

Q3

Interim report MEDICLIN Aktiengesellschaft

for the period from 1 January 2007 to 30 September 2007



Key data of the quarterly business development in the Group

In millions of €	Q 3 2007	Q 2 2007	Q 1 2007	Q 3 2006	Q 2 2006	Q 1 2006
Sales	100.6	97.1	94.7	95.1	94.4	91.7
Operating result (EBIT)	7.7	4.2	1.5	6.3	4.5	1.1
EBITDA margin in %	9.8	6.5	3.8	8.9	7.0	3.4
EBIT margin in %	7.6	4.3	1.6	6.7	4.7	1.2
Financial result	- 0.9	- 1.3	- 1.4	- 1.5	- 1.3	- 1.3
Result attributable to shareholders of MediClin	0.3	2.1	0.2	4.2	2.9	- 0.4
Cash flow from operating activities	9.0	- 1.6	0.6	6.6	- 5.2	- 0.3
Balance sheet total	271.8	269.7	268.8	267.5	260.2	266.1
Non-current assets incl. deferred tax assets	175.9	179.4	175.8	178.6	177.8	177.9
Current assets	95.9	90.3	93.0	88.9	82.4	88.2
Thereof cash and cash equivalents	23.1	23.8	28.2	29.9	21.4	28.8
Equity	102.7	102.5	100.3	97.4	93.2	90.2
Equity ratio in %	37.8	38.0	37.3	36.4	35.8	33.9
Non-current liabilities incl. deferred tax liabilities	51.1	114.2	110.8	121.6	117.8	116.1
Current liabilities incl. tax liabilities	118.0	53.0	57.6	48.5	49.2	59.8
Gross capital expenditure	8.3	6.8	4.3	3.6	4.0	4.7
Net financial liabilities	68.1	66.7	59.3	61.7	65.6	58.3
Number of full-time employees (quarterly average)	5,298	5,251	5,230	5,265	5,239	5,223
Sales per full-time employee in €	18,992	18,492	18,109	18,059	18,035	17,552
Staff costs per full-time employee in €	10,142	10,426	10,435	9,825	10,205	10,397
Occupancy rates in %	86.7	84.6	81.4	79.0	79.2	76.5
Earnings per share undiluted in €	0.01	0.07	0.00	0.13	0.09	- 0.01
Earnings per share diluted in €	0.01	0.07	0.00	0.13	0.09	- 0.01
Cash flow from operating activities per share in €	0.28	- 0.05	0.02	0.21	- 0.17	- 0.01
Dividend per share in €	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares in millions	31.5	31.5	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,

With sales of EUR 100.6 mill., the third quarter of 2007 marked the first time we achieved sales exceeding EUR 100 mill. in a single quarter. So our consolidated sales for the first nine months of the 2007 financial year were EUR 292.4 mill., an increase of EUR 11.2 mill. or 4.0 % over the comparable figure of last year's period. Despite rising costs for materials and staff, our consolidated operating result rose by 12.6 % to EUR 13.4 mill. (9M 2006: EUR 11.9 mill.). The consolidated result before taxes and minority interests was up to EUR 9.9 mill., a gain of EUR 2.0 mill. over the previous year's figure. As already disclosed, the consolidated result attributable to shareholders of MediClin AG was negatively impacted by the reduction of the corporate tax rate, causing a one-off non-cash effective tax burden of EUR 4.1 mill. for this reason only showing EUR 2.6 mill. (9M 2006: EUR 6.7 mill.).

We are very satisfied with the development in the segments. In the post-acute segment we achieved a profit after nine months due to a strong third quarter. In the third quarter sales in this segment rose to EUR 59.3 mill., an 8.2 % increase over the same period last year and the segment result climbed to EUR 3.4 mill. compared with EUR 1.3 mill. in the previous year's quarter. The acute segment also generated more sales; however, rising costs for materials and staff caused a slight decline over the previous year's figure. With EUR 12.2 mill. (9M 2006: EUR 13.5 mill.), we were still able to post a doubledigit EBIT of 10.4 % (9M 2006: 11.8 %). We responded to changes in the German Working Time Act and the new on-call regulations by adding 27 physicians to our team of physicians throughout the Group based on a 9 month comparison. Our success in achieving this is proof that the MediClin Group is an attractive employer. The nursing care segment developed according to plan. With an occupancy rate of over 90 % in the third quarter of 2007, we are approaching our capacity limits.

We would particularly like to point out two of this year's key projects in which we made significant progress or finalised it in the third quarter: The MediClin Robert Janker Klinik, our hospital specialising in radiology, neuroradiology, radiation therapy and radiooncology, with concentrations in the treatment of tumour disorders and vascular and spinal diseases, has set up a new radiation system, a linear accelerator, enabling cancer patients to receive highly precise treatments starting in 2008. Here MediClin is investing consequently in its technological enhancement. At the end of September, we also largely completed the construction works on our Krankenhaus am Crivitzer See, so that starting in November 2007, a new state-of-the-art wing for operations will open with all the required organisational and administrative areas. With this Crivitz is well prepared for the future. We have invested approximately EUR 4 mill. in this acute care facility.

