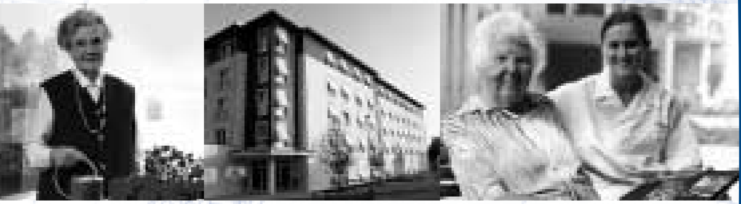
Better if we are there



Report on the 1st 9 months of the year
1. July 2004 to 31. March 2005

MARSEILLE-KLINIKEN AG

Summary of the first 9 months

1. July 2004 to 31. March 2005

		04 | 05	03 | 04	Change in %
Results				
Total operating sales *	€ m	152.1	150.3	1.2
EBITDAR **	€ m	43.1	41.4	4.1
EBITDA **	€ m	29.2	30.8	-5.3
EBIT **	€ m	18.7	19.4	-3.5
EBIT margin **	%	12.5	12.9	-3.5
Net income	€ m	4.9	4.9	-1.0
RoS	%	4.3	4.0	5.9
DVFA/SG result	€ m	6.4	6.2	3.4
Gross cash flow **	€ m	15.8	16.3	-2.6
Balance sheet				
Fixed assets	€ m	340.7	367.0	-7.2
Investments	€ m	-6.8	7.0	-
Shareholders' equity ***	€ m	64.0	75.1	-14.8
Equity ratio	%	16.7	17.9	-6.7
Other key indicators				
Employees	Number on 31.03.05	4,536	4,380	3.6
Facilities	Number	59	58	1.7
Bed capacity	Average number	7,428	7,478	-0.7
Occupancy rate ****	%	89.3	89.8	-0.6

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

Main Group figures (IFRS)

Highlights

- Further sales and earnings growth in the core nursing division
- Positive signs in the rehabilitation division
- Earnings for the year promise to be better than in the previous year
- Further sales and earnings growth guaranteed by increase of 800 beds (+ 11% of the total capacity) in the nursing division

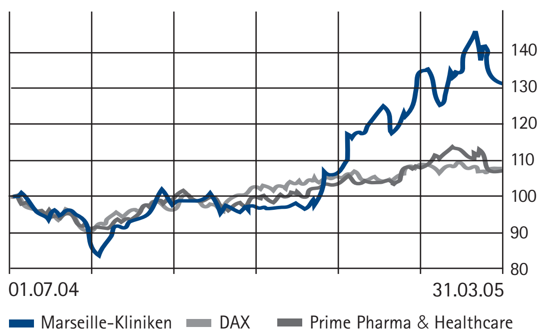
Dear shareholders and friends of the company,

Your company is developing promisingly. Growth is being driven by the dynamics of the nursing market and the financial situation is comfortable. Implementation of the branch concept in nursing care for the elderly distinguishes us from most operators of nursing homes and gives us a competitive edge. We benefit from management information structures for the entire group, which are updated every day and which we are fine-tuning on an ongoing basis in a process of steady optimisation.

The central issue in the last few months has been the sale-and-leaseback deal arranged in December 2004 with the General Electric subsidiary GE Commerce Finance. The sale of five of the 12 properties, which we are leasing back on long-term contracts, has been completed in the meantime. Implementation of the deal with the other properties can be expected by the end of the financial year on 30. June 2005. The consequences include a further improvement in the balance sheet and an increase in the equity ratio to more than 20%. The transaction with GE has had two effects. At the internal level, we now have greater freedom to concentrate on facility operation and to increase the speed of expansion in our core business of nursing care for the elderly. At the external level, we have become more attractive. Realisation of the growth potential offered by nursing care for the elderly in Germany by professional investors from abroad for the first time and their decision to use our company's portfolio as their entry into this market have increased interest in Marseille-Kliniken considerably. There are several investors from abroad with whom we are currently investigating the possibility of a further sale-and-leaseback deal. Due to our experience in the transaction with GE, the decision-making process that has begun is easier and the chances of reaching a positive conclusion are good.

