

Q2

Interim report MEDICLIN Aktiengesellschaft

for the period from 1 January 2007 to 30 June 2007



Key data of the quarterly business development in the Group

In millions of €	Q2 2007	Q1 2007	Q2 2006	Q1 2006
Sales	97.1	94.7	94.5	91.7
Operating result (EBIT)	4.2	1.5	4.5	1.1
EBITDA margin in %	6.5	3.8	7.0	3.4
EBIT margin in %	4.3	1.6	4.7	1.2
Financial result	- 1.3	- 1.4	- 1.3	- 1.3
Result attributable to shareholders of MediClin	2.1	0.2	2.9	- 0.4
Cash flow from operating activities	- 1.6	0.6	- 5.2	- 0.3
Balance sheet total	269.7	268.8	260.2	266.1
Non-current assets incl. deferred tax assets	179.4	175.8	177.8	177.9
Current assets	90.3	93.0	82.4	88.2
Thereof cash and cash equivalents	23.8	28.2	21.4	28.8
Equity	102.5	100.3	93.2	90.2
Equity ratio in %	38.0	37.3	35.8	33.9
Non-current liabilities incl. deferred tax liabilities	114.2	110.8	117.8	116.1
Current liabilities incl. tax liabilities	53.0	57.6	49.3	59.8
Gross capital expenditure	6.8	4.3	4.0	4.7
Net financial liabilities	66.7	59.3	65.6	58.3
Number of full-time employees (quarterly average)	5,251	5,230	5,239	5,223
Sales per full-time employee in €	18,492	18,109	18,035	17,552
Staff costs per full-time employee in €	10,426	10,435	10,205	10,397
Occupancy rates in %	84.6	81.4	79.2	76.5
Earnings per share undiluted in €	0.07	0.00	0.09	- 0.01
Earnings per share diluted in €	0.07	0.00	0.09	- 0.01
Cash flow from operating activities per share in €	- 0.05	0.02	- 0.17	- 0.01
Dividend per share in €	-	-	-	-
Number of shares in millions	31.5	31.5	31.5	31.5

Due to arithmetical reasons, calculation differences of +/- one unit (€, %) may occur.

Percentage rates have been determined on the basis of € values.

Dear Shareholders, Employees, Partners and Friends of MediClin AG,

We are satisfied with the course of business in the first half-year of 2007. Our consolidated sales rose to EUR 191.8 mill., an increase of EUR 5.6 mill. or 3.0 % over the comparable period last year. Despite rising costs for materials and staff, our consolidated operating result grew by 2.5 % to EUR 5.7 mill. (first half-year of 2006: EUR 5.6 mill.) The consolidated result before taxes and minority interests was up to EUR 3.1 mill., a gain of EUR 0.1 mill. over the previous year's figure. Only the consolidated result attributable to shareholders of MediClin AG could not keep pace as a consequence of higher tax expenses. At EUR 2.2 mill., this figure came in just under EUR 0.3 mill. compared with the same period last year.

The sales and results development in our segments in the first half-year of 2007 show that sales growth was achieved in all three segments. With a gain of EUR 3.0 mill., the post-acute segment made the greatest contribution to the sales increase, also improving its result by EUR 0.5 mill. Here sales of EUR 108.6 mill. were generated at a segment result of EUR –2.1 mill. In the acute segment, year-on-year sales for the first half-year rose by EUR 1.8 mill. to EUR 78.3 mill.; the segment result decreased by EUR 0.4 mill. to EUR 8.1 mill. for the same period last year. This decline can mainly be attributed to higher staff costs. As announced, we have responded to the new on-call regulation by hiring more physicians. The nursing care segment has continued to show good development. Sales climbed EUR 0.8 mill. to EUR 4.9 mill. over the previous year's figure, with the same segment result (EUR –0.3 mill.).

We are also pleased that the positive trend of the first quarter has continued on into the second quarter of 2007. Sales rose by EUR 2.4 mill. over the first quarter of 2007, and the consolidated operating result of the second quarter improved from EUR 1.5 mill. to EUR 4.2 mill. This increase can be traced not only to sales gains but also to materials expense holding constant over the first quarter of 2007.

So far this year, we have already made lots of progress in living up to our slogan "Quality and transparency". At a host of congresses we have presented our concept "Integrated offering of sector-overarching medical services" through concrete examples. In addition, we have demonstrated our specialist knowledge in the post-acute segment by providing the public with information on particular topics, for instance, brain pacemaker therapy in Parkinson patients or how the deaf can learn a new aural language through concurrent therapy. In the acute segment, MediClin Herzzentrum Coswig has set up a telematic link with a significantly larger clinic. The examination data of the connected clinics are thus directly accessible and digitally stored in Coswig. The transmission of a complete cardiac catheter only takes a maximum of ten minutes. While the patient is still at the hospital linked up with Coswig, the specialists can discuss the case over the phone, simultaneously view the same images and thus make a joint diagnosis. Only about a third of all heart centres in Germany are equipped with this type of data transmission. In June, we opened the doors to the MediClin Baar-Zentrum

für Freizeit und Erholung, in Donaueschingen. It is a place for many purposes – a point of departure for family holidays, group excursions and seminars as well as a residence and care centre for seniors and long-term care patients featuring needs-driven furnishings.

Internal growth is thus being generated successfully, as demonstrated by the examples cited and the financial figures. We plan to boost external growth through acquisitions within the acute segment. However, it is not easy to find a suitable partner. Apart from an individual clinic's strong earning potential, its previous integration within a region, local market leadership and possible synergy benefits for the Group will be the crucial criteria for our interest in a takeover.

