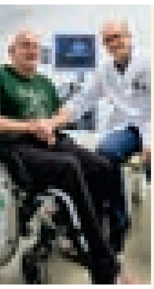
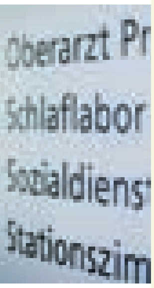
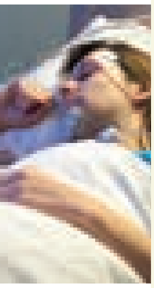
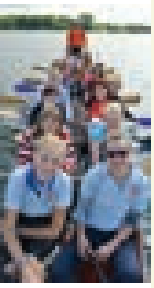
MediClin integrates.

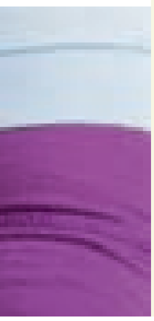
ANNUAL REPORT 2013

MEDICLIN Aktiengesellschaft

MediClin – A company of the Asklepios Group



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Cover **Stroke – like a bolt of lightning into our being**
The crucial factor in treating a stroke is time. The sooner the treatment starts, the better the chances of survival and rehabilitation prospects.

MediClin: key data on business development

In thousands of €	2013	2012
Sales	514,954	509,739
EBITDAR	64,830	66,165
EBITDAR margin in %	12.6	13.0
EBITDA	19,611	21,596
EBITDA margin in %	3.8	4.2
EBIT (operating result)	2,148	4,277
EBIT margin in %	0.4	0.8
Financial result	−4,718	−5,059
Result attributable to shareholders of MediClin AG	−2,638	−1,403
Earnings per share in €	−0.06	−0.03
Balance sheet total	312,867	319,596
Equity	152,188	157,020
Equity ratio in %	48.6	49.1
Financial liabilities (to banks)	59,203	66,802
Cash and cash equivalents	13,219	22,936
Net debt	45,985	43,866
Net Debt/EBITDA	2.3x	2.0x
Cash flow from operating activities	9,953	16,173
Cash flow from operating activities per share in €	0.21	0.34
Gross capital expenditure	18,640	27,344
thereof subsidies	2,912	3,725
Dividend per share in €	–	–
Number of shares in millions	47.50	47.50
Number of cases (inpatient)	118,838	121,487
Number of beds (annual average)	8,046	8,083
Number of full-time employees (annual average)	6,372	6,256
Occupancy rates in %	84.6	86.3

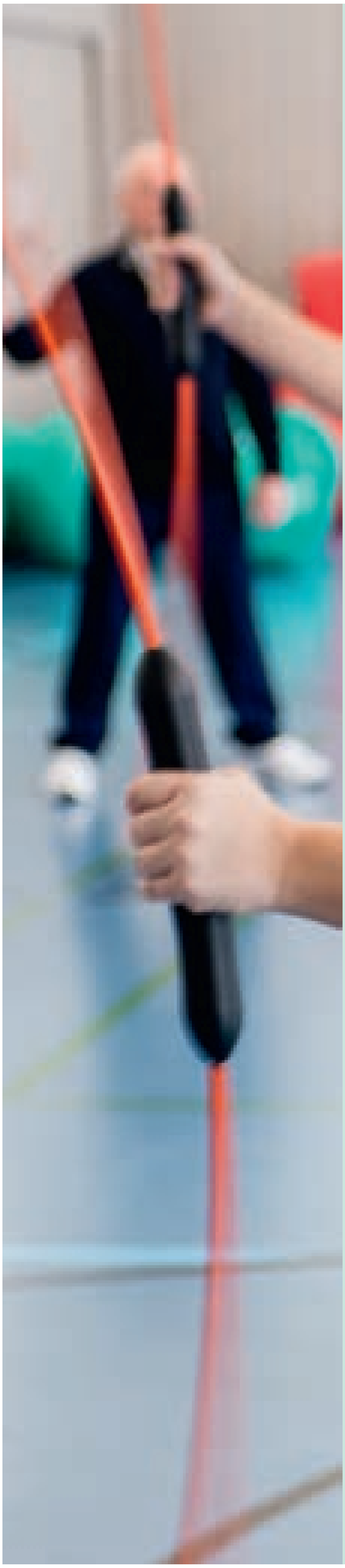
Due to arithmetical reasons, calculation differences of +/– one unit (€, %, etc.) may occur.
Percentage rates have been determined on the basis of € values.

Quarterly development of the Group in 2013

In millions of €	Q1	Q2	Q3	Q4
Sales	124.5	132.9	132.3	125.2
EBIT (operating result)	–5.9	2.3	5.8	0.0
EBIT margin in %	–4.7	1.7	4.4	0.0
Result attributable to shareholders of MediClin AG	–6.5	0.9	4.2	–1.2
Earnings per share in €	–0.14	0.02	0.09	–0.03
Cash flow from operating activities	–5.8	3.2	12.6	10.0
Cash flow from operating activities per share in €	–0.12	0.07	0.26	0.21
Equity ratio in %	48.1	48.5	48.6	48.6
Gross capital expenditure	4.8	3.9	4.7	5.3
Net financial debt	53.1	53.0	42.9	46.0
Number of full-time employees (quarterly average)	6,352	6,390	6,375	6,370
Occupancy rates in %	83.8	86.8	85.6	82.9

Health in view

Listening to our patients and residents, understanding them, speaking their language and respectfully caring for them in every situation – this is our mission which we aim to fulfil in all respects.



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 11 medical care centres in 11 German federal states, MediClin has a total capacity of approximately 8,100 beds.

The hospitals are acute-care hospitals providing basic, standard and specialised care, as well as specialist clinics for medical rehabilitation. MediClin had approximately 8,500 employees at year-end.

VOLKER FELDKAMP
CHAIRMAN
OF THE MANAGEMENT BOARD

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

Since January 1 of this year, I have been responsible for the entire business of MediClin as Chairman of the Management Board. I would like to share my first impressions with you.

MediClin is not unknown in the health sector, which is why I had a certain idea how this Group is organised and how it works. My view after the first couple of weeks: I am very honoured and pleased to have taken over the baton from my predecessor Frank Abele. Many subjects are exemplary in the market and form the basis of what my Management Board colleague Jens Breuer and I need to successfully further develop the Company and adjust it to the changing market conditions.

Another element of success is motivated staff. Employees that have high standards with regard to quality and profitability. Employees who nevertheless do not forget that the patient or resident should be the centre of attention in the facilities. Employees who know that this poses new challenges every day and who are prepared to break new ground.

It is natural that a change in management leads to a certain degree of uncertainty in a company. Of course this applies to us as well, and not only in the clinics, but also at headquarters, especially as we are aiming to further promote and develop the service attitude.

I am therefore confident that we will be able to realign MediClin, its segments and business areas more efficiently to better meet demand with the range of services, structures and processes and thus make the Company fit for the future. It is a matter of fact that this is a continuous process that seeks to meet long-term trends in the health care sector.

Demand for medical services is undergoing changes

There is no doubt that demand for medical services is changing at an ever-increasing pace. Along with longer life expectancies, the number of patients with chronic diseases such as diabetes or cardiovascular conditions, neurological problems like strokes, and multiple diseases is likewise increasing. Dementia is also on the rise, calling for the corresponding special degree of care. This is what clinics and nursing care facilities have to adapt to, for example by offering specific geriatric services in rehabilitation. Overall, medical specialisation and interdisciplinary cooperation between physicians is gaining significance as well as treatment that combines medical treatment, therapy and nursing care. Increasing importance is also being attached to health prevention and rehabilitation that focuses on maintaining the patients' ability to work. The question of quality will become even more vital in inpatient care.

What does all this mean for MediClin?

We need to consider these developments appropriately and adjust our offering accordingly. The trends require a clear focus on the post-acute and acute segments without neglecting the idea of cross-sector integrated medical care. And of course we have to keep profitability in mind in all our actions and seek to achieve fair payment for our services.

MediClin started in 2013 to adjust to market changes

Despite the lower occupancy rates in 2013 compared to the previous year, Group sales of EUR 514,9 mill. exceeded the prior-year value by EUR 5.2 mill. or 1,0 %. This was achieved with efficiency enhancements in the acute segment and a realignment of the range of services in the post-acute segment.

Moreover, following the weak start into the year in both segments (acute and post-acute), the post-acute segment had to compensate for nearly EUR 7 mill. budgeted sales, especially in psychosomatics. This sales slump was buffered primarily with income from the newly created capacities in the fields of neurology and geriatrics. This proves that MediClin has a good market position with its range of medical services and that the Company managed successfully to expand its capacities in line with demand in the last year.

What is on our agenda for 2014?

My overriding objective is to accommodate three aspects: the optimal care of our patients and residents, a clear focus on staff and the optimisation of costs.

For achieving optimal medical care, we will continue to rely on quality and integrative care in 2014. In addition, however, we plan to clearly concentrate on the patients' and residents' needs. This means that the current and individual needs in the facilities will be decisive for the medical care on offer. This is the only way we can optimise the treatment process and ensure a successful outcome. In the acute segment, we have already started to improve procedures along these lines.

For me, a clear focus on staff means that managers lead by example or, in other words, that they keep an eye on the well-being of our staff and Company in their capacity as executives. This is their responsibility at their respective work places and they must lead their staff on the basis of these principles. In 2014 we will revise and further develop the leadership culture and structure of MediClin.

Regarding the optimisation of costs, we managed to keep the increase in material and energy costs within bounds in the last year thanks to strict cost management and a centralised energy management. Here we have undergone reorganisation, which does not mean that we cannot do more. In 2014 we expect only a moderate increase in material costs, while staff costs are set to rise by a maximum of 2.0 %.

Outlook

The Management Board assumes that the sales and earnings situation of the Group will improve on 2013 in the current financial year. The Group intends to achieve 3.0 % sales growth through capacity expansions in indications with strong demand and a rise in the number of cases in the clinics. We anticipate that the Group operating result will range between EUR 4.0 mill. to EUR 6.0 mill.

In terms of segments, the newly created capacities will make a positive contribution in the post-acute segment while a slight increase in the number of cases and the optimisation of internal structures will improve the sales and earnings situation in the acute segment.

The business performance in the first two months of the 2014 financial year supports this outlook: occupancy rates in the post-acute segment and the number of cases in the acute segment exceeded the comparable previous year's figures considerably.

What we achieved in 2013 is definitely owed to the unfailing motivation and great commitment shown by all of MediClin's employees. Therefore, my colleague Jens Breuer and I would like to thank everyone for the work done. Please continue to support us in 2014.

Esteemed shareholders, demand for medical, therapeutic and nursing care services is continuously on the rise – and we intend to participate in this growth. With its business model of cross-sector and patient-oriented care, MediClin has established itself on the market in an ideal position with high medical standards. Thanks to the realignment to the changing market conditions, your Company will also be successful in the future.

MediClin, my colleague Jens Breuer and I would like to thank you for your trust.

Volker Feldkamp
Chairman of the Management Board

VOLKER FELDKAMP
CHAIRMAN OF THE MANAGEMENT BOARD (right)

JENS BREUER
CHIEF FINANCIAL OFFICER (left)

Stroke – like a bolt of lightning into our being

A stroke tends to be sudden and unexpected; it happens when the blood supply to the brain or parts of the brain is suddenly interrupted or insufficient. Symptoms are numbness, paralysis, speech disorders, visual impairments or disturbances of consciousness, depending on which area of the brain is affected. The most frequent cause of a stroke (80 per cent) is insufficient blood supply due to a vessel being blocked by a blood clot. On rarer occasions, a haemorrhage affects the brain tissue (20 per cent).

In rare cases, both types of stroke – an obstruction in the blood flow or a brain haemorrhage – can also be the consequence of an acute illness or an accident.

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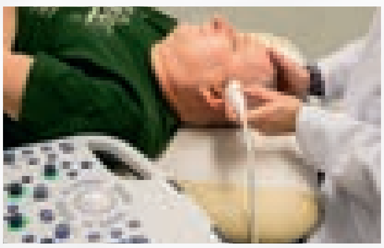
Treatment of a stroke: "Time is brain"

The crucial factor in treating a stroke is time. The sooner the treatment starts, the better the chances of survival and rehabilitation prospects. Precise diagnostics are paramount to the treatment of a stroke. The cause of the stroke and the affected brain areas can be determined with the help of computer or magnetic resonance tomography.

In the case of brain haemorrhages, a surgical operation is necessary in most cases to stop the bleeding or remove irreparably damaged tissue. When certain areas of the brain are insufficiently supplied with blood because of a clogged vessel, the obstruction can sometimes be removed by specifically dissolving the blood clot. This medical procedure is referred to as thrombolysis. It is offered by specialist centres, the so-called stroke units. ➔



Stroke:
these are the risks

Interview with the neurologist Dr. Jürgen Bonnert, head physician of the specialist clinic for neurology, oncology and pneumology in MediClin Reha-Zentrum Reichshof

A stroke is one of the most frequent causes of death in the western industrialised countries – why is this medical condition so prevalent in our part of the world?

DR. BONNERT: In addition to unalterable factors such as age, gender and genetics, our way of living is also a contributing factor. Our habits have changed; an important aspect seems to be the lack of physical activity as well as a change in dietary habits. These are risk factors for a stroke. Moreover, the population is ageing and the risk of stroke increases with age. ➔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What is the treatment for a stroke?

DR. BONNERT: It is essential to clarify the cause of the stroke. This is done in the stroke unit of a neurological clinic. Immediately after acute medical care has been provided, early rehabilitation measures are already initiated in this very unit. Patients are then sent to a suitable rehabilitation centre for follow-up treatment, where skills and competences are gradually regained. This initially takes place in the inpatient care unit of a rehabilitation centre; thereafter, the patient can gradually return to his or her job if all goes well.

What are the potential consequences of a stroke?

DR. BONNERT: A stroke is one of the most frequent causes of death in Germany. Moreover, stroke patients are frequently left with disabilities and might have to live with certain limitations. They sometimes lose their physical feeling and their mobility is restricted by paralysis and coordination problems. Nevertheless: patients entering an intensive rehabilitation phase early have better chances of regaining lost abilities and thus returning to their former strength.

➔


MEDICLIN

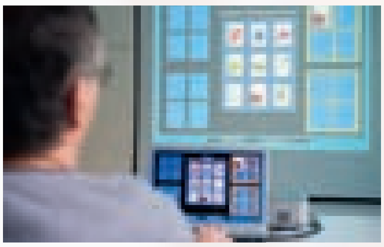
Why is it so important that rehabilitation measures are initiated promptly after a stroke?

DR. BONNERT: The sooner a stroke is treated, the better complications can be avoided and the better the chances of a full recovery. Our brain has the ability to regain functionality previously lost because of the stroke. Sometimes neighbouring brain regions can take over the tasks from damaged cells. The objective after a stroke is therefore to protect the brain against the consequences of insufficient blood supply. The treatment must therefore be started right away and the motto is "time is brain".

What is the risk of suffering a second stroke?

DR. BONNERT: People who have already suffered a stroke have a higher risk of having a second stroke. Especially in the first year after the disturbance of blood supply to the brain, the risk of another stroke is higher. It is therefore important to recognise the risk factors after a stroke, reduce them and adopt a healthy lifestyle.

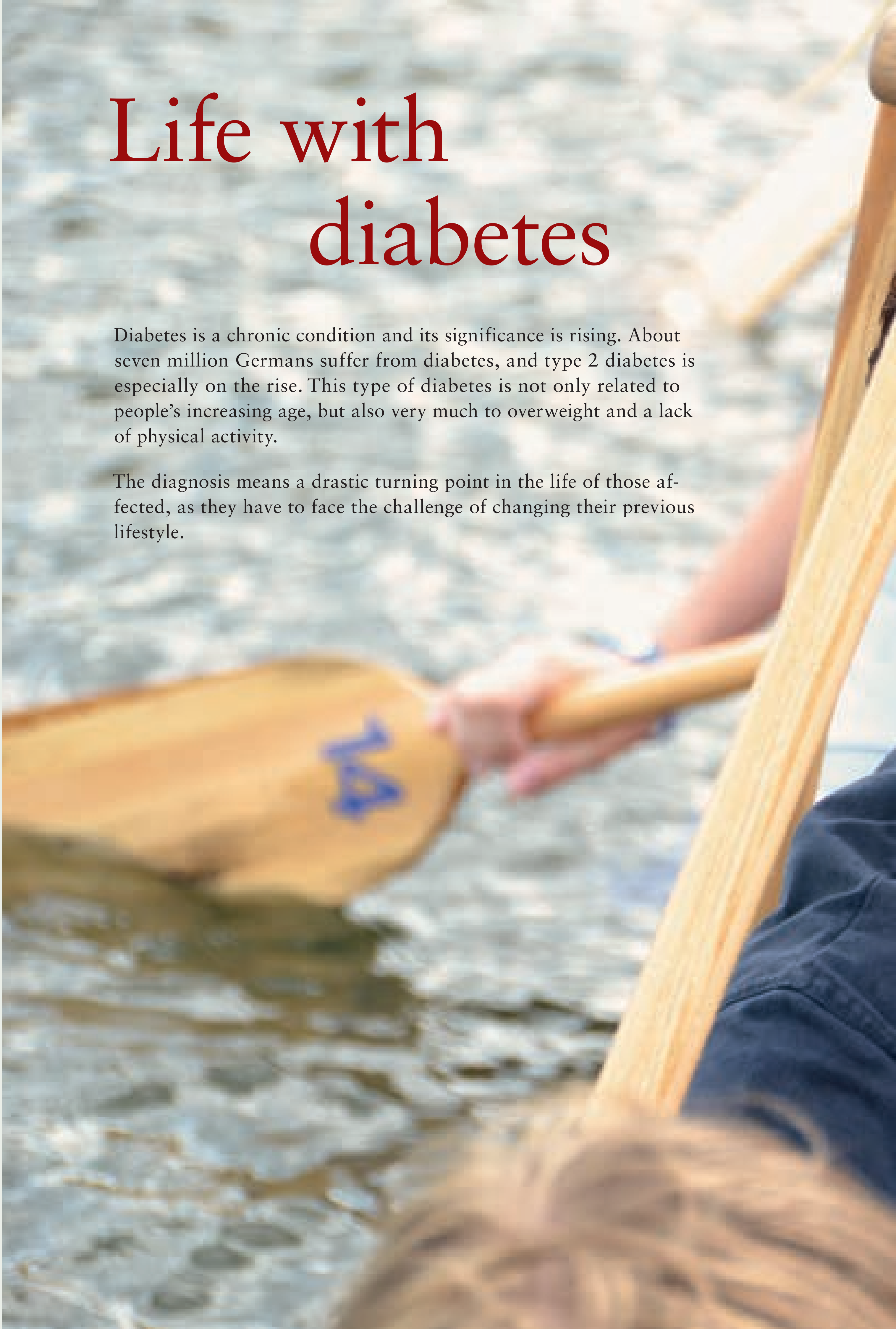
All the pictures were taken at MediClin Reha-Zentrum Reichshof.



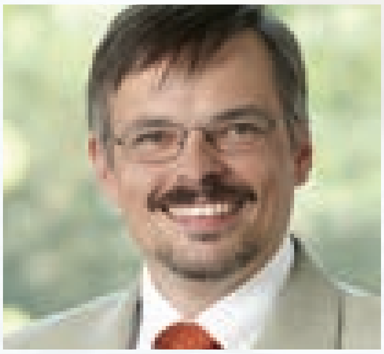
Life with diabetes

Diabetes is a chronic condition and its significance is rising. About seven million Germans suffer from diabetes, and type 2 diabetes is especially on the rise. This type of diabetes is not only related to people's increasing age, but also very much to overweight and a lack of physical activity.

The diagnosis means a drastic turning point in the life of those affected, as they have to face the challenge of changing their previous lifestyle.



Searching for a personalised treatment solution – in a nutshell



An interview with diabetes expert Dr. med. Thomas Helling, senior physician at MediClin Staufenburg Klinik:

How do I know that I have diabetes?

DR. HELLING: The more common type 2 diabetes often remains unnoticed for a long time, as the blood sugar level rises slowly and gradually. First signs are constant and extreme thirst and increased urination, problems with eyesight, constant fatigue and exhaustion. A poor healing of wounds can also be an indication of diabetes. If these symptoms occur, it is important to talk to the GP, as a higher blood sugar level can already damage internal organs before proper warning signs appear. In the case of type 1 diabetes, the rise in the blood sugar level and therefore the symptoms usually appear very suddenly.

What are the first steps after I have been diagnosed with diabetes?

DR. HELLING: As a first step you should attend a training for diabetics in which you learn how to regulate the blood sugar level. If you are overweight, you should definitely try to lose some weight. ➔

What are the important factors in the treatment?

DR. HELLING: Light persistent exercise on a regular basis is of particular importance, and to avoid putting on too much weight. Another aspect is medication to improve insulin efficiency. Most diabetics need insulin therapy at some point, as the body's own insulin production goes down. So they need to inject insulin; it is especially important here that this is talked through and carried out consistently and in accordance with the doctor's orders.

What needs to be observed in terms of nutrition?

DR. HELLING: Losing weight contributes to a normalisation of the blood sugar level. You usually don't need any diet products for that. Instead, diabetes patients should observe a healthy and balanced mixed diet. You should eat carbohydrates distributed over the course of the day. Chocolate is also allowed, but only in moderation due to its high fat content. You should avoid sweet drinks such as Coke, lemonade or fruit juice.

Can I prevent the development of diabetes?

DR. HELLING: In general, it is possible to prevent the development of diabetes type 2. People from families with a history of diabetes have a higher risk and this also includes type 2 diabetes, which is often euphemistically called "senile diabetes". It is best prevented by trying to keep normal weight levels and by exercising regularly, at least half an hour at a time and at least every second day.

MediClin
Diabetes Camp 2013

Adolescents often find it particularly hard to manage their diabetes independently and accept the illness, which is why the one-week diabetes camp focused on young people. It was organised by Dr. Kathrin Kintzel, expert for children's diabetes and head physician in the clinic for paediatric and adolescent medicine at MediClin Müritz-Klinikum.

Together with a colleague, Dr. Kintzel provides care for children and adolescents with diabetes in the Müritz region. In addition to the training camp, which is supposed to take place once a year, she is also planning to establish a children's diabetes centre as part of MediClin Müritz-Klinikum.

Dr. Kintzel describes her plans: "This is about age-appropriate, diabetics care for young diabetics in the Müritz region. The need is there, and now it is our task to establish the corresponding health care structures."

All of the pictures were taken at Diabetes Camp 2013.

How to sleep better

Up to 25 per cent of all Germans do not sleep well or, to be more precise: they suffer from non-restorative sleep. The causes are manifold and the effect on our ability to perform and health can be devastating in the long term. Sleep disorders are related to many ailments and diseases and are therefore researched by various different medical disciplines.

When snoring turns into an illness

People with sleep apnoea suffer from frequent cases of breathing cessation at night and their consequences. The pneumologist and sleep expert Dr. Rolf H. Heitmann examines and treats apnoea patients in the sleep laboratory of MediClin Albert Schweitzer Klinik in Königsfeld.

Dr. Heitmann, when does snoring cease to be a nuisance and start to be an illness?

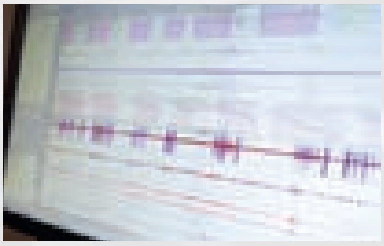
DR. HEITMANN: When loud and irregular snoring is accompanied by cases of breathing cessation, the so-called sleep apnoea, and this is accompanied by extreme daytime fatigue and a number of other symptoms and indications, this is referred to as the sleep apnoea syndrome. The so-called obstructive sleep apnoea syndrome is the most common. It means that the ring-shaped musculature surrounding the upper respiratory tract relaxes during sleep. When this collapse leads to a cessation of breath lasting for more than ten seconds, the problem is considered pathological. ➔

What are the risks related to sleep apnoea?

DR. HEITMANN: Pathological cessations of breath cause the oxygen level in the blood to drop. The lack of oxygen, in turn, causes the body to repeatedly wake up and produces stress. The effect: restful sleep is wrecked. For this reason, sufferers from sleep apnoea are tired, exhausted and not very powerful during the day. More than ten per cent of traffic accidents with a fatal outcome are caused by people momentarily nodding off due to sleep-related breathing problems. Moreover, these breathing problems, which are often much more complex, can also cause or aggravate cardiovascular diseases. There is a clearly higher risk of a heart attack or a stroke.

How do patients come to you?

DR. HEITMANN: In most cases, the bedroom partner is negatively affected by the snoring and also notices that the partner is more tired and less powerful during the day. The classic route is to be transferred by a general practitioner or a lung or ENT specialist to a sleep laboratory for the diagnosis, classification and treatment of this serious condition. There is also an increasing number of sleep apnoea cases among regular patients in the rehabilitation facilities. ➔



Sleep and the soul

When psychological problems are a main factor in sleep disorders, psychosomatic medicine can help.

In a major study performed by general practitioners and specialists in internal medicine, about 90 per cent of the interviewees stated that in addition to other causes, psychological factors play a relevant role with regard to their sleeping problems. The psychosomatics specialist and psychiatrist Dr. med. Björn Grossmann points out that it is difficult to generate comparable data pertaining to the causes as there are several diagnostic systems in place to categorise sleep disorders, which classify the symptoms according to different criteria. The head physician of the specialist clinic for psychosomatics and behavioural medicine at MediClin Klinik am Vogelsang, however, knows from experience: "Almost all severe psychological disorders also cause sleeping problems."

MediClin Klinik am Vogelsang is currently also starting to use an innovative so-called circadian light concept for the treatment of sleep disorders. In this treatment, luminous stimuli are applied to support a healthy sleep-wake cycle.

The pictures were all taken in the sleep laboratory of MediClin Albert Schweitzer Klinik in Königsfeld.

The MediClin share

The MediClin share

Following a good year for the stock exchanges in 2012, where the German stock index DAX gained 29.1 %, experts had anticipated a further rise in share prices, but not the rally that actually occurred. The DAX increased 25.5 % in 2013, closing at a level of 9,552 points at year-end. Also the German second-line stocks exceeded all expectations. The MDAX rose 39.1 % to 16,574 points in 2013, while the TecDAX gained 40.9 %, reaching 1,167 points. The main share price drivers in 2013 were the low interests, the fact that many companies posted good results and an easing of the sovereign debt crisis in the eurozone.

Share prices are set to rise further in 2014

A constantly improving German economy – the Deutsche Bundesbank projects growth of 1.7 % and 2.0 % in 2014 and 2015 – supports analyst forecasts predicting another rise in company profits. No major changes are expected with regard to the monetary policy either. This means that the conditions for further share price increases are good. Voices warning against an overvaluation of the market are few and do not seem to carry any weight as yet. The DAX started into 2014 with 9,598 points and reached its all-time record high of 9,794 points in the first weeks of the year.

The MediClin share closed 2013 at a price of EUR 4.295, above the share price at the beginning of the year (EUR 4.051). The yearly low in 2013 was EUR 3.80; the yearly high was EUR 4.60 (Xetra trade).

Detailed information on the share is available on our website

We publish all capital-market-relevant information and our annual and interim reports for private and institutional investors and any other persons interested in shares in the Investor Relations section of our website. Here you will find current information as well as publications regarding previous years. Every year at the press conference held in March, the Management Board explains the past financial year to the press, to analysts and investors and provides an outlook for the current financial year. At the Annual General Meeting in May, the Management Board then answers the shareholders’ questions.

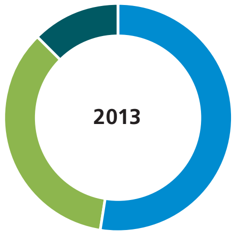
Given the developments in demography and medical technology, the health market is seen by investors as a growth market. In Germany, this market is regulated by law and dependent on political decisions. Despite these general conditions that are usually not exactly favoured by investors, the interest in companies with successful activities in the sector is high.

Analysts and investors consider MediClin's corporate strategy – providing integrated, cross-sector medical care – to be a promising model for the future. In addition to market growth, the participating interest of a large German hospital operator, i.e. the Asklepios Group, offers further possibilities for tapping market potential.

DZ Bank AG, Frankfurt, continually follows and evaluates the business development of MediClin. Its recommendation, provided in the context of commentary on the 2013 nine-month figures published in November 2013, was "hold".

Shareholder structure
in %

Asklepios Kliniken Gesellschaft mit beschränkter Haftung	**52.73**
ERGO Versicherungsgruppe AG	**35.00**
Free float	**12.27**



Valid as of February 2014

Share indicators

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

In € per share	2013	2012
Result undiluted/diluted	−0.06	−0.03
Cash flow from operating activities	0.21	0.34
Book value[1] as of 31.12.	3.21	3.31
Year-end price	4.295	4.150
52-week high (05.12.2013)	4.600	–
52-week low (19.03.2013)	3.920	–
Market capitalisation (year-end price) in millions of €	204.0	197.1
Number of shares in millions	47.5	47.5

[1] Equity less non-controlling interests

Sources: Deutsche Börse AG; Xetra/as of: 28.02.2014

Summarised management report and Group management report of MEDICLIN Aktiengesellschaft
for the 2013 financial year

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General note

The German accounting standard DRS 20 “Group Management Report” (DRS 20) was published in the Federal Gazette (Bundesanzeiger) on 4 December 2012. DRS 20 replaces the previously applicable DRS 15 “Management Report” as well as DRS 5 “Risk Reporting”, including the sector-specific standards DRS 5.10 “Risk Reporting by Financial Institutions and Financial Services Institutions” and DRS 5.20 “Risk Reporting by Insurance Enterprises”. DRS 20 must be applied for the first time for financial years beginning after 31 December 2012. The application of DRS 20 leads to a new structure of the report and a number of content changes in Group management reporting.

Basis of Group activities

Business model

MediClin's concept is that of integrated medical care, complemented by a care concept close to home. MediClin's expertise ranges from outpatient health care via acute inpatient care to rehabilitation care services (post-acute) and nursing care services. Compared to solitary medical service providers with just one or few locations, MediClin offers two major advantages: on the one hand, tasks and knowledge can be shared, while on the other, there is the opportunity to create uninterrupted treatment chains within the Group across the sector limits of outpatient, acute, post-acute and nursing care. Interruptions in treatment between sectors are avoided within MediClin through integrated medical care at regional and national level. This helps leverage synergies and standardisation effects and boosts the efficiency levels of each individual institution.

