Report on the 1st quarter

1. July 2006 to 30. September 2006

Project development skills maximise success

MARSEILLE-KLINIKEN AG

Summary of the first quarter

1. July 2006 to 30. September 2006

		06/07	05/06	Change in %
Results				
Total sales*	€ m	56.9	51.7	10.1
EBITDAR**	€ m	16.4	16.0	2.5
EBITDA**	€ m	8.4	10.3	-18.4
EBIT **	€ m	6.2	7.0	-11.4
EBIT margin**	%	11.7	13.7	-14.6
EBT **	€ m	4.8	3.7	29.7
EBT margin**	%	9.0	7.2	25.0
Net income	€ m	1.5	5.1	-70.6
RoS	%	6.9	6.3	9.5
DVFA/SG result	€ m	3.6	3.2	12.5
Gross cash flow**	€ m	6.8	6.8	0.0
Balance sheet				
Fixed assets	€ m	241.5	332.6	-27.4
Investments	€ m	0.6	-18.6	-103.2
Shareholders' equity***	€ m	68.0	64.7	5.1
Equity ratio	%	20.9	17.1	22.2
Other key indicators				
Employees	Number on 30.09.06	5,147	4,749	8.4
Facilities	Number	62	60	3.3
Bed capacity	Number on 30.09.06	8,612	8,169	5.4
Occupancy rate****	%	89.7	89.1	0.7

* *Including change in the level of building work in progress and other own work capitalised*
** *Including DVFA/SG adjustment items*
*** *Including 73.6% special items for allocated investment expenses*
**** *Excluding facilities that started operation of which in 05/06: Dresden and Hennigsdorf of which in 06/07: Hamburg and Düsseldorf*

Main Group figures (IFRS)

Highlights

- Further growth in the nursing division
- DVFA result higher than the previous year at € 3.6 million
- Increase in the equity ratio to 20.9%

Dear shareholders
and friends of the company,

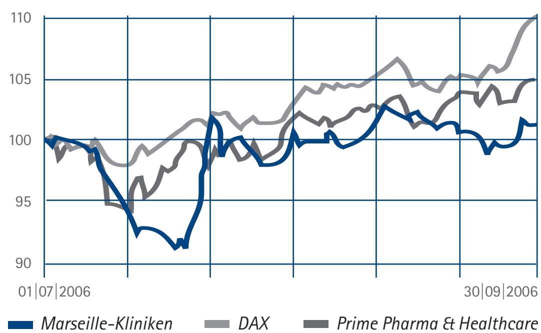
Your company is going through a phase of ongoing optimisation. The control and future positioning of the company are business as usual for us - no hectic activities, no wild fluctuations, no unpredictable risks. There is nothing static about this, however. In the first three months of the new financial year, we have continued systematically what we have been working on thoroughly for years now. On the one hand, we are making concerted progress in our core business of nursing care for the elderly, adapting it to the changes in market conditions and taking it to the position of cost and market leader. On the other hand, we are reducing the rehabilitation division to a sound, profitable core, which we will either run ourselves or pass on to appropriate operators partially or completely. Rehabilitation is definitely not a field of strategic importance to us any more. It is not a business that has the potential to endanger our survival either, however. Professional rehabilitation remains an important element of the health system and has a future.

Inpatient nursing care for the elderly developed positively in the first three months of the 2006/2007 financial year. The process of capacity expansion is continuing, the restructuring of the portfolio into homes with four, three and two stars like in the hotel industry is taking clear shape and occupancy rates are improving steadily, with encouraging effects on sales and earnings. We are expecting the occupancy rates to increase in the new financial year particularly at the two senior citizens' residential homes in Montabaur (Rhineland-Palatinate) and Landshut (Bavaria), for which we have developed special concepts, as well as at the Leipzig - Am Kirschberg facility following completion of the renovation exercise. In Montabaur, we will in future be offering a specific bed contingent at very reasonable prices, while we have obtained approval to treat coma patients in Landshut. We will be specialising our flagship in Hamburg-Mitte even more distinctly. In Hamburg, we are above all implementing the chip concept for people suffering from dementia and urological disorders.

