



MARSEILLE-KLINIKEN AG

We hereby publish the audited and certified financial report 2010/2011 of the Marseille-Kliniken AG, which includes the following deviations to the published version.

Consolidated cash flow statement:

Other non-cash income and expenses amount to TEUR -4,554 instead of TEUR -5,463.

Increase/decrease in pension provisions amount to TEUR -1,338 instead of TEUR -430.

Cash flow from operating activities is correctly accounted on the overall results of TEUR 857.

Income statement of Marseille-Kliniken AG

Income from profit transfer agreement amount to EUR 32,170,179.57 instead of EUR 21,031,954.39.

Income from investments amount to EUR 162.80 instead of EUR 11,138,387.98.

Release from the capital reserve amount to EUR 441,721.50 instead of EUR 0.00.

Allocation to revenue reserve b) to other reserves amount to EUR 1,539,132.99 instead of EUR 1,097,411.49.

The reported net profit of EUR 4,365,937.46 does not change and is correctly accounted in the Annual Report.

We would like to point out that the deviations have arisen in the implementation of the annual report. The Supervisory Board and the Chairman of Marseille-Kliniken AG were submitted the documents in the correctly audited and certified version.

A photograph of two elderly women sitting at a table, smiling warmly. The woman on the left has short, curly white hair and wears glasses and a white cardigan over a patterned blouse. The woman on the right has her hair pulled back, wears glasses, a white collared shirt, a dark tie, and a light-colored jacket. Her arm is around the shoulder of the woman on the left. In front of them on the table is a glass of water and a plate of food. The background is a simple, light-colored wall with a window on the right.

As good as home



MARSEILLE-KLINIKEN AG®

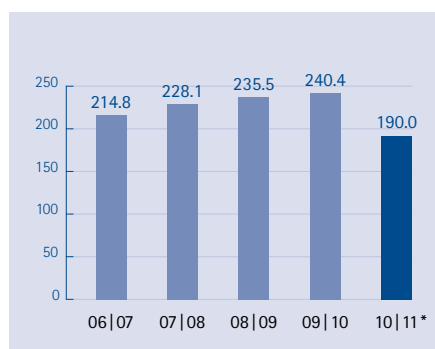
Main Group figures (IFRS)

		2010 2011		Continuing operations		
		2009 2010	Change in %	2009 2010	Change in %	
Results						
Operating sales	EUR million	190.0	240.7	-21.1	193.2	-1.7
EBITDAR	EUR million	51.9	75.6	-31.3	75.6	-31.3
EBITDA	EUR million	13.7	25.9	-47.1	25.9	-47.1
EBIT	EUR million	5.7	4.3	33.1	-19.4	-
EBIT margin	%	3.0	1.8	66.7	neg.	-
Net income	EUR million	2.9	0.6	408.9	-22.1	-
RoS	%	1.5	0.2	544.6	-11.5	-
Cash flow from operating activities	EUR million	0.9	6.4	-86.6	6.4	-86.6
Balance sheet						
Fixed assets	EUR million	167.2	168.4	-0.7	-	-
Investments	EUR million	3.1	9.4	-67.0	-	-
Shareholders' equity	EUR million	34.2	24.9	37.1	-	-
Equity ratio	%	17.1	12.6	35.7	-	-
Return on equity	%	8.4	2.3	271.1	-	-
Financial debt	EUR million	57.1	62.4	-8.5	-	-
Financial ratio	%	28.6	31.5	-9.2	-	-
Per capita sales	EUR thousand	42.0	43.1	-2.5	-	-
Other key facts						
Dividend per share	EUR	0.00	0.00	-	-	-
Earnings per share	EUR	0.23	0.05	360.0	-	-
Employees	Number (averaged)	4,521	5,584	-19.0	-	-
Facilities	Number	60	62	-3.2	-	-
Bed capacity	Quantity (as of 30. June)	8,083	8,370	-3.4	-	-
Occupancy rate	%	87.1	88.0	-1.0	-	-

* calculated using the weighted average after deducting treasury shares

Sales of Marseille-Kliniken Group

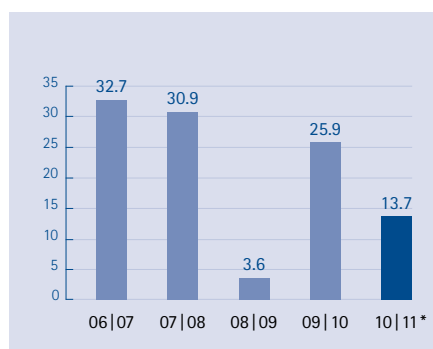
EUR million



* after deconsolidation of rehabilitation segment

EBITDA of Marseille-Kliniken Group

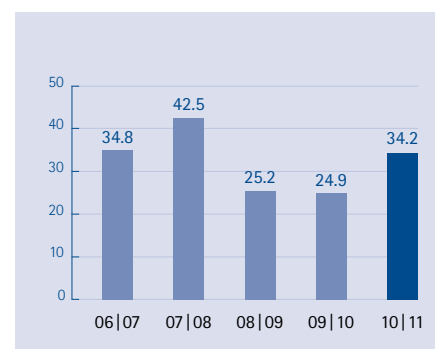
EUR million



* after deconsolidation of rehabilitation segment

Equity of Marseille-Kliniken Group

EUR million



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Mission Statement



Vision

Marseille-Kliniken AG aims to be the quality leader on the market for inpatient and outpatient care in Germany. In doing so, we would like to achieve profitable, long-term growth. We therefore rely on innovative concepts and modern technologies, which give the company a future-oriented position.

Mission

As a stock market-listed operator of retirement homes and facilities for assisted living, we are amongst the leading providers of nursing care services in Germany. We are guided by our three business principles of customer orientation, efficiency, and social responsibility. By combining these, we hope to build confidence with the residents of our facilities, our business partners, our employees, and our shareholders.

As we are one of the leading care providers operating throughout Germany, our business model is vitally influenced by the demographic development and thus has sustainable future prospects. Short-term economic fluctuations, in contrast, only exert a small influence on our company. As a consistently modern company, we believe we are in a good position within a competitive environment primarily determined by regionally active charities.

Strategy

We aim to establish a connection between social responsibility and business commitment, as we are convinced that these two points in no way conflict with one another. Quite the contrary, it is the provider able to offer the quality desired by the customer that is successful on the market. In order for us to succeed in doing so, we consistently rely on innovative and specialised offers as well as advanced IT solutions, thereby setting standards with our range of services. We are committed to assuming responsibility. As a result, we require the necessary transparency that allows our services to be measured.

In addition to the demographic development, the poor financial situation of state budgets and nursing care insurance funds is also shaping the growth market of private-sector inpatient and outpatient care for the elderly and thus forms the basis for our Group strategy. Marseille-Kliniken is positioned within this future market with a strategy supported by three pillars, with the aim of accommodating its Group goal of profitable long-term growth:

One pillar of our strategy is quality leadership in the German nursing care market. High standards have been set here for care, handling sick patients, social support, accommodation, and service. The second pillar is the clear focus on the segments of inpatient care and outpatient care. We have introduced and implemented measures to increase utilisation of the existing capacities in the core business, which are intended to bring about a clear efficiency and earnings improvement. Finally, the third pillar comprises the management structures created. These include both the most recent changes to the Group's management and the successful introduction of a regional management structure on an operating level.

Building on this strategy, we offer a well-diversified product portfolio. This consists of:

- 2-, 3-, and 4-star inpatient care facilities
- Assisted living
- Special concepts such as the support of dementia patients
- The medium-term expansion of our software and management services for the health care sector

We also plan to optimise our real estate portfolio in future with the goal of securing liquidity for the medium to long term.

Employees

Any company setting the standard itself of wanting to be a leader in quality relies on qualified and motivated employees, as these are the most important component of our day-to-day work. Particularly in light of the shortage of specialised workers in the nursing sector, it is important for Marseille-Kliniken AG to position itself as an attractive employer. For this purpose, we began a widespread human resource campaign last year under the motto "train and retain" with the goal of winning over good, qualified employees. The components of this concept are continuous human resource development, performance-based salary components, the possibility to participate in the company's own pension fund, and continuously co-operative management. Regular further training and education are also fixed components of our employees' career paths. Here we also take advantage of our market-leading expertise in nursing, amongst other things, in the area of information technology. For example, with computer-based e-learning classes, our Marseille Academy has created a unique system throughout the sector to ensure that information is quickly transferred from the fields of research and academia to our nursing staff. The company is one of Germany's largest providers of e-learning for subjects related to nursing care.

Quality and transparency

The concept of quality is something not only postulated at Marseille-Kliniken AG, but also objectively measured. This is because we have set high standards throughout the company as far as the care and handling of sick people, as well as social support, accommodation, and service are concerned.

Our facilities have been voluntarily certified by external experts according to recognised standards such as DIN EN ISO 9001:2008 and KTQ standard. To safeguard our high quality standards and to further develop the facilities, we have established a comprehensive audit system, which is exemplary for the nursing sector. Our Group's internal quality management system is based on key indicators and a computer-based log, which enables us to identify nursing risks at an early stage and provides information on the current quality of nursing care on an ongoing basis. An analysis of the day-to-day care provided, operating a differentiated complaints management procedure, and conducting an anonymous survey of residents' relatives all feeds into the continual improvement process. Another goal is to adapt software solutions to eliminate administrative duties for care personnel, thereby allowing them more time for individual support. The 2010/2011 financial year was also used to increase the transparency of the services provided by our company. For example, a digital service was introduced with the internet portal www.MeinGesundheitsbuch.de, which gives family members free daily access to up-to-date information on the state of health as well as care and activities of their relatives at our facilities. With this, we are building confidence and thus laying the foundation for those in need of care to decide, together with their family members, in favour of a stay at our facilities.

Letter to the shareholders



Dear shareholders and friends of the company,

The situation at Marseille-Kliniken AG came as a challenge at the beginning of the 2010/2011 financial year. The financial situation and earnings position as well as administrative structures that could well be improved weighed on Group profit. As a result, a strategic reorientation had become necessary. Throughout the course of the reporting period, the company focussed on sustainably improving the internal processes and procedures and strengthening the Group's financial situation. In connection with this and the temporary return of company founder Ulrich Marseille as Chairman of the Management Board, the company managed to take up important strategic positions of points for the future development. This is largely the reason the Group is once again on a clear path towards economic recovery.

At the beginning of October, the Supervisory Board transferred responsibility for the Group's management and the continuation of the current strategy to today's Management Board. This strategic orientation includes three main components: a focus on our core business of inpatient and outpatient care for the elderly, the expansion of quality leadership, and the introduction of a new structure for the operating management (decentralised regional management structure).

Following last year's sale of the rehabilitation clinics, we have consistently kept our focus on the profitable facilities of the two Group segments, inpatient care and outpatient care, with the sale of the loss-making facility in Montabaur and by opening an assisted-living facility in Gera. No additional openings of new facilities are planned at the moment due to overcapacities on the market. In contrast, our primary goal is to increase the utilisation of the individual facilities and thus to further improve efficiency.

We were once again able to strengthen the second pillar of our business strategy – quality leadership – in the period under review through other innovative projects such as the digital care record called "My book of health". We are proud of the fact that this innovation was also valued by the Medizin-Management-Verband (Medical Management Association), which awarded it with a prize. The digital care record is an online portal aimed at informing the relatives of those living at our facilities with daily updates on their loved ones' state of health, care documentation, and medical diagnoses. This is a unique care record within the German nursing sector and allows for additional transparency into our day-to-day work, thereby positioning us as a quality leader in the future of the nursing care market.

The third part of our strategy includes the reorganised management structure of the Group. The regional management structure that had been devised in the 2009/2010 financial year was implemented in the reporting period. In doing so, the central management organisation was replaced by a decentralised structure. Seven regional managers are now responsible for their respective operating business fields at the facilities in their region, while the company's headquarters provides strategic orientation. This accommodates the mainly regional character of the nursing care business and establishes a strong link between the Group management on the one hand and the operating locations on the other.

Reorganising the Group required solid financing, which we achieved by way of the full placement of a corporate bond in December 2010 as well as the capital increase in May 2011. The bond amounted to EUR 15.0 million, while 2,430,000 new bearer shares were successfully issued with overall gross issue proceeds of around EUR 6.22 million. In addition, the prerequisites for redemption of the corporate bond in December 2011 were met through an agreement on the issue of a two-year bond for institutional investors. These measures have helped achieve an increase in the equity ratio from 12.6% to 17.1% and thus strengthen the equity base and liquidity and reduce dependence on banks for financing.

The financial situation at Marseille-Kliniken AG thus turned out positive in the reporting period. The operating performance in the 2010/2011 financial year was also largely in line with our expectations. Group revenues came out to a total of EUR 190.0 million with a reduction in available bed capacities from 1,000 in February to 860 in June 2011. This yielded consolidated EBIT of EUR 5.7 million and positive net income of EUR 2.9 million. Moreover, operating profit was burdened by extraordinary factors such as expenses for the issue of the corporate bond and various provisions. The total charge amounted to EUR 3.0 million (net).

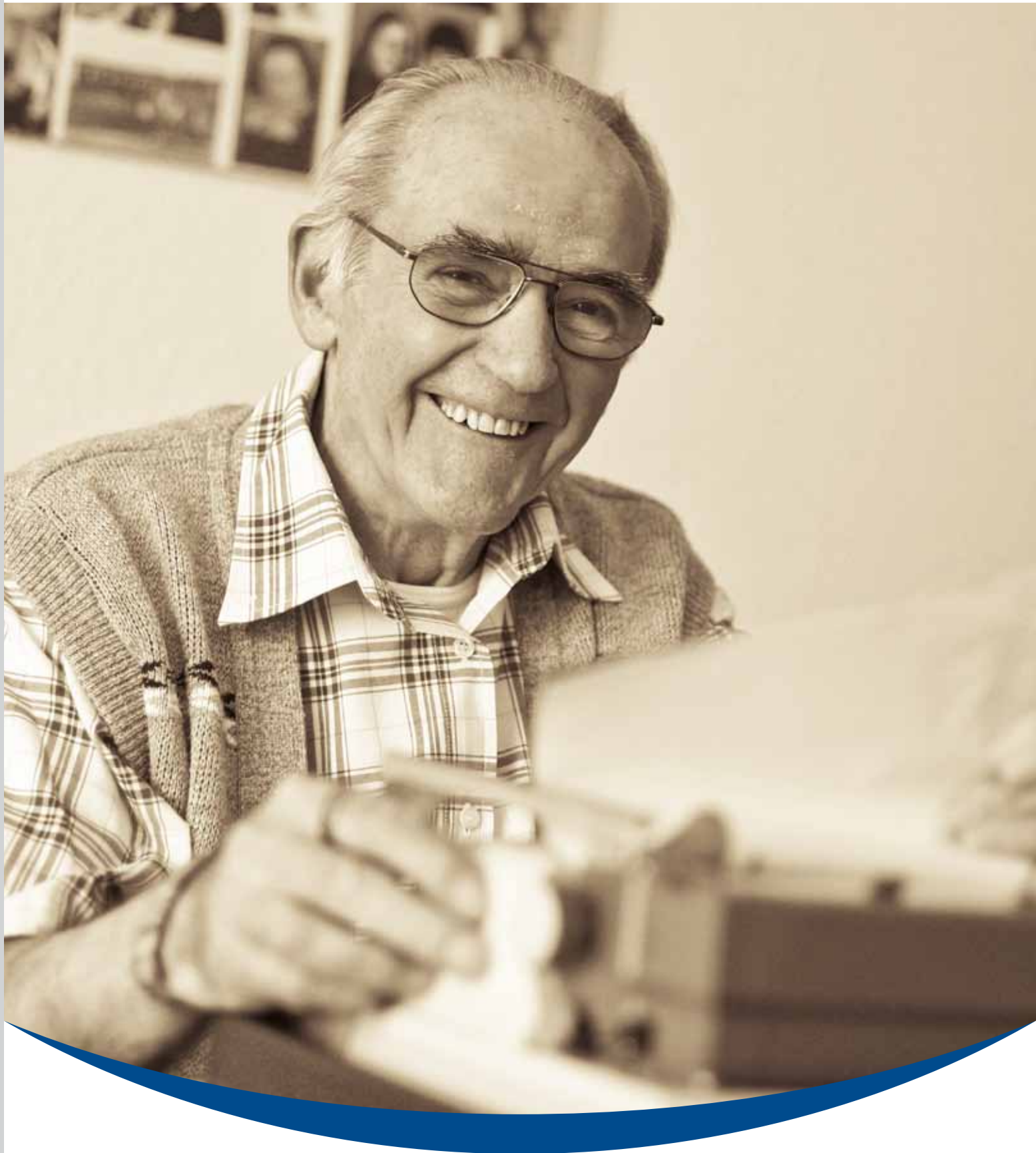
With these figures and the developments explained, the 2010/2011 financial year marked a positive turning point for Marseille-Kliniken AG. We are confident that we will be able to continue operating successfully in the very economically robust market environment of health care, with its growth potential for private care providers being accelerated by many experts. We will therefore consistently move down the path pursued in the reporting period with the internal, strategic positions of points and success in the operating business. We expect further earnings improvements for the 2011/2012 as well as the first share price impulse that will result from these in the medium term.

Finally, we would explicitly like to thank our employees, who work daily for the well-being of our residents and fellow human beings, as well as those committed to the organisation and administration of our company. Thanks to your work, the entire Group 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 for the trust they have bestowed upon Marseille-Kliniken AG.

Berlin, October 2011



Michael Thanheiser





As good as home

Marseille-Kliniken AG has positioned itself as a quality provider in the heavily growing German health care industry. In order to do so, we have established a multifaceted living concept and specialised care solutions. This allows us to always meet the requirements of people in need of care in a manner customised to their individual taste.



Growth market of the German health care industry

Many processes of change are shaping the current and likely also future situation in the German health care sector. The future financing of the overall system is becoming increasingly more difficult in light of a rising proportion of older people, who are thus more susceptible to disease, and presents one of our society's greatest challenges overall. Growing demand and the trend towards integrated services and private-sector solutions are increasingly shaping the situation in various segments of the health care industry.

Growing financial bottlenecks are the defining feature of the current and future situation in the social insurance systems. As the statutory health care and nursing care insurance systems are dependent on financial allocations and contributions from wages and salaries, the economic crisis in 2008/2009 did not leave the health care markets unscathed. The growing state debt will also entail medium- and long-term effects on the health care market. The health insurance funds, the system for which is increasingly supported by taxes, feature more of a financial bottleneck. Market observers believe the gap between income and expenditure will continue to widen in subsequent years.

On the income side, further substantial shortfalls cannot be ruled out. Even though the unemployment rate has fallen significantly since 2010 and is currently lingering at a very low level, a further upturn with a commensurate employment trend is not immediately certain. On the side of expenses, further increases are expected regardless of the economy. The life expectancy of Germans will continue to improve due to demographics and medical progress and the proportion of older people in the overall population will rise. The German population in the age groups of 60-70 and 80-90 is expected to rise by 18.8% and 38.9%, respectively, by 2020. Higher fees for doctors with private practices and rising hospital expenses are causing higher health care spending. The financing of the system's increasingly wide funding gap is currently being absorbed by taxation. In addition, a number of health insurance funds today are already raising their additional premiums at the expense of the insured. From market experts' point of view, however, it is clear that the system's financing will have to be redesigned in the long term. This applies all the more because the financing gaps are increasingly caused by demographic factors that will become more and more pronounced in the future.



The transformation of today's system into insurance that only finances basic services is thus nearly inevitable. This combination is having the following effects on the health care market:

THREE IMPORTANT TRENDS ARE SHAPING THE DEVELOPMENT OF THE HEALTH CARE MARKET

Firstly, the concentration process is accelerating as a result of the growing cost and performance pressure on the individual service providers. Market analysts estimate that this will bring about the demise of individual, independent facilities, which will hardly have any chance of survival.

Secondly, medical progress and shorter periods of inpatient treatment necessitate closer interconnectedness at all levels of the health care system. A considerable increase in outpatient treatment is expected. Different health care segments – basic medical treatment, treatment of acute ailments, nursing care, and rehabilitation – will continue to merge into one another. In accordance with this development, co-operation and integration are expected to be made easier through statutory provisions.

Many experts see the rising capitalisation of the health care market through investors, private investors, and patients as a third important trend. In terms of financing, those with political responsibility are dependent on private capital because the public sector is not capable of making the urgently necessary investments at the facilities, nor can it cover the losses at its establishments. Private-sector structures are required if the existing investment backlog is to be resolved. These establish lasting earning capacity and professional management systems.

HEALTH CARE IS A GROWTH MARKET

The latest figures from the German Federal Statistical Office show that the entire health care system is increasingly significant for the German economy. According to current information, Germans spent a total of EUR 278.3 billion or EUR 3,400 per person on their health in 2009. Costs compared to the previous year have risen by EUR 13.8 billion or 5.2% – a trend that will continue. As such, these expenses currently make up 11.6% of the gross domestic product (2009). At EUR 160.9 billion, some 57.8% of all health care spending is paid for by the statutory health insurance funds. Their spending in 2009 rose by EUR 9.4 billion or 6.2% over the year prior. Social nursing care insurance saw a comparable increase (6.0%), with spending growth by EUR 1.2 billion to EUR 20.3 billion.

Private insurance funds also saw their expenses climb by EUR 1.1 billion (+4.3%) to EUR 26.0 billion.

Almost half of these funds were received by outpatient facilities such as doctors' surgeries and chemists. Considerably more money than in 2008 was spent on outpatient care facilities. These facilities posted the strongest growth (+9.7%) year-on-year and received a total of EUR 9.6 billion. In the (partially) inpatient sector, which also includes stationary care services, a total of EUR 100.2 billion (+5.8%) was spent in 2009. Compared to other segments in the health care market, the nursing market shows the most considerable dynamic: in 2009 its share already amounted to 11% (1997: 8.6%). This leaves inpatient and outpatient care services in fourth place in terms of significance behind hospitals, medical practices, and pharmacies or pharmaceuticals and, according to the Rheinisch-Westfälisches Institut für Wirtschaftsforschung (Rheinland-Westphalia Institute for Economic Research, RWI), shows a market volume of around EUR 30 billion.

Marseille-Kliniken overall has established an outstanding starting point for the upcoming changes within the growth industry of health care. As an operator of 57 facilities for the elderly, the Group today already has the necessary market position to continue to take advantage of the ongoing 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.

Health care expenditure in Germany

in EUR million





As good as home

Inpatient nursing care at our facilities

Inpatient nursing care is one of the two segments in the care market on which Marseille-Kliniken AG focuses. The majority, or 57 facilities of a total of 60 maintained throughout the Group, are allocated to this Group segment. Some of the individual facilities feature different degrees of specialisation. In addition to special concepts such as support for patients with dementia or Parkinson's disease as well as care following a stroke, there are 2-star, 3-star and 4-star facilities within the Group segment of inpatient care. This variety of offerings meets the individual needs and demands of each potential patient. Their clear-

sighted construction, the use of high-quality materials, and pleasant colours give all facilities an attractive appearance overall. Furthermore, the individual locations have been selected and designed according to the suggestions of their residents. Most facilities have ample seating areas in the courtyards and on the balconies, sun decks, or pavilions, while trails run through the facility and are located near to nature reserves, forests, or ponds. Many of the facilities feature several dining, recreation, and common rooms, libraries, chapels, sitting rooms with a fireplace, kiosks, and reception desks. The integration of kitchens intro-

duced in the 2010/2011 financial year within the facilities enable them to better address special needs and thus increase the quality standards of Marseille-Kliniken AG even further. According to the varying arrangement of the individual facilities, the rooms can also be laid out by the residents as they wish. In addition to the basic furnishings, such as the hospital bed, built-in wardrobe, bedside table, table and chairs, phone and TV connection, and nurse call system, residents have always been able to integrate their own furniture into the residential units and thus take an important part of their previously familiar personal surroundings with them to the facilities. Taking on the motto "As good as home", Marseille-Kliniken AG therefore offers a multifaceted living concept for the different preferences of each individual resident.

HIGH QUALITY STANDARDS IN NURSING CARE SERVICES

These high quality standards are also reflected in the nursing care services offered. The services typically include the areas of basic care and treatment care. Basic care consists of personal hygiene, including all prophylactic measures. These also include special needs such as bringing the patient to bed, washing, showering, hair and nail care, and examinations of vital functions and weight. The nursing staff always goes to great lengths to mobilise and develop each resident. Treatment care is geared towards the resident's general physical and psychological condition as well as the special arrangements of the doctor treating him or her. This applies, for example, to injections or dressings. The range of services also includes the monitoring of catheters and tubes, administering medications, and physical and occupational therapy. All nursing care services are based on the care model of Marseille-Kliniken AG. This basic principle describes the nursing values, suggestions, and goals. It serves as a guideline and orientation for all nursing staff and is seen in day-to-day care and support as the living culture of the facilities. This model of nursing care is based on practical experience at the individual facilities as well as on a theory in nursing science that takes both the "Charter of Rights for People in Need of Long-Term Care and Assistance" and international ethics rules for care personnel into account. The central components of the care model are the ethical attitude as well as the understanding and quality of care. Ethical attitude for Marseille-Kliniken AG particularly includes valuing the uniqueness of each person, respecting individual values, customs, habits, religious and political beliefs of the residents and their family members, and support through difficult phases of life. Understanding care is based on the one hand on self-determined and personal lifestyles for the residents, and on the other hand a focus on their abilities, needs, and problems. Another central component of this part of the care model is co-operation with therapists, doctors, hospitals, clergy, technical schools, and other facilities. The standard of nursing care quality can also be derived from this co-operation. Marseille-Kliniken AG works in accordance with the latest state of nursing science, including a scientific advisory board. Organisational structures and care processes are developed on the basis of a Group-wide quality management system and continuously test the services and results of the care. These also include extensive further training and education in order to ensure the best possible care and support from qualified employees.



