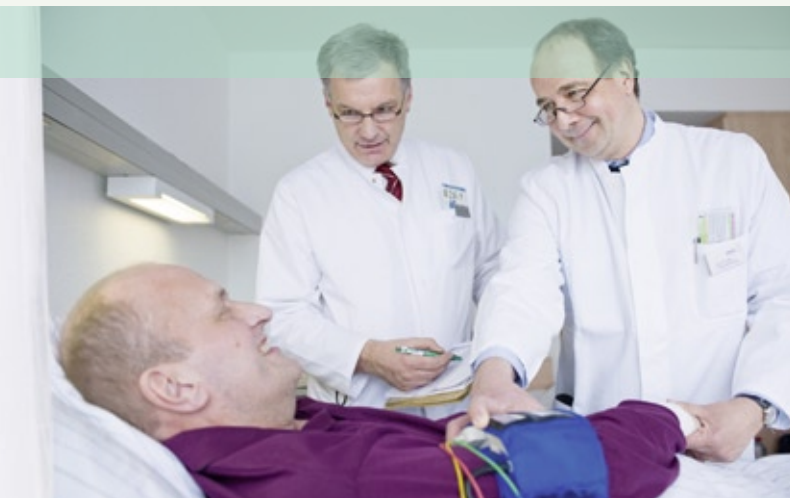


ANNUAL REPORT 2010
MEDICLIN AKTIENGESELLSCHAFT

Health in view



From concept to the final result: Quality is the benchmark

Security through long-term quality management, dedicated to ensuring quality and transparency, extends from structural quality, via process quality to result evaluation, from employee training to patient communication.

On the separator pages of this report, we will examine specific Group quality features in the four selected specialist areas Psychosomatics, Neurology, Cardiology and Orthopaedics.

Neurology/ Cardiology

Heart and brain station – a trailblazing concept with the answer to future patient requirements?

From focused diagnostics and therapy regimens to the holistic view.

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Cardiology/Angiology

The Heart Attack Network in Wittenberg District – a quality offensive in Saxony-Anhalt

Modern communication saves valuable time.

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Psychosomatics

Eating disorders – eating healthily and enjoying it while getting well

A quality feature based on the example of adiposity: Consistent training and education of our cooks.

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Orthopaedics

Education and training curriculum for physicians – structured and transparent, with a stamp of approval

Building specialised knowledge in combination with clinical experience.

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> 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 34 hospital operations, seven nursing care facilities and eleven medical care centres in eleven German federal states, MediClin has a total capacity of approximately 8,000 beds. The hospitals are acute-care hospitals providing basic, standard and specialised care, as well as specialist clinics for medical rehabilitation. MediClin had approximately 8,200 employees at year-end.

MediClin: Key data business development

In thousands of €	2010	2009	2008
Sales	487,167	470,579	456,795
Operating result (EBIT)	16,869	16,962	15,799
EBITDA margin in %	6.3	6.6	6.1
EBIT margin in %	3.5	3.6	3.5
Financial result	– 5,295	– 5,344	– 6,663
Result attributable to shareholders of MediClin AG	10,035	10,293	7,080
Cash flow from operating activities	13,366	32,346	21,530
Balance sheet total	336,405	333,778	343,101
Non-current assets incl. tax refund claims and deferred tax assets	210,830	205,137	208,634
Current assets incl. tax refund claims	125,575	128,642	134,466
Thereof cash and cash equivalents	47,955	58,525	57,384
Equity	164,987	157,262	148,836
Equity ratio in %	49.1	47.1	43.4
Non-current liabilities incl. deferred tax liabilities	56,293	62,115	70,352
Current liabilities incl. tax liabilities	115,125	114,402	123,913
Gross capital expenditure	23,331	18,814	20,046
Net financial debts	29,630	23,661	37,651
Number of full-time employees (annual average)	5,984	5,834	5,816
Sales per full-time employee in €	81,412	80,662	78,541
Staff costs per full-time employee in €	44,626	43,746	42,860
Occupancy rates in %	86.6	87.1	86.2
Un/diluted earnings per average share outstanding in €	0.21	0.22	0.22
Un/diluted earnings per participating share in €	0.21	0.22	0.15
Cash flow from operating activities per average share outstanding in €	0.28	0.68	0.66
Cash flow from operating activities per participating share in €	0.28	0.68	0.46
Dividend per participating share in €	0.05 ¹	0.05	0.05
Number of shares in millions (annual average)	47.50	47.35	32.45
Number of participating shares in millions	47.50	47.50	47.25

¹ Proposed by the Management Board and Supervisory Board for 2010

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 2010

In millions of €	Q1	Q2	Q3	Q4
Sales	118.2	122.8	122.0	124.2
Operating result	0.0	4.9	7.2	4.8
EBIT margin in %	0.0	4.0	5.9	3.8
Result attributable to shareholders of MediClin AG	-1.6	3.1	4.7	3.8
Return on sales in %	-1.4	2.5	3.9	3.1
Cash flow from operating activities	1.0	-0.2	13.1	-0.5
Equity ratio in %	46.7	47.1	47.9	49.1
Gross capital expenditure	5.7	5.1	6.7	5.8
Net financial debts	27.9	33.4	25.9	29.6
Number of full-time employees (quarterly average)	5,903	5,953	6,020	6,060
Occupancy rates in %	86.1	88.2	86.9	85.0
Earnings per average share outstanding in €	-0.03	0.06	0.10	0.08
Earnings per participating share in €	-0.03	0.06	0.10	0.08
Cash flow from operating activities per average share outstanding in €	0.02	0.00	0.27	-0.01
Cash flow from operating activities per participating share in €	0.02	0.00	0.27	-0.01

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FROM CONCEPT TO THE FINAL RESULT:

Quality is the benchmark

Ensuring treatment success through sustainable quality management extends from structural and process quality to the results evaluation, from staff training to patient communication:

- Our standards encompass the constant verification of quality and patient satisfaction. We are convinced that a high level of transparency in the provision of services and the quality of the results decisively contributes to the continuous improvement of our care.

The three pillars of structural, process and result quality form a framework for our wide-ranging quality-assurance measures. This framework enables a fully integrated optimisation of the treatment processes and an evaluation of results from all the occupational groups.

Measurable results ensure quality:

Our treatment services are evaluated by external, comparative quality assurance programmes of the coverage providers as well as voluntary participation in other initiatives for the assessment and verification of treatment quality. Our central objective is the constant evaluation of treatment results in acute and rehabilitation clinics through medical-therapeutic quality indicators, and the inclusion of patient evaluations. In this process, we enquire about various factors, including:

- Key clinic services, from admissions through diagnostics and therapy to nursing care
- Comprehensibility of the medical explanations
- Cooking, accommodation and service
- General support and friendliness

The MediClin Academy uses findings from the systematic evaluation of data for the individual requirements-driven composition of the training and qualification modules.

In the context of our internal strategy, our rehabilitation facilities utilise an IT-based collection procedure for the systematic assessment and evaluation of treatment results. The new software tool is, on the one hand, integrated into existing information technology to collect diagnostic information and make it immediately available. On the other hand, the results are used to optimise treatment planning and control processes, and also to evaluate treatment performance. This has a direct influence on enhancing therapy concepts and therapy standards across the facilities.



DR. ULRICH WANDSCHNEIDER
Chairman of the Management Board

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

As a result of internal growth, MediClin continued to improve its revenues in 2010.

We were assisted in the Group by the regularly implemented approach of consistently identifying where our existing processes can be optimised and where we can expand our capacities in a profit-oriented way.

This method resulted in the following:

We exceeded our internal growth target, which stipulated a sales increase of approximately 3.0 % for this financial year. Sales rose by 3.5 %, or by EUR 16.6 mill. as compared to the previous year, to EUR 487.2 mill. In the post-acute segment, sales rose by 1.9 %, from EUR 270.0 mill. to EUR 275.2 mill. In the acute segment, sales rose even stronger, namely by 5.6 % or EUR 10.7 mill. to EUR 200.3 mill. We are also satisfied with the sales development of our outpatient services and our medical care centres. In 2010, sales from outpatient services rose by EUR 4.4 mill. to EUR 16.3 mill., which constitutes 3.3 % of the consolidated sales revenues. Of this sum, approximately EUR 6.9 mill. was attributable to the medical care centres. Last year, this figure was only EUR 3.2 mill.

The consolidated operating result did not rise. At EUR 16.9 mill., it is just under the 2009 result. The result was primarily affected by higher maintenance costs as compared to the previous year, as well as higher personnel costs due to personnel recruitment. In terms of the segments, the post-acute segment result of EUR 6.2 mill. was on a par with the previous year. The acute segment result improved in relation to the previous year, totalling EUR 18.1 mill. The EBIT margins are 2.2 % and 9.1 %, respectively.

As business development in 2010 was once again satisfactory, and we foresee stable economic environment in 2011, as well as a stable labour market, the Management Board and the Supervisory Board will propose a dividend of EUR 0.05 per share for the 2010 financial year at the Annual General Meeting on 26 May 2011.

What were the key topics of the 2010 financial year?

Expanding our service offer.

In terms of expertise, personnel and new construction, we have expanded our medical service offer, especially in the areas of the psycho- and neurosciences and in specific growth areas. We invested approximately EUR 36 mill. in 2010 for construction measures, state-of-the-art medical technology, maintenance and modernisation.

Some of the key enhancements include:

- Opening a psychiatric day clinic for children and young people with ten beds at the Rastatt location.
- Opening a psychosomatic acute station with 15 beds in the Reha-Zentrum am Hahnberg.
- Expanding the medical offer of the Seepark Klinik in Bad Bodenteich with 25 acute beds for the treatment of patients with eating disorders.
- Opening the Klinik am Vogelsang in Donaueschingen with the Psychosomatics specialist area (initial occupancy of up to 60 beds).
- Added beds in the Psychosomatics area in Blieskastel (up to 30 beds).
- Implementation of Neurology Phase C in Bad Döben.
- Establishment of further medical care centres in Lahr, Offenburg and Wolfsburg.
- Takeover of the Geriatrics department (60 beds) in Gernsbach from Klinikum Mittelbaden and opening of the Neurology department (Phase C and D) in Gernsbach (initially 25 beds).
- Setup of an ambulatory invasive care centre in the Herzzentrum Coswig.
- Assimilation of 36 beds into the Baden-Württemberg hospital plan in Bad Bellingen.

Even beyond the area of operative medical clinics, a good deal occurred in 2010. Our catering subsidiary, MediClin à la Carte GmbH, now has a staff of 363 full-time employees. They currently supply 18 inter-Group businesses, but external companies also benefit from the catering offer. An important reason for the new focus on the catering trade, and the associated services of the clinics, is our objective of introducing a highly uniform standard across the Group in terms of the professional provision of food and meals. This also applies to the quality of the products purchased, their preparation and dietary considerations for the patients.

Optimising our processes.

Optimising procedures is a continuous process. It not only concerns the improvement of medical and technical procedures, but also processes that deal, for example, with creating efficient knowledge transfer within the specialist medical groups. The formation of specialist medical groups has proven to be successful, for example in rehabilitation, which covers the areas of neurology, psychosomatics, orthopaedics and internal medicine. Expertise compiled from these various medical funding agencies allows complex medical aspects to be better implemented within treatment and therapy concepts, without losing sight of the individual patient.

But promoting knowledge transfer alone is not a sufficient indicator of high medical quality. This quality must be also measurable and verifiable. This means that the quality of results was a key focus of MediClin in 2010, and will continue to be in the future.

Thus an important topic in 2010 was the measurability of our medical services and the quality of results in rehabilitation. In several clinics, we integrated instruments that have been designed to measure and compare the treatment results of individual medical specialist departments. We utilise these benchmarking results for a targeted optimisation of our treatment and therapy concepts, as well as workflows in the individual facilities.

Result quality must be also transparent. With our rehabilitation quality reports, compiled voluntarily, we regularly provide a high level of quality information on our medical offer and the quality of results to patients, coverage providers and those interested in our rehabilitation measures.

As far as the scope of information and the quality of contents is concerned in general, we have expanded our overview of medical services and revised our website. The feedback we have received on these modifications confirms that we have achieved our goal of providing transparent and trustworthy information.

We also received high marks in 2010 for our therapy concepts in the area of rehabilitation. They are – and here I quote our coverage providers: “...well-structured and convincing...” and “...compelling, brilliantly drafted...” and “...medically state of the art”.

Another focal point of our activities in 2010 was the topic of employees. The results of a Group-wide employee survey flowed into our existing programmes for training and professional education, for employee motivation and employee loyalty. New offers here have allowed us to increase the attractiveness of MediClin as an employer.

What are the challenges we face in the 2011 financial year?

Restrictions resulting from new legislative regulations lead to challenges for MediClin. Auxiliary services in the acute sector will become less appealing, since they must be accounted for with reduced payment, which in 2011 will amount to approximately 30 %, and from 2012 has to be contractually stipulated. The prices for acute care inpatient services will rise in 2011 and 2012, to a lesser extent than the respective full basic wage rate increase. In the rehabilitation sector as well, the willingness to raise prices remains low due to restricted budgets.

All this means that in the future, we must continue to direct our focus on the quality of results and work toward optimising our processes.

Individual focal points for 2011:

- Productivity will be further raised in medical, therapeutic and nursing care, as well as in all service areas.
- Benchmarking and cost management will remain in focus.
- We will continue to invest in recruitment and employee loyalty.
- Communication within the Group and with our patients will once again be assessed.
- Our clinics will face the requirements of the national quality portal for private clinics, and will fulfil some 400 quality indicators relating to medical quality, patient security, patient satisfaction and referrer satisfaction.

Thus MediClin will maintain its focus on quality in 2011 in all areas of the Group, particularly promoting the topic of result quality.

At this point, the Management Board would like to thank all the employees for their commitment and their untiring willingness to provide the best possible service in 2010. Without such a highly motivated staff, MediClin's success would not be on such solid footings. And we would ask our staff to continue supporting the Management Board in 2011 at the same level.

Esteemed shareholders, MediClin is well positioned on the market, and we are confident that we will successfully master upcoming challenges.

I would like to express my sincere appreciation for the confidence you have shown in us in the past, and I would be pleased if you would continue to accompany us in the future.

Offenburg, 3 March 2011



Dr. Ulrich Wandschneider
Chairman of the Management Board



PHOTO MediClin medical care centre in the head office, Offenburg

Management Board

DR. ULRICH WANDSCHNEIDER Chairman of the Management Board (left)
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 (right)
is responsible for controlling, finance and accounting, legal affairs/tax, IT, internal audit and procurement/technique.

The MediClin share

In December 2009, when the German Share Index (DAX) stood at 5,957 points, the majority of capital market experts anticipated a slight rise of 4 % to 6,200 points in 2010. During the first few months of 2010, the DAX fluctuated between 5,540 and 6,094 points. But it soon became widely apparent that the German economy would emerge out of the crisis much faster than originally anticipated – which led to the leading share index showing a clear plus at the end of the year of just under 16 %. The annual high for 2010 was 7,088 points, which represented a plus of just under 19 %. Not all DAX shares profited from the upswing. Automotive shares rose the strongest, while suppliers had a rather negative stock market performance.

2010 was a bull year – and many are expecting the same for 2011 as well

Even if the DAX dipped below the 7,000 threshold at the close of the year, finishing at 6,914 points, the mood on the stock market during the first two months of 2011 was rather positive. Optimistic forecasts by economic experts and the expectation of high corporate profits lead many investors to believe that the DAX will cross the 8,000 threshold. Whether this will actually occur is something that must be analysed critically, however. The political effects and economic upheavals of current events in the northern countries of Africa are still not currently foreseeable. Yet the German stock exchange remains rather unaffected.

The fact is that from 12 January 2011, the DAX has been consistently above the 7,000 points mark. It has thus nearly reached the level it had some three months before the height of the financial crisis – the collapse of the US investment bank Lehman Brothers.

The MediClin share (Xetra) closed the 2010 reporting year at EUR 4.24, higher than the value at the beginning of the year (EUR 3.00). The lowest value in 2010 was recorded at EUR 2.90, and the highest at EUR 4.60.

In 2010 as well, just under EUR 2.4 mill. was paid out in dividends

At the 2010 Annual General Meeting, the Management Board and Supervisory Board had proposed the payment of a dividend amounting to EUR 0.05 per share for the 2010 financial year. The dividend was adopted by the Annual General Meeting.

As the business development in 2010 was once again satisfactory, the Management Board and Supervisory Board will propose the payment of a dividend amounting to EUR 0.05 per share at the Annual General Meeting in May 2011.

All the target groups are informed in an up-to-date and comprehensive manner

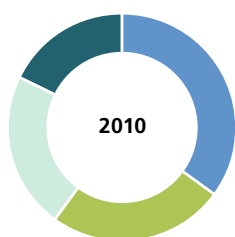
In 2010, MediClin presented its business development and corporate strategy to interested investors and analysts at capital market conferences and in individual discussions. The health care market is still considered to be a growth market by investors, despite its dependence on political decisions. Analysts and investors consider MediClin's corporate strategy – providing integrated, cross-sector medical care – to be the suitable model for mastering the future challenges of the health care market.

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 2010 nine-month figures published in November 2010, 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
■ Asklepios Kliniken Verwaltungsgesellschaft mbH	25.23
■ Prolog Beteiligungsgesellschaft mbH	22.23
■ Free float	17.54

Valid as of: February 2011

Share indicators

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

In € per share	2010	2009
Result undiluted/diluted	0.21	0.22
Cash flow from operating activities	0.28	0.68
Book value ¹ as of 31.12.	3.47	3.31
Year-end price ²	4.24	3.02
52-week high (16.09.2010) ²	4.60	–
52-week low (26.02.2010) ²	3.04	–
Market capitalisation (year-end price) in mill. €	201.4	143.5
Number of shares in million	47.5	47.5

¹ Equity less non-controlling interests

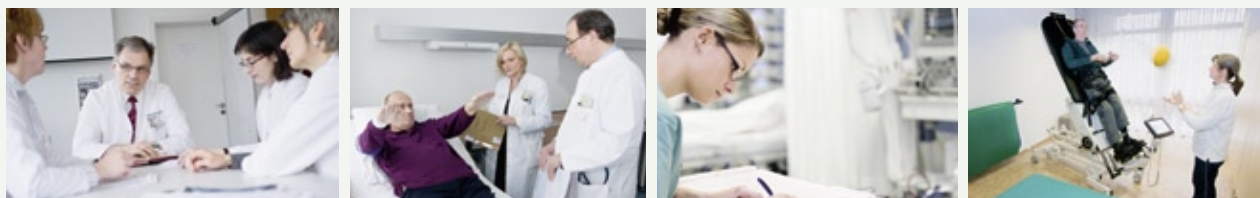
² Source: Deutsche Börse AG, OnVista; as of 25.02.2011, Xetra closing prices



NEUROLOGY/CARDIOLOGY

Heart and brain station – a trailblazing concept with the answer to future patient requirements?

A year-long pilot project conducted by MediClin Fachklinik Rhein/Ruhr in collaboration with the AOK formed the conceptual basis for the heart and brain station. The common risk constellation of patients with vascular diseases triggered the medical basis for this integrated concept between cardiology and neurology.



Why interdisciplinary rehabilitation?

Interdisciplinary rehabilitation reflects the change from a focused diagnostics and therapy regime to an integrated and comprehensive view, oriented on the individual functional and participatory infirmities of patients. Blood circulation disturbances, i.e. ischemic illnesses, are often caused by identical risk factors and frequently lead to simultaneous internal damage in several end organs. Thus following a heart attack and heart surgery, patients frequently suffer brain damage and experience serious losses in cognitive abilities. Likewise, stroke patients must also endure acute cardiac illnesses.

A successful rehabilitation must take both aspects into account for risk stratification during treatment, and coordinate the therapeutic strategies accordingly. Prerequisites for this are specialised cardiological and neurological rehabilitation examinations and classifications, with the consecutive development of individualised medical and therapeutic treatment concepts.

At MediClin Fachklinik Rhein/Ruhr, the vascular focus quickly led to an interdisciplinary dialogue between the Cardiology and Neurology departments, forming the basis for a pilot project involving a joint heart and brain station. In the initial phase, a cardiological-neurological work-up

was developed and the patients were systematically integrated into treatment processes. The concept has been implemented by active assistant physicians, including joint visits from head physicians and collegial decisions. This process leads to the improved and accelerated adaptation of what are frequently complicated illness processes, ensuring high medical and therapeutic standards.

Experience until now has shown that patient safety has increased and that, following a short phase, patients can be cared for in the specialist departments based on their remaining infirmities. This reduces demand for in-house consultations and co-therapy treatments through the acute care clinics. Investments were primarily required for special monitoring devices and therapy equipment.

In this way, rehabilitation is crossing new frontiers, not only in terms of medical and collegial dialogue, but also in networking the competencies of nursing care and non-medical therapy. MediClin would like to co-design future rehabilitation standards based on changing medical and societal developments. This interdisciplinary concept is one possible approach to a solution.

Summarised management report and Group management report of MEDICLIN Aktiengesellschaft for the 2010 financial year

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General information

According to the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG), all 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.

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, a Corporate Governance Declaration is to be provided that encompasses:

- A conformity declaration pursuant to Section 161 of the German Stock Corporation Act (AktG)
- 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

MediClin has published its Corporate Governance Declaration on the Company’s website at www.mediclin.de/investor-relations.

General economic conditions

It is now two years since the peak of the financial crisis, and in 2009 the German gross domestic product (GDP) declined by 4.7 %. In December 2009, all experts were in agreement that the economy in Germany would not reach the pre-crisis level until 2013, and probably not even until 2014.

However, the German economy recovered significantly faster than expected. Already in August 2010, economic research institutes and the Bundesbank upgraded their forecast for GDP growth from 1.9 % to about 3 % due to the rise in economic activity in spring and early summer. According to the autumn report issued by the research institutes and the federal government in October 2010, the German economy is evidently in an upswing. Based on initial estimates, the real GDP has risen by 3.6 %.

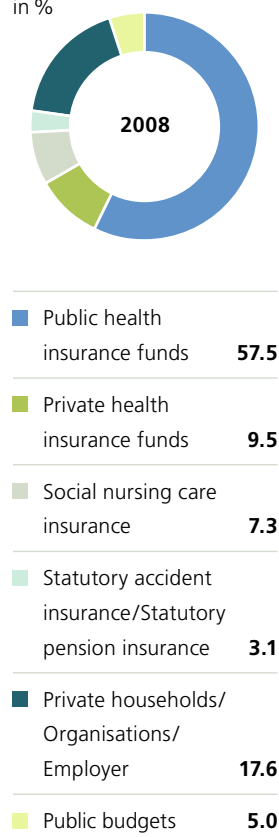
According to calculations of the German Federal Statistics Office, total government income amounted to EUR 1,082.1 bill., an increase of just under 1 % over the previous year. The slight rise was due to the strong economic recovery in 2010 and the improvement in the labour market, which resulted in a significant increase in income from social contributions. Tax receipts were slightly below the value of the previous year. Government expenditure amounted to EUR 1,164.1 bill. in 2010, which represents an increase of 2.2 % over the previous year. This resulted in a financial deficit of EUR 82.0 bill. for 2010, following EUR 72.7 bill. in 2009. The financial deficit of the federal government rose to EUR 57.3 bill., that of state governments to EUR 17.4 bill. and that of local governments to EUR 10.0 bill. The social insurance security, which posted a deficit of EUR 13.3 bill. in 2009, achieved a surplus of EUR 3.0 bill. in 2010. The labour market showed positive development in 2010. Economic performance was realised by an average 40.5 mill. wage and salary earners (2009: 40.2 mill. wage and salary earners), which represents a new all-time high in the number of wage and salary earners in Germany. The unemployment rate, based on the civilian labour force, averaged 7.7 % in 2010 (compared with an annual average of 8.2 % in 2009).

In its annual report published in January 2011, the federal government has forecasted that the GDP will grow by 2.2 % in 2011, and that the labour market will continue its positive trend.