Organisational structure of the MediClin Group

MEDICLIN Aktiengesellschaft (MediClin AG) is a listed corporation with its registered office in Offenburg, Baden-Württemberg. The Group's subscribed capital amounts to EUR 47.5 mill. and is split up in 47,500,000 no-par value bearer shares. MediClin AG's main shareholders are the Asklepios Kliniken Group with 52.73 % and the ERGO Versicherungsgruppe AG (ERGO) with 35.00 %; 12.27 % of the shares are in free float.

MediClin AG functions as a Group holding company and is in charge of centralised tasks such as corporate strategy, strategic controlling, financing as well as acquisition and cooperation management. The central administration for the clinics, MediClin GmbH & Co. KG, Offenburg, offers intergroup services relating to accounting and personnel, controlling, quality management, risk and opportunity management, public relations, purchasing, training and further education, as well as logistics and facility management.

In addition, certain services are offered by subsidiaries for the entire Group in order to bundle technological, organisational and therapeutic competences and thus improve the efficiency of resource allocation and leverage economies of scale. The subsidiaries are

- Cortex Software GmbH
  Software development in the areas of clinical workplace and therapy planning, installation of network technology, user support, training
- MediClin Immobilien Verwaltung GmbH
  Real estate management, investment management, cost and income management
- MediClin à la Carte GmbH
  Catering and cafeteria services
- MC Service GmbH
  Cleaning services
- MediClin Therapie GmbH
  Therapy services
- MediClin Energie GmbH
  Power trade and generation, operation and maintenance of power engineering equipment and cable systems

In the 2013 reporting year, the MediClin-Group included 34 clinics, seven nursing care facilities and eleven medical care centres nationwide. MediClin operates exclusively on the domestic market.

As in the previous year, eight of the 34 clinics are dedicated acute-care hospitals and 26 of the medical facilities are post-acute (rehabilitation) clinics. An unchanged number of seven post-acute clinics provides specific acute services in addition to medical rehabilitation measures.

The nursing care facilities offer full-time and short-term nursing care. These facilities are located at the same sites as the post-acute clinics, and can thus benefit from the latter's infrastructure.

Services offered by the medical care centres mainly pertain to the outpatient acute market.

MediClin has a total capacity of 8,046 beds as of the balance sheet date. The number of employees is approximately 8,500; calculated on the basis of full-time staff, this corresponds to an average number of 6,372 full-time employees in the 2013 financial year.

MediClin segments and business areas

The reportable operating segments of MediClin are the post-acute, acute and other activities segments. This last segment encompasses the nursing care business area and the service business area. Post-acute clinics that offer specific acute services are allocated to the post-acute segment, because it is impossible to make a clear business-related distinction between the rehabilitation services that are primarily rendered in the facilities and acute medical services as they jointly use the existing infrastructure. The statistical performance data, such as number of beds, number of cases, length of stay, etc., are registered and reported separately, though. Sales and earnings of the medical care centres are assigned to the acute segment.

MediClin's range of services

Capacities were expanded by 178 beds or 2.3 % in the past five years due to organic growth as of the reporting date. The expansion or reclassification of beds within the facilities was performed on the basis of demand in line with corporate strategy. Compared to 31 December 2012, the number of beds in the post-acute segment decreased by 58, while the number of beds in the acute segment increased by 21.

Number of beds/nursing care places

As of 31.12.	**2013**	2012	2011	2010	2009
Post-acute	6,123	6,181	6,203	6,144	6,117
Acute	1,482	1,461	1,436	1,399	1,343
Nursing care (places)	441	441	443	408	408
Group	**8,046**	**8,083**	**8,082**	**7,951**	**7,868**

MediClin's range of medical services is qualified and certified. Focus areas are neurology and psychosomatics, psychiatry, orthopaedics and internal medicine. Furthermore, certain locations have special competencies in the areas of ENT (tinnitus, cochlea implant), oncology (radiotherapy) and internal medicine (e.g. cardiology, pneumology, endocrinology).

Number of beds/places

As of 31.12.	2013	2012
Post-acute		
Neurology and psychosomatics	2,243	2,193
Orthopaedics	1,855	1,920
Internal medicine	1,596	1,639
Thereof cardiology	355	375
Thereof oncology	403	398
Other	429	429
Total	**6,123**	**6,181**
Acute		
Psychiatry	426	404
Surgery	231	230
Orthopaedics	210	210
Internal medicine	177	164
Other	438	453
Total	**1,482**	**1,461**
Nursing care	441	441
Group	**8,046**	**8,083**

Development of staff figures

MediClin has continuously increased its headcount in the past five years, especially in medical services. MediClin thus has more than the personnel capacities that are required by the coverage providers based on indication and number of beds and ensures high-quality treatment provided by well-trained staff. Increasing requirements in the non-medical services were also met by an increase in the number of staff.

The Group employed an average of 210 trainees in the 2013 financial year (previous year: 212 trainees).

The average number of employees, on the basis of full-time staff including the Management Board, managing directors and trainees, is as follows in the individual segments:

Shown in full-time employees	2013	2012	2011	2010	2009
Post-acute	3,258	3,189	3,251	3,218	3,223
Acute	2,005	2,005	1,979	1,965	1,917
Other activities	1,109	1,062	869	801	694
Thereof nursing care	176	169	158	155	155
Thereof service (including administration)	933	893	711	646	539
Group	**6,372**	**6,256**	**6,099**	**5,984**	**5,834**

The average number of employees, on the basis of full-time staff excluding the Management Board, managing directors and trainees, is as follows in the medical and non-medical service areas:

Shown in full-time employees	2013	2012	2011	2010	2009
Medical	800	786	749	716	672
Nursing care	1,977	1,941	1,892	1,856	1,843
Medical-technical	1,464	1,436	1,398	1,393	1,345
Functional	384	380	372	359	354
Medical services	**4,625**	**4,543**	**4,411**	**4,324**	**4,214**
Support functions	969	938	927	898	883
Technical	124	121	122	121	112
Administration	529	525	509	499	487
Other	46	50	53	69	70
Non-medical services	**1,668**	**1,634**	**1,611**	**1,587**	**1,552**

Based on a five-year horizon, the number of full-time employees increased by 9.1 % (+527 full-time employees), with the number of full-time employees in medical services up 9.8 % (+411 full-time employees) and up 7.5 % in non-medical services (+116 full-time employees).

Regional concept supports market presence

MediClin's business model is based on a regional concept to ensure or expand local market presence. While remaining in compliance with Group standards as well as the applicable rules of procedure and responsibility schedules, locally, the individual medical facilities act autonomously with regard to location development and regional sales activities and in accordance with the relevant market environment. In all other aspects, the organisation is aligned centrally.

External factors indicate sector growth, but also cost increases

MediClin's business development, like that of other hospital operators, is impacted by political and corresponding regulatory decision-making processes, especially since they usually directly affect the financial situation of the health care sector and thus have an effect on the expenditure policies of statutory social security pension funds and health insurance funds (coverage providers).

In contrast to the acute segment, this effect is reinforced in the post-acute segment because no adjustment for deficiency in proceeds is paid if the budget agreed upon with the coverage providers is not met. Maintaining the required capacities is therefore largely at the risk of MediClin.

External, market-related factors are the demographic development in Germany, progress in medical technology and the personnel situation in the sector.

Objectives and strategy

Integrated medical care across sector limits

MediClin's concept is that of integrated medical care, complemented by a care concept close to home. This means linking up the locations in the outpatient, inpatient and subsequent-inpatient sectors and, for specific medical indications, achieving close nationwide cooperation with own or other medical facilities. This facilitates single-source patient care and prevents interruptions in the care chain between sectors at regional and national level. MediClin's strategy is reflected in its corporate motto "MediClin integrates".

In order to reach this strategic objective, MediClin actively explores the circumstances within the Group as well as in the local market for suitable cooperation partners. Potential cooperation partners are hospitals, but also registered physicians or coverage providers.

The Group maintains close networks based on both location and indication.

MediClin also aims to increase efficiency in its health care services. The range of services thus places special emphasis on certain indications.

In its acute and post-acute segments, MediClin focuses on sophisticated medical indication fields with a demographic growth trend (e.g. neurology, internal medicine and psychosomatics) and on sophisticated special medical services (e.g. geriatrics, neurosurgery, cardiology, oncology).

The consistent implementation of these two strategic objectives generates organic growth. This is supported by an investment policy targeted at creating additional capacities at locations with high potential. Organic sales growth in the MediClin Group averaged at 3.0 % over the last years, which also corresponds to the target value. Sales growth amounted to 1.0 % in 2013, compared to 3.3 % in the previous year.

Control system

Performance figures such as occupancy rates and nursing day statistics as well as the DRG reports that are recorded on an ongoing basis are an important source of information to control the service processes in the clinics, at Group level, in the segments and in the nursing care business area.

This control data serves as a basis for information, coordination, planning, management and control of the operating processes. Once a year, the clinics, in close coordination with the Group's controlling department, draw up planning for the future business development of the Group for the three upcoming financial years (bottom-up approach).

Research and development

MediClin supports scientific projects

MediClin supports the ongoing development of medical services, the corresponding quality criteria and their measurability by participating in scientific projects that focus on the development and evaluation of medical care, and by sponsoring research activities. For this purpose, individual MediClin facilities collaborate with coverage providers or individual local health insurance funds and with universities.

Report on the economic position

General statement on results of operations, financial position and net assets

Following a very weak first quarter of 2013, adjustments in the range of services and the reclassification of capacities generated a year-on-year sales increase in the subsequent months. These measures helped to offset the strong earnings decline in the first quarter of 2013 (Q1 2013: EUR –5.9 mill.; Q1 2012: EUR –0.8 mill.) in the subsequent quarters. Group sales increased by 1.0 % to EUR 514.9 mill. in the reporting year, while the Group operating result stood at EUR 2.2 mill., compared to EUR 4.3 mill. in the previous year.

MediClin's balance sheet and financial structures show that the Group is well positioned.

In addition to cash and cash equivalents of EUR 13.2 mill., the Group has access to credit lines in the amount of EUR 25.0 mill. The cash position is therefore strong enough to support capacity expansions in MediClin's medical focus areas as well as generate additional sales growth.

The equity ratio is 48.6 % and net financial debt amounts to EUR 46.0 mill.

According to the assessment of the Management Board, the measures implemented in 2013 ensured that the Group has a sound economical footing. The Management Board assesses the economic and financial position of the Group as positive.

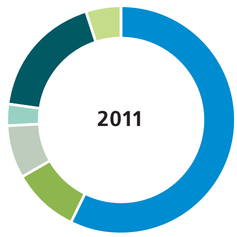
The macroeconomic and sector-specific environment

The health care market is a growth market

The health care industry is one of the large sectors of the German economy and is a driver of growth and employment. An ageing population, greater health awareness and medical-technological progress have been boosting demand for medical and rehabilitation services for years. While this acts as a guarantor for growth, it also pushes up expenditures in the health care sector.

Altogether, the expenditures are split among coverage providers as follows in billions of €

Public health insurance funds	168.5
Private health insurance funds	27.7
Social nursing care insurance	22.0
Statutory accident insurance/Statutory pension insurance	8.9
Private households/Organisations/Employer	52.7
Public budgets	14.1
Total	**293.8**



Source: Federal Statistical Office

Legislation, economy and the situation on the labour market all have an effect on the sector

(New) legal regulations can have a major impact on MediClin's business performance. Legal regulations in the health care sector mainly affect expenditure and thus the compensation for medical and health care services rendered. The macroeconomic development in Germany has an indirect effect on MediClin's business development, especially with regard to its impact on the labour market. A stable labour market and secure jobs have a positive effect on the demand for medical services, as treatments are not postponed and there is an increased readiness to use rehabilitation and prevention services. Moreover, falling unemployment figures and a high proportion of dependent employees improve the financial situation of social security and pension funds.

According to first calculations made by the Federal Statistical Office, the growth of the gross domestic product (GDP) amounted to 0.4 % on a price-adjusted basis (previous year: +0.7 %). The labour market (unemployment ratio:[1] 6.9 %) continued to be stable. The number of people in employment reached a new record high for the seventh year in a row in 2013 at 41.8 million and the outlook for 2014 suggests a further improvement in the overall situation.

The macroeconomic environment therefore had no negative impact on MediClin's business performance in 2013.

[1] Annual average unemployment rate on the basis of the total civilian labour force.

Spending of social security funds exceeded income in the first nine months of 2013

With regard to the situation of coverage providers and therefore the financial aspects of the sector, social security funds recorded increased income in the first three quarters of 2013, mainly driven by the positive situation on the labour market, but expenditures clearly exceeded income. Income increased only 0.5 % year-on-year and expenditure rose by 3.1 %, which was not least due to state intervention (abolition of the consultation fee or elimination of public aid).

Social security insurance income and expenditures first quarter to third quarter 2013

In billions of €	Income	Expenditures	Surplus (+) Deficit (–)
Statutory social security pension	190.6	193.2	–2.6
Public health insurance funds[1]	145.7	146.8	–1.1
Federal Employment Office[2]	23.7	24.4	–0.7
Social nursing care insurance	18.3	18.2	+0.2
Social security insurance	394.7	398.6	–4.0

[1] Including the German health fund
[2] Including the welfare fund of the Federal Employment Office (Bundesagentur für Arbeit)

Source: Federal Statistical Office

The Federal Statistical Office pointed out when publishing the nine-month figures that income and expenditure levels do not allow for conclusions pertaining to the full-year results because of strong intra-year fluctuations.

MediClin is one of the major private hospital operators

The market of private hospital operators is heterogeneous with a small number of large providers in the acute sector. Based on the number of beds, private hospital operators hold an overall market share of about 18 % (as per 2012). In the rehabilitation sector, MediClin is one of the larger providers.

Selected sector figures

	2012	2011	2010
Preventive care and rehabilitation facilities			
Facilities	1,212	1,233	1,237
Beds	168,968	170,544	171,724
Cases	1,964,711	1,926,055	1,974,731
Length of stay in days	25.5	25.4	25.4
Occupancy rates in %	81.0	78.7	80.1
Hospitals			
Facilities	2,017	2,045	2,064
Beds	501,475	502,029	502,749
Cases	18,620,442	18,344,156	18,032,903
Length of stay in days	7.6	7.7	7.9
Occupancy rates in %	77.4	77.3	77.4

Source: Federal Statistical Office and our own calculations

MediClin share in 2012

	Facilities	Beds	Cases
Preventive care and rehabilitation facilities			
Total	1,212	168,968	1,964,711
MediClin share in %	2.1	3.7	4.0
Owned by private operators	659	111,199	1,273,501
MediClin share in %	3.9	5.6	6.2
Hospitals			
Total	2,017	501,475	18,620,442
MediClin share in %	0.4	0.3	0.2
Owned by private operators	697	90,019	3,120,216
MediClin share in %	1.1	1.6	1.4

Source: Federal Statistical Office, 2012 figures and our own calculations

Development of occupancy rates

In %	2012	2011	2010
Preventive care and rehabilitation facilities			
Total	81.0	78.7	80.1
Owned by private operators	78.0	75.8	77.8
MediClin	86.4	84.8	86.4
Hospitals			
Total	77.4	77.3	77.4
Owned by private operators	76.1	76.8	77.1
MediClin	82.5	82.2	83.0

Source: Federal Statistical Office and our own calculations

There were no major changes in the macroeconomic or sector-specific environment compared to the previous year.

Business development

MediClin has established a good position for itself on the market in past years with its range of medical services, and has continuously expanded its capacities, always in line with demand. Capacities were again expanded or expansion work was commenced at a number of locations in 2013, focusing on areas with strong growth. The following locations, among others, underwent capacity expansions or included new medical services in their offering:

- Since January 2013 MediClin Seidel-Klinik in Bad Bellingen has been offering more treatment places for patients with acute illnesses of the musculoskeletal system.
- In May 2013 MediClin Reha-Zentrum Spreewald opened its new specialist clinic for neurology. The facility is thus closing a health care gap in the Cottbus region. The specialist clinic in MediClin Reha-Zentrum Spreewald is starting with 17 beds for the time being and is approved by all health insurance funds.
- MediClin in Bad Wildungen-Reinhardshausen has been offering new outpatient treatment services in the areas of physiotherapy, physical therapy and ergotherapy since June 2013. The treatment facilities are located on the premises of the MediClin clinic for acute psychosomatics and MediClin Reha-Zentrum am Hahnberg. The services are offered to patients from all public and private health insurance funds as well as to self-paying patients.

- In April 2013 MediClin Fachklinik Rhein/Ruhr opened a neurological specialist unit for the treatment of neurological, neurosurgical or cardiological patients with memory or concentration disorders or with limited planning ability and orientation. These problems frequently occur after cases of cardiac arrest, stroke or brain injuries and require intensive and specialised medical rehabilitation measures.
- On 1 January 2014 MediClin Reha-Zentrum Gernsbach started treatment of neurological patients in the so-called treatment phase B (early rehabilitation). Previously it had only been possible to treat phase C (continued rehabilitation) and phase D (subsequent nursing treatment) patients, who did not need intensive care. The relevant state department approved the requested addition of 18 beds in the neurological rehabilitation phase B to the state hospital planning for Baden-Württemberg.

With these investments, MediClin is securing the future of the locations and is generating organic growth.

Results of operation, financial position and net assets

Results of operation

Sales development and performance of the Group operating result

The occupancy rate of the Group was 84.6 % in the 2013 financial year (previous year: 86.3 %), equivalent to a decline of 1.7 percentage points or 2.0 % compared to the previous year.

Despite the lower occupancy rates, **Group sales** of EUR 514.9 mill. exceeded the prior-year value by EUR 5.2 mill. or 1.0 %. This was achieved with efficiency enhancements in the acute segment and a realignment of the range of services in the post-acute segment. In addition to a weak start to the year, the post-acute segment had to offset about EUR 6.9 mill. budgeted sales in the 2013 financial year, predominantly in psychosomatics, since a major coverage provider reduced referrals mainly in favour of its own capacities. This slump in revenues in the post-acute segment was successfully offset by higher sales in neurology/geriatrics (EUR + 7.6 mill.) as well as higher volumes of measures in acute-psychosomatics financed by the health insurance funds (EUR + 2.7 mill.).

Group sales and Group operating result

In millions of €	2013		2012	
	Group sales	Group EBIT	Group sales	Group EBIT
1st quarter	124.5	–5.9	125.4	–0.8
2nd quarter	132.9	2.3	128.7	2.7
3rd quarter	132.3	5.8	129.7	5.5
4th quarter	125.2	0.0	125.9	–3.1
Year total	**514.9**	**2.2**	**509.7**	**4.3**

Sales from outpatient health care services increased by EUR 0.8 mill. to EUR 17.8 mill. (previous year: EUR 17.0 mill.); of this amount, EUR 10.1 mill. (previous year: EUR 9.2 mill.) was generated by the medical care centres.

The **Group operating result** (Group EBIT) amounted to EUR 2.2 mill. in 2013 and was thus EUR 2.1 mill. lower than the previous year's value. The strong earnings decline in the first quarter of 2013 compared to the previous year was successfully redeemed through adjustments to the range of services and a reclassification of capacities as well as cost savings in the quarters thereafter.

The sales and earnings performance at segment level is illustrated in more detail in the segment reporting section.

Raw materials and consumables used fell in 2013 by EUR 0.2 mill. to EUR 111.0 mill. (previous year: EUR 111.2 mill.). The cost of raw materials and supplies of EUR 62.9 mill. increased by EUR 0.5 mill. (previous year: EUR 62.4 mill.), while the cost of purchased services, including energy costs, fell by just under EUR 0.8 mill. to EUR 48.0 mill. (previous year: EUR 48.8 mill.). The cost of materials ratio improved slightly from 21.8 % to 21.5 %.

Raw materials and consumables used

	2013	2012	Change in %
Raw materials and consumables used in millions of €	111.0	111.2	–0.2
Cost of materials ratio in %	21.5	21.8	

As is typical of the sector, **staff costs** continue to be the largest cost factor for the Group. The average number of employees, on the basis of full-time employees and excluding the Management Board, managing directors and trainees, increased by 116 full-time employees or 1.9 % as compared to the previous year.

Staff costs amounted to EUR 297.9 mill. (previous year: EUR 290.4 mill.) in the 2013 financial year and thus exceeded the previous year's value by EUR 7.5 mill. or 2.6 %. The increase in costs is primarily attributable to the hiring of new staff and a general increase in wages and salaries. The staff costs ratio increased compared to the previous year from 57.0 % to 57.9 %. Staff costs are expected to continue to rise by an average of 2–3 % p.a. in the future, which is also a result of higher wages due to the shortage of skilled professionals.

Staff costs

	2013	2012	Change in %
Staff costs in millions of €	297.9	290.4	+2.6
Staff costs ratio in %	57.9	57.0	

Depreciation and amortisation of EUR 17.5 mill. increased by just under EUR 0.2 mill. as compared to the previous year (previous year: EUR 17.3 mill.).

Other operating expenses fell compared to the previous year's value by EUR 1.1 mill. from EUR 94.5 mill. to EUR 93.4 mill., mainly because of lower legal and consultancy costs. The largest item in other operating expenses is, with EUR 50.3 mill. (previous year: EUR 50.4 mill.), rental and leasing expenses for real estate and medical equipment. Of this amount, a total of EUR 42.6 mill. (previous year: EUR 41.8 mill.) is attributable to real estate rented over the long term and pertains to the post-acute segment. The underlying rental contracts have a term until 31 December 2027. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer price index – the maximum, however, is 2 % p.a.

The **financial result** was EUR –4.7 mill. and thus improved by more than EUR 0.3 mill. compared to 2012, mainly due to lower interest expenses.

The tax ratio in the Group is 15.825 % (corporate tax, solidarity surcharge). A change to the tax rate is not expected.

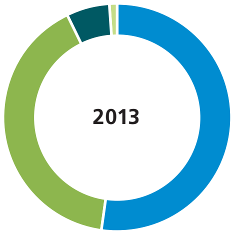
In the 2013 financial year the **consolidated result attributable to shareholders of MediClin AG** was EUR –2.6 mill. (previous year: EUR –1.4 mill.). Undiluted and diluted earnings per average share outstanding as well as per participating share were EUR –0.06 (previous year: EUR –0.03).

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 2013 financial year. The statutory social security pension funds and the public health insurance funds are the two largest funding agencies for medical rehabilitation (post-acute segment). 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 avoiding 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 medical rehabilitation measures. In the acute sector the public health insurance funds are the main funding agencies.

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

	2013	2012
Public health insurance funds	**52.7**	50.9
Social security pension funds	**40.5**	42.7
Private health insurance companies	**6.2**	6.0
Other coverage providers	**0.6**	0.4



Segment reporting

Sales and segment results

Most of the Group's sales were generated with the statutory social security pension funds and the public health insurance funds. In the post-acute segment 48.0 % (previous year: 50.8 %) of segment sales were attributable to the statutory social security pension funds in 2013 and 42.3 % (previous year: 40.0 %) were attributable to the public health insurance funds. In the acute segment, the share of segment sales attributable to the public health insurance funds was 93.0 % (previous year: 92.8 %).

The share of the post-acute segment in Group sales was 57.4 % (previous year: 57.5 %), the share of the acute segment was 39.3 % (previous year: 39.3 %) and the nursing care business area contributed 2.6 % (previous year: 2.6 %).

Sales in the post-acute and acute segments as well as the nursing care business area were above the previous year's values in the 2013 financial year. Nevertheless, the sales increases in the segments were not enough to offset the expenses for capacity expansions, capacity adjustments and higher staff costs.

Sales

In millions of €	2013	2012	Change in %
Post-acute	295.6	293.0	+0.9
Acute	202.9	200.2	+1.4
Other activities and reconciliation	16.4	16.5	−0.6
Thereof nursing care	13.4	13.1	+1.8
Group	**514.9**	**509.7**	**+1.0**

Segment results

In millions of €	2013	2012
Post-acute	1.7	2.6
Acute	6.7	7.2
Other activities and reconciliation	−6.2	−5.5
Group	**2.2**	**4.3**

Employees (full-time employees) and capital expenditure

The annual average number of full-time employees increased in the post-acute and the other activities segment, while it remained stable in the acute segment.

In 2013 a total of EUR 18.7 mill. (gross amount) was invested in non-current assets with the post-acute segment accounting for the largest share thereof.

	Full-time employees (annual average)		Gross investments in fixed assets in millions of €	
	2013	2012	2013	2012
Post-acute	3,258	3,189	10.3	9.7
Acute	2,005	2,005	6.3	15.9
Other activities	1,109	1,062	2.1	1.7
Thereof nursing care	176	169	–	–
Thereof service	933	893	–	–

Post-acute segment

In the post-acute segment, MediClin offers services which are allocated on the one hand to subsequent nursing treatment and on the other hand to curative treatment. 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 treatments also include all treatments provided in the field of psychosomatics.

The post-acute segment generated sales of EUR 295.6 mill. in the 2013 financial year, up EUR 2.6 mill. or 0.9 % compared to the previous year (previous year: EUR 293.0 mill.). In addition to a weak start at the beginning of the year, this segment had to offset about EUR 6.9 mill. budgeted sales in the 2013 financial year, especially in psychosomatics, since a major coverage provider reduced referrals mainly in favour of its own capacities. The sales slump was successfully offset by higher sales in the neurology/geriatrics segment (EUR + 7.6 mill.). The PlusPrograms developed for self-paying patients achieved sales of approximately EUR 1.0 mill. (previous year: EUR 1.0 mill.).

Due to efficient procurement management, material costs remained constant in the financial year, while staff costs increased by EUR 2.7 mill. on account of a higher number of full-time equivalents and wage and salary increases as usual in the sector.

Raw materials and consumables used

	2013	2012	Change in %
Raw materials and consumables used in millions of €	70.8	70.8	+0.0
Cost of materials ratio in %	24.0	24.2	

Staff costs

	2013	2012	Change in %
Staff costs in millions of €	147.8	145.1	+1.9
Staff costs ratio in %	50.0	49.5	

The segment result of EUR 1.7 mill. is below the previous year's value. The EBIT margin is 0.6 % (previous year: 0.9 %).

Acute segment

Sales in the acute segment increased by EUR 2.7 mill. or 1.4 % to EUR 202.9 mill. (previous year: EUR 200.2 mill.). Without taking into account the sales contribution of the medical care centres totalling EUR 10.1 mill. (previous year: EUR 9.2 mill.), sales would have increased by EUR 1.8 mill.

Raw materials and consumables used and staff costs increased by EUR 4.0 mill. compared to the previous year and were not offset by a corresponding rise in sales.

Raw materials and consumables used

	2013	2012	Change in %
Raw materials and consumables used in millions of €	57.6	56.2	+2.5
Cost of materials ratio in %	28.4	28.1	

Staff costs

	2013	2012	Change in %
Staff costs in millions of €	107.4	104.8	+2.5
Staff costs ratio in %	52.9	52.3	

At EUR 6.7 mill., the result was only EUR 0.5 mill. below the previous year's value (previous year: EUR 7.2 mill.) at the end of the year. The segment EBIT margin totalled 3.3 % (previous year: 3.6 %).

Other activities segment

The other activities segment recorded sales of EUR 64.4 mill. before consolidation of inter-Group sales in 2013 (previous year: EUR 52.5 mill.). The nursing care business area generated sales of EUR 13.4 mill. (previous year: EUR 13.1 mill.).

Statistical performance data

Seven post-acute clinics provide specific acute services in addition to medical rehabilitation measures. The statistical data of these acute services are recorded in the statistical performance data for the acute segment.

The number of beds on the reporting date decreased by 58 beds in the post-acute segment, with the number of beds in neurology and psychosomatics in the post-acute segment rising by 50 beds. In the acute segment, the number of beds on the reporting date increased by 21.

	Beds as of 31.12.		Occupancy rates in %		Length of stay in days	
	2013	2012	**2013**	2012	**2013**	2012
Post-acute	6,123	6,181	84.7	86.4	25.2	25.1
Acute	1,482	1,461	80.9	82.5	10.1	9.9
Other activities (only nursing care business area)	441	441	95.8	96.2	–	–
Group	**8,046**	**8,083**	**84.6**	**86.3**	**–**	**–**

The average length of stay in the post-acute segment was 25.2 days (previous year: 25.1 days), while the average length of stay in the acute segment was 10.1 days (previous year: 9.9 days). Not including patients in the psychiatric and psychosomatic clinics, in which significantly longer stays are common, the average length of stay in 2013 was 7.7 days (previous year: 7.8 days).

The occupancy rates in the post-acute and acute segments as well as in the nursing care business area declined in 2013 compared to the previous year.

Financial position

MediClin covers its capital requirements from operating cash flow as well as primarily from long-term external financing.

This refers mainly to a syndicated loan in the amount of EUR 45.0 mill. (previous year: EUR 50.0 mill.) with a term until 2017 and some additional longterm loans totalling EUR 15.3 mill. with a term until 2023 at the longest. The loan agreements include standard agreements (covenants) requiring the level of certain key figures to be maintained.

The limit of the financing lines granted is EUR 25.0 mill. in total. Key components are a syndicated credit line of EUR 10.0 mill. with a term until 2017 and a credit line provided by the Group's house bank of EUR 15.0 mill.

Financing is complemented by operating lease agreements for properties rented on a long-term basis. The underlying rental contracts have a term until 31 December 2027. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer price index – the maximum, however, is 2 % p. a.

In all the future liabilities from these operating lease agreements are as follows:

In millions of €	**Nominal value 31.12.2013**	Nominal value 31.12.2012
Remaining term up to 1 year	43.5	42.6
Remaining term 1–5 years	173.9	170.5
Remaining term more than 5 years	391.4	426.3
	608.8	**639.4**

In addition, one further clinic is financed based on a sale-and-lease-back agreement until 2028. The below overview shows the resulting future payment obligations:

In millions of €	**Nominal value 31.12.2013**	Nominal value 31.12.2012
Remaining term up to 1 year	0.6	0.6
Remaining term 1–5 years	2.4	2.4
Remaining term more than 5 years	9.0	9.6
	12.0	**12.6**

This financing mix provides sufficient financial resources to maintain the required liquidity.

