

MediClin integrates.



Q2

INTERIM REPORT

MEDICLIN Aktiengesellschaft from 1 January 2014 to 30 June 2014

Key data of the quarterly business development in the Group

In millions of €	Q2 2014	Q1 2014	Q2 2013	Q1 2013
Sales	134.3	132.4	132.9	124.5
EBITDAR	19.9	14.7	17.9	9.7
EBITDAR margin in %	14.8	11.1	13.5	7.8
EBITDA	8.5	3.3	6.6	-1.5
EBITDA margin in %	6.3	2.5	5.0	-1.2
EBIT (operating result)	4.1	-1.0	2.3	-5.9
EBIT margin in %	3.1	-0.8	1.7	-4.7
Financial result	-0.9	-1.0	-1.1	-0.8
Result after tax attributable to shareholders of MediClin AG	2.7	-1.7	0.9	-6.5
Earnings per share in €	0.06	-0.04	0.02	-0.14
Balance sheet total	316.8	315.2	311.9	312.9
Equity	149.9	149.1	151.4	150.5
Equity ratio in %	47.3	47.3	48.5	48.1
Financial liabilities (to banks)	56.1	56.1	62.8	63.1
Cash and cash equivalents	11.5	11.1	9.7	10.0
Net debt	44.6	45.0	53.0	53.1
Cash flow from operating activities	3.5	4.1	3.2	-5.8
Cash flow from operating activities per share in €	0.07	0.09	0.07	-0.12
Gross capital expenditure	4.5	5.0	3.8	4.8
Thereof financed with subsidies	0.5	0.7	0.5	0.8
Number of shares in millions	47.50	47.50	47.50	47.50
Number of cases (inpatient)	30,529	29,606	30,042	29,106
Number of beds (end of quarter)	8,005	7,975	8,094	8,094
Number of full-time employees (quarterly average)	6,408	6,364	6,390	6,352
Occupancy rates in %	88.3	86.1	86.8	83.8

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

**Interim Group management report of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2014 to 30 June 2014

General information

The financial reporting of MEDICLIN Aktiengesellschaft (MediClin) is based on the International Financial Reporting Standards (IFRSs). Generally the interim reports are prepared as updates of the Annual Report. The present interim report for the first six months of the 2014 financial year should therefore be read in conjunction with the Annual Report published for the 2013 financial year and the interim report for the first quarter of 2014. The present interim report has not been reviewed by auditors. The figures disclosed for last year were generally determined according to the same accounting policies in order to ensure that the published figures are comparable with each other.

The discount rate for pension obligations pursuant to IAS 19 was reduced to 3.0 % (31.03.2014: 3.3 %; 31.12.2013: 3.5 %).

The summarised management report and the Group management report for the 2013 financial year were prepared in accordance with the German accounting standard DRS 20 "Group Management Report". The application of DRS 20 required a new structure of the report and entails a number of content changes in Group management reporting. The adjusted reporting structure is also applied in the interim reports.

Report on the economic position for the first six months of 2014

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

In the first six months of 2014, Group sales amounting to EUR 266.7 mill. were up EUR 9.3 mill. (+3.6 %) on sales in the first six months of 2013. The Group operating result showed a significant improvement of EUR 6.7 mill. up to EUR 3.1 mill. (H1 2013: EUR –3.6 mill.). This increase was driven by both the post-acute segment and the acute segment.

A look at the quarters over the course of the year reveals that the post-acute segment posted additional sales increases and earnings improvements in the second quarter of 2014 after the first quarter of 2014 had already been significantly better than the first quarter of 2013. In the second quarter of 2014, the acute segment was, as expected, not quite able to reach the very strong sales of the first quarter of 2014, resulting in a lower segment result than in the first quarter of 2014.

The business development in the first six months of 2014 indicates that the sales and earnings targets for the Group and the segments can be reached. The statistical performance data also supports this assumption.

Cash and cash equivalents as of 30 June 2014 amounted to EUR 11.5 mill. (30.06.2013: EUR 9.7 mill.). In the first six months of 2014, (gross) capital expenditure was EUR 9.4 mill.; as of the reporting date, capital expenditure was thus up EUR 0.8 mill. on the previous year.

The macroeconomic and sector-specific environment

There were no changes worth mentioning in the first six months of 2014 to the environment as described in the 2013 Annual Report.

The forecasts for the trend of the gross domestic product (GDP) were lifted moderately by Deutsche Bundesbank and nearly all economic research institutes in the course of the second quarter of 2014. The German government confirmed its forecast for GDP growth of 1.8 % as published in the annual economic report for 2014 in connection with its spring projections in April 2014. The situation on the labour market is also proving to be highly stable.

According to the Deutsche Bundesbank's monthly report for July 2014, the financial situation of the public health insurance funds seems relaxed due to the high reserves of the health insurance funds and the German Health Fund; however deficits and a melting down of the financial reserves are expected in the current financial year. Still, it means, though, that the expected expenditure of the health insurance funds on average can be fully covered through the transfers from the German Health Fund in 2014.

