Report on the 1st half of the year

01 Juli 2009 to 31 Dezember 2009

MARSEILLE-KLINIKEN AG

Main Group figures (IFRS) Summary of the first half of the year

01.07.2009 to 31.12.2009 and previous year		09|10	08|09	Change in %
Results				
Revenues	€ m	123.8	117.2	5.6
EBITDAR*	€ m	32.5	32.7	-0.5
EBITDA*	€ m	13.0	12.3	5.8
EBIT*	€ m	8.6	9.0	-4.3
EBIT margin*	%	7.5	8.1	-8.3
EBT*	€ m	7.4	7.4	-0.4
EBT margin*	%	6.4	6.7	-4.6
Net profit	€ m	3.1	0.8	268.9
RoS*	%	4.9	5.2	-5.6
DVFA/SG result	€ m	5.6	6.0	-7.2
Gross cash flow*	€ m	8.6	8.1	6.3
Balance sheet				
Fixed assets	€ m	178.3	174.6	2.1
Investments	€ m	14.2	3.3	336.1
Shareholders' equity**	€ m	65.0	79.5	-18.2
Equity ratio	%	29.5	35.2	-16.0
Other key indicators				
Employees	Number	5,790	5,469	5.9
Facilities	Number	70	67	4.5
Bed capacity	Number	9,387	9,100	3.2
Occupancy rate***	%	92.8	92.7	0.1

* Including DVFA/SG adjustment items
** Including 84.2% special item for deferred investment grants
*** Excluding facilities that started operation and acute hospital in Büren

Dear shareholders and friends of the company,

The first six months of the new financial year have shown that our forecast was right: the negative earnings trend seen in 2008/2009 has now been reversed. The deterioration in operating business seen during the past year was prompted by excess capacity in the care sector – which considerably impacted on occupancy rates and margins at existing and expansion facilities – and by soaring costs, especially for energy, which we were unable to offset through nursing care rates. However, this trend has not taken root.

We are pleased to report that developments at your company in the first half of the year were more positive than in the same period of the previous year. Revenues rose and earnings improved significantly. Occupancy rates – particularly at the expansion facilities – continue to grow and are well above the level of the previous year in the rehabilitation division. The investments we made to safeguard the company's future, especially in the previous year, are beginning to pay off. Throughout the year, we expect to see further improvements in the operating result, with a corresponding impact on our asset situation, financial position and profitability.

Dear shareholders, our extensive package of measures to strengthen the company internally reflects the changing market for inpatient care for the elderly. Although there is no doubt that care for the elderly will be in high demand in the medium and long term, the availability of inpatient nursing care places currently far outstrips demand. This is especially true in western Germany, where competition is fierce. The once highly profitable sector there has attracted numerous private providers, who have temporarily overheated the market with new facilities. According to data provided by the economic research institute RWI, private providers' occupancy rates have fallen to an average of 84%. As a result of fiercer competition and rising prices for quality care and personnel, a growing number of facilities are no longer economically viable.

This trend only affects us to a limited extent – firstly because we focus on the former East Germany and secondly because our high quality standards and specialisation give us a competitive edge. Nonetheless, we are also making adjustments. Although we are not changing our sound business model, we are looking for new strategic approaches. In our core competency – nursing care – we have added a further 326 beds by opening facilities in Oberhausen, Waldkirch and Bremerhaven in the first half of this year. This concludes for the time being our phase of expanding by adding new facilities. We have thus completed take-off and reached our cruising altitude. The focus now is on further improving and optimising occupancy rates and ramping up the assisted living segment. We have vastly extended our marketing concept with the intention of further

expanding the position of Marseille-Kliniken as a distinctive brand in the German care market. We will also target sites with occupancy rates below 90% using teams of specialised staff with experience in sales. Their main task will be to coordinate the implementation of all sales-related activities with the central head office divisions and the facilities' managers.

Our more moderate growth strategy is now targeting the two-star division of the assisted living segment. Over the next two years, we will add to our existing 900 apartments in an economically attractive manner and incorporate them into the Group without incurring start-up losses. When we take over assisted living, we will in future only purchase shares once the break-even point has already been reached. This means that no deterioration in operating results is to be expected from the acquisition of residential units of this kind in the future. Demand for this type of care is very high and a new property of this type can be filled much faster than a comparable inpatient facility.

Our strategic objective – consolidating our existing leadership in the area of quality – remains unchanged. We are at the forefront of almost every development in the care market. This applies to both implementing an integrated quality management system and safeguarding and monitoring quality. We are benefiting in particular from the extensive cross-divisional investments we made in software development in recent years. We currently own more than 20 software solutions which structure workflows at companies that provide healthcare services.

Marseille-Kliniken share price development
indexed, 1 July 2009 = 100

To safeguard our facilities, we also still aim to gradually look beyond nursing care and consider catering for the related segment of acute medicine. On the one hand, this means acquiring minority shares in acute treatment hospitals where we can exercise medical and financial control by means of a management contract. This would improve links with our inpatient care facilities and assisted living properties. On the other hand, we are striving to building up medical treatment centres in conjunction with specialist physicians at suitable locations. Doctors at medical treatment centres could be described as bridging the gap between nursing care and outpatient or inpatient treatment. Our plans involve establishing our own medical treatment centre structures as well as participating in regional networks of doctors.

Our close examination of the acute treatment market has revealed an additional way of successfully marketing software and management expertise. For some time, we have been assessing project opportunities with foreign governments, mainly in developing countries. These involve sharing our expertise via software and management services and thereby improving the availability of high quality, efficient hospital structures in these countries.

The strategic decision to utilise opportunities in the changing market as well as upholding our core competency of nursing care is accompanied by concrete plans to spin off the rehabilitation division. Although the division is well utilised and profitable, it is no longer a strategic line of business for us. We recently signed a declaration of intent with a investor to sell our eight operational rehabilitation clinics.

The key operating indicators for the first six months of the 2009/2010 financial year show that the positive developments prompted by our intense marketing and cost-cutting efforts are gaining further ground. The Group's operating revenues rose by 5.6% to € 123.8 million between July and December 2009. In the nursing care division, the figure increased by 5.4% to € 95.4 million, while rehabilitation posted 6.6% growth to € 28.4 million. 92.8% of the Group's beds were occupied, constituting a slight year-on-year improvement. In nursing care, the occupancy rate was 92.4% (previous year: 92.7%), while rehabilitation, excluding the acute treatment clinic in Büren, recorded a figure of 95.0% (previous year: 92.5%). The Group's DVFA earnings came to € 5.6 million, compared to € 6.0 million previously. In the nursing care division, the DVFA

figure declined 6.1% to € 4.7 million, and rehabilitation posted a 12.5% decrease to € 0.9 million. Unadjusted consolidated income was € 3.1 million (previous year: € 0.8 million). EBIT amounted to € 6.9 million (previous year: € 4.2 million)

Dear shareholders, we are very confident that the momentum we are now experiencing will continue throughout the remaining two quarters of the financial year. On the cost side, the measures we have already initiated will considerably relieve pressure and have a positive effect on earnings. In the nursing care division, our expansion facilities are coming of age. As occupancy rates improve further, the start-up losses at the centres in Hamburg, Meerbusch, Oberhausen and Bremerhaven will decrease and income structures at the facilities will begin to mirror those usually seen throughout the Group. The Berlin facility Türk Bakim Evi is highly significant in this regard. The two-star centre is geared towards the religious and cultural needs of Turkish customers and has been aligned strategically with market needs. The lack of residents is not due to low demand for inpatient nursing for Turkish immigrants. Instead, it is caused by the decision-making behaviour of the relatives of the elderly people involved. They see putting family members permanently into professional care as constituting a failure on their part. We have therefore decided to introduce group living concepts which will open the centre up to people suffering from dementia, regardless of their nationality and religious beliefs. In addition to this, we have introduced special offers for people who need nursing care but have very limited funds and for short-term care residents. This offer in conjunction with a Turkish outpatient nursing service broadens our occupancy options and is already having an effect on current occupancy trends.

