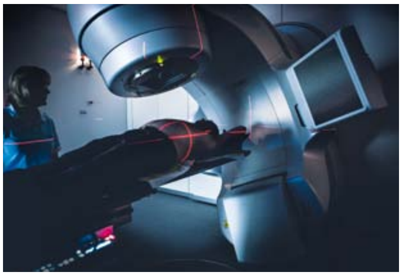
ANNUAL REPORT 2013

RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

CONTENTS

FINANCIAL CALENDAR

DATES FOR RHÖN-KLINIKUM SHAREHOLDERS AND FINANCIAL ANALYSTS

13 March 2014	Preliminary results for financial year 2013
30 April 2014	Results Press Conference: publication of 2013 annual financial report
14 May 2014	Publication of interim report for the quarter ending 31 March 2014
12 June 2014	Annual General Meeting (Jahrhunderthalle Frankfurt)
8 August 2014	Publication of half-year financial report as at 30 June 2014
7 November 2014	Publication of interim report for the quarter ending 30 September 2014

DISCLAIMER

Any market, price or performance data provided herein are for information purposes only. Nothing contained in this Report is intended as, or constitutes, an offer to buy or sell or any solicitation of an offer to buy or sell any RHÖN-KLINIKUM shares. RHÖN-KLINIKUM AG believes that the information is accurate as of the date of this Report.

However, although the information has mainly been obtained from company sources and is deemed to be reliable, RHÖN-KLINIKUM AG does not guarantee or make any warranty regarding the accuracy, suitability or completeness of such information.

Any decision to invest in RHÖN-KLINIKUM shares should not be made solely on the basis of the information contained in this Report.

Although as a general rule we employ the masculine form for better readability when referring to persons, such references in each case shall mean both male and female persons.

Additional information is available upon request.

KEY RATIOS Q1–Q4 2013

	Jan.–Dec. 2013 € '000	Oct.–Dec. 2013 € '000	July–Sept. 2013 € '000	April–June 2013 € '000	Jan.–March 2013 € '000
Revenues	3,013,835	757,430	749,568	754,653	752,184
Materials and consumables used	791,656	201,241	197,781	197,374	195,260
Employee benefits expense	1,840,407	465,504	456,857	458,351	459,695
Depreciation/amortisation and impairment	119,697	14,777	34,859	35,063	34,998
Net consolidated profit according to IFRS	90,027	21,592	17,678	26,506	24,251
– Earnings share of RHÖN-KLINIKUM AG shareholders	86,648	20,705	17,093	25,198	23,652
– Earnings share of non-controlling interests	3,379	887	585	1,308	599
Return on revenue (%)	3.0	2.9	2.4	3.5	3.2
EBT	117,693	28,012	27,489	32,473	29,719
EBIT	155,747	37,815	36,534	41,537	39,861
EBIT ratio (%)	5.2	5.0	4.9	5.5	5.3
EBITDA	275,444	52,592	71,393	76,600	74,859
EBITDA ratio (%)	9.1	6.9	9.5	10.2	10.0
Operating cash flow	211,042	36,982	52,752	61,821	59,487
Property, plant and equipment as well as investment property	715,103*	715,103*	707,918*	1,903,529	1,910,107
Non-current income tax claims	6,684*	6,684*	6,615*	9,675	9,577
Equity according to IFRS	1,666,687	1,666,687	1,644,209	1,628,468	1,634,704
Return on equity, %	5.5	5.4	4.3	6.5	6.0
Balance sheet total according to IFRS	3,098,189	3,098,189	3,031,984	3,058,958	3,184,996
Investments					
– in goodwill, in other intangible assets, as well as in property, plant and equipment and in investment property	118,808	46,794	25,032	27,390	19,592
– in other non-current assets, in other non-current financial assets	130	–17	32	86	29
Earnings per ordinary share (€)	0.63	0.15	0.12	0.18	0.17
Number of employees (headcount)	43,363	43,363	43,188	42,895	42,715
Case numbers (patients treated)	2,654,249	649,043	658,948	675,581	670,677
Beds and places	17,113	17,113	17,104	17,104	17,104

** Excluding held-for-sale assets*

KEY RATIOS 2009–2013

	2009 € '000	2010 € '000	2011 € '000	2012 € '000	2013 € '000
Revenues	2,320,089	2,550,384	2,629,148	2,864,909	3,013,835
Materials and consumables used	595,203	656,902	678,622	753,354	791,656
Employee benefits expense	1,379,245	1,513,848	1,562,100	1,740,358	1,840,407
Depreciation/amortisation and impairment	101,996	109,399	141,535	141,161	119,697
Net consolidated profit according to IFRS	131,652	145,069	161,073	92,401	90,027
– Earnings share of RHÖN-KLINIKUM AG shareholders	125,721	139,693	156,114	90,116	86,648
– Earnings share of non-controlling interests	5,931	5,376	4,959	2,285	3,379
EBT	158,709	173,852	186,464	114,166	117,693
EBIT	181,998	197,857	213,188	150,813	155,747
EBITDA	283,994	307,256	354,723	291,974	275,444
Operating cash flow	238,286	255,889	303,875	232,263	211,042
Property, plant and equipment as well as investment property	1,604,930	1,832,361	1,863,705	1,924,128	715,103*
Income tax receivables	17,149	13,616	11,572	9,480	6,684*
Other non-current assets, other non-current financial assets	1,788	1,724	2,064	13,668	375*
Equity according to IFRS	1,422,939	1,495,195	1,598,658	1,606,866	1,666,687
Return on equity, %	11.4	9.9	10.4	5.8	5.5
Balance sheet total according to IFRS	2,858,548	3,058,244	3,175,265	3,184,501	3,098,189
Investments					
– in goodwill, in other intangible assets, as well as in property, plant and equipment and in investment property	414,413	348,428	270,853	273,511	118,808
– in other non-current assets, in other non-current financial assets	199	178	220	765	130
Earnings per ordinary share (€)	1.07	1.01	1.13	0.65	0.63
Number of employees (headcount)	36,882	38,058	39,325	43,059	43,363
Case numbers (patients treated)	1,799,939	2,041,782	2,277,153	2,555,822	2,654,249
Beds and places	15,729	15,900	15,973	17,089	17,113

Values of 2012 adjusted

** Excluding held-for-sale assets*

The Board of Management
of RHÖN-KLINIKUM AG (f.l.t.r):
Jens-Peter Neumann
Dr. Dr. Martin Siebert
Martin Menger

"Looking forward, we will also continue working hard towards our ambitious but perfectly realistic goals. We will steadfastly promote the further development of RHÖN-KLINIKUM AG into an integrated healthcare company. For this to succeed, it is indispensable for us to adjust the Company's strategy and to wholly commit ourselves to a vibrant corporate culture."

Dear Shareholders,

In financial year 2013, RHÖN-KLINIKUM AG (RKA) witnessed the end of a period of uncertainty in which extraordinary difficulties had to be overcome: with the transfer of initially 39, but then a total of 40 hospitals to Fresenius / Helios, we made significant changes to our portfolio; at the same time we are entering a phase of strategic re-orientation. That said, our current RHÖN-KLINIKUM AG is a strong crisis-proof and adaptable Company with its traditions, success, established position and future prospects in the area of healthcare delivery – as it will continue to be in future also.

Nonetheless, we do not overlook that we will also have to reinvent ourselves to a certain extent. We still need to give our attention to the further development and elaboration of our future strategy for a while yet. But we intend to, and indeed will help shape the market in future also. With our Company and our profile we want to be among the top players in future as well! The focus will continue to be on state-of-the-art medical care meeting the highest quality standards. Our aim is to further hone and refine this profile with a strong orientation towards cutting-edge medical care.

TRANSACTION WITH ADVANTAGES ACROSS THE BOARD

In future, too, we will continue to be among the big leading hospital companies in Germany – albeit with a more decidedly focused strategy. The key aspects here are the following:

- We see ourselves as a Company that combines hospitals with cutting-edge medical care.
- We ensure a high quality of medical care.
- We proactively promote close integration of healthcare delivery, research and teaching.
- We continue to act as a mover and driver of healthcare services oriented towards integrated care.
- We are tapping into dynamic growth prospects and the necessary efficiency reserves.

When drawing up the architecture for the transaction, we took special care to reflect and promote the broadest possible range of different interests. In this context, we at all times gave priority to the interests of our hospitals and those of the Company. We are certain that all those involved will predominantly benefit from the broad range of advantages in the long term.

Attractive opportunities are also opened up for the shareholders of our Company: thanks to the planned distribution of those funds not immediately needed for business operations, they are being given a share in the disproportionate value growth realised in the transaction. At the same time they also have the opportunity to share in what is certain to be an exciting future development of our Company.

The transaction is moreover structured in such a way that it will not be to the detriment of the employment relationships affected by the change in operator.

Moreover, our colleagues in the current RHÖN-KLINIKUM AG for their part will be able to participate in the challenging task of re-orienting our Company's strategic position and expanding its core competences. In this regard we would especially like to offer our motivated physician staff better opportunities in this regard to make a contribution towards science and research, thereby further spurring and promoting them in their own professional development.

Ultimately, however, there must be no doubt that in future also our activities will be focused on our patients. In future we will be able to offer our patients the best possible care in highly competent, maximum-care hospitals as well as the advantages of a cross-facility medical network. As partners of the healthcare funds and efficient guarantor of the public mandate for healthcare delivery, we will continue in future to be a reliable company which ensures a high quality of medical care, does not shrink from innovative investments and will always be open to new structures in healthcare delivery.

PROACTIVELY SHAPING INTEGRATED HEALTHCARE

One thing, however, is clear: our re-orientation does not come with an absolute guarantee of success. Looking forward, we will also continue working hard towards our ambitious but perfectly realistic goals. We will steadfastly promote the further development of RHÖN-KLINIKUM AG into an integrated healthcare company. For this to succeed, it is indispensable for us to adjust the Company's strategy and to wholly commit ourselves to a vibrant corporate culture.

Under the auspices of the current RKA, we now have the opportunity to make the Company leaner, more efficient and more uniform without thereby depriving our hospitals of their individuality and necessary level of operative independence.

ANTITRUST APPROVAL AND EFFECTIVE DATE OF TRANSACTION ON THE BALANCE SHEET

Already at the end of financial year 2013, it was becoming clear that Germany's antitrust authority, the Federal Cartel Office, would conclude the main review proceeding at the beginning of 2014 and would very largely approve the transaction. For that reason, payment of the pro rata purchase price was made in trust even before the final decision was issued by the Federal Cartel Office. Ultimately that means that the sales proceeds will be recognised on the balance sheet within the contractual scope for financial year 2013 pursuant to German commercial law.

In the view of experts and the Board of Management, this best safeguards the interests of our shareholders, since this is the only way that any distribution to shareholders can already be decided at the 2014 Annual General Meeting.

In such circumstances it has to be accepted that the first half of financial year 2014 will still be very considerably impacted by one-off and extraordinary effects. Also given ongoing changes and structural adjustments within the Company, it will not be easy to define a valid target range for the Company's key ratios for the current financial year. We expect it will be possible to make "normalised" statements again in this regard only in 2015 after the Company is sufficiently consolidated and the extraordinary effects resulting from the transaction have largely been reflected on the accounts.

ADVERSE EFFECTS ON DAY-TO-DAY OPERATIONS

We believe it is clear to everyone why the preparation and implementation of the transaction had a noticeable effect on our business operations. That rings true above all for the 4th quarter of 2013 – precisely the quarter that was perceptibly impacted by the effects of the "suspense" between the transaction's signing and closing. That is because a process of this scale ties considerable management resources within the Company at all levels. The announcement alone triggers all manner of speculation and precipitated swift personnel changes within management of the hospitals and of the Group. Despite all reasonable arguments, an atmosphere of insecurity emerges, not only amongst staff but also with our business partners and not least also our patients and their GPs.

Nonetheless, in financial year 2013 some 2.5 million patients put their trust in us. Revenues stand at 3.01 billion euros, operating profit before interest, taxes and depreciation/amortisation (EBITDA) totals 275 million euros.

Against the background of the burdens described we are satisfied with this outcome overall. Already now, but even more so as we forge ahead with our strategic re-orientation, lifting our earnings strength will be the focus of our efforts.

Apart from the extraordinary burdens characterising our financial year, it has been clear to us for some time now that the lively pace of growth seen in the past years has been slowing not only for us but also in the industry as a whole. There are many different reasons for that: patients are increasingly avoiding inpatient treatments, reducing these as far as possible in favour of outpatient offerings. Cost pressures specific to the sector continue to make themselves felt in all areas. Healthcare policy discussions such as those relating to presumably superfluous operations, irregularities in transplantations and other actual and alleged scandals surrounding healthcare facilities may also be having an effect. Taken together, these factors are having a negative impact on the market environment.

However, as the ongoing challenges of demographic trends show, key indicators continue to point to growth in the long term. In the short-to-medium term, though, we expect we will have to prepare ourselves for a stable market characterised by a flat to slightly reviving pace of growth.

For RHÖN-KLINIKUM AG it is therefore decisive to operate profitably also in this environment. The objective is to integrate our hospitals with one another in such a way as to consistently reap synergies and operate more efficiently overall. With a leaner Company resulting from this transaction, positive and favourable prospects are opened up.

STREAMLINING OF OUR GROUP HEADQUARTERS IN BAD NEUSTADT A. D. SAALE

The transfer of the hospitals to Fresenius / Helios in particular also necessitated a streamlining of Bad Neustadt a. d. Saale Group headquarters in terms of staff because central administrative tasks are either no longer required or no longer to the same extent as in the past. Overall, it was necessary to downsize headquarters by around 100 employees. This hard although inevitable measure was largely completed with a socially acceptable, consensus-based and overall very successful result within a short time. In close co-operation with the works council we succeeded in reducing to fewer than ten the number of redundancies effected for operating reasons ultimately required. Also for our staff affected, I am relieved that this process was managed in a structured and fair manner and one that was always open to individual solutions.

The transaction does not have any direct impact on the situation of the employees at the hospitals transferred nor at the hospitals remaining with RHÖN. The existing employment contracts and collective wage provisions remain in force. We have every reason to believe that the new owners will also be responsible in their actions and decisions relating to matters of collective wages and personnel.

MAJOR PROJECTS: CONSTRUCTION OF NEW HOSPITAL IN BAD NEUSTADT A. D. SAALE AS WELL AS PARTICLE THERAPY IN MARBURG

Around the end of 2013 we informed the Town of Bad Neustadt a. d. Saale, our employees and the general public that we are planning a completely new hospital campus within the immediate vicinity of the currently existing hospital complex in Bad Neustadt a. d. Saale on which the current hospitals will be grouped together. The plans for this new construction project with an investment volume of roughly 150 million euros are already well advanced but not yet finalised. Work is still under way for developing a concept for future use of the old buildings.

Subject to the required permits, we expect construction to get under way in 2015 at the latest, thus enabling the buildings to be put into service in 2018 assuming that the project proceeds on schedule.

On the RHÖN Campus Bad Neustadt a. d. Saale, we will be able to offer our patients modern medical care meeting the highest standards. A close architectural, functional and organisational integration of the specialist disciplines will allow for shorter distances, more direct communication and unhindered interdisciplinary work. With appropriate architectural accents, we will set a clear standard in terms of hospital-specific innovation and modern design.

At the same time, this will enable us to provide our employees in Bad Neustadt a. d. Saale with high-quality workplaces to the latest standards. The project's environmental soundness – e.g. in terms of efficient use of energy and thermal insulation – will also represent a significant improvement over the current situation. Not least, the investment project represents a clear commitment to the Bad Neustadt a. d. Saale site as the centre and "nucleus" of our Company and demonstrates that we are backing up our strategic re-orientation with specific measures for implementing it.

In the past financial year we endeavoured to further develop a viable concept to take the particle therapy centre in Marburg into operation. In particle therapy, protons and ions are used for radiotherapy treatment of certain tumours. In the past, this technologically ambitious project was held back especially by technical difficulties. It is now intended to operate the Particle Therapy Centre of Marburg through one of our own subsidiaries in which the University Hospital of Heidelberg, Gießen and Marburg University Hospitals as well as RHÖN-KLINIKUM AG will work together closely.

At the time of printing this annual report and based on the current state of facts and negotiations with all the participants we see good prospects that the particle therapy centre will be put into service in Marburg at economically justifiable conditions with the continued constructive assistance from our project partners and while taking all necessary aspects of patient safety into consideration.

VISIONS ARE REALISED

After a phase of uncertainty – which began already in 2012 in connection with the public takeover offer by Fresenius – we will go more on the offensive. We firmly believe in the future of RHÖN-KLINIKUM AG. We are convinced that our strategic re-orientation will help strengthen and secure the Company's competitive position. We are gearing our efforts to shaping another successful chapter in the Company's history.

A key contribution to this will come from the project of networked care that we are now implementing in detail. Essentially it provides for the creation of a national network of providers in which outpatient, inpatient and rehabilitative healthcare services are provided. The network is designed as an interfacility and open concept; anyone possessing the required service offering and a proven quality level may participate in it. The network is combined with a supplementary insurance scheme at low contributions which gives patients insured in this way access to special services without having to give up or change their traditionally existing – usually statutory – health insurance plan.

In financial year 2013, the Board of Management, in consultation with the corporate bodies of the Company as well as the relevant specialists, closely scrutinised the concept and its specific realisation. Preparation of the required network partnership agreement which is ready to sign is a transaction-constitutive part of the agreement entered into with Fresenius / Helios. Already in December 2013, the accession of Asklepios Kliniken GmbH once again expanded the group of future network partners decisively. The relevance of the network under antitrust law is currently being reviewed in a separate proceeding by the Federal Cartel Office.

We regard the agreement reached on the development and formation of a medical network as a milestone on the path to ensuring an even better quality of medical care for patients. In this regard RHÖN-KLINIKUM AG still sees itself – in keeping with our Company's tradition – as a key mover, breaking the old moulds of thinking and taking innovation to new heights.

FOCUS ON WELL-BEING OF PATIENTS

Overall, though, the well-being of our patients remains the ethical basis of what we do; at the same time this underpins our economic success. During the past financial year, we moreover and precisely further expanded and refined our internal quality management. It is clear that adequate care of our patients was at no time compromised by the transaction project. All patients continued to receive the best possible treatment.

WORD OF THANKS TO ALL EMPLOYEES AND CORPORATE BODIES

During the past financial year our employees, despite all actual and presumed uncertainties, worked with great commitment for our Company. All of us on the Board of Management can well appreciate how difficult things have been. That is why on behalf of my colleagues on the Board of Management and the Supervisory Board I would like to express my sincere thanks to them for their dedication.

The Supervisory Board, our partners, our staff and the elected representatives at all times escorted us critically, constructively, but especially objectively and in a spirit of trust in what were not always easy decisions of far-reaching significance taken over the past twelve months.

Balancing the interests of our shareholders was not always easy. In the end, though, pragmatic and primarily business-oriented forces held sway. Not only the trend in our share price, which in its own way reflects the value ascribed to our Company, but also many personal discussions have confirmed to us that we have reasonably represented the interests of our Company and the interests of its owners. At the same time, we can offer our shareholders the opportunity to participate in this corporate development to an attractive extent in the resolutions to be adopted at the 2014 Annual General Meeting. Irrespective of that, we as the Board of Management will continue to work on the basis of a profitable business model oriented on the long term to not only preserve but also enhance the value of our Company.

We are therefore glad about each and everyone willing to escort RHÖN-KLINIKUM AG on its path in future also. I am convinced that we can still look ahead to a long, successful path in our Company's history.

With that in mind, I hope you enjoy reading our Annual Report with much attention and suspense, which has been updated in its content and revised to the latest state-of-the-art graphic design. We believe we have made it much more readable. The new structure as well as the summary of the core elements – in each case set out on the first double-page spread of a chapter – offer the possibility of quickly acquiring key insights about the financial year and associating these with impressions from our hospitals.

Yours sincerely,

Martin Siebert

Dr. med. Dr. jur. Martin Siebert
Chairman of the Board of Management of RHÖN-KLINIKUM AG

Bad Neustadt a. d. Saale, April 2014

THE RHÖN-KLINIKUM SHARE

The transaction with Fresenius was the dominating event during financial year 2013. The Board of Management and the Supervisory Board propose a pro rata distribution of the sale proceeds, preferably by way of share buy-back.

THE STOCK MARKETS IN 2013

The continued and extensive monetary policy support provided by the central banks continued to be the primary factor influencing the global financial markets in 2013 as well. Positive economic impetus came from the recovery in the US, whilst in Europe the economic trend was mixed: whereas in Germany economic data saw a further improvement with the ifo Business Climate Index rising smartly in the second half of the year on the back of positive expectations, the signals coming from neighbouring countries, including France, were somewhat subdued.

In addition to the trend in the aggregate economy, political aspects also played a significant role for the aggregate market. From the German perspective, these included the federal elections in September as well as the ensuing coalition talks. Important political issues at the international level were the escalation of the US budget crisis or the question regarding the future of Italy's government.

In this context the DAX® rose over the year by of some 25 per cent in total, ending the year at new highs and reaching the record level of more than 9,500 points. The second-tier German index MDAX® even recorded a gain in 2013 of roughly 39 per cent. The German indices thus outperformed the major European benchmark indices which also recorded gains. For example, the DJ EURO STOXX 50® increased by over 18 per cent.

RHÖN-KLINIKUM SHARE PRICE MARKED BY CONSOLIDATION EFFECTS WITHIN THE SECTOR

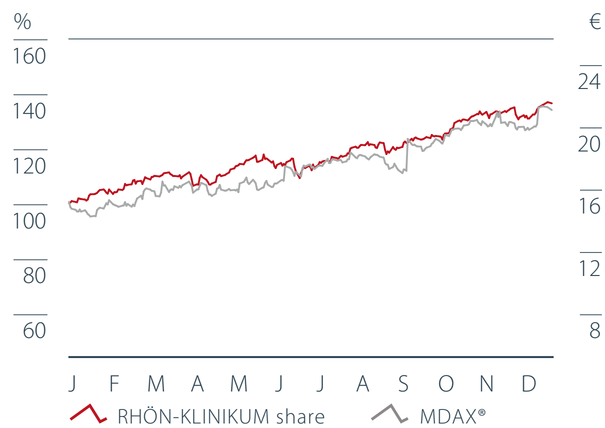
On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale by RHÖN of a portfolio of 43 facilities, medical care centres (MVZs) and other affiliated interests to Helios and affiliated companies. A purchase price of 3.070 billion euros (enterprise value), before correction by certain cash and cash equivalents and financial liabilities, was agreed for the transaction. At the end of the financial year, the German Federal Cartel Office approved the transaction for a total of 40 hospitals and 13 MVZs. The facilities in Cuxhaven, Waltershausen-Friedrichroda and Boizenburg and two MVZ management companies were not included in the transaction. As agreed with the Federal Cartel Office, they were removed from the sold portfolio already before the approval decision.

For RHÖN-KLINIKUM AG, the transaction means that it will be concentrating on a uniform hospital portfolio. In keeping with the original planning the new group, at its five sites, in future will focus on medical excellence and high-end cutting-edge medical care, and after conclusion of the planned transaction will count some 5,300 beds and 15,000 employees, and report revenues of approximately 1 billion euros.

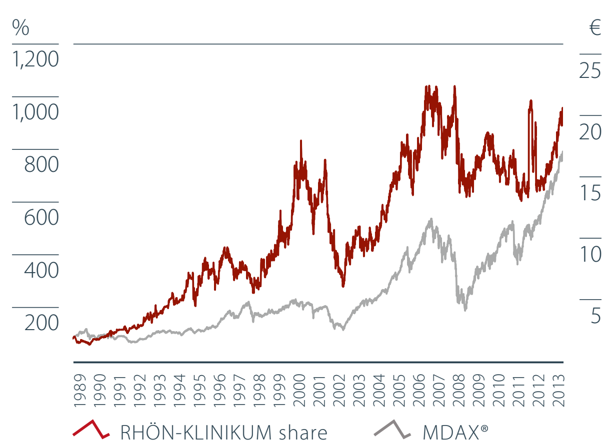
The market's immediate reaction was to welcome the announcement of the transaction. The closing price in Xetra trading on 13 September 2013 was 19.45 euros and thus more than 11 per cent higher than on the market closing the day before. After the announcement, the share price trend of the RHÖN-KLINIKUM share moreover decoupled from the stock market in general to an even greater extent than before.

For full-year 2013, the RHÖN-KLINIKUM share gained nearly 39 per cent, thus outperforming the DAX® and performing roughly in line with the MDAX®. It closed the year at a price of 21.26 euros. Including the dividend payment, share price performance over the year stood at plus 40.4 per cent.

RHÖN-KLINIKUM SHARE ON A SHORT-TERM COMPARISON…



…AND A LONG-TERM COMPARISON WITH THE MDAX®



All data adjusted in euros (138,232,000 ordinary shares)
2013: dividends will be proposed to the shareholders at the AGM on 12 June 2014

At year-end, the 138.2 million non-par shares in issue had a market capitalisation of 2.9 billion euros (previous year: 2.1 billion euros). The RHÖN-KLINIKUM share thus ranked 23rd (previous year: 19th) in the MDAX® as at 31 December 2013. Daily average trading volume on the German stock exchanges including Xetra® trading stood at 441,848 shares in 2013.

PRO RATA DISBURSEMENT OF TRANSACTION PROCEEDS/DIVIDEND

The Company reports significant portions of the sale proceeds on the balance sheet for financial year 2013. This creates the basis for a binding decision by the Annual General Meeting in June 2014 with regard to the appropriation of the funds. On this basis, the Board of Management and the Supervisory Board seek to propose to the 2014 Annual General Meeting a disbursement preferably by way of share buy-back. This will not affect the proposal to distribute a dividend of 0.25 euros per non-par share for financial year 2013. With reference to earnings per share of 0.63 euros, this translates into a distribution ratio of approximately 40 per cent.

INVESTOR RELATIONS ACTIVITIES

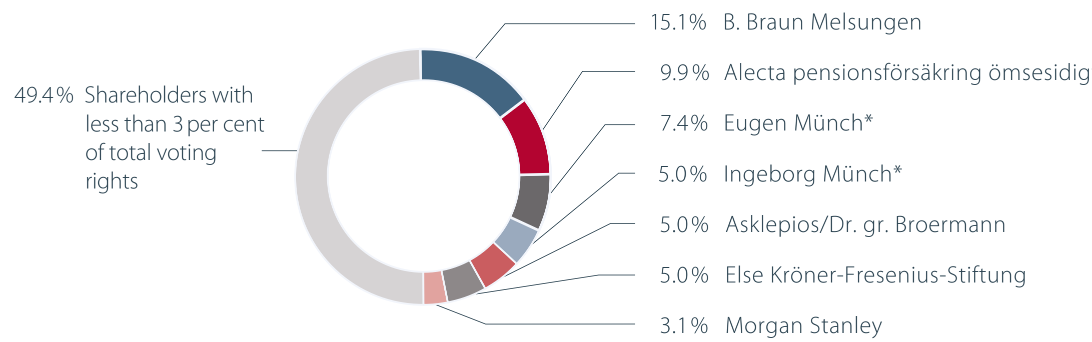
RHÖN-KLINIKUM AG is committed to transparent and fair communication. That is why investor relations (i.e. the dealings we have with our shareholders and bond investors) enjoy high priority for us. As part of our financial market communication, we strive to convey a realistic picture of our company. In this way we wish to enable market participants to properly assess and value our share and our bonds. We make available to investors, analysts and all other interested market participants a platform with comprehensive and timely information about the RHÖN-KLINIKUM Group. We moreover maintain a direct, continuous and personal contact with our investors and analysts, for example as part of international investor conferences or on investor roadshows. The investor relations division reports directly to the chief financial officer (CFO).

RHÖN-KLINIKUM share	
ISIN	DE0007042301
Ticker symbol	RHK
Share capital	345,580,000 euros
Number of shares	138,232,000

	2013	2012
share prices (€)		
Year-end closing price	21.26	15.32
High	21.49	22.10
Low	14.60	13.97
Market capitalisation (€ m, as at 31 Dec.)	2,938.81	2,117.71

SHAREHOLDER STRUCTURE OF RHÖN-KLINIKUM AG

(as of 31 December 2013, according to the most recent notifications of voting rights at that time)



* Data according to Corporate Governance Report

As part of our financial reporting, we report on our operating business performance each quarter. We provide investors, analysts and the media with current and share price-relevant information on our company in real time and directly, also promptly publishing the same as investor news items on our website. Further sources of information we provide our shareholders with are the regular annual events in our financial calendar, such as our spring press conference and our Annual General Meeting in the middle of the year.

The next Annual General Meeting will take place on 12 June 2014, at 10.00 a.m. (doors open from 9.00 a.m.) at the Jahrhunderthalle in Frankfurt/Main.

You will find a financial calendar containing all important financial dates for 2014 on the front inside cover as well as on our website at www.rhoen-klinikum-ag.com under the “Investors” section.

Corporate Responsibility

- >> Isolation times and hand disinfections per day better than national average
- >> OR consultation groups established to provide individual support to OR management of the hospitals
- >> Support of the project “Networked further training in general medicine” to ensure a sufficient number of young GPs and improve the situation of healthcare delivery
- >> Savings of 13.1 million euros in the Group through use of CHPs in 2013
- >> The “new” RHÖN will generate more than 60 per cent of its own electricity requirement

Eugen Münch
Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

FOR THE FINANCIAL YEAR OF RHÖN-KLINIKUM AG FROM 1 JANUARY 2013 TO 31 DECEMBER 2013

DEAR SHAREHOLDERS,

The year 2013 marks a milestone and fork-in-the-road in the more than 40-year history of RHÖN-KLINIKUM. It is a milestone because in the autumn of 2013 the resolution was adopted to bring a large portion of the Company into the Fresenius Group ("Project Scala"). It is a fork-in-the-road because this means not only an end to RHÖN-KLINIKUM as hitherto known, but also the start of a new journey: the contribution of most of our hospitals and sites to the Fresenius subsidiary Helios Kliniken has created the foundation for establishing and expanding network medicine and thus shaping the sector and the market more along the lines of self-determination. This step was and is vital to the companies' future. It is the outcome of demographic trends, advances in medicine and the cost gap arising from the failure to carry through with reforms under the existing system. There is no other way to resolve rising performance pressures from growing patient numbers and price restrictions imposed by legislation.

As always, phases of change and transformation meet with resistance, fear of change and insecurity, but are nonetheless indispensable. Undeterred by these obstacles, the Supervisory Board and the Board of Management can look back on positive and successful co-operation in a difficult environment.

CO-OPERATION BETWEEN BOARD OF MANAGEMENT AND SUPERVISORY BOARD

During financial year 2013, the Supervisory Board examined on an ongoing basis and in detail the situation and development of our Company, performing the duties incumbent on it by law and the Articles of Association: these notably include monitoring the management activity of the Board of Management and advising the Board of Management on the operative management of the Company. At the same time the Supervisory Board, in performing its duties, was at all times guided by the decisive principles of appropriateness, compliance with legal provisions, expediency and efficiency. Observance of these principles by the Board of Management was monitored by regularly reviewing the Company's general organisation and verifying the instruments used for internal risk control.

The Supervisory Board was fully and directly involved in all fundamental and important decisions of the Board of Management of RHÖN-KLINIKUM AG. The Board of Management kept us informed on a timely basis both in written form and orally, with documents and records of relevance for decisions being provided to the Supervisory Board in good time prior to the respective deliberations and formal meetings. The Supervisory Board reviewed the information submitted by the Board of Management regarding operative business performance, compliance issues as well as risks and risk management in terms of conclusiveness and plausibility and also scrutinised the same whenever required.

The focus of the consultations was on the implications and lessons from the hitherto unsuccessful attempts to forge a merger with Helios Kliniken as well as on the restructuring and sustained economic recovery of Germany's first private university hospital, Universitätsklinikum Gießen und Marburg GmbH. A further focus of interest of the exchange with the Board of Management was on the integration of the Wiesbaden-based hospital company Dr. Horst Schmidt Kliniken GmbH and its subsidiaries acquired in financial year 2012, as well as on the personnel changes within the Board of Management. The chairman of the Supervisory Board was moreover kept informed – also between the scheduled meetings of the Supervisory Board and its committees – on a continuous basis and thoroughly by the chairman of the Board of Management. We have not found the Board of Management to have breached any of its duties to inform. We thoroughly discussed the resolution proposals of the Board of Management and, to the extent required by statute and the Articles of Association, gave our vote on the same after a thoroughgoing review – in isolated cases seeing the need to consult external experts and advisers in the interests of the shareholders. Where required in the case of particularly pressing business matters, the Supervisory Board or, as the case may be, the competent committee held conference calls and adopted resolutions by voting in written form.

WORK OF THE SUPERVISORY BOARD IN COMMITTEES AND PLENARY MEETING

With a view to performing its tasks and assuming its responsibility in the best possible way, the Supervisory Board has set up a total of seven standing committees whose members possess specific expertise and experience for the special issues dealt within the committees.

The committees act as bodies with power to pass resolutions within the scope prescribed by law, the Articles of Association – also in lieu of the Supervisory Board – and the Terms of Reference of the latter to the extent consistent with statute and previously defined by the Supervisory Board. The committees generally meet separately from plenary meetings. However, wherever required by the subjects to be covered, joint meetings of committees were also held drawing on the expertise of the respective committees. In addition, conference calls were held as required at short notice.

The **Investment, Strategy and Finance Committee** held six ordinary meetings during the year under review (attendance rate: 96 per cent), of which one meeting was held as a joint meeting with the Audit Committee.

One of the areas focused on in the strategic consultations within the Committee was the further development and implementation of a business model for creating full-service generalised healthcare provision with national coverage including supplementary insurance for members of Germany's statutory health insurance scheme by creating a network with a broad, generalised presence. The realisation of this concept can be likened to the transformation of a heavily dependent supplier into a brand-oriented retail player. To further escort this project, we formed a "Network Medicine" working group from members of the Investment, Strategy and Finance Committee, the Board of Management and specialist advisers which met five times during the financial year.

At all meetings, the Committee examined the economic development of the subsidiary Universitätsklinikum Gießen und Marburg GmbH, in particular the options for measures and actions to improve earnings as a result of the analysis performed by the corporate consultancy firm McKinsey as well as the implementation of the "Joint Agreement relating to medical care provision in Central Hesse, securing research and teaching at Gießen and Marburg University Hospitals and improving job security" entered into between the Federal State of Hesse, RHÖN-KLINIKUM AG, Universitätsklinikum Gießen und Marburg GmbH, Justus-Liebig University Gießen and Philipps University Marburg. This also included deliberations on developing a concept for operating the particle therapy centre in Marburg.

The Committee thoroughly examined the execution and consequences of the Share Purchase and Transfer Agreement relating to the sale of 43 hospital companies and 15 medical care centres (MVZs) entered into on 13 September 2013 with Fresenius / Helios and the resulting impact on the Company's structure and further development.

In addition to the report of the chairman of the Board of Management on current developments, the Board of Management routinely remitted an acquisitions report which, along with providing an overview of the national hospital market, also served as the basis of discussion for planned and ongoing acquisition projects. The investment plan for financial year 2013 was approved after being discussed critically and in terms of content. Measures developed by the Board of Management to improve efficiency and financing, such as the earnings improvement programme "ImPULS", were presented and discussed in detail within the Committee.

At all meetings the Board of Management moreover reported on the development of investments and financing in a continuously updated investment and finance plan. Specific motions for approval of investment projects on debt capital measures in the context of refinancing were subsequently openly discussed, critically reviewed and adopted based on detailed written resolution proposals of the Board of Management, including market studies, investment calculations and finance offers.

The joint meeting with the Audit Committee towards the end of the financial year dealt with the thoroughgoing discussion regarding the stage of development of the merger of numerous RHÖN hospitals with Helios hospitals, the possible impact of a delayed approval by the Federal Cartel Office resulting from the initiation of a main examination proceeding, and the discussion regarding the options for using the sale proceeds and disbursing the liquidity not needed to the shareholders. This meeting also dealt with the further actions needed to implement the “Joint Agreement” with the Federal State of Hesse giving due regard to the situation brought about by the elections in Hesse and the reorganisation of the RHÖN-KLINIKUM Group.

During the reporting year, the **Personnel Affairs Committee** held one meeting (attendance rate: 75 per cent). The Committee looked at the current remuneration situation of the members of the Board of Management and the impact of declining earnings on the performance-linked remuneration components. As a result of the consultations, a consensus was reached that a resolution proposal aimed at modifying the remuneration guidelines to introduce a minimum remuneration (guaranteed total annual remuneration) and at the same time a cap on such total annual remuneration should be made to the plenary meeting of the Supervisory Board. Additional resolution proposals to amend the existing service agreements of the Board of Management were made for the purpose of including a minimum threshold for total remuneration and a cap as regulated in the remuneration guidelines as well as amendments to company car provisions.

The Committee furthermore dealt with the appraisal of the performance and development of the individual members of the Board of Management and of the Board of Management as a whole. In this connection, the expectations of the members of the Board of Management and their prospects for further development within the Company were also discussed.

During the past financial year, the **Mediation Committee** (pursuant to section 27 (3) of the Co-Determination Act (Mitbestimmungsgesetz, MitBestG)) also did not have to be convened.

The **Audit Committee** of the Supervisory Board met six times in the year under review (attendance rate: 100 per cent). All meetings were attended by all members of the Board of Management. Two meetings were attended by the statutory auditor. For selected agenda items, the heads of the Internal Auditing and Compliance departments were consulted by the Board of Management, and were available to the Committee for additional reports and questions. At one meeting towards the end of the financial year, issues involving different fields in connection with Project Scala and Universitätsklinikum Gießen und Marburg GmbH were discussed together with the Investment, Strategy and Finance Committee.

This Committee was notably responsible for reviewing and preparing the RHÖN-KLINIKUM AG consolidated annual financial statements for financial year 2012. Also reviewed and discussed were the stand-alone financial statements, the management reports and the respective audit reports of the Group subsidiaries (here with particular emphasis on the annual financial statement of Universitätsklinikum Gießen und Marburg GmbH) which were subjected to critical review by the members of the Committee, as well as the proposal on the appropriation of the net distributable profit.

The Audit Committee assessed the independence of the auditor designated for auditing the annual financial statements for financial year 2013 and for the review of the Half-Year Financial Report, obtained the statement regarding the auditor's independence pursuant to Item 7.2.1 of the German Corporate Governance Code, recommended to the plenary meeting of the Supervisory Board a proposal for the election of the auditor to be submitted to the Annual General Meeting and – after the election – issued the auditor with the audit mandate and concluded with him a reasonable remuneration agreement for the same. The statutory auditor moreover reported to the Committee on orders for services performed in addition to the auditing services rendered. The qualification of the statutory auditor was monitored by the Committee. A list list of audit items was developed and defined for the audit in 2013.

Questions of fundamental importance relating to accounting, corporate planning, the capital base, the supervision of the accounting process, as well as the effectiveness of the internal controlling system, risk management system (including special business risks), the internal audit system and the compliance system were discussed with the Board of Management and in some cases also with the statutory auditor. The interim reports were thoroughly discussed on a regular basis with the Board of Management prior to their publication as well as the half-year financial report with the Board of Management and the statutory auditor. Here, special emphasis was placed on analysing the causes for the declining trend in earnings of the current financial year.

The Group controlling report on performance and finance controlling submitted quarterly, which forms part of our risk management system, was thoroughly discussed with the Board of Management. Here the performance trend of the Group's individual hospitals is presented, discussed and scrutinised by the Board of Management both at the hospital level and at the level of the specialist department.

The body kept itself regularly informed about the activity of the Internal Auditing department by the responsible member of the Board of Management and by reports submitted by the head of Internal Auditing who attended four meetings, and examined the auditing plan for financial year 2013 as well as its update. The audit reports of the Internal Auditing department as well as the 2012 activity report were then submitted and discussed with the Board of Management. We kept ourselves informed by the Board of Management on the implementation of the recommendations by the Internal Auditing Department through information on the results of follow-up reporting and inspection.

The Board of Management regularly reported to us on the organisation and work of the Compliance department, with the result that we were once again convinced of the effectiveness of our compliance management system. The head of the Compliance department attended four meetings of the Audit Committee. The audit reports of the Compliance department as well as the 2012 activity report were then submitted and discussed with the Board of Management. The Audit Committee approved the compliance programme for 2013. Regular reporting by the Board of Management in this regard also includes a quarterly report on notified violations, their investigation and eradication. At each meeting the Board of Management moreover informed about the stage reached in a customs investigation proceeding concerning the Group's cleaning companies – initiated already at the end of 2011 but not yet concluded – for suspicion of withholding remuneration for work.

In updating the Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) relating to the recommendations of the German Corporate Governance Code, the version of 13 May 2013 was reviewed as to its application and duly reflected, with a corresponding resolution proposal being submitted to the Supervisory Board as a whole.

The **Anti-Corruption Committee** is the point of contact for employees, suppliers and patients in suspected cases of corruption. During the past financial year, no employee, supplier or patient turned to the Committee to notify a suspected case of corruption. For this reason, no meetings of the Committee were necessary. The reports of the Auditing and Compliance department to the Audit Committee confirm the impression that parties are still increasingly turning in most cases to the compliance officers of the hospitals. That is a good sign of a functioning compliance management system. The previous Anti-Corruption Committee was dissolved at the meeting of 6 November 2013. At the same meeting, a new committee, the **Committee for Compliance and Communication,** was established to assume the task of compliance management for the Group as well as communication with the media and capital markets. Compliance control, which had hitherto been covered by the Audit Committee, was transferred to this new committee. To ensure a close link to the Audit Committee, the chairman of the Committee for Compliance and Communication was assigned a seat on the Audit Committee.

The **Medical Innovation and Quality Committee** monitors the situation and development of medical quality in the Company. During the financial year the Committee held one meeting (attendance rate: 100 per cent). The meeting dealt with the discussion of the prerequisites for putting into service the particle therapy facility in Marburg as well as subjects of quality development within the Group.

The **Nomination Committee** selects candidates from the shareholders' representatives to be members of the Supervisory Board and proposes them to the Supervisory Board for nomination. At its meeting on 24 April 2013, the Committee approved the nomination of Dr. Heinz Korte for the Supervisory Board election to be held at the Annual General Meeting on 12 June 2013. The motion by the chairman of the Supervisory Board for judicial appointment of Mr. Stephan Holzinger as a substitute member to succeed the resigned Supervisory Board member Professor Dr. Dr. Karl Lauterbach was approved by the Committee by written procedure. The motion by the Board of Management for judicial appointment of Dr. Katrin Vernau and Mr. Reinhard Hartl as substitute members to succeed the resigned Supervisory Board members Mr. Caspar von Hauenschild and Dr. Rüdiger Merz was approved by unanimous resolution of the eight shareholders' representatives.

During the reporting year, a total of seven meetings were held by the **plenary** Supervisory Board, of which there were four ordinary meetings (attendance rate: 92 per cent) and three extraordinary meetings (attendance rate: 90 per cent). One member was unable to attend any of the plenary meetings due to illness. Of the remaining members of the Supervisory Board, no member attended fewer than half the meetings.

At the extraordinary meeting of the Supervisory Board on 25 March 2013, the body primarily dealt with the terms and possible consequences of implementing the Joint Agreement regarding Universitätsklinikum Gießen und Marburg GmbH entered into with the Federal State of Hesse. In two further extraordinary meetings on 6 September 2013 and on 12 September 2013, the consultations revolved around the sale of an equity portfolio of hospitals, service companies and medical care centres (MVZs) to the Fresenius / Helios Group (Project Scala) as well as the conclusion of a network agreement with Helios. In the presence of the Supervisory Board's legal adviser, the contemplated transaction was thoroughly and critically discussed based on the extensive documentation (draft contracts, expertises, expert opinions, business plan). After examining the arguments brought by the members and careful consideration, the Supervisory Board approved the sale of the equity portfolio to the Fresenius / Helios Group and the conclusion of the network agreement by majority resolution on 12 September 2013.

At the four ordinary meetings of the Supervisory Board the plenary meeting, based on detailed written reports and presentations by the Board of Management, regularly deliberated together with the Board of Management on the net assets, financial position and results of operations, the trend in revenues and earnings, the performance data, key ratios and personnel of the Company and Group as well as of the individual Group subsidiaries. The respective interim reports for the past quarters were explained by the Board of Management in detail at the plenary meeting prior to publication. At each meeting, information was regularly provided on the stage of implementation of the Joint Agreement with the Federal State of Hesse with regard to Universitätsklinikum Gießen und Marburg GmbH as well as the respective stage reached in the investigation proceeding against the service companies.

At the meeting on 20 February 2013 the Supervisory Board, on the recommendation of the Personnel Affairs Committee, adopted resolutions on the amendment of the remuneration guidelines of the members of the Board of Management and the conclusion of agreements amending service agreements of the Board of Management. The report by the Board of Management on the preliminary 2012 annual financial statements was received and the dividend proposal for financial year 2012 was approved.

At the balance sheet meeting on 24 April 2013 which was also attended by the statutory auditors, the plenary meeting discussed the annual financial statements and management report of RHÖN-KLINIKUM AG as well as the consolidated financial statements and the Group management report for financial year 2012 together with the Board of Management and the statutory auditor. The auditors reported on the essential findings and results of the audits and were available to the Supervisory Board for questions and additional information. The plenary meeting approved the annual financial statements. Also discussed at this meeting were the preparations for the 2013 Annual General Meeting, in particular the adoption of resolution recommendations of the Supervisory Board on the resolution proposals in the agenda items for the Annual General Meeting after a prior discussion of the agenda items. Approval resolutions were also adopted for the Report of the Supervisory Board, Corporate Governance Report and the Declaration on Corporate Governance pursuant to section 289a of the German Commercial Code (Handelsgesetzbuch, HGB).

The meeting on 3 July 2013, in addition to addressing routine subjects, reported on and examined in detail the earnings improvement programme ImPULS developed by the Board of Management and comprising the elements of medical and network strategy and optimisation concepts in the medical and non-medical area. Counteractions were discussed and preparatory measures taken in response to the voidance actions announced following the Annual General Meeting with regard to the resolutions adopted there.

