Report on the 1st half of the year

1. July 2006 to 31. December 2006

Project development skills maximise success

MARSEILLE-KLINIKEN AG

Summary of the first half of the year

1. July 2006 to 31. December 2006

		06/07	05/06	Change in %
Results				
Total sales*	€ m	112.4	104.9	7.1
EBITDAR**	€ m	33.1	30.5	8.7
EBITDA**	€ m	17.0	19.0	-10.3
EBIT **	€ m	12.3	13.5	-8.7
EBIT margin**	%	11.4	13.0	-12.5
EBT **	€ m	8.8	7.2	21.9
EBT margin**	%	8.2	7.0	16.7
Net income	€ m	2.6	8.8	-70.5
RoS	%	6.5	5.6	16.0
DVFA/SG result	€ m	7.0	5.8	21.1
Gross cash flow**	€ m	11.2	13.2	-15.1
Balance sheet				
Fixed assets	€ m	230.1	331.1	-30.5
Investments	€ m	1.3	-17.7	-107.4
Shareholders' equity***	€ m	66.5	63.8	4.2
Equity ratio	%	22.1	16.5	33,9
Other key indicators				
Employees	Number on 31.12.06	5,176	4,782	8.2
Facilities	Number	62	60	3.3
Bed capacity	Number on 31.12.06	8,612	8,168	5.4
Occupancy rate****	%	89.7	89.2	0.5

* *Including change in the level of building work in progress and other own work capitalised*

** *Including DVFA/SG adjustment items*

*** *Including 73.6% special items for allocated investment expenses*

**** *Excluding facilities that started operation of which in 05/06: Dresden and Hennigsdorf of which in 06/07: Hamburg and Düsseldorf*

Main Group figures (IFRS)

Highlights

- Disproportionately large earnings growth in the nursing division
- Loss halved in the rehabilitation division
- Increase in the equity ratio to 22.1%

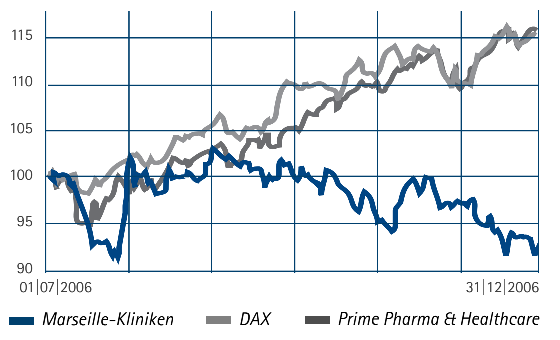
Dear shareholders and friends of the company,

As you are aware, we operate in a market that does not have a particularly good reputation. Negative headlines and reports about a lack of proper concern and care appear at regular intervals. The accusations relate in almost all cases to private operators of nursing homes. This is where people tend to suspect most that the aim is to earn as much money as possible at the expense of the residents and patients. All we can say about this is: firstly, yes, there are black sheep who spoil the reputation of the industry in general. Secondly: Marseille-Kliniken is not one of them. On the contrary. Our quality standards are unique on the market for nursing care for the elderly. And thirdly: double standards are frequently applied when evaluating homes run by private companies and non-profit organisations.

For years now, quality and assurance of it have been issues of central importance to us, which we tackle very actively and to which we devote a great deal of time and money. Our objective in aiming for high quality standards is not to avoid getting a bad press but because we know that our business model does not work without impressive quality. A good reputation on the market can only be developed and maintained if high quality standards are observed systematically over a long period of time. Mistakes are made wherever people work: one of the achievements of a good quality management system is to prevent them or to reduce them to a minimum. Regular internal quality checks are therefore made at our company, while complaint management, nursing risk controlling and extremely close co-operation with the home residents' councils have high priority. We interview relatives and use complex IT systems to check the business processes. The internal structures we have developed and our IT networks are unmatched in German nursing care for the elderly. In anonymous polling of our residents and their relatives, all of our homes taken together reach an average mark of "two". Our competitors already fail to reach similar performance levels for the simple reason that they do not even have appropriate comprehensive quality management concepts.

Development of the Marseille-Kliniken share price

indexed, 1. July 2006 = 100 ISIN: DE0007783003
Security Identification No: 778300



Another point that is significant in the context of high quality and assurance of it is that we take advantage of state-of-the-art technology in ongoing training of our staff too. To our way of thinking, the realignment of the training processes that was initiated last year is exemplary for our market. The introduction of e-learning has led to a change in the structure of the Marseille Academy. In future, training courses will be taking place in a new e-learning environment, which supports the training and consulting sessions at the facilities. We have set up "learning studios" at the facilities and have equipped them with an appropriate number of personal computers for the size of each individual one. The installation of e-learning systems throughout the Group makes sure that all of our roughly 5,000 employees complete the courses provided for them locally wherever they are and implement our quality requirements in practice. Each of the learning units, which are defined in advance, is followed by a test, in which successful completion of the training is documented. The objective of the learning unit has been reached, when the test is passed with a mark of 85%. If this mark is not reached, the test has to be taken again within four weeks. The evaluation and workflow concepts are backed by an appropriate "reward" and "penalty" scheme.