The sale-and-leaseback process has facilitated implementation of our expansion strategy very noticeably in this financial year. Six facilities with

Development of the Marseille-Kliniken share price
indexed, 1. July 2004 = 100
ISIN: DE0007783003 WKN: 778300



800 beds are in the pipeline at the moment and the locations in Hennigsdorf near Berlin, Hamburg, Dresden, Düsseldorf and Berlin in particular suggest that good occupancy rate developments can be expected. Two of these properties have been completed in the meantime. We opened the senior citizens' residential home in Dresden in March of this year and this was followed in early May by the opening of our home in Hennigsdorf near Berlin. Their initial success is very promising. Our latest facility in Berlin represents an addition of strategic importance to our range. We have bought a property on favourable conditions there and will be turning the existing building into a nursing home. We will then be offering the beds primarily to old people who are unable to respond to the growing need for personal responsibility in nursing care for financial reasons. The provision of what are known as "two-star hotel" facilities is in line with a fast-growing trend on the market.

"Two-star hotel" does not mean low quality. Quality is one of the fundamental principles of our company and it is not being abandoned in the new two-star area of our operations either. In a national opinion poll of relatives that was carried out for the sixth time by eqs.-Institut Karlsruhe, our senior citizens' residential homes, AMARITA and Medina facilities received good marks on average, with some homes being classified as very good. The qualification, friendliness and reliability of the staff were found to be particularly positive. The steady improvements in the quality of the facilities are attributable not least of all to the creation of highly networked structures in the Group. We have replaced the middle management in the regions by a central management system, which achieves accurate control of the company on a daily basis. We are reaching a new level of efficiency thanks to increased flexibility and considerably better communication within the Group. The business TV we have established that is directed at all management staff and communicates proven solutions for all processes and operations is not matched elsewhere in the industry because of a lack of the appropriate IT facilities. Another expression of our focus on quality is the nursing prize we have awarded for the second time, presenting it to a study group from Jena University of Applied Sciences in Berlin at the "Nursing Care 2005" congress.

The rehabilitation division remains a weak point in our business operations at the present time. The market is still making it difficult for us to raise our psychosomatic clinics to an occupancy level that guarantees a positive contribution to earnings on a long-term basis. We are continuing to work on combining facilities, increasing efficiency and introducing new treatment concepts and fields. We are experiencing a little help in overcoming the crisis from the market again for the first time. There are increasing signs of a return to normality. This process of recovery will have a positive impact on occupancy not only at the psychosomatic clinics but also at the somatic clinics, which are only affected to a minor extent.

The main figures for the first nine months of the 2004/2005 financial year reflect the current state of the market and follow on smoothly from the figures for the 1st half of 2004/2005. Group sales increased by 1.2% to € 152 million, driven by the growth in the nursing division. The increase of 2.8% in the nursing division was offset by a decrease of 7% in the rehabilitation division. The beds available in the Group as a whole were occupied 89.3% of the time. The occupancy rate in the nursing division was 93.4%, while it was 75.8% in the rehabilitation division; this corresponds to an increase of 1.8 percentage points over the same time in the previous year. The Group DVFA result improved from € 6.2 million to € 6.4 million. The profit generated by the nursing division increased by € 0.6 million to € 9.3 million, whereas the cumulated loss made by the rehabilitation division increased to € 2.9 million. By comparison with the third quarter of the previous year, however, the loss in the rehabilitation operations was reduced by € 365,000 (23%) to € 1.215 million."

The approach we have adopted promises sustained, profitable growth for the coming years. The nursing division is stable, is growing in a fast-expanding market and is operating successfully on a sustained basis. The risks in the rehabilitation division, which is tending to account for an increasingly small proportion of our overall business anyway, are manageable and controllable. We have structured the division in such a way in the meantime that it will return to profit very quickly when there is a sustained market recovery. The capital markets evidently share our confidence about future developments. The price of the Marseille-Kliniken share has increased significantly and developed considerably better than all the other indices up to mid-April 2005. Large investors are paying greater attention to the share again, which is leading to higher share liquidity. The growing interest demonstrated by the financial community is to a considerable extent a reflection of the success of our very active investor relations policy. We follow a systematic policy of prompt and credible reporting and take the fair disclosure principle seriously. We inform all the market players at the same time and with great openness. We cultivate our contact with you as our shareholders and maintain a constant dialogue with the press.

