Report on the 1st quarter
1. July 2005 to 30. September 2005

Better
if we are there

MARSEILLE-KLINIKEN AG

Highlights

- Profitable growth in the nursing division
- Initial improvement in the rehabilitation division
- DVFA result of € 3.2 million at the same level as in the previous year in spite of the increase of 9% in bed capacity

Dear shareholders and friends of the company,

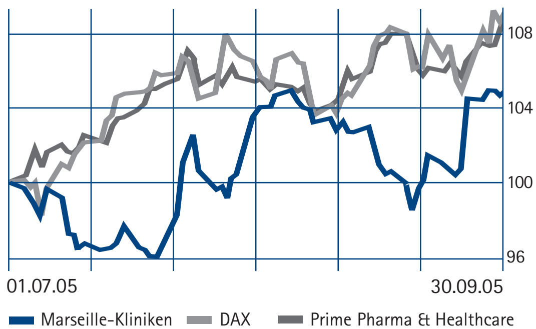
The new 2005/2006 financial year promises to be an encouraging one for your company. On the one hand, we have made a number of investments in our core businesses of nursing care for the elderly and rehabilitation that will be paying off this year and in the years ahead. On the other hand, the changes we have made in our property portfolio have eliminated constraints that will no longer restrict our flexibility as a purely service company in future. We are working intensively on the final phase in the restructuring of the portfolio so that it has a sound ratio of 30% owned property to 70% leased facilities.

Our growth strategy is being given strong support by the confidence that investors are placing in us. We have accelerated the capacity expansion programme considerably in the nursing division. Two new facilities in Dresden and Hennigsdorf near Berlin with a total of 238 beds opened during the last financial year and are being followed this year by Düsseldorf and Hamburg with 424 beds altogether. The facility in the centre of Hamburg is establishing Marseille-Kliniken in a major city for the first time. This location is setting standards, as far as both the concept and the quality are concerned. 330 beds in 4-star hotel quality are being provided in the immediate vicinity of Marienkrankenhaus Hospital, with which we are co-operating.

In addition to this, we have extended our nursing care for the elderly product to include "assisted living". We consider the provision of what are known as "2-star hotels" for assisted living to be a significant market gap. This service programme is in line with elderly people's desire for as much independence as possible in their own homes coupled with the reassurance of knowing that they can obtain qualified assistance quickly as and when necessary. In this context, we acquired two properties in Berlin and Potsdam last year, the existing buildings of which we will be converting to living

Development of the Marseille-Kliniken share price

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



accommodation that is suitable for the elderly with a capacity of 300 beds in the course of the 2006 calendar year. Since 1. July this year, we have been looking after elderly people who are mainly in nursing care category one as an outpatient service provider in three building complexes in Halle / Saxony-Anhalt with a total of 756 residential units. We came into possession of this property as a result of the takeover of the shares in Allgemeine Dienstleistungsgesellschaft mbH in Halle – ADG. The residential units designed mainly as single-room flats with a living area of between 20 and 35 m² are made available for a basic rental price that is in line with market rates in the low-price segment. Implementation of the concept is guaranteed by the existence of shared and functional areas that can be used as dining and treatment rooms as well as for administrative assignments.

The locations in Hamburg, Düsseldorf and Halle are increasing the number of our nursing facilities to 52 and the capacity in the nursing division to 7,084 beds.

In the spring, finally, we made a start in the nursing division on replacing the previous regional structure by a central management system, which is available to help the facilities with all their questions round the clock. An efficient team of experts pools know-how from the human resources, nursing care rates, finance and quality fields in the central management system. The main objectives are to optimise the current and future occupancy situation and to develop strategies that guarantee the necessary long-term cost and revenue performance. The advantages of the new structure over the regional management structure are co-ordinated supervision of the nursing facilities and thus the ongoing controlled optimisation of earnings there as well as a substantial improvement in communication with the individual facilities. This concept is currently being implemented in the rehabilitation division too. This control system is a unique feature of our company's operations, which our competitors cannot match at the present time since they lag behind where the necessary advance investments are involved. The viability of our investment of more than € 20 million in the development of integrated IT systems is demonstrated not least of all by analyses of the results generated by our nursing division compared with those of our competitors.