Development of the health care sector

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

in %



In 2010, the health care sector experienced stable development. An increasingly older population as well as advances in medical technology have led to a rise in health care spending, ensuring growth in the sector.

Spending should also continue to increase in 2010. The German Federal Statistics Office has since published figures for the year 2008. Expenditures amounted to EUR 263.2 bill. in 2008, following a total of EUR 253.3 bill. in 2007, and thus saw an increase of EUR 9.9 bill., or 3.9 %, over the previous year. When considering the health care expenditures of the past ten years, spending increased at an average rate of approximately 2.7 %. If one excludes 2004 from this time period – the year the public health insurance funds decreased their expenditures by 3 % over the previous year – the annual rate of increase would exceed even 3 %. Provided that spending increases remain at the same level, expenditures in 2010 should total approximately EUR 277 bill.

The public health insurance funds are carrying the largest portion of expenditures. On average, this amounted to approximately 58 % in the past.

For the acute sector, it is assumed that demand for medical services in 2010 – as in the previous years – rose between 1.5 % and 2 %. The demand for rehabilitation and preventive services also saw a further increase. According to statistics from the German Pension Fund, the number of applications submitted for medical rehabilitation services increased by 1.9 %, or to 1,669,142, as compared to 2009 (previous year: 1,638,294 applications).

The financial situation in the public sector of the hospital market did not show an improvement over previous years. Despite the strained situation, the privatisation process in the acute sector failed to accelerate in 2010 as originally anticipated.

More than 4.7 mill. people were employed in the health care sector in 2009. Compared with 2008, the number of employees in the sector rose by approximately 2.2 %, or 103,000 people. It may be assumed that the number of employees increased further in 2010.

MediClin in 2010

In the 2010 reporting year, MediClin included 34 clinics, seven nursing care facilities and eleven medical care centres. Eight of the 34 clinics are dedicated acute-care hospitals; in five 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 neuro-radiology, as well as psychosomatic medicine and psychiatry, and orthopaedics. Furthermore, certain sites have special competencies in the areas of cardiology, oncology, ENT and internal medicine.

Capacity adjustments and/or capacity expansions took place in the specialist departments neurosciences and psychological sciences during the financial year. At the Rastatt location, a psychiatric day clinic and a psychiatric outpatient clinic with ten beds for children and young people were opened as an auxiliary facility at the MediClin Klinik an der Lindenhöhe. In the MediClin Reha-Zentrum am Hahnberg, Bad Wildungen, a psychosomatic acute clinic with 15 beds was opened, and in Donaueschingen at the MediClin Klinik am Vogelsang, a specialist clinic for psychosomatic medicine was set up with an occupancy capacity of up to 60 beds to begin with. The medical offer in the MediClin Seepark Klinik in Bad Bodenteich was expanded, with 25 acute beds for treatment of patients with eating disorders as well as 15 rehabilitation beds. In the MediClin Herzzentrum Coswig, Coswig, a new outpatient invasive care centre with a cardiac catheter laboratory was opened.

In 2010, the number of medical care centres was increased by four further centres in Lahr, Offenburg (two medical care centres) and Wolfsburg. MediClin operates a total of eleven medical care centres at nine locations (as of 31 December 2010). The therapeutic offer corresponds to both the medical focal points of the Group and the regional requirements. In this way, we are making 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.

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. At the Seniorenresidenz Deister Weser in Bad Münster, construction has begun on a new building for the nursing care facility with 62 nursing care places. The 35 additional nursing care places created thereby serve the expansion of services in the specialist area of dementia.

MediClin's strategic objective continues to focus on providing cross-sector integrated medical patient care, supplemented by acute care, post-acute care and nursing care as complementary services.

Compared to the 31 December 2009 closing date, the number of beds in the Group increased by 83 beds, of which 27 beds are attributable to the post-acute segment and 56 beds to the acute segment. The number of nursing care places remained constant.

The allocation of beds is as follows:

Number of beds/nursing care places as of 31.12.	2010	2009	Change in %
Post-acute	6,144	6,117	+ 0.4
Acute	1,399	1,343	+ 4.2
Nursing care (places)	408	408	0.0
Group	7,951	7,868	+ 1.1

Business development in 2010

General

The reportable operative segments of MediClin are the segments post-acute, acute and other activities. This last segment encompasses the nursing care business area and the service business area. Clinics which offer services from the post-acute and acute segments (known as hybrid clinics) have been assigned to the post-acute segment. The sales and results of the medical care centres are assigned to the acute segment.

The 2010 financial year was positive for the MediClin Group. Through the expansion of medical services in the outpatient and inpatient sector it was possible to increase sales. Sales from outpatient health care services, including the services of the medical care centres, grew disproportionately in 2010. Their share of Group sales totalled 3.3 % in 2010. The Group operating result was slightly below the result from 2009, primarily due to higher maintenance and staff costs.

Sales development in the Group and in the segments

The consolidated sales revenues of EUR 487.2 mill. were approximately EUR 16.6 mill. or 3.5 % higher than the previous year's value. Sales from services in outpatient health care increased by EUR 4.4 mill. to EUR 16.3 mill. (previous year: EUR 11.9 mill.), whereby the medical care centres generated EUR 6.9 mill. in sales (previous year: EUR 3.2 mill.).

Sales in the Group and in the segments

In millions of €	2010	2009	Change in %
Post-acute	275.2	270.0	+ 1.9
Acute	200.3	189.6	+ 5.6
Other activities and reconciliation	11.7	11.0	+ 6.4
thereof nursing care	11.2	11.3	– 0.9
Group	487.2	470.6	+ 3.5

Sales in the **post-acute segment** rose by EUR 5.2 mill. to EUR 275.2 mill., whereby especially the significantly higher occupancy rates, for the first half of 2010 compared to the previous year, contributed to the increase in sales. The PlusPrograms developed for self-paying patients achieved revenues of approximately EUR 1 mill. in the current year and in the previous year.

In the **acute segment**, revenues increased by EUR 10.7 mill., from EUR 189.6 mill. to EUR 200.3 mill. Without taking into account the sales contribution of the medical care centres of EUR 6.9 mill. (previous year: EUR 3.3 mill.), this increase in revenue would have been EUR 7.1 mill. or 3.8 %.

In the **nursing care business area**, revenues remained at the same level as in the previous year.

The per-case revenue, cleared of cases from the hybrid clinics and of sales from the medical care centres, was EUR 3,379 for the post-acute segment (previous year: EUR 3,321) and EUR 4,931 for the acute segment (previous year: EUR 4,759).

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

The number of **nursing days** provided in 2010 decreased Group-wide by 0.1 %, or 1,692 days, compared to the previous year's value.

Nursing days in the Group and in the segments

In days	2010	2009	Change in %
Post-acute	1,920,548	1,933,254	– 0.7
Acute	415,321	403,005	+ 3.1
Other activities (only nursing care)	136,068	137,370	– 0.9
Group	2,471,937	2,473,629	– 0.1

The number of nursing days in the post-acute facilities decreased by 0.7 % or 12,706 days. Though the number of nursing days during the first half of 2010 was much higher than the previous year (1 HY 2010: 955,419 days; 1 HY 2009: 943,142 days), the very high comparative figure from 2009 for the second half of 2010 could not be attained (2 HY 2010: 965,129 days; 2 HY 2009: 990,112 days). The average length of stay decreased slightly in 2010, to 24.7 days from 24.8 days in 2009.

By contrast, the number of nursing days in the acute facilities increased by 3.1 % or 12,316 nursing days. The length of stay in this segment totalled 9.7 days (previous year: 9.5 days). Not including patients in the psychiatric clinics, in which significantly longer stays are common, the average amount of time spent in our acute facilities in 2010 was 7.9 days (previous year: 8.0 days).

The number of **cases** in the Group increased slightly by 214 cases. The decline in the post-acute segment in 2010 from the previous year of 212 cases (–0.3 %) is comparable to the decline in nursing days, and was counterbalanced by an increase in the acute segment of 426 cases (+1.0 %). The nursing care business area is not included in the case reporting.

Cases in the Group and in the segments

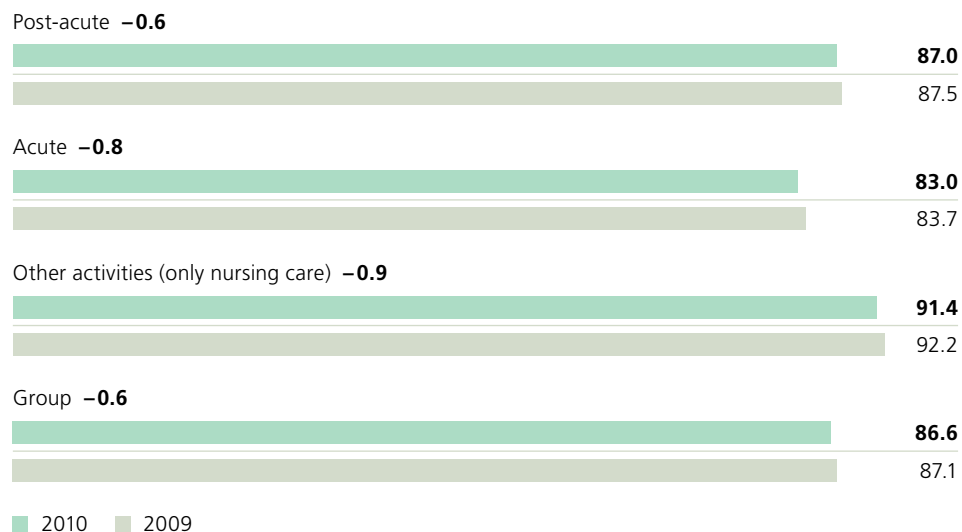
In cases	2010	2009	Change in %
Post-acute	77,892	78,104	– 0.3
Acute	42,769	42,343	+ 1.0
Group (without nursing care)	120,661	120,447	+ 0.2

Occupancy rates in the Group and in the segments

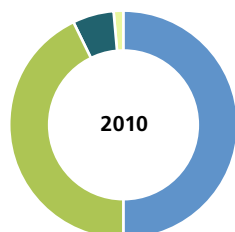
After the occupancy rates in the Group had continually improved from 2004 (72.6 %) to 2009 (87.1 %), the high rates of the 2009 financial year were no longer attained in the third and fourth quarters of 2010, so that in the 2010 financial year, a slight decrease of 0.6 % to 86.6 % was recorded. This is primarily attributable to the more restrictive referral practices of the German Pension Fund Federation (Deutsche Rentenversicherung Bund).

Occupancy rates and their changes in the Group and the segments

in %



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



2010	2009
50.4	49.8
Public health insurance funds	
42.9	43.7
Social security pension funds	
5.9	5.7
Private health insurance companies	
0.8	0.8
Other coverage providers	

Development of the coverage provider structure

Social security pension funds and public health insurance funds still accounted for more than 90 % of the total occupancy days in the 2010 financial year.

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 in the segments

In 2010, MediClin achieved a **consolidated operating result** (earnings before interest and taxes) of EUR 16.9 mill., which was EUR 0.1 mill. below the previous year's level.

Group and segment results from operating activities

In millions of €	2010	2009
Post-acute	6.2	6.2
Acute	18.1	17.2
Other activities and reconciliation	-7.4	-6.4
Group	16.9	17.0

The 2010 result for the **post-acute segment** was EUR 6.2 mill., which, despite a decline in occupancy rates for the year, is at the same level as in the previous year.

The result of the **acute segment** improved by EUR 0.9 mill. during the reporting year to EUR 18.1 mill.

In 2010, the **result attributable to shareholders of MediClin AG** was EUR 10.0 mill., as compared to EUR 10.3 mill. for the previous year.

Summary of segment development

Despite a slight decline in occupancy, the post-acute segment was able to achieve a sales increase of 1.9 % as well as a result on the previous year's level. This is, among other factors, due to positive contract negotiations with the coverage providers and the associated compensation adjustments in the 2010 financial year.

In the acute segment, the bed capacity in a total of four medical facilities was expanded over the course of the financial year, so that the number of beds was 4.2 % higher than the previous year's value on the balance sheet date (31.12.2010: 1,399 beds; 31.12.2009: 1,343 beds). Occupancy of the newly created capacities occurred successively, so that the occupancy rate was slightly less than the previous year's value despite the absolute increase in the occupancy figures (nursing days: +3.1 %; cases: +1.0 %). It is anticipated that these additional capacities will experience increasing occupancy in the next years.

Net assets, financial position and results of operation

Development of net assets

Balance sheet structure

In millions of €	31.12.2010	in % of balance sheet total	31.12.2009	in % of balance sheet total
Assets				
Non-current assets	210.8	62.7	205.1	61.5
Current assets	125.6	37.3	128.7	38.5
	336.4	100.0	333.8	100.0
Equity and liabilities				
Equity	165.0	49.1	157.3	47.1
Non-current liabilities	56.3	16.7	62.1	18.6
Current liabilities	115.1	34.2	114.4	34.3
	336.4	100.0	333.8	100.0

The **balance sheet total** increased by 0.8 % or by EUR 2.6 mill. as compared to the previous year. This increase, as compared to the previous year's balance sheet date, is primarily attributable to higher figures for property, plant and equipment and intangible assets due to investments made, and a higher equity as a consequence of the overall result achieved.

Non-current assets, including deferred tax assets, increased by EUR 5.7 mill. to EUR 210.8 mill. (previous year: EUR 205.1 mill.). Intangible assets increased from EUR 51.1 mill. to EUR 53.6 mill. These include concessions, licences and goodwill from the acquisition of clinic operations, as well as payments on account. Gross additions totalling EUR 3.9 mill. relate with EUR 1.6 mill. to concessions and licences, which were exclusively for software, with EUR 2.1 mill. to the goodwill acquired through three newly founded medical care centres, as well the expansion of two existing medical care centres, and with EUR 0.2 mill. to the payments on account. Goodwill totalled EUR 51.2 mill. (previous year: EUR 49.1 mill.) on the balance sheet date.

Property, plant and equipment increased by EUR 3.5 mill. to EUR 150.3 mill. (previous year: EUR 146.8 mill.). The land, land rights and buildings included in the fixed assets relate mainly to MediClin Herzzentrum Coswig, MediClin Waldkrankenhaus Bad Dübén, MediClin Krankenhaus Plau am See, MediClin Robert Janker Klinik, MediClin Rose Klinik, MediClin Klinikum Soltau, MediClin Krankenhaus am Crivitzer See, MediClin Müritzklinikum, 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 19.4 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 16.1 mill. The scheduled depreciations amounted to EUR 12.4 mill.

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

Deferred tax assets decreased from EUR 5.2 mill. to EUR 5.1 mill., whereby the change was due to temporary differences.

Current assets decreased by EUR 3.1 mill. to EUR 125.6 mill. (previous year: EUR 128.7 mill.). At EUR 6.5 mill., trade receivables were at the same level as last year (previous year: EUR 6.5 mill.). Trade receivables increased by EUR 5.3 mill. to EUR 61.6 mill. (previous year: EUR 56.3 mill.). Other assets increased by EUR 2.8 mill. to EUR 9.3 mill. (previous year: EUR 6.5 mill.). The recognition of receivables pursuant to the hospital financing law (KHG) is in accordance with the provisions of the Hospital Accounting Rules (KHBV). As of 31 December 2010, receivables totalling EUR 3.8 mill. (previous year: EUR 2.0 mill.) were reported in accordance with the hospital financing law.

On the balance sheet date, cash and cash equivalents totalled EUR 48.0 mill. (previous year: EUR 58.5 mill.) in the reporting year.

The **equity** of the MediClin Group, as of 31 December 2010, amounted to EUR 165.0 mill. (previous year: EUR 157.3 mill.). It includes the subscribed capital of MediClin AG amounting to EUR 47.5 mill. (previous year: EUR 47.5 mill.), as well as capital reserves of EUR 129.4 mill. (previous year: EUR 129.4 mill.). The revenue reserves also include negative non-controlling interests from the acquisition of the Kraichgau-Klinik Group.

Non-current liabilities decreased to EUR 56.3 mill. (previous year: EUR 62.1 mill.). This is primarily attributable to the repayment of non-current financial liabilities (EUR –5.4 mill.) and the reduction of other provisions (EUR –1.7 mill.)

Deferred tax liabilities increased from EUR 1.8 mill. to EUR 2.4 mill.

Current liabilities increased slightly by EUR 0.7 mill. to EUR 115.1 mill. (previous year: EUR 114.4 mill.). On the balance sheet date, trade payables were EUR 15.2 mill. (previous year: EUR 14.8 mill.). Tax liabilities amounting to EUR 0.6 mill. (previous year: EUR 2.1 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** decreased to EUR 13.4 mill. in 2010 (previous year: EUR 32.3 mill.). The decrease is primarily attributable to the change in current assets.

The **cash flow from investing activities** totalled EUR –21.4 mill. in gross terms (previous year: EUR –19.2 mill.). Investments of EUR 17.6 mill. were made in property, plant and equipment (previous year: EUR 16.7 mill.). Overall, the cash flow from investing activities totalled EUR –16.1 mill. in net terms (previous year: EUR –15.3 mill.).

The **cash flow from financing activities** amounted to EUR –7.9 mill. (previous year: EUR –15.9 mill.). The outflow of funds in the 2010 financial year resulted from the repayment of financial liabilities (EUR –5.5 mill.) and the dividend payment to the shareholders of MediClin AG (EUR –2.4 mill.).

Cash and cash equivalents at the end of the period totalled EUR 48.0 mill. (previous year: EUR 58.5 mill.).

Development of results of operation

In the reporting year, MediClin generated Group sales of EUR 487.2 mill. as compared to EUR 470.6 mill. in the previous year. Sales were thus EUR 16.6 mill. or 3.5 % above the previous year's value. With an operating result of EUR 16.9 mill., the previous year's value could not be completely attained (previous year: EUR 17.0 mill.). The EBIT margin (earnings before interest and taxes) for the reporting year was 3.5 %, as compared to 3.6 % for the previous year.

At EUR 10.2 mill., **other operating income** was above the previous year's value (previous year: EUR 9.5 mill.). The other operating income in the consolidated financial statements primarily consists of subsidies in accordance with the hospital financing law, public grants, income from compensatory amounts for earlier financial years, off-period income from the release of provisions as well as rental income.

Raw materials and consumables used rose in 2010 by EUR 2.9 mill. to EUR 110.3 mill. The cost of raw materials and supplies increased by 4.1 % to EUR 63.8 mill. as compared to 2009 (previous year: EUR 61.3 mill.), while the cost of purchased services, including energy costs, rose by 0.9 % to EUR 46.5 mill. (previous year: EUR 46.1 mill.). The cost of materials ratio thus improved slightly by 0.2 percentage points from 22.8 % to 22.6 %.

Raw materials and consumables used

	2010	2009	Change in %
Raw materials and consumables used in millions of €	110.3	107.4	+ 2.7
Cost of materials ratio in %	22.6	22.8	

In the 2010 financial year, **staff costs** increased by a total of EUR 11.8 mill. The size of the workforce in 2010, as calculated in full-time employees, was on average 150 full-time employees above the average for 2009. 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 rose by 0.6 percentage points as compared to the previous year.

Staff costs

	2010	2009	Change in %
Staff costs in millions €	267.0	255.2	+ 4.6
Staff costs ratio in %	54.8	54.2	

Depreciation and amortisation decreased by EUR 0.3 mill. as compared to the previous year to EUR 13.8 mill. (previous year: EUR 14.1 mill.).

The **financial result** of EUR –5.3 mill. was at the same level as the previous year (previous year: EUR –5.3 mill.). Other financial revenues amounted to EUR 0.2 mill. (previous year: EUR 0.6 mill.), and other financial costs totalled EUR 5.5 mill. (previous year: EUR 5.9 mill.). Of the interest expenses, a total of EUR 4.1 mill. (previous year: EUR 4.2 mill.) concerns payments to related parties in accordance with IAS 24.

In the 2010 financial year, the consolidated result attributable to shareholders of MediClin AG was EUR 10.0 mill. (previous year: EUR 10.3 mill.). Undiluted and diluted earnings per average share outstanding were EUR 0.21 (previous year: EUR 0.22) and per participating share EUR 0.21 (previous year: EUR 0.22).

Capital expenditure

In 2010, investments were made in fixed asset items totalling a gross amount of EUR 23.3 mill. (previous year: EUR 18.8 mill.).

Licences and concessions relate almost exclusively to software.

Investments in goodwill totalling EUR 2.1 mill. relate to two medical care centres which were newly opened in Offenburg and in Lahr during the reporting year, consisting of a total of six statutory health insurance physicians (EUR 1.2 mill.), as well as the expansion of two existing medical care centres with four further statutory health insurance physicians (EUR 0.9 mill.). In doing so, medical practice equipment was taken over of EUR 0.3 mill. Besides medical practice equipment and goodwill, no other assets or liabilities were acquired from medical practice owners during medical practice takeovers. EUR 0.8 mill. was invested here for rental alterations, and EUR 0.8 mill. for technical, operating and office equipment.

In the remaining facilities, a total of EUR 19.2 mill. was invested. These investments can be broken down as follows: EUR 2.1 mill. for modifications to crew and treatment rooms and patient rooms, EUR 0.5 mill. for the renovation of bathrooms, EUR 0.4 mill. for the conversion and expansion of cafeterias, and other expansion, renovation, maintenance and modification measures totalling EUR 1.0 mill. In medical technology equipment, a total of EUR 2.6 mill. was invested in X-ray systems with accessories, for the acquisition of a cardio-angiography system as well as a left-right intracardiac catheter measuring station, and in artificial respiratory systems and ultrasound devices. A total of EUR 2.5 mill. was spent on other medical machines and equipment. A further EUR 1.4 mill. flowed into the modernisation and expansion of EDP and telecommunications systems, and EUR 1.9 mill. was invested for the modernisation and equipment of patient rooms, treatment rooms and office rooms, as well as EUR 0.9 mill. for the acquisition of combined heating and power stations. A total of EUR 0.6 mill. was invested in telephone, nurse and light signalling installations 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 equipment and facilities.

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

Gross additions to non-current assets

In thousands of €	2010	2009
Licences, concessions	1,787	1,606
Goodwill	2,101	905
Land, buildings	2,430	1,783
Technical equipment, EDP	1,346	2,839
Operating and office equipment	13,715	9,960
Payments on account and assets under construction	1,926	1,643
Financial assets	26	78
Total	23,331	18,814

Strategy

MediClin's strategic objective remains unchanged: by extending regional and integrated health care networks as close to the patient's place of residence as possible, MediClin aims to offer premium medical services along the entire treatment chain. This means that MediClin's facilities, also in association with cooperation partners, are 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. Therefore, MediClin has set itself the goal of increasing health care efficiency, while at the same time, ensuring high quality standards along the entire treatment chain.

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 internal medicine) and on sophisticated medical services (such as neurosurgery, cardiology 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
- A 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 2010 financial year, the Group included 34 clinics, seven nursing care facilities and eleven 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 à la Carte GmbH
Catering and cafeteria services
- MC Service GmbH
Service in the areas of cleaning and building 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 2010, calculated on the basis of full-time staff, was 5,984 (previous year: 5,834 full-time staff).

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

Shown in full-time employees	2010	2009	Change
Post-acute	3,218	3,223	- 5
Acute	1,965	1,917	+ 48
Other activities	801	694	+ 107
thereof nursing care	155	155	0
thereof service (including administration)	646	539	+ 107
Group	5,984	5,834	+ 150

In the reporting year, sales per full-time employee rose by EUR 750 and thus at a weaker rate than average staff costs per full-time employee (EUR +880) and bed (EUR +1,149).

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

In €	2010	2009
Sales per full-time employee	81,412	80,662
Staff costs per full-time employee	44,626	43,746
Staff costs per bed	33,586	32,437

The Group employed an average of 197 trainees in 2010 (previous year: 176 trainees).

Segment reporting

MediClin was once again able to increase sales revenues in all segments in 2010. The result for the post-acute segment was at the previous year's level, while the result for the acute segment was significantly above the previous year's value.