The sound development to date will be continuing in the remaining three months of the 2004/2005 financial year (30. June). We expect that growth will be achieved with a disproportionate improvement in the DVFA result. Our assignment remains unchanged: expansion in the nursing division, restructuring to stabilise the rehabilitation division and systematic optimisation of operations and processes. With a commitment above all to combine high-quality nursing and considerate care for old people with the achievement of clear economic goals. On behalf of the Management Board, I would like to thank you for your loyalty to our company. We work constantly day in, day out to justify the confidence you have placed in us. Our thanks go to our employees, who determine the reputation Marseille-Kliniken has on the market with their professional and social skills and their human touch.

Your

Axel Hölzer
Chairman of the Management Board

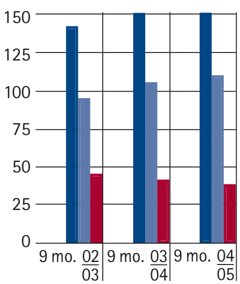
No momentum in the German economy

The German economy is not managing to stimulate growth internally. The growth of 1.7 per cent achieved in 2004 was attributable almost exclusively to the influence of foreign trade. The fact that there are signs of the global economy slowing down in the meantime is destroying most hopes of a recovery in 2005. The reduction in the growth forecast made by the economic institutes to 0.7 per cent means that Germany once again occupies last place in the European Union. Domestic demand remains poor and this is closely associated with the tremendous problems on the employment market and the lack of economic confidence connected with this. The aggressive debate that has started about the function and importance of capital as a production factor in society is considered by economists to be a sign that the political community is deliberately avoiding far-reaching and difficult economic consequences by focussing on peripheral areas. Experts are largely unanimous in saying that the engine in the domestic German economy will only start up again if bold steps are taken to reform financial, social and educational policy and if greater flexibility is introduced on the employment market.

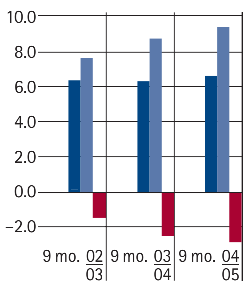
No sign of a reform in the nursing field

The German health market also needs further reforms to operate efficiently in the long term. The legislation to modernise the statutory health insurance funds that came into force in 2004 has so far failed to reach the objective of compensating for the additional financial costs imposed on the insured by reducing contributions. Although the deficits made by the funds have turned into surpluses, the latter are needed to meet the legally stipulated requirement to eliminate debts. The reform, which in actual fact merely shifts costs rather than saving them, will not succeed in putting the health system back

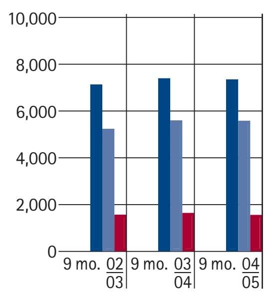
Operating sales
by segments
in € m



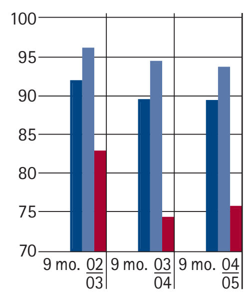
DVFA result
by segments (IAS)
in € m



Bed capacity
by segments
on average



Occupancy rate
by segments
in %



on a sound footing without fundamental improvements. The reform that is urgently needed in nursing care insurance, the most recent addition to the German social security system, is being blocked by serious differences between the concepts that are being propagated. The solution favoured by the government coalition to tackle the financial problems of the nursing care insurance funds by including the self-employed, civil servants and people with high incomes in the insurance system is controversial at both the political and scientific levels. The growing financial problems of the nursing care insurance funds, which are not being overcome by the increase made in the contribution paid by childless families, are becoming more and more pressing, however. The deficit last year was € 820 million and the reserves have dropped to € 3.4 billion. Even the ministry of health anticipates that they are likely to be exhausted by 2008 at the latest.

All the possible reforms will in the final analysis have the effect of strengthening the operators of private nursing homes, because they are already providing customer-oriented service programmes at market prices on a commercially sound basis.

Sound basis for Marseille-Kliniken's operations

The first nine months of the 2004/2005 financial year were characterised by the difference in the development of the two nursing care and rehabilitation divisions. The dominant nursing division is growing profitably and determines the overall earnings of the Group to a very large extent. The rehabilitation division is suffering from the current weakness of the market, is being adapted to the changed conditions and is being structured to have a secure future. The development of Group sales, earnings and occupancy rates reflects the strength and weakness of the nursing and rehabilitation divisions.

