The Supervisory Board decides how many members the Management Board should have and whether it should have a chairman, appoints one as necessary, and decides whether deputy members or a deputy chairman should be appointed. The Supervisory Board lays down rules of procedure for the Management Board, which include a list of transactions requiring authorisation and a division of responsibilities. Finally, the Supervisory Board lays down its own rules of procedure.

The Management Board is present at all Supervisory Board meetings, provides written and oral reports on the individual items of the agenda and proposals for resolution, and answers questions from individual Supervisory Board members.

Proposals for resolution are given to the Supervisory Board members in writing at least ten days before the meeting; detailed written documents are provided to the Supervisory Board before the meeting.

The option of taking resolutions by circulation of documents is only used comparatively seldom and only in particularly urgent cases.

The Chairman of the Supervisory Board comments on the activities of the Supervisory Board and its committees every year in its report to the shareholders and at the Annual General Meeting.

The Chairman of the Supervisory Board in particular meets with the Management Board regularly to discuss current issues. Outside these meetings the Management Board notifies the Chairman of the Supervisory Board orally and in writing of current developments.

The Supervisory Board has formed committees to prepare certain types of transactions and the relevant proposals for resolution and to monitor their implementation.

The main task of the committees is to prepare resolutions and topics for discussion in the Supervisory Board meetings. The committee chairman reported regularly in the full Supervisory Board meetings on the contents and results of the committee meetings.

Berlin, 20 September 2012
Marseille-Kliniken AG

Report by the Supervisory Board

The Supervisory Board carried out its duties in accordance with the statutes, the Company's articles of association, and rules of procedure in the reporting year. The Supervisory Board held a total of 15 meetings in the 2011/2012 financial year (on 15 July 2011, 23 September 2011, 27 September 2011, 29 September 2011, 4 October 2011, 10 October 2011, 11 October 2011, 12 October 2011, 21 October 2011, 16 December 2011, 26 January 2012, 27 January 2012, 21 March 2012, 14 June 2012, and 29 June 2012), at which it was informed in detail by the Management Board about the situation and strategy of the Company and the Group. It monitored and assisted the Management Board in its work. Moreover, it discussed and took decisions on the composition of the Management Board in unscheduled meetings without the involvement of Management Board members. At the meetings in September and October 2011, the Supervisory Board addressed issues regarding the Management Board and personnel. The dismissal and resignation of a Management Board member was carried out here due to the knowledge of gross breach of duty and the warning issued to another Management Board member. In doing so, the Supervisory Board bore the consequences of these Management Board members' reporting, which was not fully performed or was performed erroneously in significant matters.

At all later Supervisory Board meetings, the Management Board presented oral and written reports to the Supervisory Board in particular about such issues as corporate and Group planning, profitability and liquidity, the progress made in business operations, the situation of the Company and the Group, risk management, compliance, and any transactions that have a considerable impact on Company profitability or liquidity. The members of the Management Board also reported outside the meetings to the Chairman of the Supervisory Board about major business transactions, particularly those that required the approval of the Supervisory Board. The Supervisory Board passed resolutions on these business transactions, including the corresponding personnel decisions, at its meetings. Due to the reports presented to the Chairman and other members of the Supervisory Board by the Management Board, the Supervisory Board was kept informed of all activities and business transactions of major importance and involved in the decision-making processes.

The Supervisory Board of Marseille-Kliniken AG was represented by the following members in the 2011/2012 financial year:

Uwe Bergheim (Chairman until 27 September 2011)
Dr Thomas Middelhoff (Chairman since 27 September 2011)
Hans-Hermann Tiedje (Deputy Chairman)
Prof. Dr med. Dietmar Enderlein (member since 27 January 2012)
Mathias Kampmann (member until 27 January 2012)
Estella-Maria Marseille
Prof. Dr Matthias P. Schönermark

All appointed members of the Supervisory Board attended the subsequently listed meetings of the Supervisory Board in the 2011/2012 financial year in their aforementioned functions, unless otherwise mentioned below. There were no conflicts of interest within the Supervisory Board in the lapsed financial year with respect to its members. The Supervisory Board also looked into this matter in great detail. The Steering Committee and the Finance and Audit Committee met on a regular basis in the 2011/2012 financial year.