Most of the Group's sales were conducted with the statutory social security pension funds and the statutory health insurance funds. In 2010 in the post-acute segment, 39.3 % (previous year: 39.1 %) of segment revenues were attributable to the statutory health insurance funds, and 51.2 % (previous year: 51.6 %) were attributable to the statutory social security pension funds. In the acute segment, the share of segment sales attributable to the statutory health insurance funds was 92.3 % (previous year: 92.6 %).

The share of the post-acute segment in Group sales was 56.5 % (previous year: 57.4 %); the share of the acute segment was 41.1 % (previous year: 40.3 %).

Upon examination of the development of the number of beds in both the post-acute and acute segments, it is seen that MediClin has expanded its capacity in the high-volume indication areas (such as the neurosciences and psychological sciences, orthopaedics and internal medicine).

In millions of €	Sales			Segment result	
	2010	2009	Change in %	2010	2009
Post-acute	275.2	270.0	+ 1.9	6.2	6.2
Acute	200.3	189.6	+ 5.6	18.1	17.2
Other activities ¹ and reconciliation	11.7	11.0	+ 6.4	- 7.4	- 6.4
Group	487.2	470.6	+ 3.5	16.9	17.0

¹ Nursing care and service business areas

Sales in the **post-acute segment** rose by 1.9 % or EUR 5.2 mill. The result of EUR 6.2 mill. was at the previous year's level. The PlusPrograms developed for self-paying patients achieved revenues of approximately EUR 1 mill. in the reporting year, as in the previous year. The EBIT margin was 2.2 % (previous year: 2.3 %).

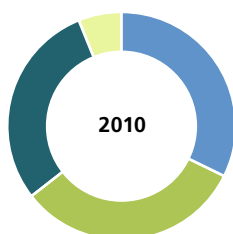
In its post-acute segment, MediClin offers services in both the fields of subsequent nursing treatment and curative procedures. Subsequent nursing treatment includes all medical measures required to facilitate the healing process and return the patient to a functioning state immediately after acute care 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	2010	2009	Change in %	Share 2010 in %
Subsequent nursing treatment	1,174,966	1,180,434	–0.5	61.2
Curative treatment	694,132	705,977	–1.7	36.1
Other	51,450	46,843	+9.8	2.7
Post-acute segment	1,920,548	1,933,254	–0.7	100.0

In 2010, as in 2009, the share of subsequent nursing treatment totalled approximately 61 % of all rehabilitative services furnished in the post-acute segment, calculated in nursing days.

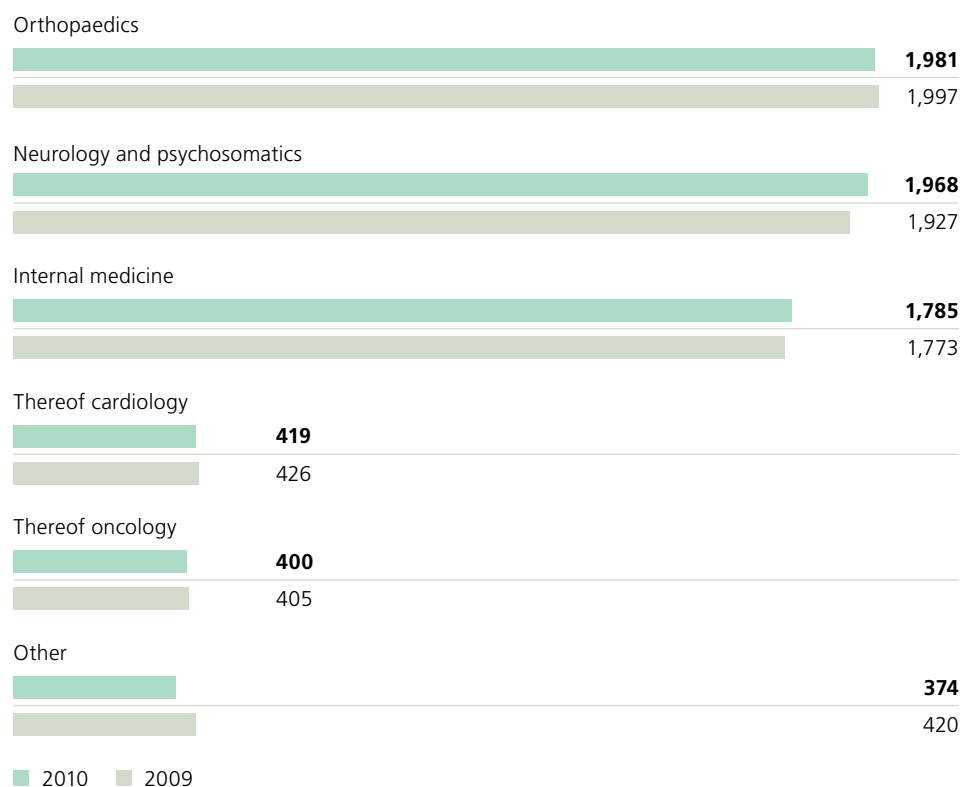
The average number of beds in the post-acute segment decreased by a total of nine beds as compared to 2009. MediClin's three-largest medical fields continue to be orthopaedics, neurology (including psychosomatic medicine) and internal medicine. Their share of the total average number of beds (6,108 beds) amounted to 93.9 % (previous year: 93.1 % / 6,117 beds). The number of beds on the reporting date increased by 27 beds (31.12.2010: 6,144 beds; 31.12.2009: 6,117 beds).

**Yearly average
of number of beds
in %**



Orthopaedics	32.4
Neurology and psychosomatics	32.2
Internal medicine	29.3
Other	6.1

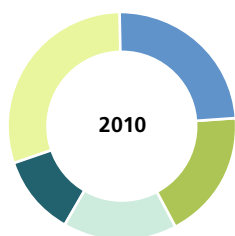
Yearly average of number of beds



An annual average of 3,218 full-time staff were employed in the post-acute segment (previous year: 3,223 full-time staff).

A total of EUR 9.0 mill. (previous year: EUR 6.0 mill.) was invested in this segment.

**Yearly average
of number of beds**
in %



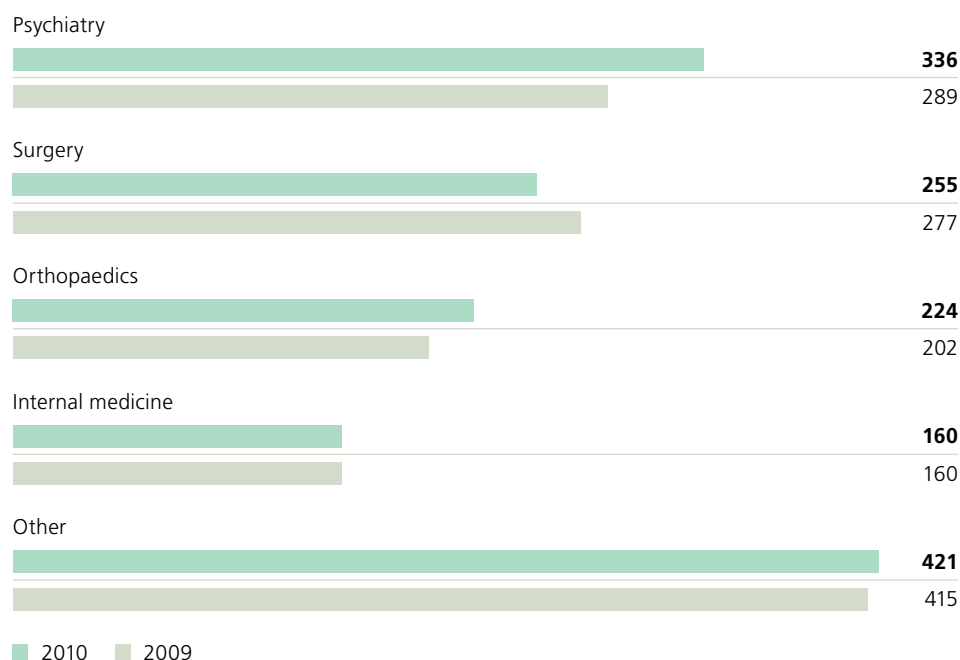
Psychiatry	24.1
Surgery	18.3
Orthopaedics	16.0
Internal medicine	11.5
Other	30.1

Sales in the **acute segment** rose by 5.6 % or EUR 10.7 mill. At EUR 18.1 mill., the result was EUR 0.9 mill. above the previous year's level (previous year: EUR 17.2 mill.). The segment EBIT margin totalled 9.1 % (previous year: 9.1 %).

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 69.8 % (previous year: 69.1 %).

The number of beds increased by 53 beds as an average value; on the reporting date, the average number of beds increased by 56 beds (31.12.2010: 1,399 beds; 31.12.2009: 1,343 beds).

Yearly average of number of beds



An annual average of 1,965 full-time staff were employed in the acute segment (previous year: 1,917 full-time staff).

A total of EUR 12.7 mill. (previous year: EUR 11.6 mill.) was invested in the segment in 2010.

The **other activities segment** recorded sales of EUR 37.6 mill. (previous year: EUR 33.3 mill.) in 2010. The nursing care business area, which is reported under the other activities segment, achieved sales of EUR 11.2 mill. (previous year: EUR 11.3 mill.). The number of places as of 31 December 2010 remained the same as compared to 31 December 2009, with 408 places. Altogether, an average of 801 full-time employees (previous year: 694 full-time employees) served in the other activities segment in 2010, which represents an increase of 15.4 %; 155 full-time employees of these served in the nursing care business area (previous year: 155 full-time employees).

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 €	31.12.2010	in % of balance sheet total	31.12.2009	in % of balance sheet total
Assets				
Non-current assets	236.3	86.8	210.5	78.7
Current assets	35.8	13.2	57.1	21.3
	272.1	100.0	267.6	100.0
Equity and liabilities				
Equity	193.7	71.2	192.5	72.0
Non-current liabilities	9.3	3.4	5.2	1.9
Current liabilities	69.1	25.4	69.9	26.1
	272.1	100.0	267.6	100.0

The **balance sheet** total, structured according to IFRS regulations, was EUR 4.5 mill. higher than the previous year. The change in non-current and current assets is primarily attributable to the reclassification of a loan granted to MediClin Herzzentrum Lahr/Baden. The loan was previously presented in current assets under receivables from related companies. A write-up of the investment valuation to the Dr. Hoefer-Janker GmbH & Co. Klinik KG in the amount of EUR 5.0 mill., due to sustainable earnings improvement of a significant magnitude, resulted in an increase in the non-current assets.

The change in non-current liabilities is mainly attributable to loan repayments to banks as well as the first-time passivation of deferred tax.

Development of results of operation

MediClin AG recorded no sales for the reporting year.

Other operating income of MediClin AG mainly includes income from management services, which remains unchanged as compared to the previous year at EUR 146 thou. and income from the release of provisions (2010: EUR 35 thou.; previous year: EUR 695 thou.), primarily attributable to profit-sharing bonuses (2010: EUR 23 thou.; previous year: EUR 0 thou.) and expenses for the annual financial statements (2010: EUR 12 thou.; previous year: EUR 15 thou.).

Other operating expenses primarily included auditing and consultancy costs (2010: EUR 654 thou.; previous year: EUR 703 thou.), print media (2010: EUR 303 thou.; previous year: EUR 294 thou.) and other administration costs (2010: EUR 392 thou.; previous year: EUR 296 thou.) primarily covering Supervisory Board costs (2010: EUR 244 thou.; previous year: EUR 140 thou.), and costs of the Annual General Meeting (2010: EUR 80 thou.; previous year: EUR 87 thou.) and incidental costs of monetary transactions (2010: EUR 62 thou.; previous year: EUR 59 thou.), as well as rent and leaseback (2010: EUR 59 thou.; previous year: EUR 72 thou.), insurance costs (2010: EUR 67 thou.; previous year: EUR 53 thou.) and other costs.

Extraordinary expenses totalling EUR 4 thou. resulted from the first-time application of the guidelines of the German Accounting Law Modernisation Act (BilMoG) and are primarily attributable to expenses for adjustment of provisions for incentive and anniversary obligations.

The financial result of MediClin AG for the 2010 financial year includes dividends for the previous years totalling EUR 1.9 mill. and advanced dividends for the 2010 financial year totalling EUR 10.5 mill. (previous year: EUR 11.7 mill.), write-ups on the stake valuation vis-à-vis Dr. Hoefer-Janker GmbH & Co. Klinik KG, Bonn, due to a sustained earnings improvement of the substantial size of EUR 5.0 mill., interest and similar income totalling EUR 1.1 mill. (previous year: EUR 1.4 mill.), and interest and similar expenses totalling EUR 4.6 mill. (previous year: EUR 5.0 mill.).

MediClin AG reported a net profit for the year of EUR 9.1 mill. in the 2010 financial year (previous year: EUR 4.6 mill.).

The number of employees was five on annual average (previous year: 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 2011 and in the following years 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 approved by the Supervisory Board 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). During the 2010 financial year, compensation of the Management Board totalled EUR 1.6 mill. (previous year: EUR 1.7 mill.) and was structured as follows:

In €	2010	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		406,410	270,940	677,350
Long-term incentive programme				
Share appreciation right		55,072	49,403	104,475
Subsidy retirement pension		60,000	60,000	120,000
Other remuneration components		9,104	9,438	18,542
Total		950,586	689,781	1,640,367

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

The fixed salary is paid out monthly. The profit-sharing bonus is contingent upon the achievement of specific targets and consists of two profit-sharing bonus components. 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 2010 encompasses the fair value of provisions for the year 2010. The fair value of provisions on 31 December 2010 was EUR 266 thou. (previous year: EUR 162 thou.).

MediClin assumes the social security pension fund policies concluded for the members of the Management Board as a result of corresponding retirement benefit guarantees. The amounts of these subsidies had not been adjusted since 2001. On the recommendation of the General and Personnel Committee, at the Supervisory Board meeting of 26 May 2010, MediClin's Supervisory Board decided to increase the insurance payments to be carried by MediClin to EUR 60 thou. for each member of the Management Board.

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.

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 Annual General Meeting of Shareholders on 26 May 2010. Therefore, the following regulation will be applied for the first time for compensation paid in 2010:

In addition to being reimbursed for their cash expenses and paying the value added tax on work completed for the Supervisory Board, the members of the Supervisory Board are paid a fixed compensation, amounting to EUR 10,000.00 for each Supervisory Board member, payable after the close of the financial year. In addition, each member receives the amount of EUR 3,000.00 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 12,000.00. The payment is effected after the conclusion of the Annual General Meeting of Shareholders, which decides on the allocation of profits for the financial year for which the remuneration is paid. The Chairman of the Supervisory Board receives twice the amount of the fixed compensation and the Vice Chairman receives one and a half times the amount of the fixed compensation. Each member of a Supervisory Board committee, which meets at least once during the financial year, receives an allowance valued at 10 %, and the chairman of the committee an allowance amounting to 20 % of the fixed compensation. Every member of the Audit Committee receives an allowance valued at 25 %, and the Chairman of the Audit Committee an allowance valued at 50 % of the fixed compensation. If a member of the Supervisory Board simultaneously holds several positions for which increased remuneration is granted, he or she shall only receive the remuneration for the highest-paying position. For every participation in a meeting of the Supervisory Board and one of its committees by personal attendance, the members of the Supervisory Board receive an attendance fee of EUR 250.00 per session. If the position of a Supervisory Board member or a function associated with an increased remuneration begins or ends during the course of a financial year, the Supervisory Board member receives the compensation or increased remuneration on a pro rata basis.

In 2010, 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 26 May 2010 for the 2009 financial year.

In € excluding VAT	Remuneration	Performance-based remuneration	Total 2010	Total 2009
Günter Schlatter, Cologne (Chairman until 12.08.2009)	0.00	3,408.61	3,408.61	13,634.46
Dr. Jan Boetius, Munich (Chairman) (since 31.08.2009; Chairman since 23.09.2009)	24,750.00	1,704.31	26,454.31	4,260.76
Hans Hilpert (Vice Chairman)	18,500.00	2,556.46	21,056.46	8,947.61
Michael Bock	14,000.00	2,556.46	16,556.46	8,947.61
Dr. Daniel von Borries	16,500.00	2,556.46	19,056.46	8,947.61
Gerd Dielmann	13,000.00	2,556.46	15,556.46	8,947.61
Prof. Dr. Erich Donauer	15,500.00	2,556.46	18,056.46	8,947.61
Walburga Erichsmeier (until 31.12.2009)	0.00	2,556.46	2,556.46	8,947.61
Carsten Heise	14,500.00	2,556.46	17,056.46	8,947.61
Dr. Jochen Messemer	12,500.00	2,556.46	15,056.46	8,947.61
Klaus Müller	14,250.00	2,556.46	16,806.46	8,947.61
Udo Rein	12,500.00	2,556.46	15,056.46	8,947.61
Uwe Rohde (since 01.01.2010)	14,000.00	0.00	14,000.00	0.00
Dr. Hans Rossels	11,000.00	2,556.46	13,556.46	8,947.61
Total	181,000.00	33,233.98	214,233.98	116,318.93

As in the 2009 financial year, there were no loans extended to members of the Supervisory Board in 2010. 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

This chapter describes the risk management, the entrepreneurial risks and opportunities as well as their control, but also the main features of the internal control and risk management system as they relate to financial reporting.

Risk management

The objective of MediClin's risk management is the identification and control of significant risks. For this, organisational rules were adopted and instruments implemented 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.

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.

The Management Board of MediClin AG carries the overall responsibility for the risk management system. It delegates the individual duties within the framework of the risk management of the Group to the central risk manager and to the persons in charge of risk policies in the individual departments respectively clinics.

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.

Internal control system regarding the financial reporting process and management control system

Under the provisions to Section 91 (2) of the German Stock Corporation Act (AktG), the board of management of a stock corporation is to ensure that appropriate actions are taken, particularly the setup of a monitoring system, in order to provide for the early detection of developments that could jeopardise the long-term survival of the company as well as to guarantee short-term solvency. This is the purpose of the internal control system as related to the accounting process. It guarantees, on the one hand, an efficient financial reporting process, and on the other hand, serves to detect and adequately assess the risks which are associated with entrepreneurial activities so as to be able to permit an early response to the risks identified.

Important elements of the internal control system are the centralisation of financial reporting departments as well as further centralised services at the corporate headquarters in Offenburg. In addition to financial accounting, also personnel management, payroll processing, quality management, insurance and contract management are centralised.

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 appropriate safeguards and security features. The staff involved all exhibit the necessary qualifications. Suitable controls have been installed for all relevant financial reporting processes.

Invoicing is carried out promptly in a decentralised manner. However, the dunning process is carried out centrally. Claims management and liquidity monitoring are also centrally organised.

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 for both upcoming financial years 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.

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-leaseback transactions as well as the option of acquiring own shares.

Clear definitions of spheres of responsibility in the areas of both financial accounting and risk management support error-free and comprehensible financial accounting. Through the centralisation of 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 assets, financial positions and earnings situations in the context of financial accounting disclosure requirements.

Risk Inventory 2010

Risk inventory as part of the Group's risk management is a central tool for the early detection of potential corporate risks. It helps to systematically detect economic risks and opportunities early on, during the preparation phase for the annual economic plan. In addition to the internal monitoring and control systems, it is an important element of MediClin's risk management strategy.

In the 2010 risk inventory, a total of 408 risk reports, 48 opportunity reports and 16 trend reports were submitted by the medical facilities and corporate departments of MediClin. The 408 reports of risks could be allocated to 87 different risk groups. Following a review and evaluation of the reports on the Group level, a total of 20 risks were identified and evaluated as corporate risks in accordance with the definition of a risk. Reports of opportunities were also grouped according to content. Due to various individual submissions, five connected areas of opportunities could be identified.

From our viewpoint, the risk inventory showed the following significant risks and opportunities: in comparison to the previous year, the 2010 risk inventory included three new risks on the Group level. One risk no longer had to be taken into consideration, and others were re-evaluated with respect to their impact or the likelihood of their occurrence.

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 skilled personnel in the medical and nursing professions is beginning to be evident, with regional differences as to its severity.

In the 2010 financial year, the labour market situation was stable. A weak labour market can have a dampening effect on the demand for schedulable acute measures and 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. Individual coverage providers could also respond with expenditure cuts. 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 (among health insurance funds or 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 increasingly influence occupancy control systems and remuneration.

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 as much as possible from the changes.

General legal conditions

In 2010, three laws were introduced with the purpose of stabilising the financial situation of the public health insurance funds. In June, the German Act for the Amendment of Health Insurance and Other Regulations (GKVÄndG) came into effect. On 11 November 2010, the Bundestag enacted the Pharmaceutical Market Restructuring Act (AMNOG) and one day later the Sustainable and Socially Balanced Financing of Statutory Health Insurance Act (GKV-FinG).

With the Health Insurance Amendment Act, the federal government aims at savings in health care in the amount of more than EUR 1.1 bill. per annum. AMNOG is to bring in another EUR 2 bill. annually as a result of a price control regulation reform for patent-protected pharmaceuticals and of a revision of the package size ordinance. Only the future will show if, and to what degree, MediClin is going to benefit from these savings for pharmaceuticals in the long term.

GKV-FinG went into effect on 1 January 2011. The main focus of the law is the stabilisation of the finances of public health insurance funds, to which end not only reforms concerning revenues but also ceilings for spending increases were enacted.

Thus, with respect to revenues, the contributions were increased, but the share of the employers was fixed, and health insurance funds whose expenditures are higher than their disbursements from the health care fund must charge their members an additional, income-independent premium. With respect to expenditures, the administrative expenses of the health insurance funds have been frozen at the level of 2010 for the next to years, and the increase of the total remuneration of statutory health service physicians has been fixed at 1.25 % in all associations of health insurance physicians for the same period.

To limit the increases in expenditures in the acute sector – which is therefore also relevant for the business activities of MediClin in its acute sector – the following regulations have been determined:

- For additional services of the hospitals compared to the respective previous year an amount is charged, which is 30 % in 2011 and which must be contractually agreed upon for subsequent years.
- In 2011 and 2012, the rates for inpatient hospital services in the acute sector as well as for the hospital budgets of psychiatric and psychosomatic institutions must increase by no more than the amount of the basic wage rate minus 0.25 % points or 0.5 % points (previously: the full basic wage rate).
- The provisions for a further convergence towards uniform national hospital rates (federal base case value) are abolished so as to maintain price differences.

General political, legal and statutory conditions, such as governmental budgeting, hospital planning, case-based flat fees and the financial deficit among the health insurance funds, will continue to have an impact on the further development of the health care system and result in further legal reforms. MediClin will continue to monitor this development in the context of its risk management system and analyse the risks and opportunities which might develop regarding the Group's results.

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 breakeven 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 structured internal quality management. Internal quality management is 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 2011.

Opportunities

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. In its November 2010 report to the federal government about raising the legal retirement age to

67 years, the Federal Ministry of Health and Social Security noted a very positive development regarding the gainful employment of the elderly over the past several years. As early as in 2007, Germany exceeded the goal of the EU of raising the employment rate of individuals over 55 years of age to at least 50 % by 2010. The employment rate of persons between 60 and under 65 years of age has nearly doubled since 2000, and is currently at over 40 %. The employment rate among the employed between 60 and 64 years of age who are subject to social insurance contributions has also doubled during the same period, and is at approximately 23 %. Everything indicates that the average time people work in their life-time will extend significantly in the years to come. This means that the demand for qualified services in medical rehabilitation which preserve a person's capacity and ability to work will increase.

The chances to take MediClin to a new level of growth are clear. 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 large providers of rehabilitation services in Germany. 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.

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 ProLog Beteiligungsgesellschaft mbH (ProLog), the ERGO Versicherungsgruppe AG (ERGO), the DKV Deutsche Krankenversicherung AG (DKV) and the Asklepios Kliniken Verwaltungsgesellschaft mbH. Those with an indirect shareholding are the Provinzial Rheinland Lebensversicherung AG through its subsidiary ProLog, 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 2010, no resolution to authorise the purchase of MediClin shares was submitted at the Annual General Meeting. 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.