The quality lead we hold enables Marseille-Kliniken AG to distinguish itself from the competition in a different way too. We have the know-how and also the financial resources to specialise our facilities in age-related illnesses. They include the treatment of Alzheimer's disease, self-contained areas for dementia patients, special facilities for coma patients and people suffering from severe dementia, strokes and addictions as well as for the implementation of palliative concepts. We have specialised about 80% of our facilities so far and are discovering that this move is critical to the success we achieve in reaching optimum occupancy at the homes thanks to the quality perceptions.

At our Hamburg-Mitte facility, for example, which will be connected to Marienkrankenhaus Hospital right next to it via a tunnel in future, we are making use of innovative chip concepts for people suffering from dementia and urological disorders as well as for the treatment of coma patients. This is giving our home a distinct position on the market and will be having a positive impact on further optimisation of the occupancy level.

All the ideas, innovations, strategies and specific measures have the same central goal of establishing Marseille-Kliniken AG as an unmistakable brand on the nursing market. A new milestone that demonstrates our unique position on the nursing market is the opening at the end of the December 2006 of the first nursing home in Berlin-Kreuzberg that is designed exclusively for Turks. It is an ambitious pilot project for us. There is great demand for intercultural inpatient nursing care in Berlin and elsewhere. It is estimated that there are 1,000 Turks in Berlin who are in need of nursing care, only 40 of whom live in one of the 270 nursing facilities. Many of the elderly Turks do not speak any German and most of them are active Muslims. They feel isolated in a German home. We are taking account of cultural and ethnic customs in the 2-star home, which has space for 155 residents in 74 double rooms and five single rooms. The residents pray in a prayer room that faces in the direction of Mecca and celebrate their own high days and holidays. The kitchen is supplied by Turkish food stores. The meat comes from animals that are slaughtered in accordance with religious rules. All the staff speak Turkish, while women are nursed by women and men by male personnel.

The residents of the Berlin facility are among those of our customers who are benefitting from the advantages of our new concept of 2-star homes. Demand on the nursing care market reflects different income levels and different social classes, in which the expectations on home furnishing, the range of services provided and the scope of personal freedom vary. In view of the anticipated development of old-age pensions in the next few years, the planned reform of the nursing care insurance system in 2008 with additional burdens on everyone insured and the probability of higher payments by patients as well as increasing burdens on the welfare authorities, the market needs a range of services that are available at a lower price. We divide our facility portfolio up into four-, three- and two-star homes, as in the hotel business. We think that there is great pent-up demand in the 2-star segment. In order to be able to supply nursing care at a lower price in this segment, the costs associated with the property are the only area left where economies can be made, since there are legally regulated specifications about the labour-intensive nursing services and hotel services. We have therefore made a purposeful start on acquiring suitable properties and turning them into nursing facilities. Berlin-Kreuzberg is one example, which is being followed in the spring by Potsdam with 130 beds. Since mid-2005, we have already been operating 756 flats in three blocks of flats in Halle (Saxony-Anhalt), where an outpatient nursing care service organisation acquired by us looks after the residents. The investment costs per resident are reduced considerably as a result, while high qualitative standards are maintained, and the need to obtain welfare payments is minimised.

The locations in Halle, Berlin-Kreuzberg and Potsdam are major features of our expansion strategy in the core business of nursing care for the elderly, which is designed to lead us to a capacity of 12,000 beds by 2008. We were providing 8,612 beds at the end of the 2005/2006 financial year. This will have increased to more than 9,000 beds by the end of this financial year. Facilities in Meerbusch (North Rhine-Westphalia) with 150 beds and in Düsseldorf with 80 beds are in the process of being built. The preparations for a senior citizens' residential home with 200 beds in Bremer-haven have been completed. The remodelling exercise in Potsdam will be finished in March/April 2007. 96 beds at the Schömberg rehabilitation clinic are being turned into a nursing clinic too.

This transformation project is one of the numerous measures with which we will be completing the turn-around of the rehabilitation segment. The rehabilitation division is still the weak point in our operations, even though it is not making losses across the board. 60% of the capacities (878 beds) in this segment are accounted for by five somatic clinics, which generate positive overall earnings. The somatic clinics are benefitting partly from the demographic developments, which are leading to larger numbers of patients, and from the reduction in the length of stays at acute hospitals following the introduction of lump-sum payments per case. Apart from this, we have made a decisive improvement in the financial structure at the clinics in Blankenburg and Bad Klosterlausnitz thanks to the second sale-and-leaseback transaction.

