Report on the 1st half of the year
1. July 2005 to 31. December 2005

Better
if we are there

MARSEILLE-KLINIKEN AG

Summary of the first six months

1. July 2005 to 31. December 2005

		05 | 06	04 | 05	Change in %
Results				
Total sales*	€ m	104.9	102.4	2.4
EBITDAR**	€ m	36.4	30.3	20.2
EBITDA**	€ m	24.9	21.1	18.2
EBIT**	€ m	15.1	13.6	11.1
EBIT margin**	%	14.6	13.4	9.1
Net income	€ m	8.8	3.6	141.6
RoS	%	5.6	5.2	8.4
DVFA/SG result	€ m	5.8	5.2	10.4
Gross cash flow**	€ m	13.2	12.5	5.6
Balance sheet				
Fixed assets	€ m	331.1	357.7	-7.4
Investments	€ m	-17.7	5.0	-452.1
Shareholders' equity***	€ m	68.3	67.4	1.4
Equity ratio	%	17.7	16.8	5.2
Other key indicators				
Employees	Number on 31.12.05	4,782	4,494	6.4
Facilities	Number	60	58	2.6
Bed capacity	Number on 31.12.05	8,168	7,414	10,2
Occupancy rate****	%	89.2	89.6	-0.4

* Including change in the level of building work in progress and other own work capitalised
** Including DVFA/SG correction items
*** Including 73.6% special items with an equity portion
**** Excluding the facilities that started operation: Dresden and Hennigsdorf

Main Group figures (IFRS)

Highlights

- Capacity increased by 750 beds
- Further profitable growth in the nursing division
- Rehabilitation division reduces losses substantially
- DVFA result of € 5.8 million is 10% higher than in the previous year

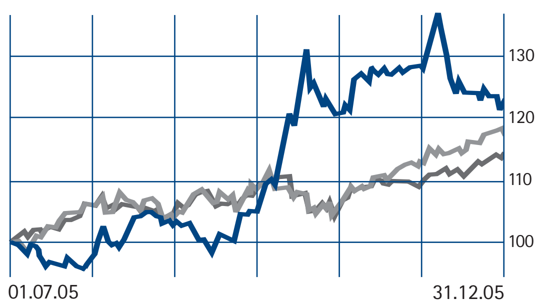
Dear shareholders and friends of the company,

Your company has more momentum than ever before in the 2005/2006 financial year. We are developing new projects in all areas, are expanding the core business of nursing care for the elderly, are testing new areas of operation associated with our core business and are fine-tuning our organisational structure, which we have based on IT systems more than any other competitor in the industry. Marseille-Kliniken has become the market leader among companies with a stock market listing in the field of nursing care for the elderly, a status that is not good enough for us; we have more ambitious targets. Our focus is on the international competition. The figures for the first half of 2005/2006 make us confident about the year as a whole. Growth will be disproportionately large and earnings will be higher than in the previous year.

We are in a position to concentrate all our energy on implementation of our growth strategy, because we have optimised our balance sheet and have withdrawn to a large extent from the non-operating activity of property management. Almost exactly one year after the first transaction with GE, we concluded a further sale-and-leaseback transaction with a volume of more than € 117 million in December 2005. In the context of this transaction, the British investor CIT Group Europe took over 10 of our existing properties with a total of about 1,500 beds, which we at the same time leased back on a long-term contract. Two of the 10 properties belong to the somatic rehabilitation operations. Our aim of a breakdown in our property portfolio of about 30% owned property and 70% leased facilities has been reached as a result. We are using the proceeds of the sale essentially to pay off long-term bank loans and to finance our expansion in the area of nursing care for the elderly. When the transaction has been implemented completely, we will reduce our long-term financial debts to less than € 100 million. Processing of 7 properties with a volume of € 101.2 million (86.5% of the total transaction) was already completed in January. Inclusion in our figures will therefore be in the 3rd quarter.