Results of operation, financial position and net assets

Results of operation

Sales development and performance of the Group operating result

In the first six months of 2014, MediClin generated Group sales of EUR 266.7 mill. (H1 2013: EUR 257.4 mill.), up EUR 9.3 mill. or 3.6% on the previous year's value. The sales growth was supported by the post-acute and acute segments. The occupancy rate in the Group improved on the previous year to 87.2% (H1 2013: 85.3%).

Despite the sales increase, raw materials and consumables used declined compared with the same period of the previous year. In particular, cost of purchased services showed a decline; this applies among other things to energy and fuel costs as well as the in-sourced maintenance cleaning. Staff costs increased on the same period of the previous year due to a rise in salaries and a moderate increase in the head count (measured in full-time employees). Other operating expenses rose only moderately on the previous year's six-month level.

Expense items

	H1 2014	H1 2013	Q2 2014	Q2 2013
Raw materials and consumables used in millions of €	54.4	56.3	26.2	28.2
Cost of materials ratio in %	20.4	21.9	19.5	21.2
Staff costs in millions of €	157.1	154.3	78.0	76.9
Staff costs ratio in %	58.9	60.0	58.1	57.8
Depreciation and amortisation in millions of €	8.7	8.7	4.3	4.3
Other operating expenses in millions of €	46.5	46.3	22.9	23.3

The Group operating result improved by EUR 6.7 mill. compared to the previous year, up from EUR –3.6 mill. to EUR 3.1 mill. The financial result amounted to EUR –1.9 mill. (H1 2013: EUR –1.9 mill.).

In the first six months of 2014, the result after tax attributable to shareholders of MediClin AG improved by EUR 6.6 mill. over the previous year's first half from EUR –5.6 mill. to EUR 1.0 mill. Earnings per share came out to EUR 0.02 (H1 2013: EUR –0.12).

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

Statistical performance data

Post-acute segment

	H1 2014	H1 2013	Change in %	Q2 2014	Q2 2013	Change in %
Number of cases (inpatient)	37,994	37,438	+1.5	19,665	19,198	+2.4
Length of stay in days	25.3	25.3	0.0	25.1	25.4	-1.2
Occupancy rate in %	88.0	85.2	+3.3	89.6	87.1	+2.9
Beds on reporting date	6,048	6,157	-1.8	6,048	6,157	-1.8

Acute segment

	H1 2014	H1 2013	Change in %	Q2 2014	Q2 2013	Change in %
Number of cases (inpatient)	22,141	21,710	+2.0	10,864	10,844	+0.2
Case mix points	26,316	25,222	+4.3	12,760	12,949	-1.5
Length of stay in days	10.0	10.1	-1.0	10.2	10.2	0.0
Length of stay in days without psychiatry/psychosomatics	7.5	7.8	-3.8	7.6	7.8	-2.6
Beds on reporting date	1,517	1,496	+1.4	1,517	1,496	+1.4

Nursing care business area

	H1 2014	H1 2013	Change in %	Q2 2014	Q2 2013	Change in %
Occupancy rate in %	91.9	97.2	-5.5	92.1	97.2	-5.2
Nursing care places on reporting date	440	441	-0.2	440	441	-0.2

Group

	H1 2014	H1 2013	Change in %	Q2 2014	Q2 2013	Change in %
Number of cases (inpatient)	60,134	59,148	+1.7	30,529	30,042	+1.6
Occupancy rate in %	87.2	85.3	+2.2	88.3	86.8	+1.7
Beds/nursing care places on reporting date	8,005	8,094	-1.1	8,005	8,094	-1.1

Segment reporting

Sales in the post-acute and acute segments were up EUR 5.4 mill. (+3.7 %) and EUR 4.1 mill. (+4.0 %), respectively, on the previous year's figures in the first six months of 2014. Only sales in the nursing care business area declined by EUR 0.2 mill. (-3.6 %) to EUR 6.5 mill.

Sales

In millions of €	H1 2014	H1 2013	Q2 2014	Q2 2013
Post-acute	152.5	147.1	78.5	76.4
Acute	106.1	102.0	51.7	52.4
Other activities and reconciliation	8.1	8.3	4.1	4.1
Thereof nursing care business area	6.5	6.7	3.3	3.4
Group	266.7	257.4	134.3	132.9

Given the higher sales and the moderate increase in expenses, the result in the post-acute segment improved by EUR 5.0 mill. from EUR -2.5 mill. to EUR +2.5 mill. in the first six months of 2014, while sales in the acute segment posted an increase of EUR 2.0 mill. to 5.1 mill compared to the first six months of the previous year.

Segment results

In millions of €	H1 2014	H1 2013	Q2 2014	Q2 2013
Post-acute	2.5	-2.5	4.3	1.7
Acute	5.1	3.1	2.0	3.0
Other activities and reconciliation	-4.5	-4.2	-2.2	-2.4
Group	3.1	-3.6	4.1	2.3

In both segments, the development of raw materials and consumables used and staff costs is in line with the statements for the development of the Group's expense items. This is also true of the other operating expenses allocated to the segments. There were no segment-related particularities with regard to the expense items.