After nine months, we have been able to achieve nearly full capacity in the large majority of our clinics. To sustain this trend, we are investing in the acute segment by either expanding our clinics through construction works or by strengthening this segment through suitable acquisitions.

Some observers hold the view that the privatisation process will not be as easy in the future because in the meantime also public hospitals are competing successfully. They have learned to achieve increased efficiency through implementing intelligent working time models, tapping new segments, such as outpatient or rehabilitation, and merging with other clinics. There are certainly still clinics who have missed this development or who actually lack the potential to operate efficiently and profitably. This possible development is no major area of concern for us, because, apart from an individual clinic's future earning potential, its integration within a region, local market leadership and synergy benefits in 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 a par with that of the 2006 financial year – despite budget cutbacks resulting from contributions to restructuring in the acute segment, as well as expected cost increases in all areas. The 2008 corporate tax reform has caused a strain on results after tax in the third quarter of 2007, namely in a one-off and non-cash item of EUR 4.1 mill., and will thereby impact the entire 2007 financial year accordingly. The effect has been the result of the necessary revaluation due to the reduction of the corporate 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 September 2007

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

General information

This report on the interim financial statements 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 nine-month 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 gains were generated in all three segments as compared to the nine-month period of 2006. Despite budget cuts due to the introduction of the restructuring contribution to be made by hospitals, the acute segment achieved a sales increase of 2.1%. In the first nine months of 2007, the per-case revenue totalled EUR 3,145 (9M 2006: EUR 3,187) in the post-acute segment and EUR 4,127 (9M 2006: EUR 4,004) in the acute segment.

Sales in the Group and the segments in nine-month comparison

In millions of €	9 M 2007	9M 2006	Change in %
Post-acute	167.9	160.4	+ 4.7
Acute	116.9	114.5	+ 2.1
Nursing care	7.6	6.3	+ 20.6
Group	292.4	281.2	+ 4.0

The share of outpatient health care in the Group revenue increased in the first nine months of the current 2007 financial year by 19.9% to EUR 7.2 mill. (9M 2006: EUR 6.0 mill.).

Sales in the Group and the segments in quarterly comparison

In millions of €	Q3 2007	Q3 2006	Change in %
Post-acute	59.3	54.8	+ 8.2
Acute	38.6	38.1	+ 1.3
Nursing care	2.7	2.2	+ 22.7
Group	100.6	95.1	+ 5.8

On a quarter-to-quarter comparison basis, the improvement in sales totalled EUR 5.5 mill. or 5.8 %.

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 69,651 days or 4.3 %, as compared to the first nine months of 2006. There was an improvement in the post-acute and nursing care segments, whilst the acute segment retained a relatively constant occupancy. In the post-acute segment, 55,682 more nursing days were provided, and a total of 15,186 more nursing days were provided in the nursing care segment.

Nursing days in the Group and in the segments in nine-month comparison

In days	9 M 2007	9 M 2006	Change in %
Post-acute	1,314,907	1,259,225	+ 4.4
Acute	281,112	282,329	- 0.4
Nursing care	100,519	85,333	+ 17.8
Group	1,696,538	1,626,887	+ 4.3

When viewed in quarterly comparison, one can see that the improvement in the post-acute segment, already indicated during the most recent quarters, has continued. In total on a quarterly year-on-year comparison 35,332 more nursing days were provided.

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

In days	Q3 2007	Q3 2006	Change in %
Post-acute	461,980	428,973	+ 7.7
Acute	92,362	94,550	- 2.3
Nursing care	35,159	30,646	+ 14.7
Group	589,501	554,169	+ 6.4

As compared with the first nine months of 2006, the case numbers increased by 2,783, or 3.5 %, whereby the increase is wholly attributable to the post-acute segment with 3,053 cases. Here too, the acute segment remained relatively constant with –270 cases.

Case numbers in the Group and in the segments in nine-month comparison

In cases	9 M 2007	9 M 2006	Change in %
Post-acute	53,388	50,335	+ 6.1
Acute	28,327	28,597	– 0.9
Group (without nursing care)	81,715	78,932	+ 3.5

A comparison of the quarterly results shows even more clearly the positive development in the post-acute segment, with 1,592 more cases as compared with the same quarter last year.

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

In cases	Q3 2007	Q3 2006	Change in %
Post-acute	18,636	17,044	+ 9.3
Acute	9,288	9,632	– 3.6
Group (without nursing care)	27,924	26,676	+ 4.7

Occupancy rates in the Group and in the segments

The occupancy rates have improved disproportionately in all the segments.

Occupancy rates in the Group and in the segments in nine-month comparison

In %	9 M 2007	9 M 2006
Post-acute	84.8	77.9
Acute	80.4	78.5
Nursing care	87.9	81.1
Group	84.2	78.2

A direct comparison of the quarterly occupancy rates shows even more clearly than the nine-month comparison the improvement.