For 2007, the Management Board expects moderate sales growth and an operating result on par with that of the 2006 financial year – despite budget cutbacks as a result of restructuring contribution in the acute segment, as well as expected cost increases in all areas. The Unternehmensteuerreform 2008 will cause a strain on results after tax in the third quarter of 2007, namely in an one-time effect and not cash-effective of EUR 4.3 mill., thereby impacting the entire 2007 financial year accordingly. The effect results mainly from the necessary revaluation of the existing unused tax losses of MediClin due to the reduction of the income tax rate of 25 % to 15 % commencing 1 January 2008.



Dr. Ulrich Wandschneider
Chairman of the Management Board

**Interim Group management report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2007 to 30 June 2007

Company development in the first six months of the 2007 financial year

General information

This reporting of MEDICLIN Aktiengesellschaft (hereinafter also referred to as MediClin AG or MediClin) is based on the International Financial Reporting Standards (IFRS). Generally, the preparation of this interim report consists of updating the annual report. The interim report should, therefore, be read in conjunction with the annual report published for the 2006 financial year. The half-year interim report has not been reviewed by auditors. The designated values of the previous year have been determined applying the same accounting and valuation principles, in order to ensure the comparability of the published figures.

Development of sales in the Group and in the segments

Sales in the Group and the segments in half-year comparison

In millions of €	1 HY 2007	1 HY 2006	Change in %
Post-acute	108.6	105.6	+ 2.8
Acute	78.3	76.5	+ 2.4
Nursing care	4.9	4.1	+ 19.5
Group	191.8	186.2	+ 3.0

Sales gains were generated in all three segments. Despite budget cuts due to the introduction of the restructuring contribution to be made by hospitals, the acute segment achieved a sales increase of 2.4 %. The per-case revenue totalled EUR 3,122 (first half-year of 2006: EUR 3,172). In the post-acute segment sales rose 2.8 %, with the per-case revenue totalling EUR 4,104 (first half-year of 2006: EUR 4,034). The nursing care segment continued to experience positive growth.

The share of outpatient health care in the Group revenue totalled EUR 4.6 mill. (first half-year of 2006: EUR 4.0 mill.).

Sales in the Group and the segments in quarterly comparison

In millions of €	Q2 2007	Q2 2006	Change in %
Post-acute	55.8	53.6	+ 4.1
Acute	38.8	38.7	+ 0.3
Nursing care	2.5	2.1	+ 19.0
Group	97.1	94.4	+ 2.8

On a quarter-to-quarter comparison basis, the improvement in sales totalled EUR 2.7 mill. or 2.8 %.

Development of nursing days, cases and occupancy rates in the Group and in the segments

In total, the number of nursing days provided in the Group rose by 34,685 days or 3.2 %, as compared to the first-half year of 2006. There was an especially strong increase in the post-acute segment; here, 22,722 more nursing days were provided.

Nursing days in the Group and in the segments in half-year comparison

In days	1 HY 2007	1 HY 2006	Change in %
Post-acute	852,974	830,252	+ 2.7
Acute	189,082	187,779	+ 0.7
Nursing care	65,347	54,687	+ 19.5
Group	1,107,403	1,072,718	+ 3.2

The number of cases increased by 1,611 or 3.1 % in half-year comparison, whereas the post-acute segment also saw the largest growth here, with an increase of 1,497 cases.

Case numbers in the Group and in the segments in half-year comparison

In cases	1 HY 2007	1 HY 2006	Change in %
Post-acute	34,788	33,291	+ 4.5
Acute	19,079	18,965	+ 0.6
Group (without nursing care)	53,867	52,256	+ 3.1

Occupancy rates rose at a disproportionately high rate, whereas the consolidation of the MediClin Baar Klinik and the MediClin Albert Schweitzer Klinik yielded positive results. The gains in the nursing care segment are that much more satisfying considering that the expansion of capacity by an additional 27 places did not lead to a decline or stagnation in occupancy rates. As in previous reporting periods, the acute segment experienced stable occupancy rates with a slight growth trend.

Occupancy rates in the Group and in the segments in half-year comparison

In %	1 HY 2007	1 HY 2006
Post-acute	83.0	77.5
Acute	81.6	78.5
Nursing care	86.6	79.1
Group	83.0	77.7

The general decline in the **average length of stay** observed in the last few years also continued in the half-year results. The average length of stay in the post-acute segment was 24.5 days in the first half-year of 2007 (first half-year of 2006: 24.9 days), a decline of 1.6 %. The length of stay in the acute segment remained unchanged at 9.9 days. Not including patients in the psychiatric clinics in which significantly longer stays are common, the average amount of time spent length of stay in the first half-year of 2007 was 8.2 days (first half-year of 2006: 8.2 days).

Nursing days, cases and occupancy rates in the Group and in thesegments in quarterly comparison

When viewed in quarterly comparison, we see an increase of 21,266 nursing days or 3.9 %. This represents an improvement over the half-year comparison.

Nursing days in the Group and in the segments in quarterly comparison

In days	Q2 2007	Q2 2006	Change in %
Post-acute	441,101	426,836	+ 3.4
Acute	93,718	91,865	+ 2.0
Nursing care	33,655	28,507	+ 18.1
Group	568,474	547,208	+ 3.9

As seen in the nursing days, the number of cases in the second quarter also registered a significantly higher rate of increase than in the half-year comparison, namely a gain of 1,189 cases or 4.5 %.