The following figures for the months of July 2004 to March 2005 and those for the same period the previous year have been compiled in accordance with international accounting standards (IAS/IFRS).

Small increase in operating sales

Group sales in the first nine months of the 2004/2005 financial year (01.07.2004 to 31.03.2005) increased by 1.2% or € 1.8 million over the same period in the previous year and totalled € 152.1 million. Sales from Group operations went up by € 0.1 million to € 150.4 million. The growth is attributable solely to the nursing division; the shortfalls in the rehabilitation division were compensated for by the increase in sales in nursing care for the elderly from € 108.3 million to € 111.3 million (2.8%). Sales in the rehabilitation division decreased by 7.0%, from € 42.0 million to € 39.1 million.

The company operated 58 facilities in the period under review: 47 nursing homes and 11 rehabilitation clinics. Another senior citizens' residential home was opened in

Dresden in mid-March. The average capacity in the nursing division increased from 5,691 beds to 5,727 beds. The number of beds at the 11 rehabilitation clinics decreased from 1,772 to 1,701.

The Group had an average total of 7,428 beds; this corresponds to a reduction of 35 beds over the previous year. The Group occupancy rate was 89.3%. The small decrease of 0.5 percentage point is due to the poor occupancy rate in the rehabilitation division.

Further growth in the nursing division

The nursing division continues to guarantee Group growth and profitability. The increase of € 3 million in sales was achieved with an improvement of € 0.6 million in the DVFA result to € 9.3 million. Taking facilities into account that started operation, the beds were occupied for 90.5% of the time on average. The fact that the occupancy rate was 0.9 percentage point higher than at the same time in the previous year is attributable to the firmer establishment of the facilities that started operation. The new senior citizens' residential homes in Montabaur and Landshut are being accepted by the market to an increasing extent and are developing towards the capacity utilisation levels that are normal in the Group. If the facilities that started operation are disregarded, the occupancy level went down 0.9 percentage point to 93.4%. This reduction is connected with remodelling exercises at the Belzig and Leipzig facilities, where it was only possible to exploit the capacities to some extent.

Restructuring in the rehabilitation division

Developments in the rehabilitation division are still unsatisfactory. Although the occupancy rate increased from 74.0% to 75.8%, the DVFA result decreased by a further € 0.5 million. This division made a loss of € 2.9 million (previous year: €2.4 million). It is, however, encouraging that the improvement in the occupancy rate in the second and third quarter was better than in the same quarters the previous year, which is an initial sign of a recovery. The quarterly loss of € 1.215 million was € 365,000 (+ 23%) lower than in the same quarter the previous year. The restructuring activities have been continued in view of the fact that the market remains weak. The programme includes, on the one hand, measures to optimise cost management for personnel and non-personnel costs while maintaining the high quality standards. The operations at clinic locations where the occupancy rate is low are, on the other hand, being realigned. The Waldkirch location has established itself with its concept of the combination of preventive medicine with a stay at a health resort. The transfer of the treatment provided at Reinerzau to Schömberg has been completed and led in connection with the measures outlined to an improvement of 3.7 percentage points in the occupancy rate to 68.7% (previous year: 65%) at the five psychosomatic clinics.

Another improvement in the DVFA result

Thanks to its high profitability, the nursing division more than made up for the shortfalls in the results generated by the rehabilitation division. The Group DVFA result increased by € 0.2 million to € 6.4 million. The cumulated DVFA earnings per share of € 0.53 were € 0.02 higher than in the previous year. The increased profit of € 9.3 million in the nursing division corresponds to DVFA earnings per share of € 0.77 (previous year: € 0.71). The DVFA earnings per share in the rehabilitation division were again negative (- € 0.24 compared with - € 0.20 in the previous year). Group earnings before tax and Group net income were practically unchanged by comparison with the previous year at € 7.0 million and € 4.9 million respectively.

EBITDAR, which are the earnings before interest, tax, depreciation and amortisation, rental payments and leasing expenditure and are the most accurate indicator of profitability since they eliminate the costs of financing the business operations, improved by € 3.8 million to € 43.8 million.