MediClin's liquidity management secures the availability of sufficient financing resources and the required degree of financing flexibility. A further measure to cover these risks is the Group-wide liquidity supply through central cash pool management. Available cash and cash equivalents are invested in the form of short-term time deposits.

Dividend payouts are determined on the basis of the economic and balance-sheet-related key figures from the previous year and the further planned development of MediClin. Depending on these figures, the Management Board makes a dividend proposal to the Supervisory Board, an the proposal is then made jointly to the Annual General Meeting.

Capital expenditure

In 2013, investments in non-current assets totalled a gross amount of EUR 18.6 mill. (previous year: EUR 27.3 mill.).

Gross additions to non-current assets

In thousands of €	2013	2012
Licences, concessions	1,816	1,040
Goodwill	75	30
Land, buildings	1,230	3,060
Technical equipment, EDP	1,340	5,530
Operating and office equipment	11,442	15,243
Payments on account and assets under construction	2,684	2,243
Financial assets	53	198
Total	**18,640**	**27,344**

Additions to land and buildings in the amount of EUR 1.2 mill. pertain to the reconstruction of the MediClin Hedon Klinik in Lingen with EUR 0.5 mill. and the reconstruction measures at the MediClin Reha-Zentrum Spreewald, Burg, with EUR 0.4 mill. The remaining capital expenditure in land and buildings of EUR 0.3 mill. concerns several facilities.

A total of EUR 12.8 mill. was invested in technical equipment, IT and operating and office equipment, with EUR 2.5 mill. of this amount relating to medical equipment and accessories. Inter alia this includes the purchase of an angiography system worth EUR 0.6 mill. and surgical equipment in the amount of EUR 0.2 mill.

About EUR 1.6 mill. was invested into equipment for patient rooms, treatment rooms and office rooms, EUR 1.1 mill. into the modernisation and expansion of IT and telecommunications systems. EUR 1.4 mill. was used for reconstruction measures. EUR 0.8 mill. was invested in technical equipment such as lifts and fire protection. The remaining EUR 5.4 mill. pertains to a range of smaller investments at various facilities.

Liquidity

Consolidated cash flow statement (abridged)

In millions of €	**January – December 2013**	January – December 2012
Cash flow from operating activities	10.0	16.2
Payments received from the disposal of fixed assets	0.8	0.9
Payments received from investment subsidies	4.4	3.6
Cash used for investments in fixed assets	–16.7	–24.9
Cash flow from investing activities	–11.5	–20.4
Assumption of financial liabilities	0	52.5
Repayment of financial liabilities	–8.2	–66.7
Cash flow from financing activities	–8.2	–14.2
Cash flow for the period	–9.7	–18.4
Cash and cash equivalents at the beginning of period	22.9	41.3
Cash and cash equivalents at the end of period	13.2	22.9

The **cash flow from operating activities** fell to EUR 10.0 mill. in the 2013 financial year (previous year: EUR 16.2 mill.). Without the property leasing rates for January 2014 in the amount of EUR 3.6 mill. that were debited before the balance sheet date in contrast to previous years, cash and cash equivalents at the end of the period would amount to EUR 16.8 mill., corresponding to a EUR 2.6 mill. decrease in adjusted terms.

The investment subsidies received were principally attributable to blanket subsidies for MediClin Müritz-Klinikum, Röbel, and MediClin Krankenhaus Plau am See, Plau am See.

The **cash flow from investing activities** totalled EUR –11.5 mill. (previous year: EUR –20.4 mill.). EUR 14.8 mill. was invested in property, plant and equipment (previous year: EUR 23.7 mill.).

The **cash flow from financing activities** amounted to EUR –8.2 mill. (previous year: EUR –14.2 mill.). The outflow of funds in the 2013 financial year resulted primarily from the repayment of financial liabilities.

Cash and cash equivalents at the end of the period totalled EUR 13.2 mill. (previous year: EUR 22.9 mill.). As organic growth was mainly financed from cash flow in recent years, the cash position was continuously reduced.

Net assets

Balance sheet structure

In millions of €	31.12.2013	In % of balance sheet total	31.12.2012	In % of balance sheet total
Assets				
Non-current assets	221.1	70.7	222.3	69.5
Current assets	91.8	29.3	97.3	30.5
	312.9	**100.0**	**319.6**	**100.0**
Equity and liabilities				
Equity	152.2	48.6	157.0	49.1
Non-current liabilities	109.5	35.0	112.4	35.2
Current liabilities	51.2	16.4	50.2	15.7
	312.9	**100.0**	**319.6**	**100.0**

The **balance sheet total** decreased by 2.1% or EUR 6.7 mill. as compared to the previous year. This decrease is primarily attributable to a decline in cash and cash equivalents compared to the previous year's reporting date and, at the same time, lower liabilities to banks.

With regard to **non-current assets,** the land-and-buildingss item in property, plant and equipment declined by EUR 4.4 mill. to EUR 107.6 mill compared to EUR 112.0 mill. in the previous year. The payments-on-account item and assets under construction increased by EUR 2.2 mill. from EUR 2.1 mill. to EUR 4.3 mill.

In **current assets,** the inventories item fell by EUR 0.7 mill. to EUR 6.5 mill. (previous year: EUR 7.2 mill.) and was thus below the previous year's level. Trade receivables increased by EUR 1.6 mill. to EUR 61.4 mill. (previous year: EUR 59.8 mill.). The recognition of receivables pursuant to the hospital financing law (KHG) is based on the settlement system commonly applied in the sector. As of 31 December 2013, receivables pursuant to the hospital financing law totalled EUR 1.8 mill. (previous year: EUR 2.0 mill.). On the balance sheet date cash and cash equivalents amounted to EUR 13.2 mill. (previous year: EUR 22.9 mill.) in the reporting year.

The **equity** of the MediClin Group amounted to EUR 152.2 mill. as of 31 December 2013 (previous year: EUR 157.0 mill.). It includes the subscribed capital of MediClin AG amounting to EUR 47.5 mill. (previous year: EUR 47.5 mill.) as well as the capital reserve of EUR 129.4 mill. (previous year: EUR 129.4 mill.). The revenue reserve also includes negative non-controlling interests from the acquisition of the Kraichgau-Klinik Group.

Non-current liabilities fell to EUR 109.5 mill. (previous year: EUR 112.4 mill.). This is mainly the result of the repayment of financial liabilities of EUR 6.0 mill. and the increase in pension provisions in the amount of EUR 3.2 mill.

Current liabilities increased to EUR 51.2 mill. (previous year: EUR 50.2 mill.). Trade payables were EUR 18.2 mill. (previous year: EUR 17.3 mill.) on the balance sheet date.

Financial and non-financial performance indicators

Financial performance indicators

MediClin operates in a growth market and is well positioned to participate in this growth on the basis of its nationwide presence and range of services. The organic sales growth target for the Group amounts to 3.0 % p.a.

The sales and earnings data of the clinics is aggregated at group or segment level. The target figures for Group sales and Group operating result (EBIT) and segment sales and segment results are determined in the scope of the annual planning (bottom-up).

Additional corporate key figures such as the equity ratio or net debt are performance indicators that refer to the Group’s rating and are material in the relation to banks with regard to the granting of loans (covenants).

Non-financial performance indicators

The non-financial performance indicators of MediClin include quality assurance, personnel development and subjects surrounding energy and the environment.

Quality assurance

MediClin follows the quality requirements issued by the Cooperation for Transparency and Quality in Health Care (KTQ) in the acute clinics, and by the Integrated Quality Management Programme for Rehabilitation (IQPM-Reha) in its post-acute hospitals. Every MediClin clinic carries out annual audits according to DIN EN ISO 9001: 2008. These reviews are conducted by an auditor from another MediClin facility together with the clinic's quality manager. About 15 to 20 of such internal audits are currently carried out per year across the MediClin Group. Moreover, quality levels are regularly reviewed by third parties.

With regard to health and safety at work, the medical facilities run by MediClin correspond to the strict health and safety requirements stated in the "qu.int.as" quality management programme issued by the institution for statutory accident insurance and prevention for the healthcare and welfare sector (Berufsgenossenschaft Gesundheitsdienst und Wohlfahrtspflege, BGW).

Personnel development

Family-friendly working conditions and personnel development are important aspects for MediClin to attract and keep qualified personnel. The MediClin Academy therefore supports the competences and motivation of employees through systematic personnel development and focused training and skills-enhancement programmes. Topics range from subject-specific courses to seminars imparting core personal qualifications.

Energy and environment

As energy prices are rising, an efficient hospital operator needs to keep energy costs at a calcuable level in the long term.

Here, MediClin mainly relies on energy efficiency and energy consumption solutions that pay off after a short period of time. Local cogeneration units, for instance, generate energy and heat at the same time. At the moment 14 cogeneration units supply MediClin sites with energy. The heat is used to heat swimming-pools, patient rooms and operating rooms at the relevant sites allowing for an annual reduction in CO_2 emissions by 4,000 tons.

Employees

The average number of employees in 2013, calculated on the basis of full-time employees, was 6,372 (previous year: 6,256 employees). The number of full-time employees has increased by 116 or 1.9 % compared to the previous year.

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

Shown in full-time employees	2013	2012	Change
Post-acute	3,258	3,189	+69
Acute	2,005	2,005	0
Other activities	1,109	1,062	+47
Thereof nursing care business area	176	169	+7
Thereof service business area (including administration)	933	893	+40
Group	**6,372**	**6,256**	**+116**

Key data per full-time employee in the Group

In €	2013	2012
Sales per full-time employee	80,815	81,480
Staff costs per full-time employee	46,757	46,416

Sales per full-time employee dropped by EUR 665 year-on-year in the reporting year, while the average staff costs per full-time employee rose by EUR 341.

Subsequent events

Since 1 January 2014 there have been no occurrences or events of particular significance which MediClin believes could have a material impact on the Group's net assets, financial position and results of operations.

Forecast, risk and opportunity report

Summary of the risk and opportunity situation

There were no significant changes overall to risks and opportunities in 2013 compared to the previous year. MediClin is well hedged against both external and internal risks. Potential risks and their effects are known, as well as the corresponding measures to be taken. Potential opportunities are analysed and their exploitation is initiated if feasible.

Forecast report

The previous forecast for economic growth in 2014 has been slightly lifted

In its annual report for 2014 the German government forecasts GDP growth of 1.8 %; the previous estimate was 1.7 %. Achieving this growth target is subject to a stable financial sector, more exports, an increase in employment figures and higher domestic demand compared to 2013. Consumer spending thus remains an important growth driver. The unemployment rate is forecast to drop by 0.1 % to 6.8 % in 2014.

The consolidation of public budgets is expected to be continued in 2014. Public budgets are to be structurally balanced in 2014, and in 2015 the government budget is to be financed without additional net borrowing. The objective is to reduce the overall fiscal deficit to under 70 % of the GDP by the end of 2017, and to below 60 % of GDP within a time frame of ten years.

Provided the labour market remains stable and further progress is achieved in budget consolidation, the demand for medical services is not expected to perceptibly decline; at the same time, the privatisation wave in the health care sector is unlikely to accelerate.

There is a great need for reforms in the hospital sector

No major legislative procedures are planned at the moment, but the German Medical Association (Bundesärztekammer, BÄK) issued a list of requirements with regard to a reform of the hospital sector. The position paper demands a reform of the diagnosis-related group (DRG) system and of the payment system for psychiatric and psychosomatic medical facilities. The investment incentives at state level are supposed to be redefined and the current investment deficit is to be reduced with additional funds provided by the federal government. In a second position paper, the German Medical Association (BÄK) calls for quality-oriented hospital planning to guarantee high-quality hospital treatment despite increasing competition and increasing economic constraints.

Legal regulations with an effect in 2014

Some of the regulations which were adopted in 2012 and 2013 will also affect the 2014 financial year:

- On 29 October 2012, the Act on the Reorientation of Nursing Care Insurance (Pflege-Neuausrichtungs-Gesetz) was proclaimed in the Federal Law Gazette (Bundesgesetzblatt). Besides regulating the provision of basic nursing care and domestic services, this new act also introduces services into the nursing care insurance which for the first time cover a much-needed range of outpatient health care to cater in particular for handicapped people and their families, but most notably for people suffering from dementia and their families. At the same time, the financial funds that are assigned to pay for these services were increased considerably. With the increase in the contribution rate by 0.1 per centage points as of 1 January 2013, it will be possible to finance these service improvements. The general contribution rate for nursing care insurance increases from 1.95 % of earnings subject to contribution payments to 2.05 % (childless persons: 2.3 %). Private supplementary nursing care insurance, which fulfils specific statutory specifications, is to be state subsidised. The insurance companies will be able to apply for the subsidy for the first time retroactively for 2013 at the beginning of 2014.
- The payment system for psychiatric and psychosomatic facilities (PsychEntgeltgesetz) aims to create a fairer system of payments between the facilities by gradually replacing the daily hospital rate with a performance-oriented daily fee calculated on the basis of empirical data. The payment system will be introduced as part of a learning system with a four-year introduction phase (budget-neutral phase from 2013 to 2016) and a five-year transition phase (convergence phase from 2017 to 2021). In the budget-neutral phase, no profits or losses are to be accrued for the facilities as a result of using the new payment system. For the years 2013 and 2014, the psychiatric and psychosomatic institutions are free to decide whether they wish to make use of the new payment system (option years). The adoption of the system is only mandatory for all facilities from 2015.

- The discount for additional services introduced within the context of hospital financing has been limited to the years 2013 and 2014. Its amount will be fixed and the effect of the discount for extra services for the year 2013 extended into the year 2014. In 2015 the discount for additional services will be adjusted; from then onwards volume management is to be conducted on the basis of a statutory regulation and must include the results of research and the proposals of the self-governing partners in the health care sector – the German Hospital Federation, the National Associations of the Health Insurance Funds and the Association of Private Health Insurance. The discount for additional services will lower the additional expenses for public health insurance by about EUR 10 mill. in 2013 (all coverage providers by some EUR 12 mill.) and by approximately EUR 300 mill. in 2014 (all coverage providers by some EUR 370 mill.).
- From 1 January 2013, the consultation fee introduced on 1 January 2004 will no longer be charged. To offset the additional expenses of the public health insurance funds as a result of the abolition of the consultation fee, an amount of EUR 1.78 bill. will be allocated to the health care funds from the liquidity reserve in 2014.
- The law to relieve insured persons burdened by health insurance contribution debts ("Gesetz zur Beseitigung sozialer Überforderung bei Beitragsschulden in der Krankenversicherung") came into force on 1 August 2013. This law includes a financing aid or so-called immediate aid for hospitals that is expected to lead to an estimated relief for hospitals in the amount of about EUR 415 mill. in 2013 and some EUR 690 mill. in 2014. The relief adds up to a total of about EUR 1.1 bill. for a period of 18 months.

At present it is not yet possible to assess what effects these regulations will have on the result of MediClin.

Financing of the German Health Fund secured for 2014

The income of the German Health Fund is expected to amount to EUR 202.2 bill. in 2014. The experts of the German Federal Insurance Authority (Bundesversicherungsamt, BVA) and the Federal Ministry of Health (Gesundheitsministerium, BMG) estimate that the health insurance funds will spend EUR 199.6 bill., while the estimate of the National Association of the Statutory Health Insurance experts (Spitzenverband der gesetzlichen Krankenversicherung, GKV) amounts to EUR 201.1 bill. This means that the expected expenditure of the health insurance funds can again be fully covered in average terms through the transfers from the German Health Fund in 2014.

MediClin is planning targeted capacity expansions in 2014

As no major changes are on the horizon with regard to the economic trend and the sector environment, the Management Board of MediClin assumes that the Group's sales and earnings will improve compared to 2013. The Group intends to achieve 3.0 % sales growth through capacity expansions in indications with strong demand, better occupancy rates and a rise in the number of cases in the clinics. The capacities that were created in the course of 2013 will make their first full annual contributions in 2014.

In the last few years the increase in material and energy costs was kept within bounds thanks to strict cost management and a centralised energy management. The same is expected in 2014. Staff costs are anticipated to rise by 2.0 %.

In 2013 capital expenditure of a total of EUR 18.6 mill. (gross) was made with the goal of meeting demand for location-based medical services as well as special medical and therapeutic treatment. A large share of the capital expenditure was channelled into the modernisation and expansion of buildings as well as into medical machines and equipment. These construction measures are aimed primarily at expanding capacities. In 2014 MediClin will continue to expand capacities in strongly growing areas and make targeted additions to the range of services. Planned are capital expenditure at a similar level as in the reporting year.

The financing of the internal growth is guaranteed and will derive primarily from the cash flow.

Outlook

For 2014 the Management Board forecasts sales growth of 3.0 % and a Group operating result in the range of EUR 4.0 to 6.0 mill.

Here, the post-acute segment is supposed to generate sales growth between 4.5 % and 5.0 %, whereas the acute segment is expected to post 1.5 % to 2.0 % growth. The newly created capacities will make a noticeable contribution to the sales increase and earnings improvement in the post-acute segment. In the acute segment, moderate rises in the number of cases and the optimisation of internal structures will improve the sales and earnings situation of the segment. The post-acute segment is forecast to generate a margin between 1.0 % and 1.5 %, while the margin in the post-acute segment is supposed to be between 4.0 % and 4.5 %.

The occupancy rates in the post-acute segment in the month of January 2014 as well as the number of cases in the acute segment were far higher than in the same month of the previous year, which indicates a better start to the new financial year.

Risk and opportunity report

Risk and opportunity management

In addition to legal risk management requirements, MediClin sees its risk and opportunity management as a tool for optimising risk and opportunity control. This is regulated and documented in a standardised manner across the Group. The activities for monitoring and preventing risks and identifying opportunities are governed by a consistent strategy and policy. The annual risk and opportunity inventory is performed by the quality, organisation and auditing department.

The defined strategy and policy used for handling potential risks and opportunities, as well as the regulations governing the risk and opportunity inventory workflow management, are obligatory for all employees. The risk and opportunity inventory comprises all acute, post-acute and nursing care facilities, the service enterprises and medical care centres as well as the central tasks and departments.

The annual risk and opportunity management report that illustrates the findings of the last risk and opportunity inventory serves to raise awareness and communicate potential risks and how to control them within the Group. The risk inventory summary report contains the risks identified and risk evaluations from a Group perspective in aggregate form and thus fulfils the requirement to disclose information on significant corporate risks. MediClin sees its summary report on risk management as an important component of active corporate governance.

The objective of risk and opportunity management is to identify and control significant risks and opportunities. For this, organisational rules were adopted and instruments implemented that are intended to ensure that current and future risks and opportunities are detected as early as possible. The basis for effective and efficient management is a distinct and uniformly understood risk and opportunity culture.

The following principles were approved by the MediClin Management Board and represent the framework for the risk and opportunity management system and for risk and opportunity understanding 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 MediClin is 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 interested parties.

- Achieving financial success and, within the scope of these activities, acting on business opportunities, is necessarily associated with risks for MediClin.
- However, business transactions or decisions may never entail risks threatening the existence of the Company from the outset.
- The exploitation of opportunities that have been recognised to increase the Group's financial success is ensured by identifying, evaluating and controlling any risks associated therewith early on.
- 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.
- The objective is to establish a proactive risk and opportunity management that also contributes to the control and management of risks by improving the quality of processes.
- 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 is supposed to prevent and identify unnecessary losses as well as any activities which violate statutory provisions. The risk management system must also be continually monitored regarding its reliability and compliance with regulations.
- Risks and opportunities in MediClin's business segments are to be evaluated and openly communicated vis-à-vis our shareholders, coverage providers and employees.

Apart from the risk inventory as a central instrument of the risk management process, further instruments are used for risk identification and risk prevention.

In the operational area these include inter alia

- a uniform and process-oriented quality management system (QMS),
- a systematic error management (in the framework of the internal QMS),
- the Group guidelines for handling medical devices,
- a critical incident reporting system (CIRS) in individual clinics,
- the systematic implementation of occupational safety requirements (MAAS BGW),
- a systematic complaint management,

- the disaster and evacuation planning/pandemic planning,
- the Group guidelines for the prevention of legionella contamination,
- the Group guidelines for collaboration with other partners in the health care service and in the industry,
- a central data protection concept,
- reporting and benchmark systems in the operational area.

Risk and opportunity inventory for 2013

Risk inventory as part of the Group's risk management is a central tool for the early detection of potential corporate risks. It is used to systematically detect economic risks and opportunities before the annual economic planning. In addition to the internal monitoring and control systems, it is an important element of MediClin's risk and opportunity management strategy. Interest and foreign exchange risks are not reported, because they have no relevance for MediClin.

From a Group perspective, the risk inventory revealed no risks that could threaten the Company's survival in terms of the risk definition used for the risk inventory.

In the 2013 risk inventory, a total of 520 risk reports, 34 opportunity reports and 14 trend reports were submitted by the medical facilities and corporate departments of MediClin.

At Group level, 487 risks from the 520 risk reports submitted were boiled down to 19 corporate risks. The remaining 33 risks are related to individual facilities or departments. Compared with the 2012 risk inventory, three corporate risks were no longer considered, while three new corporate risks were identified. 15 corporate risks refer to all segments (cross-segment risks). Two corporate risks refer exclusively to the acute segment and two corporate risks pertain to the post-acute segment. From a Group perspective, the risk inventory revealed one risk that (based on the risk definition used) could have a considerable influence on the Group's medium-term results of operation. This is the expansion of new indications in the post-acute segment and the required capital expenditure.

Trend reports are a component of early risk detection. The compilation and analysis of weak signals allows MediClin to anticipate potential risks and take the appropriate action. The 14 trend reports submitted for the 2013 risk inventory related, in particular, to the health care market, the competitive situation and the cost and revenue development.

The 34 opportunity reports included in this year's risk inventory could be summarised into six areas. In the context of the analysis, the following relevant areas emerged:

- Opportunities arising from the expansion of the portfolio at the facility level
- Opportunities arising from building up bed capacities and the range of services
- Opportunities arising from cooperations with other service providers or facilities of the Asklepios Group
- Opportunities arising from optimising the procedures for staff recruitment
- Opportunities arising from establishing profession-oriented medical rehabilitation (MBOR)
- Opportunities arising from changes in the health care market, the competitive situation or the legal framework

MediClin takes advantage of these opportunities, because with the exception of the last point, they are all components of the Group strategy.

Risks and opportunities

External risks

Market

As in previous years, substantial risks result from the demographic development which are currently identifiable. These will have a decisive influence on the medical, technical and personnel development of the health care industry. Medical progress, the use of high-tech appliances and the implementation of modern health care concepts all require an increasingly higher qualification of nursing personnel and are causing costs in the health care sector to rise.

There are currently not enough qualified specialists available on the labour market. This situation could negatively affect the occupancy rates of individual clinic departments, and through the rising need for trained specialists, lead to higher personnel costs over the long term. A shortage of physicians could lead to difficulties in filling vacancies with qualified staff. Depending on the location, this situation could also affect the growth of occupancy rates in the respective clinics. Particularly in Germany's new federal states, filling physician vacancies is difficult due to the lack of applicants, especially in medical specialist care. This problem is compounded by the fact that there is increased competition between the inpatient and the outpatient sector with regard to finding medical specialists.

Mergers among health insurance funds and thus the greater market power of individual coverage providers could increase the dependence of individual MediClin facilities on large coverage providers. They could use their preeminence to influence occupancy management (by giving preference to their own facilities) and compensation. Additionally, the regional market differentiation strategies of individual coverage providers could result in additional burdens, as a result of minimum occupancy requirements in individual clinics.

Since MediClin has set a focus on the treatment of neurological and psychiatric illnesses, a change in the compensation modalities could affect the earning power of the Group. To date, psychiatric hospitals conclude budget agreements with the health insurance funds on the basis of the psychiatry personnel regulation (Psych-PV). The agreements in the psychiatric sector will also be converted to DRG-based service invoicing, which will become mandatory from 2015 onwards (optional 2013/2014). Unlike somatic indications, no upper limits are envisaged for hospital treatment days in psychiatric treatment groups. The possible effects of the new legal framework in accounting for medical services in acute psychiatry remain inestimable at the current time and could have negative effects on the sales development in the coming years.

Legal frameworks

Political, legal and statutory conditions, such as governmental budgeting, hospital planning, case-based DRG-notes 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 lead to further legal reforms. MediClin will continue to monitor this development in the context of its risk management system and analyse the risks and opportunities this could entail with regard to 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 until 2027 in a sale-and-lease-back transaction. The result is a considerable rental charge in this segment. The Management Board believes that additional sales and earnings contributions can be achieved at the post-acute locations through services related to nursing care and self-payment programmes and through a realignment of the range of services in the medical specialist areas with strong demand. If, contrary to expectations, these additional contributions cannot be realised, the long-term real estate rental contracts might entail risks relating to net assets, the financial position and results.

Operating risks
Operating risks are posed primarily by high fixed costs that 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 foreign exchange risks or financing risks for the Group. A major part of external financing exists in the form of a syndicated loan contract with a balance of EUR 45 mill. on the reporting date (previous year: EUR 50 mill.), which is conditional on the compliance with financial key ratios (cove-nants) that have comfortably been met in the past.

External opportunities

Market
MediClin assumes that growth in the health care market will be primarily driven by demographics. This applies to the acute sector, to the post-acute sector and, above all, to the nursing care sector. As a result of the strained financial situation in governmental budgets, the market share of private operators will increase in the acute sector and also in the nursing care sector.

Despite the discussions on raising or lowering the age of retirement, all signs are pointing towards an extension of the working lifetime in the next few years. This means that the demand for qualified services in medical rehabilitation which preserve a person's capacity and ability to work will increase.

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

In its two key segments (acute and post-acute), MediClin focuses on large-volume indication areas with high growth potential (e.g. neurology, orthopaedics, internal medicine) and on sophisticated special medical services (e.g. neurosurgery, cardiology, oncology). This consolidation of MediClin's service range increases public awareness and the recognition of the Group's medical prowess in these indications.

Internal opportunities

Cost efficiency

MediClin's concept is that of integrated medical care, complemented by a community care concept. The Group maintains close networks based on both location and indication. MediClin also aims to increase efficiency in its health care services. The range of services thus places special emphasis on certain indications. The synergies from the networks and focus on certain services could yield savings potential.

The centralisation of certain tasks and services within the Group will also lead to more efficient cost structures.

Staff loyalty

The personnel policy of MediClin is based on a broad offer of further education and a staff-oriented design of workplaces. As an attractive employer, MediClin promotes staff loyalty, giving the Group a certain degree of independence with regard to shortages on the labour market.

Sales and earnings growth

The upcoming years offer growth opportunities. MediClin's opportunity management plans to increase Group sales by 3.0 % through organic growth in a way that provides for qualitative growth, while ensuring sustainable earnings power.

This is based on the expansion of capacities in indications with strong demand in the post-acute segment, the optimisation of internal structures in the acute segment and opportunistic capacity expansions in the nursing care business area.

Additional organic growth opportunities result from the affilitation of MediClin to the Asklepios-Group. Since there are only very few overlaps in the medical service range of MediClin facilities and Asklepios facilities in regional terms, synergies can be exploited here in terms of the medical service offer and the treatment efficiency for patients.

Financial opportunities

Through the stock exchange listing, the Group can raise funds for reducing debt levels or financing growth on the capital market, allowing it to invest in capacity expansions.

Internal control system and risk management system for the Group accounting process

Under the provisions of 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. On the one hand, it guarantees an efficient accounting process, and on the other hand, it 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 possess the necessary qualifications. Suitable controls have been installed for all relevant financial reporting processes.

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

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.

Other disclosures

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 71b German Stock Corporation Act – AktG). The Management 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 Asklepios Kliniken Verwaltungsgesellschaft mbH, the Asklepios Kliniken Gesellschaft mit beschränkter Haftung, ERGO Versicherungsgruppe AG (ERGO) and DKV Deutsche Krankenversicherung AG (DKV). Those with an indirect shareholding are the Münchener Rückversicherungs-Gesellschaft AG through its subsidiaries ERGO and DKV, the Asklepios Kliniken Gesellschaft mit beschränkter Haftung through the Asklepios Kliniken Verwaltungsgesellschaft mbH and Dr. Bernard gr. Broermann through the Asklepios Kliniken Verwaltungsgesellschaft mbH and the Asklepios Kliniken Gesellschaft mit beschränkter Haftung. 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 2013 no resolution to authorise the buy-back 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. There are no material agreements that are contingent on a change in control following a takeover offer and the Company has concluded no compensation agreements with members of the Management Board or employees that would apply in such cases.

Corporate Governance Declaration pursuant to Section 289 a HGB

MediClin sees the corporate governance declaration as a chance to disclose the stability and sustainability of the corporate governance of MEDICLIN Aktiengesellschaft. MediClin wants to do so at a place that is easily accessible and therefore posts the declaration on the Company's website http://www.mediclin.de/Erklaerung-zur-Unternehmensfuehrung. The declaration contains the relevant information about corporate governance, a description of the working methods of the Management and Supervisory Boards, the composition and working methods of the committees as well as the conformity declaration in accordance with Section 161 AktG and the corporate governance report.

Declaration of the Management Board pursuant to Section 312 (3)

"We declare that the Company received appropriate compensation for all legal transactions in the 2013 financial year listed in this report, on relations with affiliated companies according to the circumstances known to the Management Board at the time at which the legal transactions were undertaken. No measures were taken which put the Company at a disadvantage and which would need to be reported here."

MediClin AG (short version)

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) as in the previous year.

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 €	31.12.2013	In % of balance sheet total	31.12.2012	In % of balance sheet total
Assets				
Non-current assets	233.4	93.0	235.3	92.2
Current assets	17.5	7.0	20.0	7.8
	250.9	**100.0**	**255.3**	**100.0**
Equity and liabilities				
Equity	196.8	78.4	196.5	77.0
Non-current liabilities	47.3	18.9	52.0	20.4
Current liabilities	6.8	2.7	6.8	2.6
	250.9	**100.0**	**255.3**	**100.0**

The balance sheet total, as shown in the balance sheet structured according to IFRS regulations, is EUR 4.4 mill. lower than in the previous year.

Current assets pertain primarily to receivables from affiliated companies that decreased by EUR 2.2 mill.

The decrease is non-current liabilities is mainly due to a EUR 5.0 mill. repayment of the syndicated loan with an increase in deferred tax liabilities by EUR 0.2 mill. on the other hand.