The main advantage of the chip, which residents wear on their bodies, is that the entrance door to the facility closes automatically when they get too close to it. Whereas patients suffering from severe dementia are only allowed to move freely in enclosed areas in conventional care concepts for them, they are free to move around the entire facility in our concept.

Development of the Marseille-Kliniken share price

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



We had a portfolio of 8,612 beds at the end of the 2005/2006 financial year and are coming closer to reaching our goal of providing about 12,000 beds in the Group by the end of 2008. At the present time, we have already signed contracts for another approximately 1,000 beds. The construction phase has already started at five facilities. A second home with 88 beds is being built in Düsseldorf, two homes with a total of 150 beds are being built in Meerbusch, one of them designed specially for dementia and coma patients, and a senior citizens' residential home with 200 beds is being built in Bremerhaven. Rapid progress is being made with our projects in the two-star sector too. Work is on schedule in Berlin-Kreuzberg (155 beds) and Potsdam (130 beds). We will be opening the first facility exclusively for Turkish citizens in Berlin at the end of November.

The capacity expansion programme is being backed by a cost-cutting exercise. We think that there is optimisation potential primarily in our catering purchasing activities and in facility management. The large increase in energy prices in particular is challenging us to exploit all the potential available to create the most efficient possible cost and consumption structures. They include further reductions in consumption, more effective use of existing and alternative energy sources as well as the optimisation of tariffs.

We are, finally, adapting our entire business model to the changes on the nursing market. People in need of nursing care no longer knock on our doors, begging to be let in. They are demanding customers, who expect high-quality services in line with their financial resources. This is the way they have lived the whole of their lives. We have anticipated this trend in our strategic hotel concept. We advertise for customers with a systematic brand policy, with marketing concepts that focus strongly on regional aspects, with a high degree of specialisation and with a group-wide quality management system. The introduction of e-learning throughout the company must be seen in this context too. The completely restructured Marseille academy gives all staff the opportunity to take part in training courses and units via a learning concept that is backed by the SAP Learning Solution® system. Every employee can book the training units provided either via specially equipped e-learning rooms at the facilities or via the PC at his or her own workplace. The concept gives staff a constant incentive to continue training for the good of the company and its customers.

Rehabilitation is one of the focal points of our activities and we are making good progress in these operations. The doctors' strike was a minor setback, but it will only be having an effect for a limited period of time rather than a sustained impact. Only nine of our original thirteen clinics are still left. By means of systematic portfolio optimisation and transformation, we are reducing the rehabilitation division to a core that is very close to the market with a concentrated programme of follow-up somatic treatment (60% of our capacities) and smaller psychosomatic operations. The somatic clinics have been and still are producing sustained success and are contributing positively to earnings. Demographic developments and the final implementation of lump-sum payments per case (DRGs) in the acute field by 2008 will have a positive effect on this segment. In the psychosomatic field, the clinic in Schömberg is the main focus of our operative turnaround activities, as this clinic is making the biggest losses in our entire portfolio. We will be easing the occupancy problems here by turning 100 beds into a nursing clinic. The application for a building permit has been submitted and we are expecting to complete this project in the spring of 2007.

The business operations have in the meantime been transformed into legally independent private limited companies, which is giving us the necessary flexibility to pass the operations or ownership of individual clinics on to appropriate third parties as and when necessary.

Optimisation of the cost structure in the rehabilitation division has been completed to a large extent. The closure of the locations in Waldkirch and Reinerzau has already improved earnings. The sale of the properties of the somatic clinics in Blankenburg (Saxony-Anhalt) and Bad Klosterlausnitz (Thuringia) has been reducing our financing costs considerably since February this year. We are now concentrating mainly on the use to which the shut-down clinics can be put as well as on an investigation of the possibilities for disposing of individual operations. New sale-and-leaseback transactions are another aim for the remaining rehabilitation clinics. The transfer of Teufelsbad Fachklinik in Blankenburg and ALGOS Fachklinik in Bad Klosterlausnitz to an institutional financial investor is evidence that well-managed clinics are considered to be attractive financial investments in the rehabilitation field too.

