

# INTERIM REPORT

## Q1 2016

CONTENTS

**LETTER TO SHAREHOLDERS .....1**

**THE RHÖN-KLINIKUM SHARE .....3**

**GROUP INTERIM MANAGEMENT REPORT .....5**

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT.....16**

**KEY FIGURES .....37**

**FINANCIAL CALENDAR .....38**

## LETTER TO SHAREHOLDERS

Dear Shareholders,

The first quarter of financial year 2016 witnessed numerous initiatives and measures all pursuing the common goal of expanding our university-based medical services as well as further strengthening our role as a pioneer in the German healthcare system.

Particularly digitalisation in our view will have a lasting formative impact in the medium term not only on the industry but also on our Company. We are not only participating in these developments but are looking to help shape them to a decisive extent. In this context, digitalisation is more than just processing, using and synchronising data; it is also about being able to provide patients with better treatment that is more targeted to their conditions; it has to do with professional navigation, with a broader validation of diagnosis and with individualised therapy offerings, with the focus of interest always being on the patient's well-being and convalescence. At the same time, misallocation of resources has to be prevented, which – as a positive knock-on effect – raises the efficiency of the system as a whole.

A future-oriented company therefore needs innovation and creative thinking. It is with this in mind (among other things) that we founded RHÖN-Innovations GmbH which in future will take out equity interests in start-ups within the medical sector in a targeted investment and risk strategy. The core task of the company is to promote start-ups with a promising future while at the same time participating in the equity of the respective business. The focus in this regard will be notably on medical innovations within the core business of RHÖN-KLINIKUM AG as well as on strengthening outpatient-inpatient healthcare delivery structures in rural areas. We attach great importance to selecting the funded young businesses Group-internally in close collaboration with our head physicians at

the hospitals so as to ensure a link to practice and patients from the outset. The selection will further be escorted by an investment committee established specifically for this purpose and comprising above all the specialised competences of medicine, IT and finance.

Since the beginning of the year, we have also been working together in an enlarged Board of Management: Prof. Dr. med. Bernd Griewing, in his new capacity as chief medical officer (CMO), coordinates the Medical Board as well as the areas of innovation, network medicine, quality and hygiene, patient safety and medical process management.

Also from the beginning of the year, the hospital Kreisklinik Bad Neustadt has been part of our Group; it will now be fully consolidated in our accounts on the balance sheet. Thanks to its broad medical orientation and its largely seamless and complementary service range, Kreisklinik complements the existing areas of medical focus at the site; on completion, planned for 2018, of the investment project "New Construction of Campus Bad Neustadt" already in the implementation phase, all departments of the former Kreisklinik will be structurally and functionally integrated into the newly created Campus Bad Neustadt.

In the first quarter of 2016, a total of 205,578 patients were treated in our Group hospitals. Revenues stand at € 291.5 million, earnings before interest, taxes and depreciation/amortisation (EBITDA) are around € 67.9 million. During the first three months of the year, a total of € 36 million in provisions were moreover reversed with effect on the income statement; these had originally been formed for guarantees under the Fresenius/Helios transaction which were no longer needed.

For financial year 2016, the Company expects revenues of between € 1.17 billion and € 1.20

billion as well as earnings before interest, tax and depreciation/amortisation (EBITDA) of between €155 million and €165 million. During the current financial year, earnings have witnessed positive and negative one-off effects in the low to medium double-digit million range which to a certain extent balance out. These stem predominantly from the execution of the transaction with Fresenius/Helios on the balance sheet, from the first-time consolidation and integration of Kreisklinik Bad Neustadt, from special budgets for innovation and e-health, issues of outstanding invoices as well as the establishment of a larger outpatient centre at Marburg University Hospital.

In 2016, regulatory restrictions continued to put a damper on our organic growth, in particular the three-year discount on surplus revenues based on the volumes generated from 2013. Under these circumstances, we have to expect a discount on revenues of roughly 1%. The cap on the expansion of service volumes protected by the legislature, when considering the strategy of quality-driven providers specialising in specific service offerings and promoting precisely this consolidation process, is simply not comprehensible and is having the opposite effect.

The Board of Management and the Supervisory Board will propose a dividend of €0.80 per ordinary non-par share at this year's Annual General Meeting on 8 June 2016 in Frankfurt am Main. Based on the current number of shares (roughly 67 million) that translates into a dividend total of nearly €54 million. In future as well, we intend to give our shareholders a decisive share in the Company's result with dividend rates of over 60%, thus to remain an attractive dividend stock on the M-Dax.

In the second full business year following the Fresenius/Helios transaction, RHÖN-KLINIKUM AG is in a good position. But the Company is not standing still and a lot of changes are happening. For future issues of medical care, particularly also as regards the advance of digitalisation, we will further expand our market position and exploit the resulting potential and opportunities for growth.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

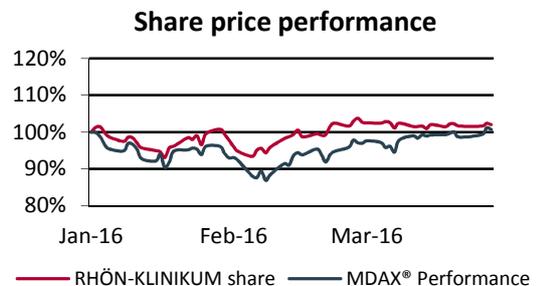
Dr. med. Dr. jur. Martin Siebert  
Chairman of the Board of Management

## THE RHÖN-KLINIKUM SHARE

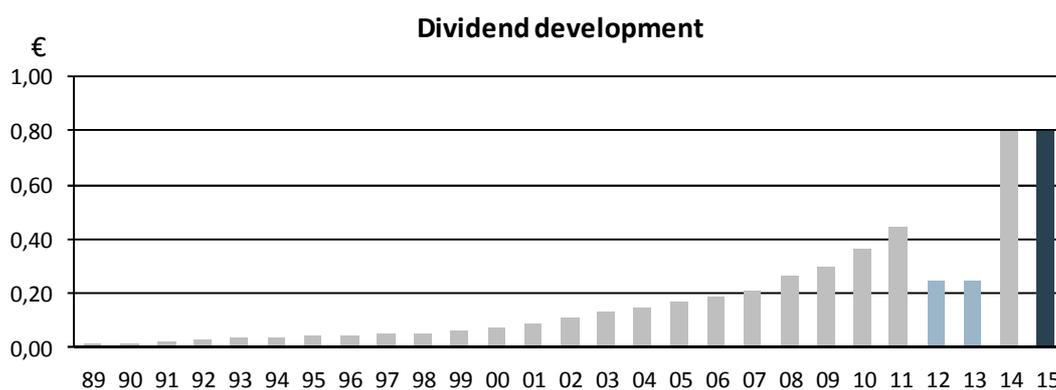
The trend on the international stock markets was adversely affected early in the year by weak economic data in China. In addition to the weaker macroeconomic trend, the stock markets were influenced by political risks (refugee crisis, terrorism Brexit) and the monetary policy measures of the central banks. On 10 March, the European Central Bank (ECB) adopted a surprisingly comprehensive package of measures to further relax monetary policy in which the key rate was lowered to zero per cent. At its meeting on 16 March, the US Federal Reserve (Fed) left its monetary policy unchanged. Towards the end of the quarter, the mood brightened somewhat. In Germany, the Ifo Business Climate Index saw an improvement in March 2016 by one point to 106.7 points after previously having declined three times in a row.

In line with the international stock markets, the German leading index DAX® made a very weak start into the year. The DAX fell during the first quarter by 7.2% and the DJ EURO STOXX by 7.3%. The decline in the MDAX® was

only 1.8%. European healthcare stocks came under pressure and the DJ EURO STOXX Healthcare fell by 8.7%.



The share of RHÖN-KLINIKUM AG ended the first quarter almost unchanged at a closing price of € 27.35 (31 December 2015: € 27.68). In the first quarter, the RHÖN-KLINIKUM share thus significantly outperformed the German and European market indices as well as the European Healthcare Index. Share price performance was positively influenced by demand for medium-sized defensive stocks and, given the zero-interest policy, stocks paying high dividends.



**Financial year 2015:** Proposal to the Annual General Meeting on 8 June 2016, plus profit pay-out under 2nd Share Repurchase in the amount of € 167 million from the proceeds of the Fresenius/Helios transaction

**Financial years 2012/2013:** plus profit pay-out under Share Repurchase in the amount of € 1.63 billion from the proceeds of the Fresenius/Helios transaction

<b>RHÖN-KLINIKUM share</b>		
ISIN	DE0007042301	
Ticker symbol	RHK	
	<b>from 15 Oct. 2015</b>	<b>until 14 Oct. 2015</b>
Registered share capital (€)	167,406,175	183,704,650
Number of shares	66,962,470	73,481,860
<b>Share prices (€)</b>	<b>1 Jan.-31 March 2016</b>	<b>1 Jan.-31 Dec. 2015</b>
Closing price	27.35	27.68
High	27.82	27.68
Low	24.96	22.02
	<b>31 March. 2016</b>	<b>31 Dec. 2015</b>
Market capitalisation (€ m)	1,831.42	1,853.52

At the end of the first quarter our market capitalisation, including all 66.96 million non-par shares issued after the 2015 Share Repurchase, stood at € 1.83 billion (31 December 2015: € 1.85 billion).

In the MDAX® we thus ranked 53<sup>rd</sup> by market capitalisation (31 December 2015: 55<sup>th</sup>).

Our Annual General Meeting will take place on Wednesday, 8 June 2016 at the Jahrhunderthalle in Frankfurt (doors open from 9.00 a.m.). On 4 August 2016 we will publish the Half-Year Financial Report as at 30 June 2016.