Losses are being made exclusively in the psychosomatic field, in which we have 600 beds at four clinics. The Schömberg clinic is generating the largest losses. We are expecting the division into a nursing clinic and a rehabilitation clinic to lead to a sustained return to profit. We are specialising the other three clinics by adding treatment of different kinds for customers of the old-age pension and health insurance systems. An investigation is currently being made of a sale to third parties or alternative concepts for the Reinerzau and Waldkirch locations, which are no longer essential to the company's operations.

The progress made in turning round the rehabilitation division is not, however, changing anything in our plans to sell the operations and/or the properties of this division gradually, taking the adaptation measures into consideration that still have to be carried out. The doctors' strike in 2006 showed that the rehabilitation division is unstable in its response to external influences in spite of thorough restructuring. We are working intensively at the moment on selling another property portfolio (including rehabilitation clinics) in the context of a sale-and-leaseback transaction.

The overall development of the main figures about the operations in the first six months of the new financial year is encouraging. Operating sales in the months of July to December 2006 increased by 4.4% to € 107.8 million; in the nursing segment, they were up 3.6% at € 81.8 million, while they were 6.8% higher in the rehabilitation segment at € 26.1 million. The beds available in the Group were occupied 89.7% of the time (previous year: 89.2%). The occupancy rate in the nursing division was 92.6% (previous year: 91.9%), while it was 76.3% in the rehabilitation division (previous year: 77.2%). The Group DVFA result was again attributable entirely to the nursing division. It was € 1.2 million better at € 7.0 million; in the nursing division, it rose from € 7.0 million to € 7.6 million; this represents growth of 8.9%. The operating loss in the rehabilitation division decreased to € 0.6 million (previous year: -€ 1.2 million). Net Group income was € 2.6 million (previous year: € 8.8 million, including the income from the sale-and-leaseback transactions with CIT).

The development in the price of the Marseille-Kliniken share reflects the sound development of the Group. The share, which fluctuated in the range between € 12.30 and € 16.10 throughout the year, ended the year on € 14.17. The share price developed sideways in January. A significant role in the development of the share was played by the decision taken by the Marseille family in May of last year to reduce their interest in the company from 75% to 60% and to increase the free float to 40% by releasing 15%. This move has been received positively by the capital market. We are registering great interest from international investors in particular, which is leading to changes in the shareholder structure too. There is a growing trend among investors to enter into long-term commitments to Marseille-Kliniken.

We are expecting substantial growth in the 2006/2007 financial year as a whole. The good performance in the nursing segment and the reduction in the losses made in the rehabilitation segment will in addition lead to a considerable improvement in earnings. Our forecasts for the current financial year and 2007/2008 therefore assume substantial sales growth and disproportionately large earnings growth. The growth is being determined by optimisation of the utilisation of the bed capacity available at our existing and new facilities and the successful integration of additional capacities in Berlin, Potsdam and Düsseldorf.

The great uncertainty created on the health care market by the dispute about the health reform within the coalition government is having practically no impact on us. Nursing care is not prescribed by doctors nor specified by health insurance funds. Nature determines demand. We are well-prepared to cover it.

We will be demonstrating to you, our shareholders, year by year that Marseille-Kliniken AG shares are a worthwhile investment. The market is not susceptible to crises and our business model is successfully established. We are on our toes and certain about the future. We do not see any conflict in assuming responsibility not only for people who need nursing care but also for our investors. Harmonisation of these principles is the basis for the confidence which you place in us and for which we thank you. Our confidence is attributable in addition to staff who look after our residents and patients with impressive professional skill and great humanity. Our thanks go to them as well. It is not possible to provide nursing care to the elderly without making sacrifices. Our staff find it an honour to provide this service to people who need it.

Your

Axel Hölzer, Chairman of the Management Board

German economy on the up

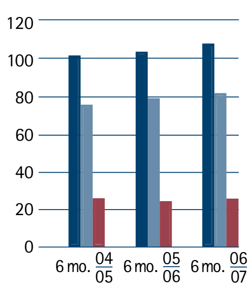
The German economy grew faster in 2006 than in any other year since 2000, driven by high investments in equipment and a recovery in private consumption. Economic growth more than doubled over 2005 to 2.5%. The upswing reached the employment market too. About 39 million people were in employment, 0.7% more than in the previous year. Thanks to the strong growth and the 6.2% increase in tax income, the net increase in public debt dropped by about € 26 billion to € 46.5 billion. The GDP deficit dropped to 2% and was therefore lower than the maximum limit of 3% set by the European authorities for the first time since 2001. One positive effect of this on our core nursing business is the development of the nursing insurance system, which generated a surplus of € 450 million in 2006 for the first time in several years.