The rehabilitation division has made a better start to the new financial year as well. Although the business operations in this division continue to be a weak point, the remaining risks are manageable and controllable. The significance of the rehabilitation segment for the Group is decreasing successively anyway. In the meantime, the proportion of sales it accounts for has dropped to less than 25% and this trend is continuing. We have reduced the number of clinics with active operations to nine at the present time by closing the locations in Waldkirch and Reinerzau. Six of these clinics are operating at a profit. We will be returning the remaining facilities that are still making operating losses to profit in the medium term. In the first few months of this financial year, the measures decided in 2004/2005 to optimise personnel and non-personnel cost management were continued systematically. The restructuring concept still involves the options of combining facilities and concentrating clinic locations with low occupancy rates on special programmes for market niches. The rest of the clinic portfolio is basically sound and has a future.

You might of course ask whether all these activities justify the optimism about a positive development of the company in the 2005/2006 financial year and subsequent years. Will the underfinanced and over-regulated social systems that discourage competition not make these internal investments and unique features ineffective in the final analysis? Our answer is no. The basic conditions in our areas of business are reliable and will not be changing fundamentally as a result of the new political situation either. Nursing care for the elderly is a stable market that will be growing in the medium term too and that guarantees adequate returns with an appropriate balance between commercial and social principles. Rehabilitation continues to be an essential element in the medical treatment system too and is not in the process of being phased out, for example. What is new is that it is no longer enough merely to be on the market. People who want or require rehabilitation treatment are customers to whom sound advice, service and quality are important factors.

Changes in the legislation about the social security systems represent very limited risks for our company. We have already explained to you, our shareholders, on several occasions that the markets pay for our services even when the deficits increase and the costs get out of control. However the individual reforms are implemented, their objectives have a positive impact on our business. Radical market change is essential and the direction is clear. The government and health insurance funds will be committing the providers of health care services more strongly in future to offer their services at lower cost while maintaining the medical quality level - the system of lump-sum payments per case (DRGs) indicates the direction. Only professionally managed facilities with a certain minimum number of beds will be able to survive such cost and quality competition. Facilities run by public authorities, non-profit organisations or private individuals without appropriate financial resources will not manage to solve the economic problems in the long run. The market is, incidentally, benefitting from the wave of consolidation and privatisation that has already started as a result and is no reason for developing horror scenarios involving wage dumping and hire-and-fire approaches. The takeover of facilities by new operators enables investments to be made which have been suspended due to the lack of economic success. The introduction of efficient, commercially controlled management processes guarantees the survival of the facility and thus the jobs available there at the same time. Marseille-Kliniken will be participating in this necessary consolidation of the market both circumspectly and very responsibly.

The main figures for the 1st quarter of 2005/2006, which covers the months of July to September 2005, confirm our message to all stakeholders: Marseille-Kliniken is maintaining its strategy of steady growth. At the same time, they underline the difference there continues to be between the development in the two core nursing and rehabilitation divisions. The occupancy rates at the existing facilities in the nursing division are sound, good progress is being made in integration of the facilities that have started operation in Dresden and Hennigsdorf and the "slow starters" in Landshut and Montabaur are catching up. Although the situation in the rehabilitation division is improving slowly, the process of recovery is not yet strong enough to raise all the clinics to an occupancy level that covers all the costs. Group operating sales increased by € 0.7 million to about € 51.5 million. While they grew by € 2.1 million (5.6%) in the nursing division, they decreased by € 1.4 million (-10.3%) in the rehabilitation division. The beds available in the Group were occupied 89.1% of the time; the reduction of one percentage point is attributable on the one hand to the new capacities added in the nursing division (937 beds or + 16.4%) and on the other hand to the weakness of the rehabilitation operations due to the economic situation (occupancy rate of 79.2% after 75.6% in the same quarter the previous year). The steady improvement of the occupancy rate in the rehabilitation division over the last few quarters indicates a change in the trend. The Group DVFA result of € 3.2 million was at the same level as in the previous year. The result of € 3.9 million in the nursing division corresponded to the same quarter the previous year due to the large increase in capacity, while the operating loss in the rehabilitation division amounted to € 0.6 million, which was € 0.2 million lower than the loss made in the same quarter the previous year.