Raw materials and consumables used

	H1 2014	H1 2013	Q2 2014	Q2 2013
Post-acute				
Raw materials and consumables used in millions of €	34.7	35.6	17.2	17.6
Cost of materials ratio in %	22.7	24.2	21.9	23.2
Acute				
Raw materials and consumables used in millions of €	28.7	28.6	13.6	14.6
Cost of materials ratio in %	27.0	28.0	26.2	27.8

Staff costs

	H1 2014	H1 2013	Q2 2014	Q2 2013
Post-acute				
Staff costs in millions of €	78.1	76.7	39.0	38.2
Staff costs ratio in %	51.2	52.2	49.7	50.0
Acute				
Staff costs in millions of €	56.2	55.2	27.6	27.4
Staff costs ratio in %	53.0	54.1	53.6	52.3

Development of the coverage provider structure

Pursuant to IFRSs (IFRS 8.34 "Information about Transactions with Major Customers"), a company must provide information on the degree of dependency on its most important customers. The statutory social security pension funds and the public health insurance funds are the two largest funding agencies for medical rehabilitation. In the acute sector, the public health insurance funds are the main funding agencies.

Supervision and control of sales with the coverage providers is carried out with the help of monthly statistics on the coverage providers. This documents the services invoiced to the individual coverage providers on the basis of the accomplished nursing days. According to these statistics, the social security pension funds accounted for 47.6% (H1 2013: 48.7%) of services in the post-acute segment in the first six months of 2014, while the public health insurance funds accounted for 43.7% (H1 2013: 41.7%). In the acute segment, 92.6% of services (H1 2013: 92.9%) were attributable to the public health insurance funds.

Segment results and net assets in half-year comparison

In millions of €	January– June 2014					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	152.5	106.1	32.4	291.0	–24.3	266.7
Thereof total sales	154.6	108.2	35.1	297.9	0.0	297.9
Thereof internal sales	2.1	2.1	2.7	6.9	24.3	31.2
Raw materials and consumables used	–34.7	–28.7	–14.7	–78.1	23.7	–54.4
Staff costs	–78.1	–56.2	–21.5	–155.8	–1.3	–157.1
Other operating expenses	–35.3	–13.1	–4.8	–53.2	6.7	–46.5
Segment result	2.5	5.1	–3.0	4.6	–1.5	3.1
Thereof non-cash items:						
Scheduled depreciations/ write-ups	–4.5	–7.7	–0.6	–12.8	0.0	–12.8
Unscheduled depreciations/ write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.3	3.8	0.0	4.1	0.0	4.1
Allowances	0.0	–0.5	0.0	–0.5	0.0	–0.5
Allocation of provisions/ liabilities	–7.8	–7.3	–6.4	–21.5	–0.5	–22.0
Release of provisions/liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Financial revenues	0.1	0.1	0.3	0.5	–0.5	0.0
Financial costs	–0.6	–0.7	–0.8	–2.1	0.2	–1.9
Financial result	–0.5	–0.6	–0.5	–1.6	–0.3	–1.9
Taxes on income	0.1	0.0	–0.1	0.0	–0.2	–0.2
Assets	127.8	162.1	7.7	297.6	19.2	316.8
Liabilities	22.1	21.8	63.1	107.0	59.9	166.9
Gross capital expenditure	5.1	3.7	0.7	9.5	0.0	9.5

In millions of €	January–June 2013					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	147.1	102.0	32.3	281.4	–24.0	257.4
Thereof total sales	149.0	103.2	34.7	286.9	0.0	286.9
Thereof internal sales	1.9	1.2	2.4	5.5	24.0	29.5
Raw materials and consumables used	–35.6	–28.6	–15.5	–79.7	23.4	–56.3
Staff costs	–76.7	–55.2	–20.9	–152.8	–1.5	–154.3
Other operating expenses	–35.9	–12.4	–4.8	–53.1	6.8	–46.3
Segment result	–2.5	3.1	–2.8	–2.2	–1.4	–3.6
Thereof non-cash items:						
Scheduled depreciations/write-ups	–4.3	–7.9	–0.6	–12.8	0.0	–12.8
Unscheduled depreciations/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.2	3.9	0.0	4.1	0.0	4.1
Allowances	–0.2	0.1	–0.1	–0.2	0.0	–0.2
Allocation of provisions/liabilities	–6.6	–5.4	–2.4	–14.4	–0.4	–14.8
Release of provisions/liabilities	0.7	0.3	0.5	1.5	0.1	1.6
Financial revenues	0.1	0.0	0.3	0.4	–0.3	0.1
Financial costs	–0.8	–0.8	–0.7	–2.3	0.3	–2.0
Financial result	–0.7	–0.8	–0.4	–1.9	0.0	–1.9
Taxes on income	0.0	–0.1	–0.1	–0.2	0.0	–0.2
Assets	123.0	166.2	7.2	296.4	15.4	311.8
Liabilities	19.6	18.1	57.4	95.1	65.4	160.5
Gross capital expenditure	4.6	2.6	1.8	9.0	–0.4	8.6