Based on the report from the Personnel Affairs Committee, the plenary Supervisory Board meeting on 6 November 2013 looked at remuneration matters and adopted the resolutions required for this. The Anti-Corruption Committee was dissolved by way of resolution because its scope of responsibilities had been altered by the functioning compliance management system. The composition of the newly established Committee for Compliance and Communication is to be based on the principle of equal representation. The Terms of Reference of the Supervisory Board were revised and the amended version adopted. An additional resolution was adopted on the performance of an external efficiency audit of the Supervisory Board's work and the determination of the moderator. Proposals for the appropriation of the 2013 net distributable profit and the possibilities of disbursing a portion of the purchase price from the Fresenius / Helios transaction were revealed and critically debated. There was agreement that a share buy-back involving cancellation of the shares for part of the registered share capital in a simplified cancellation procedure should take place; a distribution exclusively via special dividend was rejected.

CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE

During the past financial year, the Supervisory Board also examined the further development and implementation of the recommendations and suggestions as set out in the German Corporate Governance Code. The Declaration of Compliance issued on 7 November 2012 pursuant to section 161 of the Stock Corporation Act (AktG) was revised on 24 April 2013 and, giving due regard to the revision of the Code on 13 May 2013, was replaced by an updated Declaration of Compliance issued on 6 November 2013 by the Board of Management and the Supervisory Board. The declarations were permanently made available to the shareholders on the Company's website. In accordance with Item 3.10 of the German Corporate Governance Code, the Board of Management and the Supervisory Board jointly report on corporate governance on pages 26 to 39 of this Annual Report.

EXAMINATION AND APPROVAL OF THE 2013 FINANCIAL STATEMENTS

The Board of Management adopted the financial statements of the Company and the management report for the year ended 31 December 2013 in accordance with the provisions of the German Commercial Code (HGB), while the consolidated financial statements and Group management report for the year ended 31 December 2013 were adopted pursuant to section 315a of the German Commercial Code (HGB) in accordance with the principles set out in the International Financial Reporting Standards (IFRS). The auditors, PricewaterhouseCoopers Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, have examined the financial statements of the Company and management report as well as the consolidated financial statements and group management report for the year ended 31 December 2013. The auditors of the accounts issued an unqualified auditor's report in each case.

The financial statements of the Company and management report, the consolidated financial statements and Group management report as well as the reports of the auditors on the result of their audit were received by all members of the Supervisory Board together with the Management's proposal for the appropriation of the net distributable profit for the year. These documents were examined by the Supervisory Board and thoroughly discussed by the Audit Committee and Supervisory Board with representatives of the auditors at the respective balance sheet meetings. As part of the audit, the Audit Committee and the Supervisory Board examined both the accounting findings and the procedures and processes relating to the accounting findings. As the standard of their review, they primarily applied the criterion of legality and verified whether the documents submitted comply with legislation in force and in particular with applicable accounting rules. Furthermore, in addition to their review of legality they also conducted an expediency review in terms of accounting, financial and business policy aspects. Based on the findings of the preliminary review by the Audit Committee, the Supervisory Board concurred with the findings of the auditors and, having conducted its own review, determined that it sees no grounds for objections.

The Supervisory Board approved the financial statements of the Company and the consolidated financial statements prepared by the Board of Management at the meeting on 29 April 2014 on recommendation of the Audit Committee; the financial statements of the Company are thus adopted as final. The proposal of the Board of Management on the appropriation of net distributable profit which increased as a result of the successful Fresenius / Helios transaction was reviewed in particular with regard to the economic position, liquidity situation and in view of the funds required for restructuring the Company as well as giving due regard to the justified interests of the shareholders. The Supervisory Board approves the Board of Management's proposals for the appropriation of net distributable profit.

CHANGES AND COMPOSITION OF THE BOARD OF MANAGEMENT

This Annual Report presents the composition of the Board of Management and the personal data, functions and duties of the individual members of the Board of Management under the heading "Corporate bodies of the Company".

The Board of Management was composed of four members at the beginning of the financial year. With effect from 1 January 2013, Dr. Dr. Martin Siebert was appointed as chairman of the Board of Management and Mr. Jens-Peter Neumann as his permanent representative. Mr. Volker Feldkamp resigned his office as of 9 August 2013 for personal reasons and left the Company. The operative and specialist responsibilities are being performed by the remaining members of the Board of Management. The Supervisory Board thanks Mr. Feldkamp for the successful work he carried out over the past years.

CHANGES WITHIN THE SUPERVISORY BOARD

Dr. Heinz Korte, retired notary public and attorney, Ammerland, after expiry of the term of his judicial appointment, was elected as a member of the Supervisory Board by the Annual General Meeting on 12 June 2013. Professor Dr. Dr. Karl Lauterbach resigned from his office as of 4 June 2013. As his successor, Mr. Stephan Holzinger, management consultant, Lenggries, was appointed as a member of the Supervisory Board until the next Annual General Meeting upon announcement of the decision by the Local Court of Schweinfurt of 3 July 2013. With effect from 12 September 2013, Mr. Caspar von Hauenschild and Dr. Rüdiger Merz resigned their office. Upon announcement of the decision by the Local Court of Schweinfurt of 19 and 20 December 2013, Mr. Reinhard Hartl, auditor and tax advisor, Icking/Irschenhausen, and Dr. Katrin Vernau, Dean of the Roland Berger School of Strategy and Economics, Hamburg, were appointed as members of the Supervisory Board until the next Annual General Meeting upon the motion by the Board of Management.

The organisational structure of the Supervisory Board and the composition of the committees during the past financial year and at the present time are set out in the overview provided following this Report.

Bad Neustadt a. d. Saale 29 April 2014

The Supervisory Board

Eugen Münch
Chairman

OVERVIEW OF THE ORGANISATIONAL STRUCTURE OF THE SUPERVISORY BOARD AND COMPOSITION OF THE STANDING COMMITTEES

CHAIR OF THE SUPERVISORY BOARD

Chairman
Eugen Münch

1st Deputy Chairman
Joachim Lüddecke

2nd Deputy Chairman
Wolfgang Mündel

COMPOSITION OF THE COMMITTEES

INVESTMENT, STRATEGY AND FINANCE COMMITTEE

Eugen Münch
Chairman
Peter Berghöfer
Klaus Hanschur
(from 17 April 2014)
Stefan Härtel
Detlef Klimpe
Dr. Heinz Korte
Joachim Lüddecke
Michael Mendel
Wolfgang Mündel
Werner Prange
(until 27 February 2014)

PERSONNEL AFFAIRS COMMITTEE

Eugen Münch
Chairman
Stefan Härtel
(from 12 March 2014)
Joachim Lüddecke
Dr. Brigitte Mohn
Annett Müller
(until 27 February 2014)

MEDIATION COMMITTEE

Eugen Münch
Chairman
Sylvia Bühler
Detlef Klimpe
Joachim Lüddecke

AUDIT COMMITTEE

Wolfgang Mündel
Chairman
Sylvia Bühler
(until 3 July 2013)
Reinhard Hartl
(from 12 March 2014)
Caspar von Hauenschild
(until 12 September 2013)
Stephan Holzinger
(from 20 November 2013)
Detlef Klimpe
Dr. Heinz Korte
Michael Mendel
Georg Schulze-Ziehaus
(from 3 July 2013)

ANTI-CORRUPTION COMMITTEE
(dissolved as of 6 November 2013)

Caspar von Hauenschild
Chairman
(until 12 September 2013)
Bettina Böttcher
Helmut Bühner
Werner Prange

COMMITTEE FOR COMPLIANCE AND COMMUNICATION

Stephan Holzinger
Chairman
(from 6 November 2013)
Bettina Böttcher
(from 6 November 2013)
Helmut Bühner
(from 6 November 2013)
Dr. Katrin Vernau
(from 12 March 2014)

MEDICAL INNOVATION AND QUALITY COMMITTEE

Eugen Münch
Chairman
Prof. Dr. Gerhard Ehninger
Prof. Dr. Dr. sc. (Harvard)
Karl W. Lauterbach
(until 4 June 2013)
Prof. Dr. Jan Schmitt
Georg Schulze-Ziehaus

NOMINATION COMMITTEE

Eugen Münch
Chairman
Dr. Brigitte Mohn
Wolfgang Mündel

CORPORATE GOVERNANCE REPORT

Joint report on corporate governance by the Board of Management and Supervisory Board of RHÖN-KLINIKUM AG

CORPORATE GOVERNANCE AT RHÖN-KLINIKUM GROUP

Good corporate governance is the basis of our decision-making and control processes. The Board of Management and the Supervisory Board are wholly guided in their actions by efficient and responsible decision and control processes geared to the Company's long-term success. Together with a transparent as well as legally and ethically sound corporate culture, corporate governance is the prerequisite for preserving and strengthening the trust that shareholders, business partners, patients and employees place in us and for securing and enhancing the value-added of our enterprises on a sustainable basis.

In financial year 2013, the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG conducted a thorough regular examination of the German Corporate Governance Code, its development and amendments as well as compliance with the Code at RHÖN-KLINIKUM AG and its subsidiaries. Detailed discussions were held on the corresponding revisions to the German Corporate Governance Code.

DECLARATION OF COMPLIANCE

As a result of these deliberations, a jointly issued and updated Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) was submitted by the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG on 6 November

2013 in accordance with Item 3.10 of the German Corporate Governance Code as amended on 13 May 2013, which is published on our website. We depart from the Code's recommendations in a total of six disclosed exceptions. We observe most of the non-mandatory suggestions of the German Corporate Governance Code:

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 GERMAN STOCK CORPORATION ACT

(as issued on 6 November 2013)

"The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG declare that the recommendations issued by the 'Government Commission of the German Corporate Governance Code' as amended on 13 May 2013 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 10 June 2013 have been implemented, and will be implemented, with the following exceptions:

Code Item 4.2.2 (2) sentence 3

Relationship between remuneration of the Board of Management and that of senior management and staff overall

The Supervisory Board has not expressly determined how the senior management and the relevant overall staff are to be differentiated. The relationship of the remuneration of the Board of Management to the remuneration of the senior management and the relevant overall staff is consequently not reflected, either, by application of such definitions in the case of the criteria specified in Code Item 4.2.2 (2) sentence 2.

In view of the new corporate strategy of concentrating on facilities providing full-service cutting-edge medical care, the Supervisory Board at present does not find such definitions to be objectively justified.

Code Item 4.2.3 (3)

Pension commitments

Typical pension commitments do not exist at the Company. However, upon termination of the service contract or the decease of a member of the Board of Management the Company, subject to certain conditions, grants a 'retirement benefit' explained in further detail in the Remuneration Report. It is paid as a one-time amount that is based on the number of completed years of service and additionally capped.

If the retirement benefits existing at the Company constitute provision benefits within the meaning of the recommendation pursuant to Code Item 4.2.3 (3) valid since 10 June 2013, the 'level of provision' in the view of the Supervisory Board results from the probable term of office of the respective member of the Board of Management and the formula defined in the retirement benefit. The annual as well as long-term expense for the Company is likewise derived from this.

Given the ambiguity of the recommendation pursuant to Code Item 4.2.3 (3) valid since 10 June 2013 and the special structure of the retirement benefits existing at the Company, deviation from Code Item 4.2.3 (3) in the version valid since 10 June 2013 is nonetheless hereby declared as a precaution.

Code Item 5.4.1 (2), (3)

Stating specific objectives regarding the composition of the Supervisory Board

The Supervisory Board does not state any specific objectives regarding its composition within the meaning of Code Item 5.4.1 (2). Consequently, it is not possible to comply with the recommendations based on this pursuant to Code Item 5.4.1 (3).

In the past the Supervisory Board, when nominating candidates for membership on the Supervisory Board, has been guided solely by the qualification of such candidates. The shareholders' representatives on the Supervisory Board are convinced that this practice has proven itself, and consequently no need to change this practice can be seen.

Code Item 5.4.3 sentence 2

Application for judicial appointment of a supervisory board member

Pursuant to Code Item 5.4.3 sentence 2, an application for judicial appointment of a supervisory board member is to be limited in term to the next annual general meeting. The Supervisory Board member Prof. Dr. Dr. sc. (Harvard) Karl W. Lauterbach resigned his office as member of the Supervisory Board by notice of 4 June 2013 with effect from 4 June 2013. The 2013 Annual General Meeting was held already on 12 June 2013. Consequently, no by-election for Prof. Dr. Dr. sc. (Harvard) Karl W. Lauterbach could be held at this Annual General Meeting. For this reason, the application for judicial appointment of Mr. Stephan Holzinger to succeed Prof. Dr. Dr. sc. (Harvard) Karl W. Lauterbach was not limited in term to the next Annual General Meeting (i.e. the 2013 Annual General Meeting) but instead to the Annual General Meeting thereafter (i.e. the 2014 Annual General Meeting).

Code Item 5.4.6 (2) sentence 2

Performance-linked remuneration of supervisory board

In accordance with the recommendation in Code Item 5.4.6 (2) sentence 1 in the version of the Code valid until 15 June 2012, the members of the Supervisory Board, in addition to a fixed basic remuneration (and fixed attendance fees), are granted a performance-linked remuneration pursuant to section 14 clause 3.3 para. 4 of the Articles of Association. In this connection, the performance-linked remuneration is based on the net consolidated profit of a financial year; in this regard, the Articles of Association thus do not provide for any explicit orientation on sustained corporate development within the meaning of Code Item 5.4.6 (2) sentence 2.

At the time when the 2012 Annual General Meeting of the Company was convened, the recommendation in Code Item 5.4.6 (2) sentence 2 valid as of 15 June 2012 was not yet in force. As a result it was not possible to adjust the applicable provision in the Articles of Association. Prior to the 2013 Annual General Meeting, the Supervisory Board, given the controversial debate on remuneration structure with regard to the share of fixed and variable components and the inclusion of a variable remuneration component reflecting a company's sustained success, had not yet formed any conclusive opinion on whether and, if so, to what extent the performance-linked component should be modified and e.g. calculated on a new assessment basis covering several years and a corresponding resolution proposal submitted to the Annual General Meeting; the recommendation was not and therefore will not be implemented.

The Supervisory Board continues to follow closely the debate on supervisory board remuneration and intends to review, in good time before the 2014 Annual General Meeting, whether and, if so, to what extent the performance-linked component of the remuneration should be modified. Depending on the result of this review, the Supervisory Board will, if applicable, submit a corresponding resolution proposal to the 2014 Annual General Meeting.

Code Item 7.1.2 sentence 4

Period for making available the Consolidated Financial Statement

The Company's and the Group's financial year is the calendar year. The annual financial statements of the Company and the Group are published in the month of April following the end of the financial year.

The annual financial statements of the Company and the Group are completed only at the time specified in the foregoing due to the Group's special internal quality requirements.

The Board of Management and the Supervisory Board jointly decide on application of the suggestions contained in the Code on a case-by-case basis; such suggestions may be deviated from without disclosure, as set forth in both the Code and section 161 of the AktG."

Bad Neustadt a. d. Saale, 6 November 2013

For the Supervisory Board	Eugen Münch
For the Board of Management	Dr. Dr. Martin Siebert

MANAGEMENT AND SUPERVISORY STRUCTURE

In keeping with the requirements of German legislation governing joint stock corporations and corporations, RHÖN-KLINIKUM AG has a dual management system subject to the strict separation at the personnel level between the management and supervisory bodies. The Board of Management has powers to direct the Company and the Supervisory Board powers to supervise the Company. Simultaneous membership in both corporate bodies is excluded.

With a view to achieving sustainable value-added for the Company, the Board of Management and the Supervisory Board have committed themselves to co-operate through mutual trust in the best interests of the Company on the basis of a balanced allocation of duties and responsibilities as defined by law, the Articles of Association and the Terms of Reference. No conflicts of interests of members of the Board of Management and Supervisory Board subject to disclosure to the Supervisory Board have occurred.

For members of the Supervisory Board and members of the Board of Management, RHÖN-KLINIKUM AG has taken out indemnity insurance cover (D&O insurance) with an adequate coverage concept and in accordance with the deductibles recommended by Code Item 3.8 para. 2 and 3. The insurance premium (incl. insurance tax) paid by the Company in financial year 2013 was € 134,600.

ANNUAL GENERAL MEETING AND SHAREHOLDER RELATIONS

Pursuant to the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), RHÖN-KLINIKUM AG reports once per quarter, in accordance with the applicable International Financial Reporting Standards (IFRSs) applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB), to its shareholders and the interested public on the performance of business as well as the Group's net assets, financial position and results of operations. The preliminary business figures for a past financial year are made known approximately six to ten weeks after it has ended, and forecasts for a future financial year are made known in accordance with the requirements. Important company notices are published immediately. All reports and notices can be found on our Company's homepage.

Moreover, the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG report to their shareholders annually on business performance as well as the financial position and results of operations at the Company's Annual General Meeting, which usually takes place within the first six months of the financial year. The information required by our shareholders for their decision-making is made available in the form as required by law.

The shareholders of RHÖN-KLINIKUM AG avail themselves of their rights within the scope of the possibilities afforded to them by the Articles of Association exclusively at the Annual General Meeting by exercising their voting rights. Shareholders may exercise their voting rights themselves or through an authorised person of their choice, or may have themselves represented by proxies

appointed by the Company for this purpose. Each share confers one vote. In the interests of securing the resolution procedure, we maintain at the present time the system whereby voting rights are exercised by attendance in person or by legitimised representation at the Annual General Meeting.

Pursuant to the legal provisions, the Annual General Meeting is responsible for electing the auditor for the annual and half-year financial statements of our Group as well as for the annual financial statements of RHÖN-KLINIKUM AG. The chairman of the Auditing Committee appointed PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as statutory auditor for the audit of the half-year financial statement for 2013 as well as the annual financial statement as at 31 December 2013 after the Audit Committee was thoroughly convinced of its independence, i.e. the absence of any grounds for disqualification and/or bias.

With the statutory auditor we have concluded the required agreements pursuant to the German Corporate Governance Code for the performance of the audit of the annual financial statements. The auditor shall therefore inform the chairman of the Audit Committee immediately of any grounds for disqualification or partiality occurring during the audit, unless such grounds are eliminated immediately. The auditor shall also report on all facts and events of importance for the tasks of the Supervisory Board arising during the performance of the audit. In the event that any facts are identified during the performance of the audit of the annual financial statements which show the Statement of Compliance submitted by the Board of Management and the Supervisory Board pursuant to section 161 of the AktG to be incorrect, the auditor shall inform the Supervisory Board of this and/or record this in the audit report.

In financial year 2011, the Annual General Meeting approved the remuneration resolved by the Supervisory Board. It is provided that future changes in the remuneration system will be submitted to the Annual General Meeting for approval.

BOARD OF MANAGEMENT

At the beginning of financial year 2013, the Board of Management of RHÖN-KLINIKUM AG was comprised of four members and in 2013 was headed by one chairman. As of 1 January 2013, Dr. Dr. Martin Siebert was appointed as chairman of the Board of Management. With effect from 9 August 2013, Mr. Volker Feldkamp left the Board of Management. The allocation of responsibilities within the Board of Management was adjusted accordingly in each case. For further information, please refer to the disclosures made in the Notes to the consolidated financial statements.

The Board of Management directs the Company and manages its business under joint responsibility subject to the Terms of Reference. The areas of responsibility of the individual members of the Board of Management are determined by operative and/or functional competencies. The chairman of the Board of Management is responsible for corporate policy and the Group's fundamental strategic orientation.

The Board of Management reports to the Supervisory Board regularly, without delay and comprehensively on all significant issues relating to the business development and position of the Group and its subsidiaries. The Board of Management furthermore co-ordinates and discusses

with the Supervisory Board the Group's further strategic development and its implementation. The chairman of the Board of Management reports to the chairman of the Supervisory Board on events of special significance without delay. Any transactions and measures subject to consent are presented to the Supervisory Board in due time.

The members of the Board of Management are obliged to disclose any arising conflicts of interests without delay. Moreover, they require approval of the Supervisory Board for secondary activities of any kind. Transactions between the members of the Board of Management or parties related to them on the one hand and RHÖN-KLINIKUM AG on the other also require the consent of the Supervisory Board. In financial year 2013, no conflicts of interests of members of the Board of Management of RHÖN-KLINIKUM AG arose. A fixed age limit of 65 years for the members of the Board of Management is enshrined in the Articles of Association.

SUPERVISORY BOARD

The Supervisory Board advises the Board of Management and supervises its management activity. The close and efficient co-operation between the Board of Management and the Supervisory Board with the common objective of creating sustainable value-added takes place on the basis of Terms of Reference for the work between the Board of Management and the Supervisory Board.

In line with the principle of equal representation of shareholders and staff pursuant to the German Co-Determination Act (Mitbestimmungsgesetz, MitbestG), the Supervisory Board of RHÖN-KLINIKUM AG comprises a total of 20 employees' and shareholders' representatives and held four regular meetings and three extraordinary meetings in 2013.

The chairman of the Supervisory Board is Mr. Eugen Münch, who exercises this office in a full-time capacity. Pursuant to section 14.1 of the Articles of Association, a Supervisory Board office including a secretariat as well as a chauffeur service and its use are available to the Supervisory Board for the discharge of its duties.

In accordance with the recommendations of the German Corporate Governance Code, the shareholders' representatives were elected to the Supervisory Board on an individual basis in 2010. When proposing persons for election as members of the Supervisory Board, due regard was given both to their qualification on the basis of a profile of professional requirements and to their independence with a view to avoiding conflicts of interests. The term of office of the Supervisory Board is five years and ends upon conclusion of the Annual General Meeting resolving on the formal approval of the actions of the Supervisory Board for financial year 2014. The age limit defined in the Articles of Association is 75 years.

Professor Dr. Dr. sc. (Harvard) Karl W. Lauterbach left the Supervisory Board with effect from 4 June 2013. Mr. Stephan Holzinger succeeded him to the Supervisory Board with effect from 3 July 2013. With effect from 12 September 2013, Mr. Caspar von Hauenschild and Dr. Rüdiger Merz left the Supervisory Board. With effect from 19 December 2013 Mr. Reinhard Hartl, and with effect from 20 December 2013 Dr. Katrin Vernau were appointed to the Supervisory Board.

If members of this Supervisory Board also exercise mandates on supervisory boards or similar bodies of other companies or organisations, membership on these supervisory boards, in the view of the Supervisory Board of RHÖN-KLINIKUM AG, has not given rise to any conflicts of interest that might result in an impairment in the performance of their mandates.

The Terms of Reference of the Supervisory Board provide for the formation of committees. In 2013 there were seven standing committees: the Mediation Committee, Personnel Affairs Committee, Audit Committee as well as the Investment, Strategy and Finance Committee as committees with power to adopt resolutions within the meaning of section 107 (3) of the AktG, the Anti-Corruption Committee and Nomination Committee, as well as the Medical Innovation and Quality Committee. The Anti-Corruption Committee was dissolved as of 6 November 2013. It was replaced by the Committee for Compliance and Communication as of 6 November 2013 as a committee with power to pass resolutions. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees.

The **Mediation Committee** submits proposals to the Supervisory Board for the appointment of members to the Board of Management if in the first round of voting the required majority of two thirds of votes of the Supervisory Board members is not reached.

The **Personnel Affairs Committee** is responsible for the personnel-related matters of the Board of Management. In particular, it reviews candidates for service as members on the Board of Management and makes proposals to the Supervisory Board regarding appointments. This Committee's tasks include the negotiations on, the preparatory work for the conclusion of, as well as the amendment and the termination of service contracts of members of the Board of Management and other contracts, the performance appraisal of the Board of Management, as well as the regular review of the reasonable and customary level of the remuneration of the Board of Management, of the guidelines on the remuneration of members of the Board of Management and the submission of proposed resolutions in this regard to the plenary meeting of the Supervisory Board.

The **Audit Committee** prepares the resolutions of the Supervisory Board on the adoption of the annual financial statements and the approval of the consolidated financial statements by way of preparatory internal review of the annual financial statements and management reports. It reviews the resolution on the appropriation of profit and discusses the annual financial statements and audit reports as part of a preliminary consultation with the auditor. Its tasks include selecting and appointing the statutory auditor, as well as agreeing on the auditing fees and reviewing and monitoring its independence and quality including the services additionally provided by the statutory auditor. The Audit Committee supervises financial reporting including the interim reports, the accounting process, the effectiveness of the internal controlling system and risk management system, and the internal audit system. It deals with fundamental issues of accounting, corporate governance and, until 6 November 2013, compliance. With regard to the choice of members, the Supervisory Board must give due regard to the independence of the Audit Committee's members and their particular experience and knowledge in the application of accounting regulations and internal controlling processes.

The chairman of the Audit Committee, Mr. Wolfgang Mündel, as long-standing member of the Supervisory Board of RHÖN-KLINIKUM AG, possesses the required knowledge of the Company and its market environment, and as an auditor and tax adviser has the required qualifications for this demanding position in accordance with Item 5.3.2 German Corporate Governance Code. As the second deputy chairman of the Supervisory Board he performs his duties on the Supervisory Board in a full-time capacity. The Audit Committee comprises so-called "financial experts" who satisfy the conditions of section 100 (5) of the AktG.

The **Investment, Strategy and Finance Committee** advises the Board of Management on the strategy for the Company's further development. Pursuant to section 107 (3) of the AktG it adopts resolutions on the approval of hospital takeovers, other investments subject to approval and their financing. At the same time it reviews and comments the reports to be remitted by the Board of Management to the Supervisory Board on the Company's investment and financial development as well as on fundamental strategic developments.

The **Committee for Compliance and Communication** (since 6 November 2013), through its members, is the direct contact for compliance cases with employees, suppliers and patients. The Committee keeps itself informed about current compliance cases and deals with organisational, personnel and procedural aspects in the area of compliance. As the need arises, the Committee has a right to request a special audit which, through the personnel interface with the Audit Committee, ensures effective examination of the matter. In the area of communication, the Committee ensures the link between an internal communication and the related compliance communication and examines the Company's public communication strategy.

The **Anti-Corruption Committee** (until 6 November 2013) was the point of contact for employees, suppliers and patients in suspected cases of corruption and advised the Board of Management on corruption prevention measures. Its members were bound by a greater duty of confidentiality and, without prejudice to contrary statutory provisions, have an obligation to inform and render account to the Supervisory Board whenever they have sustained grounds to suspect corruption in specific cases. The Committee had a right to request the initiation of special audits which are decided on by the Audit Committee.

The **Nomination Committee** makes recommendations to the shareholders' representatives on the Supervisory Board for the nomination of candidates of the shareholders' representatives for election by the Annual General Meeting to the Supervisory Board.

The **Medical Innovation and Quality Committee** deliberates on developments and trends in medicine and monitors the development of medical quality. It prepares statements of opinion for the plenary meeting of the Supervisory Board, for the Investment, Strategy and Finance Committee and for the Board of Management.

The Supervisory Board internally reviews the efficiency of its activity on an ongoing basis and is regularly subjected to an efficiency audit by an external consultant. The results of the last external audit in 2010 based on questionnaires and meetings satisfied the expectations of the Supervisory Board in terms of the efficient performance of duties. At the end of financial year 2013, an external efficiency audit was performed once again, the results of which are expected in 2014.

A detailed overview of the work of the individual committees and their composition in financial year 2013 is provided in the Report of the Supervisory Board of the 2013 Annual Report.

OTHER BODIES

A further body set up at RHÖN-KLINIKUM AG is the Advisory Board. It advises the Board of Management on future trends in the hospital and healthcare sector as well as on medical development issues. For further information on the Advisory Board of the Company, please refer to the disclosures made in the Notes to the consolidated financial statements.

TRANSPARENCY

We engage in active, open and transparent communication with our shareholders and treat all shareholders equally. We use suitable communication channels such as the Internet to ensure our shareholders are informed in a prompt and uniform manner, and ad hoc service providers for mandatory publications to be disseminated throughout Europe. We publish our financial calendar containing all important financial dates for analysts, investors, shareholder associations and media on our website at www.rhoen-klinikum-ag.com under the section "Investors". We also publish important information on our website relating to our share and its price trend as well as inside information directly concerning us. As soon as we become aware of the fact that an individual reaches, exceeds or falls below the statutory thresholds of voting rights in the Company by means of a purchase, sale or any other manner, we also publish this information on our website without undue delay.

We disclose all notices on the acquisition and sale of shares of the Company or of financial instruments relating thereto pursuant to section 15a of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) by members of the Board of Management and the Supervisory Board on our website. As at 31 December 2013, the members of the Supervisory Board and the Board of Management together thus held 12.54 per cent of the Company's registered share capital, of which the Supervisory Board accounts for 12.53 per cent of the shares in issue. The members of the Board of Management together hold 0.01 per cent of the Company's registered share capital.

In the Notes to the consolidated financial statements we also report on dealings with related parties of RHÖN-KLINIKUM AG and its subsidiaries as well as companies related to such parties. The contracts entered into with such parties and the services rendered were reviewed and approved by the Supervisory Board. In the view of the Board of Management and the Supervisory Board, the contracts have no impact on the independence of the aforementioned member of the Supervisory Board.

RISK MANAGEMENT AND PERSONAL INTEGRITY

Our handling of risks and opportunities is also consistent with the principles of responsible corporate behaviour. The risk management system established by RHÖN-KLINIKUM AG was established with the aim of identifying risks early at the level of RHÖN-KLINIKUM AG and at the same time also applied to hospitals and investments. The risk profile and its revision allow the Board of Management to respond early and adequately to changes in the Group's risk position and to exploit opportunities. The risk management system is reviewed by our auditors as part of the annual audit of the financial statements.

Compliance in the sense of upholding personal integrity in corporate governance is regarded by the Board of Management as an essential management duty. According to this principle the Board of Management is directly required to observe all measures for compliance with law, statutory regulations and Group-internal guidelines and to implement and enforce these in their dealings with employees and business partners. For RHÖN-KLINIKUM AG and all other Group companies a compliance guideline exists which is amended and adjusted at regular intervals. The focus of our compliance activities is on combating active and passive corruption. Any contraventions in the area of corruption are not tolerated and are strictly sanctioned at all executive and staff levels. All our employees are called upon to actively bring to light cases of corruption in their respective areas of responsibility. They have direct access to a committee of the Supervisory Board in this regard which is bound by a duty of confidentiality.

REMUNERATION REPORT

The remuneration of the members of the Supervisory Board and the Board of Management comprises fixed and variable components. The Group does not provide stock option programmes or similar forms of compensation. Details on the remuneration received by each member of the Supervisory Board and the Board of Management, broken down by fixed and variable components, are set out in the table at the end of this Report.

The Remuneration Report summarises the principles applied in determining the remuneration of the Board of Management of RHÖN-KLINIKUM AG and explains the structure and amount of income of the Board of Management. It also provides a description of the principles and amount of the remuneration of the Supervisory Board and the Advisory Board as well as disclosures on shareholdings of the Board of Management and the Supervisory Board.

REMUNERATION OF THE BOARD OF MANAGEMENT

The Supervisory Board has established the remuneration scheme for the Board of Management in the guidelines on the remuneration of the members of the Board of Management of RHÖN-KLINIKUM AG (Remuneration Guidelines).

The aggregate remuneration of the members of the Board of Management is comprised of several remuneration components. Specifically, these are the base salary, the bonus, additional benefits (non-cash benefits) and a contingent retirement benefit.

Pursuant to the Act on the Appropriateness of Executive Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG) which took effect on 5 August 2009, the plenary meeting is responsible for defining the individual remuneration of the Board of Management after preparation by the Personnel Affairs Committee. On 20 February 2013 the Supervisory Board adjusted the remuneration scheme to the current regulations by way of revision of the remuneration guidelines. These guidelines apply as a general rule to all service contracts of members of the Board of Management that are concluded or amended after such date.

ESSENTIAL PROVISIONS OF THE REMUNERATION SCHEME

The remuneration scheme provides that the entire remuneration of the members of the Board of Management is defined and reviewed by the Supervisory Board giving due regard to the criteria for assessing the reasonable and customary level of remuneration as well as the duties of each individual member of the Board of Management, such member's personal performance, as well as to the economic position and success of the Company, and that the overall remuneration does not exceed the customary level of remuneration unless there are special reasons for this. In the event of a deterioration in the Company's economic position, the Supervisory Board will lower the overall remuneration subject to the provisions of section 87 (2) of the AktG where continued payment of the overall remuneration would be unreasonable.

The remuneration of the members of the Board of Management is comprised of non-performance-linked and performance-linked components. The non-performance-linked components consist of a basic salary and additional benefits, whereas the performance-linked component consists of a bonus. Provisions for a minimum remuneration and for a cap on total remuneration have been put in place to compensate for unexpected earnings developments. The contingent retirement benefits are in principle based on the annual remuneration at the time of termination of the service contract and are thus influenced by the non-performance-linked and performance-linked components of the remuneration scheme.

The basic salary as a rule is € 192,000 p.a. and is paid out as non-performance-linked remuneration in 12 equal monthly instalments. The chairman of the Board of Management as a rule receives 1.5 to 2 times the standard salary. The members of the Board of Management also receive additional non-cash benefits which essentially consist in the value determined by the tax guidelines for use of a company car, the insurance premiums for accident insurance, moving expenses and the D&O insurance. Since use of a company car and the accidence insurance premiums are remuneration components, each individual member of the Board of Management has to pay tax on these benefits. In principle, all members of the Board of Management are entitled to these in the same way, the amount of which varies depending on the member's personal situation.

The performance-linked component of the remuneration is the bonus whose amount is oriented on the development of consolidated earnings over the last three financial years as a multi-year assessment basis. The reference value is the consolidated result after minority interests in accordance with the currently applicable IFRS. One-off impacts as a result of extraordinary developments affecting the consolidated result are not included. The bonus consists of a basic component and a performance-linked component. The basic component is defined by the Supervisory Board as an absolute amount (basic amount) when calculated from the assessment basis for the duration of the service contract and in each case is paid out in advance in 12 equal monthly instalments. At the beginning or upon an amendment of the service contract, the basic amount is approximately two thirds of the assessment basis. The bonus rate for the basic amount is the same for all members of the Board of Management and is defined by the Supervisory Board on recommendation by the Personnel Affairs Committee. If the assessment basis calculated for a financial year is less than the basic amount, such bonus rate is to be applied to the reduced basic amount. The advance payment on the basic bonus not covered results in a recovery claim on the part of the Company. The performance component in each case results from the difference between the assessment basis calculated for the respective financial year less the basic amount. The bonus rate for this performance component 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. The chairman of the Board of Management as a rule receives 1.5 to 2 times the bonus rates. For members and in particular deputy members who have been appointed to the Board of Management for the first time, an appropriate reduction in the bonus rates may be agreed. The same applies in the event of special reasons justifying such reduction, also for the other members of the Board of Management.

The members of the Board of Management are guaranteed a total annual remuneration (sum of base salary and bonus) of at least € 450,000. The cap for total annual remuneration is set at € 900,000. 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 2 times these amounts for his permanent representative and the chief financial officer (CFO).

If a service contract of a member of the Board of Management ends without this being attributable to good cause in the person of such member, or in the event of the decease of the member of the Board of Management during such member's term of office, the member of the Board of Management (or, in the event of decease, that member's heirs) receives an retirement benefit in the form of a one-off payment. For each full year of work as member of the Board of Management, this benefit amounts to 0.125 times of the annual remuneration (annual basic salary plus bonus) for the calendar year in which such member leaves the Board of Management or deceases, however, not more than 1.5 times such latter remuneration but at least 1.5 times the average remuneration during the contractual term for the term of work for the Board of Management. The retirement benefit is due and payable six months after the close of the financial year in which the service contract ends or the member of the Board of Management has deceased. As a rule, no retirement benefit shall be granted if a member of the Board of Management terminates the service contract of his/her own accord before reaching the age of 60 for a reason not attributable to the Company, or does not extend the service contract despite having been offered an extension.

If a member of the Board of Management receives severance compensation because that member's work for the Board of Management has been terminated without good cause, the amount of such benefit including the additional benefits may not exceed the value of two years' remuneration and may not remunerate more than the remaining term of the service contract.

No other forms of compensation, such as pension commitments, stock options or loans, are currently granted to the members of the Board of Management.

In financial year 2013, the total remuneration of the members of the Board of Management holding office in financial year 2013 totalled € 2.8 million (€ 10.9 million in previous year). Of this total, € 1.1 million (previous year: € 1.2 million) was accounted for by components that are not performance-linked and € 1.7 million (previous year: € 6.4 million) was accounted for by variable components. The provision for claims to retirement benefits by the members of the Board of Management amounts to € 0.6 million (previous year: € 0.2 million). In financial year 2013, members of the Board of Management (or their surviving dependants) received no remuneration for retirement benefits (previous year: € 4.6 million).

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is governed by Section 14 of the Articles of Association. It is performance-linked and oriented on the amount of time worked, on the duties and functional responsibilities assumed by the members of the Supervisory Board, as well as on the economic success of RHÖN-KLINIKUM Group. The remuneration of the Supervisory Board is made up of fixed and variable components.

In addition to being reimbursed their expenses, the members of the Supervisory Board receive a remuneration made up of the following elements: a fixed basic amount of € 20,000 p.a. and a fixed attendance fee of € 2,000 for each Supervisory Board meeting, committee meeting and Annual General Meeting attended in person. The chairman of the Supervisory Board and his deputy receive double the amount of the fixed attendance fee. Chairmen of committees with power to adopt resolutions on behalf of the Supervisory Board also receive double the aforementioned amount unless they hold office as chairman of the Supervisory Board or deputy chairman of the Supervisory Board at the same time.

Furthermore, the Supervisory Board receives a performance-linked remuneration equal to 1.25 per cent of the modified net consolidated profit of RHÖN-KLINIKUM AG. For this purpose, net consolidated profit is diminished by an amount equal to 4 per cent of the contributions paid on the registered share capital of RHÖN-KLINIKUM AG. The aggregate amount is distributed amongst the individual members of the Supervisory Board in accordance with the terms of remuneration issued by the Supervisory Board. These duly reflect, in addition to the responsibility assumed, in particular also the time devoted by the individual member as well as the fluctuating workload of the members of the Supervisory Board during the course of the year.

The Supervisory Board is closely following the debate on supervisory board remuneration and intends to review, in good time for the next Annual General Meeting, whether and, if so, at what time the remuneration provisions are to be modified.

The chair and membership of the Supervisory Board committees are remunerated separately in keeping with the German Corporate Governance Code. Supervisory Board members belonging to the Supervisory Board during only part of the financial year receive a pro rata remuneration.

Members of the Supervisory Board are reimbursed all expenses incurred to them in the performance of their mandate as well as the VAT payable on the remuneration. The Company's chauffeur service and an office including a secretariat are made available to the chairman of the Supervisory Board.

Members of the Supervisory Board do not receive any loans from the Company.

The remuneration of the active members of the Supervisory Board amounted to € 2.0 million (previous year: € 2.0 million). Of this total, € 1.0 million was accounted for by fixed remuneration components (previous year: € 1.0 million). € 1.0 million was included as performance-linked remuneration (previous year: € 1.0 million).

REMUNERATION OF THE ADVISORY BOARD

For each meeting attended in person, the members of the Advisory Board receive a fixed attendance fee of € 1,400. In addition, the members are reimbursed all expenses incurred to them in the performance of their mandate as well as the VAT payable on the remuneration.

Members of the Advisory Board do not receive any loans from the Company.

The total remuneration of the Advisory Board (excluding VAT) during the past financial year amounted to € 22,000 (previous year: € 26,000).

REMUNERATION TABLES 2013

Total remuneration of Supervisory Board, the Board of Management and the Advisory Board:

	2013 € '000	2012 € '000
Total remuneration of the Supervisory Board	1,950	2,029
Total remuneration of the current Board of Management	2,301	1,276
Total remuneration of former members of the Board of Management	462	9,647
Total remuneration of the Advisory Board	22	26

Total remuneration (excluding VAT) for members of the Supervisory Board is broken down below:

Total remuneration	Basic amount € '000	Attendance fee, fixed € '000	Attendance fee, variable € '000	Functional days, variable € '000	Total 2013 € '000	Total 2012 € '000
Eugen Münch	20	80	91	122	313	308
Joachim Lüddecke	20	76	44	0	140	148
Wolfgang Mündel	20	80	90	77	267	246
Peter Berghöfer	20	28	39	0	87	91
Bettina Böttcher	20	0	0	0	20	58
Sylvia Bühler	20	20	29	0	69	84
Helmut Bühner	20	16	19	0	55	58
Prof. Dr. Gerhard Ehninger	20	16	18	0	54	50
Stefan Härtel	20	36	42	0	98	103
Reinhard Hartl (since 19 December 2013)	1	0	0	0	1	0
Caspar von Hauenschild (until 12 September 2013)	14	22	33	5	74	89
Stephan Holzinger (since 3 July 2013)	10	8	12	2	32	0
Detlef Klimpe	20	32	62	0	114	116
Dr. Heinz Korte	20	30	58	0	108	13
Prof. Dr. Dr. sc. (Harvard) Karl W. Lauterbach (until 4 June 2013)	8	14	12	0	34	64
Michael Mendel	20	30	55	0	105	108
Dr. Rüdiger Merz (until 12 September 2013)	14	12	14	0	40	55
Dr. Brigitte Mohn	20	14	15	0	49	49
Annett Müller	20	16	19	0	55	66
Jens-Peter Neumann (until 31 October 2012)	0	0	0	0	0	109
Werner Prange	20	36	42	0	98	98
Prof. Dr. Jan Schmitt	20	18	21	0	59	58
Georg Schulze-Ziehaus	20	24	33	0	77	58
Dr. Katrin Vernau (since 20 December 2013)	1	0	0	0	1	0
Former members of the Supervisory Board	0	0	0	0	0	0
	388	**608**	**748**	**206**	**1,950**	**2,029**

The total remuneration of the Board of Management breaks down as follows:

Current members of the Board of Management	Martin Menger (member of the Board of Management)					
	inducements granted				inflow	
	2012 € '000	2013 € '000	2013 (Min) € '000	2013 (Max) € '000	2012 € '000	2013 € '000
Base salary	192	192	192	192	192	192
Additional benefits	8	8	8	8	8	8
Total	**200**	**200**	**200**	**200**	**200**	**200**
one-year variable bonus	258	258	258	708	258	258
Total remuneration	**458**	**458**	**458**	**908**	**458**	**458**
Pension expense[1]	53	45	45	45	53	45
Total remuneration	**511**	**503**	**503**	**953**	**511**	**503**

Current members of the Board of Management	Jens-Peter Neumann (permanent representative of the chairman of the Board of Management) Member of Board of Management since 1 November 2012					
	inducements granted				inflow	
	2012	2013	2013 (Min)	2013 (Max)	2012	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Base salary	32	195	195	195	32	195
Additional benefits	61	86	86	86	61	86
Total	**93**	**281**	**281**	**281**	**93**	**281**
One-year variable bonus	85	538	538	855	85	538
Total remuneration	**178**	**819**	**819**	**1,136**	**178**	**819**
Pension expense[1]	4	23	23	23	4	23
Total remuneration	**182**	**842**	**842**	**1,159**	**182**	**842**

Current members of the Board of Management	Dr. Dr. Martin Siebert (chairman of the Board of Management) Member of Board of Management since 1 October 2012					
	inducements granted				inflow	
	2012	2013	2013 (Min)	2013 (Max)	2012	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Base salary	48	384	384	384	48	384
Additional benefits	3	13	13	13	3	13
Total	**51**	**397**	**397**	**397**	**51**	**397**
One-year variable bonus	127	627	627	1,116	127	627
Total remuneration	**178**	**1,024**	**1,024**	**1,513**	**178**	**1,024**
Pension expense[1]	6	28	28	28	6	28
Total remuneration	**184**	**1,052**	**1,052**	**1,541**	**184**	**1,052**

Members of the Board of Management having left the Board in 2013	Volker Feldkamp (member of the Board of Management) until 9 August 2013			
	inducements granted		inflow	
	2012	2013	2012	2013
	€ '000	€ '000	€ '000	€ '000
Base salary	184	184	184	184
Additional benefits	12	12	12	12
Total	**196**	**196**	**196**	**196**
One-year variable bonus	266	266	266	266
Total remuneration	**462**	**462**	**462**	**462**
Pension expense[1]	64	52	64	52
Total remuneration	**526**	**514**	**526**	**514**

[1] *Benefit expense includes service cost according to IAS 19*

The retirement benefits of the Board of Management break down as follows:

Retirement benefits	Provision as at 31 December 2012 € '000	Change in retirement benefits € '000	Provision as at 31 December 2013 € '000	Nominal amount on contract expiry[4] € '000
Current members of the Board of Management				
Martin Menger	110	54	164	358
Jens-Peter Neumann[1]	4	91	95	367
Dr. Dr. Martin Siebert[2]	6	132	138	379
	120	**277**	**397**	**1,104**
Members of the Board of Management having left the Board in 2013				
Volker Feldkamp[3]	98	60	158	158
	98	**60**	**158**	**158**
Total	**218**	**337**	**555**	**1,262**

[1] *Since 1 November 2012.* [2] *Since 1 October 2012.* [3] *Until 9 August 2013.* [4] *Claim according to ordinary expiry of service contract based on remuneration.*

Bad Neustadt a. d. Saale, 29 April 2014

The Supervisory Board   The Board of Management

QUALITY REPORT

In financial year 2013, work at all organisational levels of RHÖN-KLINIKUM AG was geared to the Company's new strategic orientation. That also rings true for quality management, medical controlling and hygiene management, with the quality of hospital care being the primary focus of interest for us as in previous years.

QUALITY MANAGEMENT

To ensure the quality of hospital care, RHÖN-KLINIKUM AG also in 2013 availed itself of the tried and proven instruments and analysis systems to measure and evaluate results quality of hospital care, process quality as well as structural quality. In this context, systems at both the individual hospital level and the Group as a whole were used. By way of example, some of the activities of the quality management of RHÖN-KLINIKUM AG are presented below.

QUALITY ASSURANCE ACCORDING TO 4QD

For several years RHÖN-KLINIKUM AG, as one of the founding members of 4QD – Qualitätskliniken.de GmbH, has been committed to fair and transparent competition of hospitals in Germany in the area of quality. On the website "Qualitätskliniken.de", defined quality criteria of the participating hospitals are presented clearly and comprehensibly. This gives patients the means of making an objective comparison of the different facilities. Hospitals, too, benefit from this system. From the available data they can identify and bring about the necessary quality improvements. Last year, the focus from the perspective of RHÖN-KLINIKUM AG was on further developing the 4QD system along methodological lines. In this way we wish to achieve further improvements in the hospital care provided by our facilities.