Notwithstanding all the progress made in the restructuring exercise, the rehabilitation operations continue to be a weak point that depressed the main figures for the first three months of the new financial year slightly too. The impact is not, however, large enough to cause Marseille-Kliniken to deviate from its growth path and to dilute earnings. We will be generating strong growth again in 2006/2007 and will be increasing earnings considerably. Operating sales in the months of July to September 2006 were up 2.5% at € 52.8 million; in the nursing segment they were 2.5% higher at € 40.3 million, while they rose by 2.5% to € 12.5 million in the rehabilitation segment too. The beds provided by the Group were occupied 89.7% of the time (previous year: 89.1%). The occupancy rate was 92.6% (previous year: 91.7%) in nursing care for the elderly and 76.7% (previous year: 79.2%) in the rehabilitation segment, which is higher than the average of the last financial year and the last quarter of 05/06, in spite of the doctors' strike. The DVFA result for the Group continues to be generated by the nursing segment alone. It improved by 12.5% to € 3.6 million. The result went up from € 3.9 million to € 4.2 million in the nursing operations, while the operating loss in the rehabilitation operations amounted to € 0.6 million and was therefore at the same level as in the previous year in spite of the lower occupancy rate than in the same period the previous year and the doctors' strike. Net Group income reached € 1.5 million. This is lower than in the previous year, because the earnings from the sale-and-leaseback transactions were included in the same quarter the previous year. The company's continued sound development is reflected in the Marseille-Kliniken share price too. In the first quarter of 2006/2007, the share price fluctuated between € 14 and € 16, which was disproportionately better than the competition.

Our business environment is currently dominated by the debate about the health reform. We believe that the activities planned at the moment will not lead to a long-term solution of the problems. However, whatever is decided at the political level will only affect us marginally. Ageing and the need for nursing care associated with this are natural processes that are not prescribed by doctors or approved by health insurance funds. It is certainly the case that we will be more affected by the forthcoming reform of the nursing care insurance system. We are relaxed about this too, however. The market needs private service providers that have the ability to combine high quality and specialisation with economically viable operation. We hold a stable position on the nursing care market.

We have developed a large number of activities that will be having a positive impact on sales and earnings in the coming months and years. They have significant potential. We will be showing that it is worthwhile investing in Marseille-Kliniken shares. We would like to thank you, our shareholders, for your confidence in our company. We will be doing everything in our power to justify your loyalty. Our thanks also go to our staff, who demonstrate impressive professional and social skills in doing their selfless work, which makes exacting personal demands on them. They represent our company's face and provide convincing evidence that our claim "Better if we are there" is put into practice in our operations.

Your

Axel Hölzer, Chairman of the Management Board

German economy is recovering

The economy in Germany and the European Currency Union grew faster in the first half of 2006 than it has done for years. There was in particular a strong recovery in the domestic economy after a long period of stagnation. Economic experts, most of whom had in the past been working on the assumption of growth of about 1.8%, have increased their forecast to more than 2%. The German government has upped the growth rate of 1.6% that it originally expected too. The economic recovery in Germany is attributable primarily to investments in buildings and equipment. Thanks to the strength of the demand from abroad, companies are willing to make more investments in Germany again. The recovery of the domestic economy is reflected in the fact that there were 185,000 more people in employment in the 2nd quarter than a year before. Opinions differ about how the economy will be developing in future, however.

Health care market facing reform

Health politicians are determined to introduce the new reform that has been announced with the title "law to strengthen competition in the statutory health insurance system". They are ignoring the warnings and criticism that are coming from all the parties involved. There is resistance from patients' representatives, health insurance funds, doctors, pharmacists, the pharmaceutical industry, employers and trade unions. According to the experts, there is little hope that the content of the reform as it is planned at present will justify its title. The basic dilemma of the German health system, which suffers from too much central planning and too little competition, is not being tackled. The reform does not include the introduction of effective competitive control elements. Whatever impact the reform has, it will not change the three dominant trends on the market at all. Firstly, the concentration process in the German health system is continuing. Smaller, independent service providers in particular are unable to satisfy the increasing quality requirements in the face of the growing cost pressure that is being exerted at the same time. A substantial market shake-out is about to take place in the acute field especially. Secondly, cost pressure and a shortage of personnel are making a new form of co-operation between the different areas of the health care market necessary. Greater integration of the services provided in the acute, nursing and rehabilitation sectors is essential. Thirdly and finally, the investment backlog - which has increased to almost € 60 billion - can only be eliminated if private company structures are introduced. The consequence of the financial problems experienced by the public sector is that necessary investments in facilities are only being made to a limited extent any more and that losses are no longer being absorbed. The political community is dependent on private capital to fund growth in the health system.