Uncertainty on the health market

All in all, however, the German health system continued to be one of the most expensive and at the same time most inefficient health systems in the world in 2006. The political community has been trying to agree on a sound reform for years now - without any success so far. Many experts are of the opinion that the current reform with the title "law to strengthen competition in the statutory health insurance system" will not achieve its goal either. The reform package focusses on measures to cut costs and expenses rather than on basing funding on the individual desires and needs of the people insured to a larger extent. The fundamental problem of the German health system, which manifests itself in the dominance of central planning over competition, is still not being tackled. The political community has underrated the economic potential of the health care market for many years now and is not therefore creating an appropriate framework in which a balance can develop between supply and demand. Demand for health care services and products is high.

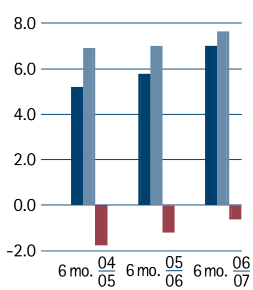
Operating sales by segments

in € m



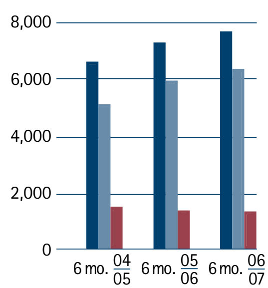
DVFA result by segments (IAS)

in € m



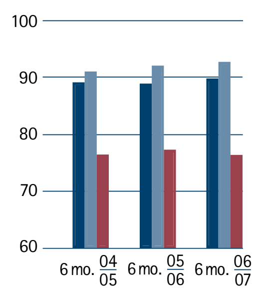
Bed capacity by segments

on average



Occupancy rate by segments

in %



This is demonstrated not least of all by the growing number of jobs. Last year, 27,000 more people were employed in the health system than in the year before. Demand is rising primarily at clinics and nursing facilities. The health system, in which about 12% of domestic added value is generated, is an employment driver. Almost 4.3 million people are employed at hospitals and doctors' practices, by chemist's shops and pharmaceutical companies. Popular part-time jobs are provided in many cases. Reforms to the health system need to take into consideration that health policy is more than social policy and that health politicians are responsible for economic and employment market policy to a large extent too.

Marseille-Kliniken sets its sails

The main figures for the first six months of the 2006/2007 financial year reflect the steady ongoing development of the company. Sales and earnings increased and the occupancy rate in the nursing division is considerably higher than the industry average of 90%. The capacity expansion programme and the implementation of new concepts are continuing in the dominant nursing division. The introduction of associated areas of operation, such as "assisted living", nursing clinics and special clinics, will generate additional sales and earnings growth. Progress is being made in completion of the turnaround in the rehabilitation division. These operations are being reduced to a viable core that is in a position to take advantage of the market opportunities that are growing again in the rehabilitation field – either under our management or run by external operators. The reduction of owned properties to only 30% of the portfolio is increasing our operational and financial scope. The restructuring of the portfolio within the framework of sale-and-leaseback transactions has almost been completed. A third transaction, which includes rehabilitation clinics too, is a goal for this year.

The following figures for the first six months of the 2006/2007 financial year (which ended on 30. June) and those for the same period the previous year have been compiled on the basis of the IAS/IFRS accounting standards as well as on the Group accounts for the last two financial years that were audited in accordance with these accounting standards for the first time.

Further increase in operating sales

Group sales in the first six months of the 2006/2007 financial year (01.07.2006 to 31.12.2006) increased to € 112.4 million by comparison with the same period the previous year. This represents growth of 7.1% or € 7.5 million. Own work capitalised totalling € 5.1 million, which related in particular to the building projects in Berlin and Potsdam, were one reason for this. Operating sales amounted to € 107.8 million, which corresponds to growth of € 4.5 million or 4.4%. The nursing division contributed € 2.9 million (3.6%) of this, which is due to the increase in the bed capacities and the higher occupancy rate at existing facilities resulting from the specialisation at individual facilities. Sales in the rehabilitation division were increased from € 24.4 million to € 26.1 million (6.8%) in spite of a slightly lower occupancy rate at the rehabilitation clinics and the hospital. The increase is attributable primarily to the renegotiated lump-sum payments per case and a better case mix combined at the same time with a reduction in the average time patients spent at the facilities.

62 facilities were operated in total during the period under review; 52 nursing homes, 9 rehabilitation clinics and 1 hospital. The bed capacity in the nursing division increased from 6,659 to 7,134 on 31.12.2006 due to the opening of the senior citizens' residential homes in Hamburg (Jan. 2006) and Düsseldorf (May 2006) as well as to the modernisation of the Leipzig (Am Kirschberg) location. The total number of beds in the rehabilitation division decreased from 1,509 to 1,478. The closure of the Reinerzau location at the end of 2005 was offset by the takeover of the hospital in Büren (January 2006).