Development of the Marseille-Kliniken share price

indexed, 1. July 2005 = 100
ISIN: DE0007783003 Security Identification No.: 778300



We are adopting new approaches in our core business of nursing care for the elderly. On the market, we divide our facilities up into two-, three- and four-star standards according to their building structure. The basic nursing care provided is identical; the differences are in the location, property equipment and furnishing and additional services. The facility with 336 beds that started operation in the centre of Hamburg at the beginning of this year corresponds to the four-star hotel standard and is targeted at Hamburg with its high purchasing power. The AMARITA home is right next to a well-known hospital that specialises in gerontology, which is a strong argument for moving into the home. In view of the tremendous public interest following the opening and our active marketing strategy, we are working on the assumption that it will be possible to fill the facility quickly.

A major market segment has developed in the provision of what are known as "two-star hotels" for assisted living and inpatient nursing care for the elderly. We are currently implementing this concept in Berlin. We are liaising with the Turkish community in Berlin to position the property we have acquired in Kreuzberg as a purely Turkish nursing facility. The large shared and functional areas make it possible to design spacious communal rooms, primarily for prayer. An operating company established with the Turkish community will manage the facility, taking Turkish cultural and living customs into account. The necessary remodelling of the property has started and will be completed by the end of 2006. The Berlin facility is acting as a kind of blueprint for us for further properties of this type in urban areas of both East and West Germany. We are certain that there is a large market for old people's homes in the "2-star" segment and we intend to exploit it systematically.

We put about 1,000 beds into operation in the first half of the year. The senior citizens' residential home Düsseldorf -Volksgarten with 88 beds is following in the spring.

We will be implementing a facility with 150 beds, mainly for the special area of dementia and coma patients, in Meerbusch, North Rhine-Westphalia, together with an investor. We are steadily approaching our target of increasing the number of beds to 12,000 by the end of 2008. Our growth strategy is benefitting from the ongoing process of consolidation in the health care market. We estimate that 2,000 to 3,000 nursing facilities in Germany with more than 100 beds (of the total of roughly 8,700 nursing facilities) need turnaround management because they are operating at a permanent loss. We will take over existing properties that are in such difficult situations if the chances are good and the risks are controllable.

On the basis of full occupancy, the beds added in the year under review have sales potential of about € 22 million. If we include the potential available as a result of optimisation of the occupancy rates at the existing facilities at the end of the last financial year, we will generate sales growth of € 30 million with the current portfolio. By way of example, I would like to mention three facilities to you that have significant further sales and earnings potential if marketed appropriately.

One of them is the special nursing home in Hennigsdorf near Berlin with 110 beds, which is supported by public subsidies. This enables us to provide high-quality services at a reasonable price level. The home has a different strategy from the facilities that already exist in Hennigsdorf and on the Berlin market in that it concentrates on patients suffering from severe dementia. We will be establishing the home as a special facility for serious cases in the Berlin area.

There are, on the other hand, capacity reserves at the big Montabaur facility, where we will be focussing our concept more specifically on the Cologne/Bonn and Frankfurt markets. And, finally, we are intensifying our activities at the Leipzig-Am Kirschberg senior citizens' residential home, where the remodelling exercise was completed at the end of the year. The home provides high standards exclusively in single rooms. Demand for this exists in the catchment areas and merely needs to be mobilised.

Our second core business - rehabilitation - is still the weak point in our operations. We are, however, making good progress in returning the division to profit. The division is no longer of crucial importance to the future viability of Marseille-Kliniken anyway. The proportion of total sales accounted for by the division has dropped to less than 25% and will be reduced even more by the expansion of the nursing operations. In addition to this, we have created the necessary basis for being able to pass the operation and/or ownership of individual clinics on to external partners by spinning the operations off from KASANAG into legally independent private limited companies. In the long run, we intend to concentrate on the large facilities with more than 100 beds.

The closure of the Waldkirch and Reinerzau locations in the last financial year and the sale of the property of the somatic clinics in Blankenburg (Saxony-Anhalt) and Bad Klosterlausnitz (Thuringia) in the context of the sale-and-leaseback transaction with the CIT Group Europe are important steps towards achievement of a sustained turnaround of the division. The clinic in Blankenburg, which made losses in previous years because of high financing expenses, will be improving its operating result considerably after the sale has been completed and will be returning to profit. Good progress is being made in integration of the rehabilitation operations in the central management system which we have already established successfully in the nursing division. All in all, the operating losses made by the division decreased again by comparison with both the previous year and the previous quarter. The problems are basically limited to further restructuring of the Schömberg psychosomatic clinic. In order to put this location back on a sound footing, we will be dividing the clinic up and devoting 80 beds to nursing care for the elderly instead. This will enable the location to reach an occupancy level of more than 90% and the operating losses will be eliminated.