Segment results and net assets in quarterly comparison

In millions of €	April – June 2014					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	78.5	51.7	15.8	146.0	-11.7	134.3
Thereof total sales	79.6	52.6	17.2	149.4	0.0	149.4
Thereof internal sales	1.1	0.9	1.4	3.4	11.7	15.1
Raw materials and consumables used	-17.2	-13.6	-6.9	-37.7	11.5	-26.2
Staff costs	-39.0	-27.6	-10.7	-77.3	-0.7	-78.0
Other operating expenses	-16.9	-6.8	-2.4	-26.1	3.2	-22.9
Segment result	4.3	2.0	-1.3	5.0	-0.9	4.1
Thereof non-cash items:						
Scheduled depreciations/ write-ups	-2.3	-3.8	-0.3	-6.4	0.0	-6.4
Unscheduled depreciations/ write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.2	1.8	0.0	2.0	0.0	2.0
Allowances	0.0	-0.7	0.0	-0.7	0.0	-0.7
Allocation of provisions/ liabilities	0.0	-1.8	-2.3	-4.1	-0.3	-4.4
Release of provisions/liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Financial revenues	0.1	0.1	0.1	0.3	-0.3	0.0
Financial costs	-0.4	-0.5	-0.2	-1.1	0.2	-0.9
Financial result	-0.3	-0.4	-0.1	-0.8	-0.1	-0.9
Taxes on income	0.0	0.0	-0.3	-0.3	-0.2	-0.5
Assets (Change)	2.5	-1.7	0.5	1.3	0.3	1.6
Liabilities (Change)	-1.4	0.6	1.9	1.1	-0.3	0.8
Gross capital expenditure	2.3	1.8	0.4	4.5	0.0	4.5

In millions of €	April–June 2013					
	Post-acute	Acute	Other activities	Subtotal	Reconciliation	Total
Sales	76.4	52.4	16.0	144.8	–11.9	132.9
Thereof total sales	77.3	53.0	17.1	147.4	0.0	147.4
Thereof internal sales	0.9	0.6	1.1	2.6	11.9	14.5
Raw materials and consumables used	–17.6	–14.6	–7.5	–39.7	11.5	–28.2
Staff costs	–38.2	–27.4	–10.5	–76.1	–0.8	–76.9
Other operating expenses	–18.0	–6.1	–2.5	–26.6	3.3	–23.3
Segment result	1.7	3.0	–1.6	3.1	–0.8	2.3
Thereof non-cash items:						
Scheduled depreciations/write-ups	–2.2	–3.9	–0.3	–6.4	0.0	–6.4
Unscheduled depreciations/write-ups	0.0	0.0	0.0	0.0	0.0	0.0
Release of special item	0.1	1.9	0.0	2.0	0.0	2.0
Allowances	–0.1	0.1	–0.1	–0.1	0.0	–0.1
Allocation of provisions/liabilities	0.4	–0.5	–0.2	–0.3	–0.2	–0.5
Release of provisions/liabilities	0.3	0.1	0.1	0.5	0.0	0.5
Financial revenues	0.0	0.0	0.2	0.2	–0.1	0.1
Financial costs	–0.4	–0.4	–0.5	–1.3	0.1	–1.2
Financial result	–0.4	–0.4	–0.3	–1.1	0.0	–1.1
Taxes on income	0.0	0.0	–0.4	–0.4	0.0	–0.4
Assets (Change)	–1.2	–0.4	0.8	–0.8	–0.3	–1.1
Liabilities (Change)	–1.5	0.5	–0.2	–1.2	–0.7	–1.9
Gross capital expenditure	2.1	1.1	0.6	3.8	0.0	3.8

Capital expenditure

Gross additions to non-current assets

In thousands of €	H1 2014	H1 2013
Licences, concessions	646	1,101
Goodwill	69	75
Land, buildings	5	903
Technical equipment, EDP	564	248
Operating and office equipment	4,562	5,571
Payments on account and assets under construction	3,601	738
Financial assets	0	7
Total	9,447	8,643

A large share of total capital expenditure in the first six months of 2014 was spent for reconstruction measures and the acquisition of new medical-technical devices.

Liquidity

The development of cash and cash equivalents is shown in the following table:

In millions of €	H1 2014	H1 2013
Cash flow from operating activities	7.5	-2.6
Thereof total consolidated result	0.9	-5.6
Cash flow from investing activities	-5.9	-6.3
Cash flow from financing activities	-3.3	-4.3
Cash flow for the period	-1.7	-13.2
Cash and cash equivalents at the beginning of the period	13.2	22.9
Cash and cash equivalents at the end of the period	11.5	9.7

The cash flow from operating activities increased by EUR 10.1 mill. compared to the first six months of 2013, reaching EUR 7.5 mill. in the first six months of 2014. This is primarily attributable to the EUR 6.5 mill. increase in the total consolidated result.

The cash flow from investing activities amounted to EUR -5.9 mill. (H1 2013: EUR -6.3 mill.). EUR 7.4 mill. was invested in property, plant and equipment (H1 2013: EUR 6.4 mill.), the major part thereof pertaining to operating and office equipment as well as payments on account and assets under construction.