Prof. Schönermark did not attend the meeting on 15 July 2011. The Supervisory Board addressed the matters relating to the Management Board. Information on Ulrich Marseille, Stefan W. Herzberg, and Michael Thanheiser was discussed.

At the unscheduled Supervisory Board meeting on 23 September 2011, Management Board matters were discussed with reference to information on Dr Thomas Klaue and Michael Thanheiser.

The following unscheduled Supervisory Board meeting on 27 September 2011 once again addressed Management Board matters. Information on Dr Thomas Klaue and Stefan W. Herzberg was discussed. During this Supervisory Board meeting, Uwe Bergheim, who listened in on the meeting via telephone, ceded his post as Chairman of the Supervisory Board of Marseille-Kliniken AG to Dr Thomas Middelhoff. Mr Bergheim continued to be affiliated with the Company as a member of the Supervisory Board and of the Finance and Audit Committee.

An unscheduled Supervisory Board meeting took place on 29 September 2011, at which Mr Bergheim was not in attendance. The personnel situation of the Management Board at that time was discussed further at the meeting.

The unscheduled Supervisory Board meeting on 4 October 2011 once again addressed Management Board and personnel matters.

Topics of the unscheduled Supervisory Board meetings from 10 and 11 October 2011 were again Management Board and personnel matters as well as the preparation for the Supervisory Board meeting on 12 October 2011.

Mr Uwe Bergheim was represented by Mr Hans-Hermann Tiedje using his proxy voting power at the meeting on 12 October 2011. The auditors also attending the meeting presented the current state of the audit of the annual financial statements. After that time, the Company's financing, the medium-term Company planning, and the budget and liquidity planning for 2011/2012 were discussed. The Supervisory Board furthermore addressed the issue of reporting internal audits.

On 21 October 2011, the Supervisory Board of Marseille-Kliniken AG, at an unscheduled meeting, unanimously resolved to approve and adopt the annual financial statements of Marseille-Kliniken AG and the Group. No objections to the dependency report were raised on the basis of the information previously presented by the Management Board and the auditor. The Supervisory Board recommended that the Management Board examine the items in the dependency report of a further audit with the goal of settling additional accounts. Mrs Estella-Maria Marseille was not involved in this proposal for resolution.

On 16 December 2011, the Supervisory Board of Marseille-Kliniken AG, at an unscheduled meeting, resolved to approve the invitation to the Annual General Meeting on 27 January 2012 in Hamburg (including the agenda). The Supervisory Board also addressed information on Dr Thomas Klaue and Stefan W. Herzberg.

Mr Mathias D. Kampmann was not in attendance at the Supervisory Board meeting on 26 January 2012. The main purpose of the meeting was the detailed co-ordination of the scheduled Annual General Meeting to take place the next day. Another topic was a status report addressing the then state of financial reporting on the events of the first six months of the 2011/2012 financial year.

At the following Supervisory Board meeting on 27 January 2012, the Supervisory Board newly elected on that day by the Annual General Meeting convened and resolved to appoint new members to the Steering Committee as well as the Finance and Audit Committee.

On 21 March 2012, during the Supervisory Board meeting, the Management Board presented the then state of the financial reporting and the development of bed occupancy as well as the further outlook on the end of the financial year. The situation of redundant properties at that time was also discussed in more detail.

The Supervisory Board meeting on 14 June 2012 addressed financial reporting by the Management Board on the then situation for the 2011/2012 financial year and on the budget planning for the 2012/2013 financial year. The status of legal disputes and personnel matters at that time was also discussed. Hans-Hermann Tiedje represented the absent Uwe Bergheim through proxy voting power.

