

Interim Report
of MEDICLIN Aktiengesellschaft
for the Period from 1 January 2005 to 31 March 2005

Key data as of 31 March 2005

Key data business development

in million Euro	Q1 2005	Q1 2004
Sales	87.5	85.8
Operating results	-1.1	-2.8
Consolidated result	-3.0	-4.4
Free Cash Flow	0.7	-6.3
Balance sheet total	262.2	264.6
Investments	2.2	2.2

in per cent	Q1 2005	Q1 2004
EBIT-Margin	-1.3	-3.3
Return on sales	-3.4	-5.1
Equity ratio	28.8	33.9
Net debt	71.3	72.7
Occupancy rates	74.0	70.7

Key data MediClin share (WKN: 659 510; Ticker: MED)

in Euro	Q1 2005	Q1 2004
Earnings per share	-0.09	-0.14
Cash flow per share	0.02	-0.20
Share price 02.01.2005	1.90	-
52-week-high	2.15	-
52-week-low	1.44	-
Share price 31.03.2005	1.89	2.17
Market capitalization 31.03.2005	59.5	68.4
Number of shares	31,500,000	31,500,000

Source: Xetra-Kurse, Deutsche Börse AG
Status: 10.05.2005

Dear Shareholders, Staff and Business Friends,

The first four months of the new financial year 2005 developed better than in the previous year. Moreover, the figures for the first quarter of 2005 which were prepared in accordance with the provisions of International Financial Reporting Standards (IFRS) for the first time, indicate that the demand for our services has risen, and that we are keeping our costs under control.

The revenues of 87.5 million Euro reported in the first quarter of 2005 were up two percent on revenues in the same quarter of the previous year. In the first three months of 2005, the nursing care segment generated nearly 1.1 million Euro. This segment did not yet exist in the first quarter of 2004. Without this auxiliary business, revenue growth would amount to 0.7 per cent. Compared to the previous year, we succeeded in reducing the consolidated loss in the first quarter of 2005 due to the reductions in rental fees, on the one hand, and higher capacity utilization as well as increased efficiency, on the other.

The general economic conditions in Germany continue to be unsatisfactory. This also applies to the projected development for the remainder of the calendar year.

According to forecasts of the Economic Research Institute, the gross domestic product will grow by only 0.7 per cent this year. On the labour market, unemployment figures development is characterized by implementation of the "Hartz IV" reform. Experts expect a steep, perceptible decline in the jobless rate in the second half of the year, however, which is to continue in the following year.

The demand for rehabilitation services has dropped considerably in the first three months of 2005. The Verband Deutscher Rentenversicherungsträger reports a decline of 15.5 per cent in the number of applications in the first quarter in comparison with the previous year; this represents a 57,838 reduction in applications for medical rehabilitation services to 315,316 applications.

Despite these rather negative influences, we are adhering to our goal of reaching a balanced result in 2005.

Dr. Ulrich Wandschneider

Chairman of the Board of Management

Business and Assets Development in the First Three Months of the 2005 Financial Year

The following disclosures have been determined in accordance with the International Financial Reporting Standards (IFRS) for the first time. Within this context, a preliminary IFRS opening balance sheet as at 1 January 2004 was prepared. The figures reported for the previous year were determined in accordance with the same accounting and valuation provisions in order to ensure comparability of the figures published.

The disclosures on the reconciliation from HGB to IFRS are presented in the explanatory notes to the interim consolidated financial statements.

Business Development

In the first quarter of 2005, MediClin posted 87.5 million Euro in **revenues** (Q1 2004: 85.8 million Euro).

Sales of the Group and of the Segments

in million Euro	Q1 2005	Q1 2004	Change in per cent
Post acute	50.5	49.8	+1.4
Acute	35.9	36.0	-0.3
Nursing care	1.1	-	n.a.
Group	87.5	85.8	+2.0

Business development in the different segments was varied. While acute care revenues saw a marginal decline, post acute revenues stabilized. The proportion of subsequent nursing treatment (AHB) rose slightly to 65.6 per cent of nursing days in the post acute segment. Revenues in the new nursing care segment developed positiv. Meanwhile, all facilities in this segment are fully operative.

The number of nursing care days and cases treated was up on the same quarter in the previous year by 9,474 nursing care days, and 202 cases, respectively. The number of nursing care days in the post acute segment remained almost constant, while nursing care days in the acute segment were down by approximately 5,300 days due to an increase in out-patient treatment. The nursing care segment accounted for nearly 14,900 days. If this segment had been excluded, a drop of 1.1 per cent would have been recorded.