The cash flow from financing activities amounted to EUR -3.3 mill. (H1 2013: EUR -4.3 mill.). The outflow of funds refers to the repayment of financial liabilities.

Primarily as a result of the EUR 6.5 mill. increase in the total consolidated result, the cash flow for the period increased by EUR 11.5 mill., taking the respective figure up from EUR -13.2 mill. in the first six months of 2013 to EUR -1.7 mill. in the first six months of 2014.

Net assets

Balance sheet structure

In millions of €	30.06.2014	In % of balance sheet total	31.12.2013	In % of balance sheet total
Assets				
Non-current assets	220.9	69.7	221.1	70.7
Current assets	95.9	30.3	91.8	29.3
	316.8	100.0	312.9	100.0
Equity and liabilities				
Equity	149.9	47.3	152.2	48.6
Non-current liabilities	110.6	34.9	109.5	35.0
Current liabilities	56.3	17.8	51.2	16.4
	316.8	100.0	312.9	100.0

Any changes in net assets as of 30 June 2014 compared to 31 December 2013 are due to the business development. There were no material increases or decreases in net assets in the first six months of 2014.

The increase in current liabilities is mainly due to higher obligations from personnel costs on the reporting date (vacations, flexitime, bonus payments) as well as liabilities pursuant to hospital financing law with a simultaneous decline in trade payables.

Employees

The number of employees, measured in full-time employees, increased moderately compared to the same period of the previous year. The Group employed an average of 212 trainees in the first six months of 2014 (H1 2013: 215 trainees).

Average of number of employees in the Group and in the segments

Shown in full-time employees	H1 2014	H1 2013	Change	Q2 2014	Q2 2013	Change
Post-acute	3,262	3,259	+3	3,284	3,254	+30
Acute	2,001	2,005	-4	1,998	2,014	-16
Other activities	1,123	1,107	+16	1,126	1,122	+4
Thereof nursing care business area	173	176	-3	171	176	-5
Thereof service business area (including administration)	950	931	+19	955	946	+9
Group	6,386	6,371	+15	6,408	6,390	+18

A comparison with the previous year's first six months reveals that sales per full-time employee rose by 3.4 %, while staff costs per full-time employee increased by 1.5 %.

Key data per full-time employee in the Group

In €	H1 2014	H1 2013	Q2 2014	Q2 2013
Sales per full-time employee	41,761	40,406	20,957	20,809
Staff costs per full-time employee	24,601	24,226	12,171	12,033

Report concerning related parties

Business relations to related parties were the same in the first six months of 2014 as those to the parties and companies listed in the 2013 Annual Report. Business relations to related parties are handled at normal market conditions and amount to the following:

In millions of €	H1 2014	H1 2013
Income		
Revenues from post-acute, acute and nursing care services	0.9	0.8
Real estate management income	0.2	0.2
Pension payments of MAUK ¹	0.3	0.3
Expenses		
Leasing expenses	21.9	21.6
Real estate management costs	0.4	0.4
Insurance premiums	0.9	0.7
Service contracts	3.2	3.4
Remuneration for key management personnel	0.9	0.9
Payments to MAUK ¹	0.0	0.3

In millions of €	30.06.2014	31.12.2013
Receivables		
Repayment claims from preliminary financing of clinic expansion and building measures	0.1	0.3
Receivables from post-acute, acute and nursing care services	0.1	0.1
Receivables from advance rent payments	0.0	3.6
Liabilities		
Service contracts	0.9	0.8
Provision for insurance benefits	0.5	0.7
Provisions for remuneration for key management personnel	0.5	0.5

¹ Mitarbeiterunterstützungskasse der vereinigten Klinikbetriebe (MAUK)

Subsequent events

Since the interim reporting date on 30 June 2014, there have been no occurrences of particular significance that would have to be reported here.

Forecast, risk and opportunity report

Forecast report

As of today there have been no major changes to the information published in the forecast report section of the 2013 Annual Report that could have a material impact on MediClin's future business development.

New legal regulations

On 5 June 2014 the German Federal Parliament (Bundestag) adopted the Act on the Further Development of the Financial Structure and the Quality in Public Health Insurance (GKV-Finanzstruktur- und Qualitäts-Weiterentwicklungsgesetz or GKV-FQWG); the German Federal Council (Bundesrat) approved this Act in its meeting on 11 July 2014. Effective from 1 January 2015 the Act reduces the contribution rate that was previously financed in equal shares by employers and employees from 15.5 % to 14.6 %, fixing the employer contribution at a rate of 7.3 %. Future cost increases in the health system will thus be borne by the insured persons. The reduction in contributions and the elimination of the former extra contribution for members in the amount of 0.9 percentage points will lead to a financing gap in statutory health insurance of about EUR 11 bill. per year. The gap is supposed to be financed by levying income-related additional contributions, the amount of which will be determined individually by the respective health insurance funds.

