ANNUAL REPORT 2009

MEDICLIN AKTIENGESELLSCHAFT

Health in view

MediClin integrates.

About the title picture

Proprioceptive neuromuscular facilitation (PNF) is the name of a method of treatment in the field of physiotherapy.

The aim of the treatment using PNF is to coordinate and improve the efficiency of movements in the body through normalising muscle tone, strengthening and stretching the muscles and changing inefficient pathological movement behaviour.

The title picture shows:
A recreation of a phase of the physiological gait pattern with a patient whose leg has been operated on currently in the supporting leg phase (leg is standing on the floor).

The therapist uses manually placed stimuli to encourage more erect posture in the trunk area, increase muscle tightness, as well as strengthening the direction of resistance, which regulates and stabilises the physiological alignment of the joint.

Effect on the operated joint:
- Muscle strengthening
- Joint stabilisation
- Promotion of inter-muscular coordination
- Reduction of pathological movement and tension patterns
- Coordination of physiological movement and tension patterns

You can find further information about proprioceptive neuromuscular facilitation (PNF) on page 164.

About MediClin

MediClin is a nationwide operator of hospitals and a large provider in the areas of the neurosciences and psychological sciences as well as orthopaedics. With 33 hospital operations, seven nursing care facilities and seven medical care centres in eleven German federal states, at the end of 2009 MediClin had a total capacity of approximately 7,900 beds. The hospitals are acute-care hospitals providing basic, standard and specialised care, as well as specialist clinics for medical rehabilitation. MediClin had approximately 8,000 employees at year-end.

You can find the guidelines developed by our employees on page 2.

MediClin: Key data business development

In thousands of €	2009	2008	2007
Sales	470,579	456,795	391,965
Operating result (EBIT)	16,962	15,799	18,866
EBITDA margin in %	6.6	6.1	7.0
EBIT margin in %	3.6	3.5	4.8
Financial result	– 5,344	– 6,663	– 5,067
Result attributable to shareholders of MediClin AG	10,293	7,080	5,729
Cash flow from operating activities	32,346	21,530	11,347
Balance sheet total	333,778	343,101	269,913
Non-current assets incl. tax refund claims and deferred tax assets	205,137	208,634	180,924
Current assets incl. tax refund claims	128,642	134,466	88,989
Thereof cash and cash equivalents	58,525	57,384	21,377
Equity	157,262	148,836	105,997
Equity ratio in %	47.1	43.4	39.3
Non-current liabilities incl. deferred tax liabilities	62,115	70,352	52,080
Current liabilities incl. tax liabilities	114,402	123,913	111,836
Gross capital expenditure	18,814	20,046	28,623
Net financial liabilities	23,661	37,651	69,381
Number of full-time employees (annual average)	5,834	5,816	5,277
Sales per full-time employee in €	80,662	78,541	74,278
Staff costs per full-time employee in €	43,746	42,860	41,244
Occupancy rates in %	87.1	86.2	84.2
Un/diluted earnings per average share outstanding in €	0.22	0.22	0.18
Un/diluted earnings per participating share in €	0.22	0.15	0.18
Cash flow from operating activities per average share outstanding in €	0.68	0.66	0.36
Cash flow from operating activities per participating share in €	0.68	0.46	0.36
Dividend per participating share in €	0.05[1]	0.05	–
Number of shares in millions (annual average)	47.35	32.45	31.50
Number of participating shares in millions	47.50	47.25	31.50

[1] Proposed by the Management Board and Supervisory Board for 2009
Due to arithmetical reasons, calculation differences of +/– one unit (€, %, etc.) may occur.
Percentage rates have been determined on the basis of € values.

Quarterly development of the Group in 2009

In millions of €	Q1	Q2	Q3	Q4
Sales	112.5	118.4	119.8	119.9
Operating result	– 0.1	5.4	8.0	3.7
EBIT margin in %	– 0.1	4.5	6.7	3.0
Result attributable to shareholders of MediClin AG	– 1.7	3.7	5.6	2.7
Return on sales in %	– 1.5	3.1	4.6	2.3
Cash flow from operating activities	8.8	0.3	17.5	5.7
Equity ratio in %	44.1	45.3	46.1	47.1
Gross capital expenditure	3.3	5.6	3.8	6.1
Net financial liabilities	31.5	38.4	23.6	23.7
Number of full-time employees (quarterly average)	5,783	5,804	5,860	5,889
Occupancy rates in %	84.6	87.9	88.3	87.5
Earnings per average share outstanding in €	– 0.04	0.08	0.12	0.06
Earnings per participating share in €	– 0.04	0.08	0.12	0.06
Cash flow from operating activities per average share outstanding in €	0.19	0.00	0.37	0.12
Cash flow from operating activities per participating share in €	0.19	0.00	0.37	0.12

MEDICLIN

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> We will accompany a patient through the complete course of treatment. Page 10 to page 57

Our patients

We treat our patients and residents with both respect and expertise and also promote their independence and individual responsibility.
We develop integrated care concepts to provide comprehensive, patient-orientated treatments.

Our employees

We want to be an attractive employer for our employees and to promote and develop their expertise and motivation.

Our future

We want to achieve targeted growth by providing regionally networked health services and are ensuring progress through innovative integrative health care concepts.

Our aims

We want to increase the quality and cost effectiveness of our services by systematically examining our activities.

DR. ULRICH WANDSCHNEIDER Chairman of the Management Board

Dear Ladies and Gentlemen, Dear Shareholders, Staff, Partners and Friends of MediClin AG,

We have successfully mastered the challenges of the 2009 financial year. The effects of the global financial and economic crisis were less severe on clinic operators than was originally assumed, allowing us to continue on our chosen path in a manner unaffected by the downturn.

We met our internal growth target of 3.0 % higher sales: total sales of EUR 470.6 mill. are EUR 13.8 mill., or 3.0 %, higher than last year. Also the earnings side could be further improved. The consolidated operating result rose by EUR 1.2 mill. to EUR 17.0 mill., while the result attributable to the shareholders totalled EUR 10.3 mill., as compared to EUR 7.1 mill. in 2008.

Based on the satisfactory development in 2009, and the fact that we foresee slight economic growth in 2010 without a drastic worsening of labour market conditions, the Management Board and the Supervisory Board will propose a dividend of EUR 0.05 per share for the 2009 financial year at the Annual General Meeting on 26 May 2010.

Our employees have played a crucial role in the sales and earnings improvements. We would like to express our thanks to them. Specialised skills combined with a high level of commitment have enabled us to further expand our service offer, which is reflected in higher occupancy rates.

Now, it is time to look ahead.

What will we focus on in 2010?

- We would like to continue to be an attractive employer for our personnel.
- We will continue to set a course in the quality of processes and results in medical care.
- We would like to expand our integrated health care even further, above all in local neighbourhoods and in a patient-friendly manner.
- We would like to extend our medical offers in our core areas and, as a supplementary measure, focus on medical (regional) niches.
- We will continue to carefully investigate acquisition and cooperation possibilities.

Our key success factor is our motivated and qualified personnel.

To ensure that we are able to offer sufficient medical skills and qualified nursing care in the future as well, we have invested a great deal in staff recruitment and development over the past few years. Important elements here include the staff concept "Develop, Promote and Network", the comprehensive specialist programme offered by the MediClin Academy, as well as the opportunity for employees to develop within the Group. We will continue to refine these offers and expand our contacts to foreign and domestic universities and professional colleges.

We will continue to encourage both internal and external competition for more quality.

In fact in all areas. There is hardly an industry more complex than the health care market. In demand is high medical quality, a strong patient focus and the implementation of technical progress, both in-house and for patient offers. We communicate our results transparently and let ourselves be measured. We were the first to generate a quality report for each of our rehabilitation facilities, similar to the reports required in the acute segment. We use our position as a Group stringently to verify the quality of results in our facilities by a permanent benchmarking. Measures that boost sales and efficient cost management allow investment in quality and medical progress. In 2009, we spent over EUR 30 mill. on investment and maintenance.

Integrated neighbourhood care is possible.

Practicing physicians and medical care centres (MVZ) are an important part of comprehensive outpatient health care in the neighbourhood area. Introduced by the German legislature with the Statutory Health Insurance Modernisation Act of 2004, there are now just under 1,400 medical care centres in Germany. Currently, open outcome discussions concerning the further organisation of these centres are still taking place. We now operate nine medical care centres and plan to open further facilities in suitable locations. This will help us to reach our targets toward developing integrated medical care in our own consolidated network or with partners.

Specialisation in high-growth areas.

We have defined high-growth areas for us. Individual indications, our regional presence, possible synergy effects within the Group and anticipated remuneration structures on the part of coverage providers all played a role in this process. Results have shown that we are very well positioned in our present core areas. Therefore, we will continue to focus on expanding our medical offers in the areas of neurology, psychological sciences and orthopaedics, as well as in fields with greater medical importance, e.g. our heart centres and clinics for eating disorders, diabetes, radiotherapy, etc.

External growth, but not at any price.

In 2010, we will continue to actively take part in the privatisation process currently underway on the hospital market. We will once again review possible projects on the basis of clearly defined acquisition criteria. The goal is to expand our core competencies in the acute sector and to integrate promptly. These are challenging requirements, but with our previous acquisitions we have shown that this is possible.

I would like to close by mentioning a special issue. Over the course of a year, MediClin employees have defined guiding principles for their daily work and their interactions with one another. The implementation of the principle "We meet our patients and residents with respect and professional competence and promote their independence and personal responsibility" is reflected in this Annual Report, which therefore has been published with the theme "Health in view".

Esteemed shareholders, MediClin is well positioned on the market, and we are confident that we will successfully master upcoming challenges – also because patients and coverage providers are honouring our efforts. I would be pleased if you would continue to accompany us in the future, and thank you for the trust you have placed in us.

Offenburg, 1 March 2010

Dr. Ulrich Wandschneider
Chairman of the Management Board

Management Board

DR. ULRICH WANDSCHNEIDER Chairman of the Management Board (right)
is responsible for strategy and product development, operative clinics management, marketing / sales, contract management, public relations / investor relations, personnel and for quality / risk management.

FRANK ABELE Chief Financial Officer (left)
is responsible for controlling, finance and accounting, legal affairs / tax, IT, internal audit and procurement / technique.

The MediClin share

The stock markets developed better than expected

From the second quarter of 2009, the German stock market developed at a more positive rate than was expected in the first three months of the year. From the year's first day of trading (4,857 points), the DAX climbed by approximately 23 % to 5,957 points. Compared with the lowest position (3,589 points) in March 2009, it even rose by approximately 66 % by year's end. Experts judge the main reason for positive development in 2009 to be the high level of liquidity on the market, attributable to the central banks, and less forecasts concerning an economic upswing and corporate profit development.

During the first months of 2010, the DAX has fluctuated between 5,540 points and 6,094 points. In other words, it has not yet sustainably surpassed the all-important 6,000-point threshold. Currently, speculations concerning possible state bankruptcies, enormous budget deficits and contradictory market reports are causing concern among investors. The cautious stance of the capital market participants seems to lead to a lateral movement of benchmark indexes. In investment terminology, market observers are discussing a "deadlock" situation between bull and bear markets. In other words, investors are currently waiting for impulses on which they can base judgments as to which direction the stock markets will develop.

The MediClin share (Xetra) closed the 2009 reporting year at EUR 3.02, a value slightly below the opening rate (EUR 3.09). The lowest value in 2009 was recorded at EUR 2.50, and the highest at EUR 3.20.

Business development allows dividend payout

At the 2009 Annual General Meeting of Shareholders, the Supervisory and Management Boards had suggested the payment of a dividend amounting to EUR 0.05 per share. The dividend was then adopted by the Annual General Meeting of Shareholders.

A total of just under EUR 2.4 mill. was paid out in dividends, which corresponds to a payout ratio of approximately 20 %. The dividend yield was 1.6 %.

As business development proved satisfactory in 2009, the Supervisory and Management Boards will suggest the payment of a dividend amounting to EUR 0.05 per share at the Annual General Meeting of Shareholders in May 2010.

MediClin reports on business development in an updated and transparent manner

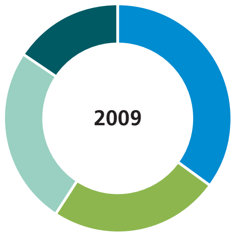
Once again in 2009, MediClin presented its business development and corporate strategy to interested investors and analysts at capital market conferences in Germany and Switzerland. The interest among investors in the health care market and in MediClin's growth strategy was large. As in previous years, individual discussions with investors and analysts were conducted.

DZ-Bank AG, Frankfurt, and LBBW Landesbank Baden-Württemberg, Stuttgart, periodically track and evaluate MediClin's business development. Their recommendations, provided in the context of commentary on the 2009 nine-month figures published in November 2009, were "hold" or "buy".

On the investor relations pages of the MediClin website, institutional and private investors will find a full range of data allowing them to become quickly informed about the Company in detail.

Shareholder structure

in %



ERGO Versicherungsgruppe AG	**35.00**
Provinzial Rheinland Lebensversicherung AG	**24.33**
Asklepios Kliniken Verwaltungsgesellschaft mbH	**25.23**
Free float	**15.44**

As of August 2009

Share indicators

ISIN: DE0006595101; WKN: 659 510; Ticker: MED

In €	**2009**	2008
Earnings per average share outstanding	0.22	0.22
Earnings per participating share	0.22	0.15
Cash flow per average share outstanding[1]	0.68	0.66
Cash flow per participating share[1]	0.68	0.46
Book value per share[2]	3.31	3.15
Year-end price[3]	3.02	3.10
52-week high (12.03.2010)[3]	3.80	–
52-week low (13.03.2009)[3]	2.50	–
Market capitalisation (year-end price) in mill. €	143.5	146.5
Number of shares in million as of 31.12.	47.50	47.25

[1] Cash flow from operating activities
[2] Equity less minority shares (based on numbers of shares as of 31.12.)
[3] Source: Deutsche Börse AG, OnVista; as of 12.03.2010, Xetra closing prices

Advantages of networking – a service offered to our patients

For example MediClin has a network of medical and organisational facilities for the care of orthopaedic patients, provided by the Medical Care Centre (MVZ) in Leipzig, the Waldkrankenhaus and the Rehabilitation Centre in Bad Düben.

Under the umbrella of MediClin, it has been possible to achieve an organisational amalgamation combining and optimising all processes from the first visit to the doctor, the operation and subsequent rehabilitation, right through to outpatient after-care.

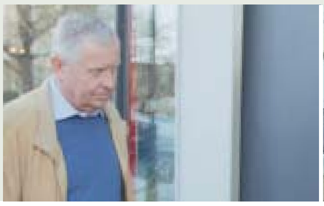
Characteristic of this integrated approach is the carefully orchestrated cooperation of different specialists – doctors, therapists and nursing care – in relation to all areas of the operation.

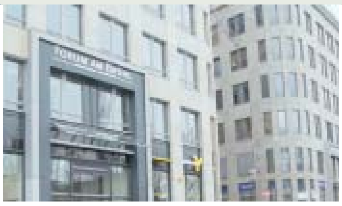
We accompany a patient through the complete treatment process in our picture gallery: The first contact with the patient takes place in the MVZ. Here, the patient's medical history and clinical findings are evaluated, alongside the completion of any laboratory testing and X-ray examinations. If there is a requirement for surgery, the patient is transferred by shuttle bus to the acute clinic. Here, during the preoperative examination, final decisions will be made about the precise nature of the operational procedure. Whenever possible, an autologous blood donation is carried out at this stage and, at the same time, patients already receive the first information about the various possibilities for subsequent nursing treatments.

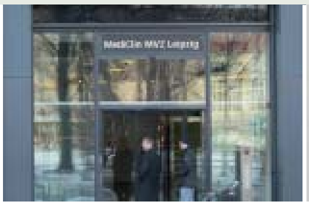
On the day after the operation, patients will already stand up for the first time.

One week before patients are transferred for subsequent nursing treatment (AHB), a detailed discussion with the head physician in the rehabilitation centre takes place to ensure a seamless transition to AHB. The therapy begins on the same day that the patient arrives in the rehabilitation centre.

The appointment for the first visitation at the MVZ after inpatient rehabilitation is already arranged by the staff of the rehabilitation centre. On the day following their release, patients will see their doctor bringing their current medical results and findings and advice for further treatment. The uninterrupted continuation of the therapeutic measures is vital for the complete recovery of the patient.







Summarised management report and Group management report of MEDICLIN Aktiengesellschaft
for the 2009 financial year

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General information

With the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG) coming into force on 29 May 2009, two important new regulations are now valid for the Group management report and the management report of MediClin AG:

Under Section 289 (5) of the German Commercial Code (HGB), fundamental aspects of the internal control and risk management system as related to the accounting process must be explained in the management report. The risk management system is to be presented in such a way that it offers a comprehensive view of internal risk management, including the internal control system (Sections 289 (5) and 315 (2) 5, HGB).

These compulsory disclosures will be made in the summarised management report and Group management report of MediClin Aktiengesellschaft under the chapter "Risk and opportunity report".

Furthermore, under Section 289 a (2) HGB, a Corporate Governance Declaration is to be provided.

This declaration encompasses:

- The conformity declaration, pursuant to Section 161 of the German Stock Corporation Act (AktG), disclosing the reasons for any deviations from the recommendations
- Disclosures on relevant corporate governance practices
- A description of the working methods of the Management and Supervisory Boards, as well as the composition and working methods of their committees

As parts of these disclosures were previously contained in the corporate governance report, these have been included in the Corporate Governance Declaration in order to avoid repetition.

The MediClin Corporate Governance Declaration, pursuant to Section 289 a (2) HGB, has been published on the Company's website at www.mediclin.de. This ensures that comprehensive information on corporate governance (including statements regarding its stability and sustainability) is provided in an area that is generally accessible to the public.

General economic conditions

According to the calculations of the German Federal Statistics Office, the German gross domestic product (GDP) fell by 5 % in 2009. These figures reveal that the economy has shrunk at a higher rate than ever before since the founding of the Federal Republic of Germany. By way of contrast, in 2008, the total sum of all goods and services produced domestically had risen in real terms by 1.3 %.

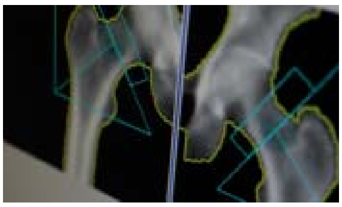
A major decline in exports and investments, in particular, negatively impacted the GDP. Compared with 2008, exports dropped by 14.7 % and investments in machine, plants and vehicle construction fell by 20.0 %. Private consumer spending rose by a price-adjusted 0.4 %. Federal expenditure rose by 2.7 %.

The first quarter of 2009, in particular, with a minus of 3.5 % as compared to the last quarter of 2008 (adjusted for seasonal and calendar effects), showed how strongly economic activity had slumped at the turn of the year 2008/2009. In the second and third quarters of 2009, federal economic stimulus programmes and a slight increase in exports offered the first positive signs for the GDP: plus 0.4 % in the second quarter and plus 0.7 % in the third. In the fourth quarter of 2009, German economic growth stagnated once again.

In 2009, income from federal, state, local and social security funds amounted to EUR 1,067.7 billion, or 2.2 % below the value of the previous year. However, compared to 2008, expenditure rose by 5 % to EUR 1,144.9 billion. This created a federal deficit of EUR 77.2 billion, corresponding to 3.2 % of the GDP. With these figures, as in 2002 – 2005, Germany has once again violated the stability criteria of the Maastricht Treaty, i.e. the debt threshold of the euro stability pact, which was stipulated at 3.0 %.

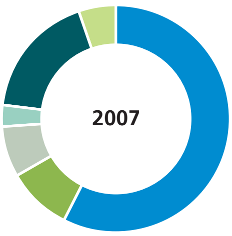
The labour market proved to be relatively stable in 2009. According to the Federal Employment Office, the implementation of reduced working hours stabilised the labour market. The use of flexible working hours also prevented layoffs. Economic performance was realised by an average 40.2 million wage and salary earners in 2009, or 37,000 less than the previous year. The unemployment rate, based on the civilian labour force, averaged 8.2 % in 2009 (compared with an annual average of 7.8 % in 2008).

In its annual report published in January 2010, the federal government has forecasted that the GDP will grow by 1.4 % over the year. At the same time, it has predicted an increase in unemployment.


Development of the health care sector

Altogether, the expenditures are split among coverage providers as follows:
in %



Public health insurance funds	**57.5**
Private health insurance funds	**9.3**
Social nursing care insurance	**7.3**
Statutory accident insurance/Statutory pension insurance	**3.0**
Private households/Organisations/Employer	**17.7**
Public budgets	**5.2**

In 2009, as in 2008, the health care sector remained relatively unaffected by the economic downturn. An increasingly older population as well as advances in medical technology have led to a continuous rise in health care spending, ensuring growth in this sector.

The German Federal Statistics Office has since published figures for the year 2007. Compared with 2006, expenditures rose by 3.2 % or EUR 7.9 billion, a figure which represents 10.4 % of the gross domestic product. Since economic growth only rose slightly in 2008 and was negative in 2009, the health care sector's contribution to the gross domestic product has, in all likelihood, increased significantly.

The public health insurance funds are carrying the largest portion of expenditures.

At the end of 2007, just under 4.4 million German citizens (approximately one in ten) were employed by the health care sector. Compared with 2006, the number of jobs in the sector rose by approximately 63,000, or 1.5 %.

In 2008, governments at the federal, state and local levels had more money due to higher tax revenues from 2007. The extent to which this led to the dismantling of investment constraints in the public sector of the hospital market cannot be ascertained at present. In 2009, the financial situation of hospitals and rehabilitation facilities may well have worsened once again due to the general economic situation.

The labour market continued to be highly stable in 2009. The sick-leave rate remained relatively low at 3.3 %.

The readiness to make use of rehabilitation and preventive services, in particular, rose further. According to statistics from the German Pension Fund, the number of applications submitted for medical rehabilitation services increased to 1,638,294 in 2009, up 3.1% as compared to the values for 2008 (1,589,104 applications).

> Consultation and discussion about the findings are central elements of the treatment process.

MediClin in 2009

In the 2009 reporting year, MediClin included 33 clinics, seven nursing care facilities and seven medical care centres. Eight of the 33 clinics are dedicated acute-care hospitals; in three clinics we provide specific acute services in addition to medical rehabilitation measures.

The emphasis of the medical offerings continues to lie on the neurosciences and psychological sciences, with neurology, neurological early rehabilitation, neurosurgery and neuroradiology, as well as psychosomatic medicine and psychiatry, and orthopaedics. Furthermore, certain sites have competencies in the areas of cardiology, oncology, ENT and internal medicine.

We offer full-time and short-term nursing care in our nursing care facilities. These facilities are located on the same sites as the post-acute clinics, and can thus benefit from their infrastructure. MediClin's strategic objective continues to centre on providing cross-sector integrated medical patient care, supplemented by acute care, post-acute care and nursing care as complementary services.

MediClin operates seven medical care centres (as of 31 December 2009), with professional offerings corresponding to both the medical focal points of the Group and the regional requirements. They make a significant contribution to providing health care as close to the patient's place of residence as possible, acting as an integrative link between outpatient and inpatient health care.

Cortex Software GmbH is the IT subsidiary of MediClin.

Compared to the 31 December 2008 closing date, the number of beds in the Group decreased by 18 beds and the number of nursing care places decreased by 14 places.

The allocation of beds is as follows:

Number of beds/nursing care places as of 31.12.	**2009**	2008	Change in %
Post-acute	6,117	6,101	+ 0.3
Acute	1,343	1,377	– 2.5
Nursing care (places)	408	422	– 3.3
Group	**7,868**	**7,900**	**– 0.4**

Business development in 2009

General

Starting from the 2009 financial year, the reportable operative segments of MediClin are the segments post-acute, acute and other activities. This last segment encompasses the nursing care segment, which was independent until 31 December 2008, and has now been divided into the nursing care business area and the service business area. Information on sales and occupancy figures for the nursing care business area will continue to be published under the discussion of corporate development. Clinics which offer services from the post-acute and acute segments (known as hybrid clinics) have been assigned to the post-acute segment.

Sales development in the Group and in the segments

In 2009, MediClin was able to increase sales through internal growth. The consolidated sales revenues of EUR 470.6 mill. were approximately EUR 13.8 mill. or 3.0 % higher than the previous year's value.

Sales in the Group and in the segments

In millions of €	2009	2008	Change in %
Post-acute	270.0	261.6	+ 3.2
Acute	189.6	185.0	+ 2.5
Other activities and reconciliation	11.0	10.2	+ 7.8
thereof nursing care	11.3	11.1	+ 1.8
Group	**470.6**	**456.8**	**+ 3.0**

Revenues in the **post-acute segment** rose by EUR 8.4 mill. to EUR 270.0 mill. The PlusPrograms developed for self-paying patients achieved revenues of approximately EUR 1 mill. in the current year and previous year. In the **acute segment**, revenues increased by EUR 4.6 mill. to EUR 189.6 mill. In the **nursing care business area**, revenues totalled EUR 11.3 mill.

Development of nursing days and case numbers in the Group and in the segments

The number of **nursing days** provided in 2009 increased Group-wide by 0.6 %, or 14,393 days more than the previous year.

Nursing days in the Group and in the segments

In days	2009	2008	Change in %
Post-acute	1,933,254	1,916,328	+ 0.9
Acute	403,005	403,073	0.0
Other activities (only nursing care)	137,370	139,835	– 1.8
Group	**2,473,629**	**2,459,236**	**+ 0.6**

The number of nursing days in the post-acute facilities rose by 0.9 % or 16,926 days. The average length of stay rose from 24.4 days in 2008 to 24.8 days in 2009. Despite the trend towards outpatient health care, the number of nursing days in the acute facilities remained nearly constant. The length of stay in this segment totalled 9.5 days, as it did in 2008. Not including patients in the psychiatric clinics, in which significantly longer stays are common, the average amount of time spent in the acute facilities in 2009 was 8.0 days (2008: 7.9 days).

The number of **cases** in the Group fell slightly by 251 cases. The decline in the post-acute segment of 336 cases (– 0.4 %) was counterbalanced by a slight increase in the acute segment of 85 cases (+ 0.2 %). The nursing care business area is not included in the case reporting.

> The autologous blood donation helps to avoid the need for blood transfusions using donor blood.

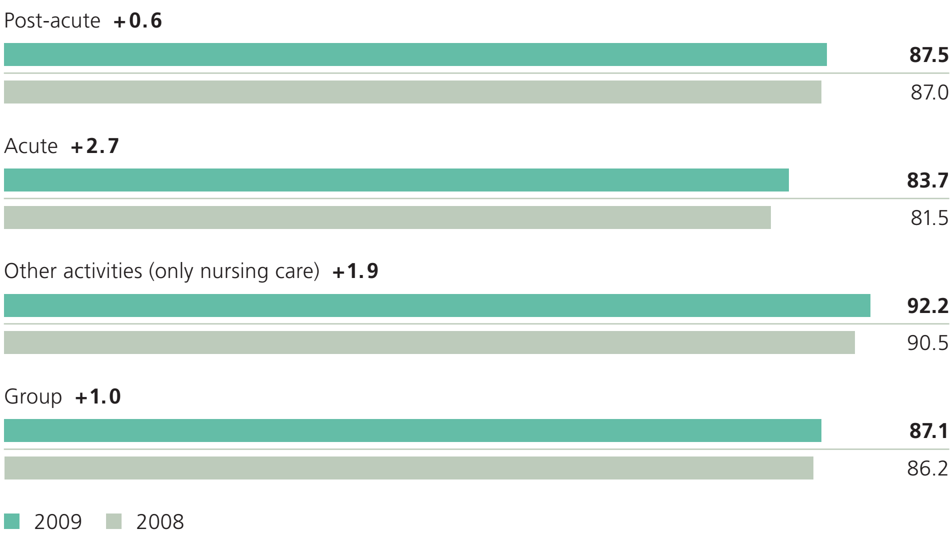
Cases in the Group and in the segments

In cases	2009	2008	Change in %
Post-acute	78,104	78,440	– 0.4
Acute	42,343	42,258	+ 0.2
Group (without nursing care)	**120,447**	**120,698**	**– 0.2**

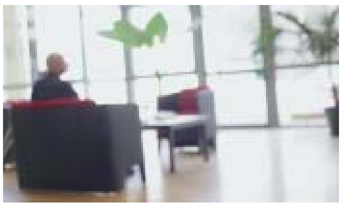
Occupancy rates in the Group and the segments

Over the past five years, occupancy rates in the Group have consistently improved. In 2004, occupancy rates were still at 72.6 %.

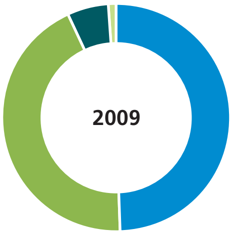
Occupancy rates and their changes in the Group and the segments
in %








Breakdown of occupancy days by coverage provider groups without nursing care in %



2009	2008
49.8 Public health insurance funds	51.3
43.7 Social security pension funds	42.0
5.7 Private health insurance companies	5.8
0.8 Other coverage providers	0.9

Development of the coverage provider structure

As in the previous year, social security pension funds and public health insurance funds still accounted for more than 90 % of the total occupancy days.

The social security pension funds and the public health insurance funds are the two largest funding agencies for medical rehabilitation. The social security pension funds finance occupational and medical rehabilitation measures for persons in dependent employment, and thus pursue the objective of restoring the ability to work and avoidance of early retirement. The goal of the public health insurance funds' services is to prevent disabilities and to reduce the need for nursing care, or to prevent deterioration of existing disabilities through rehabilitation measures.

The public health insurance funds are the main funding agencies in the acute segment.

Development of earnings in the Group and the segments

In 2009, MediClin achieved a **consolidated operating result** (earnings before interest and taxes) of EUR 17.0 mill., which was EUR 1.2 mill. above the previous year's level.

Group and segment results from operating activities

In millions of €	**2009**	2008
Post-acute	6.2	5.1
Acute	17.2	15.8
Other activities and reconciliation	– 6.4	– 5.1
Group	**17.0**	**15.8**

The 2009 result for the **post-acute segment** was EUR 6.2 mill., which represents an improvement of EUR 1.1 mill. over the previous year.

The result for the **acute segment** was EUR 17.2 mill., representing an increase of EUR 1.4 mill. as compared to 2008.

In 2009, the **result attributable to shareholders of MediClin AG** was EUR 10.3 mill., as compared to EUR 7.1 mill. for the previous year.

> Service and patient care are our utmost concern.

Net assets, financial position and results of operation

Development of net assets

Balance-sheet structure

In millions of €	31.12.2009	in % of balance sheet total	31.12.2008	in % of balance sheet total
Assets				
Non-current assets	205.1	61.5	208.6	60.8
Current assets	128.7	38.5	134.5	39.2
	333.8	**100.0**	**343.1**	**100.0**
Equity and liabilities				
Equity	157.3	47.1	148.8	43.4
Non-current liabilities	62.1	18.6	70.4	20.5
Current liabilities	114.4	34.3	123.9	36.1
	333.8	**100.0**	**343.1**	**100.0**

The **balance sheet total** was 2.7 % or EUR 9.3 mill. lower than the previous year. This reduction as compared to the previous year's cut-off date is primarily the result of lower receivables and liabilities pursuant to the hospital financing law, as well as the repayment of financial liabilities.

Non-current assets, including deferred tax assets, decreased by EUR 3.5 mill. to EUR 205.1 mill. (previous year: EUR 208.6 mill.). Intangible assets decreased from EUR 54.8 mill. to EUR 51.2 mill. These include concessions, licences and goodwill from the acquisition of clinic operations, as well as payments on account. Gross additions totalling EUR 2.5 mill. relate with EUR 1.5 mill. to concessions and licences, which were exclusively for software, with EUR 0.9 mill. to the goodwill acquired through three newly founded medical care centres, and with EUR 0.1 mill. to the payments on account. The scheduled depreciations amounted to EUR 1.4 mill. and the unscheduled amortisation of goodwill amounted to EUR 1.3 mill. Goodwill totalled EUR 49.1 mill. (previous year: EUR 52.8 mill.) on the balance sheet date.

> During the preoperative examination, the final decisions will be made about the precise nature of the operational procedure.

Property, plant and equipment increased by EUR 1.2 mill. to EUR 146.8 mill. (previous year: EUR 145.6 mill.). The land, land rights and buildings included in the fixed assets relate mainly to MediClin Herzzentrum Coswig, MediClin Waldkrankenhaus Bad Düben, MediClin Krankenhaus Plau am See, MediClin Robert Janker Klinik, MediClin Rose Klinik, MediClin Klinikum Soltau, MediClin Krankenhaus am Crivitzer See, MediClin Müritz-Klinikum, KB Krankenhausbeteiligungsgesellschaft mbH & Co KG in Essen, MediClin Herzzentrum Lahr/Baden, MediClin Rehabilitationszentrum Gernsbach/Schwarzwald and MediClin Kraichgau-Klinik Bad Rappenau.

Gross additions to property, plant and equipment totalled EUR 16.2 mill. and primarily relate to construction measures in several facilities, as well as medical systems and devices and the modernisation and expansion of IT infrastructures. Taking subsidies and grants into account, capital expenditures amounted to EUR 12.6 mill. The scheduled depreciations amounted to EUR 11.3 mill.

Other financial assets primarily relate to reinsurance values for pensions totalling EUR 1.5 mill. (previous year: EUR 1.8 mill.).

Deferred tax assets decreased from EUR 5.6 mill. to EUR 5.2 mill., whereby the change was due to temporary differences.