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

In %	Q3 2007	Q3 2006
Post-acute	88.3	78.9
Acute	78.3	78.3
Nursing care	90.5	84.6
Group	86.7	79.0

The decrease in the **average length of stay**, a trend which has been observed over recent years, continues. In the post-acute segment, the average length of stay was 24.6 days for the first nine months of 2007 (9M 2006: 25.0 days). This corresponds to a decline of 1.6 %. In the acute segment, the average length of stay remained unchanged at 9.9 days (not including our psychiatric clinics unchanged at 8.2 days). The average length of stay in the third quarter was 24.8 days in the post-acute segment and 9.9 days in the acute segment (Q3 2006: 25.2 days and 9.8 days, respectively).

Results development in the Group and in the segments

During the first nine months of the year, despite a substantial rise in costs, primarily for materials and staff, the **Group operating result** rose by just under 12.6 % or EUR 1.5 mill. to EUR 13.4 mill., as a result of increased sales. With a **financial result** improved by EUR 0.5 mill. to EUR –3.5 mill., the **result before tax** was EUR 9.9 mill., an about 25 % or EUR 2.0 mill. increase in the result over the first nine months of 2006. However, the **result attributable to the shareholders of MediClin** was affected by outlay resulting from the revaluation of deferred taxes totalling EUR 4.1 mill., thus amounting to EUR 2.6 mill. (9M 2006: EUR 6.7 mill.).

The pro-rata rental expense relief in the first nine months of 2007 totalled approximately EUR 5.4 mill. (9M 2006: EUR 5.3 mill.).

Group and segment results from operating activities in nine-month comparison

In millions of €	9 M 2007	9 M 2006
Post-acute	1.4	– 1.4
Acute	12.2	13.5
Nursing care	– 0.2	– 0.2
Group	13.4	11.9

In the post-acute segment, increased sales, due to better occupancy as well as the effects of the measures introduced, led to further profit improvement. The nursing care segment attained a result which is on par with the figure for the same period last year.

Despite increased sales in the acute segment, the results for the segment declined slightly. Results here were strained by increased staff costs resulting from new legislation introduced under the German Working Time Act (Arbeitszeitgesetz), which made hiring new physicians necessary, as well as the value-added tax increase.

Group and segment results from operating activities in quarterly comparison

In millions of €	Q3 2007	Q3 2006
Post-acute	3.4	1.3
Acute	4.1	5.0
Nursing care	0.2	0.0
Group	7.7	6.3

Due to higher sales over the same quarter last year, the segment results for the third quarter of 2006 could be surpassed in the post-acute and nursing care segments, despite increased expenses for staff and materials.

Net assets, financial position and results of operation in the first nine months of 2007

Development of net assets

Balance-sheet structure

In millions of €	30.09.2007	In % of balance-sheet total	31.12.2006	In % of balance-sheet total
Assets				
Non-current assets	175.9	64.7	179.1	66.7
Current assets	95.9	35.3	89.3	33.3
	271.8	100.0	268.4	100.0
Equity and liabilities				
Equity	102.7	37.8	100.2	37.3
Non-current liabilities	51.1	18.8	112.8	42.0
Current liabilities	118.0	43.4	55.4	20.7
	271.8	100.0	268.4	100.0

Non-current assets remain unchanged representing approximately two-thirds of the balance sheet total. They primarily include goodwill (30.09.2007: EUR 45.1 mill.; 31.12.2006: EUR 45.0 mill.) as well as property, plant and equipment (30.09.2007: EUR 123.4 mill.; 31.12.2006: EUR 120.6 mill.). In the third quarter of 2007, the subsidiary **MC Pharma GmbH, Bonn**, was divested at net asset value.

Deferred tax assets result from the temporary differences between the balance sheet values according to IAS/IFRS and the tax values with which assets and liabilities are effectively taxed. The tax rate applied for deferred tax assets and tax liabilities has been 26.375 % (corporation tax plus solidarity surcharge). According to IAS 12.48, the deferred tax assets are to be measured using the tax laws that are currently effective. Due to the decrease of the corporation tax from 25 % to 15 % from 2008 onwards, pursuant to the 2008 corporate tax reform, the deferred tax assets must be re-evaluated accordingly. The tax rate applied for deferred tax assets was reduced from 26.375 % to 15.825 % (corporation tax plus solidarity surcharge). Deferred tax assets were decreased by EUR 5.9 mill., from EUR 11.4 mill. to EUR 5.5 mill., whereby the change with EUR 4.6 mill. resulted largely from the revaluation pursuant to the newly applied tax rate. The remaining amount of EUR 1.3 mill. resulted mainly from the adjustment of the tax loss carry-forward for the profits already offset in the 2007 financial year.

Current assets increased on the cut-off date by EUR 6.6 mill. Here, due to increased sales, trade receivables were valued at a total of EUR 5.4 mill. above the previous year's value. Receivables pursuant to hospital financing law rose by EUR 1.7 mill., and the other assets by EUR 3.4 mill. Prepaid expenses rose by EUR 2.0 mill.

In contrast to this increase, **cash and cash equivalents** decreased by EUR 6.0 mill. This decrease in liquidity mainly resulted from a higher level of cash being used for investments in fixed assets as compared to the previous year.

Equity included the consolidated balance sheet loss, which declined by EUR 2.3 mill., from EUR 40.0 mill. to EUR 37.7 mill., as a result of the interim Group result.