Case numbers in the Group and in the segments in quarterly comparison

In cases	Q2 2007	Q2 2006	Change in %
Post-acute	18,108	17,137	+ 5.7
Acute	9,551	9,333	+ 2.3
Group (without nursing care)	27,659	26,470	+ 4.5

Occupancy rates in the Group and in the segments in quarterly comparison

In %	Q2 2007	Q2 2006
Post-acute	85.4	79.2
Acute	80.4	78.2
Nursing care	87.7	81.1
Group	84.6	79.2

A direct comparison of the quarterly results show an even greater improvement in occupancy rates in the acute and post-acute segments than seen in the half-year comparison.

The **average length of stay** in quarterly terms was 24.4 days in the post-acute segment and 9.8 days in the acute segment (Q2 2006: 24.9 days and 9.8 days, respectively). Not including patients in the psychiatric clinics, the average length of stay in acute facilities in the second quarter of 2007 was 8.1 days (Q2 2006 8.2 days).

Results development in the Group and in the segments

Despite a substantial rise in costs, primarily for materials and staff, the operating result rose by just under 2.5 % or EUR 0.1 mill. to EUR 5.7 mill., as a result of increased sales. With an unchanged financial result of EUR –2.6 mill., the EUR 0.4 mill. increase in taxes on income led to a slight decline in results over the first half-year of 2006. The pro-rata rental expenses relief in the reported half-year and the respective previous half-year totalled approximately EUR 3.6 mill.

Group and segment results from operating activities in half-year comparison

In millions of €	1 HY 2007	1 HY 2006
Post-acute	– 2.1	– 2.6
Acute	8.1	8.5
Nursing care	– 0.3	– 0.3
Group	5.7	5.6

In the post-acute segment, increased sales, due to better occupancy as well as the effects of the measures introduced, led to a further profit improvement. Despite the retroactive levying of the restructuring contribution from 1 January 2007, the acute segments continued to show sales growth. Results were strained by an increase in staff costs, which made hiring new physicians necessary as a result of the German Working Time Act (Arbeitszeitgesetz), as well as by the value-added tax increase. This can especially be seen in the comparison of quarterly results. The nursing care segment attained a result which is on par with the figure for the same period last year.

Group and segment results from operating activities in quarterly comparison

In millions of €	Q2 2007	Q2 2006
Post-acute	0.2	0.3
Acute	4.2	4.4
Nursing care	– 0.2	– 0.2
Group	4.2	4.5

Despite higher sales over the same quarter last year, it was not possible to match the operating result of the second quarter of 2006, primarily as a result of increased materials expense.

Net assets, financial position and results of operation in the first half-year of 2007

Development of net assets

Balance-sheet structure

In millions of €	30.06.2007	In % of balance-sheet total	31.12.2006	In % of balance-sheet total
Assets				
Non-current assets	179.5	66.6	179.1	66.7
Current assets	90.2	33.4	89.3	33.3
	269.7	100.0	268.4	100.0
Equities and liabilities				
Equity	102.5	38.0	100.2	37.3
Non-current liabilities	114.2	42.3	112.8	42.0
Current liabilities	53.0	19.7	55.4	20.7
	269.7	100.0	268.4	100.0

Non-current assets remain unchanged, representing approximately two-thirds of the balance sheet total and are financed at over 100 % through long-term funds. They primarily include goodwill (30.06.2007: EUR 45.1 mill.; 31.12.2006: EUR 45.0 mill.) as well as property, plant and equipment (30.06.2007: EUR 120.7 mill.; 31.12.2006: EUR 120.6 mill.). Of the gross capital expenditure amounting to EUR 11.1 mill. (first half-year of 2006: 8.7 mill.), a total of EUR 10.6 mill. (first half-year of 2006: EUR 8.2 mill.), or over 90 %, is attributable to property, plant and equipment.

Current assets increased as compared to the same cut-off date by EUR 0.9 mill. Here, inventories and trade receivables were recorded at EUR 1.5 mill. and other assets at EUR 4.6 mill. above the value on 31 December 2006. In the case of the other assets, the pre-paid expenses (EUR + 2.2 mill.) and receivables pursuant to the hospital financing law (EUR + 2.0 mill.) rose in particular.

Cash and cash equivalents were reduced by EUR 5.2 mill. through a decrease in liabilities as well as in tax payments.

Equity included the consolidated balance sheet, which declined by EUR 2.2 mill., from EUR 40.0 mill. to EUR 37.8 mill., as a result of the interim Group result. The equity ratio is 38.0 % (31.12.2006: 37.3 %).

Non-current liabilities rose by EUR 1.4 mill., of which EUR 0.6 mill. concerns the allocation for pension provision (Employee Support Fund).

In the area of **current liabilities** reductions were made, particularly in **trade payables** and **tax liabilities** (EUR 2.6 mill. and EUR 1.4 mill., respectively), whereas an increase was primarily recorded in liabilities pursuant to the hospital financing law (EUR 1.1 mill.).

Development of financial position

The **cash flow from operating activities** for the first half-year of 2007, amounting to EUR –1.0 mill., increased in comparison to the same period last year (first half-year of 2006: EUR –5.6 mill.).