Current assets decreased by EUR 5.8 mill. to just under EUR 128.7 mill. (previous year: EUR 134.5 mill.). Inventories increased from EUR 5.8 mill. in 2008 to EUR 6.5 mill. in 2009. Trade receivables increased by just under EUR 2.4 mill. to EUR 56.3 mill. (previous year: EUR 54.0 mill.). Other assets decreased by EUR 9.9 mill. to EUR 6.5 mill. (previous year: EUR 16.4 mill.). The recognition of receivables pursuant to the hospital financing law is in accordance with the provisions of the Hospital Accounting Rules (KHBV). As of 31 December 2009, receivables totalling EUR 2.0 mill. (previous year: EUR 10.1 mill.) were reported in accordance with the hospital financing law.

Cash and cash equivalents totalled EUR 58.5 mill. (previous year: EUR 57.4 mill.) in the reporting year.

The **equity** of the MediClin Group, as of 31 December 2009, amounted to EUR 157.3 mill. (previous year: EUR 148.8 mill.). It includes the subscribed capital of MediClin AG amounting to EUR 47.50 mill. (previous year: EUR 47.25 mill.), as well as capital reserves of EUR 129.4 mill. (previous year: EUR 129.2 mill.). The changes compared to the previous year's balance sheet date are due to the capital increase in connection with the exercising of option privileges from the convertible bond totalling EUR 250 thou. The revenue reserves also include negative minority interests from the acquisition of the Kraichgau Klinik Group.




Non-current liabilities decreased to EUR 62.1 mill. (previous year: EUR 70.4 mill.), which is primarily attributable to the repayment of non-current financial liabilities (EUR –6.0 mill.) and the reduction of other provisions (EUR –2.8 mill.)

Deferred tax liabilities increased from EUR 1.4 mill. to EUR 1.8 mill.

Current liabilities decreased by EUR 9.5 mill. to EUR 114.4 mill. (previous year: EUR 123.9 mill.), primarily resulting from the reduction of current financial liabilities (EUR –6.9 mill.). Trade payables rose slightly to EUR 14.8 mill. (previous year: EUR 14.6 mill.). Tax liabilities amounting to EUR 2.1 mill. (previous year: EUR 2.8 mill.) include the amounts for corporation tax and solidarity tax to be paid to the fiscal authorities.

Development of the financial position

The **cash flow from operating activities** rose to EUR 32.3 mill. in 2009 (previous year: EUR 21.5 mill.). The increase is primarily attributable to the higher result after tax as well as higher depreciations and the change in current assets.

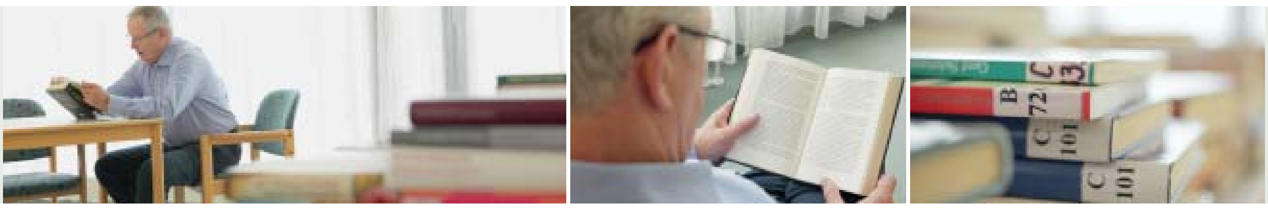
The **cash flow from investing activities** totalled EUR –19.2 mill. in gross terms (previous year: EUR –20.3 mill.). Investments of EUR 16.7 mill. were made in property, plant and equipment (previous year: EUR 18.0 mill.). Overall, the cash flow from investing activities totalled EUR –15.3 mill. in net terms (previous year: EUR –2.5 mill.).

The **cash flow from financing activities** amounted to EUR –15.9 mill. (previous year: EUR 14.1 mill.). The outflow of funds in the 2009 financial year resulted from the repayment of financial liabilities (EUR –14.0 mill.) and the dividend payment to the shareholders of MediClin AG (EUR –2.4 mill.). This was offset by an accrual of funds totalling EUR 0.4 mill. from a capital increase due to the exercising of option privileges from the convertible bond.

Cash and cash equivalents at the end of the period totalled EUR 58.5 mill. (previous year: EUR 57.4 mill.).

Development of results of operation

In the reporting year, MediClin generated Group sales of EUR 470.6 mill. as compared to EUR 456.8 mill. in the previous year. Sales were thus EUR 13.8 mill. or 3.0 % above the previous year's value. The operating result improved from EUR 15.8 mill. to EUR 17.0 mill., which corresponds to an EBIT margin (earnings before interest and taxes) of 3.6 %, as compared to 3.5 % in the previous year.



Other operating income rose by EUR 0.1 mill. to over EUR 9.4 mill. (previous year: EUR 9.3 mill.). The other operating income in the consolidated financial statements primarily consists of subsidies in accordance with the hospital financing law, public grants and off-period income from the release of provisions and rental income.

Raw materials and consumables used rose by EUR 1.8 mill. to EUR 107.4 mill. in 2009. The costs of raw materials and supplies decreased, as compared to 2008, by 1.7 % to EUR 61.3 mill. (previous year: EUR 62.3 mill.). The cost of purchased services, including energy costs, rose by 6.6 % to EUR 46.1 mill. (previous year: EUR 43.3 mill.). The cost of materials ratio thus improved 0.3 percentage points from 23.1 % to 22.8 % in the 2009 financial year.

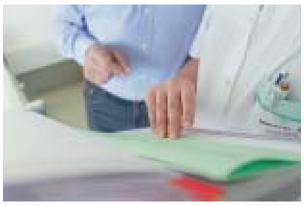
Raw materials and consumables used

	2009	2008	Change in %
Raw materials and consumables used in millions of €	107.4	105.6	+ 1.7
Cost of materials ratio in %	22.8	23.1	

In the 2009 financial year, **staff costs** increased by a total of EUR 5.9 mill. The size of the workforce in 2009, as calculated in full-time employees, was on average 18 full-time employees above the average for 2008. The increase in costs is primarily attributable to the hiring of new staff and a general increase in wage and salaries. The staff costs ratio decreased by 0.4 percentage points due to increased sales.

Staff costs

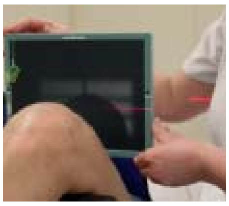
	2009	2008	Change in %
Staff costs in millions of €	255.2	249.3	+ 2.4
Staff costs ratio in %	54.2	54.6	

Depreciation and amortisation rose by EUR 2.0 mill. to EUR 14.1 mill. (previous year: EUR 12.1 mill.).

The **financial result** of EUR –5.3 mill. represented an improvement of EUR 1.4 mill. over the previous year's level (previous year: EUR –6.7 mill.). This development must be seen in the context of the loan liabilities assumed from the acquisition of the Kraichgau-Klinik AG in 2008. Other financial revenues amounted to EUR 0.6 mill. (previous year: EUR 0.9 mill.), and other financial costs totalled EUR 5.9 mill. (previous year: EUR 7.6 mill.). Of the interest expenses, a total of EUR 4.2 mill. (previous year: EUR 5.5 mill.) concerns payments to related parties in accordance with IAS 24.

In the 2009 financial year, the consolidated result attributable to shareholders of MediClin AG was EUR 10.3 mill. (previous year: EUR 7.1 mill.). Undiluted and diluted earnings per average share outstanding were EUR 0.22 (previous year: EUR 0.22) and per participating share EUR 0.22 (previous year: EUR 0.15).


Capital expenditure

Licences and concessions relate almost exclusively to software.

In the reporting year, MediClin MVZ GmbH opened three new medical care centres. A total of EUR 905 thou. was invested here for goodwill.

Gross additions to property, plant and equipment totalling EUR 16.2 mill. relate to the modification of treatment rooms and patient rooms (EUR 1.3 mill.), the expansion of cafeterias (EUR 0.4 mill.), as well as additional expansion, capitalised renovation, maintenance and conversion expenses totalling EUR 1.2 mill. for various facilities. A total of EUR 4.2 mill. was invested for the acquisition of a linear accelerator and respiratory, ultrasound and monitoring systems, as well as X-ray systems with accessories. A total of EUR 2.5 mill. was spent on other medical machines and equipment. Some EUR 1.0 mill. was invested in the modernisation and expansion of EDP and telecommunications systems, and EUR 1.0 mill. in the furnishing and equipment of patient rooms, as well as EUR 0.6 mill. in the acquisition of combined heating and power stations for several facilities.

The item payments on account and assets under construction relates mainly to advance payments for new construction and conversion measures in various hospital facilities, as well as advance payments for technical and medical machines and systems.

Additions to financial assets primarily relate to the reinsurance values for pensions.

Gross additions to non-current assets

In thousands of €	**2009**	2008
Licences, concessions	1,606	1,564
Goodwill	905	332
Land, buildings	1,783	947
Technical equipment, EDP	2,839	327
Operating and office equipment	9,960	8,144
Payments on account and assets under construction	1,643	8,576
Financial assets	78	156
Total	**18,814**	**20,046**

Strategy

MediClin's strategic objective remains unchanged: by strengthening regional and integrated health care networks, MediClin aims to provide premium medical services along the entire treatment chain, as close to the patient's place of residence as possible. This means that MediClin's facilities, also in association with cooperation partners, should be structured and entrenched in the market in such a way as to be able to offer cross-sector services, including outpatient health care, on a regional basis. MediClin has set the goal of further advancing the cross-sector networking of medical services and thus health care efficiency, while at the same time ensuring high quality standards along the entire treatment chain. This aim also serves to meet the health care needs of an aging population.

In implementing this strategy, MediClin places the focus, in both its core segments (acute and post-acute), on high-volume indication areas (such as the neurosciences and psychological sciences, orthopaedics and cardiology) and on sophisticated medical services (such as neurosurgery and oncology).

Integrated health care offerings that meet the demands of the market and patients will, in the opinion of MediClin, play a key role in future medical care concepts. Therefore, MediClin plans to actively participate in the consolidation and restructuring of the health care market, in order to strengthen and expand its position as an integrated health care provider by acquiring further capacities. In particular, the share of turnover of the acute segment should grow disproportionately to enable the Group to take greater advantage of the earnings potential which, in the opinion of MediClin, is present primarily in this segment, and resulting from the privatisation of public facilities. The objective is to become a leading clinic operator on the market.

To achieve the strategic objective of corporate growth, MediClin pursues:

- Cooperation and acquisition policies that envision an increase in the share of sales attributable to the acute segment over the mid term
- Cooperation and acquisition policies through which regional and operative synergies generate additional revenues

> Trust is the basis of the doctor-patient relationship.

- Corporate policy in which internal growth is achieved through the creation of innovative concepts and their successful implementation
- An organisational strategy in which market shares can be gained through further optimisation of the regional concept

This corporate strategy is supported by:

- Transparent and open communications policies with all partners in the health care market
- The stringent execution and continuous enhancement of the already high quality and service standards
- Personnel policies that are performance-oriented and promote continuing education
- An environmentally friendly and energy-efficient use of resources through the definition of environmental and energy standards



Organisation

MediClin is active as a nationwide operator of clinics. The strategic aim is to provide integrated medical services along the entire treatment chain, whereby important factors in the achievement of this goal are the networking of MediClin's own clinics within the Group, as well as the collaboration with external cooperation partners.

At MediClin AG, which functions as a Group holding company, tasks such as corporate strategy and corporate planning, as well as the acquisition and integration of clinics and other service areas in the health care segment, are centralised. In the 2009 financial year, the Group included 33 clinics, seven nursing care facilities and seven medical care centres (MVZ).

The central administration office for the clinics, MediClin GmbH & Co. KG, Offenburg, offers intra-Group services relating to accounting, personnel, quality management, training and continuing education, as well as logistics and facility management. In addition, certain services are offered throughout the Group by subsidiaries:

- Cortex Software GmbH
  Data flow and process optimisation, software development in the areas of clinical workplace and therapy planning, installation of network technology, user support
- MediClin Immobilien Verwaltung GmbH
  Real estate management, investment management, cost and income management in the real estate segment
- MediClin Catering GmbH
  Catering and cafeteria services
- MC Service GmbH
  Cleaning services
- MediClin Therapie GmbH
  Therapy services

MediClin achieves cost degression effects (economies of scale) and a more efficient allocation of resources at the headquarters and at the clinics through bundling across clinics' technical, organisational and therapeutic services.

Employees

The average number of employees in 2009, calculated on the basis of full-time staff, was 5,834 (previous year: 5,816 full-time staff).

Yearly average of number of employees in the Group and in the segments

Shown in full-time employees	**2009**	2008	Change
Post-acute	3,223	3,284	– 61
Acute	1,917	1,936	– 19
Other activities	694	596	–
thereof nursing care	155	155	0
thereof service (including administration)	539	441	+ 98
Group	**5,834**	**5,816**	**+ 18**

In the reporting year, sales per full-time employee rose by EUR 2,121, and thus significantly more sharply than average staff costs per full-time employee (EUR + 886) and bed (EUR + 883).

Key data per full-time employee and bed in the Group

In €	**2009**	2008
Sales per full-time employee	80,662	78,541
Staff costs per full-time employee	43,746	42,860
Staff costs per bed	32,437	31,554

The Group employed an average of 176 trainees in 2009 (previous year: 160 trainees).




Segment reporting

MediClin was able to increase sales revenues in all segments in 2009.

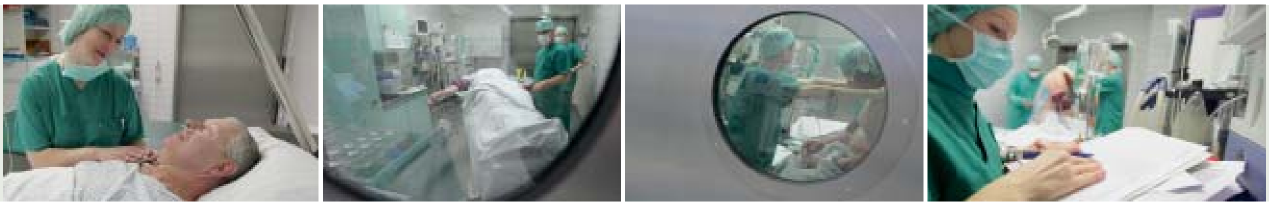
The share of the post-acute segment in total sales was 57.4 % (previous year: 57.3 %); the share of the acute segment was 40.3 % (previous year: 40.5 %).

In millions of €	Sales			Segment result	
	2009	2008	Change in %	**2009**	2008
Post-acute	270.0	261.6	+ 3.2	6.2	5.1
Acute	189.6	185.0	+ 2.5	17.2	15.8
Other activities[1] and reconciliation	11.0	10.2	+ 7.8	– 6.4	– 5.1
Group	**470.6**	**456.8**	**+ 3.0**	**17.0**	**15.8**

[1] Nursing care and service business areas

Sales in the **post-acute segment** rose by 3.2 % or EUR 8.4 mill. The result improved from EUR 5.1 mill. to EUR 6.2 mill. as compared to the previous year. The PlusPrograms developed for self-paying patients achieved revenues of approximately EUR 1 mill. in the reporting year, as in the previous year.

In its post-acute segment, MediClin offers services in both the fields of subsequent nursing treatment and curative procedures. Subsequent nursing treatment includes all medical measures required to facilitate the healing process, and return the patient to a functioning state immediately after acute care treatment. The curative treatment includes prophylactic measures against the occurrence of (possible) illnesses or reoccurrence of illnesses. The curative procedures also include all treatments provided in the field of psychosomatics.



In nursing days	2009	2008	Change in %	Share 2009 in %
Subsequent nursing treatment	1,180,415	1,183,487	– 0.3	61.1
Curative treatment	705,768	678,048	+ 4.1	36.5
Other	47,071	54,793	– 14.1	2.4
Post-acute segment	**1,933,254**	**1,916,328**	**+ 0.9**	**100.0**

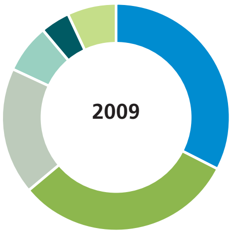
In 2009, the share of subsequent nursing treatment totalled approximately 61 % (previous year: approximately 62 %) of all rehabilitative services in the post-acute segment, calculated in nursing days.

The average number of beds in the post-acute segment rose by a total of 16 beds. MediClin's three largest medical fields continue to be orthopaedics, neurology (including psychosomatic medicine) and internal medicine. Their share of the total average number of beds (6,117 beds) amounted to 82.2 % (previous year: 81.7 % / 6,101 beds).

> "Health in focus" – the specialists during the operation.

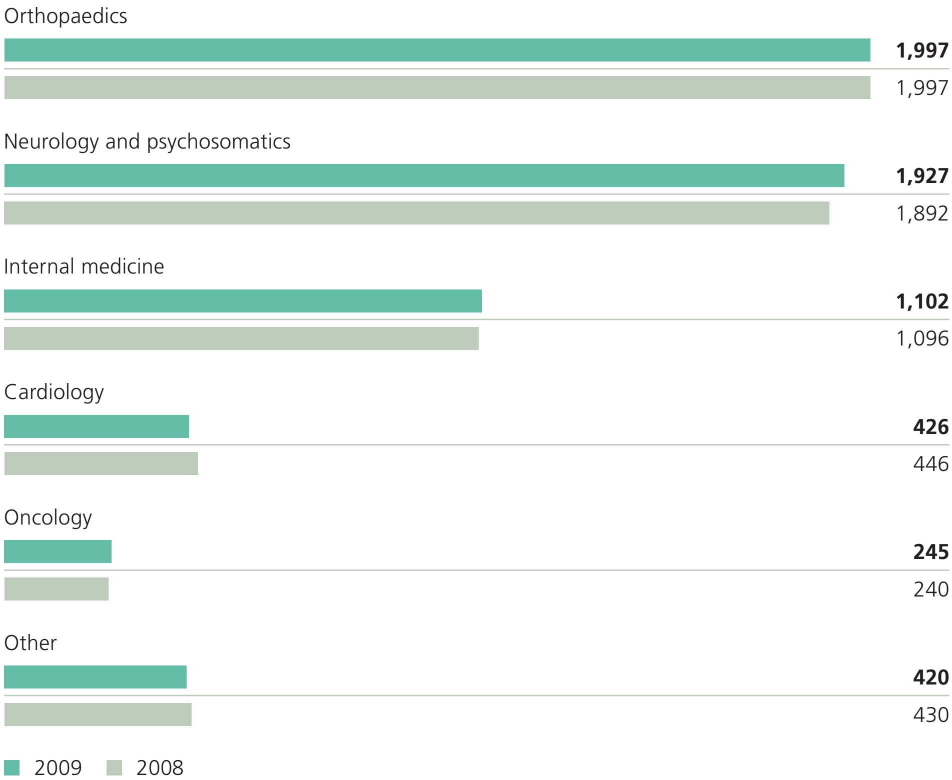


Yearly average of number of beds
in %



Orthopaedics	**32.6**
Neurology and psychosomatics	**31.5**
Internal medicine	**18.0**
Cardiology	**7.0**
Oncology	**4.0**
Other	**6.9**

Yearly average of number of beds



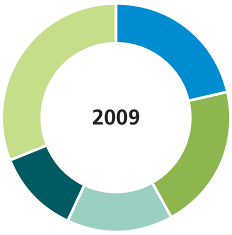
An annual average of 3,223 full-time staff was employed in the post-acute segment (previous year: 3,284 full-time staff).

A total of EUR 6.0 mill. (previous year: EUR 6.6 mill.) was invested in this segment.

Sales in the **acute segment** rose by 2.5 % or EUR 4.6 mill. At EUR 17.2 mill., the result was EUR 1.4 mill. above the previous year's level (previous year: EUR 15.8 mill.). The segment EBIT margin totalled 9.1 % (previous year: 8.5 %).

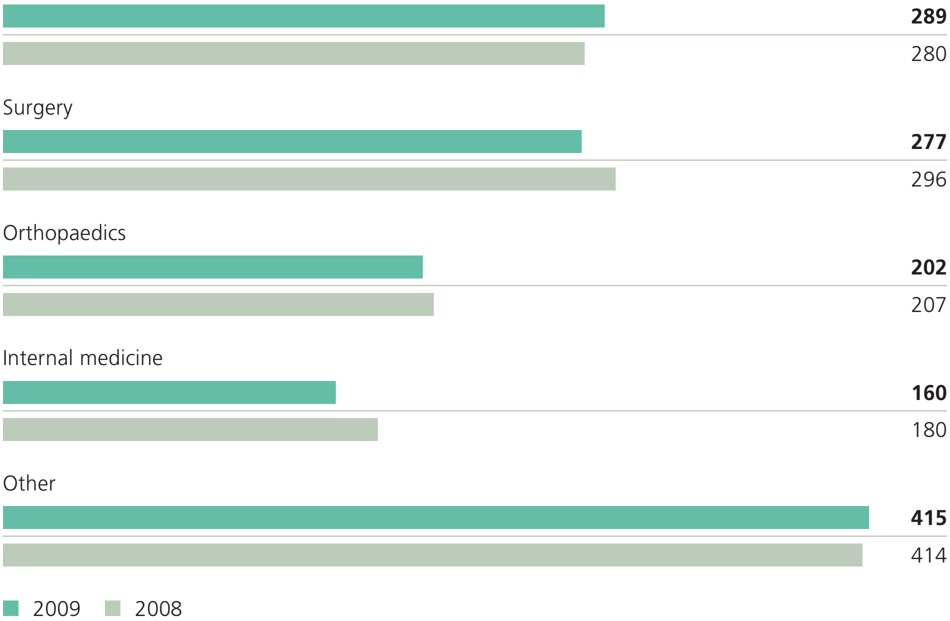



Yearly average of number of beds
in %



Psychiatry	**21.5**
Surgery	**20.6**
Orthopaedics	**15.1**
Internal medicine	**11.9**
Other	**30.9**

Yearly average of number of beds



The psychiatry, surgery, internal medicine and orthopaedic departments are the largest units in the acute segment in terms of number of beds. Their share in the total number of beds totalled 69.1% (previous year: 69.9%).

An annual average of 1,917 full-time staff was employed in the acute segment (previous year: 1,936 full-time staff).

A total of EUR 11.6 mill. (previous year: EUR 11.9 mill.) was invested in the segment in 2009.

The **nursing care business area** generated sales of EUR 11.3 mill. (previous year: EUR 11.1 mill.) and thus accounted for 2.4 % of consolidated sales.

An annual average of 155 full-time staff was employed in the nursing care business area (previous year: 155 full-time staff).

> Monitoring and close human proximity in the recovery room provides patients with a feeling of security.

MediClin AG

The annual financial statements of MEDICLIN Aktiengesellschaft, Offenburg, were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch) and the special provisions of the German Stock Corporation Act (Aktiengesetz).

MediClin AG handles the functions arising in the Group within the framework of strategic corporate planning, strategic controlling, financing and acquisition and cooperation management. As a listed company, MediClin AG meets all the requirements of the capital market and can use the latter for capital procurement or in the context of internal capital market-oriented incentive models.

Development of net assets and the financial position

In millions of €	31.12.2009	in % of balance sheet total	31.12.2008	in % of balance sheet total
Assets				
Non-current assets	210.5	78.7	208.1	74.3
Current assets	57.1	21.3	72.0	25.7
	267.6	**100.0**	**280.1**	**100.0**
Equity and liabilities				
Equity	192.5	72.0	189.8	67.8
Non-current liabilities	5.2	1.9	11.6	4.1
Current liabilities	69.9	26.1	78.7	28.1
	267.6	**100.0**	**280.1**	**100.0**

The **balance sheet total**, detailed according to IFRS regulations, was 4.5 % or EUR 12.5 mill. lower than the previous year. This decrease is primarily attributable to the decline in cash and cash equivalents, mainly attributable to loan repayments to banks as well as to loan grants and the repayment of liabilities to affiliated companies.

Due to the exercising of options from the convertible bond, the change in the subscribed capital, as well as in the capital reserve, is as follows for the reporting year:

In thousands of €	Subscribed capital	Capital reserve
As of 01.01.2009	47,250	128,627
Capital increase	250	220
As of 31.12.2009	**47,500**	**128,847**

Development of results of operation

MediClin AG recorded no sales for the reporting year.

Other operating income of MediClin AG mainly includes income from the release of provisions (EUR 695 thou.; previous year: EUR 37 thou.), primarily attributable to the interest from the legal dispute regarding subsequent purchase price claims on the part of former limited partners of the Hurrle Klinik Group (EUR 441 thou.) plus legal and consultancy expenses (EUR 236 thou.). Other operating income also includes income from management services, which remained unchanged at EUR 146 thou. as compared to the previous year.

Other operating expenses primarily included auditing and consultancy costs (2009: EUR 703 thou.; 2008: EUR 939 thou.), print media (2009: EUR 294 thou.; 2008: EUR 256 thou.) and other administration costs (2009: EUR 296 thou.; 2008: EUR 235 thou.) primarily covering Supervisory Board costs (2009: EUR 140 thou.; 2008: EUR 104 thou.) and Annual General Meeting costs (2009: EUR 87 thou.; 2008: EUR 81 thou.), as well as incidental bank transaction charges (2009: EUR 59 thou.; 2008: EUR 43 thou.), rent and leaseback (2009: EUR 72 thou.; 2008: EUR 72 thou.), insurance costs (2009: EUR 53 thou.; 2008: EUR 148 thou.) and other costs.

The financial result of MediClin AG for the 2009 financial year includes advanced dividends totalling EUR 11.7 mill. (2008: EUR 19.5 mill. for 2007 and 2008), interest and similar income totalling EUR 1.4 mill. (2008: EUR 0.7 mill.) and interest and similar expenses totalling EUR 5.0 mill. (2008: EUR 4.7 mill.).

MediClin AG reported a net profit for the year of EUR 4.6 mill. in the 2009 financial year (2008: EUR 5.8 mill.).

The number of employees was five on annual average (2008: five employees).

Disclosures concerning the balance sheet and the schedule of fixed assets of MEDICLIN Aktiengesellschaft are provided in the annual financial statements and the notes to the annual financial statements of MEDICLIN Aktiengesellschaft.

Outlook

As in the previous years, the income structure of MediClin AG in 2010 will continue to depend on the economic development of the subsidiaries and thus also of the Group as a whole.

Report on compensation

The report on compensation is oriented towards the recommendations of the German Corporate Governance Code and includes information which, pursuant to the requirements of the German Commercial Code (HGB) extended by the Act on the Disclosure of Management Board Remuneration (VorstOG) enacted on 11 August 2005, is a component of the notes pursuant to Section 314 HGB or the management report, pursuant to Section 315 HGB. MediClin did not make use of the opting-out clause.

Management Board compensation

The compensation of the Management Board is comprised of a fixed salary, a variable profit-sharing bonus determined by the General and Personnel committee and a pension commitment, as well as from 1 January 2009 onwards, the right to participation in the future appreciation of the Company's value (share appreciation right). Share-based compensation on the basis of convertible bonds was possible until the end of November 2005. The Management Board was given the right to acquire options to MEDICLIN Aktiengesellschaft shares within the context of the subscription of a convertible bond. The options were exercised by 14 August 2009. During the 2009 financial year, compensation of the Management Board totalled EUR 1.7 mill. (previous year: EUR 1.6 mill.) and was structured as follows:

In € 2009	Dr. Ulrich Wandschneider	Frank Abele	Management Board (total)
Fixed remuneration	420,000	300,000	720,000
Variable remuneration inclusive change in provisions for variable remuneration	428,580	385,720	814,300
Long-term incentive programme			
Share appreciation right	97,182	64,788	161,970
Subsidy retirement pension	17,000	17,000	34,000
Other remuneration components	9,104	8,756	17,860
Total	**971,866**	**776,264**	**1,748,130**

In € 2008	Dr. Ulrich Wandschneider	Frank Abele	Management Board (total)
Fixed remuneration	420,000	300,000	720,000
Variable remuneration inclusive change in provisions for variable remuneration	500,000	300,000	800,000
Subsidy retirement pension	17,000	17,000	34,000
Other remuneration components	9,104	8,756	17,860
Total	**946,104**	**625,756**	**1,571,860**

The fixed salary is paid out monthly. The profit-sharing bonus is contingent upon the achievement of specific targets and consisted of two profit-sharing bonus components in 2009. The profit-sharing bonus component I represents, at the most, 70 % of the contractually defined profit-sharing bonus and is based on the performance indicator EBITDAR (earnings before interest, taxes, depreciation, amortisation and rent). The profit-sharing bonus component II represents, at the most, 30 % of the contractually defined profit-sharing bonus and is determined by qualitative criteria.

In order to promote the Management Board's long-term loyalty to MediClin AG and provide a special incentive for an appreciation in Company value ultimately benefiting the shareholders, each Management Board member was granted a share appreciation right for the 2009 financial year. These rights, which may only be exercised after a four-year vesting period (1 January 2009 to 31 December 2012), entitle the Management Board members to the payment of a lump sum amounting to a percentage share of the appreciation in Company value during the specified term. The amount of payment will be calculated by the appreciation in Company value within four years multiplied by a personal percentage rate. The share appreciation payment amount is limited to the maximum profit-sharing bonus contractually agreed upon by the respective Management Board member. If no appreciation in Company value has occurred upon the settlement date, no right of payment exists; moreover, this right will expire without substitution. The amount listed in the remuneration table for 2009 encompasses the fair value of provisions for the year 2009.

MediClin assumes the social security pension fund policies concluded for the members of the Management Board as a result of corresponding retirement benefit guarantees. MediClin covers insurance payments of up to EUR 17 thou., respectively, plus fees.

Other includes non-cash compensation from the provisioning of company cars and other reimbursement of costs incurred for job-related reasons.

The Management Board contracts do not contain an express guarantee of severance payment in the case of preliminary termination of the employment relationship. Severance payment may result from individual severance contracts, however.

Until November 2005, a share-based remuneration on the basis of convertible bonds was possible; the options could be exercised by November 2009. On 14 August 2009, the Management Board converted the convertible bond into 250,000 no-par value shares of MediClin AG at a conversion price of EUR 1.88. The stock market price of the MediClin share was EUR 2.92 per share on the date of conversion.

The Management Board was reimbursed with a total of EUR 4 thou. (previous year: EUR 6 thou.) in interest for the convertible bond up to the date of conversion. The Management Board was granted a loan of EUR 250 thou. for purchasing the convertible bond. The loan was subject to 5.0 % interest p.a. and was paid off upon conversion. It accrued interest of EUR 8 thou. (previous year: EUR 13 thou.). The amount reported under share-based payments consists of the gross benefit from the discount purchase of shares at EUR 1.04 per share (totalling EUR 260,000) and the interest on loans totalling EUR 56,130 payable upon the exchange of stock.

Supervisory Board compensation

The Articles of Incorporation govern compensation for the Supervisory Board. The currently valid compensation regulation concerning the Supervisory Board was adopted by the General Meeting of Shareholders on 21 June 2000.

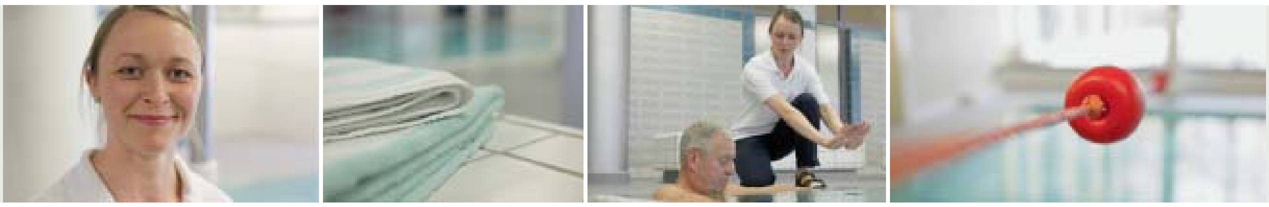
In addition to a fixed salary, compensation includes components linked to the Company's performance. After the close of the financial year, each member is paid compensation amounting to EUR 6,391.15. In addition, every member receives the amount of EUR 2,556.46 for each per cent of the dividend that is distributed above a percentage rate of 4 %, calculated on the amount of capital stock not exceeding EUR 6,391.15. The Chairman of the Supervisory Board receives twice the amount of compensation. There is no additional compensation for the Vice Chairman, or for work performed within the scope of committees. Total compensation for 2009 (excluding VAT) amounts to EUR 116,318.93 (previous year: EUR 83,084.95).

> The therapy book constantly accompanies the patient during the treatment process.

In 2009, a performance-based (variable) compensation totalling EUR 33,233.98 was paid out. This was based on the dividend payout of EUR 0.05 per share, which was adopted by the Annual General Meeting of Shareholders on 27 May 2009 for the 2008 financial year.

In € excluding VAT	Remuneration	Performance-based remuneration	**Total 2009**	Total 2008
Günter Schlatter, Cologne (Chairman) (until 12.08.2009)	8,521.54	5,112.92	13,634.46	12,782.30
Dr. Jan Boetius, Munich (since 31.08.2009) (Chairman since 23.09.2009)	4,260.76	0	4,260.76	–
Hans Hilpert (Vice Chairman)	6,391.15	2,556.46	8,947.61	6,391.15
Michael Bock	6,391.15	2,556.46	8,947.61	6,391.15
Dr. Daniel von Borries	6,391.15	2,556.46	8,947.61	6,391.15
Gerd Dielmann	6,391.15	2,556.46	8,947.61	6,391.15
Prof. Dr. Erich Donauer	6,391.15	2,556.46	8,947.61	6,391.15
Walburga Erichsmeier	6,391.15	2,556.46	8,947.61	6,391.15
Carsten Heise	6,391.15	2,556.46	8,947.61	6,391.15
Dr. Jochen Messemer	6,391.15	2,556.46	8,947.61	6,391.15
Klaus Müller	6,391.15	2,556.46	8,947.61	6,391.15
Dr. Hans Rossels	6,391.15	2,556.46	8,947.61	6,391.15
Udo Rein	6,391.15	2,556.46	8,947.61	6,391.15
Total	**83,084.95**	**33,233.98**	**116,318.93**	**83,084.95**

As in the 2008 financial year, there were no loans extended to members of the Supervisory Board in 2009. No advanced payments were made, nor were the members of the Supervisory Board paid for individual performance, in particular, consulting and mediation services, nor were they granted benefits.