In the area of patient safety, we have broadened our permanent quality supervision to include new hygiene indicators. Here we are devoting particular attention to the processing and sterilisation of medical products as well as dealing with methicillin-resistant staphylococcus aureus (MRSA), multiresistant pathogens (MRP) and noroviruses. In the area of MRSA the focus of interest is on risk-adapted MRSA admission screening and reasonable measures to isolate cases of patients populated or suspected of being populated with MRSA. In this connection we train our employees systematically in their everyday dealings with affected patients.

As the basis for further measures we have once again conducted uniform patient and referrer surveys at our hospitals. The results are used for benchmarking purposes both at RHÖN-KLINIKUM AG and within the Group. Last year they were evaluated at the hospitals, ultimately serving as the basis for improvement measures that are gradually introduced as required. The current results for the areas of patient safety as well as patient and referrer satisfaction of our hospitals can be viewed on the comparison portal "Qualitätskliniken.de".

A vital feature of quality assurance under 4QD is the link established between patient and employee interests within the scope of hospital care. For 4QD quality assurance, RHÖN-KLINIKUM AG together with its partners has therefore developed an additional dimension of quality: ethics and values. At the heart of this 4QD dimension are ethical quality criteria. The 4QD partners thus wish to promote internal processes and structures enabling employees to provide their patients with the best care possible. It was out of this fundamental conceptual approach that, for example, the obligation of the hospital management was established to make patient and employee orientation part of its organisation and to put it into practice.

Other issues to be addressed in the field of ethics are: determining the will of patients, dealing with patients' religion and beliefs, pain and miscarriages, as well as dying patients and their relatives. By enabling and encouraging our employees to behave in the appropriate manner in such critical situations, we can further improve the care provided to our patients. Assistance with these matters will be given to employees by ethics committees and in ethical case discussions that we intend to establish at all hospitals.

QUALITY CIRCLES

Steadily improving medical care is an ongoing challenge that the RHÖN-KLINIKUM Group has taken on in its quality circles, the specialist groups of the various specialist departments. They develop steps towards achieving a better quality of care. In regular meetings of head physicians, measures for systematic quality assurance pursuant to section 137 of the Social Insurance Code V (Sozialgesetzbuch V, SGB V), routine indicators pursuant to section 21 of the Hospital Remuneration Act (Krankenhausentgeltgesetz, KHEntgG), 4QD amendments and further developments of quality indicators in the specialist areas have been initiated.

In the area of paediatrics, the competent quality circles, in addition to the established quality indicators, have further developed the Group's own indicators to ensure a patient-specific, high level of care for paediatric patients. Likewise, the Group has taken steps to ensure adequate and high-quality care for elderly patients by developing geriatrics-specific quality management in view of the foreseeable further increase in the share of this group of patients at hospitals.

Beyond that, the members of the quality circles have developed numerous recommendations for the hospitals to further improve patient care. For example, the orthopaedists and trauma surgeons have initiated a joint recommendation for measures to prevent and treat periprosthetic infections in endoprosthetics. The cardiologists have agreed on a procedure for cardiological-immunological diagnosis of inflammatory diseases of the heart muscle (myocardites). The head physicians for anaesthesia have agreed to establish an OR advisory group to assist the hospitals' OR management as required.

DOCUMENT MANAGEMENT SYSTEM

One of the prerequisites for providing efficient and at the same time thoroughgoing care at the hospitals is the sensible organisation of clinical processes, in written form if possible. That is all the more important since the hospitals are increasingly facing quality requirements that can no longer be met without efficient processes and tools. For that reason, the first hospitals are currently introducing a document management system that assists employees in managing documents systematically while at the same time reducing documentation work. With this system, employees will be better able to organise processes, manage information and meet quality requirements.

DRUGS PRESCRIPTION SYSTEM (EAMTS)

Another important tool that will help doctors and nurses in their work is the electronic drugs therapy safety test. It is used to exclude the relevant risks of drugs therapy – for example adverse side effects or harmful drug-drug interactions – for as many patients as possible. RHÖN-KLINIKUM AG has made sufficient progress in the implementation of its plans for electronic drugs therapy safety tests (eAMTS) in 2013; in a further step, the suitable system must be selected. We have thus come a fair way towards implementing in the day-to-day work of our hospitals the Initiative for Improving Drug Therapy Safety in Germany launched by the Federal Health Ministry – and taken yet another step towards greater patient safety.

MEDICAL CONTROLLING

The area of medical controlling is the economic counterpart to quality management. Medical controllers are internal advisers to the medical and administrative fields. In operative medical controlling, coding specialists identify and document services performed for each individual patient, while others have the task of checking the documentation. In this way they create the basis of correct accounting of services and a sound information basis for budget negotiations with payers.

To raise the quality of coding and documentation work, coding specialists and medical controllers were also trained in company-wide continued training measures to be case-mix performers in financial year 2013. Moreover, in addition to specific training measures relating to the DRG system for the current accounting year, training measures relating to the new system of flat-rate remuneration for psychiatrics and psychosomatics (FRPP) were also introduced for the first time. The development of an "MDK reporting system" (MDK: Medical Review Board of the Statutory Health Insurance Funds) revealing ways of optimising the invoicing and review process and presenting the financial effects of MDK inspections is to be regarded as an extension to coding reviews.

A Group-wide reporting and analysis tool is to assist our employees in future in assessing performance and quality ratios. The tool is to be created as part of a project initiated at Group level. We are thus pursuing the objective of jointly presenting the quantitative and qualitative indicators for medical controlling and quality management.

One of the vital tasks in 2013 was documenting and recording highly complex nursing services (PKMS = nursing complex procedure score) in patient care. The accounting-relevant requirements for nursing documentation were fulfilled without time-consuming recording of data several times in the hospitals. The implementation was accompanied by the establishment of a nursing complex procedure score (PKMS) benchmark which is regularly available to the Group hospitals for monitoring. The projects and measures realised for PKMS and MDK reporting give every hospital the opportunity to learn from the best (best practice approach), thereby continually making improvements.

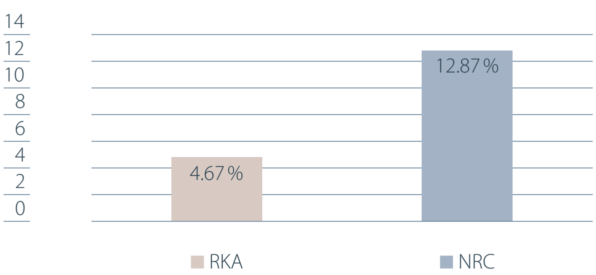
HYGIENE MANAGEMENT

The successful direction taken in previous years in the area of hygiene management at the hospitals of RHÖN-KLINIKUM AG was also further pursued in 2013. Particularly the staffing of the hospitals with hygiene specialists in keeping with the respective state hygiene regulations has witnessed a resounding success. On average, 67 per cent of the requirements for staffing with hygiene specialists calculated on the basis of the guideline of the Robert Koch Institute (RKI) have been implemented. Further specialist staff will soon be available at the hospitals through corresponding recruiting and continuing training measures, ensuring that the successful course can also be pursued in the coming years. It should, however, be noted that at individual hospitals especially nursing staff specialised in hygiene will leave the active workforce for age reasons over the coming years. In anticipation of this, measures have already been taken by hospital management at the behest and with the involvement of the Centralised Hygiene Management department.

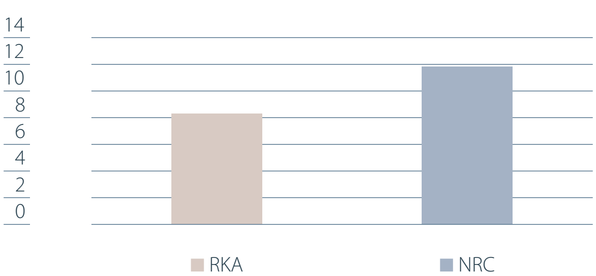
One area presenting significant problems from a hygienic perspective is that patients are increasingly being populated with multiresistant pathogens such as methicillin-resistant staphylococcus aureus aureus (MRSA) and multiresistant gram-negative bacteria with three or four resistance levels to certain leading antibiotics (MRGN 3 or 4).

In addition to the suffering of patients with in some cases dramatic outcomes, a high rate of such patients also always presents numerous risks to the hospital in question. The population with MRE is also of economic significance. In a basic- and standard-care hospital, every MRSA case means additional costs of approximately 5,000 euros that are not covered by the revenue generated. In outbreak situations, this figure can be far higher still since in some cases an entire area has to be quarantined, frequently costly inspections of the clinical environment have to be performed to determine the source of the infection, etc.

PERCENTAGE OF NOSOCOMIAL CASES



AVERAGE ISOLATION PERIOD IN DAYS



HAND DISINFECTIONS PER NURSING DAY

RKA = The hospitals of RHÖN-KLINIKUM AG
NRC = National Reference Centre for Surveillance of Nosocomial Infections

For these reasons, sound and sensible hygiene management of such patient groups as established at the hospitals of RHÖN-KLINIKUM AG is indispensable. The Management's main pillars – in addition to using risk group-based admission screening for early identification of the patients affected – are seeing to the needs of patients whilst consistently adhering to sensible hygiene measures, strict observance of self-protection measures to avoid nosocomial transmissions and, to the extent reasonable and possible, early initiation of eradication measures to eliminate pathogens.

A major problem of population with MRSA is nosocomial transmission to patients previously not populated and infections occurring as a result. According to the National Reference Centre for Surveillance of Nosocomial Infections (NRC), the average transmission rate nationally is 12.87 per cent. At the Group hospitals, this rate is much lower (4.67 per cent) with a similar incidence (number of new cases per 100 patients) of approximately 1 case (NRC = 0.98, RKA = 1.05).

A major cost factor in treating MRSA-positive patients is the increased expense incurred by the requirement to isolate patients. Nevertheless, it is still not possible to dispense with isolating patients. Against the background of still empty coffers in the healthcare system, hospital hygiene staff continue to come under pressure to relax the necessary isolation measures to prevent beds from being blocked whenever possible. Information available from the hospitals of RHÖN-KLINIKUM AG show that those in charge of hygiene at the hospitals handle the issue of isolation responsibly. That is seen firstly in the low nosocomial transmission rate, and also by the fact that the hospitals on average are well below the isolation times reached on average nationally.

Of key importance for the success of hygiene management at the hospitals of RHÖN-KLINIKUM AG are the measures taken for basic hygiene such as hand hygiene. For example, hygienic hand disinfection is the most important measure for preventing transmission of infectious pathogens.

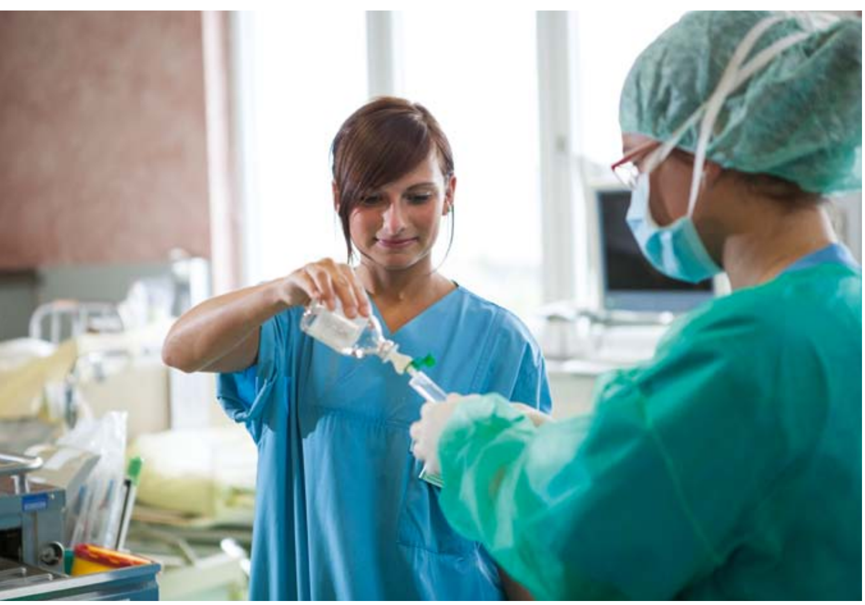
Here too, the very successful approach taken thus far, i.e. that of recurring training measures, was further pursued. The consistent and uninterrupted data recorded by the hospitals show that the number of hand disinfections per day at the hospitals of RHÖN-KLINIKUM AG is well above the data published by the NRC as the national average.

In future, however, hygiene will face special challenges from the increase in multiresistant gram-negative pathogens (MRGN bacteria). Since infections with such pathogens carry a higher rate of morbidity and mortality, the specific hygiene measures at the hospitals and medical facilities will continue to be pursued based on the recommendations of the Commission for Hospital Hygiene and Infectious Disease Prevention (KRINKO) at the Robert Koch Institute (RKI).

Implementation of an appropriate hygiene management and the consistent further pursuit of the direction taken to further develop observation and control elements for a centralised hygiene management function continue to be indispensable.

EMPLOYEES: QUALIFICATION AND HR DEVELOPMENT

Having qualified and dedicated employees is a key to a company's success. Nowhere does that ring more true than in hospitals. That is because in this area success is not merely expressed in numbers and figures, but above all in the convalescence and well-being of patients. Providing them with the best treatment possible is our overriding objective.



For many years already, we have set great store by further honing the structured qualification and development of our employees as well as exchanging knowledge and forging ahead with networking and integration. Here the main focus is on creating interfacility enablement programmes as well as optimising Group-wide access to specialist knowledge.

QUALIFICATION OF DOCTORS

Qualification and motivation of our doctors are vital to the success of our hospitals. This is also the guiding notion of our recruiting efforts. We systematically unlock the expertise lying within our network for the benefit of our young doctors. Having a dialogue with patients is increasingly proving to be key to their successful treatment.

Special medical qualification is helped by the fact that all sites of our hospital network offer their doctors the opportunity of completing a course of higher-qualification training as specialists. Our doctors also have extensive possibilities when it comes to obtaining supplementary qualifications as well as qualifications in specific areas of focus. The greatest opportunities are provided by our university hospitals in Gießen and Marburg as well as our maximum-care hospitals, for example Klinikum Frankfurt

(Oder). To recruit qualified young doctors, we have moreover developed standardised loan contracts for students completing their practical year. These will be made available on a Group-wide basis.

ASSISTANT AND SPECIALIST DOCTORS: STRUCTURED CONTINUED TRAINING

As at 31 March 2013, we grouped together all higher-qualification accreditations centrally within the Group. These have been published in our higher-qualification brochure, both in printed and in electronic form (as App and .pdf). By the latter we are reaching the target group of students in their practical year of training as well as graduates. That is something that is being confirmed by the very positive feedback received so far.

In 2013 a total of 30 doctors in higher-qualification training in the area of women's medicine were for the first time given the opportunity to attend a course for Minimal Invasive Surgery (MIS) I. The Group assumed the costs of the course, whereas the respective hospitals carried the costs of releasing the course participants from working duties and travel expenses.

CROSS-SECTOR HIGHER-QUALIFICATION TRAINING

We continued the project "Networked further training in general medicine" in financial year 2013. Our aim here is to promote general medicine so as to secure a sufficient number of young GPs in rural regions. Under this programme we offer young doctors full higher-qualification training with the objective of motivating them to set up a GP practice close to one of our hospitals, if possible. This is particularly important to us given the increasingly precarious situation of healthcare provision in the countryside.

We have since implemented this offering at many of our facilities in the federal states of Lower Saxony, Thuringia, Saxony, North Rhine-Westphalia and Hesse. There we provide a comprehensive offering for further training of GPs which on the one hand meets the requirements of the further-training ordinances and on the other gives young physicians the opportunity to acquire a secure, individualised and flexible qualification. The attractiveness of our offering is further enhanced by additional benefits, such as paid leave, coverage of costs for mandatory courses and supervision by mentors.

SENIOR PHYSICIAN: QUALIFICATIONS AS EXECUTIVE EMPLOYEE

We also continued to promote the professional development of our top medical professionals. To equip them for further-reaching management duties, we support not

only the broadening of specialist skills but also the acquisition of soft skills (emotional and interpersonal skills). The programme "Executive Qualification of Senior Physicians" launched in 2012 was further pursued in financial year 2013. Under this training programme made up of eight modules, senior physicians are prepared for future executive duties within 18 months.

The subjects covered range from "Rhetoric and Communication", "Presentation Techniques", "Time, Self-, Stress and Resource Management", "Managing and Leading Teams", "The Executive and his Confidence and Mistake

Culture" to "Process and Project Management" and "Change Management". A total of 56 senior physicians are taking part in all modules of this programme. One desirable side effect: since senior physicians from various facilities are brought together and get to know one another in all groups, this promotes interfacility networking.

PROMOTING TALENT

The executive training programme "Focus on Leadership" was aimed at young talent and department heads. Participants were delegated by their superiors in the hospitals. Over a period of 24 months, participants refined their knowledge about the various aspects relating to the complex job of an executive. The executive training programme was made up of seven training units: "Leadership Psychology, Rhetoric and Communication", "Time and Self- and Stress Management", "Managing and Leading Teams", "Process Management", "Health at the Workplace", "Project Management" and "Change Management".

With the active participation in the two-day seminars building upon one other progressively, participants completing the programme were reinforced and strengthed in understanding of their own role as executives. The seminars were conducted in small groups of participants (ten to twelve persons).

QUALIFICATION OF NURSES

Most of our employees work in the nursing area. To involve them to a greater extent in structured qualification, we established the working group "Nursing – Qualification and Development". The aim is to draw up human resources development measures in nursing, not least with a view to securing access to young nursing professionals in the long term. For this purpose, nursing heads from facilities of various care levels and the directors of our nursing schools meet. The first measure concerned the participants themselves: the traditional ward management course was revised to bring it more in line with the

requirements of modern nursing and nursing management. In 2013 we conducted a pilot training course with nurses and doctors on interprofessional communication, which proved to be a big success.

QUALIFICATION FOR WARD MANAGEMENT INTEGRATED STANDARD-CARE WARD

Managing a large ward such as an integrated standard-care ward is a new challenge that clearly outstrips the requirements of traditional ward management. New clinical processes have to be developed and implemented on site, and service staff have to be integrated. This training programme gives our ward heads the tools and skills they need to manage their new duties. Some of the subjects dealt with include “Communication/Conducting Motivating Discussions”, “Self- and Time Management”, “Executive Employees” and “Managing and Leading Teams”. The subject matters of the modules build upon one another. The programme covers eight training days spread over twelve months. Currently 75 ward heads are enrolled under this training programme in five courses.

TRAINING SERVICE STAFF

Service workers assigned to an integrated standard-care ward learned, in a course programme specifically designed for their area, just what they need to know to perform their work within the ward team. The training programme was co-ordinated with the hospitals throughout the Group and comprised 14 modules, eight of which were taught in a one-week centralised training session, and six further ones in the hospitals on site.

The one-week training programme covered the subjects of “Admissions Housekeeping/Guestroom Maintenance”, “Nutrition/Diet Types/Allergies”, “Dementia”, “Hygiene”, “Occupational Protection”, “Communication with Patients and Relatives”, “Communication in the Hospital” and “Documenting Your Own Performance”. At the hospitals the following areas were covered: “Hospital Admissions”, “Familiarisation with Ward Procedures”, “Familiarisation with Service in Patient Rooms”, “Familiarisation with Kitchen Procedures”, “Familiarisation with the Menu Recording System and the Entry Medium, for Example: PPC” and “First Aid, Emergency Communication”. In 2013 nine training courses of this type took place.

HUMAN RESOURCES MARKETING

In collaboration with the Association of German Surgeons (BDC) and the trauma surgery department of Klinikum Hildesheim, we organised an orthopaedic trauma course entitled “Untere Extremität” (Lower Extremity) in Mülheim/Ruhr in financial year 2013. The event drew a decidedly positive response and feedback from participants.

OUTLOOK

On 13 September 2013 the transaction with the Fresenius subsidiary Helios was announced. This major change in the structure of RHÖN-KLINIKUM AG is certain to have a far-reaching impact on the areas of human resources development and recruiting.

MEDICAL DEVELOPMENT – QUALITY – INTEGRATION

The demands and challenges facing medical care are increasing all the time. The growing number of new diseases, rising life expectancy and the fact that people are generally less willing to accept disease: all are bringing pressure to bear on the players within the healthcare system. As doctors and pharmacologists do their best to keep pace, innovation is happening at all levels of healthcare.

Innovation in medicine – that not only means new achievements in medical technology, pharmaceuticals or new medical processes. At least in equal measure, it also encompasses new concepts such as the comprehensive approach to and treatment of patients, or interdisciplinary ongoing development of therapeutic methods. In clinical practice, this is increasingly resulting in processes characterised by interdisciplinary division of labour. That calls for co-operation with interaction of the entire healthcare delivery system made up of outpatient doctors, medical care centres (MVZs) and inpatient care, i.e. not only within the hospital itself. It is in this team context that RHÖN-KLINIKUM AG sees itself as an integrative provider of healthcare services. The aim is to integrate healthcare delivery to patients based on their needs, and to make it interdisciplinary, proactive and innovative.

For us, working integratively means overcoming the traditional boundaries between outpatient and inpatient care. We want to work increasingly on an integrated basis – all medical players, whether hospital or community-based doctors, therapists or nursing organisations, are to do their utmost to promote the health of our patients in palliative care, for example. We offer our doctors the possibility of working at an outpatient facility and at the same time in the inpatient area. That satisfies the frequently expressed desire for flexible working conditions and creates the basis for them to independently cover a broad range within their own discipline. Our integrated care provides patients with a structured, integrated treatment offering them fast, reliable diagnosis and a means of access to healing and a cure for their diseases.

We work on an interdisciplinary basis. That means that we are not only removing the barriers between the outpatient and inpatient sectors but also the walls between specialist disciplines or hospital wards. Our doctors co-operate closely together and across departments by co-ordinating sensible medical services in a patient- and problem-oriented manner. Within this context, well-organised teams from different areas work hand in hand, across specialties, professional groups and sectors. Our often supraregional tumour boards provide a prime example of this form of organisation. The objective in this is to make sure patients receive neither an over- nor under-provision of care but just the right level of care for their particular needs.

Modern medical care moreover takes a forward-looking view of the individual prospects of development arising, for example, from a patient's medical history. Not least, modern medical care is innovative. For us, that means we ensure patients share in advances in medicine. This is done by conducting scientific research and putting it to work in practice, coupled with ongoing investment in modern technologies and equipment.

MEDICAL CARE WITHIN OUR HOSPITAL NETWORK

Our hospitals implement such concept of modern care in a process of close exchange and dialogue with one another. This networking is increasingly proving to be the guarantor of effective healthcare delivery for our patients.

Demographic trends in Germany, i.e. constantly rising life expectancy, are making it necessary to concentrate more on diseases associated with old age as well as on care adapted to patients' age – which includes providing the facilities needed for this. Geriatrics is the specialist discipline dealing with the field of medical care provided to the elderly. They often suffer from several medical conditions simultaneously. As a result, they are not infrequently prevented from leading an independent life.

These patients require complex diagnosis and treatment by a team led by specialist physicians and made up of individuals from many different professional groups, for example specialist doctors of different disciplines, ergo- and physiotherapists, speech therapists, social workers, clinical psychologists, physical therapists and nurses. In this area of work we offered in financial year 2013 comprehensive care at our hospitals in Attendorn, Bad Salzdetfurth, Dachau-Indersdorf, Hildesheim, Herzberg, Burg, Freital, Kronach, Nordenham, Niendorf, Pforzheim, Salzgitter, Stolzenau and for the first time in Gifhorn, and as a day clinic at the hospital Krankenhaus Jerichower Land GmbH.

The specialist medical field of neurology is concerned with diseases of the nervous system and the musculature. The nervous system includes the brain, spinal marrow and peripheral nerves. In this field, RHÖN-KLINIKUM AG has the requisite expertise with innovative concepts and projects at several sites. When providing care to stroke patients, for example, it is essential to ensure that the patients concerned receive quick treatment and care on an interdisciplinary basis. That is why numerous hospitals of the Group have stroke units. They ensure optimum first-line medical care with the prospect of extensive rehabilitation.

In addition to Group hospitals such as those at the Bad Neustadt site, Gießen and Marburg University Hospital (UKGM) and the sites in Hildesheim and Munich, the Salzgitter site also established such a unit in 2013. For the time after initial care to these patients, the rehabilitation hospital Reha-Klinik Kipfenberg has concepts in place designed to increase the effectiveness of early rehabilitative measures to prevent damage to the brain and consequential damage to motor skills. In Bad Neustadt, the project Improving Service Productivity in Healthcare (INSPIRE) has been implemented to optimise healthcare delivery. Under it, the hospital uses telemedical applications and a person appointed to guide patients (stroke manager) to co-ordinate, assist and thus also improve the care provided to stroke patients.

INSPIRE covers the entire care process, from emergency to follow-on care. With the help of the stroke manager concept, stroke patients and their relatives are prepared for their discharge from the hospital and provided with assistance during the first year following the hospital stay. With the stroke manager, stroke patients and their relatives are kept informed during the entire care path and helped to plan the next steps from transfer within the hospital, discharge from inpatient care to co-ordination of outpatient services.

Another neurological disease is multiple sclerosis (MS), a chronic inflammatory disease of the brain and bone marrow resulting from a dysregulation of the immune system. In most cases, multiple sclerosis manifests itself in the form of repeated episodes of the disease leading to alternating and varied symptoms (visual impairments, paralysis, sensory disturbances) (relapsing multiple sclerosis). After a prolonged course of the disease, multiple sclerosis can progress to a chronic stage with lasting, gradually increasing impairment. With its certification as an MS centre, the specialist psychiatry and neurology hospital Fachkrankenhaus für Psychiatrie und Neurologie in Hildburghausen demonstrated its expertise in this field in 2013. There, patients can benefit from all available therapies that are provided both for inpatient and outpatient treatment.

At the Neurology Clinic in Bad Neustadt, we use MS nurses during the treatment of MS. In the study by the same name, technical medical researchers and economic experts of the Research Center for Information Technology (FZI) in Karlsruhe, in collaboration with doctors from the Neurology Clinic, are examining the technology, acceptance and economic efficiency of the activity sensor "MS Fit". The goal of the research is to jointly develop innovative and economically sensible medical technology accepted by patients for continuously monitoring the course of the disease. The activity sensor records the patient's daily movements and activities. This provides the doctor with continuously recorded data which – with the help of analysis software – enable conclusions to be made regarding the course of the disease.

The neurology section of Gießen and Marburg University Hospital, Marburg site, offers the entire range of clinical neurology. Its research projects range from basic research, hospital-oriented research to patient-oriented clinical research using equipment meeting the highest scientific standards.

MEDICAL INTEGRATION AND INNOVATIONS

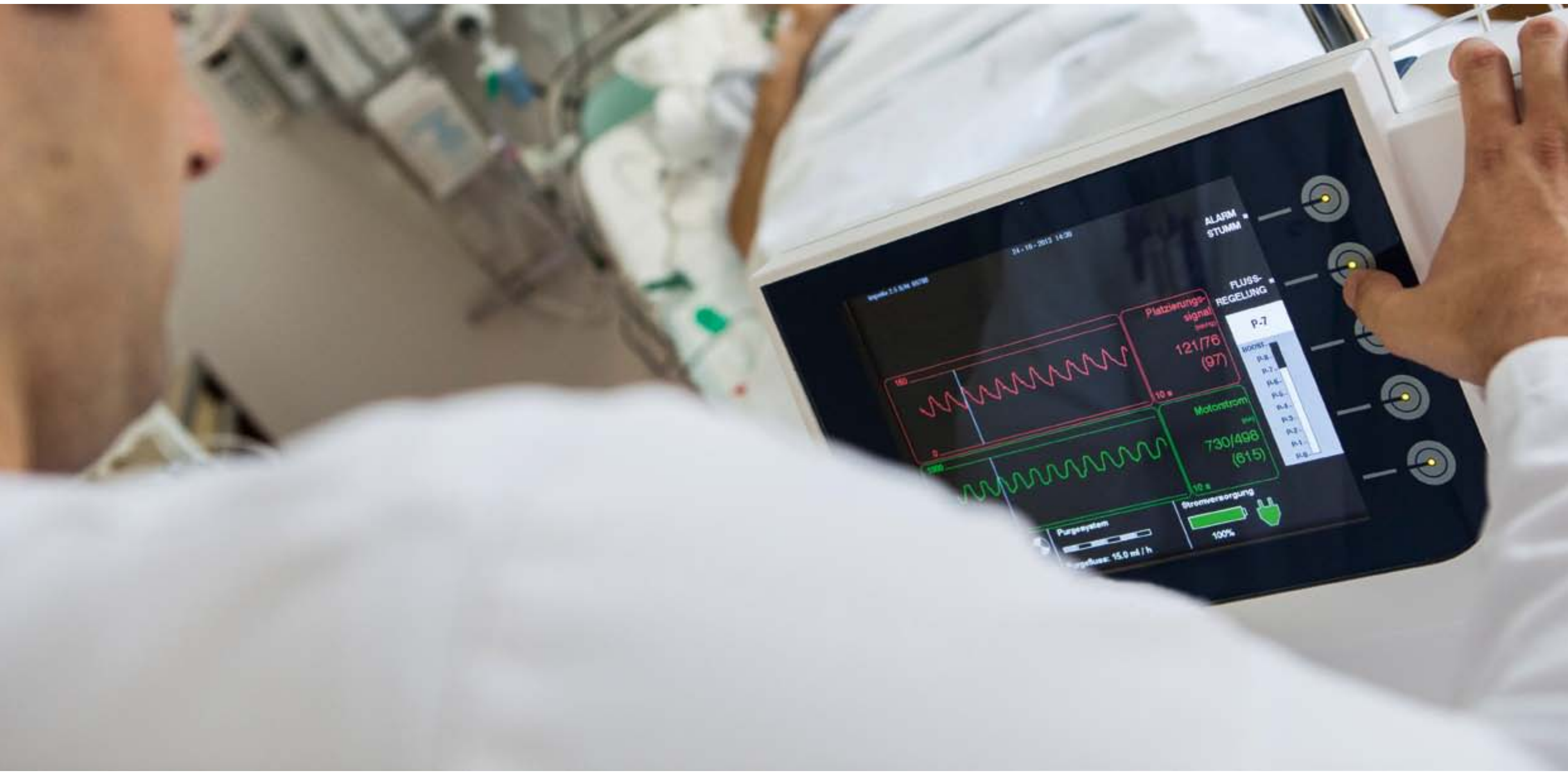
With its large medical network, RHÖN-KLINIKUM AG in financial year 2013 again offered its patients comprehensive care delivery structures spanning all care levels. Some specialist disciplines moreover used regional networks each grouped around one facility of the RHÖN-KLINIKUM Group. For example, there is a network of dialysis specialists in Hildesheim in which (besides Hildesheimer Klinikum) Klinikum Hildesheimer Land and external specialists are involved. Through this network, the specialist physicians daily exchange medical information and findings and discuss possible therapies. In oncology, there are also organised networks that communicate regularly within what are referred to as tumour boards. These include the "Rhön-Gyn Network", which has been an integral part of the network of RHÖN-KLINIKUM AG since 2008. Also participating in such networks are hospitals and community-based doctors not belonging to the hospital network of RHÖN-KLINIKUM AG.

For all heart diseases, including diagnosis and treatment of cardiac arrhythmias, RHÖN-KLINIKUM AG is well equipped. Our facilities Herzzentrum Leipzig[1], Herz- und Gefäß-Klinik Bad Neustadt a. d. Saale, Zentralklinik Bad Berka, as well as Klinikum Hildesheim[1] and the facility in München-Pasing[1] were high-performance centres with long-standing experience and an international reputation.

With these facilities we have expanded our high-standard care offering for rhythmology to additional sites: Pforzheim[1], Miltenberg-Erlenbach[1], Kronach[1], Pirna[1], Frankfurt (Oder), Gifhorn[1], Nienburg[1], Uelzen[1] and Wiesbaden[1,2]. In this context we are continually implementing innovative developments also in smaller facilities. For example, Klinikum Pirna[1] now performs implantations of a new type of subcutaneous defibrillator that prevents sudden cardiac death in patients with serious cardiac arrhythmias. The cardiologists are thus able to implant a life-saving system outside the blood stream particularly in patients susceptible to dangerous infections from probes or to clotting.

At Herzzentrum Leipzig, the innovative technology of hybrid ablation was introduced in 2013. This combination of minimal-invasive surgical atrial ablation with catheter-guided atrial ablation offers patients suffering from atrial fibrillation significantly higher prospects of being cured than when only one of the two methods is used. At Klinikum Bad Berka, autologous stem cell transplantations following acute myocardial infarction as well as drugs-coated balloons are used in acute infarction patients. Together with Leipzig, Bad Neustadt is distinguished

[1] These hospitals no longer belong to the RHÖN-KLINIKUM Group.
[2] Except for currently HSK.



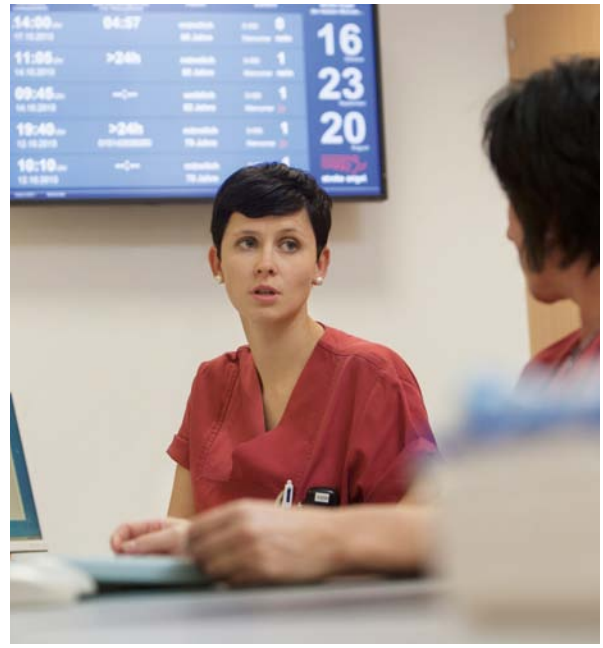
Europe-wide as one of the few centres that treat more than 1,000 patients with cardiac arrhythmias per year interventionally, and that always to the latest standards of technology.

In a hospital ranking, the Heart Surgery Clinic in Leipzig was ranked as “best hospital” (FOCUS-GESUNDHEIT, Klinikliste 2013). In the cardiology department in Bad Neustadt, the range was expanded by the possibility of relieving the left heart chamber through a minimal-invasive pump implanted in the left ventricle. It stabilises patients with circulatory instability and highly restricted pumping function, thus making it possible to treat them.

In 2013 the hospital in Frankfurt (Oder) obtained accreditation from the Joint Accreditation Committee-ISCT (Europe) (JACIE) for its concept of stem cell transplantations in adult patients. That makes the hospital in Frankfurt (Oder) one of the few facilities within the Group which, along with our hospitals in Wiesbaden, offer this high-quality service.

With the involvement of the Gießen and Marburg University Hospital (UKGM), we are working on the implementation of the Hessian Oncology Concept. It was under this project that, among other things, the Marburg Anneliese Pohl Cancer Center at Gießen-Marburg University Hospital, Marburg site, was certified as a comprehensive cancer center. The Marburg Cancer Center groups together ten specialised cancer centers: the Regio Breast Center, the Gynaecology Cancer Center, the Carreras Leukemia Center, the Prostate Cancer Center, the European Excellence Center for Neuroendocrinal Tumours, the Centre for Interdisciplinary Outpatient Chemotherapy, the Skin Cancer Center, the Colorectal Cancer Center, the Head-and-Neck Tumour Center as well as the Center for Psychooncology. When it comes to treating cancer, the importance of cross-sector treatment chains will continue to grow in future to ensure high-quality care tailored to the needs of patients.

Many of our hospitals have long participated in both national and international studies. For example, Medical Clinic II of Klinik München Pasing is carrying out a multicentric study on the subject “Early detection of colonic lesions using HAL-induced fluorescence endoscopy”. The Clinic for Internal Medicine/Gastroenterology and Endocrinology of Zentralklinik Bad Berka participates in international studies for researching neuroendocrinal tumours. With the successes it has achieved in treating



neuroendocrinal tumours, the Clinic for Molecular Radiotherapy/Center for Molecular Imaging (PET/CT) of Zentralklinik Bad Berka is participating in an international study on the treatment of neuroendocrinal tumours using peptide radioreceptor therapy.

Our hospital in Meiningen is taking a new look at the study “Pancreatic cystic lesions – the value of contrast enhanced endoscopic ultrasound to influence the clinical pathway”. The study examines the value of endoscopic ultrasound (EUS) in the classification of cysts. Pancreatic cysts today represent a diagnostic dilemma because they are often harmless but sometimes may be malignant. The purpose of the study is to help determine the diagnostic effectiveness of a contrast enhanced endoscopic ultrasound in combination with a sample taken from selected patients.

AWARD-WINNING INNOVATION AND RESEARCH

Many doctors from all care levels of RHÖN-KLINIKUM AG are successfully engaging in the intense exchange between the realms of science and practice. The results are regularly rewarded with high distinctions. The German Cardiac Society (DGK) awarded a joint study on atrial fibrillation carried out at eight hospitals in the South-East of Lower Saxony with the Hugo-von-Ziemssen Poster Prize. The study was led by the Clinic for Cardiology, Angiology and Intensive Medicine of Klinikum Hildesheim as well as Städtisches Klinikum Wolfenbüttel. It examined how further treatment of atrial fibrillation is carried out after guideline-compliant therapy in the hospital.

The Clinic for Internal Medicine, Gastroenterology and Endocrinology in Bad Berka received the Best Abstract Prize at the Annual Meeting of the German Society for Haematology and Medical Oncology (DGHO), on the occasion of the Annual Meeting of the German, Austrian and Swiss Societies for Haematology and Medical Oncology in Vienna. The Berkaer Clinic for Molecular Radiotherapy/Center for Molecular Imaging (PET/CT) was awarded a poster prize at the 2nd World Congress on Ga-68 and PRRT in February 2013.

The Andreas Grüntzig Research Prize once again went to Leipzig. At the 79th Annual Meeting of the German Cardiac Society (DGK), it was awarded to the Clinic for Internal Medicine and Cardiology of Herzzentrum Leipzig. Also at the Annual Meeting, the Clinic for Paediatric Cardiology at Herzzentrum Leipzig received the Science Prize of the German Society for Paediatric Cardiology (DGPK). The award-winning work looks at the influence of heart pacemaker stimulation on heart function.

A significant international distinction (Certificate of Honor) was awarded to a professor of Horst-Schmidt Kliniken, Wiesbaden, by the American Academy of Otolaryngology in recognition of his long-standing scientific commitment to the society.

UNIVERSITY TEACHING, RESEARCH & DEVELOPMENT

The prerogative for research and teaching at UKGM lies with the Universities in Gießen and Marburg and their deaneries of the faculties of medicine. The major areas of focus in research in Gießen are the heart-lung system and reproductive medicine, whereas in Marburg it is oncology. Both universities do joint research on infection and immunity. To get an overview of the outstanding research activities being pursued in Gießen and Marburg, it is important to look at centres and clusters on the one hand and the special fields of research, LOEWE projects and clinical research groups on the other:

CENTRES AND CLUSTERS

German Center for Infection Research (DZIF)

The Gießen and Marburg Universities, the Technische Hochschule Mittelhessen (THM) and the Paul Ehrlich Institute (P.E.I.) together form a partner site of the DZIF.

German Center for Lung Research (DZL)

In June 2011 the DZL, led by the Universities of Giessen and Marburg Lung Center (UGMLC), started its work with overall co-ordination at the Gießen site.

Excellence Cluster ECCPS

The Excellence Cluster Cardio-Pulmonary System (ECCPS) of the Universities of Gießen and Frankfurt as well as of the Max Planck Institute (MPI) for Heart and Lung Research in Bad Nauheim is a unique research institute whose aim is combining the latest findings of basic research with pre-clinical and clinical trials on the subject of cardio-pulmonary diseases.

Anneliese Pohl Cancer Center Marburg – Comprehensive Cancer Center

In 2005, the Comprehensive Cancer Center (CCC) was founded in Marburg. Modelled on its US counterpart, it strives for greater institutional co-operation between the various oncological facilities. Its aim is to create the basis for promoting clinical research and at the same time transferring research findings from previous basic research directly to clinical treatment applications.

Special research areas and interests belonging to the Group:

- "Materials for tissue regeneration in systemically diseased bones" (Gießen)
- "Chromatin changes in differentiation and malignity" (Gießen and Marburg)
- "Congenital immunity of the lung: Mechanisms of pathogen attack and host defence in pneumonia" (Gießen and Marburg)
- "Mechanisms of cellular compartmentalisation and their disease-relevant changes" (Marburg)
- "Ras-dependent pathways in human cancer" (Marburg)
- "Allergic immune responses of the lung" (Marburg)
- "RNA viruses: RNA metabolism, host response and pathogenesis" (Gießen and Marburg)

LOEWE projects

- Universities of Giessen and Marburg Lung Centre (UGMLC) (Gießen and Marburg)
- Focus: Male infertility in connection with infection & inflammation (MIBIE) (Gießen and Marburg)
- Focus: Non-neuronal cholinergic systems (Gießen and Marburg)
- Focus: Biomedical technology: bioengineering & imaging (Marburg)
- Center of Synthetic Microbiology – SynMicro (Marburg)

Clinical research groups

- Male infertility resulting from spermatogenesis disorders (Gießen)
- Pathomechanisms and therapy of pulmonary fibrosis (Gießen)
- Genetics of Drug Resistance in Cancer (Marburg)
- K2P channels – from the molecule to physiology and pathophysiology (Marburg)

The listing of centres, special research areas, projects and clinical research groups listed is given by way of example and is not exhaustive. Overall, the researchers at Justus Liebig University Gießen and Philipps University Marburg acquire third-party funding amounting to more than 50 million euros in a considerable amount.

ENVIRONMENT AND SUSTAINABILITY

It is something no serious healthcare provider can afford to ignore: it is our duty to be concerned about a healthy environment and to make sustainable use of all resources. That is because health does not stop being important as an issue as soon as you step outside the hospital – where our patients normally live. Responsible use of energy, water, air or hospital materials has therefore long been an obvious concern for RHÖN-KLINIKUM AG. And as we know from our experience: economic and ecological objectives can often be achieved by the same means.

In any hospital where medical ethics matter, the health and safety of patients take priority over all other interests. These same ethical considerations also mean showing respect to nature and resources on which we depend. It is with this in mind that RHÖN-KLINIKUM AG time and again has also proven itself a pioneer in energy and environmental technology in a hospital setting.

For our Company efforts to preserve the environment as much as possible form an integral part of our business activity. For that reason we maintain a separate Group division, Construction and Technology, which is responsible for Group-wide energy and emissions controlling as well as the safety of our installations and systems.

A fundamental task of this department is to observe and monitor developments in technologies of interest to us when and as they arise: whether in the areas of energy, environmental, safety or disposal technology, it is important for the RHÖN-KLINIKUM Group to develop concepts for our highly demanding world of application at an early stage. For this reason we conduct early testing of new technologies in pilot projects with a view to using these Group-wide once they have reached the required maturity. This, too, is part of the synergies that a hospital group can and must unlock. It is also self-evident that safety and continuity of care in the hospital setting are of primary importance.

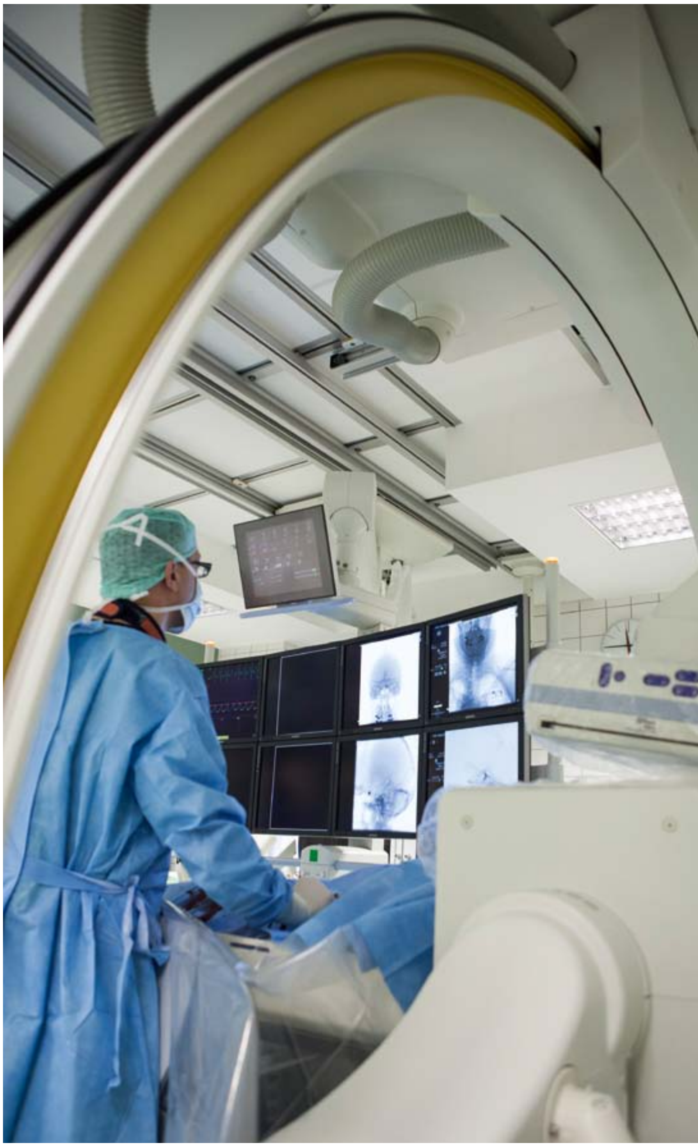
It is not only in this respect that one form of energy supply has proven itself particularly well in recent years: cogeneration plants (CHPs). Simply put, it is a – usually gas-driven – engine that produces electricity through a generator and – as a waste product, so to speak – heat. This dual use is what makes the CHP such a highly efficient and thus sustainably operating source of final energy.

For that reason, we took another important step forward in its use in financial year 2013. In four hospitals we installed a new plant; at a further site we increased plant output by installing an additional engine. At the end of the year, the RHÖN-KLINIKUM Group had 28 CHPs in operation with a combined total output of 13 megawatts.

CHPs make a considerable contribution, not only to a sustainable and sparing use of resources in energy production. They now also help us to noticeably limit rising energy costs at our hospitals. With the legally regulated surcharges having been raised, particularly the EEG surcharge, prices for external purchases of electricity went up again in 2013 by around 10 per cent.