*A financial calendar is provided at the end of this Report as well as on our website at [www.rhoen-klinikum-ag.com](http://www.rhoen-klinikum-ag.com) under the section "Investor Relations".*

# GROUP INTERIM MANAGEMENT REPORT

## REPORT ON THE FIRST QUARTER OF FINANCIAL YEAR 2016

- In the first quarter of 2016 we treated 205,578 patients in our hospitals and medical care centres, generating revenues of € 291.5 million, EBITDA of € 67.9 million as well as a resulting consolidated profit of € 50.7 million.
- By purchase agreement from 2015, we acquired Kreisklinik Bad Neustadt in an asset deal. Since all conditions of validity were met on 1 January 2016, we included Kreisklinik Bad Neustadt from that date in the consolidated financial statements for the first time.
- With our campus concept in which inpatient and outpatient services are structurally, spatially and logistically integrated with one another on the premises of a high-performance hospital, our offering will be further expanded over the coming years with the aim of achieving generalised, full-service medical and nursing care in rural regions.
- The de facto new construction of the Psychosomatic Clinic in Bad Neustadt was completed at the end of April 2016. The further projected construction measures at the Campus Bad Neustadt are moving along as planned.

## BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 March 2016 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2016.

The accounting and valuation methods applied, to the extent already applied in financial year 2015 and consistently applied in financial year 2016, are set out in detail in the

Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2015. The accounting and valuation methods applicable in principle for the first time in financial year 2016 are explained in the Condensed Notes to this Interim Report. On a current view, these will have only the effects as stated in the Condensed Notes on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

In accordance with IAS 33, earnings per share were determined according to the weighted average number of ordinary shares outstanding on a pro rata temporis basis.

If data are provided below on individual companies, these are values before consolidation. For computational reasons, rounding differences of ± one unit (€, %, etc.) may occur in the tables.

## CORPORATE GOVERNANCE

The composition of our Supervisory Board has remained unchanged since the 2015 Annual

Report. With effect from 1 January 2016, Prof. Dr. Bernd Griewing was appointed to the Board of Management. The allocation of responsibilities within the Board of Management was adjusted as a result of the change. Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

For the members of the Board of Management, the guidelines on remuneration have changed as of 1 January 2016. For details we refer to the condensed notes of this Interim Report.

In the first three months of financial year 2016, we received no notifications pursuant to section 21 et seq. of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

During the reporting period, RHÖN-KLINIKUM AG was not notified of any transactions pursuant to section 15a of the WpHG of members of the Board of Management or of the Supervisory Board (directors' dealings). Likewise, no other notifications regarding transactions by executives pursuant to section 15a of the WpHG were made.

On 14 April 2016, the Declaration on Corporate Governance and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our homepage. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2015.

## ECONOMIC REPORT

### MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The German economy made a lively start into the year 2016. Although the external economic environment continues to be subdued, domestic drivers have picked up somewhat. From the demand side, the robust trend in employment and income coupled with stable price levels has resulted in solid consumer demand from private households. Providing for refugees is likely to lead to a noticeable rise in national consumption and also give a boost to investments in construction. The insecurity of the economy at the beginning of the year has subsided somewhat. The current business climate index has brightened somewhat after three declines in a row. However, it continues to be the case that companies are making only moderately optimistic estimates regarding their economic outlook.

Forecasts for economic growth in some cases fluctuate very significantly. For the current year, economists and economic institutes expect a rise in gross domestic product of 1.3% to 1.7%.

The trend on the labour market continues to be very positive. Particularly employment subject to social insurance contributions is on the rise. Demand for staff continues to be high. The high level of immigration of refugees is having moderate impact on the labour market, but its influence on the trend in unemployment is becoming more significant.

The jobless rate as calculated by the German Federal Employment Agency for September is around 6.5%. This is a decline of 0.3 percentage points compared with the previous year. The seasonally adjusted jobless rate remains unchanged compared with the previous month at 6.2%.

The consumer price index as determined by the Federal Statistical Office stood at + 0.3% in March 2016, in line with the previous year. Compared with the previous month, the consumer price index rose slightly by 0.3 percentage points.

As a result of demographic change, demand for hospital services recorded a further rise in 2015. This trend will also continue in 2016. However, hospital services are not being fully remunerated to hospitals since under the well-known statutory provisions price discounts have to be accepted for surplus service volumes demanded and rendered – irrespective of whether or not these have been agreed. Growing demand compares with the declining number of contribution payers under the solidarity system. This is putting huge cost pressures on the healthcare system, particularly in the hospitals sector. In this context, it is more and more uncommon for hospitals to be adequately remunerated for the higher hospital service volumes.

Demographic changes are translating into an increasing shortage of hospital staff which are also becoming more expensive. The shortage in skilled staff is thus set to become further exacerbated over the next years. A shortage is expected particularly in the healthcare sector, since it is there that the rising demand for skilled employees compares with further rising demand stemming from the greying of society. Recruitment of top-qualified staff will be one of the challenges to be met in future given the emerging shortage in specialised personnel and demographic trends.

We are confronting this task and the desire increasingly expressed by employees to be given the opportunity of achieving a better balance between professional and family life with specific measures targeted at improving our attractiveness as an employer in healthcare.

The trend over the past years of an ever widening gap between revenues and costs within the hospital sector will continue to have an impact on the operating side. As a result, the trend of selection amongst service providers will continue and intensify.

The German government is trying to respond to this development with the Hospital Structure Act (Krankenhausstrukturgesetz, KHSG). This piece of legislation was passed at the end of 2015 and entered into force on 1 January 2016. It is aimed at making the funding of hospitals to a material extent conditional on their quality. With the KHSG, decisive provisions of hospital financing are implemented. The fundamental changes in the financing system will enter into force as of 1 January 2017. In addition to other amendments, it will, for example, replace the discounts on surplus revenues in the medium term by a similarly structured fixed costs degression discount. Particularly the budget agreements for 2016 are affected by the immediate effects of the new provisions.

In the second full financial year following the transaction, RHÖN-KLINIKUM AG is well positioned and on the move. We see ourselves in very good shape in terms of growth prospects, also for the year ahead. In future, too, we will continue to be amongst the biggest hospital operators in Germany as an efficient, homogenous Group consistently oriented towards cutting-edge and specialty medical care.

## BUSINESS PERFORMANCE OF THE FIRST THREE MONTHS

### Overall statement on economic position

January to March	2016	2015	Change	
	€ m	€ m	€ m	%
Revenues	291.5	276.1	15.4	5.6
EBITDA	67.9	49.7	18.2	36.6
EBIT	53.2	34.6	18.6	53.8
EBT	52.5	34.2	18.3	53.5
Operating cash flow	65.3	47.8	17.5	36.6
Consolidated profit	50.7	32.8	17.9	54.6

Including the acquisition of Kreisklinik Bad Neustadt consolidated for the first time from 1 January 2016, we reported in the first three months of the financial year compared with the first quarter of 2015 – with

- a rise in the number of patients by + 13,848 cases or 7.2% to a total of 205,578 cases (previous year: 191,730 cases), and
- a rise in revenues by + € 15.4 million or + 5.6% to € 291.5 million (previous year: € 276.1 million) –

a rise in EBITDA by € 18.2 million to € 67.9 million, a rise in EBIT by € 18.6 million to € 53.2 million, and a rise in consolidated profit by € 17.9 million to € 50.7 million.

The trend in service volumes at our hospitals is well above the level of the same period last year. As a result of demographic change, demand for hospital services recorded a further rise. These are remunerated under the German Hospital Remuneration Act (Krankenhausentgeltgesetz, KHEntgG) – irrespective of whether or not they were agreed – at steep discounts on surplus volumes. Since such additional service volumes at the same time entail additional costs, an expansion in service volumes is also having dilutive effects on margins and earnings. Moreover, the disproportionately moderate trend in state base rates compared with

hospital-specific costs is putting a further drag on the operating result.

The first three months of financial year 2016 were marked by the further development of our offering with the aim of achieving generalised, full-service medical and nursing care in rural regions and structurally, spatially and logistically integrated inpatient and outpatient services on the premises of a high-performance hospital. Against this background we integrated into our Group, for example, Kreisklinik Bad Neustadt in the first quarter of financial year 2016.

We also remain committed to being a pioneer of innovative developments and a dynamic force helping to shape the healthcare industry.

### Trend in service volumes

	Hospitals	Beds
<b>As at 31 December 2015</b>	<b>10</b>	<b>5,218</b>
Kreisklinik Bad Neustadt	1	233
Change in capacities	-	-
<b>As at 31 March 2016</b>	<b>11</b>	<b>5,451</b>

By purchase agreement dated 31 July 2015, RHÖN-Kreisklinik Bad Neustadt GmbH, in an asset deal, acquired Kreisklinik Bad Neustadt. It specialises in surgery, internal medicine, gynaecology and obstetrics, oto-rhino-laryngology (ENT) as well as haemodialysis, and has 233 beds. Kreisklinik is included in the consolidated financial statements as of 1 January 2016 since it was at that time that the conditions precedent were met.

As at 31 March 2016, our consolidated financial statements included eleven hospitals with 5,451 beds/places at a total of five sites in four federal states. Since 31 December 2015, we recorded no change in the number of approved beds at our acute inpatient capacities in line with the requirement budgets in the individual federal states.

As at 31 March 2016, we operate seven medical care centres with a total of 36.75 specialist practices:

	Medical care centres	Specialist practices
<b>As at 31 December 2015</b>	<b>7</b>	<b>36.75</b>
<b>Opened/acquired</b>		
58 sites	-	-
<b>Disposals</b>		
Various sites	-	-
<b>As at 31 March 2016</b>	<b>7</b>	<b>36.75</b>

Patient numbers at our hospitals and medical care centres developed as follows:

January to March	2016	2015	Change absolute	Change %
Inpatient and semi-inpatient treatments, acute hospitals rehabilitation hospitals and other facilities	53,912	52,230	1,682	3.2
	1,386	1,366	20	1.5
	55,298	53,596	1,702	3.2
Outpatient attendances at our acute hospitals medical care centres	118,579	114,479	4,100	3.6
	31,701	23,655	8,046	34.0
	150,280	138,134	12,146	8.8
<b>Total</b>	<b>205,578</b>	<b>191,730</b>	<b>13,848</b>	<b>7.2</b>

In the first three months of financial year 2016, we treated a total of 205,578 patients (+ 13,848 patients/+ 7.2%) in our hospitals and medical care centres. Of this rise, patients treated on an inpatient and semi-inpatient basis account for roughly 12.3% and outpatient treatments account for 87.7%. After deducting consolidation effects (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016), this translates into organic growth in patients of 7,547 patients or 3.9%. This growth is distributed nearly uniformly over the entire Group.