Subsequent events and future prospects

No significant events of special importance occurred after the cut-off date and until publication of the annual financial statement.

Favourable conditions from 2010 will bolster the economy in 2011

After the economic situation in 2010 recovered significantly faster than originally expected, the signs are good for continued solid economic development. If last year's growth was primarily driven by exports, the Federation of German Industry (Bundesverband der Deutschen Industrie, BDI), for instance, anticipates that in 2011 foreign trade will again significantly impact the increase in the gross domestic product, but that thanks to a stable labour market, private consumption will also contribute to GDP growth. The BDI predicts that GDP will rise by 2.5 % in 2011; the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) foresees growth of 2.2 % and the federal government predicts growth of 2.3 % in its annual economic report. Currently, the forecasts for 2012 of the aforementioned experts and other renowned institutes are clearly more restrained; they are all below 2 %.

However, economic growth this year is also not guaranteed. Financial markets and the euro continue to be extremely volatile due to the debt situation of some EU countries, and the political unrest in countries in northern Africa is causing an increase in crude oil prices. The annual average inflation rate in 2010 was 1.1 %; for 2011 a higher increase in the consumer price index is anticipated.

Reforms in the health care sector to focus on cost savings in the coming years

Due to the demographic development of the German population and advances in medical technology, the health care sector is a growth market. And it is one of the most employment-intensive industries in Germany. As of 31 December 2009, a total of 4.7 mill. people were employed in the health care sector – and the trend is rising.

It is also a market that is increasingly at the forefront of public attention. On the one hand, awareness of health has increased in the population; on the other, the financial viability of health care services is being called into question as never before. Consequently, it is not surprising that all the legal regulations that went into effect in 2010 are targeted at making substantial cost savings.

On 1 August 2010, the German Act for the Amendment of Health Insurance and Other Regulations (Gesetz zur Änderung krankensicherungsrechtlicher und anderer Vorschriften – GKVÄndG) went into effect. This legislation pertains to the area of pharmaceuticals and should provide the public health insurance funds with approximately EUR 1.15 bill. in savings annually. These regulations apply until 31 December 2013. Also going into effect on 1 August 2010, and valid until 31 December 2014, is the Minimum Wage Ordinance for the

nursing care sector. It was additionally resolved that the introduction of a federal base case value will be rescinded as of 2015, in order to create competition between the federal states through the maintenance of price differences in the state base case values.

In November 2010, the German Bundestag passed the Sustainable and Socially Balanced Financing of Statutory Health Insurance Act (Gesetz zur nachhaltigen und sozial ausgewogenen Finanzierung der gesetzlichen Krankenversicherung – GKV-FinG). This legislation also aims to achieve cost savings:

- For those services that hospitals agree to additionally provide – beyond those offered in the previous year – a deduction will be determined, the amount of which will be 30 % in 2011 and is to be contractually defined starting in 2012.
- The prices for acute inpatient hospital services and the hospital budgets of psychiatric and psychosomatic facilities are only allowed to grow at half the rate – instead of the full – of basic pay increases.

Currently, it is not possible to predict what impact in 2011 these new statutory regulations will have on the health care sector overall, and on the private clinic operators specifically.

Further reforms in the health care sector are under discussion, such as the reform of the requirements planning for physician/outpatient and clinical/inpatient health care. Here, the federal government and the federal states must still reach an agreement. There also exists a need for regulation with respect to the legal arrangement of the setup and management of medical care centres. Currently, it can only be speculated as to what additional demands will be made on medical care, particularly in relation to preventive and rehabilitative measures, by the raising of the retirement age. With respect to the employment situation in the health care sector, there appears to be no improvement in the shortage of personnel in the physician and nursing professions.

For the mid and long term, the experts of the Rheinisch-Westfälisches Institut für Wirtschaftsforschung anticipate that spending on health care will also rise significantly in the next years. As a result, the sector could “become an important engine of growth for the German economy”. This will require a political framework that develops solutions for financing through reforms in health and long-term care insurance and creates increased transparency and stronger competition, in order to improve the efficiency in the provision of services.

Wave of privatisations not expected

It is certain that in 2010 the budgetary deficits in the public sector reached new record heights. This will result in continuing and possibly increasing investment constraints on public health care. Nevertheless, this situation did not give rise to stronger privatisation efforts within the industry. MediClin therefore predicts that this situation will also not drastically change in 2011. For 2012 and the following years, it is not possible to make any statements on this subject due to the complex interrelationships with respect to the general economic development.

Conditions for continuous future growth are present

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 specialist fields such as diabetes care. Eleven medical care centres (as of 31 December 2010) 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 – cross-sectoral, integrative medical care – and stringent management practices, MediClin therefore believes that it is well equipped to expand its integrative medical service offer over the next two years. Furthermore, MediClin will position itself as the market leader in the post-acute sector. The nursing care business area will be expanded as opportunities arise, and the service business area according to optimisation considerations.

Outlook

The 2010 financial year was characterised by an increase in sales due to internal growth, high investments for the purpose of securing market share in the outpatient segment, and a result before extraordinary items that was slightly below the previous year's level.

MediClin will also invest in internal growth in 2011, and, as long as framework conditions in the industry and the referral practices of coverage providers do not change drastically, the Management Board anticipates a slight increase in sales and a result on the previous year's level.

MediClin also anticipates that, without acquisitions, business development in 2012 can be expected to be similar to 2011.

In relation to external growth, acquisition efforts in the acute sector are the main focus.

MEDICLIN Aktiengesellschaft

Offenburg, 3 March 2011

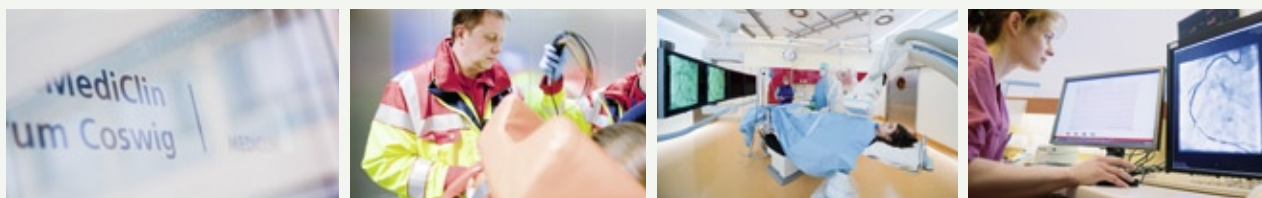
The Management Board



CARDIOLOGY/ANGIOLOGY

The Heart Attack Network in the Wittenberg District – a quality offensive in Saxony-Anhalt

Cardiovascular diseases remain the most frequent cause of death in Germany. Acute heart attacks lead this statistic: up to 30 % of patients die before they receive medical help. In this context, the “Netzwerk Herzinfarkt im Landkreis Wittenberg” (Heart Attack Network in the Wittenberg District) was established under the auspices of the MediClin Herzzentrum Coswig and the patronage of Prof. Wolfgang Böhmer, Minister President of Saxony-Anhalt. It is the objective of the network to optimise the therapy of patients suffering from an acute heart attack through electronic networking and cooperation between partners.



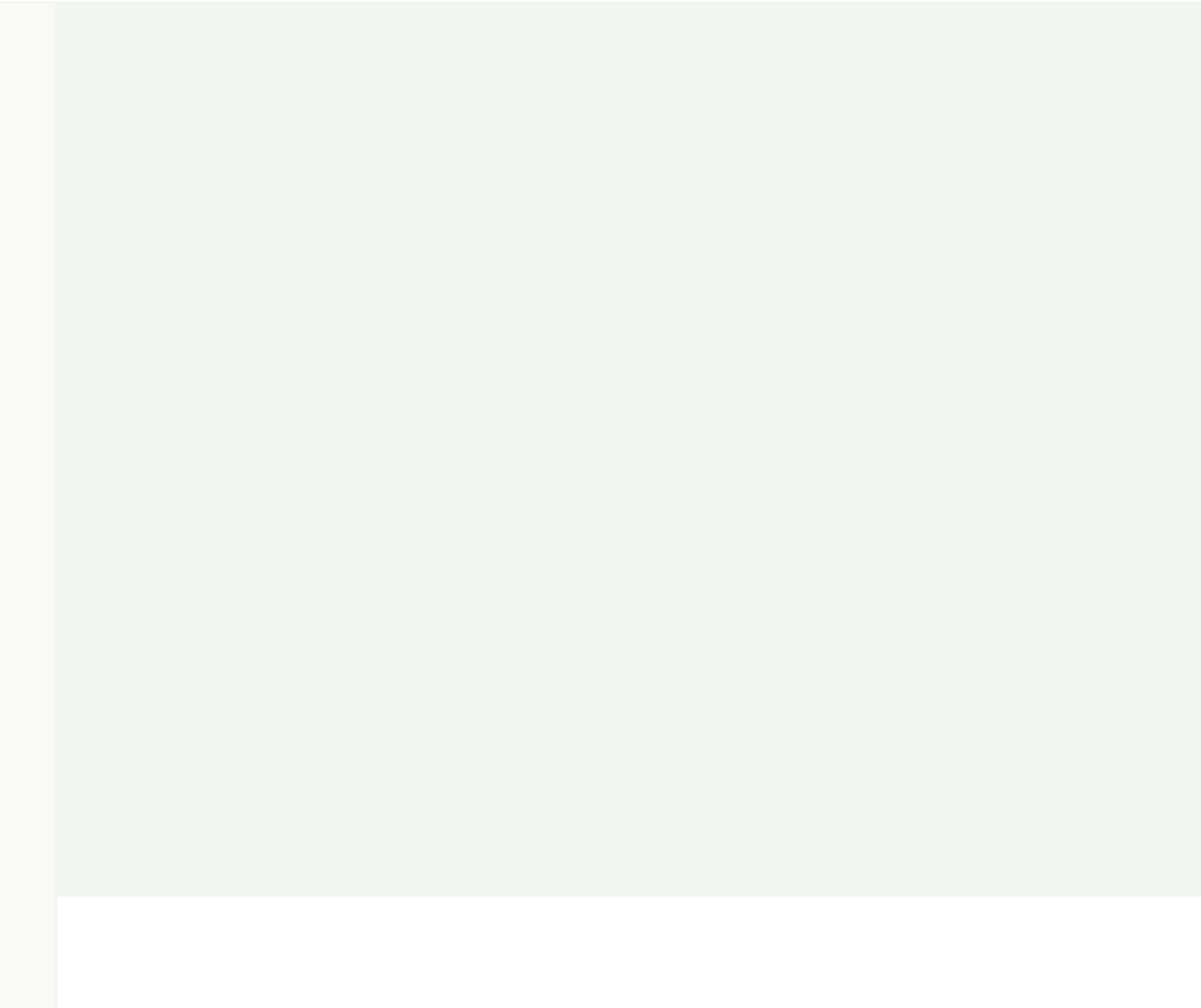
State-of-the-art communication saves valuable time

The MediClin Herzzentrum Coswig is situated in a rural area in Saxony-Anhalt. This means that the transport time for patients with an acute heart attack is often long before they arrive at the hospital. To improve diagnosis and the patient care procedures, from the initial therapy through to the choice of a suitable hospital, and at the same time to optimise the processes at the Herzzentrum, Wittenberg district, its emergency services, the Evangelisches Krankenhaus Paul Gerhardt Stift Wittenberg and the MediClin Herzzentrum Coswig have joined together to establish the “Netzwerk Herzinfarkt im Landkreis Wittenberg”.

Aside from cooperation amongst the partners, the central content of the network is the direct transfer of the patient's ECG from the site of the emergency to a PC at the MediClin Herzzentrum Coswig via a mobile phone network and the Internet. This allows the emergency physician to confer with the physicians at the cardiac centre from the site of the emergency on the basis of the ECG, and to directly announce the arrival of a patient with an acute heart attack. As a result, the possibility of admitting a patient for inpatient care in a hospital without a prior intracardiac catheter examination is avoided. The MediClin Herzzentrum Coswig has received information ahead of time through the ECG and the telephone call, and can

free up capacity for admission and immediate care of the patient at the intracardiac catheter lab by a cardiologist. Employing state-of-the-art communication technology can thus save valuable time. Consequently, despite the longer transport route it is possible to ensure patient care at the intracardiac catheter lab within the time frame stipulated in the guidelines of the European Society of Cardiology.

The director of the Clinic of Cardiology and Angiology, Dr. Tom Giesler, presented the evaluation of the results for the first year to the health committee in Wittenberg district in November 2010. He was able to deduce, together with the cooperating partners, that the care of patients with an acute heart attack could be improved considerably.



Consolidated financial statements of MEDICLIN Aktiengesellschaft for the 2010 financial year

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Consolidated balance sheet as of 31 December 2010

ASSETS

	Appendix		31.12.2010 in €	Previous year in thousands of €
NON-CURRENT ASSETS				
Intangible assets	(1)			
Concessions, licences		2,236,514		1,924
Goodwill		51,180,541		49,080
Payments on account		157,696		149
			53,574,751	51,153
Property, plant and equipment	(2)			
Land, land rights and buildings including buildings on third-party land		112,394,158		114,606
Technical equipment and machines		8,971,548		8,989
Operating and office equipment		26,732,445		21,383
Payments on account and assets under construction		2,173,223		1,843
			150,271,374	146,821
Other financial assets	(3)			
Investment in stock of subsidiaries		58,600		59
Other loans		8,261		8
Reinsurance cover		1,469,007		1,470
			1,535,868	1,537
Non-current tax refund claims	(4)		396,400	453
Deferred tax assets	(5)		5,051,795	5,172
			210,830,188	205,136
CURRENT ASSETS				
Inventories	(6)		6,500,753	6,518
Trade receivables	(7)		61,643,432	56,320
Other current assets				
Prepaid expenses		1,392,606		1,313
Receivables pursuant to hospital financing law	(8)	3,821,256		2,011
Other assets	(9)	4,082,463		3,204
			9,296,325	6,528
Current tax refund claims	(10)		78,653	76
Cash and cash equivalents	(11)		47,955,302	58,525
Assets held for sale	(12)		100,000	675
			125,574,465	128,642
			336,404,653	333,778

EQUITY AND LIABILITIES

	Appendix		31.12.2010 in €	Previous year in thousands of €
EQUITY				
Shares MediClin Group				
Subscribed capital	(13)	47,500,000		47,500
Capital reserve	(14)	129,391,829		129,392
Revenue reserve	(15)	17,089		17
Consolidated balance sheet loss	(16)	- 11,986,841		- 19,647
			164,922,077	157,262
Non-controlling interests	(17)		64,645	0
			164,986,722	157,262
NON-CURRENT LIABILITIES				
Non-current financial liabilities				
Liabilities to banks	(18)	11,482,162		16,123
Other financial liabilities	(19)	9,276,559		10,014
			20,758,721	26,137
Other non-current liabilities	(20)		87,683	0
Non-current provisions				
Provisions for pensions and similar commitments	(21)	27,108,822		26,547
Other provisions	(22)	5,959,458		7,672
			33,068,280	34,219
Deferred tax liabilities	(23)		2,377,928	1,758
			56,292,612	62,114
CURRENT LIABILITIES				
Trade payables				
			15,221,669	14,793
Current financial liabilities				
Liabilities to banks and insurance companies	(24)	66,102,724		66,063
Other financial liabilities	(25)	776,347		931
			66,879,071	66,994
Other current liabilities				
Liabilities pursuant to hospital financing law	(26)	7,783,139		7,974
Other liabilities	(27)	16,837,888		17,239
			24,621,027	25,213
Current provisions	(28)		7,776,097	5,280
Current tax liabilities	(29)		627,455	2,122
			115,125,319	114,402
			336,404,653	333,778

Consolidated statement of comprehensive income

for the financial year from 1 January to 31 December 2010

	Appendix	Jan. – Dec. 2010 in €	Previous year in thousands of €
I. CONSOLIDATED PROFIT AND LOSS ACCOUNT			
Sales	(30)	487,166,909	470,579
Other operating income	(31)	10,198,380	9,475
Total operating performance		497,365,289	480,054
Raw material and consumables used	(32)		
a) Cost of raw materials and supplies		– 63,779,500	– 61,278
b) Cost of purchased services		– 46,549,041	– 46,141
		– 110,328,541	– 107,419
Staff costs	(33)		
a) Wages and salaries		– 225,142,310	– 214,818
b) Social security, pension and retirement		– 41,900,218	– 40,394
		– 267,042,528	– 255,212
Depreciation and amortisation	(34)	– 13,796,899	– 14,083
Other operating expenses	(35)	– 89,328,743	– 86,378
Operating result		16,868,578	16,962
Financial result	(36)		
a) Other financial revenues		244,767	599
b) Other financial costs		– 5,539,317	– 5,943
		– 5,294,550	– 5,344
Result before tax		11,574,028	11,618
Taxes on income	(37)	– 1,474,073	– 1,260
Result after tax		10,099,955	10,358
Thereof attributable to shareholders of MediClin AG		10,035,310	10,293
Thereof attributable to the non-controlling interests		64,645	65
II. OTHER COMPREHENSIVE INCOME			
Offset of the losses attributed to the non-controlling interests		0	0
III. OVERALL RESULT			
Thereof attributable to shareholders of MediClin AG		10,035,310	10,293
Thereof attributable to the non-controlling interests		64,645	65
Result after tax attributable to shareholders of MediClin AG per share	(38)		
Undiluted (in €)		0.21	0.22
Diluted (in €)		0.21	0.22

Consolidated cash flow statement

	Jan. – Dec. 2010 in €	Jan. – Dec. 2009 in €
Operating result (EBIT)	16,868,578	16,961,942
Result of finance activities	– 5,294,550	– 5,343,718
Result of income taxes	– 1,474,073	– 1,259,633
Total consolidated result	10,099,955	10,358,591
Depreciation on fixed asset items	13,796,899	14,082,519
Change in deferred taxes	740,253	787,388
Change in non-current provisions	1,095,460	710,641
Change in current provisions	248,952	1,316,112
Result from the disposal of fixed asset items	– 84,611	– 173,164
Change in non-current tax refund claims	56,967	77,762
Change in current tax refund claims	– 2,419	3,469
Change in other current assets	– 9,035,260	6,962,377
Change in other non-current liabilities	87,683	0
Change in other current liabilities	– 3,637,801	– 1,779,485
Cash flow from operating activities	13,366,078	32,346,210
Payments received from the disposal of fixed assets	314,511	925,918
From the disposal of property, plant and equipment	314,511	925,918
Payments received from investment subsidies	4,969,425	2,923,239
Cash used for investments in fixed assets	– 21,350,969	– 19,161,324
In intangible assets	– 3,721,883	– 2,372,331
In property, plant and equipment	– 17,603,001	– 16,711,207
In financial assets	– 26,085	– 77,786
Cash flow from investing activities	– 16,067,033	– 15,312,167
Capital increase	0	422,275
Dividend distribution to shareholders of MediClin AG	– 2,375,000	– 2,362,500
Repayment of financial liabilities	– 5,493,860	– 13,952,515
Cash flow from financing activities	– 7,868,860	– 15,892,740
Cash flow for the period	– 10,569,815	1,141,303
Cash and cash equivalents at beginning of period	58,525,117	57,383,814
Cash and cash equivalents at end of period	47,955,302	58,525,117

The cash flow at the end of the period corresponds to the balance sheet item “cash flow” and encompasses only cash in hand and bank credit balances.

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	
As of 01.01.2008	31,500,000	106,683,544	303,089	
Overall result	–	–	–	
Change in consolidation scope	–	–	–286,000	
Acquisition of non-controlling interests	–	–	–	
Capital increase	15,750,000	22,528,458	–	
As of 31.12.2008	47,250,000	129,212,002	17,089	

In €	Subscribed capital	Capital reserve	Revenue reserve	
As of 01.01.2009	47,250,000	129,212,002	17,089	
Overall result	–	–	–	
Adjustment of the negative non-controlling interests	–	–	–	
Distribution of dividends	–	–	–	
Capital increase convertible bond	250,000	179,827	–	
As of 31.12.2009	47,500,000	129,391,829	17,089	

In €	Subscribed capital	Capital reserve	Revenue reserve	
As of 01.01.2010	47,500,000	129,391,829	17,089	
Overall result	–	–	–	
Distribution of dividends	–	–	–	
As of 31.12.2010	47,500,000	129,391,829	17,089	

	Consolidated balance sheet result	Treasury stock	Shares MediClin Group	Non-controlling interests	Total equity
	- 34,314,605	0	104,172,028	1,824,530	105,996,558
	7,080,363	-	7,080,363	- 502,076	6,578,287
	- 409,000	-	- 695,000	695,000	0
	-	-	0	- 2,017,454	- 2,017,454
	-	-	38,278,458	-	38,278,458
	- 27,643,242	0	148,835,849	0	148,835,849

	Consolidated balance sheet result	Treasury stock	Shares MediClin Group	Non-controlling interests	Total equity
	- 27,643,242	0	148,835,849	0	148,835,849
	10,293,148	-	10,293,148	65,443	10,358,591
	65,443	-	65,443	- 65,443	0
	- 2,362,500	-	- 2,362,500	-	- 2,362,500
	-	-	429,827	-	429,827
	- 19,647,151	0	157,261,767	0	157,261,767

	Consolidated balance sheet result	Treasury stock	Shares MediClin Group	Non-controlling interests	Total equity
	- 19,647,151	0	157,261,767	0	157,261,767
	10,035,310	-	10,035,310	64,645	10,099,955
	- 2,375,000	-	- 2,375,000	-	- 2,375,000
	- 11,986,841	0	164,922,077	64,645	164,986,722

Basic information

MEDICLIN Aktiengesellschaft (MediClin) is active as a nationwide clinic operator. With 34 clinics, seven nursing care facilities and eleven medical care centres in eleven German federal states, MediClin has an overall capacity of approximately 8,000 beds (as of 31.12.2010). 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). Its headquarters are located at Okenstrasse 27, 77652 Offenburg.

The present notes were prepared for the consolidated financial statements of MEDICLIN Aktiengesellschaft for the 2010 financial year. The underlying consolidated financial statements were approved for publication by the Management Board on 3 March 2011. 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 AG Wirtschaftsprüfungsgesellschaft, have been published in the electronic German Federal Gazette (Bundesanzeiger).

The consolidated financial statements to 31 December 2010 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 published by the EU Commission

The following regulations were adopted by the EU in 2010 and are therefore binding:

	Published in the Official Journal of the EU on	Applies from ¹
Collection of amendments to various IFRSs: "Improvements to International Financial Reporting Standards" (2007–2009)	24.03.2010	31.12.2009
Amendment to IFRS 2: "Share-based Payment"	24.03.2010	31.12.2009
Revised version of IAS 24: "Related Party Disclosures"	20.07.2010	31.12.2010
Amendment to IFRIC 14: "Prepayments of a Minimum Funding Requirement"	20.07.2010	31.12.2010
IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments"	24.07.2010	30.06.2010
Amendment to IFRS 1: "First-time Adoption of International Financial Reporting Standards"	24.06.2010	31.12.2009
Amendments to IFRS 1 and IFRS 7: "Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters"	01.07.2010	30.06.2010
Collection of amendments to various IFRSs: "Improvements to International Financial Reporting Standards" (2007–2009)	19.02.2011	31.12.2010 resp. 30.06.2010

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

The **"Improvements to IFRSs"** aim at streamlining and clarifying the International Financial Reporting Standards. The majority of the amendments are clarifications or corrections of existing IFRSs or amendments consequential to changes previously made to IFRS. The amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16 are binding, at the latest, as from the commencement date of the first financial year starting after 31 December 2009.

IFRS 2 "Share-based Payment" clarifies how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

The revised version of **IAS 24** simplifies the definition of related parties, particularly with regard to those who have close ties to the public sector.

The amendments to **IFRIC 14** apply to the cases in which an entity is subject to minimum funding requirements and makes prepayments for a defined benefit plan which are to be treated as assets.