INNOVATION MAKES THE DIFFERENCE

In addition to further education and training, innovations aimed at maintaining quality play an important role within the nursing industry. For example, in the last few years various innovations have been developed for the treatment and care of residents with dementia, with the aim of offering suitable treatment concepts in the individual phases of dementia at each facility. One example of this is the innovative "chip model" solution. Here, a computer chip, which residents with dementia wear in their clothing, provides access to certain areas of the facility and prevents them from wandering away from the facility unnoticed. A personal care assistant in the area of dementia is also a practical new approach, which will improve the quality of life for patients. This entails allocating a team of employees to an individual group of residents in order to make a personal connection and to gain their everyday trust. For the purpose of increasing transparency within nursing, Marseille-Kliniken AG has introduced the digital care record called "My book of health". This is a prized online platform that relatives can use to get daily updated information on the state of their loved ones' health at no cost. Of course, information such as temperature, weight, blood pressure, blood sugar, and pulse remain confidential and can only be accessed with prior identification. The portal has been awarded a prize for innovation by the Medizin-Management-Verband (Medical Management Association) and also contains care documentation, overviews of drugs administered, and changes in dosages as well as diagnoses and treatments following visits to the doctor.

These examples of various concepts and innovations are also important characteristics that set the company apart from its smaller regional competitors. Given the conceptual complexity and necessary resources, these types of projects as explained in section 5.2 "Growth market of the German health care industry" cannot be carried out by smaller providers. Together with this market position, the clear commitment to quality leadership, and the efforts to increase bed occupancy without building up additional capacities in the medium term, Marseille-Kliniken AG is maintaining its orientation within the Group segment of inpatient care.



*As independent as possible,
as much assistance as necessary*

Growth segment of outpatient care

THE FUNDAMENTALS OF OUTPATIENT CARE

The ever-growing focus on the core segment of nursing care services made up a central component of the Group strategy of Marseille Kliniken AG in the period under review. Within this central strategic pillar are the two Group segments of inpatient nursing care and outpatient nursing care. Marseille--Kliniken AG's employees perform outpatient care services 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 high-quality 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.



ASSISTED LIVING WITHIN THE GROUP SEGMENT OF OUTPATIENT CARE

For those patients in need of more comprehensive assistance, Marseille-Kliniken AG offers them the concept of "assisted living" in their own home within a care facility for the elderly. The various residential units at these facilities have different living spaces and floor plans and come with equipment that meets any potential needs of the residents, for example walk-in showers, shower seats, grip handles, and slip-free tiling. In addition, new residents can bring any pets near and dear to their hearts or furniture to arrange the units according to their own taste. All residential units, like all locations within the care facility, can be reached easily. The entire facility offers an ample, family-style living environment, thus making it a good place for get-togethers. It invites every tenant to participate in cultural events and provides for a comfortable stay. The concept of assisted living overall is first and foremost geared towards ensuring the individuality and autonomy of every tenant. In addition to the individual living area, assisted living also provides corresponding services, such as exercise facilities for seniors, arts and crafts, singing in a choir, parlour games, barbecues, and dance parties. The residential units of Marseille-Kliniken AG also stand out due to the high standard of safety and service. In order to ensure safety, the concierge service is staffed around the clock, and every residential unit is equipped with an emergency telephone with oversized numbers as well as an emergency call button. Other services offered at the facilities, for example, are property management, a hairdresser, a beauty salon, and a laundrette. In addition to the equipment and furnishings of the facility and the living space, the activities offered, and safety, the topic of nutrition also plays a central role within the concept of assisted living. Nutrition plans and recommendations are prepared for each tenant according to their health needs, which are then taken into account in the preparation of each day's lunch. This standard of living is optionally supplemented by the addition of care services by friendly and professional outpatient nursing staff on site. Tenants are thus able to decide

themselves when they need support and to what extent. The decision is made easier by a customised offering, which can also be co-ordinated with family members. This allows the tenants to continue living at the facility given the possibility of very high-quality support for everyone from care levels 1 to 3. Another move to a nursing home is therefore not necessary. The outpatient care services are available 24 hours a day and can be reached using the emergency call button or by telephone at any time.

INDIVIDUAL CONCEPTS FOR TENANTS SUFFERING FROM DEMENTIA

The assisted living concept includes special care for people with dementia. These tenants require additional attention in order for them to still live an independent life. For example, by providing daily support within a group, Marseille-Kliniken AG offers a concept that guarantees both mental stimulation and a protected space in a familiar atmosphere. With targeted applications and attention, the four most important areas of human living are taught here. In the psychosocial area, discussions and encounters foster interpersonal contact. Self-awareness is strengthened and a secure environment is conveyed within a known framework of the group. Group activities such as singing evoke positive feelings and memories in an emotional sphere. The tenant's individual senses can be stimulated in various ways, such as through smell or taste. In a cognitive sense, puzzles and games amongst other things help activate general mental functions and orientation. Relaxation exercises, ball games, and comparable motion control are taught in order to promote motor skills pertaining to physical dexterity and mobility. In sum, it can be said that the services offered by Marseille-Kliniken AG for all matters of outpatient care and assisted living are as multifaceted and individual as the tenants themselves. Given its role as an offering to an ever-growing and self-determined section of the population, it continues to make up one of the two components of the strategic pillar, "Focus on two Group segments" (see section "Group strategy") at Marseille-Kliniken AG.



On-site strength



Our regional managers assume responsibility

The 2010/2011 financial year at Marseille-Kliniken AG was marked by the company's strategic reorientation, with a particular focus on its management structures. Following a planning and preparation phase in the preceding financial year, the central administrative management structure was discontinued and the areas of responsibility were decentralised. For example, the company split up the German region into different geographical areas in August 2010, while at the same time, a new regional manager position was introduced. At present, Marseille-Kliniken AG is divided up into seven areas, each of which can be supported personally by a regional manager where needed.

ENTREPRENEURIAL FREEDOM INSTEAD OF ADMINISTRATIVE EXPENSE

The function of the regional manager establishes a new link between the Group management on the one hand and the operating locations on the other. Each regional manager is responsible for the full operating control of the facilities in his or her region and is the first point of contact in the case of important questions on the part of the respective facility managers. As such, the operating responsibility for the day-to-day business has been almost entirely decentralised. Decisions can therefore be taken directly on site by the facility and regional management, without having to use central Group resources. Extensive and thus costly administrative processes involving the Group headquarters should thus be avoided as much as possible. This streamlining of processes entails noticeably improved efficiency.

REGIONAL MANAGERS TEND TO ASSIGNMENTS, STAFF ISSUES, AND QUALITY

A regional manager's focus is mainly centred on assignments as well as the issues of human resource management and quality assurance. In doing so, he or she works closely with the respective facility managers as well as the quality managers on site. Together, they ensure that optimised control of capacities is always maintained. According to the "best in class" approach, concepts from the more successful facilities are thus transferred over to the other units, thereby making a transfer of innovation and thus continuous improvement in quality possible for the Group as a whole.

By introducing the regional management structure, Marseille-Kliniken AG is accounting for the fact that the nursing care business is of a strong regional nature. Those in need of care and their family members usually take a decision on nursing facilities that they see as suitable due to recommendations from their own personal surroundings. In order to better represent the existing amenities of Marseille-Kliniken AG nursing

homes, particularly with regard to their top-quality structural conditions, the comprehensive range of services, and the higher quality, it is important to ensure that the regional and facility managers have a high degree of social integration and a functioning social network resulting from this in their respective surroundings. Based on this, they work closely with the Group's executive bodies to regularly define the monthly and quarterly goals for the individual facilities and to choose suitable measures aimed at making it possible to realise the objectives.

LEANER STRUCTURES BRING ABOUT IMPROVED EFFICIENCY AND REVENUES

Another advantage stemming from the regional management structure is that it frees up capacities in Group administration, as these are needed less in questions related to the day-to-day business operations. This paves the way for a leaner administration, which works in a more cost-efficient manner and is able to better focus on its original core competencies, such as the strategic management of the Group as a whole, administrative control, and the management of central services. Looking back, the introduction of a regional management structure has had two effects. First, responsibility has been shifted to areas where the business activities actually demand a high degree of decision-making authority on an operating level. And second, the streamlined administration has brought about an improvement in efficiency. The new management structures, supported by efficient advertising campaigns and events, showed the first signs of success in the 2010/2011 financial year. This was seen in the initial revenue increases in nursing care as well as the significantly improved operating profit. For these reasons, Marseille-Kliniken AG is confident that the decentralisation of its operating management will put it in a good position for a further improvement of capacities.



Dependable for the employees

Recruiting skilled workers and developing employees



For various reasons, experts see the health care industry in Germany, especially in the private sector, as a growth market. However, realising this considerable growth will require not only certain general conditions like legal regulations, demographic developments, and financing through social insurance, but also a corresponding number of qualified employees in particular. According to an analysis by the Rheinisch-Westfälisches Institut für Wirtschaftsforschung (Rhineland-Westphalia Institute for Economic Research, RWI), 890,000 people were employed in the field of outpatient and inpatient care in 2009, with 630,000 full-time employees, 272,000 of which were qualified nurses. Nonetheless, there is a serious shortage of qualified nurses. The number of open positions reported at nursing homes in March 2011 was more than twice as high as in March 2007. By 2030, experts anticipate a total of 170,000 – 290,000 additional positions (full-time employees) in inpatient care and 73,000 – 122,000 in outpatient care. An additional need for anywhere from 120,000 to 175,000 qualified nurses in inpatient and outpatient care is expected by 2030.

Marseille-Kliniken AG is guarding against the foreseen shortage of qualified personnel by implementing various measures. These include, on the one hand, the recruitment of new qualified nursing employees and, on the other hand, the advancement and further training of suitable existing personnel to guarantee sustainable employment. In order to reach its employee recruitment goals, the Group recruits in Germany and operates a professional network to recruit specialists in other countries. Components of this network, in addition to the staff of Marseille-Kliniken AG, are also labour offices, language schools, and staffing agencies. The quality of the nursing profession within Marseille-Kliniken AG is additionally improved by optimising service schedules, flexible work times, and on-call duty, and by reducing bureaucracy. Other components for retaining employees for example are performance-based salary components, participation in a company's own pension fund named "Soziale Dienste e.V.", and liberal guidelines for part-time arrangements and child care. The regional management structure introduced also creates decentralised leadership structures, so that nursing employees' concerns can be addressed using quick decision-making processes. One central part of employee promotion is the „Train and retain“ employee programme. Regular further education and training of employees, at the Group's own Marseille Academy amongst other places, play a significant role within this human resource campaign. Using computer-based e-learning courses, Marseille Academy has established a further education system that is unique within the sector. This guarantees the quick transfer of information from research and academia to the nursing staff. The entire field of employee development is a central component of „quality leadership“ within the corporate strategy (cp. section „Group strategy“).



The share and investor relations

Share price development of Marseille-Kliniken AG indexed, July 1, 2003 = 100



Restructuring progress not yet priced in

The Marseille-Kliniken AG share continued its downward trend in the 2010/2011 financial year. The initial rewards coming from the company's strategic repositioning have yet to be reflected in the share price.

The time interval from July 2010 to June 2011 was characterised by a continuation of the upswing on the global stock exchanges. Accompanied by a positive economic development, indices around the world climbed. This rise was only temporarily interrupted by the earthquake in Japan on 11 March 2011 and the resulting nuclear disaster at the Fukushima Daiichi nuclear power plant. However, these burdening factors

had already been offset on the financial markets within less than two months. The German blue chip index DAX as at 30 June 2011 had risen by more than 23% over the previous year's level to around 7,376 points.

The Marseille-Kliniken AG share was not able to tie into this development. The company's business model is largely independent of macroeconomic influences. As a result, the economic upswing exerted less of an influence on the business performance compared to other companies – a situation also affecting the share price levels of other companies in the field of inpatient health and nursing care.

The Marseille-Kliniken share entered the reporting period on 1 July 2010 with a share price of EUR 4.18 in Xetra and reached its highest level in the financial year just four days later at EUR 4.23. During the course of the year, the share showed a continuous downward shift, resulting in a low-point of EUR 2.22 on 4 and 5 November 2010. In the time that followed, the share price showed a sideways movement without any considerable shifts up or down, which continued until the end of the financial year. On 30 June 2011 the Marseille-Kliniken share closed out the financial year at a level of EUR 2.50. The result was a drop in the value of the share by 40.1%.

The Management Board of Marseille-Kliniken AG is of the opinion that the share price decline seen since 2007, starting at a price level of over EUR 18.00, does not realistically reflect the company's performance. For example, the strategic repositioning recently executed to that point was not reflected in the share price level, although the first success from the measures realised can be verified, especially with the recent rise in occupancy rates of the Group facilities. In order to convince the capital market of the opportunities involved in investing in the share, it will be necessary to offer proof of the Group's sustainable profitability. The Management Board is convinced that the company is on a promising path in this regard.

In the past, Marseille-Kliniken AG paid its shareholders attractive dividends. The company attempts to get back to this, as soon as it will be possible considering the operational and financial background.

Share price development

	6/30/2011	6/30/2010	Change in %
Marseille-Kliniken AG	2.50 EUR	4.17 EUR	-40.1
DAX	7,376.24	5,965.52	23.6
CDAX	651.43	518.87	25.5
Prime All Share	2,752.1	2,198.85	25.2
Classic All Share	3,645.03	2,694.26	35.3
GEX	1,864.12	1,653.97	12.7
Prime Pharma & Healthcare	2,079.41	1,782.67	16.6

Capital increase

Marseille-Kliniken AG successfully carried out a capital increase with subscription rights in May 2011. By the end of the subscription period on 24 May 2011, the company's shareholders subscribed for all 2,430,000 new no-par value bearer shares by exercising their subscription and additional subscription rights at the price of EUR 2.56 (rounded) per share. With this, the capital increase was placed with the shareholders of Marseille-Kliniken AG in the full amount. Given the high demand for new shares on the part of shareholders, the main shareholder, Mr Ulrich Marseille, subscribed for shares in a lower number than the additional subscription rights he had requested. The company's share capital increased to EUR 37,320,000 as a result of the measure and since that time has been divided into 14,580,000 no-par value bearer shares.

Market capitalisation and trading volume

Based on the share price as at 30 June 2011, the market capitalisation of Marseille-Kliniken AG was EUR 36.4 million, compared to EUR 48.8 million in the previous year. The number of traded shares increased noticeably and was more than 270.0% above the trading level of the previous year. The average number of shares traded daily on all German stock exchanges and in the Xetra system rose from 4,162 in the previous year to 15,471 in the period under review.

Shareholder structure

Founder and principal shareholder Ulrich Marseille and his wife Estella-Maria Marseille hold more than 60% of the registered capital of Marseille-Kliniken AG.

Research coverage

Marseille-Kliniken AG was regularly valued and analysed by six renowned banks and investment research firms during the reporting period. The expectation of the future development of the share is different between individual institutes. Of the analysts' recommendations, two were "Buy", three were "Hold" and only one was "Sell", which sounds a positive note for the estimates overall. The continuous coverage of the company by the 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. Moreover, the relevant economic and financial press reported on Marseille-Kliniken AG in the 2010/2011 financial year, thus giving the company additional attention.

Bond

On 8 December 2010 Marseille-Kliniken AG issued a fixed-rate bearer bond with an aggregate principal amount of EUR 15.0 million. The bond was fully placed with investors, is listed on the open market of the Frankfurt Stock Exchange (ISIN DE000A1E8SW8) and has an interest rate of 7.9% per year. The inflow of funds generated from this allowed the company to carry out modernisation measures for its facilities, finance growth in the assisted living segment, and strengthen its independence from bank financing.

Investor relations

Financial calendar

for the 2011/2012 financial year

Publication of consolidated financial statements 2010/2011	27 October 2011
Press conference	27 October 2011
Analyst conference	27 October 2011
Report on the 1 st quarter 2011/12	16 November 2011
German Equity Forum (investor conference)	22 November 2011
112 th Annual General Meeting	January 2012
Report on the 2 nd quarter 2011/12	8 February 2012
Report on the 3 rd quarter 2011/12	9 May 2012

The aim of our investor relations activities is to provide reliable and transparent information on an ongoing basis to 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. We also provide further information about the company via contact with our Investor Relations department and in the Investor Relations section of our website. It is important to us that we present both current information and long-term perspectives.

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. The ongoing reporting as part of the fair disclosure rules is also vitally important, as it means that information about the company is presented to all market participants openly and simultaneously.

During the past financial year, Marseille-Kliniken AG also expanded its relationship with capital market participants by taking part in investor conferences such as the German Equity Forum in Frankfurt am Main, amongst others. 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 step up its investor relations activities in future in order to give potential investors and financial analysts additional extensive information.

A variety of information is also being made 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 company presentations, studies by financial analysts and general information on the development of the health care sector available to download. Upon request, those interested can receive up-to-date information on the company via email. Anyone wishing to contact Marseille-Kliniken AG in person can reach the competent contact partner here. The investor relations team is glad to answer any questions that market participants might have.

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 AG

Key figures about the share

		2010 2011	2009 2010
Net profit	EUR million	2.9	0.6
Dividend per share	EUR	0.0	0.0
Dividend yield (net)	%	0.0	0.0
Total dividend amount (net)	EUR million	0.0	0.0
Share price high	EUR	4.23	6.11
Share price low	EUR	2.22	4.01
Year-end share price	EUR	2.50	4.02
Number of shares	million	14.58	12.15
Market capitalisation (as of June 30)	EUR million	36.5	48.8
Price-to-earnings ratio*		10.9	83.4

* calculated using the weighted average after deducting treasury shares

Group management report

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The management report of Marseille-Kliniken AG has been combined with the Group 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, 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 8,083 beds (sales capacity 7,973 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 1,169 residential units in four building complexes in Gera, Halle, and Potsdam.

The 2010/2011 financial year represents a positive turning point for Marseille-Kliniken. The Group is consistently pursuing its strategic reorientation with last year's sale of the rehabilitation segment, the introduction of an operating and decentralised regional management structure, the complete placement of a bond with a total nominal amount of EUR 15.0 million, and the successful capital increase of 2,430,000 new no-par bearer shares. In accordance with the focus on the two segments of inpatient nursing care and assisted living, the average utilisation of the previous year (88%) was almost maintained at 87.1% (based on the sales capacity).

In addition to the higher utilisation, 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 over-capacities dominating the market. As such, the capacities in the two company segments are geared even more towards the actual market demand.

In the 2010/2011 financial year, the Marseille-Kliniken Group generated revenues of EUR 190.0 million after EUR 240.7 million in the year prior. The previous year's revenues included proceeds from the rehabilitation clinics sold in the past financial year, which must be adjusted to achieve better comparability. The resulting adjusted prior year's figure comes out to EUR 193.2 million. With this, the Marseille-Kliniken Group managed to hold its ground in a difficult market environment and generate revenues at the previous year's level.

The Group's earnings before interest, taxes, depreciation, amortisation, and rent costs (EBITDAR) fell by EUR 23.7 million from EUR 75.6 million to EUR 51.9 million.

On the basis of rental expenses, EBITDA dropped by EUR 12.2 million from EUR 25.9 million to EUR 13.7 million.

The reduction is mainly due to extraordinary effects, especially the significant one-off income from the deconsolidation of rehabilitation companies in the 2009/2010 financial year. For the purpose of clarification, the extraordinary effects are explained in section 4.9 in detail.

In the 2009/2010 financial year, EBT adjusted for extraordinary effects improved by EUR 6.2 million from EUR -1.6 million to an adjusted EBT of EUR 4.6 million.

The reorganisation made considerable one-off impairment charges of some EUR 9.2 million overall necessary for vacant properties in the previous year due to clinics no longer being operated and the valuation of goodwill. As a result, write-downs in the reporting year fell from EUR 21.6 million to EUR 8.0 million. The financial result declined by EUR 0.4 million to EUR -4.0 million, which was primarily due to refinancing.

Consolidated earnings after taxes and minority interests improved by EUR 2.3 million from EUR 0.6 million to EUR 2.9 million.

2. Business operations and general economic conditions

2.1 BUSINESS OPERATIONS

The company is a leading stock market-listed provider of inpatient and outpatient nursing services ("nursing care") with a total of 60 senior facilities in 13 of 16 German states. The inpatient nursing care segment includes 57 care facilities with a sales capacity of around 6,814 beds, including three homes providing care for people with disabilities. In the area of assisted living, Marseille-Kliniken provides services for the elderly in 1,159 residential units in four building complexes in Gera, Halle, and Potsdam. In addition to these two core segments, the services segment consists of individual services and administrative functions, for example accounting (which has been outsourced to a subsidiary), technical services, and maintenance as well as a large-scale laundry operation, thus supplementing the Group's operating business activities.

Individual Group segments are managed by fully independent operational department heads. They are supported by internal service providers for the central functions of human resources, finance and controlling, accounting, taxes, information technology, organisational management, and marketing. In addition, independent regional managers are responsible for various facilities for the elderly, thus allowing the Group to further improve its operating capabilities through its regional presence.

Within the segments, the individual facilities are run as legally autonomous subsidiaries affiliated with the parent company Marseille-Kliniken AG. All of the subsidiaries have been assigned to a segment of the company in line with the International Financial Reporting Standards (IFRS).

The Group is managed on the basis of its strategic planning and regularly updated forecasts. These take into account current events in the ongoing financial year, as well as the market developments expected in future, new information technologies, and the Group's financing possibilities. The company planning is drawn up for a period of five years. Each year, a detailed budget is prepared for the following financial year. The budget sets targets for monthly reporting on the asset situation, financial position, and profitability of each individual company in the Group, the Group segments, and the Group as a whole. Supplemented by a wide range of management data, including financial indicators, occupancy rates, qualitative indicators, and detailed information, the monthly reports thus complete the control and risk-reduction of the operating business. This entire system of reporting provides a primary decision-making basis for the Management Board and the Supervisory Board.

The Supervisory Board advises and monitors the Management Board in the scope stipulated by law, the articles of association, and the internal rules of procedure as well as under consideration of the recommendations of the German Corporate Governance Code. It works closely together with the Management Board for the good of the company and is involved in all decisions of underlying importance. The Supervisory Board and Management Board came together in an agreement on and specification of the strategy in the period under review.

2.2 GENERAL ECONOMIC CONDITIONS

2.2.1 Macroeconomic environment

The macroeconomic situation in Germany is currently marked by a downturn after 3.6% growth in gross domestic product (GDP) in 2010. In the first quarter of 2011, the economic growth was still 1.3% over the same period of the year prior and was reduced in the second quarter to 0.1%. A lower rate of growth overall is thus derived for the German economy, also as a result of the development expected for the global economy (3.95% in 2011 vs. 5.11% in 2010).

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.

2.2.2 The German health care market

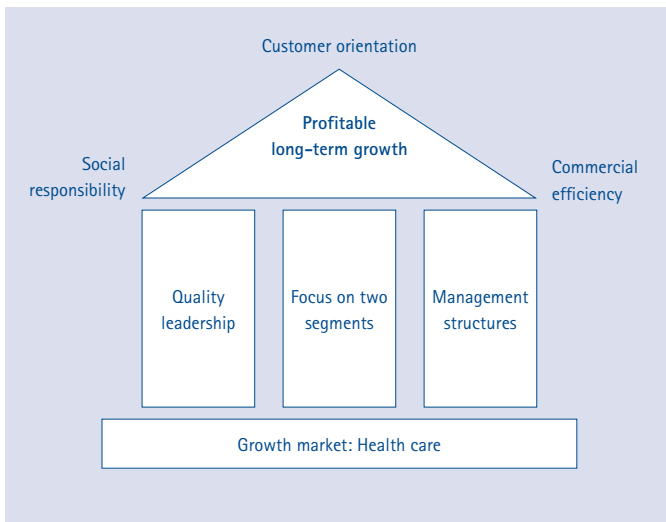
Health care spending in Germany added up to EUR 278.3 billion in total in 2009 (2008: EUR 264.5 billion), which came out to a share of gross domestic product of around 11.6% (2008: 10.7%). The growth in spending despite the economic crisis at that time and the high share of GDP resulting from it clearly show the health care market's considerable dependence on the general economic development. A major factor driving the growth of the health care market in Germany is the ageing population, based on a higher rate of life expectancy (2009: 80.3 years; 2000: 78.3 years; 1990: 75.4 years), as well as a relatively low birth rate and advances in medical research. At the same time, people are changing their self-image, from passive patient as a victim of their disease to self-determined, active customer of medical products and services. These positive impulses on the side of demand are pitted against the long-term barriers in financing the health care system through public budgets and pay-as-you-go social insurance systems on the supply side. The higher sovereign debt and the long-term trend toward declining labour relations subject to social insurance contributions reveal the challenges of meeting the heavily growing demand with a simultaneously limited rise in financial resources. Against this background, long-term annual growth rates of between 6% and 10% are forecast for the German health care market, in addition to three significant trends: First, the high cost pressure with a largely legally stipulated scope of services will lead to a concentration process, meaning that individual facilities will have little chance of survival in the long term. Second, progress in medicine will result in shorter stays for patients undergoing cost-intensive inpatient treatment as well as a closer interconnectedness of the various sectors of the health care market. Third, the market has been characterised by a wave of privatisation in the last few years, and this trend will continue to grow. The state is not in a position to make the necessary investments in facilities, nor will it be able to bear the losses at many of its hospitals over time. Hospitals today are already faced with an investment backlog of around EUR 50 billion, which experts believe can only be resolved through private-sector structures and investments. The health care market is therefore relying on private capital to an increasing degree.

As a private-sector operator of facilities for the elderly, Marseille-Kliniken in this market environment is faced with challenges in assuming social responsibility within the health care market, but the Group also has considerable long-term growth potential. The corporate strategy derived from this is described in the next section.