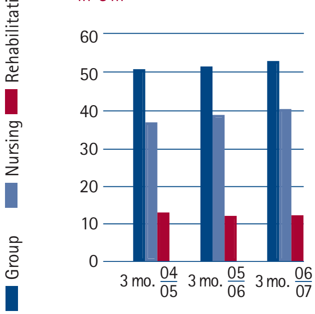
The government has announced that the nursing care insurance system is to be reformed in 2007. The experts consider nursing care insurance to be the social security system that is in most need of reform. There is above all a lack of effective mechanisms that enable the funds to be distributed appropriately. Half of nursing costs are paid irrespective of quality and performance. The system is also suffering from tremendously high personnel costs, which account for 70% of total expenditure at public nursing facilities and 50% at private facilities. The coalition has to a large extent agreed on the main points of the reform, but details still have to be settled.

Marseille-Kliniken has done its homework

The solutions planned for the reform of the statutory health insurance system and the nursing care insurance system are not casting any shadows on the company. The systematic implementation of forward-looking decisions has made Marseille-Kliniken more competitive and has strengthened the company's profile. The reduction of owned property to only about 30% of the portfolio is improving the balance sheet structure and is enabling us to concentrate even more on the operation

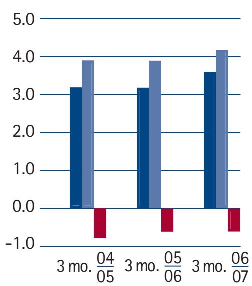
Operating sales by segments

in € m



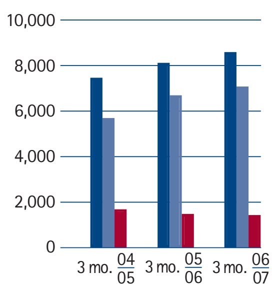
DVFA result by segments (IAS)

in € m



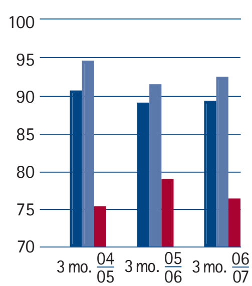
Bed capacity by segments

on average



Occupancy rate by segments

in %



of health care facilities. Newly developed concepts like assisted living and nursing clinics as well as the entry into the special clinic field promise to generate additional sales and earnings potential. The expansion programme in the core nursing business is continuing rapidly, while the rehabilitation operations are being reduced to a viable core area that is able to take all the opportunities available on the market under internal or external control. The main figures for the first three months of the new 2006/2007 financial year reflect the steady optimisation of the company. Sales and earnings increased in spite of the minor setback in the rehabilitation segment. The disproportionately large increase in the price of the Marseille-Kliniken share compared with the competition is a sign of the confidence investors have in the company.

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

Increase in operating sales

Group sales in the first three months of the 2006/2007 financial year (01.07.2006 to 30.09.2006) increased by 10.0% or € 5.2 million over the same period the previous year to € 56.9 million. Own work capitalised amounting to € 3.6 million carried out by the Group company Held Bau Consulting GmbH in connection with the building projects in Berlin and Potsdam that are in the process of being implemented were a major reason for this. Group operating sales amounted to € 52.8 million, which represents growth of € 1.3 million. € 1.0 million of this growth were contributed by the nursing division. The increase in sales with nursing care for the elderly from € 39.3 million to € 40.3 million (2.5%) is due to the expansion of the bed capacities and the higher occupancy rates at existing facilities because of specialisation at individual homes. Sales in the rehabilitation division were increased from € 12.2 million to € 12.5 million (+ 2.5%) in spite of a lower occupancy rate at the rehabilitation clinics. This is attributable to the inclusion for the first time of sales from the hospital in Büren combined at the same time with a reduction in the average length of patients' stays.