Together with the GKV-FQWG, the German states also approved the Budget Accompanying Law (Haushaltsbegleitgesetz) for the current year. This law obliges the statutory health insurance to help consolidate the federal budget by reducing the federal government's contribution to the German Health Fund from EUR 14.0 bill. to 10.5 bill. in 2014 and to EUR 11.5 bill. in 2015. The reduction in revenue caused by this measure is to be offset by withdrawals from the German Health Fund's liquidity reserve in the amount of EUR 3.5 bill. in 2014 and EUR 2.5 bill. in 2015.

On 28 May 2014 the German Federal Cabinet (Bundeskabinett) approved the draft for the Fifth Amending Act to the Eleventh Book of the German Social Security Code (1. Pflegestärkungsgesetz). Following discussions in the Federal Parliament and the Federal Council, the Act is to take effect on 1 January 2015. It does not require approval by the Federal Council. The Act is supposed to better support families that want to nurse dependants at home. Furthermore, it also aims to improve the work in nursing care facilities by providing additional nursing staff and provides for the establishment of a nursing care provision fund (Pflegevorsorgefonds) that will be used as from 2035 to stabilise the contribution rate when the baby-boom generation (1959 – 1967) reaches nursing care age. To finance these measures, the contributions to nursing care insurance will be increased by 0.3 percentage points on 1 January 2015 and another 0.2 percentage points thereafter.

It remains yet to be seen how the new legal regulations adopted by the German government in May and June/July 2014 that will be applicable as from 2015 will affect the sector and the company development of MediClin.

Risk and opportunity report

No new noteworthy risks or opportunities have arisen during the first six months of the 2014 financial year, and there were no changes in the risk and opportunity management; hence we refer to the information provided in the 2013 Annual Report.

MEDICLIN Aktiengesellschaft

Offenburg, 31 July 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 interim financial statements of
MEDICLIN Aktiengesellschaft**
for the period from 1 January 2014 to 30 June 2014

Consolidated interim balance sheet as of 30 June 2014

ASSETS

In thousands of €		30.06.2014	31.12.2013
NON-CURRENT ASSETS			
Intangible assets			
Concessions, licences	1,919		1,510
Goodwill	49,394		49,325
Payments on account	224		635
		51,537	51,470
Property, plant and equipment			
Land, land rights and buildings including buildings on third-party land	104,690		107,559
Technical equipment and machines	11,515		11,719
Operating and office equipment	34,859		35,068
Payments on account and assets under construction	7,047		4,293
		158,111	158,639
Other financial assets			
Investment in stock of subsidiaries	65		65
Other loans and other financial assets	7		54
Reinsurance cover	1,519		1,519
		1,591	1,638
Other non-current assets			
Non-current tax refund claims	211		209
Receivables pursuant to hospital financing law	1,700		2,200
		1,911	2,409
Deferred tax assets			
		7,796	6,970
		220,946	221,126
CURRENT ASSETS			
Inventories			
		6,262	6,478
Trade receivables			
		66,273	61,406
Other current assets			
Prepaid expenses	3,077		4,217
Receivables pursuant to hospital financing law	4,614		1,762
Other assets	3,175		3,810
		10,866	9,789
Current tax refund claims			
		957	849
Cash and cash equivalents			
		11,530	13,219
		95,888	91,741
		316,834	312,867

EQUITY AND LIABILITIES

In thousands of €		30.06.2014	31.12.2013
EQUITY			
Shares MediClin Group			
Subscribed capital	47,500		47,500
Capital reserve	129,392		129,392
Revenue reserve	-13,269		-10,082
Consolidated balance sheet loss	-13,459		-14,413
		150,164	152,397
Non-controlling interests			
		-295	-208
		149,869	152,189
NON-CURRENT LIABILITIES			
Non-current financial liabilities			
Liabilities to banks	49,397		52,512
Other financial liabilities	7,839		8,014
		57,236	60,526
Non-current provisions			
Provisions for pensions and similar commitments	43,925		39,635
Other provisions	5,512		5,529
		49,437	45,164
Deferred tax liabilities			
		3,958	3,828
		110,631	109,518
CURRENT LIABILITIES			
Trade payables			
		12,938	18,179
Current financial liabilities			
Liabilities to banks	6,699		6,692
Other financial liabilities	406		430
		7,105	7,122
Other current liabilities			
Liabilities pursuant to hospital financing law	8,161		4,549
Other liabilities	22,928		17,112
		31,089	21,661
Current provisions			
		5,202	4,199
		56,334	51,161
		316,834	312,867