Development of nursing days and cases

Nursing days

in number of days	Q1 2005	Q1 2004	Change in per cent
Post acute	395,538	395,618	0.0
Acute	97,756	103,073	-5.2
Nursing care	14,871	-	n.a.
Group	508,165	498,691	+1.9

Cases

in number of cases	Q1 2005	Q1 2004	Change in per cent
Post acute	15,763	15,299	+3.0
Acute	9,346	9,608	-2.7
Group (without nursing care)	25,109	24,907	+0.8

The number of cases in the post acute segment increased by 464, and cases fell slightly by 262 in the acute segment. An analysis of case numbers in the nursing care segment is of little informative value given the long stays aimed at for residents.

Net Assets, Financial Position and Financial Performance

In the first quarter of 2005, we increased the **operating result** by 1.7 million Euro, compared to the same quarter in the previous year. This was mainly attributable to the relief associated with rental expense to the amount of approximately 1.3 million Euro in comparison with the previous year's period. On balance, the operating result improved by approximately 0.4 million Euro compared to the first quarter of 2004.

Results of the Group and the Segments

in million Euro	Q1 2005	Q1 2004	Change in per cent
Segment result Post acute	-4.2	-5.2	+19.2
Segment result Acute	3.3	2.9	+13.8
Segment result Nursing care	-0.2	-0.5	+60.0
Operating Group result	-1.1	-2.8	+60.7
Consolidated Group result	-3.0	-4.4	+31.8

Cost of materials and personnel expenses increased slightly compared to the same quarter in the previous year due to the new nursing care activities. In addition, cost of materials was affected by significantly higher energy prices, compared to the previous year's period.

Expenses in the profit and loss statement

in million Euro	Q1 2005	Q1 2004	Change in per cent
Cost of materials	18.7	17.8	+5.1
Personnel expenses	53.9	53.7	+0.4
Depreciation	1.7	1.8	-5.6
Other operating expenses	16.1	16.9	-4.7

in per cent	Q1 2005	Q1 2004	Change in per cent
Cost of materials ratio	21.4	20.7	+3.4
Personnel expenses ratio	61.6	62.6	-1.6

Depreciation and **other operating expenses** decreased. Other operating expenses fell by 0.8 million Euro, due mainly to the 1.3 million Euro reduction in rental expense, whereas maintenance costs grew by 0.4 million Euro, and other operating expenses saw a 0.3 million Euro increase. With respect to depreciation, the initial application of IFRS accounting standards

led to the netting of income from release of the special item from grants to finance fixed assets, pursuant to the Hospital Financing Act.

The financial result deteriorated by 0.3 million Euro to minus 1.8 million Euro (Q1 2004: minus 1.5 million Euro). Interest income was down by 0.2 million Euro, and interest expenses were up by 0.1 million Euro.

Earnings before taxes and minority interests amounted to minus 2.9 million Euro (Q1 2004: minus 4.3 million Euro). The consolidated loss in the first quarter of 2005 amounted to 3.0 million Euro (Q1 2004: minus 4.4 million Euro). Earnings per share amount to minus 0.09 Euro (Q1 2004: minus 0.14 Euro).

The **balance sheet total** at the end of the quarter amounted to 262.2 million Euro. **Fixed assets**, which totalled 166.8 million Euro, were down by 6.4 million Euro compared to March 31, 2004 due to depreciation. Within the context of capacity utilization, trade receivables increased by 3.2 million Euro compared to the previous year's reporting date.

Structure of the balance sheet

in million Euro	31 March 2005	in per cent of balance sheet total	31 March 2004	in per cent of balance sheet total
Fixed assets (incl. deferred taxes)	178.2	68.0	183.8	69.5
Current assets	84.0	32.0	80.8	30.5
Total	262.2	100.0	264.6	100.0
Group equity	75.4	28.8	89.8	33.9
Provisions	41.3	15.8	35.6	13.5
Liabilities (incl. deferred taxes)	145.5	55.4	139.2	52.6
Total	262.2	100.0	264.6	100.0

The cash flow of 0.7 million Euro during the period improved significantly in comparison with the previous year's quarter (Q1 2004: minus 6.3 million Euro). The contributing factors here were improvement in results and the partial amount received for the new construction of the Müritz-Klinikum in Waren.

Investments

Investments in the first quarter of 2005 amounted to 2.2 million Euro (Q1 2004: 2.2 million Euro).

Employees

As of 31 March 2005, MediClin had a staff of 5,226 **full time employees**. On average, the number of full time employees in the first quarter was 5,230 (Q1 2004: 5,298 full time employees).

