

MEDICLIN Aktiengesellschaft

Interim Report

for the Period from 1 January 2005 to 30 September 2005

Quarterly Development

Key data business development

in million Euro	Q3 2005	Q2 2005	Q1 2005	Q3 2004	Q2 2004	Q1 2004
Sales	94.6	93.9	87.5	91.2	88.9	85.8
Operating result	7.1	3.7	-1.1	3.1	-1.4	-2.8
Consolidated result	5.6	2.0	-3.0	1.7	-2.8	-4.4
Free Cash Flow	10.3	-1.1	0.7	8.0	-8.3	-6.3
Balance sheet total	271.3	261.6	262.2	261.5	259.9	264.6
Investments	4.1	4.0	2.2	3.0	2.7	2.2
Net debt	63.7	71.7	71.3	70.2	78.5	72.7
in per cent	Q3 2005	Q2 2005	Q1 2005	Q3 2004	Q2 2004	Q1 2004
EBIT-Margin	7.5	3.9	-1.3	3.4	-1.6	-3.3
Return on sales	5.9	2.1	-3.4	1.9	-3.1	-5.1
Equity ratio	30.5	29.5	28.8	33.9	33.4	33.9
Occupancy rates	78.5	78.1	74.0	73.8	73.4	70.7

Key data MediClin share (WKN: 659 510; ISIN: DE0006595101; Ticker: MED)

in Euro	Q3 2005	Q2 2005	Q1 2005	Q3 2004	Q2 2004	Q1 2004
Earnings per share	0.17	0.06	-0.09	0.06	-0.09	-0.14
Cash flow per share	0.33	-0.03	0.02	0.25	-0.26	-0.20
Share price 02.01.2005	1.90	-	-	-	-	-
52-week-high	2.35	-	-	-	-	-
52-week-low	1.80	-	-	-	-	-
Share price end of quarter	2.20	1.89	1.89	1.85	1.85	2.17
Market capitalization end of quarter in million Euro	69.3	59.5	59.5	58.3	58.3	68.4
Number of shares in million	31.5	31.5	31.5	31.5	31.5	31.5

Source: Xetra-Kurse, Deutsche Börse AG
Status: 02.11.2005

**Dear Shareholders, Staff and
Business Friends,**

During the first nine months of the 2005 financial year, revenues of 276 million Euro were generated, an increase of about 10 million Euro or 3.8 percent in comparison with the previous year's value. The nursing care segment contributed 4.5 million Euro to overall revenues. The post acute segment revenues grew by 3.4 percent or Euro 5.3 million to Euro 160.3 million. The acute segment also saw an increase of 1.1 million Euro to 111.2 million Euro in comparison with the previous year's figure.

The income situation of our company developed as expected. The group's operating result for the first nine months of 2005 improved by 10.8 million Euro to Euro 9.7 million in comparison with the previous year. Taking into account the rental relief for the first nine months of approximately 4.0 million Euro, the operative income increase is 6.8 million Euro. The third quarter of the current financial year saw a positive upward trend with an operating result of 7.1 million Euro amounting to nearly twice of that of the second quarter of the year (2nd quarter 2005: 3.7 million Euro).

With the reorientation of our organisation we are on the right course. The clinics' executives were equipped with more self-reliance and thus bearing increased responsibility for the result. We are working on a group-wide customer relationship management system that will enable us to better coordinate our marketing activities and improve communication with our customers. In doing so, we will have assigned another important part of our marketing activities.

Neither the economic nor labour-market related conditions have undergone any significant changes during the past three months and the situation is still unsatisfactory. It is difficult to make any forecasts about future development at present since the new federal government's approach to economic and health policies can not yet be estimated. Whether, and if so, what measures will be taken to boost the economy and the impact on our sector of industry is not foreseeable for the time being.

The Board of Management assumes, based on MediClin's business development to date, that we will be able to adhere to our goal for this year and achieve a balanced result in 2005.

Dr. Ulrich Wandschneider
Chairman of the Board of Management

Business and Assets Development during the First Nine Months of the 2005 Financial Year

The following disclosures have been determined in accordance with International Financial Reporting Standards (IFRS). Within this context, a provisional 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 nine months of 2005, MediClin earned **sales revenues** of 276.0 million Euro (previous year's period: 265.9 million Euro).