The aim of **IFRIC 19** is to provide guidance on how a debtor should account for its equity instruments issued in full or partial settlement of a financial liability following renegotiation of the terms of the liability.

The first-time adoption of these published standards has no material impact on the consolidated financial statements of MediClin.

The amendments to **IFRS 1** and **IFRS 7** concern several items intended to ease the disclosure requirements for first-time IFRS adopters. These amendments have no relevance for MediClin.

The **collection** published in 2011 concerns a total of eleven amendments to six different standards (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34) as well as one interpretation (IFRIC 13). The collection continues to feature amendments to IFRS 5, IAS 27, IAS 28 and IAS 40, which were included in the second collection (2007 to 2009) but not yet published by the European Union. The amendments to IFRS 1 and IFRIC 13 have no relevance for MediClin. The remaining amendments have no significant effects on the Group's net assets, financial position and results of operation. As the financial year corresponds to the calendar year at MediClin, its legal provisions uniformly come into effect for the first business year beginning after 31 December 2010.

Standards and interpretations not yet published by the EU Commission

In 2010, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) published a revised version of, as well as amendments to, existing IFRS/IAS and interpretations which are still not binding, as these have not yet been endorsed by the EU:

	Published
Amendment to IFRS 7: "Financial Instruments: Disclosures"	Oct. 2010
Revised version of IFRS 9: "Financial Instruments (2010)"	Oct. 2010
Amendment to IAS 12: "Income Taxes"	Dec. 2010
Amendments to IFRS 1: "First-time Adoption of International Financial Reporting Standards"	Dec. 2010

The amendments to **IFRS 7** relate to more extensive disclosure requirements for the transfer of financial assets and aim to provide users of financial statements with a better understanding of the implications of the risks remaining at the entity. The amendments will have the effect of largely standardising the corresponding disclosure requirements of the International Financial Reporting Standards (IFRS) and the US Generally Accepted Accounting Principles (US-GAAP).

IFRS 9 (2010) contains regulations for the classification and valuation of financial liabilities as well as for the write-off of financial assets and liabilities.

The amendment to **IAS 12** contains a partial clarification of the treatment of temporary tax differences in connection with the application of the fair value model of IAS 40.

Through the amendments to **IFRS 1** previous references to the fixed date of 1 January 2004 have been replaced by a reference to the date of transition to IFRSs. Furthermore, rules have been adopted for cases in which an entity is unable to comply with all provisions of IFRSs due to hyperinflation.

It is not anticipated that the first-time adoption of these standards will have a material impact on the consolidated financial statements of MediClin.

Standards planned for the future that could have a material impact on the MediClin Group's net assets, financial position and results of operations

On 17 August 2010, the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) published for public comment joint proposals to **improve the financial reporting of lease contracts (ED 2010/9 Leases)**.

The deadline for submitting comments on this matter is 15 December 2010.

Based on the information currently available, the final version of the standard could be published by the IASB in the first half-year of 2011. According to the Exposure Draft, the distinction between operating leases and finance leases will be eliminated. Instead, lessees will be required to classify all rental and lease agreements as right-of-use assets and record these similar to the method currently used for finance leases. The result will be that typical rental arrangements, such as real estate and short-term rental contracts, that have previously only appeared in the income statement as operating leasing, will be recorded on the balance sheet as well.

Lessees would recognise an asset representing its right to use the leased asset for the lease term (the so-called "right-of-use" approach) and a liability for the corresponding future lease payments. By increasing depreciable assets and corresponding financial liabilities, these changes will inevitably lead to a rise in the balance sheet total and an associated worsening of key balance sheet data such as ratios of equity, debt and equity to fixed assets. This is countered by an improvement in several key income figures such as earnings before interest and taxes (EBIT) or earnings before interest, taxes, depreciation and amortisation (EBITDA). This is due to the previous leasing rates for operating leases being completely included in the operating result. In the future, leasing expenses will have to be disclosed as the sum of straight-line depreciation of the right-of-use asset and as declining interest cost. As a result, the operating result is only reduced by the depreciation and amortisation, while the interest cost is a part of the financial result. Depending on the type and scope of the existing rental contracts, the resulting non-liquidity related cash flows will impact and complicate the presentation of the Company's net assets, financial position and results of operation to a far greater extent than previously was the case.

On the whole, this new regulation will not have a significant impact on MediClin's consolidated statement of comprehensive income. Primarily the result components from the operative or non-operative area will experience a shift in favour of the operating result. This shift will be extensive, as in the MediClin Group, 21 hospitals have been leased until 2027 within the framework of operate leasing contracts. A total of EUR 46 mill. has been spent in rent during the reporting year. Thus the consolidated balance sheet total will increase significantly due to assets or liabilities to be capitalised and the operating result will improve considerably. Since the possible new provision is still in the draft stage and some aspects still require final regulation, well-founded statements, or even comparative calculations over the future effects, are not possible at the moment. MediClin will continue to observe the future development, and once the final text is released, will publish a reliable comparative calculation in its annual or interim financial reporting. Additionally, MediClin's capital management will develop new parameters for verifying or adapting existing parameters to the modified situation.

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 non-controlling 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 non-controlling interests are treated as transactions with parties external to the Group.

From 2010, non-controlling interests are presented within equity, but separately from the equity of the owners of the parent company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests. Comprehensive income is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (IAS 27, 2009). Through 2009, the Group applied the provision in IAS 27.35 (revised 2003) that was in effect until then, according to which negative non-controlling 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 non-controlling interest does not occur until a positive non-controlling interest arises, which is then presented separately in the consolidated balance sheet within equity. Due to a transitional regulation, the share of profits and losses of the non-controlling interests offset against revenue reserves up to 31 December 2009 may not be adjusted.

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 "Share-holdings". Also listed in the table are companies not included in the consolidated financial statements together with the most recently disclosed annual results and equity as well as the current participation percentage.

The present consolidated financial statements have an exempting effect, in accordance with Section 264b HGB, for all commercial partnerships included in the consolidated Group pursuant to Section 264a (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.

Changes in the consolidated companies/business acquisitions

In 2010, MediClin Medizinisches Versorgungszentrum GmbH opened two medical care centres in Offenburg, one medical care centre in Lahr and one in Wolfsburg, with a total of eight statutory health insurance physicians. Furthermore, two existing medical care centres were expanded with a total of four statutory health insurance physicians.

To acquire the statutory health insurance physician positions, a total of EUR 2,436 thou. was spent, of which EUR 335 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 2,101 thou. was capitalised as intangible assets. The consolidated statement of comprehensive income for 2010 does not contain any noteworthy profit shares from the statutory health insurance physicians that have been integrated into MediClin MVZ GmbH.

Shareholdings

Companies included in the consolidated financial statements	Percentage of shares held	
	31.12.2010	31.12.2009
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 à la Carte GmbH, Offenburg; formerly 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	82.000	77.000
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	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	2010	¹	¹	56.769 ³
	2009	8,383.62	44,768.85	53.308 ³
MediServ GmbH, Essen	2010	¹	¹	51.000 ³
	2009	17,552.52	38,039.99	51.000 ³
Medusplus GmbH, Essen	2010	7,057.79	51,323.00	51.000 ³
	2009	-1,353.93	44,265.23	51.000 ³
Müritz-Klinikum Service GmbH, Waren	2010	24,070.38	97,900.66	51.000 ³
	2009	24,245.48	123,830.28	51.000 ³
VR-LEASING ABYDOS GmbH & Co. Immobilien KG, Eschborn	2010	¹	¹	44.408 ³
	2009	6,200.39	-50,501.82 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, taking into account the German Accounting Law Modernisation Act (BilMoG) published in the Federal Law Gazette on 29 May 2009. 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 2010.

Intangible assets with finite useful lives are reported as amortised 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.

Intangible assets with indefinite useful lives and goodwill are tested for impairment annually, and additionally if at other points in time indications exist of a possible decline in value (impairment test). If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The recoverable amount is the higher of fair value less cost of sale and value in use. If the reason for the unscheduled depreciation ceases to exist, a write-back is performed. 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 amortised 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.

In the case of impairment losses related to CGUs that carry goodwill, the carrying amount of any goodwill allocated to the CGU 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 CGUs to reduce their carrying amounts accordingly. Where an impairment loss subsequently reverses, the carrying amount of the CGU 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 CGU 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 (multiplied by a beta coefficient), growth discount 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.

Public grants 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.

Subsidies for investments 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 opportunities 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 ascertainable 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 amortised costs. On doubtful accounts specific allowances for bad debts are lump-sum 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 amortised 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 the operating result.

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 resulting from a previous event 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 of the Group 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 carryforwards 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 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. The provisions are based on discounted values which are calculated according to the market rate, in line with contractual regulations.

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 opportunities 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. Further assumptions are stable occupancy rates as well as a commensurate development of personnel expenses across the Group. Special assumptions must be made regarding the development of state base rates as well as the prospective budget development, and in the post-acute segment, regarding the prospective development of the main occupancy providers and the future remuneration development.

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 2.9 mill. or an increase of EUR 2.7 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, whereby the assumptions utilised for this process are uniformly determined for all CGUs carrying goodwill.

Furthermore, the valuation adjustments of receivables, including the receivables pursuant to the hospital financing law, the valuation of the share appreciation rights granted to the Management Board members 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,
- 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 no significant adjustment to the book values of reported assets and debts is to be expected for the 2011 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 are only defined as means of payment (cash and sight deposits at banks) that correspond to the cash and cash equivalents disclosed on the balance sheet. 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 cash inflow and set against the full investments.

The cash flow from operating activities decreased by EUR 18.9 mill., from EUR 32.3 mill. to EUR 13.4 mill. This includes interest received totalling EUR 0.2 mill. (previous year: EUR 0.6 mill.) and interest paid totalling EUR 5.0 mill. (previous year: EUR 5.9 mill.). Tax payments amounted to net EUR 2.1 mill. following tax refunds (previous year: EUR 1.1 mill.).

The change in non-current provisions totalling EUR 0.4 mill. (previous year: 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 3.7 mill. (previous year: EUR 2.4 mill.) was spent on intangible assets. This includes additions totalling EUR 2.1 mill. (previous year: EUR 0.9 mill.) for goodwill. Gross investments in property, plant and equipment totalled EUR 17.6 mill. (previous year: EUR 16.7 mill.).

The gross investments were offset against the investment subsidies received, which totalled EUR 5.0 mill. (previous year: EUR 2.9 mill.). The investment subsidies received were principally due to individual subsidies for MediClin Krankenhaus am Crivitzer See GmbH.

This results in a net cash flow from investment activities totalling EUR –16.1 mill. (previous year: EUR –15.3 mill.).

The cash flow from financing activities totalled EUR –7.8 mill. (previous year: EUR –15.9 mill.).

The outflow of funds primarily resulted from the repayment of financial liabilities totalling EUR –5.5 mill. (previous year: EUR –14.0 mill.) and dividend payments to the shareholders of MediClin AG totalling EUR –2.4 mill. (previous year: EUR –2.4 mill.).

Cash and cash equivalents at the end of the period decreased by EUR 10.5 mill. to EUR 48.0 mill. (previous year: EUR 58.5 mill.).

Segment reporting

The reportable operative segments of the MediClin Group are the segments post-acute, acute and other activities. The division into operating segments corresponds to that used for the internal controlling and reporting of the Group. MediClin manages the segments based on EBIT (earnings before interest and taxes) and presents the segment results on the basis of this key figure. This 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 and internal medicine. Furthermore, at certain locations, special expertise in the areas of cardiology, oncology and ENT are offered. The services of the medical care centres primarily encompass acute outpatient services and are included in this segment.

The **other activities segment** consists of the named nursing care and service business areas, which are disclosed together due to non-fulfilment of quantitative thresholds pursuant to IFRS (IFRS 8.16 Quantitative thresholds). 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 à la Carte 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 generates no sales and is not assigned to a specific segment. It is disclosed within the reconciliation column, in which the Group's cross-segment internal revenue is also neutralised. The reconciliation column primarily includes 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.

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 2010, five hybrid clinics were assigned to the post-acute segment (31 December 2009: 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.

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 segment liabilities include all assets that are attributable to operations – excluding financial assets, financial liabilities and income taxes. Goodwill is also shown as segment assets attributable to operations. The assets held for sale are disclosed within the reconciliation column.

After reconciliation, the result accords with the operating result in the profit and loss account as part of the consolidated statement of comprehensive income.

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

According to IFRS (IFRS 8.34 Information about major customers), an entity is required to disclose information as to 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 41.0 % (previous year: 40.5 %) of the demand for services in the post-acute segment, while the social security pension funds make up 52.2 % (previous year: 52.8 %) of the demand for services in this segment. In the acute segment, 93.9 % (previous year: 94.3 %) of the services demanded are attributable to the public health insurance funds.

Sectoral segmenting

In millions of €	January – December 2010					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	275.2	200.3	37.6	513.1	–25.9	487.2
Thereof total sales	278.7	202.2	41.6	522.5	0.0	522.5
Thereof internal sales	3.5	1.9	4.0	9.4	25.9	35.3
Raw materials and consumables used	–65.6	–56.1	–12.6	–134.3	24.0	–110.3
Staff costs	–136.2	–97.5	–30.2	–263.9	–3.1	–267.0
Other operating expenses	–68.1	–25.8	–9.4	–103.3	14.0	–89.3
Segment result	6.2	18.1	–4.0	20.3	–3.4	16.9
Thereof non-cash items:						
Scheduled depreciations/write-ups	–6.2	–14.6	–1.0	–21.8	0.0	–21.8
Unscheduled depreciations/write-ups	0.0	0.0	–0.6	–0.6	0.0	–0.6
Release of special item	0.2	7.8	0.0	8.0	0.0	8.0
Allowances	–0.1	–0.1	0.0	–0.2	0.0	–0.2
Allocation of provisions/liabilities	–5.7	–6.7	–2.1	–14.5	–0.4	–14.9
Release of provisions/liabilities	0.7	0.8	0.6	2.1	–0.2	1.9
Financial revenues	0.1	0.4	0.6	1.1	–0.9	0.2
Financial costs	–1.0	–1.7	–0.2	–2.9	–2.6	–5.5
Financial result	–0.9	–1.3	0.4	–1.8	–3.5	–5.3
Taxes on income	0.0	0.1	–0.2	–0.1	–1.4	–1.5
Assets	113.0	166.0	4.6	283.6	52.8	336.4
Liabilities	24.2	19.5	46.5	90.2	81.2	171.4
Gross capital expenditure	9.0	12.7	1.6	23.3	0.0	23.3

In millions of €	January–December 2009					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	270.0	189.6	33.3	492.9	–22.3	470.6
Thereof total sales	274.2	191.9	37.1	503.2	0.0	503.2
Thereof internal sales	4.2	2.3	3.8	10.3	22.3	32.6
Raw materials and consumables used	–63.6	–53.9	–10.7	–128.2	20.8	–107.4
Staff costs	–133.9	–91.0	–27.1	–252.0	–3.2	–255.2
Other operating expenses	–66.9	–24.1	–8.6	–99.6	13.2	–86.4
Segment result	6.2	17.2	–3.7	19.7	–2.7	17.0
Thereof non-cash items:						
Scheduled depreciations/write-ups	–5.7	–13.5	–1.4	–20.6	0.0	–20.6
Unscheduled depreciations/write-ups	0.0	–1.3	–0.2	–1.5	0.0	–1.5
Release of special item	0.2	7.6	0.0	7.8	0.0	7.8
Allowances	–0.2	–0.3	0.0	–0.5	0.0	–0.5
Allocation of provisions/liabilities	–6.9	–8.0	–2.5	–17.4	–0.7	–18.1
Release of provisions/liabilities	0.7	1.7	0.4	2.8	0.7	3.5
Financial revenues	0.2	0.5	0.8	1.5	–0.9	0.6
Financial costs	–1.2	–1.9	–0.1	–3.2	–2.7	–5.9
Financial result	–1.0	–1.4	0.7	–1.7	–3.6	–5.3
Taxes on income	0.0	0.2	–0.7	–0.5	–0.8	–1.3
Assets	106.8	158.7	3.1	268.6	65.2	333.8
Liabilities	24.5	18.5	46.6	89.6	87.0	176.6
Gross capital expenditure	6.0	11.6	1.2	18.8	0.0	18.8

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 01.01.2009	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
Acquisition costs as at 01.01.2010	12,511	73,979	149	86,639
Additions	1,540	2,101	156	3,797
Reclassifications	147	0	-147	0
Change in consolidation scope	0	0	0	0
Disposals	-11	0	0	-11
Acquisition costs as at 31.12.2010	14,187	76,080	158	90,425
Cumulated depreciation as at 01.01.2010	10,587	24,899	0	35,486
Scheduled depreciation	1,373	0	0	1,373
Unscheduled depreciation	0	0	0	0
Reclassifications	0	0	0	0
Change in consolidation scope	0	0	0	0
Disposals	-9	0	0	-9
Cumulated depreciation as at 31.12.2010	11,951	24,899	0	36,850
Balance sheet value 31.12.2010	2,236	51,181	158	53,575

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 45.0 mill.) is attributable to debit differences from capital consolidation. The additions to goodwill totalling EUR 2.1 mill. relate to the doctors' practices acquired for three newly founded medical care centres and the expansion of two existing medical care centres (MVZ).

Goodwill encompasses nine cash generating units (CGUs) (previous year: eight), assigned to the acute segment, of which approximately 94 % (previous year: approximately 98 %) of

the goodwill remains unchanged, attributable to six clinics and to three medical care centres (previous year: one medical care centre). The medical care centres are each summarised on a location basis, should several spatially separated addresses exist at one location. For organisational purposes, a smaller medical care centre is assigned to a larger medical care centre.

During the reporting year, within the scope of the mandatory annual impairment test for goodwill at a fair value of EUR 115.8 mill. (previous year: EUR 115.2 mill.), no need for impairment for the CGUs was determined (previous year: impairment loss totalling EUR 1.3 mill. for two CGUs).

The recoverable amount of a CGU is determined by calculating the value in use with the earnings value method, whereby the same assumptions are used for all CGUs carrying goodwill. The projected EBITs from annual planning are used, which were generated using a "bottom-up" approach and 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. To calculate the cash value of perpetuity, as in the previous year, an equity risk premium of 1.0 % was factored in. The interest rate was set at 7.7 % in the reporting year for short-term/medium-term planning (previous year: 7.8 %) before taxes. The interest rate was determined on the basis of the weighted average cost of capital before tax (WACC before tax), taking the following variables into account:

In %	31.12.2010	31.12.2009
Risk-free base interest rate	3.19	4.25
Market risk premium	5.00	4.85
Group beta coefficient	0.89	0.68
Growth discount to the perpetuity	1.00	1.00
Weighted borrowing costs rate	6.69	6.25
Tax shield	1.06	0.99
Group's capital structure (equity/borrowed capital)	59.5/40.5	60.0/40.0

In the context of the impairment test, an additional sensitivity analysis was conducted, which primarily examined the effects of change in the underlying EBIT (+/- 5 %; +/- 10 %) and the discount rate (+/- 0.5 %; +/- 1.0 %).

In millions of €		Change in discount rate				
		0.0 %	0.5 %	1.0 %	-0.5 %	-1.0 %
Change in EBIT	0.0 %	0.0	0.1	0.4	0.0	0.0
Change in EBIT	5.0 %	0.0	0.0	0.3	0.0	0.0
Change in EBIT	10.0 %	0.0	0.0	0.3	0.0	0.0
Change in EBIT	-5.0 %	0.0	0.1	0.5	0.0	0.0
Change in EBIT	-10.0 %	0.0	0.2	0.5	0.0	0.0

The analysis revealed that within the context of these parameter changes, a need for write-downs totalling a maximum of EUR 0.5 mill. resulted, which corresponds to 1.0 % of the book value.

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 01.01.2009	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	875
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

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 01.01.2010	206,592	26,433	115,873	2,244	351,142	875
Additions	2,424	1,236	10,417	1,989	16,066	0
Reclassifications	557	313	663	-1,533	0	0
Change in consolidation scope	0	0	0	0	0	0
Disposals	0	-293	-864	-527	-1,684	0
Acquisition costs as at 31.12.2010	209,573	27,689	126,089	2,173	365,524	875
Cumulated depreciation as at 01.01.2009	91,986	17,444	94,490	401	204,321	200
Scheduled depreciation	5,193	1,566	5,666	0	12,425	0
Unscheduled depreciation	0	0	0	0	0	575
Reclassifications	0	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0	0
Disposals	0	-293	-799	-401	-1,493	0
Cumulated depreciation as at 31.12.2010	97,179	18,717	99,357	0	215,253	775
Balance sheet value 31.12.2010	112,394	8,972	26,732	2,173	150,271	100

Gross additions to property, plant and equipment totalling EUR 19.4 mill. in the 2010 financial year relate to the opening or expansion of medical care centres (EUR 2.0 mill.). Medical practice furnishings in the amount of EUR 0.3 mill. was acquired. EUR 0.8 mill. was invested here for rental alterations, EUR 0.8 mill. for technical, operating and office equipment. In the remaining facilities, a gross total of EUR 17.5 mill. was invested in property, plant and equipment. This encompasses modifications to treatment rooms, crew rooms and patient rooms (EUR 2.1 mill.), the renovation of bathrooms (EUR 0.5 mill.), the conversion and expansion of cafeterias (EUR 0.4 mill.), and other expansion, renovation, maintenance and modification measures totalling EUR 0.1 mill. In terms of medical equipment, a total of EUR 2.6 mill. was invested in X-ray systems, including accessories, the purchase of a cardiac

angiography system, a left/right cardiac catheter measuring station and in respiratory and ultrasound systems. A total of EUR 2.5 mill. was spent on other medical machines and equipment, including accessories. A further EUR 1.4 mill. flowed into the modernisation and expansion of EDP and telecommunications systems, and EUR 1.9 mill. was invested for furnishing and equipping patient rooms, treatment rooms and office rooms, as well as EUR 0.9 mill. for the acquisition of combined heating and power stations. A total of EUR 0.6 mill. was invested in telephone, nurse and light signalling systems for several facilities.

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 90.2 mill. (previous year: EUR 94.7 mill.). Additions to subsidised assets amount to EUR 3.4 mill. (previous year: EUR 3.6 mill.). Depreciation and amortisation were reduced by the deduction of subsidies totalling EUR 8.0 mill. (previous year: EUR 7.8 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". In 2008, a sale-and-leaseback 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 7.3 mill. (previous year: EUR 7.5 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 €	31.12.2010	Total	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		13,474	554	2,216	10,704
Interest component		-6,092	-429	-1,637	-4,026
Present value		7,382	125	579	6,678

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

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 0.7 mill. (previous year: EUR 1.1 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 €	31.12.2010	Total	1 year or less	1 to 5 years	more than 5 years
Minimum lease payment		777	331	446	0
Interest component		-63	-41	-22	0
Present value		714	290	424	0

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

(3) Other financial assets

Totalling EUR 1,469 thou. (previous year: EUR 1,470 thou.), the financial assets primarily relate to reinsurance policies from pension obligations. Two further reinsurance policies with a coverage volume of EUR 245 thou. (previous year: EUR 223 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 2012.

(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 2010.

The deferred tax assets were reduced from EUR 5.2 mill. to EUR 5.1 mill. They result from:

In thousands of €	Difference		Tax	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Pension obligation	21,407	20,804	3,388	3,292
Tax loss carried forward	5,989	7,937	948	1,256
Interim profits of non-current assets	867	934	137	148
Current liabilities	2,575	2,450	408	388
Anniversary obligations/ Provisions for partial retirement	306	214	48	34
Others	779	341	123	54
	5,052		5,172	

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 (2010: EUR 5.2 mill.; previous year: EUR 5.3 mill.), to inventories for business supplies (2010: EUR 1.0 mill.; previous year: EUR 0.9 mill.) and to inventories for administrative supplies (2010: EUR 0.3 mill.; previous year: EUR 0.3 mill.).