3. Group strategy

As a listed operator of homes for elderly care and facilities for assisted living, Marseille-Kliniken AG is one of the leading providers of nursing services in Germany. In a market primarily dominated by charitable organisations, the company is a pioneer that shapes the health care market with its consistent approach as a nationwide provider, has a forward-looking position in view of demographic developments, and establishes a connection between social and economic action and customer orientation. 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 form the basis 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 own standard for **quality leadership** in the German nursing care market. Marseille-Kliniken's innovative sector solutions for improving quality and transparency make it a pioneer on the national market for nursing care services. High standards have been set for care, handling sick patients, social support, accommodation, and service. The nursing facilities have been voluntarily certified by external experts according to recognised standards such as DIN EN ISO 9001:2008 and KTQ care (two facilities). 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 enables us to identify nursing risks at an early stage and provides information on the current quality of nursing care on an ongoing basis. An analysis of the day-to-day care provided, operating a differentiated complaints management procedure, and conducting a regular, anonymous survey of residents' relatives all feeds into the continual improvement process. In addition, adapted software solutions eliminate administrative duties for care personnel, thereby allowing them more time for individual support of the residents. All of the Group's employees are an integral part of our overall Group strategy. They take on a central role particularly in the strategic pillar of quality leadership. After all, the employees are the backbone of the Group when it comes to the day-to-day care operations. 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 campaign "Training and retaining" in order to make the Group more attractive as an employer. The component of further training is made clear through 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. Other components for retaining employees for example are performance-based salary components, the possibility to participate in the company's own pension fund, and continuously co-operative management.

The second pillar of the Group strategy is the clear **focus on the two segments** of inpatient nursing care and outpatient care (assisted living). A clear goal of improving efficiency for the entire Group was set with 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 at that time to further improve utilisation of the existing capacities in the core segment. 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 strategy is found in the **management structures** created. These include both the recent changes to the Management Board (see section Events after the balance sheet date) and the successful introduction of a regional management structure on an operating level. There are eight 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 for the elderly. The decision-making abilities and responsibilities of the facilities themselves were strengthened, which resulted in a consistently good bed occupancy rate in the period under review. With the reorganisation, Marseille-Kliniken now sees an optimistic future with sustainable management structures.

The entire Group strategy of Marseille-Kliniken AG is defined by these three pillars. The close interconnection and mutual influence of the individual pillars creates 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 Marseille-Kliniken Group

Due to the sale of the rehabilitation segment in April 2010, which generated revenues of EUR 47.6 million for ten months in the previous year and contributed earnings of EUR 22.7 million based on the disposal, it is difficult to make a direct comparison of the profit situation from the 2010/2011 financial year with the previous year.

EUR thousand	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	<i>thereof</i>		Change total
			continuing operations 7/1/2009 to 6/30/2010	discontinued operations 7/1/2009 to 6/30/2010	
Revenues	190,003	240,742	193,152	47,590	-50,739
Other operating income	12,125	12,044	10,812	1,232	81
Total revenues	202,128	252,786	203,964	48,822	-50,658
Cost of materials	20,887	30,293	21,627	11,903	-9,406
Personnel expenses	98,783	131,441	108,488	17,371	-32,658
Depreciation and amortisation	8,041	21,648	20,975	673	-13,607
Other operating expenses incl. other taxes	68,756	85,232	72,306	15,271	-16,476
Earnings from operating activities	5,661	-15,828	-19,432	3,604	21,489
Income from the sale of rehab division	0	20,080	0	20,080	-20,080
Financial result	-4,030	-3,618	-3,529	-89	-412
Earnings before taxes	1,631	634	-22,961	23,595	997
Income tax	-1,146	-26	-773	747	-1,120
Group net profit/loss	2,777	660	-22,188	22,848	2,117
Minority interests	93	-96	48	-144	189
Group result attributable to Marseille-Kliniken AG	2,870	564	-22,140	22,704	2,306

The Group's bed capacity (supply capacity) was 8,083 beds at the 60 facilities for the elderly as at 30 June 2011, compared to 8,370 beds at 62 facilities in the previous year. The slight decline in bed capacity in nursing care was mainly a result of the disposal of the business at the Montabaur segment on 1 October 2010 and the closing of the Schömberg location on 30 June 2010.

4.1 REVENUES

Revenues fell in the financial year by EUR 50.7 million to EUR 190.0 million. Adjusted for the revenues generated from the rehabilitation companies, this figure is lowered by EUR 3.1 million (1.6%) from EUR 193.1 million to EUR 190.0 million. If we factor out revenues from the Schömberg and Montabaur facilities, which were disposed of as at 30 June 2010 and 1 October 2010, respectively, and which had contributed EUR 6.1 million to the revenues of the previous business year such as EUR 1.2 million to the current business year, the adjusted revenue increase on group level would come out to EUR 1.8 million. With regard to the segment nursing care this leads to an adjusted increase in revenues of EUR 3.7 million or 2.0%.

The increases in occupancy at the expanding facilities of AMARITA Bremerhaven and AMARITA Hamburg as well as the nursing care revenues added starting 1 July 2010 in the assisted living segment in Gera were particularly crucial.

4.2 OTHER OPERATING INCOME

Other operating income came out to EUR 12.1 million (previous year: EUR 12.0 million) and was primarily made up of income from the release of provisions (EUR 2.9 million), the pro-rata release of investment grants received in previous years (EUR 1.4 million), and the personnel cost allowances received (EUR 1.2 million). The other operating income from the previous year included income from the sale of the Bremerhaven property in the scope of a sale-and-leaseback transaction amounting to EUR 2.0 million.

4.3 COST OF MATERIALS

The cost of materials declined from EUR 30.3 million in the previous year to EUR 20.9 million in the lapsed year. The main reason for the drop can be traced back to the sale of the rehabilitation segment. In light of the cost reduction programme introduced, savings were furthermore achieved for both medical supplies and energy resources.

4.4 PERSONNEL EXPENSE

The personnel expense decreased by a total of EUR 32.7 million to EUR 98.8 million. The sale of the rehabilitation clinics in particular largely contributed to this significant reduction.

The Group had an average of 4,521 employees in the lapsed financial year (previous year: 5,584 employees). In addition to the closing of the Schömberg care clinic and the sale of the business operations at the Montabaur facility for the elderly, however, the "Sprint" cost optimisation programme has furthermore contributed to the reduction of personnel costs. These costs in the nursing care segment were reduced overall by EUR 9.7 million from EUR 108.5 million, which comes out to an 8.9% drop.

As such, the basis has been laid for another profitable development at the company.

4.5 DEPRECIATION AND AMORTISATION

Depreciation and amortisation in the reporting period came out to EUR 8.0 million, which was EUR 13.6 million below the previous year's figure of EUR 21.6 million. While impairments of EUR 9.2 million were carried out in the 2009/2010 financial year, particularly on redundant properties, impairments in the lapsed year only included amortisation of EUR 0.8 million (previous year: EUR 3.2 million) on intangible assets, while no impairments were necessary for property, plant, and equipment (previous year: EUR 7.3 million).

Amortisation of capitalised finance leases amounted to EUR 1.8 million (previous year: EUR 2.1 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 EUR 68.7 million in the lapsed financial year. This figure was EUR 16.5 million below the previous year's level of EUR 85.2 million. Substantially lower expenses for rental and lease payments as well as for administrative and maintenance tasks accrued particularly from the sale of the rehabilitation segment as well as the Schömberg and Montabaur locations being disposed of. Rental and lease expenses at EUR 38.2 million or 56% (previous year: 58.6%) of other expenses make up the largest portion of costs, followed by legal and consultancy costs (EUR 5.7 million; previous year: EUR 7.7 million), administrative expenses (EUR 5.1 million; previous year: EUR 8.8 million), and maintenance costs (EUR 4.1 million; previous year: EUR 4.5 million).

In connection with the former facilities in Bad König and Montabaur, follow-up expenses of EUR 2.4 million accrued, which weighed on the annual net profit.

4.7 FINANCIAL RESULT

The financial result at EUR -4.0 million slightly exceeded the previous year's level of EUR -3.6 million. With roughly unchanged interest income of EUR 1.0 million, the interest expenses for loans as well as the bond placed in December 2010 for EUR 15.0 million rose to EUR 3.7 million in the reporting year after EUR 3.4 million in the year prior.

4.8 INCOME TAX

The Group posted income tax revenue of EUR 1.1 million in the lapsed financial year after nearly no net tax effect in the previous year. The tax expense of EUR 1.5 million included in this amount is mostly based on the income tax of the lapsed financial year.

Additional deferred tax assets of EUR 3.0 million were capitalised due to existing losses carried forward in the lapsed financial year for various companies whose economic use is expected in the next five years.

Additional deferred tax liabilities of approximately EUR 0.3 million have been accounted for due to varying useful economic lives for property, plant, and equipment, thus leading to tax revenues of EUR 2.7 million.

4.9 ONE-OFF FACTORS AFFECTING EARNINGS

Consolidated earnings before tax (EBT) amount to EUR 1.6 million (previous year: EUR 0.6 million). This includes the following extraordinary effects:

EUR million	2010/2011		2009/2010	
	Expense	Income	Expense	Income
Provisions	2.3	0.9	5.9	-
Real estate	-	0.5	7.3	2.0
Reserves for bad debt/write-off receivables	-	-	0.8	-
MK Switzerland	1.6	-	-	-
Intangible assets incl. Goodwill	0.4	-	3.2	-
Non-periodic personnel expenses	-	-	1.6	-
Deconsolidation	-	-	0.3	20.1
Other	0.8	0.7	0.8	-
	5.1	2.1	19.9	22.1
Total one-off factors	-3.0			2.2
EBT after one-off factors	4.6			-1.6

The additions to provisions amounting to EUR 2.3 million largely pertain to the former facility in Bad König.

The losses accrued in the 2010/2011 financial year at Marseille-Kliniken AG, Zug, Switzerland, pertain to a project that is not sufficiently likely to bring in the corresponding revenues from what is known today.

In the 2010/2011 financial year, a provision formed in the past for social insurance obligations of a former Group company amounting to EUR 0.9 million was released due to the final court decision that the corresponding liabilities do not exist.

Appreciation of properties in Schömberg resulted in income of EUR 0.5 million in the 2010/2011 financial year.

Extraordinary effects in the 2009/2010 financial year particularly resulted from provisions for process risks, impairments on redundant properties, and intangible assets including goodwill and aperiodic personnel expenses, which were pitted against income from the sale of real estate in Bremerhaven in the scope of a sale-and-leaseback transaction as well as the sale of the rehabilitation segment.

The extraordinary effects from the lapsed financial year burdened Group profits by EUR 3.0 million, whereas the previous year showed an earnings improvement of EUR 2.2 million. The EBT figure adjusted for these extraordinary effects is EUR 4.6 million for the 2010/2011 financial year, while this figure was negative in the year prior at EUR -1.6 million. On an adjusted basis, the result is therefore an earnings improvement by EUR 6.2 million on a Group level.

Following the sale of the rehabilitation segment, one-off effects would come out to EUR -17.9 million for the continuing nursing care segment in the previous year, meaning that adjusted EBT of this segment would have amounted to EUR -5.0 million in the previous year. Taking this segment as a basis, the measures introduced to increase profitability have already resulted in a clear improvement in EBT by EUR 9.6 million.

4.10 OPERATING RESULT AND PROFIT RATIOS

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

EUR million	2010 2011	2009 2010
EBITDAR	51.9	75.6
EBITDA	13.7	25.9
EBIT	5.7	4.3
EBT	1.6	0.6
EBITDAR margin	27.3%	31.4%
EBITDA margin	7.2%	10.8%
EBIT margin	3.0%	1.8%

4.11 GROUP NET INCOME/LOSS

Group net income amounts to EUR 2.8 million (previous year: EUR 0.7 million) and EUR 2.9 million after minority interests (previous year: EUR 0.6 million).

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 operating profits (EBIT) of EUR 5.7 million this year versus EUR 4.3 million in the previous year.

4.12 EARNINGS PER SHARE / DIVIDEND

Following the capital increase in May 2011, Marseille-Kliniken AG's subscribed capital as at 30 June 2011 amounts to EUR 37.3 million, divided into 14,580,000 bearer shares. The shares are fully paid in.

Earnings per share were calculated using the weighted average after deducting treasury shares. Based on the resulting 12,290,626 shares, earnings per share are calculated at EUR 0.23 (previous year: EUR 0.05 based on 12,044,325 shares).

5. Asset situation of the Group

Total assets as at the reporting date amounted to EUR 199.7 million (previous year: 198.1 million) and increased only slightly versus the previous year. Only minor structural shifts were seen within the current and non-current assets.

Non-current assets at EUR 167.2 million were slightly below the previous year's amount of EUR 168.4 million due to lower investment. This was offset by the rise in current assets by EUR 2.8 million to EUR 32.5 million.

Given the capital increase and the positive Group profit, equity was strengthened by 37.1% to EUR 34.2 million, while long-term and short-term liabilities were reduced by EUR 7.7 million.

EUR thousand	6/30/2011	6/30/2010	Change in %
Intangible assets	32,599	33,665	-3.2
Property, plant and equipment	119,936	124,168	-3.4
Other non-current assets	14,713	10,615	38.6
Non-current assets	167,248	168,448	-0.7
Trade receivables	10,181	9,260	9.9
Other current assets	12,806	10,330	24.0
Cash and cash equivalents	9,488	10,104	-6.1
Current assets	32,475	29,694	9.4
Total assets	199,723	198,142	0.8
Shareholders' equity	34,195	24,938	37.1
Long-term liabilities	97,991	108,211	-9.4
Short-term liabilities	67,537	64,993	3.9
Total shareholders' equity and liabilities	199,723	198,142	0.8
Cash ratio (first degree liquidity)	14.0%	15.5%	-9.7
Quick ratio (second degree liquidity)	29.1%	29.8%	-2.3
Equity ratio	17.1%	12.6%	35.7

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 EUR 33.7 million to EUR 32.6 million. The reduction is predominantly attributable to amortisations of EUR 2.3 million, which fell short of the additions of EUR 1.0 million.

This item was mostly made up of goodwill of EUR 27.3 million (previous year: EUR 27.0 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.

Goodwill impairments of EUR 0.4 million were carried out 2010/2011 financial year due to changes in market estimates, while impairments of EUR 1.2 million had been accounted for in the previous year.

Property, plant, and equipment decreased from EUR 124.2 million to EUR 119.9 million.

Investments of EUR 2.1 million primarily pertain to construction work being carried out at the facilities for the elderly in Flora Marzina and Koppenbergs Hof, whereas the construction activities at the Koppenbergs Hof were concluded and, in this respect, their acquisition and production costs were increased by EUR 1.6 million.

Depreciation on property, plant, and equipment amounted to EUR 5.8 million.

In the year prior, write-downs amounted to EUR 16.4 million overall, of which EUR 8.1 million alone was impairments primarily related to redundant properties. No impairments were necessary in the lapsed financial year.

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 rose by EUR 1.5 million and came out to EUR 10.1 million as at the end of the 2010/2011 financial year.

This item mainly included receivables from finance lease agreements, for which the Marseille-Kliniken Group is the lessor, in the amount of EUR 6.8 million (previous year: EUR 5.7 million). In addition, the asset values of reinsurance coverage from pension commitments at EUR 1.2 million (previous year: 1.0 million), which mostly involve Kasanag, as well as saving instalments for a long-term loan of EUR 1.9 million (previous year: EUR 1.6 million) were also included in this item.

The non-current income tax refund claims of EUR 1.1 million (previous year: EUR 1.1 million) relate to a tax credit pursuant to § 37 of the German Corporation Tax Act (KStG).

Deferred taxes show tax benefits arising from the use of existing losses carried forward with various subsidiaries within the next five years. Given the existing losses carried forward, deferred tax assets on recoverable losses carried forward rose from EUR 0.9 million in the previous year to EUR 3.6 million as at the end of the financial year.

Current assets climbed by EUR 2.8 million to EUR 32.5 million, which was mostly attributable to the rise in other receivables and assets by EUR 2.3 million as well as trade receivables by EUR 0.9 million.

The structural composition of current assets changed only marginally. These are mostly made up of trade receivables (EUR 10.2 million), cash and cash equivalents (EUR 9.5 million), other receivables (EUR 9.3 million), and current tax refund claims (EUR 2.0 million).

Group shareholder's equity rose to EUR 34.2 million due to the consolidated net profit of EUR 2.8 million and the capital increase, less transaction costs, of EUR 6.1 million. This put the equity ratio at 17.1% after 12.6% in the previous year.

Considering the equity ratio of 84.2% of the deferred investment grants, which the Group was allowed as lost grants, shareholder's equity amounts to EUR 69.2 million after EUR 61.1 million in the previous year, thus leaving the adjusted equity ratio at 34.6% (previous year: 30.9%).

Liabilities to banks were reduced by EUR 15.7 million in the lapsed financial year. As compensation, Marseille-Kliniken AG issued a corporate bond for EUR 15 million in December 2010 with a term of one year. The redemption date is 8 December 2011.

Pension obligations as an element of internal financing were reduced by EUR 1.4 million to EUR 12.9 million, particularly due to a drop in the number of people eligible for a pension.

Deferred tax liabilities of EUR 7.1 million (previous year: EUR 6.4 million) particularly relate to differing tax economic useful lives of property, plant, and equipment as well as the tax allowance for reserves pursuant to § 6b.

Provisions of EUR 20.1 million were only slightly above the previous year's level of EUR 19.5 million. The structure of these is nearly unchanged from the previous year.

In addition to the provisions of EUR 8.5 million relating to personnel (previous year: EUR 9.2 million), outstanding accounts of EUR 5.0 million (previous year: EUR 4.2 million) and process risks of EUR 2.6 million (previous year: EUR 1.5 million) are covered by the provisions.

Trade payables rose by EUR 2.5 million to EUR 10.8 million, while current tax liabilities were reduced by EUR 1.7 million to EUR 3.1 million and other current debt was cut by another EUR 1.6 million to EUR 12.9 million.

Finance lease obligations of EUR 1.8 million (previous year: EUR 2.9 million) are accounted for in long-term financial debts. Short-term financial debts as at the balance sheet date 30 June 2011 include finance lease obligations totalling EUR 1.5 million (previous year: EUR 1.8 million).

6. Financial position of the Group

Bank loans of EUR 15.7 million were repaid due to the capital increase in the period under review through the issue of new shares at gross proceeds of EUR 6.22 million and the successful issue of a corporate bond of EUR 15 million. Long-term real estate loans secure financing for investments in our facilities. In the case of roughly two thirds of our facilities, we work closely together with real estate investors, with whom we have signed long-term rental agreements.

The Group's financial debt was reduced overall in the lapsed financial year from EUR 62.4 million to EUR 57.1 million.

Cash and cash equivalents at EUR 9.5 million at the end of the 2010/2011 financial year were slightly below the previous year's level of EUR 10.1 million.

The Management Board of Marseille-Kliniken AG introduced refinancing measures in December 2011 with a view to the necessary repayment of the bond of EUR 15 million. It is preparing additional steps to ensure a medium- to long-term financing structure. For more details see item 11.6 (Financial risks).

Consolidated cash flow statement

EUR thousand	Group	
	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010
Cash Flow from operating activities		
Earning before interest and tax	5,661	-15,828
Proceeds from the disposal of non-current assets (profit/loss)	-584	-1,652
Depreciation and amortisation	8,041	21,648
Other non-cash income and expenses	-4,554	1,061
Increase/decrease (-/+) in inventories	-348	335
Increase/decrease (-/+) in pension provisions	-1,338	809
Increase in short-term provisions	3,445	9,048
Income tax paid	-2,880	-4,159
Changes in net working capital	-6,586	-4,862
Cash flow from operating activities	857	6,400
<i>thereof:</i>		
- continuing operations	857	3,519
- discontinued operations	0	2,881
Cash flow from investing activities	-1,728	20,442
<i>thereof:</i>		
- continuing operations	-1,728	-1,837
- discontinued operations	0	22,279
Cash flow from financing activities	255	-25,717
<i>thereof:</i>		
- continuing operations	255	-25,557
- discontinued operations	0	-160
Net increase/decrease in cash and cash equivalents	-616	1,125
Increase/decrease in cash and cash equivalents	-616	1,125
Effects from changes in the group of consolidated companies	0	-652
Cash and cash equivalents at the beginning of financial year	10,104	9,631
Cash and cash equivalents at the end of financial year	9,488	10,104
of which cash in hand, bank balances	9,488	10,104

7. Group investments

The Marseille-Kliniken Group's additions to non-current assets were EUR 3.1 million in the 2010/2011 financial year (compared to EUR 9.1 million in the 2009/2010 financial year). This equals a EUR 6.0 million decline or 65.9% versus the 2009/2010 financial year. The investments carried out pertained to intangible assets of EUR 1.0 million (EUR -1.0 million or -50% versus the previous year) and property, plant, and equipment of EUR 2.2 million (EUR -5.1 million, equal to -70.8% versus the previous year).

EUR thousand	2010 2011	2009 2010	Change	
Intangible assets	1.0	2.0	-1.0	-50.0%
Property, plant, and equipment	2.1	7.2	-5.1	-70.8%
Total investments	3.1	9.2	-6.1	-66.3%

The main additions to non-current assets relate to software licences and the assets under construction at the Koppenbergs Hof and Flora Marzina facilities (combined EUR 1.0 million) as well as EUR 0.5 million for operating and office equipment.

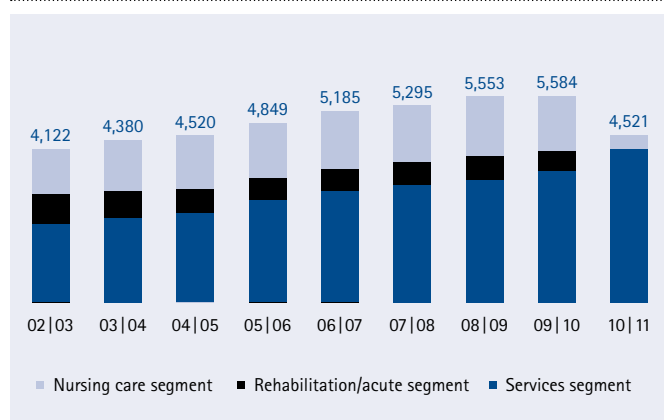
8. Research and development

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 employees are the major factor of success for the Group and are therefore also an integral part of Marseille-Kliniken's strategy (see section "Group strategy"). The Marseille-Kliniken Group had an average of 4,521 employees in the 2010/2011 financial year (previous year: 5,584 employees). As at the balance sheet date 30 June 2011, the Group had 4,592 employees (2009/2010: 4,531).

Average number of employees in Marseille-Kliniken Group



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

EUR thousand	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	Change
Revenues	13,248	15,929	-2,681
Other operating income	20,234	29,552	-9,318
Total revenues	33,482	45,481	-11,999
Cost of materials	2,251	4,009	-1,758
Personnel expenses	10,850	11,085	-235
Depreciation and amortisation	4,012	22,530	-18,518
Other operating expenses/ other taxes/one-off expenses	34,054	35,910	-1,856
Result from investments	27,168	11,221	15,947
Financial result	-1,783	-156	-1,627
Earnings from operating activities	7,700	-16,988	24,688
Income tax	1,638	574	1,064
Net profit (previous year: net loss)	6,062	-17,562	23,624

Revenues of Marseille-Kliniken AG at EUR 13.2 million were EUR 2.7 million below the previous year's level of EUR 15.9 million. Revenues are generated from the four (previous year: five) nursing care facilities belonging directly to the parent company.

The revenue decline is largely explained by the closing of the Schömberg care clinic as of 30 June 2010 and the unsatisfactory utilisation at the care facility in Bad Schönborn.

Other operating income decreased from EUR 29.6 million to EUR 20.2 million. The previous year's income of EUR 4.5 million from the sale of the rehabilitation companies was mainly responsible for this, as well as the lower rent and lease proceeds resulting from this in the lapsed financial year from the Teufelsbad specialised clinic in Blankenburg (EUR 2.4 million) and the Algos specialised clinic (EUR 0.8 million).

The cost of materials dropped from EUR 4.0 million in the previous year to EUR 2.3 million. The decline is above all attributable to the fact that employees previously having worked at the legally independent service companies were taken up by the nursing care facilities. The expenses for services rendered were reduced by this at the expense of personnel costs. In addition, material purchases have been made on a decentralised basis through the facilities since the restructuring.

Personnel costs were nearly unchanged from the previous year overall. The total expense in this financial year came out to EUR 10.9 million (previous year: EUR 11.1 million). However, salaries and wages rose. The main reason for this is the aforementioned acquisition of employees from the service companies to work at the facilities. In contrast, the expenses for social security contributions and pension provisioning fell compared to the previous year due to the creation of a provision amounting to EUR 1.6 million for possible liabilities for employees acquired in previous years.

Amortisation and depreciation of intangible assets and property, plant, and equipment decreased from EUR 3.8 million in the previous year to EUR 0.6 million. The main reason lies in the impairment charge of EUR 2.0 million in the 2009/2010 financial year recognised on the capitalised costs for conceptual and planning work for the construction of an incontinence centre as well as in other impairments of property, plant, and equipment in the previous year amounting to EUR 0.6 million.

Higher write-downs than usual were recognised on current assets, amounting to EUR 3.4 million (previous year: EUR 18.7 million). This primarily relates to waivers of receivables (previous year) and 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, and extraordinary expenditures fell from EUR 35.9 million in the previous year to EUR 34.1 million. This effect is largely based on the omission of rent expenses for the Teufelsbad specialised clinic in Blankenburg (EUR 2.4 million) as well as the Algos specialised clinic (EUR 0.8 million), with a simultaneous rise in legal and consultancy costs from EUR 3.7 million to EUR 4.6 million.

The result from investments improved significantly by EUR 16.0 million over the previous year's figure to EUR 27.2 million. In addition to an increase in income from profit transfer agreements by EUR 32.1 million (previous year: EUR 17.9 million) and a reduction in assumed losses by EUR 0.3 million, lower impairments on financial assets by EUR 1.4 million contributed to this (previous year: EUR 5.2 million). Income from profit transfer agreements at EUR 11.1 million pertained to the special reserve funds set aside in previous years at the Wolmirstedt and Thale facilities for the elderly in accordance with § 6b of the German Income Tax Act (EStG). These items were accounted for in revenue reserves of these companies with no effect on income due to the new regulations of the German Accounting Law Modernisation Act (BilMoG) and subsequently paid to the shareholder.

The financial result of EUR -1.8 million worsened by EUR -1.6 million compared to the previous year. This change is particularly attributable to higher interest expenses for the Group (EUR 3.0 million; previous year: EUR 2.4 million) and lower interest income for the Group (from EUR 3.9 million in the previous year to EUR 3.2 million). The lower interest burden for bank loans due to repayments was offset by the interest expense for the corporate bond.