Sales Revenues of the Group and Segments on a 9-Month Comparison

in million Euro	9-months 2005	9-months 2004	Change in percent
Post acute	160.3	155.0	+3.4
Acute	111.2	110.1	+1.0
Nursing care	4.5	0.8	n.a.
Group	276.0	265.9	+3.8

The third quarter of 2005 once more surpassed the second quarter of 2005; in effect, on a 9-month basis, revenue generated in the post acute segment rose by 3.4 percent in comparison with the previous year's value and acute segment sales improved by 1.0 percent. Revenues earned in the nursing care segment increased continuously from quarter to quarter in 2005 and amounted to 1.9 million Euro in the third quarter of 2005.

Sales Revenues of the Group and the Segments on a Quarterly Comparison

in million Euro	Q3 2005	Q3 2004	Change in percent
Post acute	55.3	52.8	+4.7
Acute	37.4	37.7	-0.8
Nursing care	1.9	0.7	n.a.
Group	94.6	91.2	+3.7

In the first nine months of 2005, the number of **nursing days** in the group increased by 3.9 percent and the number of **cases treated** by 1.1 percent, in comparison with the previous year's period. Excluding the nursing days of the nursing care segment, the increase in comparison with the previous year would have been 0.7 percent, or 11,299 nursing days.

Development of Nursing Days and Cases in the Group and the Segments on a 9-Month Comparison

Nursing days

in number of days	9 months 2005	9 months 2004	Change in percent
Post acute	1,262,922	1,232,892	+2.4
Acute	283,624	302,355	-6.2
Nursing care	60,534	11,081	n.a.
Group	1,607,080	1,546,328	+3.9

Cases

in number of cases	9 months 2005	9 months 2004	Change in percent
Post acute	50,167	48,148	+4.2
Acute	27,260	28,444	-4.2
Group (without nursing care)	77,427	76,592	+1.1

Development of Nursing Days and Cases in the Group and the Segments on a Quarterly Comparison

Nursing days

in number of days	Q3 2005	Q3 2004	Change in percent
Post acute	436,944	422,503	+3.4
Acute	90,349	98,201	-8.0
Nursing care	25,314	8,965	n.a.
Group	552,607	529,669	+4.3

Cases

in number of cases	Q3 2005	Q3 2004	Change in percent
Post acute	17,183	16,621	+3.4
Acute	8,846	9,477	-6.7
Group (without nursing care)	26,029	26,098	-0.3

The **average duration of stays** in the clinics during the past nine month was 25.2 days for the post acute segment (2004 as a whole: 25.6 days) and 10.4 days for the acute segment (2004 as a whole: 10.6 days).

Financial Performance, Net Assets and Financial Position

In the first nine months of the reporting year, MediClin earned **sales revenues** of 276.0 million Euro (comparable previous year's period: 265.9 million Euro). The **operating result** of 9.7 million Euro was 10.8 million Euro up on the previous year's value. Rental relief to the amount of approximately 4.0 million Euro contributed to this. On balance, the operating result improved by 6.8 million Euro in comparison with the previous year's period.

The loss in the post acute segment declined, partly due to the rental relief which added significantly in this respect. The margin of the acute segment result is 10.8 percent, following 7.7 percent in the previous year. The nursing care segment's loss also fell perceptibly in the first nine months of the year.

Result of the Group and Segments on a 9-Month Comparison

in million Euro	9 months 2005	9 months 2004	Change in percent
Segment result Post acute	-1.8	-8.3	n.a.
Segment result Acute	12.0	8.5	+41.2
Segment result Nursing care	-0.5	-1.3	n.a.
Operating Group result	9.7	-1.1	n.a.
Consolidated Group result	4.6	-5.5	n.a.

The third quarter of 2005 was MediClin's most successful quarter for the past two years. The operating result generated in this quarter was 7.1 million Euro and consolidated result amounted to 5.6 million Euro. Earnings per share were 0.17 Euro for the quarter (previous year's quarter: 0.06 Euro).

Result of the Group and Segments on a Quarterly Comparison

in million Euro	Q3 2005	Q3 2004	Change in percent
Segment result Post acute	2.4	-0.3	n.a.
Segment result Acute	4.7	3.7	+27.0
Segment result Nursing care	0.0	-0.3	n.a.
Operating Group result	7.1	3.1	n.a.
Consolidated Group result	5.6	1.7	n.a.

Expenses of the Profit and Loss Statement on a 9-Month Comparison

in million Euro	9 months 2005	9 months 2004	Change in percent
Cost of materials	56.7	53.3	+6.4
Personnel expenses	156.7	157.3	-0.4
Depreciation	5.6	7.1	-21.1
Other operating expenses	52.0	54.4	-4.4
in percent	9 months 2005	9 months 2004	Change in percentage points
Cost of materials ratio	20.5	20.0	+0.5
Personnel expenses ratio	56.8	59.2	-2.4

Cost of materials rose in comparison with the previous year's period primarily due to higher revenues. In addition, however, the increase in energy prices had an impact on the cost of materials.