Per-case revenues in the inpatient and outpatient area were as follows:

January to March	2016	2015
Per-case revenue		
inpatient (€)	4,880	4,744
outpatient (€)	144	158

## Results of operations

Consolidated performance figures developed as shown below:

January to March	2016 € m	2015 € m	Change € m %	
<b>Income</b>				
Revenues	291.5	276.1	15.4	5.6
Other income	73.0	55.0	18.0	32.7
<b>Total</b>	<b>364.5</b>	<b>331.1</b>	<b>33.4</b>	<b>10.1</b>
<b>Expenditure</b>				
Materials and consumables used	80.6	79.9	0.7	0.9
Employee benefits expense	187.8	174.9	12.9	7.4
Other expenses	28.2	26.6	1.6	6.0
<b>Total</b>	<b>296.6</b>	<b>281.4</b>	<b>15.2</b>	<b>5.4</b>
<b>EBITDA</b>	<b>67.9</b>	<b>49.7</b>	<b>18.2</b>	<b>36.6</b>
Depreciation/amortisation and impairment	14.7	15.1	-0.4	-2.6
<b>EBIT</b>	<b>53.2</b>	<b>34.6</b>	<b>18.6</b>	<b>53.8</b>
Finance result	0.7	0.4	0.3	75.0
<b>EBT</b>	<b>52.5</b>	<b>34.2</b>	<b>18.3</b>	<b>53.5</b>
Income taxes	1.8	1.4	0.4	28.6
<b>Consolidated profit</b>	<b>50.7</b>	<b>32.8</b>	<b>17.9</b>	<b>54.6</b>

Compared with the same period last year, we report a rise in EBITDA by € 18.2 million to € 67.9 million, a rise in EBIT by € 18.6 million to € 53.2 million, and a rise in consolidated profit by € 17.9 million to € 50.7 million in the first quarter of 2016. In the first quarter of financial year 2016, Kreisklinik Bad Neustadt was included in our financial and performance figures for the first time.

Revenues grew by € 15.4 million or 5.6% versus the same period last year. Adjusting for changes in the scope of consolidation (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016) to the tune of € 8.4 million, this translates into organic growth of € 7.0 million or 2.5%. In this regard it has to be considered that personnel and material expenditures in some cases are offset only partly by refinanced revenues due to statutory discounts on surplus service volumes.

In the first quarter of 2016, the other income item includes amounts from the reversal of provisions for potential legal and fiscal guarantee risks in the amount of roughly € 36.4 million in connection with the sale of entities to Fresenius/Helios, since related contractual guarantees in some cases had expired. During the same period last year, € 19.7 million in income from the reversal of provisions that were formed in connection with potential additional claims for social insurance contributions of the German pension insurance agency (Deutsche Rentenversicherung) resulting from investigations of the cleaning companies carried out in 2011 were recognised under this item.

January to March	2016 %	2015 %
Materials ratio	27.7	28.9
Personnel ratio	64.4	63.4
Other cost ratio	9.7	9.6
Depreciation and amortisation ratio	5.1	5.5
Finance result ratio	0.2	0.1
Effective tax ratio	0.6	0.5

In the first quarter of 2016, materials and consumables used rose slightly compared with the same period last year by € 0.7 million or 0.9%, whereas the materials ratio, relative to the increase in revenue, witnessed a disproportionately moderate rise from 28.9% to 27.7%.

Personnel expenses and other expenses rose compared with the same period last year. Whilst the employee benefits expense rose by € 12.9 million or 7.4%, the other expenses item increased by € 1.6 million or 6.0%. In this context, the personnel ratio rose from 63.4% to 64.4% and the other expenses ratio from 9.6% to 9.7%.

The depreciation/amortisation and impairment item declined slightly compared with the first three months of financial year 2015 by € 0.4 million or 2.6% to € 14.7 million.

Compared with the same period last year, we recorded a rise in negative finance result by € 0.3 million to € 0.7 million in the first three months of financial year 2016. The rise results in particular from declining finance income due to lower deposit investments.

Our net liquidity is calculated as follows:

	31 March 2016 € m	31 Dec. 2015 € m
Current cash	57.9	143.3
Current fixed term deposits	300.0	345.0
Non-current fixed term deposits	10.0	30.0
Cash, fixed term deposits	367.9	518.3
Current financial liabilities	0.0	147.6
Non-current financial liabilities	10.0	10.0
Finance lease liabilities	4.7	4.6
Financial liabilities	14.7	162.2
<b>Net liquidity</b>	<b>353.2</b>	<b>356.1</b>

At an unchanged rate of taxation, the income tax expense item rose by € 0.4 million to € 1.8 million (previous year: € 1.4 million) compared with same period of the previous year.

Compared with the first three months of financial year 2015, our consolidated profit rose by € 17.9 million to € 50.7 million (previous year: € 32.8 million).

Non-controlling interests in profit rose compared with the same period last year by € 0.1 million to € 0.7 million (previous year: € 0.6 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first three months of 2016 rose by € 17.7 million to € 49.9 million (previous year: € 32.2 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of € 0.75 (previous year: € 0.44) in accordance with IAS 33 (undiluted/diluted).

The total comprehensive income (sum of consolidated profit and other earnings) stood at € 50.7 million (previous year: € 32.8 million) in the three months of financial year 2016.

## Net assets and financial position

	31 March 2016		31 December 2015	
	€ m	%	€ m	%
<b>ASSETS</b>				
Non-current assets	890.4	58.7	893.2	54.6
Current assets	625.6	41.3	741.3	45.4
	<b>1,516.0</b>	<b>100.0</b>	<b>1,634.5</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity	1,159.4	76.5	1,108.7	67.8
Long-term loan capital	37.0	2.4	36.5	2.2
Short-term loan capital	319.6	21.1	489.3	30.0
	<b>1,516.0</b>	<b>100.0</b>	<b>1,634.5</b>	<b>100.0</b>

Compared with the balance sheet date of 31 December 2015, the balance sheet total declined by € 118.5 million or 7.2% to € 1,516.0 million. The decline results in particular from the repurchase of RHÖN-KLINIKUM AG's bond in the first quarter of 2016.

We financed our equity-financed investments amounting to € 28.2 million fully from operating cash flow of € 65.3 million generated in the first three months.

The equity ratio rose compared with the last reporting date from 67.8% to 76.5%.

The following table shows the change in equity as at the last reporting date:

Equity	2016			2015
	Shareholders	Non-controlling interests	Total	Total
	€ m	€ m	€ m	€ m
As at 1 January	1,088.0	20.7	1,108.7	1,248.9
Equity transactions with owners	-	-	-	-
Total comprehensive income of the period	49.9	0.8	50.7	32.8
Other changes	-	-	-	-
As at 31 March	<b>1,137.9</b>	<b>21.5</b>	<b>1,159.4</b>	<b>1,281.7</b>

As at 31 March 2016, equity stands at € 1,159.4 million (31 December 2015: € 1,108.7 million). The rise in equity of € 50.7 million compared with the balance sheet date of 31 December 2015 results from the consolidated profit for the first three months of 2016.

134.4% (31 December 2015: 128.2%) of non-current assets is nominally covered by equity

and non-current liabilities at fully matching maturities. As at 31 March 2016, net financial debt – including liabilities under finance leases – was € 0.0 million (31 December 2015: € 0.0 million). As at 31 March 2016, we report net liquidity of € 353.2 million (31 December 2015: € 356.1 million).

Compared with the same period last year, operating cash flow, calculated from consolidated profit plus depreciation/amortisation and less/plus other non-operating items (balance of profits and losses from disposals of assets, income/expenses from the market valuation of derivatives), rose by € 17.5 million to € 65.3 million (previous year: € 47.8 million).

The origin and appropriation of our liquidity are shown in the following overview:

January to March	2016 € m	2015 € m
Cash generated from operating activities	17.8	5.6
Cash generated from/cash used in investing activities	40.0	-357.2
Cash used in financing activities	-143.2	-
<b>Change in cash and cash equivalents</b>	<b>-85.4</b>	<b>-351.6</b>
Cash and cash equivalents at 1 January	143.3	695.3
<b>Cash and cash equivalents at 31 March</b>	<b>57.9</b>	<b>343.7</b>

The change in cash and cash equivalents was essentially influenced in the investment area by the cash generated from/cash used in terminations of or investments in fixed term deposits. Whereas in the same period last year cash amounting to € 390 million was used in fixed term deposits, cash of € 65 million was generated in the first quarter of 2016 from terminations of fixed term deposits. Moreover, in the first quarter of 2016 the exchange-listed bond of RHÖN-KLINIKUM AG was repaid, which resulted in cash used in finance activities amounting to € 143.2 million.

## Investments

Aggregate investments of € 29.9 million (previous year: € 8.3 million) in the first three months of 2009 are shown in the following table:

	Use of		
	grants	own funds	Total
	€ m	€ m	€ m
Current investments	0.5	22.1	22.6
Takeovers	1.2	6.1	7.3
<b>Total</b>	<b>1.7</b>	<b>28.2</b>	<b>29.9</b>

Of these investments made in the first three months, € 1.7 million was attributable to investments funded from grants under the Hospital Financing Act (KHG) (previous year: € 1.0 million) and deducted from total investments pursuant to the relevant provisions of IFRS.

An analysis of current investments financed from company funds by site is given below:

	€ m
Bad Neustadt a. d. Saale	13.0
Gießen, Marburg	6.0
Bad Berka	1.9
Frankfurt (Oder)	1.2
<b>Total</b>	<b>22.1</b>

As at the balance sheet date, we do not have any investment obligations under company acquisition agreements entered into.

## Employees

Employees	31 March 2016	31 Dec. 2015	Change	
			absolute	%
Hospitals	14,509	14,025	484	3.5
Medical care centres	171	172	-1	-0.6
Service companies	1,437	1,457	-20	-1.4
<b>Total</b>	<b>16,117</b>	<b>15,654</b>	<b>463</b>	<b>3.0</b>

On 31 March 2016, the Group employed 16,117 persons (31 December 2015: 15,654).