All in all, your company is making good progress. In the nursing operations, we are about to become market and cost leader. The central management system that we have established allows us to control the Group accurately on a day-to-day basis and this will enable us to make further improvements in sales and earnings over the same period the previous year in the quarters ahead.

The health care market is on the move and institutional investors have evidently realised this too. Health care shares are attracting considerably more interest. Our share has benefitted from this to a particularly large extent. Our strategic position and our successful presentation to investors have led to a significant increase in the share price, which has almost tripled over the low in the summer of 2003. It has performed substantially better than all the indices in which the share is listed. Following the announcement of our transaction with General Electric, it climbed to a high of € 12.39 in mid-April 2005. It started the new 05/06 financial year at € 10.30, increased to a high of € 13.50 per share after the results for the 2004/2005 financial year were disclosed and is hovering quite consistently around the € 12.50 mark at the present time. All the analysts from Germany and elsewhere who cover Marseille-Kliniken AG confirm that we are operating on a market with high growth potential. Five research companies follow us regularly at the moment. All of them recommend that investors should buy the share.

We are certain that we will be able to present a thoroughly sound set of results for the year as a whole and are looking forward to the Annual General Meeting that is being held in Hamburg on 6. December 2005. On behalf of the Management Board, I would like to thank you for your loyalty to the company and promise that we will be justifying the trust you have placed in us in future too. We would like to take this opportunity to express our thanks to our employees, who personify the philosophy of Marseille-Kliniken AG with their high social and professional skills, their flexibility, their commitment and their enthusiasm in caring for people.

Your

Axel Hölzer
Chairman of the Management Board

German economy still in the doldrums

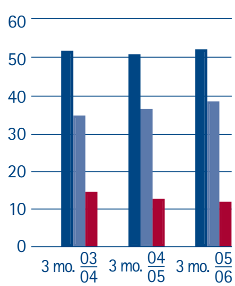
There were no signs of a recovery in the German economy in the middle of 2005. The autumn report presented by the economic institutes assumes low growth of 0.5% to 0.7% for the year as a whole and forecasts further high unemployment. Domestic demand is poor and the continued strength of the export economy is stimulating neither the employment market nor investment. It is frequently overlooked in analysing the record exports that large proportions of the added value are created abroad, with export companies buying basic products in low-wage areas or manufacturing them there themselves. Experts agree that a substantial recovery in domestic demand will not be sufficient to solve the problems on the employment market. Bureaucratic structures that make it difficult to respond flexibly to the requirements of globalisation are the main problem Germany faces as a business location. The business community's hopes that the early general election might lead to a turnaround in economic and social policy have been dashed by the prospect of a grand coalition between the CDU/CSU and SPD parties.

Health care market up in the air

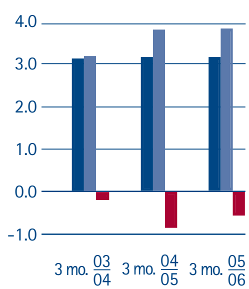
Reforms that will make the very effective but not very efficient German health care system viable are not in sight either. The restructuring of the statutory health insurance system that was the objective of the legislation passed in 2004 has merely shifted the increasing costs to the insured and patients. The original effect that the reform had on stabilising contributions is no longer being felt any more just one-and-a-half years later. No consensus about the question of how the quality level can be maintained in the German health care system in the face of increasing requirements and limited financial resources is apparent between the political parties, the relevant service providers and the funding organisations. The same is true of the large area