The **cash flow from investing activities** amounts to EUR –4.5 mill. (first half-year of 2006: EUR 0.3 mill.), whereby in the first six months of 2007, investments amounting to EUR 11.0 mill. were balanced with subsidies amounting to EUR 6.6 mill. (first half-year of 2006: EUR 9.0 mill.). The investments mainly relate to the new construction of the Müritz-Klinikum in Waren. In total, this project will receive subsidies totalling EUR 25.0 mill. The inflow of the respective subsidies involves time delays which can be reported in the cash flow from investing activities through excess cover. In comparison to the previous year, the decrease in liquid assets was primarily from the cash flow from investing activities due to higher net capital expenditures.

Development of results of operation in half-year comparison

In the first half-year of 2007, MediClin generated Group sales of EUR 191.8 mill. (first half-year of 2006: EUR 186.2 mill.). Sales were thus 3.0 % above the figure for the same period in the previous year.

Materials expense rose by EUR 2.7 mill. in half-year comparison. A significant share – as with other operating expenses – was attributable to the value-added tax increase from 16 % to 19 % as of 1 January 2007. Costs continued to be higher for services purchased (EUR +1.6 mill.), in particular, for energy costs (EUR 0.6 mill.) as well as sales-induced increased requirements for third-party medical services and laboratory tests (EUR 0.7 mill.).

Materials expense in half-year comparison

	1 HY 2007	1 HY 2006	Change in %
Raw material and consumables used in millions of €	41.4	38.7	+ 7.0
Cost of materials ratio in %	21.6	20.8	–

Representing more than 50 % of sales, **staff costs** were the largest expense item in the Group. These rose by EUR 1.5 mill. over the same period last year. However, the staff costs ratio was lowered by 0.8 percentage points. The increase is primarily attributable to hiring new staff as a result of changes to the German Working Time Act and the new on-call regulation.

Staff costs in half-year comparison

	1 HY 2007	1 HY 2006	Change in %
Staff costs in millions of €	109.3	107.8	+ 1.5
Staff costs ratio in %	57.0	57.8	–

Depreciation and amortisation totalled EUR 4.2 mill., remaining on par with the previous year.

Other operating expenses rose by EUR 1.0 mill. or 2.9 %, and represented 17.8 % of sales (first half-year of 2006: 17.9 %). As already seen in materials expense, this increase is primarily due to higher costs connected with the value-added tax increase as of 1 January 2007.

The **financial result** of EUR – 2.6 mill. corresponds to the previous year's figure (first half-year of 2006: EUR – 2.6 mill.).

The **result before taxes and minority interests** totalled EUR 3.1 mill., an increase of EUR 0.1 mill.

The **Group result after minority interest** totalled EUR 2.2 mill., EUR 0.3 mill. less than the result in the previous year, as a result of higher expenses of EUR 0.4 mill. for taxes on income over the same period last year.

Undiluted earnings per share were EUR 0.07 (first half-year of 2006: EUR 0.08). **Diluted earnings per share** were EUR 0.07 (first half-year of 2006: EUR 0.08).

Development of results of operation in quarterly comparison

The comparison of expenditure items on a quarterly basis follows the same reporting procedures applied in the section on the half-year figures.

Materials expense rose EUR 1.0 mill. in the second quarter

Materials expense in quarterly comparison

	Q2 2007	Q2 2006	Change in %
Raw material and consumables used in millions of €	20.5	19.5	+ 5.3
Cost of materials ratio in %	21.1	20.6	–

The increase of EUR 1.5 mill. in staff costs indicates that the higher costs in the half-year are primarily attributable to the increase in the second quarter.

Staff costs in quarterly comparison

	Q2 2007	Q2 2006	Change in %
Staff costs in millions of €	54.7	53.5	+ 2.4
Staff costs ratio in %	56.3	56.6	–

Depreciation and amortisation remained unchanged at EUR 2.2 mill.

Other operating expenses rose by EUR 0.3 mill. or 2.0 % and represented 17.7 % of sales (Q2 2006: 17.9 %).

The financial result of EUR –1.3 mill. corresponds to the previous year's figure (Q2 2006: EUR –1.3 mill.).

The result before taxes and minority interests totalled EUR 2.9 mill., a decrease of EUR 0.3 mill.

The Group result after minority interest totalled EUR 2.1 mill., EUR 0.8 mill. less than the result in the previous year as a result of higher expenses of EUR 0.5 mill. for taxes on income over the same quarter last year.

Capital expenditures

Gross addition to property, plant and equipment in half-year comparison

In thousands of €	1 HY 2007	1 HY 2006
Land, buildings	72	145
Technical equipment, EDP	320	888
Operating and office equipment	3,243	3,242
Payments on account and assets under construction	6,958	3,939
Total	10,593	8,214

Capital expenditures mainly related to the new construction of the Müritz-Klinikums in Waren. Subsidies amounting to EUR 6.6 mill. (first half-year of 2006: EUR 9.0 mill.) flowed in.

Employees

The average number of employees for the first half-year of 2007, calculated on the basis of full-time staff, was 5,241 full-time employees (first half-year of 2006: 5,231 full-time staff). An average of 137 trainees were employed in the entire Group in the first half-year of 2007 (first half-year of 2006: 112 trainees).

Number of employees on half-year comparison

In full-time employees	1 HY 2007	1 HY 2006	Change
Post-acute	3,348	3,395	- 47
Acute	1,585	1,593	- 8
Nursing care	135	116	+ 19
Service	173	127	+ 46
Group	5,241	5,231	+ 10

The item service also encompasses the full-time staff members of administration. The largest increase was recorded in service as a result of transferring of services to the service companies MC Catering GmbH and MC Service GmbH, while a portion of the full-time employees from the post-acute and acute segments moved to the service companies. The nursing care segment increased its nursing staff due to further capacity expansions.