(7) Trade receivables

In thousands of €	31.12.2010	31.12.2009
Receivables stock	64,590	59,376
Allowance	-2,947	-3,056
Disclosure	61,643	56,320
thereof from receivables not yet charged	20,785	19,138
invoiced trade receivables	40,858	37,182
thereof from related-party disclosures	163	148

The residual term of receivables is less than one year.

Trade receivables are non-interest bearing and are stated at amortised 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 €	2010	2009
Allowance as of 01.01.	3,056	2,659
Allocation		
Specific bad debts allowances	1	17
General bad debts allowances	312	552
Utilisation	- 78	- 15
Release	- 344	- 157
Allowance as of 31.12.	2,947	3,056

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 0.2 mill. during the 2010 financial year (previous year: expenditure totalling EUR 0.5 mill.).

In thousands of €	2010	2009
Expenses for full write-off of receivables	- 548	- 669
Recoveries of written-off receivables	366	132
	- 182	- 537

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 31.12.2010	40,858	18,451	9,856	10,936	805	761	49
As of 31.12.2009	37,182	22,013	6,265	7,628	614	528	134

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 €	31.12.2010	31.12.2009
Receivables stock	4,119	2,350
Allowance	–298	–339
Disclosure	3,821	2,011

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 increase in receivables as compared to the previous year is primarily attributable to MediClin Krankenhaus am Crivitzer See GmbH, Crivitz, as well as MediClin Krankenhaus Plau am See.

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 31.12.2010	3,821	3,821	0	0	0	0	0
As of 31.12.2009	2,011	2,011	0	0	0	0	0

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 €	31.12.2010	31.12.2009
Receivables stock	4,124	3,204
Allowance	–42	0
Disclosure	4,082	3,204
thereof from related-party disclosures	1,391	414

This item discloses financial assets, which are stated at amortised 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) Current 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 amortised costs. The book value of the property equals the market value of EUR 100 thou. (previous year: EUR 675 thou.). Therefore, the book value as at 31 December 2010 equals its fair value. Depreciation totalling EUR 575 thou. has been disclosed under the item "Other operating expenses" in the consolidated statement of comprehensive income.

Despite intensive sales efforts in 2010, 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 31.12.2010	Balance sheet recognition in accordance with IAS 39 Amortised costs	Fair value 31.12.2010
ASSETS				
Investment in stock of subsidiaries	AfS	59	59	59
Other loans	HtM	8	8	8
Non-current tax refund claims	LaR	396	396	396
Trade receivables	LaR	61,643	61,643	61,643
Prepaid expenses	LaR	1,393	1,393	1,393
Receivables pursuant to hospital financing law	LaR	3,821	3,821	3,821
Other assets	LaR	4,083	4,083	4,083
Current tax refund claims	LaR	79	79	79
Cash and cash equivalents	LaR	47,955	47,955	47,955
EQUITY AND LIABILITIES				
Non-current liabilities				
Liabilities to banks	FLAC	11,482	11,482	11,482
Other finance liabilities	FLAC	9,277	9,277	9,277
Other non-current liabilities	FLAC	88	88	88
Current liabilities				
Trade payables	FLAC	15,222	15,222	15,222
Liabilities to banks and insurance companies	FLAC	66,103	66,103	66,103
Other financial liabilities	FLAC	776	776	776
Liabilities pursuant to hospital financing law	FLAC	7,783	7,783	7,783
Other liabilities	FLAC	16,838	16,838	16,838
Tax liabilities	FLAC	627	627	627
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IAS 39				
Loans and Receivables (LaR)	Total	LaR	119,370	119,370
Held-to-Maturity Investments (HtM)	Total	HtM	8	8
Available-for-Sale Financial Assets (AfS)	Total	AfS	59	59
Financial Assets Held for Trading (FAHfT)	Total	FAHfT	0	0
Financial Liabilities Measured at Amortised Cost (FLAC)	Total	FLAC	128,196	128,196

In thousands of €	Category in accordance with IAS 39	Book value 31.12.2009	Balance sheet recognition in accordance with IAS 39	Fair value 31.12.2009
			Amortised costs	
ASSETS				
Investment in stock of subsidiaries	AfS	59	59	59
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
Other finance liabilities	FLAC	10,014	10,014	10,014
Other non-current liabilities	FLAC	0	0	0
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
Held-to-Maturity Investments (HtM)	Total	HtM	8	8
Available-for-Sale Financial Assets (AfS)	Total	AfS	59	59
Financial Assets Held for Trading (FAHfT)	Total	FAHfT	0	0
Financial Liabilities Measured at Amortised Cost (FLAC)	Total	FLAC	135,259	135,259

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-leaseback transactions as well as the option of acquiring own shares if authorised by the Annual General Meeting.

Key capital management data

In thousands of €	31.12.2010	31.12.2009
Equity	164,987	157,262
Non-current liabilities incl. deferred tax liabilities	56,293	62,114
Current liabilities incl. tax liabilities	115,125	114,402
Balance sheet total	336,405	333,778
Net financial debt	29,630	23,661
Equity ratio in %	49.0	47.1
Debt ratio in %	50.9	52.9

The improvement in equity by EUR 7.7 mill. results from the consolidated comprehensive income of EUR 10.1 mill. minus the dividend payment of EUR 2.4 mill. The return on equity after taxes was 6.1 % (previous year: 6.5 %).

Compared to the previous year's balance sheet date, the net financial debt increased by EUR 6.0 mill. or 25.2 % (previous year: EUR –14.0 mill. or –37.2 %).

(13) Subscribed capital

In thousands of €	31.12.2010	31.12.2009
Subscribed capital	47,500	47,250
Capital increase	0	250
	47,500	47,500

The subscribed capital (capital stock) of the parent company, MEDICLIN Aktiengesellschaft, is split up into 47,500,000 (previous year: 47,500,000) no-par value bearer shares and is paid up in full. MediClin is not subject to any external minimum capital requirements.

(14) Capital reserve

In thousands of €	31.12.2010	31.12.2009
Capital reserve pursuant to Sec. 272 (2) No.1 HGB and Sec.150 AktG	127,708	127,708
Reserve pursuant to IFRS 2	48	48
Gains from the sale of treasury stock	1,636	1,636
	129,392	129,392

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.

(15) Revenue reserve

The consolidated revenue reserves are structured as follows:

In thousands of €	31.12.2010	31.12.2009
Legal reserve pursuant to Sec. 150 AktG	2,045	2,045
Result of the first IAS consolidation	– 1,742	– 1,742
Negative non-controlling interests Kraichgau	– 695	– 695
Adjustment of the negative non-controlling 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 €	31.12.2010	31.12.2009
Loss carry-forward	- 19,647	- 27,644
Adjustment of negative non-controlling interests Kraichgau	0	66
Distribution of dividends	- 2,375	- 2,362
Result attributable to shareholders of MediClin AG	10,035	10,293
Consolidated balance sheet loss	- 11,987	- 19,647

Distributed and proposed dividends

In thousands of €	2010	2009
Agreed and distributed dividends during the respective financial year:		
Dividends for the 2009 financial year (5 cents per share)	2,375	-
Dividends for the 2008 financial year (5 cents per share)	-	2,362
Dividends (5 cents per share) proposed for approval at the 2011 Annual General Meeting (not presented as liabilities as of 31.12.2010):		
Dividends for the 2010 financial year (5 cents per share)	2,375	-

At the Annual General Meeting on 26 May 2010, it was decided that EUR 2,375,000.00 would be distributed in dividends to shareholders from the 2009 net profit of MediClin AG totalling 14,079,842.76. The remaining net profit was transferred to retained earnings. For the 2010 financial year, it has been decided to distribute a partial amount of EUR 2,375,000.00 of the net profit to the shareholders.

(17) Non-controlling interests

The disclosed amount concerns the pro-rata result assignment for the 2010 reporting year for the shares of the existing shareholders of Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau (unchanged at 5.515 %). Due to the insolvency of the companies, the initial consolidation of the Kraichgau-Klinik Group resulted in a negative proportion of non-controlling interests, which in accordance with IAS 27.35 (2008) was offset against Group equity (revenue reserve). A charge or credit to the consolidated statement of comprehensive income through the reporting of a non-controlling interest does not occur until a positive minority interest arises, which would then be presented separately in the consolidated balance sheet within equity. From the 2010 financial year onwards, in accordance to IAS 27.28 (revised 2009) non-controlling interests are to be disclosed within the equity, but separated

from the equity of the shareholders of MediClin AG. The result assignments have also been carried out, if this leads to the non-controlling interests showing a negative balance. Due to a transitional regulation (IAS 27.45 (a) revised 2009), a company may not adjust profit or loss allocations for the reporting periods which occurred before the application of IAS 27 (revised 2009). In the consolidated statement of comprehensive income, the result is recorded as a pro-rated figure under the item "Result after tax – thereof attributable to the non-controlling interests".

Non-current liabilities

(18) Liabilities to banks

Liabilities to banks are as follows:

In thousands of €	31.12.2010	31.12.2009
Liabilities to banks	16,205	20,822
less current repayment share	4,723	4,699
	11,482	16,123

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

An EUR 10.0 mill. annuity loan taken out in 2008 is collateralised by three land charges totalling EUR 11,504 thou. 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 outstanding liability totalled EUR 5,207 thou. as at 31 December 2010 (31.12.2009: EUR 7,656 thou.).

Of the remaining liabilities to banks, a total of EUR 10,531 thou. (previous year: EUR 12,157 thou.) is secured through real property liens (book value: EUR 30,289 thou.; previous year: EUR 32,323 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 655 thou. (previous year: EUR 908 thou.), which averages out to an annual interest rate of 3.5 % p.a. (previous year: 3.4 % p.a.). Without taking the interest waiver into account, an average interest rate of 4.6 % (previous year: 4.4 %) is calculated.

Interest and loan repayments on liabilities are as follows:

In thousands of €	2010	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on bank loans		2,913	662	443	817	971
Bank loan repayments		16,205	4,723 ¹	4,444	2,426	4,612

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

¹ For information only

(19) Other financial liabilities

In thousands of €	31.12.2010	31.12.2009
Loans from institutions for statutory accident insurance and prevention	0	48
Loans from public corporations	1,263	1,390
Loans from acquisition of remaining Crivitz shares	337	480
Liabilities from finance leases	7,676	8,096
	9,277	10,014

For five loans from the institutions for statutory accident insurance and prevention and two loans from public corporations, interest paid totalled EUR 34 thou. (previous year: EUR 39 thou.).

After completion of building measures on **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 136 thou. (previous year: EUR 129 thou.) and interest payments EUR 28 thou. (previous year: EUR 34 thou.).

Liabilities from finance leasing relate to the sale-and-leaseback 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 €	31.12.2010	31.12.2009
Other financial liabilities	10,014	10,919
Less current repayment share		
Loans from institutions for statutory accident insurance and prevention	48	62
Loans from public corporations	127	128
Investment loans	0	120
Loans from acquisition of remaining Crivitz shares	143	136
Liabilities from finance leases	419	459
	9,277	10,014

Interest expenses will develop in the future as follows:

In thousands of € 2010	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on loans from institutions for statutory accident insurance and prevention	1	1	0	0	0
Interest on loans from public corporations	161	27	25	60	49
Interest on finance leases					
Rehazentrum Gernsbach real estate	7,249	429	422	1,215	5,183
Herzzentrum Lahr medical-technical infrastructure	64	41	21	2	0
	7,475	498	468	1,277	5,232

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 institutions for statutory accident insurance and prevention	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

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

In thousands of €	2010	Total	1 year or less	1 to 2 years	3 to 5 years	more than 5 years
Interest on acquisition of remaining Crivitz shares		40	21	13	6	0

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

The future loan repayments will develop as follows:

In thousands of €	2010	Total	1 year or less ¹	1 to 2 years	3 to 5 years	more than 5 years
Repayments on loans from institutions for statutory accident insurance and prevention		48	48	0	0	0
Repayments on loans from public corporations		1,390	127	119	370	774
Repayments on investment loans		0	0	0	0	0
Repayments on acquisition of remaining Crivitz shares		480	143	150	187	0
Repayments on finance leases						
Rehazentrum Gernsbach real estate		7,383	125	132	447	6,679
Herzzentrum Lahr medical-technical infrastructure		713	294	300	119	0
		10,014	737	701	1,123	7,452

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 institutions for statutory accident insurance and prevention		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

¹ For information only

(20) Other non-current liabilities

In 2009, the Pension Insurance Association (PSVaG) decided to distribute portions of the required contributions for financing the 2009 losses resulting from bankruptcy damages to the years 2009 to 2013. The contribution rate for 2009 totalled 14.20 per mille points of the contribution threshold, of which 8.2 per mille points were due on 31 December 2009. The remaining 6.0 per mille points are due at a rate of 1.5 per mille points on 31 December of the years 2010 to 2013. A discounting was foregone due to the insignificance.

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 €	31.12.2010	31.12.2009
Employees Provident Fund	19,249	18,648
Kraichgau-Klinik Group	8,105	8,122
Reinsurance policies	-245	-223
	27,109	26,547

Five individual obligations are also recorded in the provisions of the Employees Provident Fund of the Allied Clinic Companies (MAUK). They are of minor significance. Provisions for the Kraichgau-Klinik Group and other pension provisions are offset against various reinsurance policies with a reported premium reserve totalling EUR 1,714 thou. (previous year: EUR 1,693 thou.). Of these, two policies with a coverage volume of EUR 245 thou. (previous year: EUR 223 thou.) 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 1,469 thou.; previous year: EUR 1,470 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 obligations**Provisions for the Employees Provident Fund of the Allied Clinic Companies (MAUK)**

Up until 31 December 2001, the defined benefit obligations were processed through 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. Service expense reported starting in 2009 is attributable to three of the recognised individual obligations.

The pension obligations are fully endowed and were re-evaluated for the purpose of preparing the IFRS balance sheet. The Group's obligations 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 using the projected unit credit method in accordance with IAS 19 (Employee Benefits), taking future developments into account. The current pension payments, with the exception of two of the individual obligations, are made from Employees Provident Fund. MAUK receives sufficient funds from MediClin AG for this purpose.

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

In %	2010	2009
Discount rate	5.00	5.00
Annual rate of expected pension increases	+ 2.00	+ 2.00
Expected income from plan assets	1.60	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. 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 €	2010	2009
Present value of total obligation as at 31.12.	24,645	23,801
Plan assets as at 31.12.	- 1,393	- 1,068
Funded status	23,252	22,733
Adjusted amount due to not realised actuarial gains/losses	- 4,003	- 4,085
Defined benefit liability as at 31.12.	19,249	18,648

In addition to the assets of MAUK, the plan assets also include a reinsurance policy (EUR 29 thou.; previous year: EUR 25 thou.), which is attributable to an individual obligations and taken into account in the calculation and disclosure.

The following table presents the change in the present value of the total obligation in the years 2006 to 2010:

In thousands of €	2010	2009	2008	2007	2006
Present value of total obligation as at 01.01.	23,801	23,179	22,212	23,795	23,130
Effects from the consolidation of plans	–	354	–	–	–
Service cost	9	8	–	–	–
Interest cost	1,190	1,176	1,111	1,011	983
Benefit payments	–400	–374	–312	–258	–218
Settlement rate of benefit payments	–10	–9	–8	–5	–4
Gains/losses from expected and actual obligations	55	–533	176	–2,331	–96
Present value of total obligation as at 31.12.	24,645	23,801	23,179	22,212	23,795

The pertaining plan assets developed as follows:

In thousands of €	2010	2009	2008	2007	2006
Plan assets at fair value as at 01.01.	1,068	729	1,063	1,384	1,598
Effects from the consolidation of plans	–	22	–	–	–
Expected return from plan assets	17	23	33	42	67
Contributions to the plan assets	652	630	–	–	–
Benefit payments	–375	–349	–312	–258	–218
Expected value of plan assets	1,362	1,055	784	1,168	1,447
Gains/losses from expected and actual plan assets	31	13	–55	–105	–63
Fair value of assets as at 31.12.	1,393	1,068	729	1,063	1,384

Contributions to the plan assets were posted to pension costs. They serve to guarantee the liquidity of MAUK.

The following actuarial experience adjustments were made due to:

In thousands of €	2010	2009	2008	2007	2006
Balance changes in the present value of pension claims	55	-533	176	151	-96
Changes in evaluation parameters	0	0	0	-2,481	0
Changes in plan assets	31	13	-55	-105	-63

The actual benefit payments of the plan assets, as well as the interest received as of 31 December 2010, are as follows:

In thousands of €	2010	2009
Actual benefit payments	399	400
Actual interest income	13	29

Pursuant to Section 12 of the statute of the Employees Provident Fund, the assets of the association are to be invested profitably and may only be used for the purposes of the association and administration costs.

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

In %	31.12.2010	31.12.2009
Fixed income funds		
With generally mixed terms	7.9	10.4
With generally short terms	6.9	9.0
Fixed interest securities	20.2	21.5
Fixed deposits	29.3	38.3
Current accounts	35.7	20.8
Plan assets (MAUK)	100.0	100.0

The entire result recorded in the annual expenses with the formation of the provision is debited to staff costs and is structured as follows:

In thousands of €	2010	2009
Settlement rate of current service cost	8	8
Interest cost	1,190	1,176
Expected return of plan assets	-17	-23
Expected benefit payments	-25	-24
Interest on benefit payments	-10	-9
Contribution to the plan assets	-652	-630
Actuarial gains/losses	107	140
	601	638

As in the previous year, in the upcoming financial year an anticipated EUR 1.3 mill. will be paid into this pension plan, including the contribution to the plan assets of MAUK.

Pension provisions of the Kraichgau-Klinik Group

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 liabilities 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 1,548 thou. (previous year: EUR 1,547 thou.) have been acquired. One of the reinsurance claims has been pledged to the beneficiary and will be accounted for as liabilities or plan assets in the calculation of benefit obligations (EUR 216 thou.; previous year: EUR 197 thou.). The parameters for the calculation of the defined benefit obligations, with the exception of income from planned assets, correspond to those applied to the calculation of obligations for the Employees Provident Fund. Actuarial gains and losses are also recognised as income pursuant to the "10 % corridor approach". The following table presents the essential parameters for the calculation of the defined benefit commitments of MAUK:

In %	2010	2009
Discount rate	5.00	5.00
Annual rate of expected pension increases	+2.00	+2.00
Expected income from plan assets	4.00	4.00

The net pension provisions are determined as follows:

In thousands of €	2010	2009
Present value of total obligations as of 31.12.	8,256	8,160
Fair value of plan assets as at 31.12.	-216	-197
Funded status	8,040	7,963
Adjustment amount due to non-recognised actuarial gains/losses	65	159
Net pension provisions as of 31.12.	8,105	8,122

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

In thousands of €	2010	2009	2008
Present value of total obligations as of 01.01.	8,160	8,230	9,675
Service cost	103	106	149
Interest cost	396	400	453
Benefit payments	-487	-490	-472
Disposal of assets	0	0	-1,678
Gains/losses from anticipated and actual total obligations	84	-86	103
Present value of total obligations as of 31.12.	8,256	8,160	8,230

The pertaining plan assets developed as follows:

In thousands of €	2010	2009
Plan assets at fair value as at 01.01.	197	0
Expected return from plan assets	8	177
Contributions to the plan assets	21	20
Expected value of the plan assets	226	197
Gains/losses from expected and actual plan assets	-10	0
Fair value of assets as at 31.12.	216	197

The 2010 plan assets pertain to the pledged reinsurance policy.

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

In thousands of €	2010	2009	2008
Balance changes in the present value of pension claims	-84	86	45
Changes in evaluation parameters	0	0	58
Changes in plan assets	-10	177	0

The following annual expenses have been posted to personnel expenses:

In thousands of €	2010	2009
Service cost	100	103
Interest cost	401	396
Actuarial gains/losses	-9	-8
	492	491

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

Defined contribution plan

As a defined contribution plan, 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 731 thou. (previous year: EUR 788 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 and State Pension Fund (VBL), which are financed through contributions to the pension fund of the Dachverband der Unterstützungskassen für deutsche Krankenhäuser e.V. 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. Since 1 January 2008, this contribution rate has amounted to 4 % of the additional pension premium (2 % employer contribution and 2 % employee contribution). Further details on the Federal Pension Fund assets can be found in the VBL Annual Report, published on its website (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 19.30a, 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 23 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 01.01.2010	Addition	Consumption	Reversal	Reclassification	As at 31.12.2010
Provisions for renewal of lease agreements	2,364	6	0	0	-2,247	123
Provisions for partial retirement	797	240	255	15	0	767
Provisions for anniversary obligations	1,298	163	110	4	0	1,347
Provisions for share appreciation rights	0	104	0	0	162	266
Provisions for archival storage	636	0	0	0	0	636
Provisions for insurance	2,577	243	0	0	0	2,820
	7,672	756	365	19	-2,085	5,959

Interest accretions incurred are included in the additions column. If not otherwise indicated, they are only of minor importance.

The provision for the renewal of lease agreements, which relates to the commitment concerning the renewal and maintenance of one clinic's leased items and premises, was re-assigned in the 2010 financial year into current provisions. The outflow is anticipated following the expected expiration of the long-term rental contracts in 2011. The remaining provisions for the renewal of lease agreements totalling EUR 123 thou. relate to future reinstatement costs in conjunction with the leasing of MVZ Leipzig. The additions here totalled EUR 6 thou. in 2011 (previous year: EUR 6 thou.). 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 169 thou. will be drawn upon in 2011, EUR 249 thou. in 2012 to 2014, and EUR 75 thou. in the two following years. The additions include interest shares totalling EUR 24 thou.

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 38 thou. or a rise of EUR 40 thou., respectively. Of the provisions for anniversary obligations, an estimated EUR 140 thou. will be used in the 2011 financial year, and EUR 1,207 thou. in the subsequent years. The interest shares here totalled EUR 80 thou.

The provisions for share appreciation rights relate to obligations from agreements signed with the members of the Management Board in 2009 regarding participation in the future appreciation in Company value (share appreciation right). Financial accounting was carried out at fair value. Interest totalled EUR 27 thou. Please refer to the report on compensation for further information about the existing agreements on share appreciation rights.

The interest shares included in the provisions for partial retirement, for anniversary obligations and for share appreciation rights 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 expected cost increases are primarily covered by the interest created from the deduction of accrued interest.

The provisions for insurance are related to the risks under liability insurance (KSA Kommunalen Schadensausgleich) for two hospitals. EUR 83 thou. in interest was posted under other operating expenses.

It is not anticipated that the provisions accounted for as at 31 December 2010 for share appreciation rights, archival storage and insurance 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 2010 and the previous year's cut-off date, the deferred tax liabilities are as follows:

In thousands of €	Difference		Tax	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Provisions for partial retirement	0	205	0	33
Tax goodwill depreciation	12,405	9,745	1,963	1,542
Tax depreciation on property, plant and equipment	2,032	577	322	91
Others	389	579	93	92
	2,378		2,378	1,758

Current liabilities

The current liabilities disclosed under this item are due in less than one year and are stated at their repayment amount or amortised 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 fixed at 6.5 % p.a. (01.08.2009 to 31.07.2010 at 6.8 % p.a.). They are due to expire on 31 July 2011. In the reporting year, interest paid totalled EUR 4,095 thou. (previous year: EUR 4,208 thou.). In 2011, interest paid will total an estimated EUR 2,326 thou. until repayment is complete.

The liabilities to banks totalling EUR 4,723 thou. (previous year: 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 25 thou.

(25) Other financial liabilities

These primarily concern the current portion of the figure disclosed under the non-current other financial liabilities.

In thousands of €	31.12.2010	31.12.2009
Finance leasing	419	459
Other loans	357	446
Outstanding interest and loan repayments	0	26
	776	931

(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 €	31.12.2010	31.12.2009
Staff costs	9,389	9,206
Wage and value-added taxes payable	3,069	3,208
Public charges and fees	445	484
Payments received	784	175
Energy costs	70	108
Other liabilities	3,081	4,058
	16,838	17,239

(28) Provisions

In thousands of €	As at 01.01.2010	Addition	Consumption	Reversal	As at 31.12.2010
Provisions for costs of annual financial statement	1,060	1,036	777	74	1,245
Provisions for billing risks and litigation	4,220	816	966	758	3,312
Other provisions	0	3,219	0	0	3,219
	5,280	5,071	1,743	832	7,776

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).