Group Nursing Rehabilitation

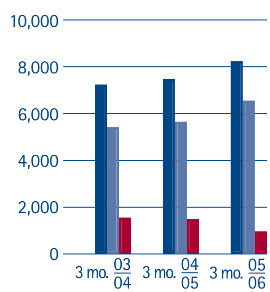
Operating sales by segments
in € m



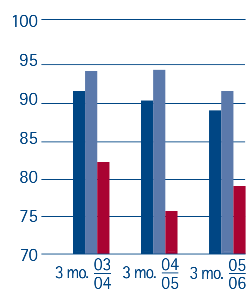
DVFA result by segments
in € m



Bed capacity by segments
on average



Occupancy rate by segments
in %



of nursing care for the elderly. The financial problems of the nursing care insurance funds are going hand in hand with quality deficits at the nursing facilities. More exacting requirements on nursing services and the qualifications of nursing staff are to an increasing extent the driving force behind the expansion of private providers, who - in contrast to public facilities - focus right from the start on customer-oriented operation under economic overall conditions.

Marseille-Kliniken on the advance

The figures for the 1st quarter of 2005/2006 continue the positive development of the company. The projects developed in previous years that have been implemented in the meantime are speeding up growth and increasing profitability. Progress is being made in integration of the new facilities in the nursing division; the 1,100 new beds for which definite contracts have already been concluded for the complete 2005/2006 year offer considerable growth potential. The action taken in the rehabilitation division is beginning to have an impact and enabled the loss to be reduced by comparison with the same quarter the previous year. The main sales, earnings and occupancy figures are a reason for confidence when the facilities that have started operation in the nursing division and the restructuring expenses in the rehabilitation division are taken into account. The price of the Marseille-Kliniken share is developing substantially better than all the indices in which the company is listed.

The following figures for the first three 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.

Small increase in operating sales

Group sales in the first three months of the 2005/2006 financial year (1.7.2005 to 30.9.2005) increased by 1.8% or € 0.9 million over the same period the previous year and totalled € 51.7 million. Sales from Group operations reached € 51.5 million, which represents growth of € 0.7 million. The growth is attributable solely to the nursing division; the shortfalls in the sales generated by the rehabilitation division due to the closure of the clinics in Waldkirch and Reinerzau were more than compensated for by the increase in the sales in nursing care for the elderly from € 37.2 million to € 39.3 million (5.6%). Sales in the rehabilitation division decreased from € 13.6 million to € 12.2 million (-10.3%).

The company operated 60 facilities in the period under review: 50 nursing homes and 10 rehabilitation clinics. The opening of the senior citizens' residential homes in Dresden (March 2005) and Hennigsdorf (May 2005) and the takeover of Allgemeine Dienstleistungsgesellschaft mbH in Halle a.d.S., which focusses on assisted living, increased the bed capacity in the nursing division from 5,723 to 6,660 on 30. September 2005. The number of beds at the 10 rehabilitation clinics decreased from 1,751 to 1,509.

The Group had a total of 8,169 beds on 30. September 2005; this represents an increase of 695 beds over the previous year. The Group occupancy rate was 89.1%. The drop of 1.0 percentage point is attributable on the one hand to the substantial increase in bed capacity and the reduction in capacity and occupancy at one facility in Leipzig due to a remodelling project and on the other hand to the full inclusion of the facilities in Landshut and Montabaur, which are still lagging behind the occupancy rates that are normal in the nursing division.