Personnel expenses declined by 0.6 million Euro, mainly as a result of the somewhat lower number of staff compared to the previous year's period.

Depreciation was lower by 21.1 percent or 1.5 million Euro; this is a consequence of the fact that more means are provided to maintenance at present.

Other operating expenses fell by 2.4 million Euro, largely due to the rental relief reduction of 4.0 million Euro which compares to an increase in maintenance costs of 0.4 million Euro, and a 1.2 million Euro increase in other operating expenses.

Assessed on 9-month basis, the **financial result** dropped by 1.0 million Euro from minus 4.5 million Euro to minus 5.5 million Euro; interest income declined by 0.3 million Euro whereas interest expenses rose by 0.7 million Euro. The financial result for the third quarter amounted to minus 1.9 million Euro (previous year's quarter: minus 1.4 million Euro).

Results from ordinary activities came to 4.2 million Euro in the first nine months of 2005 (previous year's period: minus 5.5 million Euro).

The **consolidated result** amounted to 4.6 million Euro (previous year's period: minus 5.5 million Euro). **Earnings per share** amount to 0.14 Euro (previous year's period: minus 0.17 Euro).

Expenses of the Profit and Loss Statement on a Quarterly Comparison

in million Euro	Q3 2005	Q3 2004	Change in percent
Cost of materials	18.8	17.8	+5.6
Personnel expenses	50.1	50.6	-1.0
Depreciation	2.2	2.9	-24.1
Other operating expenses	18.2	18.8	-3.2
			Change in percentage points
in percent	Q3 2005	Q3 2004	
Cost of materials ratio	19.9	19.5	+0.4
Personnel expenses ratio	53.0	55.5	-2.5

The **balance sheet total** amounted to 271.3 million Euro as of 30 September 2005. Fixed assets, including deferred taxes of 181.0 million Euro, were up 3.3 million Euro on the value as of 31 December 2005. The amount of about 5 million Euro associated with construction work relating to the Müritz-Klinikum played a role in this. Trade receivables which are reported under current assets saw a revenue-related increase in comparison with the previous year's reporting date. Liquid assets also rose. They increased by 9.2 million Euro mainly due to the improved results compared to the previous year's cut-off date.

Short term and long term liabilities including deferred taxes rose by 9.4 million Euro in comparison with the previous year primarily due to construction activities at the Müritz-Klinikum.

Structure of the Balance Sheet

in million Euro	30. Sep 2005	in percent of balance sheet total	30. Sep 2004	in percent of balance sheet total	31. Dec 2004	in percent of balance sheet total
Fixed assets (incl. deferred taxes)	181.0	66.7	180.0	68.8	177.7	69.7
Current assets	90.3	33.3	81.5	31.2	77.4	30.3
Total	271.3	100.0	261.5	100.0	255.1	100.0
Group equity	82.8	30.5	88.7	33.9	78.4	30.7
Provisions	42.2	15.6	35.9	13.7	40.8	16.0
Liabilities (incl. deferred taxes)	146,3	53.9	136.9	52.4	135.9	53.3
Total	271.3	100.0	261.5	100.0	255.1	100.0

The **cash flow** of the period of 9.9 million Euro increased in comparison with the previous year's value (previous year's period: minus 6.6 million Euro). This is due to the income improvement and also to the inflow of a partial amount of interim financing for the new building at the Müritz-Klinikum in Waren.

Investments

Investments during the first nine months of 2005 amounted to 10.3 million Euro (previous year's period: 8.9 million Euro).

Employees

In September 2005, MediClin employed 5,288 **full-time staff** nationwide. On average, this represents 5,241 full time employees (previous year's period: 5,291 full time staff) for the first nine months of 2005.

Number of Employees on a 9-Month Average

in full-time staff	9-months 2005	9-months 2004	Change in number of full-time staff
Post acute	3,439	3,500	-61
Acute	1,594	1,635	-41
Nursing care	83	29	+54
Administration	125	127	-2
Group	5,241	5,291	-50

Number of Employees on a Quarterly Average

in full-time staff	Q3 2005	Q3 2004	Change in number of full-time staff
Post acute	3,446	3,498	-52
Acute	1,592	1,615	-23
Nursing care	102	54	+48
Administration	124	132	-8
Group	5,264	5,299	-35

Outlook

The course of business for the first nine months of the year is in keeping with the Board of Management's expectations respecting the company's development in 2005. Assuming that the general economic conditions in Germany do not deteriorate, the Board of Management expects a balanced result for MediClin in 2005.