Other provisions primarily include provisions for the renewal of lease agreements for one clinic (EUR 2,269 thou.) reclassified from the non-current provisions.

(29) Tax liabilities

Tax liabilities totalling EUR 0.6 mill. (previous year: EUR 2.1 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 €	2010	2009
Post-acute	238.5	237.2
Acute	201.4	190.2
Nursing care	10.9	10.7
Others	36.4	32.5
Sales revenues	487.2	470.6
thereof against related parties	2.3	2.2

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 16.3 mill. (previous year: EUR 11.9 mill.). Furthermore, in addition to service revenues, other sales include revenues from the sale of pharmacy merchandise totalling EUR 1.1 mill. (previous year: EUR 1.3 mill.), from private accommodation totalling EUR 3.5 mill. (previous year: EUR 3.5 mill.) and from cafeterias, kiosks and meals totalling EUR 5.4 mill. (previous year: EUR 4.6 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, income from compensatory amounts for earlier financial years, off-period income from the release of provisions totalling approximately EUR 0.9 mill. (previous year: EUR 2.2 mill.) and rental income.

(32) Raw material and consumables used

The raw materials and consumables used totalled EUR 110.3 mill., which was EUR 2.9 mill. or 2.7 % above the previous year's level (previous year: EUR 107.4 mill.). The costs of raw materials and supplies increased by 4.1 % to EUR 63.8 mill. as compared to 2009 (previous year: EUR 61.3 mill.), much stronger than the cost of purchased services, which at EUR 46.5 mill. was EUR 0.4 mill. or 0.9 % higher than the amount for the previous year. The rise in costs of raw materials and supplies is primarily attributable to higher charges for pharmaceutical products and medical material (+ EUR 2.0 mill.). The cost of materials ratio improved slightly to 22.6 % (previous year: 22.8 %).

(33) Staff costs

Staff costs of EUR 267.0 mill. rose by 4.6 % as compared to the previous year's total (previous year: EUR 255.2 mill.). The staff costs ratio for the 2010 financial year was 54.8 %, following 54.2 % in the previous year. Pension expenses incurred in addition to those for statutory pension insurance, including contribution payments to external provider facilities, totalled EUR 3.6 mill. (previous year: EUR 4.0 mill.).

(34) Depreciation and amortisation

In the 2010 financial year, depreciation and amortisation totalled EUR 13.8 mill. (previous year: EUR 14.1 mill.), with EUR 1,372 thou. (previous year: EUR 2,767 thou.) attributable to intangible assets and EUR 12,425 thou. (previous year: EUR 11,316 thou.) to property, plant and equipment. The depreciation rate decreased by 0.2 percentage points to 2.8 % (previous year: 3.0 %).

(35) Other operating expenses

Most attributable to other operating expenses are with EUR 47.3 mill. rental and leasing expenses for real estate and medical equipment (previous year: EUR 46.2 mill.). Some EUR 40.8 mill. (previous year: EUR 40.5 mill.) thereof concerns payments to related parties pursuant to IAS 24, of which EUR 40.0 mill. (previous year: EUR 39.7 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 2.9 mill. to EUR 89.3 mill. as compared to the previous year (previous year: EUR 86.4 mill.). The expense ratio improved slightly overall from 18.4 % to 18.3 %. In addition to rental costs, other operating expenses include primarily maintenance and repair costs totalling EUR 16.6 mill. (previous year: EUR 15.3 mill.), insurance expenses totalling EUR 2.6 mill. (previous year: EUR 3.1 mill.), legal and advisory costs totalling EUR 3.8 mill. (previous year: EUR 4.0 mill.), public charges and fees totalling EUR 1.2 mill. (previous year: EUR 1.1 mill.), as well as other expenses totalling EUR 17.8 mill. (previous year: EUR 16.7 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 €	2010	2009
Other financial revenues	244	599
Other financial costs	– 5,539	– 5,943
	– 5,295	– 5,344

The underlying financial instruments for interest income and interest expenses are evaluated at amortised costs and assigned to the category “Loans and Receivables” pursuant to IAS 39.

In thousands of €	2010	2009
Income from participations	26	11
Interest and similar revenues	218	588
Thereof from		
Receivables	38	127
Current account balances, fixed deposits, overnight money	180	433
Other interest-related revenues	0	28
Other financial revenues	244	599
thereof against related parties	0	8

In thousands of €	2010	2009
Interest on loans	4,824	5,231
Commitment fees	76	76
Interest on convertible bonds	0	4
Interest on finance leases	504	541
Other interest-related expenses	135	91
Other financial costs	5,539	5,943
thereof against related parties	4,095	4,212

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 €	2010	2009
Actual taxes on income	701	472
Deferred taxes on income	773	788
	1,474	1,260

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

In thousands of €	2010	2009
Result before tax	11,574	11,618
Resultant calculational tax charge	1,832	1,839
Tax effect of:		
Reduction of loss carried forward due to altered ownership structure	0	715
Change in loss carried forward due to altered tax results for the previous years	0	-856
Change in allowance for deferred taxes	-350	0
Use of previously unrecognised tax losses	-161	-84
Corporation tax credit SEStEG	-4	3
Non-deductible expenses	38	3
Taxes previous years	0	-254
Others	119	-106
Actual tax expenses	1,474	1,260

(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.

	2010	2009
Result attributable to equity holders (in thousands of €)	10,035	10,293
Average number of shares issued (in thousands)	47,500	47,346
Earnings per share undiluted (in €)	0.21	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 the reporting year, there was no potentially diluting number of shares to take into account, as the subscription rights from the convertible bonds issued in the previous year were fully exercised.

In thousands of €	2010	2009
Result attributable to equity holders	10,035	10,293
Interests of convertible bond	0	4
Current or rather deferred taxes on interests	0	- 1
Result to define earnings per share diluted	10,035	10,296
Average number of shares issued (in thousands)	47,500	47,346
Stock option (in thousands)	0	154
Adjustment for assumed conversion of convertible bond (in thousands)	0	154
Average number of shares for the earnings per share diluted (in thousands)	47,500	47,500
Earnings per share diluted (in €)	0.21	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	2010	2009	Change
Medical	716	672	+ 44
Nursing care	1,856	1,843	+ 13
Medical-technical	1,393	1,345	+ 48
Functional	359	354	+ 5
Medical services	4,324	4,214	+ 110
Support functions	898	883	+ 15
Technical	121	112	+ 9
Administration	499	487	+ 12
Other	69	70	- 1
Non-medical services	1,587	1,552	+ 35
	5,911	5,766	+ 145

Contingencies and other financial obligations

The Group's total obligations arising from rental and leasing contracts, as well as fixed incidental expenses, totalled EUR 46.7 mill. in the reporting year (previous year: EUR 45.6 mill.). Of this amount, a total of EUR 40.0 mill. (previous year: EUR 39.7 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 % p.a.).

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 (2011: EUR 0.8 mill.; 2012 to 2015: EUR 3.2 mill.; 2016 to 2027: EUR 9.6 mill.). The expenses for other rentals and leases totalled EUR 2,628 thou. (previous year: EUR 2,387 thou.).

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

In millions of €	Nominal value 31.12.2010	Nominal value 31.12.2009
Remaining term up to 1 year	42.3	41.6
Remaining term 1 – 5 years	163.7	162.0
Remaining term > 5 years	483.1	520.5
	689.1	724.1

Leasing expenses relating to movable property, such as vehicles, office equipment and medical technology, totalled EUR 3,268 thou. (previous year: EUR 2,801 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 31.12.2010	Nominal value 31.12.2009
Remaining term up to 1 year	1.9	1.5
Remaining term 1 – 5 years	2.5	2.3
Remaining term > 5 years	0.0	0.0
	4.4	3.8

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

In millions of €	Nominal value 31.12.2010	Nominal value 31.12.2009
Remaining term up to 1 year	0.9	0.9
Remaining term 1 – 5 years	2.7	3.0
Remaining term > 5 years	12.5	13.1
	16.1	17.0

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. Within the context of acquisition of property, plant and equipment, as of 31 December 2010, contractual obligations exist totalling approximately EUR 5.7 mill. (previous year: EUR 4.0 mill.).

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 of the Associations of Statutory Health Insurance Physicians and health insurance funds 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 its 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 social security pension funds, as well as with public 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.

Sufficient liquid assets are available to strengthen the liquidity position as well as provide sufficient financing resources for external growth.

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 expect them 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 2011.

Supervisory Board in the 2010 financial year

Dr. Jan Boetius (Chairman), Munich

Supervisory Board mandates:

Member of the Supervisory Board

- DKV Deutsche Krankenversicherung AG (until 19 March 2010)

Hans Hilpert¹ (Vice Chairman), Kinkel

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:

Vice Chairman of the Supervisory Board

- GRR AG, Erlangen

Member of the Supervisory Board

- DIC Asset AG, Frankfurt am Main
- DIC Capital Partners Beteiligungs GmbH, Munich
- DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, Munich
- DICP Capital SE, Munich

Dr. Daniel von Borries, Munich

Member of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf

Supervisory Board mandates:

Chairman of the Supervisory Board

- ERGO Direktversicherung AG, Nuremberg
- ERGO Direkt Lebensversicherung AG, Nuremberg
- ERGO Direkt Krankenversicherung AG, Nuremberg
- Vorsorge Lebensversicherung AG, Düsseldorf (until June 2010)

Member of the Supervisory Board

- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, Munich

Gerd Dielmann¹, Berlin

Division Manager Professional Policy, ver.di – Vereinte Dienstleistungsgewerkschaft Bundesverwaltung, specialist division Health, Social Services, Welfare and Churches

Prof. Dr. Erich Donauer¹, Plau am See

Medical Director, MediClin GmbH & Co. KG, Krankenhaus Plau am See branch

¹ Employee representative on the Supervisory Board

Carsten Heise, Neuss

Lawyer,

Managing Director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V., Düsseldorf
(until 31 December 2010)

Supervisory Board mandates:

Vice Chairman of the Supervisory Board

- ems new media AG, Dortmund

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
(until 30 September 2010)

Supervisory Board and Administrative Board mandates:

Chairman of the Supervisory Board

- MedWell Gesundheits-AG, Cologne (until 31 December 2010)

Chairman of the Administrative Board

- ERGO Grubu Holding A.S., Istanbul

- ERGO Italia S.p.A., Milan (until 16 March 2010)

- ERGO Previdenza S.p.A., Milan (until 16 March 2010)

- ERGO Assicurazioni S.p.A., Milan (until 16 March 2010)

Member of the Supervisory Board

- D.A.S. Allgemeine Rechtsschutz-Versicherungs-AG, Munich

- Europäische Reiseversicherung AG, Munich (until 22 March 2010)

- Österreichische Volksbanken AG, Vienna

Klaus Müller¹, Oberthal

Sports and Recreational Therapist, MediClin GmbH & Co. KG, St. Wendel branch

Udo Rein¹, Frankfurt am Main

Lawyer,

Managing Director of Marburger Bund Landesverband Hessen, Frankfurt am Main

Uwe Rohde¹, Dorfmark

Physiotherapist, MediClin Therapie GmbH

¹ Employee representative on the Supervisory Board

Dr. Hans Rossels, Kall

Managing Director of Kreiskrankenhaus Mechernich, Mechernich

President of Krankenhausgesellschaft Nordrhein-Westfalen

Supervisory Board mandates:

Chairman of the Supervisory Board

- Gemeinnützige Gesellschaft der Franziskanerinnen zu Olpe mbH, Olpe
- Marienhospital Brühl GmbH, Brühl
- Katholische Kliniken Oberberg gGmbH, Engelskirchen

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**

Dr. Jan Boetius (Chairman)

Michael Bock

Gerd Dielmann

Prof. Dr. Erich Donauer

Hans Hilpert

Dr. Jochen Messemer

Audit Committee

Dr. Daniel von Borries (Chairman)

Michael Bock

Prof. Dr. Erich Donauer

Carsten Heise

Klaus Müller

Uwe Rohde

Mediation Committee pursuant to Section 27 MitbestG

Dr. Jan Boetius (Chairman)

Hans Hilpert

Dr. Jochen Messemer

Udo Rein

Nomination Committee

Dr. Jan Boetius (Chairman)

Carsten Heise

Dr. Hans Rossels

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 eight 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

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 Kassenärztliche Bundesvereinigung

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

Prof. Dr. Günter Neubauer, Director of the Institut für Gesundheitsökonomik München GbR

Management Board

The following persons were members of the MEDICLIN Aktiengesellschaft Management Board during the 2010 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

Frank Abele, Chief Financial Officer, Gerlingen

Management remuneration

In the reporting year, remuneration for the Management Board totalled EUR 1,640 thou. (previous year: EUR 1,748 thou.), for the Supervisory Board EUR 214 thou. (previous year: EUR 116 thou.) and for the Advisory Board EUR 75 thou. (previous year: EUR 70 thou.). The disclosure of the remuneration of the Supervisory Board and Advisory Board does not include VAT.

In the 2010 financial year, as in 2009, there were no loans to members of the Supervisory Board.

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 and valuation principles". In 2010, a total of EUR 104.4 thou. (previous year: 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. 6a 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 Aktiengesellschaft 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. More over, 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 €	2010	2009
Income		
Revenues from post-acute, acute and nursing care services	1.9	1.8
Real estate management income	0.4	0.4
Expenses		
Leasing expenses	40.6	40.3
Real estate management costs	0.8	0.8
Insurance premiums	0.8	0.8
Interest expenses	4.1	4.2
Service contracts	5.5	4.7
In millions of €	31.12.2010	31.12.2009
Receivables		
Repayment claims from preliminary financing of clinic expansions/building measures	1.4	0.4
Receivables from post-acute, acute and nursing care services	0.2	0.1
Liabilities		
to insurance companies	61.4	61.4
Service contracts	0.8	0.4

Related parties

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 was a member of the Supervisory Board of DKV Deutsche Krankenversicherung AG (DKV) until 19 March 2010. 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 2011. These loans from insurance companies have existed since 2005 at a constant amount. The interest rate was lowered on 31 July 2010 from 6.8 % to 6.5 % 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 4,095 thou. (previous year: EUR 4,208 thou.); the corresponding liability items are posted in the balance sheet under current financial liabilities. Further more, 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.

Related companies

Extensive leasing transactions exist with IVG Institutional Funds GmbH, Wiesbaden, as well as two contracts resulting from these transactions concerning real estate administration and property management. In the context of these contracts, in addition to leasing payments, MediClin also has repayment claims to IVG Institutional Funds GmbH for the advance financing of clinic expansions and other construction measures. The corresponding expenses or 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 the leasing transactions is disclosed under contingencies and other financial obligations. The inclusion of IVG in the group of related parties results from the management of the special real estate asset "OIK-Fonds MediClin" by IVG. Münchener Rückversicherungs-Gesellschaft AG and Provinzial Rheinland Versicherung AG have a majority stake in this special real estate asset, either directly or indirectly through Group companies, which gives them significant influence over the financial or operational decisions of IVG Institutional Funds GmbH.

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 administrative tasks, as well as medical services. The services purchased from these enterprises totalled EUR 4.6 mill. (previous year: EUR 4.7 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 totalled EUR 0.6 mill. (previous year: EUR 0.6 mill.).

Within the scope of its normal business activities, MediClin AG has had business relationships with Vanguard AG, Berlin for several years. At the Annual General Meeting of Vanguard AG on 15 December 2009, Dr. Ulrich Wandschneider was elected member of the Supervisory Board, including Vanguard AG in the group of related parties from this point in time. Sales in the year under report amounted to EUR 0.9 mill.

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

The conformity declaration of MEDICLIN Aktiengesellschaft, 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 289a HGB, which is also accessible on the Company's website.

Auditor's fees

The total fee invoiced by the audit firm for the financial year consists of the following amounts:

In thousands of € excluding VAT	2010	2009
Annual audit	442	432
Other attestation services	0	0
Tax consulting services	0	0
Other services	24	11
	466	443

Proposed appropriation of earnings

From the balance sheet profit of MEDICLIN Aktiengesellschaft as at 31 December 2010, amounting to EUR 15,287,080.83, 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 12,912,080.83 be carried forward to the new accounting period.

Offenburg, 3 March 2011



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, 3 March 2011



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 2010 to 31 December 2010. 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 315a 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, 4 March 2011

BDO AG
Wirtschaftsprüfungsgesellschaft

(Preis)
Wirtschaftsprüfer

(ppa. Bauer)
Wirtschaftsprüferin



PSYCHOSOMATICS

Eating disorders – eating healthily and enjoying it while getting well

The MediClin Seepark Klinik regards itself as an acknowledged national centre for eating disorders. Eating disorders are a symptom of a psychological disease that is expressed and recognisable in a person eating, drinking and moving in an abnormal way. The treatment concept of the clinic is multimodal and consists of interventions based on behavioural, psycho-educational and depth psychology.



The special field of adiposity

We can take it as a fact that in Germany, about half of men and one-third of women 18 years or older are overweight. There is also a dramatic increase in overweight and adipose children and adolescents. Some of the causes of being overweight are genetic, and socio-cultural factors, such as a diet too rich in calories and a lack of exercise. In addition, psychological disorders can also be causes or consequences of being overweight.

Crucial elements of rehabilitation are the reduction of risk factors as well as dealing appropriately with the disease. For this reason, we are especially committed to patient instruction as part of health training. Dietary instruction as well as assisted eating and cooking in the learning kitchen play a crucial role in this. Dietary instruction conveys the physiological basis of nutrition, causes and risks of being overweight, and flexibility in eating and drinking, including fast food, in a playful way. During meals, which are taken together with a nutritionist, the patients learn how to assess appropriate serving sizes and to select meals and drinks on their own. However, shopping plans, shopping as well as the preparation of healthy, tasty meals with normalised fat content are also covered in the instruction. Not only cooking jointly, but eating jointly, is an important part of the instruction and the exercises, too.

The training of the cooks is an important element of a successful therapy: “Eating healthily and enjoying it while getting well” is the motto of the training of our cooks under the direction of Stefan Marquard, an acknowledged professional and first-rate cook. Dealing with food respectfully, selecting the ingredients consciously and preserving the unadulterated flavour of our food: this is the basic approach of Stefan Marquard and a central element of putting together the specific recipes and meal plans for our clinic in Bad Bodenteich. Training the cooks was the first step towards more quality; training the patients will be the next step.

Further information

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DR. JAN BOETIUS Chairman of the Supervisory Board

Report of the Supervisory Board

Dear Shareholders,

In the 2010 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 were, in particular, the business development, the status of the acquisition and investment projects, the staff situation as well as basic issues of corporate planning and strategy. 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. Prior to the publication of the interim reports, the members of the Audit Committee discussed the business development of the respective period in detail with the Management Board and approved it for publication. The duties the Supervisory Board is mandated to fulfil by law, the Articles of Incorporation and the Rules of Procedure were fully performed and the required decisions were made.

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 25 March 2010, 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 38 ff. and 151 f. of the Annual Report.

Efficiency audit

The members of the Supervisory Board examined the efficiency of their work in the 2010 financial year on the basis of a questionnaire. The results were discussed in detail in the meeting on 11 November 2010. The Supervisory Board will take the suggested improvements into consideration in its future work and conduct another efficiency audit in the 2011 financial year on the same basis.

The German Corporate Governance Code recommends an efficiency audit of the Supervisory Board, but no separate examination of the work of the Audit Committee. Upon a proposal by the Chairman of the Audit Committee, the members of the Audit Committee decided to conduct an annual internal reflection of the work of the Audit Committee. The members will critically examine the work they have performed during the previous year in the form of a joint discussion. It was unanimously agreed to incorporate an internal efficiency debate in the Audit Committee guidelines.

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, as well as the status of upcoming or currently implemented investment and acquisition projects, were constant components of all Supervisory Board meeting consultations. In 2010, with only a few exceptions, members of the Supervisory Board participated in all of the Supervisory Board meetings; all members of the Supervisory Board have participated in more than half of the Supervisory Board meetings.

At the first meeting of the reporting year, on 25 March 2010, the Supervisory Board discussed in detail the 2009 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 annual financial statements and the consolidated financial statements were approved for publication. In this context the Supervisory Board also decided to propose to the Annual General Meeting on 26 May 2010 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. When setting the agenda for the Annual General Meeting, the Supervisory Board, after receiving a statement of independence from the intended auditor and the resulting recommendation from the Audit Committee, decided to propose to the Annual General Meeting that BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (now: BDO AG Wirtschaftsprüfungsgesellschaft) be appointed as auditor and Group auditor for the 2010 financial year. Furthermore, after close examination and comparing markets, the Supervisory Board decided to propose to the Annual General Meeting an amendment to the Articles of Incorporation regarding the amount and the structure of the compensation for the Supervisory Board. In future, with this new regulation, MediClin will also comply with the recommendation of the German Corporate Governance Code to consider the vice chairperson, as well as membership and chairmanship in the committees.

The 2010 conformity declaration was discussed and adopted.

The following changes in the committees were decided: Prof. Erich Donauer was appointed as additional member of the General and Personnel Committee and Uwe Rohde as additional member of the Audit Committee.

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 2009. The Supervisory Board approved the payment of the profit-sharing bonuses to the members of the Management Board.

In the meeting of the Supervisory Board following the Annual General Meeting on 26 May 2010, the Supervisory Board reorganised after the re-election of several of its members. The Supervisory Board unanimously elected Dr. Jan Boetius its Chairman and Hans Hilpert his Vice Chairman. Furthermore, the Supervisory Board decided not to make any changes in committee members; all members were re-elected in their respective function in the committees.

In this meeting the Management Board reported about the current course of Group business during the first quarter of 2010. The Chairman of the Audit Committee pointed out that the results had been discussed prior to the publication of the quarterly report during a telephone conference with the members of the Audit Committee. Moreover, the Management Board reported about its acquisition activities in the acute and post-acute sector to date and about planned expansion projects. After an extensive discussion about the modalities and the development potential of the projects, the Supervisory Board approved the purchase of land and real estate in connection with the expansion projects.

The Supervisory Board approved an increase of the annual premium for the retirement pension of the Management Board after a benchmark comparison with other companies had revealed that action needed to be taken in this respect. The General and Personnel Committee had also endorsed an increase of the annual premium for the retirement pension of the Management Board.

In the meeting on 23 August 2010, the Supervisory Board was informed about the development of business during the first half of 2010, as well as the current status of the acquisition projects. The Chairman of the Audit Committee informed the Supervisory Board that on 10 August 2010, the Audit Committee had conducted a telephone conference prior to the publication of the half-year report in which the course of business during the first six months of 2010 was discussed in detail and approved for publication.

The Management Board also informed the Supervisory Board comprehensively about developments of the health care market in the rehabilitation segment. It presented in detail the current status of the rehabilitation market in Germany, the demographic and medical-technical impact factors, the mechanisms of the changes in the remuneration structures and the future challenges.

Furthermore, the Supervisory Board discussed in detail the amendments to the German Corporate Governance Code of 26 May 2010.

The 2011 financial calendar was approved.

In the meeting on 10 November 2010, the Management Board informed the Supervisory Board about the business development during the first nine months of the 2010 financial year. The Chairman of the Audit Committee informed the Supervisory Board that the course of business had been discussed in detail during a meeting of the Audit Committee on 9 November 2010, and that the interim financial statement had been approved for publication.

In the context of expansion investments at a MediClin site, the Supervisory Board approved the purchase of a piece of land. Additionally, it was informed in detail about the status of the various acquisition and cooperation projects by the Management Board.

In this meeting, the Nomination Committee proposed a resolution confirming concrete objectives regarding the composition of the Supervisory Board, which, in addition to the objectives already observed, include a commensurate women's quota. The Supervisory Board passed a resolution to that effect.