Further growth in the nursing division

The nursing division continues to guarantee Group growth and profitability. The increase of € 2.1 million in sales and the consistent DVFA result of € 3.2 million reflect the capacity expansion programme, which involves higher personnel costs in the early stages as the basis for further earnings increases. Taking the facilities into account that started operation, the beds were occupied for an average of 91.7% of the time. The fact that the occupancy rate was 3.1 percentage points lower than at the same time in the previous year is attributable to the increase in capacity and the full inclusion of the occupancy rates at the senior citizens' residential homes in Montabaur and Landshut that are not yet in line with the normal Group benchmarks. The reduction is also due to remodelling projects at the facilities Leipzig am Kirschberg and Bad Langensalza, at which the capacities were only available to some extent.

Restructuring in the rehabilitation division has a positive impact on earnings

In spite of the reduction in the rehabilitation capacities of 242 to 1,509 beds and the drop in sales of € 1.4 million (- 10.3%) from € 13.6 million to € 12.2 million associated with this, the DVFA result in this division was improved by € 0.2 million to a quarterly loss of € 0.6 million. The increase in the occupancy rate at the remaining clinics from 75.6% to 79.2% and the implementation of restructuring measures are an indication of an initial improvement in the performance of the rehabilitation division. We will be continuing our restructuring concept and will be systematically implementing the measures that have been initiated to optimise personnel and non-personnel cost management while maintaining the high quality standard. This is particularly true of the three clinics (Bad König, Schömberg and Blankenburg) of the total of 9 clinics that made losses in the past financial year.

DVFA earnings per share slightly better

The nursing division continues to generate high earnings thanks to its profitable growth. The losses made in the rehabilitation division were at the same time lower than in the same quarter the previous year. The Group DVFA result of € 3.2 million was at the same level as in the previous year. The cumulated DVFA earnings per share of € 0.27 were € 0.01 higher than in the previous year. Profits in the nursing division remained at the same level of € 3.9 million in spite of costs incurred to facilitate growth. As in the previous year, this corresponds to earnings per share of €0.32. The DVFA earnings per share in the rehabilitation division improved slightly by € 0.01 but are still negative at - € 0.05 per share.

Group earnings before tax and Group net income were € 3.7 million higher than in the previous year at € 10.8 million and € 6.5 million respectively because of the non-recurring impact on earnings of the GE transaction.

EBITDAR (plus € 12.5 million at € 27.6 million), EBITDA (plus € 11.4 million at € 21.8 million) and EBIT (plus € 7.4 million at € 14.2 million) were considerably better than in the previous year due to further implementation of the GE transaction.

After DVFA/SG adjustments, EBITDAR increased from € 16.1 million to € 22.3 million, while EBITDA went up from € 11.4 million to € 16.6 million and EBIT improved from € 7.7 million to € 9.0 million. The margins in relation to sales of the adjusted key figures EBIT (17.5% after 15.2%) and EBITDA (32.2% after 22.4%) increased essentially because of the reduction in both sales and losses in the rehabilitation division and ongoing profitability in the nursing division. The EBITDAR margin improved from 31.8% to 43.3%.

Asset disposals due to property transaction with GE

In view of the property disposals associated with the GE transaction, investments were negative at - € 18.6 million and were down on the same quarter the previous year.

The shareholders' equity was € 5.6 million higher on 30. September 2005 at € 70.5 million. The equity ratio increased by 1.4 percentage points to 18.7%. (The HGB shareholders' equity amounted to € 71.7 million, corresponding to 21% of the balance sheet total.)

Following adjustment for DVFA/SG items, gross cash flow was € 7.6 million higher than in the first quarter of the previous year at € 13.8 million. The financial debts of the Group went down from € 226.9 million to € 181.2 million. The ratio of financial debts (long-term bank loans) to the balance sheet total decreased from 62% to 52%. The development of these key figures is due to a large extent to the transaction with GE.

Substantial recovery in the share price

The price of the Marseille-Kliniken share increased considerably in the course of the quarter under review. In the months of July to September 2005, it ranged between € 10.30 and € 10.75, developing better than other indices such as the DAX and Prime Pharma & Health PI. The upward price trend continued in October 2005. The share reached its high of € 13.50 on 18. October.