The Group had a total of 8,612 beds on 31.12.2006 (previous year: 8,168 beds). Including Hamburg and Düsseldorf, this was therefore 444 more beds than in the previous year on average in the first six months. The Group occupancy rate reached 89.7% (previous year. 89.2%). The increase of 0.5 percentage point is due to the expansion of the marketing activities combined with specialisation at selected locations in the nursing division.

The nursing division is growing steadily

The nursing division continues to stand for Group growth and profitability. The increase of € 2.9 million in sales and the improvement in the DVFA result to € 7.6 million (previous year: € 7.0 million) reflect the expansion of the capacities coupled with higher initial costs. The main DVFA adjustments relate to start-up expenses incurred for the properties in Hamburg and Düsseldorf (€ 2.2 million), preliminary costs in Berlin and Potsdam (€ 0.2 million) and interest expenses in connection with a loan that was covered by the same amount in cash (€ 0.3 million).

Excluding the facilities that started operation, the beds were occupied 92.6% of the time on average. The increase of 0.7 percentage point in the occupancy rate over the same time in the previous year demonstrates that the marketing activities and the specialisation at selected facilities are having an impact. According to a survey by HSH Nordbank published at the end of 2006, the average occupancy rate at inpatient nursing facilities amounts to 90%.

Signs of success in the rehabilitation division

In spite of a further reduction in the capacity of the rehabilitation division to 1,478 beds, sales increased by € 1.7 million, from € 24.4 million to € 26.1 million. This was due primarily to the hospital in Büren. The DVFA result was better than in the previous year (-€ 1.2 million) at -€ 0.6 million. The DVFA adjustments particularly include shutdown costs and subsequent redundancy plan expenses of € 0.8 million as well as start-up expenses of € 0.4 million for the hospital in Büren. The small reduction in the occupancy rate at the clinics from 77.2% in the first half of the previous year to 76.3% in the first half of the current year is attributable to the after-effects of the doctors' strike, which had a substantial impact on the first quarter of the current financial year. The main weak point in occupancy is the psychosomatic clinic in Schömberg. Due to the conversion of some of the capacity there (96 beds) into a nursing clinic, which is in the process of being carried out and will be completed by the summer of this year, we will be making a sustained improvement in the situation at this location.

Improvement in the DVFA earnings per share

The high profitability level in the nursing division is continuing to improve thanks to the increase in the occupancy rate at the existing facilities due to specialisation and systematic marketing and thanks to profitable growth contributed by the addition of new locations. The losses made by the rehabilitation division were at the same time lower than in the first half of the previous year. The Group DFVA result was a total of € 1.2 million higher than in the previous year at € 7.0 million. The cumulated DVFA earnings per share of € 0.58 were € 0.10 higher than in the previous year (€ 0.48). In spite of growth-related costs, earnings in the nursing division reached the higher level of € 7.6 million. This corresponds to earnings per share of € 0.63 and was € 0.05 higher than in the previous year. The DVFA earnings per share in the rehabilitation division were € 0.05 better at -€ 0.05.

After DVFA/SG adjustments, EBITDAR increased from € 30.5 million to € 33.1 million. Due to the balance of higher rental expenditure and reduced depreciation and interest expenses as a result of the property transactions, EBITDA decreased from € 19.0 million to € 17.0 million, while EBIT went down from € 13.5 million to € 12.3 million. The EBIT margin in relation to sales therefore amounted to 11.4% after 13.0% and the EBITDA margin totalled 15.8% after 18.4% in the same period the previous year. The EBITDAR margin was above the previous year's level (29.5%) at 30.7%.

Since they do not reflect the changes in the financing structures, the adjusted EBT are a better basis for comparison of the economic development. The adjusted EBT amounted to € 8.8 million in the quarter under review after € 7.2 million in the same period the previous year, while the margin was 8.2% compared with 7.0%. This shows that the company continued to develop successfully.

The unadjusted EBITDAR (€ 31.4 million / minus € 4.6 million), the EBITDA (€ 13.1 million / minus € 11.4 million) and the EBIT (€ 8.2 million / minus 10.6 million) as well as the unadjusted EBT (€ 3.8 million / minus € 8.6 million) and the net Group income before minority interests (€ 2.6 million / minus € 6.2 million) decreased because of the non-recurring effects on earnings of the property transaction in the same period the previous year. The higher start-up losses at our new facilities are a further factor, which will be reduced and eliminated completely by the gradual optimisation of the occupancy rate.