The rise results from the 541 employees added from the takeover of Kreisklinik Bad Neustadt as at 1 January 2016.

## RISKS AND OPPORTUNITIES

RHÖN-KLINIKUM AG, like any other company, is exposed to various sources of uncertainty. As a healthcare services provider, we moreover operate in an extremely complex risk environment. Factors such as the regulatory and legislative environment, mounting cost, competitive and consolidation pressures within the sector or the rising demands of patients not only open up opportunities but also involve risks.

As a provider of healthcare services, we always view the risk posed to the life and health of our patients as the greatest risk, since in the medical and nursing area even the smallest mistakes can have devastating consequences. That is why we give top priority to measures designed to prevent these risks. That also means continuously weighing up opportunities against the potential risks, since particularly our patients rely on us to adequately manage opportunities as risks.

In the hospital sector, business prospects and existing risks are typically characterised by long-term cycles. Short-term changes in the market environment are still usually the exception.

Advances in medicine and the call for a holistic approach to diagnosing and treating patients (instead of diagnosis and treatment being limited to certain aspects) are requiring increasingly strong interdisciplinary processes characterised by a division of labour. In this regard, co-operation is needed not only at the hospital but also between outpatient and inpatient care. Whenever these processes are disrupted, this carries risks for both patients and the hospital. We attach utmost importance to minimising such risks by ensuring the quality of treatment with qualified and trained staff through guideline-oriented procedures in safe and hygienic hospital buildings. Permanent monitoring of

all procedures and processes involved in the treatment of patients as well as the consistent orientation of all efforts to the needs of our patients create a high level of treatment quality and limit existing operating risks.

As a general rule, the development in service volumes is very largely defined by the underlying demographic trend of our greying society as well as by the potential to be reaped from advances in medical technology. Potential fluctuations in service volumes at our facilities, shifts in service volumes from the inpatient to outpatient sector, but also to nearby facilities of other companies, as well as pricing regulation may result in losses in revenues and cost increases, and consequently to a decrease in earnings. Through regular period-based and inter-operation comparisons with regard to service volumes, revenues and earnings as well as selected business ratios and other indicators, it is possible for us to identify adverse developments early. Where it is appropriate and necessary, we can take corrective action and manage a reasonably low risk potential.

We are affected only indirectly by developments in the German economy since healthcare spending is influenced by contribution volumes of the insured and thus by the job market situation. We are for the most part unaffected by foreign economic factors given our exclusive focus on the German healthcare market.

The industry is currently being dominated by two key trends that are set to continue in the coming years as well. Demand for medical services, in particular also cutting-edge medical services, continues to rise. Set against that is a declining number of contribution payers and inadequate adjustment of remuneration of the services provided.

At the end of 2015, the KHSG was adopted which entered into force on 1 January 2016. With the KHSG, decisive provisions of hospital financing are implemented. It is aimed at making the funding of hospitals to a material extent conditional on their quality. Among

other things, it will replace the discounts on surplus revenues in the medium term by a similarly structured fixed costs depression discount and change the so-called care premium into a nursing premium as of 2017. The fundamental changes in the area of financing will enter into force as of 1 January 2017. Particularly the budget agreements for 2016 are affected by the immediate effects of the new provisions.

With regard to the trend in prices, the hospital sector is characterised by its regulated remuneration system. For several years, this is what has been giving rise to the widening gap between revenues and costs that has been affecting the operating side and is exerting higher external economic pressures on all market participants. For expansions in service volumes – irrespective of whether or not these have been agreed – drastic price discounts have to be accepted under the statutory provisions. Under legislation currently in force, hospitals have to accept the discount on surplus service volumes services agreed with the health insurance funds.

At the same time, costs in the area of personnel as well as materials continue to rise. This cost trend outstrips the trend in remuneration noticeably. In this regard the Act Removing Excessive Social Burdens in Contribution Liabilities in Health Insurance (Gesetz zur Beseitigung sozialer Überforderung bei Beitragsschulden in der Krankenversicherung, KVBeitrSchG) does not change anything from a structural standpoint.

We are relentless in our efforts at monitoring and optimising our processes, quality and strategies. We are steadfastly continuing our activities to optimise our sites by conducting reviews of their service portfolios and identifying performance potential.

With a total volume of research budget of roughly € 4 million in 2016, we want to further expand our competitive position in the area of treatment innovations and cutting-edge medical care. At the same time projects dealing primarily with research and innovation

as well as treatment excellence and network medicine are being funded.

We see the concept of network medicine “Wir für Gesundheit” as an opportunity for our Group. Essentially it provides for the creation of a national network of providers in which all outpatient, inpatient and rehabilitation services are provided. The focus in this regard will be on medical innovations reflecting the core business of RHÖN-KLINIKUM AG and on further developing outpatient-inpatient health-care delivery in rural areas. Ultimately, all these efforts are geared towards making a tangible improvement in medical service offerings and thus creating noticeable added benefits for our patients. The opportunities will lie in the close integration of our top hospitals, accompanied by a high level of medical quality at an affordable price level, characterised by a close integration of state-of-the-art medical therapies and procedures as well as research and teaching, and serve as a stimulator and driver of network medical care with attractive earnings and growth prospects.

Among our future-oriented projects, we are also paying special attention to improved patient management. At the hospitals we are therefore making further developments in diagnostic and therapeutic procedures with a view to providing optimum care for our patients. An important role in interdisciplinary networking and smooth communication across facilities is played by the web-based electronic patient file developed by us. It makes it possible to avoid redundant examinations as well as redundant prescriptions or even conflicts of new drugs with drugs already prescribed.

With our campus concept, we will further expand our offering over the coming years with the aim of achieving generalised, full-service medical and nursing care in rural regions. We thus also take on the growing requirements for healthcare delivery which also reflects the needs of the elderly as a challenge, but also as an opportunity.

In terms of an overall assessment, we see our Group in very good shape. In future, too, we will continue to be amongst the major hospital operators in Germany as an efficient, homogenous Group consistently oriented towards cutting-edge and specialty medical care.

To this end we avail ourselves of all opportunities presented to us and thus counteract the potential risks with a practised and functioning risk management system at our hospitals, medical care centres and service companies.

After a thoroughgoing analysis, we will continue also in future to specifically exploit opportunities for further acquisitions as they arise with a view to expanding and broadening our Group.

Beyond that, there have been no significant changes in risks and rewards since the reporting date of 31 December 2015. As before, we do not see any risks posing a threat to the Company’s existence, neither for the individual subsidiaries nor for the Group.

## FORECAST

Our investments provide the basis for sustainable, efficient, and thus also affordable hospital cutting-edge medical care. We are and continue to be among the major hospital operators in Germany in which the high level of investments is financed from the surpluses generated by our hospitals. Over the coming years we will further expand our offering with the aim of achieving generalised, full-service medical and nursing care in rural regions.

With our campus approach, inpatient and outpatient services are structurally, spatially and logistically integrated with one another on the premises of a high-performance hospital. By staking out a position in the premium medical care segment, we are creating the basis for helping our patients have access to unrestricted cutting-edge medical services

also in future. Underlying all our activity is the well-being of our patients who entrust themselves to our staff at our hospitals and facilities and who are always the focus of our efforts.

Our financial efficiency is a pre-condition for our Company's ability to grow in future organically through medical innovations as well as through acquisitions whenever opportunities for this arise. In future also, sound organic and acquisition-based growth will be the main driver of the Group's development. Within the bounds set by legislation within the German healthcare system, organic growth is possible only to a limited extent. When acquiring facilities we continue to follow our dual strategy of "competence and reliability" as well as "quality before quantity".

Within our Group we will continue to consistently promote the exchange of knowledge between our facilities and sites. All our hospitals are to have access as quickly as possible to the latest scientific findings implemented in diagnosis and treatment procedures.

Bad Neustadt a. d. Saale, 6 May 2016

RHÖN-KLINIKUM Aktiengesellschaft  
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

In financial year 2016, we see the RHÖN-KLINIKUM Group with roughly 5,400 beds in eleven hospitals at five sites in four federal states. We will achieve our forecast with some 16,000 employees.

For financial year 2016, the Company expects revenues between € 1.17 billion and € 1.20 billion as well as earnings before interest, tax and depreciation/amortisation (EBITDA) of between € 155 million and € 165 million. This includes the first-time consolidation of Kreisklinik Bad Neustadt as of the start of the year. Moreover, one-off effects on the earnings side could have an impact during the current financial year. These positive and negative extraordinary effects are in each case in low to medium double-digit million euro range; they will take effect over the full financial year of 2016 and to some extent will compensate each other.

Our outlook is of course subject to any regulatory measures impacting our remuneration structure during the remainder of the year.