EBITDA increased by € 0.2 million to € 29.6 million, whereas EBIT decreased from € 18.0 million to € 17.7 million. Additional rental expenditure for the facilities that started operation was the main reason for the reduction in the EBIT. After DVFA/SG adjustments, EBITDAR increased from € 41.4 million to € 43.1 million, while EBITDA decreased from € 30.8 million to € 29.2 million and EBIT went down from € 19.4 million to € 18.7 million. Although the margins in relation to sales of the adjusted key figures EBIT (12.5% after 12.9%) and EBITDA (19.4% after 20.5%) decreased because of the weakness in the rehabilitation operations and the non-recurring costs of the Belzig and Leipzig remodelling projects in particular, they continue to be excellent by international standards. The EBITDAR margin improved from 27.5% to 28.6%.

Investments in the nursing division

In the period under review, the fixed assets decreased by € 18.7 million, from € 359.4 million to € 340.7 million. Particular mention should be made here not only of the depreciation of € 11.9 million and the investments of € 7.5 million made in the period under review for the main building projects in Belzig, Bad Langensalza and Hennigsdorf near Berlin but also of the disposals of € 14.3 million in the third quarter associated with the sale-and-leaseback deal with General Electric.

The shareholders' equity was € 11.1 million lower than on the qualifying date in the previous year on 31. March 2005 at € 64.0 mllion (increase after three quarters of the current financial year € 2.6 million). This development was attributable to the unscheduled depreciation charges made in the rehabilitation division on 30. June 2004, which are taken into account in the cumulated earnings carried forward. The profit reported in the period under review helped to increase shareholders' equity.

This development is reflected in the equity ratio too. The equity ratio decreased by 1.2 percentage points, from 17.9% to 16.7%.

The HGB shareholders' equity amounted to € 65.6 million, which corresponds to 18.59% of the balance sheet total.

Following adjustment for DVFA/SG items, gross cash flow was at almost exactly the same level as in the previous year at € 15.8 million. The financial debts of the Group went down from € 224.5 million to € 206.8 million in the third quarter. The ratio of financial debts (long-term bank loans) to the balance sheet total decreased from 50.1% to 47.8%. The development of these key figures is due to a large extent to the transaction with GE.

Substantial improvement in the share price

The price of the Marseille-Kliniken share has increased substantially in the course of the period under review. It ranged between € 9.01 and € 11.95 in the months of January to March 2005, developing better than other indices such as the DAX and Prime Pharma & Health PI. The upward price trend continued initially in April 2005. The share price reached its high of € 12.29 on 8. April, but dropped to € 10.85 towards the end of the month (on 29. April 2005) in line with the other indices.

Prospects

We are expecting a small increase in sales and a disproportionately large improvement in earnings over the previous year in the 2004/2005 financial year. Our confidence is based on the continued strength of the nursing division. Rapid progress is being made in integration of the new facilities and this is having a positive impact on earnings development. We see a ray of light on the horizon in the rehabilitation division. Although the market is still weak, there are increasingly positive signs. The measures that have been initiated are making the division stabler in the long term, but are unlikely to be sufficient to return it to profit in the short term in the fourth quarter.

Marseille-Kliniken AG balance sheets

at 31. March 2005 and 31. March 2004

Group	31.03.05 in € '000	31.03.04 in € '000
Intangible assets	22,384	24,054
Tangible assets	316,788	340,594
Financial assets	1,509	2,389
Receivables and liquid funds	17,393	19,314
Other assets	25,108	33,242
Balance sheet total	383,182	419,593
Shareholders' equity *	64,006	75,140
Pension provisions	17,390	17,074
Other provisions	26,668	21,231
Financial debts	206,752	230,657
Other liabilities	68,366	75,491
Balance sheet total	383,182	419,593

* Including 73.6% special items for investment grants

Financial calendar

End of the financial year	30. June 2005
2004/2005 Annual Report	October 2005
Event for analysts Frankfurt a. M.	October 2005
Report on the 1st quarter of 2005/2006	8. November 2005
106th Annual General Meeting	7. December 2005

Profit and loss accounts

for the period from 1. July 2004 to 31. March 2005
and the figures for the previous year