On 29 June 2012, during the Supervisory Board meeting, the then state of the financial reporting as well as the budget planning was discussed. In addition, new contracts for Group insurance policies were discussed. During the meeting the Supervisory Board also approved the resolution by the Management Board to withdraw the existing share listing from Hamburg's Hanseatic Stock Exchange. Uwe Bergheim represented the absent Prof. Matthias P. Schönermark at this meeting through proxy voting power. Mrs Estella-Maria Marseille listened in on the meeting via telephone.

The Supervisory Board advised and monitored the Management Board in its conduct of the business on the basis of the oral and written reports presented by the Management Board, in accordance with its duties under law and the articles of association. The Management Board's work was reviewed to ensure that it was lawful, orderly, appropriate, and cost effective. This review included not only business activities that were already in progress but also decisions and plans by the Management Board for the future. Outside the meetings of the Supervisory Board and on its behalf, members of the Supervisory Board and its committees examined specific business transactions and advised the Management Board by inspecting company documents, accounts, and other records of the Company through the members of the Supervisory Board and its committees.

The findings of the Steering Committee and the Finance and Audit Committee were included in the reviews made by the Supervisory Board. All in all, nothing arose in the past financial year that would have made it necessary for the Supervisory Board to intervene above and beyond the measures outlined above.

The Marseille-Kliniken AG financial statements, management report, consolidated financial statements, and Group management report compiled by the Management Board for the 2011/2012 financial year were audited by the auditors chosen at the Annual General Meeting held on 27 January 2012, Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, at the request of the Supervisory Board. An unqualified audit certificate was issued. The Supervisory Board reviewed the 2011/2012 annual financial statements and their audit at the meetings held on 13 September 2012 and 26 September 2012. The auditors took part in the Supervisory Board's meetings about the documents submitted by the Management Board at the meetings of the Supervisory Board and reported on the results of their audit.

The Management Board presented the main items in the accounts, commented on the management report, and explained opportunities, risks, and liability issues as well as the expectations for the current financial year. The Management Board answered questions from the Supervisory Board on the documents it submitted. The Supervisory Board approved the outcome of the audit by the auditors. The Supervisory Board concurs with the evaluation and assessment made by the Management Board in the management report. All in all, the Supervisory Board did not have any reason on the basis of its internal review in the context of the Supervisory Board meetings, including the audit reports by the auditors and the results achieved in the 2011/2012 financial year, to think that the documents submitted by the Management Board might be incomplete or incorrect or needed to be questioned for any other reason. The Supervisory Board therefore had no objections to raise after completing its review of the Marseille-Kliniken AG financial statements, management report, consolidated financial statements, and Group management report for the 2011/2012 financial year. The Supervisory Board agreed with the results of the audit by the auditors. On 1 October 2012 the Supervisory Board approved the separate and the consolidated annual financial statements prepared by the Management Board as at 30 June 2012 and concurred with the proposal made by the Management Board for the allocation of profits for the 2011/2012 financial year.

The review of the documents submitted by the Management Board also included the report on relationships with affiliated companies compiled by the Management Board as stipulated by § 312 German Companies Act (AktG). The auditors also audited the Management Board report and informed the Supervisory Board of their findings. The auditors gave the following audit statement on the report:

"As a result of our obligatory audit and assessment, we confirm that

1. the factual information provided in the report is correct,
2. the consideration given by the company in the legal transactions listed in the report was not unreasonably high."

Following the completion of its review, the Supervisory Board concurs with the results of the audit by the auditors and declares that it has no objections to the statement made by the Management Board at the end of its report on relationships with affiliated companies. The Supervisory Board approved the financial statements prepared by the Management Board, which were thereby adopted.

The Supervisory Board examined the recommendations of the Federal Commission for the German Corporate Governance Code and the Management Board's statement of compliance pursuant to § 161 German Companies Act (AktG), and approved both the statement and the explanations and reasons given for non-compliance.

The Supervisory Board would like to express its thanks to all employees for their commitment and hard work in the 2011/2012 financial year.

Berlin, October 2012

Marseille-Kliniken Aktiengesellschaft
The Chairman of the Supervisory Board

Dr Dr h.c. Thomas Middelhoff

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