In future, we will be taking advantage of the know-how we have developed at our somatic clinics to become a successful operator of small acute hospitals as well. We have taken our first pioneering step in this direction in Büren/Westphalia. We took over the church-owned St. Nikolaus hospital with 120 beds there the day before Christmas 2005. The hospital with its future medical focus on gerontological disorders is to become an addition to the range of services available to senior citizens who live almost opposite at our senior citizens' residential home in the Westphalian town of Büren.

The hospital market is going through a process of change too. The takeover in Büren is symptomatic for the general development on the hospital market. Like many other clinics, the hospital has been suffering from financial difficulties and can only be saved via privatisation. We have acquired the acute hospital on favourable conditions. If the Büren project works, we will be taking over further small clinics near our nursing homes that concentrate on the kind of illnesses that are prevalent among the elderly.

The main figures for the first half of 2005/2006, which covers the months of July to December 2005, demonstrate that the company is continuing to grow steadily. The market response to the new nursing facilities is good and the situation is brightening in the rehabilitation division.

Group operating sales increased by € 1.9 million to € 103.3 million. While they grew by € 3.5 million to € 79.8 million in the nursing division, they decreased by € 1.7 million to € 24.4 million in the rehabilitation division. The beds available in the Group were occupied 89.2% of the time; the reduction of 0.4 percentage point is attributable to the new beds added in the nursing division. The occupancy rate in the nursing division increased from 90.7% to 91.9%, whereas it improved from 76.3% to 77.2% in the rehabilitation division. The Group DVFA result was € 0.6 million higher at € 5.8 million. The result of € 7.0 million in the nursing division was slightly better than in the previous year, while the operating loss made in the rehabilitation division was substantially lower at € 1.2 million (same period the previous year: a loss of € 1.7 million). In the second half of the year, we are expecting earnings in the nursing division to improve considerably due to the anticipated development in the occupancy rate.

The positive development of the company is reflected in the performance of the Marseille-Kliniken share. Health care shares in general are on the move and are attracting an increasing amount of interest from institutional investors. All of the analysts who follow the company point out that Marseille-Kliniken AG is operating in a market with high growth potential. Five research companies follow us regularly at the moment. Their assessment of the prospects of the company and its strategic position culminates in a recommendation to buy the share. Analysts consider that the medium-term share price target is more than € 16.

The trend apparent in the first six months will be continuing until the end of the financial year and will be leading to thoroughly sound earnings. They will underline once again why people can entrust their money to us as investors and shareholders. On behalf of the Management Board, I would like to thank you as our shareholders for your loyalty to the company and for the confidence you have placed in our work. We express our thanks to the company employees for the commitment they display in carrying out our mission. It would not be possible for us to keep our promise "Better if we are there" without the key asset that the staff of our company represent.

Your

Axel Hölzer
Chairman of the Management Board

Unstable growth in Germany

There are no signs in the German economy of large-scale, self-supporting growth. The increase of 0.9% in the Gross Domestic Product last year was substantially lower than in the previous year (1.6%). The outlook for the new year remains modest too. The sluggish domestic economy, which has been suffering from consumers' distinct unwillingness to spend since 2001, is preventing a strong, ongoing upswing. Growth in 2005 was again due to the export economy, which contributed 0.7 percentage point. Private consumption, which is the most important factor in domestic demand, stagnated on the other hand; state consumption even shrank by 0.3%. According to many experts, Germany's position as a business location is depressed by outdated structures and excessive bureaucracy. It remains to be seen whether the investment programme launched by the German government will reverse the trend. The demands made by the unions for the pay negotiations in 2006 suggest that the collective bargaining process will be difficult.