Group	04 I 05 in € '000	03 I 04 in € '000	Change in %
Sales from Group operations	150,414	150,335	0.1
Nursing division sales	111,344	108,335	2.8
Rehabilitation division sales	39,070	42,000	-7.0
EBITDAR	43,781	39,977	9.5
EBITDA	29,624	29,438	0.6
Depreciation	-11,885	-11,424	-4.0
EBIT	17,739	18,014	-1.5
Interest balance	-10,752	-10,887	1.2
EBT	6,987	7,127	-2.0
DVFA result	6,434	6,222	3.4
	in €	in €	
DVFA earnings per share nursing	0.77	0.71	7.6
DVFA earnings per share rehabilitation	-0.24	-0.20	-18.5

Statements of cash flow *

for the period from 1. July 2004 to 31. March 2005
and the figures for the previous year

Group	9 months 04 I 05 in € '000	9 months 03 I 04 in € '000
Net Group income	4,857	4,906
Expenditure / income with no effect on payment	10,401	9,948
Decrease/increase in assets and liabilities	-4.465	–2,381
Cash flow from investment activities	6.824	–6,959
Cash flow from financing activities	-19,618	–4,083
Decrease / increase in liquid funds	-2,001	1,431

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

Share information

Security identification no. (WKN)	778300
ISIN	DE0007783003
Stock exchange code	MKA.ETR
Trading locations	Frankfurt a. M., Hamburg
Designated sponsor	Seydler AG

Imprint

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The report on the 1st 9 months of the year is published in German and English and is available on request from Marseille-Kliniken AG, Corporate Communications.

Balance sheets of Marseille-Kliniken AG according to IFRS

for the period from 1. July 2004 to 31. March 2005 and the figures for the previous year

	9 months 31.03.05	Annual accounts 30.06.04	9 months 31.03.04
Assets	**EUR '000**	**EUR '000**	**EUR '000**
Short-term assets			
Liquid funds	1,703	1,791	1,065
Securities held as current assets	101	101	101
Trade accounts receivable	12,091	12,991	14,145
Inventories	1,869	1,626	3,909
Tax reimbursement claim	2,860	3,397	2,600
Deferred charges, prepaid expenses and other assets	23,877	20,795	30,736
Total short-term assets	42,501	40,701	52,556
Long-term assets			
Tangible assets	316,788	333,496	340,594
Intangible assets	3,604	4,459	4,132
Goodwill	18,780	18,820	19,922
Financial assets	1,509	2,615	1,580
Financial assets held at equity	0	0	809
Total long-term assets	340,681	359,390	367,037
Total assets	**383,182**	**400,091**	**419,593**

Shareholders' equity and liabilities			
Short-term liabilities			
Short-term debt and current portion of long-term debt	23,581	21,668	25,513
Trade accounts payable	4,906	10,733	10,559
Provisions	26,668	24,116	21,231
Other short-term liabilities	12,143	9,141	16,060
Total short-term liabilities	67,298	65,658	73,363
Long-term liabilities			
Long-term debt	183,171	202,789	205,144
Special fixed asset items	46,295	43,228	42,115
Pension commitments	17,390	17,402	17,074
Others	39,381	41,369	37,764
Total long-term liabilities	286,237	304,788	302,097
Minority interests	-274	37	285
Shareholders' equity			
Subscribed capital	31,100	31,100	31,100
Capital reserve	15,887	15,887	15,887
Revenue reserves	243	243	243
Own shares	995	954	988
Retained earnings / accumulated losses	-18,304	-18,576	-4,370
Total shareholders' equity	29,921	29,608	43,848
Total shareholders' equity and liabilities	**383,182**	**400,091**	**419,593**

Profit and loss accounts according to IFRS

for the period from 1. July 2004 to 31. March 2005 and the figures for the previous year