From **the non-current liabilities**, a total of EUR 62.4 mill. from non-current liabilities to banks and insurance companies was reclassified as current liabilities to banks and insurance companies due to the undershooting of the residual term of credit by one year.

Corresponding to the revaluation of deferred tax assets, the **deferred tax liabilities** were also adjusted for the newly applied tax rate of 15.825 % (corporation tax plus solidarity surcharge). This resulted in a decrease of EUR 0.5 mill. to EUR 0.8 mill., predominantly due to the revaluation.

Current liabilities encompass the credit reclassifications as explained above. In addition, reductions were made in **trade payables** and **tax liabilities** (EUR 2.5 mill. and EUR 0.7 mill., respectively), whereas an increase was primarily recorded in liabilities pursuant to the hospital financing law (EUR 1.0 mill.) and other liabilities (EUR 1.6 mill.).

Development of the financial position

The **cash flow from operating activities** for the first nine months of 2007, amounting to EUR 8.0 mill., increased in comparison to the same period last year by EUR 6.9 mill. (9M 2006: EUR 1.1 mill.).

The **cash flow from investing activities** amounts to EUR –11.8 mill. (9M 2006: EUR –2.5 mill.), whereby in the first nine months of 2007, investments amounting to EUR 19.4 mill. (9M 2006: EUR 12.3 mill.) were partially offset, through subsidies amounting to EUR 7.5 mill. (9M 2006: EUR 9.6 mill.).

Combined with the **cash flow from financing activities**, which amounted to EUR –2.1 mill. in the first nine months of 2007 (9M 2006: EUR +4.3 mill.), this led to a decrease in cash and cash equivalents by just under EUR 6.0 mill., from EUR 29.1 mill. to EUR 23.1 mill.

Development of results of operation

In the first nine months of 2007, MediClin generated Group **sales** of EUR 292.4 mill. (9M 2006: EUR 281.2 mill.). Group sales were thus EUR 11.2 mill. or 4.0 % above the figure for the same period in the previous year.

Raw material and consumables used rose by EUR 4.0 mill. in the nine-month comparison. A significant reason for this was the value-added tax increase from 16 % to 19 %, as of 1 January 2007. Furthermore, costs continued to be higher for sales-induced increased requirements, in particular for third-party medical services and laboratory tests, catering services, energy and water.

Raw material and consumables used in nine-month comparison

	9 M 2007	9 M 2006	Change in %
Raw material and consumables used in millions of €	62.6	58.6	+ 6.9
Cost of materials ratio in %	21.4	20.8	–

Comparative changes in third-quarter figures are largely similar to those for comparative changes in the nine-month figures. The raw material and consumables used in the third quarter rose by EUR 1.3 mill.

Raw material and consumables used in quarterly comparison

	Q3 2007	Q3 2006	Change in %
Raw material and consumables used in millions of €	21.3	19.9	+ 6.7
Cost of materials ratio in %	21.1	21.0	–

Representing more than 50 % of sales, **staff costs** were the largest expense item in the Group. These rose by EUR 3.6 mill. over the same period last year. The increase primarily resulted from hiring new doctors in the acute segment, as a result of changes to the German Working Time Act and the new on-call regulation. For its part, the staff costs ratio was lowered by 0.9 percentage points due to the improved sales volume.

Staff costs in nine-month comparison

	9 M 2007	9 M 2006	Change in %
Staff costs in millions of €	163.1	159.5	2.2
Staff costs ratio in %	55.8	56.7	–

In the quarterly comparison, the rise in staff costs dropped compared to the first and second quarters of 2007. Furthermore, here as well the staff costs ratio was lowered by 1.0 percentage points.

Staff costs in quarterly comparison

	Q3 2007	Q3 2006	Change in %
Staff costs in millions of €	53.7	51.7	3.9
Staff costs ratio in %	53.4	54.4	–

In the nine-month comparison, **depreciation and amortisation** rose slightly by EUR 0.1 mill or 1.7 % due to investment.

In the nine-month comparison, **other operating expenses** rose by EUR 1.7 mill. or 3.5 %. Their share of sales remained unchanged at 17.6 % (9M 2006: 17.6 %). As with the raw materials and consumables used, a part of this increase is primarily attributable to higher costs connected with the value-added tax increase as of 1 January 2007. A quarterly comparison reveals an increase of EUR 0.7 mill. or 4.5 %. Here, the share of sales improved slightly at 17.0 % (Q3 2006: 17.1 %).

In the nine-month comparison, the **financial result** of EUR – 3.5 mill. was improved by EUR 0.5 mill.

The **result before income taxes and minority interests** totalled EUR 9.9 mill., an increase of EUR 2.0 mill. or 25.4 %.

On balance, the lowering of the corporate tax rate, in accordance with the 2008 corporate tax reform, did impact the **Group result after minority interests** for the third quarter of 2007, at approximately EUR 4.1 mill. in taxes as a non-cash item, whereby EUR 4.6 mill. are attributable to deferred tax assets and EUR 0.5 mill. to deferred tax liabilities.

Due to the indicated additional tax expenditure, the Group result attributable to the shareholders of MediClin is EUR 4.1 mill. less than the result of the previous year.