The natural gas that we use to generate electricity in our CHPs is subject to much lower ancillary charges. For example, the gap in purchasing costs for natural gas and electricity is growing. As a result, it is becoming increasingly economical to operate CHPs. The strategy we have been pursuing for more than 20 years of focusing on generating our own electricity and heat is paying off. Within the Group, we saved roughly 13.1 million euros in 2013 thanks to our use of CHPs. Even after deducting maintenance and capital costs, this technology helps us achieve Group-wide annual savings to the tune of 9.7 million euros.

We have increased the amount of electricity we generate ourselves by 10 per cent to 71 million kilowatt hours, thus further reducing the share of externally procured electricity from 71.7 per cent to 69.0 per cent. The amount of electricity produced by such environmentally friendly means is equivalent to an annual reduction in CO_2 by around 30,000 tonnes.



The current RHÖN-KLINIKUM AG (RKA) will have a significantly higher energy generation ratio compared with the existing Group because it will include those hospitals with the most efficient CHPs. That means that in future we will cover more than 60 per cent of our electricity requirement ourselves.

As absurd as it may appear at first sight, even the complete replacement of an old hospital by a new one is worthwhile more often than you might think. Apart from the advantages you get from operating the new hospital (e.g. optimised clinical processes which often can only be realised in completely new buildings), opting for a new hospital building often brings considerable energy improvements.

A good example for that is Klinikum Gifhorn whose new building was put into service in 2011. Compared with the previous old building that was abandoned, heating requirements in the new building fell by 66 per cent, and that despite the fact that the number of patients treated on an inpatient basis rose by 17 per cent. This reduction, which we have been able to realise on a similar scale in other places, is primarily owing to the considerably improved thermal insulation found in new buildings. But another key role in this regard is the significantly more compact building design. Modern sanitary technology and intelligent water management furthermore allowed for a 22 per cent reduction in water consumption, even though bathroom units with showers are now offered in all patient rooms.

Unlike heating and water requirements, however, electricity consumption is generally higher in new buildings. In Gifhorn it was 25 per cent above the level of the old building, even though we had installed energy-saving technology in all hospitals wherever possible. There are many different reasons for that, including the generally higher electricity requirement for ventilation systems in new buildings – which in turn is attributable to the rising requirements for hygiene on the one hand, and the need to ventilate a larger number of interior rooms (as a result of the more compact building design) on the other.

Coming on top of that are structural effects that apply to almost all hospitals: the growing use of electronics in IT technology is having a noticeable impact on electricity consumption. Use of medical and information technology is becoming increasingly widespread in all hospitals. Large equipment units such as computer or magnetic resonance imagers consume high amounts of power as well as cooling energy. In Gifhorn, too, the hospital's own CHP plays an important role: it covers 63 per cent of its heating requirements and 25 per cent of its electricity requirements.

Within the group we succeeded during the past financial year in cutting electricity consumption by 1 per cent and heating consumption – despite low outside temperatures – by 3 per cent. We reduced the share of externally procured and generally very expensive district heat by 16 per cent. It now makes up only 17 per cent of the Group's total heating requirements. Despite all savings, energy costs within the Group rose by 9 per cent.

KEY RATIOS

		2013	2012	2011	2010	2009	2008
Company							
Hospitals		54	54	53	53	48	47
Beds and places		17,113	17,089	15,973	15,900	15,729	14,828
Patients treated		2,654,249	2,555,822	2,277,153	2,041,782	1,799,939	1,647,972
Energy							
Primary energy consumption	MWh	932,937	963,909	890,615	929,828	865,103	865,775
Consumption per patient	MWh	0.35	0.38	0.39	0.46	0.48	0.53
Emissions							
Greenhouse gas emissions	t	213,388	220,673	204,443	202,925	190,128	190,200
Emissions of pollutants	t	252	263	247	265	243	244
Water							
Water consumption	m^3	1,878,149	1,999,637	1,848,020	1,810,706	1,716,646	1,710,111
Consumption per patient	m^3	0.71	0.78	0.81	0.89	0.95	1.04
Waste							
Waste quantity (residuals)	t	12,918	13,028	11,474	11,235	10,084	9,799
Waste quantity per patient	kg	4.9	5.1	5.1	5.5	5.6	5.9

All data as at 31 Dec.

We lowered water consumption during the past year by 6 per cent. A significant part of this reduction was attributable to the closure of the laundry unit operated by the Group at the Gießen site, but was also helped by numerous smaller measures taken at the hospitals.

OUR SUCCESS STORY CONTINUES …

1973
Takeover of Bewirtschaftung Kur- und Therapiezentrum Bad Neustadt a. d. Saale

1975
Opening of the psychosomatic hospital Psychosomatische Klinik Bad Neustadt a. d. Saale

1979
Opening of Saaletal-Klinik Bad Neustadt a. d. Saale

1984
Opening of the cardiovascular hospital Herz- und Gefäß-Klinik Bad Neustadt a. d. Saale

1988
Conversion to RHÖN-KLINIKUM AG; registered share capital: DM 10 million (€ 5.11 million)

1989
Initial public offering (IPO) of first German hospital group

1991
Opening of the neurology hospital Neurologische Klinik Bad Neustadt a. d. Saale

Founding and takeover of 75 % of shares in Zentralklinik Bad Berka GmbH

Commissioning of extension of cardiovascular hospital Herz- und Gefäß-Klinik Bad Neustadt a. d. Saale

1992
Opening of the hand surgery hospital Klinik für Handchirurgie Bad Neustadt a. d. Saale

1994
Opening of Herzzentrum Leipzig: first privately built and privately operated hospital with university hospital status

1995
Opening of Klinikum Meiningen: first privately built and privately operated full-service hospital in Germany

1998

Opening of west wing of Zentralklinik Bad Berka including centre for paraplegia, central diagnostics, PET and low-care ward

Commissioning of vascular center at the cardiovascular hospital Herz- und Gefäß-Klinik Bad Neustadt a.d. Saale

2002

Takeover of Klinikum Frankfurt (Oder)

2006

Takeover of Universitätsklinikum Gießen und Marburg

2007

Cornerstone-laying ceremony for particle therapy facility at Universitätsklinikum Gießen und Marburg, Marburg site

2008

Opening of new paediatric clinic at Universitätsklinikum Gießen und Marburg, Gießen site

Topping-out ceremony for particle therapy facility at Universitätsklinikum Gießen und Marburg, Marburg site

2009

Commissioning of hybrid OR Herz- und Gefäß-Klinik Bad Neustadt a.d. Saale

Inauguration of José Carreras Leukemia Center (CLC) in Marburg

2010

Opening of new functional building with state-of-the-art hybrid operating theatre in Bad Berka

2011

Inauguration of the third construction phase in Marburger Lahnbergen at Universitätsklinikum Gießen und Marburg

Inauguration of the new building in Gießen at Universitätsklinikum Gießen und Marburg

2013

13 September: RHÖN-KLINIKUM AG announces planned sale of 43 hospitals at that time and its strategic reorientation. A new chapter begins …

… A NEW CHAPTER BEGINS

For RHÖN-KLINIKUM AG, the new beginning also means reinventing itself while reflecting on the past. A heterogeneous network of different hospitals sharing a common history is now giving way to an integrated hospital group with a clear focus.

TURNING POINT

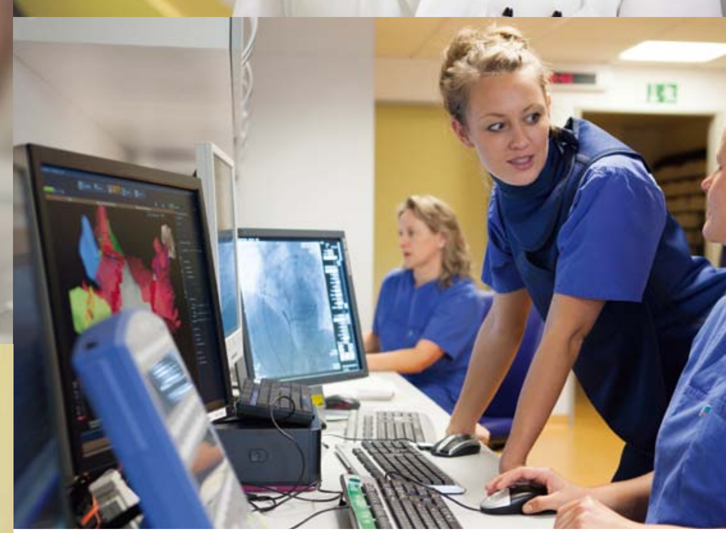
In the past, RHÖN-KLINIKUM AG repeatedly made German hospital history as it time and again assumed a pioneering role: whether as the first listed hospital group, owner of what is still the only privately owned university hospital, or with its innovative hospital organisation based on the flow principle.

With its consistent focus on expanding its cutting-edge medical expertise, the Company is now breaking new ground again and embarking on a new chapter in its corporate history that now spans four decades.

Its standard of providing cutting-edge medicine for everyone at affordable prices continues to be a guiding principle of the Company under its new structure.

With 15,000 employees in ten hospitals at five sites, RHÖN-KLINIKUM AG will continue to be amongst Germany's largest hospital operators – with clearly defined areas of focus and specialist fields, whether at Universitätsklinikum Gießen-Marburg (UKGM), Klinikum Frankfurt (Oder), Zentralklinik Bad Berka or in the six specialist clinics at the Group's headquarters in Bad Neustadt an der Saale.

In the following pages, we present our sites to you.




Klinikum

ZENTRALKLINIK BAD BERKA

It is something unusual for a non-university hospital to operate its own cyclotron to manufacture radioactive drugs for cancer therapy. Zentralklinik Bad Berka (ZBB) has been doing this from as early as 1999 and supplying users throughout Germany. The demand is substantial – in 2015 a new cyclotron is slated to come on stream.

It is not only the production of radiopharmaceuticals that defines the special role played by ZBB. Already from 1997, the hospital had a Center for Molecular Imaging with a positron-emission tomograph (PET). And thanks to its numerous specialisations, it also succeeds in attracting more and more new patients to the Thuringian spa location despite strong competition from Jena and Erfurt. People travel from all over Germany and even from abroad to be treated at the molecular radiotherapy centre and at the spinal surgery clinic.

The designation of an intermediate care hospital is interpreted by Zentralklinik in its own way: within the major fields of medical work it forms focus areas of particular strength. In the area of cardiology, arrhythmia and heart failure are particularly important, in neurology it is epilepsy, in abdominal surgery it is severe liver diseases. The aim is to continue to rank as a medical centre of excellence.

"Cutting-edge medicine as a strategy in outlying areas"

❝ We are helping to shape medical progress. ❞

Dr. Kerstin Haase
Management
Zentralklinik Bad Berka GmbH

3 questions to …
Dr. Kerstin Haase

What is it that distinguishes "your" hospital for you personally?
What I am especially fascinated about here is how tradition and innovation, historical development and state-of-the-art medicine are combined at one location. We have succeeded in keeping pace with advances in medicine and helping to shape such advances ourselves while ensuring optimum patient treatment at a very high level at all times.

What challenges and opportunities do you see for the future?
The biggest challenge of all has to do with demographic trends. The number of patients we treat is growing all the time; those patients coming to us are also increasingly older and suffer from multiple conditions. That calls for more physician and nursing care for each one and specialised training for our staff. It also means that in future there will be fewer young people choosing to pursue a medical profession. For that reason it is important to create the best workplace conditions for staff early on: a good balance between career and family, qualification and career opportunities, a friendly and pleasant working environment as well as an orientation towards cutting-edge disciplines not offered everywhere such as molecular radiotherapy – these are the areas in which we already excel.

Why will your hospital play a major role in healthcare delivery within your region and beyond also in future?
The special thing about Zentralklinik is that we succeed in combining regional patient care and internationally successful science-driven cutting-edge medicine. We are strongly rooted in the region and have a service offering comparable to that of university hospitals. We have the largest heart centre in the Federal State of Thuringia and one of the largest intensive care wards. Our Clinic for Molecular Radiotherapy/Center for Molecular Imaging (PET/CT) is tied into a global network. With the ENETS Center of Excellence, we have a research and treatment facility for neuroendocrinal tumours, of which only a handful exist in Europe.

Facts and figures

Year established	1898
In corporate group since	1991
Number of patients in 2013	approx. 46,000
Number of beds	669
Website address	www.zentralklinik.de

HOSPITALS AT THE SITE BAD NEUSTADT A. D. SAALE

The Bad Neustadt site exemplifies the campus concept: here many different medical disciplines in close proximity to one another work together – in some cases even under the same roof. Six clinics share the campus at the headquarters of RHÖN-KLINIKUM AG: the cardiovascular clinic Herz- und Gefäß-Klinik (HGK), the Women's Clinic for Rehabilitation of Cardiovascular Patients, the Hand Surgery Clinic, the Neurology Clinic, the Psychosomatic Clinic and the Saaletal-Klinik with its two addiction therapy facilities.

At this site there is a lively co-operation between the facilities. Every day, all facilities avail themselves time and again of the expertise and capacities of their neighbours to be found e.g. in the anaesthesia and radiology departments based in the cardiovascular clinic. This results in a unique, highly efficient medical networking.

In future, most of the Bad Neustadt specialist clinics – with the exception of the addiction therapy facilities – will move even closer together. A new hospital complex of interconnecting buildings is planned to further shorten the paths from one specialist to another. The investment for this will total around 150 million euros.

“A campus of specialised hospitals in the heart of Germany”

“Here, network medicine can be seen and felt.”

Jochen Bocklet (l.), Burkhard Bingel
Management
Hospitals at the site Bad Neustadt a. d. Saale

Facts and figures

Haus Saaletal mit Klinik Neumühle und Adaption Maria Stern	
Year established	1979
In corporate group since	1979
Number of patients in 2013	approx. 950
Number of beds	232
Website address	www.saaletalklinik-bad-neustadt.de

Herz- und Gefäß-Klinik	
Year established	1984
In corporate group since	1984
Number of patients in 2013	over 14,000
Number of beds	339
Website address	www.herzchirurgie.de

Klinik für Handchirurgie	
Year established	1992
In corporate group since	1992
Number of patients in 2013	over 20,000
Number of beds	114
Website address	www.handchirurgie.de

Klinik "Haus Franken"	
Year established	1968
In corporate group since	1973
Number of patients in 2013	over 2,000
Number of beds	140
Website address	www.frankenklinik-bad-neustadt.de

Neurologische Klinik	
Year established	1991
In corporate group since	1991
Number of patients in 2013	over 6,000
Number of beds	284
Website address	www.neurologie-bad-neustadt.de

Psychosomatische Klinik	
Year established	1975
In corporate group since	1975
Number of patients in 2013	rehab area approx. 1,500 acute area approx. 2,000
Number of beds	340
Website address	www.psychosomatische-klinik-bad-neustadt.de

3 questions to …

Jochen Bocklet and Burkhard Bingel

What is it that distinguishes "your" site for you personally?

Our site brings together six independent specialist hospitals with different areas of focus. This set-up allows for particularly closely networked, interdisciplinary co-operation that equally benefits doctors, nurses and our patients. That is why it is not surprising that we are seen as one unit and are commonly referred to as "RHÖN-KLINIKUM" or "the RHÖN-KLINIKUM campus". In this regard, our reputation goes beyond the region of Rhön-Grabfeld and reaches patients from throughout Germany. This is owing to our experts and their medical know-how, the huge experience we have been able to gain as a result of high case numbers, our innovative treatment methods as well as consistent diagnosis and therapy procedures. We put our visions into practice, enabling us to treat our patients and particularly critical cases even better and quicker – e.g. with Stroke Angel, Cardio Angel, TRANSIT and the pathbreaking link to emergency services.

What challenges and opportunities do you see for the future?

With the impending new construction in Bad Neustadt a. d. Saale that will bring most of the facilities under one roof, we will be able to tailor our intermediate care to the needs of patients even better with even greater networking. We see the biggest challenge in meeting demographic trends, meaning both patients who are increasingly older and critically ill, and also employees. We will position ourselves even more strongly as an attractive employer to counter to some extent the imminent shortage of specialist staff at the national level.

Why will your hospital play a major role in healthcare delivery within your region and beyond also in future?

We are firmly convinced that we will succeed in making the Bad Neustadt a. d. Saale campus a strong player amongst healthcare service providers – because also in future we will offer, together with our employees, excellent medical care to high standards.

KLINIKUM FRANKFURT (ODER)

Over a hundred kilometres' drive from Berlin, directly on the border with Poland, is the location of Klinikum Frankfurt (Oder) – an intermediate care hospital with nearly all specialist disciplines. Within its broad medical offering the hospital has formed special areas and fields of focus. These include cardiovascular diseases, vascular diseases of the brain, tumour diseases as well as injuries and injury sequelae.

Stem cell transplantations are also part of the offering, as is radiation therapy. The cardiology department has a heart catheter laboratory; a new area of focus is rhythmology. A strong emphasis is also placed on paediatrics, both in somatics and in psychology. The trend in interdisciplinary medicine is reflected by the Academic Teaching Hospital of Charité with several competence centres. In the Brandenburg-Berlin neuro competence centre, in the stroke, perinatal, breast, gastrointestinal and tumour centre, patients are cared for with the combined expertise of the competent specialist disciplines.

The figures on page 75 illustrate the hospital's significance for this part of Brandenburg. But patients also come from beyond the Oder river from Słubice in Poland – as well as from Berlin.

“An intermediate care facility with a keen sense of interdisciplinary medicine”

> *“Patients come to us even from Berlin.”*

Mirko Papenfuß
Management
Klinikum Frankfurt (Oder)

3 questions to …

Mirko Papenfuß

What is it that distinguishes “your” hospital for you personally?

Our hospital has a broad range of medical disciplines in which we offer cutting-edge medical care. We thus offer people from the area high-quality, efficient and innovative medical care close to where they live, which I am very proud of personally. We also offer young people outstanding training and higher-qualification opportunities to prepare them to start out in their professional life.

What challenges and opportunities do you see for the future?

We hope to make progress in networking between the outpatient and inpatient sectors, particularly when it comes to strengthening medical care centres (MVZs) and co-operation schemes with community-based doctors and other hospitals. In future, our region will also witness a growing need for outpatient structures to be filled by specialist physicians. In this respect we are the only major provider offering higher qualifications for doctors with professional supervision on site.

Why will your hospital play a major role in healthcare delivery within your region and beyond also in future?

We will maintain our broad service offering in basic care and further refine our medical profile, thus ensuring efficient medical care provided with highly qualified staff close to where people live. Moreover, over the past years, we have firmly established ourselves on the health market in the field of stem cell transplantations, radiation therapy, the neurology competence centre and rhythmology. New potential for development in future will be focused on pain medicine, vascular centres as well as care forms based on the existing broad range of fields such as geriatric care, palliative medicine, multimodal therapies and complex treatments.

Facts and figures

Year established (Städtisches Krankenhaus)	1901
Klinikum Frankfurt (Oder) completely put into service at the Markendorf site in	1984
In corporate group since	1 January 2002
Number of patients in 2013	78,830
Inpatient	34,711
Outpatient	44,119
Number of beds	
Approved beds	799
Day-clinic places	49
Website address	www.klinikumffo.de

UNIVERSITÄTS-KLINIKUM GIESSEN UND MARBURG (UKGM)

After the university hospitals in Gießen and Marburg had become too expensive for the Federal State of Hesse, it merged them in 2005 with a view to privatising them the following year in 2006 – RHÖN-KLINIKUM AG took over the majority interest in the combined Gießen-Marburg University Hospital (UKGM), Germany's third-largest university hospital. Since then the Company has invested 547 million euros in modernising the two sites.

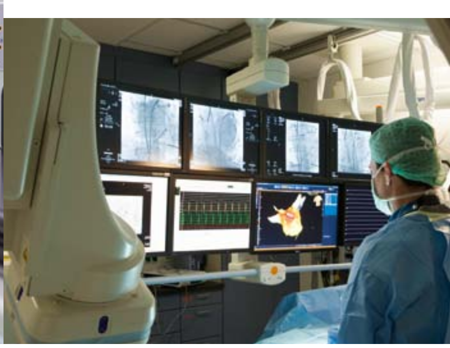
The structure is not that easy. Teaching and research activities continue to be managed by the faculties of medicine of the two universities owned by the Federal State. Only the merged and privatised care component is managed under the aegis of RHÖN-KLINIKUM AG. The hospitals have since grown increasingly closer through the organised use of synergies – for example in the joint laboratory – as well as through the co-operation of specialist researchers.

The hospital of course also has its own pronounced areas of focus. In Gießen this includes the heart-lung system and reproductive medicine. In Marburg oncology comes to the fore, prominently represented by the Carreras Leukemia Center. Numerous special research projects on highly specialised subjects also show that UKGM is one of the top-league players in the field of university medical research.

“A successful experiment: Germany’s first private university hospital”

“A co-existence going back four centuries – today achieving success together.”

Martin Menger
Chairman of the Management
Universitätsklinikum Gießen und Marburg (UKGM)



3 questions to …
Martin Menger

What is it that distinguishes "your" site for you personally?
Working in a maximum care facility is really quite exciting. In Gießen and Marburg there is the additional aspect of university medicine, i.e. science, research and teaching. For a passionate hospital manager, that is quite a special challenge because the hospital world most people know and the world of science and universities come together, strengthen each other and always have to be kept in proper balance. Even after years, things are still far from being routine for you, but it is still enjoyable to take on these challenges anew every day in the interests of patients. That is our commitment and I stand behind it.

What challenges and opportunities do you see for the future?
Gießen and Marburg are sites of university medicine and thus sites of excellence and advances in medical science. That is why change, in the sense of achieving better medical care, is an essential part of UKGM. We will of course continue to pursue our further development, but always along the lines of our strengths and our internationally recognised expertise in the pulmonary, heart, paediatric heart, cancer, infection fields, to mention just a few.

Why will your hospital play a major role in healthcare delivery within your region and beyond also in future?
Thanks to its innovative strength, our university hospital will be the medical hub of RHÖN-KLINIKUM AG. The aim is to integrate the total of ten clinics and to make UKGM a leader in training generally as well as in the continued and higher-qualification training of our doctors. At the end of the day, all patients and all employees under the auspices of RHÖN-KLINIKUM AG will benefit rapidly and directly from the developments and procedures researched, developed and put in practice here in Central Hesse.

Facts and figures

Year established	1527
Philipps-University Marburg was founded in 1527 by Landgrave Philipp the Magnanimous in Marburg as a Protestant university. The University in Gießen was founded in 1607 by Landgrave Ludwig V. von Hessen-Darmstadt	
In corporate group since	2006
Number of patients in 2013	approx. 436,000 (outpatient and inpatient combined)
Number of beds	2,230
Website address	www.ukgm.de www.ukgm.info

Group Management Report

- >> Three billion mark in revenues cleared for the first time
- >> Clear evidence of trust: 2,654,249 patients treated, i.e. 3.9 per cent more compared with the same period of the previous year
- >> € 177.4 million in expansion and modernisation of our sites as well as in pathbreaking medical technology and optimised clinical processes
- >> For financial year 2014, forecast for revenues of one billion euros with some 15,000 employees

GROUP MANAGEMENT REPORT

- **On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale of a portfolio of 43 facilities, medical care centres (MVZs) and other affiliated interests. Approval was granted by the German Cartel Office in February 2014 for the sale of 40 hospitals, MVZs and other affiliated interests which will thus be transferred to Fresenius / Helios. For this reason, we are changing the reporting of the assets and liabilities for sale in our balance sheet and take account of one-off effects in our income statement.**

- **Including Wiesbaden-based Dr. Horst Schmidt Kliniken, we raised our patient numbers by a total of + 3.9% compared with the same period last year. Compared with 2012, consolidated revenues rose by + 5.2% to roughly € 3,013.8 million.**

- **In financial year 2013 we generated a net consolidated profit of € 90.0 million (same period last year: € 92.4 million) with EBITDA amounting to € 275.4 million (same period last year: € 292.0 million).**

1 BASIC CHARACTERISTICS OF THE RHÖN-KLINIKUM GROUP

1.1 OVERVIEW

As a rule, the Group has a single-tier structure. The individual hospital companies are organised in the form of legally independent corporations which have their registered office at the respective facility sites and are managed as direct subsidiaries of RHÖN-KLINIKUM AG (ultimate Group parent company). The ultimate Group parent company has its registered office in Bad Neustadt a. d. Saale, Federal Republic of Germany.

Major sites with an acute inpatient care offering include the hospitals at parent company headquarters in Bad Neustadt, our medical science centres in Gießen, Marburg and Leipzig as well as the hospital sites having a supraregional catchment area in Bad Berka and Frankfurt (Oder).

	2013 € m	2012 € m	Change %
Revenues	3,013.8	2,864.9	5.2
EBITDA	275.4	292.0	–5.7
EBIT	155.7	150.8	3.2
EBT	117.7	114.2	3.1
Operating cash flow	211.0	232.3	–9.2
Net consolidated profit	90.0	92.4	–2.6
Balance sheet total	3,098.2	3,184.5	–2.7
Investments	177.4	326.4	–45.6
Shareholders' equity	1,666.7	1,606.9	3.7
Net financial debt	730.6	801.6	–8.9

Helped by a further slight growth in patient numbers (+ 98,427 patients or + 3.9%), we generated revenues in financial year 2013 of € 3,013.8 million (+ € 148.9 million or + 5.2%). Overall, however, we recorded a decline in net consolidated profit of roughly 2.6% to € 90.0 million. EBITDA stood at € 275.4 million in 2013 and thus declined by 5.7% compared with the same period last year. In this context, the preparation and implementation of the transaction with Fresenius had a noticeable impact on the trend in earnings before depreciation in the fourth quarter of 2013. Irrespective of these extraordinary burdens, we have been observing for some time that, although the trend in growth within the sector overall continues to be positive, it has been losing some momentum compared with the previous dynamic years and that the gap between revenues and costs seen in the hospital sector for several years continues to have an impact on the operating result.

We treated our patients in Germany at our 54 hospitals with a total of 17,113 beds and 39 MVZs with 179.00 specialist doctor's practices. As at the balance sheet date, the Group employed some 43,000 persons, with the share of women continuing to be roughly 75%.

Compared with the previous year, operating cash flow, calculated from net consolidated profit plus depreciation/amortisation and other non-operating items (balance of profits and losses from disposals of assets, income from the market valuation of derivatives), declined by € 21.3 million or 9.2% to € 211.0 million. Also in financial year 2013, we again used the operating cash flow for expansion and modernisation of our sites and for path-breaking medical technology and optimised clinical processes. Overall we made aggregate investments of € 177.4 million.

Our equity capital climbed by € 59.8 million to reach € 1,666.7 million (same period last year: € 1,606.9 million), which reflects an equity ratio of over 50%. As a result of the redemption of financial liabilities, net financial debt declined since the last balance sheet date to roughly € 731 million.

1.2 FUTURE OF THE GROUP

For RHÖN-KLINIKUM AG, a new era begins. With ten hospitals at five sites and some 15,000 employees, we will now focus on expanding competences oriented on science-driven medical care while remaining one of the largest hospital operators in Germany. This focused strategy and leaner portfolio will enable us in future to concentrate all our efforts on offering our patients first-class and at the same time affordable medical services. Within a reasonable period this will also have positive effects on earnings strength. Our stated objective is to create a broad basis of trust in medical care and treatment quality with our patients. It is on this basis that we are driven by a desire to put all our expertise to work for patients, gearing all our efforts and employing all our investment and financial strength towards earning the trust that patients place in us.

Corporate model

The corporate model of the RHÖN-KLINIKUM Group is defined by the idea of responsible and sustainable corporate governance. For us, quality and economic efficiency are not antagonistic opposites but go hand in hand. What is indispensable to providing such cutting-edge medical care is freedom of choosing medical treatment, ongoing investments in modern medical care as well as the continuous optimisation of clinical processes and structures specifically with a view to meeting the needs of our patients.

The corporate model defines the overall body of rules and guidelines according to which the Group is managed and controlled (compliance). It is on this basis that all measures and provisions ensuring an ethically sound corporate model (corporate governance) are oriented. Together with measures to deal efficiently and proactively with risks and opportunities (management of risks and opportunities) and to effectively ensure the best possible quality of treatment (quality management), the corporate model results in four key elements of our activity by which we strive to firmly establish our investors' trust in the Company and help continuously and sustainably enhance the value of the Group.

Corporate social responsibility

Long-term dedication and sustainable creation of value-added are key principles underpinning our entrepreneurial activities. We are wholly committed to them not only as a provider of healthcare services but also as an employer and listed stock corporation. When we think of sustainable value enhancement, we do not just understand that as the economic consequence of sound, continuous growth in the Company. That is because for RHÖN-KLINIKUM AG a provider of high-quality healthcare services, economic success is inseparably bound up with ecological and social responsibility – a healthcare system oriented towards long-term success calls for a sound working and living environment. This also includes maintaining balanced and honest working relationships with our employees.

Our responsibility to society

The healthcare task is very naturally linked to our fundamental understanding of social responsibility: good health means quality of life – the highest human good. We firmly believe that everyone is entitled to affordable and high-quality medical care. Health must not become a luxury. For that reason, we would like to help continue to assure the performance, efficiency and social responsibility of the German healthcare system in future.

To live up to our ambitious corporate goal, we strive for efficiency and innovation in healthcare delivery. We understand rationalisation as the creation of rational – reasonable – structures that help improve care for our patients while enhancing a hospital's efficiency. All patients benefit from the higher quality of medical care.

At the same time, we actively promote medical innovation within our hospitals – throughout the Group via the exchange between our competence centres, but also in co-operation with external research and development partners. Our objective is to enable our patients to share directly in the successes of modern medical research.

Our responsibility to the environment

We see protecting the environment as a particular duty and responsibility that is closely bound up with our business activity. Environmental imbalances can pose a threat to human health. That is why protecting human well-being and the sound management of environmental quality go hand in hand.

At the same time, effective environmental management for us is an economic imperative: managing energy and the environment efficiently can also help offset rising costs, e.g. in the area of energy supply. Making sparing use of resources is also an economic responsibility which we assume as a matter of course in view of the corporate goal of achieving affordable and high-quality medical care for everyone. One of the areas we focus on in particular is sustainable energy management. To achieve this we look to innovation: we invest continually in new, efficient processes in both generating energy and lowering consumption.

You can find more detailed information regarding our commitment to the environment and health in our Annual Report as well as in our Sustainability Report.

Our responsibility to employees

The success of our Company and each of our hospitals is founded on the commitment of our staff. To promote their continued qualification, individual development and motivation, we are committed to targeted skills management and organisation development.

One core element of our strategy is ensuring the transfer of knowledge within our hospital network, which we promote in particular by opening up our decentralised higher-qualification and continued-training offerings as well as a close integration of the medical and management areas, for example through our "Medical Management" programme.

The fast pace of development in all fields of healthcare is forcing all those involved to engage in a lifelong learning process. For us, this means specifically providing our employees on an ongoing basis with new skills to meet current and any future requirements. This obligation goes beyond the mere professional realm. It also relates to employees' individual development, not only with respect to their company career but also in the area of family and social planning. For this reason, measures such as internal training and continued training of management and specialist staff, individual career development as well as a wide range of higher-qualification and continued-training offerings take high priority at the RHÖN-KLINIKUM Group.

When it comes to the attractiveness of a workplace, suitable opportunities employers offer for balancing a career with family life are becoming increasingly important. We want to convince our staff with family-friendly working conditions, thus retaining them in the long term.

In addition to internal dialogue and exchange of knowledge, we also attach a great deal of importance to maintaining contact with university graduates and young specialists in the professional orientation phase. That is why we regularly seek a discussion with those taking a potential interest in our Company at congresses, trade fairs and student contact fairs.

Further details on our activities in the area of human resources development are provided in our Annual Report.

1.3 OBJECTIVES AND STRATEGIES

With the sale in total of 40 hospitals, MVZs and other affiliated interests, we re-oriented our portfolio and strategy. In the new structure as well, the leading principle of RHÖN-KLINIKUM AG will be preserved. In future we are determined to help shape the market and to continue to lead the sector. In this context we will concentrate on expanding our competences oriented on science-driven medical care and turn our focus to cutting-edge medical care backed by university medical science.

With revenues of some one billion euros which we are targeting in future with some 15,000 employees in ten hospitals at five sites, we will continue to be one of the biggest hospital operators in Germany, albeit no longer with a heterogeneous portfolio.

The “new” RHÖN will be made up of top German hospitals offering a high level of medical quality at an affordable price level, characterised by a close integration of treatment, research and teaching, and act as a boost and driver of network medical care with attractive earnings and growth prospects.

Quality of services provided will continue to enjoy top priority at the facilities of the RHÖN-KLINIKUM Group in future as well. When performing their work for patients, our employees follow a stringent set of standards and rules. In close collaboration of all those involved we succeeded yet again, based on a comprehensive understanding of quality, in achieving numerous improvements during the past financial year, and are determined to continue steadfastly on this path.

In 2013, RHÖN-KLINIKUM AG established and carried out a host of measures to secure and raise quality standards in the provision of medical services. These measures cover the entire service performance process – from the patient’s admission to hospital and subsequent clinical treatment right through to the patient’s discharge. In the area of quality assurance, RHÖN-KLINIKUM AG’s activity is geared towards a comprehensive process- and results-oriented approach taking account of all decisive dimensions of quality.

The format of the transaction we have chosen ensures that patients in future get the best possible care in premium hospitals and enjoy the benefits of a science- and research-driven network.

However, there is no guarantee of automatic success in our re-orientation from a mixed decentralised hospital network to an integrated healthcare group. As an indispensable precondition of success, it will require not only a change in strategy but also a re-adjustment in corporate culture.

In the past, numerous acquisitions were consolidated on the balance sheet but not always structurally integrated with the requisite consistency. Now we have the opportunity to perform a complete bottom-top overhaul of the Company’s structures and thus to make the Group leaner, more efficient and more uniform without thereby depriving our hospitals of the necessary degree of operative independence.

The network of hospitals of different sizes, different areas of focus and care competences that was created over four decades (along with the noticeable frictional and efficiency losses this entails) will now be succeeded by a healthcare services company with a consistent, clear-cut strategy for the future that clearly stands out on the market with its focus on cutting-edge university medical care.

A key contribution to our strategic re-orientation will also be made by the concept of networked care that we are now specifically implementing in practice. Essentially it provides for the creation of a national network of providers in which all outpatient, inpatient and rehabilitation services are provided. Patients also benefit from this network by receiving the best possible care, access to the relevant medical competences and effective case management. The facilities within the network are also distributed throughout the country in such a way that no patient is more than one hour's drive away from a facility.

The network is open to all market participants possessing the required qualifications and skills. The network is combined with an insurance scheme offering all patients access to all services via supplementary insurance at low contributions. At the same time, patients remain members of their statutory or private health insurance schemes.

In financial year 2013, the Board of Management, in consultation with the corporate bodies of the Company as well as hospital market specialists, took an intensive look at the concept and its specific realisation. Within this context, the agreement reached in December 2013 on the development and formation of a medical network with the companies Asklepios Kliniken GmbH and Helios Kliniken GmbH represents an important milestone on the path to providing patients with an even better quality of medical care.

The well-being of the patient – which is the ethical basis of our activity and at the same time of our economic success – will continue to be our standard also in future. All patients coming to us can be assured that they will receive the best treatment at all times. During the past financial year, we further expanded and refined our company-internal quality management.

1.4 CONTROL SYSTEM

For our Company, we have developed a target system which we believe allows us to consistently outperform the market and our competitors. The target system defines key ratios for growth in service volumes, revenues, EBITDA as well as net consolidated profit.

In our view, profitable growth in our service volumes/case numbers as well as our revenues is an important factor when it comes to increasing our enterprise value. We calculate our growth in revenues as the rate of growth of the revenues stated in our consolidated financial statements. For the purposes of measuring and controlling, revenues are adjusted for consolidation effects so as to determine organic growth.

Our objective is to achieve EBITDA margins throughout the financial year which are amongst the most attractive in the hospital market in keeping with the orientation of the individual facilities. These margins are defined as the quotient of EBITDA and revenues.

Moreover, net consolidated profit after tax is used to measure and control earnings strength at Group level. This figure has the biggest influence on undiluted earnings per share (EpS) used for capital market communication.

The aim of the Management with regard to the handling of shareholders' equity and debt is to adopt a strict policy of matching maturities (horizontal balance sheet structure) of source and use of funds. Non-current assets should be funded on a long-term basis. The items of shareholders' equity and non-current liabilities shown in the balance sheet are included under the source of long-term funds. This key ratio is to be at least 100%. Although given the personnel cost ratio of more than 50% the Group is frequently attributed to the services sector, our business model has a long-term focus and is initially investment-driven. In this regard we seek to ensure that at least 35.0% of capital expenditure is sustainably backed by equity.

Of key importance for us is to ensure that our financial liabilities are serviced over time. With regard to the use of debt capital, we focus on the following management ratios for minimising risks. The aim is to limit the ratio between net financial debt (= financial liabilities less cash and cash equivalents) and EBITDA to a maximum 3.5-fold multiple and the ratio between EBITDA and net financial result to a minimum 5.0-fold multiple.

In the liquidity management of our operating activities, we analyse the turnover factors of operating net current assets. Moreover, we have defined minimum requirements that generally have to be considered before an acquisition is effected. In particular, acquisitions must have the potential of making a positive contribution to enterprise value within at least three years from integration, and of generating a positive cash return of 15% within three to five years after the investment and modernisation measures carried out by us.

1.5 MEDICAL RESEARCH AND ITS TRANSFER INTO PRACTICE

Our hospitals participate in an ongoing transfer of knowledge from research to practice to ensure that scientific findings are put into medical practice at hospitals faster, better and more effectively. That is because demand for advances in medicine is growing in line with demographic changes. As society continues to grey, the number of people suffering from widespread diseases such as cancer, diabetes, cardiovascular, infectious, pulmonary and neurodegenerative conditions is also growing. Our university hospitals in Gießen and Marburg and their integration into the Group's network as well as the operation of Herz- und Gefäß-Klinik in Bad Neustadt for many years have enabled our hospitals to participate in the ongoing transfer of university knowledge from research into practice, thus making it possible to provide better and more targeted medical care. Thanks to the direct link that the Group's hospitals have to university maximum care and in turn the direct access to university research findings, scientific knowledge can be quickly translated into modern medicine and competently delivered to the regions. With this linking of our Group facilities to university research and teaching we as a responsible private provider of healthcare services – fully in keeping with our corporate philosophy – offer our patients over all care levels a broad range of good-quality and independent medical care that everyone can afford.

Apart from our university medical sites, numerous other Group hospitals engage in an open scientific dialogue. This ranges from holding scientific conferences over participation in long-term clinical studies and promising international research projects to performance of university teaching mandates and offering specific further training measures for hospital doctors.

The Clinic for Internal Medicine/Gastroenterology and Endocrinology in Bad Berka received the Best Abstract Prize at the Annual Meeting of the German Society for Haematology and Medical Oncology (DGHO). The Clinic for Molecular Radiotherapy/Center for Molecular Imaging (PET/CT) was awarded a poster prize at the 2nd World Congress on Ga-68 and PRRT in February 2013.

The major areas of focus in university research in Gießen are the heart-lung system and reproductive medicine, whereas in Marburg it is oncology. Joint research is done on infection and immunity. To gain an overview of the outstanding research activities being pursued in Gießen and Marburg, it is important to look at the formation of centres and clusters on the one hand and the special fields of research, projects of the State Initiative for the Development of Scientific-Efficient Excellence (LOEWE projects) and clinical research groups on the other:

German Center for Infection Research (DZIF)

The Gießen and Marburg Universities, the Technische Hochschule Mittelhessen (THM) and the Paul Ehrlich Institute (P.E.I.) together form a partner site of the DZIF.

German Center for Lung Research (DZL)

In June 2011 the DZL, led by the Universities of Giessen and Marburg Lung Center (UGMLC), started its work with overall co-ordination at the Gießen site.

Excellence cluster ECCPS

The Excellence Cluster Cardio-Pulmonary System (ECCPS) of the Universities of Gießen and Frankfurt as well as of the Max Planck Institute (MPI) for Heart and Lung Research in Bad Nauheim is a unique translational research institute whose aim is combining the latest findings of basic research with pre-clinical and clinical trials on the subject of cardio-pulmonary diseases.

Anneliese Pohl Cancer Center Marburg – Comprehensive Cancer Center

In 2005, the Comprehensive Cancer Center (CCC) was founded in Marburg. Modelled on its US counterpart, it strives for greater institutional co-operation between the various oncological facilities while promoting clinical research and transferring research findings from previous basic research directly to clinical treatment applications.

These research projects are only some of innumerable other studies and research projects being carried out at the University Hospital Gießen and Marburg.

These measures and activities help us to make modern medical research available to our patients quickly so that we can treat and heal them ever more effectively. Further specific examples of medical research and development at RHÖN-KLINIKUM Group are found in our Annual Report.

1.6 COMPLIANCE

"Don't do to others what you would not like done to yourself, and don't leave off doing anything that you would like done to yourself."

This corporate principle has applied from the very beginning to the entire RHÖN-KLINIKUM Group, both in physician and non-physician patient care and in the administration and management areas. It is a guideline that serves as the basis for any decisions we take and everything we do. It is an obligation in each and every phase of our decision-making processes, because as we see it both the statutory provisions and our own ethical standards and requirements must be met at all times when it comes to achieving our corporate objectives.

To put this requirement into practice in our day-to-day activities, we have created numerous interdepartmental instruments and possibilities in all areas. In the personnel area, measures have been taken to ensure that each employment contract, whether entered into individually or under collective employment law, makes reference to our guiding principle. The Quality Management department breathes life into our corporate principle, while the Compliance department supports all other departments in its implementation and enforcement.

Above and beyond the basic level of compliance required by law, a compliance management system is in place at each hospital site within the network of RHÖN-KLINIKUM AG to monitor compliance not only with this principle but also with the statutory requirements in general as well as with ethical values and codes of conduct, from the Management to the individual employee. In this regard we are not limited to internal structures alone. Our compliance management system also requires our business partners to meet customary compliance provisions.

The Rules of Procedure for Compliance are binding Group-wide and apply to each and every employee. Within the scope of these Rules, various positions in all hierarchies are entrusted with various compliance duties and tasks. These are primarily concerned with providing internal advice and information, but also with implementing prevention and protective measures. Within the scope of their respective duties, the corporate bodies of the individual subsidiaries are assisted by the compliance officers on site as well as by the Group-wide Head of Compliance and the Anti-Corruption and Audit Committees of the Supervisory Board. Given the high importance of this subject, both the Supervisory Board and the Board of Management in future will be assisted by a separate Supervisory Board committee for Compliance and Communication.

For the purpose of ensuring transparency and informing all persons involved, we have created clear specifications with Group works council agreements, guidelines and recommendations so that everyone is enabled to pursue our corporate objective in accordance with our values.

That said, a compliance management system can never be static. That is why we conduct a regular review based on internal and external events of how effective and up-to-date this system is, continuously adjusting our rules to the latest insights. In the hospitals we have begun establishing compliance boards in which representatives of the physician and non-physician staff, the administration, the management and the works council examine current compliance issues transparently and on an interdisciplinary basis.

Our employees are regularly trained and informed of the importance and practical implementation of our corporate guidelines as well as the compliance guidelines. At RHÖN-KLINIKUM AG, this information policy enjoys very high priority, whether as part of internal higher-qualification measures, the training of our young executives or work in bodies, representing employees or apprentices, for example.

1.7 CORPORATE GOVERNANCE

Subscribed capital

The subscribed capital of RHÖN-KLINIKUM AG stated in the consolidated financial statements is completely made up of 138,232,000 ordinary voting bearer shares (non-par shares) each having a nominal share in the registered share capital of € 2.50. Restrictions on voting rights or the transfer of shares – even if these may result from agreements of shareholders – do not exist or are not known to us. None of our shares is issued with special rights that confer on its holder special powers of control. Employees who hold shares exercise their voting right freely. Shareholders may exercise their voting rights themselves at the Annual General Meeting or through proxies appointed for this purpose. In our Notes we have disclosed in detail the direct and indirect interests in capital pursuant to section 21 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

Consolidated financial statements, communication with shareholders and analysts

The consolidated financial statements are drawn up in accordance with the provisions of International Financial Reporting Standards (IFRS) applicable within the European Union and audited in accordance with both national and international auditing standards. The half-year financial statements are subjected on a voluntary basis to a review by a statutory auditor in accordance with the same aforementioned principles. When issuing auditor mandates, due care is taken to ensure the requisite independence of the auditors appointed. The audit mandate for the annual financial statements and for the half-year financial statements of the Group as well as for the Group's ultimate parent company is issued by the chairman of the Audit Committee after due examination pursuant to the resolutions adopted at the Annual General Meeting.

We publish our consolidated financial statements in April of the new financial year. The Annual General Meeting normally takes place within the first six months of the following financial year. We announce our forecasts for the respective financial years in accordance with the requirements. Numerous analyst meetings and investor contact meetings are held. We report on business performance four times a year at analyst conference calls. With our financial calendar published in the Annual Report and in the Internet on our homepage, we inform our shareholders, shareholder associations, analysts and the media of all other recurring key dates.

Corporate bodies

The Board of Management and the Supervisory Board are constituted according to legislation governing German stock corporations. Under this regime the Board of Management directs the Company; the Supervisory Board advises the Board of Management and supervises its management activity. Members of the Supervisory Board and the Board of Management are appointed and dismissed in accordance with the provisions of stock corporation law (Supervisory Board: section 101 et seq. of the AktG; Board of Management: section 84 of the AktG) and the German Co-Determination Act (Mitbestimmungsgesetz, MitbestG).

In line with the principle of equal representation of shareholders and staff pursuant to the MitbestG, the Supervisory Board of RHÖN-KLINIKUM AG comprises an equal number of employees' and shareholders' representatives (20 in total) and held four ordinary meetings in 2013 (2012: four ordinary meetings) and three extraordinary meetings. Members are appointed for a period of five years. The age limit is 75 years. The Supervisory Board regularly takes its decisions in plenary sessions, or in the competent specialised committees with the power to adopt resolutions; only in isolated cases are decisions made by circulation.