Health market under growing pressure to reform

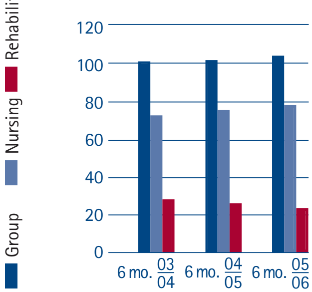
Reforms to give the German health system a viable future have still not been made. The original effects of the health reform in 2004 are no longer being felt to a large extent and no-one is talking about lower insurance contribution levels any more. In the coalition negotiations, the two major political parties decided to postpone fundamental changes to the social systems for the time being. There are huge differences between the CDU/CSU concept of a "health premium" and the SPD concept of "citizens' insurance". The debate is in addition revolving primarily around problems on the funding side. There is practically no discussion about reforms on the supply side, which experts consider to be more pressing. Urgent action needs to be taken with respect to the nursing care insurance system. In spite of the surcharge paid by the childless, the deficit will remain large. By the end of September, the nursing care insurance funds had already spent half a billion euros more than were paid in contributions. The insurance system's reserves have dropped to the expenditure of two months. Experts consider that nursing care insurance is the social security system that requires reform most urgently. The government has announced that a concept for restructuring this insurance system will be presented in the summer. It is supposed to include the development of a demographic reserve with capital-based elements as well as a scheme for financial compensation between state and private nursing care insurance. Payments for dementia patients, for example, are also to be increased, while the high costs of inpatient care are, on the other hand, supposed to be reduced if possible.

Marseille-Kliniken is taking concerted action

The figures for the first half of 2005/2006 indicate that the results for the year as a whole will be good. The 1,100 new beds this year for which contracts have been signed in the nursing division have substantial growth potential and are a significant earnings driver. The goal of increasing the number of beds to 12,000 by 2008 is realistic and is being implemented in practice with the help of further projects in Berlin Kreuzberg, Potsdam and Meerbusch. The foundations for a sustained

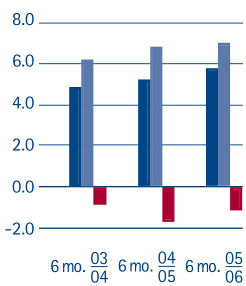
Operating sales by segments

in € m



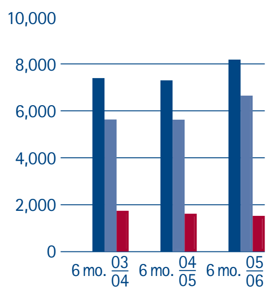
DVFA result by segments

in € m



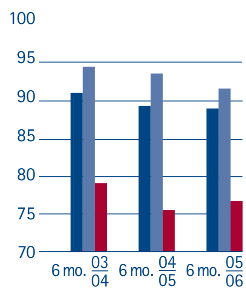
Bed capacity by segments

on average



Occupancy rate by segments

in %



turnaround of the rehabilitation division have been laid. The losses have been reduced appreciably and the remaining clinic portfolio has a future. New, associated areas of operation, primarily assisted living, represent additional potential for the company, which has bought its first acute hospital in Büren as well.

The following figures for the first six months of the 2005/2006 financial year and those for the same period the previous year have been compiled on the basis of the IAS/IFRS accounting standards.

Operating sales growth

Group sales in the first six months of the 2005/2006 financial year were € 2.5 million higher than in the same period the previous year at € 104.9 million. The increase is attributable solely to the growing nursing division, which more than made up for the decrease in sales of € 1.7 million to € 24.4 million in the rehabilitation division. Nursing sales were up € 3.5 million over the same period the previous year.

The Marseille-Kliniken Group operates 60 facilities: 51 nursing homes and 9 rehabilitation clinics. Good progress is being made in the restructuring of the rehabilitation clinics. The clinic locations in Waldkirch and Reinerzau have been leased to an external operator.

Due to the opening of the new facilities in Hennigsdorf and Dresden and the takeover of Allgemeine Dienstleistungsgesellschaft mbH in Halle a.d.S., which focusses on assisted living, the capacity available in the nursing division increased by 916 beds, from 5,743 to 6,659 on the qualifying date. The number of beds at the 9 clinic locations in the rehabilitation division decreased from 1,671 to 1,509 on the qualifying date.

The Group had a total of 8,168 beds on the qualifying date; this represents an increase of 754 beds over the same date the previous year. Due to the inclusion of the new facilities that started operation, the Group occupancy rate decreased by 0.4 percentage point to 89.2% (previous year: 89.6%).