Number of employees in quarterly comparison

In full-time employees	Q2 2007	Q2 2006	Change
Post-acute	3,350	3,391	- 41
Acute	1,581	1,597	- 16
Nursing care	138	121	+ 17
Service	182	130	+ 52
Group	5,251	5,239	+ 12

Key data per full-time employee and bed in half-year comparison

In €	1 HY 2007	1 HY 2006
Sales per full-time employee	36,599	35,588
Staff costs per full-time employee	20,859	20,601
Staff costs per bed	14,767	14,098

Sales per full-time employee rose by approximately EUR 1,000 or 2.8 % compared to the first half-year of 2006.

Key data per full-time employee and bed in quarterly comparison

In €	Q2 2007	Q2 2006
Sales per full-time employee	18,492	18,035
Staff costs per full-time employee	10,426	10,205
Staff costs per bed	7,396	6,994

Number of beds	30.06.2007	30.06.2006	Change in %
Post-acute	5,679	5,914	- 4.0
Acute	1,302	1,335	- 2.5
Nursing care	422	395	+ 6.8
Group	7,403	7,644	- 3.2

The number of beds decreased by 241 compared with the previous year's figures.

Segment reporting

Segment results and net assets in half-year comparison

In millions of €	January – June 2007				January – June 2006			
	Post-acute	Acute	Nursing care	Group	Post-acute	Acute	Nursing care	Group
Sales	108.6	78.3	4.9	191.8	105.6	76.5	4.1	186.2
Segment result	- 2.1	8.1	- 0.3	5.7	- 2.6	8.5	- 0.3	5.6
Thereof non-cash items:								
Scheduled depreciations/write-ups	2.3	4.9	0.2	7.4	2.3	4.9	0.2	7.4
Unscheduled depreciations/write-ups	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Release of special items	0.0	- 3.2	0.0	- 3.2	0.0	- 3.1	0.0	- 3.1
Allowances	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.1
Allocation of provisions/liabilities	6.5	4.5	0.2	11.2	6.9	4.1	0.2	11.1
Release of provision/liabilities	- 0.4	- 0.3	0.0	- 0.7	- 0.3	- 0.1	0.0	- 0.4
Operational assets	104.2	128.7	0.8	233.7	103.5	121.5	0.6	225.6
Non-operational assets	-	-	-	36.0	-	-	-	34.6
Assets	104.2	128.7	0.8	269.7	103.5	121.5	0.6	260.2
Operational liabilities	48.2	25.0	0.4	73.6	50.9	22.5	0.3	73.7
Non-operational liabilities	-	-	-	93.5	-	-	-	93.4
Liabilities	48.2	25.0	0.4	167.1	50.9	22.5	0.3	167.1

Sales in the post-acute segment rose by EUR 3.0 mill. The result improved by EUR 0.5 mill. to EUR - 2.1 mill. The number of nursing days rose by 2.7 %, the number of cases by 4.6 %. Subsequent nursing treatments accounted for 63 % of the nursing days.

Nursing days post-acute segment by measures in half-year comparison

In nursing days	1 HY 2007	1 HY 2006	Change in %	Share 1 HY 2007 in %
Subsequent nursing treatment	537,835	541,986	- 0.8	63.0
Curative treatment	271,119	241,993	+ 12.0	31.8
Other	44,020	46,273	- 4.8	5.2
Post-acute segment	852,974	830,252	+ 2.7	100.0

Curative treatment also includes all services offered in psychosomatic medicine.

In the first half-year of 2007, an average of 3,348 full-time employees served in this segment (first half-year of 2007: 3,395 full-time employees).

In the acute segment, sales increased by EUR 1.8 mill. or 2.4 %. The result was calculated at EUR 8.1 mill. and thus, just EUR 0.4 mill. under the same period last year (first half-year of 2006: EUR 8.5 mill.). The EBIT margin amounted to 10.3 % (first half-year of 2006: 11.1 %). In the acute segment, we employed an average of 1,585 full-time employees during the first six months of 2007 (first half-year of 2006: 1,593 full-time employees).

In the nursing care segment, we recorded sales of EUR 4.9 mill. (first half-year of 2006: EUR 4.1 mill.), for a result on par with the same period last year. The number of beds on 30 June 2007 increased by 12 % to 422 (30.06.2006: 395 beds). In the first half-year of 2007, we employed an average of 135 full-time employees (first half-year of 2006: 116 full-time employees).

Segment results and net assets in quarterly comparison

In millions of €	April – June 2007				April – June 2006			
	Post-acute	Acute	Nursing care	Group	Post-acute	Acute	Nursing care	Group
Sales	55.8	38.8	2.5	97.1	53.6	38.7	2.1	94.4
Segment result	0.2	4.2	- 0.2	4.2	0.3	4.4	- 0.2	4.5
Thereof non-cash items:								
Scheduled depreciations/write-ups	1.2	2.4	0.1	3.7	1.2	2.5	0.1	3.8
Unscheduled depreciations/write-ups	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Release of special items	0.0	- 1.6	0.0	- 1.6	0.0	- 1.5	0.0	- 1.5
Allowances	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.2
Allocation of provisions/liabilities	0.4	0.8	0.0	1.2	0.5	0.1	0.0	0.6
Release of provision/liabilities	- 0.2	- 0.2	0.0	- 0.4	- 0.2	- 0.1	0.0	- 0.3

In the second quarter of 2007, sales in the post-acute and nursing care segments rose by EUR 2.2 mill. and EUR 0.4 mill., respectively, over the figure for the same quarter last year.