Dear shareholders, our confidence in the new financial year is based on concrete expectations. The measures initiated on the cost side have already improved our earnings and will make growing contributions to our earnings in the quarters to come. Rising occupancy rates in our existing and expansion facilities – the focal point of our work – will prompt rapidly growing revenues and even greater earnings contributions in the next few quarters. As they stand, our plans for financial year 2009/2010 do not take into account the project we recently initiated to further optimise materials costs. In the medium term, we expect to cut our materials costs of € 57 million by 3% to 4%. The half-yearly figures and the outlook for the year as a whole leave us confident about how the Marseille-Kliniken share will perform. Since the financial crisis began, the stock exchange has penalised us with a price loss of over 46%, culminating on 1 April 2009 when the share price fell to its lowest point of € 3.80. The share price continues to fluctuate between € 4 and € 6. This share price comes nowhere near reflecting the real value of our company. If the stock exchange is a marketplace where a company's value is fairly evaluated, it too will eventually be forced to realise that our business model is not only sound – it also delivers the desired results. If the company continues to develop positively, we believe the share has considerable upwards potential.

We would like to assure you, our esteemed shareholders, that we will do all we can to grow the value of your company. At our Annual General Meeting in December 2009 in Berlin, we clearly emphasised that we are concentrating on utilising the existing potential to boost income by improving occupancy rates and optimising costs, and that we will take a moderate approach to expansion over the next two years. We have taken your words to heart. Thank you for placing your trust in us – we hope you will continue to do so. We would also like to thank the residents at our facilities and their families for choosing us. Our staff ensure that their expectations of high quality, personal nursing care are met. It is a role which demands high levels of expertise and social skills. We would like to thank them too and applaud their commitment to this demanding profession.

Yours,

Axel Hölzer, Chairman of the Management Board

Interim management report

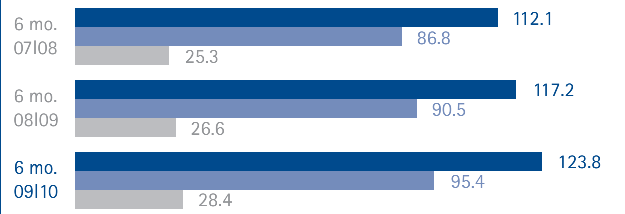
Worst economic downturn since 1932

Last year, the German economy shrank more than at any time since the Federal Republic was founded. According to provisional calculations by the German Federal Statistical Office, the gross domestic product (GDP) fell by 5% to approximately € 2.8 trillion. While the period from October 2008 to March 2009 was particularly weak in economic terms, a gradual recovery began as the year progressed. However, this did not develop into a self-supporting upswing. Economic research institutes anticipate growth of 1.2% for 2010, whereby statistical effects mean that GDP would rise by 0.5% even if the economy stagnated.

Germany's export industry exerted a particularly strong influence on economic developments in 2009. Exports fell by 14.9%, while imports were down 8.9%. This meant that – as in the previous year – foreign trade made a negative contribution to GDP, accounting for 3.4 percentage points of the 5% drop. Weak exports hit the manufacturing industry particularly hard, with value added here down by 16.9%. At the same time, the service sector's share of Germany's total value added reached a record high of 72.6%. Gross investments in plant and machinery were down 20%, which also played a major role in further exacerbating the economic shrinkage. The only positive stimuli came from consumption, which was primarily driven by higher government spending. Private consumption grew by 0.4% with households predominantly spending considerably more on cars, prompted by the scrappage scheme. Developments in value added were also reflected by employment figures. While the number of workers in the manufacturing industry dropped by 2.7%, jobs in the private and public service sectors increased by 2%. On average, 40.2 million workers were employed in Germany in the reporting year, which is just 37,000 fewer than in the previous year.

Health care industry spared by the recession

The significance of the health care industry for the Germany economy remains unchanged. Its share of the gross domestic product has remained constant at just over 10% for several years. The core health care sector – which comprises hospitals, doctors' surgeries, nursing care facilities, pharmacies and health insurance companies – accounted for some 7.8% of this. The rest was generated by the secondary health care market, which consists of all the health-related services which are paid for privately by consumers and not covered by social security. These include the areas fitness and well-being, health trips, glasses, certain types of food and medication. This unregulated secondary market is deemed to have the greatest opportunities for growth in the coming years. For the first time, Germany's economic policy-makers are focusing on the huge potential of health care, which results partly from an ageing society and partly from the population's growing awareness of health issues. In the past, the German Federal Ministry of Economics has largely steered clear of the health policy debate. Discussions about the health care industry centred almost exclusively on cost-cutting and regulatory proposals. Now, the Ministry has established a new working committee on health care to support the industry's growth and employment potential via economic policy. The health care



industry is expected to account for a share of almost 13% of GDP by 2020 while the sector's workforce grows from its current figure of 5.4 million to 7 million.

In the field of inpatient care for the elderly, new statutory quality tests are the biggest talking point. The first batch of nursing care grades published online by the Medical Review Board of the German Statutory Health Insurance Funds is attracting growing criticism. Experts believe they are too positive because the unweighted assessment criteria do not take account of a large number of problems. For example, the checks do not look at staffing levels, although these have a definitive effect on the quality of nursing care. According to a survey conducted by the Allensbach Institute for Public Opinion Research on behalf of Marseille-Kliniken AG, almost 80% of the population believe that adequate staffing is crucial for good nursing care. 83% rate well-trained staff as their top priority, while 86% want to be treated with respect and 57% would like time to talk. Critics urge the checks to take the ratio of carers to residents into account along with employees' qualifications. There are also calls to find ways to consider the aspect of humanity. The German National Association of Statutory Health Insurance Funds has announced that an experts' conference will be held in February 2010 to review the care grading system and make adjustments if necessary.

Marseille-Kliniken AG recovering

In the first six months of the 2009/2010 financial year, developments were positive at Marseille-Kliniken AG. Occupancy rates rose further in the nursing care division, particularly at the expansion facilities, and rehabilitation is above the level of the previous year. Group revenues increased and earnings improved. Compared to the rest of the sector, occupancy rates are above average at the nursing care facilities. This is primarily due to well-developed quality management and the fact that our facilities specialise in age-related illnesses. Categorising our centres as four, three and two-star facilities reflects market requirements, which demand different prices and uniform quality standards. Our growth strategy focuses on expanding the two-star segment with respect to assisted living. Demand for affordable nursing care is high. In addition to this, we have already made a firm decision to spin off rehabilitation. This is due to happen in the third quarter of the current financial year.

The following figures for the first six months of the 2009/2010 financial year (which runs to 30 June) and the same period of the previous year have been calculated using IAS/IFRS accounting standards.

Profitability

Some of the previous year's figures have had to be adjusted due to reclassifications. This did not have any effect on earnings for the first half of the previous year. For a more detailed explanation, please see the „Accounting and valuation principles" section of the Notes and the last annual report for the period to 30 June 2009. The figures quoted hereinafter for the previous year have been adjusted.

Increase in revenues

Group revenues totalled € 123.8 million in the first half of the 2009/2010 financial year. This was a € 6.6 million increase on the € 117.2 million posted in the same period of the previous year. With revenues of € 95.4 million (+5.4%), the nursing care division contributed € 4.9 million towards this rise. The increase was primarily attributable to higher revenues from the expansion facilities, whose 1,031 beds accounted for 12.8% of the nursing care division's total capacity in the first six months of 2009/2010.