Risk and opportunity report

The internal control and risk management system as related to the accounting process guarantees an efficient financial reporting process. Clear definitions of spheres of responsibility in the areas of both financial accounting and risk management support and error-free comprehensible financial accounting. By centralising the accounting department at the corporate headquarters in Offenburg, MediClin guarantees that financial reporting in the clinics is uniform, and that it also adheres to legal regulations, the principles of proper accounting, international accounting standards and the Group's internal guidelines. At the same time, the infrastructure of human and material resources for accounting tasks is assured. The financial accounting process provides the public with accurate and reliable information about the Company's and Group's net asset, financial position and earnings situation in the context of financial accounting disclosure requirements.

Risk management

Under the provisions of the German Stock Corporation Act (AktG), the board of management of a stock corporation is required to set up an internal monitoring system. Entrepreneurial activities are associated with risks. In order to minimise these risks, risk factors must be defined and a risk management system established. The task of risk management is the early detection and adequate assessment of risks in order to permit early response to the risks identified.

The Management Board of MediClin AG has overall responsibility for the risk management system. It delegates the tasks within the scope of the Group-wide risk management to the central risk manager and to persons in charge of risk policies in the individual departments and clinics.

The objective of MediClin's risk management is the identification and control of significant risks. To achieve this, we have adopted organisational rules and implemented instruments that should ensure that current and future risks are detected as early as possible. The basis for effective and efficient risk management is a distinct and uniformly understood risk culture, which is grounded in a company's risk policies.

> Personal support is an essential element of the therapy.

The following risk policy principles were approved by the MediClin Management Board and represent the framework for the risk management system and risk perception at MediClin:

- The MediClin Group is active in a sensitive market. The health and well-being of the people who have placed their trust in us is our most important obligation. This sets high standards for handling risks and ensuring their minimisation.
- As a service provider in the health care sector, avoiding and controlling treatment-related risks, in addition to reducing major financial risks, are key factors to ensuring the well-being of our patients and partners.
- Achieving financial success and, within the scope of these activities, acting on business opportunities, are necessarily associated with risks for MediClin.
- However, business transactions or decisions may never be associated from the outset with risks threatening the existence of the Company.
- The use of recognised opportunities for increasing financial success is ensured through the early identification, evaluation and control of any potential associated risks.
- Risk management at MediClin is a continuous, daily activity, which is to be performed by all employees in the context of their task fulfilment. Each employee is requested to handle risks and opportunities in a conscious and autonomous manner within the scope of his or her competence.
- An objective is the establishment of proactive risk and opportunity management through which qualitative process improvements also contribute to the control and management of risks.
- Risk management is directly related to internal quality management, as the consistent implementation of process improvements leads to risk reduction.
- Risks associated with our core activities (e.g. public liability or property damage risks) are transferred – where economically appropriate – to other risk carriers.

- A high level of internal controls shall prevent or identify unnecessary losses as well as any activities which violate statutory provisions. The risk management system shall also be continually monitored regarding its reliability and adherence to regulations.
- Risks and opportunities in MediClin's business segments are to be openly communicated and evaluated vis-à-vis our shareholders, cost bearers and employees.

In addition to complying with the pertinent legal risk management requirements, MediClin considers its risk and opportunity management a central component of risk control. The comprehensive identification, analysis and evaluation of risks and opportunities in the context of an annual risk inventory is used to recognise, appraise and efficiently control any risks, and also potential prospects for the Company, in a timely manner.

Organisationally, risk management is part of the central quality, organisation and auditing department, which is also responsible for the implementation of the risk management concept. The central point of contact for the risk management system is the director of this specialist department.

The defined strategy and risk policy used for handling risks and opportunities, as well as the regulations governing the risk analysis workflow management, are obligatory for all employees working at headquarters and in all MediClin facilities. The implementation of the risk management process in the central divisions and facilities of MediClin always falls under the direct jurisdiction of the divisional management or commercial management of the respective facility. Due to the required professional and management expertise, this is the best way to integrate effective risk prevention in daily operations. The flow of information within the Group is ensured in both a top-down and a bottom-up manner. Direct communications about risks take place between the central risk manager and the persons in charge of risk policies in the individual departments and clinics. The Management Board is kept informed through direct communications with the central risk manager.

Risk inventory 2009

As the central component of risk management at MediClin, the risk inventory is supplemented with a range of instruments designed for risk identification and risk prevention, including:

- A critical incident reporting system (CIRS)
- Systematic implementation of occupational health and safety requirements from the Institution for Statutory Accident Insurance and Prevention in the Health and Welfare Services (BGW)
- A systematic complaint management system
- Catastrophe and evacuation planning/pandemic plan
- Corporate guidelines for implementing the European Directive on Medicinal Products
- Corporate guidelines for preventing Legionnaire's disease
- Systematic error management (within the scope of the internal quality management system)
- Hygiene planning and regular hygiene commissions

Following a review and evaluation of the reports by the MediClin Management Board, a total of 18 risks were identified and evaluated as corporate risks on the Group level for the reporting year. Eleven opportunities were also acknowledged, three of which could be identified and evaluated on the Group level.

Internal control system regarding the financial reporting process

The most important characteristic of the internal control system is the centralisation of all financial reporting departments as well as further centralised services at the corporate headquarters in Offenburg.

Uniform financial reporting is ensured through the use of corporate guidelines and a uniform accounts structure applied throughout the Group. The data processing systems used in the financial reporting departments are protected against unauthorised access through special safeguards and security features. The staff involved all exhibit the necessary qualifications. Suitable controls have been installed for all relevant financial reporting processes.




Financial accounting, personnel management, payroll processing, quality management, insurance and contract management have all been centralised.

Invoicing is carried out promptly in a decentralised manner. However, the dunning process is carried out centrally for all enterprises. Claims management and liquidity monitoring is also conducted in a centralised fashion.

The Group controlling department provides executive managers of the clinics and the Management Board with updated information on operational business based on Group-wide standardised specifications. Important sources of information for the service process include the occupancy and nursing day statistics. The compiled and analysed data serves as a basis for information, coordination, planning, control and monitoring of the operative processes. Planning for the future business development of the Group is conducted once a year on the clinic level, in close coordination with the Group controlling department, which then consolidates and reviews the information on the Group level.

External risks

Market

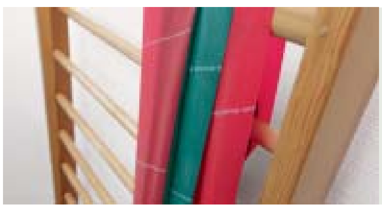
Currently identifiable demographic developments will have a decisive influence on future medical, technical and cost developments in the health care sector. Changes in the demands for stationary rehabilitative services are also to be expected.

Currently, an increasing scarcity of employees in certain health care professions and/or certain regions is beginning to be evident.

A weak labour market can have a dampening effect on the demand for schedulable acute measures and rehabilitation services. In addition, regional overcapacity and cost-cutting measures by the coverage providers, particularly in the rehabilitation sector, can lead to more intense competition.

Economic factors, such as a shortage of funds at the German federal state level and rising competitive pressure, can lead to a change in the clinic market and, in particular, further privatisations.





Due to the increasing merger of coverage providers (health insurance funds and social security pension funds) individual MediClin facilities, particularly rehabilitation clinics, are increasingly becoming dependent upon large coverage providers. Moreover, the regional delineation strategies of individual coverage providers could lead to additional financial burdens due to insufficient occupancy rates for individual clinics.

The organisational reform of the social security pension funds as well as the merger of health insurance funds could have negative effects on the occupancy rates of MediClin facilities in the medium term. The large coverage providers could use their dominance to influence occupancy control systems and remuneration.

The effects of the financial and economic crisis could exert a negative influence on occupancy developments at the MediClin facilities, especially if a worsening of the labour market situation leads to reduced willingness to utilise rehabilitation services. A continuous rise in unemployment leads to declining revenues (contribution losses) for public health insurance (national health fund) and the pension insurance institutions. In this case, health insurance funds and pension insurance funds could react with budget cuts.

MediClin has adapted to this potential shift of the market and has taken measures at an early stage, in order to minimise the negative effects and to profit from the changes.

General legal conditions

Political, legal and statutory conditions, such as governmental budgeting, hospital planning, case-based DRG rates and the financial deficit among the health insurance funds, will continue to have an impact on the further development of the health care system. In the acute sector, the case-based flat-fee system (DRG system) has, since 2005, been in a so-called conversion phase, in which basic case values specific to the individual clinics are to be aligned to the basic case values of the federal states by 2010.

With the objective of careful standardisation of price levels, the Central Association of Statutory Health Insurance, the Association of Private Health Insurance and the German Hospitals Association have defined a federal base case value for hospital services in 2010. It amounts to EUR 2,935.78 and also specifies the corridor limits for the state base case values. The upper limit (2.5 % above the federal base case value) is EUR 3,009.17; the lower



limit (1.25 % below the federal base case value) is EUR 2,899.08. Pursuant to the regulations of the Hospital Financing Reform Law (KHRG) the state base case values will roughly reach these corridor limits within five years. In order to avoid heavy financial burdens, the maximum reduction was limited to 0.3 % (capping).

The effects on MediClin clinics that use billing systems based on DRGs (Diagnosis Related Groups) will be different for each clinic and could have either a positive or negative impact on the Group's earning situation. MediClin will continue to monitor these developments in the context of its controlling processes.

In it's judgement, the European Court of Justice (ECJ) has also decided explicitly for Germany, that on-call service in clinics is to be fully assessed as working time. This ECJ ruling leads to increased personnel requirements in the medical sector due to the implementation of the new Working Hours Act.

Competition

MediClin's business success mainly depends on whether the Company can react flexibly to legal changes, and actively adapt its offers to the changed market conditions and demand structures relating to medical services.

Internal risks

General risk

MediClin financed most of the real estate in the post-acute segment in a sale and leaseback transaction. The result is a not-insubstantial rental charge in this segment. The Management Board sees a possibility to achieve additional revenues and increases in income in the Group through acquisitions or through services related to nursing care and self-payment programmes. If, contrary to expectations, the noted improvements should not be realised, long-term real estate rental contracts could involve risks relating to the net assets, financial position and results, if it is not possible to use the real estate otherwise.




Operating risks

Operating risks are to be sought mainly in high fixed costs, which can only be offset through flexibilisation of internal operating procedures to a certain extent. MediClin has implemented a number of measures, which will reduce the break-even level of the individual clinics on the one hand, and increase occupancy rates through new service offers, on the other.

Risks resulting from the operation of clinics and the handling of patients are minimised through certified quality measures. They are an important element in risk provision and early identification of risks in the field of operation performance.

Financial risks

At present, there are no discernable currency risks or financing risks for the Group.

Loans totalling EUR 61,355 thou. to insurance companies, which are shareholders of MEDICLIN Aktiengesellschaft, are due and payable on 31 July 2010.

Opportunity report

Growth prospects

MediClin anticipates that growth in the health care market will, primarily, be driven by demographics. This applies to the acute sector as well as to the post-acute and nursing care sectors. As a result of the strained financial situation in governmental budgets, the market share of private operators will also increase, particularly in the acute sector, but also in the nursing care sector. According to the German Pension Fund Federation (Deutsche Rentenversicherung Bund, DRV Bund), the demand for medical rehabilitation services will increase in the coming years, as the number of older employees will increase over the same time period. The German Federal Ministry of Health and Social Security currently forecasts the employment rate of over-55-year-olds will be 55 % in 2010. If these assumptions prove accurate, this means the demand for premium services in the medical rehabilitation sector will increase.




There is a window of opportunity to take MediClin to a new level of growth. MediClin's opportunity management plans to boost sales revenues through internal growth and acquisitions in such a way that provides for qualitative growth, while ensuring sustainable earnings power.

Competition

MediClin is one of the largest providers of rehabilitation services in the German market. Although the market is still very heterogeneous, our nationwide presence and integrative medical care concept gives us competitive advantages in negotiations with coverage providers.

Financial opportunities

Due to the listing on the stock market it is possible to finance growth through the capital market, which provides us with the financial flexibility to take advantage of acquisition opportunities.

> The bond of trust between patient and doctor is based on face-to-face discussion.

Disclosures pursuant to Section 315 (4) and Section 289 (4) of the German Commercial Code (HGB)

The subscribed capital of MEDICLIN Aktiengesellschaft consists of 47,500,000 no-par bearer shares. Restrictions on the voting rights of the shares may arise on the basis of the regulations of the German Stock Corporation Act (AktG). For example, under certain conditions, shareholders are prohibited from voting (Section 136 German Stock Corporation Act [AktG]). Furthermore, the Company has no voting rights from its own shares (Section 71 b German Stock Corporation Act [AktG]). The Supervisory Board is not aware of any contractual restrictions relating to the voting right or transfer of shares. Those with a direct shareholding in MEDICLIN Aktiengesellschaft of larger than 10 % are the Provinzial Rheinland Lebensversicherung AG (Provinzial), the ERGO Versicherungsgruppe AG (ERGO), the DKV Deutsche Krankenversicherung AG (DKV) and the Asklepios Kliniken Verwaltungsgesellschaft mbH. Those with an indirect shareholding are the Deka Fundmaster Investmentgesellschaft GmbH through Provinzial, the Münchener Rückversicherungs-Gesellschaft AG through its subsidiaries ERGO and DKV, the Asklepios Kliniken GmbH through the Asklepios Kliniken Verwaltungsgesellschaft mbH and Dr. Bernard gr. Broermann, also through the Asklepios Kliniken Verwaltungsgesellschaft mbH. Shares with privileges that grant powers of authorisation do not exist. Employees who participate in MediClin's capital exercise their control rights like other shareholders. In 2009, no new resolution to authorise the purchase of MediClin shares was submitted at the Annual General Meeting. The existing authorisation, approved at the 2008 Annual General Meeting, ended on 20 November 2009. The regulations regarding the appointment and withdrawal of members of the Management Board is in accordance with the statutory regulations. The same applies to the information on amendments to the Articles of Incorporation. The Supervisory Board is not aware of any material agreements that are contingent on a change of control following a takeover offer. There are no compensation agreements in existence in the case of a change in control following a takeover, neither with the Management Board members nor with the employees.

> How do I get into my car again after a knee operation? Even that will be practised.

Subsequent events and future prospects

No significant events of special importance occurred after the cut-off date.

The financial and economic crisis that has continued since the end of 2008, and hence the worse labour market situation, have had no negative impact on MediClin's occupancy rates and business development during the first two months of 2010.

Economic situation in Germany – the economy is predicted to grow by 1.4 %

Many experts predict that the economic situation in Germany will recover in 2010, thanks to an upswing in the world economy and stimulus packages from the federal government.

Experts forecast that international trade will normalise, with Germany, as a high-export country, profiting from this development. They also predict that the economic stimulus package approved by the federal government at the beginning of 2009 will show initial effects in 2010. According to the calculations of the Kiel Institute for the World Economy, more money will be spent on construction and infrastructure measures in 2010 than in 2009. This should boost growth and also protect jobs. However, it is questionable whether the labour market will actually be relieved through the projected economic growth of 1.4 %. Many companies have excess capacities, but due to short-time work and flexible working hours, have laid off relatively few employees until now. In the long term, however, this will not be a tenable situation. If unemployment rises, this will have negative effects on consumer spending – despite impending tax cuts.

Growth could also be weakened by restrictive lending on the part of banks and the strong euro, although its value did fall somewhat in February 2010, due to the excessive debts of some European countries.

There are still no concrete plans as to how the federal government hopes to fulfil the requirements of the new debt brake. From 2011 at the latest, the German government must reduce the federal budget by tens of billions. Regardless of whether public contracts are cut back or social benefits are reduced, this will considerably dampen economic growth.

Demand for medical services relatively crisis-resistant

In 2009, the economic downturn did not have a major impact on medical services in the outpatient and inpatient sectors of the health care sector. The reasons for this could certainly be found in the relatively moderate downturn in the labour market and stable spending on the part of coverage providers. While health consciousness has risen, it is currently not possible to determine to what extent this will offset the negative correlation between the employment slump/lower budgets and the use of medical services. This applies to both the acute and post-acute markets.

However, it is certain that in 2010, budgetary deficits in the public sector will be much higher than in previous years. This will result in continuing and possibly increasing investment constraints on public health care. Consolidation and privatisation efforts will again rise within the industry.

Currently, it cannot be estimated what shape the reform efforts of the federal government or the health care minister will take. In March 2010, the federal cabinet will appoint a commission to prepare the next health care reform steps. This will not be an easy task. Continually rising health care expenditures, the coverage providers' lack of funds and displeasure on the part of those insured regarding high contribution rates for less service are not promising starting points – unless the system is completely overhauled. And this could introduce flat-rate health insurance premiums, additional contributions, the decoupling from labour costs and subsidies for low-income citizens financed through higher taxes. It will be seen in the next few months what the political targets are, and which of these can be pushed through.

It is certain that the health care industry is one of the growing industries in Germany, due to the demographic development and to the fact that it belongs to the most innovative and employment-intensive industries.

In 2009 – organic growth

As a result of internal growth, MediClin continued to improve its revenues in 2009. The operating result of the previous year was surpassed.

In terms of the number of beds, the Group is one of the largest providers of rehabilitation services in Germany, and the only clinic operator to offer a relevant range of acute care facilities in addition to post-acute clinics. Plus there is an established supplementary business in the field of stationary nursing care. The medical service offer is highly qualified, with emphasis on the neurosciences and psychological sciences, orthopaedics and internal medicine, as well as




special fields such as diabetes care. Seven medical care centres (as of 31 December 2009) give MediClin access to the market for acute outpatient services, and ensure occupancy of both acute and post-acute facilities at various locations.

Product development will be successively expanded. The aim is to become one of the leading providers of attractive, patient-oriented concepts nationwide, which enjoy broad market acceptance.

In view of its consistent applied corporate strategy and stringent management practices, MediClin believes that it is well equipped to position itself in the post-acute sector, and to facilitate external growth through acquisitions in the acute sector over the next two years. The nursing care segment will be expanded as opportunities arise.

Outlook

It is currently impossible to predict what impact the economic development, the expected decline in employment levels, and reform efforts of the federal government in relation to the German health care sector and its care facilities will have. This also applies for the conduct of coverage providers as well as the public sector.

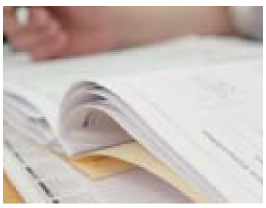
For the 2010 financial year, the Management Board anticipates sales on the previous year's level, as long as framework conditions in the industry do not change drastically. Achieving a result comparable with the previous year is intended, mainly through efficiency gains and stringent cost management. In relation to external growth, acquisition efforts in the acute sector are the main focus.

MEDICLIN Aktiengesellschaft

Offenburg, 1 March 2010

The Management Board






Combined services

MediClin covers the patient's complete treatment process – beginning with outpatient or inpatient acute care, subsequent early rehabilitation, including measures for medical and occupational rehabilitation, right through to inpatient care and preventative measures. The range of services includes the provision of outpatient, partial inpatient and full inpatient care.

The integration of previously separate medical sectors is the basis for the efficient provision of these services.

This broad range of services allows MediClin to offer its patients a combination of integrated and networked medical expertise – a strength that is not only appreciated by our patients, but also by the referring physicians, the relevant hospitals and the health insurance companies.




> *The patient we are accompanying has undergone a knee operation. Following the initial examination, the diagnosis and the establishment of the indicators requiring surgery, he is transferred by the patient shuttle bus to the Waldkrankenhaus in Bad Düben.*
>
> *The subsequent rehabilitation measures were not carried out at the rehabilitation centre in Bad Düben due to regional circumstances.*

Consolidated financial statements of MEDICLIN Aktiengesellschaft
for the 2009 financial year

Contents

Consolidated balance sheet as of 31 December 2009

ASSETS

	Appendix		31.12.2009 in €	Previous year in thousands of €
NON-CURRENT ASSETS				
Intangible assets	(1)			
Concessions, licences		1,924,457		1,784
Goodwill		49,080,041		52,786
Payments on account		148,665		203
			51,153,163	**54,773**
Property, plant and equipment	(2)			
Land, land rights and buildings including buildings on third-party land		114,605,719		117,600
Technical equipment and machines		8,988,621		7,496
Operating and office equipment		21,383,493		18,959
Payments on account and assets under construction		1,843,339		1,548
			146,821,172	**145,603**
Other financial assets	(3)			
Investment in stock of subsidiaries		58,600		60
Other loans		8,305		307
Reinsurance cover		1,470,278		1,763
			1,537,183	**2,130**
Non-current tax refund claims	(4)		**453,367**	**531**
Deferred tax assets	(5)		**5,171,686**	**5,597**
			205,136,571	**208,634**
CURRENT ASSETS				
Inventories	(6)		**6,517,411**	**5,751**
Trade receivables	(7)		**56,320,435**	**53,954**
Other current assets				
Prepaid expenses		1,312,809		1,360
Receivables pursuant to hospital financing law	(8)	2,010,826		10,069
Other assets	(9)	3,204,054		4,994
			6,527,689	**16,423**
Current tax refund claims	(10)		**76,234**	**80**
Cash and cash equivalents	(11)		**58,525,117**	**57,384**
Assets held for sale	(12)		**675,000**	**875**
			128,641,886	**134,467**
			333,778,457	**343,101**

EQUITY AND LIABILITIES

	Appendix		31.12.2009 in €	Previous year in thousands of €
EQUITY				
Shares MediClin Group				
Subscribed capital	(13)	47,500,000		47,250
Capital reserve	(14)	129,391,829		129,212
Revenue reserve	(15)	17,089		17
Consolidated balance sheet loss	(16)	– 19,647,151		– 27,643
			157,261,767	**148,836**
Minority interests	(17)		0	0
			157,261,767	**148,836**
NON-CURRENT LIABILITIES				
Non-current financial liabilities				
Liabilities to banks	(18)	16,123,427		21,119
Bond issues	(19)	0		250
Other financial liabilities	(20)	10,014,288		10,799
			26,137,715	**32,168**
Provisions				
Provisions for pensions and similar commitments	(21)	26,547,763		26,317
Other provisions	(22)	7,672,010		10,471
			34,219,773	**36,788**
Deferred tax liabilities	(23)		**1,757,565**	**1,396**
			62,115,053	**70,352**
CURRENT LIABILITIES				
Trade payables			**14,792,954**	**14,633**
Current financial liabilities				
Liabilities to banks and insurance companies	(24)	66,062,920		73,916
Other financial liabilities	(25)	931,017		0
			66,993,937	**73,916**
Other current liabilities				
Liabilities pursuant to hospital financing law	(26)	7,973,972		10,455
Other liabilities	(27)	17,238,959		18,147
			25,212,931	**28,602**
Provisions	(28)		**5,280,193**	**3,964**
Tax liabilities	(29)		**2,121,622**	**2,798**
			114,401,637	**123,913**
			333,778,457	**343,101**

Consolidated statement of comprehensive income

for the financial year from 1 January to 31 December 2009

	Appendix	Jan. – Dec. 2009 in €	Previous year in thousands of €
I. CONSOLIDATED PROFIT AND LOSS ACCOUNT			
Sales	(30)	470,579,425	456,795
Other operating income	(31)	9,474,857	9,348
Total operating performance		**480,054,282**	**466,143**
Raw material and consumables used	(32)		
a) Cost of raw materials and supplies		– 61,277,568	– 62,309
b) Cost of purchased services		– 46,141,240	– 43,277
		– 107,418,808	**– 105,586**
Staff costs	(33)		
a) Wages and salaries		– 214,818,233	– 210,239
b) Social security, pension and retirement		– 40,393,766	– 39,035
		– 255,211,999	**– 249,274**
Depreciation and amortisation	(34)	– 14,082,519	– 12,061
Other operating expenses	(35)	– 86,379,014	– 83,423
Operating result		**16,961,942**	**15,799**
Financial result	(36)		
a) Other financial revenues		598,839	938
b) Other financial costs		– 5,942,557	– 7,601
		– 5,343,718	**– 6,663**
Result before tax		**11,618,224**	**9,136**
Taxes on income	(37)	– 1,259,633	– 1,863
Result after tax		**10,358,591**	**7,273**
Thereof attributable to shareholders of MediClin AG		10,293,148	7,080
Thereof attributable to minority interests		65,443	193
II. OTHER COMPREHENSIVE INCOME			
Offset of negative minority interests		0	– 695
III. OVERALL RESULT		**10,358,591**	**6,578**
Thereof attributable to shareholders of MediClin AG		10,293,148	7,080
Thereof attributable to minority interests		65,443	– 502
Result after tax attributable to shareholders of MediClin AG per share	(38)		
undiluted (in €)		0.22	0.22
diluted (in €)		0.22	0.22

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Treasury stock	**Shares MediClin Group**	Minority interests	**Total equity**
As of 01.01.2007	31,500,000	106,679,586	303,089	– 40,043,498	0	98,439,177	1,786,500	100,225,677
Overall result	–	–	–	5,728,893	–	5,728,893	38,030	5,766,923
Allocation to reserves for option rights	–	3,958	–	–	–	3,958	–	3,958
As of 31.12.2007	**31,500,000**	**106,683,544**	**303,089**	**– 34,314,605**	**0**	**104,172,028**	**1,824,530**	**105,996,558**

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Treasury stock	**Shares MediClin Group**	Minority interests	**Total equity**
As of 01.01.2008	31,500,000	106,683,544	303,089	– 34,314,605	0	104,172,028	1,824,530	105,996,558
Overall result	–	–	–	7,080,363	–	7,080,363	– 502,076	6,578,287
Change in consolidation scope	–	–	– 286,000	– 409,000	–	– 695,000	695,000	0
Acquisition of minority interests	–	–	–	–	–	0	– 2,017,454	– 2,017,454
Capital increase	15,750,000	22,528,458	–	–	–	38,278,458	–	38,278,458
As of 31.12.2008	**47,250,000**	**129,212,002**	**17,089**	**– 27,643,242**	**0**	**148,835,849**	**0**	**148,835,849**

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Treasury stock	**Shares MediClin Group**	Minority interests	**Total equity**
As of 01.01.2009	47,250,000	129,212,002	17,089	– 27,643,242	0	148,835,849	0	148,835,849
Overall result	–	–	–	10,293,148	–	10,293,148	65,443	10,358,591
Adjustment of the negative minority interests	–	–	–	65,443	–	65,443	– 65,443	0
Distribution of dividends	–	–	–	– 2,362,500	–	– 2,362,500	–	– 2,362,500
Capital increase Convertible bond	250,000	179,827	–	–	–	429,827	–	429,827
As of 31.12.2009	**47,500,000**	**129,391,829**	**17,089**	**– 19,647,151**	**0**	**157,261,767**	**0**	**157,261,767**

Consolidated cash flow statement

	Jan. – Dec. 2009 in €	Jan. – Dec. 2008 in €
Operating result (EBIT)	**16,961,942**	**15,799,216**
Result of finance activities	– 5,343,718	– 6,663,188
Result of income taxes	– 1,259,633	– 1,862,741
Total consolidated result	**10,358,591**	**7,273,287**
Depreciation on fixed asset items	14,082,519	12,061,222
Change in deferred taxes	787,388	410,969
Change in non-current provisions	710,641	1,759,142
Change in current provisions	1,316,112	– 1,782,478
Result from the disposal of fixed asset items	– 173,164	– 182,451
Change in non-current tax refund claims	77,762	55,046
Change in current tax refund claims	3,469	33
Change in current assets	6,962,377	920,428
Change in current liabilities	– 1,779,485	1,015,129
Cash flow from operating activities	**32,346,210**	**21,530,327**
Payments received from the disposal of fixed assets	**925,918**	**931,300**
From the disposal of property, plant and equipment	925,918	931,300
Payments received from investment subsidies	**2,923,239**	**16,815,244**
Cash used for investments in fixed assets	**– 19,161,324**	**– 20,254,113**
From the purchase of fully consolidated companies	0	– 687,534
In intangible assets	– 2,372,331	– 1,564,431
In property, plant and equipment	– 16,711,207	– 17,993,759
In financial assets	– 77,786	– 8,389
Cash flow from investing activities	**– 15,312,167**	**– 2,507,569**
Change in minority interests	0	– 1,481,772
Capital increase	422,275	38,071,838
Dividend distribution to shareholders of MediClin AG	– 2,362,500	0
Addition of financial liabilities	0	17,041,317
Repayment of financial liabilities	– 13,952,515	– 39,558,171
Cash flow from financing activities	**– 15,892,740**	**14,073,212**
Consolidation scope change to the financial resource fund	0	2,910,552
Cash flow for the period	**1,141,303**	**36,006,522**
Cash and cash equivalents at beginning of period	57,383,814	21,377,292
Cash and cash equivalents at end of period	**58,525,117**	**57,383,814**

Basic information

MEDICLIN Aktiengesellschaft (MediClin) is active as a nationwide clinic operator. With 33 clinics, seven nursing care facilities and seven medical care centres in eleven German federal states, MediClin offers an overall capacity of approximately 7,900 beds (as of 31 December 2009). The clinics are divided into acute-care hospitals for basic, standard and specialised care, as well as specialised clinics for medical rehabilitation. MediClin operates exclusively on the domestic market. The Company is registered in Germany and has been listed on the stock exchange since December 2000 (official market/Prime Standard). During the reporting year, the Company relocated its headquarters from Frankfurt/Main to Okenstrasse 27, 77652 Offenburg.

The present notes were prepared for the consolidated financial statements of MEDICLIN Aktiengesellschaft, Offenburg, for the 2009 financial year. The underlying consolidated financial statements were approved for publication by the Management Board on 2 March 2010. The annual financial statements of MediClin AG, the consolidated financial statements of MediClin AG and the summarised management report and Group management report, on which an unqualified auditor's report was issued by BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft (Freiburg), have been published in the electronic German Federal Gazette (Bundesanzeiger).

The consolidated financial statements to 31 December 2009 were prepared in accordance with Section 315 a of the German Commercial Code (HGB), pursuant to the regulations of the International Financial Reporting Standards (IFRS), the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), as valid on the cut-off date and admitted by the European Union.

Standards and interpretations

Standards applied for the first time in the 2009 financial year

Of the standards and interpretations published in previous years and to be applied from 2009, as presented in the 2008 Annual Report, only two regulations had noteworthy effects:

Since the 2009 financial year, segment reporting for the MediClin Group has been based on **IFRS 8 "Operating Segments"**, which replaces IAS 14 "Segment Reporting". IFRS 8 regulates the financial information which an entity has to present about its operating segments in its reporting. IFRS follows the "management approach", which requires the presentation of segment information on the basis of internal reports. The delineation of the segments at MediClin has not changed significantly through this. For additional specifications, please refer to the chapter on segment reporting.

The second change relates to the application of **IAS 1 "Presentation of Financial Statements" (revised in 2007)** which was revised again in 2008. The application affects the presentation of the Group profit and loss account, the presentation of Group income and expenses, and the Group statement of changes in equity. The new version makes the use of a statement of comprehensive income mandatory. Therefore, from 2009 onwards, changes in equity that do not affect profit or loss will be presented in the "statement of comprehensive income", rather than the statement of changes in equity. In the statement of comprehensive income, the previous profit and loss account statement will thus be expanded with the position other comprehensive income. MediClin is thereby using the one statement approach. The position other comprehensive income includes expense and income items that, in accordance with other IFRS rules, are not permitted or required to be presented in profit or loss, but instead are directly offset against equity. As the other comprehensive income is to be presented separately in the statement of comprehensive income, the presentation in the statement of changes in equity only includes a summarised display of the overall result. Accordingly, the statement of changes in equity will only include the overall result of the period, the effect of alterations in accounting and valuation methods and changes in equity through transactions with owners. The comparables have been restated according to the new presentation methods. Other new or modified standards and interpretations required to be applied for the first time in the 2009 financial year do not have any substantial effects on these financial statements.

The following regulations were adopted as European law in 2009 and are to be utilised in 2009:

	Published in the Official Journal of the EU on	Applies from
Amendments to IAS 32 and IAS 1: "Puttable Financial Instruments and Obligations Arising on Liquidation"	22.01.2009	01.01.2009
Amendments to IFRS 1 and IAS 27: "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"	24.01.2009	01.01.2009
Collection of amendments to various IFRSs: "Improvements to International Financial Reporting Standards" (May 2008)	24.01.2009	31.12.2008/ 30.06.2009[1]
IAS 39 and IFRS 7: Reclassification of Financial Assets – Effective Date and Transition; Amendment to IAS 39: "Financial Instruments: Recognition and Measurement" and IFRS 7: "Financial Instruments: Disclosures"	10.09.2009	01.07.2008
Amendments to IFRIC 9: "Reassessment of Embedded Derivatives" and IAS 39: "Financial Instruments: Recognition and Measurement"	01.12.2009	01.01.2009
Amendments to IFRS 4: "Insurance Contracts" and IFRS 7: "Financial Instruments: Disclosures"	01.12.2009	01.01.2009

[1] The amendments to IFRS 5 apply, at the latest, upon the commencement of the first financial year beginning after 30.06.2009.

The amendments to **IAS 32 and IAS 1** concern regulations regarding accruals of components of equity and borrowed capital. Under these amendments, specific instruments issued by companies, which despite major similarities to common shares are categorised as liabilities, shall now be considered as equity capital. Additional declarations will be required for these instruments.

The amendments to **IFRS 1 and IAS 27** concern the determination of the initial cost of investments for first-time adopters of IFRSs, as well as the accounting of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

In May 2008, the International Accounting Standards Board (IASB) published improvements to the International Financial Reporting Standards within the scope of its **annual updates**. These encompass 35 amendments to the standards, partially concerning smaller amendments to financial accounting for presentation, recognition and measurement purposes, and partially concerning terminological and editorial amendments.