The effects of the revaluation of deferred taxes are shown even more clearly in the third quarter. Whilst at EUR 6.8 mill., the result before income taxes was EUR 1.9 mill. above the result of the previous year, additional taxes led to a decrease of the result attributable to the shareholders of MediClin at EUR 0.4 mill.

Undiluted earnings per share were EUR 0.08 (9M 2006: EUR 0.21). **Diluted earnings per share** were EUR 0.08 (9M 2006: EUR 0.21).

Capital expenditures

Gross addition to intangible assets and property, plant and equipment

In thousands of €	9 M 2007	9 M 2006
Intangible assets	575	837
Land, buildings	77	58
Technical equipment, EDP	356	41
Operating and office equipment	4,983	4,451
Payments on account and assets under construction	13,418	6,875
Total	19,409	12,262

In the first nine months of 2007, investments totalling EUR 19.4 mill. (9M 2006: EUR 12.3 mill.) were effected. Capital expenditures related mainly to the new construction and re-modelling of the Müritz Klinikum in Waren. These were partially offset through subsidies amounting to EUR 7.5 mill. (9M 2006: EUR 9.6 mill.).

In September 2007, new construction began at the MediClin Robert Janker Klinik in Bonn, on facilities for the operation of a linear accelerator, which the clinic will use for treating cancer patients from the beginning of 2008. The overall investment volume for the project, including liner accelerator and construction measures, will amount to over EUR 4 mill. The new operation wing of the Krankenhaus am Crivitzer See is nearly completed, which will feature two operating theatres, a new operation elevator and a new patient reception ward, as well as the remodelling of the public reception area and the intensive care unit. The new wing will start operating in the fourth quarter of 2007. Total costs for the wing amounted to approximately EUR 4 mill.

Employees

The average number of employees for the first nine months of 2007, calculated on the basis of full-time staff, was 5,260 full-time employees (first nine months 2006: 5,243 full-time employees). An average of 141 trainees were employed across the Group in the first nine months of 2007 (9M 2006: 112 trainees).

Number of employees in nine-month comparison

In full-time employees	9 M 2007	9 M 2006	Change
Post-acute	3,342	3,398	- 56
Acute	1,576	1,596	- 20
Nursing care	138	119	+ 19
Service	204	130	+ 74
Group	5,260	5,243	+ 17

The item service also encompasses full-time administrative staff members. The largest increase was recorded in the service segment as a result of outsourcing services within the service companies MC Catering GmbH and MC Service GmbH. Additionally, a portion of 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 occupancy expansions.

Number of employees in quarterly comparison

In full-time employees	Q3 2007	Q3 2006	Change
Post-acute	3,330	3,401	- 71
Acute	1,558	1,604	- 46
Nursing care	142	125	+ 17
Service	268	135	+ 133
Group	5,298	5,265	+ 33

Due to the sale of MC Pharma GmbH, twelve full-time employees left the Group.

Key data per full-time employee and bed in nine-month comparison

In €	9 M 2007	9 M 2006
Sales per full-time employee	55,595	53,641
Staff costs per full-time employee	30,999	30,421
Staff costs per bed	21,996	20,866

Sales per full-time employee rose by approximately EUR 1,954 or 3.6 % as compared to the first nine months of 2006. This represents a substantially higher increase than the rise in average staff costs per full-time employee, recorded at 1.9 %.

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

In €	Q3 2007	Q3 2006
Sales per full-time employee	18,992	18,059
Staff costs per full-time employee	10,142	9,825
Staff costs per bed	7,248	6,768

In a quarterly comparison, the sales increase per full-time employee of EUR 933 or 5.2 % is also greater than the increase in staff costs at 3.2 %.

Number of beds on reference date

Number of beds	30.09.2007	30.09.2006	Change in %
Post-acute	5,689	5,914	- 3.8
Acute	1,302	1,335	- 2.5
Nursing care	422	395	+ 6.8
Group	7,413	7,644	- 3.0

The number of beds decreased by 231 or 3.0 % as compared with the previous year's figure.

Segment reporting

Segment results and net assets in nine-month comparison

In millions of €	January – September 2007				January – September 2006			
	Post-acute	Acute	Nursing care	Group	Post-acute	Acute	Nursing care	Group
Sales	167.9	116.9	7.6	292.4	160.4	114.5	6.3	281.2
Segment result	1.4	12.2	- 0.2	13.4	- 1.4	13.5	- 0.2	11.9
Thereof non-cash items:								
Scheduled depreciations/write-ups	3.5	7.3	0.3	11.1	3.5	7.2	0.3	11.0
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	- 4.7	0.0	- 4.7	0.0	- 4.7	0.0	- 4.7
Allowances	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.2
Allocation of provisions/liabilities	9.2	7.0	0.4	16.6	9.1	5.3	0.3	14.7
Release of provisions/liabilities	- 0.6	- 0.4	0.0	- 1.0	- 0.5	- 0.2	0.0	- 0.7
Operational assets	105.0	136.5	1.0	242.5	100.6	123.3	0.6	224.5
Non-operational assets	-	-	-	29.3	-	-	-	43.0
Assets	105.0	136.5	1.0	271.8	100.6	123.3	0.6	267.5
Operational liabilities	47.3	27.0	0.5	74.8	49.6	22.6	0.3	72.5
Non-operational liabilities	-	-	-	94.3	-	-	-	97.6
Liabilities	47.3	27.0	0.5	169.1	49.6	22.6	0.3	170.1

Sales in the **post-acute** segment rose by EUR 7.5 mill. The result improved by EUR 2.8 mill. to EUR +1.4 mill. The number of nursing days rose by 4.4 %; the number of cases by 6.1 %. Subsequent nursing treatments accounted for 62.0 % (9M 2006: 63.8 %) of the nursing days.