Income from operating activities in the lapsed financial year came out to EUR 7.7 million (previous year: EUR -17.0 million) due to the factors described above.

The annual net profit of Marseille-Kliniken AG rose from a loss of EUR -17.6 million in the previous year to EUR 6.1 million. This effect is primarily due to the higher income from investments by EUR 16.0 million, which was not least attributable to the payment of § 6b reserves released to subsidiaries. The annual net profit was negatively impacted in 2010/2011 mostly by write-downs on financial assets totalling EUR 3.8 million (previous year: EUR 5.2 million) as well as bad debt provisions and an omission (previous year) of receivables from subsidiaries in the amount of EUR 3.4 million (previous year: EUR 18.0 million). Less the loss carried forward of EUR 0.3 million in the previous year and considering allocations to revenue reserves, this year's net profit came out to EUR 4.4 million (previous year: net loss of EUR 0.3 million). The net profit is carried forward.

10.2 ASSET AND FINANCIAL POSITION

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

EUR thousand	6/30/2011	6/30/2010	Change in %
Intangible assets	199	283	-29.68
Property, plant and equipment	25,100	24,105	4.13
Financial assets	73,009	76,770	-4.90
Total non-current assets	98,308	101,158	-2.82
Trade receivables	735	795	-7.55
Receivables from affiliated companies	73,786	55,286	33.46
Other current assets	8,322	7,606	9.41
Cash and cash equivalents	8,034	4,426	81.52
Total current assets	90,877	68,113	33.42
Total assets	189,185	169,271	11.76
Shareholders' equity	41,885	31,438	33.23
Special item for investment grants	1,792	1,850	-3.14
Provisions	12,596	11,525	9.29
Bond	15,000	0	-
Liabilities to banks	16,355	28,175	-41.95
Trade payables	2,496	1,617	54.36
Liabilities to affiliated companies	92,973	89,347	4.06
Other liabilities	6,088	5,319	14.46
Total liabilities	132,912	124,458	6.79
Total shareholders' equity and liabilities	189,185	169,271	11.76
Equity ratio	22.1%	18.6%	18.8

Marseille-Kliniken AG's non-current assets fell from EUR 101.2 million in the previous year to EUR 98.3 million. Additions to property, plant, and equipment of EUR 1.2 million, most of which pertained to the construction work carried out at the locations Flora Marzina (EUR 0.6 million) and Koppenbergs Hof (EUR 0.4 million), were countered by write-downs on shares in affiliated companies amounting to EUR 3.8 million, mostly made up of the Hennigsdorf GmbH facility at EUR 2.0 million as well as Karlsruher-Sanatorium AG at EUR 0.7 million, Aschersleben GmbH at EUR 0.4 million, and the Schollene GmbH facility at EUR 0.4 million.

Receivables from affiliated companies increased by EUR 18.5 million compared to the previous year. The reason here lay particularly in receivables from profit transfer agreements.

Other current assets as at 30 June 2011 were primarily made up of loan receivables from Mrs Estella-Maria Marseille in the amount of EUR 3.0 million (previous year: EUR 2.8 million as well as from SCS Standard Computersysteme Aktiengesellschaft, Hamburg, totalling EUR 2.7 million (previous year: EUR 2.5 million).

There were also tax refund claims of EUR 1.7 million (previous year: EUR 1.4 million).

Cash and cash equivalents rose by EUR 3.6 million as at the balance sheet date to EUR 8.0 million (previous year: EUR 4.4 million).

The shareholder's equity of Marseille-Kliniken AG increased by EUR 10.5 million from EUR 31.4 million to EUR 41.9 million. The company raised a total of EUR 6.2 million from the capital increase on 24 May 2011. The net profit for the 2010/2011 financial year increased shareholder's equity by EUR 6.1 million. There were also conversion effects due to the new regulations of the BilMoG.

Provisions (incl. for deferred tax liabilities) increased by EUR 1.1 million versus the previous year to EUR 12.6 million (previous year: EUR 11.5 million). These were mostly made up of pension provisions (EUR 0.5 million; previous year: EUR 0.5 million), provisions for current and deferred taxes (EUR 6.2 million; previous year: EUR 5.4 million) and other provisions (EUR 5.9 million; previous year: EUR 5.7 million). The latter particularly pertained to possible liabilities for employees acquired in previous years (EUR 1.6 million; previous year: EUR 1.6 million), outstanding accounts (EUR 1.5 million; previous year: EUR 1.1 million), personnel provisions (EUR 0.8 million; previous year: EUR 0.6 million), and looming losses from provisional transactions (EUR 0.3 million; previous year: EUR 0.4 million). The significant adjustment of the provision for deferred tax liabilities is predominantly due to the new regulations of the German Accounting Law Modernisation Act (BilMoG).

The bond placed in December 2010 with a term of one year yielded liabilities of EUR 15 million. The bond has a coupon of 7.9% p.a.

As a result of the cash inflow from the bond issue and the increase in equity, liabilities to banks were reduced by EUR 11.8 million.

Liabilities to affiliated companies increased by EUR 3.6 million in the lapsed financial year to EUR 93.0 million. The increase was primarily due to liabilities from the cash pool, which rose from EUR 54.3 million in the previous year to EUR 57.6 million. In addition, liabilities to affiliated companies were made up of borrowings of EUR 26.2 million (previous year: EUR 26.7 million), trade payables of EUR 7.1 million (previous year: EUR 6.8 million), and liabilities from loss-sharing obligations of EUR 2.1 million (previous year: EUR 15 million). The loss-sharing obligations to affiliated companies mostly pertained to Karlsruher-Sanatorium-AG (EUR 19.6 million; previous year: EUR 19.6 million).

Other liabilities were comprised primarily of borrowings to be repaid to SCS Batrium GmbH (EUR 2.6 million; previous year: EUR 2.5 million), residual purchase price liabilities from the acquisition of shares in AAP – Allgemeine Ansgar Pflegedienste GmbH (EUR 1.0 million; previous year: EUR 1.5 million), and repayment obligations of EUR 1.0 million (previous year: EUR 0 million) to a former Group company.

Total assets of Marseille-Kliniken AG amounted to EUR 189.2 million (previous year: EUR 169.3 million), with 77.9% of this amount (previous year: 81.4%) 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 any fluctuations in market value which may result from 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 system 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 an internal controlling and risk management 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, 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 members of the Management Board of Marseille-Kliniken AG sign a balance sheet oath and the declaration by the legal representatives of the company for the full year. They thereby confirm 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 VDSE GmbH Verwaltungsdienstleister sozialer Einrichtungen GmbH (VDSE GmbH), a consolidated subsidiary of 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; VDSE GmbH is responsible for accounting and consolidation work. Amongst other things, this involves consolidating figures, accounting for pension provisions, and testing goodwill for impairment and investments. VDSE GmbH 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 ongoing 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 reductions 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 ongoing 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 and the Group advisory board 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. Eight 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.

Amarita Bremerhaven was opened in the past financial year and initially showed average occupancy of 19.1%. Despite an increase to 49.7% in the 2010/2011 financial year, occupancy fell slightly short of expectations due to a staffing shortage. As a result, a human resource campaign is planned in the 2011/2012 financial year in addition to the stronger advertising measures.

The Bad Schönborn location posted a drop in average occupancy from 75% in the previous year to 53.3%. The main reason for the decline was a change in the competitive situation due to the opening of two additional facilities on site. A new management team should give a substantial boost to the occupancy rate, supported by more efficient public relations and a remodelling of the premises.

The Pflegehaus Kreuzberg facility in Berlin has reported a slight increase in the average occupancy from 37.8% to 43.8%. An experienced regional manager will oversee the further activities in the 2011/2012 financial year to boost the 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 EUR 7.1 million (previous year: EUR 7.4 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 anticipates a substantially positive cash flow from operating activities in 2011/2012.

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 has begun to reshuffle its balance sheet.

The capital increase carried out on 24 May 2011 was the basis for the strengthening of equity. The shareholders exercised their subscription and additional subscription rights for 2,430,000 new non-par value bearer shares at a price of EUR 2.56 (rounded) per share. The gross issue proceeds for the company amounted to EUR 6,221 thousand, whereas transaction costs were EUR 198 thousand.

Moreover, liabilities to banks were reduced by EUR 15.7 million in the lapsed financial year. As compensation, the company issued a corporate bond for EUR 15 million. The redemption date is 8 December 2011. The repayment should be financed through a new bond of equal value with a term of two years. The company has laid the foundation to conclude this financing measure in the second quarter of the 2011/2012 financial year.

The sale of vacant properties amounting to EUR 2.0 million (previous year: EUR 3.0 million) is scheduled to bring in additional liquidity. In order to achieve a balanced financing structure for the company, Marseille-Kliniken AG is in talks with financial institutes about a long-term corporate financing strategy. As a first step, the company took on a long-term pledged loan for EUR 2.5 million in August 2011. With these measures the company is reducing the risks of the Group.

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 also bear risk, for example of 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 counter-argument 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. As a result, 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 2010/2011 financial year, with the exception of the points explained here, 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.

With effect on 1 August 2011, the Supervisory Board has appointed Mr Michael Thanheiser to the Management Board. He is responsible for the auditing and IT departments. Mr Thanheiser had previously held the post of CFO of KMG-Kliniken AG, a competitor of the Marseille-Kliniken Group, for eleven years. With effect on 1 September 2011, the Supervisory Board has also appointed Mr Stefan W. Herzberg to the office of Chairman of the Management Board. Mr Herzberg succeeds Ulrich Marseille, founder and main shareholder of Marseille-Kliniken AG. Mr Marseille had temporarily taken over the management of the Marseille Group from March 2010 to August 2011 and resigned on 31 August 2011.

With effect on 28 September 2011, the Supervisory Board of Marseille-Kliniken AG selected its own Dr Thomas Middelhoff as the new Chairman of the Supervisory Board following the prior retirement of Chairman Mr Uwe Bergheim. Mr Bergheim remains a member of the Supervisory Board and the Finance and Audit Committee.

With effect on 4 October 2011, the Supervisory Board of Marseille-Kliniken AG resolved to appoint Mr Thanheiser as the CFO. In addition to his duties for the auditing and IT departments, Mr Thanheiser thereby also assumes responsibility for finance. Effective immediately, former CFO Dr Thomas Klau was unanimously recalled by the Supervisory Board.

With effect on 11 October 2011, Mr Herzberg resigned from office as Chairman of the Management Board of Marseille-Kliniken AG. The Supervisory Board complied with this request and at the same time decided to appoint Mr Thanheiser until further notice due to his long standing experience in the German nursing care market. He assumes the Management Board tasks together with the fully authorised Mr Andreas Sielemann, who heads the corporate finance department. The Supervisory Board is convinced that these two experienced experts in the German health care market will diligently assume responsibility for the businesses of Marseille-Kliniken AG.

In August 2011 a long-term loan amounting to EUR 2.5 million was taken up. With this Marseille-Kliniken AG has not only come closer to more balanced financing in the short, medium, and long term, but it has also strengthened its liquidity.

The refinancing of the corporate bond maturing in December 2011 will be carried out through a new bond amounting to EUR 15 million. The company has laid the foundation to conclude this financing measure in due time. The bond will have a term of two years. The terms earmark a call and repayment option of the company after one year.

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 2010/2011 financial year is described in the notes to the separate and consolidated financial statements.

According to its dutiful discretion, the Supervisory Board can award 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)

The Supervisory Board and the Management Board issued a statement of compliance with the recommendations of the Federal Commission for the German Corporate Governance Code in accordance with § 161 of the German Companies Act (AktG) and have made this, together with the management declaration in accordance with § 289a of the German Commercial Code (HGB), permanently available to shareholders on the company's website at www.marseille-kliniken.de.

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 2010/2011 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."

The auditors did not raise any objections to the 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 EUR 37,320,000.00 as at 30 June 2011 and is divided into 14,580,000 bearer shares, each notionally representing EUR 2.56 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.

Composition of subscribed capital

The Annual General Meeting on 14 January 2011 decided on the composition of the share capital and the change in the articles of association, which was formulated in § 4(1), as follows: "(1) The share capital of the company amounts to EUR 31,100,000.00; it is divided into 12,150,000 shares." From this, the stock split entered into the Commercial Register on 5 February 2009 but never implemented by the stock exchange, was retracted.

On 14 January 2011 the Annual General Meeting resolved to cancel the 2009 authorised capital and to create new authorised capital under the exclusion of the legal subscription right.

After the successful capital increase in May 2011, the subscribed capital of Marseille-Kliniken AG as at 30 June 2011 amounted to EUR 37,320,000.00, divided into 14,580,000 bearer shares. The shares are fully paid in. Every share grants a vote. This does not apply for treasury stock held by Marseille-Kliniken AG.

According to § 4 of the articles of association of Marseille-Kliniken AG, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital until 14 January 2016 by up to EUR 3,110,000.00 (in words: three million, one hundred ten thousand) through one or multiple issues of up to 1,215,000 (in words: one million, two hundred fifteen thousand) new bearer shares against contribution in cash or kind. 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 shareholder's 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) of this change in holding. 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

The drop in economic growth in Germany for the first half-year, the higher debt of many states, and the uncertainty of the financial markets resulting from this overall show trends toward a longer phase with rather low economic growth for Germany. On the other hand, the positive signs of the labour market and the stable consumer spending of private households support the economic situation in Germany. According to estimates by the International Monetary Fund, the factors mentioned will yield gross domestic product growth of 2.7% for 2011 and 1.3% for 2012. In particular, the current state debt and the sustainable stabilisation of the banking sector within the European Union play a critical role in this further economic development according to experts. The greater uncertainty and asymmetry of information within the financial sector and the tougher credit issuing policies resulting from this will have a negative impact on the further economic development. The still moderate pressure from inflation and the continuously low interest rate policy of the ECB will continue to provide relief for the companies.

As a result of the further demographic development, the nursing care market is mostly unaffected by these general economic conditions. The ageing population in Germany ensures continuously rising demand for nursing care services. In the West German states, however, this demand is nevertheless offset by an excess of beds in the inpatient care segment created in the last few years. Given these general conditions, substantial competitive pressure has come about in the occupancy rate of nursing homes. However, Marseille-Kliniken is only affected by this type of development to a minor degree due to its regional focus on the East German states. On the other hand, another rise in consolidation pressure, caused by stricter quality controls by authorities and the introduction of a minimum wage, will have effects on the health care market as a whole. Many competitors without the correspondingly efficient systems will only be able to meet these requirements by significantly expanding their structure and personnel costs. Several operators in the past did not pay the minimum wages for assistants in the amount now stipulated. At the same time, only a small amount of increases in rates for care can be realised due to the financial situation of the nursing insurance funds and public budgets. The stage 1 and 2 rates for care will remain constant from 2010 to 2012, as in the years prior. Only the stage 3 rates will increase, namely by around 2.6% (2008 to 2010: 2.7%).

We expect Group EBIT for the 2011/2012 financial year to significantly increase over the previous year's level, with revenues slightly above the level of the previous year. Moreover, the strategic focus for the current financial year will be on optimising our core nursing care business and improving our financing.

There may of course be differences between the forecast results and the actual results, but we expect any such differences to be minimal.

Berlin, Germany, 21 October 2011

The Management Board

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Consolidated income statement

of Marseille-Kliniken AG

EUR thousand	Note	Continuing operations				Discontinued operations	
		7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010
Revenues	5.1	190,003	240,742	190,003	193,152	0	47,590
Other operating income	5.2	12,125	12,044	12,125	10,812	0	1,232
Total revenues		202,128	252,786	202,128	203,964	0	48,822
Cost of materials/Cost of services rendered	5.3	20,887	30,293	20,887	21,627	0	11,903
Personnel expenses	5.4	98,783	131,441	98,783	108,488	0	17,371
Depreciation and amortisation	5.5	8,041	21,648	8,041	20,975	0	673
Other operating expenses	5.6	68,207	84,890	68,207	71,983	0	15,252
Other taxes	5.9	549	342	549	323	0	19
Earnings from operating activities		5,661	-15,828	5,661	-19,432	0	3,604
Income from the sale of rehabilitation activities		0	20,080	0	0	0	20,080
Financial income	5.7	1,051	1,035	1,051	1,028	0	7
Financial expense	5.7	5,081	4,653	5,081	4,557	0	96
Earnings before taxes (and minority interests)		1,631	634	1,631	-22,961	0	23,595
Income tax	5.8	-1,146	-26	-1,146	-773	0	747
Group net profit/loss	5.11	2,777	660	2,777	-22,188	0	22,848
Minority interests	5.10	93	-96	93	48	0	-144
Group result attributable to the shareholders of Marseille-Kliniken AG	5.11	2,870	564	2,870	-22,140	0	22,704
Earnings per share (in EUR)							
on the basis of 14,290,626 share certificates		0.23		0.23			
on the basis of 12,044,325 share certificates			0.05		-1.84		1.89

Consolidated statement of comprehensive income

of Marseille-Kliniken AG

EUR thousand	Continuing operations				Discontinued operations	
	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010
Earnings after taxes	2,777	660	2,777	-22,188	0	22,848
Cash flow hedges:						
Losses reclassified to profit and loss	-335	272	-335	272	0	0
Fair value of derivative financial instruments	763	-706	763	-706	0	0
Costs of capital increase	-198	0	-198	0	0	0
Taxes on expenses and income recognised directly in equity	-36	68	-36	68	0	0
Currency translation	91	5	91	5	0	0
Expenses and income recognised directly in equity	284	-361	284	-361	0	0
Total	3,061	299	3,061	-22,549	0	22,848
Minority interests	93	-96	93	48	0	-144
Interests held by Marseille-Kliniken AG shareholders	3,154	203	3,154	-22,501	0	22,704

Consolidated cash flow statement

of Marseille-Kliniken AG

EUR thousand	Group	
	7/1/2010 to 6/30/2011	7/1/2009 to 6/30/2010
Cash flow from operating activities		
Earnings before interest and tax	5,661	-15,828
Proceeds from the disposal of non-current assets (profit/loss)	-584	-1,652
Depreciation and amortisation	8,041	21,648
Other non-cash income and expenses	-4,554	1,061
Increase/decrease (-/+) in inventories	-348	335
Increase/decrease (-/+) in pension provisions	-1,338	809
Increase in short-term provisions	3,445	9,048
Income tax paid	-2,880	-4,159
Changes in net working capital	-6,586	-4,862
Cash flow from operating activities	857	6,400
<i>thereof:</i>		
continuing operations	857	3,519
discontinued operations	0	2,881
Cash flow from investing activities		
Outflows from asset investments	0	0
Intangible assets	-202	-1,786
Property, plant, and equipment	-1,633	-16,654
Financial assets	-270	-239
Inflows from asset disposals		
Property, plant, and equipment	377	16,480
Inflows from the disposal of consolidated companies less outflow of cash and cash equivalents	0	22,641
Cash flow from investing activities	-1,728	20,442
<i>thereof:</i>		
continuing operations	-1,728	-1,837
discontinued operations	0	22,279
Cash flow from financing activities		
Inflow from a bond issue	15,000	0
Inflow from an increase in equity	6,221	0
Increase in short-term financial liabilities	0	15,680
Increase in medium- and long-term bank liabilities	585	2,544
Decrease in short-term financial liabilities by means of redemption	-13,700	-38,323
Decrease in medium- and long-term financial liabilities by means of redemption	-3,062	0
Repayment of finance leasing	-1,859	-2,078
Inflows from finance lease contracts	285	0
Granting of loans/redemption of loans received	-2,217	0
Redemption of loans granted	1,846	0
Interest charged on loans	-3,278	-3,339
Interest charged for finance leases	-492	-651
Interest received from finance lease contracts	90	0
Redemptions received from real estate finance leasing	183	0
Interest received	653	450
Cash flow from financing activities	255	-25,717
<i>thereof:</i>		
continuing operations	255	-25,557
discontinued operations	0	-160
Net increase/decrease in cash and cash equivalents	-616	1,125
Increase/decrease in cash and cash equivalents	-616	1,125
Effects from changes in the group of consolidated companies	0	-652
Cash and cash equivalents at the beginning of financial year	10,104	9,631
Cash and cash equivalents at the end of financial year	9,488	10,104
<i>of which cash in hand, bank balances</i>	<i>9,488</i>	<i>10,104</i>

Consolidated balance sheet

of Marseille-Kliniken AG

ASSETS EUR thousand	Note	6/30/2011	6/30/2010
Non-current assets			
Intangible assets	4.1.1/4.1.2	32,599	33,665
Property, plant, and equipment	4.1.3	119,936	124,168
Other financial assets	4.1.5	10,056	8,577
Income tax claims	4.1.10	1,086	1,143
Deferred tax assets	4.1.6	3,571	895
		167,248	168,448
Current assets			
Inventories	4.1.7	1,501	1,153
Trade receivables	4.1.8	10,181	9,260
Other receivables and assets	4.1.9	9,283	6,993
Current tax claims	4.1.10	2,022	2,184
Cash and cash equivalents	4.1.11	9,488	10,104
		32,475	29,694
Total assets		199,723	198,142

EQUITY AND LIABILITIES EUR thousand	Note	6/30/2011	6/30/2010
Shareholders' equity			
Subscribed capital	4.2.1	37,153	31,100
Capital reserve	4.2.1	1	0
Revenue reserve	4.2.1	915	627
Treasury stock	4.2.1	-928	-903
Time valuation reserve	4.2.1	-371	-731
Foreign exchange differences	4.2.1	96	5
Group tax losses carried forward	5.11	-3,150	-5,733
Minority interests	4.2.1	479	573
		34,195	24,938
Long-term liabilities			
Deferred investment grants	4.2.2	41,570	42,993
Long-term financial debt	4.2.3	36,424	44,593
Pension obligations	4.2.4	12,930	14,268
Deferred taxes	4.2.5	7,067	6,357
		97,991	108,211
Short-term liabilities			
Bond		14,726	0
Short-term financial liabilities	4.2.3	5,928	17,881
Short-term provisions	4.2.6	20,062	19,518
Trade payables	4.2.7	10,774	8,256
Current tax liabilities	4.2.8	3,106	4,833
Other short-term liabilities	4.2.9	12,941	14,505
		67,537	64,993
Total liabilities and shareholder's equity		199,723	198,142

Changes in consolidated assets

of Marseille-Kliniken AG as at June 30, 2010

EUR	Aquisition and production costs				
	7/1/2009	Additions	Reclassifications	Disposals	6/30/2010
I. Intangible assets					
1. Concessions	2,923,105.28	1,428,000.00	0.00	0.00	4,349,842.90
2. Software	11,909,343.86	523,474.64	181,546.07	126,004.26	11,672,646.14
3. Intangible license (licensing agreement)	0.00	0.00	0.00	0.00	3,571,669.02
4. Customer base	0.00	0.00	0.00	0.00	644,442.42
5. Goodwill	28,500,557.01	0.00	0.00	0.00	28,520,729.07
6. Deposits paid	170,626.77	0.00	-170,626.77	0.00	0.00
	43,503,632.92	1,951,474.64	10,919.30	126,004.26	48,759,329.55
II. Property, plant, and equipment					
1. Land, leasehold rights, and buildings including buildings on third-party land	175,291,463.17	118,607.61	-12,196,673.94	0.00	163,173,089.41
2. Technical equipment and machinery	2,746,545.03	5,009.90	0.00	936,746.83	643,514.04
3. Other plant, operating, and office equipment	54,195,303.12	1,081,484.29	274,541.37	3,029,527.98	36,370,550.24
4. Finance leases for operating and office equipment	7,907,913.71	2,176,731.71	0.00	507,798.54	8,841,331.83
5. Deposits paid and assets under construction	4,379,752.68	3,813,034.37	-1,100,561.47	760,145.14	6,305,316.86
	244,520,977.71	7,194,867.88	-13,022,694.04	5,234,218.49	215,333,802.38
III. Other financial assets					
1. Equity investments	136,048.99	0.00	0.00	0.00	132,448.99
2. Asset-side pension obligations	2,026,313.67	0.00	0.00	495,151.18	989,314.55
3. Other securities	188,000.00	0.00	0.00	0.00	188,000.00
4. Other lending	1,285,978.53	238,803.03	180,000.00	91,295.62	1,613,289.14
5. Receivables from finance leases	0.00	0.00	13,011,774.74	0.00	13,011,774.74
	3,636,341.19	238,803.03	13,191,774.74	586,446.80	15,934,827.42
Total	291,660,951.82	9,385,145.55	180,000.00	5,946,669.55	280,027,959.35

<i>Cumulated depreciation</i>						<i>Carrying amount</i>		
7/1/2009	Additions	Additions from first-time consolidations	Reclassifications	Disposals	6/30/2010	6/30/2010	6/30/2009	
1,555,524.44	2,487,161.52	0.00	0.00	0.00	4,041,424.09	308,418.81	1,367,580.84	
8,821,361.60	1,536,420.75	0.00	0.00	92,985.45	9,555,561.02	2,117,085.12	3,087,982.26	
0.00	0.00	0.00	0.00	0.00	0.00	3,571,669.02	0.00	
0.00	0.00	0.00	0.00	0.00	0.00	644,442.42	0.00	
303,000.00	1,194,481.25	0.00	0.00	0.00	1,497,481.25	27,023,247.82	28,197,557.01	
0.00	0.00	0.00	0.00	0.00	0.00	0.00	170,626.77	
10,679,886.04	5,218,063.52	0.00	0.00	92,985.45	15,094,466.36	33,664,863.19	32,823,746.88	
56,205,872.55	11,696,015.94	0.00	-7,312,658.22	0.00	60,583,848.87	102,589,240.54	119,085,590.62	
2,400,560.03	82,818.19	0.00	0.00	936,746.83	503,758.28	139,755.76	345,985.00	
39,916,703.30	2,546,584.23	0.00	0.00	3,164,724.62	25,473,219.02	10,897,331.22	14,278,599.82	
2,802,392.94	2,104,871.17	0.00	0.00	56,440.43	4,604,746.03	4,236,585.80	5,105,520.77	
513,451.84	0.00	0.00	0.00	513,451.84	0.00	6,305,316.86	3,866,300.84	
101,838,980.66	16,430,289.53	0.00	-7,312,658.22	4,671,363.72	91,165,572.20	124,168,230.18	142,681,997.05	
45,000.00	0.00	0.00	0.00	0.00	45,000.00	87,448.99	91,048.99	
0.00	0.00	0.00	0.00	0.00	0.00	989,314.55	2,026,313.67	
0.00	0.00	0.00	0.00	0.00	0.00	188,000.00	188,000.00	
0.00	0.00	0.00	0.00	0.00	0.00	1,613,289.14	1,285,978.53	
0.00	0.00	0.00	7,312,658.22	0.00	7,312,658.22	5,699,116.52	0.00	
45,000.00	0.00	0.00	7,312,658.22	0.00	7,357,658.22	8,577,169.20	3,591,341.19	
112,563,866.70	21,648,353.05	0.00	0.00	4,764,349.17	113,617,696.78	166,410,262.57	179,097,085.12	