Additional Disclosures

On 30 September 2005, MediClin held a total of 1,550,000 own shares. This equals 4.92 per cent of the share capital. The shares were acquired at an average price of Euro 1.81. The balance has remained unchanged in comparison with 30 June 2005.

Shareholder Structure

in percent

Main shareholders (\geq 5 per cent)	59,5
thereof	
Insurance Companies	43,2
Private Shareholders	16,3
Own shares	4,9
Free float	35,6
Total	100,0

Consolidated Interim Financial Statements
of MEDICLIN Aktiengesellschaft
for the Period from 1 January 2005 to 30 September 2005

Consolidated Profit and Loss Account

thousand Euro	Jan - Sep 2005	Jan - Sep 2004	Jul - Sep 2005	Jul - Sep 2004
Sales	275,953	265,947	94,512	91,214
Other operating income	4,696	5,102	1,843	1,969
Total operating performance	280,649	271,049	96,355	93,183
Cost of materials	56,664	53,332	18,752	17,791
Personnel expenses	156,689	157,272	50,057	50,557
Depreciation	5,596	7,091	2,219	2,932
Other operating expenses	51,970	54,407	18,154	18,772
Operating result	9,730	-1,053	7,173	3,131
Financial result	-5,506	-4,477	-1,919	-1,397
Results from ordinary activities	4,224	-5,530	5,254	1,734
Consolidated result	4,566	-5,479	5,585	1,764
Earnings per share undiluted (in Euro)	0.14	-0.17	0.17	0.06
Earnings per share diluted (in Euro)	0.14	-0.17	0.17	0.06

Consolidated Balance Sheet

thousand Euro	30 September 2005	30 September 2004	31 December 2004
I. Assets			
Fixed Assets	169,310	169,092	166,259
Intangible assets	52,812	56,462	53,103
Property, plant and equipment	116,469	112,537	113,123
Financial assets	29	93	33
Deferred taxes	11,740	10,942	11,483
Current assets	90,245	81,502	77,404
Inventory	4,653	4,399	4,519
Trade receivables	47,122	46,823	47,155
Other assets	4,926	6,849	4,828
Receivables pursuant to Hospital Financing Act	5,436	4,552	2,722
Liquid funds	28,108	18,879	18,180
Total	271,295	261,536	255,146
II. Equity an liabilities			
Group equity	82,822	88,739	78,354
Long term liabilities	134,303	126,281	127,734
Liabilities to banks and insurance companies	91,774	89,078	86,512
Provisions	42,192	35,906	40,831
Deferred taxes	337	1,297	391
Short term liabilities	54,170	46,516	49,058
Liabilities	52,297	45,971	47,237
Liabilities to banks	51	40	33
Trade payables	9,320	8,000	12,392
Liabilities pursuant to Hospital Financing Act	11,027	10,034	10,157
Other liabilities	31,899	27,897	24,655
Liabilities from taxes	1,873	545	1,821
Total	271,295	261,536	255,146

Consolidated Cash Flow Statement

thousand Euro	January - September 2005	January - September 2004
Result before extraordinary items (before result shares of minority interests)	4,468	-5,520
Depreciation	5,596	7,091
Subtotal	10,064	1,571
Cash flow from operating activities	13,280	-2,714
Cash flow from investing in fixed assets	-8,631	-3,277
Cash flow from investing activities in financial assets	0	2,886
Cash flow from financing activities	5,279	-3,529
Cash flow for the period	9,928	-6,634

Development of Group Equity and Minority Shares

thousand Euro	Parent company				Minority shareholders		Group Equity
	Subscribed capital ordinary shares	Capital reserve	Group equity generated	Equity	Minority capital	Equity	
As at 31.12.2004	31,500	105,000	-59,717	76,783	1,571	1,571	78,354
Total consolidated result	-	-	4,566	4,566	-98	-98	4,468
As at 30.09.2005	31,500	105,000	-55,151	81,349	1,473	1,473	82,822