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT**

**CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, JANUARY TO MARCH.....17**

**CONSOLIDATED BALANCE SHEET AT 31 MARCH 2016.....18**

**STATEMENT OF CHANGES IN EQUITY .....19**

**STATEMENT OF CASH FLOWS .....20**

**CONDENSED NOTES .....21**

## Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to March

January to March	2016		2015	
	€ '000	%	€ '000	%
Revenues	291,518	100.0	276,090	100.0
Other income	73,021	25.1	55,036	19.9
	<b>364,539</b>	<b>125.1</b>	<b>331,126</b>	<b>119.9</b>
Materials and consumables used	80,639	27.7	79,918	28.9
Employee benefits expense	187,767	64.4	174,935	63.4
Other expenses	28,267	9.7	26,620	9.6
	<b>296,673</b>	<b>101.8</b>	<b>281,473</b>	<b>101.9</b>
<b>Interim result (EBITDA)</b>	<b>67,866</b>	<b>23.3</b>	<b>49,653</b>	<b>18.0</b>
Depreciation/amortisation and impairment	14,677	5.1	15,021	5.5
<b>Operating result (EBIT)</b>	<b>53,189</b>	<b>18.2</b>	<b>34,632</b>	<b>12.5</b>
Result of investments accounted for using the equity method	2	0.0	29	0.0
Finance expenses	1,293	0.4	1,581	0.5
Finance income	589	0.2	1,078	0.4
<b>Finance result (net)</b>	<b>702</b>	<b>0.2</b>	<b>474</b>	<b>0.1</b>
<b>Earnings before taxes (EBT)</b>	<b>52,487</b>	<b>18.0</b>	<b>34,158</b>	<b>12.4</b>
Income taxes	1,833	0.6	1,376	0.5
<b>Consolidated result</b>	<b>50,654</b>	<b>17.4</b>	<b>32,782</b>	<b>11.9</b>
of which				
<b>non-controlling interests</b>	<b>732.0</b>	<b>0.3</b>	<b>618</b>	<b>0.3</b>
<b>shareholders of RHÖN-KLINIKUM AG</b>	<b>49,922</b>	<b>17.1</b>	<b>32,164</b>	<b>11.6</b>
<b>Earnings per share in €</b>				
<b>undiluted</b>	<b>0.75</b>		<b>0.44</b>	
<b>diluted</b>	<b>0.75</b>		<b>0.44</b>	

January to March	2016	2015
	€ '000	€ '000
<b>Consolidated result</b>	<b>50,654</b>	<b>32,782</b>
of which		
non-controlling interests	732	618
shareholders of RHÖN-KLINIKUM AG	49,922	32,164
Revaluation of defined benefit pension plans	-	-
Income taxes	-	-
<b>Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income<sup>1</sup></b>	<b>-</b>	<b>-</b>
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	-	-
<b>Total comprehensive income</b>	<b>50,654</b>	<b>32,782</b>
of which		
non-controlling interests	732	618
shareholders of RHÖN-KLINIKUM AG	49,922	32,164

<sup>1</sup> Sum of value changes recognised in the equity.

## Consolidated Balance Sheet at 31 March 2016

	31 March 2016		31 December 2015	
	€ '000	%	€ '000	%
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill and other intangible assets	171,698	11.3	166,478	10.2
Property, plant and equipment	676,802	44.6	668,481	40.9
Investment property	2,878	0.2	2,913	0.2
Investments accounted for using the equity method	1,034	0.1	307	0.0
Income tax assets	2,415	0.2	2,383	0.1
Deferred tax assets	2,344	0.1	2,484	0.1
Other financial assets	33,230	2.2	50,096	3.1
Other assets	8	0.0	19	0.0
	<b>890,409</b>	<b>58.7</b>	<b>893,161</b>	<b>54.6</b>
<b>Current assets</b>				
Inventories	21,207	1.4	23,080	1.4
Trade receivables	197,306	13.0	175,655	10.8
Other financial assets	328,306	21.7	372,844	22.8
Other assets	16,172	1.1	21,051	1.3
Current income tax assets	4,710	0.3	5,377	0.3
Cash and cash equivalents	57,874	3.8	143,320	8.8
	<b>625,575</b>	<b>41.3</b>	<b>741,327</b>	<b>45.4</b>
	<b>1,515,984</b>	<b>100.0</b>	<b>1,634,488</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued share capital	167,406	11.0	167,406	10.2
Capital reserve	574,168	37.9	574,168	35.1
Other reserves	396,388	26.2	346,466	21.2
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,137,886	75.1	1,087,964	66.5
Non-controlling interests in equity	21,480	1.4	20,749	1.3
	<b>1,159,366</b>	<b>76.5</b>	<b>1,108,713</b>	<b>67.8</b>
<b>Non-current liabilities</b>				
Financial liabilities	10,000	0.7	10,000	0.6
Provisions for post-employment benefits	1,813	0.1	1,372	0.1
Other financial liabilities	18,379	1.2	18,262	1.1
Other liabilities	6,811	0.4	6,815	0.4
	<b>37,003</b>	<b>2.4</b>	<b>36,449</b>	<b>2.2</b>
<b>Current liabilities</b>				
Financial liabilities	0	0.0	147,630	9.0
Trade payables	87,658	5.8	95,301	5.8
Current income tax liabilities	1,662	0.1	1,263	0.1
Other provisions	106,632	7.0	143,040	8.8
Other financial liabilities	27,769	1.8	21,921	1.4
Other liabilities	95,894	6.4	80,171	4.9
	<b>319,615</b>	<b>21.1</b>	<b>489,326</b>	<b>30.0</b>
	<b>1,515,984</b>	<b>100.0</b>	<b>1,634,488</b>	<b>100.0</b>

## Statement of Changes in Equity

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders- of RHÖN- KLINIKUM AG	Non-controlling interests in equity <sup>1</sup>	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>As at 31 Dec. 2014/1 Jan. 2015</b>	<b>183,705</b>	<b>557,869</b>	<b>487,045</b>	<b>-76</b>	<b>1,228,543</b>	<b>20,381</b>	<b>1,248,924</b>
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Total comprehensive income	-	-	32,164	-	32,164	618	32,782
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
<b>As at 31 March 2015</b>	<b>183,705</b>	<b>557,869</b>	<b>519,209</b>	<b>-76</b>	<b>1,260,707</b>	<b>20,999</b>	<b>1,281,706</b>
<b>As at 31 Dec. 2015/1 Jan. 2016</b>	<b>167,406</b>	<b>574,168</b>	<b>346,466</b>	<b>-76</b>	<b>1,087,964</b>	<b>20,749</b>	<b>1,108,713</b>
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Total comprehensive income	-	-	49,922	-	49,922	731	50,653
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>167,406</b>	<b>574,168</b>	<b>396,388</b>	<b>-76</b>	<b>1,137,886</b>	<b>21,480</b>	<b>1,159,366</b>

<sup>1</sup> Including other comprehensive income (OCI).

## Statement of Cash Flows

<b>January to March</b>	<b>2016</b>	<b>2015</b>
	<b>€ m</b>	<b>€ m</b>
Earnings before taxes	52.5	34.2
Finance result (net)	0.7	0.5
Depreciation/amortisation and impairment and gains/losses on disposal of assets	14.6	15.0
	<b>67.8</b>	<b>49.7</b>
<b>Change in net current assets</b>		
Change in inventories	2.0	1.5
Change in trade receivables	-18.6	-14.6
Change in other financial assets and other assets	4.8	-9.6
Change in trade payables	-8.2	-8.8
Change in other net liabilities/Other non-cash transactions	12.3	16.2
Change in provisions	-36.0	-21.1
Income taxes paid	-0.6	-2.0
Interest paid	-5.7	-5.7
<b>Cash generated from operating activities</b>	<b>17.8</b>	<b>5.6</b>
Investments in property, plant and equipment and in intangible assets	-24.4	-9.2
Government grants received to finance investments in property, plant and equipment and in intangible assets	0.5	1.0
Change in investments in fixed term deposits	65.0	-390.0
Loans to associated companies	-3.6	-1.3
Acquisition of subsidiaries, net of cash acquired	2.0	-
Sale of subsidiaries, net of cash disposed	-	41.2
Sale proceeds from disposal of assets	0.1	0.0
Interest received	0.4	1.1
<b>Cash generated from/cash used in investing activities</b>	<b>40.0</b>	<b>-357.2</b>
Repayment of financial liabilities	-143.2	-
<b>Cash used in financing activities</b>	<b>-143.2</b>	<b>-</b>
Change in cash and cash equivalents	-85.4	-351.6
Cash and cash equivalents at 1 January	143.3	695.3
<b>Cash and cash equivalents at 31 March</b>	<b>57.9</b>	<b>343.7</b>

## Condensed Notes

### GENERAL INFORMATION

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate primarily acute-care hospitals of all categories, with the focus being on cutting-edge medicine oriented towards maximum care with a direct tie-in to universities and research facilities. At some sites and for selected medical disciplines, rehabilitation services are also offered to complement existing acute inpatient offerings. Moreover, outpatient structures in the form of medical care centres are also being expanded. We provide our services exclusively in Germany.

The Company is a stock corporation established under German law and has been listed on the stock market (MDAX®) since 1989. The registered office of the Company is in Bad Neustadt a. d. Saale, Salzburger Leite 1, Germany.

The Interim Consolidated Financial Statements will be published on 6 May 2016 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

### ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 31 March 2016 have been prepared in accordance with the rules of IAS 34 in condensed form applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

With the exception of the Standards and Interpretations which were already adopted by the European Union, the same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as in the Consolidated Financial Statements for the financial year ending on 31 December 2015.

Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”, IAS 19 “Employee Benefits – Employee Contributions”, IAS 16 and 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”, IAS 16 and 41 “Bearer Plants”, IAS 1 “Disclosure Initiative” and IAS 27 “Adoption of the Equity Method in Separate Financial Statements” as well as the annual improvements to IFRS (2012-2014 Cycle) (IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7 “Financial Instruments: Disclosures”, IAS 19 “Employee Benefits”, IAS 34 “Interim Financial Reporting”) are to be applied as of 1 January 2016. These amendments had no material impact on and/or nor relevance for the presentation of the net assets, financial position and results of operations.

The income tax expense was deferred in the reporting period based on the tax rate expected for the entire financial year.

## CONSOLIDATED COMPANIES

The ultimate parent company is RHÖN-KLINIKUM Aktiengesellschaft with its registered office in Bad Neustadt a. d. Saale. The consolidated companies are as follows:

	31 Dec. 2015	Additions	Disposals	Reclassification	31 March 2016
Fully consolidated subsidiaries	27	-	-	-	27
Companies consolidated using the equity method	2	-	-	1	3
Other subsidiaries	7	-	-	-1	6
<b>Consolidated companies</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>

Fully consolidated subsidiaries are all entities (including structured entities) which the Group has the possibility of controlling pursuant to IFRS 10. When assessing whether control exist, it is examined whether the parent has power over the subsidiary, obtains positive or negative variable returns and from it can influence the amount of such returns through exercising its power. The Group examines whether control is exercised also when the parent company holds less than 50% of the voting rights but has the possibility of controlling the relevant activities of the subsidiary based on de facto control. De facto control exists for example in the case of voting right agreements or high minority rights. Subsidiaries are included in the consolidated financial statements (full consolidation) from the date that the Group obtains control and are deconsolidated when the control ends. Acquired subsidiaries are accounted for using the purchase method.