Further reduction in the financial debt ratio

There was a further reduction in the net financial debt of the Group from € 178.3 million to € 108.4 million. The ratio of financial debt (long-term bank loans) to the balance sheet total decreased from 43.3% to 32.7%. The development of these indicators was determined to a large extent by the sale-and-leaseback transactions that have been carried out.

The positive investment rate (€ 1.3 million) was at the planned level. It was € 17.7 million negative in the same period the previous year due to the GE transaction.

Following adjustment for DVFA/SG items, gross cash flow was € 2.0 million lower than in the first half of the previous year at € 11.2 million.

The shareholders' equity improved by € 2.7 million, from € 63.8 million to € 66.5 million on 31.12.2006. The shareholders' equity in the previous year has been adjusted following the complete switch to IFRS accounting for the previous year's accounts. The equity ratio was 5.6 percentage points higher at 22.1%.

Share price

The price of the Marseille-Kliniken share ranged between € 13.98 and € 15.74 in the months of July to December 2006. This means that the share continued its upward trend in the first half of 2006. The share ended the year at a price of € 14.17 on 31.12.2006. The share price stayed within this range in January, when larger numbers of shares were traded. The final price on 31.01.2007 was € 14.20.

Prospects

As already announced in the annual report about the 2005/2006 financial year, we are planning higher sales and earnings growth than in the previous year for the year as a whole. The positive development that is already being experienced in occupancy rates at the existing facilities in the nursing division in particular will have a disproportionately large impact on earnings, because there will be strong economies of scale here. Most of this impact will not, however, be felt until the 3rd and 4th quarters, taking seasonal factors in the 2nd quarter into account. In addition to the typical seasonal factors, there is also a time lag between the introduction of specialisation at selected locations as well as the expansion of sales activities and increases in occupancy. The improvement in capacity utilisation that is also expected at the new facilities in Hamburg and Düsseldorf and the planned opening of new facilities in Berlin-Kreuzberg and Potsdam will generate substantial additional sales growth in the 2006/2007 financial year.

The growth costs associated with the takeover, integration and opening of more new facilities will be compensated for by the steady improvement in the profitability of the existing facilities in the nursing division, so that there will be a positive impact on earnings. Due to the further reduction in capacity and the progress made in implementation of our optimisation measures in the personnel and non-personnel field, we are expecting to produce further success in the process of additional earnings improvement in the rehabilitation operations.

Marseille-Kliniken AG balance sheets

at 31. December 2006 and 31. December 2005

Group	31.12.06 in € '000	31.12.05 in € '000
Intangible assets	32,149	22,332
Tangible assets	192,535	288,103
Financial assets	5,422	20,672
Receivables and liquid funds	29,086	31,273
Other assets	41,331	23,891
Balance sheet total	**300,523**	**386,271**
Shareholders' equity *	66,493	63,791
Pension provisions	17,410	17,336
Other provisions	35,608	25,267
Financial debt	113,392	191,709
Other liabilities	67,620	88,168
Balance sheet total	**300,523**	**386,271**

** including 73.6% special items for allocated investment expenses*

Financial calendar

for the 2006/2007 financial year

HPS health care conference, event for analysts	27. March 2007
Report on the 3rd quarter	8. May 2007
Annual report 2006/2007	October 2007
Report on the 1st quarter	8. November 2007
Annual General Meeting	December 2007

Profit and loss accounts

for the period from 1. July to 31. December 2006 and the figures for the previous year

Group	31.12.06 in € '000	31.12.05 in € '000	Change in %
Sales from Group operations	107,856	103,321	4.4
Nursing division sales	81,778	78,902	3.6
Rehabilitation division sales	26,078	24,419	6.8
EBITDAR	31,395	35,991	-12.8
EBITDA	13,117	24,459	-46.4
Depreciation	-4,961	-5,636	-12.0
EBIT	8,156	18,823	-56.7
Interest balance	-4,401	-6,443	-31.7
EBT	3,755	12,380	-69.7
DVFA result	7,010	5,790	21.1
	in €	in €	
DVFA earnings per share nursing	0.63	0.58	8.9
DVFA earnings per share rehabilitation	-0.05	-0.10	49.5

Share information

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

Statements of cash flow*

for the period from 1. July 2006 to 31. December 2006 and the figures for the previous year

Group	6 months 31.12.06 in € '000	6 months 31.12.05 in € '000
Net Group income	2,587	8,781
Expenditure/income with no effect on payment	4,421	9,099
Decrease/increase in assets and liabilities	-14,554	-13,725
Cash flow from investment activities	-1,310	17,676
Cash flow from financing activities	-18,656	-16,813
Decrease/increase in liquid funds	-27,512	5,018

* *In accordance with the format that has to be submitted to Deutsche Börse AG on a quarterly basis too*

Imprint

Publisher: Marseille-Kliniken AG

Contact: Axel Hölzer, CEO

Internet: www.marseille-kliniken.com

The report on the 1st half of the year is published in German and English and is available on request from Marseille-Kliniken AG, Corporate Communications.