Segment Data

million Euro	January - September 2005				January - September 2004			
	Post acute	Acute	Nursing Care	Total	Post acute	Acute	Nursing Care	Total
Sales	160.3	111.2	4.5	276.0	155.0	110.1	0.8	265.9
Segment result	-1.8	12.0	-0.5	9.7	-8.3	8.5	-1.3	-1.1
Thereof non-cash items:								
Depreciations/Write-ups	3.4	1.9	0.3	5.6	3.6	2.9	0.6	7.1
Release of provision	0.3	0.4	0.0	0.7	0.5	0.3	0.0	0.8
Assets	162.8	107.9	0.6	271.3	157.8	103.4	0.3	261.5
Liabilities	134.4	52.3	1.8	188.5	130.2	41.6	1.0	172.8

million Euro	July - September 2005				July - September 2004			
	Post acute	Acute	Nursing Care	Total	Post acute	Acute	Nursing Care	Total
Sales	55.3	37.4	1.9	94.6	52.8	37.7	0.7	91.2
Segment result	2.4	4.7	0.0	7.1	-0.3	3.7	-0.3	3.1
Thereof non-cash items:								
Depreciations/Write-ups	1.1	1.0	0.1	2.2	1.1	1.7	0.1	2.9
Release of provision	0.0	-0.4	0.0	-0.4	0.1	0.1	0.0	0.2

Explanatory Notes to the Consolidated Interim Financial Statements as at 30 September 2005

The unaudited consolidated interim financial statements of MediClin AG for the first nine 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.

Comments concerning HGB to IFRS Reconciliation

The initial application of IFRS accounting standards results in higher income levels in comparison to application of German Commercial Code (HGB) provisions. For more detailed explanations concerning the difference in income, attention is drawn to the following reconciliation statements.

Transition of the Consolidated Results from HGB to IAS/IFRS Principles

in thousand Euro	January - September 2005	January - September 2004
Consolidated result pursuant to HGB	1,820	-8,658
Company pension scheme (IAS 19)	-731	-600
Elimination of setting up provisions for maintenance not carried out	-447	-272
Revaluation of anniversary obligations	0	99
General allowances for inventories	-313	120
Revaluation of minority interests	1	0
Elimination of the depreciation to goodwill pursuant to HGB	3,926	3,710
Deferred taxes on differences to the tax statement	310	122
Consolidated result pursuant to IAS/IFRS	4,566	-5,479

Transition of the Group Equity from HGB to IAS/IFRS Principles

in thousand Euro	30 September 2005	30 September 2004
Group equity pursuant to HGB	83,169	90,100
Reclassification of own shares	-2,800	-2,800
Company pension scheme (IAS 19)	-13,920	-12,990
Elimination of setting up provisions for maintenance not carried out	383	382
Revaluation of anniversary obligations	324	291
General allowances for inventories	0	402
Elimination of the depreciation to goodwill pursuant to HGB	4,254	3,710
Others	10	0
Deferred taxes		
on losses carried forward	7,269	7,269
on differences to the tax statement	4,133	2,375
Group equity pursuant to IAS/IFRS	82,822	88,739

Transition of the Group Equity from HGB to IAS/IFRS Principles

in thousand Euro	31 December 2004	1 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, November 2005

The Board of Management

Decision-making Bodies of the Company

Management Board

Dr. Ulrich Wandschneider, Chairman

Frank Abele, Chief Financial Officer

Supervisory Board

Günter Schlatter, Chairman (from 25.05.2005)

Hans Hilpert*, Vice-Chairman

Michael Bock (from 25.05.2005)

Dr. Daniel von Borries (from 25.05.2005)

Carsten Heise (from 25.05.2005)

Gerd Dielmann*

Prof. Dr. Erich Donauer*

Peter Erni*

Dr. Jochen Messemer

Klaus Müller*

Dr. Hans Rossels (from 25.05.2005)

Gero Schlagelambers* (from 05.04.2005)

*Employee Representative

Committees of the Supervisory Board

Audit Committee

Michael Bock

Dr. Daniel von Borries

Prof. Dr. Erich Donauer

Carsten Heise

Klaus Müller

Presidial Committee

Günter Schlatter, Chairman

Hans Hilpert, Vice-Chairman

Dr. Jochen Messemer

Gero Schlagelambers

Advisory Board

The Advisory Board is presently being reconstituted.

Financial Calendar

24.02.2006	Publication of Preliminary Figures for Financial Year 2005
30.03.2006	Balance Sheet and Analyst Conference – Publication of the Annual Financial Statements 2005
12.05.2006	Publication of the Interim Report January to March 2006
30.05.2006	Annual General Meeting
11.08.2006	Publication of the Interim Report January to June 2006
10.11.2006	Publication of the Interim Report January to September 2006

MEDICLIN Aktiengesellschaft
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