The Supervisory Board constituted a total of seven committees. The Mediation Committee, the Personnel Affairs Committee, the Audit Committee, the Investment, Strategy and Finance Committee and the Committee for Compliance and Communication (as of 6 November 2013) exist as committees with the power to adopt resolutions. Committees having powers to advise, supervise and make proposals are the Nomination Committee for the election by the Annual General Meeting of Supervisory Board members from the shareholders' representatives on the Supervisory Board, the Anti-Corruption Committee to fight and prevent cases of corruption (until 6 November 2013), and the Medical Innovation and Quality Committee to further develop and secure medical quality.

Terms of Reference have been adopted for the activities of the Board of Management as well as of the Supervisory Board, including co-operation between these two bodies.

In financial year 2013, the Board of Management of RHÖN-KLINIKUM AG was headed by one chairman and in his absence by the chairman's permanent representative. With regard to the composition of the Board of Management, please refer to the Notes to the consolidated financial statements. The Board of Management directs the Company and manages its business under joint responsibility subject to the Terms of Reference. The areas of responsibility of the individual members of the Board of Management are determined by operative and/or functional competencies. The chairman of the Board of Management is responsible for corporate policy and the Group's fundamental strategic orientation. An age limit of 65 years has been adopted for the Board of Management.

Remuneration of corporate bodies

The remuneration of the members of the Supervisory Board and the Board of Management is defined in the Company's Articles of Association and by resolutions adopted by the Supervisory Board after being prepared by the Personnel Affairs Committee. It comprises fixed and variable components. The variable remuneration components for the Board of Management and the Supervisory Board are based on assessment parameters derived from net consolidated profit. Moreover, members of the Board of Management receive non-cash benefits (e.g. company car, insurance) and a contingent retirement benefit of up to 1.5 annual salaries. If a member of the Board of Management receives severance compensation because that member's work for the Board of Management has been terminated without good cause, the amount of such benefit including the additional benefits may not exceed the value of two years' remuneration and may not provide remuneration for more than the remaining term of the service contract. The Group does not provide stock option programmes, share-based remuneration components or similar forms of remuneration. The remuneration schemes provided for the Board of Management and the Supervisory Board define the amount and structure of the respective incomes.

The members of the Board of Management are guaranteed a total annual remuneration (sum of base salary and bonus) of at least € 450,000.00. The cap for the total annual remuneration is set at € 900,000.00. 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 2 times these amounts for his permanent representative and the chief financial officer (CFO).

In financial year 2013, the total remuneration of the members of the Board of Management holding office in financial year 2013 totalled € 2.8 million (€ 10.9 million in previous year). Of this total, € 1.1 million (previous year: € 1.2 million) was accounted for by components that are not performance-linked and € 1.7 million (previous year: € 6.4 million) was accounted for by variable remuneration components. The provision for claims to retirement benefits by the members of the Board of Management amounts to € 0.6 million (previous year: € 0.2 million). In financial year 2013, members of the Board of Management (or their surviving dependants) received no remuneration for retirement benefits (previous year: € 4.6 million).

The remuneration of the Supervisory Board is governed by Section 14 of the Articles of Association. It is performance-linked and related to the amount of time worked, the duties and functional responsibilities assumed by the members of the Supervisory Board, as well as the economic success of RHÖN-KLINIKUM Group. The remuneration of the Supervisory Board is made up of fixed and variable components.

The remuneration of the active members of the Supervisory Board amounted to € 2.0 million (previous year: € 2.0 million). Of this total, € 1.0 million was accounted for by fixed remuneration components (previous year: € 1.0 million). € 1.0 million was included as performance-linked remuneration (previous year: € 1.0 million).

For further details, in particular with regard to the individualised remunerations for the Supervisory Board and the Board of Management, please see the remuneration report forming part of the Corporate Governance Report and the Notes to the consolidated financial statements.

Shareholdings of members of corporate bodies

As at 31 December 2013, the members of the Supervisory Board and the Board of Management together held, pursuant to section 15a of the WpHG, 12.54% of the Company's registered share capital, of which the Supervisory Board accounts for 12.53% of the shares in issue. The members of the Board of Management together hold 0.01% of the Company's registered share capital.

We continue to disclose all transactions of members of the Board of Management and the Supervisory Board which are subject to notification pursuant to section 15a of the WpHG.

Contracts containing a change-of-control clause

The company purchase agreements of the hospitals acquired by us as well as various contracts relating to financial instruments contain provisions according to which, subject to the condition of a change of control as a result of a takeover bid, e.g. a re-transfer of the company shares, the bond and loan creditors may demand immediate repayment. Beyond that there are no agreements under which the Board of Management or employees may establish claims to compensation in the event of a company takeover.

1.8 CORPORATE GOVERNANCE DECLARATION AND DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Declaration on Corporate Governance

The Corporate Governance Declaration (section 289a German Commercial Code (Handelsgesetzbuch, HGB)), in addition to the Declaration of Compliance of the Board of Management and the Supervisory Board pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), also contains information on corporate governance practices. The work approach of the Board of Management and the Supervisory Board as well as the established committees are also described.

For further details please visit our homepage where the Declaration on Corporate Governance is made available to the public under www.rhoen-klinikum-ag.com.

Declaration of Compliance with the German Corporate Governance Code

Good corporate governance is the basis of our decision-making and control processes. The Board of Management and the Supervisory Board are wholly guided in their actions by efficient and responsible decision and control processes geared to the Company's long-term success. Together with a transparent as well as legally and ethically sound corporate culture, corporate governance is the prerequisite for preserving and strengthening the trust that shareholders, business partners, patients and employees place in us and for securing and enhancing the added value of our enterprises on a sustainable basis.

In financial year 2013, the Supervisory Board and the Board of Management of RHÖN-KLINIKUM AG conducted a thorough regular examination of the German Corporate Governance Code, its development and amendments as well as compliance with the Code at RHÖN-KLINIKUM AG and its subsidiaries. Detailed discussions were held on the corresponding revisions to the German Corporate Governance Code. As a result of these deliberations, a jointly issued and updated Declaration of Compliance pursuant to section 161 of the AktG was submitted by the Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG on 6 November 2013 in accordance with Item 3.10 of the German Corporate Governance Code as amended on 13 May 2013. According to this, the German Corporate Governance Code is complied with fully with the exception of:

- Item 4.2.2 (Relationship between remuneration of the Board of Management and that of senior management and staff overall)
- Item 4.2.3 (Pension commitments)
- Item 5.4.1 (Stating specific objectives regarding the composition of the Supervisory Board)
- Item 5.4.3 (Application for judicial appointment of a Supervisory Board member)
- Item 5.4.6 (Performance-linked remuneration of Supervisory Board), and
- Item 7.1.2 (Deadline for making available the Consolidated Financial Statement)

We observe most of the non-mandatory recommendations of the German Corporate Governance Code.

2 ECONOMIC REPORT

2.1 MACROECONOMIC ENVIRONMENT

Compared with the European context, the trend in the German economy once again proved stable and robust in 2013. That said, the persistent recession in some European countries and weaker global economic performance were also felt here. Exports rose by only 0.6%. These influences could not be offset by stronger domestic demand, either. And although the German economy was still growing, with a 0.4% rise in gross domestic product (GDP), this was still well below the level of the previous two years. In 2011 GDP was up 3.3%, and in 2012 the increase was still 0.7%.

The prospects, however, are good. After a weak phase last winter, the German economy once again gathered pace in the course of 2013. But the new expansion is no longer being driven exclusively by foreign trade. Domestic demand (particularly private consumption) is now also providing a much stronger boost, helped by sustained (albeit weaker) growth in employment, the resulting low unemployment rate and noticeable growth in income. Another favourable effect is the low level of interest rates. Given the nascent revival of the global economy and thus exports, the Deutsche Bundesbank sees the possibility of further growth by 1.7% this year and 2% in the coming year.

Over the past year, services once again contributed a good deal to this overall pleasing development.

2.2 HEALTHCARE INDUSTRY

In 2011, healthcare spending in Germany totalled € 293.8 billion, of which € 76.8 billion went for the hospital sector. More recent figures are not yet available. Based on the rate of increase of the statutory health insurance funds whose expenditures on healthcare for their members rose in 2012 by 9.3% from € 168.5 billion to € 184.2 billion, the total is probably in the range of at least € 320 billion.

Assuming an unchanged share of hospitals of 26%, this sector would account for over € 83 billion – the amount that has to be divided up among some 2,000 German hospitals (in 2012 the number of hospitals was still 2,017 and falling). For quite some time it has become increasingly clear that the financial basis of many hospitals is insufficient. According to the 2013 Hospital Rating Report, 27% of the roughly 2,000 hospitals are threatened by insolvency.

The situation did see a slight improvement with the new provisions on the orientation value (Orientierungswert) introduced at the beginning of August 2013. The purpose of the orientation value, to be calculated by the German Federal Statistical Office (Destatis) from the trend of various cost components, is to define the scope of price adjustments for hospital services. Originally, it was to completely replace the rate of change in aggregate income (Grundlohnrate) as the assessment basis. Under the new provision, however, the orientation value is compared with the rate of change in aggregate income, with the higher value being applied. For the current year 2014 the rate of change in aggregate income will be applied.

During the past year 2013, the effects of the emergency funding for hospitals adopted by the German government could already be felt. To cushion the negative impact of the new collective bargaining agreements, DRG remuneration rates were raised by 0.21% and the budgets for psychiatric hospitals by 0.26% in 2013.

It will of course take much more than that to fix Germany's hospital finance problem. The hospitals are still struggling with the pressures of personnel expenses. The German Hospital Association (DKG) takes the view that while the coalition agreement imposes the highest requirements on hospitals, it makes only rudimentary statements (or none at all) on how funding might be improved to ensure that hospitals operate efficiently.

One ongoing bone of contention is that the federal states are still falling far short of meeting their statutory investment finance obligations. The DKG estimates the annual investment requirement at roughly € 6 billion, versus an actual funding provision of only € 2.7 billion. That is why the hospitals are not very impressed by the investment programme totalling € 500 million. Some of the measures provided for under this programme include the conversion of hospitals into nursing and care centres providing outpatient treatment with a view to reducing overcapacities.

Funding is not the only thing the sector is worried about. Already in the foreseeable future, many hospitals expect to face shortages in qualified staff. According to the "Hospital Barometer" of the German Hospital Institute (DKI), the OR and intensive care areas are the worst affected by the shortage of specialists. 40% of hospitals have problems filling vacancies in intensive care. 29% have problems filling vacancies for non-physician OR staff, and 18%

for anaesthesia staff. 58% of hospitals experienced difficulties filling vacancies for doctors. In nursing for standard wards, the figure was 33% of facilities.

2.3 BUSINESS PERFORMANCE

2.3.1 Overall statement on economic position

The preparation and implementation of the transaction with Fresenius / Helios had a noticeable impact on our result. A process of this scale ties considerable management resources within the Company at all levels and resulted in extraordinary burdens. The announcement alone triggered all manner of speculation and led to personnel changes within the management of the Group and the hospitals. Irrespective of the extraordinary burdens by which financial year 2013 was marked, we have had to observe for some time that, although the trend in growth within the sector overall continues to be positive, it has been losing some momentum compared with the previous dynamic years. There are many different reasons for that: in part, previously purely inpatient treatments are now being replaced by outpatient offerings. Likewise, the cost pressures specific to the sector continue to make themselves felt in all areas.

Nonetheless, in financial year 2013, a total of 2,654,249 (same period last year: 2,555,822) patients put their trust in us – that translates into 98,427 patients or 3.9% more than in the same period last year. Net consolidated profit declined slightly by 2.6% to € 90.0 million (previous year: € 92.4 million). Net consolidated profit was achieved on the back of increases in revenues of 5.2%.

Against the background of the burdens described, this result is acceptable and satisfactory overall. Already now, but even more so as we forge ahead with our strategic re-orientation, lifting our earnings strength will be the focus of our efforts. As the demographic trend shows, key indicators continue to point to growth in the long term. In the short-to-medium term, we expect our Company to see a stable market environment in which we can expect low but still steadily positive rates of growth in our service volumes and revenues.

Our objective is to integrate our hospitals with one another in such a way as to consistently reap synergies and operate more efficiently overall. With a leaner Company resulting from this transaction, positive and favourable prospects are opened up for the future.

2.3.2 Trend in service volumes

The following changes in bed capacities have occurred compared with the previous year:

	Hospitals	Beds
As at 1 January 2013	54	17,089
Change in requirement budgets (net)	–	24
As at 31 December 2013	54	17,113

As at 31 December 2013 our consolidated financial statements included 54 hospitals with 17,113 beds/places at a total of 43 sites in 10 federal states. Since 31 December 2012, we witnessed only a moderate net change in the number of approved beds/places (24) at our acute inpatient capacities in line with the requirement budgets in the individual federal states.

	Approved beds/places 2013	Approved beds/places 2012	Change absolute	Change %
Inpatient capacities				
acute hospitals	15,233	15,230	3	0.0
rehabilitation hospitals and other inpatient facilities	1,371	1,356	15	1.1
	16,604	16,586	18	0.1
Day-case and day-clinical capacities	509	503	6	1.2
Total	**17,113**	**17,089**	**24**	**0.1**

By 31 December 2013 we opened or acquired 39 MVZs Group-wide with a total of 179.00 specialist doctor's practices for the most part at or near our hospital sites. The disposals of specialist doctor's practices result in neither ordinary depreciation nor impairments.

	Date	MVZs	Specialist physician practices
As at 1 January 2013		41	199.50
Opened/acquired			
MVZ Indersdorf	1 July 2013	1	2.00
Extensions			
Various sites		–	7.75
Disposals			
Various sites		–3	–30.25
As at 31 December 2013		39	179.00

Patient numbers at our hospitals and MVZs developed as follows:

January to December	2013	2012	Change absolute	%
Inpatient and day-case treatments				
acute hospitals	755,831	722,542	33,289	4.6
rehabilitation hospitals and other facilities	11,520	11,350	170	1.5
	767,351	**733,892**	**33,459**	**4.6**
Outpatient attendances				
at our acute hospitals	1,192,418	1,112,109	80,309	7.2
at our MVZs	694,480	709,821	–15,341	–2.2
Total	**2,654,249**	**2,555,822**	**98,427**	**3.9**

A total of 2,654,249 patients were treated at our hospitals and medical care centres (MVZ) in financial year 2013. That translates into an increase of 98,427 patients or 3.9% compared with the year before. Of this increase, patients treated on an inpatient and day-care basis account for roughly 34.0% and outpatient treatments account for 66.0%. After deducting consolidation effects (HSK-Gruppe and first-time inclusions at the MVZs), this translates into organic growth in patient numbers of 20,098 patients or 0.8%. Of this growth, 10,342 patients or 1.4% are attributable to the inpatient area and 9,756 patients or 0.5% are attributable to the outpatient area.

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

January to December	2013	2012
Case revenue		
inpatient (€)	3,676	3,649
outpatient (€)	102	103

Compared with the same period of the previous year, average per-case revenue in the inpatient area rose by € 27 or 0.7%, helped in particular by the trend in prices as well as the trend in case severity and discounts on surplus service volumes. In the outpatient area, average per-case revenues stabilised at the level of the previous year.

2.3.3 Results of operations

For computational reasons rounding differences of ± one unit (€, %, etc.) may occur in the tables below.

Also in financial year 2013, the Group of RHÖN-KLINIKUM AG continued its development to becoming an integrated provider of healthcare services. With the sale of a large portion of our hospitals to Fresenius / Helios and the re-orientation of the portfolio and strategy, we are also embarking upon a new era in our Company history. Ultimately, the aim is to transform RHÖN-KLINIKUM AG from a heterogeneously decentralised hospital network into an integrated healthcare group focusing on university-based cutting-edge medical care.

Thanks to the further moderate growth in patient numbers, we achieved revenues of € 3,013.8 million in financial year 2013. Net consolidated profit declined slightly by 2.6% to € 90.0 million. In this context, the preparation and implementation of the transaction with Fresenius had a noticeable impact on the trend in earnings in the fourth quarter of 2013. Irrespective of these extraordinary burdens, we have been observing for some time that, although the trend in growth within the sector overall continues to be positive, it has been losing some momentum compared with the previous dynamic years.

There are many different reasons coming into play here: in part, previously purely inpatient treatments are now being replaced by outpatient offerings. Healthcare policy discussions such as those relating to presumably superfluous operations, irregularities in transplantations and other actual and alleged scandals affecting healthcare facilities may also be having an effect. Cost pressures specific to the sector also continue to make themselves felt in all areas. Taken together, these factors are having a negative impact on the market environment.

The ever widening gap between revenues and costs seen within the hospital sector for several years continues to have an impact on the operating side. We as the RHÖN-KLINIKUM Group, however, are used to developing and implementing effective strategies to meet the ongoing regulatory and market challenges within the healthcare system. To this end we must integrate our hospitals in such a way as to consistently reap synergies and operate even more efficiently overall. Together with the leaner Company resulting from this transaction, this opens up positive and favourable prospects.

The Group's economic performance is shown as follows based on the key figures used for management purposes:

January – December	2013 € m	2012 € m	Change € m	%
Income				
Revenues	3,013.8	2,864.9	148.9	5.2
Other income	216.2	206.4	9.8	4.7
Total	**3,230.0**	**3,071.3**	**158.7**	**5.2**
Expenditure				
Materials and consumables used	791.7	753.3	38.4	5.1
Employee benefits expense	1,840.4	1,740.4	100.0	5.7
Other expenditure	322.5	285.6	36.9	12.9
Total	**2,954.6**	**2,779.3**	**175.3**	**6.3**
EBITDA	**275.4**	**292.0**	**–16.6**	**–5.7**
Depreciation	119.7	141.2	–21.5	–15.2
EBIT	**155.7**	**150.8**	**4.9**	**3.2**
Financial result	38.0	36.6	1.4	3.8
EBT	**117.7**	**114.2**	**3.5**	**3.1**
Income taxes	27.7	21.8	5.9	27.1
Net consolidated profit	**90.0**	**92.4**	**–2.4**	**–2.6**

In financial year 2013, revenues rose by € 148.9 million or 5.2% to reach € 3,013.8 million (previous year: € 2,864.9 million), of which our acute and rehabilitation hospitals accounted for € 2,955.3 million (previous year: € 2,807.5 million) and our medical care centres (MVZs) accounted for € 58.5 million (previous year: € 57.4 million). Organic growth accounts for € 68.2 million, or 2.4%, of this rise.

Compared with the same period last year, the other income item witnessed a rise of € 9.8 million or 4.7% to reach € 216.2 million. Adjusting for the one-off accounting income effects recorded in the previous year from the separate accounting in Gießen and Marburg totalling € 6.5 million as well as the € 1.3 million higher one-off profits on the disposal of assets in the previous year, this translates into a rise of € 17.6 million. This increase is primarily attributable to higher income from services to the tune of € 17.4 million resulting in particular from a further rise in sales of pharmaceuticals above all in the area of cytostatics as well as from higher rental income. Changes in the scope of consolidation account for € 5.6 million of the other income item.

After a result of € 24.3 million (previous year: € 34.3 million) for the first quarter of 2013, of € 26.5 million (previous year: € 16.0 million) for the second quarter, and of € 17.7 million (previous year: € 20.2 million) for the third quarter, we generated earnings of € 21.5 million (previous year: € 21.9 million) in the fourth quarter.

	2013 %	2012 %
EBITDA margin	9.1	10.2
EBIT margin	5.2	5.3
EBT margin	3.9	4.0
Return on revenue	3.0	3.2
Return on equity (after taxes)	5.5	5.8

Our ratios, with reference to revenues, developed as follows:

	2013 %	2012 %
Cost of materials ratio	26.3	26.3
Personnel cost ratio	61.1	60.7
Other cost ratio	10.7	10.0
Depreciation and amortisation ratio	4.0	4.9
Financial result ratio	1.3	1.3
Tax expenditure ratio	0.9	0.8

Compared with the previous year the cost of materials, based on a constant cost-of-materials ratio of 26.3%, increased by € 38.4 million or 5.1% to reach € 791.7 million (previous year: € 753.3 million). Material expenditure includes services purchased from locum staff, which only in some cases compensate original personnel expenditures. Adjusted for the effect of locum doctors, the cost-of-materials ratio rose slightly compared with the previous year from 24.9% to 25.0%. Disregarding consolidation effects, the increase in material expenditure (€ 14.4 million or 1.9%) was disproportionately moderate compared with the increase in (likewise adjusted) revenues (€ 68.2 million or 2.4%).

Despite restructuring successes achieved throughout the Group as well as efficiency gains, personnel expenses rose compared with financial year 2012 by € 100.0 million or 5.7% to reach € 1,840.4 million, and the personnel expense ratio increased from 60.7% to 61.1%. At the long-standing subsidiaries, the rise was € 48.2 million or 2.8%. This is primarily attributable to the relatively high wage deals concluded at facilities of RHÖN-KLINIKUM AG in the second half of 2012. Statutory social security contributions and retirement pension expenses as a percentage of the wage bill amounted to 20.5% (previous year: 20.5%).

In other expenditures, an increase by € 36.9 million or 12.9% is reported. The corresponding expenditure ratio climbed from 10.0% to 10.7%. Of this rise, € 25.0 million or 8.7% is accounted for by our long-standing subsidiaries and € 11.9 million or 4.2% is attributable to consolidation effects. The higher expenditures at the long-standing subsidiaries are accounted for among other things by legal and consultancy fees in connection with the sale of hospitals, MVZs and other affiliated interests to Fresenius / Helios.

The depreciation item declined compared with the same period of the previous year by € 21.5 million or 15.2% to € 119.7 million. Of this decline, € 20.5 million is attributable adjustments in connection with IFRS 5. According to IFRS 5, non-current assets may not be amortised as long as they are classified as assets held for sale. Adjusted for this effect, the depreciation item declined by € 1.0 million or 0.7%.

The net financial result declined by € 1.4 million or 3.8% compared with the same period last year. The rise essentially results from the further decline in capital market interest rates which negatively impacted our investment portfolio. Changes in the market values of financial instruments, which are recognised through profit or loss, brought about an increase of € 0.0 million in earnings in financial year 2013 (previous year: € 0.1 million) – in each case before tax. Further depreciation resulting from the change in the level of interest rates of the swaps we acquired for hedging against interest rates were recognised directly in equity in the aggregate amount of € 10.0 million (previous year: depreciation of € 0.7 million).

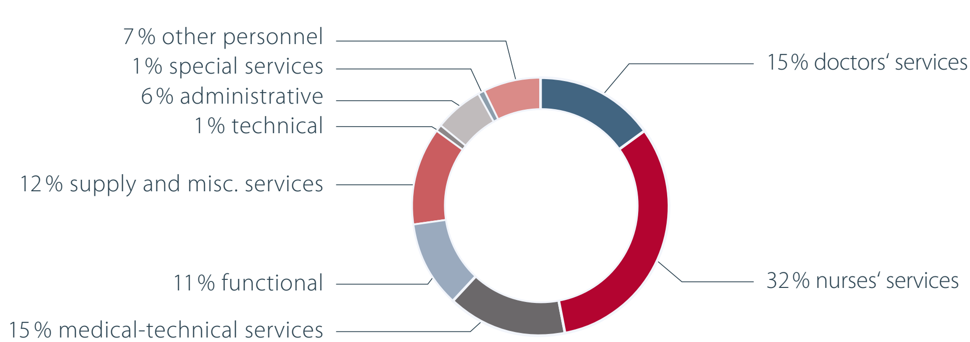
At an unchanged rate of taxation, the income tax expense item rose by € 5.9 million to € 27.7 million (previous year: € 21.8 million) compared with same period of the previous year. The rise essentially results from the transfer of deferred tax assets to loss carry-forwards at those companies which are intended for sale and whose loss carry-forwards can no longer be used for tax purposes with the transferee. An expenditure increasing effect also came from the rise in the tax assessment basis.

Net consolidated profit declined slightly by € 2.4 million or 2.6% to € 90.0 million (previous year: € 92.4 million). Non-controlling interests in profit rose compared with the same period last year by € 1.1 million to € 3.4 million.

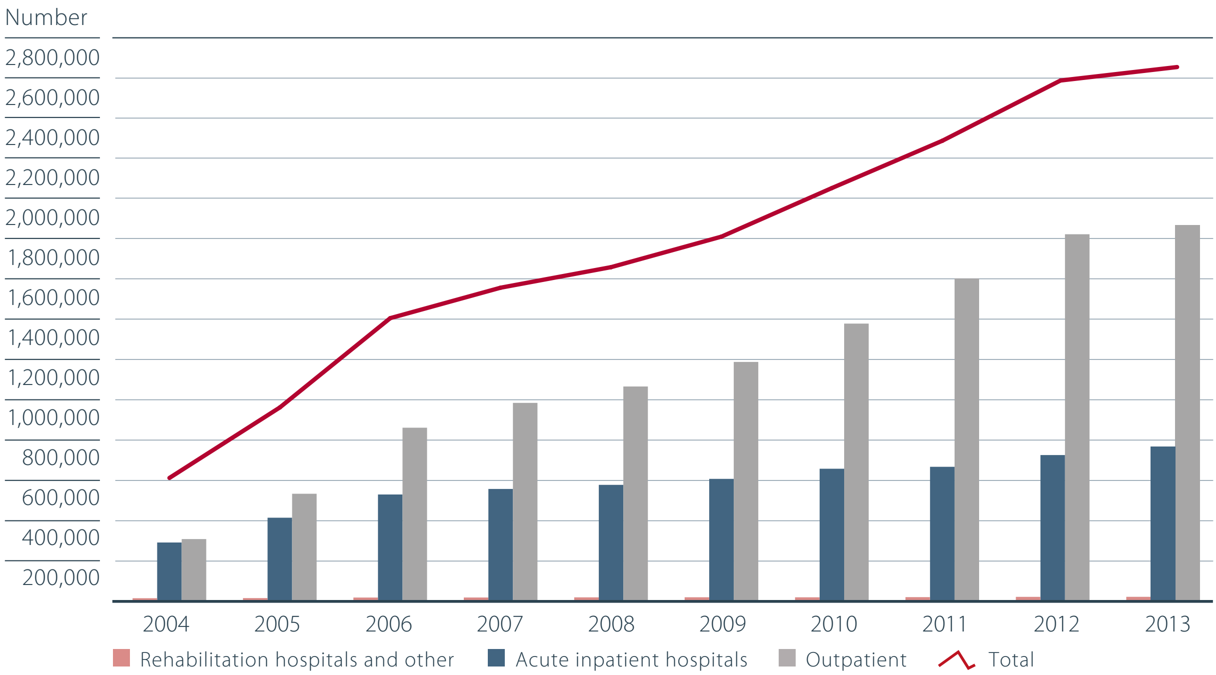
On 13 September 2013, we lowered the forecast for 2013 stated in the 2012 Group Management Report based on the transaction announced at that time and its unforeseeable impact. We reached the forecast revenue of € 3.03 billion within the fluctuation range. EBITDA amounting to € 325 million was not reached due to one-off effects of roughly € 30 million to € 40 million particularly in connection with the transaction, as well as operative deviations of around € 10 million to € 15 million particularly in the fourth quarter. In the net consolidated profit totalling € 110 million, the deviation arises for the reasons mentioned above for EBITDA, the lower depreciation item as a result of IFRS 5 as well as the derecognition of deferred tax based on the transaction as described in the results of operations.

The interest of RHÖN-KLINIKUM AG shareholders in profit for financial year 2013 declined by € 3.5 million or 3.9% to € 86.6 million (previous year: € 90.1 million) compared with the previous year. This translates into earnings per share of € 0.63 (previous year: € 0.65) in accordance with IAS 33.

ANALYSIS OF PERSONNEL AT RHÖN-KLINIKUM GROUP



NUMBER OF CASES (PATIENTS TREATED) AT RHÖN-KLINIKUM GROUP



The total result (sum of net consolidated profit and other earnings) for financial year 2013 stands at € 100.1 million (previous year: € 91.5 million). Whereas in the previous year, negative changes in the market values of our financial instruments of € 0.7 million (after tax) as well as actuarial losses of € 0.2 million (after tax) were recognised directly at equity, positive changes in the market values of our financial instruments to the tune of € 10.0 million (after tax) as well as an actuarial loss amounting to € 0.0 million (after tax) also had to be recognised directly at equity in financial year 2013.

2.3.4 Net assets and financial position

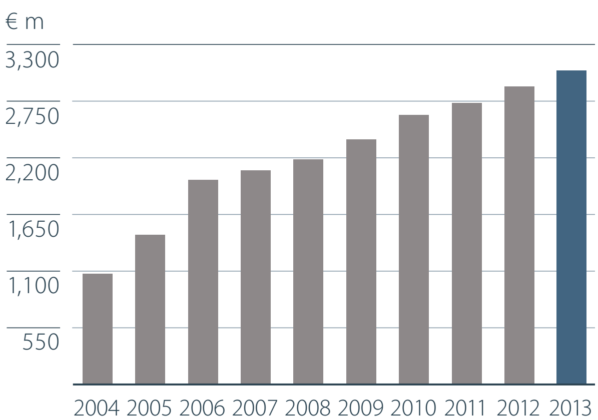
	31 Dec. 2013 € m	%	31 Dec. 2012 € m	%
ASSETS				
Non-current assets	886.9	28.6	2,381.6	74.8
Current assets	2,211.3	71.4	802.9	25.2
	3,098.2	100.0	3,184.5	100.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	1,666.7	53.8	1,606.9	50.5
Long-term loan capital	742.6	24.0	841.8	26.4
Short-term loan capital	688.9	22.2	735.8	23.1
	3,098.2	100.0	3,184.5	100.0

The balance sheet total declined by 2.7% to € 3,098.2 million compared with the previous year's level of € 3,184.5 million. This decline stems essentially from the redemption of financial liabilities.

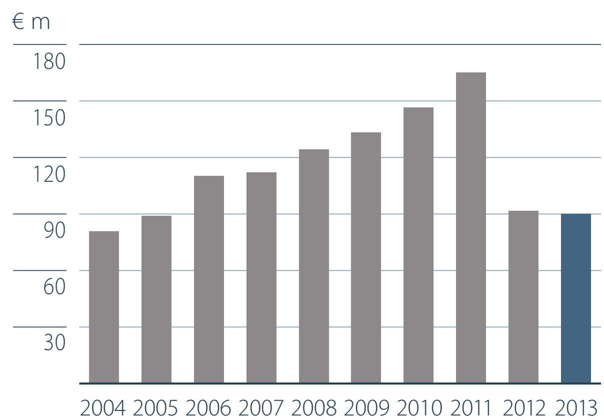
In connection with the share purchase agreement between RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA and the application of IFRS 5 relating thereto, the assets and liabilities held for sale were reported separately in the Consolidated Balance Sheet under separate current balance sheet items – on both the assets and liabilities side. On the assets side, € 1,473.5 million was reclassified from non-current assets to current assets, and on the liabilities side € 77.7 million from non-current debt capital to current debt capital.

The equity capital ratio saw a slight rise compared with the last reporting date, from 50.5% to 53.8%. Equity now stands at € 1,666.7 million (previous year: € 1,606.9 million). The increase by € 59.8 million stems from net consolidated profit of € 90.0 million as well as from the recognition of positive changes in the market values of financial derivatives designated as interest-rate hedging instruments (€ 10.0 million), which compare with dividends paid to shareholders and non-controlling interests (€ 37.0 million) as well as the 43.9% increase in the interest held in Altmühltalklinik-Leasing-GmbH (€ 3.2 million). Additional

REVENUE



NET CONSOLIDATED PROFIT ACCORDING TO IFRS



equity capital transactions relate to the capital contribution of a service company (€ 0.1 million) and the capital payment of an MVZ company (€ 0.1 million).

The negative market values of financial derivatives designated as interest hedging instruments are recognised at € 20.9 million in total (previous year: € 30.9 million) as a deduction item after taking into account deferred tax.

271.7% (previous year: 102.8%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. The rise is attributable to the reclassification of items of non-current assets and liabilities to current items in connection with IFRS 5 and the separate reporting of assets and liabilities held for sale. Net financial debt to banks declined since the last reporting date from € 801.6 million by € 71.0 million to € 730.6 million as a result of the redemption of financial liabilities. Net financial debt is calculated as follows:

	31 Dec. 2013 € m	31 Dec. 2012 € m
Cash	**156.9**	**237.0**
Current financial liabilities	121.1	267.0
Non-current financial liabilities	750.8	767.7
Liabilities under finance leases	41.1	41.2
Financial liabilities	**913.0**	**1,075.9**
Subtotal	**756.1**	**838.9**
Negative market value of derivatives (current)	0.0	–3.0
Negative market value of derivatives (non-current)	–25.5	–34.3
Net financial debt	**730.6**	**801.6**

Including held-for-sale assets and liabilities

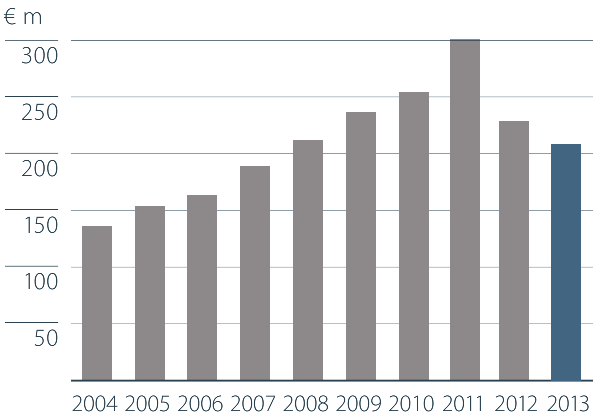
The origin and appropriation of our liquidity are shown in the following overview:

January to December	2013 € m	2012 € m
Cash generated (+)/utilised (–) by operating activities	210.4	139.1
Cash generated (+)/utilised (–) in investing activities	–101.2	–180.3
Cash generated (+)/utilised (–) by financing activities	–212.3	–178.8
Change in cash and cash equivalents	**–103.1**	**–220.0**
Cash and cash equivalents at 1 January	219.9	439.9
Cash and cash equivalents as at 31 December	**116.8**	**219.9**
of which held-for-sale cash and cash equivalents as at 31 December	127.0	–
of which cash and cash equivalents not held for sale as at 31 December	**–10.2**	–

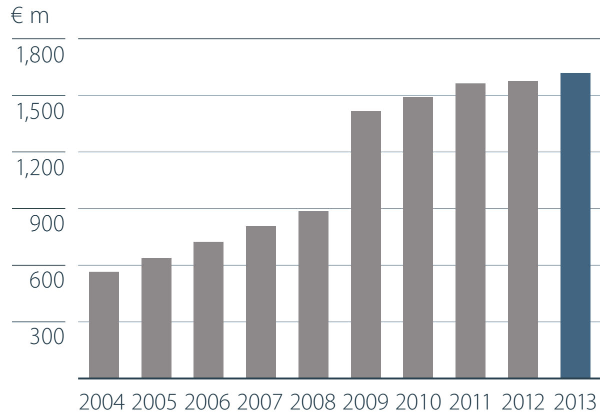
In financial year 2013, cash generated from operations amounted to € 210.4 million (previous year: € 139.1 million). The rise stems in particular from the € 52.2 million reduction in accounts receivable as a result of measures initiated and implemented to improve cash management.

The decline in cash used in investment activities is attributable to the previous year's acquisition of HSK-Gruppe that resulted in € 44.1 million being used in investment activities in financial year 2012. The reduction in cash used in investment activities in financial year 2013 was also attributable to lower investments in property, plant and equipment as well as in intangible assets.

CASH-FLOW



EQUITY ACCORDING TO IFRS



The redemption of financial liabilities, comparing with lower dividend payments, resulted in a € 33.5 million increase in cash used in financing activities and a corresponding decline in cash and cash equivalents as at the balance sheet date.

The finance management department of RHÖN-KLINIKUM Group is essentially centrally organised and encompasses the functions of raising capital, Group-internal liquidity management as well as settlement. The processes implemented give due regard to the fundamental principles of checks performed by a second person, segregation of functions as well as transparency. We have established the finance management department as a service provider within our business model.

Our finance management has to deal with the competing goals of securing liquidity, minimising risk, and ensuring profitability and flexibility.

In this regard, top priority is given to securing liquidity with the objective of fixing terms at matching maturities and in line with the Company's planning and project horizon. Apart from internal cash flows, various credit lines which are provided by several financial institutions and are independent from one another are available in sufficient volume to secure liquidity. Cash is invested on extremely conservative terms.

As a secondary condition, the objective of limiting financial risks is to manage follow-on financings and interest rate fluctuations. Given the long-term business model of RHÖN-KLINIKUM AG, our finance requirement is in the same way secured in the long term. Risks of refinancing and interest rate fluctuations were consistently limited by debt financing schemes and interest hedging transactions structured on a long-term sliding basis. One positive result is that our interest expense is predictable in the medium term.

As a further secondary condition, the structuring of our financial instruments reflects the requirements of a market profitability profile. For cash investments and borrowing we seek to achieve optimum levels of expenditure and return.

We manage our financing structures using the following key financial ratios:

	Key financial ratios		
	Target value	2013	2012
Net debt to banks/EBITDA	≤ 3.5	2.65	2.75
EBITDA/net interest expenditure	≥ 5.0	7.23	7.96

Compared with the same period last year, operating cash flow, calculated from net consolidated profit plus depreciation/amortisation and other non-operating items (balance of profits and losses from disposals of assets, income from the market valuation of derivatives), declined by € 21.3 million or 9.2% to € 211.0 million (previous year: € 232.3 million).

As at the balance sheet date, we have cash investments available in the short term as well as available credit lines together amounting to roughly € 330.1 million (excluding held-for-sale entities). Our medium-to-long-term financing requirement is monitored on a continuous basis.

2.3.5 Investments

Aggregate investments of € 177.4 million (previous year: € 326.4 million) in financial year 2013 are shown in the following table:

	Use of grants € m	Use of own funds € m	Total € m
Current capital expenditure	58.6	118.3	176.9
Takeovers	0.0	0.5	0.5
Total	**58.6**	**118.8**	**177.4**

In financial year 2013, we invested a total of € 177.4 million (previous year: € 326.4 million) in intangible assets, in property, plant and equipment as well as in investment property. Of this total, € 58.6 million (previous year: € 52.9 million) relates to grants under the Hospital Financing Act (KHG) reflected as a deduction from acquisition cost.

In the consolidated financial statements we report net investments of € 118.8 million (previous year: € 273.5 million). Assets and specialist doctor's practices acquired on takeovers accounted for € 0.5 million (previous year: € 148.8 million) and current capital expenditure for € 118.3 million (previous year: € 124.7 million) of total net investments during the year under review.

Investments in connection with takeovers are attributable to the acquisition of doctor's practices (€ 0.5 million, previous year: € 9.6 million) and to assets acquired on new acquisitions and takeovers (€ 0.0 million, previous year: € 139.2 million).

An analysis of investments in financial year 2013 by region is given below:

	€ m
Bavaria	45.8
Baden-Wuerttemberg	14.6
Brandenburg	3.8
Hesse	35.4
Mecklenburg-West Pomerania	0.1
Lower Saxony	23.1
North Rhine-Westphalia	23.9
Saxony	9.2
Saxony-Anhalt	7.2
Thuringia	14.3
Total investment	**177.4**
Deduct: grants under KHG	58.6
Net investment	**118.8**

Under company purchase agreements entered into, we still have outstanding investment obligations of € 137.6 million until 2022 that we will invest in future extensions and modernisation measures. These obligations for the most part relate to new hospital buildings or refurbishments of existing hospital buildings, as well as investments in medical technology, which are slated to come on stream in 2022. Upon consummation of the sale of our hospitals, MVZs and other interests as well as after all conditions of validity for the transaction are met, these obligations will be transferred to Helios Kliniken GmbH and affiliated companies.

2.3.6 Employees

On 31 December 2013, the Group employed 43,363 persons (31 December 2012: 43,059):

	Number
As at 31 December 2012	**43,059**
Change in employees at hospital companies	271
Change in employees at MVZ subsidiaries	–6
Change in employees at service companies	39
As at 31 December 2013	**43,363**

This increase by 304 versus the reporting date of 31 December 2012 is attributable, among other things, to 271 staffing increases at our long-standing facilities.

Doctors accounted for 14.8% (previous year: 14.6%) of the total headcount on the reporting date, while nursing and medical-technical staff accounted for 56.6% (previous year: 56.3%). On average over the year, we recorded a rise of 2.8% in full-time staff. As in the previous year, the share of women remains at around 75%.

3 REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale of a portfolio of 43 facilities, medical care centres (MVZs) and other affiliated interests. Following the transaction, the Group will have combined revenues of some € 1 billion, roughly 5,300 beds and 15,000 employees. Approval was granted by the German Cartel Office in February 2014 for the sale of 40 hospitals, MVZs and other affiliated interests. After all conditions of validity have been met, effective control over the entities will be transferred to Fresenius / Helios. As at the key date of 31 December 2013, the assets and liabilities held for sale will be reported separately on the Group balance sheet under the items “Assets held for sale” and “Liabilities held for sale” applying IFRS 5. In this regard we refer to the disclosures in the Notes to this Annual Report. We are not able to assess the financial impact of this event after the balance sheet date.

In the stand-alone annual financial statements of RHÖN-KLINIKUM AG, a net distributable profit for financial year 2013 of € 1,704.5 million is reported. This net distributable profit arises from part of the sold hospitals for which the conditions of profit realisation were met as on the key date.

Apart from that, no particularly significant events have occurred since 31 December 2013 that are expected to have a material influence on the net assets, financial position and results of operations for the Group of RHÖN-KLINIKUM AG.

4 FORECAST REPORT

4.1 STRATEGIC OBJECTIVES

We are focusing on expanding competencies oriented on science-driven medical care while remaining one of the largest hospital operators in Germany. Our high level of investments, which were financed from the surpluses generated by our hospitals, is what forms the basis of sustainable, efficient and thus also affordable hospital care. In this regard we deliberately focus on the real needs of patients and create the basis for the patient-oriented, accessible medical care of tomorrow.

In future also, sound organic and acquisition-driven growth will be the main factor behind the Group’s development. Within the bounds set by legislation within the German healthcare system, organic growth is possible only to a limited extent.

We will not lose sight of the qualitative and quantitative broadening of our service offering at our existing sites. Together with co-operation partners we are seeking to establish in our regions a full-coverage healthcare network.

Within our Group we will consistently promote the transfer of knowledge between our university hospitals in Gießen and Marburg as well as our other scientific sites. All our hospitals are to have access as quickly as possible to the latest scientific findings implemented in diagnosis and treatment procedures.

4.2 ECONOMIC AND LEGAL ENVIRONMENT

Based on recent events in Europe, the outlook for the further trend in the German economy is uncertain. The economic outlook for the euro zone continues to be on a downward trend given its risks. Leading economic institutes expect gross domestic product within the euro zone to see a further slight decline. A sustained stabilisation would be possible only if the countries actually succeeded in implementing the planned reform and if the political situation stabilised.

According to forecasts for 2013, the statutory health insurance funds and the Central Health Fund are once again witnessing record surpluses.

Given changes in demographics, we expect demand for hospital services to continue to rise in the current year 2014 and in the coming years. However, this rising demand is not being fully reflected in terms of remuneration 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. On the cost side we expect that the year 2014 will also see significant rises in wages and the cost of materials of over 2% to 3% which will not be offset on the revenue side.

The remuneration of hospitals did see a slight improvement with the new provisions on the orientation value (Orientierungswert) introduced at the beginning of August 2013. The purpose of the orientation value, to be calculated by the German Federal Statistical Office (Destatis) from the trend of various cost components, is to define the scope of price adjustments for hospital services. Originally, it was to completely replace the rate of change in aggregate income (Grundlohnrate) as the assessment basis. Under the new provision, however, the orientation value is compared with the rate of change in aggregate income, with the higher value being applied. For 2014 the rate of change in aggregate income will be applied.

In addition, during financial year 2014 hospitals have to accept a discount of 25% on so-called surplus service volumes agreed with the health insurance funds. For surplus service volumes not agreed, the statutory provisions provide for discounts of 65.0%. Based on price increases at the upper end of the original assumptions of 2.0% to 3.0% for personnel expenses and a capped price increase rate included in the state base rates, earnings will have to cope with further charges that will have to be offset accordingly.

Irrespective of the wage gap in the personnel area, the 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 not only this task, but also increasing calls 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.

For the healthcare environment in Germany and in particular for the hospitals, additional efficiency reserves must be available or hospitals will have to be able to unlock these efficiency reserves through suitable investment measures. If this does not happen, existing earnings and margin pressures will further persist.

As a result, the trend of selection amongst service providers will continue and intensify. In our view, only those hospitals that are able to continually expand their service portfolio while at the same time improving the quality of clinical processes for patients can look forward to a sustainable and independent existence on the market. We review and optimise our processes and strategies on a continuous basis. Building on that, we will make a Group-wide response to the challenges of healthcare policy. We therefore see ourselves in a very good position in terms of our growth prospects, also for the coming year.

4.3 FORECAST

The sale of a total of 40 hospitals to Fresenius / Helios initiated in financial year 2013 was another path-breaking chapter in the long-standing success story of our Company. The transaction sets the stage for the re-orientation of our Group – with a lean portfolio and new strategy. In this context, the focus on cutting-edge medical care backed by university medical science will further strengthen our core philosophy of providing outstanding medical care for all.

After the successful transaction we are now reaping the fruits of our work. We will not only give our shareholders a reasonable share in the sale proceeds, but also have a more than solid basis to take on the challenges of the future. Within the new Group structure, we will put emphasis on raising our earnings strength and efficiency without making comprises in terms of treatment quality.

For RHÖN-KLINIKUM AG, a new era begins. With ten hospitals at five sites and some 15,000 employees, we will now focus on expanding competencies oriented on science-driven medical care while remaining one of the largest hospital operators in Germany. This focused strategy and leaner portfolio will enable us in future to concentrate all our efforts on offering our patients first-class and at the same time affordable medical services. Within a reasonable period this will also have positive effects on earnings strength.

For financial year 2014, we see the RHÖN-KLINIKUM Group in future with roughly 5,300 beds in ten hospitals at five sites in four federal states. We will reach the forecast for revenues of roughly € 1 billion with roughly 15,000 employees. With the "new" RHÖN, too, we will continue to be one of the largest hospital operators in Germany. We can provide an outlook for our 2014 results only to a limited extent. That is owing to the disposal gain to be reported from the transaction as well as the as yet incomplete structural re-orientation of the Company and the extraordinary effects caused by the transaction that will yet arise in 2014. We will generate earnings before interest, tax and depreciation/amortisation (EBITDA), including the gain on disposal, of over € 1 billion. This is mainly attributable to the as yet incomplete structural re-orientation of the Company as well as the extraordinary effects yet to be caused by the transaction. For 2015, the Company's first full financial year under the new structure, we expect the RHÖN-KLINIKUM Group to witness revenues in the range of € 1.06 billion to € 1.12 billion as well as earnings before interest, tax and depreciation/amortisation (EBITDA) of between € 145 million and € 155 million. Our outlook is of course subject to any regulatory measures impacting our remuneration structure in the coming year.