Consolidated interim profit and loss account

In thousands of €	January–June 2014	January–June 2013	April–June 2014	April–June 2013
Sales	266,688	257,429	134,293	132,968
Other operating income	3,083	4,584	1,313	2,033
Total operating performance	269,771	262,013	135,606	135,001
Raw materials and consumables used				
a) Cost of raw materials and supplies	–31,491	–31,661	–15,198	–16,109
b) Cost of purchased services	–22,915	–24,678	–11,011	–12,117
	–54,406	–56,339	–26,209	–28,226
Staff costs				
a) Wages and salaries	–134,024	–131,445	–65,948	–64,929
b) Social security, pension and retirement	–23,078	–22,897	–12,041	–11,965
	–157,102	–154,342	–77,989	–76,894
Depreciation and amortisation	–8,689	–8,671	–4,349	–4,311
Other operating expenses	–46,493	–46,257	–22,931	–23,263
Operating result	3,081	–3,596	4,128	2,307
Financial result				
a) Other financial revenues	4	84	2	64
b) Other financial costs	–1,942	–1,939	–949	–1,070
	–1,938	–1,855	–947	–1,006
Result before tax	1,143	–5,451	3,181	1,301
Taxes on income	–246	–188	–516	–402
Result after tax	897	–5,639	2,665	899
Thereof attributable to shareholders of MediClin AG	954	–5,619	2,701	887
Thereof attributable to the non-controlling interests	–57	–20	–36	12
Result after tax attributable to shareholders of MediClin AG per share				
Undiluted (in €)	0,02	–0,12	0,06	0,02
Diluted (in €)	0,02	–0,12	0,06	0,02

Consolidated interim statement of comprehensive income

In thousands of €	January – June 2014	January – June 2013	April – June 2014	April – June 2013
Total consolidated result	897	-5,639	2,665	899
Other comprehensive income				
Change in actuarial gains (+)/losses (-) from DBOs and similar commitments	-3,821	0	-2,292	0
Taxes on income	604	0	362	0
Additions to value adjustments that are not reconciled to the Group result	-3,217	0	-1,930	0
Thereof attributable to shareholders of MediClin AG	-3,187	0	-1,912	0
Thereof attributable to non-controlling interests	-30	0	-18	0
Group comprehensive income	-2,320	-5,639	735	899
Thereof attributable to shareholders of MediClin AG	-2,233	-5,619	789	887
Thereof attributable to the non-controlling interests	-87	-20	-54	12

Consolidated cash flow statement

In thousands of €	January–June 2014	January–June 2013
Operating result (EBIT)	3,081	–3,596
Result of finance activities	–1,938	–1,855
Result of income taxes	–246	–188
Total consolidated result	897	–5,639
Depreciation on fixed asset items	8,689	8,671
Change in deferred taxes	–696	–97
Change in non-current provisions	4,273	–92
Change in current provisions	1,003	30
Result from the disposal of fixed asset items	–19	–39
Result from other non-cash items	–3,217	0
Change in non-current tax refund claims	–3	–7
Change in current tax refund claims	–108	0
Change in other non-current assets	500	0
Change in other current assets	–6,544	–6,299
Change in other current liabilities	2,779	914
Cash flow from operating activities	7,554	–2,558
Payments received from the disposal of fixed assets	133	–5
From the disposal of property, plant and equipment	133	–5
Payments received from investment subsidies	1,969	1,166
Cash used for investments in fixed assets	–8,038	–7,451
In intangible assets	–647	–1,045
In property, plant and equipment	–7,391	–6,399
In financial assets	0	–7
Cash flow from investing activities	–5,936	–6,290
Repayment of financial liabilities	–3,307	–4,350
Cash flow from financing activities	–3,307	–4,350
Cash flow for the period	–1,689	–13,198
Cash and cash equivalents at the beginning of the period	13,219	22,936
Cash and cash equivalents at the end of the period	11,530	9,738

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

Statement of changes in equity

In thousands of €	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	129,392	-8,027	-11,776	157,089	-69	157,020
Group comprehensive income	-	-	-	-5,619	-5,619	-20	-5,639
As of 30.06.2013	47,500	129,392	-8,027	-17,395	151,470	-89	151,381

In thousands of €	Subscribed capital	Capital reserve	Revenue reserve	Consolidated balance sheet result	Shares MediClin Group	Non-controlling interests	Total equity
As of 01.01.2014	47,500	129,392	-10,082	-14,413	152,397	-208	152,189
Group comprehensive income	-	-	-3,187 ¹	954	-2,233	-87	-2,320
As of 30.06.2014	47,500	129,392	-13,269	-13,459	150,164	-295	149,869

¹ Adjustment in accordance with IAS19

Other information

General information

The unaudited consolidated interim financial statements of MEDICLIN Aktiengesellschaft for the first six months of the 2014 financial year were prepared in accordance with International Accounting Standard (IAS) 34. In the interim report, the Group principally applied the same accounting policies as in the consolidated financial statements for the 2013 financial year; it should thus be read in conjunction with the Annual Report published by the Group for the 2013 financial year and the interim report for the first quarter of 2014. The income statement in the 2013 Annual Report was shown in accordance with the "Two statement approach", consisting of the consolidated profit and loss account and the consolidated statement of comprehensive income. The presentation in the interim reports is adjusted accordingly.

EU endorsement

The European Union published the interpretation IFRIC 21 "Levies" in the Official Journal of 14 June 2014, adopting it into EU law (Commission Regulation (EU) No. 634/2014 of 13 June 2014). The interpretation that was published by the IASB in May 2013 addresses the accounting for a liability to pay a levy to public authorities, in particular the question when such a levy that is within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" should be recognised. IFRIC 21 becomes effective in the EU for reporting years beginning on or after 17 June 2014. Premature adoption is permitted. MediClin does not expect the amendments to have any material effects on the financial statements.