Prospects

The expansion of our capacities in the nursing division will lead to substantial sales growth in the 2005/2006 financial year.

The growth costs associated with the takeover and integration as well as opening of new facilities are being offset by the steady improvement in the profitability of the existing facilities in the nursing division. The expansion programme in our growth segment is continuing to make rapid progress and is having a positive impact on earnings. In the rehabilitation division we are expecting to achieve success in our efforts to return the division to the black thanks to the reduction in capacity and further implementation of our optimisation measures in the areas of both personnel and non-personnel costs.

Summary of the first quarter

1. July 2005 to 30. September 2005

		05 | 06	04 | 05	Change in %
Results				
Total sales *	€ m	51.7	50.8	1.8
EBITDAR **	€ m	22.3	16.1	38.1
EBITDA **	€ m	16.6	11.4	45.4
EBIT **	€ m	9.0	7.7	16.6
EBIT margin **	%	17.5	15.2	15.0
Net income	€ m	6.5	2.8	133.4
RoS	%	6.3	6.0	4.5
DVFA/SG result	€ m	3.2	3.2	2.5
Gross cash flow **	€ m	8.3	7.3	12.9
Balance sheet				
Fixed assets	€ m	332.6	358.2	-7.2
Investments	€ m	-18.6	-0.8	2,114.1
Shareholders' equity ***	€ m	70.5	64.9	8.7
Equity ratio	%	18.7	16.3	15.0
Other key indicators				
Employees	Number on 30.09.05	4,749	4,519	5.1
Facilities	Number	60	58	3.4
Bed capacity	Number on 30.09.05	8,169	7,474	9.3
Occupancy rate ****		89.1	90.1	-1.1

* 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)

Profit and loss accounts

for the period from 1. July 2005 to 30. September 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	51,487	50,800	1.4
Nursing division sales	39,287	37,200	5.6
Rehabilitation division sales	12,200	13,600	-10.3
EBITDAR	27,552	15,049	83.1
EBITDA	21,804	10,397	109.7
Depreciation	-7,614	-3,567	113.5
EBIT	14,190	6,830	107.8
Interest balance	-3,413	-3,522	-3.1
EBT	10,777	3,308	225.8
DVFA result	3,237	3,159	2.5
	in €	in €	
DVFA earnings per share nursing	0.32	0.32	-1.8
DVFA earnings per share rehabilitation	-0.05	-0.06	-19.5

Imprint

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

Marseille-Kliniken AG balance sheets

at 30. September 2005 and 30. September 2004

Group	30.09.05 in € '000	30.09.04 in € '000
Intangible assets	22,503	22,401
Tangible assets	289,420	333,244
Financial assets	20,672	2,590
Receivables and liquid funds	20,266	16,088
Other assets	24,133	24,539
Balance sheet total	**376,994**	398,862
Shareholders' equity *	70,490	64,852
Pension provisions	17,337	17,432
Other provisions	25,242	24,522
Financial debts	181,218	226,868
Other liabilities	82,707	65,188
Balance sheet total	**376,994**	398,862

* Including 73,6% special items for investment grants

Financial calendar

for the 2005 I 2006 financial year

German Equity Forum Frankfurt/Main	21. November 2005
Annual General Meeting Hamburg	06. December 2005
Dividend payment	07. December 2005
Report on the 2nd quarter	08. February 2006
Event for analysts Frankfurt/Main	March 2006
Report on the 3rd quarter	09. May 2006
Annual report 2005/2006	October 2006
Report on the 1st quarter 2006/2007	08. November 2006
Annual General Meeting Hamburg	December 2006

Statements of cash flow *

for the period from 1. July 2005 to 30. September 2005 and the figures for the previous year

Group	3 months 05 I 06 in € '000	3 months 04 I 05 in € '000
Net Group income	6,536	2,800
Expenditure / income with no effect on payment	7,228	3,435
Decrease / increase in assets and liabilities	-13,200	-9,399
Cash flow from investment activities	18,554	838
Cash flow from financing activities	-27,605	-1,777
Decrease / increase in liquid funds	-8,487	-4,103