5 OPPORTUNITIES AND RISK REPORT

Within the network of RHÖN-KLINIKUM AG, we regard managing risks and opportunities and controlling the same on a sustainable basis as a core corporate task firmly enshrined in our management culture. Our value-oriented corporate strategy is also designed to protect the Company's resources from risks of substantial losses and to identify new opportunities whilst safeguarding the interests of our shareholders and other capital market participants. Our implemented risk management system fully meets the statutory requirements for early detection of risks posing a threat to the Company's existence:

Our corporate activity is inseparably bound up with risks and opportunities, as only companies that recognise their material risks in time and take steps to systematically counter the same are also able to exploit in an entrepreneurially responsible manner the opportunities arising for them. Particularly our patients rely on us to adequately manage opportunities and risks. As a provider of healthcare services, we always regard the risk posed to the life and health of our patients as the greatest risk, since in the medical and nursing areas even the smallest mistakes can have devastating consequences. For this reason, measures designed to avoid such risks are given top priority. This involves continuously weighing up opportunities against the risks.

5.1 RISK REPORT

5.1.1 Risk management system

The Board of Management of RHÖN-KLINIKUM AG has implemented a Group-wide risk management system whose objective is to detect imminent risks early on and to specifically counter the same in a systematic process. The risk management function implemented within company headquarters has the task of further developing the risk management system continuously along the lines of best practice while adjusting it to new insights and requirements as necessary. The risk management function also allows the reporting of opportunities. Our risk management system is based on a Group risk guideline as well as further explanatory documents. The Group risk guideline describes both the principles of risk management and the requirements for the risk management process that is uniformly binding on the Group as a whole and the corresponding duties and responsibilities. The actual risk management process is documented using a software solution specially purchased for this purpose. By regularly reviewing, evaluating and adjusting our risk management system to constantly changing framework conditions, we secure its acceptance within the Company. The Internal Auditing department is entrusted by the Board of Management with the process-dependent review of matters on an event-driven basis. In this connection, it also monitors the operability and correct application of risk management requirements in sub-divisions or companies of RHÖN-KLINIKUM AG.

Principles of our risk management

- Everyone is responsible

Every employee has a personal duty to actively prevent harm or damage to our patients, our business partners and the Company.

- Not all risks can be prevented, but each one can be managed

Risks cannot always be prevented, but can be managed through early identification. Means of risk management are risk prevention, risk reduction, risk transfer and risk acceptance. Risks are systematically assessed and documented so as to ensure efficient risk management and enable conclusions to be drawn for the overall risk position. In this context, risks posed to life and health have always been regarded by us as a high risk, as well as our greatest risk.

- Risk management – we want to get better and better

Preventatively defined procedures, clearly defined structures and a sense of responsibility of each individual form the basis of our risk management. To optimise processes on a regular basis and to review compliance with the requirements, each company within the Group must review and assess its risks on an ongoing basis, adjusting to changed conditions. As before, any acute risks that might pose a risk to the company's existence must be reported directly and as quickly as possible to the chairman of the Board of Management.

Our risk management process

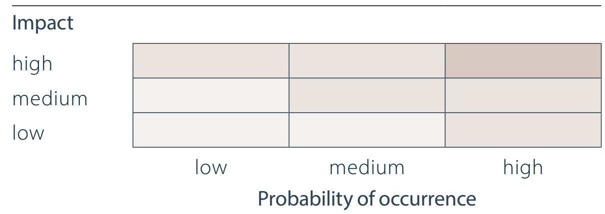
Risk management comprises numerous processes by which risks potentially posing a risk to the realisation of the Company's targets and opportunities can be identified, assessed and managed. The risk management process comprises risk identification, risk analysis and assessment, risk control and management, risk monitoring and risk communication.

In the process of risk identification, the relevant risks are identified and documented in the risk management system. Identification of risks is performed in accordance with responsibilities defined in advance. Given constantly changing circumstances and requirements, risk identification is an ongoing task. Consequently, for us identifying risks and recognising opportunities are integrated into our standard business procedures, since it is only when we are aware of risks and opportunities that we can manage and control them. The primary objective of risk management is to minimise and, where possible, prevent risks while weighing these up against the opportunities they hold. Risks are assessed based on their probability of occurrence and potential monetary impact (amount of damage), with an explanation being provided on the evaluation assumptions and the risk management actions derived therefrom. Means of risk management and control are risk prevention, risk reduction, risk transfer and risk acceptance. In this regard the measures contemplated are to be weighed up in terms of cost-benefit aspects and selected in such a way that the expected probability of occurrence and/or amount of damage are brought to within the Company's own limits of risk tolerance. Within the scope of risk monitoring, implementation of measures introduced and their impact are reviewed. The results of the risk management process are made available at the defined dates. By timely and open communication both internally and externally, we create trust and the basis for self-criticism and an ongoing learning process.

5.1.2 Report on risks

By risks we understand events and potential developments within and outside RHÖN-KLINIKUM AG that might adversely impact the achievement of the Company's stated objectives, future performance of tasks as well as the quality and reputation of RHÖN-KLINIKUM AG.

Not all risks are equally important. To ensure efficient risk management, a systematic assessment of the risks identified is performed. Risk assessment is effected by determining the risk's probability of occurrence and potential monetary impact, giving due regard to already existing and planned measures. Using a risk matrix, probability of default and impact of risks in each case are classified into one of three levels: low, medium, high. Risks with a high probability of occurrence and a high impact are classified as posing a threat to the Company's existence. In terms of probability of occurrence, we define medium probability of occurrence as being greater than 30% and a high probability of occurrence as greater than 70%. With us, a risk's impact is classified as medium if it is greater than € 0.5 million and high if greater than € 1.5 million.



As a healthcare services provider, we 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. In the hospital sector, business prospects and existing risks are typically characterised by long-term cycles. As a result, short-term changes in the market environment are still usually the exception.

The following risk fields have a decisive influence on general business performance as well as the development of our asset, financial and earnings position:

Risks to service volumes

In Germany, hospitals approved under state hospital planning enjoy de facto state regulated protection in their respective catchment area. Traditional market and revenue risks exist only where site closures are ordered or the assessment of a hospital's quality by referring physicians or patients turns out to be significantly worse than for neighbouring hospitals, thus causing large numbers of patients to switch to other hospitals.

Fluctuations in service volumes at our facilities, shifts in service volumes from the inpatient to outpatient sector, 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, we can identify adverse developments early and take corrective action as appropriate and necessary.

Operating risks

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. This need for co-operation exists 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.

In addition to the typical clinical risk fields in the area of patient safety (hygiene, nursing and medical care), risks are also seen in obsolete medical equipment, fire prevention and EDP failure. Although these risks exist, they are generally assessed as low given the existing measures in place. For risks that cannot be fully averted, the Group has adequate insurance coverage which is regularly reviewed and updated.

Procurement risks

In times of mounting economic pressure on companies from the healthcare sector – in addition to the optimum use of physical resources – it is becoming increasingly important to have qualified and motivated staff.

Hospitals normally have personnel cost ratios of between 50% and 70%. This not only results in a considerable dependence on wage developments. Moreover, the success of facilities within the healthcare sector depends on the ability to recruit sufficiently qualified staff to the required extent at any time in order to achieve the stated growth targets.

For this reason, recruiting and retaining qualified staff at our Company is of key importance to us. Thanks to the establishment and expansion of structured recruiting and qualification concepts for doctors, nursing and healthcare professions as well as for our young executive talent, we see opportunities to efficiently counter the current shortage of personnel and classify personnel risks as relatively low.

With regard to materials procurement, we rely on external providers in the areas of medical facilities, equipment as well as supplies. These business ties can give rise to risks that are triggered, for example, by delivery and quality problems. By ongoing market and product monitoring we ensure that dependencies on sole suppliers, single products and service providers are kept to a bare minimum and classify risks from this area also as low.

General environment and industry risks

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

Reviews under German cartel regulations are routinely performed in the case of corporate mergers. Decisions of the German Cartel Office thus affect the growth of a group operating in the healthcare sector. Within the scope of our sale of 40 hospitals to Fresenius / Helios, the German Cartel Office approved the transfer on 20 February 2014. Any legal risks arising from corporate acquisition agreements are regularly monitored and assessed.

The investigation proceeding against service companies had already been expanded in the course of 2012 against legal entities having a legal contractual relationship with service companies. In the meantime, the administrative offence procedure brought against five hospitals has been discontinued.

We classify general environment and industry risks relating to us as very low.

Financial risks

Since we operate exclusively in Germany, we are not subject to transaction and currency risks.

As at 31 December 2013, the Group has financial liabilities including negative market values of financial derivatives, of € 836.8 million (excluding entities held for sale). We will redeem a large amount of our financial liabilities out of the liquidity inflow received from the sale proceeds of the transaction with Fresenius / Helios. Consequently, we currently see no financing and liquidity risks.

No securities (except for 24,000 treasury shares) are held within the Group of RHÖN-KLINIKUM AG. Likewise, there are no corresponding credit rating and share price risks either.

Results of risk evaluation and overall assessment

In our risk evaluation for financial year 2013, no risks jeopardising our corporate existence were reported to us. The principles of the statutorily prescribed system of early identification of risks jeopardising corporate existence were continued in the reporting year as in the previous years.

As an overall assessment based on our analysis of the risk position within the Group and at its subsidiaries for financial year 2013, we have concluded that there are no risks that could endanger the existence of the subsidiaries or the Group of RHÖN-KLINIKUM AG, and do not see any matters having an adverse effect on corporate development. The risks of the individual companies as well as the Group-wide overall risk position continue to be rated as low.

5.2 REPORT ON OPPORTUNITIES

Similar to the concept of risks, we understand opportunities as events and potential developments within and outside RHÖN-KLINIKUM AG that might favourably impact the achievement of the Company's stated objectives, future performance of tasks as well as the quality and reputation of RHÖN-KLINIKUM AG. The risk management function also allows the reporting of opportunities.

To take advantage of opportunities, it is sometimes necessary to deliberately accept losses. Taking just one example: any medical intervention will expose patients to a risk, but also holds out the prospect or opportunity of recovery and/or cure.

We continue to be steadfast in our efforts at reviewing and optimising our processes and strategies. In financial year 2013 we continued our activities to optimise our sites by conducting reviews of their service portfolios and identifying performance potential and re-oriented our corporate strategy. It was with this in mind that on 13 September 2013 we announced the sale of a large portion of our hospitals and their affiliated companies to Fresenius / Helios. The "new" RHÖN will now concentrate on expanding its science-driven medical care with ten hospitals at five sites. We are convinced that our strategic re-orientation and the current format of our company will give us an even greater competitive edge and open up a further successful chapter in German hospital history.

In this regard we consider the concept of networked medical care as an opportunity for our Group that we are now specifically implementing in practice. Essentially it provides for the creation of a national network of providers in which all outpatient, inpatient and rehabilitation services are provided.

The opportunities of the "new" RHÖN will lie in the close integration of our top hospitals accompanied by a high level of medical quality at an affordable price level, in a close integration of treatment, research and teaching, and in our capacity to stimulate and drive network medical care with attractive earnings and growth prospects.

We now have the opportunity to effect a complete bottom-top overhaul of the Company's structures and thus to make the Group leaner, more efficient and more uniform without thereby depriving our hospitals of the necessary degree of operative independence.

In terms of an overall assessment, we see our Group in very good shape with revenues of roughly one billion euros that we are targeting with roughly 15,000 employees in ten hospitals at five sites. In future, too, we will continue to be one of the largest hospital operators in Germany, albeit no longer with a heterogeneous profile but a clearly focused orientation instead.

6 REPORTING PURSUANT TO SECTION 315 (2) NO. 5 OF THE GERMAN COMMERCIAL CODE (HANDELSGESETZBUCH, HGB) ON INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE ACCOUNTING PROCESS

Within the RHÖN-KLINIKUM Group the accounting-related internal control system is made up of the internal control and the internal monitoring system that ensures preparation of the annual financial statements for the Group of RHÖN-KLINIKUM AG and RHÖN-KLINIKUM AG itself and its subsidiaries. As a component of the internal control system, the risk management system, with reference to accounting, is also concerned with the risk of misstatements in accounting as well as in external reporting.

The accounting-related internal control system within our Group embraces all principles, processes and measures to ensure the effectiveness, efficiency and adequacy of accounting as well as compliance with the relevant legal regulations.

The Group's accounting process is organised in such a way that for each of the subsidiaries on each reporting date – i.e. monthly, quarterly and annually – a financial statement according to the HGB is prepared in the Group's own data centres based on a uniform Group-wide accounting guideline and a uniform Group-wide accounting programme. From these financial statements, a consolidated financial statement is derived for each quarter in accordance with International Financial Reporting Standards (IFRS). The data for the financial statements of the subsidiaries are aggregated to form one consolidated financial statement using certified consolidation software after capital consolidation and a consolidation of expenses and earnings, receivables and liabilities as well as an elimination of any intercompany profits. IFRS-relevant revaluations and/or reclassifications are performed at the Group level according to uniform accounting and valuation methods.

After the end of the respective reporting date, the financial statements are reported promptly to the Group Accounting department and then prepared and published. The financial statements are analysed, subjected to a plausibility test and evaluated together with the Controlling department and in certain cases also with the Internal Auditing department.

Both for the preparation of the separate financial statements according to HGB and for the preparation of the consolidated financial statements according to the valid IFRS, comprehensive accounting requirements and guidelines whose compliance is stringently monitored are observed to ensure uniform accounting. Responsibilities for the preparation of the annual financial statements are clearly defined both for the individual companies and within the Group. The controls applied in this context, which depending on the specific case may be preventive or downstream, manual or automated, give due regard to the principles of segregation of functions.

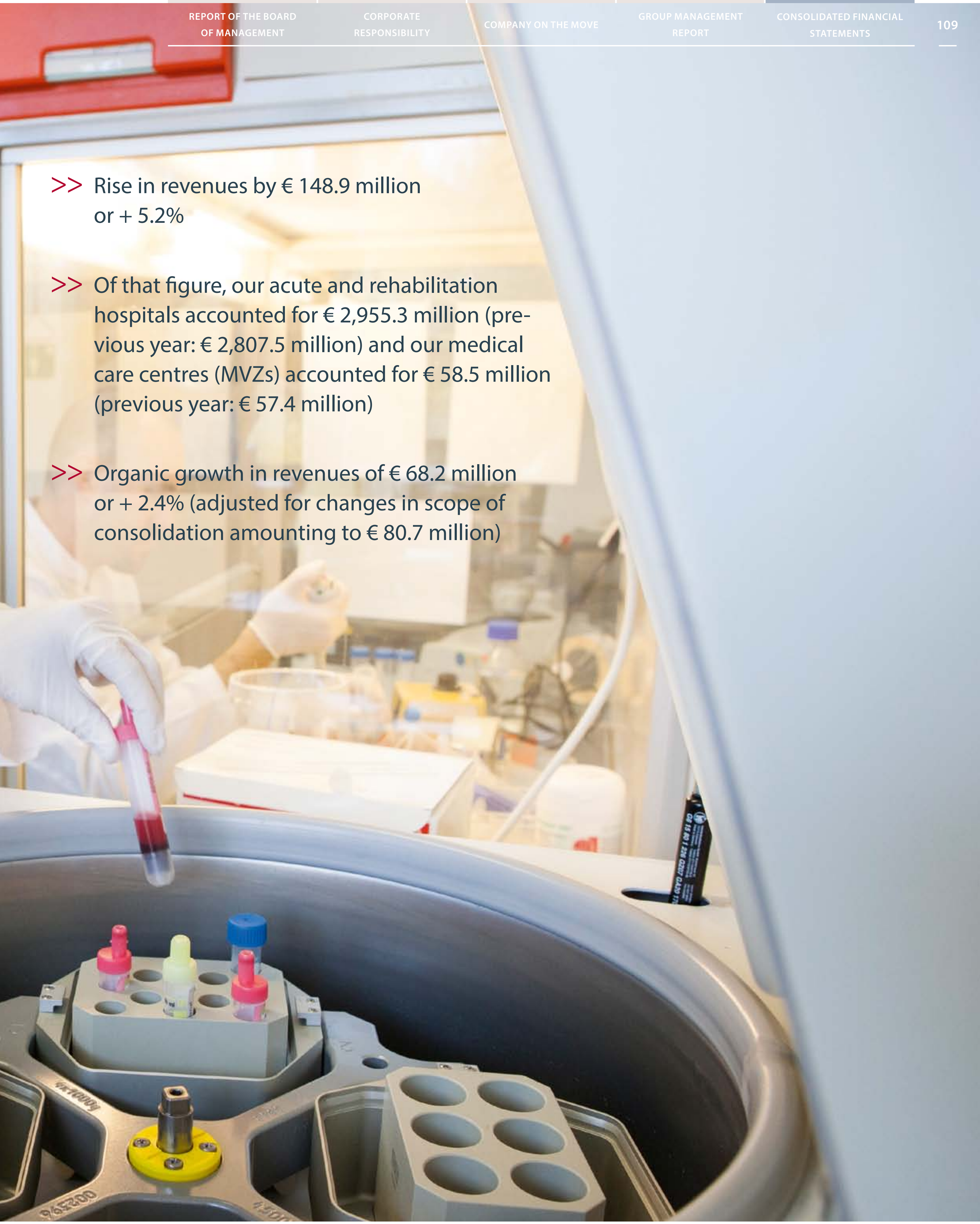
The quarterly financial statements, the half-year financial statements and the annual financial statements are submitted for review to the Audit Committee of the Supervisory Board. The findings of the Audit Committee are documented. Moreover, the Audit Committee also regularly engages the statutory auditor to conduct an accounting-related in-depth audit. If the examinations by the Audit Committee and of the statutory auditor call for improvements in the Group accounting process, these are implemented without delay.

Bad Neustadt a. d. Saale, 20 March 2014

The Board of Management

Martin Menger | Jens-Peter Neumann | Dr. Dr. Martin Siebert

Consolidated financial statements



>> Rise in revenues by € 148.9 million or + 5.2%

>> Of that figure, our acute and rehabilitation hospitals accounted for € 2,955.3 million (previous year: € 2,807.5 million) and our medical care centres (MVZs) accounted for € 58.5 million (previous year: € 57.4 million)

>> Organic growth in revenues of € 68.2 million or + 2.4% (adjusted for changes in scope of consolidation amounting to € 80.7 million)

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2013

ASSETS	Notes	31 Dec. 2013 € '000	31 Dec. 2012 € '000
Non-current assets			
Goodwill and other intangible assets	7.1	163,113	431,041
Property, plant and equipment	7.2	711,908	1,919,694
Investment property	10.3.3	3,195	4,434
Income tax receivables	7.3	6,684	9,480
Deferred tax assets	7.4	1,643	3,273
Other financial assets	7.6	138	11,305
Other assets	7.7	237	2,363
		886,918	2,381,590
Current assets			
Inventories	7.8	21,145	56,907
Accounts receivable	7.9	160,479	439,408
Other financial assets	7.10	10,871	49,252
Other assets	7.11	8,659	13,504
Current income taxes receivable	7.12	5,050	6,815
Cash and cash equivalents	7.13	29,851	237,025
Held-for-sale assets	4	1,975,216	–
		2,211,271	802,911
		3,098,189	3,184,501

Values of previous year adjusted.

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31 Dec. 2013 € '000	31 Dec. 2012 € '000
Shareholders' equity			
Subscribed capital	7.14	345,580	345,580
Capital reserve		395,994	395,994
Other reserves		903,459	839,811
Treasury shares		–76	–76
Equity attributable to shareholders of RHÖN-KLINIKUM AG		1,644,957	1,581,309
Non-controlling interests in equity		21,730	25,557
		1,666,687	1,606,866
Non-current liabilities			
Financial liabilities	7.15	720,388	767,697
Provisions for post-employment benefits	7.16	555	6,167
Other financial liabilities	7.19	21,388	65,870
Other liabilities	7.20	287	2,130
		742,618	841,864
Current liabilities			
Financial liabilities	7.15	116,367	266,976
Accounts payable	7.18	73,420	137,312
Current income tax liabilities	7.21	606	7,026
Other provisions	7.17	16,170	25,389
Other financial liabilities	7.19	41,728	113,101
Other liabilities	7.20	78,207	185,967
Held-for-sale liabilities	4	362,386	–
		688,884	735,771
		3,098,189	3,184,501

Values of previous year adjusted.

CONSOLIDATED INCOME STATEMENT

1 JANUARY – 31 DECEMBER 2013

	Notes	2013 € '000	2012 € '000
Revenues	6.1	3,013,835	2,864,909
Other income	6.2	216,193	206,424
		3,230,028	**3,071,333**
Materials and consumables used	6.3	791,656	753,354
Employee benefits expense	6.4	1,840,407	1,740,358
Depreciation/amortisation and impairment	6.5	119,697	141,161
Other expenses	6.6	322,521	285,647
		3,074,281	**2,920,520**
Operating profit		**155,747**	**150,813**
Finance income	6.8	2,356	6,817
Finance expenses	6.8	40,410	43,464
Financial result (net)	6.8	**–38,054**	**–36,647**
Earnings before tax		**117,693**	**114,166**
Income taxes	6.9	27,666	21,765
Net consolidated profit		**90,027**	**92,401**
of which			
non-controlling interests	6.10	3,379	2,285
shareholders of RHÖN-KLINIKUM AG		86,648	90,116
Earnings per share in €			
undiluted	6.11	0.63	0.65
diluted	6.11	0.63	0.65

Values of previous year adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER 2013

	2013 € '000	2012 € '000
Net consolidated profit	**90,027**	**92,401**
of which		
non-controlling interests	3,379	2,285
shareholders of RHÖN-KLINIKUM AG	86,648	90,116
Change in fair value of derivatives used for hedging purposes	11,931	–780
Income taxes	–1,888	123
Other result (cash flow hedges) subsequently reclassified to income statement if certain conditions have been met	**10,043**	**–657**
Change in actuarial gains/losses from defined benefit and defined contribution pension commitments	0	–285
Income taxes	0	45
Other result (actuarial gains/losses) not subsequently reclassified to the income statement	**0**	**–240**
Other result*	**10,043**	**–897**
of which		
non-controlling interests	0	–5
shareholders of RHÖN-KLINIKUM AG	10,043	–892
Total result	**100,070**	**91,504**
of which		
non-controlling interests	3,379	2,280
shareholders of RHÖN-KLINIKUM AG	96,691	89,224

Values of previous year adjusted.
** Sum of value changes recognised directly at equity.*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Sub-scribed capital	Capital reserve	Retained earnings	Treasury shares	Cash flow-hedges (OCI)	Equity at-tributable to shareholders of RHÖN-KLINIKUM AG	None-controlling interests in equity[1]	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance as at 31 Dec. 2011/ 1 Jan. 2012 before adjustment	345,580	395,994	843,733	–76	–30,250	1,554,981	43,677	1,598,658
Accounting changes based on IAS 19 R (2011)	–	–	–783	–	–	–783	2	–781
Balance after adjustment on 1 Jan. 2012	345,580	395,994	842,950	–76	–30,250	1,554,198	43,679	1,597,877
Ongoing adjustments based on IAS 19 R (2011)	–	–	–235	–	–	–235	–5	–240
Equity capital transactions with owners								
Capital contributions	–	–	–	–	–	0	96	96
Capital payments	–	–	–	–	–	0	–400	–400
Purchase of interest after obtaining control	–	–	81	–	–	81	–81	0
Dividend payments	–	–	–62,194	–	–	–62,194	–3,121	–65,315
Total result	–	–	90,116	–	–657	89,459	2,285	91,744
Other changes								
Changes in scope of consolidation	–	–	–	–	–	0	–16,896	–16,896
Balance at 31 Dec. 2012	345,580	395,994	870,718	–76	–30,907	1,581,309	25,557	1,606,866
Balance as at 31 Dec. 2012/ 1 Jan. 2013 before adjustment	345,580	395,994	871,305	–76	–30,907	1,581,896	25,560	1,607,456
Accounting changes based on IAS 19 R (2011)	–	–	–587	–	–	–587	–3	–590
Balance after adjustment on 1 Jan. 2013	345,580	395,994	870,718	–76	–30,907	1,581,309	25,557	1,606,866
Equity capital transactions with owners								
Capital contributions	–	–	–	–	–	0	61	61
Capital payments	–	–	–	–	–	0	–96	–96
Purchase of interest after obtaining control	–	–	1,509	–	–	1,509	–4,766	–3,257
Dividend payments	–	–	–34,552	–	–	–34,552	–2,405	–36,957
Total result	–	–	86,648	–	10,043	96,691	3,379	100,070
Balance at 31 Dec. 2013	345,580	395,994	924,323	–76	–20,864	1,644,957	21,730	1,666,687

Values of previous year adjusted.

[1]Including other comprehensive income (OCI).

CASH FLOW STATEMENT

	Notes	2013 € million	2012 € million
Earnings before taxes		117.7	114.2
Financial result (net)	6.8	38.1	36.7
Depreciation/amortisation/impairment and gains/losses on disposal of assets	6.5	121.0	139.9
Non-cash valuations of financial derivatives	7.22	0.0	–0.1
		276.8	**290.7**
Change in net current assets			
Change in inventories	7.8	–3.0	–3.0
Change in accounts receivable	7.9	–2.5	–54.7
Change in other financial assets and other assets	7.10 seq.	3.5	10.5
Change in accounts payable	7.18	22.9	3.4
Change in other net liabilities/Other non-cash transactions	7.19 seq.	–23.9	–39.7
Change in provisions	7.16 seq.	–1.6	–1.3
Income taxes paid	6.9	–22.0	–23.2
Interest paid		–39.8	–43.6
Cash generated from operating activities		**210.4**	**139.1**
Investments in property, plant and equipment and in intangible assets	7.2	–165.3	–193.1
Government grants received to finance investments in property, plant and equipment and in intangible assets		58.6	53.2
Acquisition of subsidiaries, net of cash acquired	4	–1.5	–54.8
Sale proceeds from disposal of assets		4.6	7.7
Interest received	6.8	2.4	6.7
Cash used in investing activities		**–101.2**	**–180.3**
Proceeds from issuing long-term debt	7.15	58.7	0.0
Repayment of financial liabilities	7.15	–233.2	–113.2
Dividend payments to shareholders of RHÖN-KLINIKUM AG	7.14	–34.6	–62.2
Contributions from non-controlling interests in equity/payments to non-controlling interests in equity	7.14	–3.2	–3.4
Cash used in financing activities		**–212.3**	**–178.8**
Change in cash and cash equivalents	7.13	–103.1	–220.0
Cash and cash equivalents at 1 January		219.9	439.9
Cash and cash equivalents as at 31 December	7.13	**116.8**	**219.9**
of which held-for-sale cash and cash equivalents as at 31 December		127.0	–
of which cash and cash equivalents not held for sale on 31 December		**–10.2**	**219.9**

Values of previous year adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2013

INHALTSVERZEICHNIS

1 GENERAL INFORMATION

On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale of a portfolio of 43 facilities, medical care centres (MVZs) and other affiliated interests. Taking account of the updated valuation under German antitrust law within the scope of the overall transaction, the hospitals in Cuxhaven, Waltershausen-Friedrichroda and Boizenburg were removed from the application submitted to the German Cartel Office. These facilities will not be transferred to Fresenius; consequently the remaining portfolio to be sold will comprise 40 hospitals. Performance of the transaction as at 31 December 2013 is still subject to clearance by the competent antitrust authorities and, in respect of certain facilities, subject to consent by their minority shareholders and, as the case may be, their former municipal operators. The sites in Bad Neustadt, Bad Berka, Frankfurt (Oder) as well as the Universitätsklinikum Gießen und Marburg are excluded from the transaction. RHÖN-KLINIKUM AG continues to form an independent, homogenous corporate group focusing on medical excellence and high-quality cutting-edge medicine. On that basis RHÖN-KLINIKUM AG wishes to continue serving as a model and trailblazer for such high-quality cutting-edge medicine driven by university medical science.

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.

2 ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the basis of uniform accounting policies which have been consistently applied. The functional currency of the Group is the euro, which is also the currency used for preparing the financial statements. The figures shown in the Notes to the consolidated financial statements are generally shown in millions of euros (€ million). The nature of expense method has been used for presenting the income statement. For computational reasons, rounding differences of ± one unit (€, %, etc.) may occur in the tables.

2.1 PRINCIPLES OF PREPARING FINANCIAL STATEMENTS

The consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 December 2013 have been prepared 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), London, as well as the related Interpretations of the International Financial Reporting Standard Interpretations Committee (IFRS IC), which are the subject of mandatory adoption in accordance with the European Parliament and Council Directive number 1606/2002 concerning the application of international accounting standards in the European Union in financial year 2013. No early adoption of new Standards is planned at this time.

a) New accounting rules in financial year 2013

New Standards and interpretations of no practical relevance in financial year 2013

As far as can be seen at present, the following newly published or revised Standards and interpretations which have already been adopted by the European Union are of no practical relevance for financial year 2013 as well as subsequent years:

- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Government Loans”
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”
- Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”
- Amendments to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters”
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” as well as IAS 34 “Interim Financial Reporting” – amending Standard (Annual Improvement to IFRSs 2009–2011 Cycle)

New Standards and interpretations of practical relevance in financial year 2013

As far as can be seen at present, the following newly published or revised Standards and interpretations which have already been adopted by the European Union are of practical relevance as of financial year 2013 as well as subsequent years:

- Amendment to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"

In December 2011 the IASB published amendments to IFRS 7 "Financial Instruments: Disclosures" with respect to offsetting financial assets and financial liabilities and adopted the same on 13 December 2012. It specifies further new disclosure obligations in connection with certain netting arrangements. Disclosure of this information is required regardless of whether the netting arrangement has actually resulted in a set-off of the financial assets and liabilities concerned. Qualitative descriptions and quantitative information of offsetting rights must be disclosed. The amendments are to be applied to financial years commencing on or after 1 January 2013. RHÖN-KLINIKUM AG has examined the precise impact and taken it into account accordingly.

- Amendments to IAS 19 "Employee Benefits"

In June 2011 the IASB published amendments to IAS 19 "Employee Benefits" and adopted the same on 5 June 2012. The amendments relate to the recognition and measurement of expenditure for defined-benefit pension plans, termination benefits as well as disclosure obligations regarding employee benefits. The most significant amendment to IAS 19 is that actuarial gains and losses, which are now referred to as "remeasurements", have to be recognised directly in equity when they arise in other comprehensive income (OCI). The option between immediate recognition in profit or loss, in other comprehensive income (OCI) or a staggered recognition according to the corridor approach as hitherto permitted is eliminated. It is not permitted to "recycle" the "remeasurements" to the income statement in other income. The interest rate for measurement of the pension expenditure is determined for the defined benefit net asset or, as the case may be, the defined benefit net liability. As the interest rate, the entity in question is required to use the yields on high quality corporate bonds if there is a market for these, otherwise to use the yields on government bonds. In the event of plan amendments resulting in changes in the obligation to pay benefits attributable to work performed in past periods, a past service cost is created. It is recognised in the period in which the underlying plan amendment takes place and is no longer distributed. This cost also includes gains and losses from plan curtailments. Benefits paid to employees which are still linked to the rendering of future work performance do not constitute termination benefits. IAS 19 R (2011) requires comprehensive disclosures in the Notes in connection with pension commitments. In particular, an entity is required to make disclosures on the characteristics of the defined benefit plans, the amounts recognised in the financial statements, as well as the risks arising from the commitments and any impact they might have on the entity's future cash flows. The amendments to IAS 19 are to be applied to financial years commencing on or after 1 January 2013. The revised Standard is to be adopted retroactively in accordance with IAS 8. Exceptions to this are changes in the carrying amount of assets in which employee benefits expenditure in the period before the first year that is presented in the annual financial statements of the first-time adoption has been recognised, and comparison disclosures on the sensitivity analysis of the defined benefit obligation.

RHÖN-KLINIKUM Group applies IAS 19 R (2011) retroactively. The Group balance sheet values as at 1 January 2012, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for financial year 2012 were adjusted to the changed accounting by the elimination of the corridor. Deferred taxes were included in the retroactive adjustment to IAS 19 R (2011). In this regard we refer to the accounting changes presented in the Notes under the section "Segment reporting and accounting changes as a result of IAS 19 R (2011)".

As a result of the changed definitions, the top-up amounts under semi-retirement programmes in future may no longer be classified as termination benefits and therefore may have to be accumulated over the vesting period. Since most of the employees are already in the period of release, this change does not have any material impact on the balance sheet and income statement, which is why no retroactive adjustment was effected. As at 31 December 2013, semi-retirement obligations amounted to € 1.3 million (previous year: € 4.5 million). Of this, € 0.2 million were reported under liabilities held for sale.

- IFRS 13 "Fair Value Measurement"

In May 2011, the IASB published the Standard IFRS 13 "Fair Value Measurement" and adopted the same on 11 December 2012. IFRS 13 sets out uniform provisions on how fair value measurement is to be performed and expands and harmonises the disclosures on measurement at fair value provided that another Standard prescribes its application. By definition, fair value is the price that independent market participants would receive on the principal or most advantageous market upon sale of an asset (or would pay upon transfer of a liability) at arm's length terms at the valuation date. Application of fair value is prescribed by the Standard requiring or permitting this unless IFRS 13 provides for an exception. IAS 17, IFRS 2 as well as other measurement variables which are similar but not identical to fair value are excluded from application. The three-tier fair value hierarchy known from IFRS 7 based on the type of measurement parameters was taken over for IFRS 13. Moreover, IFRS 13 requires comprehensive disclosures in the Notes which are similar to the rules of IFRS 7 "Financial Instruments: Disclosures" but apply to all assets and liabilities measured at fair value. Moreover, the methods applied to determine fair value must be specifically stated. IFRS 13 is to be applied for the first time to financial years commencing on or after 1 January 2013. Comparison figures prior to the first-time application of IFRS 13 are not to be adjusted. Earlier adoption is permitted. RHÖN-KLINIKUM AG has examined the precise impact in terms of accounting policies and taken it into account accordingly.

b) New accounting rules from financial year 2014

New Standards and interpretations of no practical relevance from financial year 2014

As far as can be seen at present, the following newly published or revised Standards and interpretations which were already adopted by the European Union are of no practical relevance as of financial year 2014 as well as subsequent years:

- Amendments to IFRS 10, IFRS 11 and IFRS 12 – transition guidance
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements – Investment Entities"

As far as can be seen at present, the following newly published or revised Standards and interpretations which have not yet been adopted by the European Union are of no practical relevance as of financial year 2014 as well as subsequent years:

- Amendments to IFRS 2 "Definition of vesting conditions", IFRS 3 "Accounting for contingent consideration in a business combination with consequential amendments to other Standards", IFRS 8 "Aggregation of operating segments" and "Reconciliation of the total of the reportable segments' assets to the entity's assets", IFRS 13 "Short-term receivables and payables", IAS 16/IAS 38 "Calculation of accumulated depreciation when the revaluation method is used" as well as IAS 24 "Treatment of cases in which key management personnel services are provided by legal entities" (Annual Improvement to IFRS´s Cycle 2010–2012)
- Amendments to IFRS 1 "IFRSs to be Adopted", IFRS 3 "Scope Exceptions for Joint Arrangements and Accounting for Contingent Consideration in a Business Combination", IFRS 13 "Scope of Portfolio Exception and Fair Value Measurement of Current Receivables and Payables without Discounting if the Effect of not Discounting is Immaterial", as well as IAS 40 "Interrelationship between IFRS 3 and IAS 40 when Classifying Investment Property as Owner-Occupied)" (Annual Improvement to IFRS´s Cycle 2011–2013)
- IFRIC 21 – "Levies"

New Standards and interpretations of practical relevance from financial year 2014

As far as can be seen at present, the following newly published or revised Standards and interpretations which were already adopted by the European Union are of practical relevance as of financial year 2014 as well as subsequent years:

- IFRS 10 "Consolidated Financial Statements"

In May 2011 the IASB, as part of a package of five new Standards, published IFRS 10 "Consolidated Financial Statements" and adopted the same on 11 December 2012. It is aimed at a uniform consolidation model and replaces the guidance contained in IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special-Purpose Entities" relating to control and consolidation. IFRS 10 changes the definition of control such that the same criteria now apply to all companies when determining a relationship of control. According to the changed definition, the prerequisites for control are power over the investee and variable returns from the involvement with the investee. Power over the investee means the possibility of currently directing to a decisive extent the activities of the investee that have a material influence on variable returns. Such power is to be determined based on the current facts and circumstances and assessed on a continuous basis. In this regard, economic results may be positive, negative or both. A temporary investment relationship does not release a company from its consolidation duty. What is decisive for the question of whether or not actual control exists is the principle of de facto control. The principle of presenting the consolidated financial statements of the parent company and its subsidiaries as a single company as well as the consolidation methods remain unchanged. IFRS 10 is subject to mandatory adoption retrospectively for financial years commencing on or after 1 January 2014. Early adoption is possible only in conjunction with early adoption of the Standards IFRS 11 and IFRS 12 and of the new provisions regarding IAS 27 and IAS 28 as well as by disclosure in the Notes. No serious impacts on the accounting of companies are expected within the Group of RHÖN-KLINIKUM AG.

- IFRS 11 "Joint Arrangements"

As a further part of the package of five new Standards, IASB published IFRS 11 "Joint Arrangements" in May 2011 and adopted the same on 11 December 2012. IFRS 11 defines a joint arrangement as an arrangement in which two or more parties have joint control over such arrangement by contract. Joint arrangements may be joint operations or joint ventures. In a joint operation, the parties to the joint arrangement have direct rights to the assets and obligations arising from the assumption of liabilities of the arrangement. By contrast, in a joint venture the parties to the arrangement have rights to the net assets. Joint ventures are accounted for using the equity method in accordance with the amended version of IAS 28. IFRS 11 replaces the previous Standard IAS 31, with the result that the previous classification "jointly controlled assets" has been changed to "jointly controlled operations". Inclusion based on proportionate consolidation is therefore no longer permitted. IFRS 11 is to be applied to financial years commencing on or after 1 January 2014. Early adoption here is possible only in conjunction with early adoption of the Standards IFRS 10 and IFRS 12 and of the new provisions regarding IAS 27 and IAS 28 as well as by disclosure in the Notes. Since RHÖN-KLINIKUM AG already accounts for its joint ventures using the equity method, it is not affected by the amendment.

- IFRS 12 "Disclosures of Interests in Other Entities"

In May 2011, the IASB published IFRS 12 "Disclosures of Interests in Other Entities" and adopted the same on 11 December 2012. This Standard prescribes the required disclosures for entities accounting in accordance with the new Standards IFRS 10 and IFRS 11. The disclosure obligations for interests in subsidiaries, associates and joint ventures as well as unconsolidated "special-purpose entities", i.e. so-called structured entities, are subject to the general Standards IAS 27, IAS 28 and IAS 31. According to IFRS 12, entities must make quantitative and qualitative disclosures enabling users of financial statements to assess the nature of as well as the risks and financial impact associated with an entity's interest in subsidiaries, joint arrangements and associates, and unconsolidated structured entities (special-purpose entities). IFRS 12 is to be applied to financial years commencing on or after 1 January 2014. Earlier adoption is permitted with disclosure in the Notes regardless of the application of IFRS 10 and IFRS 11 and the new provisions regarding IAS 27 and IAS 28. RHÖN-KLINIKUM AG has reviewed the precise impact on the disclosures in the Notes and presented it in the

Notes to the 2013 Annual Report. The more detailed disclosures in the Notes required by the amendment of the Standard are presented in the section "Company acquisitions" under the item "Held-for-sale assets and liabilities" in these Notes. The disclosure includes the presentation and explanation of the assets and liabilities held for sale arising in connection with the share purchase agreement signed between RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA on 13 September 2013 on the one hand, and the presentation of the related financial impact, risks and rewards in the event of loss of control of the subsidiaries in question.

- Revised version of IAS 27 "Separate Financial Statements"

In May 2011 the IASB, as part of a package of five new Standards, published the revised version of IFRS 27 "Consolidated and Separate Financial Statements" and adopted the same on 11 December 2012. It is renamed IAS 27 "Separate Financial Statements (revised 2011)" and in future only contains provisions on separate financial statements. The existing provisions remain unchanged. The amendments to IAS 27 are to be applied for the first time to financial years commencing on or after 1 January 2014. Early adoption is possible only in conjunction with early adoption of the Standards IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised 2011) as well as with disclosure in the Notes. No serious impacts on the accounting of companies are expected within the Group of RHÖN-KLINIKUM AG.

- Revised version of IAS 28 "Investments in Associates and Joint Ventures"

In May 2011, the IASB published the revised version of IAS 28 "Investments in Associates" and adopted the same on 11 December 2012. It is renamed IAS 28 "Investments in Associates and Joint Ventures (revised 2011)". As before, IAS 28 describes the accounting of associates as well as use of the equity method for associates and jointly controlled entities. The amendments result from publication of IFRS 10, IFRS 11 and IFRS 12. IAS 28 (revised 2011) is applicable for the first time for financial years commencing on or after 1 January 2014. Early adoption is possible only in conjunction with early adoption of the Standards IFRS 10, IFRS 11, IFRS 12 and IAS 27 (revised 2011) and with disclosure in the Notes. RHÖN-KLINIKUM AG has examined the precise impact in terms of accounting policies and taken it into account accordingly. The impact in terms of accounting policies and the presentation in the Consolidated Financial Statements of RHÖN-KLINIKUM AG was classified as negligible since the proportion of associates and joint ventures is of minor significance for its net assets, financial position and results of operations.

- Amendment to IAS 32, "Financial Instruments: Presentation" – Offsetting Financial Assets and Financial Liabilities

In December 2011 the IASB published amendments to IAS 32 "Financial Instruments: Presentation" with respect to offsetting financial assets and financial liabilities and adopted the same on 13 December 2012. However, the modifications made do not result in any changes to the current offsetting model but are merely of clarification character. Accordingly, an entity is required to offset a financial asset and financial liability when, and only when, an entity on the reporting date has a legal right of set-off and intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously. The amendments clarify that the legally enforceable claim to offsetting must exist on the reporting date, i.e. must be independent of the occurrence of a future event. The right must be enforceable for all contractual parties in the ordinary course of business and also in the event of insolvency of one of the parties. IAS 32 moreover clarifies that a gross settlement method may be effectively equivalent to a net settlement where certain conditions are met, thus satisfying the criterion of IAS 32. However, the method must result in the elimination of default and liquidity risks and in the processing of receivables and liabilities in a single settlement procedure. Master netting arrangements in which the legal right to offsetting is enforceable only upon the occurrence of future events will not satisfy the offsetting criteria in future either. The amendments are to be applied to financial years commencing on or after 1 January 2014. Voluntary early adoption of the provisions is permitted. RHÖN-KLINIKUM AG has examined the precise impact in terms of accounting policies and will take it into account accordingly. The impact in terms of accounting policies and the presentation in the Consolidated Financial Statements of RHÖN-KLINIKUM AG relates exclusively to the offsetting of financial assets and liabilities under semi-retirement programmes and concerns financial assets and liabilities that are protected from insolvency.

As far as can be seen at present, the following newly published or revised Standards and interpretations which have not yet been adopted by the European Union are of practical relevance as of financial year 2014 as well as subsequent years:

- Amendments to IAS 19 (2011) "Employee Benefits"

In November 2011 the IASB published amendments to IAS 19 R (2011) "Employee Benefits". The new provision deals with the question of how contributions to defined benefit plans made by employees and third parties are to be recognised by companies. In this regard, the contributions must satisfy certain characteristics. In addition to the requirement for such contributions to be set out in the formal terms of the plan, they have to be linked to service and be independent of the number of years of service. Contribution payments independent of the number of years of service are those, for example, which are a certain percentage of the employee's salary, for which a fixed amount is defined during the entire service, or which depend on the employee's age. If these conditions are satisfied, the company has the possibility of recognising the contributions as a reduction of service costs in the period in which the work is performed. The revised provisions of IAS 19 R (2011) are to be applied to financial years commencing on or after 1 July 2014. Early adoption is permitted. The precise impact in terms of accounting policies is presented in these Notes under the section "Segment reporting and accounting changes as a result of IAS 19 R (2011)".

- Amendments to IAS 36 "Impairment of Assets" – Recoverable Amount Disclosures for Non-Financial Assets

The IASB adopted amendments to IAS 36 "Impairment of Assets" in December 2013 and published these on 20 December 2013. The amendments firstly correct the disclosure provision introduced by IFRS 13 "Fair Value Measurement" in IAS 36 to disclose the recoverable amount of every cash generating unit (or group of units) to which material goodwill or material intangible assets with an indefinite useful life are allocated. Secondly, the amendments relate to disclosures regarding the measurement of the recoverable amount in the case of impairments of assets, or reversal of impairments of assets, or a cash generating unit if such amount is based on fair value less costs to sell. The amendments are to be applied retrospectively, however, only to reporting periods in which IFRS 13 is already applied, to financial years commencing on or after 1 January 2014. Early adoption is permitted. RHÖN-KLINIKUM AG has examined the precise impact in terms of accounting policies. No serious impact in terms of accounting policies and the presentation in the Consolidated Financial Statements of RHÖN-KLINIKUM AG is likely to arise in this connection.

- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

In December 2013 the IASB adopted amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – and published the same on 20 December 2013. The amendments relate to the change to central counterparties (CCP) to reduce the risks of default and improve transparency and regulatory supervision for over-the-counter (OTC) derivatives. IAS 39 "Financial Instruments: Recognition and Measurement" requires accounting of derivatives as hedging instruments in a hedge accounting to be terminated in the event that the original derivative no longer exists. Such termination of a hedge accounting is not required if the novation of a hedging instrument with a central counterparty meets certain criteria. RHÖN-KLINIKUM AG has examined the precise impact in terms of accounting policies and does not expect any impacts on derivatives designated in a hedge accounting.

c) New accounting rules from financial year 2015

New Standards and interpretations of no practical relevance from financial year 2015

As far as can be seen at present, the following newly published or revised Standards and interpretations which were already adopted by the European Union are of no practical relevance as of financial year 2015 as well as subsequent years:

- IFRS 14 "Regulatory Deferral Accounts"

On 30 January 2014, the IASB published IFRS 14, Regulatory Deferral Accounts. Under the provisions of this Standard, an entity which pursuant to IFRS 1 is a first-time adopter of International Financial Reporting Standards is permitted to maintain regulatory deferral accounts, which it applied subject to its previous national accounting rules in connection with price-regulated activities, in its annual financial statements according to IFRS and to continue to account for these in accordance with the previous accounting methods.