Further profitable growth in the nursing division

The nursing division continues to drive sales and profitability growth in the Group. The sales and earnings potential is in line with expectations and remains impressive. The DVFA result improved slightly to € 7.0 million on the back of a sales increase of 4.7% or € 2.6 million. The beds were occupied 91.9% per cent of the time on average (previous year: 90.7% including the Montabaur and Landshut facilities that were starting operation). The occupancy rate at the established facilities was 94.1% (previous year: 93.8%). The nursing division is concentrating on increasing positive acceptance of the facilities with the highest possible quality level, in order to make further improvements in the main figures.

Success in restructuring of the rehabilitation division

The rehabilitation division has reported better main figures than in the previous year for the first time again. In spite of the reduction in capacity by 242 beds on average due to the leasing of the clinics in Waldkirch and Reinerzau, an increase in the occupancy rate of 0.9 percentage point to 77.2% was achieved. Thanks to the cost and earnings optimisation measures initiated with the restructuring exercise, the DVFA result was € 0.5 million better than at the same time the previous year at - € 1.2 million (previous year: - € 1.7 million), which is a significantly positive trend. In view of the reduction in financing costs at the Blankenburg and Bad Kloster-lausnitz clinics that are part of the sale-and-leaseback package and the conversion of some of the bed capacity at the Schömberg location into inpatient nursing beds (a move that is in the process of being prepared), we are working on the assumption that there will be a steady ongoing improvement in the earnings generated by these operations.

DVFA result continues to increase

The substantial reduction in the losses made in the rehabilitation division and the small increase in earnings in the nursing division helped to improve the Group DVFA result by € 0.6 million (+ 10.4%) over the first six months of the previous year to € 5.8 million. The cumulated DVFA earnings per share of € 0.48 were € 0.05 higher than in the same period the previous year.

The result reported by the nursing division of € 7.0 million, an increase of € 0.1 million, corresponds to DVFA earnings per share of € 0.58 (previous year: € 0.57). The loss per share in the rehabilitation division of - € 0.10 was € 0.04 (+ 30%) lower (previous year: - € 0.14).

Group earnings before tax of € 12.4 million (previous year: € 4.6 million) and Group net income of € 8.8 million (previous year: € 3.6 million) were higher than in the previous year essentially because of the non-recurring impact on earnings of the GE property transaction.

EBIT increased by € 7.1 million to € 18.8 million and EBITDA were up € 9.8 million at € 28.8 million. EBITDAR, the most accurate indicator of profitability, were higher than in the previous year (€ 28.1 million) at € 40.3 million. The improvement in the margins in relation to sales of the key figures EBIT and EBITDA after DVFA/SG adjustments is attributable not only to the increase in the occupancy rate at the existing nursing facilities and in the rehabilitation division but also to cost optimisation at our clinics. There is an upward trend in all the margins. The EBIT margin improved from 13.4% to 14.6% and the EBITDA margin from 20.8% to 24.1%. The EBITDAR margin rose from 29.8% to 35.3%. The adjusted margins continue to be above-average by international standards. We are expecting the margins to remain at a high level for the whole of the 2005/2006 financial year.

Asset disposals due to property transaction with GE

In view of the property disposals associated with the GE transaction, total investments in the first six months of the 2005/2006 financial year were down at - € 17.7 million. The negative figure compared with the 1st quarter of the 2005/2006 financial year is offset by € 0.9 million essentially by the investments prompted by the remodelling project at one of our senior citizens' residential homes in Leipzig.

The shareholders' equity was € 0.9 million higher on 31. December 2005 at € 68.3 million. The equity ratio was 1.0 percentage point better than in the previous year at 17.8% of the balance sheet total.

The HGB shareholders' equity amounted to € 67.9 million, corresponding to an equity ratio of 19.1%. A further improvement in the equity ratio can be expected as a result of the implementation of the second sale-and-leaseback transaction.