The company operated 62 facilities in the period under review: 52 nursing homes, 9 rehabilitation clinics and 1 hospital. With the opening of the senior citizens' residential homes in Hamburg (Jan. 2006) and Düsseldorf (May 2006) and the increase in capacity due to the renovation exercise at the location in Leipzig (Am Kirschberg), the bed capacity in the nursing division increased from 6,660 to 7,134 on 30. September 2006. The number of beds in the rehabilitation division decreased from 1,509 to a total of 1,478. This is attributable to the closure of the Reinerzau location at the end of 2005 and the takeover of the hospital in Büren (January 2006), which had the opposite effect.

The Group had a total of 8,612 beds on 30. September 2006. On average over the first three months (including Hamburg and Düsseldorf), there were as a result 443 beds more than in the previous year (8,169 beds). The occupancy rate within the Group amounted to 89.7%. The increase of 0.6 percentage point is due to the expansion of the marketing activities combined with specialisation at selected locations in the nursing division.

Further growth in the nursing division

The nursing division continues to drive Group growth and profitability. The sales increase of € 1.0 million and the improvement in the DVFA result to € 4.2 million again reflect the capacity expansion coupled with higher initial personnel costs as the necessary basis for further increases in earnings. Taking facilities that started operation into account, the beds were occupied 92.6% of the time on average. The increase of 0.9 percentage point in the occupancy rate over the same period the previous year is the result of intensified marketing activities and specialisation at selected facilities.

Restructuring of the rehabilitation operations is continuing

Sales in the rehabilitation division were increased by € 0.3 million, from € 12.2 million to € 12.5 million, in spite of the further reduction in capacity by 31 beds to 1,478. The closure of the facility in Reinerzau (at the end of 2005) was offset by the addition of the hospital in Büren. The DVFA result was at the same level as in the previous year at € - 0.6 million. The decrease in the occupancy rate at the remaining clinics from 79.2% to 76.7% is due essentially to the after-effects of the doctors' strike. We will be continuing to implement our restructuring concept and will be systematically carrying out the measures that have been initiated to optimise personnel and non-personnel cost management while maintaining the high quality standards. This still applies in particular to the three clinics Bad König, Schömberg and Blankenburg. Marketing activities to sell individual clinics are also being intensified.

Improvement in DVFA earnings per share

The nursing division continued to generate high earnings thanks to its profitable growth. There was at the same time no further increase in the losses made by the rehabilitation division over the same quarter the previous year. The Group DVFA result was a total of € 0.4 million higher than in the previous year at € 3.6 million. The cumulated DVFA earnings per share of € 0.30 were € 0.03 larger than in the previous year (€ 0.27). Earnings in the nursing division rose to the higher level of € 4.2 million in spite of growth-related costs. This corresponds to earnings per share of € 0.35 or € 0.03 more than in the previous year. The DVFA earnings per share in the rehabilitation division stabilised at € - 0.05 in spite of the reduction in the occupancy rate.

After DVFA/SG adjustments, EBITDAR increased from € 16.0 million to € 16.4 million. EBITDA decreased from € 10.3 million to € 8.4 million and EBIT fell from € 7.0 million to € 6.2 million because of the balance of the increase in rental expenditure and the reduction in depreciation and interest expenses as a result of the property transactions. The EBIT margin in relation to sales therefore amounted to 11.8% after 13.7% and the EBITDA margin totalled 15.9% after 20.0% in the same period the previous year. The EBITDAR margin (31.1%) was at the same level as in the previous year. The adjusted EBT are the appropriate basis for comparison of the development that eliminates the impact of the changes in the financing structures. This indicator amounted to € 4.8 million in the quarter under review after € 3.7 million in the same period the previous year.

These figures correspond to margins of 9.0% and 7.2% respectively and show that the company has continued to develop successfully.

The unadjusted EBITDAR (€ 15.4 million / minus € 5.8 million), the EBITDA (€ 6.4 million / minus € 9.1 million) and the EBIT (€ 4.0 million / minus € 8.2 million) as well as the unadjusted EBT (€ 2.1 million) and net Group income of € 1.5 million decreased because of the non-recurring effects of the earnings from the GE transaction that were included in the same quarter the previous year and are not influenced by such extraordinary effects any longer this time.