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

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 30. September 2005
and the figures for the previous year

	3 months 30.09.2005	Annual accounts 30.06.2005	3 months 30.09.2004
Assets	**EUR '000**	**EUR '000**	**EUR '000**
Short-term assets			
Liquid funds	214	4,734	1,706
Securities held as current assets	101	101	101
Trade accounts receivable	12,472	12,929	12,791
Inventories	1,545	1,577	2,435
Tax reimbursement claim	172	172	3,397
Deferred charges, prepaid expenses and other assets	29,895	36,541	20,197
Total short-term assets	44,399	56,054	40,627
Long-term assets			
Tangible assets	289,420	292,929	333,244
Intangible assets	3,750	3,958	3,719
Goodwill	18,753	18,767	18,682
Financial assets	20,672	2,498	2,590
Financial assets held at equity	0	0	0
Total long-term assets	332,595	318,152	358,235
Long-term assets held for sale	0	21,514	0
Total assets	**376,994**	**395,720**	**398,862**
Shareholders' equity and liabilities			
Short-term liabilities			
Short-term debt and current portion of long-term debt	24,579	20,189	25,856
Trade accounts payable	6,954	8,767	5,841
Provisions	25,242	19,414	24,522
Other short-term liabilities	26,087	27,599	8,661
Total short-term liabilities	82,862	75,969	64,880
Long-term liabilities			
Long-term debt	156,639	157,115	201,012
Special fixed asset items	44,539	45,887	42,876
Pension commitments	17,337	17,337	17,432
Others	38,106	40,346	39,479
Total long-term liabilities	256,621	260,685	300,799
Minority interests	-187	-111	-102
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	499	1,039	912
Retained earnings / accumulated losses	-10,031	-16,644	-14,857
Total shareholders' equity	37,698	31,625	33,285
Debt in direct connection with long-term assets held for sale	0	27,552	0
Total shareholders' equity and liabilities	**376,994**	**395,720**	**398,862**

Profit and loss accounts according to IFRS

for the period from 1. July 2005 to
30. September 2005 and the figures for the previous year

Quarterly report

	01.07.05 to 30.09.05 EUR '000	01.01.04 to 31.03.04 EUR '000
Sales	51,487	50,372
Other operating income	15,531	1,570
Changes in the level of finished products and products in progress	175	0
Other own work capitalised	72	232
Cost of materials / cost of purchased services	-5,748	-6,507
Personnel expenses	-27,033	-26,616
Depreciation of tangible (and intangible) assets	-7,614	-3,567
Depreciation of goodwill	0	0
Other operating expenses	-12,680	-8,654
Others	0	0
EBIT	**14,190**	**6,830**
Interest income / expenses	-3,413	-3,522
Income from participating interests	0	0
	0	0
Income / expenses from financial assets held at equity	0	0
Exchange rate gains / losses	0	0
Other income / expenses	0	0
Earnings before tax (and minority interests)	**10,777**	**3,308**
Taxes on income and earnings	-4,182	-430
Other taxes	-59	-78
Extraordinary income / expenses	0	0
Earnings before minority interests	**6,536**	**2,800**
Minority interests	76	139
Net income / loss	**6,612**	**2,939**

Statement of changes in shareholders' equity according to IFRS

for the period from 1. July 2005 to
30. September 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	-42	780	738
Net income for the period	0	0	0	2,939	2.,939
30.09.2004	31,100	15,887	1,155	-14,857	33,285

	Subscribed capital EUR '000	Revenue reserves EUR '000	Group result 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	-539	0	-539
Net income for the period	0	0	0	6,612	6,612
30.09.2005	31,100	15,887	743	-10,032	37,698

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 30.06.2005 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 30.09.2005. We refer to the notes to the Group annual accounts at 30.06.2005 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 2005 onwards. For the 2003/2004 financial year 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 2005/2006 quarter under review. The areas formed in the Group balance sheets at 30.6.2005 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.