Number of employees on average during the quarter

in full-timestaff	Q1 2005	Q1 2004	Change in number of full-time staff
Post acute	3,441	3,518	-77
Acute	1,596	1,654	-58
Nursing care	65	2	+68
Administration	128	124	+4
Group	5,230	5,298	-68

Business Risks

MediClin is currently not exposed to any discernible risks that could jeopardize the going concern assumption. A description of business risks and our risk management system is provided in our Annual Report 2004 on page 24 et seq..

Outlook

Thus far, business development is in accordance with our expectations concerning corporate development for this year. We will continue to benefit from previously implemented and newly introduced measures and, assuming that the general economic and business situation in Germany do not deteriorate, we can expect a balanced result in 2005.

Additional Disclosures

On 31 March 2005, MediClin held a total of 1,550,000 own shares. This corresponds to 4.92 per cent of the share capital. The shares were purchased at an average price of 1.81 Euro per share. The balance as at 31 December 2004 remained unchanged.

In the first quarter of 2005, there have been changes in some of our shareholders' proportion in the capital stock of MediClin AG.

Shareholder structure (12.05.2005)

in per cent

Supervisory / Mangement Board	4.2
Main shareholders (share >= 5 per cent)	59.6
thereof Insurcance Companies	
Provinzial	19.5
Ergo	11.9
DKV	11.9
thereof private shareholders	16.3
own shares	4.9
Free Float	31.3
Total	100.0

Consolidated Interim Financial Statements
of MEDICLIN Aktiengesellschaft
for the Period from 1 January 2005 to 31 March 2005

Consolidated profit and loss account

thousand Euro	January - March 2005	January - March 2004
Sales	87,516	85,824
Other operating income	1,767	1,587
Total operating performance	89,283	87,411
Cost of materials	18,701	17,825
Personnel expenses	53,878	53,712
Depreciation	1,688	1,777
Other operating expenses	16,105	16,945
Operating result	-1,089	-2,848
Financial result	-1,774	-1,449
Results from ordinary activities	-2,863	-4,297
Consolidated result	-2,954	-4,369
Earnings per share undiluted (in Euro)	-0.09	-0.14
Earnings per share diluted (in Euro)	-0.09	-0.14

Consolidated balance sheet

thousand Euro

	31 March 2005	31 March 2004	31 December 2004
I. Assets			
Fixed Assets	166,809	173,154	166,259
Intangible assets	52,992	56,905	53,103
Property, plant and equipment	113,785	115,533	113,123
Financial assets	32,000	716	33
Deferred taxes	11,339	10,680	11,483
Current assets	84,032	80,779	77,404
Inventory	4,379	4,294	4,519
Trade receivables	50,877	47,660	47,155
Other assets	6,523	5,880	4,828
Receivables pursuant to Hospital Financing Act	3,402	3,707	2,722
Liquid funds	18,851	19,238	18,180
Total	262,180	264,613	255,146
II. Equity an liabilities			
Group equity	75,388	89,845	78,354
Long term liabilities	131,708	128,778	127,734
Liabilities to banks and insurance companies	90,089	91,950	86,512
Provisions	41,291	35,568	40,831
Deferred taxes	328	1,260	391
Short term liabilities	55,084	45,990	49,058
Liabilities	53,277	45,283	47,237
Liabilities to banks and insurance companies	45	9	33
Trade payables	10,228	8,574	12,392
Liabilities pursuant to Hospital Financing Act	10,340	8,565	10,157
Other liabilities	32,664	28,135	24,655
Liabilities from taxes	1,807	707	1,821
Total	262,180	264,613	255,146

Consolidated cash flow statement

thousand Euro	January - March 2005	January - March 2004
Result before extraordinary items (before result shares of minority interests)	-2,966	-4,414
Depreciation	1,688	1,777
Subtotal	-1,278	-2,637
Cash flow from operating activities	-681	-6,260
Cash flow from investing in fixed assets	-2,236	-2,213
Cash flow from investing activities in financial assets	0	2,886
Cash flow from financing activities	3,590	-687
Cash flow for the period	673	-6,274

Development of Group Equity and Minority Shares

	Parent company				Minority shareholders		Group Equity
	Subscribed capital ordinary shares	Capital reserve	Group equity generated	Equity	Minority capital	Equity	
thousand Euro							
As at 31.12.2004	31,500	105,000	-59,717	76,783	1,571	1,571	78,354
Total consolidated result	-	-	-2,954	-2,954	-12	-12	-2,966
As at 31.03.2005	31,500	105,000	-62,671	73,829	1,559	1,559	75,388