Nursing days post-acute segment by measures in nine-month comparison

In nursing days	9 M 2007	9 M 2006	Change in %	Share 9 M 2007 in %
Subsequent nursing treatment	814,755	803,967	+ 1.3	62.0
Curative treatment	430,725	384,006	+ 12.2	32.7
Other	69,427	71,252	- 2.6	5.3
Post-acute segment	1,314,907	1,259,225	+ 4.4	100.0

Curative treatment includes the full range of psychosomatic services offered.

In the first nine months of 2007, an average of 3,342 full-time staff members were employed (9M 2006: 3,398 full-time staff members) in the post-acute segment.

In the **acute** segment, sales increased by EUR 2.4 mill. or 2.1 % in the first nine months of 2007. The operating result was calculated at EUR 12.2 mill., which was EUR 1.3 mill. less than the result for the same period last year (9M 2006: EUR 13.5 mill.). The EBIT margin amounted to 10.4 % (9M 2006: 11.8 %). In the acute segment, an average of 1,576 full-time staff members were employed during the first nine months of 2007 (9M 2006: 1,596 full-time staff members).

In the **nursing care** segment, MediClin recorded sales of EUR 7.6 mill. (9M 2006: EUR 6.3 mill.), for a result on a par with the same period last year. The number of beds on 30 September 2007 was 422 (30 September 2006: 395 beds). In the first nine months of 2007, we employed an average of 138 full-time employees (9M 2006: 119 full-time employees). In the third quarter of 2007, sales in the nursing care segment were EUR 0.5 mill. higher than the figure for the same quarter last year.

Segment results and net assets in quarterly comparison

In millions of €	July – September 2007				July – September 2006			
	Post-acute	Acute	Nursing care	Group	Post-acute	Acute	Nursing care	Group
Sales	59.3	38.6	2.7	100.6	54.8	38.1	2.2	95.1
Segment result	3.4	4.1	0.2	7.7	1.3	5.0	0.0	6.3
Thereof non-cash items:								
Scheduled depreciations/write-ups	1.3	2.4	0.0	3.7	1.2	2.3	0.1	3.6
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	-1.5	0.0	-1.5	0.0	-1.6	0.0	-1.6
Allowances	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Allocation of provisions/liabilities	2.7	2.5	0.2	5.4	2.2	1.2	0.1	3.5
Release of provisions/liabilities	-0.2	-0.1	0.0	-0.3	-0.2	-0.1	0.0	-0.3

In the third quarter of 2007, the result in the post-acute segment rose by EUR 2.1 mill. over the figure for the same quarter last year; while in the nursing care segment, the result rose by EUR 0.2 mill. over the figure for the same quarter last year. In the nursing care segment, a positive quarterly result was attained for the first time. The EBIT margin in the acute segment was 10.6 % (Q3 2006: 13.1 %).

Nursing days post-acute segment by measures in quarterly comparison

In nursing days	Q3 2007	Q3 2006	Change in %	Share Q3 2007 in %
Subsequent nursing treatment	276,690	261,981	+ 5.6	59.9
Curative treatment	159,859	142,013	+ 12.6	34.6
Other	25,431	24,979	+ 1.8	5.5
Post-acute segment	461,980	428,973	+ 7.7	100.0

The number of nursing days in the post-acute segment rose by 7.7 % in the quarterly comparison; the number of cases rose by 9.3 %. Subsequent nursing treatments accounted for 59.9 % of the nursing days (Q3 2006: 61.1 %).

Significant events after the end of the quarter

No significant events or business transactions took place after the end of the reporting period on 30 September 2007.

Risk and opportunities report

For further risks and opportunities, in addition to the impact of the corporate tax reform discussed below, please refer to our 2006 annual report. No changes have occurred in risk and opportunity management during the first nine months of 2007.

Supplementary and forecast report

The **reduction of the corporate tax rate** to 15 %, plus solidarity surcharge, on 1 January 2008, has led to the need for a value adjustment of EUR 4.6 mill. for deferred tax assets and EUR 0.5 mill. for deferred tax liabilities. This revaluation will also affect the 2007 annual financial statements.

The introduction of the **interest barrier** means that, starting in 2008, the interest expense will be fully deductible up to the amount of interest income earned in the same tax year. The deduction of interest expense in excess of that amount will be limited to an amount of 30 % of the earnings before interest, taxes, 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.