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 own shares totalling € 539,000 that were acquired in the 2005/2006 quarter under review, this amount 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 EUR 43,883,000 in the Group accounts at 30. September 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 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 EUR 44,539,000 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 32,792,000. The shareholders' equity plus the special items for investment subsidies and grants that increase shareholders' equity therefore amount to EUR 70,490,000.

Balance sheets of Marseille-Kliniken AG according to IFRS

for the period from 1. July 2005 to 30. September 2005
and the figures for the previous year

	3 months 30.09.2005	Annual accounts 30.06.2005	3 months 30.09.2004
Assets	**EUR '000**	**EUR '000**	**EUR '000**
Short-term assets			
Liquid funds	214	4,734	1,706
Securities held as current assets	101	101	101
Trade accounts receivable	12,472	12,929	12,791
Inventories	1,545	1,577	2,435
Tax reimbursement claim	172	172	3,397
Deferred charges, prepaid expenses and other assets	29,895	36,541	20,197
Total short-term assets	44,399	56,054	40,627
Long-term assets			
Tangible assets	289,420	292,929	333,244
Intangible assets	3,750	3,958	3,719
Goodwill	18,753	18,767	18,682
Financial assets	20,672	2,498	2,590
Financial assets held at equity	0	0	0
Total long-term assets	332,595	318,152	358,235
Long-term assets held for sale	0	21,514	0
Total assets	**376,994**	**395,720**	**398,862**
Shareholders' equity and liabilities			
Short-term liabilities			
Short-term debt and current portion of long-term debt	24,579	20,189	25,856
Trade accounts payable	6,954	8,767	5,841
Provisions	25,242	19,414	24,522
Other short-term liabilities	26,087	27,599	8,661
Total short-term liabilities	82,862	75,969	64,880
Long-term liabilities			
Long-term debt	156,639	157,115	201,012
Special fixed asset items	44,539	45,887	42,876
Pension commitments	17,337	17,337	17,432
Others	38,106	40,346	39,479
Total long-term liabilities	256,621	260,685	300,799
Minority interests	-187	-111	-102
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	499	1,039	912
Retained earnings / accumulated losses	-10,031	-16,644	-14,857
Total shareholders' equity	37,698	31,625	33,285
Debt in direct connection with long-term assets held for sale	0	27,552	0
Total shareholders' equity and liabilities	**376,994**	**395,720**	**398,862**

Profit and loss accounts according to IFRS

for the period from 1. July 2005 to
30. September 2005 and the figures for the previous year

	Current quarterly report	Quarterly report for the previous year
	01.07.05 to 30.09.05 EUR '000	01.01.04 to 31.03.04 EUR '000
Sales	51,487	50,372
Other operating income	15,531	1,570
Changes in the level of finished products and products in progress	175	0
Other own work capitalised	72	232
Cost of materials / cost of purchased services	-5,748	-6,507
Personnel expenses	-27,033	-26,616
Depreciation of tangible (and intangible) assets	-7,614	-3,567
Depreciation of goodwill	0	0
Other operating expenses	-12,680	-8,654
Others	0	0
EBIT	**14,190**	**6,830**
Interest income / expenses	-3,413	-3,522
Income from participating interests	0	0
	0	0
Income / expenses from financial assets held at equity	0	0
Exchange rate gains / losses	0	0
Other income / expenses	0	0
Earnings before tax (and minority interests)	**10,777**	**3,308**
Taxes on income and earnings	-4,182	-430
Other taxes	-59	-78
Extraordinary income / expenses	0	0
Earnings before minority interests	**6,536**	**2,800**
Minority interests	76	139
Net income / loss	**6,612**	**2,939**

Statement of changes in shareholders' equity according to IFRS

for the period from 1. July 2005 to
30. September 2005 and the figures for the previous year

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