Marseille-Kliniken AG balance sheets (IFRS)

for the period from 1. July 2006 to 31. December 2006 and the figures for the previous year

	6 months 31.12.2006 € '000	Annual accounts 30.06.2006 € '000	6 months 31.12.2005 € '000
Assets			
Current assets			
Liquid funds	5,021	32,245	13,419
Securities held as current assets	0	0	101
Trade receivables	16,982	13,631	13,112
Inventories	9,993	2,216	1,601
Tax reimbursement claim	1,553	1,553	172
Deferred charges, prepaid expenses and other assets	18,137	22,752	26,759
Total current assets	51,686	72,397	55,164
Non-current assets			
Tangible assets	192,535	195,527	180,800
Intangible assets	3,805	4,143	3,592
Goodwill	28,344	28,452	18,740
Property held as financial investments	9,709	9,709	0
Financial assets	5,422	5,200	20,672
Deferred tax assets	9,022	7,208	0
Total non-current assets	248,837	250,239	223,804
Total long-term assets	0	0	107,303
Total assets	**300,523**	**322,636**	**386,271**
Shareholders' equity and liabilities			
Current liabilities			
Short-term debt and current portion of long-term debt	14,952	12,397	14,062
Trade payables	5,786	8,329	11,148
Provisions	15,201	11,273	21,071
Other current liabilities	23,209	30,700	28,787
Total current liabilities	59,148	62,699	75,068
Non-current liabilities			
Long-term debt	98,440	117,096	96,955
Allocated investment grants	50,265	51,122	44,156
Pension commitments	17,410	17,570	17,336
Others	45,762	45,005	40,771
Total non-current liabilities	211,877	230,793	199,218
Shareholders' equity			
Subscribed capital	31,100	31,100	31,100
Capital reserve	15,887	15,887	15,887
Revenue reserves	243	243	243
Treasury shares	384	384	1,093
Accumulated losses	-18,753	-19,153	-16,704
Minority interests	637	683	-326
Total shareholders' equity	29,498	29,144	31,293
Debt in direct connection with long-term assets held for sale	0	0	80,692
Total shareholders' equity and liabilities	**300,523**	**322,636**	**386,271**

Profit and loss accounts (IFRS)

for the period from 1. July 2006 to 31. December 2006 and the figures for the previous year

	Quarterly report		Accumulated period	
	01.10.06 to 31.12.06 € '000	01.10.05 to 31.12.05 € '000	01.07.06 to 31.12.06 € '000	01.07.05 to 31.12.05 € '000
Sales	55,099	51,834	107,856	103,321
Other operating income	3,867	2,394	5,487	13,607
Changes in the level of finished products and products in progress	-1,043	1,278	-578	1,453
Other own work capitalised	1,482	73	5,128	145
Cost of materials / cost of purchased services	-8,158	-8,042	-17,027	-13,790
Personnel expenses	-29,146	-27,329	-56,930	-54,362
Depreciation of tangible (and intangible) assets	-2,578	-2,340	-4,961	-5,636
Depreciation of goodwill	0	0	0	0
Other operating expenses	-15,386	-11,284	-30,818	-25,939
EBIT	**4,137**	**6,584**	**8,157**	**18,799**
Interest income/expenses	-2,467	-3,006	-4,401	-6,419
Earnings before tax (and minority interests)	**1,670**	**3,578**	**3,756**	**12,380**
Taxes on income and earnings	-491	177	-1,036	-3,484
Other taxes	-86	-56	-133	-115
Earnings before minority interests	**1,093**	**3,699**	**2,587**	**8,781**
Minority interests	-114	138	46	214
Net income	**979**	**3,837**	**2,633**	**8,995**

Statement of changes in shareholders' equity

for the period from 1. July 2006 to 31. December 2006 and the figures for the previous year

	Subscribed capital € '000	Capital reserve € '000	Revenue reserves € '000	Group earnings € '000	Minority interests € '000	Total € '000
01.07.2005	31,100	15,887	1,282	-24,138	-111	24,020
Treasury shares	0	0	54	0	0	54
Subsequent valuation/	0					0
initial consolidation		0	0	3,297	0	3,297
Minority interests	0	0	0	214	-214	0
Distribution of profits	0	0	0	-4,860	0	-4,860
Earnings for the period	0	0	0	8,782	0	8,782
31.12.2005	**31,100**	**15,887**	**1,336**	**-16,705**	**-325**	**31,293**

	Subscribed capital € '000	Capital reserve € '000	Revenue reserves € '000	Group earnings € '000	Minority interests € '000	Total € '000
01.07.2006	31,100	15,887	627	-19,153	683	29,144
Minority interests	0	0	0	46	-46	0
Distribution of profits	0	0	0	-2,233	0	-2,233
Earnings for the period	0	0	0	2,587	0	2,587
31.12.2006	**31,100**	**15,887**	**627**	**-18,753**	**637**	**29,498**

Notes

Accounting in accordance with the International Financial Reporting Standards (IFRS)

The quarterly accounts compiled by Marseille-Kliniken AG comply with the standards currently issued by the International Accounting Standards Board (IASB) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC, previously SIC).