Nursing days post-acute segment by measures in quarterly comparison

In nursing days	Q2 2007	Q2 2006	Change in %	Share 2007 in %
Subsequent nursing treatment	275,367	271,984	+ 1.2	62.4
Curative treatment	143,163	130,580	+ 9.6	32.5
Other	22,571	24,272	- 7.0	5.1
Post-acute segment	441,101	426,836	+ 3.3	100.0

In quarter-to-quarter comparison, the number of nursing days rose by 14,265 days, 12,583 of which were attributable to the area of curative treatment.

Supplementary and forecast report

The Deutsche Bundesrat adopted the corporate tax reform on 6 July 2007, which the Deutsche Bundestag had passed on 25 May 2007. As the enactment occurred after 30 June 2007, the Unternehmensteuerreform 2008 does not yet impact tax claims and tax liabilities in the interim report of MediClin AG for the period ending 30 June 2007. The **reduction of the corporate income tax rate** to 15 % plus solidarity tax commencing 1 January 2008 will lead, in the 2007 financial year, according to current calculations, to allowances of approximately EUR 4.3 mill. in deferred tax from, among other items, previously unused tax losses.

The introduction of a **cap on interest** will result, **starting in 2008**, in interest expense, provided that it exceeds interest revenues, only being deductible up to 30 % of the taxable earnings before interest, depreciation and amortisation (EBITDA). The interest expense subject to a restriction on tax deduction can be transferred as interest carried forward to the following year.

As MediClin AG is waived from paying trade tax, the changes in the **trade tax law** will not have a noticeable negative tax impact.

We intend to sell our share in the **MC Pharma GmbH**.

Risk and opportunities report

For further risks and opportunities in addition to the aforementioned impact of the corporate tax reform, please refer to our 2006 annual report. No changes have occurred in risk and opportunity management in the first half-year of 2007.

Report concerning business with related parties

Business relationships to related parties remained unchanged in the first half-year of 2007, versus the persons and companies disclosed in the 2006 annual report. The sales revenues and expenses were processed at normal market conditions and in the first half-year of 2007 totalled:

In millions of €	1 HY 2007	1 HY 2006
Leasing expenses	15.6	15.4
Land-use management costs	0.4	0.4
Real estate management income	0.2	0.2
Interest expenses	2.1	2.1

Outlook

For 2007, the Management Board expects moderate sales growth and an operating result on par with that of the 2006 financial year – despite budget cutbacks as a result of restructuring contribution in the acute segment, as well as expected cost increases in all areas. The Unternehmensteuerreform 2008 will cause a strain on results after tax in the third quarter of 2007, namely in an one-time effect and not cash-effective of EUR 4.3 mill., thereby impacting the entire 2007 financial year accordingly. The effect results mainly from the necessary revaluation of the existing unused tax losses of MediClin due to the reduction of the income tax rate of 25 % to 15 % commencing 1 January 2008.

Confirmation statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

MEDICLIN Aktiengesellschaft

Frankfurt am Main, 10 August 2007

The Management Board

Consolidated interim financial statements
MEDICLIN Aktiengesellschaft
for the period from 1 January 2007 to 30 June 2007

Consolidated interim balance sheet as of 30 June 2007

ASSETS

In thousands of €		30.06.2007	31.12.2006
NON-CURRENT ASSETS			
Intangible assets			
Concessions, licences	989		1,023
Goodwill	45,104		45,014
Payments on account	171		66
		46,264	46,103
Property, plant and equipment			
Land, land rights and buildings including buildings on third-party land	88,392		89,981
Technical equipment and machines	4,087		4,146
Other equipment, operating and office equipment	12,447		12,562
Payments on account and assets under construction	15,793		13,948
		120,719	120,637
Other financial assets			
Investment in stock of subsidiaries	50		50
Other loans	284		278
		334	328
Other assets			
		560	560
Deferred tax assets			
		11,571	11,425
		179,448	179,053
CURRENT ASSETS			
Inventories			
		4,655	4,659
Trade receivables			
		48,252	46,710
Other assets			
Prepaid expenses	3,010		824
Receivables pursuant to hospital financing law	6,273		4,294
Other assets	4,233		3,796
		13,516	8,914
Cash and cash equivalents			
		23,844	29,063
		90,267	89,346
		269,715	268,399

EQUITY AND LIABILITIES

In thousands of €		30.06.2007	31.12.2006
EQUITY			
Subscribed capital	31,500		31,500
Capital reserve	106,684		106,680
		138,184	138,180
Revenue reserve	303		303
Consolidated balance sheet loss	- 37,808		- 40,044
		- 37,505	- 39,741
Minority interests		1,827	1,787
		102,506	100,226
NON-CURRENT LIABILITIES			
Non-current liabilities			
Liabilities to banks and insurance companies	83,676		82,979
Bond issues	250		250
Other liabilities	1,849		2,000
		85,775	85,229
Provisions			
Provisions for pensions and similar commitments	16,202		15,598
Other provisions	10,991		10,730
		27,193	26,328
Deferred tax liabilities		1,258	1,239
		114,226	112,796
CURRENT LIABILITIES			
Trade payables		9,789	12,393
Other current liabilities			
Liabilities to banks	6,852		7,175
Liabilities pursuant to hospital financing law	12,931		11,804
Other liabilities	19,376		19,456
		39,159	38,435
Provisions		2,546	1,657
Tax liabilities		1,489	2,892
		52,983	55,377
		269,715	268,399