New Standards and interpretations of practical relevance from financial year 2015

As far as can be seen at present, the following newly published or revised Standards which have not yet been adopted by the European Union are of practical relevance for financial year 2015 as well as subsequent years:

- IFRS 9 "Financial Instruments" – Classification and Measurement of Financial Assets and Liabilities

In November 2009, the IASB published the Standard IFRS 9 on the classification and measurement of financial assets which was slightly amended by the IASB in the autumn of 2012. Under IFRS 9, the classification and measurement of financial assets is governed by a new, less complex approach. Under this new approach there are only two instead of four measurement categories for financial assets: measurement at fair value or measurement at amortised cost. In this regard, measurement at amortised cost requires the entity to hold the financial asset to collect the contractual cash flows and the financial asset to have contractual terms that give rise at specified dates to cash flows that exclusively represent payments of principal and interest on the principal outstanding. Financial instruments not satisfying these two conditions are to be measured at fair value. The classification is based on the company's business model on the one hand, and on the characteristic properties of the contractual cash flows of the respective financial asset on the other. The Standard provides for retrospective application to all existing financial assets. The situation on the date of the Standard's first-time adoption determines the classification according to the new rules.

In October 2010, the IASB expanded IFRS 9 "Financial Instruments" to include rules on the recognition of financial liabilities and for derecognition of financial instruments. With the exception of the provisions for liabilities measured voluntarily at fair value (referred to as fair-value options), the rules were adopted without changes from IAS 39 "Financial Instruments: Recognition and Measurement" into IFRS 9. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

- Amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures"

In December 2011, the IASB published amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures". The amendment results in mandatory adoption of IFRS 9 being postponed. IFRS 9 moreover provides for exemptions under which a company, during its transition to the new Standard, is not required to restate pre-year figures but may make additional disclosures in the notes instead. Moreover, IFRS 9 requires additional disclosures in the notes which are included as amendments in the existing IFRS 7. Based on the respective measurement category pursuant to IAS 39, these relate to the changes in carrying amounts resulting from the switch to IFRS 9 provided that these do not refer to measurement effects at the time of the switch, and additionally to the changes in carrying amounts attributable to such effects. For financial assets and liabilities which in future are measured at amortised costs as a result of the switch to IFRS 9, additional disclosures are required. Furthermore, a reconciliation of measurement categories pursuant to IAS 39 and IFRS 9 with balance sheet items as well as classes of financial instruments must be possible on the basis of disclosures in the notes. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

Preparing consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made. Moreover, the application of Group-wide accounting policies means that management has to exercise reasonable judgment. Areas that call for a greater degree of judgment to be exercised or that are characterised by a higher degree of complexity, or areas for which assumptions and estimates are of decisive importance for the consolidated financial statements, are set out and explained. The preparation of the consolidated financial statements was based on historical cost, qualified by the financial assets and financial liabilities (including financial derivatives) recognised at fair value through profit or loss.

The consolidated financial statements will be approved for publication by the Supervisory Board on 29 April 2014.

2.2 CONSOLIDATION

The annual financial statements of the companies included in the consolidated financial statements have been prepared in accordance with uniform accounting and valuation principles in relation to the same date as the consolidated financial statements.

2.2.1 Subsidiaries

Subsidiaries are all companies (including special-purpose entities) in which the Group exercises control over finance and business policy; this is normally accompanied by a share of more than 50.0% of the voting rights. When assessing whether the Group exercises control, the existence and impact of potential voting rights that are currently exercisable or convertible are considered. The Group reviews whether control is exercised also when the parent company holds less than 50.0% of the voting rights but has the possibility of controlling the business and finance policy 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 cost of the acquisition is measured as the fair value, at the transaction date, of assets rendered, equity instruments issued, and liabilities incurred or acquired. They also contain the fair values of all recognised assets and liabilities resulting from a contingent consideration agreement. Upon their first-time consolidation, assets, liabilities and contingent liabilities identifiable within the scope of a business combination are recognised separately at their fair values at the acquisition date. For each company acquisition the Group decides on a case-by-case basis whether the non-controllable interests in the acquired company are recognised at fair value or based on the proportionate share in the net assets of the acquired company. Costs relating to the acquisition are expensed as incurred.

In the event of a successive business combination, the previously acquired equity capital share of the company is redefined at its fair value applicable at the acquisition date. The resulting profit or loss is recognised in the income statement.

Any contingent considerations are measured at their fair value at the acquisition date. Subsequent changes in the fair value of a contingent consideration qualified as an asset or as a liability are measured subject to IAS 39, and any profit or loss resulting therefrom is recognised either in profit or loss or under other income. A contingent consideration which is qualified as equity capital is not re-measured and its later settlement is recognised in equity.

The value resulting from any excess in the cost of the acquisition, the amount of the non-controlling interests in the acquired company as well as the fair value of any previously held equity interests at the acquisition date over the Group's interest in the fair value of the net assets is recognised as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the consolidated income statement. Group-internal transactions and balances as well as unrealised gains and losses from transactions between Group companies are eliminated. To the extent necessary, the accounting policies of subsidiaries are adjusted to ensure application of uniform accounting principles within the Group.

2.2.2 Transactions with non-controlling interests

Transactions with non-controlling interests are treated like transactions with equity investors. Any difference arising on acquisition of a non-controlling interest between the consideration paid and the relevant share in the carrying amount of the subsidiary's net assets is recognised in equity. Profits and losses arising on disposal of non-controlling interests are likewise recognised in equity.

2.2.3 Associated companies and jointly controlled entities

Associated companies are those companies over which the Group has a substantial influence but over which it does not have control because 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).

The Group's interest in the profits and losses of associated companies or joint ventures is recognised in the income statement from the date of acquisition and the cumulative changes are offset against the carrying amount of the investment. If the Group's share in the loss of an associated company or joint venture is equal to or greater than the Group's share in this company including other unsecured receivables, no further losses are recognised unless the Group has entered into an obligation for the associated company or jointly controlled entity or has made payments for it.

Unrealised intercompany profits or losses from transactions between Group companies and associated companies or jointly controlled entities are eliminated on a pro rata basis if the underlying circumstances are material.

In an impairment test, the carrying amount of a company accounted for using the equity method is compared with its recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment equal to the difference must be recognised. If the reasons for a previously recognised impairment have ceased to exist, the impairment is reversed through the income statement.

The financial statements of investments accounted for using the equity method are prepared using uniform accounting principles within the Group.

Associated companies whose individual or overall impact on the net assets and results of operations is not material are not accounted for using the equity method but are included in the consolidated financial statements at the lower of cost or fair value.

2.2.4 Sale of subsidiaries

If the Group loses either control or material influence over a company, the remaining interest is re-measured at fair value and the resulting difference recognised as profit or loss. Fair value is the fair value calculated upon the initial recognition of an associate, joint venture or financial asset. Moreover, all amounts stated in other income are recognised with reference to such company in the same way as would be required if the related assets and liabilities had been sold by the parent company directly. That means that a profit or loss previously recognised under other income is transferred to the income statement.

Assets and liabilities relating to entities intended for sale will be reported pursuant to IFRS 5 as a separate item in the balance sheet and the results of discontinued operations as a separate item in the statement of comprehensive income. Assets classified as assets held for sale will be measured at the lower of carrying amount and fair value and the depreciation of these assets discontinued.

2.3 SEGMENT REPORTING

Segment reporting is performed in accordance with IFRS 8 on the basis of the management approach, i.e. from the perspective of management. External reporting is based on internally applied control and reporting variables as well as reporting structures that are available to and used by the decision-makers.

A company component is regarded as an operating segment when it engages in business activities from which revenue is earned and for which expenses may be incurred whose operating results are regularly reviewed by the company's chief decision maker to make decisions about resources to be allocated to this segment and assess its importance, and for which relevant financial information is available.

The operating segments determined are reduced to reportable segments. This is essentially done by grouping uniformly operating segments if these exhibit similar economic characteristics. The reporting obligation usually arises when segment-specific material thresholds are exceeded. IFRS 8 specifies the following three segment-specific material thresholds:

- the segment's revenue is 10% or more of the combined (internal and external) revenues of all segments,
- the segment profit or loss is 10% or more of the greater of the combined reported profit or loss of all segments, or
- the segment's assets are 10% or more of the combined assets of all segments.

Pursuant to the required segmentation of revenues, reportable segments have to be formed until the revenues of the identified reportable segments constitute 75% of total external revenues. The other non-reportable segments are to be shown as "All other segments" and the source of these revenues is to be described.

For the purpose of explaining the segmentation, basic information must be disclosed in the Notes on the calculation and identification of reportable segments. This includes specifying the factors used to define segment reporting and the disclosure of the products and services with which the individual segments generate their revenues.

In addition, detailed disclosures must be made on segment profit or loss as well as assets and liabilities. Moreover, information must be provided on products and services, territorial activities and the company's key customers. IFRS 8 also requires additional disclosures on the methods applied internally for the treatment of transactions between reportable segments as well as on differences between internally applied accounting methods and the methods applied in the financial statements. In addition to the verbal disclosures, a reconciliation of the following segment data to the corresponding line items in the financial statements must be prepared: total revenues of all reportable segments, total segment profit or loss before tax and the discontinuation of operations, total segment assets, total segment liabilities as well as total segment amounts of any other material item reported separately.

Segment information from past years used for comparison purposes must be adjusted on first-time adoption.

2.4 GOODWILL AND OTHER INTANGIBLE ASSETS

2.4.1 Goodwill

Goodwill is the excess of the cost of the company acquisition over the Group's interest in the fair value of the net assets of the acquired company at the acquisition date. Goodwill arising on acquisitions is allocated to intangible assets. Goodwill is subjected at least to an annual impairment test and measured at its historical cost less any impairment losses. A review is also performed when there are events or circumstances indicating that the value might be impaired. Impairment losses are not reversed. Profits and losses arising on the sale of a company include the carrying amount of the goodwill allocated to the company sold.

For the purpose of the impairment test, goodwill is allocated to cash generating units. At RHÖN-KLINIKUM AG these correspond as a rule to the individual hospitals unless the related goodwill of co-operating units is monitored at a higher level.

If the recoverable amount is below the carrying amount, an impairment loss is recognised. Here, the recoverable amount is the higher of the two fair value amounts less costs to sell the asset and its value in use.

2.4.2 Computer software

Purchased computer software licences are recognised at cost plus the cost of bringing them to their working condition. These costs are amortised over the estimated useful life (three to seven years, straight-line method), and are shown under “depreciation/amortisation and impairment” in the income statement.

Costs relating to the development of websites or maintenance of computer software are expensed as incurred.

2.4.3 Other intangible assets

Other intangible assets are stated at historic cost and – to the extent depletable – amortised over their respective useful lives (three to five years) using the straight-line method, and are shown under “depreciation/amortisation and impairment” in the income statement.

2.4.4 Research and development expenses

Research costs are recognised as current expenditure in accordance with IAS 38. Development costs are capitalised if all the criteria of IAS 38 are satisfied. There are no development costs that meet the criteria for capitalisation.

2.4.5 Government grants

Government grants are recognised at fair value if it can be assumed with reasonable assurance that the grant will be received and that the Group has satisfied the necessary conditions for this. Government grants for investments are deducted from cost to arrive at the carrying amount for the assets to which they relate. They are amortised through profit or loss using the straight-line method over the expected useful life of the related assets. Such grants are received within the framework of investment finance legislation for hospitals. Grants not yet used for their intended purpose are recognised under “Other financial liabilities” at the balance sheet date.

2.5 PROPERTY, PLANT AND EQUIPMENT

Land and buildings are reported under “Property, plant and equipment” and mainly comprise hospital buildings. In the same way as the other items of property, plant and equipment, they are measured at cost less any depreciation. Cost includes the expenditure directly attributable to the acquisition or construction of an asset as well as any overheads attributable to construction.

Subsequent costs are recognised as part of the cost of the asset or – where applicable – as a separate asset only if it is probable that future economic benefits associated with the asset will accrue to the Group and if the cost of the asset can be measured reliably. All other repair and maintenance work is recognised as expenditure in the income statement in the financial year in which it is incurred.

Land is not depreciated. All other assets are depreciated using the straight-line method, with costs being depreciated over the expected useful lives of the assets so as to write down the value of the assets to their residual carrying amount follows:

Buildings	33 ⅓ years
Machinery and equipment	5 to 15 years
Other plant and equipment	3 to 12 years

The net book values and useful economic lives are reviewed at each balance sheet date and adjusted where applicable.

Gains and losses on the disposal of assets are measured as the difference between the disposal proceeds and the carrying amount and recognised through profit or loss.

2.6 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (EXCL. GOODWILL)

On every balance sheet date, the Group assesses whether there are any indications that an asset might be impaired. If such indications exist or if an annual impairment test has to be performed in relation to an asset, the Group estimates the recoverable amount. If it is not possible for independent inflows to be allocated to the individual asset, the Group estimates the recoverable amount for the cash generating unit to which the asset belongs. The recoverable amount is the higher of the fair value of the asset less costs to sell it and its value in use. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In order to calculate the value-in-use, the estimated future cash flows are discounted to their present value using a discount rate before taxes which reflects the current market expectation with regard to the interest effect and the specific risks of the asset. Impairments are shown in the income statement under the item Depreciation/amortisation. On every balance sheet date, a test is performed to establish whether there are any indications that an impairment recognised in previous reporting periods no longer exists or might have diminished. If such an indication exists, the recoverable amount is estimated. An impairment previously recognised has to be reversed if there has been a change in the estimates used for determining the recoverable amount since the last impairment was recognised. If this is the case, the carrying amount of the asset has to be increased to the recoverable amount of the asset. However, this must not exceed the carrying amount which would have resulted after the recognition of depreciation/amortisation if no impairment had been recognised in previous years. Any such reversal of a prior impairment has to be recognised immediately in the profit or loss for the period. After a prior impairment has been reversed, the amount of depreciation/amortisation in future reporting periods has to be adjusted in order to systematically distribute the revised carrying amount of the asset, less any residual value, over the remaining useful life of the asset.

2.7 FINANCIAL ASSETS

Financial assets comprise receivables, equity instruments, financial derivatives with positive fair values, and cash.

These financial assets are principally divided into the following categories:

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

The classification depends on the purpose for which the respective financial assets were acquired. Management determines the classification of financial assets when they are recognised initially, reviewing this classification thereafter at each balance sheet date.

All purchases and sales of financial assets are recognised at the settlement date, i.e. the date when the purchase or the sale is transacted. Derivative financial instruments are recognised on the trading date.

Financial assets not classified as at fair value through profit or loss are initially measured at fair value plus transaction costs.

Financial assets measured at fair value through profit or loss are recognised at fair value at the date of acquisition. Transaction costs are recognised as expenditure.

Financial assets are derecognised if the rights to payments from the investment expire or have been transferred and the Group has substantially transferred all the risks and rewards of ownership of the financial asset. After initial recognition, available-for-sale financial assets and assets at fair value through profit or loss are measured at their fair values. Loans and receivables as well as held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from fluctuations in the fair value of financial assets classified as at fair value through profit or loss, including dividends and interest payments, are reported in the income statement under finance cost and income in the period in which they arise.

If no active market exists for financial assets or if these assets are not listed, the fair values are calculated using suitable measurement methods. These include references to recent transactions between independent business partners, the use of current market prices of other assets that are substantially similar to the asset under consideration, discounted cash flow methods, as well as option price models which make use as far as possible of market data and as little as possible of individual company data. At each balance sheet date an assessment is performed in order to determine whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

2.7.1 Assets at fair value through profit or loss

This category is divided into two sub-categories: financial assets which either have been classified as "held-for-trading" (including derivatives) from the outset, and financial assets which have been classified as "at fair value through profit or loss" as a result of using the fair-value option if the appropriate criteria are satisfied. A financial asset is assigned to this category if it was acquired principally for the purpose of selling it in the near term, or has been designated as such by management. Derivatives are also included in this category provided they are not classified as hedges.

The category "held-for-trading" financial instruments under IAS 39 is also applicable for certain hedging instruments which are used for interest hedging in the RHÖN-KLINIKUM Group in accordance with management criteria, but for which IAS 39 has not been applied for hedge accounting. These are derivative financial instruments such as interest rate swaps and options. Assets in this category are shown as current assets if they mature within the next twelve months.

2.7.2 Loans and receivables, held-to-maturity investments

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are deemed to be current assets provided their maturity does not exceed twelve months from the balance sheet date. Assets whose maturity exceeds twelve months after the balance sheet date are recognised as non-current assets. Accounts receivable and other receivables are assigned to this category. As at the balance sheet date there were no held-to-maturity investments.

2.7.3 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either explicitly assigned to this category or could not be assigned to any of the other categories described. They are assigned to non-current assets provided that management does not have the intention of selling them within twelve months from the balance sheet date. If the market value cannot be reliably measured, available-for-sale financial assets are measured at cost.

2.8 INVESTMENT PROPERTY

Investment properties comprise land and buildings which are held for the purpose of generating rental income or for achieving capital gains, and which are not used for the company's own provision of services, for administrative purposes or for revenues within the scope of ordinary operations. Investment properties are measured at cost less cumulative depreciation.

If we retain beneficial ownership in leased assets as lessor (operating lease), these assets are identified as such and reported separately in the balance sheet. Leased assets are recognised at cost and depreciated in accordance with the accounting principles for property, plant and equipment. Lease income is recognised on a straight-line basis over the term of the lease.

2.9 INVENTORIES

Inventories within the Group of RHÖN-KLINIKUM AG are materials and supplies. These are measured at the lower of cost (including transaction costs) and net realisable value. Cost of inventories is determined by the weighted-average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

2.10 ACCOUNTS RECEIVABLE

Accounts receivable are initially recognised at fair value plus any transaction costs and subsequently measured at amortised cost less impairments. An impairment of accounts receivable is recognised when there are objective indications that the receivable amounts owed are not fully recoverable. The amount of the impairment is recognised in profit or loss under the item "Other expenses". Major financial difficulties at a debtor and an increased probability of a debtor becoming insolvent may be indications of an impairment of accounts receivable. The amount of any impairment is determined on the basis of the difference between the current carrying amount of a receivable and the expected cash flows which are expected from the receivable.

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term, highly liquid financial assets with original maturities of up to three months. Utilised bank overdrafts are shown on the balance sheet as liabilities to banks under the item "Current financial liabilities".

2.12 SHAREHOLDERS' EQUITY AND HEDGE ACCOUNTING

2.12.1 Shareholders' equity

Ordinary shares are classified as equity. Costs that are directly attributable to the issuance of new shares are recognised in equity (net of tax) as a deduction from the issuance proceeds.

If a company belonging to the Group acquires treasury shares of RHÖN-KLINIKUM AG, the value of the consideration paid including directly attributable additional costs (net of tax) is deducted from the equity capital attributable to shareholders of the company until the shares are either redeemed, re-issued or re-sold. If such shares are subsequently re-issued or re-sold, the consideration received, net of directly attributable additional transaction costs and related income tax, is recognised in the equity attributable to the shareholders of RHÖN-KLINIKUM AG.

2.12.2 Hedge accounting

The Group uses financial derivatives to hedge interest rate risks arising from financial transactions and applies the rules on hedging in accordance with IAS 39 (Hedge Accounting). This reduces the volatility of the income statement.

In a cash flow hedge, the liabilities recognised on the balance sheet are hedged against future cash flow fluctuations. If a cash flow hedge exists, the effective part of the change in the value of the hedging instrument is recognised as a hedge reserve directly in equity until recognition of the result from the hedged item; the ineffective portion or change in value of the hedging instrument is recognised through profit or loss in the income statement.

Financial derivatives are initially recognised at fair value. They are subsequently also measured at their fair value applicable on the respective balance sheet date. The fair value of traded financial derivatives is equal to the market value, which may be positive or negative. If no stock market prices exist, the fair values are calculated using recognised financial calculation models. For financial derivatives, fair value is the price that independent market participants would receive on the principal or most advantageous market upon sale (or would pay upon transfer) at arm's length terms on the valuation date.

When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and hedged item, the objective of its risk management as well as the underlying strategy in entering into hedge transactions. Moreover, at the inception of the hedging relationship and thereafter, the assessment of whether the derivatives used in the hedging relationship effectively offset the changes in cash flows of the hedged items is documented.

The full fair value of the financial derivatives designated as hedging instruments is shown as a non-current asset or non-current liability if the remaining life of the hedged item is longer than twelve months, and as a current asset or current liability if the remaining life is shorter.

For the recognition of changes in the fair values – recognition through profit or loss in the income statement or recognition directly in equity – the crucial consideration is whether or not the financial derivative is included in an effective hedging relationship in accordance with IAS 39. If there is no hedge accounting or if portions of the hedging relationship are ineffective, the changes in fair values relating to such portions are immediately recognised through profit or loss in the income statement. On the other hand, if an effective hedging relationship exists, the hedging transaction is accounted for under hedge accounting in accordance with the rules of IAS 39.

The Group also enters into hedging transactions that are not accounted for under hedge accounting but which effectively help hedge financial risk in accordance with the principles of risk management.

2.13 FINANCIAL LIABILITIES

Financial liabilities comprise financial debt (including the negative fair values of financial derivatives), accounts payable as well as other financial liabilities. Liabilities are measured at amortised cost. For current liabilities this means that they are recognised at their repayment or settlement amount.

Financial liabilities as well as financial debt are initially recognised at fair value less transaction costs. In subsequent periods they are measured at amortised cost; any difference between the disbursement amount (after deduction of transaction costs) and the repayment amount is recognised over the term of the loan in the income statement in the financial result using the effective interest method. Loan liabilities are classified as current liabilities unless the Group has the unconditional right to postpone settlement of the liability to at least twelve months from the balance sheet date.

2.14 CURRENT AND DEFERRED TAXES

The tax expense of the period is made up of current and deferred taxes. Taxes are recognised in the income statement unless they relate to items which were directly recognised in equity or in other income. In this case, taxes are likewise recognised in equity or other income.

Deferred tax is recognised using the liability method for all temporary differences between the tax basis of assets and liabilities and the respective IFRS consolidated carrying amounts. If, however, in a transaction which is not a business combination, deferred tax arises from the initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss, no deferred tax is recognised. Deferred taxes are measured subject to the tax rates (and tax laws) that apply or have been substantively enacted on the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred taxes have been calculated using a corporate income tax rate of 15.0% (plus the 5.5% solidarity surcharge on corporate income tax).

Deferred tax assets are recognised to the extent it is probable that they will result in a tax benefit when offset against taxable profits.

Deferred tax liabilities in connection with temporary differences arising from equity interests in subsidiaries are always recognised unless the point in time of the reversal of the temporary differences can be controlled by the Group and a reversal of the temporary differences is not probable in the foreseeable future.

2.15 EMPLOYEE BENEFITS

2.15.1 Pension obligations and other long-term benefits due to employees

Various pension plans exist within the Group. These plans are financed by payments to insurance companies or pension funds or by recognising provisions (direct commitments) whose amount is based on actuarial calculations. The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (insurance company or pension fund). The possibility of claims being asserted against the Group for payment of additional contributions exists only within the scope of subsidiary liability. Since we regard the risk of default of an insurance company or pension fund as extremely low, we account for such commitments as defined contribution plans.

For defined contribution plans the Group pays contributions to state or private pension insurance plans based on statutory or contractual obligations. The Group has no further payment obligations other than the payment of the contributions. The contributions are recognised in personnel expenses when due.

A defined benefit plan is a pension plan that does not fall under the definition of a defined contribution plan. It typically stipulates the amount of pension benefits that an employee will receive on retirement which is usually dependent on one or several factors such as age, length of service and salary.

The provision stated in the balance sheet for defined benefit plans is equal to the present value of the defined benefit obligation (DBO) at the balance sheet date. Based on the amendment to the Standard IAS 19, the hitherto used corridor approach no longer applies.

The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future cash outflows with the interest rate of high quality corporate bonds issued in the currency in which the benefits are paid and whose terms are consistent with those of the pension obligation.

In previous years, actuarial gains and losses resulting from experience-based adjustments and changes in actuarial assumptions were recognised in profit or loss according to the corridor method if the net amount from both of these exceeds the greater of 10.0% of the DBO and of any existing plan assets. Actuarial gains and losses resulting from changes in actuarial assumptions and/or from discrepancies between earlier actuarial assumptions and the actual development are recognised directly at equity in the period in which they occur giving due regard to deferred tax. In this way the balance sheet – after deduction of any existing plan assets – shows the full scope of the obligations avoiding fluctuations in expenses that may arise in particular in the case of changes in the calculation parameters. The actuarial gains and losses recognised in the respective reporting period are shown separately as “revaluations” in the statement of comprehensive income.

Pursuant to IAS 19 (revised 2011), past service cost, i.e. all changes in benefits diminishing the defined benefit obligation, are fully recognised in the income statement at the time of the plan modification.

Multi-employer plans

On the basis of collective agreements, the Group pays contributions to the Federal and State Pension Scheme (VBL) and other public service pension schemes (Supplementary Insurance Scheme for Municipalities, ZVK) for a certain number of employees. The supplementary pension schemes are public-law corporations or institutions. The contributions are paid on a pay-as-you-go (PAYGO) basis. This financing structure carries the risk of rising contributions through the levy of reform imposts that may be charged unilaterally or disproportionately to employers.

The present plans are multi-employer plans (IAS 19.8) since the participating companies share both the risk of the capital investment and the actuarial risk. In principle, the VBL/ZVK benefit plan is to be classified as a defined benefit plan (IAS 19.38, revised 2011), but the information needed for an objectively correct representation of the Group’s share of the future payment is not available due to the existing PAYGO financing regime. Because of such PAYGO financing approach in which the levy rate is calculated for a certain coverage layer on the basis of the aggregate insurance portfolio and not on the basis of the individual risk of insurees, the benefit plan pursuant to IAS 19.34 is to be recognised as a defined contribution plan. Since no agreements within the meaning of IAS 19.37 exist, there is no recognition of a corresponding asset or liability. Any superordinated guarantee obligations of public-law entities take precedence over the recognition of any liability item in our balance sheet.

The current contributions to the VBL/ZVK are reflected in the employee benefits item as pension expenses/post-employment benefits for the respective years.

In addition to the levy, the VBL also levies reform imposts from the participating employers with compulsory insurees in the separately organised and managed settlement class Abrechnungsverband West. The flat-rate monies cover the additional financing requirement necessary for the obligations created up to replacement of the comprehensive healthcare system. The share in the reform impost that the individual employers have to pay depends on which residual liabilities and insured remunerations they cover. On average, the reform impost currently amounts to roughly 2% of the remunerations.

In the settlement class Abrechnungsverband West, the VBL finances its benefits through a PAYGO approach taking the form of a modified defined period-based funded approach (Abschnittsdeckungsverfahren). The current defined period covers 2013 to 2017. The levy rate is assessed in such a way that the contribution to be paid for the duration of the defined period together with the other income expected and the available assets suffices to settle the expenditures during the defined period and the period of six months thereafter. Since 1 January 2002, the levy rate has been 7.86% of the remuneration subject to supplementary pension payments, of which employers pay a share of 6.45% and the employees a share of 1.41%.

Since 1 January 2004, funding in the settlement class Abrechnungsverband Ost has been undergoing a gradual switch from the PAYGO approach to a funded system. Besides a levy of 1% of the remuneration subject to supplementary pension payments, additional contributions are being charged for this under the funded system of which employers and employees each bear half. From 1 January 2010, all employers charge, in addition to the levy, a uniform contribution to the funded system equal to 4% of the remuneration subject to supplementary pension payments (employer share of 2%, employee share of 2%).

Given the absence of sufficient information, it is not possible to make any statement on the level of participation in the pension schemes based on the contributions paid by RHÖN-KLINIKUM AG compared with the aggregate payments to the Federal and State Pension Scheme (VBL) and other public service pension schemes (Supplementary Insurance Scheme for Municipalities, ZVK).

In the event of a VBL participation being terminated, the legal consequences arising therefrom are defined in section 23 of the VBL Rules. Termination of a VBL participation also triggers the end of the mandatory insurance schemes. Since the VBL also continues to settle the pension claims and entitlements arising up to the end of the participation, the withdrawing party, as compensation, is required to pay an equivalent value which does not include those components financed under the funded scheme. This equivalent value comprises the full funding of existing entitlements, coverage of administrative expenses as well as future benefit claims. The supplementary pension insurance scheme ZKV also stipulates a similar provision. Since in the case of withdrawal from PAYGO financing the risks of the other participants of the system also have to be compensated pro rata, a plausible actuarial calculation can be made only by the pension fund itself.

Membership in VBL/ZVK exists only due to acquisition of hospitals from public ownership. Once the transaction with Fresenius / Helios has been concluded, only the hospitals in Gießen and Marburg will have membership in the VBL.

2.15.2 Termination benefits

Termination benefits are provided if an employee is made redundant before the normal retirement date or accepts voluntary redundancy in return for severance compensation. The Group recognises severance compensation payments if it is demonstrably committed to terminating the employment of current employees subject to a detailed formal plan which cannot be rescinded or is demonstrably committed to paying severance compensation if employees accept voluntary redundancy. Termination benefits which fall due more than twelve months after the balance sheet date are discounted to their present value.

2.15.3 Directors' fees and profit-sharing bonuses

Directors' fees and profit-sharing bonuses are recognised as liabilities using a measurement method based on the consolidated result or the results of consolidated subsidiaries. The Group recognises a liability in the cases in which a contractual obligation exists or a constructive obligation arises from a past practice.

2.16 PROVISIONS

Provisions for restructuring and legal obligations are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the value of the outflow of resources can be reliably determined. Restructuring provisions essentially include the costs of early termination of employment contracts with employees. In particular, no provisions are recognised for future operating losses.

Where there are a number of similar obligations, the probability of an outflow of resources being required for settlement is assessed based on an aggregate view of such similar obligations. A provision is also recognised if the probability of outflow for any one of such obligations is deemed to be small.

Provisions are measured as the present value of the payments expected to be required to settle the obligation. The discounting process uses a pre-tax interest rate which reflects the current market expectations with regard to the present value of the funds and the risk potential of the obligation. Increases in the value of provisions based on interest effects reflecting the passage of time are recognised as interest expense in the income statement.

2.17 RECOGNITION OF REVENUE

Revenue is recognised at the fair value of the consideration received for the provision of services and for the sale of products. Revenue from intra-group goods and services is eliminated by way of consolidation. Revenue is recognised as follows:

2.17.1 Inpatient and outpatient hospital services

Hospital services are recognised in the financial year in which the services are performed by reference to the stage of completion as a proportion of the total services to be performed. Charges agreed with the payers are essentially invoiced at fixed rates irrespective of the duration of stay. In certain segments daily hospital and nursing rates are invoiced.

Hospital services are limited in terms of their volume as part of an agreed budget. As a result, service volumes exceeding the budget and service volumes falling short of the budget are to be mutually offset under statutory provisions.

2.17.2 Interest income

Interest income is recognised on a pro rata basis using the effective interest method.

2.17.3 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.18 LEASING

Leasing transactions within the meaning of IAS 17 can result from rental and lease arrangements, and are classified either as a finance lease or an operating lease.

Leasing transactions in which the Group, in its capacity as the lessee, bears all the major risks and rewards associated with ownership are normally treated as finance leases, i.e. as if the assets had actually been acquired. The assets are capitalised and depreciated over their normal useful lives; the future lease payments are recognised as liabilities at their present value.

Leasing transactions are classified as operating leases if substantially all the risks and rewards incidental to ownership remain with the lessor. Payments made in connection with an operating lease are recognised in the income statement on a straight-line basis over the term of the lease.

2.19 BORROWING COSTS

Borrowing costs have been deducted from the corresponding items and are distributed using the effective-interest method. Moreover, the interest has been recognised as current expense.

Borrowing costs incurred in connection with the acquisition/construction of qualifying assets are capitalised during the entire production process until commissioning. Other borrowing costs are recognised as an expense.

2.20 DIVIDEND PAYMENTS

Shareholders' claims to dividend payments are recognised as a liability in the period in which the corresponding resolution is adopted.

2.21 FINANCIAL RISK MANAGEMENT

2.21.1 Financial risk factors

The assets, liabilities and planned transactions of RHÖN-KLINIKUM AG are exposed in particular to the following risks:

- Credit risk
- Liquidity risk
- Interest rate risk

The aim of financial risk management is to limit the above risks through ongoing operating activities as well as the use of derivative and non-derivative (e.g. fixed-interest loans) financial instruments. The derivative financial instruments used serve exclusively as hedging instruments, i.e. they are not used for trading or speculative purposes.

As a rule, financing instruments for limiting the counterparty risk are taken out only with leading financial institutions.

Financial risk management is conducted by the Treasury department under the supervision of the CFO in line with the guidelines adopted by the Board of Management and the Supervisory Board. Risks are identified and measured by the Board of Management working together with the operative units of the Group. The CFO defines both the principles for interdivisional risk management and the guidelines for certain areas such as the management of interest rate and credit risks, the use of derivative and non-derivative financial instruments as well as the investment of liquidity surpluses.

2.21.2 Credit risk

The Group provides over 90% of its services for members of the statutory social insurance scheme, and the remainder to persons who pay medical invoices themselves and who have taken out private health insurance. There are no significant concentrations with respect to individual payers. The cost of hospital services is normally settled by payers within the legally prescribed period. With regard to the default risks in financial year 2013, please refer to our comments under Note 7.9 et seq. "Accounts receivable, other financial assets and other assets". The maximum risk of default is equal to the aggregate amount of the financial assets (less impairment) recognised on the balance sheet. Counterparty risks from entering into financial transactions are minimised by adherence to rules and limits.

2.21.3 Liquidity risk

Careful liquidity management includes holding a sufficient reserve of cash, having the possibility of obtaining finance for an adequate amount under agreed credit lines, and being able to raise liquidity from market issuances. Given the dynamic nature of the market environment in which the Group operates, our objective is to maintain the necessary flexibility in finance matters by having sufficient credit lines available and access to the capital markets at all times. A minimum strategic liquidity of cash and free, immediately available credit lines is held in order to ensure the Group's ability to act at all times. A liquidity report is prepared daily for monitoring liquidity risk. Short- to medium-term liquidity planning calculations are also carried out.

2.21.4 Interest rate risk

Interest rate risk results from uncertainty about future developments in the level of interest rates and affects all interest-bearing items as well as interest derivatives. RHÖN-KLINIKUM AG is therefore always exposed to interest rate risks.

Of the Group's financial liabilities stated under financial debt, 66.4% (previous year: 55.0%) were subject to a fixed interest rate and 33.6% (previous year: 45.0%) were subject to a floating interest rate as at the balance sheet date. Interest rate derivatives are used in the Group of RHÖN-KLINIKUM AG to minimise the interest rate risks in view of the existing and planned debt structure. 0.0% of cash at banks (previous year: 19.0%) was invested at a fixed interest rate subject to an interest term of between one and three months and callable daily.

Interest rate risks are monitored by means of sensitivity analyses. These represent the effects of changes in market interest rates on interest payments, interest income and interest costs, other components of income and, where appropriate, shareholders' equity. The interest sensitivity analyses are based on the following assumptions:

All fixed-interest financial instruments measured at amortised cost are not subject to any interest rate risk.

Changes in market rates have an impact on the net interest income attributable to floating-interest financial instruments, and are accordingly included in the sensitivity analysis.

Derivatives are exposed to risks attributable to interest rate changes in respect of their market value and cash flows.

A hypothetical fluctuation of +/–100 basis points in the market interest level as at the balance sheet date of the amounts stated under cash and cash equivalents and financial debt is considered.

If the interest rate level had been 100 basis points higher, the financial result would have been € 0.8 million lower. If the market interest rate level had been 100 basis points lower, the financial result would have been € 0.9 million higher.

The theoretical impact of rising interest rates on the financial result is attributable to the potential effects of the floating-interest liabilities (€ –1.0 million) as well as the effects attributable to the floating-interest cash at banks (€ 0.2 million). If the level of the market interest rates had been 100 basis points higher as at 31 December 2013, the valuation of the derivatives would have increased by € 6.9 million. The change in value of the derivatives would have had an increasing effect on equity capital by € 6.9 million.

The theoretical impacts of ad hoc declining interest rates on the financial result arise from the effects of the floating-interest liabilities (€ 1.0 million) as well as the effects attributable to the floating-interest cash at banks (€ –0.04 million). If the level of the market interest rates had been 100 basis points lower as at 31 December 2013, the valuation of the derivatives would have decreased by € 7.3 million. The change in value of the derivatives would have had the effect of reducing equity capital by € 7.3 million.

2.21.5 Management of shareholders' equity and debt

The aim of management with regard to the handling of shareholders' equity and debt is to adopt a strict policy of matching maturities (horizontal balance sheet structure) of the source of funds and the application of funds. Non-current assets should be funded on a long-term basis. The items of shareholders' equity and non-current liabilities shown in the balance sheet are included under the source of long-term funds. This ratio should be at least 100%, and amounted to 271.7% in the year under review (previous year: 102.8%). The rise is attributable to the reclassification of items of non-current assets and liabilities to current items in connection with IFRS 5 and the separate reporting of assets and liabilities held for sale. Long-term appropriation of funds relates to financial assets and property, plant and equipment. Although given the personnel cost ratio of more than 50% the Group of RHÖN-KLINIKUM AG is frequently attributed to the services sector, our business model has a long-term focus and is initially investment-driven. We intend to ensure that at least 35.0% of capital expenditure is sustainably backed by equity. As at 31 December 2013, this ratio at the Group level was 53.8% (previous year: 50.5%).

Group growth is also managed by way of appropriate equity measures through resolutions on the appropriation of profits for the consolidated companies. With regard to retaining parts of the net income, the management focuses on an equity ratio of 25%.

With regard to the use of debt, the management focuses on the following management ratios for minimising risks. The aim is to limit the ratio between net debt to banks (= financial liabilities less cash and cash equivalents) and EBITDA to a maximum 3.5-fold multiple and the ratio between EBITDA and net financial result to a minimum 5.0-fold multiple.

According to the loan agreements entered into, net debt must not exceed 3.5 times (previous year: 3.0 times) EBITDA of € 275.4 million (previous year: € 292.0 million). The maximum limit in financial year 2013 would be € 963.9 million (previous year: € 876.0 million). This ratio was met in the year under review, with a ratio of 2.65 (previous year: 2.75).

The financial result (excluding mark-up/discount of financial instruments) from the consolidated income statement multiplied by a factor of 5.0 (previous year: 6.0) must not be less than the figure of EBITDA for the financial year. For financial year 2013, EBITDA was € 275.4 million and the financial result (excluding mark-up/discount of financial instruments) was € 38.1 million. This key ratio of 7.23 derived therefrom (previous year: 7.96) was likewise met in the year under review.

The Group's capital charges are closely linked to all of the above-mentioned ratios, so that any differences would result in a deterioration in credit terms.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

All estimates and judgments are subject to ongoing review and are based on past experience and other factors, including expectations with respect to future events which appear reasonable under the given circumstances.

The Group makes assessments and assumptions about the future. The estimates derived from these of course only rarely reflect actual future circumstances. These uncertainties in particular concern the following:

- The planning parameters taken as a basis of the impairment test for goodwill
- Assumptions made in determining pension obligations
- Assumptions and probabilities for determining provision requirements
- Assumptions relating to the credit risk of accounts receivable

The estimates and assumptions that entail a significant risk of a substantial adjustment in carrying amounts of assets and liabilities during the next financial year are discussed in the following.

3.1 ESTIMATED IMPAIRMENT OF GOODWILL

To determine goodwill at fair value less costs to sell, the operating cash flows of the individual hospitals were discounted at the weighted average cost of capital (WACC) after tax of 6.13% (previous year: 5.88%). Based on this calculation, no impairment requirement was ascertained. Key assumptions having a substantial influence on fair value less costs to sell are WACC and the average EBIT margin. See our Note under 7.1 for average growth in revenues and average EBIT margin. For the cash generating units, the recoverable amount is equal to the carrying amount as of an assumed cost of capital rate of 6.2% (previous year: 5.9%).

3.2 REVENUE RECOGNITION

The hospitals of RHÖN-KLINIKUM AG, like all other hospitals in Germany, are subject to the statutory regulations on fees.

In order to create planning and revenue certainty, these regulations normally provide for prospective fee agreements. In practice, however, these negotiations take place only in the course of the financial year or even thereafter, creating uncertainties as to the service volume for which consideration is received at the balance sheet date. These are reflected in the balance sheet through objective estimates of receivables or liabilities. Past experience has shown that the inaccuracies relating to the estimates represent well under 1% of our revenues.

The Group generates over 90% of its revenue from the statutory health insurance funds. As a general rule, the various budgets for the individual hospitals are defined together with the statutory health insurance funds at the beginning of each year. Diagnosis related groups (DRGs) are measured nationally on a uniform basis through the DRG catalogue. The measurement ratios are reviewed and adjusted each year by the InEK (Institut für das Entgeltsystem im Krankenhaus GmbH).

If the actual volumes exceed or fall short of the agreed total budget, only the additional variable costs are paid or saved variable costs deducted, using fixed rates. Approved fee agreements existed at almost all hospitals at the time the consolidated balance sheet was prepared; this meant that any compensation payments for excess revenues or shortfalls could be calculated precisely. In hospitals in which no budget agreements had yet been concluded for 2013, we adhered strictly to the legal framework in our accounting. We assume that the agreements for 2013 will not have any negative impact on the result in 2014.

3.3 INCOME TAXES

Estimates are required for the recognition of tax provisions as well as deferred tax items.

For determining the actual value of deferred tax assets, it is essential to assess the probability of the reversal of the valuation differences and the extent to which it is possible to use the tax loss carry-forwards that led to the recognition of deferred tax assets. This depends on the generation of future taxable profits during the periods in which tax valuation differences are reversed and tax loss carry-forwards can be utilised. Uncertainties exist with regard to the interpretation of complex tax regulations and the amount and timing of future taxable income that result in changes in the tax income or expense in future periods. The Group recognises adequate provisions for the possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience from past tax audits and differing interpretations of substantive tax law by the taxable entity and the competent tax authorities on specific issues.

4 COMPANY ACQUISITIONS

The ultimate parent company is RHÖN-KLINIKUM Aktiengesellschaft with its registered office in Bad Neustadt a. d. Saale. In addition to the parent company, RHÖN-KLINIKUM AG, the scope of consolidation comprises 109 subsidiaries in Germany of which 100 are fully consolidated, as well as two companies accounted for using the equity method (of which one is a joint venture and the other an associated company). The other companies are recognised in the consolidated financial statements at the lower of cost or fair value.

In financial year 2013 a total of 6.5 clinical doctor's practices and one ophthalmological doctor's practice were acquired whose conditions of validity as per agreement were satisfied during the reporting period of 2013. Consolidation in the Group also took place in financial year 2013. No costs were incurred from the acquisition of the doctor's practices. The revenues and annual results generated since their inclusion in the consolidated statements are of minor importance for the Group of RHÖN-KLINIKUM AG. The final purchase price allocation has the following impact on the Group's net assets in 2013:

Purchase of doctor's practices, January – December 2013	Carrying amount before acquisition € million	Adjustment amount € million	Carrying amount after acquisition € million
Acquired assets and liabilities			
Property, plant and equipment			0.0
Net assets acquired			**0.0**
+ goodwill			0.5
Cost			**0.5**
– purchase price payments outstanding			0.0
– acquired cash and cash equivalents			0.0
Cash outflow on transaction			**0.5**

Moreover, one clinical doctor's practice was acquired in 2013. Since the conditions of validity were met in accordance with agreement as at 1 January 2014, the doctor's practices will be transferred in the first quarter of 2014. Consolidation in the Group will also take place in the first quarter of 2014. No costs were incurred from the acquisition of the doctor's practices. The acquisition was effected in a company sold in connection with the share purchase agreement entered into with Fresenius in 2014. The provisional purchase price allocation provides for the following effects on the Group's net assets in the first quarter of 2014:

Purchase of doctor's practices valid as of 1 January 2014	Carrying amount before acquisition € million	Adjustment amount € million	Carrying amount after acquisition € million
Acquired assets and liabilities			
Property, plant and equipment			0.0
Net assets acquired			**0.0**
+ goodwill			0.3
Cost			**0.3**
– purchase price payments outstanding			–0.3
– acquired cash and cash equivalents			0.0
Cash outflow on transaction			**0.0**

Goodwill amounting to € 0.5 million and € 0.3 million essentially includes synergy effects expected from the expansion of medical care centres (MVZs). The goodwill values recognised are likely to be tax-deductible.

Held-for-sale assets and liabilities

On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale by RHÖN-KLINIKUM AG of a portfolio of 43 facilities, medical care centres and other affiliated interests to Helios and affiliated companies. The sites in Bad Neustadt, Bad Berka, Frankfurt (Oder) as well as the Universitätsklinikum Gießen und Marburg are excluded from the transaction.

Taking account of the updated valuation under German antitrust law within the scope of the overall transaction, the hospitals in Cuxhaven, Waltershausen-Friedrichroda and Boizenburg were removed from the application submitted to the German Cartel Office. These facilities will not be transferred to Fresenius; consequently the remaining portfolio to be sold will comprise 40 hospitals. That also holds true for some MVZ subsidiaries that are related to the hospitals concerned by region or concept.

Performance of the transaction as at 31 December 2013 is still subject to clearance by the competent antitrust authority and, in respect of certain facilities, to consent by their minority shareholders and, as the case may be, their former municipal operators. Partial or gradual execution of the transaction is possible. Moreover, three MVZ companies were sold to the doctors practising there. Here, too, the conditions of validity have not yet been met.