The eight clinics in the rehabilitation division generated revenues of € 26.1 million. This was € 1.7 million higher than the previous year's figure of € 24.4 million. Together with the acute treatment clinic in Büren and the medical treatment centre (Medizinisches Versorgungszentrum) in Hennigsdorf/Berlin, the rehabilitation segment as a whole posted revenues of € 28.4 million, compared to € 26.6 million in the first half of the previous year.

As of 31 December 2009, the Group operated a total of 70 facilities, of which 61 are nursing facilities, eight are rehabilitation clinics and one is an acute treatment hospital. The number of facilities has increased by three since 31 December 2008. Centres were added in Oberhausen in August 2009 and Bremerhaven in October 2009, and a nursing care clinic opened in Waldkirch in November 2009. On the reporting date, the nursing care division had a capacity of 8,058 beds, compared to 7,771 beds one year earlier. In the rehabilitation division, capacity remained unchanged on the year at 1,329 beds.

Excluding start-up facilities and the acute treatment hospital, the Group's occupancy rate was 92.8% (previous year: 92.7%). This higher capacity utilisation was attributable in particular to the eight rehabilitation clinics, where occupancy went up to 95.0% after 92.5% in the previous year. Taking all facilities into account, the Group's occupancy rate was 89.1% (previous year: 89.6%). Its capacity increased by 287 beds.

Group net profit up on the year

Group net profit, after taxes and before deduction of minority interests, came in at € 3.1 million. This was € 2.3 million higher than the comparison figure. Exceptional factors totalling € 2.5 million (previous year: € 5.2 million) arose in the reporting period. These

mainly related to start-up expenditure for the expansion facilities and expenses for the rehabilitation division's redundant properties. In addition, the figure included profits of € 1.6 million from the sale of the Bremerhaven care centre as well as tax risks of € 0.3 million. EBIT amounted to € 6.9 million. This was a € 2.7 million rise on the € 4.2 million posted in the first half of the previous year. Although profits from the sale of the Bremerhaven property played a part in the improvement in earnings, it was mainly due to higher revenues twinned with a moderate increase in expenditure.

Adjusted for exceptional factors, Group net profit totalled € 5.6 million – a € 0.4 million fall on the year. This was due to the poorer performance of the Büren acute treatment clinic and the Group's higher tax expense. In addition to this, two centres listed as expansion facilities in the previous year posted losses.

Nursing care division

Revenues in our nursing care division – including service companies – rose by € 4.9 million (5.4%) to € 95.4 million (previous year: € 90.5 million). Of this growth in revenues, € 2.5 million was attributable to the expansion facilities, while the existing centres accounted for € 2.4 million.

Excluding the start-up facilities, the nursing care occupancy rate was 92.4%, just below the previous year's figure of 92.7%. The expansion facilities posted capacity utilisation of 57.2%, compared to 55.3% in the first half of the previous year. This slight increase was due to the newly added facilities. The expansion facilities which could be compared year on year recorded an occupancy rate of 65.7% following 55.3% in the first six months of 2008/2009. Total occupancy at all the nursing care centres was 88.5% (previous year: 89.5%), with capacity up 3.7%.

Earnings before taxes amounted to € 3.9 million (previous year: € 1.6 million). Earnings after taxes and before deduction of minority interests amounted to € 2.4 million (previous year: € 0.9 million).

Adjusted earnings after taxes – i.e. excluding exceptional factors – amounted to € 4.7 million. They amounted to € 4.9 million in the first half of the previous year.

Following taxes of € 2.3 million (previous year: € 4.0 million), the adjustments for exceptional effects comprised start-up expenses for the AMARITA facility in Hamburg (€ 1.2 million), the centres in Berlin-Kreuzberg (€ 0.5 million) and Schömberg (€ 0.3 million), the retirement complex in Oberhausen (€ 0.2 million), the Meerbusch (€ 0.2 million) and Bremerhaven (€ 0.8 million) sites as well as Belzig and the new Waldkirch nursing care clinic (€ 0.2 million together). Other adjustments in the nursing care division amounted to € 0.5 million. By contrast, the figure was also adjusted for proceeds of € 1.6 million from the sale of the Bremerhaven property.

Rehabilitation

In the rehabilitation division, revenues topped the previous year's figure of € 26.6 million and came in at € 28.4 million. This was thanks to higher occupancy rates of 95.0% at the eight rehabilitation clinics (previous year: 92.5%). Occupancy at the acute treatment clinic in Büren fell again. Taking this centre into account, the division's occupancy rate totalled 92.5%, compared to 90.3% in the first half of the previous year. Earnings before taxes at the rehabilitation division amounted to € 0.9 million (previous year: -€ 0.1 million).

Adjusted for one-off factors, earnings after taxes and before deduction of minority interests amounted to € 0.9 million (previous year: € 1.1 million). Adjustments totalling € 0.2 million (previous year: € 1.2 million) were made for exceptional effects. These related to the redundant sites in Bad Oeynhausen, Waldkirch and Reinerzau.

In previous reports, we discussed our aim to discontinue the rehabilitation division and sell our shares in the operational rehabilitation clinics. We are now closer to achieving this objective. A preliminary agreement relating to the properties in Ortenau and Bad Herrenalb has been signed with a potential investor.

We intend to use the proceeds from the sale to improve the Group's funding structure and to finance moderate expansion in the assisted living division.

Key indicators and adjusted earnings

The unadjusted key indicators changed as follows: EBITDAR rose to € 35.0 million (previous year: € 31.7 million), EBITDA increased to € 11.9 million (previous year: € 7.8 million), EBIT grew to € 6.9 million (previous year: € 4.2 million) and EBT climbed to € 4.8 million (previous year: € 1.6 million). Group net profit amounted to € 3.1 million, compared with € 0.8 million in the previous year. The EBITDAR margin was up from 27.0% to 28.3% while the EBITDA margin rose to 9.6% following 6.6% in the same period of the previous year. After 3.6% and 1.4% in the first half of 2008/2009, the EBIT margin and EBT margin came in at 5.6% and 3.9% respectively.

Adjusted for one-off factors, Group net profit amounted to € 5.6 million (previous year: € 6.0 million). As a consequence, the adjusted earnings per share were € 0.46, having been € 0.49 in the first six months of the previous year (based on 12.15 million shares).

At € 32.5 million, the adjusted EBITDAR was slightly down on the year, while EBITDA rose from € 12.3 million to € 13.0 million. EBIT dropped from € 9.0 million to € 8.6 million. The revenue-based EBIT margin was 7.5% (previous year: 8.1%) and the EBITDA margin came in at 11.3% (previous year: 11.2%). Of the adjusted EBIT, the nursing care division accounted for € 7.6 million and the rehabilitation division for € 1.0 million. This corresponds to a margin of 8.8% in nursing care and 3.5% in rehabilitation. At 28.3%, the adjusted EBITDAR margin was down on the 29.7% figure posted in the same period of the previous year. As in the previous year, the adjusted EBT came in at € 7.4 million in the reporting period. The EBT margin was 6.4%, compared to 6.7% in the previous year.

Assets and financial position

Some of the previous year's figures have had to be fundamentally adjusted due to reclassifications. For a more detailed explanation, please see the „Accounting and valuation principles" section of the Notes and the last annual report for the period to 30 June 2009. The figures quoted hereinafter for the previous year have been adjusted.

Compared to the consolidated financial statements to 30 June 2009, changes in the asset position have caused the balance sheet total to shrink by € 6.5 million. On the assets side, this was largely prompted by a reduction in inventories as the Bremerhaven property sold in the current half-year was carried as an asset up to 30 June 2009. In addition, cash and cash equivalents decreased. On the liabilities side, equity capital increased. This was counteracted by a reduction in non-current and current financial debt.

Taking into account 84.175% of the special item for deferred investment grants, the equity posted as of 31 December 2009 shrank by € 14.5 million, from € 79.5 million as of 31 December 2008 to € 65.0 million. The equity ratio fell from 35.2% to 29.5%. Equity increased by € 2.4 million compared to the end of the previous financial year (30 June 2009), coming in at 65.0. In relation to this year-end figure, the ratio increased from 27.6% to 29.5%.