Method of presentation

The quarterly accounts have been prepared in accordance with IAS 34 (minimum features of an interim report).

The following procedure has also been adopted on the basis of the meeting held by the working party about German IAS corporate accounting (FN - IDW No. 1/2002, pages 67 ff.). Taking into account the purpose of quarterly reporting as an information instrument based on the company and Group annual accounts and in accordance with IAS 1.91, it is necessary in the opinion of the working party in order to present an accurate and true picture of the asset situation, financial position and profitability of the company compiling the accounts in accordance with the IAS to include information about the accounting and valuation methods applied in the first IAS quarterly report above and beyond the requirements of the IAS 34.

Particular mention needs to be made in this context of the options offered by the IAS that have been exercised as well as of the accounting and valuation methods applied that differ from the accounting and valuation methods which were applied in the company and Group annual accounts that preceded the IAS quarterly report.

Where the accounting and valuation methods applied in the IAS quarterly report and the company and Group annual accounts are identical, reference to the explanatory notes provided in the company and Group annual accounts appears to be sufficient.

Accounting and valuation methods

The same accounting and valuation methods as in the last Group annual accounts for the period that ended on 30.06.2006 have been applied in the quarterly accounts. A detailed description of these methods was published in the notes to the Marseille-Kliniken AG annual report 2005/2006.

In addition to the following explanatory information about selected points in the notes at 30.12.2006, we refer to the notes to the Group annual accounts at 30.06.2006 (IAS 34.15).

Explanatory information about selected points in the notes

Companies consolidated

There was no change in the companies consolidated in accordance with IAS 27.12 in the first half of 2006/2007 over the situation on 30.06.2006 as a result of the business operations of the Marseille-Kliniken AG Group.

Miscellaneous notes

The "non-amortisation approach" introduced in accordance with IFRS 3 for goodwill has to be applied to all company mergers that are made from 31. March 2004 onwards. From the 2003/2004 financial year onwards and for the current financial year, advantage has been taken of the rule about retrospective application according to IFRS 3.85 ("Limited Retrospective Application") and scheduled depreciation according to IAS 22 (revised in 1998) has been suspended.

In the first half of 2006/2007, the inventories item of the current assets includes land for resale. Appropriate reclassification to the assets available for sale item with the corresponding item on the equity and liabilities side is carried out in accordance with IFRS 5 when the conditions specified in IFRS 5.7 can be assumed to be highly probable.

The non-current assets include property held as financial investments as defined in IAS 40 for the first time in the course of the year. The accounting and valuation decisions were taken by Marseille-Kliniken AG at the end of the 2005/2006 financial year. Zero entries are therefore required accordingly in the first half of 2005/2006. The same applies essentially to the deferred taxes too.

The miscellaneous non-current liabilities item includes on the one hand the financial lease liabilities and on the other hand the deferred tax liabilities.

In accordance with the editorial correction made at 30.06.2006, the special items for investment grants have been renamed allocated investment grants. The allocated investment grants of EUR 50,265,000 are released in results according to the useful life of the assets funded.

The effect this will have on increasing shareholders' equity in future minus the relevant tax on income amounts to EUR 37,008,000. The shareholders' equity plus the special items for allocated investment grants that increase shareholders' equity therefore amount to EUR 66,506,000.

IAS 27.33 states that the minority interests must be shown as an individual shareholders' equity item in the Group balance sheets separately from the shareholders' equity of the parent company. Minority interests in Group earnings must be indicated separately too.

This procedure was followed accordingly in the statement of changes in shareholders' equity.

MARSEILLE-KLINIKEN AG

MANAGEMENT
Alte Jakobstrasse 79/80 • 10179 Berlin • Germany
Tel.: +49 (0)30 24 632 400 • fax +49 (0)30 24 632 401

ADMINISTRATION
Sportallee 1 • 22335 Hamburg • Germany
Tel.: +49 (0)40 514 590 • fax: +49 (0)40 514 597 09
www.marseille-kliniken.de • info@marseille-kliniken.com

If you have any questions about the company
or would like to receive further information,
just phone us free of charge (0800 / 47 47 200).