The evaluation of the efficiency audit which had been conducted regarding the work of the Supervisory Board was discussed.

The Supervisory Board was comprehensively informed about the status and further formation of the hygiene management in the facilities of MediClin.

In the meeting on 15 December 2010, the Supervisory Board was comprehensively informed by the Management Board about the corporate and business development planned for 2011 and 2012, as well as the planned measures at the Group level and at the level of the individual clinics. It noted with approval the target figures that were presented for 2011/2012 and the accompanying explanations by the Management Board. The Supervisory Board approved the catalogue of targets for the profit-sharing bonuses for the Management Board for 2011 presented by the General and Personnel Committee. It also approved the proposal of the Management Board to reappoint the current members of the Advisory Board of MediClin AG for another two years.

Work in the committees of the Supervisory Board

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 Chairman of the Supervisory Board presides over all the committees.

The Audit Committee convened for two meetings and three telephone conferences during the reporting year. On 2 March 2010, it held intensive consultations with the Management Board and the auditors during a telephone conference on the preliminary financial statements for 2009, and on the final financial statements for 2009 during a meeting on 22 March 2010. In its meeting on 22 March 2010, 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 2010, and the allocation of the unappropriated profits from 2009. It also approved the audit planning for 2010, including the audit focal points. The summary report on risk management and internal auditing was submitted to the members of the Audit Committee and discussed by them at length. The members approved the proposal by the Chairman of the Audit Committee in addition to the recommendation of the German Corporate Governance Code regarding the efficiency audit of the Supervisory Board also to verify the efficiency of the work of the Audit Committee.

In its meeting on 9 November 2010, the Audit Committee obtained comprehensive information about the monitoring of the efficiency of the risk management system, the internal revision system as well as the internal control system of MediClin. The members of the Audit Committee unanimously approved the current version of the revision plan for 2011, which they had received prior to the meeting.

Additionally, the Audit Committee discussed the interim financial statements in detail by telephone and in meetings with the Management Board and approved them for publication.

In the framework of five meetings during the reporting year, the General and Personnel Committee dealt with matters of the Management Board. Based on calculation methods approved in 2009, it established the amount of profit-sharing bonuses for the Management Board and drafted a proposal for payment of the profit-sharing bonuses. It also revised the targets for the qualitative criteria for the profit-sharing bonuses. As a result, a greater degree of measurability and a more objective evaluation by external persons can be achieved. It also prepared a proposal to achieve an adjustment of the retirement pension of the Management Board that matches normal market conditions.

The Nomination Committee convened once. In its meeting on 25 March 2010, it verified the legal preconditions and framework requirements for the election of candidates to the Supervisory Board. It advised on the candidates, which were to be proposed to the full Supervisory Board for its election proposals at the Annual General Meeting 2010, and made a corresponding recommendation to the Supervisory Board.

The Mediation Committee did not have to convene in the reporting year.

Changes in the Supervisory Board and the Management Board

Since 1 January 2010, Uwe Rohde has acted as an employee representative on the Supervisory Board; he is the elected substitute member for Walburga Erichsmeier, the member who resigned effective as of the end of the year 2009. There were no personnel changes in the Management Board during the 2010 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 2010 financial year, including the accounting records and the summarised management report and Group management report of the Company, were audited by BDO AG Wirtschaftsprüfungsgesellschaft. The audit firm was elected to be the auditor of the annual financial statements and consolidated financial statements for the 2010 financial year at the Annual General Meeting on 26 May 2010, and commissioned with the audit by the Supervisory Board. The annual auditors issued an unqualified auditor's report on the 2010 annual financial statements of MEDICLIN Aktiengesellschaft and the 2010 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. It considers the suggested dividend to be appropriate; therefore, it has supported the Management Board's proposal on the allocation of the unappropriated profits. In the opinion of the Supervisory Board, the stable profit situation of the Company permits this cash outflow.

The Supervisory Board would like to thank the Management Board and all MediClin employees for the work they performed and their great personal commitment during the 2010 financial year.

Cologne, 22 March 2011

On behalf of the Supervisory Board

A handwritten signature in black ink, appearing to read 'Boetius', with a stylized initial 'B'.

Dr. Jan Boetius
Chairman of the Supervisory Board

Corporate governance report

Efficient cooperation between the Management Board and the Supervisory Board, openness and transparency in internal and external corporate communications, as well as a management approach that is focused on long-term and sustainable growth of shareholder value are the key elements of good corporate governance.

The German Corporate Governance Code summarises the rules on corporate governance which apply in Germany and reveals which of these rules are, and which ones are not, observed. The Government Commission on the German Corporate Governance Code monitors the development of corporate governance in legislation and in practice and examines at least once a year whether or not the Code should be modified.

Conformity declaration

On 22 March 2011, 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

MediClin AG has a Management Board consisting of two persons and a Supervisory Board consisting of twelve persons. The Supervisory Board is made up in equal parts of representatives of the shareholders and the employees. The Management Board and the Supervisory Board are made up in accordance with the German Stock Corporation Act (AktG) and the German Co-Determination Law (MitBestG).

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).

Composition and 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 289a of the German Commercial Code (HGB).

In addition to the already existing goals, the Supervisory Board has set itself further objectives regarding the composition of the Supervisory Board.

According to Section 5.4.1 of the German Corporate Governance Code, the Supervisory Board is to name specific objectives regarding its composition which take into consideration the company-specific situation as well as the Group's international activities, potential conflicts of interest, an age limit to be established for members of the Supervisory Board and the issue of diversity. In particular, these specific objectives are to provide for an appropriate participation of women.

The Supervisory Board already made sure in the past that defined objectives concerning its composition were met not only with respect to the structure of the shareholders but also by at least two members of the Supervisory Board. These objectives were the independence of the functions of consultants and organs towards customers, suppliers, creditors and other business partners of MediClin, as well as the diversity of the professional expertise, especially in the areas of the health care market, financial and capital market, financial accounting, annual audit and controlling, its international character (including international experience), legal issues and co-determination. On the basis of the objectives, in particular regarding a diversity of professional expertise on the Supervisory Board, the Supervisory Board has always endeavoured to propose to the Annual General Meeting for election those candidates whom it considered to be the most suitable from a professional point of view. The Supervisory Board passed a new resolution that, as regards upcoming vacancies on the Supervisory Board, it considers the participation of at least one woman as desirable and appropriate, and in the medium to long term, the participation of at least three women on the Supervisory Board. An age limit for members of the Supervisory Board had already been defined in the Rules of Procedure for the Supervisory Board.

The tenure of five members of the Supervisory Board will end on conclusion of the 2015 Annual General Meeting, and the tenure of one member on conclusion of the 2012 Annual General Meeting. The new election of the six employee representatives on the Supervisory Board will be held in 2012.

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 15a 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.

No transactions were reported in the 2010 financial year.

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

The annual financial statements of the Group and of MediClin AG are presented to the public at the financial statements press and analysts' conference in March every year. During the year, the business development is commented on in detail in the quarterly reports. Relevant information is published in news updates. All information is clearly presented on the Company's website and available for download.

The Annual General Meeting normally takes place in Frankfurt am Main in May. Within the scope of investor relations activities, individual talks are held with investors and capital market conferences are 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 individualised and itemised components of the remuneration are also presented in the summarised management report and Group management report of MediClin AG.

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

In € excluding VAT	Remuneration	Performance-based remuneration	Total 2010	Total 2009
Günter Schlatter, Cologne (Chairman until 12.08.2009)	0.00	3,408.61	3,408.61	13,634.46
Dr. Jan Boetius, Munich (Chairman) (since 31.08.2009; Chairman since 23.09.2009)	24,750.00	1,704.31	26,454.31	4,260.76
Hans Hilpert (Vice Chairman)	18,500.00	2,556.46	21,056.46	8,947.61
Michael Bock	14,000.00	2,556.46	16,556.46	8,947.61
Dr. Daniel von Borries	16,500.00	2,556.46	19,056.46	8,947.61
Gerd Dielmann	13,000.00	2,556.46	15,556.46	8,947.61
Prof. Dr. Erich Donauer	15,500.00	2,556.46	18,056.46	8,947.61
Walburga Erichsmeier (until 31.12.2009)	0.00	2,556.46	2,556.46	8,947.61
Carsten Heise	14,500.00	2,556.46	17,056.46	8,947.61
Dr. Jochen Messemer	12,500.00	2,556.46	15,056.46	8,947.61
Klaus Müller	14,250.00	2,556.46	16,806.46	8,947.61
Udo Rein	12,500.00	2,556.46	15,056.46	8,947.61
Uwe Rohde (since 01.01.2010)	14,000.00	0.00	14,000.00	0.00
Dr. Hans Rossels	11,000.00	2,556.46	13,556.46	8,947.61
Total	181,000.00	33,233.98	214,233.98	116,318.93

In the 2010 financial year, the members of the Supervisory Board did not receive any compensation or benefits for services provided individually, in particular advisory or agency services.

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. The deductibles for the Management and Supervisory Boards are in accordance with the requirements of the German Stock Corporation Act (AktG) as they have been modified by the Act on the Appropriateness of Management Board Remuneration (VorstAG).

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 Advisory Board consists of eight members. It is appointed by the Management Board, with the consent of the Supervisory Board, for a period of two years. The membership of all members of the Advisory Board was confirmed in 2010 for another two years.

The remuneration totalled EUR 75 thou. in the 2010 financial year (2009: EUR 70 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 AG 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

Dr. Jan Boetius

Chairman

Member of the Supervisory Board of
DKV Deutsche Krankenversicherung AG
(until 19 March 2010)

Hans Hilpert¹

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 Dielmann¹

Division Manager Professional Policy,
ver.di – Vereinte Dienstleistungsgewerkschaft
Bundesverwaltung, specialist division Health,
Social Services, Welfare and Churches

Prof. Dr. Erich Donauer¹

Medical Director, MediClin GmbH & Co. KG,
Krankenhaus Plau am See branch

Carsten Heise

Lawyer,

Managing Director of Deutsche Schutz-
vereinigung für Wertpapierbesitz e.V.
(until 31 December 2010)

¹ Employee representative on the Supervisory Board

Dr. Jochen Messemer

Member of the Management Board of
ERGO Versicherungsgruppe AG

Klaus Müller¹

Sports and Recreational Therapist,
MediClin GmbH & Co. KG, St. Wendel branch

Udo Rein¹

Lawyer,
Managing Director of Marburger Bund
Landesverband Hessen

Uwe Rohde¹

Physical Therapist, MediClin Therapie
GmbH

Dr. Hans Rossels

Managing Director of the Kreiskrankenhaus
Mechernich

Supervisory Board Committees**General and Personnel Committee**

Dr. Jan Boetius (Chairman)
Michael Bock
Gerd Dielmann
Prof. Dr. Erich Donauer
Hans Hilpert
Dr. Jochen Messemer

Audit Committee

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

**Mediation Committee pursuant
to Section 27 MitbestG**

Dr. Jan Boetius (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Udo Rein

Nomination Committee

Dr. Jan Boetius (Chairman)
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 Kassenärztliche Bundesvereinigung

Dr. Brigitte Mohn

Chairwoman of the Management Board
of Deutsche Schlaganfallhilfe

Prof. Dr. Günter Neubauer

Director of the Institut für Gesundheits-
ökonomik München GbR

Members of Management Boards of affiliated companies

Dr. Ulrich Wandschneider

- MediClin Geschäftsführungs-GmbH
- MediClin Medizinisches Versorgungszentrum GmbH
- MVZ MediClin Bonn GmbH
- Yvonne Mobilien-Leasing GmbH
- Kraichgau-Klinik Aktiengesellschaft
- Müritz-Klinikum Service GmbH (since 1 July 2010)
- MVZ-Müritz GmbH (since 1 July 2010)

Frank Abele

- MediClin Geschäftsführungs-GmbH
- MC Service GmbH
- Cortex Software GmbH
- MediClin à la Carte GmbH (formerly MediClin Catering GmbH)
- Yvonne Mobilien-Leasing GmbH
- Kraichgau-Klinik Aktiengesellschaft

Uwe Hektor

- MediClin à la Carte GmbH (formerly MediClin Catering GmbH)

Manfred Hof

- MediClin Pflege GmbH (since 1 April 2010)

Frank Horn

(until 30 June 2010)

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

Sabine Mylek

- Cortex Software GmbH
(since 1 August 2010)

Dirk Schmitz

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

Daniel Schote

- MediClin Pflege GmbH
(until 31 March 2010)

Bernd Schulz

- MediClin à la Carte GmbH
(formerly MediClin Catering GmbH)
- MediClin Immobilien Verwaltung GmbH
- MediClin Therapie GmbH
- MediClin Pflege GmbH
(since 1 April 2010)

Hermann Steppe

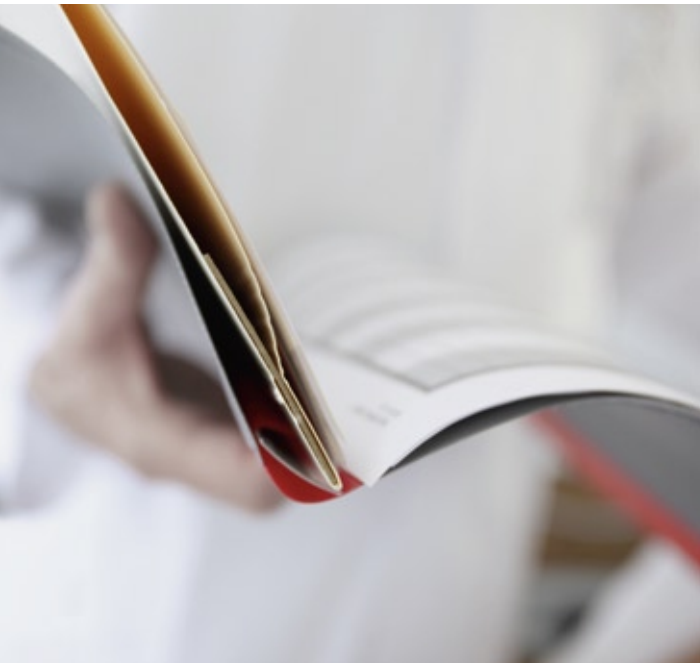
- Cortex Software GmbH

Dr. Hans-Heinrich Uhlmann

- MediClin Krankenhaus am Crivitzer See GmbH

Philippe Zwiebel

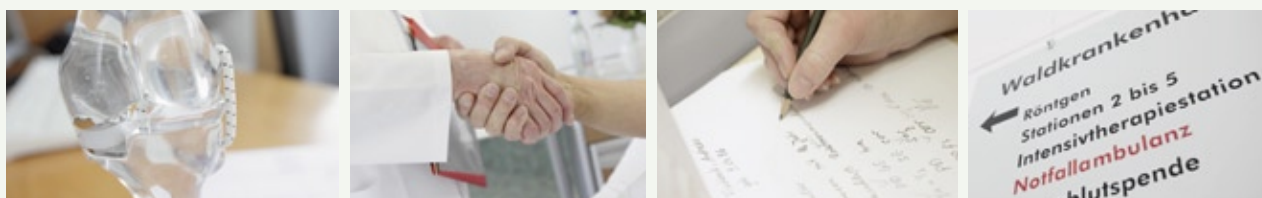
- MediClin Therapie GmbH
(since 1 November 2010)



ORTHOPAEDICS

Education and training curriculum for physicians – structured and transparent, with a stamp of approval

How can we obtain and retain qualified physicians? This question was the starting point for a pilot project at the MediClin Waldkrankenhaus Bad Döben. By now it has become established in a large number of MediClin facilities: the education and training curriculum for physicians. It makes the specific qualification of young talented doctors structured and transparent, and gives it a stamp of approval.



Expertise and clinical experience

In the medical field, the available professional knowledge doubles every three to four years. In the wake of medical progress, the importance of the specific qualification for patient care can therefore not be overestimated. Those starting out in their profession confirm that building professional knowledge in combination with clinical experience is a top priority for them.

Consequently, establishing an education and training curriculum which structures the “qualification schedule” of a trainee during his or her first few years in the hospital or a rehabilitation facility makes sense. However, actually implementing it no doubt presents a challenge, as the elements of the education and training curriculum, for instance, have to be synchronised not only with the advanced training contents required by the Medical Association.

The areas to be handled by doctors, such as outpatient clinic, the operating area, departments and special consultation hours, must also be properly taken into account. In this context, a rotation system that was specifically developed for the MediClin Waldkrankenhaus Bad Döben ensures that the qualifications that are important for each area have been covered during the previous training sections.

This rotation system is extremely attractive for physicians, because it makes the training transparent, and every physician knows “what is to be expected over the next few months”. In turn, the physicians pledge to acquire the necessary theoretical knowledge on their own and to participate regularly in the clinic’s in-house advanced education and training programme. Moreover, the structure ensures that an adequate number of physicians and a sufficient amount of experience are available for medical on-call services at night and on weekends.

Dr. Robert Schober, resident physician for orthopaedics and accident surgery at the MediClin Waldkrankenhaus Bad Döben, says: “The education and training curriculum makes it easier to schedule the advanced training of medical specialists. Thanks to its modular structure, there are always a number of operations in one area at the same time, which makes it possible to develop and consolidate skills. All assistant physicians have to perform the same catalogue of tasks, and they all contribute about the same amount of work to operations. Within one module, I take care of patients from the day of their admission until their release. Consequently, I am a member of a permanent team. This arrangement increases the motivation for teamwork!”

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. Sales revenues are estimated at EUR 500 bill.

Integrated medical service

Health insurance funds 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.

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.

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.

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).

Xetra®

Exchange Electronic Trading; computer-assisted trading system by Deutsche Börse AG.

Medical Terms

Adiposity

Obesity.

Angiology

Branch of internal medicine that deals with vascular diseases.

Cardiac catheter laboratory

A cardiac catheter laboratory performs various diagnostic and therapeutic catheter examinations in the field of cardiovascular disorders.

Cardiac catheter examination

During a cardiac catheter examination, the heart and the coronary vessels are examined using X-ray systems to verify heart disease.

Cardiology

Subarea of internal medicine that deals with the illnesses and changes in the heart as well as their treatment.

Consultation

Patient-focused advice with relevant treatment indicators provided to a physician by another physician.

Depth psychology

Names for the research directions of psychology and psychotherapy, in which the unconscious plays a central role.

ECG

Electrocardiograph, recording the progression of the heart's action current

Ischaemia

Reduction or interruption of the blood flow in an organ, part of an organ or tissue due to a lack of arterial blood circulation.

Multimodal

In a multimodal treatment concept, various treatment approaches are applied from different medical disciplines.

Neurology

Specialist medical area that deals with the research, diagnostics and treatment of the illnesses of the nervous system and the muscular system.

Physiology

Science and study of normal life processes, especially the physical functions of the organism.

Psychoeducation

Training for people who suffer from a psychological disorder.

Psychosomatics

Branch of medical science which studies the psychological influences on somatic processes.

Vascular

Of or pertaining to the blood vessels.

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This Annual Report is also available
in German.

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

Development of nursing days, cases and occupancy rates

Nursing days	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Year total
Post-acute	465,897	489,522	489,233	475,896	1,920,548
Acute	103,493	102,833	104,475	104,520	415,321
Nursing care	33,484	33,422	34,633	34,529	136,068
Total	602,874	625,777	628,341	614,945	2,471,937

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

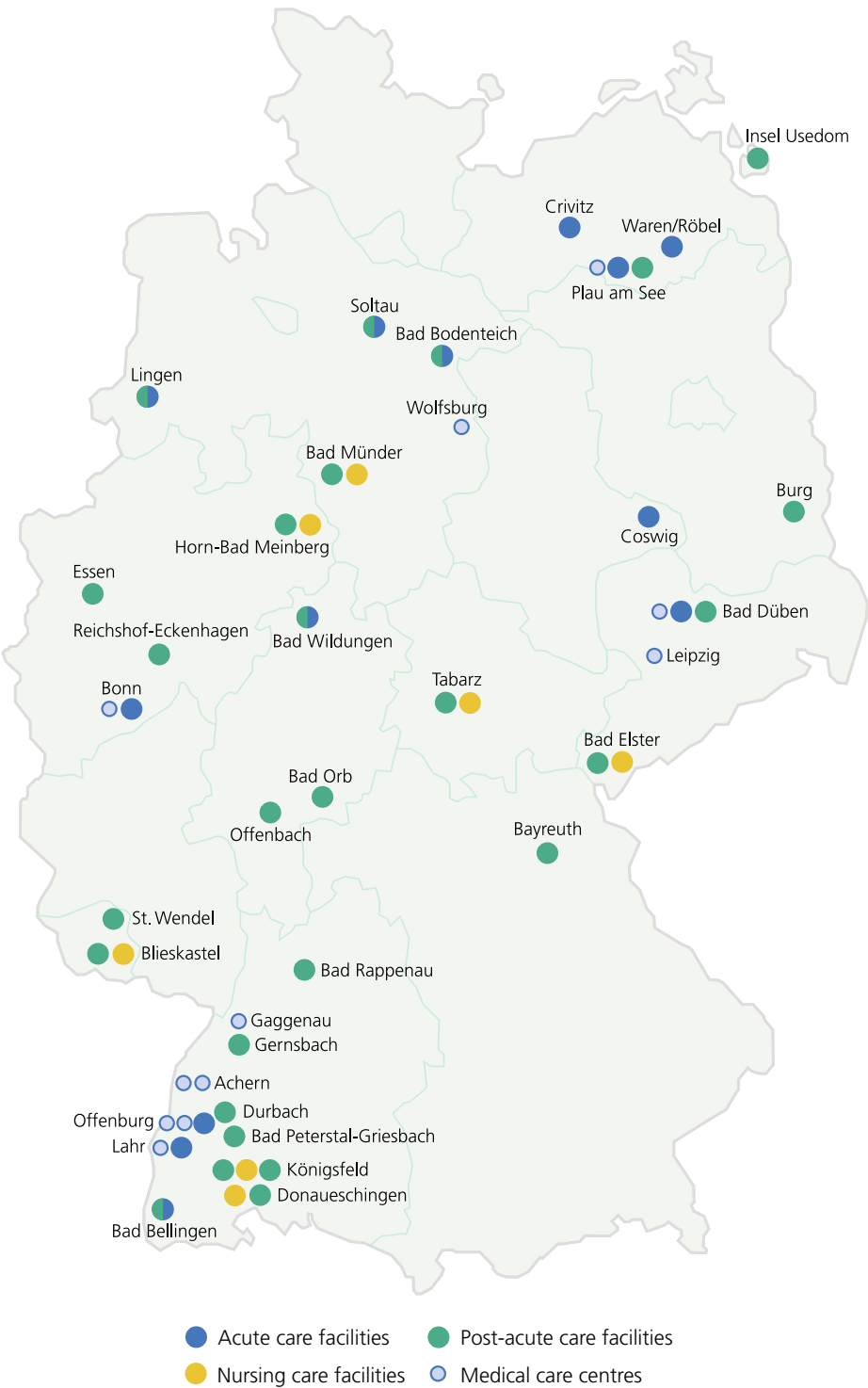
Cases	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Year total
Post-acute	18,730	19,867	19,879	19,416	77,892
Acute	10,642	10,642	10,779	10,706	42,769
Total	29,372	30,509	30,658	30,122	120,661

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

Occupancy rates in %	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Year total
Post-acute	86.2	89.5	87.5	85.1	87.0
Acute	84.3	82.4	82.7	82.7	83.0
Nursing care	91.2	90.0	92.3	92.0	91.4
Total	86.1	88.2	86.9	85.0	86.6

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

The presence of MediClin



Financial calendar

3 March 2011	Presentation of the interim figures for the 2010 financial year
24 March 2011	Financial statements press and analysts' conference for the 2010 financial year
11 May 2011	Publication of the interim report for the 1st quarter 2011
26 May 2011	Annual General Meeting
11 August 2011	Publication of the interim report 1st half-year 2011
10 November 2011	Publication of the interim report for the 1st–3rd quarter 2011

www.mediclin.de