For more information about our financial position, please refer to the management report which forms part of the 2008/2009 annual report. The Group's financial position has not changed significantly as compared with 30 June 2009.

The Group's net financial debt rose from € 65.9 million in the first half of the previous year to € 68.2 million. The financial debt ratio – which measures non-current financial debt in relation to the balance sheet total – edged up from 20.0% to 21.3%.

Cash flow from operating activity amounted to € 6.1 million in the first six months of the year. This was a € 4.9 million improvement on the previous year.
The cash flow from investment activities totalled € 2.7 million, compared with € 1.6 million in the previous year.
Meanwhile, the cash flow from financing activity came in at -€ 10.6 million. This was € 4.6 million down on the figure of € -6.0 million posted in the previous year.

Adjusted for exceptional factors, gross cash flow of € 8.6 million was recorded, some € 0.5 million up on the previous year.

Investments

Investments amounted to € 14.2 million as planned. This includes in particular the Bremerhaven property, which was sold and leased back on completion. Investments of € 3.3 million were made in the same period of the previous year.

Employees

At 5,790, the average number of employees was 321 higher in the first half of 2009/2010 than in the same period of the previous year.

Share price

The Marseille-Kliniken share was worth between € 4.48 and € 5.99 in the six months from July to December 2009. It closed at € 5.89 on 31 December 2009, while its closing price on 29 January 2010 was € 4.69.

Risk report

No new material risks arose in the first six months of the 2009/2010 financial year. As a result, we would ask you to refer to our detailed discussion of the risks we are exposed to in the 2008/2009 annual report. There were no changes to the risk management system in the first six months.

Events after the balance sheet date

There were no significant events after the first six months of the financial year which could have a material effect on the asset situation, financial position and profitability of the Marseille-Kliniken Group.

Outlook

Developments in the first half of 2009/2010 were positive in comparison with the same period of the previous year. We expect occupancy rates in the nursing care division to keep climbing, prompting rising earnings from our existing facilities and decreasing start-up costs at the expansion centres.

The eight rehabilitation clinics once again put in a good performance and lived up to our expectations. We expect further operational business to remain stable in the second half.

On the cost side, the first half of 2009/2010 has already shown that our optimisation programmes are bearing fruit. We have initiated most of the associated measures, and we will continue to drive them forward. These steps will also be monitored to ensure that they achieve the desired results – cutting personnel and material costs in line with our targets while maintaining the high standards of quality already in place at our centres.

As a result, we expect our earnings figures for this financial year to be considerably positive, which will also boost our asset situation, financial position and profitability.

If we successfully sell the rehabilitation division, this will have a significant effect on the Group's future asset situation, financial position and profitability. The disposal of net assets attributable to the operating rehabilitation division would be offset by a reduction in the Group's revenues and earnings. To see how this would affect the first half of the year, please refer to the segment reporting information in the Notes, the consolidated balance sheet and the income statement. The overall effect on the current financial year would depend on the actual date of any potential sale and the purchase price agreed.

Statements of cash flow *	6 months 09|10 in € '000	6 months 08|09 in € '000
Earnings from business operations	6,883	4,228
Expenditure/income with no effect on payment	2,369	2,783
Decrease/increase in assets and liabilities	-3,153	-5,792
Cash flow from investment activities	2,668	1,615
Cash flow from financing activities	-10,555	-5,978
Liquid funds on 01.07.	9,631	14,433
Decrease/increase in liquid funds	-1,788	-3,144
Liquid funds on 30.09.	7,843	11,289

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

Balance sheets at 31 December 2009 and previous year	31.12.09 in € '000	31.12.08 in € '000
Intangible assets	30,182	32,031
Property, plant and equipment	128,098	139,171
Other non-current assets	3,963	4,518
Inventories	1,374	5,138
Cash	7,661	11,289
Other current assets	48,874	34,053
Balance sheet total	**220,152**	**226,199**
Shareholders´ equity*	65,008	79,519
Pension provisions	13,604	16,860
Non-current financial debt	46,776	45,288
Other non-current debt	15,054	17,458
Current financial debt	29,102	31,939
Other current debt	50,608	35,136
Balance sheet total	**220,152**	**226,199**

* Including 84,2% special item for deferred investment grants

Financial calendar for the 09|10 financial year

Event	Date
Report on the 3rd quarter	10 May 2010
Annual report 2009/2010	October 2010
Annual General Meeting	December 2010

Profit and loss accounts for the first half of the year (IAS) Group

	09|10 in €'000	08|09 in €'000	Change in %
Sales from operations	123,771	117,166	5.6
Nursing division sales	95,389	90,543	5.4
Rehabilitation division sales	28,382	26,623	6.6
EBITDAR	35,033	31,680	10.6
EBITDA	11,859	7,754	52.9
Depreciation	-4,976	-3,527	41.1
EBIT	6,883	4,228	62.8
Interest balance	-2,050	-2,641	-22.4
EBT	4,834	1,587	204.6
DVFA result	5,598	6,035	-7.2
DVFA earnings per share/nursing in € (before share split)	0.38	0.42	-8.6
DVFA earnings per share/nursing in € (after share split)	0.19		
DVFA earnings per share/rehabilitation in € (before share split)	0.07	0.09	-22.4
DVFA earnings per share/rehabilitation in € (after share split)	0.04		

Informationen zur Aktie

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

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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 sheet

	Current quarter 31.12.2009 in € '000	Annual report 30.06.2009 in € '000	Comparative quarter 31.12.2008 in € '000
Non-current assets			
Intangible assets	30,182	32,824	32,031
Property, plant & equipment	128,098	142,682	139,171
Other long-term assets	3,106	3,591	3,360
Deferred tax assets	857	836	1,158
	162,244	**179,933**	**175,720**
Current assets			
Inventories	1,374	4,971	5,138
Accounts receivables	9,439	15,554	16,590
Other receivables and assets	13,272	12,960	13,885
Tax receivables	2,911	3,541	3,578
Cash on hand, bank balances	7,661	9,631	11,289
Non-current assets held for sale	23,253	0	0
	57,909	**46,658**	**50,479**
Total assets	**220,152**	**226,591**	**226,199**
Shareholder's equity			
Capital stock	31,100	31,100	31,100
Capital reserve	15,635	15,635	15,635
Revenue reserve	627	627	627
Treasury stock	-903	-903	-897
Other comprehensive income	-381	-366	0
Consolidated loss	-18,930	-21,932	-6,442
Minority status	1,082	1,032	255
	28,231	**25,195**	**40,278**
Non-current liabilities			
Long-term interest bearing loan	43,691	44,428	46,619
Provisions, accruals for pensions	46,776	48,508	45,288
Deferred tax liabilities	13,604	16,364	16,860
Other long-term liabilities	7,868	9,174	9,806
Current liabilities	272	272	274
	112,211	**118,746**	**118,847**
Current liabilities			
Short-term interest bearing loan	29,102	35,464	31,939
Other provisions	8,057	11,689	8,685
Trade payables	11,734	13,843	7,663
Accrued taxes	7,364	7,451	6,972
Other short-term liabilities	15,052	14,204	11,816
Liabilities directly associated with non-current assets held for sale	8,402	0	0
	79,710	**82,651**	**67,074**
Total equity and liabilities	**220,152**	**226,591**	**226,199**

Marseille-Kliniken AG consolidated statement of changes in equity 01.07.2009 to 31.12.2009 and previous year