Development of results of operation

MediClin AG does not record sales. Other operating income at MediClin AG essentially comprises income from management services, which remained unchanged compared with the previous year at EUR 146 thou., and income from the release of provisions (2013: EUR 187 thou.; previous year: EUR 114 thou.) which primarily relate to profit-sharing bonus payments (2013: EUR 107 thou.; previous year: EUR 0) and legal and consultancy expenses (2013: EUR 80 thou.; previous year: EUR 80 thou.).

Other operating expenses essentially comprise auditing and consultancy costs (2013: EUR 892 thou.; previous year: EUR 783 thou.). Further operating expenses include other administrative expenses (2013: EUR 460 thou.; previous year: EUR 333 thou.), which are primarily attributable to Supervisory Board costs (2013: EUR 214 thou.; previous year: EUR 211 thou.), incidental costs of monetary transactions (2013: EUR 109 thou.; previous year: EUR 51 thou.), staff recruitment costs (2013: EUR 72 thou.; previous year: EUR 0) and costs of the Annual General Meeting (2013: EUR 64 thou.; previous year: EUR 68 thou.). They also contain expenses for print media (2013: EUR 151 thou.; previous year: EUR 158 thou.), insurance costs (2013: EUR 101 thou.; previous year: EUR 99 thou.), rents and leases (2013: EUR 45 thou.; previous year: EUR 57 thou.) and other costs.

The financial result of MediClin AG covers dividends for the 2012 financial year as well as advance dividends for the 2013 result totalling EUR 4.5 mill. (previous year: EUR 6.3 mill.), interest and similar income of EUR 1.3 mill. (previous year: EUR 1.6 mill.) and interest and similar expenses totalling EUR 1.6 mill. (previous year: EUR 2.2 mill.). MediClin AG generated a net profit of EUR 0.4 mill. in the 2013 financial year (previous year: EUR 1.9 mill.).

The number of employees was two on annual average (previous year: three 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 2014 will continue to depend on the economic development of the subsidiaries and thus also of the Group as a whole.

Remuneration report

The remuneration report follows 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 remuneration

The remuneration of the Management Board comprises fixed remuneration (the fixed salary), a variable profit-sharing bonus approved by the Supervisory Board and a pension commitment for Frank Abele.

The fixed salary is paid out as a monthly salary and amounted to EUR 350 thou. for Frank Abele and EUR 220 thou. for Jens Breuer (prorated in 2012: EUR 128 thou.). MediClin subsidises the pension insurance policies signed for Frank Abele and Dr. Ulrich Wandschneider on account of pension commitments by an annual amount of a maximum EUR 60 thou. The subsidisation of the pension commitments for Dr. Ulrich Wandschneider was made on a pro rata basis for 2012.

The contractually defined profit-sharing bonus for Frank Abele amounts to EUR 450 thou. p.a. The profit-sharing bonus is contingent upon the attainment of specific targets and consists of two profit-sharing bonus components. For the Chairmen of the Boards, the profit-sharing bonus component I amounts to a maximum 70 % of the contractually defined profit-sharing bonus and is based on the performance indicator EBITDAR (earnings before interest, taxes, depreciation and rent). The profit-sharing bonus component II amounts to a maximum 30 % of the contractually defined profit-sharing bonus and is based on qualitative criteria.

In addition to the fixed salary, Chief Financial Officer Jens Breuer receives variable remuneration, which consists of a short-term incentive (STI) of a maximum EUR 120 thou. p.a. and a long-term incentive (LTI) of a maximum EUR 120 thou. for three years (corresponding to EUR 40 thou. p.a.) which, depending on performance, is determined by the Supervisory Board. The Supervisory Board can resolve to pay an additional voluntary profit-sharing bonus to a member of the Management Board for special achievements and contingent upon the economic success of MediClin.

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. No severance payments were made or agreed in the cases of Dr. Ulrich Wandschneider's and Frank Abele's resignations.

The Management Board remuneration amounted to EUR 1.0 mill. in the 2013 financial year (previous year: EUR 1.2 mill.) and is composed as follows:

In € 2013	Frank Abele	Jens Breuer	Management Board (total)
Fixed remuneration	350,000	220,000	570,000
Subsidy retirement pension	60,000	0	60,000
Other remuneration components	9,438	8,736	18,174
Total current remuneration	**419,438**	**228,736**	**648,174**
Variable remuneration for one year including change in provisions for variable remuneration	220,375	64,667	285,042
Variable remuneration for several years including change in provisions for variable remuneration	0	40,000	40,000
Total variable remuneration	**220,375**	**104,667**	**325,042**
Total	**639,813**	**333,403**	**973,216**

In € 2012	Dr. Ulrich Wandschneider (5 months)	Frank Abele	Jens Breuer (7 months)	Management Board (total)
Fixed remuneration	105,000	350,000	128,333	583,333
Subsidy retirement pension	25,000	60,000	0	85,000
Other remuneration components	3,933	9,438	4,368	17,739
Total current remuneration	**133,933**	**419,438**	**132,701**	**686,072**
Variable remuneration for one year including change in provisions for variable remuneration	0	450,000	93,333	543,333
Variable remuneration for several years including change in provisions for variable remuneration	0	0	0	0
Total variable remuneration	**0**	**450,000**	**93,333**	**543,333**
Total	**133,933**	**869,438**	**226,034**	**1,229,405**

Supervisory Board remuneration

The Supervisory Board remuneration is governed by the Articles of Incorporation. The currently valid regulation for the remuneration of the Supervisory Board was adopted by the Annual General Meeting on 26 May 2010.

Under this regulation, in addition to being reimbursed for their cash expenses and the value added tax on work completed for the Supervisory Board, the members of the Supervisory Board are paid a fixed remuneration, amounting to EUR 10 thou. for each Supervisory Board member, payable after the close of the financial year. In addition, each member receives the amount of EUR 3 thou. 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 thou. The payment is effected after the conclusion of the Annual General Meeting, 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 remuneration and the Vice Chairman receives one and a half times the amount of the fixed remuneration. 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 remuneration. 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 remuneration. 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 remuneration or increased remuneration on a pro rata basis.

In 2013 and 2012 no performance-based (variable) remuneration was paid out.

In € excluding VAT	2013	2012
Dr. Jan Boetius (Chairman until 31.05.2012)	0	10,167
Dr. Ulrich Wandschneider (Chairman since 01.06.2012)	24,500	13,833
Hans Hilpert (Vice Chairman)	18,500	16,598
Michael Bock	13,500	12,750
Dr. Daniel von Borries	13,750	14,546
Gerd Dielmann (until 19.09.2012)	0	8,904
Prof. Dr. Erich Donauer (until 19.09.2012)	0	10,232
Walburga Erichsmeier (since 20.09.2012)	14,000	3,642
Dr. Tom Giesler (since 20.09.2012)	15,500	3,642
Uwe Rohde (until 19.09.2012)	0	9,982
Carsten Heise	14,250	14,250
Stephan Leonhard	16,500	15,954
Dr. Jochen Messemer	13,000	12,250
Klaus Müller	11,250	13,296
Thomas Müller (since 20.09.2012)	13,500	3,695
Udo Rein (until 19.09.2012)	0	7,936
Eleonore Seigel (since 20.09.2012)	14,250	3,642
Total	**182,500**	**175,319**

In the 2013 financial year, as in 2012, there were no loans to members of the Supervisory Board. No advance payments were made, nor were the members of the Supervisory Board paid for individual performance, in particular, consulting and mediation services, or granted benefits.

MEDICLIN Aktiengesellschaft

Offenburg, 28 February 2014

The Management Board

Forward-looking statements

This report contains forward-looking statements that are based on management's current expectations. Words such as "anticipate", "assume", "believe", "estimate", "intend", "can/could", "plan", "project", "should" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that are based on the current assumptions and forecasts of MediClin AG management. Should any of these risks and uncertainties materialise, or if the assumptions underlying any of the forward-looking statements prove incorrect, then the actual results may be materially different from those expressed or implied by such statements. MediClin AG does not intend or assume any obligation to continuously update these forward-looking statements, so as to adapt them to events or developments that occur after the release of this interim report.

Consolidated financial statements of MEDICLIN Aktiengesellschaft

for the 2013 financial year

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Consolidated balance sheet as of 31 December 2013

ASSETS

	Appendix		31.12.2013 in €	Previous year in thou. of €
NON-CURRENT ASSETS				
Intangible assets	(1)			
Concessions, licences		1,509,573		1,542
Goodwill		49,325,541		49,251
Payments on account		634,765		131
			51,469,879	**50,924**
Property, plant and equipment	(2)			
Land, land rights and buildings including buildings on third-party land		107,558,574		112,042
Technical equipment and machines		11,719,422		12,347
Operating and office equipment		35,067,535		35,079
Payments on account and assets under construction		4,293,214		2,126
			158,638,745	**161,594**
Other financial assets	(3)			
Investment in stock of subsidiaries		65,600		59
Other loans and other financial assets		54,327		41
Reinsurance cover		1,518,513		1,465
			1,638,440	**1,565**
Other non-current assets				
Non-current tax refund claims	(4)	208,507		273
Receivables pursuant to hospital financing law	(5)	2,200,000		2,250
			2,408,507	**2,523**
Deferred tax assets	(6)		**6,970,047**	**5,655**
			221,125,618	**222,261**
CURRENT ASSETS				
Inventories	(7)		**6,477,927**	**7,142**
Trade receivables	(8)		**61,406,219**	**59,826**
Other current assets				
Prepaid expenses	(9)	4,216,629		1,297
Receivables pursuant to hospital financing law	(10)	1,762,221		2,030
Other assets	(11)	3,809,992		4,025
			9,788,842	**7,352**
Current tax refund claims	(12)		**849,501**	**79**
Cash and cash equivalents	(13)		**13,218,677**	**22,936**
			91,741,166	**97,335**
			312,866,784	**319,596**

EQUITY AND LIABILITIES

	Appendix		31.12.2013 in €	Previous year in thou. of €
EQUITY				
Shares MediClin Group				
Subscribed capital	(14)	47,500,000		47,500
Capital reserve	(15)	129,391,829		129,392
Revenue reserve	(16)	–10,081,880		–8,027
Consolidated balance sheet loss	(17)	–14,413,492		–11,776
			152,396,457	**157,089**
Non-controlling interests	(18)		–208,040	–69
			152,188,417	**157,020**
NON-CURRENT LIABILITIES				
Non-current financial liabilities				
Liabilities to banks	(19)	52,511,579		58,575
Other financial liabilities	(20)	8,014,377		8,386
			60,525,956	**66,961**
Non-current provisions				
Provisions for pensions and similar commitments	(21)	39,634,705		36,433
Other provisions	(22)	5,528,672		5,731
			45,163,377	**42,164**
Deferred tax liabilities	(23)		**3,828,489**	**3,285**
			109,517,822	**112,410**
CURRENT LIABILITIES				
Trade payables			**18,179,008**	**17,316**
Current financial liabilities				
Liabilities to banks	(24)	6,691,694		8,227
Other financial liabilities	(25)	430,418		674
			7,122,112	**8,901**
Other current liabilities				
Liabilities pursuant to hospital financing law	(26)	4,548,602		3,630
Other liabilities	(27)	17,112,280		17,711
			21,660,882	**21,341**
Current provisions	(28)		**4,198,543**	**2,445**
Current tax liabilities	(29)		**0**	**163**
			51,160,545	**50,166**
			312,866,784	**319,596**

Consolidated profit and loss account

for the financial year from 1 January to 31 December 2013

	Appendix	Jan.–Dec. 2013 in €	Previous year in thou. of €
Sales	(30)	514,954,364	509,739
Other operating income	(31)	6,942,767	7,866
Total operating performance		**521,897,131**	**517,605**
Raw materials and consumables used	(32)		
a) Cost of raw materials and supplies		–62,921,104	–62,398
b) Cost of purchased services		–48,030,059	–48,757
		–110,951,163	**–111,155**
Staff costs	(33)		
a) Wages and salaries		–253,225,848	–246,616
b) Social security, pension and retirement		–44,710,941	–43,760
		–297,936,789	**–290,376**
Depreciation and amortisation	(34)	–17,462,954	–17,318
Other operating expenses	(35)	–93,398,347	–94,479
Operating result		**2,147,878**	**4,277**
Financial result	(36)		
a) Other financial revenues		113,613	174
b) Other financial costs		–4,831,956	–5,233
		–4,718,343	**–5,059**
Result before tax		**–2,570,465**	**–782**
Taxes on income	(37)	–171,117	–695
Result after tax		**–2,741,582**	**–1,477**
Thereof attributable to shareholders of MediClin AG		–2,637,862	–1,403
Thereof attributable to the non-controlling interests		–103,720	–74
Result after tax attributable to shareholders of MediClin AG per share	(38)		
Undiluted (in €)		–0.06	–0.03
Diluted (in €)		–0.06	–0.03

Consolidated statement of comprehensive income

for the financial year from 1 January to 31 December 2013

	Appendix	Jan.–Dec. 2013 in €	Previous year in thou. of €
Total consolidated result		**–2,741,582**	**–1,477**
Other comprehensive income			
Change in actuarial gains (+)/losses (–) from DBOs and similar commitments		–2,482,926	–4,601
Taxes on income		392,923	728
Additions to value adjustments that are not reconciled to the Group result		**–2,090,003**	**–3,873**
thereof attributable to shareholders of MediClin AG		–2,054,710	–3,841
thereof attributable to non-controlling interests		–35,293	–33
Group comprehensive income	(39)	**–4,831,585**	**–5,350**
Thereof attributable to shareholders of MediClin AG		–4,692,572	–5,245
Thereof attributable to the non-controlling interests		–139,013	–105

Consolidated cash flow statement

	Jan.–Dec. 2013 in €	Jan.–Dec. 2012 in €
Operating result (EBIT)	**2,147,878**	**4,277,390**
Result of finance activities	–4,718,343	–5,059,150
Result of income taxes	–171,117	–694,730
Total consolidated result	**–2,741,582**	**–1,476,490**
Depreciation on fixed asset items	17,462,954	17,318,318
Change in deferred taxes	–771,440	–545,008
Change in non-current provisions	2,999,500	4,821,638
Change in current provisions	1,753,131	–450,052
Result from the disposal of fixed asset items	–199,282	–59,208
Result from other non-cash items	–2,090,003	–3,873,260
Change in non-current tax refund claims	64,657	72,529
Change in current tax refund claims	–770,709	0
Change in other non-current assets	50,000	–2,250,000
Change in other current assets	–4,867,806	238,255
Change in other non-current liabilities	0.0	–45,695
Change in other current liabilities	–935,953	2,421,987
Cash flow from operating activities	**9,953,467**	**16,173,014**
Payments received from the disposal of fixed assets	**813,034**	**912,911**
From the disposal of property, plant and equipment	813,034	912,911
Payments received from investment subsidies	**4,413,164**	**3,617,514**
Cash used for investments in fixed assets	**–16,682,760**	**–24,949,157**
In intangible assets	–1,808,428	–1,032,054
In property, plant and equipment	–14,821,497	–23,719,314
In financial assets	–52,835	–197,789
Cash flow from investing activities	**–11,456,562**	**–20,418,732**
Assumption of financial liabilities	0	52,500,000
Repayment of financial liabilities	–8,214,541	–66,654,172
Cash flow from financing activities	**–8,214,541**	**–14,154,172**
Cash flow for the period	**–9,717,636**	**–18,399,890**
Cash and cash equivalents at the beginning of the period	22,936,313	41,336,203
Cash and cash equivalents at the end of the period	**13,218,677**	**22,936,313**

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

Statement of changes in equity

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	**Shares MediClin Group**	Non-controlling interests	**Total equity**
As of 01.01.2012	47,500,000	129,391,829	−4,186,507	−10,372,681	162,332,641	37,111	162,369,752
Overall result	0	0	−3,840,664	−1,402,948	−5,243,612	−106,138	−5,349,750
As of 31.12.2012	**47,500,000**	**129,391,829**	**−8,027,171**	**−11,775,629**	**157,089,029**	**−69,027**	**157,020,002**

In €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	**Shares MediClin Group**	Non-controlling interests	**Total equity**
As of 01.01.2013	47,500,000	129,391,829	−8,027,171	−11,775,629	157,089,029	−69,027	157,020,002
Overall result	0	0	−2,054,710	−2,637,862	−4,692,572	−139,013	−4,831,585
As of 31.12.2013	**47,500,000**	**129,391,829**	**−10,081,881**	**−14,413,491**	**152,396,457**	**−208,040**	**152,188,417**

Basic information

General

MEDICLIN Aktiengesellschaft (MediClin) is active as a nationwide hospital 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 8,100 beds. The clinics are divided into acute-care hospitals for basic, standard and specialised care, as well as specialist 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 MediClin Group is included at full consolidation in the consolidated financial statements of Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg, (Asklepios) since September 2011. Asklepios has a stake in MediClin which amounts to a total of 52.73 %.

The present notes were prepared for the consolidated financial statements of MEDICLIN Aktiengesellschaft for the 2013 financial year. The underlying consolidated financial statements were approved for publication by the Management Board on 28 February 2014. The annual financial statements of MediClin AG, for which BDO AG Wirtschaftsprüfungsgesellschaft issued an unqualified auditor's report, the consolidated financial statements of MediClin AG and the summarised management report and Group management report are published in the German Federal Gazette (Bundesanzeiger).

The consolidated financial statements as of 31 December 2013 were prepared in accordance with Section 315a of the German Commercial Code (HGB), pursuant to the regulations of the International Financial Reporting Standards (IFRSs), the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as valid on the cut-off date and admitted by the European Union.

Standards and interpretations published by the EU Commission in 2013

Commission Regulation (EU) No 183/2013 of 4 March 2013

The European Union (EU) published the amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Government Loans" in the Official Journal of 5 March 2013.

Thus, the amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Government Loans" published by the International Accounting Standards Board (IASB) on 13 March 2012 (Amendments to IFRS 1) were adopted into EU law. The amendments to IFRS 1 deal with loans received from governments at a below market rate of interest and their objective is to give first-time adopters of IFRSs relief from full retrospective application on transition to IFRSs. Thus, the amendments to IFRS 1 add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements set out in International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" prospectively to government loans existing at the date of transition to IFRSs. These amendments are of no relevance to MediClin.

Commission Regulation (EU) No 301/2013 of 27 March 2013

In the Official Journal of 28 March 2013, the European Union published the Annual Improvements to the International Financial Reporting Standards 2009–2011 Cycle that had been published by the IASB in the framework of its regular improvement process on 17 May 2012. The objective of the improvements is to address non-urgent but necessary issues discussed by the IASB during the project cycle that began in 2009 on areas of inconsistency in IFRSs or where clarification of wording is required. Three of the improvements, namely the amendments to Appendix D of IFRS 1, IAS 16, and IAS 34, are clarifications or corrections of the respective standards. The other three improvements, namely the amendments to IFRS 1, IAS 1, and IAS 32, involve changes to the existing requirements or additional guidance on the implementation of those requirements. The above-mentioned amendments must be applied from the first financial year beginning on or after 1 January 2013. These amendments have no material effects on the consolidated financial statements of MediClin.

Commission Regulation (EU) No 313/2013 of 4 April 2013

In the Official Journal of 5 April 2013, the European Union published amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in other Entities", which had been published by the IASB on 28 June 2012. The objective of these amendments is to clarify the transition provisions in IFRS 10. The amendments also contain additional transition relief in IFRS 10, IFRS 11 and IFRS 12. Adjusted comparative information is demanded solely for the preceding comparison period. Furthermore, the obligation to state comparative information for periods before the first-time adoption of IFRS 12 no longer applies to the disclosures on non-consolidated structured entities made in the notes to the financial statements. These amendments must be applied from the first financial year beginning on or after 1 January 2014.

Commission Regulation (EU) No 1174/2013 of 20 November 2013

In the Official Journal of 21 November 2013, the following amendments to

- IFRS 10 "Consolidated Financial Statements",
- IFRS 12 "Disclosure of Interests in Other Entities" and to
- IAS 27 "Separate Financial Statements"

were adopted by the European Union into EU law.

IFRS 10 "Consolidated Financial Statements" was amended in order to better reflect the business model of investment entities. It requires that investment entities measure their subsidiaries at fair value through profit or loss account rather than consolidate them.

IFRS 12 "Disclosure of Interests in Other Entities" was amended in order to require specific disclosure about such subsidiaries of investment entities.

The amendments to **IAS 27 "Separate Financial Statements"** also remove the option for investment entities to measure investments in certain subsidiaries either at cost or at fair value in their separate financial statements. Amendments to IFRS 10, IFRS 12 and IAS 27 imply by way of consequence amendments to IFRS 1, IFRS 3, IFRS 7, IAS 7, IAS 12, IAS 24, IAS 32, IAS 34 and IAS 39 in order to ensure consistency between international accounting standards.

The amendments to IFRS 10 and IAS 27 and certain consequential amendments to other standards contain references to IFRS 9 "Financial Instruments" that at present cannot be applied as IFRS 9 has not been adopted by the Union. For this reason, any reference to IFRS 9 as laid down in the Annex to this Regulation should be read as a reference to IAS 39.

The companies shall apply the amendments by no later than the first financial year beginning on or after 1 January 2014. These amendments are of no relevance to MediClin.

Commission Regulation (EU) No 1374/2013 and (EU) No 1375/2013 of 19 December 2013

In the Official Journal of 20 December 2013, the European Union adopted the amendments to **IAS 36 "Impairment of Assets" and the amendments to IAS 39 "Financial Instruments".**

On 29 May 2013 the International Accounting Standards Board published amendments to International Accounting Standard **(IAS) 36 "Impairment of Assets".** The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.

On 27 June 2013 the International Accounting Standards Board published amendments to International Accounting Standard **(IAS) 39 "Financial Instruments: Recognition and Measurement"** entitled "Novation of Derivatives and Continuation of Hedge Accounting". The objective of the amendments is to provide relief in situations where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Such a relief means that hedge accounting can continue irrespective of the novation which, without the amendment, would not be permitted.

The companies shall apply the amendments by no later than the first financial year beginning on or after 1 January 2014.

All in all, MediClin does not expect the amendments to have any material effects on the consolidated financial statements.

Standards and interpretations published by the IASB in 2013 but not yet adopted by the EU Commission

In 2013 the International Accounting Standards Board (IASB) published a series of amendments to existing IFRSs and IASs and new interpretations which are not yet binding as they have yet to be endorsed by the EU.

On 21 May 2013 the IASB published **IFRIC Interpretation 21 „Levies“**. The interpretation provides guidance on the question of when an enterprise should recognise a liability for a levy imposed by a government provided it operates in a certain market. The interpretation applies both to levies which are accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets“ as well as to those where the time and amount of the levy is certain. The interpretation must be applied for financial years beginning on or after 1 January 2014. Premature adoption is permitted. MediClin does not expect these new interpretations to have any material effects on the consolidated financial statements.

On 27 June 2013 the IASB published a limited amendment to **IAS 39 “Financial Instruments: Recognition and Measurement“ entitled “Novation of Derivatives and Continuation of Hedge Accounting“.** Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated to a central counterparty due to legal requirements provided certain criteria are met. The amendments become effective for reporting years beginning on or after 1 January 2014. Premature adoption is permitted.

On 29 May 2013 the IASB published amendments to **IAS 36 “Impairment of Assets“.** The amendment refers to recoverable amount disclosures for non-financial assets. When developing IFRS 13 “Fair Value Measurement”, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. These amendments clarify the IASB’s original intention that the scope of recoverable amount disclosures is limited to the recoverable amount of impaired assets or cash-generating units if this amount is based on fair value less costs of disposal. The amendments also specify the disclosures if an asset is impaired and the recoverable amount was determined on this basis of its fair value less costs of disposal. For instance, they require disclosures on the valuation techniques used and the level of the IFRS 13 fair value hierarchy within which the measurement of the fair value was performed.

The amendments must be applied for financial years beginning on or after 1 January 2014. Premature adoption is permitted as far as IFRS 13 is already being applied.

On 21 November 2013 the IASB published amendments to **IAS 19R "Defined Benefit Plans: Employee Contribution".**

With this amendment, the IASB makes it simpler for companies to recognise contributions from employees or third parties to a pension plan. This amendment allows companies to now recognise contributions from employees or third parties as a reduction in the current service cost in the period in which the related service is rendered if the amount of the contributions is independent of the number of years of service. Such independence is the case, for instance, if the contribution is a fixed percentage amount of the salary. Independence is not given, in contrast, if the percentage rate of salary rises with the years of service. In this case, the benefits that are derived from the contributions of employees or third parties must be attributed to periods of service in accordance with IAS 19.70.

The amendment to IAS 19 must be applied for financial years beginning on or after 30 June 2014. Premature adoption is permitted.

All in all, MediClin does not expect the amendments to have any material effects on the consolidated financial statements.

On 12 December 2013 the International Accounting Standards Board (IASB) published the **Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle** with eleven amendments to a total of nine standards (IFRS/IAS).

Amendments based on the Annual Improvements to IFRSs 2010 – 2012 Cycle:

IFRS 2 "Share-based Payment"	Clarifies the definition of "vesting conditions"
IFRS 3 "Business Combinations"	Clarifies accounting for contingent consideration in a business combination
IFRS 8 "Operating Segments"	Clarifies disclosures in the notes with regard to the aggregation of reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 "Fair Value Measurement"	Clarifies measurement of short-term receivables and payables
IAS 16 "Property, Plant and Equipment"/ IAS 38 "Intangible Assets"	Clarifies the proportionate restatement of accumulated depreciation and amortisation if the revaluation method is used
IAS 24 "Related Party Transactions"	Clarifies the definition of "related parties" and their influence on the interpretation of the term "key management personnel"
IAS 38 "Intangible Assets"	Clarifies the proportionate restatement of accumulated depreciation and amortisation if the revaluation method is used

Amendments based on the Annual Improvements to IFRSs 2011 – 2013 Cycle:

IFRS 1 "First-time Adoption of International Financial Reporting Standards"	Clarifies the definition in IFRS 1.7 of "each IFRS effective at the end of the reporting period"
IFRS 3 "Business Combinations"	Clarifies the scope of exception for joint ventures
IFRS 13 "Fair Value Measurement"	Clarifies the scope of the so-called portfolio exception
IAS 40 "Investment Property"	Clarifies that the provisions in IFRS 3 apply with regard to whether the acquisition of investment property constitutes a business combination

All the amendments are binding from 1 July 2014 and only have to be applied prospectively. Premature adoption is permitted.

All in all, MediClin does not expect the amendments to have any material effects on the consolidated financial statements.

On 30 January 2014 the IASB published an interim Standard, **IFRS 14 "Regulatory Deferral Accounts".** The standard introduces optional relief for first-time adopters pursuant to IFRS 1, according to which, subject to restrictive requirements, these entities may continue to recognise amounts related to rate regulation in accordance with their previous accounting requirements. The standard is meant to be an interim solution until the IASB completes its comprehensive project on rate regulated activities. IFRS 14 is applicable to financial years starting on or after 1 January 2016 with early application (subject to adoption by the EU) permitted. This provision is of no relevance to MediClin.

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

As stated at this point in the 2012 Annual Report, the International Accounting Standards Board (IASB) and the US standard-setter Financial Accounting Standards Board (FASB) announced that a second draft standard for joint proposals to improve the financial reporting of lease contracts (ED/2010/9 Leases) would be published for public comment in the first quarter of 2013. This exposure draft was published on 16 May 2013 (ED/2013/6 Leases). The revised exposure draft replaces ED/2010/9.

The implementation of the IASB draft would lead to a considerable increase in the finance leases to be recognised in the MediClin Group. Here, MediClin would expect non-current assets, financial liabilities and the balance sheet total to rise. If lease expenses were not to be recognised any more, the Group result before interest, taxes, depreciation and amortisation (EBITDA) would increase.

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 recognised separately from goodwill in the balance sheet 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 fair value is recognised as goodwill, which is reported in 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. Non-controlling interests are shown in 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).

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 recognised at their acquisition cost.

Special purpose entities are consolidated if, from an economic viewpoint, the relationship between a consolidated subsidiary and a special purpose entity indicates that the special purpose entity is controlled by the consolidated subsidiary. VR-LEASING ABYDOS GmbH & Co. Immobilien KG as a special purpose vehicle was not consolidated, as the criteria for mandatory consolidation in accordance with the IFRS guidelines are not fulfilled.

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 in the "Shareholdings" table. 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 cur-rent 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 consolidation scopes

The company MediClin MVZ Südbaden GmbH, Offenburg, was founded on 12 March 2013 by notarial deed. The sole shareholder is MediClin GmbH & Co. KG, Offenburg. The company's share capital is EUR 400 thou. The company has not yet commenced operations.

On 4 December 2013, MediClin GmbH & Co. KG and MediClin Medizinisches Versorgungszentrum GmbH, Offenburg, concluded a control and profit transfer agreement. The contract was filed with the commercial register on 6 December 2013 and thus already applies to the 2013 financial year. Notwithstanding a right of termination for cause, the contract has a term until 31 December 2019. Unless terminated in writing six months before the expiry date, the contract is renewed automatically for one year at a time. MediClin Medizinisches Versorgungszentrum GmbH makes use of the option pursuant to Section 264 (3) HGB to refrain from disclosing its annual financial statements for the 2013 financial year.

Affiliated companies

With the exception of VR-LEASING ABYDOS GmbH & Co. Immobilien KG, the affiliated companies also include the aforementioned companies not included in the consolidation scope in addition to the Group companies. Since the MediClin Group is included in the consolidated financial statements of the Asklepios Group as a subgroup in accordance with the full consolidation regulations, the group of companies affiliated with MediClin also includes the companies belonging to the Asklepios Group.

Shareholdings

Affiliated companies included in the consolidated financial statements	Percentage of shares held	
	31.12.2013	31.12.2012
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	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	98.000	93.000
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.000[2]	100.000[2]
MediClin MVZ Südbaden GmbH, Offenburg	100.000[2]	–
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]
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.485[2]	94.485[2]
MediClin Energie GmbH, Offenburg	100.000	100.000

[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	
	2013	2012	**2013**	2012	**2013**	2012
KDC-Krankenhaus-Dienstleistungsgesellschaft Crivitz mbH, Crivitz	[1]	32,470.15	[1]	77,931.06	67.846[3]	64.385[3]
MediServ GmbH, Essen	[1]	8,163.28	[1]	117,335.81	51.000[3]	51.000[3]
Medusplus GmbH, Essen	[1]	8,577.85	[1]	68,957.40	51.000[3]	51.000[3]
Müritz-Klinikum Service GmbH, Waren	[1]	79,990.31	[1]	109,301.44	51.000[3]	51.000[3]
VR-LEASING ABYDOS GmbH & Co. Immobilien KG, Eschborn	[1]	23,544.61	[1]	–89,034.93[4]	44.408[2,3]	44.408[2,3]

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

Accounting and valuation principles

The companies included in the consolidated financial statements applied the same consistent accounting and valuation principles in accordance with the provisions of the HGB as in the previous year. These principles are converted to IFRS principles at Group level.