Following adjustment for DVFA/SG items, gross cash flow was € 0.7 million higher than in the previous year (€ 12.5 million) at € 13.2 million. The financial debts of the Group were reduced by € 33.1 million from € 224.8 million to € 191.7 million. The ratio of financial debts (long-term bank loans) to the balance sheet total was 43.3% (previous year: 50.1%). A further reduction has been made in the financial debts and the debt ratio in the current financial year by making scheduled repayments as well as special repayments using the income from the property transaction with GE.

Increase in staff

There was another increase in the number of Group staff. 4,782 people were employed in the first six months of the 2005/2006 financial year (on 31. December 2005); this corresponds to growth of 288 employees. 2,713 people were employed in the nursing division on the qualifying date, 599 in the rehabilitation division and 1,470 at the service and administration companies. Compared with the total increase in staff, 321 employees were taken on by the nursing division. Personnel expenses rose by 4.2% to € 54.4 million, a disproportionately small increase when compared with the 6.4% growth in the number of employees.

Upward trend in the share price

The price of the Marseille-Kliniken share varied between € 11.19 and € 14.00 in the months of October to December 2005. The share closed at a price of € 12.60 on 30. December 2005. A comparison with other indices (DAX, Prime Pharma & Healthcare PI) shows that it therefore performed considerably better than the trend. The share price stayed at the same level in January 2006 with an average of € 12.74.

Prospects for the year as a whole

We are working on the assumption of above-average sales and earnings growth compared with the previous year. This expectation is based to a large extent on the capacity expansion and the increasing occupancy rates at our facilities that have started operation in the nursing division.

We anticipate that a particularly large contribution to growth will be made by our new flagship in Hamburg, which was opened at the beginning of 2006, was designed systematically in accordance with our proven AMARITA concept and satisfies the most demanding of requirements, and that this facility will have an impact on planned new locations in other cities too. We are continuing to focus strongly on our growth concept in the nursing operations.

The losses have been reduced substantially in the rehabilitation division. This is encouraging us to continue implementing our restructuring concept systematically, making sure with the help of active market coverage that this area of our operations returns to profit as well - in spite of all the structural and general economic problems.

Thanks to the sound basis provided by our unusually good performance in the nursing division, we are making good progress in continuing to grow profitably and in taking advantage of growth potential by opening up associated areas of operation too.

The rehabilitation division, which contributes less than 25% of Group sales in the meantime, is at the same time being returned to profit.

Marseille-Kliniken AG balance sheets

at 31. December 2005 and 31. December 2004

Group	31.12.05 in € '000	31.12.04 in € '000
Intangible assets	22,332	22,452
Tangible assets	288,103	332,646
Financial assets	20,672	2,588
Receivables and liquid funds	31,273	16,001
Other assets	23,891	27,108
Balance sheet total	**386,271**	**400,795**
Shareholders' equity*	68,326	67,362
Pension provisions	17,336	17,432
Other provisions	21,071	24,809
Financial debts	191,709	224,813
Other liabilities	87,830	66,379
Balance sheet total	**386,271**	**400,795**

* Including 73,6% special items for investment grants

Financial calendar

for the 2005 I 2006 financial year

Mid- and small-cap conference Frankfurt/Main	03.-04. April 2006
Report on the 3rd quarter	09. May 2006
HPS health care conference Frankfurt/Main	24. May 2006
Annual report 2005/2006	October 2006
Report on the 1st quarter 2006/2007	08. November 2006
Annual General Meeting 2006/2007 Hamburg	December 2006

Profit and loss accounts

for the period from 1. July 2005 to 31. December 2005 and the figures for the previous year

Group	05 I 06 in € '000	04 I 05 in € '000	Change in %
Sales from Group operations	103,321	101,446	1.8
Nursing division sales	78,902	75,394	4.7
Rehabilitation division sales	24,419	26,052	-6.3
EBITDAR	40,309	28,144	43.2
EBITDA	28,777	18,959	51.8
Depreciation	-9,954	-7,280	36.7
EBIT	18,823	11,679	61.2
Interest balance	-6,443	-7,113	-9.4
EBT	12,380	4,566	171.1
DVFA result	5,790	5,246	10.4
	in €	in €	
DVFA earnings per share nursing	0.58	0.57	1.4
DVFA earnings per share rehabilitation	-0.10	-0.14	-29.2

Statements of cash flow *

for the period from 1. July 2005 to 31. December 2005 and the figures for the previous year

Group	6 months 05 I 06 in € '000	6 months 04 I 05 in € '000
Net Group income	8,782	3,634
Expenditure / income with no effect on payment	9,099	6,517
Decrease / increase in assets and liabilities	-13,725	-4,852
Cash flow from investment activities	17,676	-5,020
Cash flow from financing activities	-16,813	-2,499
Decrease / increase in liquid funds	5,019	-2,220

* 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/COO

Internet: www.marseille-kliniken.de

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.