The entities consolidated using the equity method are associated companies over which the Group has a substantial influence but over which it does not have control, which as a rule is conferred when the voting interest is between 20% and 50%. Investments in associated companies and jointly controlled entities (joint ventures) are accounted for using the equity method and initially recognised at cost. The Group's interest in associated companies and jointly controlled entities includes the goodwill arising on acquisition (less accumulated impairment losses).

Other entities are companies whose individual or overall impact on the net assets and results of operations is not material and/or over which we cannot exert any material influence over financial and business policy decisions. They are included in the consolidated financial statements at the lower of cost or fair value.

The reclassification relates to the equity interest in the company "Wir für Gesundheit GmbH".

### Company acquisitions

By purchase agreement dated 31 July 2015, RHÖN-Kreisklinik Bad Neustadt GmbH, in an asset deal, acquired Kreisklinik Bad Neustadt with effect from 1 January 2016 subject to conditions precedent. Kreisklinik Bad Neustadt a. d. Saale is a basic and standard care hospital with a total of 225 beds and 8 palliative places as well as a school for nurses. The Kreisklinik facility has the medical specialties of surgery, internal medicine, gynaecology and obstetrics, oto-rhino-laryngology (ENT) as well as haemodialysis and employs some 420 full-time staff. The acquisition serves to broaden the regional care structures at the Bad Neustadt a. d. Saale site. The conditions precedent have been met, with the result that the Kreisklinik facility was included in the consolidated financial statements as of 1 January 2016. Under the campus approach of the hospitals at the Bad Neustadt a. d. Saale site, the acquired hospital will be integrated into the campus area following completion of the new

construction measure in 2018. Regarding the acquisition-related costs, please refer to the 2015 Annual Report.

Purchase price allocation is performed on the basis of the values of the 2015 annual financial statements. The preliminary purchase price allocation has the following impact on the Group's net assets in 2016:

<b>Kreisklinik Bad Neustadt a. d. Saale</b>	<b>€ m</b>
<b>Acquired assets and liabilities</b>	
Intangible assets	0.1
Property, plant and equipment	0.8
Trade receivables	3.0
Cash and cash equivalents	2.0
Other assets	0.6
Trade payables	-0.9
Other liabilities	-3.0
<b>Net assets acquired</b>	<b>2.6</b>
Goodwill	5.1
<b>Cost as defined by IFRS 3</b>	<b>7.7</b>
- acquired cash and cash equivalents	-2.0
<b>Cash outflow on transaction at date of first-time consolidation</b>	<b>5.7</b>
Downpayment already made in 2015	5.5
<b>Purchase price yet to be paid in 2016</b>	<b>2.2</b>

The disclosures are made in accordance with IFRS 3.59 et seq. The goodwill arising by reason of the first-time acquisition reflects the expectations that the Group, with the acquisition of Kreisklinik at the Bad Neustadt a. d. Saale site, can implement full-service inpatient care delivery rurally. As a basic and standard care hospital, Kreisklinik complements the offering of specialty facilities already found at the Bad Neustadt a. d. Saale site. With an offering at the level of cutting-edge medical care, we want to have a stronger presence on the market and in that way address patients across districts. With the plans to bring together all facilities on the healthcare campus currently under construction, we also expect to achieve cost savings on the back of synergy effects. The further expansion of outpatient structures within the vicinity of the hospitals and their close integration into inpatient structures will enhance the attractiveness of the Bad Neustadt a. d. Saale site for patients from the district and beyond.

The fair value of trade receivables is made up of an amount of € 3.1 million less specific valuation allowances of € 0.1 million. The goodwill recognised is likely to be tax-deductible.

in the first three months of financial year 2016, no doctor's practices were acquired.

## OPERATING SEGMENTS

The Group's clinics are operated in the legal form of independent subsidiaries which carry on their business activities in their respective regional markets in line with the guidelines and specifications of the parent company. There are no dependent hospital operations or branches within RHÖN-KLINIKUM AG.

According to IFRS 8 “Operating Segments”, segment information is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach).

The chief operating decision maker of RHÖN-KLINIKUM AG is the Board of Management as a whole which makes the strategic decisions for the Group and which is reported to based on the figures of the individual hospitals and subsidiaries. Accordingly, RHÖN-KLINIKUM AG with its acute hospitals and other facilities continues to have only one reportable segment since the other units such as rehabilitation facilities, medical care centres and service companies, whether on a stand-alone basis or in the aggregate, do not exceed the quantitative thresholds of IFRS 8.

## SELECTED EXPLANATIONS REGARDING INTERIM CONSOLIDATED INCOME STATEMENT

### Revenues

January to March	2016 € m	2015 € m
<b>Business areas</b>		
Acute hospitals	281.7	267.5
Medical care centres	2.6	1.9
Rehabilitation hospitals	7.2	6.7
	<b>291.5</b>	<b>276.1</b>
<b>Regions</b>		
Bavaria	60.1	50.9
Saxony	0.1	0.1
Thuringia	44.5	43.5
Brandenburg	34.4	33.3
Hesse	152.4	148.3
	<b>291.5</b>	<b>276.1</b>

According to IAS 18, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 15.4 million or 5.6% to € 291.5 million. Adjusting for changes in the scope of consolidation (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016) to the tune of € 8.4 million, this translates into organic growth of € 7.0 million or 2.5%.

### Other income

January to March	2016 € m	2015 € m
Income from services rendered	31.5	29.5
Income from grants and other allowances	2.6	2.5
Income from adjustment of receivables	0.3	0.2
Income from indemnification payments/Other reimbursements	0.5	0.2
Other	38.1	22.6
	<b>73.0</b>	<b>55.0</b>

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements.

The Group received grants and other allowances as compensation for certain purpose-tied expenditures in connection with publicly financed measures (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing semi-retirement schemes and maternity leave, and for other subsidised measures).

Moreover, in the first quarter of 2016 provisions were reversed for potential legal and fiscal guarantee risks in connection with the sale of subsidiaries to Fresenius/Helios in the amount of roughly € 36.4 million, since related contractual guarantee periods in some cases had expired. During the same period last year, € 19.7 million in income from the reversal of provisions that were formed in connection with potential additional claims for social insurance contributions of the German

pension insurance agency (Deutsche Rentenversicherung) resulting from investigations of the cleaning companies carried out in 2011 were recognised under this item.

### Other expenditures

January to March	2016	2015
	€ m	€ m
Maintenance	10.6	10.1
Charges, subscriptions and consulting fees	5.5	5.3
Insurance	2.3	2.0
Administrative and IT costs	1.8	1.8
Impairment on receivables	2.0	1.4
Rents and leaseholds	1.6	1.1
Other personnel and continuing training costs	1.1	1.0
Travelling, entertaining and representation expenses	0.4	0.4
Secondary taxes	0.1	0.1
Losses on disposal of non-current assets	0.0	0.0
Other	2.8	3.4
	<b>28.2</b>	<b>26.6</b>

Compared with the same period last year, other expenditures in the first three months of 2016 witnessed a rise of € 1.6 million or 6.0% to € 28.2 million. The rise largely results from the first-time consolidation of Kreisklinik Bad Neustadt.

### Depreciation/amortisation and impairment

Compared with the same period last year, the depreciation/amortisation item declined slightly by € 0.3 million or 2.0% to € 14.7 million.

### Finance result (net)

Compared with the same period last year, we recorded a rise in our negative finance result by € 0.2 million to € 0.7 million in the first three months of financial year 2016. The rise essentially results from lower finance income due to declining deposits. These declining deposits relate to net capital payments made in 2015 to our shareholders following the dividend pay-out, the share repurchase and related capital reduction.

### Income taxes

January to March	2016	2015
	€ m	€ m
Current income tax	1.7	1.5
Deferred taxes	0.1	-0.1
	<b>1.8</b>	<b>1.4</b>

At an unchanged rate of taxation, the income tax expense item rose by € 0.4 million to € 1.8 million (previous year: € 1.4 million) compared with same period of the previous year. This is attributable to the higher result generated during the first quarter.

At present, tax carry-forwards are only recognised Group-wide to the extent that they are considered probable to be claimed within 5 years.

## SELECTED EXPLANATIONS REGARDING CONSOLIDATED INTERIM BALANCE SHEET

### Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
<b>Cost</b>			
<b>1 January 2016</b>	<b>157.2</b>	<b>33.7</b>	<b>190.9</b>
Additions due to changes in consolidated companies	5.1	0.2	5.3
Additions	0.0	0.4	0.4
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
<b>31 March 2016</b>	<b>162.3</b>	<b>34.3</b>	<b>196.6</b>
<b>Cumulative depreciation and impairment</b>			
<b>1 January 2016</b>	<b>0.0</b>	<b>24.4</b>	<b>24.4</b>
Depreciation	0.0	0.5	0.5
Disposals	0.0	0.0	0.0
<b>31 March 2016</b>	<b>0.0</b>	<b>24.9</b>	<b>24.9</b>
<b>Balance sheet value at 31 March 2016</b>	<b>162.3</b>	<b>9.4</b>	<b>171.7</b>

	Goodwill € m	Other intangible assets € m	Total € m
<b>Cost</b>			
<b>1 January 2015</b>	<b>156.0</b>	<b>31.4</b>	<b>187.4</b>
Additions due to changes in consolidated companies	0.0	0.0	0.0
Additions	0.0	0.1	0.1
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
<b>31 March 2015</b>	<b>156.0</b>	<b>31.5</b>	<b>187.5</b>
<b>Cumulative depreciation and impairment</b>			
<b>1 January 2015</b>	<b>0.0</b>	<b>23.7</b>	<b>23.7</b>
Depreciation	0.0	0.5	0.5
Disposals	0.0	0.0	0.0
<b>31 March 2015</b>	<b>0.0</b>	<b>24.2</b>	<b>24.2</b>
<b>Balance sheet value at 31 March 2015</b>	<b>156.0</b>	<b>7.3</b>	<b>163.3</b>

## Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
<b>Cost</b>					
<b>1 January 2016</b>	<b>893.8</b>	<b>43.4</b>	<b>272.8</b>	<b>57.0</b>	<b>1,267.0</b>
Additions due to changes in consolidated companies	0.0	0.0	0.8	0.0	0.8
Additions	0.1	0.0	5.2	16.4	21.7
Disposals	0.0	0.0	7.0	0.0	7.0
Transfers	0.8	0.0	3.8	-4.6	0.0
<b>31 March 2016</b>	<b>894.7</b>	<b>43.4</b>	<b>275.6</b>	<b>68.8</b>	<b>1,282.5</b>
<b>Cumulative depreciation and impairment</b>					
<b>1 January 2016</b>	<b>368.0</b>	<b>26.6</b>	<b>203.9</b>	<b>0.0</b>	<b>598.5</b>
Depreciation	7.6	0.7	5.8	0.0	14.1
Disposals	0.0	0.0	6.9	0.0	6.9
<b>31 March 2016</b>	<b>375.6</b>	<b>27.3</b>	<b>202.8</b>	<b>0.0</b>	<b>605.7</b>
<b>Balance sheet value at 31 March 2016</b>	<b>519.1</b>	<b>16.1</b>	<b>72.8</b>	<b>68.8</b>	<b>676.8</b>

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
<b>Cost</b>					
<b>1 January 2015</b>	<b>887.9</b>	<b>42.7</b>	<b>264.6</b>	<b>21.2</b>	<b>1,216.4</b>
Additions	1.1	0.2	3.0	2.9	7.2
Disposals	0.0	0.0	7.6	0.0	7.6
Transfers	0.0	0.2	0.8	-1.0	0.0
<b>31 March 2015</b>	<b>889.0</b>	<b>43.1</b>	<b>260.8</b>	<b>23.1</b>	<b>1,216.0</b>
<b>Cumulative depreciation and impairment</b>					
<b>1 January 2015</b>	<b>335.4</b>	<b>23.6</b>	<b>194.2</b>	<b>0.0</b>	<b>553.2</b>
Depreciation	8.1	0.8	5.6	0.0	14.5
Disposals	0.0	0.0	7.6	0.0	7.6
<b>31 March 2015</b>	<b>343.5</b>	<b>24.4</b>	<b>192.2</b>	<b>0.0</b>	<b>560.1</b>
<b>Balance sheet value at 31 March 2015</b>	<b>545.5</b>	<b>18.7</b>	<b>68.6</b>	<b>23.1</b>	<b>655.9</b>

### Other financial assets (non-current)

Under this item, a long-term loan in the amount of € 23.2 million (31 December 2015: € 20.1 million) and fixed term deposit investments having a residual term of > 1 year are recognised in the amount of € 10.0 million (31 December 2015: € 30.0 million).

### Other assets (non-current)

Interests in companies accounted for using the equity method were reported in financial year 2015 in the amount of € 0.3 million under other assets (non-current) on the grounds of materiality. As at 31 March 2016, reporting will take place under the separate item "Investments accounted for using the equity method" in the amount of € 1.0 million.

### Other financial assets (current)

Owing to the low interest rate environment for overnight and short-term deposits, fixed term deposit investments with a remaining term of < 1 year were made in the amount of € 300.0 million (31 December 2015: € 345.0 million).

## Equity

The rise in equity of € 50.7 million entirely results from consolidated profit for the first three months of financial year 2016.

## Financial liabilities

In financial year 2010, RHÖN-KLINIKUM AG successfully placed on the market a bond with a volume of € 400.0 million and a maturity of six years (ISIN XS0491047154). The coupon of the bond was 3.875%. On 27 March 2014, RHÖN-KLINIKUM AG submitted a public bond tender offer at a price of 106.1%. 61.95% of the outstanding nominal amount of this bond was redeemed, with the result that a nominal amount of € 152.2 million remained on the market from this bond. In July 2014, the bond with a nominal value of € 9.0 million was further redeemed. A nominal amount of € 143.2 million, which was repaid on 11 March 2016, remained on the market. This leaves only a bullet loan in the amount of € 10.0 million maturing in 2017 still recognised under this item.

## Additional disclosures regarding financial instruments

The table below presents the carrying amounts and fair values of the individual financial assets and liabilities for each individual category of financial instruments and transfers these to the corresponding balance sheet item:

Measurement category according to IAS 39	31 Mar. 2016	of which financial instruments		31 Dec. 2015	of which financial instruments	
		Carrying amount	Fair value		Carrying amount	Fair value
<b>ASSETS</b>						
<b>Non-current assets</b>						
Other financial assets	<b>33.2</b>	33.2	33.2	<b>50.1</b>	50.1	49.9
of which investments	Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
of which other	Loans and receivables	<b>33.2</b>	33.2	<b>50.1</b>	50.1	49.9
<b>Current assets</b>						
Trade receivables and other financial assets	<b>525.6</b>	525.6	525.6	<b>548.5</b>	548.5	548.5
of which trade receivables, other financial assets	Loans and receivables	<b>525.6</b>	525.6	<b>548.5</b>	548.5	548.5
Cash and cash equivalents	Loans and receivables	<b>57.9</b>	57.9	<b>143.3</b>	143.3	143.3
<b>EQUITY AND LIABILITIES</b>						
<b>Non-current liabilities</b>						
Financial liabilities	<b>10.0</b>	10.0	9.9	<b>10.0</b>	10.0	9.8
of which financial liabilities	Financial liabilities measured at amortised cost	<b>10.0</b>	10.0	9.9	<b>10.0</b>	9.8
Other financial liabilities		<b>18.4</b>	18.4	<b>18.3</b>	18.3	20.5
of which other financial liabilities	Financial liabilities measured at amortised cost	<b>14.8</b>	14.8	<b>14.7</b>	14.7	16.9
of which under finance leases	n.a.	<b>3.6</b>	3.6	<b>3.6</b>	3.6	3.6
<b>Current liabilities</b>						
Trade payables	Financial liabilities measured at amortised cost	<b>87.7</b>	87.7	<b>95.3</b>	95.3	95.3
Financial liabilities		<b>0.0</b>	0.0	<b>147.6</b>	147.6	147.6
of which financial liabilities	Financial liabilities measured at amortised cost	<b>0.0</b>	0.0	<b>147.6</b>	147.6	147.6
Other financial liabilities		<b>27.8</b>	27.8	<b>21.9</b>	21.9	21.9
of which other financial liabilities	Financial liabilities measured at amortised cost	<b>26.7</b>	26.7	<b>20.9</b>	20.9	20.9
of which under finance leases	n.a.	<b>1.1</b>	1.1	<b>1.0</b>	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:						
	Loans and receivables		616.7	616.7	741.9	741.7
	Financial liabilities measured at amortised cost		139.2	141.7	288.5	290.5

The fair values of financial assets and liabilities accounted for at amortised cost are classified as follows to the three levels of the fair value hierarchy:

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m	31 Dec. 2015 € m
Non-current assets from loans and receivables	-	33.2	-	33.2	49.9
Current assets from loans and receivables	-	525.6	-	525.6	548.5
Non-current financial liabilities	-	9.9	-	9.9	9.8
Non-current liabilities from other financial liabilities	-	21.0	-	21.0	20.5
Current liabilities from trade payables	-	87.7	-	87.7	95.3
Current financial liabilities	-	-	-	-	147.6
Current liabilities from other financial liabilities	-	27.8	-	27.8	21.9

The levels of the fair value hierarchy and their application to assets and liabilities are described below:

- Level 1: Listed market prices for identical assets or liabilities on active markets
- Level 2: Other information in the form of listed market prices which are directly (e.g. prices) or indirectly (e.g. derived from prices) observable, and
- Level 3: Information on assets and liabilities not based on observable market data.

The fair values of the assets and liabilities to be classified to Level 2 are determined on the basis of input factors derivable directly on the market, such as interest. They result from the discounting of future cash flows using the corresponding input factors. In this context, own credit risk is also taken into account. Since the exchange-listed bond of RHÖN-KLINIKUM AG was repaid in March 2016, credit risk is now calculated from similar bonds of other listed companies from the healthcare sector.

Of the other financial assets (non-current), € 0.0 million (31 December 2015: € 0.0 million) are attributable to equity interests whose market value can no longer be calculated due to the absence of an active market. They are measured at cost.

Accounts receivable, other financial assets as well as cash and cash equivalents in general mainly have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values. The change per 31 December 2015 essentially results from the reversal of is mainly due to the termination of fixed term deposit investments.

The figure shown for financial liabilities includes a bank loan whose fair value is calculated on the basis of the discounted cash flow. A risk- and maturity-related rate appropriate for RHÖN-KLINIKUM AG has been used for discounting purposes. The fair values of the liabilities are to be classified to Level 2 of the fair value hierarchy on the basis of the input factors.

For the accounts payable and other financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The change in current financial liabilities results from the repayment of the exchange-listed bond of RHÖN-KLINIKUM AG in the first quarter of 2016.

The fair value of liabilities under finance leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

## OTHER DISCLOSURES

### Interests held in the Company

During the period of 1 January 2016 up to and including 31 March 2016, we have not received any notifications from shareholders that during the reporting period their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 21 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

The voting interests may have changed since 31 March 2016. With regard to notifications on threshold events pursuant to section 21 (1) of the WpHG that took place as of 1 April 2016, and for additional information on the attribution of the respective voting rights pursuant to section 22 of the WpHG, we refer to the publications on our homepage in the Investor Relations/Publications/IR News section. The notified voting interests and/or interest in the registered share capital were determined by the notifying entities on the basis of the existing aggregate number of shares at the time of the notification of voting rights.