Changes in consolidated assets

of Marseille-Kliniken AG as at June 30, 2011

EUR	Aquisition and production costs				6/30/2011
	7/1/2010	Additions	Reclassifications	Disposals	
I. Intangible assets					
1. Concessions	4,349,842.90	258,001.67	258,385.55	0.00	4,866,230.12
2. Software	11,672,646.14	37,351.68	0.00	0.00	11,709,997.82
3. Intangible licence (licensing agreement)	3,571,669.02	0.00	0.00	0.00	3,571,669.02
4. Customer base	644,442.42	0.00	0.00	0.00	644,442.42
5. Goodwill	28,520,729.07	667,199.64	0.00	0.00	29,187,928.71
	48,759,329.55	962,552.99	258,385.55	0.00	49,980,268.09
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
2. Technical equipment and machinery	643,514.04	0.00	0	0.00	643,514.04
3. Other plant, operating, and office equipment	36,370,550.24	543,663.16	-258,385.55	813,378.09	35,842,449.76
4. Finance leases for operating and office equipment	8,841,331.83	497,101.17	0.00	729,414.55	8,609,018.45
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
	215,333,802.38	2,124,760.14	-1,006,043.55	1,551,565.67	214,900,953.30
Total	264,093,131.93	3,087,313.13	-747,658.00	1,551,565.67	264,881,221.39

<i>Cumulated depreciation</i>						<i>Carrying amount</i>		
7/1/2010	Additions	Additions from first-time consolidations	Reclassifications	Disposals	6/30/2011	6/30/2011	6/30/2010	
4,041,424.09	590,062.44	0.00	34,051.57	0.00	4,665,538.10	200,692.02	308,418.81	
9,555,561.02	1,014,167.98	0.00	0.00	0.00	10,569,729.00	1,140,268.82	2,117,085.12	
0.00	119,055.63	0.00	0.00	0.00	119,055.63	3,452,613.39	3,571,669.02	
0.00	184,126.41	0.00	0.00	0.00	184,126.41	460,316.01	644,442.42	
1,497,481.25	345,025.00	0.00	0.00	0.00	1,842,506.25	27,345,422.46	27,023,247.82	
15,094,466.36	2,252,437.46	0.00	34,051.57	0.00	17,380,955.39	32,599,312.70	33,664,863.19	
60,583,848.87	2,385,497.08	503,613.46	0.00	3,938.39	62,461,794.10	102,313,686.20	102,589,240.54	
503,758.28	22,469.35	0.00	0.00	0.00	526,227.63	117,286.41	139,755.76	
25,473,219.02	1,554,037.16	0.00	-34,051.57	696,047.15	26,297,157.46	9,545,292.30	10,897,331.22	
4,604,746.03	1,804,729.55	0.00	0.00	729,414.56	5,680,061.02	2,928,957.43	4,236,585.80	
0.00	0.00	0.00	0.00	0.00	0.00	5,030,490.75	6,305,316.86	
91,165,572.20	5,766,733.14	503,613.46	-34,051.57	1,429,400.10	94,965,240.21	119,935,713.09	124,168,230.18	
106,260,038.56	8,019,170.60	503,613.46	0.00	1,429,400.10	112,346,195.60	152,535,025.79	157,833,093.37	

Consolidated statement of changes in equity

of Marseille-Kliniken AG for the period July 1, 2010 to June 30, 2011

7/1/2009 – 6/30/2010	Parent company							Minority	Group	
	Subscribed capital	Capital reserve	Revenue reserve	Treasury stock	Time valuation reserve	Currency translation differences	Consolidated loss	Shares Marseille-Kliniken AG		Minority interests
EUR										
Balance as at 7/1/2009	31,100,000.00	15,635,139.94	627,105.53	-902,579.62	-365,734.97	0.00	-21,931,612.67	24,162,318.21	1,032,240.22	25,194,558.43
Release from the capital reserve	0.00	-15,635,139.94	0.00	0.00	0.00	0.00	15,635,139.94	0.00	0.00	0.00
Change in basis of consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-555,933.55	-555,933.55
Earnings in the period	0.00	0.00	0.00	0.00	-365,447.03	4,976.96	563,666.73	203,196.66	96,245.11	299,441.77
Balance as at 6/30/2010	31,100,000.00	0.00	627,105.53	-902,579.62	-731,182.00	4,976.96	-5,732,806.00	24,365,514.87	572,551.78	24,938,066.65

7/1/2010 – 6/30/2011	Parent company							Minority	Group	
	Subscribed capital	Capital reserve	Revenue reserve	Treasury stock	Time valuation reserve	Currency translation differences	Consolidated loss	Shares Marseille-Kliniken AG		Minority interests
EUR										
Balance as at 7/1/2010	31,100,000.00	0.00	627,105.53	-902,579.62	-731,182.00	4,976.96	-5,732,806.00	24,365,514.87	572,551.78	24,938,066.65
Capital increase	6,220,000.00	800.00	0.00	0.00	0.00	0.00	0.00	6,220,800.00		6,220,800.00
Purchase of treasury stock	0.00	0.00	0.00	-25,600.00	0.00	0.00	0.00	-25,600.00	0.00	-25,600.00
Earnings in the period	-166,716.57	0.00	0.00	0.00	360,673.04	90,535.25	2,870,297.65	3,154,789.37	-93,180.87	3,061,608.50
Allocation to statutory reserve	0.00	0.00	287,545.00	0.00	0.00	0.00	-287,545.00	0.00	0.00	0.00
Balance as at 6/30/2011	37,153,283.43	800.00	914,650.53	-928,179.62	-370,508.96	95,512.21	-3,150,053.35	33,715,504.24	479,370.91	34,194,875.15

Income statement

of Marseille-Kliniken AG for the period July 1, 2010 to June 30, 2011

EUR	2010 2011	2009 2010
1. Revenues	13,248,081.57	15,928,531.75
2. Other operating income	20,234,076.39	29,551,730.75
	33,482,157.96	45,480,262.50
3. Cost of materials		
a) Raw materials and consumables used	1,780,849.29	1,342,484.91
b) Cost of purchased services	470,597.18	2,666,441.30
	2,251,446.47	4,008,926.21
4. Personnel expenses		
a) Salaries and wages	9,195,419.41	7,851,034.63
b) Expenditure for old-age pension and support	1,654,729.87	3,234,001.45
	10,850,149.28	11,085,036.08
5. Depreciation and amortisation		
a) on intangible assets and property, plant, and equipment	618,282.27	3,847,606.54
b) on non-current assets provided that they exceed the depreciation usual for the corporation	3,394,186.27	18,681,642.13
	4,012,468.54	22,529,248.67
6. Other operating expense	33,926,796.56	35,861,599.58
	-17,558,702.89	-28,004,548.04
7. Income from profit transfer agreement	32,170,179.57	17,949,658.06
8. Income from investments	162.80	3,613.00
9. Other interest and similar income	3,672,789.17	4,581,373.24
10. Impairment of financial assets	3,844,054.98	5,234,288.37
11. Expenses from transfer of losses	1,158,052.68	1,498,698.20
12. Other interest and similar expense	5,456,049.50	4,737,360.84
	25,384,974.38	11,064,296.89
13. Earnings before taxes (EBT)	7,826,271.49	-16,940,251.15
14. Extraordinary expense	53,547.00	0.00
15. Income tax	1,638,325.73	574,171.64
16. Other taxes	72,368.76	47,870.72
17. Net profit/net loss	6,062,030.00	-17,562,293.51
18. Accumulated income	-311,136.05	1,319,735.72
19. Withdrawal from reserve for treasury stock	0.00	15,887,038.24
20. Release from the capital reserve	441,721.50	44,383.50
21. Allocation to revenue reserve		
a) to statutory reserve	(287,545.00)	0.00
b) to other reserves	(1,539,132.99)	0.00
22. Retained earnings (previous year: net loss)	4,365,937.46	-311,136.05

Balance sheet

of Marseille-Kliniken AG as at June 30, 2011

ASSETS EUR	6/30/2011	6/30/2010
A. NON-CURRENT ASSETS		
I. Intangible assets		
Franchises, licences, commercial property	199,435.65	283,130.91
II. Property, plant, and equipment		
1. Land, leasehold rights, and buildings including buildings on third-party land	21,709,257.27	19,361,949.81
2. Technical equipment and machinery	268.30	314.30
3. Other plant, operating, and office equipment	529,281.41	586,209.24
4. Deposits paid and assets under construction	2,861,073.50	4,156,298.78
	25,099,880.48	24,104,772.13
III. Financial assets		
1. Shares in affiliated companies	72,755,365.42	76,515,948.13
2. Equity investments	65,947.99	65,947.99
3. Non-current securities	188,000.00	188,000.00
	73,009,313.41	76,769,896.12
	98,308,629.54	101,157,799.16
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	79,325.05	49,986.16
II. Receivables and other assets		
1. Trade receivables	734,682.27	795,301.19
2. Receivables from affiliated companies	73,785,688.84	55,286,389.15
3. Other assets	8,167,527.35	7,047,134.03
	82,687,898.46	63,128,824.37
III. Securities		
Treasury stock	0.00	441,721.50
IV. Cash and cash equivalents	8,033,554.64	4,425,585.22
	90,800,778.15	68,046,117.25
C. DEFERRED EXPENSES AND ACCRUED INCOME	76,054.34	66,527.61
	189,185,462.03	169,270,444.02

EQUITY AND LIABILITIES	6/30/2011	6/30/2010
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	37,023,910.08	31,100,000.00
II. Capital reserve	800.00	0.00
III. Revenue reserve		
1. Statutory reserve	494,618.21	207,073.21
2. Reserve for treasury stock	0.00	441,721.50
	494,618.21	648,794.71
IV. Net profit (previous year: net loss)	4,365,937.46	-311,136.05
	41,885,265.75	31,437,658.66
B. SPECIAL ITEM FOR INVESTMENT GRANTS FOR PROPERTIES AND BUILDINGS AS PER OFFICIAL SUBSIDY NOTES	1,791,823.34	1,849,598.42
C. PROVISIONS		
1. Pension provisions and similar obligations	496,833.00	453,056.00
2. Tax provisions	1,240,837.76	2,649,731.16
3. Other provisions	5,853,175.41	5,668,153.76
	7,590,846.17	8,770,940.92
D. LIABILITIES		
1. Bonds	15,000,000.00	0.00
2. Bank debts	16,355,161.63	28,175,324.79
3. Trade payables	2,495,914.85	1,616,672.85
4. Trade payables (affiliated companies)	92,973,670.33	89,346,814.97
5. Other liabilities	5,736,719.18	4,962,783.68
	132,561,465.99	124,101,596.29
E. DEFERRED INCOME AND ACCRUED EXPENSES	351,227.48	356,296.02
F. DEFERRED TAX LIABILITIES	5,004,833.30	2,754,353.71
	189,185,462.03	169,270,444.02

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1. Information about the company

The consolidated financial statements for the financial year from 1 July 2010 to 30 June 2011 will be approved for publication on 21 October 2011 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 are approved and listed on the Prime Standard index of the Frankfurt Stock Exchange and on the Hamburg Stock Exchange. The bond issued on 8 December 2010 is also approved and listed there. The administrative headquarters are at rented premises in Hamburg.

The business purpose of Marseille-Kliniken AG is to build, acquire, and/or operate clinics, nursing care facilities, residential homes for the elderly, service companies in the social and charitable field as well as accommodation companies both in Germany and abroad.

The principal activities of the Group are shown in the notes to the consolidated financial statements under segment reporting.

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 value, which are imputed to the hedged risks.

The consolidated financial statements are prepared in euros. Items are mainly shown in thousands (EUR '000) or as EUR million. Rounding differences amounting to EUR '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 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 2011 are prepared in accordance with International Accounting Standard (IAS) 27.28 and using the same accounting and measurement principles as the parent company. Interim financial statements as at 30 June 2011 are prepared for the subsidiary Marseille-Kliniken AG (Switzerland).

As at 30 June 2011, there were 123 (previous year: 124) companies included in the Group. Companies were neither incorporated into the scope of consolidation nor deconsolidated. The reduction in the number of companies to be consolidated is a result of the merging of the Group companies Spezialpflegeheim Hennigsdorf gemeinnützige GmbH and Senioren-Wohnpark Montabaur GmbH.

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 pro-rata 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

As at 30 June 2011, Marseille-Kliniken AG and all of the following 123 (previous year: 124) 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 Klausä 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

	Share in %
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
VDSE GmbH - Verwaltungsdienstleister sozialer Einrichtungen Gesellschaft mit beschränkter Haftung, Hamburg	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	93,8
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
Marseille-Kliniken-Beteiligungsgesellschaft Nr. 46 mbH, Pritzwalk	100.0
Senioren-Wohnpark Bad Oeynhausen GmbH, Pritzwalk	100.0
SGG Soziale Grundbesitzgesellschaft Potsdam mbH, Pritzwalk (formerly: Betrium Nr. 49 Vermögensverwaltungs-GmbH, Pritzwalk)	100.0
Senioren-Wohnpark Siekeral GmbH, 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

	Share in %
"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
Marseille-Kliniken AG, Zug, Switzerland	100.0
AAP – Allgemeine Ansgar Pflegedienste GmbH, Zirchow	100.0
Karlsruher-Sanatorium-Aktiengesellschaft, Hamburg*	93.8
Mineralquelle Waldkirch Gesellschaft mit beschränkter Haftung, Hamburg*	93.8
Mineralquelle Waldkirch Verwertungsgesellschaft mbH, Hamburg*	88.5
Talhaus "Waldkirch" GmbH & Co. KG, Hamburg*	88.5
MK "Vorrat Nr. 23" Vermögensverwaltungs GmbH i. L., Pritzwalk	100.0
MK IT-Entwicklungs GmbH i. L., Hamburg	100.0
Atrium Senioren-Wohnstift Nr. 34 GmbH i. L., Pritzwalk	100.0
Collateral Transparency GmbH i. L., Pritzwalk	100.0
Atrium Senioren-Wohnstift Nr. 32 GmbH i. L., Pritzwalk	100.0
Atrium Senioren-Wohnstift Nr. 42 GmbH i. L., Pritzwalk	100.0
Sozialimmobilien "Südharz" GmbH i. L., Wolmirstedt	100.0
Atrium Senioren-Wohnstift Nr. 24 GmbH i. L., Pritzwalk	100.0
VSE Vermietungsgesellschaft für soziale Einrichtungen mbH i. L., Hamburg	100.0
WK Grundstücksverwaltung Nr. 52 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 54 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 55 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 56 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 57 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 58 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 59 GmbH i. L., Pritzwalk	100.0
WK Grundstücksverwaltung Nr. 50 GmbH i. L., Pritzwalk	100.0
Betrium Nr. 53 Vermögensverwaltungs-GmbH i.L., Pritzwalk	100.0
Marseille-Kliniken R.S.A. GmbH i. L., Pritzwalk	100.0
Betrium Nr. 50 Vermögensverwaltungs-GmbH i.L., Pritzwalk	100.0
Teufelsbad Residenz Blankenburg GmbH i. L., Blankenburg	100.0
Betrium Nr. 44 Vermögensverwaltungs-GmbH i.L., Pritzwalk	100.0
Tessenow Bau- und Vermögensverwaltung Nr. 20 GmbH i. L., Pritzwalk	100.0
Tessenow Vermögensverwaltungs GmbH i. L., Pritzwalk	100.0
MHCC – Marseille Health Care Consulting GmbH i. L., Hamburg	100.0
Senioren-Wohnpark Neuruppin – SWP – GmbH i.L., Neuruppin	100.0
Cefugium Betriebsmanagement GmbH i. L., Pritzwalk	100.0
Ausgleich- und Bürgschaftsgesellschaft im Heim- und Pflegewesen mbH i. L., Pritzwalk	100.0
Betrium Nr. 20 Vermögensverwaltungs-GmbH i.L., Pritzwalk	100.0
Cetrium Vermögensverwaltungs-GmbH i. L., Hamburg	100.0
"Senioren-Wohnpark Friedland –SWP- GmbH i.L.", Friedland	100.0
SCS Standard Computersysteme Entwicklungsgesellschaft mbH i. L., Hamburg	100.0
Marseille-Klinik-Omega GmbH i. L., Hamburg	100.0
CASA Trainingsstätte und Bildungszentrum für Dienstleister im Gesundheitswesen GmbH i. L.	100.0
Senioren-Wohnpark ZES GmbH i. L., Hamburg	100.0
Senioren-Wohnpark OES GmbH i. L., Hamburg	100.0

* 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:

EUR thousand	Share in %	Subscribed capital	Equity 30 June 2011	Net profit or loss 2010 2011	2009 2010
SCS Standard Computersysteme AG, Hamburg	1.6	3,211	1,401	259	262
Kurbetriebsgesellschaft Bad Klosterlausnitz mbH, Bad Klosterlausnitz	49.5	52	45 ¹⁾	- ²⁾	-75

¹⁾ 2009/2010 financial year

²⁾ There were no current financial statements at the time this report was prepared

In addition, the Group has three other shareholdings which are insignificant and 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 2011, there were a total of 54 (previous year: 54) profit and loss transfer agreements between Marseille-Kliniken AG, Berlin, as controlling company and various subsidiaries, and 7 (previous year: 8) profit and loss transfer agreements between Marseille-Klinik-Delta GmbH and some of its subsidiaries.

The companies to be included in Marseille-Kliniken AG's group of consolidated companies pursuant to IAS 27.12 changed during the 2010/2011 financial year compared with the group of consolidated companies as at 30 June 2010.

The change is due to the merging of Spezial-Pflegeheim Hennigsdorf gemeinnützige GmbH with Senioren-Wohnpark Montabaur GmbH. With a merger agreement dated 25 February 2011, Spezial-Pflegeheim Hennigsdorf gemeinnützige GmbH, which is listed in the Commercial Register of the Neuruppin local court under commercial register number B 7334 NP, was merged with Senioren-Wohnpark Montabaur GmbH. For tax purposes, this took effect on 1 July 2010 (merger date) by way of absorption through the transfer of assets of Spezial-Pflegeheim Hennigsdorf gemeinnützige GmbH in its entirety without projection onto Senioren-Wohnpark Montabaur GmbH (merger through absorption). The company was renamed Spezial-Pflegeheim Hennigsdorf GmbH. It was entered into the Commercial Register on 13 April 2011.

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 in EUR	Spot rate		Average rate	
	6/30/2011	12/31/2010	6/30/2011	12/31/2010
1 CHF	1.2099	1.3303	1.2079	1.3803

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 2010/2011 financial year for the first time.

Standard		Status	To be applied from
IFRS 1	First-time adoption IFRS	Changed	1/1/2010
IFRS 1	Limited assumptions of the indication of comparable figures according to IFRS 7 for first-time users	Changed	7/1/2010
IFRS 2	Accounting of share-based remuneration in the Group which is paid in cash	Changed	1/1/2010
IAS 32	Classification of subscription rights	Changed	2/1/2010
IFRIC 19	Repayment of financial liabilities through equity instruments	New	7/1/2010
IFRIC 15	Contracts for building real estate properties	New	1/1/2010
AIP 2007-2009	Annual improvements to IASB 2007-2009	Changed	1/1/2010

The new regulations had no impact on the presentation of the Marseille-Kliniken Group.

2.2.2 New accounting regulations published but not implemented before mandatory date

The IASB has adopted new or revised standards, which will be mandatory starting 1 January 2011 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
IAS 24	Information on related parties	Changed	1/1/2011
IFRS 7	Transfer of financial assets: disclosure	Changed	7/1/2011
IFRS 9	Financial instruments: disclosure	New	1/1/2013
IFRIC 14	Advance payments in the scope of minimum financing regulations	Changed	1/1/2011
AIP 2008-2010	Annual improvements to IASB 2008-2010	Changed	1/1/2011

The amendments to IAS 24 include an updated definition of related companies and persons. The Marseille-Kliniken Group does not expect material changes due to the extensive information in the consolidated financial statements.

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.

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.

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 2011 was EUR 27,345 thousand (previous year: EUR 27,024 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 the 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.

For two subsidiaries the planning period for the impairment test is limited to a contractually agreed period, as the companies' operations depend largely on the duration of a license.

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 5 to 20 years, other plant, operating, and office equipment generally over a period of 3 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 appreciations 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 in such a way to interest expenses and redemption of the lease obligation 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.

A lease transaction that had begun in the previous financial year was concluded in the 2010/2011 financial year. Upon conclusion of the transaction, a capital gain of EUR 606 thousand was realised from the disposal of lease assets (furniture and office equipment). In the company's opinion, the sale price equals the fair value, thus allowing the full capital gain to be realised.

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.

The **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 under the section "Management of financial risks".

Shares in an **associated company** are accounted for under 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% und 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.

One member of the company's Management Board received a **share-based compensation** component with a cash settlement subject to the recognition and measurement provisions of IFRS 2. This is a virtual stock option plan. The right to exercise this stock option programme has now expired due to the resignation of the Management Board member.

The resulting commitment amounts to the fair value of the options issued. The resulting personnel expense is recognised in profit and loss on a pro-rata basis over the waiting period of the options. The fair value is recalculated on each balance sheet date during the waiting period and until the options are exercised. This is based on option price models (binomial model, Monte-Carlo simulation) and takes the change in valuation parameters into account. As of 30 June 2011, the option's fair value amounted to EUR 2 thousand. The intrinsic value is EUR 0.

Provisions for pensions are valued using the projected unit credit method for pension commitments in accordance with IAS 19. 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.

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.

The **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.

The **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.

The 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 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 in individual segments. 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. Adjustments to provisions for rebates and customer discounts granted in previous periods had no significant effects on earnings before taxes for the lapsed financial year.

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 2010/2011 financial year, with the exception of the points explained here, 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.

With effect on 1 August 2011, the Supervisory Board has appointed Mr Michael Thanheiser to the Management Board. He is responsible for the auditing and IT departments. Mr Thanheiser had previously held the post of CFO of KMG-Kliniken AG, a competitor of the Marseille-Kliniken Group, for eleven years. With effect on 1 September 2011, the Supervisory Board has also appointed Mr Stefan W. Herzberg to the office of Chairman of the Management Board. Mr Herzberg succeeds Ulrich Marseille, founder and main shareholder of Marseille-Kliniken AG. Mr Marseille had temporarily taken over the management of the Marseille Group from March 2010 to August 2011 and resigned on 31 August 2011.

With effect on 28 September 2011, the Supervisory Board of Marseille-Kliniken AG selected its own Dr Thomas Middelhoff as the new Chairman of the Supervisory Board following the prior retirement of Chairman Mr Uwe Bergheim. Mr Bergheim remains a member of the Supervisory Board and the Finance and Audit Committee.

With effect on 4 October 2011, the Supervisory Board of Marseille-Kliniken AG resolved to appoint Mr Thanheiser as the CFO. In addition to his duties for the auditing and IT departments, Mr Thanheiser thereby also assumes responsibility for finance. Effective immediately, former CFO Dr Thomas Klaue was unanimously recalled by the Supervisory Board.

With effect on 11 October 2011, Mr Herzberg resigned from office as Chairman of the Management Board of Marseille-Kliniken AG. The Supervisory Board complied with this request and at the same time decided to appoint Mr Thanheiser until further notice due to his long-standing experience in the German nursing care market. He assumes the Management Board tasks together with the fully authorised Mr Andreas Sielemann, who heads the corporate finance department. The Supervisory Board is convinced that these two experienced experts in the German health care market will diligently assume responsibility for the businesses of Marseille-Kliniken AG.

In August 2011 a long-term loan amounting to EUR 2.5 million was taken up. With this Marseille-Kliniken AG has not only come closer to more balanced financing in the short, medium, and long term, but it has also strengthened its liquidity.

The refinancing of the corporate bond maturing in December 2011 will be carried out through a new bond amounting to EUR 15 million. The company has laid the foundation to conclude this financing measure in due time. The bond will have a term of two years. The terms earmark a call and repayment option of the company after one 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 2010/2011 financial year and in the previous year are shown in the tables below:

2010/2011 financial year

EUR thousand	Acquisition and production costs				Carrying amounts		
	7/1/2010	Additions	Reclassifications	Disposals	6/30/2011	6/30/2011	6/30/2010
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

Previous year

EUR thousand	Acquisition and production costs							Carrying amounts		
	7/1/2009	Additions	Additions from first consolidation	Reclassifications	Disposals from deconsolidation	Disposals	6/30/2010	6/30/2010	6/30/2009	
Franchises	2,923	1,428	0	0	1	0	4,350	308	1,367	
Software	11,909	523	0	182	816	126	11,672	2,117	3,088	
Right of use (licensing agreement)	0	0	3,572	0	0	0	3,572	3,572	0	
Customer base	0	0	644	0	0	0	644	644	0	
Goodwill	28,501	0	2,386	0	2,366	0	28,521	27,024	28,198	
Deposits paid and assets under construction	171	0	0	-171	0	0	0	0	171	
Total	43,504	1,951	6,602	11	3,183	126	48,759	33,665	32,824	

No development costs were capitalised in the 2010/2011 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. 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 7.56% (previous year: 7.56%). The growth discount was 0.5% (previous year: 0.5%).