The amendments to **IAS 39 and IFRS 7** provide information on the date of entry into force of the amendments to IAS 39 and IFRS 7 published by the IASB on 13 October 2008, as well as the published transitional regulations.

The amendments to **IFRIC 9 and IAS 39** regulate whether an embedded derivative is to be separated from the host contract and accounted for separately if reclassified from the category "measured at fair value through profit and loss".

The amendments to **IFRS 4 and IFRS 7** stipulate enhanced disclosures about fair value measurements and liquidity risk associated with financial instruments.

No significant effects on the Group's net assets, financial position and results of operation resulted from the application of these standards.

MediClin has not utilised the right to apply published regulations ahead of time which are not yet mandatory. These include the following regulations:

	Published in the Official Journal of the EU on	Applies from[1]
IFRIC 12: "Service Concession Arrangements"	26.03.2009	29.03.2009
IFRIC 16: "Hedges of a Net Investment in a Foreign Operation"	05.06.2009	08.06.2009
Amendments to IAS 27: "Consolidated and Separate Financial Statements"	12.06.2009	30.06.2009
IFRS 3: "Business Combinations" (revised 2008)	12.06.2009	30.06.2009
IFRIC 15: "Agreements for the Construction of Real Estate"	23.07.2009	26.07.2009
Amendments to IAS 39: "Financial Instruments: Recognition and Measurement – Admissible Transactions"	16.09.2009	30.06.2009
IFRS 1: "First-time Adoption of International Financial Reporting Standards" (revised 2008)	26.11.2009	31.12.2009
IFRIC 17: "Distributions of Non-cash Assets to Owners"	27.11.2009	31.10.2009
IFRIC 18: "Transfers of Assets from Customers"	01.12.2009	31.10.2009
Amendments to IAS 32: "Financial Instruments: Presentation"	24.12.2009	31.01.2010

[1] Apply upon the commencement of the first financial year beginning after the date indicated.

IFRIC 12 provides guidance on general recognition and measurement issues concerning commitments and associated requirements from service concession arrangements.

IFRIC 16 applies to the definition of a risk arising from net investments in foreign operations. It defines where hedge accounting may be applied in the consolidated financial statements to reduce this risk.

The amendments to **IAS 27** clarify the circumstances under which a company is required to file a consolidated financial statement, how a parent company should record changes in its shareholdings in subsidiaries, and how the losses incurred by a subsidiary are to be divided between the controlling and non-controlling interests.

The revised version of **IFRS 3** concerns principles and regulations as to how an acquiree is to account for and estimate assets and liabilities assumed, as well as non-controlling interests and goodwill recognition in the context of mergers or business combinations. It further defines which disclosures are to be reported in the event of a business combination.

IFRIC 15 regulates the accounting procedures for sales revenue generated through the construction of real estate in financial statements and whether an agreement for the construction of real estate falls under the scope of "construction contracts" as recognised according to IAS 11, or "sales revenues" as recognised according to IAS 18.

The amendments to **IAS 39** clarify how hedge accounting deals with the inflation proportion of financial instruments and option contracts which are used as hedging instruments.

The revised version of **IFRS 1** replaces the previous version and intends to facilitate the future use and application of this standard. In the process, some outdated transition regulations have been eliminated and minor text modifications have been undertaken. However, the requirements remain unchanged.

IFRIC 17 regulates the question of when and in what amount non-cash dividends payable should be accounted for in the financial statements.

IFRIC 18 regulates how the transfer of property, plant and equipment as well as payment for the construction or acquisition of property, plant and equipment from a customer should be accounted for in the financial statements.

The amendments to **IAS 32** clarify how specific subscription rights have to be accounted for if issued instruments are not based on the entity's functional currency. A rights issue offered pro rata to all of an entity's existing shareholders based on a defined currency amount is classified as an equity instrument, regardless of the currency in which the exercise price is denominated. Previously, such cases were classified as derivative financial liabilities.

According to current estimates, the future application of **IAS 27** will primarily affect the presentation of minority interests and with it, the reporting of total equity. Until the end of the 2009 financial year, negative minority interests will not be recorded. The Group applies the provision in IAS 27.35 (revised in 2003) according to which negative minority interests are offset against Group equity (revenue reserve). A debit or credit to the consolidated statement of comprehensive income through the reporting of a minority interest does not occur until a positive minority interest arises, which is then presented separately in the consolidated balance sheet within equity. From 2010, losses are attributed to the "non-controlling interests", even if this results in a debit balance for the non-controlling interests (IAS 27.27,28). Accordingly, the total equity will be reduced due to losses attributed to the non-controlling interests. Negative minority interests on 31 December 2009 totalled EUR 220 thou. (31 December 2008: EUR 286 thou.).

Otherwise, according to current assessments, the future application of these standards and interpretations will not have any material impact on the Group's net assets, financial position or results of operation.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have published a number of amendments to the existing IFRS/IASs, as well as new interpretations, which are still not binding, as none of these have yet been endorsed by the EU:

	Published
Collection of amendments to various IFRSs: "Improvements to International Financial Reporting Standards" (2007 – 2009)	Apr. 2009
Amendment to IFRS 2: "Share-based Payments – Group Cash-settled Share-based Payment Transactions"	July 2009
Amendments to IFRS 1: "First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters"	July 2009
IFRS 9: "Financial Instruments: Classification and Measurement"	Nov. 2009
Amendment to IFRIC 14: "Prepayments of a Minimum Funding Requirement"	Nov. 2009
IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments"	Nov. 2009
IAS 24: "Related Party Disclosures" (revised 2009)	Nov. 2009
Minor amendment to IFRS 1: "First-time Adoption of International Financial Reporting Standards"	Jan. 2010

The **collection of amendments** to various IFRSs encompasses the modification of ten IFRSs and two IFRICs. Partially, these include recommended modifications contained in preceding amendment collections. By collecting these modifications in a single document, it is hoped that the adaptations can be completed with reduced effort.

IFRS 2 clarifies how an individual subsidiary in a corporate group should account for specific share-based compensation agreements in its own financial statement. In the scope of these agreements, the subsidiary receives goods or services from employees or contractors, but the parent company or another group company is responsible for paying the employees or contractors.

The amendments to **IFRS 1** concern the retroactive application of the IFRS standards in specific situations and are designed to ensure that companies shall not incur disproportionate costs in transitioning to the IFRS accounting standards.

IFRS 9 is part of the project to define a successor standard to IAS 39 and attends to classification and measurement of financial assets. IFRS 9 replaces the existing measurement categories:

- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets
- Financial assets measured at fair value through profit or loss

with the following categories:

- Amortised cost
- Fair value

The amendments to **IFRIC 14** address cases in which a company prepays future contributions to fulfil the duties arising from a Minimum Funding Requirement. The amendment allows the company to report voluntary prepayments as an asset in these cases.

IFRIC 19 clarifies the requirements of International Financial Reporting Standards (IFRSs) when an entity issues the entity's shares or other equity instruments to settle the financial liability fully or partially.

The amendment to **IAS 24** simplifies the disclosure requirements for government-related entities. The revised standard partially eliminates requirements to disclose financial information that is costly to gather and of less value to users. Furthermore, it clarifies the definition of a related entity or party.

The **minor amendment to IFRS 1** relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 through amendments to IFRS 7: "Financial Instruments: Disclosures". It thereby ensures that first-time adopters benefit from the same transition provisions that amendments to IFRS 7 provide to current IFRS preparers.

With regard to the IASB standards and interpretations that are not yet binding, we also do not anticipate any substantial effects or changes in the accounting principles, or any material impact on the Group's net assets, financial position or results of operation.

Consolidation principles

The first-time recognition of the net assets of acquired subsidiaries is based on the purchase method of accounting. The cost of the acquisition corresponds to the fair value of the assets given and the liabilities incurred or assumed at the transaction date, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of the extent of any minority interests. Intangible assets are stated separately from goodwill if they are separable or arise from contractual or other legal rights, and are individually disposable. The excess of the cost of the acquisition over the Group's share in the net assets measured at the fair value is recognised as goodwill, which is reported under intangible assets. In accordance with IFRS 3 (Business Combinations), existing goodwill is subject to an impairment test at least once a year. The impairment test may lead to a devaluation requirement (impairment-only approach). Within this context, the individual permanent facilities are defined as "cash-generating units", pursuant to IAS 36. Goodwill resulting from the purchase of further shares in already fully consolidated subsidiaries is also reported as intangible assets for any tranche.

Receivables and liabilities between companies included in the consolidated financial statements, as well as expenses and income from mutual service and supply transactions, were eliminated. Transactions with companies in which a minority stake exists are treated as transactions with parties external to the Group.

Minority interests are presented separately within equity (IAS 27.33; revised 2003). They are measured at their share of equity or annual results of the respective subsidiary at the balance sheet date. Negative minority interests are not recorded. The Group applies the provision in IAS 27.35 (revised 2003) according to which negative minority interests are offset against Group equity (revenue reserve) and a charge or credit to the consolidated statement of comprehensive income through the reporting of a minority interest does not occur until a positive minority interest arises, which is then presented separately in the consolidated balance sheet within equity.

Consolidated companies

All companies under the control of the Group, with respect to their finance and business policies and in which the Group holds more than 50 % of the voting rights, qualify as subsidiaries. The existence and impact of potential voting rights, which can be exercised or converted, are taken into account in the assessment of whether the criterion of control applies.

In accordance with the principles of full consolidation, the consolidated financial statements include, in addition to the parent company, MEDICLIN Aktiengesellschaft, all subsidiaries under the economic control of MEDICLIN Aktiengesellschaft, with the exception of KDC-Krankenhaus-Dienstleistungsgesellschaft Crivitz mbH, Müritz-Klinikum Service GmbH, Medusplus GmbH and MediServ GmbH. The four companies were not consolidated due to their single and common immaterial importance for the Group. The companies continue to be reported at their acquisition costs.

Special purpose entities are consolidated when the economic view of the relationship between a consolidated subsidiary and a special purpose entity indicates that the special purpose entity is controlled by the consolidated subsidiary. The inclusion of VR-LEASING ABYDOS GmbH & Co. Immobilien KG as a special purpose vehicle remained undone, as the criteria for mandatory consolidation in accordance with SIC 12 were not met.

Due to the charitable object and purpose of its Articles of Association and the associated exemption from corporation, trade, inheritance, gift and real estate taxes, MediClin Krankenhaus am Crivitzer See GmbH is, except for its taxable business activities, subject to a statutory restriction on profit distribution.

The fully consolidated subsidiaries included in the consolidated financial statements are listed together with their respective participation percentage under the table “Shareholdings”.

The present consolidated financial statements have an exempting effect, in accordance with Section 264 b HGB, for all commercial partnerships included in the consolidated Group pursuant to Section 264 a (1) HGB. Consequently, these commercial partnerships are exempt from the duty to prepare, audit and publish their annual financial statements, in accordance with the provisions defined for corporations and certain commercial partnerships.

Agreements on or investments in joint ventures do not exist.

Changes in consolidation scope

With the resolution of transformation on 14 May 2009, MediClin Müritz-Klinikum GmbH, Waren, was converted in accordance with Section 190 et seq. UmwG (German Law Regulating the Transformation of Companies) to the limited partnership MediClin Müritz-Klinikum GmbH & Co. KG, Waren. MediClin Geschäftsführungs-GmbH, Offenburg, is the general partner with an equity contribution of EUR 1.00. MediClin AG is the sole limited partner.

With the notarised contract to merge from 9 June 2009, Regina Mobilien-Leasing GmbH, Reha-Klinik Paracelsus Verwaltungs-GmbH and Vitalisklinik Verwaltungs-GmbH were merged into Yvonne Mobilien-Leasing GmbH, retroactively to 1 January 2009. Through this agreement, Yvonne Mobilien-Leasing GmbH takes the position of general partner for

Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Bad Rappenau. For this purpose, additional shares of Yvonne Mobilien-Leasing GmbH were issued to the sole shareholder, Kraichgau-Klinik AG. The stake of Kraichgau-Klinik AG in Yvonne Mobilien-Leasing GmbH now totals EUR 103,000.00 (100.00 %).

MVZ MediClin Bonn GmbH, Bonn was founded with articles of incorporation dated 11 August 2009. The sole shareholder is MediClin Pflege GmbH, Offenburg. The initial capital totals EUR 100,000.00, and Dr. Ulrich Wandschneider has been appointed as Managing Director.

Business acquisitions

In 2009, MediClin MVZ GmbH opened three new medical care centres in Achern and Gaggenau, consisting of a total of seven positions for statutory health insurance physicians. To acquire the statutory health insurance physician positions, a total of EUR 1,180 thou. was spent, of which EUR 275 thou. was allotted for the acquired medical practice furnishings. Otherwise, no other assets or liabilities were acquired. As hidden reserves were not identified, goodwill amounting to EUR 905 thou. was capitalised as intangible assets. The consolidated statement of comprehensive income for 2009 does not contain any noteworthy profit shares from the statutory health insurance physician positions that have been integrated into MediClin MVZ GmbH.

Shareholdings

Companies included in the consolidated financial statements	Percentage of shares held	
	31.12.2009	31.12.2008
MEDICLIN Aktiengesellschaft, Offenburg		
Cortex Software GmbH, Offenburg	100.000 [1]	100.000 [1]
Dr. Hoefer-Janker GmbH & Co. Klinik KG, Bonn	100.000	100.000
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem GmbH & Co. KG, Essen	100.000 [2]	100.000 [2]
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungs GmbH, Essen	100.000 [2]	100.000 [2]
Herzzentrum Lahr/Baden GmbH & Co. KG, Bad Rappenau	94.485 [2]	94.485 [2]
KB Krankenhausbeteiligungsgesellschaft mbH & Co. KG, Essen	100.000	100.000
KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH, Essen	100.000	100.000
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	94.485	94.485
Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Bad Rappenau	94.485 [2]	94.485 [2]
MC Service GmbH, Offenburg	100.000 [2]	100.000 [2]
MediClin Catering GmbH, Offenburg	100.000 [2]	100.000 [2]
MediClin Geschäftsführungs-GmbH, Offenburg	100.000	100.000
MediClin GmbH & Co. KG, Offenburg	100.000	100.000
MediClin Immobilien Verwaltung GmbH, Offenburg	100.000 [2]	100.000 [2]
MediClin Krankenhaus am Crivitzer See GmbH, Crivitz	77.000	73.000
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.000 [2]	100.000 [2]
MediClin Müritz-Klinikum GmbH & Co. KG, Waren	100.000	100.000
MediClin Pflege GmbH, Offenburg	100.000 [2]	100.000 [2]
MediClin Therapie GmbH, Offenburg	100.000 [2]	100.000 [2]
MPS Medizinische Personal- und Servicegesellschaft mbH Kettwig, Essen	100.000 [2]	100.000 [2]
MVZ MediClin Bonn GmbH, Bonn	100.000 [2]	–
MVZ-Müritz GmbH, Waren	100.000 [2]	100.000 [2]
Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG, Bad Rappenau	94.485 [2]	94.485 [2]
Reha-Klinik GmbH & Co. KG Soltau, Soltau	100.000	100.000
Yvonne Mobilien-Leasing GmbH, Offenburg	94.485 [2]	94.485 [2]

[1] Of which indirect participation 62.353 %
[2] Indirect participation

Companies not included in the consolidated financial statements in €		Results	Total equity	Percentage of shares held
KDC-Krankenhaus-Dienstleistungs-gesellschaft Crivitz mbH, Crivitz	2009	[1]	[1]	53.308[3]
	2008	12,430.85	56,385.23	50.538[3]
MediServ GmbH, Essen	2009	[1]	[1]	51.000[3]
	2008	– 4,482.53	20,517.47	51.000[3]
Medusplus GmbH, Essen	2009	– 2,409.93	43,209.23	51.000[3]
	2008	19,772.79	45,619.16	51.000[3]
Müritz-Klinikum Service GmbH, Waren	2009	24,245.48	123,830.28	51.000[3]
	2008	35,904.12	99,584.80	51.000[3]
VR-LEASING ABYDOS GmbH & Co. Immobilien KG, Eschborn	2009	[1]	[1]	44.408[3]
	2008	– 45,318.48	– 41,568.48[2]	44.408[3]

[1] Not available
[2] Including atypical silent participation
[3] Indirect participation

Accounting and valuation principles

The companies included in consolidated financial statements apply uniform accounting and valuation principles in accordance with HGB. These principles have remained unchanged in comparison with the previous year. The accounting and valuation principles at Group level have been adjusted to comply with IFRS regulations.

To the extent that, as a result of specific regulations of the Hospital Accounting Rules (Krankenhausbuchführungsverordnung or KHBV), receivables, liabilities and special or compensating items of consolidated subsidiaries are to be reported in conformity with the hospital financing law (Krankenhausfinanzierungsrecht or KHG), these are eliminated at Group level in as much as they do not meet IFRS standards.

Acquisition and manufacturing costs of assets, inventories, goods and services normally include the non-deductible value added tax, net of acquisition cost deductions. These costs also include the estimated costs for restoration obligations assumed. If property, plant and equipment consist of meaningful, identifiable and significant components, these have been accounted for as separate units and depreciated accordingly. Maintenance and repair costs have been recorded as an expense.

Borrowing costs that can be directly assigned to the acquisition, construction or production of a qualifying asset were not capitalised in 2009.

Intangible assets, with the exception of goodwill, have limited useful lives. They are reported as depreciated acquisition costs and are amortised according to a scheduled timeframe of three to five years on a straight-line basis. An unscheduled depreciation is recognised for an intangible asset if the recoverable amount of the asset is less than its carrying amount. If the reason for an unscheduled depreciation recognised in prior years has ceased to exist, a write-back is performed, whereby the increased carrying amount resulting from the write-back may not exceed the amortised cost. Impairment losses on goodwill are not reversed. Software developed for the Group by a subsidiary does not represent an internally developed intangible asset since the IAS 38.57 recognition criteria are not met. The respective research and development expenses are immaterial for the Group.

Property, plant and equipment are reported at depreciated acquisition and manufacturing costs. Scheduled depreciation related to technical equipment and machines, as well as operating and office equipment, is based on the useful life expectancy under application of the straight-line method. Contrary to this method, designated medical technology equipment and machines are depreciated to a minimal extent using the declining balance method, if this better represents the anticipated future utility.

Depreciation on property, plant and equipment is calculated based on the following useful lives: buildings 25 to 50 years, technical equipment and machines 6 to 30 years, operating and office equipment 3 to 15 years.

In addition to scheduled depreciation, the book values for property, plant and equipment and the intangible assets are reviewed on the reporting date (31 December) to determine whether these assets need to be impaired **(impairment test)**. Should such indications be noted, the recoverable amount of the asset will be estimated in order to determine the size of any impairment allowance. If the recoverable amount cannot be determined for the single asset, an estimate is made instead for the recoverable amount of the cash generating unit (CGU) to which the asset belongs. The assignment is made to the individual CGUs or the smallest CGU group on a fair and constant basis. CGUs are regularly defined as business premises (clinics/facilities) that use a separate company code. If the reason for an unscheduled depreciation recognised in prior years has ceased to exist, a write-back is performed, whereby the increased carrying amount resulting from the write-back may not exceed the amortised cost. Upon sale or retirement, the acquisition or manufacturing costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in the consolidated statement of income.

Intangible assets with indefinite useful lives and goodwill are tested for impairment annually, or on such occasions that events or changes in circumstances indicate that they might be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. The recoverable amount is the higher of fair value less cost of sale and value in use.

In the case of impairment losses related to cash generating units that carry goodwill, the carrying amount of any goodwill allocated to the cash generating unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the cash generating units to reduce their carrying amounts accordingly. Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit asset is increased to the revised estimate of its recoverable amount. The revised amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cash generating unit asset in prior years. A reversal of an impairment loss is recognised as income. However, impairment losses of goodwill are not allowed to be reversed and are therefore not performed by MediClin.

When determining the **value in use**, the estimated future earnings values are discounted using the pre-tax market interest rate. In this process, the expected earnings values from the latest management planning are used as a basis, adjusted for assumptions on the development of the business results and discounted with the capital costs of the unit, allowing for an alternative interest charge. This planning is based on past experience as well as on expectations concerning future market development. Based on detailed planning for the following year, a projection is carried out for the second year. Starting from the third subsequent year, it is assumed that the earnings values for these years is no longer predictable in detail. The calculation of cash values is based on the formula of perpetuity, under which the earnings value is based on the projection. The interest rate is determined on the basis of the weighted average cost of capital before tax (WACC before tax), taking the following variables into account: a risk-free base interest rate, entrepreneurial risk (market risk premium multiplied by a beta coefficient), an equity risk premium to the perpetuity, weighted borrowing costs and the Group's capital structure. Indications of depreciation in value are taken into account by recording respective unscheduled amortisation on the recoverable amount. For its planning, the Company assumes moderate rates of change regarding the earnings expectations and considers these assumptions to be reasonable. Alternate scenarios will only be calculated should concrete signs of change occur.

The **fair value** is determined by applying a suitable valuation model. This is based on the working capital of the CGU concerned, allowing for any disclosed hidden reserves and operational cash on hand and further existing indicators for the fair value.

The option of using the revaluation method for intangible assets and for property, plant and equipment was not exercised in the MediClin Group.

State allocations mainly relate to grants received in accordance with the hospital financing law and under respective state hospital regulations. They are reported as receivables pursuant to the hospital financing law (Krankenhausfinanzierungsgesetz – KHG) at the actual cash value, if it can be reasonably assumed that the allocations will be granted. This is generally recorded at the time of the incoming subsidy grant notification. Allocations which have not yet been adequately used are recorded under other current liabilities.

If the subsidies are not disbursed in one lump sum, but rather through annual financing whose disbursements vary in schedule, the entitlement to the aid is not established until the notification of subsidy for the respective financial year is received. The accrual to the receivables pursuant to the hospital financing law is therefore only made at the level of the annual financing.

Government subsidies and grants are deducted from acquisition costs. In accordance with the reduction of acquisition costs of the subsidised property, plant and equipment, the depreciations are limited to the amount of utility depletion of the non-subsidised non-current assets. Off-period netting, for example, from the refinancing of formerly self-financed investments from previous years, is not netted with depreciation in the consolidated statement of comprehensive income, but disclosed under other operating income. **Subsidies for running costs** are included in accordance with the accruals concept.

The **compensating items for the promotion of own funds** pursuant to KHG were set off against the respective capital reserves at the subsidiaries concerned, and were thus eliminated at the time of initial consolidation of the respective company.

In accordance with IAS 17, a **finance lease** is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. They are recognised at the commencement of the lease term as assets at the fair value of the leased property or, if lower, the present value of the minimum lease payments. They are only of immaterial importance for the Group. Capitalised leased property is depreciated over the useful life expectancy according to the depreciable assets under ownership of the Group. Calculation of this present value is based on the interest rate of the overall lease agreement. Lease payments are apportioned between the finance charge and the redemption of the outstanding liability. A finance lease gives rise to depreciation expense for the depreciable asset as well as financial costs for each accounting period.

If the economic ownership of the leased asset remains with the lessor (operating leases), the leased property is recognised in the balance sheet of the lessor. The leasing expenses incurred for these are generally recognised straight-line, as leasing or rental expenses over the term of the contract.

As the MediClin Group is a provider of health care services, **inventories** are only of minor importance and are only subject to slight changes in their value and composition. These are recorded according to the average cost method at acquisition costs and do not include borrowing costs.

Financial instruments encompass, first and foremost, liquid assets, receivables and current and non-current liabilities. Receivables are non-derivative financial assets with fixed or assignable payments, which are not listed on an active market. They develop once the Company makes money, goods or services directly available to a debtor, without the intention of negotiating on these receivables. They are assigned to current assets, as far as their maturity does not lie any more than twelve months after the balance sheet date. Receivables which mature in more than twelve months are recorded as non-current assets. The book values of the current financial assets and the current liabilities essentially correspond to their present values.

Receivables are specified as the respective amounts at the current market value; due to their short-term nature, receivables are evaluated as non-interest bearing at depreciated acquisition costs. On doubtful accounts a lump-sum allowance for bad debts is recorded; uncollectable receivables are depreciated.

Cash and cash equivalents encompass cash, sight deposits, other short-term, highly liquid financial assets with original terms of not more than three months, and current account balances. Current account credits drawn upon are disclosed under current financial liabilities as liabilities to banks. Cash and cash equivalents assets as well as current financial liabilities are valued at depreciated acquisition costs.

Current and non-current liabilities are recorded at first recognition as acquisition costs on the liabilities side and stated at their repayment amounts in the following periods, provided that they are not evaluated as depreciated acquisition costs using the effective interest rate method. Loans recorded for the first time are stated at their acquisition costs which correspond to the fair value of the consideration received minus borrowing costs. The statement of current liabilities is made with the repayment or fulfilment amount, which corresponds approximately to the fair value. Gains and losses are recorded in the period result to the extent the debts are derecognised, value-adjusted or amortised. In as much as the discharge of a debt or repayments occurs within twelve months after the balance sheet date, the corresponding amount will be reclassified as current liabilities. Liabilities from finance lease agreements are evaluated at the present value of the minimum leasing rates at the point in time of the recognition of the leased property and, depending on the term of the lease, are disclosed under other non-current financial liabilities or other current financial liabilities.

The MediClin Group has both defined benefit and defined contribution pension plans. **Pension commitments** result from the defined benefit plans and are stated applying the projected unit credit method, taking into account future salary and pension developments and biometric probabilities pursuant to IAS 19. Profits and losses from unplanned changes in the present value of benefits and from changes to actuarial assumptions remain unconsidered within a corridor of 10 % of the present value of benefits. Only if the threshold is underrun or exceeded are these gains/losses distributed over the remaining term of service and included in the provision. MediClin has applied the right to report the service cost as well as the interest cost component contained in the net periodic pension cost under the staff costs included in income from operations.

Payments for **defined contribution plans** are recorded as expense as they fall due.

In accordance with IAS 37, **other provisions** are recorded to the extent that a current commitment vis-à-vis a third party exists which will probably lead to an outflow of resources and which can be reliably estimated. The provisions for recognisable risks and contingent liabilities are recognised at the amount of their probable occurrence. They are not offset against recourse claims. The fulfilment amount also includes the cost increases to be accounted for as of the balance sheet date. Discounts are applied if the respective interest effect is significant.

Prepayments received from customers and deferred income items are disclosed under other liabilities.

Deferred tax assets and **deferred tax liabilities** are determined using the balance sheet liability method in accordance with IAS 12. Accordingly, probable future tax reliefs and charges are recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax assets also include tax deduction claims resulting from the expected utilisation of existing losses carried forward in subsequent years, but only where it is sufficiently probable that the taxable income will be available in the future to enable the tax loss carry-forwards to be utilised. As far as issues which result in a change of deferred tax are posted directly against equity, also the change of deferred tax is accounted for at equity. The tax rate applied for deferred tax assets and tax liabilities was unchanged 15.825 % (corporation tax, solidarity surcharge).

In accordance with IFRS 2, **share-based payments** are recorded at the time when the option is exercised and when IFRS recognition criteria have been fulfilled. If a blocking period has been agreed upon, the expense to be recorded is distributed over this period of time. As a general rule, valuation is based on fair value. The decisive criterion for determining the fair value is the time of granting the equity capital instrument. A convertible bond issued to one member of the Management Board in 2005 was evaluated using a modified Black-Scholes option pricing model. The option privileges, which resulted from the convertible bond and authorised the purchase of 250,000 MediClin shares, were exercised over the counter in August 2009. Further stock option plans do not exist as of 31 December 2009.

In the 2009 financial year, the members of the Management Board were granted share appreciation rights. These rights, which may only be exercised after a four-year vesting period (1 January 2009 to 31 December 2012), entitle the Management Board members to the payment of a lump sum amounting to a percentage share of the appreciation in Company value during the specified term. The share appreciation payment amount will be calculated by the appreciation in Company value within four years multiplied by a personal percentage rate. The amount is limited to the maximum profit-sharing bonus contractually agreed upon by the respective Management Board member. If no appreciation in Company value has occurred upon the settlement date, no right of payment exists; moreover, this right will expire without substitution. For the share appreciation rights, provisions will be set aside at the fair value.

Contingent liabilities are possible obligations to third parties or existing obligations, which are not recognised because it is not probable that an outflow of economic benefits will be required to settle the obligations or the amount of which cannot be measured reliably. Contingent liabilities are not recognised on the balance sheet, unless they are assumed within the framework of a business combination.

Sales revenues encompass the fair value received for the sale of merchandise and services excluding value added tax, rebates and price deductions, and after elimination of intra-Group sales. The sales revenues from the sale of services are recorded in accordance with the stage of performance relative to the service already provided and the overall service in the financial year in which the services are provided. As a general rule, revenues are realised when the respective service is provided. Revenues from flat rate payments are recorded in keeping with the stage of performance. **Receivables from services not yet invoiced** are reliably estimated pursuant to IAS 18.20. The services are charged either on the basis of daily rates or flat rates, which can be translated into fictitious daily rates.

Operating expenses are charged to expenditure at the time of the provision of services or their cause. In essence, pre-tax deduction is not applied and the expenses, therefore, mainly include the statutory value added tax.

Write-ups, gains from the disposal of non-current assets, income from the release of provisions and other off-period income are disclosed under **other operating income**.

Unscheduled depreciation, losses from the sale of non-current assets and other expenses unrelated to the accounting period are recorded under **other operating expenses**.

Exercise of judgment in applying accounting and valuation principles

The application of accounting and valuation principles requires the exercise of judgment. This is particularly the case in the following circumstances

- Financial assets are to be classified under the categories "held-to-maturity investments", "loans and receivables", "available-for-sale financial assets" and "financial assets at fair value through profit or loss".
- In measuring the provisions for pensions and other similar commitments, different options for recognising actuarial gains and losses are available.
- With respect to assets which should be sold, it must be determined whether the assets are available for sale in their present condition and whether their sale is highly probable. If that is the case, the assets and any associated liabilities are reported and measured as "assets or liabilities held for sale".
- Where leased items of property, plant and equipment are used, it must be determined whether all material risks and rewards incident to ownership have been transferred and thereby meet the criteria for classification as a finance lease as set out in IAS 17.
- Special-purpose vehicles are to be consolidated when the nature of the relationship between the entity and the special purpose vehicle indicates that the special purpose vehicle is controlled by the entity.
- The impairment test for goodwill is carried out on the assumption that the time-frame used for the calculation (detailed planning for one year, and based on this information, a projection for the second financial year; starting from the third subsequent year, the projection is based on the formula of perpetuity) is adequate to determine the value in use.

Estimates and assessments made by management

With the application of the accounting and valuation methods stated in the IFRS and by IFRIC, the Company was forced to make numerous estimates and assumptions, which relate to the future and, naturally, do not necessarily always correspond with the conditions that will occur at a later date. All underlying estimates and assumptions undertaken in the context of the accounting and valuation will be re-examined on a regular basis and are based on historical experiences and/or on expectations regarding the occurrence of future events, which appear reasonable from a commercial viewpoint under the given circumstances.

These assumptions and estimates relate to, among other things, the accounting and valuation of provisions. Estimates are also particularly needed to recognise tax provisions, whereby the amount and timing of future taxable income could be subject to uncertainty due to the interpretation of complex tax regulations.

Among other factors, the discount rate concerning pension provisions and similar commitments represents a significant estimation factor. The discount rate for pension obligations is determined on the basis of yields on senior, fixed-rate corporate bonds on the financial markets as of the balance sheet date. Due to the current financial market crisis, the yield spreads of corporate bonds compared to government bonds have increased sharply. At the same time, the range of yields on high-quality corporate bonds observed on the market has also widened significantly, and these yields are used as the basis for determining the discount rate. The rise in the discount rate results in a reduction in the present value of the pension obligations and an increase in equity. An increase or decrease of one-half percentage point in the discount rate would result in a reduction of EUR 2.6 mill. or an increase of EUR 3.0 mill., respectively, in the present value of the obligations from pension plans. Since actuarial gains and losses are recorded only if they are in excess of 10 % of the higher amount of the obligation volume, and the present value of the plan assets, future changes in the discounting factor concerning the pension systems existing within the MediClin Group usually do not have a substantial effect on the book value of provisions in the following financial year.

To determine whether **goodwill has suffered impairment**, the value in use of the cash generating unit (CGU) to which the goodwill is assigned must first be calculated. To determine the value in use, the estimated future cash flows from the CGU are discounted to present value using an adequate discounting rate. After taking into account a value reduction of EUR 1.3 mill. recognised for the 2009 financial year, and a disposal of EUR 3.3 mill., the book value of the goodwill totalled EUR 49.1 mill. at the end of the 2009 financial year. The discount rate was set at 6.6 % in the reporting year for short-term/medium-term planning and at 7.6 % for perpetuity. For an increase or decrease of the discount rate by one percentage point to 7.6 % and 8.6 %, or 5.6 % and 6.6 %, respectively, the depreciation requirement would increase by EUR 166 thou. or decrease by EUR 132 thou., respectively.

Furthermore, the valuation adjustments of receivables, including the receivables pursuant to the hospital financing law, the valuation of share-based payment options from the convertible bond as well as the assessment of impairment of deferred tax liabilities and assets – here, in particular, for losses carried forward – are based on adequate assumptions and estimates by management and have been determined using the latest available and reliable information.

The useful lives of depreciable assets are determined on the basis of the asset's anticipated usability for the Company. This is estimated based on empirical values for comparable assets.