Interim consolidated profit and loss account

In thousands of €	January – June 2007	January – June 2006	April – June 2007	April – June 2006
Sales	191,814	186,159	97,104	94,486
Other operating income	3,073	3,313	1,654	1,924
Total operating performance	194,887	189,472	98,758	96,410
Raw material and consumables used				
a) Cost of raw materials and supplies	– 24,183	– 23,134	– 12,204	– 11,643
b) Cost of purchased services	– 17,197	– 15,550	– 8,274	– 7,805
	– 41,380	– 38,684	– 20,478	– 19,448
Staff costs				
a) Wages and salaries	– 92,137	– 90,251	– 46,057	– 44,102
b) Social security, pension and retirement	– 17,185	– 17,515	– 8,692	– 9,361
	– 109,322	– 107,766	– 54,749	– 53,463
Depreciation and amortisation	– 4,213	– 4,172	– 2,147	– 2,185
Other operating expenses	– 34,246	– 33,266	– 17,200	– 16,851
Operating result	5,726	5,584	4,184	4,463
Financial result				
a) Other financial revenues	412	287	227	151
b) Other financial costs	– 3,040	– 2,855	– 1,484	– 1,402
	– 2,628	– 2,568	– 1,257	– 1,251
Result before tax	3,098	3,016	2,927	3,212
Taxes on income	– 822	– 447	– 770	– 252
Result after tax	2,276	2,569	2,157	2,960
Result attributable to minority interests	– 40	– 78	– 75	– 37
Result attributable to shareholders of MediClin	2,236	2,491	2,082	2,923
Earnings per share				
Earnings per share undiluted (in €)	0.07	0.08	0.07	0.09
Earnings per share diluted (in €)	0.07	0.08	0.07	0.09

Consolidated cash flow statement

In thousands of €	January – June 2007	January – June 2006
Operating result (EBIT)	5,727	5,558
Result of finance activities	– 2,628	– 2,568
Result of income taxes	– 823	– 421
Depreciation on fixed asset items	4,213	4,172
Change in non-current provisions	865	308
Change in current provisions	889	529
Result from the disposal of fixed asset items	– 10	– 38
Other non-cash income	4	0
Change in non-current assets (excl. fixed assets)	– 145	0
Change in current assets	– 6,140	– 1,662
Change in non-current liabilities	19	178
Change in current liabilities	– 2,960	– 11,630
Cash flow from operating activities	– 989	– 5,574
Payments received from the disposal of fixed assets	13	0
Payments received from investment subsidies	6,620	9,008
Cash used for investments in fixed assets	– 11,086	– 8,704
Cash flow from investing activities	– 4,453	304
Sales of treasury stock	0	4,448
Change in non-current finance liabilities	546	– 4,204
Change in current finance liabilities	– 323	– 511
Cash flow from financing activities	223	– 267
Cash flow for the period	– 5,219	– 5,537
Cash and cash equivalents at beginning of period	29,063	26,991
Cash and cash equivalents at end of period	23,844	21,454

Statement of changes in equity

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Treasury stock	Shares MediClin Group	Minority interests	Total equity
As of 01.01.2006	31,500	105,020	3,103	- 52,353	- 2,800	84,470	1,680	86,150
Total consolidated result	-	-	-	2,491	-	2,491	78	2,569
Sale of treasury stock	-	1,636	- 2,800	2,800	2,800	4,436	-	4,436
Allocation to reserves for option rights	-	12	-	-	-	12	-	12
Stand 30.06.2006	31,500	106,668	303	- 47,062	0	91,409	1,758	93,167

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Treasury stock	Shares MediClin Group	Minority interests	Total equity
As of 01.01.2007	31,500	106,680	303	- 40,044	0	98,439	1,787	100,226
Total consolidated result	-	-	-	2,236	-	2,236	40	2,276
Allocation to reserves for option rights	-	4	-	-	-	4	-	4
As of 30.06.2007	31,500	106,684	303	- 37,808	0	100,679	1,827	102,506

Notes

Basic information

The unaudited consolidated interim financial report of MEDICLIN Aktiengesellschaft (hereinafter also MediClin AG or MediClin) for the first six months of the 2007 financial year were prepared in accordance with the International Accounting Standard 34. The same accounting and valuation methods as in the consolidated financial statements for the 2006 financial year were strictly applied. The financial statements included in this interim report should be read in conjunction with the Company's annual report for the 2006 financial year.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted a host of revisions to the current IFRS as well as new standards and interpretations that the MediClin Group is required to apply starting in the 2007 financial year:

- IFRS 7 "Financial Instruments: Disclosures"
- IFRIC 7 "Applying the Restatement Approach under IAS 29
Financial Reporting in Hyperinflationary Economies"
- IFRIC 8 "Scope of IFRS 2"
- IFRIC 9 "Reassessment of Embedded Derivatives"
- IFRIC 10 "Interim Financial Reporting and Impairment"

With the exception of IFRS 7, which will lead to additional disclosures in the notes included in the MediClin financial statements for the 2007 financial year, the remaining interpretations have no meaningful impact on the MediClin consolidated financial statements.