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

Balance sheets of Marseille-Kliniken AG according to IFRS

for the period from 1. July 2005 to 31. December 2005
and the figures for the previous year

	6 months 31.12.2005	Annual accounts 30.06.2005	6 months 31.12.2004
Assets	**EUR '000**	**EUR '000**	**EUR '000**
Short-term assets			
Liquid funds	13,419	4,734	1,696
Securities held as current assets	101	101	101
Trade accounts receivable	13,112	12,929	12,418
Inventories	1,601	1,577	2,897
Tax reimbursement claim	172	172	3,397
Deferred charges, prepaid expenses and other assets	26,759	36,541	22,600
Total short-term assets	55,164	56,054	43,109
Long-term assets			
Tangible assets	180,800	292,929	332,646
Intangible assets	3,592	3,958	3,659
Goodwill	18,740	18,767	18,793
Financial assets	20,672	2,498	2,588
Financial assets held at equity	0	0	0
Total long-term assets	223,804	318,152	357,686
Long-term assets held for sale	107,303	21,514	0
Total assets	**386,271**	**395,720**	**400,795**
Shareholders' equity and liabilities			
Short-term liabilities			
Short-term debt and current portion of long-term debt	14,062	20,189	23,792
Trade accounts payable	11,148	8,767	5,331
Provisions	21,071	19,414	24,809
Other short-term liabilities	28,787	27,599	9,551
Total short-term liabilities	75,068	75,969	63,483
Long-term liabilities			
Long-term debt	96,955	157,115	201,021
Special fixed asset items	44,156	45,887	46,483
Pension commitments	17,336	17,337	17,432
Others	36,575	40,346	39,345
Total long-term liabilities	195,022	260,685	304,281
Minority interests	-326	-111	-108
Shareholders' equity			
Subscribed capital	31,100	31,100	31,100
Capital reserve	15,887	15,887	15,887
Revenue reserves	243	243	243
Own shares	1,093	1,039	995
Retained earnings / accumulated losses	-12,508	-16,644	-15,086
Total shareholders' equity	35,815	31,625	33,139
Debt in direct connection with long-term assets held for sale	80,692	27,552	0
Total shareholders' equity and liabilities	**386,271**	**395,720**	**400,795**

Profit and loss accounts according to IFRS

for the period from 1. July 2005 to
31. December 2005 and the figures for the previous year

	Quarterly report		Accumulated period	
	01.10.05 31.12.05 EUR '000	01.10.04 31.12.04 EUR '000	01.07.05 31.12.05 EUR '000	01.07.04 31.12.04 EUR '000
Sales	51,834	50,646	103,321	101,446
Other operating income	2,394	2,402	17,925	3,544
Changes in the level of finished products and products in progress	1,278	0	1,453	0
Other own work capitalised	73	740	145	972
Cost of materials / cost of purchased services	-8,042	-8,177	-13,790	-14,684
Personnel expenses	-27,329	-25,552	-54,362	-52,168
Depreciation of tangible (and intangible) assets	-2,340	-3,713	-9,954	-7,280
Depreciation of goodwill	0	0	0	0
Other operating expenses	-13,259	-11,497	-25,939	-20,151
Others	0	0	0	0
EBIT	**4,609**	**4,849**	**18,799**	**11,679**
Interest income / expenses	-3,006	-3,591	-6,419	-7,113
Income from participating interests	0	0	0	0
Income / expenses from financial assets held at equity	0	0	0	0
Exchange rate gains / losses	0	0	0	0
Other income / expenses	0	0	0	0
Earnings before tax (and minority interests)	**1,603**	**1,258**	**12,380**	**4,566**
Taxes on income and earnings	-698	-333	-3,484	-763
Other taxes	-55	-91	-114	-169
Extraordinary income / expenses	0	0	0	0
Earnings before minority interests	**2,246**	**834**	**8,782**	**3,634**
Minority interests	138	-283	214	-144
Net income / loss	**2,384**	**551**	**8,996**	**3,490**