The results of operation, financial position and net assets of MediClin AG is subject to risks and uncertainties. Factors that influence the future results of operation, financial position and net assets, and thereby could possibly cause a divergence from expectations, include, among other factors, changes to the legal framework conditions including amendments to the accounting standards, budget cuts or changes in the hospital requirements planning within social insurance agencies, cost increases in the area of personnel and materials, the entrance of new competitors or consolidation processes at existing competitors, decreases in patient occupancy rates due to seasonal fluctuations, and substantial legal proceedings, as well as further structural changes in the health care market.

All assumptions and estimates are based on the conditions and assessments as of the balance sheet date. Moreover, expectations regarding future business development have taken into account assumptions of future developments of the economic environment in the industry sector as well as the regions in which the Group is engaged, which appeared to be realistic at the time. The development of these general underlying conditions may deviate from the assumptions made, and this may lead to actual amounts not being consistent with the estimated values. In such cases, the assumptions and, if necessary, the book values of the assets and debts concerned will be adjusted accordingly. At the time of preparation of the consolidated financial statements, no significant changes respecting the underlying assumptions and estimates were expected. Accordingly, from the present point of view, and also taking into consideration the crisis in the financial markets, no significant adjustment to the book values of reported assets and debts is to be expected for the 2010 financial year.

The consolidated financial statements are prepared in euro currency. All amounts are stated in thousand euros (EUR thou.) to the extent not otherwise specified. Within the individual components of the consolidated financial statements, as well as for data specified in the notes, rounding-off differences may result due to figures with decimal places. The designated amount corresponds in each case to the rounded-off amount. The designated amounts for the previous year are calculated using the same accounting and valuation principles, in order to ensure the comparability of the disclosed data.

Derivative financial instruments do not exist. The MEDICLIN Group is engaged in domestic activities only. Foreign currency transactions were not carried out, nor do other currency risks exist. The statement of comprehensive income was compiled on the basis of the total cost method.

Notes to the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7, and broken down into three sections: operating, investing and financing activities. Cash and cash equivalents encompass cash in hand and bank credit balances. The cash flow from operating activities is prepared using the indirect method and comprises the interest received and paid as well as income taxes. The cash flow from investing activities is stated using the gross method. This means that investment subsidies accrued in the reporting year will be completely booked as net cash and set against the full investments. Any effects resulting from changes in the consolidation scope have thereby been eliminated.

The cash flow from operating activities increased by EUR 10.8 mill., from EUR 21.5 mill. to EUR 32.3 mill. This includes interest received totalling EUR 0.6 mill. (previous year: EUR 1.0 mill.) and interest paid totalling EUR 5.9 mill. (previous year: EUR 7.4 mill.). Tax payments amounted to net EUR 1.1 mill. following tax refunds (previous year: EUR 1.0 mill.).

The change in non-current provisions totalling EUR 0.7 mill. results primarily from the allocation of provisions for pensions and similar commitments. Other non-current provisions, adjusted for non-cash items, remain primarily unchanged.

A gross amount of EUR 2.4 mill. (previous year: EUR 1.6 mill.) was spent on intangible assets. This includes additions totalling EUR 0.9 mill. (previous year: EUR 0.0 mill.) for goodwill. Gross investments in property, plant and equipment totalled EUR 16.7 mill. (previous year: EUR 18.0 mill.). For the acquisition of doctors' practices for medical care centres, payments totalling EUR 1.2 mill. were effected.

The gross investments were offset against investment subsidies received totalling EUR 2.9 mill. (previous year: EUR 16.8 mill.). The investment subsidies received in 2008 were principally due to the completion of the newly constructed MediClin Müritz-Klinikum in Waren.

This results in a net cash flow from investment activities totalling EUR –15.3 mill. (previous year: EUR – 2.5 mill.).

The cash flow from financing activities totalled EUR –15.9 mill. (previous year: EUR 14.1 mill.).

The outflow of funds primarily resulted from the repayment of financial liabilities totalling EUR –14.0 mill. (previous year: EUR – 39.6 mill.) and dividend payments to the shareholders of MediClin AG totalling EUR – 2.4 mill. (previous year: EUR 0.0 mill.). This was offset by cash inflow from the capital increase totalling EUR 0.4 mill. (previous year: EUR 38.1 mill.) due to the exercising of option privileges from the convertible bond.

As a result, cash and cash equivalents at the end of the period increased after this development by EUR 1.1 mill. to EUR 58.5 mill. (previous year: EUR 57.4 mill.).

Segment reporting

Starting from 1 January 2009, the MediClin Group applied IFRS 8 "Operating Segments", which was published by the EU in November 2007, in its segment reporting. This standard replaces IAS 14 "Segment Reporting" and is binding for the financial years beginning after 31 December 2008. This leads to an altered presentation of the segment reporting as compared to the previous year's annual financial statement.

IFRS 8 requires an entity to report financial and descriptive information about its reportable operating segments. The division of reportable operating segments corresponds to that used for the Group's internal controlling and reporting.

MediClin's post-acute and acute segments continue to be operating segments for which reporting is required. The segmentation is not based on regional aspects, as MediClin only operates in Germany and regional characteristics were recognised as irrelevant for the management of the Company.

In its post-acute segment, MediClin offers services in the fields of subsequent nursing treatment and curative procedures. Subsequent nursing treatment includes all medical measures required to facilitate the healing process and return the patient to a functioning state immediately after acute care treatment. Curative treatment includes prophylactic measures against the occurrence of (possible) illnesses or reoccurrence of illnesses.

The acute segment encompasses medical offerings focusing on the neurosciences and psychological sciences, including neurology, neurological early rehabilitation, neurosurgery and neuroradiology, as well as psychosomatic medicine, psychiatry and orthopaedics. Furthermore, certain facilities have special expertise in the areas of cardiology, oncology, ENT and internal medicine. Medical care centres, also included in this segment, provide acute outpatient services, ensuring occupancy of the facilities while also securing their economic future.

The Group's internal revenue is also disclosed within the segment reporting. Hybrid clinics, i.e. clinics that offer health care services in both segments, have all been assigned to the post-acute segment. As of 31 December 2009, three hybrid clinics were assigned to the post-acute segment (31 December 2008: three hybrid clinics). The book values of goodwill are assigned to the cash generating units (operating locations) and are only applicable to the acute segment.

The nursing care and service business areas are disclosed together under "other activities" for lack of fulfilling the quantitative thresholds pursuant to IFRS 8.16. MediClin offers full-time and short-term nursing care as well as outpatient nursing care in the nursing care facilities. The service area consists of the central services, including software support provided by

Cortex Software GmbH, bookkeeping and controlling activities, quality assurance, PR activities, investment management and purchasing, and the technical organisation of clinics by employees of MediClin GmbH & Co. KG. Altogether, the following companies are subsumed under the service area: MediClin GmbH & Co. KG (Offenburg branch office), MediClin Geschäftsführungs-GmbH, Cortex Software GmbH, MediClin Catering GmbH, MC Service GmbH, MediClin Therapie GmbH, MediClin Immobilien Verwaltung GmbH, Kraichgau-Klinik Aktiengesellschaft and Yvonne Mobilien-Leasing GmbH.

As the management holding company, MediClin AG is not assigned to a specific segment and pursuant to IAS 8.6, is disclosed within the "reconciliation" column, in which the Group's cross-segment internal revenue is also neutralised.

These primarily include revenue and expenditure eliminations for the individual items of the profit and loss account, as well as operational assets and liabilities of the holding company MediClin AG and consolidation items.

MediClin manages the segments based on EBIT (earnings before interest and taxes) and presents the segment results on the basis of this key figure. After reconciliation, the result accords with the operating result in the profit and loss account as part of the consolidated statement of comprehensive income.

All business transactions between segments are conducted at the normal market conditions which customarily apply among third parties, with euros as the functional currency. Segment data was calculated in accordance with the financial accounting standards uniformly applied in the consolidated financial statements.

Segment assets and liabilities include all assets or liabilities that are attributable to operations, excluding financial assets, financial liabilities and income taxes. Goodwill is also shown as segment assets.

Gross capital expenditure indicates the gross additions to fixed asset items.

According to IFRS 8, an entity is required to disclose information on the degree of its dependency on major customers. As the MediClin Group is a nationwide operator of hospitals, social security pension funds and public health insurance funds account for around 90 % of the total service demand. The Management Board monitors and controls the sales revenues with the coverage providers using the monthly coverage provider statistics, which document the services billed to the individual coverage providers based on the nursing days furnished by MediClin.

The public health insurance funds make up 40.5 % (previous year: 42.2 %) of the demand for services in the post-acute segment, while the social security pension funds make up 52.8 % (previous year: 50.8 %) of the demand for services in this segment. In the acute segment, 94.3 % (previous year: 94.2 %) of the services demanded are attributable to the public health insurance funds.

Sectoral segmenting

In millions of €					January – December 2009
	Post-acute	Acute	Other activities	Reconcili-ation	Total
Sales	270.0	189.6	33.3	– 22.3	**470.6**
Thereof total sales	274.2	191.9	37.1	0.0	**503.2**
Thereof internal sales	4.2	2.3	3.8	22.3	**32.6**
Raw materials and consumables used	– 63.6	– 53.9	– 10.7	20.8	**– 107.4**
Staff costs	– 133.9	– 91.0	– 27.1	– 3.2	**– 255.2**
Other operating expenses	– 66.9	– 24.1	– 8.6	13.2	**– 86.4**
Segment result	**6.2**	**17.2**	**– 3.7**	**– 2.7**	**17.0**
Thereof non-cash items:					
Scheduled depreciations/write-ups	– 5.7	– 13.5	– 1.4	0.0	**– 20.6**
Unscheduled depreciations/write-ups	0.0	– 1.3	– 0.2	0.0	**– 1.5**
Release of special item	0.2	7.6	0.0	0.0	**7.8**
Allowances	– 0.2	– 0.3	0.0	0.0	**– 0.5**
Allocation of provisions/liabilities	– 6.9	– 8.0	– 2.5	– 0.7	**– 18.1**
Release of provisions/liabilities	0.7	1.7	0.4	0.7	**3.5**
Financial revenues	0.2	0.5	0.8	– 0.9	**0.6**
Financial costs	– 1.2	– 1.9	– 0.1	– 2.7	**– 5.9**
Financial result	**– 1.0**	**– 1.4**	**0.7**	**– 3.6**	**– 5.3**
Taxes on income	**0.0**	**0.2**	**– 0.7**	**– 0.8**	**– 1.3**
Operational assets	106.8	158.7	3.1	– 0.4	**268.2**
Non-operational assets					**65.6**
Assets	**106.8**	**158.7**	**3.1**	**– 0.4**	**333.8**
Operational liabilities	24.5	18.5	46.6	0.9	**90.5**
Non-operational liabilities					**86.1**
Liabilities	**24.5**	**18.5**	**46.6**	**0.9**	**176.6**
Gross capital expenditure	6.0	11.6	1.2	0.0	**18.8**

In millions of €	January – December 2008				
	Post-acute	Acute	Other activities	Reconcili-ation	Total
Sales	261.6	185.0	28.5	– 18.3	**456.8**
Thereof total sales	264.4	186.2	31.9	0.0	**482.5**
Thereof internal sales	2.8	1.2	3.4	18.3	**25.7**
Raw materials and consumables used	– 60.6	– 52.5	– 9.4	16.9	**– 105.6**
Staff costs	– 131.5	– 90.9	– 23.7	– 3.2	**– 249.3**
Other operating expenses	– 64.3	– 23.8	– 6.5	11.2	**– 83.4**
Segment result	**5.1**	**15.8**	**– 0.2**	**– 4.9**	**15.8**
Thereof non-cash items:					
Scheduled depreciations/write-ups	– 5.6	– 13.3	– 1.0	0.0	**– 19.9**
Unscheduled depreciations/write-ups	0.0	0.0	0.0	0.0	**0.0**
Release of special item	0.2	7.7	0.0	0.0	**7.9**
Allowances	– 0.1	0.0	0.3	0.0	**0.2**
Allocation of provisions/liabilities	– 8.0	– 9.2	– 9.1	– 1.4	**– 27.7**
Release of provisions/liabilities	0.6	1.2	0.3	0.0	**2.1**
Financial revenues	0.2	0.7	1.8	– 1.8	**0.9**
Financial costs	– 2.5	– 2.6	– 0.3	– 2.2	**– 7.6**
Financial result	**– 2.3**	**– 1.9**	**1.5**	**– 4.0**	**– 6.7**
Taxes on income	**– 0.1**	**– 0.5**	**– 1.2**	**– 0.1**	**– 1.9**
Operational assets	105.9	168.5	3.0	0.0	**277.4**
Non-operational assets					**65.7**
Assets	**105.9**	**168.5**	**3.0**	**0.0**	**343.1**
Operational liabilities	24.9	18.7	45.9	5.3	**94.8**
Non-operational liabilities					**99.5**
Liabilities	**24.9**	**18.7**	**45.9**	**5.3**	**194.3**
Gross capital expenditure	6.6	11.9	1.1	0.5	**20.1**

Notes to the consolidated balance sheet

Non-current assets

(1) Intangible assets

In thousands of €	Concessions, licences	Goodwill	Payments on account	Total
Acquisition costs as at 01.01.2008	8,021	68,721	89	**76,831**
Additions	871	332	565	**1,768**
Reclassifications	617	0	– 432	**185**
Change in consolidation scope	1,437	7,300	0	**8,737**
Disposals	– 10	0	– 18	**– 28**
Acquisition costs as at 31.12.2008	**10,936**	**76,353**	**204**	**87,493**
Cumulated depreciation as at 01.01.2008	7,055	23,567	0	**30,622**
Scheduled depreciation	1,219	0	0	**1,219**
Unscheduled depreciation	0	0	0	**0**
Reclassifications	0	0	0	**0**
Change in consolidation scope	885	0	0	**885**
Disposals	– 7	0	0	**– 7**
Cumulated depreciation as at 31.12.2008	**9,152**	**23,567**	**0**	**32,719**
Balance sheet value 31.12.2008	**1,784**	**52,786**	**204**	**54,774**
Acquisition costs as at 01.01.2009	10,936	76,353	204	**87,493**
Additions	1,364	905	157	**2,426**
Reclassifications	212	0	– 212	**0**
Change in consolidation scope	0	0	0	**0**
Disposals	– 1	– 3,279	0	**– 3,280**
Acquisition costs as at 31.12.2009	**12,511**	**73,979**	**149**	**86,639**
Cumulated depreciation as at 01.01.2009	9,152	23,567	0	**32,719**
Scheduled depreciation	1,435	0	0	**1,435**
Unscheduled depreciation	0	1,332	0	**1,332**
Reclassifications	0	0	0	**0**
Change in consolidation scope	0	0	0	**0**
Disposals	0	0	0	**0**
Cumulated depreciation as at 31.12.2009	**10,587**	**24,899**	**0**	**35,486**
Balance sheet value 31.12.2009	**1,924**	**49,080**	**149**	**51,153**

Capitalised, internally developed intangible assets are not in existence.

Licences essentially consist of software.

Of the goodwill disclosed, a total of EUR 45.0 mill. (previous year: EUR 48.6 mill.) is attributable to debit differences from capital consolidation. The additions to goodwill totalling EUR 0.9 mill. relate to the doctors' practices acquired for three newly founded medical care centres. The disposal results from the elimination of subsequent acquisition costs from the investment in the Hurrle Klinik Group. These acquisition costs resulted from subsequent purchase price claims on the part of former limited partners of the Hurrle Klinik Group, whose claims for payment have since been permanently dismissed. The expenses capitalised as incidental acquisition costs at the time were offset by accumulated provisions of an equivalent amount without affecting profit or loss.

During the reporting year, within the scope of the mandatory annual impairment test for goodwill at a fair value of EUR 115.2 mill., an impairment loss totalling EUR 1.3 mill. was determined for two cash generating units (CGUs). An impairment loss of EUR 0.3 mill. resulted from the non-profit status of a hospital, the associated limitations on profit distribution, and the existing unilateral indication load, as well as increasing competition in the immediate area of the hospital. The goodwill totalling EUR 3.2 mill. and assigned to another hospital could no longer be recognised in full and had to be adjusted by EUR 1.0 mill. The reason here, in addition to a similarly mono-structural orientation, was the fact that the hospital was not included in the state hospital plan, which led to a worsening of the long-term remuneration structure.

The remaining goodwill is assigned to eight CGUs in the acute segment, whereby 78 % of the goodwill is attributable to three clinics. The recoverable amount of a CGU is determined by calculating the value in use with the earnings value method. The projected EBITs from annual planning are used, which were generated using a "bottom-up" approach and being adopted and approved by the Management Board of MediClin AG. Based on detailed planning for one year, a projection is carried out for the following year. Starting from the third subsequent year, the calculation of cash values is based on the formula of perpetuity.

The discount rate is determined on the basis of the weighted average cost of capital (WACC before tax), taking the following variables into account: a risk-free base interest rate (4.25 %), a market risk premium of 4.85 % multiplied by a Group beta coefficient of 0.68, an equity risk premium to the perpetuity of 1.0 %, weighted borrowing costs of 6.25 % minus a tax shield of 0.99 %, and a Group's capital structure of 60 to 40 (equity/borrowed capital).

Depreciation for intangible assets is not included in the book values of other assets; they are disclosed in the consolidated statement of comprehensive income under the item "Depreciation".

(2) Property, plant and equipment

In thousands of €	Land and buildings	Technical equipment and machines	Operating and office equipment	Payments on account and assets under construction	**Total**	Assets held for sale
Acquisition costs as at 01.01.2008	122,098	15,581	91,561	20,712	**249,952**	0
Additions	– 20,778	– 815	977	21,887	**1,271**	0
Reclassifications	30,816	4,772	4,868	– 40,641	**– 185**	0
Change in consolidation scope	72,762	4,246	13,490	0	**90,498**	875
Disposals	– 393	– 5	– 1,011	0	**– 1,409**	0
Acquisition costs as at 31.12.2008	**204,505**	**23,779**	**109,885**	**1,958**	**340,127**	**875**
Cumulated depreciation as at 01.01.2008	31,867	13,159	75,998	410	**121,434**	0
Scheduled depreciation	5,119	1,273	4,450	0	**10,842**	0
Unscheduled depreciation	0	0	0	0	**0**	0
Reclassifications	24	34	– 58	0	**0**	0
Change in consolidation scope	49,895	1,817	11,252	0	**62,964**	0
Disposals	0	0	– 716	0	**– 716**	0
Cumulated depreciation as at 31.12.2008	**86,905**	**16,283**	**90,926**	**410**	**194,524**	**0**
Balance sheet value 31.12.2008	**117,600**	**7,496**	**18,959**	**1,548**	**145,603**	**875**

In thousands of €	Land and buildings	Technical equipment and machines	Operating and office equipment	Payments on account and assets under construction	**Total**	Assets held for sale
Acquisition costs as at 01.01.2009	204,505	23,779	109,885	1,958	**340,127**	875
Additions	1,778	2,656	6,456	1,697	**12,587**	0
Reclassifications	309	306	796	– 1,411	**0**	0
Change in consolidation scope	0	0	0	0	**0**	0
Disposals	0	– 308	– 1,264	0	**– 1,572**	0
Acquisition costs as at 31.12.2009	**206,592**	**26,433**	**115,873**	**2,244**	**351,142**	**0**
Cumulated depreciation as at 01.01.2009	86,905	16,283	90,926	410	**194,524**	0
Scheduled depreciation	5,081	1,469	4,775	– 9	**11,316**	0
Unscheduled depreciation	0	0	0	0	**0**	200
Reclassifications	0	0	0	0	**0**	0
Change in consolidation scope	0	0	0	0	**0**	0
Disposals	0	– 308	– 1,211	0	**– 1,519**	0
Cumulated depreciation as at 31.12.2009	**91,986**	**17,444**	**94,490**	**401**	**204,321**	**200**
Balance sheet value 31.12.2009	**114,606**	**8,989**	**21,383**	**1,843**	**146,821**	**675**

Gross additions to property, plant and equipment totalling EUR 16.2 mill. relate to the modification of treatment rooms and patient rooms (EUR 1.3 mill.), the expansion of cafeterias (EUR 0.4 mill.), as well as additional expansion, capitalised renovation, maintenance and conversion work totalling EUR 1.2 mill. in various facilities. A total of EUR 4.2 mill. was invested for the acquisition of a linear accelerator and respiratory, ultrasound, monitoring and X-ray systems with accessories. An amount of EUR 2.5 mill. was spent on other medical machines and equipment. A total of EUR 1.0 mill. was invested in the modernisation and extension of EDP and telecommunications systems, and EUR 1.0 mill. in the furnishing and equipment of patient rooms, as well as EUR 0.6 mill. in the acquisition of combined heating and power stations for several facilities.

The item payments on account and assets under construction relates mainly to advance payments for new construction and conversion measures in various facilities, as well as advance payments for technical and medical machines and systems.

In accordance with IAS 20, public **subsidies and grants** for the financing of investments are deducted from acquisition and manufacturing costs of the assets subsidised or granted with a reducing effect on current depreciation and amortisation. The item largely relates to purpose-bound funds granted pursuant to the hospital financing law; the depreciated book value is EUR 94.7 mill. (previous year: EUR 98.9 mill.). Additions to subsidised assets amount to EUR 3.6 mill. (previous year: EUR 16.9 mill.). Depreciation and amortisation were reduced by the deduction of subsidies totalling EUR 7.8 mill. (previous year: EUR 7.9 mill.) of the acquisition costs. Circumstances do not exist which would give rise to the repayment of subsidies.

Finance leasing

Assets for which the MediClin Group has signed finance leasing contracts are disclosed under "Property, plant and equipment". A sale-and-lease-back agreement totalling an investment of EUR 7.6 mill. was signed in the previous year for the properties and buildings of Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG. The lease payments for the first ten years are EUR 554 thou. p.a., and afterwards they are calculated at a preliminary amount of EUR 621 thou. The finance interest rate for the first ten years was established at 5.85 % p.a. After this fixed-interest period has expired, the interest will be renegotiated.

The leased property was added to the non-current assets at the beginning of the lease agreement with a cash value of the minimum lease payments of EUR 7.6 mill., EUR 2.7 mill. of which is for property and EUR 4.9 mill. for the buildings. The net book value at the balance sheet date totals EUR 7.5 mill. (previous year: EUR 7.6 mill.). The payments due in future from finance leases, the shares of interest contained in them as well as the cash values of the future lease payments are disclosed in the following table:

In thousands of €	**31.12.2009**	**Total**	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		14,028	554	2,216	11,258
Interest component		– 6,528	– 436	– 1,670	– 4,422
Present value		**7,500**	**118**	**546**	**6,836**

In thousands of €	31.12.2008	**Total**	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		14,582	554	2,216	11,812
Interest component		– 6,971	– 443	– 1,701	– 4,827
Present value		**7,611**	**111**	**515**	**6,985**

Furthermore, four (previous year: four) additional lease agreements for medical and technical equipment, which must be qualified as finance leasing, exist. The residual terms of the agreements are less than four years. The interest rate on which the agreements are based vary between 3.8 % and 7.7 % p.a., depending on the time the contracts were signed, their term and the leasing volume. The net book values at the balance sheet date total EUR 1.1 mill. (previous year: EUR 1.7 mill.). The payments due in future from finance leases, the interest they contain as well as the present values of the future lease payments are disclosed in the following table:

In thousands of €	31.12.2009	Total	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		1,179	402	777	0
Interest component		– 124	– 61	– 63	0
Present value		**1,055**	**341**	**714**	**0**

In thousands of €	31.12.2008	Total	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		1,702	523	1,179	0
Interest component		– 214	– 89	– 125	0
Present value		**1,488**	**434**	**1,054**	**0**

(3) Other financial assets

Totalling EUR 1,470 thou. (previous year: EUR 1,763 thou.), the financial assets primarily relate to reinsurance policies from pension obligations. Two further reinsurance policies with a coverage volume of EUR 223 thou. (previous year: EUR 0 thou.) have been pledged to the insurance beneficiaries and will be deducted from the pension provisions. The profits or losses from these reinsurance policies are posted under staff costs. They are only of minor importance to MediClin.

The investments relate to shareholdings in KDC-Krankenhaus-Dienstleistungsgesellschaft Crivitz mbH (EUR 18 thou.), Müritz-Klinikum Service GmbH (EUR 13 thou.), Medusplus GmbH (EUR 13 thou.), MediServ GmbH (EUR 13 thou.) as well as in VR-LEASING ABYDOS GmbH & Co. Immobilien KG (EUR 2 thou.).

(4) Tax refund claims

This item relates to the discounted receivable from the payment of the remaining corporation tax credit, occurring as a result of the switch from the imputation system to the "half-income" rule. In accordance with the German Act on the Tax Features for the Introduction of the European Company and Amendment of Other Tax Rules (SEStEG), the receivables from the credit were capitalised in the annual financial statement to 31 December 2006. The payment of the corporation tax credit occurs over a payment period from 2009 to 2017. Based on a discount rate of 4.25 %, the amount stated will accrue to the Group starting in 2011.

(5) Deferred tax assets

Deferred tax assets result from temporary differences between the balance sheet values according to IAS and the tax values applied for the assets and debts. In accordance with IAS 12.53, deferred tax assets are not to be discounted. The relevant tax rate of 15.825 % (corporate income tax, solidarity tax) was applied.

Deferred taxes on tax loss carry-forwards were recognised on the basis of realisable loss carry-forwards as per our estimate on 31 December 2009.

The deferred tax assets were reduced from EUR 5.6 mill. to EUR 5.2 mill. They result from:

In thousands of €	Difference		Tax	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
Pension obligation	20,804	20,366	3,292	3,223
Tax loss carried forward	7,937	13,454	1,256	2,129
Interim profits of non-current assets	934	894	148	141
Current liabilities	2,450	648	388	102
Anniversary obligations	214	0	34	0
Others	341	11	54	2
			5,172	**5,597**

Current assets

(6) Inventories

Inventories are only of minor importance for MediClin as a services corporation, and are largely attributable to inventories for medical supplies (EUR 5.3 mill.; previous year: EUR 4.6 mill.), to inventories for business supplies (EUR 0.9 mill.; previous year: EUR 0.9 mill.) and to inventories for administrative supplies (EUR 0.3 mill.; previous year: EUR 0.3 mill.).

(7) Trade receivables

In thousands of €	**31.12.2009**	31.12.2008
Receivables stock	59,376	56,613
Allowance	– 3,056	– 2,659
Disclosure	**56,320**	**53,954**
thereof from receivables not yet charged	19,138	16,231
invoiced trade receivables	37,182	37,723
thereof from related-party disclosures	148	73

The residual term of receivables is less than one year.

Trade receivables are non-interest bearing and are stated at depreciated acquisition costs, which correspond to the nominal value, less an adequate estimated amount for losses on receivables. Additions to the value adjustments during the financial year are disclosed in the consolidated statement of comprehensive income under other operating expenses; releases and write-ups are disclosed under other operating income. Write-ups (reinstatement of original values) are recorded only when the reason for the individual value adjustment no longer applies. The Company is of the opinion that the book value of trade receivables and other receivables corresponds approximately with their fair value. Receivables not yet charged relate to work in process on patients whose treatment was not yet invoiced to the cut-off date.

The valuation adjustments of trade receivables developed as follows:

In thousands of €	2009	2008
Allowance as of 01.01.	2,659	2,601
Allocation		
Specific bad debts allowances	17	152
General bad debts allowances	552	209
Utilisation	– 15	– 64
Release	– 157	– 239
Allowance as of 31.12.	**3,056**	**2,659**

The balance from expenses resulting from the full write-off of receivables, as well as income from the receipt of written off receivables, resulted in expenses totalling EUR 0.5 mill. during the 2009 financial year (previous year: income totalling EUR 0.2 mill.).

In thousands of €	2009	2008
Expenses for full write-off of receivables	– 669	– 383
Recoveries of written-off receivables	132	536
	– 537	**153**

The following table presents information about delinquent receivables for which a valuation adjustment is not yet required:

Invoiced trade receivables

In thousands of €	Book value	Thereof neither value-adjusted nor delinquent to the cut-off date	Thereof not value-adjusted but delinquent for the following time-frames to the cut-off date				
			less than 1 month	between 1 and 3 months	between 3 and 6 months	between 6 and 12 months	over 12 months
As of 31.12.2009	37,182	22,013	6,265	7,628	614	528	134
As of 31.12.2008	37,723	15,126	9,214	11,396	759	660	568

Concerning receivables that are neither value-adjusted nor delinquent, there is no information at hand that indicates that the parties liable to pay will not satisfy their obligations.

(8) Receivables pursuant to hospital financing law

In thousands of €	31.12.2009	31.12.2008
Receivables stock	2,350	10,353
Allowance	– 339	– 284
Disclosure	**2,011**	**10,069**

Receivables in terms of the hospital financing law relate to claims according to the hospital financing law and compensation claims stipulated in the Federal Directive on Nursing Care Rates or the Hospital Compensation Act, respectively. According to management's assessments and past experience, the receivables were subject to adequate value adjustments. The reduction in receivables as compared to 2008 primarily concerns MediClin Müritz-Klinikum GmbH & Co. KG, Waren.

The following table presents information about delinquent receivables:

Receivables pursuant to hospital financing law

In thousands of €	Book value	Thereof neither value-adjusted nor delinquent to the cut-off date	Thereof not value-adjusted but delinquent for the following time-frames to the cut-off date				
			less than 1 month	between 1 and 3 months	between 3 and 6 months	between 6 and 12 months	over 12 months
As of 31.12.2009	2,011	2,011	0	0	0	0	0
As of 31.12.2008	10,069	10,021	0	43	0	0	5

Concerning receivables that are not value-adjusted, the Company assumes that the debtors will satisfy their obligations to pay.

(9) Other assets

In thousands of €	31.12.2009	31.12.2008
Receivables stock	3,204	4,994
Allowance	0	0
Disclosure	**3,204**	**4,994**
thereof from related-party disclosures	414	320

This item discloses financial assets, which are stated at depreciated acquisition costs. Value adjustments to account for recognisable risks were not accumulated. The residual term of the receivables is less than one year. The amounts reported are approximately equal to the present value. Receivables from related companies and parties relate to repayment claims against IVG Institutional Funds GmbH (formerly Oppenheim Immobilien Kapitalanlagegesellschaft mbH) from the preliminary financing of clinic expansions through MediClin. The bulk of the receivables are not delinquent, and there is no information at hand that indicates that the parties liable to pay will not satisfy their obligations.

(10) Tax refund claims

This item includes the portion of the receivables disclosed under item (4), which will accrue to the Group in the following year.

(11) Cash and cash equivalents

In the reporting year, the item only includes cash and bank credit balances.

(12) Assets held for sale

This is undeveloped property in Bad Schwalbach with an area of 6,733 m². The property was owned by Rehaklinik Paracelsus Bad Schwalbach GmbH & Co. KG i. L. and was taken over as part of the acquisition of the Kraichgau-Klinik Group. As an undeveloped property, the property is not subject to depreciation and amortisation. The property is evaluated at continued acquisition and manufacturing costs. The book value of the property equals the market value of which a new market value survey report was prepared in September 2009 showing a value of EUR 675 thou. (previous year: EUR 875 thou.). The book value has been adjusted according to the survey report. The book value as at 31 December 2009 equals therefore its fair value. Depreciation totalling EUR 200 thou. has been disclosed under the item other operating expenses in the consolidated statement of comprehensive income.

Despite intensive sales efforts in 2009, especially also due to the financial crisis, the property could not be sold. It has been assigned to the non-operative assets.

The following overview offers a summary of additional information about the financial instruments with respect to the book values, valuations and fair values according to valuation categories:

In thousands of €	Category in accordance with IAS 39	Book value 31.12.2009	Balance sheet recognition in accordance with IAS 39 — Depreciated acquisition costs	Fair value 31.12.2009
ASSETS				
Other loans	HtM	8	8	8
Non-current tax refund claims	LaR	453	453	453
Trade receivables	LaR	56,320	56,320	56,320
Prepaid expenses	LaR	1,313	1,313	1,313
Receivables pursuant to hospital financing law	LaR	2,011	2,011	2,011
Other assets	LaR	3,204	3,204	3,204
Current tax refund claims	LaR	76	76	76
Cash and cash equivalents	LaR	58,525	58,525	58,525
EQUITY AND LIABILITIES				
Non-current liabilities				
Liabilities to banks	FLAC	16,123	16,123	16,123
Bond issues	FLAC	0	0	0
Other finance liabilities	FLAC	10,014	10,014	10,014
Current liabilities				
Trade payables	FLAC	14,793	14,793	14,793
Liabilities to banks and insurance companies	FLAC	66,063	66,063	66,063
Other financial liabilities	FLAC	931	931	931
Liabilities pursuant to hospital financing law	FLAC	7,974	7,974	7,974
Other liabilities	FLAC	17,239	17,239	17,239
Tax liabilities	FLAC	2,122	2,122	2,122
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IAS 39				
Loans and Receivables (LaR)	**Total LaR**	**121,902**	**121,902**	**121,902**
Held-to-Maturity Investments (HtM)	**Total HtM**	**8**	**8**	**8**
Available-for-Sale Financial Assets (AfS)	**Total AfS**	**0**	**0**	**0**
Financial Assets Held for Trading (FAHfT)	**Total FAHfT**	**0**	**0**	**0**
Financial Liabilities Measured at Amortised Cost (FLAC)	**Total FLAC**	**135,259**	**135,259**	**135,259**

In thousands of €	Category in accordance with IAS 39		Book value 31.12.2008	Balance sheet recognition in accordance with IAS 39 Depreciated acquisition costs	Fair value 31.12.2008
ASSETS					
Other loans		HtM	307	307	307
Non-current tax refund claims		LaR	531	531	531
Trade receivables		LaR	53,954	53,954	53,954
Prepaid expenses		LaR	1,361	1,361	1,361
Receivables pursuant to hospital financing law		LaR	10,069	10,069	10,069
Other assets		LaR	4,994	4,994	4,994
Current tax refund claims		LaR	80	80	80
Cash and cash equivalents		LaR	57,384	57,384	57,384
EQUITY AND LIABILITIES					
Non-current liabilities					
Liabilities to banks		FLAC	21,119	21,119	21,119
Bond issues		FLAC	250	250	250
Other finance liabilities		FLAC	10,799	10,799	10,799
Current liabilities					
Trade payables		FLAC	14,633	14,633	14,633
Liabilities to banks and insurance companies		FLAC	73,916	73,916	73,916
Other financial liabilities		FLAC	0	0	0
Liabilities pursuant to hospital financing law		FLAC	10,455	10,455	10,455
Other liabilities		FLAC	18,147	18,147	18,147
Tax liabilities		FLAC	2,798	2,798	2,798
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IAS 39					
Loans and Receivables (LaR)	**Total**	**LaR**	**128,373**	**128,373**	**128,373**
Held-to-Maturity Investments (HtM)	**Total**	**HtM**	**307**	**307**	**307**
Available-for-Sale Financial Assets (AfS)	**Total**	**AfS**	**0**	**0**	**0**
Financial Assets Held for Trading (FAHfT)	**Total**	**FAHfT**	**0**	**0**	**0**
Financial Liabilities Measured at Amortised Cost (FLAC)	**Total**	**FLAC**	**152,117**	**152,117**	**152,117**

Equity

Capital management

The primary objective of the capital management of MediClin is to ensure that the Group's ability to amortise its debts and its financial substance are preserved in future, and that a capital structure that is appropriate to the business risk is maintained. MediClin AG is not subject to any external or statutory capital requirements except the minimum capital requirements according to the German Stock Corporation Act (Aktiengesetz). Financial security is essentially measured by the key data of equity and debt ratio. Components of this key data are the balance sheet total, the equity recorded in the consolidated balance sheet as well as the long-term loans from banks and insurance companies. In this context it is considered that a large part of the loans is provided by the majority shareholders of MediClin AG.