							Parent company	Minority shareholders	Consolidated Group
	Capital stock €	Capital reserve €	Revenue reserve €	Present value reserve €	Consolidated loss €	Treasury stock €	Shares Marseille-Kliniken AG €	Minority interest €	Total equity €
Balance at 01.07.2008	**31,100,000.00**	**15,635,139.94**	**627,105.53**	**0.00**	**–4,457,267.10**	**–880,639.78**	**42,024,338.59**	**458,834.21**	**42,483,172.80**
Purchase of treasury stock	0.00	0.00	0.00	0.00	0.00	–589,162.72	–589,162.72	0.00	–589,162.72
Disposal of treasury stock	0.00	0.00	0.00	0.00	0.00	572,413.74	572,413.74	0.00	572,413.74
Dividend payment	0.00	0.00	0.00	0.00	–3,015,866.25	0.00	–3,015,866.25	0.00	–3,015,866.25
Market valuation / derivative hedging instruments (cash flow hedges)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes on expenses and income stated directly in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in the companies consolidated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Earnings in the period	0.00	0.00	0.00	0.00	1,031,013.46	0.00	1,031,013.46	–203,730.90	827,282.56
Balance on 31.12.2008	**31,100,000.00**	**15,635,139.94**	**627,105.53**	**0.00**	**–6,442,119.89**	**–897,388.76**	**40,022,736.82**	**255,103.31**	**40,277,840.13**

Marseille-Kliniken AG consolidated statement of changes in equity

							Parent company	Minority shareholders	Consolidated Group
	Capital stock €	Capital reserve €	Revenue reserve €	Present value reserve €	Consolidated loss €	Treasury stock €	Shares Marseille-Kliniken AG €	Minority interest €	Total equity €
Balance at 01.07.2009	31,100,000.00	15,635,139.94	627,105.53	–365,734.97	–21,931,612.67	–902,579.62	24,162,318.21	1,032,240.22	25,194,558.43
Purchase of treasury stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal of treasury stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Market valuation / derivative hedging instruments (cash flow hedges)	0.00	0.00	0.00	–17,723.29	0.00	0.00	–17,723.29	0.00	–17,723.29
Taxes on expenses and income stated directly in equity	0.00	0.00	0.00	2,804.71	0.00	0.00	2,804.71	0.00	2,804.71
Change in the companies consolidated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Earnings in the period	0.00	0.00	0.00	0.00	3,001,474.00	0.00	3,001,474.00	50,183.90	3,051,657.90
Balance on 31.12.2009	**31,100,000.00**	**15,635,139.94**	**627,105.53**	**–380,653.55**	**–18,930,138.67**	**–902,579.62**	**27,148,873.63**	**1,082,424.12**	**28,231,297.75**

Marseille-Kliniken AG profit and loss accounts

	Current quarter 01.07.2009 to 31.12.2009 in € '000	Cumulative reporting period 01.07.2009 to 31.12.2009 in € '000	Annual report 01.07.2008 to 30.06.2009 in € '000	Same quarter the previous year 01.07.2009 to 31.12.2009 in € '000	Cumulative previous year 01.07.2008 to 31.12.2008 in € '000	Continuing operations 01.07.2009 to 31.12.2009 in € '000	Continuing operations 01.07.2008 to 31.12.2008 in € '000	Dis-continued operations 01.07.2009 to 31.12.2009 in € '000	Dis-continued operations 01.07.2008 to 31.12.2008 in € '000
Sales	62,087	123,771	235,535	59,090	117,166	97,686	92,722	26,085	24,444
Inventory movements / finished and unfinished products	0	0	0	0	0	0	0	0	0
Other own work capitalised	0	0	0	0	0	0	0	0	0
Other operating income	**5,581**	**7,292**	**10,444**	**2,869**	**4,890**	**6,167**	**4,242**	**1,125**	**648**
Total performance		**131,063**	**245,979**	**61,958**	**122,056**	**103,853**	**96,965**	**27,210**	**25,091**
Cost of materials/purchased services	8,130	15,264	32,451	7,984	14,876	8,341	8,579	6,924	6,297
Personnel expenses	33,291	64,231	124,397	30,255	58,861	55,103	50,202	9,127	8,659
Depreciation	2,650	4,976	10,446	1,799	3,527	4,627	3,195	348	332
Other operating expenses	20,581	39,627	84,334	21,187	40,480	31,045	32,769	8,582	7,710
Other taxes	62	82	1,154	43	85	74	78	8	7
Earnings from business operations	**2,954**	**6,883**	**–6,803**	**690**	**4,228**	**4,662**	**2,142**	**2,222**	**2,086**
Financial income	125	240	1,137	349	581	24	438	216	143
Financial expenses	1,162	2,290	6,400	1,957	3,222	2,135	3,047	155	175
Earnings before tax (and minority interests)	**1,918**	**4,834**	**–12,067**	**–919**	**1,587**	**2,551**	**–468**	**2,283**	**2,055**
Taxes on income	935	1,782	1,529	258	760	1,466	680	316	80
Net Group profit/loss	**982**	**3,052**	**–13,596**	**–1,177**	**827**	**1,085**	**–1,148**	**1,966**	**1,975**
Minority interests	-10	-50	83	113	204	-69	294	19	-90
Net Group profit/loss attributable to Marseille-Kliniken AG	**972**	**3,001**	**–13,513**	**–1,064**	**1,031**	**1,016**	**–854**	**1,985**	**1,885**
Undiluted earnings per share in €									
On the basis of 24,300,000 shares [1]	0.04 €	0.12 €	-0.56 €	-0.04 €	0.04 €	0.04 €	-0.04 €	0.08 €	0.08 €
On the basis of 12,150,000 shares	0.08 €	0.25 €	-1.12 €	-0.09 €	0.08 €	0.08 €	-0.07 €	0.16 €	0.16 €

[1] On the basis of the stock split that was approved by the Annual General Meeting held on 12 December 2008 and has been entered in the commercial register but has not been made on the stock market yet.

Marseille-Kliniken AG consolidated statement of comprehensive income	Current quarter from 01.07.2009 to 31.12.2009 in € '000	Accumu-lated year under review from 01.07.2009 to 31.12.2009 in € '000	Last annual financial statements from 01.07.2008 to 30.06.2009 in € '000	Same quarter the previous year from 01.10.2008 to 31.12.2008 in € '000	Accumu-lated previous year from 01.07.2008 to 31.12.2008 in € '000	Continuing operations 01.07.2009 to 31.12.2009 in € '000	Continuing operations 01.07.2008 to 31.12.2008 in € '000	Dis-continued operations 01.07.2009 to 31.12.2009 in € '000	Dis-continued operations 01.07.2008 to 31.12.2008 in € '000
Income after tax	982	3,052	-13,596	-1,177	827	1,085	-1,148	1,966	1,975
Cash flow hedges:									
Market valuation / derivative hedging instruments	129	-18	-434	0	0	-18	0	0	0
Taxes on expenses and income recog-nised directly in shareholders' equity	-20	3	69	0	0	3	0	0	0
Expenses and income recognised directly in share-holders' equity	**108**	**-15**	**-366**	**0**	**0**	**-15**	**0**	**0**	**0**
Comprehensive income	**1,091**	**3,037**	**-13,961**	**-1,177**	**827**	**1,070**	**-1,148**	**1,966**	**1,975**
Minority interests	-10	-50	83	113	204	-69	294	19	-90
Attributable to the shareholders of Marseille-Kliniken AG	**1,081**	**2,987**	**-13,878**	**-1,064**	**1,031**	**1,001**	**-854**	**1,985**	**1,885**

Abridged statements of cash flow *	6 months 09|10 in € '000	6 months 08|09 in € '000
Abridged statements of cash flow *	6,883	4,228
Net Group profit/loss for the period 01.07. - 31.12.	2,369	2,783
Expenses/income that have no impact on payment	-3,153	-5,792
Decrease/increase in assets/liabilities	**2,668**	**1,615**
Cash flow from investment activities	**-10,555**	**-5,978**
Cash flow from financing activities	**-1,788**	**-3,144**
Liquid funds on 01.07.	9,631	14,433
Decrease/increase in liquid funds	-1,788	-3,144
Liquid funds on 31.12.	**7,843**	**11,289**