In September, construction began on new rooms in the MediClin Robert Janker Klinik in Bonn, which are to be used for a new radiation therapy device. In this way, MediClin AG is investing in forward-looking medical technology for the treatment of cancer. The device for radiation therapy will be utilised in the clinic for the treatment of cancer patients starting in

2008. MediClin Robert Janker Klinik is the first facility in North Rhine-Westphalia – and only the fourth clinic in Germany – to provide this state-of-the-art medical technology for fighting cancer. The new technology will strengthen and intensify existing cooperations both with the clinics and private practice-based physicians in the region.

For 2007, the Management Board expects moderate sales growth and an operating result on a par with that of the 2006 financial year – despite budget cutbacks as a result of the restructuring contribution in the acute segment, as well as expected cost increases in all areas.

Report concerning business with related parties

Business relationships to related parties remained unchanged in the first nine months of 2007, as compared with 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 nine months of 2007 totalled:

In millions of €	9 M 2007	9 M 2006
Leasing expenses	23.3	23.1
Land-use management costs	0.6	0.6
Real estate management income	0.3	0.3
Interest expenses	3.2	3.2

Outlook

For 2007, the Management Board expects moderate sales growth and an operating result on a par with that of the 2006 financial year, despite budget cutbacks resulting from contributions to restructuring in the acute segment, as well as expected cost increases in all areas.

The 2008 corporate tax reform has caused a strain on results after tax in the third quarter of 2007, namely in a one-off and non-cash item of EUR 4.1 mill., and will thereby impact the entire 2007 financial year accordingly. The effect has been the result of the necessary revaluation due to the reduction of the corporate tax rate of 25 % to 15 % commencing 1 January 2008.

MEDICLIN Aktiengesellschaft

Frankfurt am Main, 9 November 2007

The Management Board

**Consolidated interim financial statements of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2007 to 30 September 2007

Consolidated interim balance sheet as of 30 September 2007

ASSETS

In thousands of €		30.09.2007	31.12.2006
NON-CURRENT ASSETS			
Intangible assets			
Concessions, licences	751		1,023
Goodwill	45,154		45,014
Payments on account	155		66
		46,060	46,103
Property, plant and equipment			
Land, land rights and buildings including buildings on third-party land	87,505		89,981
Technical equipment and machines	1,687		4,146
Other equipment, operating and office equipment	12,748		12,562
Payments on account and assets under construction	21,439		13,948
		123,379	120,637
Other financial assets			
Investment in stock of subsidiaries	43		50
Other loans	288		278
		331	328
Other assets			
		660	560
Deferred tax assets			
		5,494	11,425
		175,924	179,053
CURRENT ASSETS			
Inventories			
		4,648	4,659
Trade receivables			
		52,062	46,710
Other assets			
Prepaid expenses	2,847		824
Receivables pursuant to hospital financing law	6,008		4,294
Other assets	7,187		3,796
		16,042	8,914
Cash and cash equivalents			
		23,102	29,063
		95,854	89,346
		271,778	268,399

EQUITY AND LIABILITIES

In thousands of €		30.09.2007	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	- 37,688		- 40,044
		- 37,385	- 39,741
Minority interests		1,856	1,787
		102,655	100,226
NON-CURRENT LIABILITIES			
Non-current liabilities			
Liabilities to banks and insurance companies	21,743		82,979
Bond issues	250		250
Other liabilities	1,849		2,000
		23,842	85,229
Provisions			
Provisions for pensions and similar commitments	16,504		15,598
Other provisions	9,955		10,730
		26,459	26,328
Deferred tax liabilities		769	1,239
		51,070	112,796
CURRENT LIABILITIES			
Trade payables		9,860	12,393
Other current liabilities			
Liabilities to banks and insurance companies	69,424		7,175
Liabilities pursuant to hospital financing law	12,841		11,804
Other liabilities	21,086		19,456
		103,351	38,435
Provisions		2,673	1,657
Tax liabilities		2,169	2,892
		118,053	55,377
		271,778	268,399

Interim consolidated profit and loss account

In thousands of €	Jan. – Sept. 2007	Jan. – Sept. 2006	July – Sept. 2007	July – Sept. 2006
Sales	292,431	281,238	100,617	95,079
Other operating income	4,376	4,702	1,303	1,389
Total operating performance	296,807	285,940	101,920	96,468
Raw materials and consumables used				
a) Cost of raw materials and supplies	– 36,174	– 34,506	– 11,991	– 11,372
b) Cost of purchased services	– 26,466	– 24,102	– 9,269	– 8,551
	– 62,640	– 58,608	– 21,260	– 19,923
Staff costs				
a) Wages and salaries	– 137,159	– 133,692	– 45,022	– 43,441
b) Social security, pension and retirement	– 25,896	– 25,805	– 8,711	– 8,290
	– 163,055	– 159,497	– 53,733	– 51,731
Depreciation and amortisation	– 6,385	– 6,281	– 2,172	– 2,109
Other operating expenses	– 51,330	– 49,611	– 17,084	– 16,345
Operating result	13,397	11,943	7,671	6,360
Financial result				
a) Other financial revenues	1,018	438	606	151
b) Other financial costs	– 4,565	– 4,525	– 1,525	– 1,671
	– 3,547	– 4,087	– 919	– 1,520
Result before tax	9,850	7,856	6,752	4,840
Taxes on income	– 7,176	– 1,089	– 6,354	– 642
Result after tax	2,674	6,767	398	4,198
Result attributable to minority interests	– 70	– 107	– 30	– 29
Result attributable to shareholders of MediClin	2,604	6,660	368	4,169
Earnings per share				
Earnings per share undiluted (in €)	0.08	0.21	0.01	0.13
Earnings per share diluted (in €)	0.08	0.21	0.01	0.13