Further reduction in the financial debt ratio

There was a further reduction in the net financial debt of the Group from € 181.0 million to € 101.1 million. The ratio of financial debt (long-term bank loans) to the balance sheet total decreased from 41.5% to 36.6%. The development of these indicators was determined to a large extent by the sale-and-leaseback transactions that were carried out.

The investment rate was positive (€ 0.6 million) and reached the planned level. It was negative in the same period the previous year (€ - 18.6 million) because of the GE transaction.

Following adjustment for DVFA/SG items, gross cash flow was € 7.7 million lower than in the first quarter of the previous year at € 4.6 million.

The shareholders' equity improved by € 3.3 million, from € 64.7 million to € 68.0 million on 30. September 2006.

The shareholders' equity in the previous year has been adjusted following the complete switch to IFRS accounting for the previous year's accounts. The equity ratio was 3.8 percentage points higher at 20.9%.

Substantial recovery in the share price

The price of the Marseille-Kliniken share moved in the € 13.98 to € 15.74 range in the months of July to September 2006. The share therefore continued the upward trend it followed in the first half of 2006. The share price on 30. September 2006 was € 15.49. The price remained at a high level in October 2006 too. The final price on 16. October 2006 was € 15.29.

Prospects

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

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

Marseille-Kliniken AG balance sheets

at 30. September 2006 and 30. September 2005

Group	30.09.06 in € '000	30.09.05 in € '000
Intangible assets	32,396	22,503
Tangible assets	204,011	289,420
Financial assets	5,062	20,672
Receivables and liquid funds	52,925	20,266
Other assets	30,408	24,133
Balance sheet total	**324,802**	**376,994**
Shareholders' equity *	67,960	64,653
Pension provisions	17,511	17,337
Other provisions	40,325	30,892
Financial debt	130,653	181,218
Other liabilities	68,353	82,894
Balance sheet total	**324,802**	**376,994**

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

Financial calendar

for the 2006/2007 financial year

Analysts' conference	29. November 2006
Annual General Meeting	6. December 2006
Dividend payment	7. December 2006
Report on the 2nd quarter	February 2007
Report on the 3rd quarter	May 2007
Annual report 2006/2007	October 2007
Annual General Meeting	December 2007

Profit and loss accounts

for the period from 1. July to 30. September 2006 and the figures for the previous year

Group	30.09.06 in € '000	30.09.05 in € '000	Change in %
Sales from Group operations	52,757	51,487	2.5
Nursing division sales	40,257	39,287	2.5
Rehabilitation division sales	12,500	12,200	2.5
EBITDAR	15,406	21,259	-27.5
EBITDA	6,403	15,511	-58.7
Depreciation	-2,383	–3,296	-27.7
EBIT	4,020	12,215	-67.1
Interest balance	-1,934	–3,413	-43.3
EBT	2,086	8,802	-76.3
DVFA result	3,638	3,237	12.4
	in €	in €	
DVFA earnings per share nursing	0.35	0.32	9.4
DVFA earnings per share rehabilitation	-0.05	–0.05	0

Share information

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

Statements of cash flow*

for the period from 1. July 2006 to 30. September 2006 and the figures for the previous year

Group	3 months 30.09.06 in € '000	3 months 30.09.05 in € '000
Net Group income	1,494	5,082
Expenditure/income with no effect on payment	3,107	7,228
Decrease/increase in assets and liabilities	-7,920	–13,200
Cash flow from investment activities	-600	18,554
Cash flow from financing activities	1,943	–27,605
Decrease/increase in liquid funds	-1,976	-9,941

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

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 (IFRS)

for the period from 1. July 2006 to 30. September 2006 and the figures for the previous year