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

Consolidated cash flow statement (IFRS)

	Consolidated Group 01.07.2009 to 31.12.2009 in € '000	Consolidated Group 01.07.2008 to 31.12.2008 in € '000	Continuing operations 01.07.2009 to 31.12.2009 in € '000	Continuing operations 01.07.2008 to 31.12.2008 in € '000	Discontinued operations 01.07.2009 to 31.12.2009 in € '000	Discontinued operations 01.07.2008 to 31.12.2008 in € '000
Net cash flow from operating activities						
Operating activities	**6,883**	**4,228**	**4,662**	**2,142**	**2,222**	**2,086**
Proceeds of the disposal of assets (profit/loss)	-1,870	149	-1,861	150	-8	0
Depreciation and amortisation	4,976	3,527	4,627	3,195	348	332
Other invalid payment (profit/loss)	-737	-892	-737	-892	0	0
Increase/decrease in inventories	224	-366	247	-431	-23	65
Change in the operating receivables/liabilities between the business divisions	0	0	-303	-537	303	537
Increase/decrease in provisions and accruals for pensions	0	0	0	0	0	0
Increase/decrease in other provisions	-2,225	-5,326	-2,123	-5,022	-102	-304
Taxes on income	-1,905	-1,976	-1,728	-1,930	-176	-46
Changes in net current assets	753	1,875	1,058	1,321	-306	554
Net cash flow from operating activities	**6,099**	**1,219**	**3,841**	**-2,004**	**2,258**	**3,223**
Investing activities						
Outflows from asset investments						
- Intangible assets	-816	-200	-816	-200	0	0
- Property, plant and equipment	-12,509	-3,791	-12,509	-3,643	0	-148
Inflows from asset disposals						
- Intangible assets	0	5,606	0	5,606	0	0
- Property, plant and equipment	15,993	0	15,993	0	0	0
Net cash flow from investing activities	**2,668**	**1,615**	**2,668**	**1,763**	**0**	**-148**
Financing activities						
Increase in medium and long-term bank liabilities	1,273	168	1,273	168	0	0
Increase in short-term bank liabilities	10,680	1,891	10,680	1,891	0	0
Decrease in medium and long-term bank liabilities	-19,636	-2,353	-19,636	-2,353	0	0
Decrease/increase in other long-term liabilities	0	-20	0	-20	0	0
Finance lease repayment	-1,040	0	-1,021	0	-19	0
Financing activities within the business divisions	0	0	2,414	3,504	-2,414	-3,504
Interest on loans	-1,549	-3,021	-1,549	-3,021	0	0
Finance lease interest paid	-331	0	-325	0	-6	0
Interest received	48	389	48	389	0	0
Inflows from the disposal of treasury stock	0	572	0	572	0	0
Outflows from the purchase of treasury stock	0	-589	0	-589	0	0
Dividend payment	0	-3,016	0	-3,016	0	0
Net cash flow from financing activities	**-10,555**	**-5,978**	**-8,115**	**-2,475**	**-2,439**	**-3,504**
Net increase/decrease in cash and cash equivalents	**-1,788**	**-3,144**	**-1,606**	**-2,715**	**-182**	**-429**
Net increase/decrease in cash and cash equivalents	-1,788	-3,144	-1,606	-2,715	-182	-429
Cash and cash equivalents at 01.07.	9,631	14,433	9,268	13,544	363	889
Cash and cash equivalents at 30.06.	**7,843**	**11,289**	**7,661**	**10,828**	**182**	**461**
Cash on hand, bank balances	7,843	11,289	7,661	10,828	182	461

IFRS notes

Background information

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

The financial report about the first half of the year is presented in condensed form in compliance with the IFRS requirements (IAS 34 Interim Financial Reporting).

This and the past interim financial statements have not been subjected to a review or audit as defined in § 317 of the German Commercial Code (HGB).

The figures quoted are in thousand or million euros. There may be rounding differences of +/- € 1,000.

Accounting and valuation principles

With the following exceptions, the same accounting and valuation principles as in the last consolidated financial statements for the year that ended on 30. June 2009 have been applied in the accounts for the first half of the year that ended on 31. December 2009.

The following accounting standards and interpretations have also been observed in this financial report about the first half of the year that ended on 31. December 2009:

IAS 1: Presentation of Financial Statements
IAS 23: Borrowing Costs
IAS 27: Consolidated and Separate Financial Statements
IFRS 3: Business Combinations (effective from 1. July 2009 onwards)
IFRS 8: Operating Segments

Marseille-Kliniken AG is in particular applying IFRS 8, which is required for financial years that begin after 1. January 2009. The new standard IFRS 8 replaces IAS 14 Segment Reporting. IFRS 8 specifies that companies have to indicate the segment information on the basis that is available to the top decision-making level for the business operations. In the past, the Marseille-Kliniken Group prepared external financial reporting on the basis of internal financial reporting. Application of IFRS 8 does not therefore have any major impact.

We refer to the detailed description of these principles, the accounting standards and the interpretations that was published in the notes to the consolidated financial statements compiled by Marseille-Kliniken AG for the year that ended on 30. June 2009 (IAS 34.15). The annual report for the year that ended on 30. June 2009 and these interim financial statements can be downloaded from the Internet at www.Marseille-Kliniken.de.

The other new accounting rules do not have any major impact on the asset position, financial situation and operating results or the earnings per share in the current reporting period either.

Appropriate changes have been made to the figures for the same period the previous year to make them comparable, following adjustments to the consolidated financial statements for the year that ended on 30. June 2009. The individual adjustments are as follows:

In the report about the same period the previous year, the tax provisions were included in the other provisions. The tax provisions have been reclassified to accrued taxes. We have adjusted the relevant figures for the previous year to make them comparable.

The treasury shares were included with an incorrect value in the previous year. The value has been adjusted retrospectively in the same period the previous year with recognition in shareholders' equity. The capital reserve has been adjusted in this context.

The purchase price allocation in the context of the acquisition of the hospital in Büren was incorrect. If the purchase price had been allocated correctly, the capitalised goodwill would have had to be assigned to the property, plant and equipment. We have therefore made the reclassification to the property, plant and equipment for the same period the previous year too.

Adjustment items relating to the funding of internal resources in accordance with German hospital financing legislation were recognised in the other receivables, other assets item in the previous year. Assets as defined by IFRS are not involved here. We have eliminated the item amounting to € 457,000 against earnings carried forward, since recognition already began in 2006.

The disposal of land was not recognised completely in a sale-and-leaseback transaction that was carried out in the 2005/2006 financial year. We have made the disposal amounting to € 851,000 against earnings carried forward retrospectively as per 1. July 2008 and have as a result taken it into account in the figures for the same quarter the previous year.

The bonuses and reimbursements (€ 203,000) obtained in connection with the purchase of goods that were included in the other operating income in the same period the previous year have been deducted from the cost of materials in the financial statements about the first half of the year that ended on 31. December 2009.

The patient portfolios (€ 2.796 million) included in the inventories in the same period the previous year have been reclassified to the accounts receivable, because they essentially involve services that have not been charged yet. The portfolio movement (€ 364,000) has also been adjusted accordingly.

The savings instalments for loan repayment (€ 891,000), which were included in current assets as other receivables, other assets in the same period the previous year, have been reclassified retrospectively to the non-current assets.

An amount of € 2.5 million was included in the non-current assets held for sale in the previous year for the project to build a senior citizens' residential and nursing home in Bremerhaven. This item was included in the inventories as per 30. June 2009 and the figure for the previous year was adjusted accordingly. The building project had been completed and sold by 31. December 2009. Further information can be found in the "Inventories" section (Explanatory notes about the consolidated balance sheet).