The equity ratio is used as an important key figure vis-à-vis investors, analysts, banks and rating agencies. The capital structure is managed by way of dividend disbursement policy, the issuance of new shares, liquidity optimisation through sale-and-lease-back transactions as well as the option of acquiring own shares.

In December 2008, the subscribed capital was increased by EUR 15,750,000 to EUR 47,250,000 in accordance with the resolution of the Annual General Meeting on 25 May 2005. In August 2009, the convertible bonds issued during the 2005 financial year were reimbursed and the option privileges for the acquisition of 250,000 MediClin shares resulting from the convertible bond were exercised over the counter (see Appendix (13) Subscribed capital).

Another crucial tool of capital management is the conclusion of sale-and-lease-back agreements concerning hospital property with the objective of improving the Company's liquidity and thus making it available for the expansion of the Company.

Key capital management data

In thousands of €	31.12.2009	31.12.2008
Equity	157,262	148,836
Non-current liabilities incl. deferred tax liabilities	62,115	70,352
Current liabilities incl. tax liabilities	114,402	123,913
Balance sheet total	333,778	343,101
Net financial liabilities	23,661	37,651
Equity ratio in %	47.1	43.4
Debt ratio in %	52.9	56.6

On balance, equity rose by EUR 8.4 mill., whereby the result attributable to the shareholders of MediClin AG, which increased by EUR 3.2 mill., was decisive. The exercising of option privileges from the convertible bond brought the Group an influx of equity with a net total of EUR 430 thou. The return on equity after taxes was 6.5 % (previous year: 4.8 %).

Net financial liabilities improved by EUR 14.0 mill. or 37.2 % (previous year: + EUR 31.7 mill. or 45.7 %).

(13) Subscribed capital

In thousands of €	**31.12.2009**	31.12.2008
Subscribed capital	47,250	31,500
Capital increase	250	15,750
	47,500	**47,250**

The subscribed capital (capital stock) of the parent company, MEDICLIN Aktiengesellschaft, is split up into 47,500,000 (previous year: 47,250,000) no-par value bearer shares and is paid up in full. MediClin is not subject to any external minimum capital requirements. In the context of exercising the option privileges from the convertible bond, the subscribed capital was increased by EUR 250,000.00 in the form of 250,000 new no-par value bearer shares, with each share representing EUR 1.00 of the capital stock. The shares are entitled to dividend payment from 1 January 2009. The price of the MediClin share at the time of conversion was EUR 2.92, and the conversion price was EUR 1.88. In addition to the subscribed capital being increased, the capital reserve was increased by EUR 180 thou.

(14) Capital reserve

In thousands of €	**31.12.2009**	31.12.2008
Capital reserve pursuant to Sec. 272 (2) No. 1 HGB and Sec. 150 AktG	127,708	127,528
Reserve pursuant to IFRS 2	48	48
Gains from the sale of treasury stock	1,636	1,636
	129,392	**129,212**

The capital reserve pursuant to Section 272 II No. 1 of the German Commercial Code (HGB) and Section 150 of the German Stock Corporation Act (AktG) contains amounts which were achieved above the nominal value of the issued shares. It developed in the 2009 financial year due to the capital increase in connection with the exercising of option privileges from the convertible bond as follows:

In thousands of €		31.12.2009
Carry-forward		127,528
Gross issue proceeds	470	
Transfer to subscribed capital	– 250	
Issue expenses	– 48	
Income tax on issue expenses	8	
Net addition		180
		127,708

Pursuant to IAS 32, the issue costs of an equity transaction must be recorded as a reduction of the equity. According to the regulations of German commercial and tax law, capital expenses must be recorded as expenditures during the financial year. The resulting income tax benefit has been directly credited to the equity pursuant to IAS 12.61.

(15) Revenue reserve

The consolidated revenue reserves are structured as follows:

In thousands of €	31.12.2009	31.12.2008
Legal reserve pursuant to Sec. 150 AktG	2,045	2,045
Result of the first IAS consolidation	– 1,742	– 1,742
Negative minority interests Kraichgau	– 695	– 695
Adjustment of the negative minority interests Kraichgau	409	409
	17	**17**

The legal reserve was added to MediClin AG in 1999 and equalled 10 % of the subscribed capital at that time.

(16) Consolidated balance sheet loss

The consolidated balance sheet loss developed as follows:

In thousands of €	31.12.2009	31.12.2008
Loss carry-forward	– 27,644	– 34,315
Adjustment of negative minority interests Kraichgau	66	– 409
Distribution of dividends	– 2,362	0
Result attributable to shareholders of MediClin AG	10,293	7,080
Consolidated balance sheet loss	**– 19,647**	**– 27,644**

In 2009, dividends totalling EUR 2,362,500 (EUR 0.05 per no-par value share) were paid out to the shareholders.

(17) Minority interests

The shares of other shareholders developed as follows:

Percentage of minority interests

In %	31.12.2009	31.12.2008
MediClin Krankenhaus am Crivitzer See GmbH, Crivitz	23.000	27.000
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	5.515	5.515

In the consolidated statement of comprehensive income, the result is recorded as a pro rated figure under the item result attributable to minority interests. In the 2009 financial year, the Group still applies the regulation pursuant to IAS 27.35, according to which negative minority interests are set off against the corporate equity (revenue reserve) and the consolidated statement of comprehensive income is not negatively or positively affected by the disclosure of a minority interest until there is a positive minority interest, which is then disclosed separately in the consolidated balance sheet under equity. Due to the over-indebtedness of the individual companies, the initial consolidation of the Kraichgau-Klinik Group resulted in a negative minority interest, which was set off against the revenue reserve. Pursuant to IAS 27.28 (revised 2009), from the 2010 financial year onwards, non-controlling interests must always be disclosed, even if a debit balance has been recorded.

MediClin Krankenhaus am Crivitzer See GmbH
Concerning the acquisition of shares in Crivitzer See GmbH we refer to the explanations to Appendix (20), Other financial liabilities. MediClin Krankenhaus am Crivitzer See GmbH is economically fully integrated into the MediClin Group, and consequently no minority interest exists any more.

Kraichgau-Klinik AG
The information shown concerns minority interests from shares owned by existing shareholders of Kraichgau-Klinik AG.

Non-current liabilities

(18) Liabilities to banks

Liabilities to banks are as follows:

In thousands of €	31.12.2009	31.12.2008
Liabilities to banks	16,123	21,119
thereof from acquisitions	0	525

In thousands of €	31.12.2009	31.12.2008
Liabilities to banks	20,822	33,293
less current repayment share [1]	4,699	12,174
	16,123	**21,119**
[1] Thereof from acquisitions	0	86

Loan repayments that are expected to be due in the next twelve months were allocated to current liabilities to banks.

In the previous year, an annuity loan totalling EUR 10.0 mill. was taken out. The loan has a term of four years, expiring on 30 December 2012, and is subject to a fixed annual interest rate of 4.09 % for the entire term. Interest and loan repayments are to be made at the end of each calendar quarter for the preceding quarter. The loan is collateralised by three land charges totalling EUR 11,504 thou.

Of the remaining liabilities to banks, a total of EUR 12,157 thou. (previous year: EUR 13,825 thou.) is secured through real property liens (book value: EUR 32,323 thou.; previous year: EUR 34,399 thou.). For one loan, an interest waiver was agreed upon with the creditor for the years 2009 (EUR 265 thou.) and 2010 (EUR 207 thou.). In total, interest rates for bank loans were between 2.0 % and 7.1 %. Based on the full loan amount, interest paid totalled EUR 908 thou. (previous year: EUR 1,289 thou.), which averages out to an annual interest rate of 3.4 % p.a. (previous year: 4.9 % p.a.), without taking the interest waiver of 4.4 % into account.

Interest and loan repayments on liabilities are as follows:

In thousands of € **2009**	**Total**	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on bank loans	**3,702**	656	676	1,087	1,283
Bank loan repayments	**20,822**	4,699[1]	4,279	6,475	5,369

In thousands of € 2008	**Total**	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on bank loans	**5,295**	1,291	875	1,517	1,612
Bank loan repayments	**33,293**	12,174[1]	4,616	10,380	6,123

[1] For information only

(19) Bond issues

This item discloses the convertible bond issued to the Management Board within the framework of share-based remuneration pursuant to IFRS 2. The Management Board was given the right to acquire options to MEDICLIN Aktiengesellschaft shares within the context of the subscription of a convertible bond. The options were exercised by 14 August 2009. The Management Board converted the convertible bond into 250,000 no-par value shares of MediClin AG at a conversion price of EUR 1.88. The stock market price of the MediClin share was EUR 2.92 per share on the date of conversion.

The Management Board was reimbursed with a total of EUR 4 thou. (previous year: EUR 6 thou.) in interest for the convertible bond up to the date of conversion. The Management Board was granted a loan of EUR 250 thou. for purchasing the convertible bond. The loan was subject to 5.0 % interest p.a. and was paid off upon conversion. Up to conversion it accrued interest of EUR 8 thou. (previous year: EUR 13 thou.).

This item represents a liability to related parties.

(20) Other financial liabilities

In thousands of €	31.12.2009	31.12.2008
Loans from social insurance for occupational accidents	48	110
Loans from public corporations	1,390	1,518
Loans from acquisition of remaining Crivitz shares	480	616
Liabilities from finance leases	8,096	8,555
	10,014	**10,799**

For five **loans from social insurance for occupational accidents** and two loans from **public corporations**, interest paid totalled EUR 39 thou. (previous year: EUR 44 thou.).

After completion of the second construction phase of **MediClin Krankenhaus am Crivitzer See**, the remaining 31.0 % of the company shares that are currently in the possession of the Administrative District of Parchim and the City of Crivitz are to be transferred to MediClin. In exchange, MediClin has ceded loan reimbursement claims totalling EUR 868 thou. plus interest to the Administrative District of Parchim and the City of Crivitz. This loan is subject to an annual interest rate of 5.0 %, with 4.0 % of the original loan amount of EUR 3.0 mill. amortised on a priority basis. Interest and loan repayments are capitalised as acquisition costs of the participation. In the financial year, amortisation totalled EUR 129 thou. (previous year: EUR 123 thou.) and interest payments EUR 34 thou. (previous year: EUR 41 thou.).

Liabilities from finance leasing relate to the sale-and-lease-back agreement for the real estate of Rehabilitationszentrum Gernsbach, which went into effect on 1 December 2008, as well as the leasing of medical and technical infrastructure at MediClin Herzzentrum Lahr.

Other financial liabilities are as follows:

In thousands of €	31.12.2009	31.12.2008
Other financial liabilities	10,919	11,778
Less current repayment share		
Loans from social insurance for occupational accidents	62	59
Loans from public corporations	128	126
Investment loans	120	120
Loans from acquisition of remaining Crivitz shares	136	129
Liabilities from finance leases	459	545
	10,014	**10,799**

Interest and loan repayments on liabilities will develop in the future as follows:

In thousands of € 2009	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on loans from social insurance for occupational accidents	**5**	4	1	0	0
Interest on loans from public corporations	**191**	30	27	67	67
Interest on finance leases					
Rehazentrum Gernsbach real estate	**6,528**	436	429	1,241	4,422
Herzzentrum Lahr medical-technical infrastructure	**125**	61	42	22	0
	6,849	531	499	1,330	4,489

In thousands of € 2008	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on loans from social insurance for occupational accidents	**11**	6	4	1	0
Interest on loans from public corporations	**224**	33	30	74	87
Interest on finance leases					
Rehazentrum Gernsbach real estate	**6,971**	443	436	1,265	4,827
Herzzentrum Lahr medical-technical infrastructure	**214**	89	61	64	0
	7,420	**571**	**531**	**1,404**	**4,914**

The amount of interest to be capitalised from liabilities relating to the acquisition of the remaining Crivitz shares is as follows:

In thousands of € 2009	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on acquisition of remaining Crivitz shares	**68**	**28**	**21**	**19**	**0**

In thousands of € 2008	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on acquisition of remaining Crivitz shares	**102**	**34**	**28**	**40**	**0**

In thousands of € 2009	Total	1 year or less[1]	1 to 2 years	3 to 5 years	more than 5 years
Repayments on loans from social insurance for occupational accidents	**110**	62	48	0	0
Repayments on loans from public corporations	**1,518**	128	127	363	900
Repayments on investment loans	**120**	120	0	0	0
Repayments on acquisition of remaining Crivitz shares	**616**	136	143	337	0
Repayments on finance leases					
Rehazentrum Gernsbach real estate	**7,500**	118	125	421	6,836
Herzzentrum Lahr medical-technical infrastructure	**1,055**	341	295	419	0
	10,919	**905**	**738**	**1,540**	**7,736**

In thousands of € 2008	Total	1 year or less[1]	1 to 2 years	3 to 5 years	more than 5 years
Repayments on loans from social insurance for occupational accidents	**169**	59	62	48	0
Repayments on loans from public corporations	**1,644**	126	128	367	1,023
Repayments on investment loans	**120**	120	0	0	0
Repayments on acquisition of remaining Crivitz shares	**745**	129	136	450	30
Repayments on finance leases					
Rehazentrum Gernsbach real estate	**7,612**	111	118	397	6,986
Herzzentrum Lahr medical-technical infrastructure	**1,488**	434	341	713	0
	11,778	**979**	**785**	**1,975**	**8,039**

[1] For information only

Provisions

(21) Provisions for pensions and similar commitments

Some employees were granted post-employment benefits within the scope of the Group's retirement benefit plans on the basis of ongoing pension payments. The benefits relate to old-age, disability and surviving dependants' pensions on the basis of defined contribution and benefit plans.

In thousands of €	**31.12.2009**	31.12.2008
Employee Support Fund/other pension provisions	18,648	18,190
thereof other pension provisions	407	436
Kraichgau-Klinik Group	8,122	8,127
	26,770	**26,317**
Reinsurance policies	– 223	0
	26,547	**26,317**

For the reporting year, other pension provisions are disclosed together with the provisions for the Employee Support Fund. Provisions for the Kraichgau-Klinik Group and other pension provisions are offset against various reinsurance policies with a reported premium reserve totalling EUR 1,693 thou. (previous year: EUR 1,763 thou.). Of these, two policies with a coverage volume of EUR 223 thou. (previous year: EUR 0) have been pledged to the insurance beneficiaries and will be accounted for, i.e. deducted from the calculation of pension commitments and provisions reporting. The remaining reinsurance policies (EUR 1,470 thou.; previous year: EUR 1,763 thou.), which do not fulfil the cumulative criteria for qualified insurance policies, will continue to be reported at their fair value as refund claims.

Defined benefit commitments

Up until 31 December 2001, the defined benefit commitments were processed through the **Employee Support Fund of the Combined Clinics Operations (MAUK)**. The retirement benefits accumulated by active employees up to 31 December 2001 were frozen at this status, so that the calculation of pension provisions does not include current service expense.

The pension commitments are fully allocated and were remeasured for the purpose of preparing the IFRS balance sheet. The Group's commitments encompass both current pensions and future pensions benefits. As a rule, pensions are assessed on the basis of time of service in the Company and remuneration relevant to retirement benefits. The pension provisions are subject to actuarial assessment in accordance with IAS 19 (Employee Benefits), taking future developments into account.

The following table presents the essential parameters for the calculation of the defined benefit commitments:

In %	2009	2008
Discount rate	5.00	5.00
Annual rate of expected pension increases	+ 2.00	+ 2.00
Expected income from plan assets	3.10	3.10

The 2005 mortality tables of Dr. Klaus Heubeck were used for the biometric calculations.

Actuarial gains and losses are recognised as income pursuant to the "10 % corridor approach" only if the accumulated balances of unrecognised actuarial gains and losses, at the end of the previous reporting period, exceed 10 % of the present value of the defined benefit liability at that time (before deduction of the plan assets), or 10 % of the fair value of any plan assets at that time (IAS 19.92). These limits are calculated and applied separately for each defined benefit plan. Amounts outside these limits are written down over the average remaining time of service of the persons entitled to benefits.

In the 2009 financial year, the other pension provisions for five beneficiaries so far accounted for in individual reports were combined into a single report with the MAUK pension report. The development of the pension provisions during the financial year is reflected in the following tables.

The defined benefit liability are determined as follows:

In thousands of €	2009	2008
Present value of total obligation as at 31.12.	23,801	23,179
Plan assets as at 31.12.	– 1,068	– 730
Funded status	**22,733**	**22,449**
Unamortised net loss	– 4,085	– 4,695
Defined benefit liability as at 31.12.	**18,648**	**17,754**

The following table presents the change in the present value of the total commitment in the years 2005 to 2009:

In thousands of €	2009	2008	2007	2006	2005
Present value of total obligation as at 01.01.	23,179	22,212	23,795	23,130	19,239
Effects from the amalgamation of plans	354	–	–	–	–
Service cost	8	–	–	–	–
Interest cost	1,176	1,111	1,011	983	914
Benefit payments	– 374	– 312	– 258	– 218	– 196
Settlement rate of benefit payments	– 9	– 8	– 5	– 4	– 4
Actuarial result from non-disclosure	– 533	176	– 2,331	– 96	3,177
Present value of total obligation as at 31.12.	**23,801**	**23,179**	**22,212**	**23,795**	**23,130**

The pertaining plan assets developed as follows:

In thousands of €	2009	2008	2007	2006	2005
Plan assets at fair value as at 01.01.	729	1,063	1,384	1,598	1,754
Effects from the amalgamation of plans	22	–	–	–	–
Expected return from plan assets	23	33	42	67	60
Contributions to the plan assets	630	–	–	–	–
Benefit payments	– 349	– 312	– 258	– 218	– 196
Expected value of plan assets	**1,055**	**784**	**1,168**	**1,447**	**1,618**
Gains/losses from expected and actual plan assets	13	– 55	– 105	– 63	– 20
Fair value of assets as at 31.12.	**1,068**	**729**	**1,063**	**1,384**	**1,598**

The following actuarial experience adjustments were made due to:

In thousands of €	2009	2008	2007	2006	2005
Balance changes in the present value of pension claims	– 533	176	151	– 96	692
Changes in evaluation parameters	0	0	– 2,481	0	2,485
Changes in plan assets	13	– 55	– 105	– 63	– 20

The actual benefit payments of the plan assets, as well as the interest received as of 31 December 2009, are as follows:

In thousands of €	2009	2008
Actual benefit payments	400	353
Actual interest income	29	26

Pursuant to Section 12 of the Byelaws of the Employee Support Fund, the assets of the non-profit association are to be invested profitably and may only be used for the purposes of the association and administration costs.

Overview of the composition of the plan assets to the cut-off date:

In %	31.12.2009	31.12.2008
Fixed income funds	10.4	13.6
Money market funds	9.0	12.6
Fixed interest securities	21.5	30.8
Fixed deposits	38.3	16.5
Current accounts	20.8	26.5
Plan assets (MAUK)	**100.0**	**100.0**

The entire result recorded in the annual expenses is posted to personnel expense and is structured as follows:

In thousands of €	2009	2008
Settlement rate of current service cost	8	0
Interest cost	1,176	1,111
Return of plan assets	– 23	– 33
Expected benefit payments	– 24	0
Interest on benefit payments	– 9	– 8
Contribution to the plan assets	– 630	–
Actuarial gains/losses	140	132
	638	**1,202**

A change in interest rate of +/– 0.5 % would affect the present value of the total obligations as well as the service and interest costs as follows:

	4.5 %	5.0 %	5.5 %
Present value of total obligations as at 31.12.	26,310	23,801	21,624
Current service cost	9	8	8
Interest cost	1,175	1,176	1,178

In the upcoming financial year, an anticipated EUR 1.3 mill. will be paid into this pension plan.

The pension provisions of the **Kraichgau-Klinik Group** are attributable to the acquisition of the majority of shares of Kraichgau-Klinik AG in 2008. Within the scope of the transition, the existing commercial law-related pension provisions were also stated in actuarial terms according to the projected unit credit method pursuant to IAS 19 (Employee Benefits), taking future developments into account. For risk coverage, reinsurance policies with a reported premium reserve totalling EUR 1,547 thou. (previous year: EUR 1,635 thou.) have been acquired. Of the reinsurance claims, one policy has been pledged to the beneficiary and will be accounted for as liabilities or plan assets in the calculation of benefit obligations. The parameters for the calculation of the defined benefit commitments correspond to those applied to the calculation of commitments for the Employee Support Fund/other pension provisions. Actuarial gains and losses are also recognised as income pursuant to the "10 % corridor approach".

The net pension provisions are determined as follows:

In thousands of €	2009	2008
Present value of total obligations as of 31.12.	8,160	8,230
Fair value of plan assets as at 31.12.	– 197	0
Funded status	**7,963**	**8,230**
Adjustment amount due to non-recognised actuarial gains/losses	159	– 103
Net pension provisions as of 31.12.	**8,122**	**8,127**

The development of present value of the total obligations is as follows:

In thousands of €	2009	2008
Present value of total obligations as of 01.01.	8,230	9,675
Service cost	106	149
Interest cost	400	453
Benefit payments	– 490	– 472
Disposal of assets	0	– 1,678
Gains/losses from anticipated and actual total obligations	– 86	103
Present value of total obligations as of 31.12.	**8,160**	**8,230**

The 2009 plan assets pertain to the pledged reinsurance policy.

Actuarial experience adjustments were made in the reporting year as well as previous years due to:

In thousands of €	2009	2008
Balance changes in the present value of pension claims	86	45
Changes in evaluation parameters	0	58
Changes in plan assets	177	0

The following annual expenses have been posted to personnel expenses:

In thousands of €	2009	2008
Service cost	103	106
Interest cost	396	400
Actuarial gains/losses	8	0
	507	**506**

A change in interest rate of +/– 0.5 % would affect the present value of the total obligations as well as the service and interest costs as follows:

	4.5 %	5.0 %	5.5 %
Present value of total obligations as at 31.12.	8,661	8,160	7,706
Current service cost	115	103	95
Interest cost	379	396	411

In the upcoming financial year, an anticipated EUR 0.5 mill. will be paid into the pension plans of the Kraichgau-Klinik Group.

Other pension provisions are of minor significance and relate to three pension plans with pension commitments concerning five persons, two of whom are already receiving old-age benefits, which continue to amount to EUR 25 thou. The present values of total obligations amount to EUR 351 thou. (previous year: EUR 354 thou.). The calculation parameters for these defined benefit commitments correspond to those applied to the calculation of other commitments. For the reporting year and in subsequent years, they will be disclosed with the provisions for the Employee Support Fund.

Contribution-oriented pension commitment

As a contribution-oriented pension commitment, MediClin pays an annual contribution of EUR 200.00 into MediClinRent as the pension insurance scheme (basic care) for its active employees up to the age of 65, who have served the Company for five years (cut-off date 31 December of the respective year) and who have completed their 28th year of age. The amount is adjusted to the rising cost of living (by an annual maximum of 1.5 %). Furthermore, MediClinRent offers entitled employees the possibility to build up a private pension (additional retirement benefit) consisting of portions of their gross salary (maximum EUR 2,496.00 per year).

MediClin transfers these amounts directly to the MediClin Support Fund. Recover insurance taken out with a life insurance company secures the Support Fund payments. MediClinRent honours employees’ own initiatives respecting their future pensions and increases the pension contribution by 20 % or at least by an annual amount of EUR 50.00 and a maximum annual amount of EUR 100.00, as long as the contributions are not subject to social security (retirement provision bonus). As a precondition, the annual gross salary must fall below the income threshold of the statutory pension insurance.

These defined contribution plans do not involve the recording of a provision. The respective expenses in the reporting year totalled EUR 788 thou. (previous year: EUR 689 thou.). As membership in MediClinRent requires a minimum employment period of five years, employees of the Kraichgau-Klinik Group have not been taken into account here.

Employees at **Krankenhaus am Crivitzer See GmbH** are entitled to retirement benefits (additional pension benefits) from the Federal Pension Fund (VBL). The financing of the eastern German accounting section of the VBL has gradually evolved since 1 January 2004, from the "pay-as-you-go" system to a capital funding-based system. In addition to an allocation valued at 1% of the additional pension premium for financing the current benefit payments, additional premiums are raised through the capital funding principle, which are to be borne by employers and employees in an equal split. Due to rate change adjustments for federal, state and local authorities, from 1 January 2010 employers pay a uniform contribution in addition to the premium amounting to 4 % of the additional pension premium (2 % employer contribution and 2 % employee contribution). In 2008 and 2009, and depending upon the rate group classification, a contribution of 1% or 4 % was to be made for the capital funding procedure. Starting in 2010, all newly acquired entitlements will be fully financed through capital funding. Further details on the Federal Pension Fund assets can be found in the VBL Annual Report, published on its website (http://www.vbl.de). Pursuant to IAS 19, retirement benefits on the basis of independent public supplementary pension funds are to be generally classified as defined benefit plans, since individual benefits of pension fund to former employees of the member companies are not contingent on the amounts paid in. As the employees of a large number of member companies are insured through the VBL, this form of retirement benefit is regarded as a multi-employer plan to which the special regulations of IAS 19 apply.

As the information required for detailed calculation of the share of future payment commitments attributable to the MediClin Krankenhaus am Crivitzer See GmbH is not in place, the recording of a provision is not admissible pursuant to IAS 19. Consequently, in accordance with IAS 19.30, the commitments are to be accounted for analogous to defined contribution plans.

Current contribution payments are disclosed as retirement benefit expenses in the operative result for the respective years. Contribution payments to VBL total EUR 23 thou. (previous year: EUR 25 thou.). If membership in the VBL continues, upon payment of current contributions, no further commitments arise respecting the Krankenhaus am Crivitzer See GmbH.

(22) Other provisions

In thousands of €	As at 01.01.2009	Addition	Consumption	Reversal	As at 31.12.2009
Provisions for renewal of lease agreements	2,333	31	0	0	2,364
Provisions for partial retirement	702	435	296	44	797
Provisions for anniversary obligations	1,244	220	165	1	1,298
Provisions for archival storage	636	0	0	0	636
Provisions for insurance and other risk costs	5,556	971	3,510	440	2,577
	10,471	**1,657**	**3,971**	**485**	**7,672**

Interest accretions incurred are included in the additions column.

The provision for the renewal of lease agreements relates to the costs for the commitment concerning the renewal as well as the maintenance and repair of a clinic's leased items and premises. The outflow is anticipated following the expected expiration of the long-term rental contracts in 2011 – unless future contract extensions occur. Additions totalled EUR 25 thou. in 2009 (previous year: EUR 24 thou.).

The remaining additions relate to EUR 6 thou. (previous year: EUR 9 thou.) in conjunction with the leasing of MVZ Leipzig. The future reinstatement costs were discounted with an interest rate of 5.5 % and capitalised as incidental acquisition costs.

The increase in amounts relating to provisions for partial retirement is accrued at the time of the agreement in the amount of their utilisation. The amounts accrued within the scope of the block model, during the employment phase, are accrued and carried as a liability to the amount of the discounted unpaid amount. An anticipated total of EUR 131 thou. will be drawn upon in 2010, EUR 368 thou. in 2011 to 2013, and EUR 82 thou. in the two following years.

The provisions for anniversary obligations concern other non-current payable benefits pursuant to IAS 19. The provisions have been calculated according to the projected unit credit method, taking as a basis the same parameters used in the calculation of the pension provisions. An increase or decrease in the interest rate of 0.5 % would result in a reduction of the provisions by EUR 39 thou. or a rise of EUR 41 thou., respectively. Of the provisions for anniversary obligations, an estimated EUR 138 thou. will be used in the 2010 financial year and EUR 1,160 thou. in the subsequent years.

The interest shares included in the provisions for partial retirement and for anniversary obligations are posted to staff costs.

The provisions for archival storage relate to the accrued costs for the legal obligation to retain business records. These will not be discounted, as the legal obligation to retain business records begins with the creation of these records, and thus, from the outset, there is no time period for which a discount is to be applied. On balance, consumption of this provision is not anticipated for the 2010 financial year, or the subsequent years, as consumption and new additions will total about the same amount.

The consumption and release of provisions for insurance and other risk costs primarily includes the acquisition costs for subsequent purchase price claims on the part of former limited partners of the Hurrle Klinik Group, whose claims for payment have been dismissed definitively.

It is not anticipated that the remaining provisions will be consumed in the coming year.

(23) Deferred tax liabilities

As with the deferred tax assets, the deferred tax liabilities are also based on the relevant tax rate of 15.825 % (corporation tax, solidarity surcharge). As at 31 December 2009 and the previous year's cut-off date, the deferred tax liabilities are as follows:

In thousands of €	Difference		Tax	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
Allowances of anniversary obligations/provisions for partial retirement	205	218	33	35
Tax goodwill depreciation	9,745	8,602	1,542	1,361
Tax depreciation on property, plant and equipment	577	0	91	0
Others	579	2	92	0
			1,758	**1,396**

Current liabilities

The current liabilities disclosed under this item are due in less than one year and are stated at their repayment amount or depreciated acquisition costs, which substantially correspond to the present values.

(24) Current liabilities to banks and insurance companies

Current liabilities to banks and insurance companies relate primarily to liabilities to insurance companies. This represents maturity loans with fixed-interest rates to three insurance companies, which themselves are shareholders or subsidiaries of shareholders of the Company and, hence, are included under related-party disclosures. Collateral for these loans totalling EUR 61,355 thou. exists in the form of a pledge of shares in an affiliated company (book value: EUR 158,834 thou.). The loans are subject to annual interest rates of 6.8 %. They are due to expire on 31 July 2010. In the reporting year, interest paid totalled EUR 4,208 thou. (previous year: EUR 4,233 thou.). In 2010, interest paid will total an estimated EUR 2,434 thou. until repayment is complete.

The liabilities to banks totalling EUR 4,699 thou. relate to the reclassification, in the reporting year, of redemption payments expected in the coming 12 months, from non-current to current. This item also includes deferred interest totalling EUR 9 thou.

(25) Other financial liabilities

These primarily concern the current portion of the figure disclosed under the non-current other financial liabilities. The corresponding figures for the previous year are shown for information purposes. In the previous year, they were recorded under other liabilities.

In thousands of €	31.12.2009	31.12.2008
Finance leasing	459	545
Other loans	446	434
Outstanding interest and loan repayments	26	22
	931	**1,001**

(26) Liabilities pursuant to the hospital financing law

Liabilities pursuant to the hospital financing law relate to flat rate subsidiaries, pursuant to the local provisions on hospital financing, which have not yet been used for this purpose, as well as compensation obligations pursuant to the Federal Nursing Rate Regulation or the Hospital Compensation Act.

(27) Other liabilities

They mainly relate to the following:

In thousands of €	31.12.2009	31.12.2008
Staff costs	9,206	9,464
Wage and value-added taxes payable	3,208	3,318
Public charges and fees	484	684
Payments received	175	53
Energy costs	108	508
Restructured loan repayments[1]	0	1,001
Other liabilities	4,058	3,119
	17,239	**18,147**

[1] In 2009, separate listing under current financial liabilities (25).

(28) Provisions

In thousands of €	As at 01.01.2009	Addition	Consumption	Reversal	As at 31.12.2009
Provisions for costs of annual financial statement	996	941	798	79	1,060
Provisions for billing risks and litigation	2,968	3,180	449	1,479	4,220
	3,964	**4,121**	**1,247**	**1,558**	**5,280**

Provisions for costs incurred for the annual financial statements take into account the anticipated costs (auditing, tax consulting, printing and publication costs) of the Group and the subsidiaries.

Provisions for billing risks and litigation are due to, among other things, inspections by the Medical Review Board of the Statutory Health Insurance Funds, pursuant to Section 275 of the German Social Security Code V (SGB) and Section 17 c of the hospital financing law, as well as possible repayment obligations pursuant to Section 4 (10) of the German Hospital Remuneration Law (KHEntgG).

(29) Tax liabilities

Tax liabilities totalling EUR 2.1 mill. (previous year: EUR 2.8 mill.) primarily include corporation tax and solidarity surcharge payable to the tax authorities. They cover the commitments of the current financial year and of the previous years.