	Quarterly report		Accumulated period	
	01.01.05 to 31.03.05 EUR '000	01.01.04 to 31.03.04 EUR '000	01.07.04 to 31.03.05 EUR '000	01.07.03 to 31.03.04 EUR '000
Sales	47,654	46,116	149,100	147,117
Other operating income	4,793	4,125	8,337	7,541
Changes in the level of finished products and products in progress	131	2,339	131	2,339
Other own work capitalised	1,944	-241	2,916	879
Cost of materials / cost of purchased services	-6,369	-6,476	-21,053	-20,098
Personnel expenses	-25,734	-25,819	-77,902	-77,628
Depreciation of tangible (and intangible) assets	-4,605	-3,817	-11,885	-11,424
Depreciation of goodwill	0	0	0	0
Other operating expenses	-11,754	-10,720	-31,905	-30,589
Others	0	0	0	0
EBIT	**6,060**	**5,507**	**17,739**	**18,137**
Interest income / expenses	-3,639	-3,597	-10,752	-10,887
Income from participating interests	0	0	0	75
Income / expenses from financial assets held at equity	0	-62	0	-198
Exchange rate gains / losses	0	0	0	0
Other income / expenses	0	0	0	0
Earnings before tax (and minority interests)	**2,421**	**1,848**	**6,987**	**7,127**
Taxes on income and earnings	-1,158	-928	-1,921	-1,990
Other taxes	-39	-76	-208	-231
Extraordinary income / expenses	0	0	0	0
Earnings before minority interests	**1,224**	**844**	**4,858**	**4,906**
Minority interests	418	132	274	326
Net income / loss	**1,642**	**976**	**5,132**	**5,232**

Statement of changes in shareholders' equity according to IFRS

for the period from 1. July 2004 to 31. March 2005
and the figures for the previous year

	Subscribed capital EUR '000	Capital reserve EUR '000	Revenue reserves EUR '000	Group result EUR '000	Total EUR '000
01.07.2003	31,100	15,887	827	-4,779	43,035
Change in own shares	0	0	404	0	404
Distribution of profits	0	0	0	-4,823	-4,823
Net income for the period	0	0	0	5,232	5,232
31.03.2004	31,100	15,887	1,231	-4,370	43,848

	Subscribed capital EUR '000	Capital reserve EUR '000	Revenue reserves EUR '000	Group result EUR '000	Total EUR '000
01.07.2004	31,100	15,887	1,197	-18,576	29,608
Subsequent valuation /carried forward	0	0	41	0	41
Distribution of profits	0	0	0	-4,860	-4,860
Net income for the period	0	0	0	5,132	5,132
31.03.2005	31,100	15,887	1,238	-18,304	29,921

Notes

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

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

Method of presentation

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

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

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

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

Accounting and valuation methods

The same accounting and valuation methods as in the last Group annual accounts for the period that ended on 30.06.2004 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 2003/2004.

The following statements relate in particular to changes at 31.03.2005. We refer to the notes to the Group annual accounts at 31.06.2004 with respect to explanations that are not presented (IAS 34.15).

Explanatory information about selected points in the notes

Companies consolidated

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

• TD Trump Deutschland AG (at equity)

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

Miscellaneous notes

The "non-amortisation approach" introduced in accordance with IFRS 3 for goodwill has to be applied to all company mergers that are made from 31. March 2005 onwards. For the 2003/2004 financial year and for the current financial year, advantage has been taken of the rule about retrospective application according to IFRS 3.85 ("Limited Retrospective Application") and scheduled depreciation according to IAS 22 (revised in 1998) has been suspended.

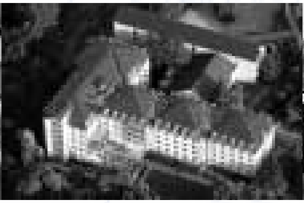
According to the IAS (SIC 16.4), the own shares shown in current assets under commercial law are offset against the corresponding revenue reserves for own shares. This rule is no longer being applied from the 2004/2005 financial year onwards, because the company does not hold any of its own shares as defined in this regulation.

Another major difference between the HGB and the IAS relates to the accounting of eight leasing contracts for land and buildings. According to IAS 17, all of these contracts satisfy the conditions of finance leases. The leased buildings have therefore been stated as assets of EUR 43,883,000 in the Group accounts at 31. March 2005 in accordance with IAS 17.12 and liabilities to the lessors of the same amount have been included.

According to IAS 17, the profits from the sale are treated as "deferred income" and the profit from the sale of the fixed assets is therefore released in results over the duration of the leasing contract.

IAS 1.66 states that the minority interests must be shown as a separate item in the balance sheet, so they do not form part of the shareholders' equity.

The special items for investment subsidies and grants for fixed assets of EUR 46,295,000 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 34,085,000. The shareholders' equity plus the special items for investment subsidies and grants that increase shareholders' equity therefore amount to EUR 64,006,000.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