An adjustment has also been made to the consolidated financial statements for the year that ended on 30. June 2009 with respect to the finance lease contracts that have to be included in the accounts. The Marseille-Kliniken Group has leased inventory at individual locations. Classification has not been carried out up to now with respect to finance lease contracts that need to be capitalised. Following a review of the contracts, the figures for the previous year that ended on 30. June 2008 have been adjusted in the consolidated financial statements for the year that ended on 30. June 2009 with respect to the assets that require classification as finance leases and therefore have to be capitalised by the lessee. Property, plant and equipment totalling € 3.390 million have been capitalised retrospectively as per 1. July 2007 and € 3.727 million have been recognised as finance lease liabilities. The difference has been included in the earnings carried forward. The figures for the first half of the previous year have not been adjusted, since the additional information value is not significant enough to justify the effort required to obtain the data. In addition to this, recognition of the above-mentioned finance lease contracts only has a minor impact on earnings (the impact on earnings for the whole of the 2008/2009 financial year was € 82,000) and thus to minor changes in consolidated shareholders' equity.

Mistakes made in the previous year have also been corrected in the consolidated statements of cash flow in the consolidated financial statements for the year that ended on 30. June 2009. The issues that have a major impact on the figures for the same period the previous year are outlined below:
The inflows of funds from the sale-and-leaseback transactions carried out in the 2007/2008 financial year were included in the cash flow from business operations in the same period the previous year, although they belong to the investment activities. The amount reclassified for the 1st half of 2007/2008 from the change in the other net current assets to the cash inflows from the disposal of intangible assets amounted to € 5.6 million.

In addition to this, the cash flow from investment activities in the same period the previous year has been adjusted by the amount that was included previously in the cash flow from business operations and impacts liquidity.

Further changes have been made to the same period the previous year that relate essentially to the separate statement of paid and received interest. Since the consolidated financial statements for the year that ended on 30. June 2009, interest has been included in the cash flow from financing activities. The figure shown in the same period the previous year has been adjusted accordingly.

We have included explanations of any economic factors that may have had an impact on the business operations in the consolidated management report about these financial statements about the first half of the year.

Companies consolidated

There was no change in the companies consolidated by Marseille-Kliniken AG in accordance with IAS 27.12 on 31. December 2009 over the situation on 30. June 2009. 133 companies have again been consolidated. As in the previous year, one subsidiary has not been consolidated, because its impact on the asset position, financial situation and operating results of the Group is minor.

Segment report

The following table provides a segment report with reference to the segment earnings generated in the current financial year up to 31. December 2009:

	Nursing		Miscellaneous (previously rehabilitation)		Service division, incl. AG		Eliminations		Continuing operations Total		Discontinued operations		Total	
	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000
External sales	94.849	89.114	2.297	2.179	540	1.429	0	0	97.686	92.722	26.085	24.444	123.771	117.166
Sales to other segments	0	0	0	0	31.271	30.701	-31.271	-30.701	0	0	0	0	0	0
Other operating income	7.584	3.196	1.063	696	13.333	12.960	-15.812	-12.610	6.167	4.242	1.125	648	7.292	4.890
Total performance	**102.432**	**92.310**	**3.360**	**2.875**	**45.144**	**45.090**	**-47.084**	**-43.311**	**103.853**	**96.965**	**27.210**	**25.091**		
Cost of materials	-22.150	-21.944	-1.028	-1.028	-6.193	-6.371	21.030	20.765	-8.341	-8.579	-6.924	-6.297	-15.264	-14.876
Personnel expenses	-36.484	-32.456	-2.009	-1.766	-16.611	-15.980	0	0	-55.103	-50.202	-9.127	-8.659	-64.231	-58.861
Other operating expenses	-33.150	-33.168	-1.052	-1.735	-22.898	-20.413	26.054	22.547	-31.045	-32.769	-8.582	-7.710	-39.627	-40.480
Other taxes	-40	-63	-18	-2	-17	-13	0	0	-74	-78	-8	-7	-82	-85
Scheduled depreciation	-2.389	-1.800	-588	-391	-1.650	-1.004	0	0	-4.627	-3.195	-348	-332	-4.976	-3.527
Earnings from business operations	**8.221**	**2.880**	**-1.334**	**-2.047**	**-2.225**	**1.309**	**0**	**0**	**4.662**	**2.142**	**2.222**	**2.086**	**6.883**	**4.228**
Income from interest and financial assets									24	438	216	143	240	581
Interest and similar expenses									-2.135	-3.047	-155	-175	-2.290	-3.222
Earnings before tax									**2.551**	**-468**	**2.283**	**2.055**	**4.834**	**1.587**
Taxes on income									-1.466	-680	-316	-80	-1.782	-760
Net Group income									**1.085**	**-1.148**	**1.966**	**1.975**	**3.052**	**827**
Expenses and income stated directly in shareholders' equity									**-15**	**0**	**0**	**0**	**-15**	**0**
Comprehensive income									**1.070**	**-1.148**	**1.966**	**1.975**	**3.037**	**827**

The following table provides a segment report with reference to the segment earnings generated in the current financial year up to 31. December 2009:

	Nursing		Miscellaneous (previously rehabilitation)		Service division, incl. AG		Eliminations		Continuing operations Total		Discontinued operations		Total	
	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000	01.07.09–31.12.09 In € '000	01.07.08–31.12.08 In € '000
Liabilities	137.248	134.183	22.603	47.466	99.003	59.998	-168.398	-157.905	90.456	83.742	5.562	5.849	96.018	89.591
Non-assignable liabilities									93.064	95.894	2.840	1.121	95.904	97.016
Assets	151.118	148.537	27.567	55.907	119.323	88.760	-117.099	-106.281	180.909	186.923	22.937	25.159	203.846	212.082
Non-assignable assets									15.991	15.617	316	494	16.307	16.110

All the sales were generated in Germany. Expenses and income stated directly in shareholders' equity relate exclusively to Marseille-Kliniken AG.
The assets of the discontinued division can be broken down as follows: intangible assets (€ 2.5 million), property, plant and equipment (€ 13.8 million), other financial assets (€ 0.6 million), current assets (€ 6.4 million, € 5.6 million of them accounts receivable). The liabilities of the discontinued division can be broken down as follows: non-current liabilities (€ 3.1 million, € 2.8 million of them pension liabilities) and current liabilities (€ 5.3 million, consisting of € 1.4 million in current provisions, € 1.6 million in trade payables, € 1.2 million in current tax liabilities and € 1.1 million in other current liabilities).

Explanatory notes about the consolidated balance sheet

Property, plant and equipment

The property, plant and equipment item decreased by about € 14 million between 30. June 2009 and 31. December 2009. € 13.9 million of this amount are attributable to reclassification of the assets held for sale. Apart from this, the reduction was € 69,000, an amount which consists essentially of the balance of depreciation of the property, plant and equipment and additions, most of which relate to assets under construction and furniture / office equipment.

Other financial assets

The reduction in the other financial assets on 31. December 2009 is attributable in particular to reclassification to the assets held for sale.

Deferred taxes

The deferred tax assets have been formed in relation to the tax losses carried forward by the Group companies. Additional deferred tax assets attributable to temporary differences have been offset against deferred tax liabilities attributable to temporary differences and have been shown as a balance on the liabilities side according to the result.

On 31. December 2009, there were total corporation tax losses carried forward of € 33.6 million (31. December 2008: € 30.2 million), which can in principle be used with no time limit. They have been used to form deferred tax assets to the extent that use of the losses carried forward is guaranteed with sufficient certainty.

Tax losses carried forward at the companies included in the financial statements lead to the statement of deferred tax assets to the extent that it is highly probable that the companies concerned will enjoy an economic benefit within the framework of the anticipated tax loss deductions within the next 5 financial years. In view of the plans and various measures that have been initiated, it is assumed that sufficient substantial evidence is available to demonstrate appropriate use of the losses.