An impairment charge on Senioren-Wohnpark Aschersleben GmbH and MVZ Hennigsdorf GmbH was recognised in an amount of EUR 345 thousand in the 2010/2011 financial year due to changes in the market estimates, while impairments of EUR 1,194 were necessary overall in the previous year.

Goodwill consists of the following:

EUR thousand	6/30/2011	6/30/2010
ADG GmbH	10,171	10,171
SWP Aschersleben	3,318	3,479
SWP Neuruppin	3,177	3,177
AAP Betreutes Wohnen Gera	2,936	2,317
SWP Bad Langensalza	1,163	1,163
SWP Thale	1,015	1,015
SWP Klausä	800	800
SWP Schollene	796	796
Astor Park	596	596
SWP Erkner	512	512
SWP Coswig	381	381
Other	2,480	2,617
	27,345	27,024

4.1.3 Property, plant, and equipment

Property, plant, and equipment consist of the following:

2010/2011 financial year

EUR thousand	Acquisition and production costs				Carrying amounts		
	7/1/2010	Additions	Reclassifications	Disposals	6/30/2011	6/30/2011	6/30/2010
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	6,305
Total	215,334	2,125	-1,006	1,552	214,901	119,936	124,168

Previous year

EUR thousand	Acquisition and production costs						Carrying amounts		
	7/1/2009	Additions	Additions from first consolidation	Reclassifications	Disposals from deconsolidation	Disposals	6/30/2010	6/30/2010	6/30/2009
Land, leasehold rights and buildings including buildings on third-party land	175,291	119	0	-12,197	40	0	163,173	102,589	119,086
Technical equipment and machinery	2,747	5	0	0	1,171	937	644	140	346
Other plant, operating and office equipment	54,195	1,081	10	275	16,161	3,029	36,371	10,897	14,279
Finance leases for operating and office equipment	7,908	2,177	0	0	736	508	8,841	4,237	5,105
Deposits paid and assets under construction	4,380	3,813	0	-1,101	27	760	6,305	6,305	3,866
Total	244,521	7,195	10	-13,023	18,135	5,234	215,334	124,168	142,682

Further details on the development of property, plant, and equipment can be found in the statement of changes in consolidated assets.

The additions from finance leases for operating and office equipment amounting to EUR 497 thousand (previous year EUR 2,177 thousand) result from the conclusion of contracts in the 2010/2011 financial year which under IAS 17 must be classified as financial leases.

Additions to assets under construction primarily relate to the properties in Herne (Koppenbergs Hof and Flora Marzina, whereby the reconstruction work at the Koppenbergs Hof property was concluded in the 2010/2011 financial year and a reclassification was carried out.

Due to a changed market estimate, appreciation of EUR 504 thousand was carried out for the land and buildings at the Schönberg location in the 2010/2011 financial year.

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 EUR 10.1 million (previous year: EUR 8.6 million) and consisted of the following:

EUR thousand	6/30/2011	6/30/2010
Receivables from finance leasing	6,792	5,699
Other loans	1,873	1,613
Reinsurance of pensions	1,127	989
Other securities	188	188
Investments	76	88
Total	10,056	8,577

In accordance with IAS 17, other financial assets include the properties in Ortenau and Herrenalb, as well as a lease contract on office supplies newly 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 EUR 843 thousand (previous year: EUR 729 thousand) and Mineralquelle Waldkirch Verwertungsgesellschaft mbH in the amount of EUR 284 thousand (previous year: EUR 260 thousand). Liability insurance does not entail plan assets in the meaning of IAS 19.

Other loans consist of rent deposits of EUR 193 thousand (previous year: EUR 186 thousand), saving instalments of EUR 1,484 thousand (previous year: EUR 1,247 thousand) for a non-current loan, and the non-current portion of rent surcharges of EUR 196 thousand (previous year: EUR 180 thousand), which were reclassified from current assets.

4.1.6 Deferred tax assets

Deferred tax assets were set aside for tax losses carried forward for Group companies. Any deferred tax assets in excess of this were set off against deferred tax liabilities and shown under liabilities wherever offsetting is permitted.

As at 30 June 2011 there were total corporation tax losses carried forward amounting to EUR 39.5 million (previous year: EUR 39.7 million), which can essentially be utilised with no time limitation. These were carried forward as deferred tax assets, as long as it was sufficiently probable that such losses carried forward could be utilised at a future date.

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. Against the backdrop of existing budgeting and various measures introduced, it is expected that the losses can be used in an adequate 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 were recognised for eight Group companies. For three of these companies, the recognition took place due to a tax restructuring currently underway. The remaining companies are already generating profits.

The following overview shows the tax losses carried forward for which deferred tax assets were formed:

EUR thousand	Tax on this			
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Tax losses carried	16,661	5,653	3,571	895

4.1.7 Inventories

Inventories rose by EUR 0.3 million to EUR 1.5 million compared to the previous year (EUR 1.2 million).

Raw materials, consumables and supplies amounted to EUR 1.4 million (previous year: EUR 1.1 million) as at the balance sheet date. These consisted mainly of medical supplies and energy resources.

4.1.8 Trade receivables

Trade receivables increased by EUR 921 thousand from EUR 9,260 thousand overall on 30 June 2010 to EUR 10,181 thousand.

EUR thousand	6/30/2011	6/30/2010
Receivables before value adjustments	12,796	10,841
less value adjustments	-2,615	-1,581
Total	10,181	9,260

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%). Interest amounted to EUR 68 thousand as at the balance sheet date (previous year: EUR 102 thousand).

Trade receivables contain value adjustments for ascertained default risks amounting to EUR 2.6 million (previous year: EUR 1.6 million). The value adjustments developed as follows:

Value adjustments EUR thousand	2010 2011	2009 2010
As at 1 July	1,581	1,723
Additions	380	1,575
Disposal from deconsolidation	0	826
Reclassification	916	0
Reversal	262	891
Total	2,615	1,581

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:

EUR thousand	6/30/2011	6/30/2010
Loans to Mrs Marseille	3,022	2,844
SCS loans	2,687	2,516
Instalment purchase office furniture and equipment	283	0
Loans to St. Nikolaus Hospital, Büren	229	0
Loans to Mr Marseille	106	106
Prepaid expenses	87	163
Other loans	0	202
Other receivables	2,869	1,162
Total	9,283	6,993

The loan to SCS Standard Computersysteme AG amounting to EUR 2.7 million increased over the previous year by the amount of interest incurred in the 2010/2011 financial year. There has been no redemption as of yet. The loan is secured through the pledging of the shares in SCS Batrium GmbH, a wholly owned subsidiary of SCS Standard Computersysteme AG. There is also a loan liability for the amount of EUR 2.6 million to SCS Batrium GmbH.

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 of EUR 1,473 thousand was deleted from the accounts, with the exception of the expected insolvency dividend. A partial amount of the loan originally repaid in the financial year has now been called in by the insolvency administrator. The liability is shown under "Other liabilities".

Other receivables rose in the reporting year by EUR 1,707 thousand from EUR 1,162 thousand to EUR 2,869 thousand. This increase is largely the result of a rise in price discounts from suppliers as well as suppliers with debit balances.

Value adjustments amounting to EUR 2,551 thousand (previous year: EUR 2,374 thousand) were carried out for other receivables and assets:

EUR thousand	6/30/2011	6/30/2010
Other receivables and assets before value adjustments	11,834	9,367
less value adjustments	-2,551	-2,374
Other receivables and assets after value adjustments	9,283	6,993

Value adjustments EUR thousand	2010 2011	2009 2010
As at 1 July	2,374	2,222
Additions	152	633
Reclassifications	141	-481
Reversals	116	0
Total	2,551	2,374

4.1.10 Current tax claims

Current tax receivables of EUR 2.0 million (previous year: EUR 2.2 million) are made up of current corporation tax receivables, including the solidarity surcharge, of around EUR 1.4 million overall (previous year: EUR 1.5 million), trade tax receivables of EUR 0.4 million (previous year: EUR 0.4 million), and a tax credit pursuant to § 37 of the German Corporation Tax Act (KStG) of EUR 1.2 million (previous year: EUR 1.4 million), EUR 1.1 million of which is posted under non-current assets (payment 2011-2017).

For better comparability, the previous year's amount has been adjusted. The non-current part of the tax credit has been shown under non-current assets in the previous year. In the prior year's financial statements, the full amount was shown under current assets.

4.1.11 Cash and cash equivalents

As at 30 June 2011, the cash and cash equivalents totalling EUR 9,488 (previous year: EUR 10,104 thousand) contained cash on hand amounting to EUR 172 thousand (previous year: EUR 373 thousand) and cash at banks totalling EUR 9,315 thousand (previous year: EUR 9,731 thousand).

Of the cash and cash equivalents, a total of EUR 0.4 million (previous year: EUR 5.1 million) cannot be disposed of freely. Specifically, these consist of time deposits which are pledged up to the amount of EUR 411 thousand as at the balance sheet date (previous year: EUR 3,697).

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 2011, 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 2011 was EUR 34,195 thousand (previous year: EUR 24,938 thousand). This change is 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, among other things, to a net debt ratio of less than or equal to 3.5. This covenant was met in the reporting year. 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.

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

Marseille-Kliniken AG carried out a capital increase on 24 May 2011 through the issue of 2,430,000 new bearer shares by exercising subscription and over-subscription rights at the price of EUR 2.56 (rounded) per share. Marseille-Kliniken Aktiengesellschaft brought in gross issue proceeds of EUR 6,220 thousand from the capital increase. Deferred tax assets were set aside here in the amount of EUR 31 thousand for the transaction costs of EUR 198 thousand directly deducted from equity.

Subscribed capital (share capital) of the parent company Marseille-Kliniken AG amounts to EUR 37,320,000.00 after entering the capital increase into the Commercial Register and is divided into 14,580,000 bearer shares, each representing capital of EUR 2.56. The subscribed capital is fully paid in. The subscribed capital of EUR 37,153 takes account of the transaction costs directly posted in equity.

At the Annual General Meeting on 14 January 2011, the share split resolved at a previous Annual General Meeting was revoked.

At the Annual General Meeting on 14 January 2011, the authorisation to issue capital from 2008 was withdrawn and the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of Marseille-Kliniken AG up to 14 January 2016 by issuing new bearer shares in return for cash and/or capital contributions in one or more tranches by a total of EUR 9.33 million (authorised capital). This was made use of in part in the scope of the capital increase from May 2011 in the amount of EUR 6.22 million (gross of transaction costs), resulting in authorised capital of EUR 3.11 million as at 30 June 2011.

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 EUR 800.00. In the previous year the capital reserve was reversed in full (EUR 15,635 thousand) to compensate for the actual loss. A detailed description of the change can be found in the statement of changes in equity.

Revenue reserve

The revenue reserve of EUR 915 (previous year: EUR 627 thousand) includes a statutory reserve in the amount of EUR 495 thousand (previous year: EUR 207 thousand) and other revenue reserves in the amount of EUR 420 thousand (previous year: EUR 420 thousand).

Treasury stock

In the 2010/2011 financial year, 10,000 shares of a former member of the Management Board were collected. A loss of EUR 68 thousand was posted from the repayment.

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 2011 the time valuation reserve contains the negative market values of the interest swaps of EUR 440 thousand (previous year: EUR 869 thousand), less deferred taxes of EUR 69 thousand (previous year: EUR 138 thousand). The market value was ascertained using the mark-to-market method.

Foreign currency differences

The balancing item for currency translation amounting to EUR 96 thousand (previous year: EUR 5 thousand) refers to the currency translation for the financial statements of the foreign subsidiary in Switzerland.

Minority interests

The percentage of equity pertaining to the minority shareholders of subsidiaries is shown under minority interests. The minority interests shown as at 30 June 2011 amounted to EUR 479 thousand (previous year: EUR 573 thousand).

Information on stock option programmes

In the 2010/2011 financial year, a stock option programme was established for a member of the Management Board for the first time. The right to exercise this stock option programme has expired in the meantime due to the resignation of the Management Board member. The option programme was initiated on 16 February 2011 and was designed for the issue of 300,000 phantom stocks (virtual stocks with a cash settlement). Depending on fixed dates, the options could have been exercised in 6 tranches on 1 February 2014 for the last time.

The fair value of the options on 30 June 2011 amounted to EUR 2 thousand. The intrinsic value is EUR 0 thousand.

4.2.2 Deferred investment grants

The following table shows the development of government grants:

EUR thousand	6/30/2011	6/30/2010
Opening	42,993	44,428
Reversed through profit and loss	1,424	1,435
Closing	41,569	42,993
<i>of which non-current</i>	<i>41,569</i>	<i>42,993</i>

As in previous years, this item refers mainly to grants for Senioren-Wohnpark Radensleben GmbH, Senioren-Wohnpark Treuenbrietzen GmbH, Senioren-Wohnpark Erkner GmbH, Senioren-Wohnpark Kyritz GmbH, Senioren-Wohnpark Stützerbach GmbH, Senioren-Wohnpark Klausäa GmbH, Senioren-Wohnpark Friedland GmbH, "Villa Auenwald" Seniorenheim GmbH, Senioren-Wohnpark soziale Grundbesitzgesellschaft mbH, Marseille-Kliniken AG and SIV Immobilien-Verwaltungsgesellschaft mbH.

4.2.3 Long- and short-term financial debt

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

Non-current financial debt comes to a total of EUR 36,424 thousand (previous year: EUR 44,593 thousand) and is mainly made up of liabilities to banks of EUR 34,086 (previous year: EUR 40,862 thousand), derivative financial instruments of EUR 440 thousand (previous year: EUR 869 thousand), and finance lease liabilities of EUR 1,824 thousand (previous year: EUR 2,862 thousand).

Short-term debt comes to a total of EUR 20,654 thousand (previous year: EUR 17,881 thousand) and is made up of liabilities from the issue of the bond (lowered by the transaction costs) of EUR 14,726 thousand, current liabilities to banks of EUR 4,459 thousand (previous year: EUR 16,091 thousand), and finance lease liabilities of EUR 1,469 thousand (previous year: EUR 1,790 thousand).

In December of the 2010/2011 financial year, 300 fixed-interest partial bearer bonds were issued at a nominal amount of EUR 50,000.00 each. The total volume of the bond is EUR 15.0 million. This has a term through 8 December 2011 and a nominal interest rate of 7.9% p.a. The partial bonds are approved for official trading on the stock exchanges in Frankfurt and Hamburg as well as the open markets of the Berlin, Dusseldorf, and Stuttgart stock exchanges.

Total long and short-term financial debt as at the balance sheet date was EUR 57,078 (previous year: EUR 62,474 thousand). The utilisation of current lines of credit (including euro-denominated loans) and interest-bearing loans as at 30 June 2011 and at last year's reporting date can be seen from the following table.

EUR thousand	Original-amount	Value 6/30/2011	of which < 1 year	of which > 1 year
Liabilities to banks	76,204	38,545	4,459	34,086
<i>of which:</i>				
interest-bearing loans	76,152	38,545	4,459	34,086
current lines of credit	52	0	0	0

EUR thousand	Original-amount	Value 6/30/2010	of which < 1 year	of which > 1 year
Liabilities to banks	101,913	56,953	16,091	40,862
<i>of which:</i>				
interest-bearing loans	91,361	47,315	6,453	40,862
current lines of credit	10,552	9,638	9,638	0

Liabilities to banks in the amount of EUR 38.5 million (previous year: EUR 46.5 million) are secured by mortgages as well as pledged assets and third-party guarantees (including local authority guarantees).

Of the reported financial debt, EUR 29.6 million (previous year: EUR 32.2 million) is at long-term fixed interest rates (> 1 year). The following table contains the fixed interest periods and the interest conditions of the financial debt (weighted interest) as well as the original amounts and carrying amounts at the end of the financial year:

Term of interest rate	Interest rate %	6/30/2011 Original amount	6/30/2011 Carrying amount
EUR thousand			
30 June 2012	5.49	23,970	8,881
30 June 2013	5.62	10,734	8,620
30 June 2014	4.96	23,943	12,658
30 June 2015	6.89	405	154
30 June 2016	3.75	13,253	4,393
from 1 July 2016	4.89	3,899	3,838
		76,204	38,544

Term of interest rate	Interest rate %	6/30/2010 Original amount	6/30/2010 Carrying amount
EUR thousand			
30 June 2011	4.46	51,605	24,735
30 June 2012	5.28	10,635	3,677
30 June 2013	5.62	10,734	9,021
30 June 2014	4.99	24,635	16,373
30 June 2015	6.89	405	198
from 1 July 2015	4.60	3,899	2,949
		101,913	56,953

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. This has the effect of transforming the future floating-rate loans into fixed-rate loans. As at 30 June 2011 the time valuation reserve within equity contains negative market values of EUR 440 thousand (previous year: EUR 869 thousand), less deferred taxes of EUR 69 thousand (previous year: EUR 138 thousand). The market value was ascertained using the mark-to-market method.

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 are held to maturity and meet the requirements of IAS 39. In other respects we refer to our explanatory 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 only 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 60% 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 2010/2011 financial year is shown in the following table:

EUR thousand	6/30/2011	6/30/2010
Present value of total commitment at the beginning of the financial year	14,268	16,364
Disposal from deconsolidation	0	-2,901
Service cost	3	13
Interest cost	690	574
Addition	0	458
Actuarial	-1,123	-1,137
Actuarial gains and losses	-908	897
Present value of total commitment at the end of the financial year	12,930	14,268
Commitments with similar character to pensions	0	0
Carrying amount provision	12,930	14,268

Pension obligations had the following present values at the reporting dates for the financial years 2007/2008 to 2009/2010:

EUR thousand	6/30/2010	6/30/2009	6/30/2008
Carrying amount provision	14,268	16,364	16,898

The calculations used a discount rate of 5.20% (previous year 5.00%), salary increases of up to 1.00% (previous year: 1.00% p.a.), an average fluctuation of 0.00% p.a. (previous year: 6.00% 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 income from actuarial gains amounting to 908 thousand (previous year's loss: EUR 897 thousand) and interest expenses amounting to EUR 690 thousand (previous year: EUR 574 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 EUR 969 thousand for the 2010/2011 financial year (previous year: EUR 1,042 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 EUR 9,593 thousand in the 2009/2010 financial year and EUR 7,482 thousand in the 2010/2011 financial year.

4.2.5 Deferred taxes

Deferred tax liabilities amounting to EUR 7,067 thousand (previous year: EUR 6,357 thousand) result from the negative balance of deferred tax assets and deferred tax liabilities, insofar as this offsetting is permissible and the 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:

EUR thousand	<i>temporary differences</i>		<i>taxes on these amounts</i>	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Intangible assets	4,245	339	672	54
Property, plant and equipment	28,789	26,702	4,555	4,226
Reserves under § 6b Income Tax Act (EstG)	16,282	16,364	2,577	2,590
Pension provisions	-1,463	-2,349	-232	-372
SWAP	-856	-868	-135	-137
Current debt, other	-196	120	-31	19
Non-current debt, other	0	-138	0	-22
Losses carried forward	-2,143	0	-339	0
Total	44,658	40,170	7,067	6,357

4.2.6 Current provisions

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

EUR thousand	7/1/2010	Use	Reversal	Disposals from decon- solidation	Addition	6/30/2011
Litigation risks	1,501	883	0	0	1,956	2,574
Outstanding incoming invoices	4,167	3,380	787	0	5,044	5,044
Legal and consultancy costs	443	443	0	0	587	587
Personnel provisions						
Holiday bonus	2,419	2,251	168	0	2,664	2,664
Christmas bonus	786	750	36	0	707	707
Employer's liability insurance	255	249	6	0	394	394
Disability contribution	121	80	41	0	119	119
Overtime pay	1,678	1,459	219	0	1,925	1,925
Personnel severance pay	1,516	356	1,160	0	191	191
Profit-sharing	359	241	118	0	451	451
Time supplements	180	153	27	0	207	207
Employee bonuses	150	28	122	0	197	197
Other	1,752	62	90	0	0	1,600
Other	4,191	1,164	127	0	502	3,402
	19,518	11,499	2,901	0	14,944	20,062

EUR thousand	7/1/2009	Use	Reversal	Disposals from decon- solidation	Addition	6/30/2010
Litigation risks	648	574	0	74	1,501	1,501
Outstanding incoming invoices	2,425	2,056	10	359	4,167	4,167
Legal and consultancy costs	480	464	0	16	443	443
Personnel provisions						
Holiday bonus	2,240	1,276	625	339	2,419	2,419
Christmas bonus	1,257	558	546	153	786	786
Employer's liability insurance	508	288	89	131	255	255
Disability contribution	115	90	20	5	121	121
Overtime pay	653	345	231	77	1,678	1,678
Personnel severance pay	110	104	0	6	1,516	1,516
Profit-sharing	884	610	8	266	359	359
Other	461	336	0	61	2,018	2,082
Other	1,908	790	768	414	4,255	4,191
	11,689	7,491	2,297	1,901	19,518	19,518

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

Provisions for litigation risks mainly refer to 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 EUR 1,426 thousand plus interest since 24 December 2009. The court decision is based on a regulation of the spin-off agreement from 4 January 2006 due to the spin-off of the former company part Odenwald Klinik. According to this, Karlsruher-Sanatorium-AG was obliged to assume this amount under certain conditions. The district court Hamburg decided that these conditions were in place. The higher regional court in Hamburg confirmed the ruling of the district court.

Provisions for the employers' liability insurance association include the employers' liability insurance premiums expected for the 2010/2011 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 2010/2011 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 possible obligations for employees taken on in prior years.

Miscellaneous provisions are principally made up of rental obligations (EUR 2.2 million).

4.2.7 Trade payables

Trade payables amounted to EUR 10,774 thousand as at the reporting date (previous year: EUR 8,256 thousand), an increase of EUR 2,518 thousand.

4.2.8 Current tax liabilities

Current tax liabilities totalling EUR 3,106 thousand (previous year: 4,833 thousand) consist of the following:

EUR thousand	6/30/2011	6/30/2010
Corporate income tax	1,565	2,755
Trade tax	74	584
Value-added tax	9	164
Wage income tax, other	1,458	1,329
Total	3,106	4,833

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:

EUR thousand	6/30/2011	6/30/2010
Deferred income	5,504	5,682
Loans from third parties	2,740	2,648
Customers with credit balances	1,549	2,058
Purchase price liabilities from the acquisition of AAP (Gera)	1,030	1,462
Commitment from loan due to legal dispute	999	0
Liabilities from social security contributions	380	189
Rent deposits and securities received	43	345
Other	696	2,120
	12,941	14,505

The accrued income item principally consists of prepaid revenue for the following month, particularly from the nursing care segment.

Loans from third parties consist mainly of a loan (incl. interest) totalling EUR 2.6 million (previous year: EUR 2.5 million) that was granted by SCS Batrium GmbH to Marseille-Kliniken AG. This loan is directly connected with the loan granted by Marseille-Kliniken AG to SCS Standard Computersysteme AG, which is reported under other receivables in the amount of EUR 2.7 million (previous year: EUR 2.5 million).

5. Explanatory notes to the consolidated income statement

The previous year's income statement figures include both the continued and discontinued business divisions in 2009/2010 and are therefore only comparable with the figures reported for the 2010/2011 financial year to a limited extent.

5.1 REVENUES

Revenues are shown for each of the company divisions in the segment report.

In the reporting year Group revenues fell by around 21% (previous year: +2%) from EUR 240.7 million to EUR 190.0 million. A total of EUR 189.2 million (previous year: EUR 190.3 million) referred to the continued nursing care business segment. The change is particularly a result of the newly added facility in Gera in the 2010/2011 financial year as well as the disposal of the facilities in Montabaur and Schömberg.

Revenues for 10 months in the discontinued rehabilitation segment totalled EUR 47.6 million in the previous year.

5.2 OTHER OPERATING INCOME

In this financial year, other operating income amounted to EUR 12.1 million (previous year: EUR 12.0 million) and consists of the following:

EUR thousand	2010 2011	2009 2010
Income from the reversal of provisions	2,901	2,297
Income from the reversal of investment grants	1,424	1,448
Grants for personnel	1,213	1,349
Income from the reversal of pension provisions	908	411
Income from asset disposals	620	2,185
Gains from the disposal of lease assets	606	0
Income from other accounting periods	605	618
Neutral income	573	699
Rent and leasehold income	454	627
Income from the reversal of allowances	378	29
Income from the increase in asset value of liability insurance	193	70
Benefits in kind for automobiles	136	198
Other refunds	48	194
Other	2,066	1,919
	12,125	12,044

The proceeds on disposal of non-current assets in the previous year include EUR 2.0 million from the sale of the property in Bremerhaven as part of a sale-and-leaseback transaction.

5.3 COST OF MATERIALS

Materials include 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 fell by EUR 6.1 million, from EUR 25.1 million the previous year to EUR 19.0 million, due particularly to the drop in energy costs by EUR 1.5 million, lower medical expenses by EUR 1.4 million, and a reduction in food expenses of EUR 1.4 million, which was mainly attributable to the sale of the rehabilitation segment.

The cost of purchased services fell by EUR 3.3 million from EUR 5.2 million in the previous year to EUR 1.9 million, particularly due to the lower cost of external medical services as well as a reduction in housecleaning and laundry costs. This was also mainly attributable to the disposal of the rehabilitation clinics.

5.4 PERSONNEL EXPENSES

Personnel expenses are as follows:

EUR thousand	2010 2011	2009 2010
Wages and salaries	80,807	103,463
Profit-sharing and bonuses	912	1,768
Employer's liability insurance	734	955
Social security contributions	15,266	19,392
Old-age provisions	1,064	5,863
	98,783	131,441

The average number of employees in the 2010/2011 financial year (headcount), divided into groups, is shown in the following table:

Full-time employees	2010 2011	2009 2010
Doctors	9	144
Nursing staff	2,952	3,329
Medical-technical staff	0	13
Total medical staff	2,961	3,486
Housekeeping staff	1,038	1,370
Technical staff	99	135
Administrative staff	424	593
	1,561	2,098
Total	4,522	5,584

5.5 DEPRECIATION AND AMORTISATION

Depreciation and amortisation in the reporting year amounted to EUR 8.0 million (previous year: EUR 21.6 million).