Standards that have in the meantime been adopted by the International Accounting Standards Board (IASB)

On 6 May 2014 the IASB published amendments to IFRS 11 "Joint Arrangements". The amendments apply to the recognition of joint ventures and joint operations in the balance sheet and the income statement, especially to the accounting for the acquisition of shares in a joint operation that constitutes a business operation in terms of IFRS 3 "Business Combinations". In these cases, the acquirer shall apply the principles on business combinations accounting pursuant to IFRS 3. In addition, the disclosure requirements pursuant to IFRS 3 also apply. The amendments must be applied prospectively for financial years beginning on or after 1 January 2016. Premature adoption is permitted.

On 12 May 2014 the IASB published amendments to **IAS 16 "Property, Plant and Equipment"** and **IAS 38 "Intangible Assets"**. The amendments refer to the clarification of acceptable methods of depreciation and amortisation. With these amendments, the IASB provides additional guidance on the determination of acceptable methods of depreciation and amortisation. Revenue-based methods of depreciation and amortisation are thus not permitted for property, plant and equipment and only permitted in exceptional cases for intangible assets. The amendments must be applied prospectively for financial years beginning on or after 1 January 2016. Premature adoption is admissible.

In the scope of the convergence project between IFRSs and US-GAAP, the IASB and the Financial Accounting Standards Board (FASB) published a converged standard for revenue recognition on 28 May 2014. **IFRS 15 "Revenue from Contracts with Customers"** replaces the previous IAS 18 "Revenue", IAS 11 "Construction Contracts" and the interpretations IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets from Customers" and SIC 31 "Revenue-Barter Transactions Involving Advertising Services". In the future a 5-step model must be applied to determine when or over which period and to what amount revenue is to be recognised. In addition to the 5-step model, the standard comprises a number of further regulations on specific questions, e.g. accounting for contract costs and contract modifications, explicit regulations on arrangements with multiple elements and stricter disclosure requirements in the notes. The amendments must be applied for financial years beginning on or after 1 January 2017. Premature adoption is permitted.

On 30 June 2014 the IASB published amendments to **IAS 16 "Property, Plant and Equipment"** and **IAS 41 "Agriculture"**. Pursuant to IAS 41, biological assets were previously recognised at fair value through profit or loss, less estimated costs to sell. Pursuant to the amendments, bearer plants must in the future be accounted for in the same way as property, plant and equipment as per IAS 16, while their produce is still accounted for in accordance with IAS 41. The amendments must be applied retrospectively for financial years beginning on or after 1 January 2016.

It is not yet mandatory to apply these amendments, as they have not yet been approved by the EU. The company does not expect the financial statements to be materially affected as a result of the amendments or new versions named above.

Annual General Meeting resolutions from 28 May 2014

- The carrying forward of the balance sheet profit as of 31 December 2013 of EUR 18,456,005.62 to the new accounting period,
- The approval of the acts of the Management Board and Supervisory Board for the 2013 financial year,
- The election of BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, as auditor and Group auditor for the 2014 financial year.

Responsibility statement by the Management Board

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

MEDICLIN Aktiengesellschaft

Offenburg, 31 July 2014

The Management 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

Hans Hilpert¹, Vice Chairman

Michael Bock

Dr. Daniel von Borries

Walburga Erichsmeier¹

Dr. Tom Giesler¹

Carsten Heise

Stephan Leonhard

Dr. Jochen Messemer

Thomas Müller¹

Eleonore Seigel¹

Matthias H. Werner¹

¹ Employee representatives

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
 Matthias H. Werner

Nomination Committee

Dr. Ulrich Wandschneider (Chairman)
 Carsten Heise
 Stephan Leonhard

Key data on the MediClin share

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

In € per share	Q2 2014	Q1 2014	Q2 2013	Q1 2013
Earnings un/diluted	0.06	-0.04	0.02	-0.14
Cash flow from operating activities	0.07	0.09	0.07	-0.12
Book value ¹ at end of quarter	3.16	3.14	3.19	3.17
Share price at end of quarter	4.100	4.400	4.250	3.960
52-week high	4.600	-	-	-
52-week low	3.500	-	-	-
Market capitalisation at end of quarter in millions of €	194.8	209.0	201.9	188.1
Number of shares in millions	47.50	47.50	47.50	47.50

¹ Equity less non-controlling interests

Source: Deutsche Börse AG; Xetra/status: 05.08.2014

Imprint

MEDICLIN Aktiengesellschaft

Okenstr. 27

77652 Offenburg

Germany

Phone +49(0)781/4 88-0

Fax +49(0)781/4 88-133

E-mail info@mediclin.de

www.mediclin.de

Public Relations

Gabriele Eberle

Phone +49(0)781/4 88-180

Fax +49(0)781/4 88-184

E-mail gabriele.eberle@mediclin.de

Investor Relations

Alexandra Mühr

Phone +49(0)781/4 88-189

Fax +49(0)781/4 88-184

E-mail alexandra.muehr@mediclin.de

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



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



Q2 | INTERIM REPORT

MEDICLIN Aktiengesellschaft from 1 January 2014 to 30 June 2014