Segment data

million Euro	January - March 2005				January - March 2004			
	Post acute	Acute	Nursing Care	Total	Post acute	Acute	Nursing Care	Total
Sales	50.5	35.9	1.1	87.5	49.8	36.0	0.0	85.8
Segment result	-4.2	3.3	-0.2	-1.1	-5.2	2.9	-0.5	-2.8
Thereof non-cash items:								
Depreciations/Write-ups	1.1	0.5	0.1	1.7	1.2	0.6	0	1.8
Release of provision	0.1	0.8	0	0.9	0.2	0.2	0	0.4
Assets	156.9	104.9	0.4	262.2	159.4	105.1	0.1	264.6
Liabilities	131.3	54.1	1.4	186.8	124.8	49.4	0.6	174.8

Explanatory Notes to the Consolidated Interim Financial Statements as at 31 March 2005

The unaudited consolidated interim financial statements of MediClin AG for the first three months of the 2005 financial year were prepared in accordance with the "International Financial Reporting Standards" (IFRS) issued by the International Accounting Standards Board. An opening balance sheet as at 1 January 2004 was prepared. Opening IFRS balance sheets prepared before 31 December 2005 are considered to be provisional documents, since at present, it is not reasonably certain that the Standards which are required to be applied or which may be applied, including the valid interpretations, are available in their final form.

Explanatory Notes to the Reconciliation from HGB to IFRS

First-time application of the IFRS accounting standards led to a higher level of results than if the provisions of the German Commercial Code (HGB) had been applied. For further explanations concerning the difference in results, attention is drawn to the following reconciliation statements.

Transition of the consolidated results from HGB to IAS/IFRS principles

in thousand Euro

	January - March 2005	January - March 2004
Consolidated result pursuant to HGB	-3,306	-5,301
Company pension scheme (IAS 19)	-244	-200
Elimination of setting up provisions for maintenance not carried out	-320	-184
Revaluation of anniversary obligations	0	33
General allowances for inventories	-313	154
Revaluation of minority interests	1	0,6
Elimination of the depreciation to goodwill pursuant to HGB	1,309	1,230
Deferred taxes on differences to the tax statement	-81	-102
Consolidated result pursuant to IAS/IFRS	-2,954	-4,369

Transition of the group equity from HGB to IAS/IFRS principles

in thousand Euro

	31 March 2005	31 March 2004
Group equity pursuant to HGB	77,979	93,454
Reclassification of own shares	-2,800	-2,800
Company pension scheme (IAS 19)	-13,433	-12,590
Elimination of setting up provisions for maintenance not carried out	511	469
Revaluation of anniversary obligations	324	225
General allowances for inventories	0	437
Elimination of the depreciation to goodwill pursuant to HGB	1,796	1,230
Deferred taxes		
on losses carried forward	7,269	7,269
on differences to the tax statement	3,742	2,151
Group equity pursuant to IAS/IFRS	75,388	89,845

Transition of the group equity from HGB to IAS/IFRS principles

in thousand Euro

	31 December 2004	01 January 2004
Group equity pursuant to HGB	81,446	98,799
Reclassification of own shares	-2,800	-2800
Company pension scheme (IAS 19)	-13,189	-12,390
Elimination of setting up provisions for maintenance not carried out	831	654
Revaluation of anniversary obligations	324	192
General allowances for inventories	313	282
Elimination of the depreciation to goodwill pursuant to HGB	327	0
Others	10	0
Deferred taxes		
on losses carried forward	7,269	7,269
on differences to the tax statement	3,823	2,253
Group equity pursuant to IAS/IFRS	78,354	94,259

MediClin AG, May 2005

The Board of Management

Decision-making Bodies of the Company

Management Board

Dr. Ulrich Wandschneider, Chairman

Frank Abele, Chief Financial Officer

Supervisory Board

Prof. Dr. Gerhard Schmidt, Chairman

Hans Hilpert*, Vice-Chairman

Gerd Dielmann*

Prof. Dr. Erich Donauer*

Peter Erni*

Axel Große-Heitmeyer* (until 29.01.2005)

Dr. Jochen Messemer

Klaus Müller*

Prof. Dr. Peter Reichling

Bernd W. Schirmer

Gero Schlagelambers* (from 05.04.2005)

Günter Schlatter

Frank-Rainer Vaessen

*Employee Representative

Committees of the Supervisory Board

Audit Committee

Prof. Dr. Peter Reichling, Chairman

Axel Große-Heitmeyer (until 29.01.2005)

Hans Hilpert

Frank-Rainer Vaessen

Permanent Committee

Prof. Dr. Gerhard Schmidt, Chairman

Hans Hilpert, Vice-Chairman

Axel Große-Heitmeyer (until 29.01.2005)

Günter Schlatter

Advisory Board

The Advisory Board is reconstituting itself.

Financial Calendar

25 May 2005	General Annual Meeting
12 August 2005	Publication of the Interim Report January to June 2005
8 November 2005	Publication of the Interim Report January to September 2005

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