This includes impairment of intangible assets amounting to EUR 0.8 million (previous year: EUR 3.2 million). There was no impairment of property, plant, and equipment in the 2010/2011 financial year (previous year: EUR 8.1 million). Amortisation of capitalised finance leases amounted to EUR 1.8 million (previous year: EUR 2.1 million).

We refer to the statement of changes in consolidated assets attached as an appendix to these notes.

5.6 OTHER OPERATING EXPENSES

Other operating expenses came to EUR 68.2 million (previous year: EUR 84.9 million), which was well below the previous year's level, mainly due to the sale of the rehabilitation segment.

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

EUR thousand	2010 2011	2009 2010
Rent and lease payments	38,217	49,742
Legal and consultancy costs	5,728	7,733
Administrative expenses	5,137	8,761
Repair and maintenance costs	4,122	4,453
Funding for Promint	2,306	2,427
Marketing and representation expenses, Annual General Meeting	2,247	2,710
Expenditures in connection with a former Group company	1,718	0
Compensation payments	1,000	0
Insolvency damages	916	0
Vehicle and aircraft costs	853	1,156
Insurance	831	880
Fees, contributions	638	666
Other social security costs	532	2,208
Damages	396	480
Ongoing education and training	250	413
Losses on disposal of property, plant, and equipment	216	441
Loss from the deconsolidation (hospital Büren)	36	199
	0	333
Other expenses	3,064	2,288
	68,207	84,890

The decrease in rental and lease payments was mostly due to the rehabilitation segment being relinquished, as well as provisions for rental obligations in the year prior for a former group company and the disposal of the Montabaur and Schömberg locations. This decline is offset by higher expenses due to rent adjustments for various facilities.

The reduced expenses for legal and consultancy costs were predominantly a result of the higher consultancy costs in the previous year, which had arisen in connection with the sale of the rehabilitation segment.

The administrative expenses consist primarily of expenses for outside staff amounting to EUR 1.4 million (previous year: EUR 4.0 million), expenses for reading material, postal charges, magazines, telephone, fax and IT amounting to EUR 2.6 million (previous year: EUR 2.9 million), and expenses for office materials amounting to EUR 0.2 million (previous year: EUR 0.5 million).

The expenses accruing in connection with a former Group company involve payment obligations due to a court ruling. For more information refer to item 4.2.6.

Impairment charges and bad debt losses include impairment charges amounting to EUR 236 thousand (previous year: EUR 564 thousand) and bad debt losses amounting to EUR 296 thousand (previous year: EUR 1,644 thousand).

The compensation payment is connected to the premature cancellation of the contractual relationship in Montabaur.

With the ruling from 20 June 2011, Marseille-Kliniken AG was ordered to repay loan payments received to now-insolvent St. Nikolaus Hospital Bürsen GmbH.

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 2011:

EUR thousand	2010 2011	2009 2010
Audit of financial statements 2010/2011	312	0
Audit of financial statements 2009/2010	15	328
Other certification and valuation services	27	70
Other services	14	278
	368	676

5.7 FINANCIAL RESULT

The financial result is as follows:

EUR thousand	2010 2011	2009 2010
Interest incomes from finance lease	344	0
Interest from loans and fixed deposits	707	1,035
Financial income	1,051	1,035
Interest paid on loans	3,734	3,428
Interest expense for pension provisions	690	574
Addition of accrued interest from provisions	165	0
Interest paid on finance leases	492	651
Financial expenses	5,081	4,653
Financial result	-4,030	-3,618

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.

EUR thousand	2010 2011	2009 2010
Earnings before taxes	1,631	78
Group tax rate	15.825%	15.825%
Expected tax charge	258	12
Effects of varying domestic tax rates	457	483
Tax increase due to non-deductible expenses	74	16
Tax increase due to off-balance sheet additions	172	587
Tax reduction due to use of tax losses carried forward, previous year of no value	0	-201
Activation of losses carried forward, previous year of no value	-2,415	0
Tax increase due to losses in current year, of no value	202	1,439
Taxes from other accounting periods	217	1,677
Tax effects from deconsolidation	0	-4,089
Other effects	-111	50
Actual tax charge	-1,146	-26
Actual tax rate	-70.26%	-32.89%

The effects resulting from differing domestic tax rates are based on the trade tax charge for some earnings. The positive tax effect mainly results from deferred tax assets for existing tax losses carried forward to be used for tax within the next five years.

The breakdown of income taxes is as follows:

EUR thousand	2010 2011	2009 2010
Deferred tax income	-2,670	-2,759
Current tax charge	1,524	2,733
Income taxes	-1,146	-26

As at the balance sheet date, the balance sheet included deferred taxes on expenses recognised directly in equity of EUR 36 thousand (previous year: EUR 68 thousand, with the effect of increasing equity).

The income tax claims refer to claims from corporate income tax credits, which are classified as non-current, in the amount of EUR 1,086 thousand. For the purpose of comparability, the previous year's figure was reclassified in the amount of EUR 1,143 thousand.

5.9 OTHER TAXES

Other taxes rose by EUR 207 thousand to EUR 549 thousand and include, in particular, property tax (EUR 367 thousand).

5.10 MINORITY INTERESTS IN GROUP NET PROFIT/LOSS

The proportion of Group net profit/loss attributable to minority interests is EUR -93 thousand (previous year: EUR 96 thousand), with continued operations accounting for EUR -48 thousand and discontinued operations totalling EUR 144 thousand.

5.11 GROUP NET PROFIT/LOSS

The Group net profit/loss for the 2010/2011 financial year amounts to EUR 2,777 thousand (previous year: EUR 660 thousand). Of the total, EUR 2,870 thousand (previous year: EUR 564 thousand) was attributable to the shareholders of the parent company and EUR -93 thousand (previous year: EUR 96 thousand) to minority interests.

The Group loss carried forward amounted to EUR 5.7 million as at 30 June 2010, and fell to EUR 3.2 million as at 30 June 2011, largely due to positive group net income. Details of this development can be found in the statement of changes in equity.

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:

EUR thousand	Measurement category under IAS 39	Carrying amount 6/30/2011	Fair value 6/30/2011	Carrying amount 6/30/2010	Fair value 6/30/2010
ASSETS					
Non-current financial assets					
Loans	LaR	1,873	1,873	1,613	1,613
Asset-side pension coverage	Fvtpl	1,127	1,127	989	989
Shareholdings	AfS	76	76	88	88
Other securities	AfS	188	188	188	188
Finance leases	IAS 17	6,792	6,792	5,699	5,699
Current financial assets					
Trade receivables	LaR	10,181	10,181	9,260	9,260
Other receivables	LaR	6,200	6,200	5,669	5,669
Cash and cash equivalents	n.a.	9,488	9,488	10,104	10,104
LIABILITIES					
Non-current financial liabilities					
Financial debts	FLAC	34,160	34,160	40,862	40,862
Finance leases	IAS 17	1,824	1,824	2,862	2,862
Derivative financial instruments	Derivatives in effective hedging relationship	440	440	869	869
Current financial liabilities					
Financial debts	FLAC	19,185	19,185	16,091	16,091
Finance leases	IAS 17	1,469	1,469	1,790	1,790
Trade payables	FLAC	10,774	10,774	8,256	8,256
Other current financial liabilities	FLAC	7,054	7,054	8,635	8,635

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

	Assets		Liabilities		Assets		Liabilities	
	Carrying amount 6/30/2011	Fair value 6/30/2011	Carrying amount 6/30/2011	Fair value 6/30/2011	Carrying amount 6/30/2010	Fair value 6/30/2010	Carrying amount 6/30/2010	Fair value 6/30/2010
EUR thousand								
Loans and Receivables (LaR)	18,254	18,254	0	0	16,542	16,542	0	0
Fair value through profit and loss (Fvtpl)	1,127	1,127	0	0	989	989	0	0
Available for sale (AFS)	264	264	0	0	276	276	0	0
Finance lease receivables valued at present value (IAS 17)	6,792	6,792	0	0	5,699	5,699	0	0
Financial liabilities at cost (FLAC)	0	0	71,099	71,099	0	0	73,844	73,844
Finance lease liabilities valued at present value (IAS 17)	0	0	3,293	3,293	0	0	4,652	4,652
Derivatives in an effective hedging relationship	0	0	440	440	0	0	869	869

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 pension liability insurance policies are reported at their fair value in accordance with actuarial reports. Loans generally bear interest on current market terms, 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 corresponds to its estimated fair value, 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:

EUR thousand	Interest income/ expense 6/30/2011	Net result 6/30/2011	Time valuation reserve 6/30/2011	Interest income/ expense 6/30/2010	Net result 6/30/2010	Time valuation reserve 6/30/2010
Loans and receivables (LaR)	673	-154	0	1,035	-2,208	0
Financial lease receivables valued at present value (IAS 17)	378	0	0	0	0	0
Financial liabilities at cost (FLAC)	-3,734	0	0	-4,002	0	0
Financial lease liabilities valued at present value (IAS 17)	-492	0	0	-651	0	0
Derivatives in an effective hedging relationship	0	-334	440	0	0	869
Total	-3,175	-488	440	-3,618	-2,208	869

7. Segment reporting

For segment reporting, financial figures are classified by segment in accordance with the internal reporting system. For internal segment reporting in the Group classification occurs firstly at the level of operating segment, as Group risks and equity yield rate are influenced by the differences between products and services.

There is no geographical level of classification used for segment reporting, as Marseille-Kliniken AG primarily operates in Germany.

Financing decisions are made on a Group-wide level rather than on a segment by segment basis. For this reason, interest expenses and interest income are not reported on a segment level.

A valuation of assets and liabilities for the segment has not been presented, as these are not reported to the Management Board on a regular basis. Moreover, other non-cash items are not shown, as these are also not reported to the Management Board on a regular basis and management does not classify this information as material.

The Group is organised into three operating segments:

Nursing care

The company focuses on the nursing care segment, which includes the operation of care facilities for the elderly, the provision of inpatient care for the elderly, and outpatient nursing services (assisted living). The segment result improved in comparison to the previous year, especially due to the integration of services formerly rendered by service companies to the care facilities.

Services (incl. Marseille-Kliniken AG)

This segment contains the provision of centralised services for the facilities. This includes management, financial services, asset management, IT services, and laundry services as well as other services such as facility management. The revenue decline of the segment is a result of the takeover of centralised services such as Food & Beverage as well as general cleaning by the facilities. The lower segment result compared to the previous year is also mainly a result of the acquired services in the field of Food & Beverage as well as maintenance cleaning by the facilities and the resulting margin drop.

Other

The "Other" segment includes the asset manager Karlsruher Sanatorium Aktiengesellschaft, a medical supply centre, Marseille-Kliniken AG, Switzerland, and Krankenhaus-Besitzgesellschaft Büren.

The segment result was largely influenced by one-off expenses in connection with the spin-off of Fachklinik Bad König. It improved versus the previous year's figure, which was burdened by impairments amounting to EUR 7.5 million.

For the purpose of reconciling the segments with Group figures, expenses of Marseille-Kliniken AG not attributable to segments and effects of consolidation between Group companies and the segments are shown in a separate column. Effects of consolidation in relation to the discontinued operations were still shown with the other segments in a separate column in the previous year. Intersegment transactions are made on normal market terms.

The annual transaction figures of the rehabilitation companies deconsolidated in the previous year and the insolvent St. Nikolaus Hospital Büren GmbH were shown in a separate column as discontinued operations.

7.1 STATEMENT OF SEGMENT EARNINGS

The following table shows the segment reporting with regard to segment results for the 2010/2011 financial year and the comparative figures from the previous year:

EUR thousand	Continuing operations					
	Nursing care domestic market		Services, incl. AG domestic market		Other (formerly rehabilitation) domestic market	
	7/1/2010- 6/30/2011	7/1/2009- 6/30/2010	7/1/2010- 6/30/2011	7/1/2009- 6/30/2010	7/1/2010- 6/30/2011	7/1/2009- 6/30/2010
External revenues	189,161	190,280	295	1,321	547	1,551
Internal revenues with other segments	0	0	24,494	61,104	0	0
Other operating income	7,891	7,612	23,878	27,226	3,426	1,475
Total revenues	197,052	197,893	48,667	89,652	3,973	3,026
Cost of materials	-23,672	-38,860	-3,591	-12,817	-193	-404
Personnel expenses	-85,341	-78,738	-12,853	-31,898	-589	-4,458
Other operating expenses	-66,239	-67,782	-39,404	-47,196	-3,576	-5,033
Other taxes	-146	-259	-238	-92	-165	29
Depreciation and amortisation	-4,657	-4,953	-2,459	-3,930	-98	-790
Extraordinary depreciation	0	-578	-5,784	-6,102	-482	-7,525
Write-down on goodwill	-161	0	0	-319	-184	-876
Earnings from operating activities	16,835	6,724	-15,661	-12,701	-1,314	-16,032
Gain from the disposal of the rehabilitation segments						
Earnings from interest and financial investments						
Interest and similar expenses						
Earnings before taxes						
Taxes on income and earnings						
Group net profit/loss						

7.2 OTHER SEGMENT INFORMATION

The following table shows additional segment reporting information for the 2010/2011 financial year and a comparison with the previous year's figures:

EUR thousand	Continuing operations					
	Nursing care domestic market		Services, incl. AG domestic market		Other (formerly rehabilitation) domestic market	
	2010 2011	2009 2010	2010 2011	2009 2010	2010 2011	2009 2010
Investments	2,421	12,071	408	2,935	258	113

Continuing operations

Discontinued operations

Group total

Elimination		Total		Elimination		Elimination		Group total	
7/1/2010-6/30/2011	7/1/2009-6/30/2010	7/1/2010-6/30/2011	7/1/2009-6/30/2010	7/1/2010-6/30/2011	7/1/2009-6/30/2010	7/1/2010-6/30/2011	7/1/2009-6/30/2010	7/1/2010-6/30/2011	7/1/2009-6/30/2010
0	0	190,003	193,152	0	47,590	0	0	190,003	240,742
-24,494	-50,964	0	14,209	0	0	0	-10,139	0	0
-23,070	-21,778	12,125	10,464	0	1,580	0	-4,072	12,125	12,044
-47,564	-72,742	202,128	217,825	0	49,170	0	-14,211	202,128	252,786
6,568	27,857	-20,887	-17,958	0	-12,335	0	6,265	-20,887	-30,293
0	1,023	-98,783	-114,194	0	-17,247	0	-124	-98,783	-131,441
41,012	42,883	-68,207	-69,185	0	-15,705	0	7,944	-68,207	-84,890
0	0	-549	-323	0	-19	0	0	-549	-342
0	328	-7,214	-9,345	0	-674	0	0	-7,214	-10,019
5,784	3,769	-482	-10,435	0	0	0	0	-482	-10,435
0	0	-345	-1,194	0	0	0	0	-345	-1,194
5,800	3,118	5,661	-4,808	0	3,190	0	-126	5,661	-15,828
								0	20,080
								1,051	1,035
								-5,081	-4,653
								1,631	634
								1,146	26
								2,777	660

Continuing operations

Discontinued operations

Group total

Elimination		Total		Elimination		Elimination		Group total	
2010 2011	2009 2010	2010 2011	2009 2010	2010 2011	2009 2010	2010 2011	2008 2009	2010 2011	2009 2010
0	0	3,087	15,119	0	879	0	0	3,087	15,998

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).

Marseille-Kliniken AG carried out a capital increase on 25 May 2011. In doing so, 2,430,000 new bearer shares were procured through the exercise of subscription and oversubscription rights at the price of

EUR 2.56 (rounded) per share. The capital increase yielded a rise in the number of shares issued to 14,580,000 as at 24 May 2011.

Earnings per share thus came out to EUR 0.23 (previous year: EUR 0.05).

The total number of shares is 14,580,000 (previous year: 12,150,000), comprising 115,675 treasury shares (previous year: 105,675) and 14,464,325 shares in circulation (previous year: 12,044,325) 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 EUR	Number of shares	Market value in EUR	Percentage of share capital in %	Amount of share capital in EUR
As of July 1, 2010	0	0	8.541	105,675	902,579.62	0.87	270,493.21
As of June 30, 2011	10,000	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.

The funds as at 30 June 2011 include cash and cash equivalents of EUR 9,488 thousand (previous year: EUR 10,104 thousand), which comprise cash on hand amounting to EUR 172 thousand (previous year: EUR 853 thousand) and cash at banks amounting to EUR 9,315 thousand (previous year: EUR 9,251 thousand). Of the cash and cash equivalents, a total of EUR 411 thousand (previous year: EUR 5,129 million) cannot be disposed of freely. See 4.1.11 for more details.

9. Dividends paid and proposed

The net profit of Marseille-Kliniken AG, Berlin, amounts to EUR 4,366 (previous year: EUR 311 thousand). The net profit will be carried forward.

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 shows how the funds of the Marseille-Kliniken Group (cash on hand, cash at banks) have changed over the reporting period. The cash flows are classified as from operating activities, investing activities, or financing activities. Cash flow from operating activities is presented according to the indirect method.

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 AMAR ITA 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-lease-back 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. The rent is currently being paid by a subsidiary. Lawsuits are also pending with regard to these circumstances. Provisions amounting to EUR 4.2 million have been set aside for the obligations mentioned above and other litigation risks. The maximum possible risk arising from these obligations and litigation risks is EUR 8.0 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 3 to 5 years and contain prolongation options with varying conditions.

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

EUR thousand	6/30/2011	6/30/2010
Acquisition costs	9,338	8,841
less:		
accumulated depreciation	-6,409	-4,605
Net carrying amount	2,929	4,236

EUR thousand	6/30/2010	6/30/2009
Acquisition costs	8,841	7,908
less:		
accumulated depreciation	-4,605	-2,803
Net carrying amount	4,236	5,105

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

6/30/2011 EUR thousand	Present value	Interest	Minimum leasing rate
During the first year	1,460	308	1,768
1st to 5th year	1,834	238	2,072
After 5 years	0	0	0
Total	3,294	546	3,840

The previous year's figures as at 30 June 2010 are as follows:

6/30/2010 EUR thousand	Present value	Interest	Minimum leasing rate
During the first year	1,790	457	2,247
1st to 5th year	2,862	453	3,315
After 5 years	0	0	0
Total	4,652	910	5,562

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 terms for the leasing agreements are 21.5 years.

EUR thousand	6/30/2011
Outstanding minimum lease payments	12,309
+ not guaranteed residual values	570
= Gross investment	12,879
- Unrealised financial income	5,271
= Net investment	7,608
- Present value of not guaranteed residual values	408
= Present value of minimum lease payments	7,200

6/30/2011 EUR 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

The Marseille-Kliniken Group is involved in various active legal disputes with the objective of settling significant investment cost ratios. Should the Marseille-Kliniken Group prevail in these legal disputes, investment costs will be retrospectively higher. These claims had not been capitalised as at 30 June 2011.

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 EUR 580.1 million (previous year: EUR 635.4 million) as at the balance sheet date of 30 June 2011. The annual lease payments resulting from operating lease agreements were reported in the amount of EUR 38.2 million (previous year: EUR 47.0 million) with effect on expenses in the reporting year.

Of the operating lease agreements, the sum of EUR 567.5 million (previous year: EUR 621.5 million) is accounted for by property rented under long-term arrangements. The long-term agreements covering these 42 (previous year: 44) 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 20–25 years. The contracts stipulate that rents can be increased by an amount that is proportional to an increase in the consumer price index.

Lease agreements are mainly for the properties in Tangerhütte, Aschersleben, Coswig, Lemwerder, Klötze, Waldkirch, Bad Langensalza, Wolmirstedt, Thale, Leipzig, Berlin-Lichtenberg, Buxtehude, Hennigsdorf, Hohen Neuendorf, Langen, Schollene, Datteln, Lutzerath, Kreuztal-Krombach, Büren, Arnsberg, Hamburg, Dusseldorf and Meerbusch.

EUR thousand	Remaining terms			
	2010 2011	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 lease obligations	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

Previous year:

EUR thousand	2009 2010	Remaining terms		
		up to 1 year	1-5 years	> 5 years
Rental and lease agreements (property and moveable goods)	621,451	34,342	138,117	448,992
Building lease obligations	7,462	203	814	6,445
Lease agreements (operating/office equipment incl. vehicles)	5,293	2,382	2,911	0
Service agreements	1,034	668	322	44
Total	635,240	37,595	142,164	455,481

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, i.e. 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 rate risk/market price risk

Derivative financial instruments were held in the form of two interest rate swaps in the 2010/2011 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 2010/2011 financial year.

As at 30 June 2011, negative market values including deferred taxes totalling EUR 440 thousand (previous year: EUR 869 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 EUR 335 thousand became due in the 2010/2011 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:

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

EUR thousand	Nominal volume	Market value* as of 6/30/2010
SWAP 1	8,199	-505
SWAP 2	3,100	-364
Total	11,299	-869

* = Clean prices

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

30 June 2011	
EUR 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

30 June 2010

EUR thousand	
0 to 1 year	859
1 to 2 years	920
2 to 3 years	964
3 to 4 years	1,011
4 to 5 years	1,060
5 to 12 years	6,485
Total	11,299

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 2011, 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 2011 had been 100 basis points higher (or lower) than it was, earnings before taxes would have been around EUR 0 million (previous year: EUR 0.2 million) higher or some EUR 0 million lower (previous year: EUR 0.2 million).

The interest rate sensitivity has decreased significantly due to the repayment of the euro current account credit lines with variable-interest.

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

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

Previous year:

Increase/decrease in basis points	Effect on equity in EUR million
+ 100	+ 0.4
- 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 required.

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.

As at 30 June 2011, 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.

EUR thousand	Maturities			Total
	< 1 year	1-5 years	> 5 years	
Interest-bearing loans* 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

* Interest and redemption payments without credit lines

Previous year:

EUR thousand	Maturities			Total
	< 1 year	1-5 years	> 5 years	
Interest-bearing loans* and interest-rate hedges	19,071	25,505	36,062	80,638
Finance leases	2,247	3,315	0	5,562
Trade payables	7,670	586	0	8,256
Other financial liabilities	8,478	0	345	8,822
Total	37,466	29,406	36,407	103,278

* Interest and redemption payments 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.

A bond was issued in December 2010 with a volume of EUR 15 million. In the course of restructuring the liabilities side in the 2010/2011 financial year, the existing credit lines were repaid from the cash inflows from the bond. In addition, a capital increase of 20% was carried out in May 2011 with the aim of strengthening the liabilities side. After deducting transaction costs, the company pulled in EUR 6.0 million in cash. For further details, please refer to the sections on financial risks and events after the balance sheet date in the combined management and Group management report.

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".

EUR thousand	6/30/2011	6/30/2010
Receivables neither due nor written down	7,705	7,282
Receivables due, but not written down		
less than 30 days	5,079	4,820
between 31 and 90 days	1,214	710
between 91 and 180 days	800	221
between 181 and 360 days	1,477	759
more than 360 days	0	0
Total	16,275	13,792
Residual carrying amount of written-down receivables	1,979	2,751
Net carrying amount	18,254	16,543

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)

Pursuant to § 21(1) of the German Securities Trading Act (WpHG), Artio Global Investors Inc. New York, USA, informed us on 15 March 2011 that its share of voting rights in Marseille-Kliniken AG, Berlin, had fallen below the threshold of 5% on 11 March 2011 and on that day amounted to 4.75% of the total number of voting rights in the company (equivalent to 577,470 voting rights).

The 3% or more of the voting rights in Marseille-Kliniken AG, Berlin, held by Artio International Equity Fund, 330 Madison Avenue, New York, USA, was allocated to Agio Global Investors Inc. New York, USA.

The share of voting rights of Close Securities (Germany) Limited, London, UK, exceeded the threshold of 3%, 5%, 10%, and 15% of voting rights in Marseille-Kliniken AG on 26 May 2011 and on that day amounted to 16.67% (2,430,000 voting rights). These shares of voting rights are assigned in full to Close Securities Holdings Limited, London, UK, 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 Close Securities Holdings Limited with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more: Close Brother Seydler Bank AG.

The share of voting rights of Close Securities Holdings Limited, London, UK, exceeded the threshold of 3%, 5%, 10%, and 15% of voting rights in Marseille-Kliniken AG on 26 May 2011 and on that day amounted to 16.67% (2,430,000 voting rights). These shares of voting rights are assigned in full to Close Brothers Holdings Limited 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 Close Brothers Holdings Limited with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more: Close Securities (Germany) Limited, Close Brother Seydler Bank AG.

The share of voting rights of Close Brothers Holdings Limited, London, UK, exceeded the threshold of 3%, 5%, 10%, and 15% of voting rights in Marseille-Kliniken AG on 26 May 2011 and on that day amounted to 16.67% (2,430,000 voting rights). These shares of voting rights are assigned in full to Close Brother Group plc 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 Close Brother Group plc with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more: Close Securities Holdings Limited, Close Securities (Germany) Limited, Close Brothers Holdings Limited.

The share of voting rights of Close Brothers Group plc., London, UK, exceeded the threshold of 3%, 5%, 10%, and 15% of voting rights in Marseille-Kliniken AG on 26 May 2011 and on that day amounted to 16.67% (2,430,000 voting rights). These shares of voting rights are assigned in full to Close Brothers Group plc 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 Close Brothers Group plc with a share of voting rights in Marseille-Kliniken AG amounting to 3% or more: Close Securities Holdings Limited, Close Securities (Germany) Limited, Close Brother Group plc.

Pursuant to § 21(1) of the German Securities Trading Act (WpHG), Close Securities (Germany) Limited, London, UK, informed us on 1 June 2011 that its share of voting rights in Marseille-Kliniken AG, Berlin, ISIN DE0007783003, had fallen below the threshold of 3%, 5%, 10%, and 15% on 31 May 2011 due to the sale of shares with voting rights and on that day amounted to 0%.

Pursuant to § 160 (1)(8) of the German Companies Act (AktG), Mr Ulrich Marseille and Mrs Estella-Maria Marseille, Hamburg, hold a direct or indirect shareholding in Marseille-Kliniken AG, Berlin, in the amount of more than 60.00% of the voting rights.

The Group has not been informed of any other investments in Marseille-Kliniken AG of which it must be notified pursuant to § 21(1) or 21(4) of the German Securities Trading Act (WpHG).