In addition, IASB and IFRIC have adopted further standards and interpretations for which application is not yet required as they have not yet been recognised by the EU

- IFRS 8 "Operating Segments"
- IAS 23 (2007) "Borrowing Costs"
- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 14 "IAS 19 – The Limit on a defined Benefit assets, Minimum Funding Requirements and their Interaction"

IFRIC 11 was published by the EU on 1 June 2007. It is not anticipated that the initial application of these standards and interpretations will have a meaningful impact on the MediClin consolidated financial statements

Change in consolidation scope

MC Therapie GmbH, Offenburg, was founded. The share capital amounts to EUR 100,000.00, which was provided in cash by MediClin GmbH & Co. KG as sole shareholder. The nature and purpose of the business is the provision of therapy services as well as of a complete range of related and ancillary services for clinics, other institutions, physicians and patients. This also includes to provide services in connection with the supply of temporary employment.

Other disclosures

MediClin AG intends to sell its investment in MC Pharma GmbH. The nature and purpose of MC Pharma GmbH is the manufacture and sales of radio nuclides. MediClin AG wants to focus its operating activities on its core business, the operation of clinics and related activities, and thus pull out of this company's area of activity by selling it. Since the investment in MC Pharma GmbH does not fulfil the requirements of "discounted operations", as required in Appendix A of IFRS 5, the assets, the associated liabilities as well as the result applicable to MC Pharma GmbH continue to be disclosed in the consolidated financial statements.

At the Annual General Meeting on 25 May 2007 the following resolutions were adopted:

- Carry-forward of the balance sheet profit of the 2006 financial year of MEDICLIN Aktiengesellschaft to the amount of EUR 1,715,363.85 to the new accounting period
- Discharge of the Management Board and Supervisory Board for the 2006 financial year
- Reappointment of Supervisory Board members Günter Schlatter (Chairman of the Supervisory Board) and Dr. Jochen Messemer to the Supervisory Board
- Election of BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg, as auditor for the 2007 financial year
- Authorisation of the Company, pursuant to Section 71 (1) No. 8 AktG and upon approval by the Supervisory Board, to acquire treasury stock with a proportion of share capital amounting to EUR 3,150,000.00 until 24 November 2008
- Revision of the Articles of Incorporation with regard to the dissemination of information due to the German Act for the Implementation of the Transparency Directive (Transparenzrichtlinie-Umsetzungsgesetz), which went into effect on 20 January 2007

Subsequent events

Besides the decision to sell MC Pharma GmbH, as well as the enactment of the Unternehmenssteuerreform by the Deutsche Bundesrat, no further events exist that could have a meaningful impact on the development of MediClin AG up to the end of the current financial year.

Corporate decision-making bodies

Management Board

Dr. Ulrich Wandschneider, Chairman
Frank Abele

Supervisory Board

Günter Schlatter, Chairman
Hans Hilpert*, Vice Chairman
Michael Bock
Dr. Daniel von Borries
Gerd Dielmann*
Prof. Dr. Erich Donauer*
Peter Erni*
Carsten Heise
Dr. Jochen Messemer
Klaus Müller*
Dr. Hans Rossels
Gero Schlagelambers*

* Employee representatives

Supervisory Board Committees

General and Personnel Committee

Günter Schlatter (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Gero Schlagelambers

Audit Committee

Dr. Daniel von Borries (Chairman)
Michael Bock
Prof. Dr. Erich Donauer
Carsten Heise
Klaus Müller

Mediation Committee pursuant to Section 27 MitbestG

Günter Schlatter (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Gero Schlagelambers

Advisory Board

Dr. Jörg W. Knorn (Chairman)

Prof. Dr. Axel Ekkernkamp,
Medical Director and Managing Director
of the Unfallkrankenhaus Berlin

Irmtraut Gürkan,
Business Director of the Universitätsklinikum
Heidelberg

Dr. Brigitte Mohn,
Managing Board Chairwoman of the Stiftung
Deutsche Schlaganfallhilfe

Prof. Dr. Werner Müller-Fahrnow,
Chair for Supply System Research and
Fundamentals of Quality Assurance in
Rehabilitation, Humboldt-Universität zu Berlin

Prof. Dr. Günter Neubauer,
Director of the Institute for Health Economics,
Universität der Bundeswehr, Munich

Dr. Andreas Tecklenburg,
Vice President and Member of the Presidium
responsible for the Division of Patient Care
at the Medizinische Hochschule Hannover

Key data on MediClin share

WKN: 659 510; ISIN: DE 000659 5101; ticker: MED

In €	Q 2 2007	Q 1 2007	Q 2 2006	Q 1 2006
Earnings per share undiluted	0.07	0.00	0.09	- 0.01
Cash flow from operating activities per share	- 0.05	0.02	- 0.17	- 0.01
52-week high*	4.90	4.90	-	-
52-week low*	3.35	3.35	-	-
Share price at end of quarter*	4.23	4.30	3.95	3.20
Market capitalisation at end of quarter in millions of €	133.2	135.5	124.4	100.8
Number of shares in millions	31.5	31.5	31.5	31.5

* Source: Deutsche Börse AG; status: 30.07.2007; Xetra prices

Financial calendar

9 November 2007 Publication of the interim report 1st–3rd quarter 2007

Imprint

MEDICLIN Aktiengesellschaft

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This interim report appears in German (original version)
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MediClin Herzzentrum Coswig



www.mediclin.de