Statement of changes in shareholders' equity according to IFRS

for the period from 1. July 2005 to
31. December 2005 and the figures for the previous year

	Subscribed capital EUR '000	Capital reserve EUR '000	Revenue reserves EUR '000	Group result EUR '000	Total EUR '000
01.07.2004	31,100	15,887	1,197	-18,576	29,608
Subsequent valuation /carried forward	0	0	41	0	41
Net income for the period	0	0	0	3,490	3,490
31.12.2004	31,100	15,887	1,238	-15,086	33,139

	Subscribed capital EUR '000	Capital reserve EUR '000	Revenue reserves EUR '000	Group result EUR '000	Total EUR '000
01.07.2005	31,100	15,887	1,282	-16,644	31,625
Own shares	0	0	54	0	54
Distribution of profits	0	0	0	-4,860	-4,860
Net income for the period	0	0	0	8,996	8,996
31.12.2005	31,100	15,887	1,336	-12,508	35,815

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 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 prepared under commercial law 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 prepared under commercial law are identical, reference to the explanatory notes provided in the company and Group annual accounts prepared under commercial law appears to be adequate.

Accounting and valuation methods

The same accounting and valuation methods as in the last Group annual accounts for the period that ended on 30.J une 2005 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 2004/2005.

The following statements relate in particular to changes at 31. December 2005. We refer to the notes to the Group annual accounts at 30. June 2005 with respect to explanations that are not presented (IAS 34.15).

Explanatory information about selected points in the notes

Companies consolidated

In contrast to the HGB (German Commercial Code), the following companies are also consolidated in accordance with the IAS:

• TD Trump Deutschland AG (at equity)

Where companies are included in the accounts as associated companies by the equity method, IAS 28.22 only allows write-downs up to a maximum of the book value of the participating interest. The posting of losses above and beyond the book value is neutralised in accordance with the IAS 28 accounting method.

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.

Two properties were sold to GE in the first quarter of 2005/2006. The areas formed in the Group balance sheets at 30. June 2005 in accordance with IFRS 5 were adjusted accordingly. The profit generated by this sale was posted on the elimination date in accordance with IFRS 5.24.

The negotiations with the British investor CIT Group Europe about a further sale-and-leaseback transaction covering ten of our existing properties were completed in December 2005. The transaction is being implemented from January 2006 onwards. In accordance with IFRS 5.8, the book value of these ten properties before classification of the assets as held for sale on 1. October 2005 has been included. The scheduled depreciation for the period between 1. October 2005 and 31. December 2005 has therefore been cancelled in accordance with IFRS 5.25.

In accordance with IAS 32.33, the own shares shown in current assets under commercial law are offset against the corresponding revenue reserves for own shares. In line with the changes in the own shares acquired in the 2005/2006 year under review, this amount of € 54,000 has been shown openly in the statement of changes in shareholders' equity.

Another major difference between the HGB and the IAS relates to the accounting of eight leasing contracts for land and buildings. According to IAS 17, all of these contracts satisfy the conditions of finance leases.

The leased buildings have therefore been stated as assets of € 43,883,000 in the Group accounts at 31. December 2005 in accordance with IAS 17.12 and liabilities to the lessors of the same amount have been included. The subsequent valuations of these assets and liabilities shown in the Group balance sheets have been made in accordance with IAS 17.25 ff.

According to IAS 17.61, the profits from the sale are treated as "deferred income" and the profit from the sale of two properties of the fixed assets is therefore released in results over the duration of the leasing contract.

IAS 27.33 states that the minority interests must be shown as an individual item in the Group balance sheets and must therefore be included separately from the shareholders' equity of the parent company.

The special items for investment subsidies and grants for fixed assets of € 44,156,000 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 € 32,510,000. The shareholders' equity plus the special items for investment subsidies and grants that increase shareholders equity therefore amount to € 68,326,000.

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 40 514 590 • fax: +49 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).