Notes to the consolidated statement of comprehensive income

(30) Sales

All sales of the Group were generated domestically. They are distributed as follows:

In millions of €	2009	2008
Post-acute	237.2	230.6
Acute	190.2	184.6
Nursing care	10.7	10.7
Others	32.5	30.9
Sales revenues	**470.6**	**456.8**
thereof against related parties	2.2	1.5

The development of revenues is presented in the summarised management report and Group management report.

Other sales include revenues from outpatient services. These increased due to the larger number of medical care centres to EUR 11.9 mill. (previous year: EUR 10.7 mill.). Furthermore, in addition to service revenues, other sales include revenues from the sale of pharmacy merchandise totalling EUR 1.3 mill. (previous year: EUR 1.5 mill.), from private accommodation totalling EUR 3.5 mill. (previous year: EUR 3.8 mill.) and from cafeterias, kiosks and meals totalling EUR 4.6 mill. (previous year: EUR 4.2 mill.).

Revenues from related parties relate to compensation for the real estate management of rented clinics, as well as sales from post-acute and acute and nursing care services with private insurance companies.

(31) Other operating income

Other operating income disclosed in the consolidated financial statements mainly relates to grants received in accordance with the hospital financing law (KHG), public grants received, off-period income from the release of provisions totalling approximately EUR 2.2 mill. (previous year: EUR 1.3 mill.) and rental income.

(32) Raw material and consumables used

The raw materials and consumables used totalled EUR 107.4 mill., which was EUR 1.8 mill. or 1.7 % above the previous year's level (previous year: EUR 105.6 mill.). The costs of raw materials and supplies decreased as compared to 2008, by 1.7 %; the cost of purchased services rose by 6.6 %. The cost of materials ratio was 22.8 % (previous year: 23.1 %).

(33) Staff costs

Staff costs of EUR 255.2 mill. rose by 2.4 % as compared to the previous year's total of EUR 249.3 mill. The ratio improved to 54.2 %, following 54.6 % in the previous year. Pension expenses incurred in addition to those for statutory pension insurance, including contribution payments to external provider facilities, totalled EUR 4.0 mill. (previous year: EUR 3.4 mill.).

(34) Depreciation and amortisation

In the 2009 financial year, depreciation and amortisation totalled EUR 14.1 mill. (previous year: EUR 12.1 mill.), with EUR 2,767 thou. (previous year: EUR 1,219 thou.) attributable to intangible assets and EUR 11,316 thou. (previous year: EUR 10,842 thou.) to property, plant and equipment. The depreciation rate rose by 0.4 percentage points to 3.0 % (previous year: 2.6 %).

(35) Other operating expenses

Most attributable to other operating expenses are with EUR 46.2 mill. rental and leasing expenses for real estate and medical equipment (previous year: EUR 45.1 mill.). Some EUR 40.5 mill. (previous year: EUR 40.0 mill.) thereof concerns payments to related parties pursuant to IAS 24, of which EUR 39.7 mill. (previous year: EUR 39.2 mill.) relates to rental payments for 21 clinics transferred to a real estate fund and leased back during the years 1999 and 2002. A total of EUR 0.8 mill. (previous year: EUR 0.8 mill.) is attributable to real estate management. An overview of future rental payments is presented under other financial obligations.

Altogether, other operating expenses rose by EUR 3.0 mill. to EUR 86.4 mill. as compared to the previous year (previous year: EUR 83.4 mill.). The expense ratio increased slightly from 18.3 % to 18.4 %. In addition to rental costs, other operating expenses include primarily maintenance and repair costs totalling EUR 15.3 mill. (previous year: EUR 13.5 mill.), insurance expenses totalling EUR 3.1 mill. (previous year: EUR 2.9 mill.), legal and advisory costs totalling EUR 4.0 mill. (previous year: EUR 3.8 mill.), public charges and fees totalling EUR 1.1 mill. (previous year: EUR 1.1 mill.), as well as other expenses totalling EUR 16.7 mill. (previous year: EUR 17.0 mill.), which include numerous expenses with values which are only of immaterial importance in each individual case.

(36) Financial result

The financial result is structured as follows:

In thousands of €	2009	2008
Other financial revenues	599	938
Other financial costs	– 5,943	– 7,601
	– 5,344	**– 6,663**

The underlying financial instruments for interest income and interest expenses are evaluated at depreciated acquisition costs and assigned to the category "Loans and receivables" pursuant to IAS 39.

In thousands of €	2009	2008
Income from participations	11	0
Interest and similar revenues	588	938
Thereof from		
Receivables	127	157
Current account balances, fixed deposits, overnight money	433	781
Other interest-related revenues	28	0
Other financial revenues	**599**	**938**
thereof against related parties	8	12

In thousands of €	2009	2008
Interest on loans	5,231	7,004
Interest cost for litigation expenses	0	199
Commitment fees	76	32
Interest on convertible bonds	4	6
Interest on finance leases	541	142
Other interest-related expenses	91	218
Other financial costs	**5,943**	**7,601**
thereof against related parties	4,212	5,544

An overview of future interest expenses is presented in the section on non-current liabilities.

(37) Taxes on income

The taxes on income are structured as follows:

In thousands of €	2009	2008
Actual taxes on income	472	1,452
Deferred taxes on income	787	411
	1,259	**1,863**

In the 2009 financial year, the reduced loss carried forward resulting from a modified ownership structure led to a non-cash expenditure of EUR 715 thou.

Reconciliation of earnings before taxes on income to tax expense is as follows:

In thousands of €	2009	2008
Result before tax	11,618	9,136
thereof calculational tax charge	1,839	1,446
Tax effect of:		
Reduction of loss carried forward due to altered ownership structure	715	0
Change in loss carried forward due to altered tax results for the previous year	– 856	0
Loss carried forward for current year	– 84	0
Corporation tax credit SEStEG	3	– 55
Non-deductible expenses	3	223
Taxes previous years	– 254	0
Others	– 107	249
Actual tax expenses	**1,259**	**1,863**

In calculating the tax provisions for 2007 and 2008, a higher use of the loss carried forward was assumed.

(38) Earnings per share

The undiluted earnings per share are calculated by dividing the profit attributable to equity holders by the average number of shares issued during the financial year, with the exception of treasury stock held by the Company.

	2009	2008
Result attributable to equity holders (in thousands of €)	10,293	7,080
Average number of shares issued (in thousands)	47,346	32,447
Earnings per share undiluted (in €)	0.22	0.22

The diluted earnings per share take into account the potentially diluting number of shares from the convertible bonds issued. The calculation assumes the exercising of subscription rights at the beginning of the financial year, at the price most favourable for the executing party, whereby the net profit is adjusted for interest expense and the tax effect.

In thousands of €	**2009**	2008
Result attributable to equity holders	10,293	7,080
Interests of convertible bond	4	6
Current or rather deferred taxes on interests	– 1	– 1
Result to define earnings per share diluted	**10,296**	**7,086**
Average number of shares issued (in thousands)	47,346	32,447
Stock option (in thousands)	154	250
Adjustment for assumed conversion of convertible bond (in thousands)	154	250
Average number of shares for the earnings per share diluted (in thousands)	47,500	32,697
Earnings per share diluted (in €)	0.22	0.22

Other disclosures

Number of employees

The average number of employees, based on full-time staff and excluding the Management Board, managing directors and trainees, is as follows:

Shown in full-time employees	2009	2008	Change
Medical	672	662	+ 10
Nursing care	1,843	1,871	– 28
Medical-technical	1,345	1,319	+ 26
Functional	354	336	+ 18
Medical services	**4,214**	**4,188**	**+ 26**
Support functions	883	917	– 34
Technical	112	100	+ 12
Administration	487	482	+ 5
Other	70	66	+ 4
Non-medical services	**1,552**	**1,565**	**– 13**
	5,766	**5,753**	**+ 13**

Contingencies and other financial obligations

The Group's total obligations arising from rental and leasing contracts, as well as fixed incidental expenses, totalled EUR 45.6 mill. in the reporting year (previous year: EUR 44.6 mill.). Of this amount, a total of EUR 39.7 mill. (previous year: EUR 39.2 mill.) is attributable to real estate rented over the long term. Due to contractual design, the respective 21 long-term leasing contracts qualify as operating leases pursuant to IAS 17. The underlying rental contracts are due to expire on 31 December 2027. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer pricing index (i.e. a maximum of 2 % per year).

From 2005 to 2007, rental reductions of approximately EUR 7 mill. p.a. were granted for ten of the leased properties. In connection with these rent reductions, performance-based repayment (rental allowance) was agreed upon which is contingent on the achieving of certain economic performance parameters on the part of the clinics included in the fund. The performance parameter is the sum total of audited earnings before interest and tax (EBIT) of all 21 rented clinics during a financial year. The amount of the rental allowance is 50 % of the amount by which the EBIT total of the respective financial year exceeds a critical value. In all, the maximum potential rental allowance is limited to rent reductions of about EUR 21 mill. MediClin AG issued a payment guarantee, vis-à-vis the acquirer and lessor, concerning the rental payments plus operating costs relating to these rental contracts, which were initially concluded by the subsidiaries up to 2024, and in 2004 extended by another three years up to 31 December 2027. The obligation in connection with the real estate management agreements made in the rental contracts totalled EUR 0.8 mill. in the financial year (2010: EUR 0.8 mill.; 2011–2014: EUR 3.2 mill.; 2015–2027: EUR 10.4 mill.). The expenses for other rentals and leases totalled EUR 2,387 thou. (previous year: EUR 2,096 thou.).

In all, future obligations concerning significant rental and lease contracts for real estate are as follows:

In millions of €	**Nominal value 31.12.2009**	Nominal value 31.12.2008
Remaining term up to 1 year	41.6	41.2
Remaining term 1–5 years	162.0	160.9
Remaining term > 5 years	520.5	555.2
	724.1	**757.3**

Leasing expenses relating to movable property, such as vehicles, office equipment and medical technology, totalled EUR 2,801 thou. (previous year: EUR 2,543 thou.) in the financial year. The terms of leasing agreements are between two and a maximum of five years. As the agreements were renewed on a revolving basis, MediClin assumes that the Group will incur total obligations from these rental and leasing agreements at respective comparable amounts in the coming years.

It is estimated that existing obligations on the balance sheet date will develop as follows:

In millions of €	**Nominal value 31.12.2009**	Nominal value 31.12.2008
Remaining term up to 1 year	1.5	1.6
Remaining term 1–5 years	2.3	2.4
Remaining term > 5 years	0.0	0.2
	3.8	**4.2**

Leasing liabilities related to finance lease agreements feature the following payment structure for minimum lease payments:

In millions of €	Nominal value 31.12.2009	Nominal value 31.12.2008
Remaining term up to 1 year	0.9	1.1
Remaining term 1 – 5 years	3.0	3.4
Remaining term > 5 years	13.1	13.6
	17.0	**18.1**

Furthermore, the individual clinics have customary obligations from laboratory, pharmaceutical, cleaning and catering contracts, as well as from contracts for medicine and sterile products supply, for laundry service and supply, for power, heating and air-conditioning, and other maintenance agreements.

In association with the leasing agreement between Rehabilitationszentrum Gernsbach and the lessor VR-LEASING ABYDOS GmbH & Co. Immobilien KG, MediClin AG has submitted a declaration on subrogation, obligating itself to enter into the leasing agreement in the event that the lessee's financial situation deteriorates to such an extent that endangers the fulfilment of the agreement.

There were no other significant contingencies or financial obligations as of the cut-off date.

Declarations of surety

To authorise a medical care centre in the form of a legal entity under private law, one condition is that the partners submit directly liable suretyships for receivables from the Associations of Statutory Health Insurance Physicians and coverage providers to the medical care centre for services performed by statutory health service physicians. MediClin GmbH & Co. KG submitted the required suretyships for the medical care centres it operates.

Financial risk management

Within the framework of it business activities, the Group is primarily exposed to **credit risk**, as well as to **liquidity and refinancing risks**. A **credit risk** means the risk of a contracting partner's inability to pay, or deterioration of the contracting party's credit standing. As MediClin generates almost all of its sales (approximately 98 %) with pension insurance institutions, as well as with statutory and private health insurance funds, this risk is considered to be low. The **liquidity risk** relates to the risk of MediClin not being able to meet its current or future payment obligations to the full extent or within the time stipulated. A **refinancing risk** is a special form of the liquidity risk, which arises when the liquidity required cannot be provided at the expected terms and conditions. Prudent liquidity management comprises maintaining sufficient liquid assets resources, in addition to an adequate volume of approved lines of credit, as well as, in the medium term, the ability to issue securities on the market.

To strengthen the liquidity position as well as provide sufficient financing resources for external growth, a capital increase was conducted in the previous year totalling 50 % of the registered share capital. As a result of the capital increase, the Group received funds totalling approximately EUR 38 mill.

As the business environment in which the Group operates has seen increased dynamics in the past years, management aims to retain the required flexibility in financing capacity through an adequate volume of unused lines of credit. A further measure to cover these risks is the Group-wide liquidity provision based on central cash pool management. Available liquid assets are invested in the form of short-term time deposits. In addition, there exists an **interest rate risk** due to the potential changes in market interest rates. This risk is counteracted by purchasing appropriate maturities.

The **maximum exposure to default risk** is represented by the book value of each financial asset as reported in the balance sheet. Because the counterparties to the receivables are prime financial institutions, the Group does not expect any counterparties to fail to meet their obligations. Consequently, the Group considers that its maximum exposure to default risk is reflected by the amount of trade receivables and other current assets, net of valuation adjustments, recognised as of the cut-off date. Loans totalling EUR 61,355 thou. to insurance companies, which are shareholders of MEDICLIN Aktiengesellschaft, are due and payable on 31 July 2010.

Supervisory Board in the 2009 financial year

Günter Schlatter (Chairman), Cologne (until 12 August 2009)
Member of the Management Board of the RAG Foundation, Essen
Supervisory Board mandates:
Chairman of the Supervisory Board
- Litos Immobilien AG, Munich

Member of the Supervisory Board
- DIC Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main
- RAG AG, Herne

Dr. Jan Boetius, Munich (since 31 August 2009), Chairman (since 23 September 2009)
Member of the Supervisory Board
- DKV Deutsche Krankenversicherung AG

Hans Hilpert[1] (Vice Chairman), Kirkel
Sports Therapist, MediClin GmbH & Co. KG, Blieskastel branch

Michael Bock, Düsseldorf
Member of the Management Board of Provinzial Rheinland Versicherung AG, Düsseldorf
Supervisory Board mandates:
Chairman of the Supervisory Board
- Avenue des Arts 35 S.A., Brussels

Vice Chairman of the Supervisory Board
- Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG, Berlin
- GRR AG, Erlangen
- Litos Immobilien AG, Munich

Member of the Supervisory Board
- DIC Asset AG, Frankfurt am Main
- DIC Capital Partners Beteiligungs GmbH, Munich
- DIC Capital Partners Verwaltungs GmbH, Munich
- DICP Capital SE, Munich
- MUK Kapitalbeteiligungsgesellschaft mbH, Cologne
- Handwerksbau Niederrhein Aktiengesellschaft, Düsseldorf

Dr. Daniel von Borries, Munich
Member of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf
Supervisory Board mandates:
Chairman of the Supervisory Board
- KarstadtQuelle Versicherungs AG, Nuremberg
- KarstadtQuelle Lebensversicherungs AG, Nuremberg
- KarstadtQuelle Krankenversicherungs AG, Nuremberg
- Vorsorge Lebensversicherung AG, Hilden

Member of the Supervisory Board
- KarstadtQuelle Bank AG, Neu-Isenburg (until January 2009)
- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, Munich

[1] Employee representative on the Supervisory Board

Gerd Dielmann[1], Berlin
Trade Union Secretary at the Federal Office of ver.di

Prof. Dr. Erich Donauer[1], Plau am See
Medical Director, MediClin GmbH & Co. KG, Krankenhaus Plau am See branch

Walburga Erichsmeier[1], Blomberg (until 31 December 2009)
Medical Technical Assistant, MediClin GmbH & Co. KG, Horn-Bad Meinberg branch

Carsten Heise, Neuss
Lawyer and Managing Director of Deutsche Schutzvereinigung fur Wertpapierbesitz e.V., Düsseldorf
Member of the Advisory Board
- Institut für Vermögensaufbau (IVA) AG, Munich

Member of the Creditor's Committee:
- WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft, Frankfurt am Main
- WCM Beteiligungs- und Verwaltungs GmbH & Co. KG, Frankfurt am Main
- WCM Beteiligungs- und Verwaltungs GmbH, Frankfurt am Main
- WAPME Systems AG, Düsseldorf

Dr. Jochen Messemer, Cologne
Member of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf
Chairman of the Management Board of ERGO International AG, Düsseldorf
Member of the Management Board of DKV Deutsche Krankenversicherung AG, Cologne
Supervisory Board and Administrative Board mandates:
Chairman of the Supervisory Board
- Storebrand Helseforsikring AS, Oslo (until 27 February 2009)
- ArztPartner almeda AG, Munich (until 30 June 2009)
- ERGO Grubu Holding A.S., Istanbul (since 26 June 2009)
- MedWell Gesundheits-AG, Cologne

Chairman of the Administrative Board
- DKV Belgium S.A., Brussels (until 30 September 2009)
- DKV Luxembourg S.A., Luxembourg (until 30 September 2009)
- DKV Globality S.A., Luxembourg (until 31 March 2009)
- ERGO Italia S.p.A., Milan
- ERGO Previdenza S.p.A., Milan (since 17 July 2009)
- ERGO Assicurazioni S.p.A., Milan

Member of the Supervisory Board
- D.A.S. Allgemeine Rechtsschutz-Versicherungs-AG, Munich
- Europäische Reiseversicherung AG, Munich (since 6 May 2009)
- Österreichische Volksbanken AG, Vienna (since 28 May 2009)

Member of the Administrative Board
- DKV Seguros y Reaseguros S.A. E., Saragossa (until 25 May 2009)
- ERGO Generales Seguros y Reaseguros, S.A., Madrid (until 25 May 2009)
- ERGO Vida S.A., Saragossa (until 25 May 2009)
- Union Medica la Fuencisla S.A. Compania de Seguros, Saragossa (until 25 May 2009)

[1] Employee representative on the Supervisory Board

Klaus Müller[1], Oberthal
Sports and Recreational Therapist, MediClin GmbH & Co. KG, St.Wendel branch

Udo Rein[1], Frankfurt am Main
Lawyer and Managing Director of Marburger Bund, Landesverband Hessen, Frankfurt am Main

Dr. Hans Rossels, Kall
Managing Director of Kreiskrankenhaus Mechernich, Mechernich
Chairman of the Supervisory Board
- Gemeinnützige Gesellschaft der Franziskanerinnen zu Olpe mbH, Olpe
- Marienhospital Brühl GmbH, Brühl

Member of the Supervisory Board
- Katholische Kranken- und Altenhilfe Rhein-Sieg gGmbH, Troisdorf

Member of the Administrative Board
- Deutsche Krankenhausverlagsgesellschaft (DKVG), Düsseldorf

Supervisory Board Committees

General and Personnel Committee
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Gerd Dielmann
Hans Hilpert
Dr. Jochen Messemer

Audit Committee
Dr. Daniel von Borries (Chairman)
Michael Bock
Prof. Dr. Erich Donauer
Walburga Erichsmeier
(until 31 December 2009)
Carsten Heise
Klaus Müller

Mediation Committee pursuant to Section 27 MitbestG
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Hans Hilpert
Dr. Jochen Messemer
Udo Rein

Nomination Committee
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Carsten Heise
Dr. Hans Rossels

[1] Employee representative on the Supervisory Board

Advisory Board

The Advisory Board of MediClin deals with questions concerning development in the health care sector, in particular, relating to future health policy and the economic organisation of medical care in acute-care hospitals and medical rehabilitation facilities. The Advisory Board consists of seven members. It is appointed by the Management Board, with the consent of the Supervisory Board, for a period of two years.

Dr. Jörg W. Knorn (Chairman)

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

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

Irmtraut Gürkan, Business Director of the Universitätsklinikum Heidelberg

Dr. Andreas Köhler, Chairman of the Management Board of the National Association of Statutory Health Insurance Physicians

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

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

Management Board

The following persons were members of the MEDICLIN Aktiengesellschaft Management Board during the 2009 financial year:

Dr. Ulrich Wandschneider, Chairman of the Management Board, Hamburg
Vice President of Bundesverband Deutscher Privatkliniken e.V., Berlin
Member of the Supervisory Board of Vanguard AG, Berlin (since 15 December 2009)

Frank Abele, Chief Financial Officer, Gerlingen

Management remuneration

In the reporting year, remuneration for the Management Board totalled EUR 1,748 thou. (previous year: EUR 1,572 thou.), for the Supervisory Board EUR 116 thou. (previous year: EUR 83 thou.) and for the Advisory Board EUR 70 thou. (previous year: EUR 65 thou.). The disclosure of the remuneration of the Supervisory Board and Advisory Board does not include VAT.

In the 2009 financial year, as in 2008, there were no loans to members of the Supervisory Board.

Within the scope of a convertible bond subscription, one member of the Management Board was entitled to acquire options for up to 250,000 ordinary shares at a price of EUR 1.88 each (EUR 0.88 thereof as a cash payment) until 21 February 2010, at the latest. The options were exercised by 14 August 2009. The stock market price of the MediClin share was EUR 2.92 per share on the date of conversion.

For information on the structure of newly granted share appreciation rights to members of the Management Board in 2009, please see the details included in the section "Accounting policies". In 2009, a total of EUR 162.0 thou. was added to the non-current provisions for this purpose, which has been charged to staff costs.

Disclosures pursuant to Section 314 (1) No. 6 a sentence 5 – 9 of the German Commercial Code (HGB), and further disclosures on management remuneration and loans to members of the Management Board and Supervisory Board, as well as the structure of the remuneration system and individual remuneration, are presented in the summarised management report and Group management report of MediClin AG under the section "Report on compensation".

Report concerning related parties pursuant to IAS 24

Related parties are considered both individuals and legal entities, which either control or can exert a substantial influence over MediClin AG as a reporting entity, or one of its subsidiaries. Moreover, related parties include individuals or legal entities, which are either controlled by MediClin AG or one of its subsidiaries, or upon which MediClin AG or one of its subsidiaries can exert substantial influence, either directly or indirectly.

Business relations to related parties are handled at normal market conditions and amount to the following:

In millions of €	2009	2008
Income		
Revenues from post-acute, acute and nursing care services	1.8	1.1
Real estate management income	0.4	0.4
Expenses		
Leasing expenses	40.3	39.2
Real estate management costs	0.8	0.8
Insurance premiums	0.8	0.9
Fee payments for capital increase	–	0.5
Interest expenses	4.2	5.5
Service contracts	4.7	4.2

In millions of €	2009	2008
Receivables		
Repayment claims from preliminary financing of clinic expansions / building measures	0.4	0.3
Receivables from post-acute, acute and nursing care services	0.1	0.0
Loan to Management Board	0.0	0.3
Liabilities		
to insurance companies	61.4	61.4
Convertible bond	0.0	0.3
Service contracts	0.4	0.6

Related parties

Günter Schlatter, Chairman of the Supervisory Board until 12 August 2009, was a member of the Supervisory Board of IVG Institutional Funds GmbH, Wiesbaden, with which extensive leasing business exists, along with two associated contracts concerning real estate and real estate management. Within the scope of these contracts, MediClin retains repayment claims against IVG Institutional Funds GmbH from the preliminary financing of clinic expansions and other construction measures. The corresponding expenses and income are disclosed in the consolidated statement of comprehensive income under other operating expenses or sales; liability items still open are disclosed in the balance sheet under trade payables or trade receivables and other assets. A detailed presentation of leasing activities can be found under contingencies and other financial obligations.

The Supervisory Board member Michael Bock is a member of the Management Board of Provinzial Rheinland Versicherung AG, which holds direct voting rights in MediClin AG. The Supervisory Board members Dr. Daniel von Borries and Dr. Jochen Messemer are members of the Management Board of ERGO Versicherungsgruppe AG and executive officers of subsidiaries of Münchener Rückversicherungs-Gesellschaft AG, which holds indirect voting rights in MediClin AG.

Dr. Jan Boetius is a member of the Supervisory Board of DKV Deutsche Krankenversicherung AG (DKV). Larger financing and credit relationships exist with DKV as well as Victoria Lebensversicherung AG, Düsseldorf, which are both subsidiaries of Münchener Rückversicherungs-Gesellschaft AG, Munich. Provinzial Rheinland Versicherung AG and the two subsidiaries of Münchener Rückversicherungs-Gesellschaft AG named above have provided MediClin AG with three loans totalling EUR 61.4 mill. The loans carry the same conditions and are to be repaid in 2010. These actuarial loans have existed since 2005 at a constant amount. The interest rate was lowered on 31 July 2009 from 6.9 % to 6.8 % p.a. Collateral for these loans exists in the form of a pledge of shares in a Group company. Interest expense recorded in the consolidated statement of comprehensive income for the three loans totalled EUR 4,208 thou. (previous year: EUR 4,233 thou.); the corresponding liability items are posted in the balance sheet under current financial liabilities. Furthermore, several insurance agreements continue to exist with subsidiaries of ERGO Versicherungsgruppe. In addition, very marginal revenues in post-acute, acute and nursing care services were generated from activities with three health insurance companies which are also part of the ERGO Versicherungsgruppe. These revenues represent less than 0.4 % of sales.

Through the acquisition of Kraichgau-Klinik AG, Landesbank Baden-Württemberg (LBBW) was classified as a related party in 2008, as LBBW provided the Chairman of the Supervisory Board, as well as two further members of the Advisory Board of Kraichgau-Klinik AG. As of 31 December 2009, this no longer applies.

The loan to the Management Board and the convertible bond related to the share-based remuneration granted to the Management Board. The options were exercised by 14 August 2009. The Management Board converted the convertible bond into 250,000 no-par value shares of MediClin AG at a conversion price of EUR 1.88. The stock market price of the MediClin share was EUR 2.92 per share on the date of conversion. Until the option privileges were exercised, EUR 4 thou. was paid in interest, and EUR 8 thou. was received in 2009. Within the scope of exercising the option privileges, a total of EUR 0.5 mill. was paid in additional payment, loan repayment and interest on the part of the Management Board. For further details, please see the Report on compensation in the summarised management report and Group management report.

Related companies

In addition to business relationships to fully consolidated companies included in the consolidated financial statements, relationships exist to five companies of MediClin AG, which, in line with the materiality principle, are not included in the consolidated financial statements of MediClin AG. These companies are local service enterprises which were founded by four clinics and into which have been outsourced specific services such as catering, cleaning and administrational tasks, as well as medical services. The services purchased from these enterprises totalled EUR 4.7 mill. (previous year: EUR 4.2 mill.).

Since December 2008, a finance leasing contract exists with VR-LEASING ABYDOS GmbH & Co. Immobilien KG in the scope of a sale-and-leaseback agreement concerning the property and real estate of Rehabilitationszentrum Gernsbach / Schwarzwald GmbH & Co. KG, which holds a capital share of 47 % in VR-LEASING ABYDOS GmbH & Co. Immobilien KG. Payments for finance leasing obligations total EUR 0.6 mill. p.a.

Within the scope of its normal business activities, MediClin AG has business relationships with Vanguard AG, Berlin. At the Annual General Meeting on 15 December 2009, Dr. Ulrich Wandschneider was elected member of the Supervisory Board. Noteworthy sales did not take place between the date of his appointment and 31 December 2009.

Conformity declaration concerning the German Corporate Governance Code in accordance with Section 161 AktG

The conformity declaration of MediClin AG, pursuant to Section 161 AktG, has been, and continues to remain, accessible on a permanent basis in the respective updated version on the Company’s website. The current conformity declaration has also been included in the corporate governance declaration, pursuant to Section 289 a HGB, which is also accessible on the Company’s website.

Auditor's fees

The fees paid to the audit firm for annual auditing activities and other services were recorded as expense in the financial year at the following amounts:

In thousands of €	2009	2008
Annual audit	514	507
Other attestation or validation services	0	0
Tax consulting services	0	0
Other services	13	98
	527	**605**

Proposed appropriation of earnings

From the balance sheet profit of MEDICLIN Aktiengesellschaft as at 31 December 2009, amounting to EUR 14,079,842.76, it is proposed that:

- EUR 2,375,000.00 be used for the payment of a dividend of EUR 0.05 per share on the 47,500,000 shares carrying dividend rights, and
- the remaining EUR 11,704,842.76 be carried forward to the new accounting period.

Offenburg, 1 March 2010

Dr. Ulrich Wandschneider

Frank Abele

Responsibility statement by the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements of MEDICLIN Aktiengesellschaft give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report and Group management report 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.

Offenburg, 1 March 2010

Dr. Ulrich Wandschneider

Frank Abele

Auditor's report

We have audited the consolidated financial statements prepared by MEDICLIN Aktiengesellschaft, Offenburg, comprising the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statement, together with the combined management report and Group management report for the business year from 1 January 2009 to 31 December 2009. The preparation of the consolidated financial statements and the combined management report and Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315 a Abs (paragraph) 1 HGB, are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report and Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements, in accordance with the applicable financial reporting framework and in the combined management report and Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system, and the evidence supporting the disclosures in the consolidated financial statements and the combined management report and Group management report, are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315 a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group, in accordance with these requirements. The combined management report and Group management report is consistent with the consolidated financial statements and, as a whole, provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Freiburg, 3 March 2010

BDO Deutsche Warentreuhand AG
Wirtschaftsprüfungsgesellschaft

(Preis)	(ppa. Sendlinger)
Wirtschaftsprüfer	Wirtschaftsprüferin

Further information

Contents

DR. JAN BOETIUS Chairman of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

In the 2009 financial year, the Supervisory Board took great care in fulfilling its duties as mandated by law, the Articles of Incorporation and the Rules of Procedure. The Supervisory Board provided counsel routinely to the Management Board and accompanied and monitored its management of the Company. We have convinced ourselves of the legality and regularity of corporate management as well as of the efficiency and profitability of the organisation. The Management Board reported regularly to the Supervisory Board, both verbally and in writing, on the economic situation and development of the Company, as well as on important business processes, in a prompt and comprehensive fashion. These reports included, in particular, information about the development of the financial position, the staff situation, the status of investment projects as well as essential questions regarding corporate planning and strategy. A focus was also placed on the analysis of possible effects from the economic and financial crisis on the sales and earning power of MediClin. Furthermore, the Supervisory Board was concerned with the risk situation and risk management, as well as the compliance programme and legal management of the corporation.

At five rotational Supervisory Board meetings, the Management Board thoroughly fulfilled its reporting duties with regard to the aforementioned topics. The Supervisory Board also assembled for an extraordinary session before the start of the Annual General Meeting. The Supervisory Board was directly involved at an early stage in all decisions of fundamental significance for the Company. We fully performed our duties and made the required decisions as mandated by law, the Articles of Incorporation and the Rules of Procedure.

Outside of the meetings, the Management Board kept us informed in writing and verbally about important events. Moreover, important topics and upcoming decisions were dealt with in regular discussions between the Chairman of the Management Board and the Chairman of the Supervisory Board. The Chairman of the Management Board regularly informed the Chairman of the Supervisory Board about significant events outside of the meetings. We did not exercise the option of using our inspection right according to Section 111 (2) of the German Stock Corporation Act (AktG), as the reporting of the Management Board gave no reason to do so.

No possible conflicts of interest arose for the members of the Management Board or Supervisory Board in the reporting year. Where such conflicts of interest do occur, they must be disclosed immediately to the Supervisory Board and reported at the Annual General Meeting.

Corporate governance

In the Supervisory Board meeting on 23 March 2009, the Management Board and Supervisory Board jointly adopted the updated conformity declaration pursuant to Section 161 of the German Stock Corporation Act (AktG).The current conformity declaration is published on the MediClin website, as are all previous declarations.

Information on the corporate governance in the Group as well as a detailed report on the total amounts and structure of remuneration for the Supervisory Board and the Management Board can be found on pages 39 ff. and 153 f. of the Annual Report.

The Supervisory Board examined its efficiency

The members of the Supervisory Board examined the efficiency of their work in the 2009 financial year, on the basis of a questionnaire drawn up by the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. Furthermore, the Supervisory Board extensively discussed the results of the questionnaire in its meeting on 14 December 2009.

Meetings and resolutions of the Supervisory Board

The current development of occupancy rates, sales and earnings in the Group, the segments and selected individual clinics – also in regard to possible effects from the economic and financial crisis – were a constant component of the Supervisory Board meeting consultations. Also at all of these meetings, the Supervisory Board members oversaw the status of upcoming or currently implemented investment and acquisition projects. In 2009, with only a few exceptions, members of the Supervisory Board participated in all of the Supervisory Board meetings.

At the first meeting of the reporting year, on 23 March 2009, the Supervisory Board discussed in detail the 2008 annual financial statements and consolidated financial statements, already verified by the Audit Committee in the presence of the auditors, before endorsing them. In so doing, it followed the recommendation of the Audit Committee. The annual financial statements were thereby approved. The Supervisory Board also approved, the proposal to the Annual General Meeting of a dividend payout of EUR 0.05 per share. In so doing, the Supervisory Board sanctioned the proposal of the Management Board on the payment of a dividend, after discussing in detail the proposal on the allocation of the unappropriated profit with the Management Board on the basis of the criteria checklist submitted to, and approved by, the Audit Committee. The 2009 conformity declaration was also discussed and adopted, along with the agenda for the Annual General Meeting held on 27 May 2009. In this context, the Supervisory Board decided – after obtaining a statement of independence from the intended auditor and the resulting recommendation from the Audit Committee – to propose to the Annual General Meeting that BDO Deutsche Warentreuhand

Aktiengesellschaft Wirtschaftsprüfungsgesellschaft be appointed as auditor and Group auditor for the 2009 financial year. Furthermore, the Chairman of the Supervisory Board, in his function as Chairman of the General and Personnel Committee, informed the Supervisory Board about the proposed resolutions regarding the amount of the Management Board's profit-sharing bonuses for 2008; payment of the profit-sharing bonuses for the Management Board members was approved. After a detailed consultation, the Supervisory Board also followed the recommendations of the General and Personnel Committee, and approved a sustainable incentive programme as a long-term, value-based remuneration for the Management Board. In this context, the Supervisory Board also approved an extension of the existing employment contracts and revised the tenure for both Management Board members until 31 December 2013. Further Supervisory Board meeting topics were the extension of the insurance loans and the requirements of the German Accounting Law Modernisation Act (BilMoG). In addition, the Supervisory Board approved the appointment of Dr. Andreas Köhler, Chairman of the Association of Statutory Health Insurance Physicians (KBV), as a member of MediClin's Advisory Board.