	Quarterly report 30.09.2006 € '000	Annual accounts 30.06.2006 € '000	Quarterly report 30.09.2005 € '000
Assets			
Current assets			
Liquid funds	29,486	32,245	214
Securities held as current assets	0	0	101
Trade receivables	14,670	13,631	12,472
Inventories	9,710	2,216	1,545
Tax reimbursement claim	1,553	1,553	172
Deferred charges, prepaid expenses and other assets	20,231	22,752	29,895
Total current assets	**75,650**	**72,397**	**44,399**
Non-current assets			
Tangible assets	194,334	195,527	289,420
Intangible assets	4,031	4,143	3,750
Goodwill	28,365	28,452	18,753
Property held as financial investments	9,677	9,709	0
Financial assets	5,062	5,200	20,672
Deferred tax assets	7,683	7,208	0
Total non-current assets	**249,152**	**250,239**	**332,595**
Total assets	**324,802**	**322,636**	**376,994**
Shareholders' equity and liabilities			
Current liabilities			
Short-term debt and current portion of long-term debt	11,614	12,397	24,579
Trade payables	5,112	8,329	6,954
Provisions	19,917	11,273	26,696
Other current liabilities	24,006	30,700	26,087
Total current liabilities	**60,649**	**62,699**	**84,316**
Non-current liabilities			
Long-term debt	119,039	117,096	156,639
Allocated investment grants	50,694	51,122	44,539
Pension commitments	17,511	17,570	17,337
Others	46,272	45,005	42,302
Total non-current liabilities	**233,516**	**230,793**	**260,817**
Shareholders' equity			
Subscribed capital	31,100	31,100	31,100
Capital reserve	15,887	15,887	15,887
Revenue reserves	243	243	243
Treasury shares	384	384	499
Accumulated losses	-17,167	-19,153	-15,681
Minority interests	190	683	-187
Total shareholders' equity	**30,637**	**29,144**	**31,861**
Total shareholders' equity and liabilities	**324,802**	**322,636**	**376,994**

Profit and loss accounts (IFRS)

for the period from 1. July 2006 to 30. September 2006 and the figures for the previous year

	Quarterly report 01.07.06 to 30.09.06 € '000	Quarterly report 01.07.05 to 30.09.05 € '000
Sales	52,757	51,487
Other operating income	1,620	11,213
Changes in the level of finished products and products in progress	465	175
Other own work capitalised	3,646	72
Cost of materials / cost of purchased services	-8,869	-5,748
Personnel expenses	-27,784	-27,033
Depreciation of tangible (and intangible) assets	-2,383	-3,296
Depreciation of goodwill	0	0
Other operating expenses	-15,432	-14,655
EBIT	**4,020**	**12,215**
Interest income / expenses	-1,934	-3,413
Earnings before tax (and minority interests)	**2,086**	**8,802**
Taxes on income and earnings	-545	-3,661
Other taxes	-47	-59
Earnings before minority interests	**1,494**	**5,082**
Minority interests	492	76
Net income	**1,986**	**5,158**

Statement of changes in shareholders' equity

for the period from 1. July 2006 to 30. September 2006 and the figures for the previous year

	Subscribed capital € '000	Capital reserve € '000	Revenue reserves € '000	Group earnings € '000	Minority interests € '000	Total € '000
01.07.2005	31,100	15,887	1,282	-24,138	-111	24,020
Treasury shares	0	0	-539	0	0	-539
Subsequent valuation/ initial consolidation	0	0	0	3,298	0	3,298
Minority interests	0	0	0	76	-76	0
Earnings for the period	0	0	0	5,082	0	5,082
30.09.2005	**31,100**	**15,887**	**743**	**-15,682**	**-187**	**31,861**

	Subscribed capital € '000	Capital reserve € '000	Revenue reserves € '000	Group earnings € '000	Minority interests € '000	Total € '000
01.07.2006	31,100	15,887	627	-19,153	682	29,143
Minority interests	0	0	0	492	-492	0
Earnings for the period	0	0	0	1,494	0	1,494
30.09.2006	**31,100**	**15,887**	**627**	**-17,167**	**190**	**30,637**

Notes

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

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

Method of presentation

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

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

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

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

Accounting and valuation methods

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

In addition to the following explanatory information about selected points in the notes at 30.09.2006, we refer to the notes to the Group annual accounts at 30.06.2006 (IAS 34.15).

Explanatory information about selected points in the notes

Companies consolidated

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

Miscellaneous notes

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

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

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

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

In accordance with the editorial correction made at 30.06.2006, the special items for investment grants have been renamed allocated investment grants. The allocated investment grants of EUR 50,964,000 are released in results according to the useful life of the assets funded.

The effect this will have on increasing shareholders' equity in future minus the relevant tax on income amounts to EUR 37,323,000. The shareholders' equity plus the special items for allocated investment grants that increase shareholders' equity therefore amount to EUR 67,960,000.

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

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

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