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 as far as they do not meet IFRSs.

To better illustrate the results of operation, MediClin has, since the 2013 financial year, made use of its option to show the Group result in accordance with the **"Two statement approach"** (IAS 1.10 a). Here, two separate statements are prepared: a profit and loss account that closes with the Group result and a second statement that commences with the Group result and shows those income and expense items (other comprehensive income) that are taken directly to equity. Other comprehensive income items of income and expenses that may not or do not need to be recognised in the profit and loss account pursuant to IFRS/IAS provisions. The amounts shown in the consolidated statement of comprehensive income are reclassification adjustments that may not be reclassified to the profit and loss account in the future (IAS 1.7).

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 are accounted for as separate units and depreciated accordingly. Maintenance and repair costs are 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 2013.

Intangible assets with finite useful lives are recognised at amortised cost and are amortised according to a scheduled time frame of three to five years on a straight-line basis. A non-scheduled depreciation is recognised for an intangible asset if the recoverable amount of the asset is less than its carrying amount. If the reason for a non-scheduled depreciation recognised in prior years has ceased to exist, a write-up is performed on the respective assets, whereby the increased carrying amount resulting from the write-up 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 costs of disposal and value in use. If the reason for the unscheduled depreciation ceases to exist, a write-up is performed. No write-ups are performed in the case of goodwill. Development and research costs are only capitalised as an intangible asset if an intangible asset that has a future economic benefit can be identified and if the cost of this asset can be determined with certainty. Therefore, the software that is developed for the Group by a subsidiary cannot be classified as internally developed intangible assets, because the recognition criteria pursuant to IAS 38.57 are not met. The respective research and development expenses within the Group are immaterial.

Property, plant and equipment is recognised at amortised cost. 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 of 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, and operating and office equipment 3 to 15 years.

In addition to scheduled depreciation, the carrying amounts of property, plant and equipment and intangible assets are reviewed on the reporting date (31 December) for indications of impairment **(impairment test).** If such indications are identified, the recoverable amount of the asset will be estimated in order to determine the size of any impairment loss. If the recoverable amount cannot be determined for the individual asset, an estimate is made instead for the recoverable amount at the level 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 operating locations (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-up may not exceed the amortised cost. Upon sale or retirement, the acquisition or manufacturing costs and related accumulated depreciation of the asset are written off the balance sheet and any gain or loss is recognised in income or expenses.

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 reversal of the impairment may not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any write-ups to be performed are recognised as income. However, impairment losses on goodwill may not be reversed and are therefore not performed by MediClin.

When determining the **value in use,** the estimated future cash flows are discounted using the pre-tax market interest rate. As a general principle, the expected earnings values from the latest management planning are used as a basis of this process, adjusted for assumptions on the development of the earnings performance 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 developments. Based on detailed planning for a single year, a projection is carried out for at least two further years, whereby the projection for the last year is based on the formula of perpetuity. The discount 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 interest rate, a market risk premium (multiplied by a beta coefficient), a growth discount in the perpetuity, borrowing costs before taxes and the capital structure, on the basis of a peer-group analysis. Indications of impairment in value are taken into account by recording respective unscheduled depreciation 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 any other available indicators for the fair value.

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

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

If the subsidies are not disbursed in one lump sum, but rather through annual payments the disbursements of which vary in schedule, the entitlement to the aid is not established until the notification of subsidy for the respective financial year is received. Therefore only the amount of the annual payment is recognised in receivables pursuant to the hospital financing law.

Subsidies for investments 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 in 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 basically all the risks and opportunities incident to ownership of an asset to the lessee according to the terms of the lease. They are capitalised at the commencement of the lease term 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. The interest rate underlying the lease agreement is used as the discount rate for calculating the present value of the minimum lease payments. Lease payments are apportioned between borrowing costs and the redemption of the outstanding liability. A finance lease thus gives rise to depreciation expense for the capitalised assets as well as borrowing 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 thus incurred are generally recognised according to the straight-line method, 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 recognised according to the average cost method at acquisition cost and do not include borrowing costs.

Financial instruments refer mainly to cash and cash equivalents, receivables and current and non-current liabilities. Receivables are non-derivative financial assets with fixed or assignable payments, which are not listed on an active market. They accrue when the Company makes money, goods or services directly available to a debtor, without the intention of trading such 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 carrying amounts of the current financial assets and the current liabilities essentially correspond to their fair values.

To hedge a variable-interest syndicated loan, MediClin took out a rate cap agreement (cap) as a **derivative financial instrument.** It is recognised at fair value through profit and loss.

Borrowing costs which are directly connected with the purchase, construction or production of a qualified asset must be capitalised as part of the acquisition or production costs of this asset. As in previous years, no borrowing costs which were connected with construction measures were capitalised in the 2013 financial year. All other borrowing costs are recognised as expenses for the period in which they accrue.

Receivables are initially recognised at fair value and subsequently carried at amortised cost (without bearing interest) due to their short-term nature. Specific bad debt allowances that are determined on a flat-rate basis are made for doubtful receivables; uncollectible receivables are written off.

Cash and cash equivalents encompass cash, sight deposits, other short-term, highly liquid financial assets with original terms of no more than three months, and current account balances. Current account credits drawn upon are disclosed in current financial liabilities as liabilities to banks. Cash and cash equivalents as well as current financial liabilities are valued at amortised cost.

Current and non-current liabilities are initially recognised at acquisition cost on the liabilities side and stated at their repayment amounts in the following periods provided that they are not measured at amortised cost using the effective interest method. Loans are initially recognised at their acquisition costs which correspond to the fair value of the consideration received less the cost incurred in taking out the loan. Current liabilities are recognised at repayment amount or settlement value, which corresponds approximately to the fair value. Gains and losses are recognised in the period result when the liabilities are written off, value adjusted or paid back. As far as the discharge of a debt or repayments will occur within twelve months after the balance sheet date, the corresponding amount is reclassified as current liabilities. Liabilities from finance lease agreements are measured at the present value of the minimum leasing rates when the leased property is capitalised and, depending on the term of the lease, are recognised in other non-current financial liabilities or other current financial liabilities.

The MediClin Group has both defined benefit plans and defined contribution plans.

The **pension obligations** result from the **defined benefit plans** and are stated using the projected unit credit method in consideration of future salary and pension developments, as well as using current biometric probabilities in accordance with IAS 19 (2011).

The service period components (service cost and past service cost, effects from amendments, curtailments and settlements) are shown in staff costs. (Net) interest expense/income relating to the net liabilities reported in the balance sheet is recognised in the financial result. Remeasurements are recognised in other comprehensive income (OCI), i.e. without an effect on net profit or loss. They encompass all the actuarial gains and losses of the pension obligations and plan assets accrued within a year that were not taken into account in the interest component. No deferred taxes are formed for these amounts reported in OCI as these amounts reported in OCI cannot be recycled via the consolidated profit and loss account in later reporting periods. They are shown in equity in the revenue reserve.

Payments for **contributions-based pension plans** are recorded as expense as they fall due.

In accordance with IAS 37, **other provisions** are recognised to the extent that present obligations from past events exist vis-à-vis third parties which will probably lead to an outflow of funds and which can be reliably estimated. Provisions are recognised for discernible risks and contingent liabilities in the amount of their probable occurrence. They are not offset against recourse claims. The settlement value 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 in other liabilities. Deferred tax assets and deferred tax liabilities are determined using the balance sheet liability method in accordance with IAS 12. Accordingly, all differences between the carrying amounts of assets and liabilities as recognised in the consolidated financial statements and the amounts used for taxation purposes are recognised as probable future tax reliefs and charges in the balance sheet. 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 taken directly to equity, the change of deferred tax is also recognised in equity. The tax rate applied for deferred tax assets and tax liabilities was unchanged at 15,825 % (corporate tax, solidarity surcharge).

Contingent liabilities are possible obligations to third parties or existing obligations that are unlikely to lead to an outflow of funds or the amount of which cannot be measured with certainty. Contingent liabilities are not recognised in the balance sheet, unless they are assumed in connection with a business combination.

Most of the **sales** of MediClin are subject to legally standardised compensation regulations such as the Hospital Compensation Act (KHEntgG) and the Federal Directive on Nursing Care Rates/Federal Nursing Rate Regulation (BPflV) for inpatient hospital services, or Book Nine of the Social Security Code (SGB IX) for rehabilitation services. All services are compensated prospectively by the social funds via budget agreements. Often the underlying budget negotiations are only concluded in the course of the year or even after the close of the budget year, leading to uncertainties regarding the agreed service volumes and/or compensation to be paid for such services.

Sales 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. Sales resulting from the sale of services are recorded in accordance with the stage of performance relative to the service already provided and the overall service to be provided in the financial year in which the services are provided. As a general rule, sales are realised when the respective service is provided. Sales 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 on the basis of either daily rates or case-based lump sums, which can be translated into fictitious daily rates.

Operating expenses are charged to expenditure at the time the service is rendered or caused. As basically no pre-tax deduction is applied, the expenses 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 in **other operating income.**

Unscheduled depreciation, losses from the sale of non-current assets and other off-period expenses are recognised in **other operating expenses.**

Exercise of judgement in applying accounting and valuation principles

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

- Financial assets are to be classified into the categories "held-to-maturity investments", "loans and receivables", "available-for-sale financial assets" and "financial assets at fair value through profit or loss".
- With respect to assets that are to be sold, it must be determined whether the assets can be sold in their present condition and whether their sale is highly probable. If both these conditions apply, the assets and any associated liabilities are recognised 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 at least two further years, whereby the projection for the last year 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

The application of accounting policies and valuation methods prescribed by IFRS and the IFRIC requires estimates and assumptions to be made about the future which, as a matter of course, may differ from actual events. All underlying estimates and assumptions made in the context of the accounting and valuation are reexamined 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 provisions for pensions 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. Thus, an increase in the discount rate by 0.5 % from 3.5 % to 4.0 % lowers the present value of the defined benefit obligation (DBO) by EUR 3.4 mill., or 8.1 %. A reduction in the discount rate of 0.5 % from 3.5 % to 3.0 %, in turn, increases the DBO by EUR 3.8 mill., or 9.2 %. However, this would be reflected in other comprehensive income.

In order to determine whether the goodwill of a certain cash-generating unit (CGU) has been impaired, the value in use of the unit must be measured. To determine the value in use, the estimated future cash flows from the CGU are discounted to present value using an adequate discount 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 as well as the assessment of recoverability of deferred tax liabilities and assets – here, in particular, for losses carried forward – are based on adequate assumptions and estimates by management and were determined using the latest available and reliable information.

Most of MediClin's sales from inpatient hospital services and rehabilitation services are based on budget negotiations that are regularly held in the course of the respective financial year and are often even concluded after the close of the financial year. Therefore the agreed service volumes and/or the compensation to be paid for the services are subject to uncertainty. Here the management makes reasonable estimates.

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.

In 2005 to 2007, rent deductions totalling approximately EUR 21.0 mill. were received from the landlord for a portion of the leased real estate. In conjunction with this rent reduction, a performance-related repayment until 31 December 2027 was agreed, which is dependent upon the achievement of economic performance criteria by the clinics included in the fund. This agreement constitutes a waiver of claims with a debtor warrant, which in accordance with IFRS regulations (IAS 39.39, 40) is treated as a repayment of the original debt and the recognition of a new financial liability. The recognition of such a liability is based on anticipated future discounted payments for the debtor warrant, which are assessed based on past and future probabilities of occurrence. At present the probability of occurrence is estimated to be virtually non-existent, so that the recognition of a financial liability was waived due to materiality considerations. If the assessment of probability of occurrence for the aforementioned performance criteria changes in the future, a financial liability will be recognised.

The results of operation, financial position and net assets of MediClin AG are subject to risks and uncertainties. Factors that influence the future results of operation, financial position and net assets, and thereby could possibly cause a deviation 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 of social insurance agencies,
- cost increases in the areas of personnel and materials,
- the entrance of new competitors or consolidation processes among existing competitors,
- decreases in patient occupancy rates due to seasonal fluctuations,
- significant legal proceedings,
- 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, assumptions concerning the future business performance are based on the assumed future development of the economic environment in the health care sector and in the regions in which the Group operates as is realistic at the time the assumptions are made. 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 carrying amounts of the assets and liabilities 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 carrying amounts of reported assets and liabilities is to be expected for the 2014 financial year.

The consolidated financial statements are prepared in euro currency. All amounts are stated in thousands of euros (EUR thou.) unless otherwise specified. Within the individual components of the consolidated financial statements, as well as for data specified in the notes, rounding differences may result from numbers with decimal places. The amount shown is rounded according to standard commercial practice. The amounts shown for the previous year were calculated using the same accounting and valuation principles, in order to ensure the comparability of the disclosed data.

With the exception of the rate cap agreement mentioned above, no further derivative financial instruments exist. Foreign currency transactions are negligible and there are no foreign exchange risks. The statement of comprehensive income was compiled on the basis of the total cost method.

Notes to the consolidated cash flow statement

The consolidated cash flow statement was prepared in accordance with IAS 7, and broken down into three sections: operating, investing and financing activities. The definition of cash and cash equivalents is limited to those 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 are completely booked as cash inflow and set against the full investments.

The cash flow from operating activities fell by EUR 6.2 mill., from EUR 16.2 mill. to EUR 10.0 mill. This includes interest received totalling EUR 0.1 mill. (previous year: EUR 0.1 mill.) and interest paid totalling EUR 2.0 mill. (previous year: EUR 2.3 mill.). Tax payments amounted to EUR 1.1 mill. net of tax refunds (previous year: EUR 0.6 mill.).

The change in non-current provisions totalling EUR 3.0 mill. (previous year: EUR 4.8 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. EUR 3.6 mill. of the change in other current assets is attributable to early rent payments for January 2014.

A gross amount of EUR 1.8 mill. (previous year: EUR 1.0 mill.) was spent on intangible assets. This includes additions totalling EUR 75.0 thou. (previous year: EUR 30.0 thou.) for goodwill. Gross investments in property, plant and equipment totalled EUR 14.8 mill. (previous year: EUR 23.7 mill.).

The gross investments were offset against the investment subsidies received, which totalled EUR 4.4 mill. (previous year: EUR 3.6 mill.). The investment subsidies received were mainly blanket subsidies for MediClin Müritz-Klinikum and MediClin Krankenhaus Plau am See.

This results in a net cash flow from investing activities totalling EUR –11.5 mill. (previous year: EUR –20.4 mill.).

The cash flow from financing activities totalled EUR –8.2 mill. (previous year: EUR –14.2 mill.). It also includes the repayment of existing loan liabilities in the amount of EUR –8.2 mill. (previous year: EUR –66.7 mill.).

Cash and cash equivalents at the end of the period decreased by EUR 9.7 mill. to EUR 13.2 mill. (previous year: EUR 22.9 mill.).

Segment reporting

The reportable operating segments of the MediClin Group are the post-acute, acute and other activities segments. Changes in the segmentation or the assignment of individual clinics to segments did not take place in the 2013 financial year. The division into operating segments corresponds to that used for the internal controlling and reporting of the Group. This segmentation is not based on regional aspects, as MediClin only operates in Germany and regional characteristics were found to be irrelevant for the management of the Company.

In its **post-acute segment,** MediClin offers services in the fields of subsequent nursing treatment and curative treatment. 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 with a focus on neurology, neurological early rehabilitation as well as psychosomatic medicine, psychiatry and orthopaedics and internal medicine. Furthermore, at certain locations, special expertise is offered in the areas of cardiology, oncology and ENT. 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 nursing care and service business areas, which are disclosed together due to non-fulfilment of quantitative thresholds pursuant to an 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 business area consists of the central services, including software support provided by Cortex Software GmbH, accounting and controlling activities, quality assurance, PR activities, capex management and purchasing, and facility management for the clinics provided by employees of MediClin GmbH & Co. KG. Altogether, the following companies are subsumed under the service business 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, MC Kliniken Geschäftsführungs-GmbH and MediClin Energie 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 intra-Group sales are also neutralised. The reconciliation column primarily includes income and expense 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.

Intra-group sales are also disclosed within the segment reporting. Clinics that offer services of both segments are assigned to the post-acute segment. The carrying amounts 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. The segment assets item also includes goodwill. 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 refers to gross additions to non-current assets.

According to an IFRS (IFRS 8.34 Information about major customers), an entity is required to disclose information on the degree of its dependency on major customers. As the MediClin Group is a nationwide operator of hospitals, statutory social security pension funds and public health insurance funds account for around 90 % of the total service demand. The Management Board monitors and controls sales with the coverage providers by using the monthly coverage provider statistics. This documents the services invoiced to the individual coverage providers on the basis of the accomplished nursing days. The public health insurance funds make up 42.3 % (previous year: 43.4 %) of the demand for services in the post-acute segment, while the social security pension funds make up 48.0 % (previous year: 49.6 %) of the demand for services in this segment. In the acute segment, 93.0 % (previous year: 93.8 %) of the services demanded are attributable to the public health insurance funds.

Sectoral segmenting

In millions of €	January – December 2013					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	295.6	202.9	64.4	**562.9**	– 48.0	**514.9**
Thereof total sales	299.1	204.9	69.0	**573.0**	0.0	**573.0**
Thereof internal sales	3.5	2.0	4.6	**10.1**	48.0	**58.1**
Raw materials and consumables used	– 70.8	– 57.6	– 29.1	**– 157.5**	46.5	**– 111.0**
Staff costs	– 147.8	– 107.4	– 40.1	**– 295.3**	– 2.5	**– 297.8**
Other operating expenses	– 71.4	– 25.8	– 9.8	**– 107.0**	13.6	**– 93.4**
Segment result	**1.7**	**6.7**	**– 3.5**	**4.9**	**– 2.7**	**2.2**
Thereof non-cash items:						
Scheduled depreciations/ write-ups	– 8.9	– 15.8	– 1.1	**– 25.8**	0.0	**– 25.8**
Unscheduled depreciations/ write-ups	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Release of special item	0.5	7.8	0.0	**8.3**	0.0	**8.3**
Allowances	– 0.7	– 0.4	– 0.1	**– 1.2**	0.0	**– 1.2**
Allocation of provisions/ liabilities	– 6.4	– 7.2	– 4.9	**– 18.5**	– 0.6	**– 19.1**
Release of provisions/liabilities	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Financial revenues	0.2	0.2	1.1	1.5	– 1.3	**0.2**
Financial costs	– 1.5	– 1.7	– 3.0	**– 6.2**	1.3	**– 4.9**
Financial result	**– 1.3**	**– 1.5**	**– 1.9**	**– 4.7**	**0.0**	**– 4.7**
Taxes on income	**– 0.1**	**– 0.5**	**0.2**	**– 0.4**	**0.2**	**– 0.2**
Assets	**124.3**	**161.1**	**7.3**	**292.7**	**20.2**	**312.9**
Liabilities	**19.3**	**19.1**	**59.7**	**98.1**	**62.6**	**160.7**
Gross capital expenditure	10.3	6.3	2.5	**19.1**	– 0.4	**18.7**

In millions of €	January–December 2012					
	Post-acute	Acute	Other activities	Subtotal	Reconcili-ation	Total
Sales	293.0	200.2	52.5	**545.7**	–36.0	**509.7**
Thereof total sales	296.8	201.6	57.2	**555.6**	0.0	**555.6**
Thereof internal sales	3.8	1.4	4.7	**9.9**	36.0	**45.9**
Raw materials and consumables used	–70.8	–56.2	–18.6	**–145.6**	34.4	**–111.2**
Staff costs	–145.1	–104.8	–37.6	**–287.5**	–2.9	**–290.4**
Other operating expenses	–71.7	–26.4	–9.9	**–108.0**	13.5	**–94.5**
Segment result	**2.6**	**7.2**	**–2.3**	**7.5**	**–3.2**	**4.3**
Thereof non-cash items:						
Scheduled depreciations/ write-ups	–8.3	–15.7	–0.9	**–24.9**	0.0	**–24.9**
Unscheduled depreciations/ write-ups	0.0	–0.8	0.0	**–0.8**	0.0	**–0.8**
Release of special item	0.5	7.9	0.0	**8.4**	0.0	**8.4**
Allowances	–0.1	–0.3	–0.1	**–0.5**	0.0	**–0.5**
Allocation of provisions/ liabilities	–7.4	–5.4	–9.9	**–22.7**	–0.4	**–23.1**
Release of provisions/liabilities	0.6	1.5	0.2	**2.3**	0.1	**2.4**
Financial revenues	0.1	0.6	1.0	**1.7**	–1.5	**0.2**
Financial costs	–1.7	–1.8	–2.1	**–5.6**	0.3	**–5.3**
Financial result	**–1.6**	**–1.2**	**–1.1**	**–3.9**	**–1.2**	**–5.1**
Taxes on income	**–0.1**	**–0.2**	**0.1**	**–0.2**	**–0.5**	**–0.7**
Assets	**119.9**	**165.5**	**5.9**	**291.3**	**28.2**	**319.6**
Liabilities	**20.1**	**17.0**	**56.4**	**93.5**	**69.1**	**162.6**
Gross capital expenditure	9.7	15.9	1.3	**26.9**	0.4	**27.3**

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 01.01.2012	15,016	76,255	239	**91,510**
Additions	995	30	60	**1,085**
Reclassifications	168	0	–168	**0**
Disposals	–30	–35	0	**–65**
Acquisition costs as at 31.12.2012	**16,149**	**76,250**	**131**	**92,530**
Cumulated depreciation as at 01.01.2012	13,306	26,199	0	**39,505**
Scheduled depreciation	1,331	0	0	**1,331**
Unscheduled depreciation	0	800	0	**800**
Reclassifications	0	0	0	**0**
Disposals	–30	0	0	**–30**
Cumulated depreciation as at 31.12.2012	**14,607**	**26,999**	**0**	**41,606**
Balance sheet value 31.12.2012	**1,542**	**49,251**	**131**	**50,924**
Acquisition costs as at 01.01.2013	16,149	76,250	131	**92,530**
Additions	1,265	75	532	**1,872**
Reclassifications	28	0	–28	**0**
Disposals	–14	0	0	**–14**
Acquisition costs as at 31.12.2013	**17,428**	**76,325**	**635**	**94,388**
Cumulated depreciation as at 01.01.2013	14,607	26,999	0	**41,606**
Scheduled depreciation	1,315	0	0	**1,315**
Unscheduled depreciation	0	0	0	**0**
Reclassifications	0	0	0	**0**
Disposals	–4	0	0	**–4**
Cumulated depreciation as at 31.12.2013	**15,918**	**26,999**	**0**	**42,917**
Balance sheet value 31.12.2013	**1,510**	**49,325**	**635**	**51,470**

Capitalised, internally developed intangible assets do not exist. Licences and concessions pertain nearly exclusively to software.

Of the goodwill disclosed, a total of EUR 45.0 mill. (previous year: EUR 45.0 mill.) refers to differences from capital consolidation. The additions of EUR 75 thou. concern the acquisition of a medical care centre in Achern. With the exception of goodwill and medical practice equipment, no other assets or liabilities were acquired from medical practice owners in the course of acquiring the medical practices.

Goodwill encompasses seven cash-generating units (CGUs) (previous year: eight), in the acute segment. Approximately 99 % (previous year: approximately 99 %) of the goodwill is still attributable to six clinics and approximately 1 % (previous year: approximately 1 %) is attributable to one medical care centre (previous year: two medical care centres). The medical care centres are each summarised on a location basis, if physically separate facilities exist at one location.

Based on total goodwill with a fair value of EUR 110.8 mill. (previous year: EUR 116.2 mill.), the mandatory annual impairment test revealed no impairment loss in the reporting year (previous year: EUR 0.8 mill.), because the estimates for the recoverable amounts exceeded the carrying amounts.

The recoverable amount of a CGU is determined by calculating the value in use with the discounted cash flow method (DCF) using the same assumptions for all CGUs carrying goodwill. The calculations are based on EBIT forecasts from the bottom-up annual planning as adopted and approved by the Management Board of MediClin AG. Based on detailed planning for two years, a projection is carried out for at least one subsequent year. To calculate the present value of perpetuity, an equity risk premium of 0.5 % is factored in as in the previous year. A discount rate of 5.2 % before tax was determined for short- and medium-term planning in the reporting period (previous year: 5.4 %). The discount 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 %	**31.12.2013**	31.12.2012
Risk-free interest rate	2.50	2.19
Market risk premium	6.50	6.25
Beta coefficient (on the basis of a peer-group analysis)	0.53	0.88
Growth discount to the perpetuity	0.50	1.00
Borrowing costs (before taxes)	4.06	3.90
Tax shield	0.64	0.62
Capital structure (equity/borrowed capital) (on the basis of a peer-group analysis)	36.6/63.4	29.4/70.6

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 %	0.00	0.00	0.20	0.00	0.00
Change in EBIT	5.0 %	0.00	0.00	0.00	0.00	0.00
Change in EBIT	10.0 %	0.00	0.00	0.00	0.00	0.00
Change in EBIT	– 5.0 %	0.00	0.00	0.50	0.00	0.00
Change in EBIT	– 10.0 %	0.00	0.20	0.80	0.00	0.00

The analysis revealed a need for write-downs totalling a maximum of EUR 0.8 mill. within the context of these parameter changes, which corresponds to 0.7 % of the carrying amount.

Depreciation and amortisation of intangible assets is not included in the carrying amounts of other assets; they are disclosed in the consolidated statement of comprehensive income in the depreciation item.

(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 01.01.2012	217,162	28,688	135,243	1,537	**382,630**	295
Additions	88	5,483	12,484	4,282	**22,337**	0
Reclassifications	3,076	259	358	–3,693	**0**	0
Disposals	–17	–945	–922	0	**–1,884**	–295
Acquisition costs as at 31.12.2012	**220,309**	**33,485**	**147,163**	**2,126**	**403,083**	**0**
Cumulated depreciation as at 01.01.2012	102,694	20,189	105,196	0	**228,079**	59
Scheduled depreciation	5,589	1,873	7,725	0	**15,187**	0
Unscheduled depreciation	0	0	0	0	**0**	0
Reclassifications	0	0	0	0	**0**	0
Disposals	–16	–924	–837	0	**–1,777**	–59
Cumulated depreciation as at 31.12.2012	**108,267**	**21,138**	**112,084**	**0**	**241,489**	**0**
Balance sheet value 31.12.2012	**112,042**	**12,347**	**35,079**	**2,126**	**161,594**	**0**

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 01.01.2013	220,309	33,485	147,163	2,126	**403,083**	0
Additions	959	1,391	8,768	2,684	**13,802**	0
Reclassifications	305	6	206	−517	**0**	0
Disposals	−68	−493	−1,855	0	**−2,416**	0
Acquisition costs as at 31.12.2013	**221,505**	**34,389**	**154,282**	**4,293**	**414,469**	**0**
Cumulated depreciation as at 01.01.2013	108,267	21,138	112,084	0	**241,489**	0
Scheduled depreciation	5,722	1,886	8,537	0	**16,145**	0
Unscheduled depreciation	0	0	0	0	**0**	0
Reclassifications	0	0	0	0	**0**	0
Disposals	−43	−354	−1,407	0	**−1,804**	0
Cumulated depreciation as at 31.12.2013	**113,946**	**22,670**	**119,214**	**0**	**255,830**	**0**
Balance sheet value 31.12.2013	**107,559**	**11,719**	**35,068**	**4,293**	**158,639**	**0**

Gross additions to property, plant and equipment totalled EUR 16.6 mill. in the 2013 financial year (previous year: EUR 26.0 mill.).

Additions to land and buildings in the amount of EUR 1.2 mill. pertain to the reconstruction of MediClin Hedon Klinik with EUR 0.5 mill. and the reconstruction of MediClin Reha-Zentrum Spreewald with EUR 0.4 mill. The remaining capital expenditure in land and buildings of EUR 0.3 mill. concerns several facilities.

A total of EUR 12.8 mill. was invested in technical equipment, facilities and operating and office equipment, with EUR 2.5 mill. of this amount relating to medical equipment and accessories. This includes the purchase of an angiography system worth EUR 0.6 mill. and surgical equipment in the amount of EUR 0.2 mill.

Approximately EUR 1.6 mill. flowed into equipment for patient rooms, treatment rooms and office rooms, and EUR 1.1 mill. into the modernisation and expansion of IT and telecommunications systems. EUR 1.4 mill. was used for reconstruction measures. EUR 0.8 mill. was invested in technical equipment such as lifts and fire protection. The remaining EUR 5.4 mill. encompasses a range of smaller investments at various facilities.

Subsidies for financing investments are deducted from the acquisition or manufacturing costs of the subsidised assets pursuant to IAS 20 and thus reduce the ongoing depreciation expense. This item mainly refers to adequately used subsidies pursuant to the hospital financing law with an amortised amount of EUR 81.9 mill. (previous year: EUR 87.3 mill.). Additions to subsidised assets amounted to EUR 2.9 mill. (previous year: EUR 3.7 mill.). Depreciation and amortisation was reduced by the deduction of subsidies totalling EUR 8.4 mill. (previous year: EUR 8.4 mill.) from the acquisition costs. There were no circumstances that would give rise to the repayment of subsidies.

Finance leasing

Assets for which the MediClin Group has signed finance leasing contracts are disclosed in the property, plant and equipment item. In 2008 a sale-and-lease-back agreement totalling an investment of EUR 7.6 mill. was signed 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 underlying finance interest rate for the first ten years is 5.85 % p.a. After this fixed-interest period has expired, the interest will be renegotiated.