Consolidated cash flow statement

In thousands of €	Jan. – Sept. 2007	Jan. – Sept. 2006
Operating result (EBIT)	13,397	11,943
Result of finance activities	– 3,680	– 4,087
Result of income taxes	– 7,176	– 1,089
Depreciation on fixed asset items	6,385	6,281
Change in non-current provisions	132	764
Change in current provisions	560	65
Result from the disposal of fixed asset items	– 3	– 48
Other non-cash income	4	18
Change in non-current assets (excl. fixed assets)	5,832	– 200
Change in current assets	– 10,086	497
Change in non-current liabilities	– 622	179
Change in current liabilities	3,235	– 13,180
Cash flow from operating activities	7,978	1,143
Payments received from the disposal of fixed assets	26	87
Payments received from other disposals	97	0
Payments received from investment subsidies	7,462	9,637
Cash used for investments in fixed assets	– 19,418	– 12,262
Cash flow from investing activities	– 11,833	– 2,538
Sales of treasury stock	0	4,436
Change in non-current finance liabilities	– 61,236	– 843
Change in current finance liabilities	62,249	668
Change in current finance receivables	– 3,119	0
Cash flow from financing activities	– 2,106	4,261
Cash flow for the period	– 5,961	2,866
Cash and cash equivalents at beginning of period	29,063	26,991
Cash and cash equivalents at end of period	23,102	29,857

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	0	0	0	6,660	0	6,660	107	6,767
Sale of treasury stock	0	1,636	- 2,800	2,800	2,800	4,436	0	4,436
Allocation to reserves for option rights	0	18	0	0	0	18	0	18
As of 30.09.2006	31,500	106,674	303	- 42,893	0	95,584	1,787	97,371

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	0	0	0	2,604	0	2,604	69	2,673
Allocation to reserves for option rights	0	4	0	0	0	4	0	4
Change in consolidation scope	0	0	0	- 248	0	- 248	0	- 248
As of 30.09.2007	31,500	106,684	303	- 37,688	0	100,799	1,856	102,655

Notes

Basic information

The unaudited consolidated interim financial report of MEDICLIN Aktiengesellschaft (hereinafter also referred to as MediClin AG or MediClin) for the first nine 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 generally applied. 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. These are listed in the Company's 2007 half-year report.

Changes in consolidation scope

As of 1 July 2007, MediClin AG has sold its investment in MC Pharma GmbH. The nature and purpose of MC Pharma GmbH is the production and sale of radionuclides. MediClin AG intends to focus its business concerns on its core business, the operation of clinics and related businesses. Therefore, it has decided to pull out of this company's field of activity. MC Pharma GmbH was assigned to the acute segment and was sold for its net asset value.

Other disclosures

In September 2007, the employee representatives of the Supervisory Board were newly elected. The members are listed under the corporate decision-making bodies.

Subsequent events

There are no significant events that could have a meaningful impact on the development of MediClin AG up to the end of the current financial year and, therefore, that need to be reported on.

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*
Walburga Erichsmeier* (since 13.09.2007)
Peter Erni* (through 13.09.2007)
Carsten Heise
Dr. Jochen Messemer
Klaus Müller*
Udo Rein* (since 13.09.2007)
Dr. Hans Rossels
Gero Schlagelambers* (through 13.09.2007)

* Employee representatives

Supervisory Board Committees

General and Personnel Committee

Günter Schlatter (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Gero Schlagelambers
(through 13.09.2007)

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
(through 13.09.2007)

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 3 2007	Q 2 2007	Q 1 2007	Q 3 2006	Q 2 2006	Q 1 2006
Earnings per share undiluted	0.01	0.07	0.00	0.13	0.09	- 0.01
Cash flow from operating activities per share	0.28	- 0.05	0.02	0.21	- 0.17	- 0.01
52-week high*	4.90	-	-	-	-	-
52-week low*	3.35	-	-	-	-	-
Share price at end of quarter*	3.70	4.23	4.30	4.00	3.95	3.20
Market capitalisation at end of quarter in millions of €	116.6	133.2	135.5	126.0	124.4	100.8
Number of shares in millions	31.5	31.5	31.5	31.5	31.5	31.5

* Source: Deutsche Börse AG; status: 28.09.2007; Xetra prices

Financial calendar

25 February 2008	Presentation of the interim figures for the 2007 financial year
17 March 2008	Financial statements press and analysts' conference
9 May 2008	Publication of the interim report for the 1st quarter 2008
21 May 2008	Annual General Meeting
8 August 2008	Publication of the interim report 1st half-year 2008
7 November 2008	Publication of the interim report for the 1st-3rd quarter 2008

Imprint

MEDICLIN Aktiengesellschaft

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This interim report appears in German (original version)
and English (non-binding translation).

MediClin Plau am See



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