Before the Annual General Meeting on 27 May 2009, the Supervisory Board decided to convene at short notice and resolved not to place the following items on the agenda: the resolution on the creation of Authorised Capital I and II and the resolution to acquire and use treasury shares, after preceding discussions had revealed that the necessary majorities for approving these resolutions could not be obtained. In the Supervisory Board meeting following the Annual General Meeting, the Management Board reported on the current course of Group business, on acquisition opportunities and on the existing privatisation reluctance on the part of hospitals due to budget increases and the as-yet acceptable budgetary situation on the part of public providers.

In the meeting on 12 August 2009, the Supervisory Board was informed about the development of business during the first half of 2009, as well as the current status of the acquisition projects. The subjects of the meeting on 13 November 2009 were the business performance for the first nine months of 2009, as well as proposals for health care service reform included in the new federal government's coalition agreement. In this meeting, the Supervisory Board also approved revised Rules of Procedure pursuant to the modified version of the German Corporate Governance Code from 18 June 2009, as well as new legal regulations. Additionally, the 2010 financial calendar was approved.

In the Supervisory Board meeting on 14 December 2009, the Supervisory Board was informed by the Management Board, comprehensively and in detail, about the corporate and business development planned for 2010 and the necessary measures for these plans. In order to further increase the efficiency of the Supervisory Board's working methods, a decision was made to adapt the Supervisory Board's procedural rules regarding the composition and responsibilities of the committees. In addition, the Supervisory Board approved the appointment of Wilfried Gleitze, former First Director of the Deutsche Rentenversicherung (DRV) Westfalen, as a member of MediClin's Advisory Board.

Delegation of tasks in the Supervisory Board committees proved to be effective

In order to perform its tasks, the Supervisory Board set up a total of four committees, which effectively support the work of the full board. The committees prepared the resolutions of the Supervisory Board as well as the topics covered by the Supervisory Board. In individual cases, the decision-making powers of the Supervisory Board were transferred to the committees, where legally permissible. This division of responsibilities promotes the efficiency of the Supervisory Board's working methods and has proved to be effective in practice. With the exception of the Audit Committee, the Supervisory Board Chairman presides over all the committees.

The Audit Committee convened five times during the reporting year. On 4 March 2009, it held intensive consultations with the Management Board and the auditors on the preliminary financial statements for 2008, and on 23 March 2009, it discussed in detail the final financial statements for 2008. In its meeting on 23 March 2009, it verified the independence of the annual auditor, recommended the Supervisory Board to approve the annual financial statements and expressed recommendations regarding the choice of auditor for 2009 and the allocation of the unappropriated profits from 2008. In further meetings, the Audit Committee studied the possible effects of the financial and economic crisis on MediClin, discussed the interim reports with the Management Board, and approved the audit planning for 2009, including the audit focal points. The summary report on risk management and internal auditing was submitted to the members of the Audit Committee.

The General and Personnel Committee convened once during the reporting year. On 23 March 2009, it dealt with matters of the Management Board. Based on calculation methods approved in 2008, it established the amount of profit-sharing bonuses for the Management Board for 2008.

The Mediation Committee and the Nomination Committee did not have to convene in the year under review.

Changes in Supervisory Board and the Management Board

On 12 August 2009, Günter Schlatter resigned as member and Chairman of the Supervisory Board of MediClin AG. On 31 August 2009, the District Court Freiburg i. Br. appointed Dr. Jan Boetius as his successor. Dr. Jan Boetius was elected on 23 September 2009 as Chairman of the Supervisory Board.

On 31 December 2009, the Supervisory Board member of the employee representatives, Walburga Erichsmeier, resigned from the board. She was succeeded by substitute member Uwe Rohde.

There were no changes in Management Board members during the 2009 reporting year.

Annual financial statements and consolidated financial statements

The annual financial statements of MEDICLIN Aktiengesellschaft and the consolidated financial statements prepared by the Management Board for the 2009 financial year, including the accounting records and the summarised management report and Group management report of the Company, were audited by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. The audit firm was elected to be the auditor of the annual financial statements and consolidated financial statements for the 2009 financial year at the Annual General Meeting on 27 May 2009, and commissioned with the audit by the Supervisory Board. The annual auditors issued an unqualified auditor's report on the 2009 annual financial statements of MEDICLIN Aktiengesellschaft and the 2009 consolidated financial statements, as well as on the summarised management report and Group management report.

The consolidated financial statements and the summarised management report and Group management report were prepared in accordance with the International Financial Reporting Standards (IFRS),
as valid in the EU, as well as the supplementary commercial provisions pursuant to Section 315 a (1) of the German Commercial Code (HGB).

The audit documents and the auditor's reports, as well as the reports of the Audit Committee and the Management Board's proposal for the appropriation of the balance sheet profit, were presented to the Supervisory Board for inspection in a timely manner.

The Supervisory Board intensively discussed and examined the annual financial statements of MEDICLIN Aktiengesellschaft, the consolidated financial statements, and the summarised management report and Group management report issued by the Management Board, under consideration of the results of the Audit Committee. The auditors attesting to the report as signatories attended the Supervisory Board meeting, at which the annual financial statements were approved. They reported on significant audit findings and confirmed that there were no weaknesses in the internal control system or the risk management system. They were available for questions and supplementary information. Based on their own examination, the Audit Committee and the Supervisory Board concurred with the results of the audit issued by the annual auditor, with respect to the annual financial statements of MEDICLIN Aktiengesellschaft and the consolidated statements. In accordance with the final result of their own examination, they did not raise any objections. The Supervisory Board endorsed the individual and consolidated financial statements, the summarised management report and Group management report prepared by the Management Board. The annual financial statements are thereby approved. The Supervisory Board extensively discussed the Management Board's proposal on the allocation of the unappropriated profits and after its own examination, came to the conclusion that a dividend should be paid out. In the opinion of the Supervisory Board, the stable profit situation of the Company, despite the economic and financial crisis, permits this cash outflow. The Supervisory Board considers the suggested dividend to be appropriate; therefore, we have supported the Management Board's proposal on the allocation of the unappropriated profits.

The Supervisory Board would like to thank the Management Board and all MediClin employees for their performed work and extraordinary personal commitment during the 2009 financial year.

Cologne, 25 March 2010

On behalf of the Supervisory Board

Dr. Jan Boetius
Chairman of the Supervisory Board

Corporate governance report

The key elements of good corporate governance are efficient cooperation between the Management Board and the Supervisory Board, openness and transparency in corporate communications, as well as a management approach focused on increasing shareholder value over the long term.

The Management Board and the Supervisory Board of MediClin AG endorse the introduction and continuous development of the German Corporate Governance Code, which the Government Commission initially published on 26 February 2002, and last revised on 18 June 2009.

Conformity declaration

On 25 March 2010, the Management Board and the Supervisory Board of MediClin AG submitted a new conformity declaration regarding the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act (AktG). The declaration is published on the corporate website and is also part of the Corporate Governance Declaration pursuant to Section 289 a of the German Commercial Code (HGB), which is also published on the corporate website (www.mediclin.de/investor-relations).

Management and controlling bodies of MediClin AG

In accordance with the requirements specified in the German Stock Corporation Act, MediClin AG's Management Board consists of two persons, and its Supervisory Board consists of twelve persons. Pursuant to the German Co-Determination Law, the Supervisory Board is made up in equal parts of representatives of the shareholders and the employees.

Independence of the corporate bodies

In accordance with the Rules of Procedure of the Supervisory Board, the principle of independence applies to the representatives of the shareholders in the Supervisory Board.

Some members of the Supervisory Board hold, or held, leading positions at other companies with which MediClin maintained business relationships during the past year. The business transactions were, and are, performed applying the arm's length principle and, therefore, do not affect the independence of the Supervisory Board members, in the opinion of MediClin.

Detailed information about business connections can be found in the Notes to the consolidated financial statements (Other disclosures/Report concerning related parties pursuant to IAS 24).

Tasks of the Supervisory Board and the committees

A description of the working methods of the Management Board and the Supervisory Board, as well as the composition and working methods of the committees are part of the Corporate Governance Declaration. This is published on the corporate website (www.mediclin.de/investor-relations) pursuant to Section 289 a of the German Commercial Code (HGB).

Share transactions of the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board are obliged, pursuant to Section 15 a of the Securities Trading Act (WpHG), to disclose the acquisition or sale of securities of MEDICLIN AG if the value of the transactions performed by the members or a related party equals or exceeds the amount of EUR 5,000 within one calendar year.

In the 2009 financial year, the following transactions were reported:

Dr. Ulrich Wandschneider	Chairman of the Management Board
Date:	14 August 2009
Shares:	ISIN DE0006595101
No. of items	250,000
Type of transaction:	Acquisition through option exercise
Price per share:	EUR 1.88
Total amount traded:	EUR 470,000.00
	Over the counter

Dr. Ulrich Wandschneider	Chairman of the Management Board
Date:	18 August 2009
Shares:	ISIN DE0006595101
No. of items	225,000
Type of transaction:	Sale
Price per share:	EUR 3.02
Total amount traded:	EUR 679,500.00
	Over the counter

At the Annual General Meeting on 13 November 2000, a programme was adopted governing the issue of convertible bonds. The respective authorisation was valid for five years and expired in November 2005. In 2005, 50,000 convertible bonds were subscribed by the Chairman of the Management Board, Dr. Ulrich Wandschneider. These entitled him to the subscription of 250,000 MediClin AG shares following a two-year blocking period, and with the provision that certain hurdles were exceeded. The options were exercised by 14 August 2009. A member of the Management Board converted the convertible bond into 250,000 no-par value shares of MediClin AG at a conversion price of EUR 1.88. The stock market price of the MediClin share was EUR 2.92 per share on the date of conversion. A new programme has not been presented.

Total holdings of MediClin AG shares held by all members of the Management Board and the Supervisory Board on 31 December 2009 amounted to less than 1% of the shares issued by the Company.

Communications with shareholders

Corporate communications at MediClin pursue the objective of informing the public promptly and transparently about the development of the Group. Shareholders and potential investors can read and – if they wish – download press releases and ad hoc announcements, as well as consolidated financial statements, interim reports and further detailed information on our website.

The annual financial statements are presented to the public at the financial statements press and analysts' conference in March each year. The Annual General Meeting normally takes place in Frankfurt in May. Within the scope of investor relations activities, individual talks are held with investors and relevant conferences attended.

Treasury stock

MediClin holds no treasury stock at present.

Report on compensation

The report on compensation is oriented on the recommendations of the German Corporate Governance Code and includes information which, pursuant to the requirements of the German Commercial Code extended by the Act on the Disclosure of Management Board Remuneration (VorstOG) enacted on 11 August 2005 and by the Act on the Appropriateness of Management Board Remuneration (VorstAG) enacted on 19 June 2009, is a component of the notes pursuant to Section 314 HGB or the management report, pursuant to Section 315 HGB.

As the main features and organisation of the Management Board remuneration system, including the remuneration figures, have already been presented in the summarised management report and Group management report of MEDICLIN Aktiengesellschaft, the notes to the consolidated financial statements of MEDICLIN Aktiengesellschaft and the notes to the annual financial statements of MEDICLIN Aktiengesellschaft, another account of this information is not provided here.

The main features of the remuneration system for the Supervisory Board and the individual and itemised components of the remuneration are also presented in the summarised management report and Group management report in the details under Report on compensation. In 2009 no member of the Supervisory Board was paid for individual performance, in particular, consulting and mediation services, nor were they granted benefits.

Total compensation in 2009 (excluding VAT) amounts to EUR 116,318.93 (previous year: EUR 83,084.95). Performance-based (variable) compensation amounts to EUR 33,233.98, since at the Annual General Meeting on 27 Mai 2009, a dividend payout of EUR 0.05 per share was approved for the 2008 financial year (EUR 2,556.46 for each per cent of the dividend that is distributed above a percentage rate of 4 %, calculated on the amount of capital stock).

The individual remuneration of the Supervisory Board members was as follows:

In € excluding VAT	Remuneration	Performance-based remuneration	Total 2009	Total 2008
Günter Schlatter, Cologne (Chairman) (until 12.08.2009)	8,521.54	5,112.92	**13,634.46**	12,782.30
Dr. Jan Boetius, Munich (since 31.08.2009) (Chairman since 23.09.2009)	4,260.76	0	**4,260.76**	–
Hans Hilpert (Vice Chairman)	6,391.15	2,556.46	**8,947.61**	6,391.15
Michael Bock	6,391.15	2,556.46	**8,947.61**	6,391.15
Dr. Daniel von Borries	6,391.15	2,556.46	**8,947.61**	6,391.15
Gerd Dielmann	6,391.15	2,556.46	**8,947.61**	6,391.15
Prof. Dr. Erich Donauer	6,391.15	2,556.46	**8,947.61**	6,391.15
Walburga Erichsmeier	6,391.15	2,556.46	**8,947.61**	6,391.15
Carsten Heise	6,391.15	2,556.46	**8,947.61**	6,391.15
Dr. Jochen Messemer	6,391.15	2,556.46	**8,947.61**	6,391.15
Klaus Müller	6,391.15	2,556.46	**8,947.61**	6,391.15
Dr. Hans Rossels	6,391.15	2,556.46	**8,947.61**	6,391.15
Udo Rein	6,391.15	2,556.46	**8,947.61**	6,391.15
Total	**83,084.95**	**33,233.98**	**116,318.93**	**83,084.95**

D&O insurance

MediClin AG took out an assets liability group insurance for the members of the Management Board and the Supervisory Board on behalf of the Company's interest. The insurance covers the liability risk in the event that the group of persons is made liable for assets losses incurred in the performance of its activities. Should such an event occur, a maximum deductible of EUR 15,000.00 applies for each member of the Management Board and the Supervisory Board.

The deductibles for the Management and Supervisory Boards will be adapted to the new regulations of the Act on the Appropriateness of Management Board Remuneration (VorstAG) within the designated transition period ending on 30 June 2010.

Remuneration of the Advisory Board

The MediClin Advisory Board is engaged in matters concerning development in the health care sector, in particular, regarding the future design of the medical supply in acute-care hospitals and post-acute facilities, in terms of health policy and economy. Each member of the Advisory Board receives attendance fees of EUR 10 thou. per year. Furthermore, all expenses arising from the execution of the mandate as well as the VAT payable for the fees are reimbursed.

The remuneration totalled EUR 70 thou. in the 2009 financial year (2008: EUR 65 thou.). The disclosure of the remuneration of the Advisory Board does not include VAT.

Control and risk management system

MediClin's risk management system ensures that risks are identified at an early stage and, if necessary, respective measures are introduced to eliminate the risks. The Management Board reports to the Supervisory Board on existing risks and their development on a regular basis. The risk management system will be continuously enhanced and adapted to changing conditions. Detailed information on this, as well as on the internal control system regarding the financial reporting process can be found in the summarised management report and Group management report under the chapter risk and opportunity report.

Audit of financial statements

The annual and interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), whereas the financial statements of MediClin AG, which are required by law and are decisive for the dividend payment, are prepared in accordance with the provisions of the German Commercial Code (HGB). The annual financial statements are verified by auditors and approved by the Supervisory Board. The annual consolidated financial statement is made available to the public within 90 days after the end of the financial year; the interim consolidated financial statements within 45 days after the end of the quarter.

The auditor, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, reports all the significant audit findings and events arising from the audit to the Chairman of the Audit Committee and the Supervisory Board immediately. Furthermore, the auditor is obliged to inform the Supervisory Board and to record in the auditor's report respectively if facts are discovered in the course of the audit which reveal any inaccuracies in the conformity declaration adopted by the Management Board and Supervisory Board, pursuant to Section 161 of the German Stock Corporation Act (AktG).

Corporate decision-making bodies

Management Board

Dr. Ulrich Wandschneider
Chairman of the Management Board

Frank Abele
Chief Financial Officer

Supervisory Board

Günter Schlatter
Chairman (until 12 August 2009)
Member of the Management Board of the RAG Foundation, Essen

Dr. Jan Boetius
Court-appointed Member (since 31 August 2009)
Chairman (since 23 September 2009)

Hans Hilpert[1]
Vice Chairman
Sports Therapist, MediClin GmbH & Co. KG, Blieskastel branch

Michael Bock
Member of the Management Board of Provinzial Rheinland Versicherung AG

Dr. Daniel von Borries
Member of the Management Board of ERGO Versicherungsgruppe AG

Gerd Dielmann[1]
Trade Union Secretary at the Federal Office of ver.di

Prof. Dr. Erich Donauer[1]
Medical Director, MediClin GmbH & Co. KG, Krankenhaus Plau am See branch

Walburga Erichsmeier[1]
Medical Technical Assistant, MediClin GmbH & Co. KG, Horn-Bad Meinberg branch (until 31 December 2009)

[1] Employee representative on the Supervisory Board

Carsten Heise
Lawyer and Managing Director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.

Dr. Jochen Messemer
Member of the Management Board of ERGO-Versicherungsgruppe AG

Klaus Müller[1]
Sports and Recreational Therapist, MediClin GmbH & Co. KG, St. Wendel branch

Udo Rein[1]
Lawyer and Managing Director of Marburger Bund, Landesverband Hessen

Uwe Rohde[1]
Physical Therapist,
Reha-Klinik GmbH & Co. KG Soltau
(since 1 January 2010)

Dr. Hans Rossels
Managing Director of the Kreiskrankenhaus Mechernich

Supervisory Board Committees

General and Personnel Committee
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Gerd Dielmann
Hans Hilpert
Dr. Jochen Messemer

Audit Committee
Dr. Daniel von Borries (Chairman)
Michael Bock
Prof. Dr. Erich Donauer
Walburga Erichsmeier
(until 31 December 2009)
Carsten Heise
Klaus Müller

Mediation Committee pursuant to Section 27 MitbestG
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Hans Hilpert
Dr. Jochen Messemer
Udo Rein

Nomination Committee
Günter Schlatter (Chairman)
(until 12 August 2009)
Dr. Jan Boetius (Chairman)
(since 23 September 2009)
Carsten Heise
Dr. Hans Rossels

[1] Employee representative on the Supervisory Board

Advisory Board

Dr. Jörg W. Knorn
Chairman

Dr. Andreas Tecklenburg (Spokesman)
Vice President and Member of the Presidium Responsible for the Division of Patient Care at the Medizinische Hochschule Hannover

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

Wilfried Gleitze
Former First Director of the Deutsche Rentenversicherung (DRV) Westfalen

Irmtraut Gürkan
Business Director of the Universitätsklinikum Heidelberg

Dr. Andreas Köhler
Chairman of the Management Board of the National Association of Statutory Health Insurance Physicians

Dr. Brigitte Mohn
Chairwoman of the Management Board of Stiftung Deutsche Schlaganfallhilfe

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

Members of Management Boards of affiliated companies

Dr. Ulrich Wandschneider
- MediClin Geschäftsführungs-GmbH
- MediClin Medizinisches Versorgungszentrum GmbH
- MVZ MediClin Bonn GmbH (since 27 August 2009)
- Yvonne Mobilien-Leasing GmbH
- Kraichgau-Klinik Aktiengesellschaft

Frank Abele
- MediClin Geschäftsführungs-GmbH
- MC Service GmbH
- Cortex Software GmbH
- MediClin Catering GmbH
- Yvonne Mobilien-Leasing GmbH
- Kraichgau-Klinik Aktiengesellschaft

Uwe Hektor
- MediClin Catering GmbH

Frank Horn
- MediClin Geschäftsführungs-GmbH
- MediClin Müritz-Klinikum Service GmbH
- MVZ-Müritz GmbH

Dirk Schmitz
- MediClin Geschäftsführungs-GmbH
- MPS Medizinische Personal- und Servicegesellschaft mbH Kettwig
- KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH
- MediClin Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungs-Gesellschaft mbH

Daniel Schote
- MediClin Pflege GmbH

Bernd Schulz
- MediClin Catering GmbH
- MediClin Immobilien Verwaltung GmbH
- MediClin Therapie GmbH

Hermann Steppe
- Cortex Software GmbH

Dr. Hans-Heinrich Uhlmann
- MediClin Krankenhaus am Crivitzer See GmbH

Glossary

Terms of the health care sector

Cases
Number of treated patients.

Curative procedures
Outpatient, partly inpatient, or fully inpatient rehabilitation measures without prior stay at an acute hospital, are usually granted in the event of chronic diseases or functional disturbances and within the scope of prevention.

Diagnosis related groups (DRG)
An economic-medical classification system which allocates patients to case groups on the basis of diagnosed conditions and treatments within the scope of hospital treatment. By means of allocation to case groups, the cost of treatment is individualised largely on a flat rate basis in the German health system.

Health care sector
The health care sector comprises the sum of all companies and institutions that, either directly or indirectly, work on solutions for persons who are ill or contribute to prevention. It comprises inter alia all hospitals, rehabilitation facilities, physicians, pharmacies, nursing care homes and services, pharmaceutical companies, producers of medical equipment, health insurance funds and research facilities. The health sector as a branch has approximately five million employees in Germany; this accounts for 13 % of the total number of jobs. Sales revenues are estimated at EUR 500 billion, which represents 10 % of the gross domestic product.

Integrated medical service
Health insurance companies and medical services providers draw up stand-alone agreements about medical services, which are spanned over different service sectors or which are interdisciplinary.

Medical Care Centre (MVZ)
A Medical Care Centre is a cross-discipline facility where physicians listed in the Medical Register work either as employees or as contracted physicians. In addition to medical management, a feature of such a centre is the interdisciplinary character of the health care services that are provided by a single organisation.

Nursing days
Total number of inpatients per day; patients who come and leave, or who are transferred at the same day, are not accounted for.

PlusPrograms
Specially targeted medical service packages developed by MediClin for private patients.

Rehabilitation
Following serious illnesses or in the event of chronic disorders, rehabilitation serves to restore or significantly improve patients' health, thus enabling them to manage everyday life and restoring their ability to work.

Sector
The sectors in the health care system are different from one another due to their various types of services, i.e., hospitals, rehabilitation facilities and registered physicians or nursing care facilities are allocated to different sectors.

Subsequent nursing treatment (AHB)
Inpatient, as well as partial inpatient and outpatient rehabilitation services immediately or soon after hospital treatment.

Therapeutic offers
Medical treatments which enable patients to master again their professional tasks and to play their roles in family and society, despite physical or health-related handicaps; they are based on the principle of personal responsibility.

Usage fee
Allowance for using clinic equipment.

Terms of accounting and finance

Convertible bonds
Bonds which are transferable within a certain period of time and under certain conditions into shares of the respective company.

Deferred tax
Deferred taxes are following from the difference between book value of assets and liabilities of the commercial balance sheet (balance sheet and consolidated balance sheet) and their inclusion in the tax balance sheet.

Diluted earnings per share
The diluted earnings per share are determined by adjusting the annual result and adjusting the number of shares from the diluting options and other diluting potential common stock.

EBIT
Earnings before interest and taxes on income.

Fair value
In accordance with IAS/IFRS, the fair value of an asset or a liability is recorded as the market value in the balance sheet. This value approximates the replacement value used in accounting, pursuant to the German Commercial Code.

Finance leasing
Finance leasing relates to leasing agreements which, in terms of beneficial ownership, are allocated to the lessee. In such cases, the lease item must be reported in the lessee's balance sheet.

Full-time jobs
Number of jobs based on full-time employees; part-time employees are included partially.

HGB
German Commercial Code.

IAS
International Accounting Standards; will be replaced successively by the International Financial Reporting Standards (IFRS) starting in 2003.

IASB
International Accounting Standards Board.

IASC
International Accounting Standards Committee; founded 1973.

IFRIC
International Financial Reporting Interpretations Committee; succeeded the Standing Interpretations Committee (SIC).

IFRS
International Financial Reporting Standards.

Sustainable incentive programme
The members of the Management Board are to focus on the continual and sustainable appreciation in Company value. Through a sustainable incentive programme, which is based on share appreciation rights, they will be able to participate in the positive corporate development.

Operating-Leasing
According IAS/IFRS the lessee does not achieve beneficial ownership and, therefore, does not have to report the lease item in the balance sheet.

Projected unit credit method
Present value of benefit method for valuation of pension commitments.

Segment
IFRS 8 requires an entity to report financial and descriptive information about its reportable operating segments. The division into reportable operating segments corresponds to that used for the internal controlling and reporting of the Group. The post-acute and acute segments are the operating segments which MediClin has identified as reportable.

SEStEG
German Act on the Tax Features for the Introduction of the European Company and Amendment of Other Tax Rules.

Share appreciation right
This right, which may only be exercised after a four-year vesting period, entitles the Management Board member to the payment of a lump sum. The amount of payment is calculated by the appreciation in company value within four years multiplied by a personal percentage rate. The share appreciation payment amount is limited to the maximum profit-sharing bonus contractually agreed upon by the respective Management Board member. If no appreciation in company value has occurred upon the settlement date, the right will expire without substitution.

SIC
Standing Interpretations Committee; was responsible for interpretation and commentation of standards adopted by the IASC.

Undiluted earnings per share
The undiluted earnings per share are determined by dividing the period results attributable to the common shareholders through the average weighted number of common stock in circulation during the period (common stock issued).

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Addresses and imprint

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Dieser Geschäftsbericht liegt auch in deutscher Sprache vor.

This is a translation of the German Annual Report. In case of divergence from the German version, the German version shall prevail.

Concept and design
Designerwerk / Janine Weise,
Frankfurt am Main

Consulting and media design
medienhaus:frankfurt GmbH,
Frankfurt am Main

More about the title picture: Proprioceptive neuromuscular facilitation (PNF)

This is a functional treatment where complex therapeutic movements are introduced and their effectiveness improved upon. The functional unity of nerve and muscle is promoted using external (exteroceptive) and internal (proprioceptive) stimuli. It is based on the premise that every person has unused existing reserves of movement, whose utilisation and application can be promoted, and the recognition that motor control is strongly influenced through the sensitive (afferent) nervous system.

A further assumption is the effect of "irradiation" – the spread/overflow of excitation from the strong to the less powerful muscles. The effect can occur within an extremity or muscle group or from one side of the body to the other. It means that the PNF therapy can take place either *indirectly* or *directly*. *Indirectly* means that the actual target muscle area does not take part directly in the activities, so that, for example, when there is pain or a pronounced paralysis resulting in volitional activity not being possible, then the therapy can also concentrate on areas of the body far away from the target area while at the same time achieving some positive results in these areas.

Financial calendar

3 March 2010	Presentation of the interim figures for the 2009 financial year
26 March 2010	Financial statements press and analysts' conference for the 2009 financial year
11 May 2010	Publication of the interim report for the 1st quarter 2010
26 May 2010	Annual General Meeting
11 August 2010	Publication of the interim report 1st half-year 2010
10 November 2010	Publication of the interim report for the 1st – 3rd quarter 2010

Development of nursing days, cases and occupancy rates

Nursing days	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Year total
Post-acute	456,937	486,205	498,047	492,065	1,933,254
Acute	102,278	101,518	99,730	99,479	403,005
Nursing care	33,173	34,663	34,818	34,716	137,370
Total	**592,388**	**622,386**	**632,595**	**626,260**	**2,473,629**

Nursing days	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Year total
Post-acute	451,944	490,160	494,956	479,268	1,916,328
Acute	101,439	103,517	100,140	97,977	403,073
Nursing care	35,119	35,580	35,068	34,068	139,835
Total	**588,502**	**629,257**	**630,164**	**611,313**	**2.459,236**

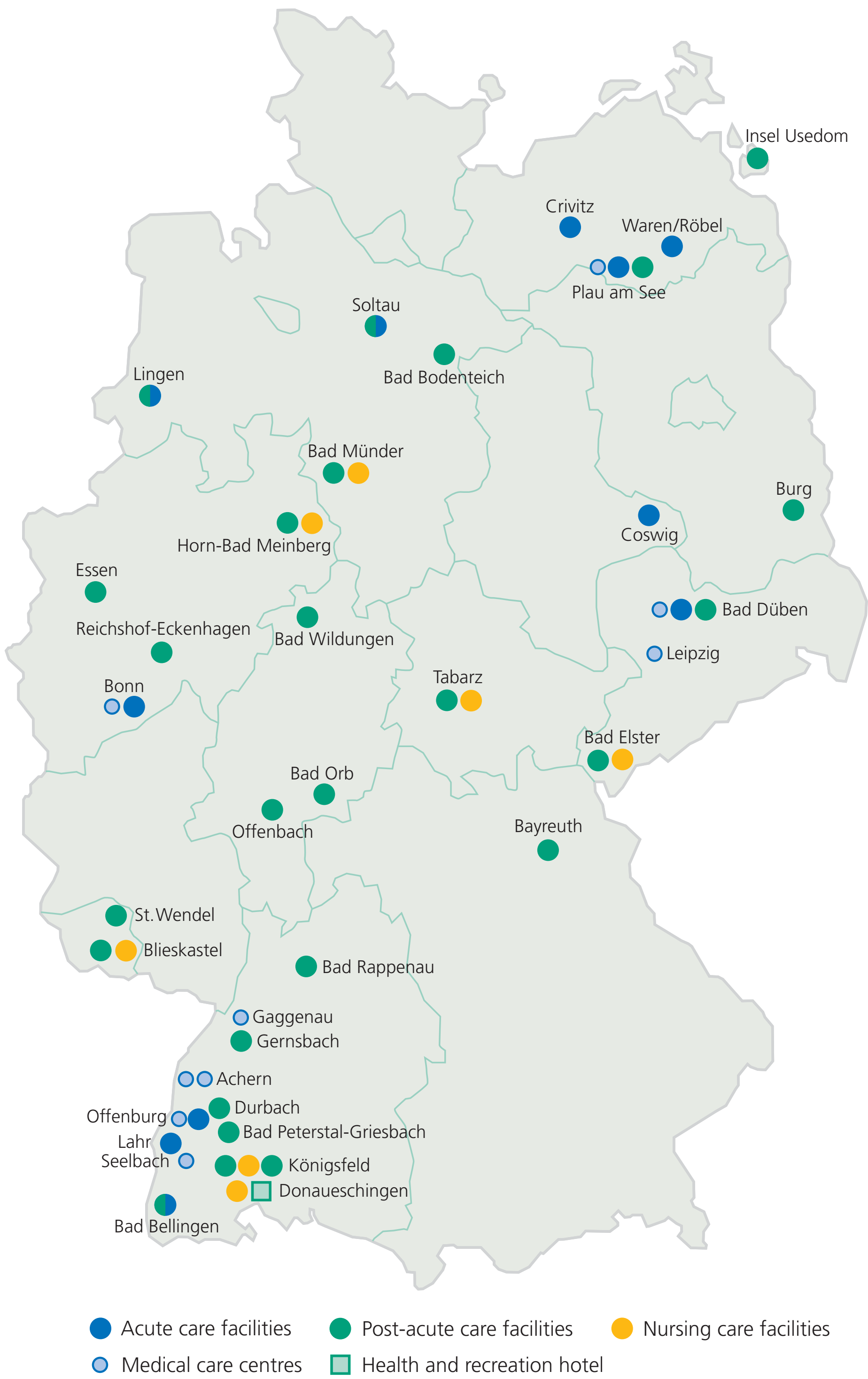
Cases	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Year total
Post-acute	18,340	19,679	20,149	19,936	78,104
Acute	10,771	10,650	10,558	10,364	42,343
Total	**29,111**	**30,329**	**30,707**	**30,300**	**120,447**

Cases	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Year total
Post-acute	18,235	20,026	20,580	19,599	78,440
Acute	10,502	10,916	10,626	10,214	42,258
Total	**28,737**	**30,942**	**31,206**	**29,813**	**120,698**

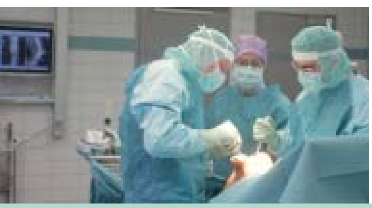
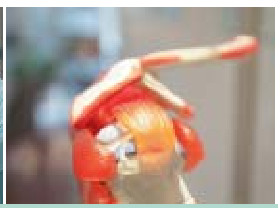
Occupancy rates in %	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Year total
Post-acute	83.9	88.2	89.4	88.3	87.5
Acute	86.2	84.5	82.2	82.0	83.7
Nursing care	90.3	93.4	92.8	92.5	92.2
Total	**84.6**	**87.9**	**88.3**	**87.5**	**87.1**

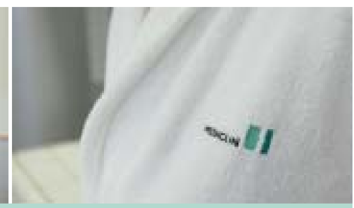
Occupancy rates in %	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Year total
Post-acute	82.5	89.4	89.4	86.6	87.0
Acute	82.6	84.3	80.5	78.2	81.5
Nursing care	91.5	92.7	90.3	87.8	90.5
Total	**83.0**	**88.7**	**87.9**	**85.3**	**86.2**

The presence of MediClin



As of 1/2010

www.mediclin.de

Prevention | Acute care | Post-acute care | Nursing care