The leased property was added to non-current assets at the beginning of the lease agreement with the present 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 carrying amount at the balance sheet date totals EUR 7.0 mill. (previous year: EUR 7.1 mill.). The payments due in future from finance leases, the shares of interest contained therein and the present values of future lease payments are disclosed in the following table:

In thousands of € **31.12.2013**	**Total**	**1 year or less**	**1 to 5 years**	**More than 5 years**
Minimum lease payment	11,812	554	2,170	9,088
Interest component	–4,827	–405	–1,496	–2,926
Present value	**6,985**	**149**	**674**	**6,162**

In thousands of € 31.12.2012	Total	1 year or less	1 to 5 years	More than 5 years
Minimum lease payment	12,366	554	2,216	9,596
Interest component	–5,241	–414	–1,565	–3,262
Present value	**7,125**	**140**	**651**	**6,334**

In addition, there is another finance lease contract pertaining to the medical and technical equipment of MediClin Robert Janker Klinik. The contract has a term until 2016 with an interest rate of 2.6 % p.a. The net carrying amount at the balance sheet date totals EUR 0.4 mill. (previous year: EUR 0.5 mill.). The payments due in future from this finance lease, the shares of interest contained therein and the present values of future lease payments are disclosed in the following table:

In thousands of € **31.12.2013**	**Total**	**1 year or less**	**1 to 5 years**	**More than 5 years**
Minimum lease payment	368	79	289	0
Interest component	–21	–8	–13	0
Present value	**347**	**71**	**276**	**0**

In thousands of € 31.12.2012	Total	1 year or less	1 to 5 years	More than 5 years
Minimum lease payment	590	222	368	0
Interest component	–33	–12	–21	0
Present value	**557**	**210**	**347**	**0**

(3) Other financial assets

Financial assets refer primarily to reinsurance policies for pension obligations totalling EUR 1,519 thou. (previous year: EUR 1,465 thou.). Two further reinsurance policies with a coverage volume of EUR 314 thou. (previous year: EUR 291 thou.) have been pledged to the insurance beneficiaries and will be deducted from the pension provisions. Gains and losses from these reinsurance policies are posted in staff costs. They are of only minor importance to MediClin.

To hedge a variable-interest syndicated loan, MediClin took out a rate cap agreement (cap) as a derivative financial instrument. The EUR-Euribor-Reuters interest rate for six-month money was agreed as the basic interest rate. The cap rate was set at 2.8 %, the reference amount at EUR 30.0 mill. The cap has a term until 31 January 2017 and is classified as held for trading. It is recognised at fair value through profit and loss. The option premium paid at the time the cap was taken out of EUR 173 thou. is shown as other loans and other financial assets in the other financial assets item. Due to the insignificance of the option premium, the aggregate value is not broken down according to matching maturities. For the time being, the aggregate value is recognised as non-current and will be recognised in other current assets in the last year. The current market value of the cap as of 31 December 2013 amounts to EUR 52 thou. (31.12.2012: EUR 39 thou.). Income and expenses from the valuation of the cap are recognised in the financial result.

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 VR-LEASING ABYDOS GmbH & Co. Immobilien KG (EUR 2 thou.), Stadtmarketing Horn-Bad Meinberg GmbH (EUR 1 thou.) and Kur und Tourismus GmbH Bad Peterstal-Griesbach (EUR 6 thou.).

(4) Non-current tax refund claims

This item primarily consists of the discounted receivable from the payment of the remaining corporate tax credit, resulting from the conversion of 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 already capitalised in the annual financial statements as of 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 2015.

(5) Receivables pursuant to hospital financing law

This item relates to subsidies disbursed pursuant to the hospital financing law of Mecklenburg-Vorpommern for the measure "Expansion of Psychiatry at the Röbel location".

(6) 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. Pursuant to IAS 12.53, deferred taxes are not to be discounted. A relevant tax rate of 15.825 % (corporate tax, solidarity surcharge) was generally applied.

In thousands of €	Difference		Tax	
	31.12.2013	31.12.2012	**31.12.2013**	31.12.2012
Pension obligations	23,106	22,223	3,657	3,517
Changes in accordance with IAS 19	10,909	8,426	1,726	1,333
Tax loss carried forward	8,718	2,837	1,377	443
Interim profits of non-current assets	140	311	22	49
Current liabilities	0	800	0	127
Anniversary obligations/ provisions for partial retirement	778	728	123	115
Others	407	449	65	71
			6,970	**5,655**

MediClin recognised deferred taxes for tax losses carried forward, because the Group assumes that sufficient positive taxable income will be available for realising the deferred tax assets due to the restructuring measures already performed or to be performed in the future. The restructuring measures already started to show positive results in the fourth quarter of 2013.

Current assets

(7) Inventories

Inventories are only of minor importance for MediClin as a service corporation, and are largely attributable to inventories for medical supplies (2013: EUR 4.8 mill.; previous year: EUR 5.4 mill.), to inventories for business supplies (2013: EUR 1.4 mill.; previous year: EUR 1.4 mill.) and to inventories for administrative supplies (2013: EUR 0.3 mill.; previous year: EUR 0.3 mill.).

(8) Trade receivables

In thousands of €	31.12.2013	31.12.2012
Receivables stock	65,803	63,089
Allowance	−4,397	−3,263
Disclosure	**61,406**	**59,826**
Thereof from receivables not yet invoiced	19,853	19,887
Invoiced trade receivables	41,553	39,939
Thereof from related parties	103	119

The residual term of the receivables is less than one year.

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

The valuation adjustments of trade receivables developed as follows:

In thousands of €	2013	2012
Allowance as of 01.01.	3,263	3,114
Allocation		
Specific bad debt allowances	0	28
General bad debt allowances	1,330	396
Release	–196	–275
Allowance as of 31.12.	**4,397**	**3,263**

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 1.1 mill. during the 2013 financial year (previous year: expenses totalling EUR 0.5 mill.).

In thousands of €	2013	2012
Expenses for full write-off of receivables	–1,350	–729
Recoveries of written-off receivables	247	223
	–1,103	**–506**

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 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
As of 31.12.2013	41,553	30,159	6,979	939	594	1,256	821	805
As of 31.12.2012	39,939	30,822	5,867	930	357	952	980	31

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.

(9) Prepaid expenses

Prepaid expenses of EUR 3.6 mill. refer to rents for January 2014 that were paid in advance to related companies. The remaining amounts comprise insurance payments for other periods and other prepaid expenses.

(10) Receivables pursuant to hospital financing law

In thousands of €	**31.12.2013**	31.12.2012
Receivables stock	1,762	2,030

Receivables pursuant to the hospital financing law relate to claims under the hospital financing law and compensation claims stipulated in the Federal Directive on Nursing Care Rates (Bundespflegesatzverordnung) or the Hospital Compensation Act (Krankenhausentgeltgesetz), respectively. They were valued in accordance with experiences from previous years.

The following table provides information on 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 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
As of 31.12.2013	1,762	1,762	0	0	0	0	0	0
As of 31.12.2012	2,030	2,030	0	0	0	0	0	0

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

(11) Other assets

In thousands of €	31.12.2013	31.12.2012
Receivables stock	3,809	4,025
Thereof from related parties	352	433

This item discloses financial assets which are recognised at amortised cost. Value adjustments to account for recognisable risks were not to carry out. The residual terms of the receivables are less than one year. The amounts reported are approximately equal to the fair value. Receivables from related parties refer to repayment claims against IVG Institutional Funds GmbH (formerly Oppenheim Immobilien Kapitalanlagegesellschaft mbH) from the preliminary financing of clinic expansions through MediClin. The majority 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.

(12) Current tax refund claims

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

(13) Cash and cash equivalents

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

Additional information on financial instruments

Net gains/losses from financial instruments

The net result of subsequent measurement of loans and receivables comprises income and expenses for the value adjustment of trade receivables. Income from disposal refers to the subsequent receipt of receivables that had already been written off. The hedge transaction that is measured at fair value refers to write-ups and write-downs on the fair value of the interest hedge transaction.

In thousands of €	From price gains	From subsequent measurement		From disposal	Net result	
		at fair value	value adjustments		2013	2012
Loans and receivables	0	0	–1,350	247	–1,103	–506
Interest rate hedge measured at fair value	0	13	0	0	13	–134
	0	**13**	**–1,350**	**247**	**–1,090**	**–640**

Fair value measurement

Starting in the 2013 financial year, IFRS 13 defines a single framework for measuring fair value and the disclosures about fair value measurements, if such measurements are required or permitted by another IFRS. Pursuant to the transition provisions of IFRS 13, the new regulations on fair value measurement may be applied prospectively and entities do not need to provide comparable previous year's informations for new disclosures. Nevertheless, the amendment has no consequences for the measurement of the Group's assets and liabilities.

The fair value hierarchy levels and how they are applied to the financial assets and liabilities of MediClin are described in the following:

- Level 1: quoted prices in active markets for identical assets or liabilities

  The fair value of financial instruments that are traded in active markets is based on the market price quoted on the balance sheet date. A market is deemed active if quoted prices are available from an exchange, a trader, an industry group, a pricing service or a regulatory authority easily and regularly and these prices reflect current and recurring market transactions in accordance with the arm's length principle.

- Level 2: measurement criteria other than quoted prices that are observable for assets or liabilities, either directly (as prices) or indirectly (derived from prices).

  The fair value of financial instruments not traded in an active market is measured on the basis of a valuation technique. The fair value is thus estimated based on the results of a valuation technique that relies on market data as far as possible and company-specific data as little as possible. If all the data required for measuring the fair value is observable, the instrument is classified as level 2.

- Level 3: measurement factors for assets or liabilities that are not based on observable market data are classified as level 3.

The following tables show the carrying amounts of the fair values of financial instruments as reported in the balance sheet by valuation categories (IAS 39). No information is disclosed on the fair value of financial assets and financial liabilities that were not measured at fair value if the carrying amount is a reasonable approximation of fair value (IAS 7.29).

Investments are measured at acquisition cost, as reliable measurement of the fair value is impossible. Investments are non-listed financial instruments without an active market. There are no intentions at present to dispose of investments that were measured at acquisition cost.

Due to the short terms of these instruments, the fair values of cash and cash equivalents, of trade receivables and payables with a remaining maturity of up to twelve months and of the other current assets and liabilities correspond approximately to their carrying amounts. Receivables are recognised accounting for an adequate estimated amount for bad debts. On the basis of this measurement, MediClin carries out value adjustments on the aforementioned receivables. The fair value of liabilities to banks and other financial liabilities is determined by discounting expected future cash flows with interest rates currently applicable to financial liabilities with comparable conditions and maturities.

Only the interest hedge transaction is measured regularly at the end of each quarter and at year-end, using a level 2 valuation technique. This is immaterial for the consolidated financial statements.

No transfers were made from one level to another.

In thousands of €	Category in accordance with IAS 39	Book value 31.12.2013	Balance sheet recognition in accordance with IAS 39 – Amortised costs	Fair value 31.12.2013
ASSETS				
Non-current assets				
Investment in stock of subsidiaries	AfS	66	66	–
Other loans	HtM	2	2	2
Interest rate hedge	FAHfT	52	–	52
Reinsurance policies	LaR	1,518	1,518	1,518
Non-current tax refund claims	LaR	209	209	209
Receivables pursuant to hospital financing law	LaR	2,200	2,200	2,200
Current assets				
Trade receivables	LaR	61,406	61,406	61,406
Prepaid expenses	LaR	4,217	4,217	4,217
Receivables pursuant to hospital financing law	LaR	1,762	1,762	1,762
Other assets	LaR	3,810	3,810	3,810
Current tax refund claims	LaR	849	849	849
Cash and cash equivalents	LaR	13,219	13,219	13,219
EQUITY AND LIABILITIES				
Non-current liabilities				
Liabilities to banks	FLAC	52,512	52,512	52,512
Other finance liabilities	FLAC	8,014	8,014	8,014
Other non-current liabilities	FLAC	0	0	0
Current liabilities				
Trade payables	FLAC	18,179	18,179	18,179
Liabilities to banks	FLAC	6,692	6,692	6,692
Other financial liabilities	FLAC	430	430	430
Liabilities pursuant to hospital financing law	FLAC	4,549	4,549	4,549
Other liabilities	FLAC	17,112	17,112	17,112
Tax liabilities	FLAC	0	0	0
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IAS 39				
Loans and Receivables (LaR)	**Total LaR**	**89,190**	**89,190**	**89,190**
Held-to-Maturity Investments (HtM)	**Total HtM**	**2**	**2**	**2**
Available-for-Sale Financial Assets (AfS)	**Total AfS**	**66**	**66**	**–**
Financial Assets Held for Trading (FAHfT)	**Total FAHfT**	**52**	**–**	**52**
Financial Liabilities Measured at Amortised Cost (FLAC)	**Total FLAC**	**107,488**	**107,488**	**107,488**

In thousands of €	Category in accordance with IAS 39		Book value 31.12.2012	Balance sheet recognition in accordance with IAS 39	Fair value 31.12.2012
				Amortised costs	
ASSETS					
Non-current assets					
Investment in stock of subsidiaries		AfS	59	59	–
Other loans		HtM	2	2	2
Interest rate hedge		FAHfT	39	–	39
Reinsurance policies		LaR	1,465	1,465	1,465
Non-current tax refund claims		LaR	273	273	273
Receivables pursuant to hospital financing law		LaR	2,250	2,250	2,250
Current assets					
Trade receivables		LaR	59,826	59,826	59,826
Prepaid expenses		LaR	1,297	1,297	1,297
Receivables pursuant to hospital financing law		LaR	2,030	2,030	2,030
Other assets		LaR	4,025	4,025	4,025
Current tax refund claims		LaR	79	79	79
Cash and cash equivalents		LaR	22,936	22,936	22,936
EQUITY AND LIABILITIES					
Non-current liabilities					
Liabilities to banks		FLAC	58,575	58,575	58,575
Other finance liabilities		FLAC	8,386	8,386	8,386
Other non-current liabilities		FLAC	0	0	0
Current liabilities					
Trade payables		FLAC	17,316	17,316	17,316
Liabilities to banks		FLAC	8,227	8,227	8,227
Other financial liabilities		FLAC	674	674	674
Liabilities pursuant to hospital financing law		FLAC	3,630	3,630	3,630
Other liabilities		FLAC	17,711	17,711	17,711
Tax liabilities		FLAC	163	163	163
AGGREGATED BY CATEGORY IN ACCORDANCE WITH IAS 39					
Loans and Receivables (LaR)	**Total**	**LaR**	**94,181**	**94,181**	**94,181**
Held-to-Maturity Investments (HtM)	**Total**	**HtM**	**2**	**2**	**2**
Available-for-Sale Financial Assets (AfS)	**Total**	**AfS**	**59**	**59**	**–**
Financial Assets Held for Trading (FAHfT)	**Total**	**FAHfT**	**39**	**–**	**39**
Financial Liabilities Measured at Amortised Cost (FLAC)	**Total**	**FLAC**	**114,682**	**114,682**	**114,682**

Equity

Capital management

The primary objective of MediClin's capital management is to ensure that the Group's ability to pay back its debts and its financial substance are preserved in future, and that the capital structure continues to adequately meet the business risk. MediClin AG is not subject to any external capital requirements or capital requirements as per the Articles of Association except the minimum capital requirements pursuant to the German Stock Corporation Act (Aktiengesetz). Financial security is essentially measured using the key figures equity ratio and debt ratio. Components of these key figures are the balance sheet total in the consolidated financial statements, the equity recorded in the consolidated balance sheet and loans from banks in the form of a syndicated loan. This loan originally consists of a redeemable loan for EUR 50.0 mill. and a credit line for a further EUR 10.0 mill. in the form of a revolving credit which can be utilised as required. The term of the loan is five years. The variable interest rate on which the loan is based has been hedged by a rate cap agreement.

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 the dividend disbursement policy, the issuance of new shares, liquidity optimisation through sale-and-lease-back transactions and the option of acquiring treasury shares if authorised by the Annual General Meeting.

Capital management key figures

In thousands of €	**31.12.2013**	31.12.2012
Equity	152,188	157,020
Non-current liabilities incl. deferred tax liabilities	109,518	112,410
Current liabilities incl. tax liabilities	51,161	50,166
Balance sheet total	312,867	319,596
Net financial debt	45,985	43,866
Equity ratio (in %)	48.6	49.1
Debt ratio (in %)	51.4	50.9

Due to the remeasurements from the calculation of pension obligations pursuant to IAS 19 "Employee Benefits" in the amount of EUR –2.1 mill. that are recognised directly in equity and the result after tax in the amount of EUR –2.7 mill., equity diminished by EUR 4.8 mill. These two effects and the EUR 6.7 mill. decrease in the balance sheet total led to a decline in the equity ratio of 0.5 percentage points to 48.6 %. The return on equity after tax is –1.8 % (previous year: –0.9 %). The decline in non-current liabilities totalling EUR 2.9 mill. is due primarily to a decrease in liabilities to banks in the amount of EUR 6.1 mill. and a simultaneous rise in pension provisions of EUR 3.2 mill.

(14) Subscribed capital

In thousands of €	31.12.2013	31.12.2012
Subscribed capital	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.

(15) Capital reserve

In thousands of €	31.12.2013	31.12.2012
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 (2) 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.

(16) Revenue reserve

The consolidated revenue reserves are structured as follows:

In thousands of €	31.12.2013	31.12.2012
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
Reserve pursuant to IAS 19	–10,099	–8,044
	–10,082	**–8,027**

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

Due to the insolvency of the companies, the initial consolidation of the Kraichgau-Klinik Group resulted in a negative share of non-controlling interests, which in accordance with IAS 27.35 (2008) was offset against the consolidated revenue reserves. A charge or credit to the consolidated statement of comprehensive income through the reporting of a non-controlling interest did not occur unless a positive minority interest would come about, which would then be presented separately in the consolidated balance sheet within equity.

Pursuant to IAS 27.28 (revised 2009), non-controlling interests must be disclosed within the equity, but separately from the equity of the shareholders of MediClin AG from the 2010 financial year onwards. The result allocations also have to be performed if this results in the non-controlling interests having a deficit balance. Due to a transitional regulation (IAS 27.45 (a) revised 2009), a company may not adjust profit or loss allocations for reporting periods which occurred before the application of IAS 27 (revised 2009).

As from 2012 the actuarial losses/gains from calculating the pension provisions in accordance with IAS 19, shown in other comprehensive income, are reported in the revenue reserve.

(17) Consolidated balance sheet loss

The consolidated balance sheet loss is composed as follows:

In thousands of €	**31.12.2013**	31.12.2012
Loss carryforward	−11,776	−10,373
Result attributable to shareholders of MediClin AG	−2,638	−1,403
Consolidated balance sheet loss	**−14,414**	**−11,776**

Appropriation of the annual result of MediClin AG

In the 2013 financial year, no dividends for the 2012 financial year were distributed. At the Annual General Meeting on 23 May 2013, the resolution was passed to carry forward the net profit of the 2012 financial year of EUR 18,076,381.87 to new account. For the 2013 financial year, the intention is to also carry forward the net profit totalling EUR 18,456,005.62 to new account.

(18) Non-controlling interests

The disclosed amount concerns the pro rata result allocation for the shares of the existing shareholders of Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau, as of 31 December 2013 (unchanged at 5.515 %). In the consolidated statement of comprehensive income, the result is recorded as a prorated figure in the item "Result after tax – thereof attributable to the non-controlling interests".

Non-current liabilities

(19) Liabilities to banks

Liabilities to banks are as follows:

In thousands of €	31.12.2013	31.12.2012
Liabilities to banks	58,695	66,227
less current repayment share	6,183	7,652
	52,512	**58,575**

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

Liabilities to banks originally consisted of a redeemable loan for EUR 50.0 mill. and a credit line for a further EUR 10.0 mill. in the form of a revolving credit which can be utilised as required. The term of the syndicated loan is five years. The redeemable loan must be repaid in six-month repayment instalments, the first of which was due on 31 January 2013, plus a final instalment of EUR 30.0 mill. The interest rate for the redeemable loan consists of the 6-month Euribor (reference rate) and a margin that is dependent on the performance of certain financial ratios. The margin range is limited to 50 basis points. Of the loan redemptions due, EUR 5.0 mill. pertain to the redemption payments of the syndicated loan due in 2014. Depending on the maturities, these are shown in current financial liabilities. The value with which this loan is recognised in the balance sheet is determined using the effective interest method. For a partial amount of EUR 30.0 mill., the interest rate was hedged by a rate cap agreement. The reference rate to be used (6-month Euribor) was limited to a max. 2.8 % p.a. The premium payable on this amounted to EUR 173 thou. and was capitalised in the other financial assets item in other loans and other financial assets. Owing to the current development of the Euribor, the company does not expect the rate cap agreement to be utilised. The interest hedge transaction is measured at market value (31.12.2013: EUR 52 thou.; 31.12.2012: EUR 39 thou.). Interest totalling about EUR 1.2 mill. was paid for the loan in the reporting year (previous year: EUR 1.3 mill.). This corresponds to an average interest rate of 2.45 % p.a. (previous year: 2.60 % p.a.).

Three further annuity loans with a total volume of EUR 2.5 mill. were taken out in 2012 to finance a linear accelerator and a magnetic resonance tomograph as well as a cogeneration unit. The interest rates of the loans are between 3.60 % and 4.05 % p.a., with interest paid in 2013 amounting to EUR 79 thou. (previous year: EUR 51 thou.). For two of the loans, the ownership title of the financed equipment has been assigned as security (carrying amounts of EUR 1.6 mill; previous year: EUR 1.8 mill.). These loans have terms until 2017. For one loan (term until 2020), the Deutsche Bundesbank carried out a "central bank eligibility examination" on MediClin GmbH & Co. KG and confirmed the eligibility of MediClin GmbH & Co. KG in its letter of 2 January 2014.

Of the other liabilities to banks, EUR 12.2 mill. (previous year: EUR 14.1 mill.) is secured through real property liens (carrying amount: EUR 21.2 mill.; previous year: EUR 33.2 mill.).

All in all, the average interest rate for liabilities to banks is 3.0 % p.a. (previous year: 3.0 %).

The future interest and redemption payments of liabilities to banks are structured as follows:

In thousands of € 2013	Total	1 year or less	1 to 2 years	3 to 5 years	More than 5 years
Interest on bank loans	6,734	1,739	1,548	2,246	1,201
Bank loan repayments	58,695	6,183[1]	6,242	38,682	7,588

In thousands of € 2012	Total	1 year or less	1 to 2 years	3 to 5 years	More than 5 years
Interest on bank loans	8,174	1,814	1,602	3,173	1,585
Bank loan repayments	66,227	7,652[1]	6,142	43,742	8,691

[1] For information only

(20) Other financial liabilities

In thousands of €	31.12.2013	31.12.2012
Loans from public corporations	900	1,023
Loans from acquisition of remaining Crivitz shares	0	30
Liabilities from finance leases	7,114	7,333
	8,014	**8,386**

The loan granted by **public corporations** has a term until 2021 and an interest rate of 2.0 % p.a.

After completion of building measures at MediClin Krankenhaus am Crivitzer See, the remaining 31.0 % of the company shares that are currently held by the Administrative District of Parchim and the City of Crivitz are to be transferred to MediClin. In exchange MediClin ceded loan reimbursement claims vis-à-vis MediClin Krankenhaus am Crivitzer See GmbH 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, repayments totalled EUR 158 thou. (previous year: EUR 150 thou) and interest payments EUR 6 thou. (previous year: EUR 13 thou.). The last repayment will be made in March 2014.

Liabilities from finance leases relate mainly to the sale-and-lease-back agreement for the real estate of Rehabilitationszentrum Gernsbach, which went into effect on 1 December 2008, as well as the leases pertaining to medical and technical infrastructure in MediClin Herzzentrum Lahr/Baden and in MediClin Robert Janker Klinik.

Other financial liabilities are as follows:

In thousands of €	31.12.2013	31.12.2012
Other financial liabilities	8,386	9,014
Less current repayment share		
Loans from public corporations	123	121
Loans from acquisition of remaining Crivitz shares	30	158
Liabilities from finance leases	219	349
	8,014	**8,386**

The following tables show the future development of interest expenses:

In thousands of € 2013	Total	1 year or less	1 to 2 years	3 to 5 years	More than 5 years
Interest on loans from public corporations	87	20	17	37	13
Interest on finance leases					
Reha-Zentrum Gernsbach real estate	4,596	403	394	1,124	2,675
Medical-technical infrastructure	20	8	6	6	0
	4,703	**431**	**417**	**1,167**	**2,688**

In thousands of € 2012	Total	1 year or less	1 to 2 years	3 to 5 years	More than 5 years
Interest on loans from public corporations	109	22	20	45	22
Interest on finance leases					
Reha-Zentrum Gernsbach real estate	5,008	412	403	1,154	3,039
Medical-technical infrastructure	34	13	8	13	0
	5,151	**447**	**431**	**1,212**	**3,061**

The interest to be capitalised from the loan relating to the acquisition of the remaining Crivitz shares amounts to a mere EUR 0.2 thou. in 2014.

Future loan repayments are as follows:

In thousands of € 2013	Total	1 year or less[1]	1 to 2 years	3 to 5 years	More than 5 years
Repayments on loans from public corporations	1,023	123	126	393	381
Repayments on acquisition of remaining Crivitz shares	30	30	0	0	0
Repayments on finance leases					
Reha-Zentrum Gernsbach real estate	6,995	150	160	544	6,141
Medical-technical infrastructure	347	69	75	203	0
	8,395	**372**	**361**	**1,140**	**6,522**

In thousands of € 2012	Total	1 year or less[1]	1 to 2 years	3 to 5 years	More than 5 years
Repayments on loans from public corporations	1,144	121	123	385	515
Repayments on acquisition of remaining Crivitz shares	188	158	30	0	0
Repayments on finance leases					
Reha-Zentrum Gernsbach real estate	7,125	140	149	502	6,334
Medical-technical infrastructure	557	209	71	277	0
	9,014	**628**	**373**	**1,164**	**6,849**

[1] For information only

Provisions

(21) Provisions for pensions and similar commitments

In thousands of €	31.12.2013	31.12.2012
Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)	30,127	27,960
Kraichgau-Klinik Group	9,508	8,764
	39,635	**36,724**

The Group promised part of its employees the payment of regular pension benefits for the time after their retirement in the scope of the Company's retirement benefit plan; these are defined benefit and contributions-based commitments for old age, invalidity and surviving dependants' pensions. The fund assets of the **Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)** and two reinsurance policies that are pledged to the insurance beneficiaries are considered in the computation of the pension obligations.

Defined benefit obligations (DBO)

The defined benefit obligations concern two pension plans which are meanwhile closed, **MAUK** and the pension schemes of the **Kraichgau-Klinik Group** pension plan. As a result of converting to the regulations of IAS 19 (2011), the pension plans are disclosed in summarised form. Both pension plans are closed, which means that no new beneficiaries are added to the schemes. The number of persons covered by the plans who are entitled to or in receipt of benefits developed as follows:

In thousands of €	31.12.2013	31.12.2012
Active employees	1,727	1,822
Departed employees with vested rights	675	636
Pensioners	560	523
	2,962	**2,981**

MAUK is a relief fund into which lump sum endowments are paid for appropriation as tax-exempt special assets to cover employee benefit entitlements. MAUK is an incorporated pension fund with no legal redress to the benefits provided for by the benefit plan. These benefits are financed through the contributions of MediClin to MAUK. At the MediClin level, the benefits constitute, depending on certain conditions and to a limited extent, deductible business expenses (Section 4d German Income Tax Act – EStG). As a social institution pursuant to Section 5 (1) No. 3 Letter e Corporation Tax Act (KStG) and Section 6 (6) Corporation Tax Act (KStG), the relief fund is exempt from taxation. Section 4d Income Tax Act restricts this tax exemption to the assets permissible under tax regulations. If the amount of the assets permissible under tax regulations is exceeded by more than 25 %, the relief fund must pay tax on that part of the excess amount. The assets permissible under tax regulations are derived by multiplying eightfold the permissible contributions for the relevant beneficiaries and the premium reserve for the current benefits pursuant to Annex 1 Income Tax Act. The assets permissible under tax regulations thus amount to approximately two annual pensions per beneficiary. The assets permissible under tax regulations of MAUK as of 31 December 2013 amounted to EUR 9,687 thou. (31.12.2012: EUR 9,211 thou.). No minimum endowment obligation exists.

As of 31 December 2001 the defined benefit plan was replaced by a defined contribution plan. The retirement benefits of the active employees accumulated at MAUK up to that time point were in effect frozen. Under the terms of the benefit plan, lifelong or time-limited benefits are paid out in the form of a retirement pension, a premature retirement pension or a disability pension. The pension amounts to between EUR 5.00 and EUR 10.00 per month per eligible service year depending on the average working time per week. In the case of premature use (i.e. before completion of the 65th year), the vested entitlement is reduced by 0.5 % for each month of premature use of the retirement pension. The current pension payments, with the exception of two of the individual obligations, are made from the assets of MAUK. MAUK receives sufficient funds from MediClin for this purpose. The assets of MAUK are made up of voluntary contributions from MediClin as well as income from investing the assets. Pursuant to Section 12 of the constitution of MAUK, the assets of the association are to be invested profitably and may only be used for the purposes of the association and administration costs. The granting of loans may be permitted to the sponsoring company at an appropriate interest rate; however, no use is made of this possibility.

The pension provisions of the Kraichgau-Klinik Group result from the acquisition of the majority of shares in Kraichgau-Klinik AG in 2008. The pension benefits paid in accordance with the pension statute of Kraichgau-Klinik AG are a retirement pension or premature retirement pension and a deferred disability pension. The monthly retirement pension amounts to 0.5 % per year of service – but no more than 12 % – of the average monthly salary received in the last twelve months prior to the insured event. In the event of premature retirement, the pension thus calculated is lowered by 0.5 % per month of the premature retirement commenced before the retirement age is reached. In the event of premature retirement due to invalidity, a deferred invalidity pension is paid until the retirement age is reached. The calculation of this amount is based on the retirement pension, but with account only taken of the employee's years of service until the invalidity event. The age limit for employees who commenced employment on or before 31 December 1994 is 60 years for women and 65 years for men. For employees who commenced employment after 31 December 1994, the age limit is 65 years for women and for men. Since August 1997 no new beneficiaries have been added to this scheme.

In addition, an individual obligation exists to a former executive staff member of Kraichgau Klinik AG. This person's entitlement to retirement benefit is made up of a basic claim of 32.55 % and linear increases of 0.9 % of the annual pensionable salary. Increases have only been taken into account from 1 April 2000. The maximum claim is 48.75 % of the pensionable salary. This person's entitlement to invalidity benefit is 100 % of the retirement pension entitlement. In the event of the beneficiary's death, the surviving wife receives a widows' pension of 60 % of the pension to which the beneficiary was entitled or would have been entitled at the time of his death if he had become an invalid. The age limit is completion of the 65th year.