To the extent that the anticipated future tax results of a company make it appear improbable that a tax reduction will be made, deferred tax assets on losses carried forward are not stated or deferred tax assets are written down appropriately.

Inventories

The project to build a senior citizens' residential and nursing home in Bremerhaven shown in the inventories was sold to and rented back from an investor in November 2009 in the context of a sale-and-leaseback transaction. The capital gain amounts to about € 1.9 million. The reduction in the inventories compared with 30. June 2009 is due in particular to this disposal.

Non-current assets held for sale and liabilities directly associated with assets held for sale

Nine companies in the rehabilitation segment (Teufelsbad Fachklinik Blankenburg GmbH, Algos Fachklinik Bad Klosterlausnitz GmbH, REHA-Klinik Sigmund Weil GmbH, Sport- und Rehabilitationszentrum harz GmbH, Psychosomatische Fachklinik Gengenbach GmbH, Fachklinik für psychische Erkrankungen Ortenau GmbH, Psychosomatische Fachklinik Schömberg GmbH, Gotthard-Schettler-Klinik GmbH and Klinik Bad Herrenalb GmbH) and two Karlsruhe-Sanatorium AG sites (Ortenau and Bad Herrenalb) are classified as non-current assets held for sale and as liabilities directly associated with assets held for sale in the financial statements about the first half of the year that ended on 31. December 2009. The disposal plan has been announced and the planned sale is in line with the long-term strategy of the Marseille Group. Sale within the next twelve months can be considered to be highly probable too.

IFRS 5 specifies that the discontinued operations must be presented separately from the continuing operations. The profit and loss account of the continuing operations has therefore been adjusted to eliminate the expenses and income of the discontinued operations and the earnings generated by them have been disclosed in a separate item. The previous year's figures for the discontinued operations have been indicated accordingly to facilitate comparison.

Treasury shares

Marseille-Kliniken AG did not buy or sell any of its own shares in the first half of the 2009/2010 financial year. The average price amounts to € 8.54, the same as on 30. June 2009. This means that the treasury shares account for a total of € 902,579.62 (previous year: € 897,388.76).

Present value reserve

Deferred swaps are recognised in equity in the present value reserve. What are involved here are, on the one hand, two interest rate swaps, which were acquired to hedge loans with variable interest rates, and, on the other hand, one heating oil swap. The variable future interest payments are transformed into fixed interest payments as a result. One of the two heating oil swaps acquired in July 2009, the purpose of which is to hedge the cash flows in heating oil purchasing, has been sold with a profit of € 20,000. Negative market values totalling € 451,000 minus deferred taxes of € 71,000 are shown in the present value reserve on 31. December 2009. Determination of the market value is via the mark-to-market principle.

Deferred investment grants
The deferred investment grants of € 43.691 million (30. June 2009: € 44.428 million) are being released in earnings in accordance with the useful life of the assets for which the grants were made.

Short-term provisions
The reduction in the short-term provisions of € 2.2 million between 30. June 2009 and 31. December 2009 is attributable essentially to the reduction in provisions for outstanding incoming invoices. In addition to this, € 1.4 million have been reclassified to the liabilities directly associated with non-current assets held for sale.

Non-current financial debt
In addition to the financial debt as outlined in the notes to the consolidated financial statements for the year that ended on 30. June 2009, the non-current financial debt as per 31. December 2009 also includes derivative financial instruments with a total of € 381,000. What are involved here are the interest rate and heating oil swaps explained in the „Present value reserve" section. The changes in the market value (fair value) of the swaps are recognised in shareholders' equity.

Explanatory notes about the consolidated profit and loss account

Sales
Sales increased by € 6.6 million over the same period the previous year to € 123.7 million. The increase is attributable essentially to the improvement in the occupancy rate in both the rehabilitation and nursing segments.

Cost of materials

The cost of materials increased from € 14.9 million in the 1st half of 2008/2009 to € 15.3 million in the 1st half of 2009/2010. The increase is due in particular to higher energy costs.

Depreciation

Depreciation amounted to € 5.0 million in the first half of 2009/2010 and includes € 1.1 million that relate to depreciation of furniture / office equipment based on capitalised finance lease contracts. Depreciation in the 1st half of 2008/2008 amounted to € 3.5 million and did not include any depreciation of capitalised finance lease contracts. If the effects of finance lease contracts are disregarded, there were no major changes in the period compared.

Other operating expenses

The other operating expenses decreased to € 39.6 million in the 1st half of 2009/2010 (same period the previous year: € 40.5 million). In the 1st half of 2009/2010, finance lease contract accounting led to expenses of € 1.4 million that reduce the other operating expenses. If the effects of finance lease contracts are disregarded, the other operating expenses increased slightly. This increase is due mainly to higher upkeep expenses.

Financial result
The financial result in the 1st half of 2009/2010 was better than in the same period the previous year (€ -2.6 million) at € -2.0 million. The impact of finance lease contracts in the 1st half of 2009/2010 amounts to € 331,000 and reduced the financial result in the 1st half of this financial year accordingly.

Miscellaneous notes

Earnings per share
Redivision of the share capital, the stock split of the original 12,150,000 shares into 24,300,000 shares and the change in the articles of association involving a revised version of § 4 Section 1 were approved at the Annual General Meeting that was held on 12. December 2008. The change in the articles of association was entered in the commercial register on 5. February 2009. The stock split has not been made on the stock market yet.

The undiluted earnings per share amounted to € 0.25 on 31. December 2009 on the basis of 12,150,000 shares or to € 0.12 on the basis of 24,300,000 shares (31. December 2008: € 0.08 on the basis of 12,150,000 shares or € 0.04 on the basis of 24,300,000 shares).

The diluted and undiluted earnings per share were identical, because there are no potential shares.

Dividend paid
No dividends were paid in the 2nd quarter of 2009/2010 (previous year: € 3.0 million).

Contingent liabilities or contingent assets
There were no changes over the last consolidated financial statements for the year that ended on 30. June 2009 and there were no material commitments or risks on 31. December 2009 that are not covered by provisions.

Related parties
Business relationships between all the companies included in the consolidated financial statements are eliminated completely in the consolidated financial statements. Transactions with related parties are carried out on an arm's length basis.

Business transactions between the Marseille Group and related parties are outlined below:

The accounts receivable, including those from loans to the Marseille family and parties related to the Marseille family, amount in total to € 12.8 million (previous year: € 11.9 million), while the liabilities total € 6.3 million (previous year: € 2.7 million). The increase in the liabilities over the same period the previous year is attributable in particular to liabilities to Held Bau Consulting Projekt Steuerungsgesellschaft mbH of € 2.6 million (previous year: none).

The Marseille Group acquired goods, services and assets totalling € 4.5 million from related parties (previous year: € 4.4 million). The Marseille-Kliniken Group provided goods and services totalling € 0.4 million to related parties in the period under review.

Events after the balance sheet date

No events of material importance to the Marseille-Kliniken Group have occurred since the balance sheet date of 31. December 2009.

Berlin, 8. February 2010

Axel Hölzer
Chairman of the Management Board

Assurance by the legal representatives in accordance with § 37 y of the German Securities Trading Act in connection with § 37 w Paragraph 2 No. 3 of the German Securities Trading Act

We confirm to the best of our knowledge that the consolidated financial statements comply with the accounting principles which have to be applied in interim financial reporting and communicate a true and fair picture of the Group asset position, financial situation and operating results, that the consolidated management report presents the development of the business, including the business results and the situation of the Group, in such a way that a true and fair picture is communicated and that the main opportunities and risks of the probable development of the Group in the rest of the financial year are outlined.

Berlin, 8. February 2010

Axel Hölzer
Chairman of the Management Board

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Chairman of the Management Board

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