Based on the threshold events notified to us, the following picture pursuant to sections 21, 22 of the WpHG in terms of shareholder structure emerges as at the relevant key date of 31 March 2016:

Notifying entity	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Attribution pursuant to WpHG (section 21 (1) WpHG)
B. Braun Melsungen Aktiengesellschaft, Melsungen, Germany	26 Nov. 2014	18.01		18.01	20 Nov. 2014	> 10 % / > 15 %	Section 21 (1) - Attribution pursuant to section 22 (1) sentence 1 no. 1 to Ludwig G. Braun GmbH & Co. KG, B. Braun Holding GmbH & Co. KG, B. Braun Holding GmbH & Co. KG, BraHo Verwaltungsgesellschaft mbH, Prof. Dr. h. c. Ludwig Georg Braun, Ilona Braun, Martin Lüdicke
Asklepios Kliniken Verwaltungsgesellschaft mbH	30 Dec. 2015	17.57		17.57	23 Dec. 2015	>10% / >15%	directly (section 21 WpHG) 17.57%
Eugen Münch, Germany	20 Nov. 2014	6.32		6.32	20 Nov. 2014	> 5 %	Section 21 (1)
Ingeborg Münch, Germany	26 Oct. 2015	5.44		5.44	15 Oct. 2015	> 5 %	Section 21 (1)
Landeskrankenhilfe V.V.a.G	21 Oct. 2015	3.19		3.19	15 Oct. 2015	> 3 %	Section 21 (1)

During the reporting period from 1 January up to and including 31 March 2016, we did not receive any notifications on statutory reporting thresholds pursuant to sections 25, 25a of the WpHG. The voting interests may have changed since 31 March 2016. With regard to notifications on threshold events that took place as of 1 April 2016, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our homepage in the Investor Relations/Publications/IR News section.

As at 31 March 2016, the Company holds 24,000 treasury shares. This corresponds to 0.03% of the voting rights.

## **Corporate Bodies and Advisory Board**

Since the last reporting date, the composition of the Supervisory Board has remained unchanged. Regarding the composition of the Supervisory Board as well as its allocation of duties and responsibilities, please refer to the Annual Report as at 31 December 2015.

With effect from 1 January 2016, Prof. Dr. Bernd Griewing was appointed to the Board of Management. The allocation of responsibilities within the Board of Management was adjusted as shown in the 2015 Annual Report.

The composition of the Advisory Board as well as its distribution of duties and responsibilities have not changed since 31 December 2015.

## **Related parties**

RHÖN-KLINIKUM Group companies, in given instances, enter into transactions with related parties, as further described in the Notes to the Consolidated Financial Statements as at 31 December 2015. The transactions conducted with related parties primarily result from service, lease and supply relations arranged at arm's length terms. In the view of the RHÖN-KLINIKUM Group, these transactions are not of material significance.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2015. The same applies for the financial receivables and/or liabilities that existed with related parties. With Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung, a long-term loan receivable in the amount of € 27.8 million existed as at 31 March 2016 (31 December 2015: € 24.9 million).

No material transactions with related parties which are unusual in terms of their nature or amount have taken place.

## **Total payments of Supervisory Board, the Board of Management and the Advisory Board**

The contractual remuneration for the members of the Supervisory Board were unchanged as at the reporting date of 31 March 2016. Detailed information in this regard is provided in our 2015 Annual Report.

The contractual remuneration for the members of the Advisory Board has remained unchanged since the presentation in the 2015 Annual Report.

In November 2015, the Supervisory Board adjusted the remuneration scheme for the members of the Board of Management to current conditions. The guidelines on the remuneration of the members of the Board of Management had to be adjusted based on the reduced size of the Group since 2014, the re-orientation of business policy and the related future earnings expectations, as well as the re-organisation of the Board of Management.

As a general rule, these guidelines apply to all service contracts of members of the Board of Management that are entered into or amended as of such date. This was done for all incumbent members of the Board of Management as of 1 January 2016. The calculation of the management

profit sharing bonuses was adjusted to the changed conditions of the Group. The changes essentially cover the management profit sharing scheme and the increase in the minimum remuneration levels and caps on total remuneration and specifically concern the following components:

As of financial year 2016, the assessment basis is comprised of the average of consolidated results of the last three financial years weighted by the factors of 3, 2 and 1. The consolidated results which are furthest in the past are weighted with the lowest factor. The consolidated result used as a basis is the consolidated result after minority interests in accordance with the currently applicable IFRSs. For financial year 2014, which was affected by the restructuring of the Group and thus by extraordinary events and one-off effects, a facilitating value is applied as the calculation basis. In the event that the consolidated result has been influenced by extraordinary developments, the one-off impacts of such developments are eliminated. The rate of management profit sharing is defined by the Supervisory Board individually for each member of the Board of Management on recommendation by the Personnel Affairs Committee, giving due regard to the performance, duties and number of terms of office. Normally, the chairman of the Board of Management receives 1.5 times to twice the rate of management profit sharing. For members and in particular deputy members who have been appointed to the Board of Management for the first time, it is possible to agree on an appropriate reduction in the rates of management profit sharing. This option exists when justified by special grounds, also for the other members of the Board of Management.

As of financial year 2016, the members of the Board of Management receive a guaranteed a total annual remuneration (sum of base salary and management profit sharing) of at least € 600 thousand. The cap is set at € 1,200 thousand. The guaranteed total remuneration for the year is paid out in advance in twelve equal monthly instalments. The minimum remuneration and the cap can be fixed at up to 2.5 times these amounts for the chairman of the Board of Management and at up to twice these amounts for his permanent representative and the chief financial officer (CFO). In all other points, we refer to our 2015 Annual Report.

No loans were granted to members of the Supervisory Board, the Board of Management or the Advisory Board.

No notifications of transactions pursuant to section 15 of the WpHG by persons discharging managerial duties (directors' dealings) were recorded during the first quarter of 2016.

## Employees

At the reporting date of 31 March 2016 the Group employed a total of 16,117 persons (31 December 2015: 15,654 persons). The rise results from the 541 employees added from the takeover of Kreisklinik Bad Neustadt as at 1 January 2016.

## Other financial obligations

Other financial obligations have not changed significantly since the last reporting date.

## Contingent liabilities

The aggregate volume of contingent liabilities has not changed significantly since the last reporting date.

## Earnings per share

Earnings per share in accordance with IAS 33 is calculated using the share of consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year. Diluted earnings per share correspond to basic earnings per share, as there were no stock options or convertible debentures outstanding on the reporting date.

The following table sets out the development in the shares in issue:

	No. of shares on 31 March 2016	No. of shares on 31 March 2015
Non-par shares	66,962,470	73,481,860
Treasury non-par shares	-24,000	-24,000
<b>Shares in issue</b>	<b>66,938,470</b>	<b>73,457,860</b>

Earnings per share are calculated as follows:

Non-par shares	31 March 2016	31 March 2015
Share in consolidated profit (€ '000)	49,922	32,164
Weighted average number of shares outstanding, in thousands	66,938	73,458
Earnings per share in €	0.75	0.44

## Statement of Cash Flows

The statement of cash flows shows how the item Cash and cash equivalents of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The acquired cash and cash equivalents of Kreisklinik Bad Neustadt are reported under the investments item. Also recognised under investments are terminations of fixed term deposits amounting to € 65.0 million (previous year: fixed term deposit investments amounting to € 390 million) which, together with the reduction in cash and cash equivalents, were used to finance the repayment of the exchange-listed bond of RHÖN-KLINIKUM AG. Moreover, a total of € 3.6 million (previous year: € 1.3 million) was provided to the associated companies. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the cash flow statement, bank overdrafts in the amount of € 0.0 million (previous year: € 0.0 million) are deducted

from cash and cash equivalents. A total of € 12.0 million (previous year: € 3.7 million) in construction outstanding invoices were reflected in the cash flow statement.

### **Events after the reporting date of 31 March 2016**

The newly founded company RHÖN-Innovations GmbH has now been recorded in the commercial register. The objective of this company is to make equity investments in start-ups in the medical field through a targeted investment and risk strategy. The company's core task is to promote innovative start-ups while at the same time participating in the equity of the respective business. The focus in this regard is essentially on medical innovations within the core business of RHÖN-KLINIKUM AG as well as on strengthening outpatient-inpatient healthcare delivery structures in rural areas.

Bad Neustadt a. d. Saale, 6 May 2016

RHÖN-KLINIKUM Aktiengesellschaft  
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

## KEY FIGURES

### KEY FIGURES JANUARY THROUGH MARCH 2016/JANUARY THROUGH MARCH 2015

Data in € m	Jan. – March 2016	Jan. – March 2015	Change in %
Revenues	291.5	276.1	5.6
Materials and consumables used	80.6	79.9	0.9
Employee benefits expense	187.8	174.9	7.4
Depreciation/amortisation and impairment	14.7	15.0	-2.0
Consolidated result according to IFRS	50.7	32.8	54.6
Profit share of shareholders of RHÖN-KLINIKUM AG	49.9	32.2	55.0
Profit share of non-controlling interests	0.7	0.6	16.7
Return on revenue (%)	17.4	11.9	46.2
EBT	52.5	34.2	53.5
EBIT	53.2	34.6	53.8
EBIT - ratio (%)	18.2	12.5	45.6
EBITDA	67.9	49.7	36.6
EBITDA ratio (%)	23.3	18.0	29.4
Operating cash flow	65.3	47.8	36.6
Property, plant and equipment and investment property	679.7	658.9	3.2
Income tax assets (non-current)	2.4	4.6	-47.8
Equity according to IFRS	1,159.4	1,281.7	-9.5
Return on equity in %	8.2	10.4	-21.2
Balance sheet total according to IFRS	1,516.0	1,816.9	-16.6
Investment in property, plant and equipment, intangible assets and in investment property	28.2	7.3	286.3
Earnings per ordinary share (in €) (undiluted/diluted)	0.75	0.44	70.5
Number of employees (headcount)	16,117	15,488	4.1
Number of cases (patients treated)	205,578	191,730	7.2
Beds and places	5,451	5,235	4.1

## FINANCIAL CALENDAR

### DATES FOR SHAREHOLDERS AND ANALYSTS

#### 2016

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6 May 2016	Publication of Interim Report for the quarter ending 31 March 2016, conference call for analysts
8 June 2016	Annual General Meeting (at the Jahrhunderthalle Frankfurt)
4 August 2016	Publication of Half-Year Financial Report as at 30 June 2016, conference call for analysts
4 November 2016	Publication of Interim Report for the quarter ending 30 September 2016, conference call for analysts

**RHÖN-KLINIKUM Aktiengesellschaft**

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This Interim Report is also available in  
German.