12.7 SUPERVISORY BOARD

The members of the Supervisory Board are:

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

Management:

- Falke KGaA, Schmalleberg

Advisory Board:

- Nordmilch AG, Bremen

Dr Thomas Middelhoff,
businessman, chairman and founding partner of BLM & Partners LLP,
London (until 31 October 2010), chairman and founding partner Pulse
Capital Partners LLC, New York (from 1 November 2010), Bielefeld
(Chairman as of 28 September 2011)

Supervisory Board member:

- Senator Entertainment AG, Berlin (Chairman)
- New York Times Company, New York, USA
- 3W Power Holdings S.A./AEG Power Solutions,
Luxemburg/Zwanenburg, Netherlands

Advisory Board member:

- Westfälische Wilhelms-Universität Münster –
Member of the university council, Münster
- Oxford University Center for Corporate Reputation, Oxford, UK –
Member of the Global Advisory Board
- BHF-Bank, Frankfurt am Main
- 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 Mathias D. Kampmann,
business manager, Hamburg

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

Mrs Estella-Maria Marseille,
lawyer, Hamburg
(since 31 August 2010)

Supervisory Board member:

- Columbia Hospital AG, Berlin

In the 2010/2011 financial year, members of the Supervisory Board received aggregate remuneration of EUR 153 thousand (previous year: EUR 154 thousand).

12.8 MANAGEMENT BOARD

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

Supervisory Board member:

- Karlsruher-Sanatorium-AG, Hamburg (Chairman)
- SCS Standard Computer Systeme AG, Hamburg (Chairman)
- WMP EuroCom AG, Berlin
- Columbia Hospital AG, Berlin

Mr Axel Regenhardt,
Seesen, CIO
(until 28 February 2011)

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

Supervisory Board member:

- IEP – Innovative Erneuerbare Energien für Pullach GmbH, Pullach

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

Advisory Board member:

- Tente-Rollen GmbH, Wermelskirchen

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 2010/2011:

EUR thousand	2010 2011	2010 2011	2010 2011
	fixed	variable	total
Mr Ulrich Marseille	257	0	257
Mr Dr. Thomas Klaue	273	0	273
Mr Stefan 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 dependents amounted to EUR 68 thousand (previous year: EUR 57 thousand). Provisions amounting to EUR 495 thousand (previous year: EUR 453 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 EUR 7.4 million (previous year: EUR 7.5 million), while liabilities amount to EUR 4.4 million (previous year: EUR 5.9 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 EUR 6.1 million (previous year: EUR 24.7 million). The Marseille-Kliniken Group delivered or rendered goods and services totalling EUR 0.1 million (previous year: EUR 0.3 million) to related persons and companies during the reporting period.

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

- VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH has rented the administrative building Sportallee 1 in Hamburg from Citycomp Grundstücks GbR since 1 July 2001 in accordance with the lease agreement dated 23 August 2000. The agreement had a term of 10 years. In accordance with the agreement of 2 November 2009, the monthly rent was adjusted to EUR 60 thousand starting 1 November 2009. In accordance with the amendment of 21 December 2009, the lease agreement was extended for a further 10 years, beginning on 1 January 2010. Upon expiration of the fixed rental period, the rental agreement will be extended for an indefinite period and can be cancelled by either party to the contract within a period of six months on 30 June or 31 December, respectively of any given year. The rental expense resulting from this amounted to EUR 720 thousand in the 2010/2011 financial year.
- Hansel/Gehrckens Grundstücks GbR signed a licence agreement with Allgemeine Soziale Dienstleistungen gGmbH, effective 1 April 1998. The licence agreement stipulates the assumption of nursing care services by Allgemeine Soziale Dienstleistungen GmbH in Tangerhütte. The agreement has been concluded for an indefinite period and was not cancelled in the financial year. The period of notice is six months prior to the end of a calendar half-year. The expense in the reporting year was EUR 36 thousand.
- Marseille-Kliniken AG has granted a loan with an indefinite term to SCS Standard Computersysteme AG in accordance with the loan agreement dated 9 March 2001. As at 30 June 2011, this loan, including the accrued interest receivables, was valued at EUR 2,687 thousand. The loan is secured in accordance with a notarial security agreement through the pledging of the shares in SCS Standard Computersysteme AG to SCS Betricum GmbH. There is also an opportunity to settle the loan receivable from SCS Standard Computersysteme AG with the loan liabilities to SCS Betricum GmbH. The 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 EUR 172 thousand.
- A loan agreement between SCS Betricum GmbH and Marseille-Kliniken AG was signed on 18 August 1999. The loan, including accrued interest, was valued at EUR 2,578 thousand on 30 June 2011. In the 2010/2011 financial year, SCS Betricum GmbH received interest amounting to EUR 139 thousand from Marseille-Kliniken AG (5.5% p.a.).
- Marseille-Kliniken AG had concluded a software maintenance contract with SCS Standard Computersysteme AG, Hamburg, on 25 May 2000, which took effect retroactively on 1 May 2000. The contract was taken over by VDSE GmbH-Verwaltungsdienstleister sozialer Einrichtungen GmbH in 2003. The notice period is six months. There has been no termination. Expenses of EUR 278 thousand were incurred in the 2010/2011 financial year.
- Marseille-Kliniken AG concluded a customer support agreement with SCS Standard Computersysteme AG on 25 May 2000. The agreement took effect retroactively on 1 May 2000 and can be terminated within a period of six months. The resulting expenses amounted to EUR 51 thousand.
- With the framework service contract between SCS Standard Computersysteme AG and VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH for the development and implementation of software, the intention is to enhance the software systems developed by SCS Standard Computersysteme AG, particularly PSB, SENATOR P4 and in this respect to adapt to the requirements defined by VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH. The remuneration is EUR 950 per day of development plus legal value-added tax. The expense in the 2010/2011 financial year was EUR 67 thousand.
- A contract was signed on 11 February 2002 for the maintenance of a management information system (MIS) between SCS Standard Computersysteme AG and VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH. Cancellation by both parties was first possible on 31 December 2003 with a cancellation period of three months. The expense in the 2010/2011 financial year amounted to EUR 28 thousand.

- Service and maintenance for computing licences were performed by SCS Standard Computersysteme AG for Marseille-Kliniken AG and its subsidiaries. Expenses in the 2010/2011 financial year amounted to EUR 300 thousand.
 - SCS Standard Computersysteme AG, Zug (Switzerland) has signed a user licence agreement with Marseille-Kliniken AG for the hospital information system Senator@Hospital. The entire order volume comes out to EUR 714 thousand. The licences were acquired by Marseille-Kliniken AG, Zug (Switzerland) in the previous year as well as the reporting year. Moreover, software services were performed by SCS Standard Computersysteme AG for Marseille-Kliniken AG, Zug (Switzerland) in an amount of EUR 620 thousand in the current financial year.
 - On 27 June 2000, VDSE – Verwaltungsdienstleister sozialer Einrichtungen GmbH signed a service agreement with SCS Standard Computersysteme AG for the assumption of its financial and staff accounting activities. The agreement took effect on 1 June 2000 and was initially valid until 30 June 2001. When this period expired, the agreement was extended by another year. In the 2010/2011 financial year this resulted in income of EUR 2 thousand.
 - Mrs Estella-Maria Marseille was granted a loan of EUR 1,722 thousand with a loan agreement dated 6 August 2001 for the acquisition of shares in Karlsruher-Sanatorium AG (Kasanag). The loan is secured through the pledging of the 28,802 Kasanag shares acquired. Including the accrued interest of EUR 1,021 thousand, the loan was valued at EUR 2,743 thousand as at 30 June 2011. The interest rate is calculated at the refinancing rate of the lender plus a profit margin of 1.0% per annum. From 30 June 2011 the loan was no longer fully secured. The difference between the state of the loan and the pro-rata asset value of shares in Kasanag amounts to some EUR 888 thousand. Interest income amounted to EUR 161 thousand in the year under review.
 - Mrs Estella-Maria Marseille was granted a loan of EUR 151 thousand by Marseille-Kliniken AG with a loan agreement dated 9 April 2001 for the acquisition of 5.9% of the shares in Mineralquelle Waldkirch Verwertungsgesellschaft mbH. The loan was increased by EUR 24 thousand in November 2005. The loan is not secured. Including the accrued interest of EUR 104 thousand, the loan amount was EUR 279 thousand as at 30 June 2011. The loan receivable is offset by liabilities of Marseille-Kliniken AG and its subsidiaries due to Mrs Estella-Maria Marseille amounting to EUR 612 thousand. The interest rate is calculated at the refinancing rate of the lender plus a profit margin of 1.0% per annum. The interest income came to EUR 16 thousand in the reporting year.
 - In the 2010/2011 financial year, the law firm Marseille rendered a variety of consulting services for Marseille-Kliniken AG and its subsidiaries. The company's Supervisory Board approved the consulting activities. The expense in the 2010/2011 financial year came out to EUR 655 thousand.
 - The residual purchase price liabilities to Telekommunikation TV Service – TTVS – GmbH remaining from the purchase of AAP – Allgemeine Ansgar Pflegedienste GmbH in the previous year were repaid in an amount of EUR 551 thousand in the reporting year. Including accrued interest, the liabilities amounted to EUR 529 thousand as at 30 June 2011. In addition, there were still residual purchase price liabilities to Mr Ulrich Marseille including accrued interest totalling EUR 498 thousand as at 30 June 2011. The interest from these liabilities at 8.0% p.a. in the reporting year resulted in interest expenses of EUR 121 thousand for Marseille-Kliniken AG.
- Moreover, there were still interest receivables of EUR 106 thousand from Mr Ulrich Marseille after the settlement in the previous year.
- A rental agreement for the premises at Alsterkrugchaussee 283 between VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH and SCS Standard Computersysteme AG was signed on 25 November 2008. This resulted in rental income of EUR 4 thousand in the reporting year.
 - There is a cleaning contract between Pro Work Dienstleistungsgesellschaft mbH and Held Bau Consulting GmbH. In the 2010/2011 financial year, this resulted in income amounting to EUR 4 thousand.
 - The contract for the operation of an SAP environment dated 8 April 2009 between VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH and Telekommunikation TV Service – TTVS – GmbH yielded income of EUR 31 thousand for VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH.
 - Within the scope of a lease contract with Held Bau Consulting GmbH for the use of operating and office equipment, VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH generated income of EUR 2 thousand in the 2010/2011 financial year.
 - Motor vehicles are operated on behalf of Held Bau Consulting GmbH on the basis of the framework agreement for fleet management for cars and trucks between VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH and der Car Professional Fuhrparkmanagement und Beratungsgesellschaft mbH & Co. This resulted in income of EUR 4 thousand.
 - A sublease agreement dated 12 December 2006 exists for the premises at Heselstücken 7, Hamburg, between Marseille-Akademie GmbH and Held Bau Consulting GmbH. The agreement resulted in income of EUR 35 thousand in the 2010/2011 financial year.
 - There is a sublease agreement between Marseille-Akademie GmbH and SCS Standard Computersysteme AG dated 25 June 2010 for the premises at Heselstücken 7, Hamburg. The contract resulted in income of EUR 8 thousand in the 2010/2011 financial year.
 - A loan agreement between TD Artos Verwaltungsgesellschaft mbH and Marseille-Kliniken AG was signed on 8 December 2005. After the increase in the loan by EUR 6 thousand in the reporting year, the loan was valued at EUR 166 thousand on 30 June 2011. Value adjustments of EUR 160 thousand had been carried out in previous years. The interest rate of 6.0% p.a. on the loan resulted in interest income of EUR 9 thousand for Marseille-Kliniken AG in the 2010/2011 financial year.
 - Held Bau Consulting GmbH brought to account a variety of construction services on a contractual basis for Marseille-Kliniken AG and its subsidiaries. These totalled EUR 2,045 thousand in the lapsed 2010/2011 financial year.

- Marseille-Kliniken AG made advance payments of EUR 211,706.68 to M. Held GmbH & Co. Baubetreuungs KG in the 2010/2011 financial year, the legal foundation of which did not apply as at the balance sheet date. Marseille-Kliniken AG has therefore demanded the sum back. As at 30 June 2011, there were receivables from M. Held GmbH & Co. Baubetreuungs KG in connection with this in the amount of EUR 212 thousand.
- On 1 August 1998 a use and supply contract for the temporary concession of the right to use an aircraft was concluded between SGS GmbH (formerly Katharina-Wohnanlage GmbH) and VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH with an initial validity until 31 December 2003. The contract is extended by one year if it has not been terminated in writing by at least three months before the end of a year. VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH commits itself to utilising the aircraft for 300 to 450 flying hours over the duration of the contract. Expenses amounting to EUR 242 thousand accrued for this purpose in the reporting year.
- There is a contract for the rendering of various administrative services between VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH and Held Bau Consulting GmbH. In the reporting year, the contract was cancelled as of 31 December 2010 and the administrative cost allocations for the period 01/2009 to 12/2010 were reduced retroactively. Expenditures of EUR 6 thousand overall accrued for VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH.
- Trade receivables as well as other receivables bear interest of 8.0% 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 VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH interest income of EUR 15 thousand.
- Trade receivables and other receivables bear interest of 8.0 percentage points above the base rate in accordance with § 247 in conjunction with § 288 BGB, accordingly at 8.12% per annum. The following interest income was generated from charging interest on receivables from Held Bau Consulting GmbH in the reporting year: Marseille-Kliniken AG EUR 10 thousand, VDSE GmbH – Verwaltungsdienstleister sozialer Einrichtungen GmbH EUR 5 thousand and ProTec Dienstleistungsgesellschaft mbH EUR 7 thousand.
- Trade receivables and other receivables bear interest of 8.0 percentage points above the base rate in accordance with § 247 in conjunction with § 288 BGB, accordingly at 8.12% per annum. The interest on receivables from EWG Hansel Wohnungs KG yielded the following interest income in the period under review: EUR 20 thousand for Pro Work Dienstleistungsgesellschaft mbH.
- Other receivables bear interest of 8.0 percentage points above the base rate in accordance with § 247 in conjunction with § 288 BGB, accordingly at 8.12% per annum. Allgemeine Dienstleistungsgesellschaft mbH ADG generated interest income of EUR 11 thousand from the interest on receivables from Mr Ulrich Marseille in the reporting year.
- Trade payables and other liabilities bear interest of 8.0% points above the base rate according to § 247 in connection with § 288 BGB, accordingly 8.12% p.a. The interest on liabilities to companies affiliated with Mr Ulrich Marseille yielded interest income of EUR 7 thousand overall for Marseille-Kliniken AG and its subsidiaries in the reporting year.
- Mr Andreas Fickenwirth was still the Managing Director of Marseille Projektgesellschaft Bremerhaven mbH and Grundstücksgesellschaft Nikolaus Büren mbH in the 2010/2011 financial year. At the same time, Mr Fickenwirth is the managing director at Held Bau Consulting Projekt- und Steuerungsgesellschaft and M. Held GmbH & Co. Baubetreuungs KG.
- A service agreement for financial accounting and wage and salary accounting services was concluded between DaTess Gesellschaft für Datendienste mbH and various companies related to Mr Ulrich Marseille in 2010. The contractual relationship was terminated on 31 December 2010. DaTess Gesellschaft für Datendienste mbH generated income of EUR 22 thousand from the contractual relationship in the reporting year.
- The wage and salary accounting of the related companies of Marseille-Kliniken AG has been prepared since 1 January 2011. By the balance sheet date, Marseille-Kliniken AG had generated revenues of EUR 11 thousand.
- As at 30 June 2011, AAP – Allgemeine Ansgar Pflegedienste GmbH had receivables including interest accrued from Mr Ulrich Marseille and companies affiliated with him in a total amount of EUR 28 thousand.

The interest rate of 6% p.a. for Mr Ulrich Marseille and companies affiliated with him for short-term loans of less than one year yielded interest income of EUR 20 thousand for AAP – Allgemeine Ansgar Pflegedienste GmbH.
- As at 30 June 2011, liabilities including interest to Mr Ulrich Marseille and companies affiliated with him amounted to EUR 4 thousand in total.

The interest from these and existing liabilities of less than one year to Mr Ulrich Marseille and companies affiliated with him yielded interest expenses of EUR 12 thousand for AAP – Allgemeine Ansgar Pflegedienste GmbH.
- A rental agreement for the premises at Julius-Sturm-Strasse 1 in Gera was signed between DL Immobilienverwaltung GmbH & Co "Altmark Ansgar" KG and AAP – Allgemeine Ansgar Pflegedienste GmbH on 1 April 2008. This resulted in rent expenses of EUR 79 thousand in the reporting period.
- On 22 October 2001, a former Management Board member received 10,000 shares (ca. 0.07% of the share capital) at the market value current at that time. The shares were returned on 29 June 2011. The expense amounted to EUR 68 thousand.

- A project agreement was concluded between Marseille-Kliniken AG and WMP EuroCom AG, Berlin (WMP) on 13 October 2010 with a term from 1 September 2010 to 31 August 2011. This was compensated at EUR 25 thousand/month plus VAT. The expenses in the financial year came out to EUR 298 thousand. WMP offers consulting services in the entire spectrum of public affairs. The purpose of the contract pertains to the following services:

- Assumption of full communication of the partner of WMP
- Improving the image in the target group, with staff, and in the financial market
- Stronger positive public perception
- Improving the share price

- 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 EUR 159 thousand overall for the remaining period. Lease expenditures in the 2010/2011 financial year amounted to EUR 84 thousand.

- In the 2010/2011 financial year, Hans-Hermann Tiedje Leasing GmbH & Co. KG, Ebersberg, was granted an annuity loan for EUR 83 thousand on 29 December 2010 by Marseille-Kliniken AG. The loan is not secured, and was valued at EUR 68 thousand including accrued interest as at 30 June 2011. The income resulting from the interest rate of 6% p.a. totalled EUR 1 thousand.

12.10 PUBLICATION

The adoption of the consolidated financial statements by the Supervisory Board and the approval for publication of the consolidated financial statements is scheduled for 21 October 2011. The consolidated financial statements for the 2010/2011 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 Langen GmbH,
- Senioren-Wohnpark Lemwerder GmbH,
- ASTOR Park Wohnanlage Langen GmbH,
- Senioren-Wohnpark Hennigsdorf GmbH,
- Senioren-Wohnpark Radensleben GmbH,
- 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 Wolmirstedt 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 Klauska GmbH,
- Senioren-Wohnpark OES GmbH,
- Senioren-Wohnpark Friedland GmbH,
- Senioren-Wohnpark ZES 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,
- Marseille-Klinik Omega GmbH,
- "Villa Auenwald" Seniorenheim GmbH,
- VDSE Verwaltungsdienstleister sozialer Einrichtungen GmbH,
- PROMINT Dienstleistungsgruppe Neuruppin GmbH,
- Senioren-Wohnpark Hennigsdorf – SWP – GmbH,
- SCS Standard Computersysteme Entwicklungsgesellschaft mbH,
- SIV Immobilien-Verwaltungsgesellschaft mbH,
- DaTess Gesellschaft für Datendienste mbH,
- Senioren-Wohnpark Friedland – SWP – GmbH,
- 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,
- Teufelsbad Residenz Blankenburg GmbH,
- Batrium Nr. 44 Vermögensverwaltungs-GmbH,
- Batrium Nr. 53 Vermögensverwaltungs-GmbH,
- MobiRent Vermietung GmbH,
- Batrium Nr. 55 Vermögensverwaltungs-GmbH,
- AMARITA Oldenburg GmbH,
- Senioren-Wohnpark Düsseldorf – Volksgarten GmbH,
- Senioren-Wohnpark Dresden "Am Großen Garten" 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 –,
- MK IT-Entwicklungs 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).

Berlin, 21 October 2011
Marseille-Kliniken Aktiengesellschaft



Michael Thanheiser
Chairman

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 2011 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".



Michael Thanheiser
Chairman

Auditors' Report

The following unqualified audit certificate has been issued about the complete annual financial statements as at 30 June 2011 and the management report combined with the Group management report for the business year 2010/2011:

We have audited the consolidated financial statements prepared by the Marseille-Kliniken AG, comprising the consolidated balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Marseille-Kliniken AG, for the financial year from July 1, 2010 to June 30, 2011. 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 full IFRS 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, October 21, 2011

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Werner von Salzen Thomas Götze
Wirtschaftsprüfer Wirtschaftsprüfer

Auditors' Report

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We have audited the consolidated financial statements prepared by the Marseille-Kliniken AG, comprising the consolidated balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of Marseille-Kliniken AG, for the financial year from July 1, 2010 to June 30, 2011. 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.

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Hamburg, October 21, 2011

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Werner von Salzen Thomas Götze
Wirtschaftsprüfer 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)

Statement of compliance with the German Corporate Governance Code

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 November 2010, 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 18 June 2009 and since it took effect with the Code as amended on 26 May 2010, 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.
- In line with the recommendations of the Federal Commission, the compensation paid to the members of the Management Board consists of fixed and variable components in the form of a bonus. The amount of the bonus is linked to targets agreed to individually with each member of the Management Board. In the 2010/2011 financial year, a stock option programme was established for Stefan Herzberg, member of the Management Board, for the first time. All options were granted on 16 February 2011. The options were basically designed for the issue of phantom stocks (virtual stocks with a cash bonus), but included a settling option through the supply of treasury shares by the company. The stock option programme was omitted after the resignation of Mr Herzberg on 11 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.

- The Supervisory Board strives to increase the proportion of women on the Supervisory Board. It believes it makes sense to have an appropriate proportion of female managers within the Group. The quota has only been partially achieved, as there have been no further elections since the elections for the entire Supervisory Board at the end of 2009. 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 divisional directors report to the Management Board on the divisions and bear responsibility for the results of their respective divisions.

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 Finance and Audit Committee met six times during the financial year. The committee chairman reported regularly in the full Supervisory Board meetings on the contents and results of the committee meetings.

Berlin, 19 October 2011
Marseille-Kliniken AG

Report by the Supervisory Board

The Supervisory Board carried out its duties in accordance with statutes, the company's articles of association, and rules of procedure in the reporting year. The Supervisory Board held a total of seven meetings in the 2010/2011 financial year (on 30 September 2010, 29 November 2010, 13 January 2011, 14 January 2011, 16 February 2011, 14 April 2011, and 28 June 2011), 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. On these occasions, 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 the 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. However, the Supervisory Board has determined that the information provided in the recent past was not complete in significant matters and in some cases was misleading. It reacted to this on 4 October 2011 with the immediate dismissal of a Management Board member due to gross breach of duty. This was later followed by another dismissal for cause. In addition, a warning was issued to another member of the Management Board. The Supervisory Board addressed this issue in particular at four unscheduled meetings based on the cause and timing.

The Supervisory Board of Marseille-Kliniken AG was represented by the following members in the 2010/2011 financial year:

Uwe Bergheim (Chairman)
 Hans-Hermann Tiedje (Deputy Chairman)
 Mathias Kampmann
 Estella-Maria Marseille
 Dr Thomas Middelhoff
 Prof Dr Matthias P. Schönermark

All members of the Supervisory Board attended the meetings of the Supervisory Board in the 2010/2011 financial year, 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 met six times in the 2010/2011 financial year and the Finance and Investment Committee met five times in the 2010/2011 financial year.

The Supervisory Board examined the annual financial statements of the preceding year at its meeting on 30 September 2010. For this purpose the Management Board and the auditors commissioned for the annual financial statements presented the results, background information, and information on the state of the audit of the annual financial statements in detail.

Prof Schönermark was represented by Mr Kampmann using his proxy voting power at the Supervisory Board meeting on 29 November 2010. At the meeting the auditors presented the results of the audit of the annual financial statements. Following the review by the Supervisory Board, the (consolidated) financial statements and (Group) management report for the 2009/2010 financial year were approved and adopted. The report on relationships with affiliated companies drawn up by the Management Board in accordance with § 312 German Companies Act (AktG) and audited by the auditors was approved by the Supervisory Board following its own review. The draft presented by the Management Board of the agenda for the invitation to the Annual General Meeting on 14 January 2011 was approved.

On 13 January 2011 the Management Board informed the Supervisory Board of the organisational and technical aspects of the Annual General Meeting scheduled for the following day. Moreover, the Supervisory Board was informed of the economic development and the utilisation situation.

Mr Tiedje was absent from the subsequent meeting of the Supervisory Board on 14 January 2011 with valid excuse. The purpose of the consultations was to review the previous Annual General Meeting and to constitute the Supervisory Board.

The purpose of the Supervisory Board Meeting on 16 February 2011 was the reorganisation of the two existing committees (Steering Committee/ Finance and Investment Committee). In addition, the individual transactions requiring approval, particularly in the areas of contracts and human resources, were reported on and resolved.

The report by the Management Board on the economic development of the Group was discussed in detail at the Supervisory Board meeting on 14 April 2011. The Finance and Audit Committee also examined the audit of the capital increase. By circular resolution on 25 May 2011, the resolution by the Management Board to carry out a capital increase was approved by the Supervisory Board.

The subject matter of the last Supervisory Board meeting on 28 June 2011 was the forecast of the financial figures and the course of business for the 2010/ 2011 financial year.

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.

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 2010/2011 financial year were audited by the auditors chosen at the Annual General Meeting held on 14 January 2011, 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 annual financial statements and their audit at the meetings held on 12 October 2011 and 21 October 2011. The auditors took part in the Supervisory Board's discussions about the documents submitted by the Management Board at the meeting 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 2010/2011 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 2010/2011 financial year. The Supervisory Board agreed with the results of the audit by the auditors. The Supervisory Board

approved the separate and the consolidated annual financial statements prepared by the Management Board as per 30 June 2011 and concurred with the proposal made by the Management Board for the allocation of the profits for the 2010/2011 financial year.

The review of the documents submitted by the Management Board 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 thorough 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 mandate of Mrs Estella-Maria Marseille ending on the date of the Annual General Meeting on 14 January 2011 was extended by resolution of the Annual General Meeting.

The Supervisory Board would like to express its thanks to all employees for their commitment and hard work in the 2010/2011 financial year.

Berlin, October 2011

Marseille-Kliniken Aktiengesellschaft
The Chairman of the Supervisory Board



Dr. Thomas Middelhoff

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