The pension obligations are fully endowed and were revalued for the purpose of preparing the IFRS balance sheet. The Group's obligations encompass both current pensions as well as future pension entitlements. 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 service cost is computed using the projected unit credit method which is calculated at the beginning of the financial year and which pays interest until the end of the financial year. The defined benefit obligation (DBO) at the balance sheet date is the present value of the benefits vested in preceding accounting periods calculated by means of the projected unit credit method. For assigning the benefits to the periods of service, the same method must be used as for determining the current service cost. Pursuant to IAS 19 (2011), remeasurements carried out in the financial year resulting from actuarial gains and losses are recognised in other comprehensive income. MediClin thereby exercises its option pursuant to IAS 1.10 (2011) instead of using the term "other result".

The amounts recognised in other comprehensive income are items which in future will not be reclassified in the profit and loss account (IAS 19 82A (a) (2011)).

Due to the fact that in the above-mentioned pension plans no new beneficiaries are added to the schemes, meaning that only the existing benefit claims are to be settled from these obligations, no additional risks can be identified at the moment which would result in a future risk concentration. No risk concentrations can be noted from investing the defined planned assets since most of the investments of the defined planned assets are short term.

The essential parameters which are decided at the beginning of the financial year and which determine the part of the pension costs to be taken into account in the profit and loss account are shown in the following table:

In %	**MAUK 2013**	MAUK 2012	**Kraichgau-Klinik Group 2013**	Kraichgau-Klinik Group 2012
Discount rate	3.5	4.25	3.5	4.25
Salary trend	–	–	2.5	2.5
Pension trend	1.0	2.0	2.0	2.0

No salary trend has been determined for MAUK, as the pension amount is fixed, based on the eligible service years and average working week, and not based on salary-related criteria. Pursuant to Section 16 (3) Sentence 1 of the German Law on Retirement Pensions (BetrAVG), the employer committed in 2013 to upwardly adjust MAUK pensions by 1 % p.a. starting from 2002. The resulting back payments amount to about EUR 23 thou. and were paid with the January 2014 benefits. In previous years as well as in the case of Kraichgau-Klinik Group, the calculation of pension obligations was based on the inflation rate in accordance with Section 16 (2) Item 1 of the German Law on Retirement Pensions (BetrAVG).

For the biometric calculations, the mortality tables of Prof. Dr. Klaus Heubeck (Richttafel 2005 G) were used.

A discount rate of 3.50 % (previous year: 4.25 %) was applied to the pension obligations. In accordance with IAS 19.83, the discount rate is to be determined by reference to market yields at the end of the reporting period on high quality corporate bonds with fixed interest rates. The reference yields used to determine the discount rate were based on at least AA-rated corporate bonds.

A change in the parameters used leads to the following changes to the present value of the DBO:

In thousands of €	−0.50 %	−0.25 %	+0.25 %	+0.50 %
Discount rate (3.50 %)	+3,821	+1,848	−1,732	−3,359
Salary trend[1] (2.50 %)	−38	−19	+20	+40
Pension trend[1] (2.00 %)	−544	−278	+290	+592

[1] only Kraichgau-Klinik Group

As noted above, the MAUK pension is not based on salary but takes into account a fixed pension trend of 1 %, which is why these factors have no impact on MAUK.

According to the regulations of IAS 19 (2011), the entire defined benefit obligation (DBO) must be shown in the balance sheet minus external plan assets. For the plan assets, instead of recognising the expected return including possible value increases in the profit and loss account, a standard rate of interest is used based on the same interest rate as that used for the calculation of the pension obligations.

The expense is broken down into the components service cost, net interest and remeasurement. In the profit and loss account, the service cost is recognised in staff costs and the net interest in the financial result. Remeasurement is directly recognised in equity and in other comprehensive income. Valuation changes to be accounted for in other comprehensive income result from experience-based demographic adjustments, from the definition of an asset ceiling, from changes in the financial assumptions (i.e. the discount rate) and from the accompanying deviation of the actual income of the plan assets from the returns calculated using the discount rate.

The net pension obligation of the financial year amounts to EUR 39,635 thou. (previous year: EUR 36,724 thou.) with plan assets of EUR 1,797 thou. (previous year: EUR 2,080 thou.).

The values recognised in the balance sheet show the following development:

In thousands of €	31.12.2013	31.12.2012
Development of recognition in the balance sheet		
Present value of the DBO	41,432	38,804
Fair value of plan assets	–1,797	–2,080
Net defined benefit liability at the end of the financial year	**39,635**	**36,724**
Reconciliation of the carrying amount		
Net obligation at the end of the preceding financial year	36,724	31,720
Service cost	54	111
Net interest expense on the reported net obligation	1,543	1,554
Remeasurements recognised in other comprehensive income	2,483	4,601
Employer contributions	–745	–745
Benefits paid directly by the employer	–426	–517
Carrying amount: net defined benefit liability at the end of the financial year	**39,635**	**36,724**

The development of the present value of the DBO and the fair value of the plan assets is shown below:

In thousands of €	31.12.2013	31.12.2012
DBO at the end of the preceding financial year	38,804	33,577
Current service cost	54	111
Interest expense on the DBO	1,555	1,654
Actuarial profit (–)/loss (+) due to experience-based adjustment to the obligation	143	–126
Actuarial profit (–)/loss (+) due to changes in financial assumptions	1,834	4,592
Benefits paid from plan assets	–532	–486
Benefits paid directly by the employer	–426	–518
Pension obligations at the end of the financial year	**41,432**	**38,804**

In thousands of €	31.12.2013	31.12.2012
Fair value of plan assets at the end of the preceding financial year	2,080	1,857
Income from plan assets calculated with the discount rate	93	99
Amount by which the actual income of the plan assets in the current financial year falls short of the income calculated with the discount rate	–588	–135
Employer contributions	744	745
Benefits	–532	–486
Fair value of plan assets at the end of the financial year	**1,797**	**2,080**

The plan assets comprise the following:

In %	31.12.2013	31.12.2012
Bond funds		
with generally mixed maturities	7.0	5.8
with generally short-term maturities	5.5	4.7
Fixed interest securities	8.3	7.2
Cash and cash equivalents	61.7	68.3
Reinsurance policies	17.5	14.0
	100.0	**100.0**

With the exception of the reinsurance policies, the plan assets relate to MAUK. The shares in the bond funds are listed and can be sold at any time. The reinsurance policies are valued at their fair value.

Total periodic pension costs of the defined benefit obligations during the reporting year amount to EUR 4,080 thou. (previous year: EUR 6,267 thou.), of which EUR 1,597 thou. (previous year: EUR 1,665 thou.) are recognised in profit and loss and EUR 2,483 thou. (previous year: EUR 4,602 thou.) are recognised in other comprehensive income.

The development of the pension cost is illustrated in the chart below:

In thousands of €	31.12.2013	31.12.2012
Consolidated profit and loss account		
Current service cost	54	111
Net interest expense(/income) on the reported net defined benefit liabilities(/assets)	1,543	1,554
Pension costs, recognised in consolidated profit and loss account	**1,597**	**1,665**
Other comprehensive income		
Actuarial profit (–)/loss (+) due to experience-based adjustment to the obligation	143	–126
Actuarial profit (–)/loss (+) due to changes in financial assumptions (on the obligation side)	1,834	4,592
Actuarial profit (–)/loss (+) accrued in the course of the financial year	**1,977**	**4,466**
Amount by which the actual income of the plan assets in the current financial year falls short of the income calculated with the discount rate	506	136
Remeasurements recognised in other comprehensive income	**2,483**	**4,602**
Total pension costs	**4,080**	**6,267**

The expected pension costs recognised in net profit or loss for the coming year are forecast at EUR 1,451 thou., with current service cost accounting for EUR 62 thou. of this amount and net interest expense for EUR 1,389 thou.

For the year 2014 employer contributions to the plan assets are expected at EUR 325 thou., benefits paid directly by the employer at EUR 476 thou. and benefits to be paid from the plan assets at EUR 599 thou.

The following benefit payments are expected for the coming years:

In thousands of €	
Expected benefit payments for the year 2014	1,137
Expected benefit payments for the year 2015	1,241
Expected benefit payments for the year 2016	1,322
Expected benefit payments for the year 2017	1,441
Expected benefit payments for the year 2018	1,527
Expected benefit payments for the years 2019 to 2023	9,132

The average duration is calculated at 13.0 years (previous year: 13.5 years).

Pension obligations and plan assets will presumably develop as follows in 2014:

In thousands of €	
Pension obligations as of 31.12.2013	41,432
Current service cost	62
Interest expense on the DBO	1,389
Expected benefits	–1,086
Estimated pension obligations as of 31.12.2014	**41,797**
Estimates of plan assets	
Fair value of plan assets as of 31.12.2013	1,798
Income expected from the plan assets	58
Expected employer contributions	325
Expected benefits	–599
Estimated fair value of plan assets as of 31.12.2014	**1,582**
Estimated net pension obligation	
Estimated pension obligations as of 31.12.2014	41,797
Estimated fair value of plan assets as of 31.12.2014	–1,582
	40,215

Defined contribution plans

As a defined contribution plan, MediClin pays an annual contribution into MediClinRent as a pension insurance scheme (basic care) for its active employees up to the age of 65 who have served the Company for at least five years (cut-off date: 31.12. of the respective year) and who have completed their 28th year of age. The amount is adjusted to meet the rising cost of living (by an annual maximum of 1.5 %). The basic care encompasses a monthly pension, or alternatively, a one-time lump sum payment. The pension automatically increases by 1% annually and is guaranteed for at least ten years. Furthermore, MediClinRent offers eligible employees the possibility to build up a private pension by allocating a portion of their gross salary.

MediClin transfers these amounts directly to MediClin-Unterstützungskasse e.V. (MUK e.V.). A reinsurance policy taken out with a life insurance company secures the relief fund payments.

Based on the works agreements from 12 December 2012 and 2 February 2013, pension commitments were made towards the employees of MediClin Reha-Zentrum Gernsbach, MediClin Kraichgau-Klinik and MediClin Herzzentrum Lahr/Baden with regard to a company pension plan, on the basis of which employees can obtain pension entitlements from MUK e.V. The legal basis for these entitlements is formed by the constitution of MUK e.V. Employees first obtain vested entitlements to benefits financed by the employer after five years of service, counted from the moment the pension commitment was made.

These defined contribution plans do not involve the formation of a provision.

The respective expenses in the reporting year totalled EUR 657 thou. (previous year: EUR 663 thou.).

Due to collective bargaining agreements, employer-financed relief fund benefit plans exist at a further three hospitals for part of the employees; these relief funds are Unterstützungskasse für Krankenhäuser in Mecklenburg-Vorpommern e.V. (UMVK), Unterstützungskasse zur Förderung der betrieblichen Altersversorgung e.V. (ufba) and Rheinische Zusatzversorgungskasse (RZVK). EUR 797 thou. (previous year: EUR 772 thou.) was expended on this in the reporting year. Current contribution payments are recognised as pension provision expenses in the operating result for the respective years. With the payment of current contributions for continuous membership in the relief funds, no further benefit commitments arise.

(22) Other provisions

In thousands of €	As of 01.01.2013	Additions	Interest	Consumption	Reversal	As of 31.12.2013
Provisions for renewal of lease agreements	137	7	0	0	0	144
Provisions for partial retirement	448	53	2	152	1	350
Provisions for anniversary obligations	1,868	205	54	114	11	2,002
Provisions for archival storage	450	94	0	27	27	490
Provisions for insurance	2,828	0	0	0	285	2,543
	5,731	**359**	**56**	**293**	**324**	**5,529**

The provisions for renewal of lease agreements relate to future reinstatement costs in connection with the leasing of the medical care centre in Leipzig. The additions here totalled EUR 7 thou. in 2013 (previous year: EUR 7 thou.). The future reinstatement costs were discounted with an interest rate of 5.5 % and capitalised as incidental acquisition costs.

The top-up amounts relating to provisions for partial retirement are allocated at the time of the agreement in the amount of their utilisation. The amounts claimed within the scope of the block model are accrued during the employment phase and carried as a liability in the amount of the discounted amount not yet paid out. On the balance sheet date a total of ten partial retirement agreements existed (five block and five part-time models), of which three agreements will expire in 2014. An anticipated total of EUR 87 thou. will be drawn upon in 2014, and EUR 155 thou. in 2015 to 2017. The corresponding interest component totalled EUR 2 thou. in the 2013 reporting year.

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 an interest rate of 3.00 %. An increase or decrease in the interest rate by 0.5 % would result in a reduction of the provisions by EUR 64 thou. or a rise of EUR 68 thou., respectively. Of the provisions for anniversary obligations, an estimated EUR 191 thou. will be used in the 2014 financial year, and EUR 1,811 thou. in the subsequent years. The interest share here in the 2013 reporting year totalled EUR 54 thou. The provisions for archival storage relate to accrued costs for external archiving pursuant to the legal obligation to retain business records.

The provisions for insurances are related to the risks under liability insurance (KSA, or Kommunaler Schadensausgleich) for two hospitals. It is not anticipated that the provisions for archival storage and insurances recognised as of 31 December 2013 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 % (corporate tax, solidarity surcharge).

As at 31 December 2013 and the previous year's cut-off date, the deferred tax liabilities are as follows:

In thousands of €	Difference		Tax	
	31.12.2013	31.12.2012	**31.12.2013**	31.12.2012
Intangible assets	17,264	15,179	2,732	2,402
Property, plant and equipment	6,265	4,877	991	772
Others	663	701	106	111
			3,829	**3,285**

Current liabilities

The current liabilities disclosed in this item are due in less than one year and are recognised at their repayment amount or amortised cost, which essentially corresponds to the fair values.

(24) Liabilities to banks

In thousands of €	**31.12.2013**	31.12.2012
Reclassifications from long-term loans	6,183	7,652
Accrued interest	509	575
	6,692	**8,227**

Liabilities to banks totalling EUR 6,183 thou. (previous year: EUR 7,652 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 accrued interest totalling EUR 509 thou. (previous year: EUR 575 thou.). Of this amount, EUR 496 thou. relates to interest for the syndicated loan of EUR 50.0 mill. for the period August to December 2013.

(25) Other financial liabilities

These primarily concern the current portion of the figure disclosed in non-current other financial liabilities:

In thousands of €	31.12.2013	31.12.2012
Finance leasing	231	349
Other loans	196	321
Outstanding interest	3	4
	430	**674**

(26) Liabilities pursuant to hospital financing law

Liabilities pursuant to hospital financing law relate to lump-sum not yet been adequately used subsidies, pursuant to local law provisions on hospital financing, as well as compensation obligations pursuant to the Federal Nursing Rate Regulation or the Hospital Compensation Act.

(27) Other liabilities

These mainly relate to the following:

In thousands of €	31.12.2013	31.12.2012
Staff costs	10,366	10,168
Wage and value added taxes payable	3,525	3,934
Public charges and fees	253	185
Payments received	92	257
Energy costs	362	804
Other liabilities	2,514	2,363
	17,112	**17,711**

(28) Current provisions

In thousands of €	As of 01.01.2013	Addition	Consumption	Reversal	As of 31.12.2013
Provisions for costs of annual financial statement	1,235	923	923	51	1,184
Provisions for billing risks and litigations	931	2,172	100	0	3,003
Other provisions	279	0	267	0	11
	2,445	**3,095**	**1,290**	**51**	**4,199**

(29) Current tax liabilities

The tax liabilities posted in the previous reporting year primarily concerned corporate tax, the solidarity surcharge and other taxes payable to the fiscal authorities. The Group assumes that it has a tax claim for the current reporting year, which was recognised in assets.

Notes to the consolidated profit and loss account

(30) Sales

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

In millions of €	2013	2012
Post-acute	251.4	252.5
Acute	211.0	205.6
Nursing care	13.3	13.1
Others	39.2	38.5
Sales	**514.9**	**509.7**
Thereof pertaining to related parties and persons	2.1	2.4

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

Other sales include revenues from outpatient services, which total EUR 17.7 mill. (previous year: EUR 17.0 mill.). Furthermore, in addition to service sales, other sales include revenues from the sale of pharmacy merchandise totalling EUR 3.2 mill. (previous year: EUR 2.4 mill.), from private accommodation totalling EUR 3.4 mill. (previous year: EUR 3.4 mill.) and from cafeterias, kiosks and meals totalling EUR 5.9 mill. (previous year: EUR 5.5 mill.).

Sales pertaining to related parties refer 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 in the consolidated financial statements is structured as follows:

In millions of €	2013	2012
Release of provisions and liabilities	0.0	2.4
Subsidies	1.0	0.8
Rental income	0.8	0.7
Services to staff	0.5	0.6
Other sales	4.6	3.4
Other operating income	**6.9**	**7.9**

As from the 2013 financial year, income from the release of provisions and liabilities is offset against the expenses for which the provisions were set aside. In 2013 this amounts to EUR 2.4 mill.

(32) Raw materials and consumables used

Raw materials and consumables used fell to EUR 111.0 mill. (previous year: EUR 111.2 mill.). Costs of raw materials and supplies of EUR 62.9 mill. slightly exceeded the previous year's level (previous year: EUR 62.4 mill.). In contrast, a decrease was recorded in cost of purchased services to EUR 48.0 mill. (previous year: EUR 48.8 mill.). This is attributable above all to the EUR 1.5 mill. lower economic demand for purchased services (2013: EUR 16.1 mill.; previous year: EUR 17.6 mill.). The cost of materials ratio improved to 21.5 % (previous year: 21.8 %).

(33) Staff costs

In thousands of €	2013	2012
Wages and salaries	253,226	246,616
Social security, pension and retirement	44,711	43,760
thereof pension costs	1,533	1,711
	297,937	**290,376**

Staff costs of EUR 297.9 mill. were 2.6 % higher than in the previous year (previous year: EUR 290.4 mill.). The staff costs ratio for the 2013 financial year was 57.9 %, following 57.0 % in the previous year. Pension expenses incurred in addition to those for statutory pension insurance, including contribution payments to external provider facilities, totalled EUR 1.5 mill. (previous year: EUR 1.7 mill.). They concern the following:

In thousands of €	2013	2012
Contributions to		
defined benefit plans	–64	68
defined contribution plans	1,445	1,435
Other pension-related expenses	152	208
	1,533	**1,711**

As for the calculation of pension provisions, the interest share accounts for more than 90 % of the pension costs to be reported in the consolidated statement of comprehensive income; payments into the defined benefit plans are correspondingly low. Of the payments into defined contribution plans, EUR 0.7 mill. (previous year: EUR 0.7 mill.) refers to MediClinRent and EUR 0.8 mill. (previous year: EUR 1.0 mill.) to contributions to three supplementary pension or relief funds.

(34) Depreciation and amortisation

In the 2013 financial year depreciation and amortisation totalled EUR 17.5 mill. (previous year: EUR 17.3 mill.), with EUR 1,316 thou. (previous year: EUR 2,130 thou.) attributable to intangible assets and EUR 16,144 thou. (previous year: EUR 15,188 thou.) to property, plant and equipment. The depreciation and amortisation ratio is unchanged at 3.4 %.

(35) Other operating expenses

Other operating expenses of EUR 93.4 mill. are EUR 1.1 mill. below the previous year's level (previous year: EUR 94.5 mill.). The cost ratio improved slightly overall from 18.5 % to 18.1 %.

The largest item in other operating expenses is, with EUR 50.3 mill., rental and leasing expenses for real estate and medical equipment (previous year: EUR 50.4 mill.). EUR 43.5 mill. (previous year: EUR 42.6 mill.) thereof concerns payments to related parties pursuant to IAS 24, of which EUR 42.6 mill. (previous year: EUR 41.8 mill.) relates to rental payments for 21 clinics transferred to a real estate fund in the years 1999 and 2002 and leased back. Real estate management services for the properties account for EUR 0.9 mill. (previous year: EUR 0.8 mill.). An overview of future rental payments is presented in other financial obligations.

In addition to rental costs, other operating expenses primarily include maintenance and repair costs totalling EUR 17.5 mill. (previous year: EUR 17.1 mill.), insurance expenses totalling EUR 2.6 mill. (previous year: EUR 2.5 mill.), legal and consultancy costs totalling EUR 3.8 mill. (previous year: EUR 5.1 mill.), public charges and fees totalling EUR 1.2 mill. (previous year: EUR 1.2 mill.) and other expenses totalling EUR 17.9 mill. (previous year: EUR 18.2 mill.), which include numerous expenses with values which are only of immaterial importance in each individual case. Of the insurance expenses, EUR 0.7 mill. (previous year: EUR 0.6 mill.) concerns related companies.

(36) Financial result

The financial result is structured as follows:

In thousands of €	2013	2012
Interest and similar income	114	174
Interest and similar expenses	–4,832	–5,233
	–4,718	**–5,059**

The underlying financial instruments for interest income and interest expenses are measured at amortised cost and assigned to the category "Loans and Receivables" pursuant to IAS 39.

The interest income and interest expenses refer to the following:

In thousands of €	2013	2012
Income from participations	48	64
Interest and similar income	66	110
Thereof from		
Receivables	7	13
Interest income from deposits at banks	5	47
Other interest-related income	39	50
Income from derivatives	14	0
Interest and similar income	**114**	**174**
Thereof pertaining to related parties and persons	**48**	**64**

In thousands of €	2013	2012
Interest on current accounts	7	1
Interest on loans	1,893	2,615
Interest on pension provision	1,543	1,554
Interest on finance leases	426	444
Other interest-related expenses	963	619
Interest and similar expenses	**4,832**	**5,233**
Thereof pertaining to related parties and persons	0	340

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 €	2013	2012
Actual taxes on income	550	512
Deferred taxes on income	–379	183
	171	**695**

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

In thousands of €	2013	2012
Consolidated result before tax	−2,570	−782
Resultant calculational tax charge (15.825 %)	−407	−124
Tax effect from		
Additional income tax payments for previous years	204	0
Non-capitalisable losses in the financial year	0	1,277
Tax rate effect from non-capitalisable losses carried forward	0	−674
Trade tax expenses in the financial year	101	71
Corporation tax credit SEStEG	−2	−3
Non-deductible expenses	21	23
Non-deductible depreciation and amortisation	288	0
Others	−34	125
Actual tax expenses	**171**	**695**

(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 any treasury stock held by the Company.

	2013	2012
Result attributable to equity holders in thousands of €	−2,638	−1,403
Average number of shares issued in thousands	47,500	47,500
Undiluted earnings per share in €	−0.06	−0.03

(39) Consolidated statement of comprehensive income

The amounts recognised in the consolidated statement of comprehensive income are remeasurements pursuant to IAS 19 (2011) resulting from a change in parameters used for the valuation of pension provisions at the end of the reporting period, such as discount rate and salary or pension trends, compared to the parameters assumed at the beginning of the reporting period. The resulting amount is then offset directly against equity in consideration of the respective deferred taxes. It is not possible to reclassify these to the profit and loss account at a later date.

Other disclosures

Number of employees

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

Full-time equivalents	2013	2012	Change
Medical	800	786	+14
Nursing care	1,977	1,941	+36
Medical-technical	1,464	1,436	+28
Functional	384	380	+4
Medical services	**4,625**	**4,543**	**+82**
Support functions	969	938	+31
Technical	124	121	+3
Administration	529	525	+4
Other	46	50	−4
Non-medical services	**1,668**	**1,634**	**+34**
	6,293	**6,177**	**+116**

Contingencies and other financial obligations

The Group's total obligations arising from rental and leasing contracts, as well as fixed incidental expenses, totalled EUR 49.2 mill. in the reporting year (previous year: EUR 48.9 mill.). Of this amount, a total of EUR 42.6 mill. (previous year: EUR 41.8 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 have a term until 31 December 2027. The contracts provide for an annual adjustment of rents in accordance with changes in the German consumer price 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 operating results 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 under the real estate management agreement concluded together with the rental contracts totalled EUR 0.9 mill. in the financial year (2014: EUR 0.9 mill.; 2015 to 2018: EUR 3.5 mill.; 2019 to 2027: EUR 7.8 mill.). The expenses for other rents and leases totalled EUR 2,769 thou. (previous year: EUR 2,945 thou.).

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

In millions of €	**Nominal value 31.12.2013**	Nominal value 31.12.2012
Remaining term up to 1 year	45.0	44.5
Remaining term 1–5 years	177.8	176.3
Remaining term more than 5	393.2	429.8
	616.0	**650.6**

Leasing expenses relating to movable property, such as vehicles, office equipment and medical technology, totalled EUR 2,971 thou. (previous year: EUR 3,339 thou.) in the financial year. The terms of these leasing agreements are between one and a maximum of five years. As the agreements are 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 31.12.2013**	Nominal value 31.12.2012
Remaining term up to 1 year	1.7	1.8
Remaining term 1–5 years	2.4	3.3
Remaining term more than 5	0.0	0.0
	4.1	**5.1**

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

In millions of €	**Nominal value 31.12.2013**	Nominal value 31.12.2012
Remaining term up to 1 year	0.7	0.8
Remaining term 1–5 years	2.7	2.7
Remaining term more than 5	8.9	9.6
	12.3	**13.1**

The finance lease agreements totalling EUR 11.9 mill. (previous year: EUR 12.5 mill.) primarily concern the lease agreement for the real estate of Rehabilitationszentrum Gernsbach. In the leasing instalments for the property leasing contract, a tenant loan will be accumulated over the last ten years, which will have to be repaid towards the end of the contract. The repayment of the loan totalling approximately EUR 2.0 mill. as well as the annual contribution to administrative expenses totalling EUR 36 thou. are taken into account in the presentation of the payment structure. The presentation of the payment flow is structured under the premise that the purchase option for the real estate will be exercised at the end of the contract period.

The remaining minimum lease payments (EUR 0.4 mill; previous year: EUR 0.5 mill.) pertain to medical and technical equipment in MediClin Robert Janker Klinik and, in the previous year, EUR 0.1 mill. pertained to equipment in MediClin Herzzentrum Lahr/Baden.

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 energy, heating and air-conditioning, and for 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 (Rehabilitationszentrum Gernsbach) financial situation deteriorates to an extent that endangers the fulfilment of the agreement.

In order to finance the loan for the acquisition of MediClin Rose Klinik, a joint and several liability was entered into by MediClin AG in the amount of EUR 7.6 mill.

Contractual obligations totalling approximately EUR 2.2 mill. existed in connection with the acquisition of property, plant and equipment as of 31 December 2013 (previous year: approximately EUR 4.7 mill.).

There were no other significant contingencies or financial obligations as at the balance sheet 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 SHI-accredited 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 a **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 resources of liquid assets 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 organic 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 cash and cash equivalents are invested in the form of short-term time deposits. In addition, there is an **interest rate risk** due to the potential changes in market interest rates. This risk is counteracted by the arrangement of appropriate terms.

The **maximum exposure to default risk** is represented by the carrying amount of each financial asset as reported in the balance sheet. Because the counterparties to the receivables are prime financial institutions, the Group expects 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 balance sheet date.

In 2012, a syndicated loan of EUR 50.0 mill. was taken out with DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, leading the syndicate. The credit agreement includes an option to raise the loan by a further EUR 10.0 mill. so that the credit agreement amounts to a total of EUR 60.0 mill. The term of the credit agreement is five years. The loan is repaid in six-month repayment instalments (31.01./31.07.) of EUR 2.5 mill. each and a final instalment of EUR 30.0 mill. In the 2013 reporting year EUR 0.5 mill. was repaid and on 31 January 2014 another EUR 2.5 mill. as scheduled. Interest is paid on the loan at a variable rate based on the 6-month Euribor of the respective interest period plus a margin. The interest risk is hedged by means of a rate cap agreement at the following conditions:

Starting date	31.07.2012
Ending date	31.01.2017
Reference amount	EUR 30,000,000.00
Premium	EUR 173,000.00
Cap rate	2.8 % p.a.
Reference rate	EUR-Euribor Reuters for 6-month money

The rate cap agreement is carried at fair value (31.12.2013: EUR 52,251; 31.12.2012: EUR 38,585). The 6-month Euribor ranged between 0.293 % p.a. and 0.393 % p.a. in 2013. A 25-basis-point-higher or -lower 6-month Euribor would have resulted in a deterioration or improvement in the financial result by EUR 118 thou.

Supervisory Board in the 2013 financial year

Dr. Ulrich Wandschneider (Chairman), Hamburg
Managing Director of Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg
Chairman of the Corporate Management of the Asklepios Group, Hamburg
Vice President of Bundesverband Deutscher Privatkliniken e.V., Berlin
Supervisory Board mandates:
Member of the Supervisory Board of
- Asklepios Kliniken Hamburg GmbH, Hamburg
- Vanguard AG, Berlin

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

Michael Bock, Leverkusen
Managing Director of REALKAPITAL Vermögensmanagement GmbH
Supervisory Board mandates:
Vice Chairman of the Supervisory Board of
- KDV Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG, Düsseldorf

Member of the Supervisory Board of
- DIC Asset AG, Frankfurt am Main
- DICP Capital SE, München

[1] Employee representative on the Supervisory Board

Dr. Daniel von Borries, Meerbusch
Member of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf
Supervisory Board mandates:
Chairman of the Supervisory Board of
- ERGO Direktversicherung AG, Nürnberg
- ERGO Direkt Lebensversicherung AG, Nürnberg
- ERGO Direkt Krankenversicherung AG, Nürnberg
- ERGO Pensionsfonds AG, Düsseldorf
- Hamburg-Mannheimer Pensionskasse AG, Hamburg

Member of the Supervisory Board of
- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, München

Walburga Erichsmeier[1], Blomberg
Trade Union Secretary at ver.di Herford-Minden-Lippe district

Dr. Tom Giesler[1], Markkleeberg
Director of Klinik für Kardiologie und Angiologie, MediClin GmbH & Co. KG, Coswig branch
Member of the Supervisory Committee of Ärzteversorgung Sachsen-Anhalt

Carsten Heise, Hofheim am Taunus and Düsseldorf
Lawyer/Partner
Attorneys v. Woedtke & Partner, Düsseldorf
Supervisory Board mandates:
Member of the Creditor's Committee of
- 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
- DEIKON GmbH i.L., Köln

Stephan Leonhard, Oberursel
Managing Director of Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg
Vice Chairman of the Corporate Management of the Asklepios Group, Hamburg

Dr. Jochen Messemer, Düsseldorf
Member of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf
Chairman of the Management Board of ERGO International AG, Düsseldorf

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

Thomas Müller[1], Neunkirchen
Trade Union Secretary at ver.di Saar state district

[1] Employee representative on the Supervisory Board

Eleonore Seigel[1], Offenburg
Medical-Technical Assistant, MediClin GmbH & Co. KG,
Durbach branch

Supervisory Board Committees

At the balance sheet date 31 December 2013, the committees consisted of the following members:

General and Personnel Committee
Dr. Ulrich Wandschneider (Chairman)
Michael Bock
Dr. Tom Giesler
Hans Hilpert
Dr. Jochen Messemer
Thomas Müller

Audit Committee
Stephan Leonhard (Chairman)
Dr. Daniel von Borries
Walburga Erichsmeier
Dr. Tom Giesler
Carsten Heise
Eleonore Seigel

Mediation Committee pursuant to Section 27 MitbestG
Dr. Ulrich Wandschneider (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Klaus Müller

Nomination Committee
Dr. Ulrich Wandschneider (Chairman)
Carsten Heise
Stephan Leonhard

Management Board

Frank Abele, Chairman of the Management Board, Gerlingen (until 31 December 2013)

Volker Feldkamp, Chairman of the Management Board, Aachen (since 1 January 2014)

Jens Breuer, Chief Financial Officer, Hamminkeln

[1] Employee representative on the Supervisory Board

Management remuneration

In the reporting year, remuneration for the Management Board totalled EUR 973 thou. (previous year: EUR 1,229 thou.), for the Supervisory Board EUR 183 thou. (previous year: EUR 175 thou.) and for the Advisory Board EUR 58 thou. (previous year: EUR 60 thou.). No Advisory Board was appointed for 2014. The disclosure of the remuneration of the Supervisory Board and Advisory Board does not include VAT.

In the 2013 financial year, as in 2012, there were no loans to members of the Supervisory Board.

Disclosures pursuant to Section 314 (1) No. 6 a of the German Commercial Code (HGB), and further disclosures on management remuneration 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 in the section "Remuneration report".

Report concerning related parties pursuant to IAS 24

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

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

In millions of €	2013	2012
Income		
Sales from post-acute, acute and nursing care services	1.7	1.9
Real estate management income	0.4	0.4
Pension payments of MAUK	0.6	0.5
Expenses		
Lease expenses	43.3	42.5
Real estate management costs	0.9	0.8
Insurance premiums	1.3	1.3
Interest expenses	0.0	0.3
Service contracts	6.8	6.3
Remuneration for key management personnel	1.7	1.9
Payments to MAUK	0.3	0.7

In millions of €	31.12.2013	31.12.2012
Receivables		
Repayment claims from preliminary financing of clinic expansion and building measures	0.3	0.4
Receivables from post-acute, acute and nursing care services	0.1	0.1
Receivables from advance rent payments	3.6	0.0
Liabilities		
Service contracts	0.8	0.6
Provision for insurance payments	0.6	0.0
Provisions for remuneration for key management personnel	0.5	0.6

Related parties

The Supervisory Board members Dr. Daniel von Borries and Dr. Jochen Messemer are members of the Management Board of ERGO Versicherungsgruppe AG, Düsseldorf, and executive officers of subsidiaries of Münchener Rückversicherungs-Gesellschaft AG, Munich, which holds indirect voting rights in MediClin AG. Dr. Ulrich Wandschneider is Managing Director of Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg, and Chairman of the Management Board of the Asklepios Group, Hamburg. Until 31 May 2012 he was a member of the Management Board of MediClin AG, and since 17 June 2012 he has been Chairman of the Supervisory Board of MediClin AG. Since 1 January 2012 Stephan Leonhard, Managing Director of Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg, and Vice Chairman of the Management Board of the Asklepios Group, Hamburg, has been a member of the Supervisory Board of MediClin AG.

In the reporting year under review, the payments made to the Management Board and the Supervisory Board are stated here for the first time as "Remuneration for key management personnel". This was previously only stated in the remuneration report of the Group management report. The payments include the remuneration for activities in the Management Board and the Supervisory Board as well as a summary of the salary payments for the employee representatives on the Supervisory Board. The provisions for remuneration for key management personnel are due within the time frame of one year, with the exception of EUR 40 thou. (previous year: EUR 0).

Related companies

MediClin-Unterstützungskasse e.V. (MUK) has taken out a reinsurance policy with Victoria Lebensversicherung AG, a wholly owned subsidiary of ERGO Versicherungsgruppe AG, Düsseldorf, as part of a Group reinsurance contract to protect the company pension scheme of MediClin, MediClinRent. The contribution for this totalled EUR 657 thou. in 2013 (previous year: EUR 663 thou.). Furthermore, several insurance agreements continue to exist with subsidiaries of ERGO Versicherungsgruppe. In addition, very marginal sales in post-acute, acute and nursing care services were generated with three health insurance companies which are also part of ERGO Versicherungsgruppe. These sales represent less than 0.4 % of sales.

Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg, and its affiliated companies in the Asklepios Group have been part of the group of related companies since September 2011. The sales from this are insignificant (2013: EUR 0.5 mill.; 2012: EUR 0.1 mill.).

Moreover, IVG Institutional Funds GmbH (IVG), Frankfurt am Main, is considered part of the group of related companies. The inclusion of IVG results from the management of the real estate asset OIK-Fonds MediClin by IVG. Münchener Rückversicherungs-Gesellschaft AG has a majority stake in this special real estate asset, either directly or indirectly through Group companies, which gives it a significant influence over the financial and operational decisions of IVG Institutional Funds GmbH. MediClin and IVG concluded comprehensive lease transactions and two associated contracts concerning real estate administration. In addition to lease payments, MediClin also has repayment claims vis-à-vis IVG from the advance financing of clinic expansions and other construction measures in the scope of these contracts. The corresponding expenses or income are disclosed in the consolidated statement of comprehensive income in other operating expenses or sales; liability items still open are disclosed in the balance sheet in trade payables or trade receivables/prepaid expenses and other assets. A detailed presentation of the leasing transactions is disclosed in contingencies and other financial obligations.

In addition to business relationships with fully consolidated companies included in the consolidated financial statements, relationships exist with 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 administration tasks, as well as medical services. The services purchased from these enterprises totalled EUR 5.6 mill. (previous year: EUR 5.4 mill.).

A finance lease contract with VR-LEASING ABYDOS GmbH & Co. Immobilien KG has been in place since December 2008; it was concluded in the scope of a sale-and-lease-back agreement concerning land and buildings of Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG. The Rehabilitationszentrum Gernsbach/Schwarzwald GmbH & Co. KG holds a capital share of 47 % in VR-LEASING ABYDOS GmbH & Co. Immobilien KG. Finance lease expenses including incidental costs total EUR 0.6 mill. (previous year: EUR 0.8 mill., including additional property tax payments for the years 2009 to 2012 of EUR 0.2 mill.).

Within the scope of its normal business activities, MediClin AG has had business relations 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 reporting year amounted to EUR 0.7 mill. (previous year: EUR 0.9 mill.).

Pursuant to IAS 24.9 (b) (v), a related party is an entity that is related to the reporting entity if the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. This definition applies to Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK). MAUK is an incorporated pension fund providing pension benefits to entitled former employees. These benefits are financed by contribution from MediClin to MAUK. Please find a detailed description of MAUK in the notes on item (21), "Provisions for pensions and similar commitments".

The pension benefits paid by MAUK for MediClin are recognised as sales, while the funds provided by MediClin to MAUK for this purpose are carried in expenses.

Conformity declaration concerning the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act (AktG)

The conformity declaration of MEDICLIN Aktiengesellschaft, pursuant to Section 161 German Stock Corporation Act (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 is also included in the corporate governance declaration, pursuant to Section 289 a German Commercial Code (HGB), which is also accessible on the Company's website.

Auditor's fees

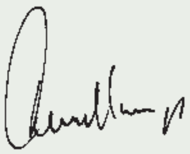
The total fee invoiced by the Group auditor for the financial year consists of the following amounts:

In thousands of € excluding VAT	2013	2012
Annual audit	375	447
Other attestation services	11	19
Other services	0	0
	386	**466**

Proposed appropriation of earnings

It is proposed that the net profit of MEDICLIN Aktiengesellschaft as of 31 December 2013, totalling EUR 18,456,005.62, be carried forward to new account.

Offenburg, 28 February 2014



Volker Feldkamp

Jens Breuer

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, 28 February 2014

Volker Feldkamp Jens Breuer

Auditor’s report

We have audited the consolidated financial statements prepared by MEDICLIN Aktiengesellschaft, Offenburg, comprising the statement of financial position (balance sheet), the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the summarised management report and the Group management report for the financial year from 1 January 2013 to 31 December 2013. The preparation of the consolidated financial statements and the summarised management report and the Group management report in accordance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the summarised management report and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the 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 summarised management report and the 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 summarised management report and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial information of the companies consolidated, the scope of the consolidation, the accounting and consolidation principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the summarised management report and the 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 and the additional requirements of German commercial law pursuant to Section 315a (1) of the 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 summarised management report and the 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 i. Br., 28 February 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

(Preis)	(ppa. Bauer)
Wirtschaftsprüfer	Wirtschaftsprüferin

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DR. ULRICH WANDSCHNEIDER
CHAIRMAN OF THE SUPERVISORY BOARD

Report of the Supervisory Board

Dear Shareholders,

In the 2013 financial year, the Supervisory Board of MEDICLIN Aktiengesellschaft (MediClin) took great care in fulfilling its duties completely and as mandated by law, the Articles of Incorporation and the Rules of Procedure.

The Supervisory Board regularly provided counsel to the Management Board and consistently supported and monitored its management of the company. We have convinced ourselves of the legality and regularity of corporate management as well as the efficiency and profitability of the organisation.

The Management Board submitted prompt, regular and comprehensive oral and written reports on the economic situation, the development of the Company and important transactions to the Supervisory Board and informed us of all the relevant issues regarding corporate strategy, the risk situation, risk management and compliance. On the basis of the reporting by the Management Board, the Supervisory Board discussed the current business development of the Group, the segments and individual selected facilities in detail and intensively in all Supervisory Board meetings. This also included a detailed discussion on the development of the expenses and cash flow of the Group. The current status of upcoming or currently implemented investment projects was also talked through. Any deviations in business development from the budgets and goals were discussed between the Management Board and the Supervisory Board. Following careful review and consultations, the Supervisory Board approved the Management Board's proposals for resolutions. 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. The Supervisory Board was regularly and comprehensively informed about the work of the committees.

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.

The Supervisory Board continuously examines the question of possible conflicts of interest of the Management Board and Supervisory Board members during the financial year. 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

The Supervisory Board concerned itself with current issues and the demands and objectives of corporate governance, and reported on these together with the Management Board in the corporate governance report. This corporate governance report is published on the MediClin website together with the corporate governance declaration. The remuneration report, which provides a detailed and comprehensive report on the remuneration of the Management Board and Supervisory Board, can be found on pages 58 ff of the 2013 Annual Report.

Efficiency audit

The members of the Supervisory Board examined the efficiency of their work in the 2013 financial year on the basis of a questionnaire. The current examination encompasses the work during the period from the 2012 Annual General Meeting to the 2013 Annual General Meeting. The questionnaire itself was the object of the Supervisory Board meeting on 23 May 2013. It deals with the efficiency of the Supervisory Board in terms of organisation, personnel and form and content. The results were then discussed in the meeting on 31 July 2013 and a resolution was passed to conduct another efficiency audit on the same basis in the 2014 financial year.

Meetings and resolutions of the Supervisory Board

One extraordinary and four rotational Supervisory Board meetings were held in the reporting year. Except for the extraordinary Supervisory Board meeting on 9 July 2013, where three members had excused themselves, all the members of the Supervisory Board attended all the meetings of the Supervisory Board in the 2013 financial year.

At the first meeting in the 2013 financial year on 21 March 2013, the Supervisory Board discussed the annual financial statements and the consolidated financial statements for 2012, which had already been audited by the Audit Committee, in detail with the Management Board and the auditors, and subsequently approved 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. Following careful review of the Management Board's proposal for the appropriation of net profit, the Supervisory Board approved the proposal, which had previously already been approved by the Audit Committee. Given the fact that the defined internal key figures for a dividend payout were only partially met and to strengthen the internal financing power, the Supervisory Board decided to propose to the Annual General Meeting on 23 May 2013 to carry the net profit of MEDICLIN Aktiengesellschaft forward to new account. The Supervisory Board further followed the Audit Committee's recommendation to propose to the Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft be appointed as auditor and Group auditor for the 2013 financial year; the statement of independence from the intended auditor had been received. The agenda for the Annual General Meeting on 23 May 2013 was thus released for publication. Additionally, the 2013 conformity declaration was discussed and adopted. Following a detailed review, the Supervisory Board also approved a cooperation agreement between Asklepios and MediClin that provides the framework for closer cooperation in the future.

At the Supervisory Board meeting following the Annual General Meeting on 23 May 2013, the Supervisory Board dealt with the current business development of the Group in the first quarter of 2013 using the Management Board's reporting as a basis. In the scope of a comprehensive analysis of key figures, the Management Board explained the current situation in the context of the competitive environment and the changing parameters of demand. On the basis of these results, the Management Board introduced its strategic considerations and related measures to the Supervisory Board. The Supervisory Board also discussed the report of the General and Personnel Committee on the further steps to be taken to search for a successor for the Chairman of the Management Board, Frank Abele, who left the Group at the end of 2013.

In the extraordinary meeting on 9 July 2013, the candidates proposed by the General and Personnel Committee were introduced to the Supervisory Board.

In the meeting on 31 July 2013, the Management Board informed the Supervisory Board about the business development in the first half-year of 2013. The Chairman of the Audit Committee gave a report on the issues that were dealt with by the Audit Committee. Deviations between the actual operating result and the target figures were analysed. Furthermore, the meeting conferred about the evaluation of the efficiency examination conducted on the work of the Supervisory Board. The 2014 financial calendar was approved.

In the meeting on 15 November 2013, the Supervisory Board consulted on the business performance in the first nine months of the 2013 financial year, taking the reporting by the Management Board as a basis. The Management Board presented its planning for 2014 to 2016 as well as the associated general conditions and measures. Following careful deliberation, the Supervisory Board noted with approval the target figures presented and the accompanying explanations. The 2014 financial calendar was again discussed and approved. The Chairman of the Audit Committee reported on the work of the Audit Committee, while the Chairman of the Supervisory Board, in his capacity as the Chairman of the General and Personnel Committee, gave an account of the work of the General and Personnel Committee. Moreover, the Supervisory Board approved the sale of a non-operational part of the property at the Robert Janker Klinik site.

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. In particular, the committees prepared the resolutions of the Supervisory Board. In individual cases, the decision authorities of the Supervisory Board can be transferred to the committees if this is permitted by law. 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 Supervisory Board was regularly informed about the work of the committees. All the members of the committees attended all the committees' meetings and conference calls in the 2013 reporting year.

The Audit Committee convened for two meetings and three conference calls during the reporting year. In a conference call on 28 February 2013, the Audit Committee discussed the preliminary financial statements for 2012 and the final consolidated financial statements with the Management Board and the auditors and approved the publication of the preliminary figures for the 2012 financial year. In addition, this conference call also dealt with the risk management report and the findings of the internal audit for 2012 as well as the key areas of focus for the internal audit in 2013. The efficiency of the Audit Committee was also discussed.

On 21 March 2013 the Audit Committee intensively conferred with the Management Board and the auditors about the final annual financial statements for 2012 and the consolidated financial statements for 2012 and resolved to recommend approving the annual financial statements to the Supervisory Board. It examined the auditors' independence certification and resolved to advise the Supervisory Board to again propose BDO AG Wirtschaftsprüfungsgesellschaft as auditor for MediClin for 2013 to the Annual General Meeting. After its own internal discussions, the Audit Committee followed the Management Board's proposal for the allocation of unappropriated profit. In the second conference call on 30 April 2013, the Audit Committee discussed the first-quarter figures with the Management Board and approved the financial report for publication. In its meeting on 31 July 2013, it discussed the business development in the first half-year 2013 intensively with the Management Board and approved the half-year report for publication. Moreover, key points for the 2013 audit were discussed with the auditor and approved in this meeting, and the audit planning for 2013 as well as the draft report on risk inventory were discussed. The object of the conference call of the Audit Committee on 31 October 2013 was the business development in the first nine months of 2013, which was discussed in detail; further, the financial report as of 30 September 2013 was approved for publication. The committee also conferred about the risk management report, the annual risk inventory and the final report of the internal audit.

The subject matter of the first meeting of the General and Personnel Committee on 21 March 2013 was the profit-sharing bonus payments to the Management Board in the 2012 financial year as well as the target criteria for the profit-sharing bonus payments to the Management Board in the 2013 financial year. In the three subsequent meetings (23 May 2013, 13 June 2013, 19 June 2013), the General and Personnel Committee dealt with the appointment of a new Chairman of the Management Board, and as a result proposed Volker Feldkamp to the Supervisory Board as a suitable candidate for this position. In its meeting on 15 November 2013, the General and Personnel Committee discussed the approach for the determination of profit-sharing bonus payments to the Management Board in the 2013 financial year.

The Nomination Committee and the Mediation Committee did not meet during the 2013 reporting year.

Changes in the Supervisory Board and the Management Board

There were no changes in the Supervisory Board and the Management Board in the 2013 financial year itself. With effect on 31 December 2013, however, Frank Abele left the Company at his own wish after nearly 15 years with MediClin, first as Chief Financial Officer and then as Chairman of the Management Board, to pursue new entrepreneurial opportunities. The Supervisory Board regrets Frank Abele’s decision and wishes to thank him for many years of successful cooperation in steering and managing the Company.

Volker Feldkamp succeeded Frank Abele from 1 January 2014. His most recent post was as member of the management board of Rhön-Klinikum AG. Given his many years of experience as an executive in the health care sector and the implementation of operating procedures, the Supervisory Board believes he is ideally suited to promote the business development and corporate strategy of MediClin.

Annual financial statements and consolidated financial statements

The annual financial statements of MediClin and the consolidated financial statements for the 2013 financial year, including the accounting records and the summarised management report and the Group management report of the Company as prepared by the Management Board, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg. The audit firm was elected as auditor of the annual financial statements and the consolidated financial statements for the 2013 financial year at the Annual General Meeting on 23 May 2013, and commissioned with the audit by the Supervisory Board. The auditor of the annual financial statements and consolidated financial statements issued an unqualified auditor’s report on the 2013 annual financial statements of MediClin and the 2013 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 commercial law provisions that are additionally applicable pursuant to Section 315 a (1) of the German Commercial Code (HGB).

The audit documents and the reports of the auditor of the annual financial statements and consolidated financial statements, as well as the reports of the Audit Committee and the Management Board's proposal for the appropriation of the net profit, were presented to all the members of the Supervisory Board for inspection in a timely manner.

In its meeting on 18 March 2014, the Supervisory Board intensively discussed and examined the annual financial statements of MediClin, 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 and 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. On the basis of their own examination, the Audit Committee and the Supervisory Board concurred with the results of the audit issued by the auditor of the annual financial statements and consolidated financial statements, with respect to the annual financial statements of MediClin and the consolidated statements. They did not raise any objections on the basis of the final result of their own examination. The Supervisory Board endorsed the individual and consolidated financial statements, the summarised management report and the Group management report prepared by the Management Board. The annual financial statements are thereby approved.

The Supervisory Board discussed in detail the Management Board's proposal to carry forward the net profit of MediClin AG for the 2013 financial year totalling EUR 18,456,005.62 to new account to strengthen the internal financing power and for investments in organic growth. Following its own review, the Supervisory Board agreed with the proposal of the Management Board.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, also examined the report prepared by the Management Board in accordance with Section 312 of the German Stock Corporation Act (AktG) on relationships with affiliated companies ("dependency report"). The auditor of the annual financial statements and consolidated financial statements reported on the results of the audit and issued the following unrestricted audit opinion:

"Following the completion of our obligatory audit, we confirm that:

1. the information contained in this report is correct
2. the compensation paid by the Company with respect to the transactions listed in the report was not inappropriately high."

The dependency report and the audit report prepared by the auditor of the annual financial statements and consolidated financial statements were provided to the Supervisory Board in good time. The Supervisory Board examined in detail the dependency report and the audit report in its meeting on 18 March 2014. It did not raise any objections against the concluding declaration of the Management Board contained in the dependency report or to the result of the audit conducted by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg.

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 2013 financial year.

Hamburg, 18 March 2014

On behalf of the Supervisory Board

Dr. Ulrich Wandschneider
Chairman of the Supervisory Board

Corporate decision-making bodies

Management Board

Volker Feldkamp
Chairman of the Management Board

Jens Breuer
Chief Financial Officer

Supervisory Board

Dr. Ulrich Wandschneider
Chairman
Chairman of the Management Board of Asklepios Kliniken Gesellschaft mit beschränkter Haftung

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

Michael Bock
Managing Director of REALKAPITAL Vermögensmanagement GmbH

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

Walburga Erichsmeier[1]
Trade Union Secretary at ver.di Herford-Minden-Lippe district

Dr. Tom Giesler[1]
Director of Klinik für Kardiologie und Angiologie, MediClin GmbH & Co. KG, Coswig branch

Carsten Heise
Lawyer, Partner of the law firm v. Woedtke & Partner

Stephan Leonhard
Managing Director of Asklepios Kliniken Gesellschaft mit beschränkter Haftung

[1] Employee representative on the Supervisory Board

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

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

Thomas Müller[1]
Trade Union Secretary at ver.di
Saar state district

Eleonore Seigel[1]
Medical-Technical Assistant,
MediClin GmbH & Co. KG,
Durbach branch

Supervisory Board Committees

General and Personnel Committee
Dr. Ulrich Wandschneider (Chairman)
Michael Bock
Dr. Tom Giesler
Hans Hilpert
Dr. Jochen Messemer
Thomas Müller

Audit Committee
Stephan Leonhard (Chairman)
Dr. Daniel von Borries
Walburga Erichsmeier
Dr. Tom Giesler
Carsten Heise
Eleonore Seigel

Mediation Committee pursuant to Section 27 MitbestG
Dr. Ulrich Wandschneider (Chairman)
Hans Hilpert
Dr. Jochen Messemer
Klaus Müller

Nomination Committee
Dr. Ulrich Wandschneider (Chairman)
Carsten Heise
Stephan Leonhard

[1] Employee representative on the Supervisory Board

Members of Management Boards of consolidated subsidiaries of MediClin AG

Volker Feldkamp
- Kraichgau-Klinik Aktiengesellschaft
- MC Kliniken Geschäftsführungs-GmbH
- MediClin Geschäftsführungs-GmbH
- MediClin Medizinisches Versorgungszentrum GmbH
- MediClin Pflege GmbH
- MVZ MediClin Bonn GmbH
- MVZ Südbaden GmbH

Jens Breuer
- Cortex Software GmbH
- Kraichgau-Klinik Aktiengesellschaft
- MC Kliniken Geschäftsführungs-GmbH
- MC Service GmbH
- MediClin à la Carte GmbH
- MediClin Energie GmbH
- MediClin Geschäftsführungs-GmbH
- MediClin Immobilien Verwaltung GmbH

Franz Ebert
- MediClin Energie GmbH

Sven-Uwe Gau
- MediClin Pflege GmbH

Roland Grabiak
- MediClin Krankenhaus am Crivitzer See GmbH
- MVZ-Müritz GmbH

Uwe Hektor
- MediClin à la Carte GmbH

Sabine Mylek
- Cortex Software GmbH

Ralf Ruchlak
- MC Service GmbH

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

Hermann Steppe
- Cortex Software GmbH

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

Philippe Zwiebel
- MediClin Therapie GmbH

Glossary

Terms of the health care sector

Circadian light concept
Luminous stimuli are applied to support a healthy sleep-wake cycle.

Computer tomography (CT)
An imaging method in radiology, in which the body is x-rayed in cross-sectional images.

Diabetes
Diabetes mellitus is a chronic disease of the pancreas. It is caused by a lack of insulin (see insulin).

Type 1 diabetes
One of the two main types of diabetes mellitus (the other one is type 2 diabetes); approximately 300,000 people in Germany are affected. Type 1 diabetes usually starts in childhood or adolescence. The condition entails a total lack of insulin, which always requires lifelong insulin therapy.

Type 2 diabetes
The most common form of diabetes mellitus; about 5.7 million people in Germany are affected. There is not enough insulin (partial lack of insulin). The treatment is always complemented by sufficient physical exercise and a change in dietary habits.

Diabetes management
Measuring, recording and analysing the blood sugar levels in order to learn how to properly cope with the condition. A personalised treatment is developed based on the documentation and analysis of data.

Diabetology
A medical discipline focusing on research and treatment of diabetes mellitus.

Insulin
A hormone that is produced in the pancreas and regulates the concentration of sugar in the blood.

Insulin therapy
A treatment method for diabetes mellitus using an insulin product.

Magnetic resonance tomography (MRT)
Magnetic resonance tomography is an imaging method used mainly in medical diagnostics to create images of the structure and functions of tissue and internal organs in the body.

Occupational reintegration
A measure to gradually reintegrate employees into an ordinary working environment after a longer period of illness, or an accident. This involves the development of a reintegration plan to manage the initial working hours as well as the gradual increase thereof.

Psychiatry
A specialist field in medicine which encompasses all measures undertaken for the diagnostics, therapy, prevention and rehabilitation of patients with psychological disorders.

Psychosomatics
A term for a pathology which examines the way in which the psyche can influence physical processes.

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.

Sleep apnoea
Frequent cessations of breathing during nighttime which lead to health problems.

Sleep laboratory
A medical facility in which patients' sleep patterns are examined. For this purpose, different bodily functions are monitored with the aid of measuring instruments.

Stroke unit
A medical facility specialising in the treatment of stroke patients, usually affiliated with the intensive care unit in a hospital.

Thrombolysis
When certain areas of the body are insufficiently supplied with blood because of a clogged vessel, the obstruction can sometimes be removed by specifically dissolving the blood clot. For this purpose, a medication is injected. This procedure is referred to as thrombolysis. It is used for the treatment of heart attack or stroke patients.

Terms of accounting and finance

Deferred tax
Deferred taxes follow 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.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

EBITDAR
Earnings before interest, taxes, depreciation, amortisation and rent.

Fair value
In accordance with IASs/IFRSs, 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
The number of jobs based on full-time employees; part-time employees are included partially.

IAS
International Accounting Standard; these standards are being replaced successively by the International Financial Reporting Standards (IFRSs) since 2003.

IASB
International Accounting Standards Board.

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

IFRS
International Financial Reporting Standard.

Operating leasing
According to IASs/IFRSs, the lessee does not achieve beneficial ownership and, therefore, does not have to report the lease item in the balance sheet.

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

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, a computer-assisted trading system by Deutsche Börse AG.

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Dieser Geschäftsbericht liegt auch in deutscher Sprache vor.

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Financial calendar

20 February 2014
Press release for the preliminary figures for the 2013 financial year

19 March 2014
Financial statements press and analysts' conference for the 2013 financial year

30 April 2014
Press release for the 1st quarter 2014

9 May 2014
Publication of the interim report for the 1st quarter 2014

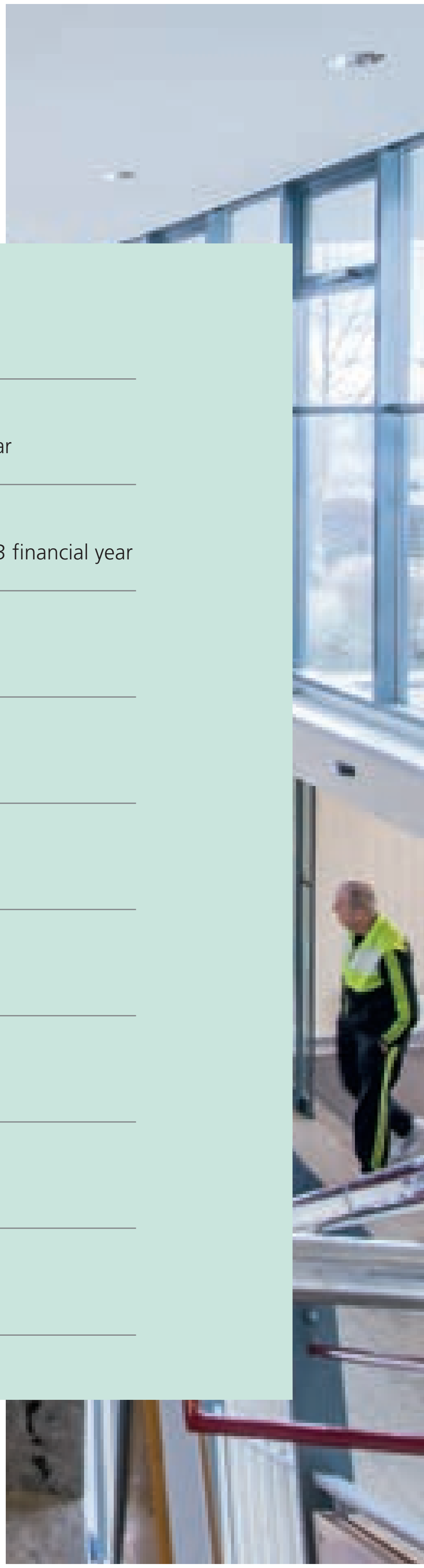
28 May 2014
Annual General Meeting

31 July 2014
Press release for the 1st half-year 2014

8 August 2014
Publication of the interim report for the 1st half-year 2014

31 October 2014
Press release for the 1st – 3rd quarter 2014

10 November 2014
Publication of the interim report for the 1st – 3rd quarter 2014



Present nationwide

● Asklepios: acute-care somatic hospital
▲ Asklepios: psychiatric clinic
● Asklepios: post-acute/rehabilitation hospital
○ Asklepios: other health care facility
(including day hospital, health care centre, nursing care facility)
* Facility under management

● MediClin: acute-care somatic hospital
▲ MediClin: psychiatric clinic
● MediClin: post-acute/rehabilitation hospital
○ MediClin: other health care facility
(including day hospital, health care centre, nursing care facility)