As part of the adjustment to IFRS 5, the assets and liabilities held for sale relating to the companies intended to be sold were reclassified in the balance sheet accordingly and reported under a separate balance sheet item on the assets and liabilities side in each case. Depreciation to these items was not necessary. Following the adoption of IFRS 5, deferred tax was transferred to loss carry-forwards through profit or loss provided the latter were forfeited in connection with the transaction. The breakdown of the original balance sheet items is shown below:

Held-for-sale assets as at 31 December 2013	€ million
Non-current assets	
Goodwill and other intangible assets	264.5
Property, plant and equipment	1,204.8
Investment property	1.1
Income tax receivables	0.6
Deferred tax assets	0.0
Other financial assets	0.5
Other assets	2.0
	1,473.5
Current assets	
Inventories	38.8
Accounts receivable	281.3
Other financial assets	45.3
Other assets	5.4
Current income taxes receivable	3.9
Cash and cash equivalents	127.0
	501.7
Total of held-for-sale financial assets	1,975.2

Held-for-sale liabilities as at 31 December 2013	€ million
Non-current liabilities	
Financial liabilities	30.4
Deferred tax liabilities	2.3
Provisions for post-employment benefits	5.5
Other financial liabilities	39.4
Other liabilities	0.1
	77.7
Current liabilities	
Financial liabilities	4.8
Accounts payable	82.8
Current income tax liabilities	10.1
Other provisions	7.7
Other financial liabilities	61.1
Other liabilities	118.2
	284.7
Total of held-for-sale liabilities	**362.4**

5 SEGMENT REPORTING AND ACCOUNTING CHANGES AS A RESULT OF IAS 19 R (2011)

Segment reporting

Our hospitals are operated as legally 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 (MVZs) and service companies, whether on a stand-alone basis or in the aggregate, do not exceed the quantitative thresholds of IFRS 8.

Accounting changes as a result of IAS 19 R (2011)

The accounting changes resulting from the first-time adoption of IAS 19 R (2011) relate to provisions for post-employment benefits and have a retroactive impact on the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Shareholders' Equity and the Cash Flow Statement. In the case of changes in accounting adopted retroactively, IAS 19 R (2011) in conjunction with IAS 8 requires the additional disclosure of the opening balance sheet of the earliest comparative period.

The retroactive change in the Consolidated Income Statement from January through December 2012, in the Consolidated Statement of Comprehensive Income from January through December 2012, the Consolidated Balance Sheet as at 1 January 2012 as well as the Consolidated Balance Sheet as at 31 December 2012 is as follows:

Accounting changes, consolidated balance sheet, as at 1 January 2012	Before balance sheet change € '000	Adjustments, IAS 19 R (2011) € '000	After balance sheet change € '000
Non-current assets	2,246,055	147	2,246,202
of which deferred tax assets	3,278	147	3,425
Current assets	929,210	0	929,210
Balance sheet total	**3,175,265**	**147**	**3,175,412**
Shareholders' equity	1,598,658	–781	1,597,877
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,554,981	–783	1,554,198
Non-controlling interests in equity	43,677	2	43,679
Non-current liabilities	1,044,421	928	1,045,349
of which provisions for post-employment benefits	8,905	928	9,833
Current liabilities	532,186	0	532,186
Balance sheet total	**3,175,265**	**147**	**3,175,412**

Consolidated income statement January to December 2012	Before balance sheet change € '000	Adjustments, IAS 19 R (2011) € '000	After balance sheet change € '000
Revenues	2,864,909	0	2,864,909
Other income	206,424	0	206,424
	3,071,333	**0**	**3,071,333**
Materials and consumables used	753,354	0	753,354
Employee benefits expense	1,740,870	–512	1,740,358
Depreciation/amortisation and impairment	141,161	0	141,161
Other expenses	285,647	0	285,647
	2,921,032	**–512**	**2,920,520**
Operating profit	**150,301**	**512**	**150,813**
Finance income	6,817	0	6,817
Finance expenses	43,464	0	43,464
Financial result (net)	**–36,647**	**0**	**–36,647**
Earnings before tax	**113,654**	**512**	**114,166**
Income taxes	21,684	81	21,765
Net consolidated profit	**91,970**	**431**	**92,401**
of which			
non-controlling interests	2,285	0	2,285
shareholders of RHÖN-KLINIKUM AG	89,685	**431**	**90,116**
Earnings per share in €			
Undiluted	**0.65**	**0.00**	**0.65**
Diluted	**0.65**	**0.00**	**0.65**

Consolidated Statement of Comprehensive Income January to December 2012	Before balance sheet change € '000	Adjustments, IAS 19 R (2011) € '000	After balance sheet change € '000
Net consolidated profit	**91,970**	**431**	**92,401**
of which			
non-controlling interests	2,285	0	2,285
shareholders of RHÖN-KLINIKUM AG	89,685	431	90,116
change in fair value of derivatives used for hedging purposes	–780	0	–780
income taxes	123	0	123
Other result (cash flow hedges) subsequently reclassified to income statement if certain conditions have been met	**–657**	**0**	**–657**
Change in actuarial gains/losses from defined benefit and defined contribution pension commitments	**0**	**–285**	**–285**
Income taxes	0	45	45
Other result (actuarial gains/losses) not subsequently reclassified to the income statement	**0**	**–240**	**–240**
Other result*	**–657**	**–240**	**–897**
of which			
non-controlling interests	0	–5	–5
shareholders of RHÖN-KLINIKUM AG	–657	–235	–892
Total	**91,313**	**191**	**91,504**
of which			
non-controlling interests	2,285	–5	2,280
shareholders of RHÖN-KLINIKUM AG	89,028	196	89,224

** Sum of value changes recognised directly at equity.*

Accounting changes, consolidated balance sheet, as at 31 December 2012	Before balance sheet change € '000	Adjustments, IAS 19 R (2011) € '000	After balance sheet change € '000
Non-current assets	2,381,478	112	2,381,590
of which deferred tax assets	3,161	112	3,273
Current assets	802,911	0	802,911
	3,184,389	**112**	**3,184,501**
Shareholders' equity	1,607,456	–590	1,606,866
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,581,896	–587	1,581,309
Non-controlling interests in equity	25,560	–3	25,557
Non-current liabilities	841,162	702	841,864
of which provisions for post-employment benefits	5,465	702	6,167
Current liabilities	735,771	0	735,771
	3,184,389	**112**	**3,184,501**

Compared with the current accounting pursuant to IAS 19 R (2011), maintaining the corridor method for 2013 would not result in any material change in the Consolidated Income Statement from January through December 2013, in the Consolidated Statement of Comprehensive Income from January through December 2013, as well as the Consolidated Balance Sheet as at 31 December 2013.

6 NOTES TO THE CONSOLIDATED INCOME STATEMENT

The pre-year values of financial year 2012 described below were adjusted for the effects of the accounting changes pursuant to IAS 19 R (2011). With regard to the balance sheet changes, we refer to the section "Segment reporting and accounting changes as a result of IAS 19 R (2011)".

6.1 REVENUES

The development of revenues by business areas and geographical regions was as follows:

	2013 € million	2012 € million
Business areas		
Acute hospitals	2,905.3	2,758.5
Medical care centres	58.5	57.4
Rehabilitation hospitals	50.0	49.0
	3,013.8	**2,864.9**
Regions		
Bavaria	558.2	540.5
Saxony	398.6	392.8
Thuringia	314.5	309.6
Brandenburg	122.3	120.9
Baden-Wuerttemberg	129.1	128.0
Hesse	838.6	739.3
Lower Saxony	437.6	421.4
North Rhine-Westphalia	79.3	79.5
Mecklenburg-West Pomerania	6.4	6.4
Saxony-Anhalt	129.2	126.5
	3,013.8	**2,864.9**

According to IAS 18, revenues constitute revenues generated from the provision of services and in financial year 2013 rose by € 148.9 million or 5.2% to reach € 3,013.8 million, of this figure, our acute and rehabilitation hospitals accounted for € 2,955.3 million (previous year: € 2,807.5 million) and our medical care centres (MVZs) accounted for € 58.5 million (previous year: € 57.4 million). Adjusting for changes in the scope of consolidation (first-time consolidation of HSK-Gruppe as of 1 May 2012, MVZ Campus Gifhorn GmbH as of 1 July 2012, Medizinisches Versorgungszentrum Indersdorf GmbH as of 1 July 2013) to the tune of € 80.7 million, this translates into organic growth of € 68.2 million or 2.4%.

6.2 OTHER INCOME

Other operating income comprises:

	2013 € million	2012 € million
Income from services rendered	170.3	152.9
Income from grants and other allowances	20.2	20.1
Income from adjustment of receivables	3.9	2.3
Income from indemnification payments/Other reimbursements	3.2	8.9
Other	18.6	22.2
	216.2	**206.4**

Income from services rendered includes income from ancillary and incidental activities amounting to € 152.1 million (previous year: € 139.4 million) as well as income from rental and lease agreements amounting to € 18.2 million (previous year: € 13.5 million). The rise in income from ancillary and incidental activities results from further increases in sales of drugs particularly in the area of cytostatics.

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 for other subsidised measures).

Income from indemnities received/other reimbursements in the previous year included accounting income effects resulting from the “separate accounting” in Gießen and Marburg amounting to € 6.5 million.

The remaining other income amounts are attributable i.a. in the amount of € 9.4 million (previous year: € 7.9 million) to reimbursements by the payers for reviews of cases by the Medical Review Board (MDK) of the health insurance funds concluded without objections, in the amount of € 0.1 million (previous year: € 0.2 million) to own work capitalised, and in the amount of € 6.5 million (previous year: € 7.1 million) to funds to compensate for expenses in connection with the performance of studies.

Subsidiaries consolidated for the first time account for € 5.6 million of the increase in other income.

6.3 MATERIALS AND CONSUMABLES USED

	2013 € million	2012 € million
Cost of raw materials, consumables and supplies	650.0	617.9
Cost of purchased services	141.7	135.5
	791.7	**753.4**

Compared with the previous year, materials and consumables used rose by € 38.3 million (or 5.1%) to reach € 791.7 million. The cost-of-materials ratio is unchanged at 26.3% as in the previous year. Subsidiaries consolidated for the first time account for € 24.0 million, or 3.2%, of the increase in materials and consumables used.

6.4 EMPLOYEE BENEFITS EXPENSE

	2013 € million	2012 € million
Wages and salaries	1,527.3	1,445.1
Social insurance contributions	131.7	121.4
Expenditure for post-employment benefits		
defined contribution plans	181.0	173.2
defined benefit plans	0.4	0.7
	1,840.4	**1,740.4**

Expenses for defined contribution plans concern payments to the supplementary pension schemes (ZVK) and to the federal and state pension scheme (VBL). The defined benefit plans relate to the benefit commitments of Group companies, and comprise commitments for retirement pensions, invalidity pensions and pensions for surviving dependants as well as severance payments for members of the Board of Management after termination of the employment relationship.

Employee benefits expenses include a figure of € 2.3 million (previous year: € 4.8 million) for severance payments. In the previous year, members of the Board of Management having left the Company in financial year 2012 account for € 4.2 million of this item.

Subsidiaries consolidated for the first time account for € 51.8 million of the € 100.0 million (5.7%) increase in employee benefits expenses. Adjusted for the above effect, employee benefits expenses rose by € 48.2 million or 2.8%.

6.5 DEPRECIATION/AMORTISATION AND IMPAIRMENT

This item includes amortisation and impairment of intangible assets and depreciation of property, plant and equipment and investment property. The decline in depreciation/amortisation by € 21.5 million or 15.2% to € 119.7 million is primarily attributable to adjustments amounting to € 20.5 million in held-for-sale assets according to IFRS 5. Pursuant to IFRS 5, non-current assets may not be amortised as long as they are classified as assets held for sale. Adjusted for this effect, the depreciation item declined slightly by € 1.0 million or 0.7%.

6.6 OTHER EXPENDITURES

Other operating expenses break down as shown in the following table:

	2013 € million	2012 € million
Maintenance	101.3	93.6
Charges, subscriptions and consulting fees	83.9	67.5
Administrative and IT costs	22.4	23.5
Impairment on receivables	13.8	12.8
Insurance	18.6	15.2
Rents and leaseholds	23.4	20.3
Travelling, entertaining and representation expenses	7.8	7.8
Other personnel and continuing training costs	14.0	14.6
Losses on disposal of non-current assets	1.9	0.9
Secondary taxes	1.7	1.2
Other	33.7	28.2
	322.5	**285.6**

In financial year 2013, other expenses rose disproportionately by € 36.9 million or 12.9% to reach € 322.5 million. Of this rise, € 25.0 million or 8.7% is accounted for by our long-standing subsidiaries and € 11.9 million or 4.2% is accounted for by subsidiaries consolidated for the first time.

Expenditures for maintenance and repair increased compared with the previous year by € 7.7 million to € 101.3 million. The rise stems from the expenditures recognised on a full-year basis for the first time in financial year 2013 for HSK-Gruppe consolidated for the first time from 1 May 2012.

The increase in expenditures for charges, subscriptions and consultancy fees in the amount of € 16.4 million (or 24.3%) to € 83.9 million is essentially attributable to legal and consultancy fees in connection with the sale of the hospitals, MVZs and other affiliated interests to Fresenius / Helios in the third quarter of 2013. Subsidiaries consolidated for the first time moreover account for expenditures of € 2.0 million.

Expenditures for insurance and related deductibles increased compared with the previous year by € 3.4 million to € 18.6 million and essentially concern cost increases in indemnity insurance due to the failure of a provider.

Rental expenditures rose by € 3.1 million particularly as a result of the consolidation of HSK-Gruppe as of 1 May 2012. The rise of € 5.5 million in other expenditures is primarily attributable to subsidiaries consolidated for the first time.

6.7 RESEARCH COSTS

Our research costs relate primarily to process optimisations in the area of inpatient hospital care and not to making marketable products. The research results are therefore generally produced as a result of or in objective connection with the activities of healthcare provision. For this reason, differentiating and measuring these in isolation is possible only to a very limited extent. Depending on the volume of costs to be attributed to research activities, we estimate our annual research expenditure to be within a range of 0.5% to 2.0% of our revenues. They are primarily accounted for by personnel expenses and other operating expenses. As part of the takeover of the two university and scientific sites Gießen and Marburg, we committed ourselves to provide funding to the two medical faculties in an amount of at least € 2.0 million p.a.

6.8 FINANCIAL RESULT – NET

The financial result is shown as follows:

	2013 € million	2012 € million
Finance income		
Bank balances	0.6	5.3
Other interest income	1.7	1.5
	2.3	**6.8**
Finance expenses		
Bond	16.2	16.1
Liabilities to banks	21.4	25.2
Other interest expenses	2.8	2.2
	40.4	**43.5**
	–38.1	**–36.7**

Other interest income, which essentially concerns interest income from tax assets, also includes profit shares at companies accounted for at equity in the amount of € 54,000 (previous year: € 121,000).

In accordance with IAS 17 (Leases), finance leases are reported under property, plant and equipment, and the interest component of € 89,000 (previous year: € 13,000) included in the leasing instalments is shown under the other interest expenses.

The net interest income under IFRS 7 for financial assets and liabilities which are not included in the category "financial assets and liabilities shown at fair value in profit and loss" amounted to € 40.6 million in financial year 2013 (previous year: € 38.8 million), and comprises income of € 1.7 million (previous year: € 6.1 million) and expenses of € 42.3 million (previous year: € 44.9 million).

6.9 INCOME TAXES

Income taxes consist of the corporate income tax including the solidarity surcharge, and to a lesser extent of trade tax. This item also includes deferred taxes resulting from differences between the IFRS and tax balance sheets as well as from consolidation adjustments and expected realisable tax loss carry-forwards which, as a rule, have no expiry date.

Income tax comprises the following:

	2013 € million	2012 € million
Current income tax	25.7	21.9
Deferred taxes	2.0	–0.1
	27.7	**21.8**

At an unchanged rate of taxation, the income tax expense item rose by € 5.9 million to € 27.7 million (previous year: € 21.8 million) compared with same period of the previous year. The rise results primarily from the transfer of deferred tax assets to loss carry-forwards in connection with the companies held for sale. The income tax burden stands at 23.5% (previous year: 19.1%).

The nominal tax expense on earnings before taxes is reconciled with the income tax expense as follows:

	2013		2012	
	€ million	%	€ million	%
Earnings before taxes	**117.7**	**100.0**	**114.2**	**100.0**
Nominal tax expense (tax rate 15.0%, previous year 15.0%)	17.6	15.0	17.1	15.0
Solidarity surcharge (tax rate 5.5%)	1.0	0.8	0.9	0.8
Additional expense from dividend payment	0.7	0.6	0.9	0.8
Increase in tax liability due to non-deductible charges	0.2	0.2	0.2	0.2
Taxes, previous years	0.4	0.3	–0.2	–0.2
Trade tax	0.8	0.7	0.5	0.4
Derecognition of previous loss carry-forwards/Loss carry-forwards not applied	5.9	5.0	2.2	1.9
Other	1.1	0.9	0.2	0.2
Effective income tax expense	**27.7**	**23.5**	**21.8**	**19.1**

Further details of how deferred tax has been allocated to assets and liabilities are given in the Notes to the consolidated balance sheet.

6.10 PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS IN EQUITY

This is the share of profit attributable to minority shareholders.

6.11 EARNINGS PER SHARE

Earnings per share in accordance with IAS 33 is calculated using the share of net consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG and the weighted average number of shares in issue during the year.

The following table sets out the development in ordinary shares outstanding:

	No. of shares on 1 Jan. 2013	No. of shares on 31 Dec. 2013
Non-par shares	138,232,000	138,232,000
Treasury shares	–24,000	–24,000
	138,208,000	**138,208,000**

For further details, please refer to the disclosures on shareholders' equity (Note 7.14).

Earnings per share are calculated as follows:

	Ordinary shares
Share in net consolidated profit (€ '000)	86,648
(previous year)	(90,116)
Weighted average number of shares outstanding, in thousands	138,208
(previous year)	(138,208)
Earnings per share in €	0.63
(previous year)	(0.65)

Diluted earnings per share are identical to undiluted earnings per share, as there were no stock options or convertible debentures outstanding at the respective balance sheet dates.

7 NOTES TO THE CONSOLIDATED BALANCE SHEET

The pre-year values of financial year 2012 described below were adjusted for the effects of the accounting changes pursuant to IAS 19 R (2011). With regard to the balance sheet changes, we refer to the section "Segment reporting and accounting changes as a result of IAS 19 R (2011)".

7.1 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill € million	Other intangible assets € million	Total € million
Cost			
1 January 2013	414.0	60.9	474.9
Additions due to changes in scope of consolidation	0.5	0.0	0.5
Additions	0.0	3.1	3.1
Disposals	0.7	2.1	2.8
Transfers	0.0	0.2	0.2
31 December 2013	413.8	62.1	475.9
Cumulative depreciation and impairment			
1 January 2013	0.0	43.9	43.9
Depreciation	0.0	5.8	5.8
Disposals	0.0	1.4	1.4
31 December 2013	0.0	48.3	48.3
Subtotal as at 31 December 2013	413.8	13.8	427.6
Held-for-sale financial assets	257.8	6.7	264.5
Balance sheet value as at 31 December 2013	156.0	7.1	163.1

	Goodwill € million	Other intangible assets € million	Total € million
Cost			
1 January 2012	345.0	58.1	403.1
Additions due to changes in scope of consolidation	69.0	1.0	70.0
Additions	0.0	2.9	2.9
Disposals	0.0	1.9	1.9
Transfers	0.0	0.8	0.8
31 December 2012	414.0	60.9	474.9
Cumulative depreciation and impairment			
1 January 2012	0.0	37.7	37.7
Depreciation	0.0	7.9	7.9
Disposals	0.0	1.7	1.7
31 December 2012	0.0	43.9	43.9
Balance sheet value as at 31 December 2012	414.0	17.0	431.0

The item "Other intangible assets" primarily includes software. There are no restrictions on title and/or other rights related to the assets.

Goodwill is subjected to an annual impairment test for its respective cash generating unit (each hospital, unless the related goodwill of co-operating units is monitored at a higher level). This impairment test is performed on 1 October of each year. The carrying amount of the cash generating unit is compared with the recoverable amount for the unit which was determined at the fair value less costs to sell of the unit. The fair value is calculated on the basis of a discounted cash flow method (DCF method). A corresponding present value is calculated on the basis of a detailed ten-year plan and subsequent recognition of a perpetual annuity. A growth discount of −0.5% (previous year: −0.5%) has been used for calculating the present value of the perpetual annuity. This forms an integral part of the company's planning and is accordingly based on the management's actual expectations for the respective unit as well as on the statutory framework in the healthcare system. We believe that it is only with this longer detailed view that the measures already planned at the time of the company acquisition (e.g. demolition and rebuilding, modernisation measures) can be correctly recognised. At the end of each year, a review is carried out to establish whether the economic situation continues to support the results of the impairment test in the same way as before. This was the case on 31 December 2013.

We tested goodwill of the acquired companies for impairment as at 31 December 2013 based on data from the companies' current planning. This did not reveal any indications that the goodwill had changed negatively between the contract date and the balance sheet date.

The weighted cost of capital of a potential investor from the healthcare sector is used as the discount rate at the time of measurement, taking into account the tax shield arising from theoretical debt financing. For 2013, we have defined this discount rate at 6.13% (previous year: 5.88%). Significant goodwill relates to the following cash generating units:

Company	31 Dec. 2013 € million	31 Dec. 2012 € million
Universitätsklinikum Gießen und Marburg GmbH	137.5	137.5
MEDIGREIF Group	93.9	93.9
HSK-Gruppe	60.4	60.4
Zentralklinik Bad Berka GmbH	13.8	13.8
MVZ ADTC Düsseldorf GmbH	11.8	11.8
Klinikum Hildesheim GmbH	10.5	10.5
St. Elisabeth-Krankenhaus GmbH	9.1	9.1
Klinikum Salzgitter GmbH	8.6	8.6
Krankenhaus Waltershausen-Friedrichroda GmbH	6.2	6.2
MVZ ADTC Mönchengladbach/Erkelenz GmbH	6.2	6.1
Klinikum Pirna GmbH	6.0	6.0
Klinikum Pforzheim GmbH	5.8	5.8
Amper Kliniken AG	5.2	5.2
Other goodwill of less than € 5.0 million	38.8	39.1
Subtotal as at 31 December 2013	**413.8**	**414.0**
Held-for-sale financial assets	257.8	–
Balance sheet value as at 31 December 2013	**156.0**	–

For the planning period 2014–2024 (previous year: 2013–2023), revenue growth of companies accounting for the main portion of goodwill is in the average range of 1.8% to 4.6% (previous year: 2.0% to 6.1%).

The EBIT margins of the companies range from 4.6% to 13.2% (previous year: 4.7% to 11.3%) during the planning period.

In connection with the impairment test, a sensitivity analysis was also performed. Within the test the following assumptions were used:

- EBIT declines by 10%
- Increase in WACC by 0.5%.

As a result of the sensitivity analysis we were able to determine that a decline of 10% in EBIT results in an impairment requirement equal to € 4.7 million (previous year: € 2.5 million). An increase of 0.5% in WACC gives rise to an impairment requirement of € 4.1 million (previous year: € 2.5 million). The impairment requirement on the basis of the sensitivity analysis relates to subsidiaries classified as entities for sale.

For planning purposes, the companies accounting for the main portion of goodwill are assumed to have a homogenous structure.

7.2 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings € million	Technical plant and equipment € million	Operational and office equipment € million	Plant under construction € million	Total € million
Cost					
1 January 2013	2,084.2	92.5	616.2	68.6	2,861.5
Additions	40.3	3.4	12.5	58.9	115.1
Disposals	3.5	1.1	26.0	2.2	32.8
Transfers	31.5	1.3	1.6	–34.6	–0.2
31 December 2013	2,152.5	96.1	604.3	90.7	2,943.6
Cumulative depreciation and impairment					
1 January 2013	509.1	50.4	382.3	0.0	941.8
Depreciation	51.9	5.7	56.1	0.0	113.7
Disposals	2.5	1.1	25.0	0.0	28.6
31 December 2013	558.5	55.0	413.4	0.0	1,026.9
Balance sheet value as at 31 December 2013	1,594.0	41.1	190.9	90.7	1,916.7
Held-for-sale financial assets	989.4	22.0	116.4	77.0	1,204.8
Balance sheet value as at 31 December 2013	604.6	19.1	74.5	13.7	711.9

	Land and buildings € million	Technical plant and equipment € million	Operational and office equipment € million	Plant under construction € million	Total € million
Cost					
1 January 2012	1,881.5	83.6	570.3	157.1	2,692.5
Additions due to changes in scope of consolidation	67.1	2.6	8.7	0.4	78.8
Additions	29.7	4.0	40.8	47.3	121.8
Disposals	10.0	2.3	18.3	0.2	30.8
Transfers	115.9	4.6	14.7	–136.0	–0.8
31 December 2012	2,084.2	92.5	616.2	68.6	2,861.5
Cumulative depreciation and impairment					
1 January 2012	456.7	46.0	330.7	0.0	833.4
Depreciation	57.7	6.6	68.7	0.0	133.0
Disposals	5.3	2.2	17.1	0.0	24.6
31 December 2012	509.1	50.4	382.3	0.0	941.8
Balance sheet value as at 31 December 2012	1,575.1	42.1	233.9	68.6	1,919.7

During the financial year, borrowing costs of € 2.6 million (previous year: € 2.1 million) were related to financing the acquisition/production of qualifying assets and were recognised in additions to property, plant and equipment. An average interest rate of 4.5% (previous year: 4.4%) was used, which reflects the Group's general costs of borrowing from banks.

The Group has registered charges on real property as collateral for bank loans with a total net book value of € 14.4 million (€ 45.4 million). The financial liabilities secured by registered charges on real property as at the balance sheet date was € 0.0 million (previous year: € 37.6 million). The decline is attributable to the reclassification and separate statement of assets and liabilities held for sale in connection with IFRS 5.

Public grants related to assets are deducted from the cost of the asset for which they are given, reducing the depreciation over the period. The deducted amortised amount of assistance granted under the Hospital Financing Act (Krankenhausfinanzierungsgesetz, KHG) and which was invested in line with the applicable conditions totals € 729.6 million (previous year: € 742.2 million). To secure conditionally repayable single grants under the KHG (e.g. for the construction of new hospitals or major extensions) totalling € 225.7 million (previous year: € 230.5 million), of which € 222.4 million intended for sale, the Group holds registered charges on real property in the amount of € 461.5 million (previous year: € 461.2 million), of which € 457.4 million intended for sale. There are no reasons to assume that these grants will have to be repaid.

Buildings, technical equipment and machinery include the following amounts for which the Group is the lessee under a finance lease.

	31 Dec. 2013 € million	31 Dec. 2012 € million
Cost of assets capitalised under finance leases	50.5	9.3
Changes in scope of consolidation	0.0	42.1
Accumulated amortisation and impairment	9.4	10.2
Net carrying amount	41.1	41.2

Lease obligations are accounted for by assets and liabilities intended for sale.

7.3 INCOME TAX RECEIVABLES

Corporate income tax netting credits shown under this item comprise claims in accordance with section 37 Corporate Income Tax Act (Körperschaftsteuergesetz, KStG) which will be paid out in equal annual instalments during the period between 2015 and 2017. They are shown at their present value of € 6.7 million (previous year: € 9.5 million), and are measured on the basis of a historical interest rate of 4.0% which is commensurate with the term.

7.4 DEFERRED TAX ASSETS

Deferred tax assets and liabilities are netted if there is an enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes exist against the same tax authority. The following amounts were netted:

	31 Dec. 2013		31 Dec. 2012	
	assets € million	liabilities € million	assets € million	liabilities € million
Tax loss carry-forwards	12.2	0.0	16.3	0.0
Property, plant and equipment/Intangible assets	0.0	23.8	0.0	22.9
Interest bearing liabilities	3.6	0.0	5.6	0.0
Valuation differences at subsidiaries	0.0	0.8	0.0	0.8
Other assets and liabilities	10.6	2.5	8.9	3.9
Total	**26.4**	**27.1**	**30.8**	**27.6**
Balance	**–0.7**		**3.2**	
Reclassification of "Balance" to held-for-sale liabilities	2.3		–	
Balance sheet value as at 31 December 2013	**1.6**		**3.2**	

Deferred tax assets for tax loss carry-forwards are recognised in the amount of the associated tax benefits that can probably be realised as a result of future taxable profits. Tax loss carry-forwards in connection with previous hospital acquisitions are included in the tax base for recognising deferred tax assets if they are sufficiently determinable for tax purposes. In a tax-detrimental sale of shares in companies, any existing deferred tax is transferred to loss carry-forwards. Deferred tax assets from tax loss carry-forwards are recognised on the basis of tax planning calculations for a period of five years. The tax base used for deferred taxes is € 77.0 million (previous year: € 101.4 million). On the balance sheet date, tax losses carried forward which have so far not been utilised amounted to € 111.2 million (previous year: € 168.0 million); no deferred tax assets were recognised in relation to € 34.2 million (previous year: € 66.6 million) of this figure. In Germany, tax loss carry-forwards can be used in full to reduce the current taxable profit by up to € 1.0 million for an indefinite period. However, above this amount, only 60.0% of the remaining taxable profit can be offset against tax loss carry-forwards.

Deferred taxes from property, plant and equipment result from the difference between their useful lives defined in tax law and the economic depreciation periods in accordance with IFRSs. In addition, accelerated tax depreciation and write-downs were corrected in IFRS.

Interest bearing liabilities are deferred tax differences resulting from the treatment of liabilities with a term of over one year and in the different tax treatment of costs in connection with borrowing.

Deferred tax liabilities for non-distributed profits of subsidiaries totalling € 103.0 million (previous year: € 103.0 million), which lead to non-tax-deductible expenses of 5.0% of the total dividend for the parent company, were included in the consolidated financial statements.

Changes in deferred taxes are shown as follows:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Deferred tax assets at beginning of year	3.3	3.4
Recognition directly in equity in connection with financial derivatives recognised in equity	–2.0	0.1
Recognition directly in equity in connection with adjustments to IAS 19 R (2011) recognised in equity	0.0	0.1
Gain/loss from current netting in the income statement	–2.0	–0.3
Reclassification to held-for-sale financial assets	2.3	–
Deferred tax assets at end of year	1.6	3.3

7.5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments accounted for using the equity method relate to an associate as well as a joint venture. The object of enterprise of the associate operating under the name Medizinisches Versorgungszentrum Nikomedicum Bad Sachsa GmbH is the establishment and operation of a medical care centre (MVZ) within the meaning of section 95 German Social Insurance Code V (Sozialgesetzbuch V, SGB V) for the purpose of providing all medical and non-medical services permitted thereunder and all activities in connection therewith as well as the formation of co-operation schemes with outpatient and inpatient service providers in the area of hospital treatment, prevention and rehabilitation. The object of enterprise of the joint venture operating under the name Energiezentrale Universitätsklinikum Gießen GmbH is to supply energy – together with Stadtwerke Gießen – to the University Hospital of Gießen.

The conditions applicable for using the equity method for recognising both interests have been satisfied. The Group holds the following proportionate interests in assets, liabilities, income and expenditures:

Balance sheet data for equity-accounted investments	31 Dec. 2013 € m	31 Dec. 2012 € m
Non-current assets	0.7	0.9
Current assets	0.6	0.3
Non-current liabilities to shareholders	0.9	0.9
Current liabilities	0.1	0.1
Shareholders' equity	0.3	0.2
Subtotal	0.3	0.2
Held-for-sale financial assets	0.1	–
Carrying amount of equity-accounted interests	0.2	0.2

Income statement data for equity-accounted investments	2013 € m	2012 € m
Revenues	0.7	0.7
Result for the year	0.1	0.1

Interests in companies accounted for at equity at € 231,000 (previous year: € 228,000) are reported under the other assets (non-current) on the grounds of materiality. € 52,000 are reported under assets held for sale.

7.6 OTHER FINANCIAL ASSETS (NON-CURRENT)

Of other financial assets (non-current), € 0.0 million (previous year: € 0.2 million) is attributable to investments and € 0.1 million (previous year: € 0.2 million) to market values of derivative financial instruments. Moreover, claims against the former shareholder in connection with the acquisition of HSK-Gruppe amounting to € 10.9 million were reported under this item in the previous year that were settled in financial year 2013. Investments relate to companies in which we hold an interest of between 20.0% and 50.0%. These are not consolidated. In general, they are shown at cost.

7.7 OTHER ASSETS (NON-CURRENT)

Under other assets (non-current) amounting to € 0.2 million (previous year: € 2.4 million), an amount of € 0.2 million (previous year: € 0.2 million) of interests in companies accounted for at equity are reported. As at the balance sheet date, € 2.0 million of claims reported in the previous year amounting to € 2.2 million consisting essentially of reimbursement rights covered against insolvency for pension commitments were reported under assets held for sale in connection with IFRS 5.

7.8 INVENTORIES

Raw materials, consumables and supplies of € 21.1 million (previous year: € 56.9 million) mainly consist of medical supplies. Impairment losses of € 2.2 million (previous year: € 6.0 million) have been deducted. All inventories are owned by RHÖN-KLINIKUM AG and the companies affiliated with RHÖN-KLINIKUM AG. There are no assignments or pledges of inventories.

The decline in inventories compared with the previous year is attributable to the reclassification and separate statement of assets held for sale in connection with IFRS 5.

7.9 ACCOUNTS RECEIVABLE

	31 Dec. 2013 < 1 year € million	31 Dec. 2012 < 1 year € million
Accounts receivable (gross)	168.9	461.9
Impairments on accounts receivable	–8.4	–22.5
Accounts receivable (net)	**160.5**	**439.4**

Allowances recognised on accounts receivable (net) totalling € 160.5 million (previous year: € 439.4 million) duly reflect identifiable risks; the allowances are determined based on the probability of a default. Additions to allowances are shown under other operating expenses in the income statement, and reversals of impairments are shown under other operating income. The change in accounts receivable (net) compared with the previous year results from the reclassification and separate statement of assets held for sale in connection with IFRS 5.

There are no concentrations of credit risks in relation to accounts receivable because virtually all amounts are receivables from public payers. In principle, it is possible for an individual public payer to become insolvent, but given the joint and several liability of the payers we regard the risk of default as low.

The fair values of accounts receivables and other receivables essentially correspond to their carrying amounts since they are primarily short-term in character.

The maturity structure of the accounts receivable is shown in the following:

	Carrying amount	of which neither impaired nor due on reporting date	of which not impaired on the reporting date and due within the following periods			of which impaired
			0–30 days	31–90 days	91–180 days	
	€ million	€ million	€ million	€ million	€ million	€ million
31 Dec. 2013						
Accounts receivable	168.9	133.6	11.7	7.6	5.9	10.1
31 Dec. 2012						
Accounts receivable	461.9	341.4	56.5	17.6	14.3	32.1

With regard to the accounts receivable in the amount of € 133.6 million (previous year: € 341.4 million) which are neither impaired nor overdue, there are no indications as at the reporting date that the debtors will not meet their payment obligations.

The Group uses aged debtor lists and past experience as the basis for estimating the percentage of irrecoverable accounts receivable as at the balance sheet date in relation to the period of time overdue. In addition, the Group recognises specific valuation allowances if, as a result of particular circumstances, it is not likely that accounts receivable will be recoverable.

Allowances relating to accounts receivable amounted to € 8.4 million in the financial year (previous year: € 22.5 million). The significant decline is attributable to the reclassification and separate statement of assets held for sale in connection with IFRS 5.

Accounts receivable were derecognised in the income statement in the amount of € 2.4 million in financial year 2013 (previous year: € 3.2 million). Settlement mechanisms in accordance with the Hospital Remuneration Act (KHEntgG) partially compensated for these defaults. Inflows of € 0.2 million (previous year: € 0.6 million) were recognised in the income statement in relation to previously derecognised accounts receivable.

7.10 OTHER FINANCIAL ASSETS (CURRENT)

	31 Dec. 2013 < 1 year € million	31 Dec. 2012 < 1 year € million
Receivables under hospital financing law	1.5	10.2
Remaining other financial assets	9.4	39.1
	10.9	**49.3**

Receivables under the Hospital Financing Act (KHG) mainly relate to compensation claims for services rendered under federal hospital compensation legislation (Hospital Remuneration Act – Krankenhausentgeltgesetz, KHEntgG) and the Federal Hospital Nursing Rate Ordinance (Bundespflegesatzverordnung, BPflV).

Remaining other financial assets relate to receivables from services rendered which are not primarily related to patient treatments at hospitals (€ 3.5 million, previous year: € 6.4 million) as well as receivables due from employees in particular from invoices as part of the liquidation right of head physicians (€ 1.3 million, previous year: € 1.5 million). Also included are accounts receivable in the amount of € 0.4 million (previous year: € 1.4 million).

The change in other financial assets (current) compared with the previous year results from the reclassification and separate statement of assets held for sale in connection with IFRS 5.

Other financial assets (current) include impairments amounting to € 1.0 million (previous year: € 1.4 million). No reversals of impairment losses were made.

Within the Group, settlement receivables due from and settlement liabilities to the payers under fee/budget agreements of the current year and the previous years are stated on a netted basis. A similar approach is taken towards claims under government grants for investments and grants not yet used for their intended purpose. On a gross basis, the statement is as follows:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Receivables according to the KHG/KHEntG (gross)	18.1	59.4
Liabilities according to the KHG/KHEntG (gross)	–16.6	–49.2
Balance sheet value	**1.5**	**10.2**

Here, too, the change compared with the previous year is attributable to the reclassification and separate statement of assets and liabilities held for sale in connection with IFRS 5. The statement on a gross basis on the liabilities side is provided in the Notes under the section "Other financial liabilities".

7.11 OTHER ASSETS (CURRENT)

Of other current assets in the amount of € 8.7 million (previous year: € 13.5 million), essentially € 4.0 million (previous year: € 5.6 million) is attributable to prepaid expenses, mainly insurance expenses and € 3.8 million (previous year: € 6.5 million) is attributable to reimbursement claims against insurers under liability claims. The changes essentially result from the reclassification and separate statement of assets held for sale in connection with IFRS 5.

7.12 CURRENT INCOME TAXES RECEIVABLE

Current income taxes receivable essentially include claims against tax authorities for reimbursement of corporate income tax.

7.13 CASH AND CASH EQUIVALENTS

	31 Dec. 2013 € million	31 Dec. 2012 € million
Cash with banks and cash on hand	29.6	147.1
Short-term bank deposits	0.3	89.9
	29.9	**237.0**

The decline in inventories compared with the previous year results from the reclassification and separate statement of assets held for sale in connection with IFRS 5 as well as from the repayment of short-term bank deposits at RHÖN-KLINIKUM AG.

As at the balance sheet date, the effective interest rate for bank balances was 0.18% (previous year: 0.33%). As in the previous year, the average remaining term of these deposits was one day.

Cash and bank overdrafts are aggregated as follows for the purpose of the cash flow statement:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Cash and cash equivalents	29.9	237.0
Bank overdrafts	–40.1	–17.1
Cash position	**–10.2**	**219.9**

7.14 SHAREHOLDERS' EQUITY

The registered share capital of RHÖN-KLINIKUM AG was € 345,580,000. It is divided into 138,232,000 non-par value bearer shares each with a notional value in the registered share capital of € 2.50 per share.

Overview of development of share capital of RHÖN-KLINIKUM AG:

	Number	Arithmetic share in registered share capital €
Ordinary shares as at 1 January 2013	138,232,000	345,580,000
Changes in 2013	0	0
Ordinary shares as at 31 December 2013	138,232,000	345,580,000

An unchanged premium from the capital increase of € 396.0 million was reported in the capital reserve.

Other reserves at the balance sheet date amounting to € 903.4 million (previous year: € 839.8 million) comprise earnings generated in prior years of companies included in the consolidated financial statements amounting (to the extent not paid out to shareholders) in the amount of € 924.3 million (previous year: € 870.7 million) as well as effects of consolidation adjustments. Moreover, changes in the market values of financial derivatives designated as interest rate hedging instruments are recognised directly in equity under other reserves after taking into account deferred tax. As at 31 December 2013 a total of € 20.9 million (previous year: € 30.9 million) was allocated from hedging relationships to "Other reserves" which resulted in a reduction in equity. The change from IAS 19 R (2011) was recognised under Other reserves (retained earnings).

The total result (sum of net consolidated profit and other earnings) for financial year 2013 stands at € 100.1 million (previous year: € 91.5 million). Whereas in the previous year, negative changes in the market values of our financial instruments of € 0.7 million (after tax) as well as actuarial losses of € 0.2 million (after tax) were recognised directly at equity, positive changes in the market values of our financial instruments to the tune of € 10.0 million (after tax) as well as an actuarial losses amounting to € 0.0 million also had to be recognised directly at equity in financial year 2013.

Treasury shares are valued at € 0.1 million (previous year: € 0.1 million) and deducted from equity. The level of treasury shares developed as follows during the financial year:

	Number
Treasury shares as at 1 Jan. 2013	24,000
Changes in 2013	0
Treasury shares as at 31 Dec. 2013	24,000

In accordance with the provisions of the German Stock Corporation Act (Aktiengesetz, AktG), the amount of dividends distributable to shareholders is based on the net distributable profit shown in the annual financial statements of RHÖN-KLINIKUM AG which are prepared in accordance with the German Commercial Code (HGB). During the last Annual General Meeting, the shareholders approved the proposal of the Board of Management so that an actual dividend payment of 25 cents (previous year: 45 cents) was made in financial year 2013.

Non-controlling interests in equity of € 21.7 million (previous year: € 25.6 million) relate to interests held by non-Group third parties in the following consolidated subsidiaries:

	Held for sale	External shareholders' interests	
		31 Dec. 2013	31 Dec. 2012
		%	%
Hospital companies			
Amper Kliniken AG, Dachau	x	5.1	5.1
Frankenwaldklinik Kronach GmbH, Kronach	x	5.1	5.1
HSK, Dr. Horst Schmidt Kliniken GmbH Hospital of the City of Wiesbaden, Federal State Capital	x	51.0	51.0
Kliniken München Pasing und Perlach GmbH, Munich	x	0.3	0.3
Klinikum Gifhorn GmbH, Gifhorn	x	4.0	4.0
Klinikum Pforzheim GmbH, Pforzheim	x	5.1	5.1
Klinikum Salzgitter GmbH, Salzgitter	x	5.1	5.1
Krankenhaus Boizenburg GmbH, Boizenburg	x	8.0	8.0
St. Elisabeth-Krankenhaus GmbH Bad Kissingen, Bad Kissingen	x	1.5	1.5
Städtisches Krankenhaus Wittingen GmbH, Wittingen	x	4.0	4.0
Universitätsklinikum Gießen und Marburg GmbH, Gießen		5.0	5.0
Zentralklinik Bad Berka GmbH, Bad Berka		12.5	12.5
MVZ companies			
HSK – Ambulante Therapie und Management GmbH, Wiesbaden	x	51.0	51.0
Medizinisches Versorgungszentrum Indersdorf GmbH, Dachau (vormals: RK Klinik Betriebs GmbH Nr. 32, Bad Neustadt a. d. Saale)	x	5.1	–
MVZ Augenärztliches Diagnostik- und Therapiecentrum Mönchengladbach/Erkelenz GmbH, Erkelenz	x	49.0	49.0
MVZ Augenärztliches Diagnostik- und Therapiecentrum Siegburg GmbH, Siegburg	x	30.0	30.0
MVZ Augenärztliches Diagnostik- und Therapiezentrum Düsseldorf GmbH, Düsseldorf	x	40.4	40.4
MVZ Campus Gifhorn GmbH, Gifhorn	x	4.0	4.0
MVZ Universitätsklinikum Marburg GmbH, Marburg		5.0	5.0
MVZ Zentralklinik GmbH, Bad Berka		12.5	
Q.sana Gesellschaft bürgerlichen Rechts, Weimar		–	20.0
Service companies			
HSK ServiceGesellschaft mbH, Wiesbaden	x	51.0	51.0
KDI Klinikservice GmbH, Dachau	x	5.1	5.1
RK-Cateringgesellschaft Mitte mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Cateringgesellschaft Süd mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Cateringgesellschaft West mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft Mitte mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft Nord mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK Reinigungsgesellschaft Nordost mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft Ost mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft Süd mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft West mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Reinigungsgesellschaft Zentral mbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Wäschereinigung Mitte GmbH, Bad Neustadt a. d. Saale	x	49.0	49.0
RK-Wäschereinigung Süd GmbH, Bad Neustadt a. d. Saale	x	49.0	49.0

	Held for sale	External shareholders' interests 31 Dec. 2013 %	31 Dec. 2012 %
Other companies			
Adangela HSK-WFK Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden	x	53.9	53.9
Altmühltalklinik-Leasing-GmbH, Kipfenberg	x	5.1	49.0
Amper Medico Gesellschaft für medizinische Dienstleistungen mbH, Dachau	x	5.1	5.1

By notarised agreement dated 8 May 2013, RHÖN-KLINIKUM AG increased its interest in Altmühltalklinik-Leasing-GmbH by 43.9% to 94.9%. Accordingly, the non-controlling interest in equity diminished by € 4.8 million. Additional equity capital transactions relate to the capital contribution of a service company (€ 0.1 million) and the capital payment of an MVZ company € 0.1 million.

7.15 FINANCIAL LIABILITIES

	31 Dec. 2013		31 Dec. 2012	
	Remaining term > 1 year € million	Remaining term < 1 year € million	Remaining term > 1 year € million	Remaining term < 1 year € million
Non-current financial liabilities, bond	398.5	12.6	397.9	12.6
Liabilities to banks	296.9	63.7	335.5	234.3
Negative fair values of derivative financial instruments	25.0	0.0	34.3	3.0
Total non-current financial liabilities	**720.4**	**76.3**	**767.7**	**249.9**
Current financial liabilities				
Liabilities to banks	0.0	40.1	0.0	17.1
Total current financial liabilities	**0.0**	**40.1**	**0.0**	**17.1**
Total financial liabilities	**720.4**	**116.4**	**767.7**	**267.0**

RHÖN-KLINIKUM AG issued a revolving syndicated line of credit in the amount of € 400.0 million in financial year 2006 to finance investments. This contract expired in financial year 2013, with a partial amount of € 200.0 million having been redeemed ahead of schedule in 2012 and the remainder of € 200.0 million having been redeemed in June 2013. In financial year 2010 a revolving line of credit for € 150.0 million was agreed. This line was refinanced ahead of schedule in 2012 given the attractive terms on the capital market. In financial year 2012, RHÖN-KLINIKUM AG concluded a revolving syndicated line of credit in the amount of € 350.0 million with a term running until 2017 to refinance the redeemed line of credit from 2006 and 2010. As at the reporting date of 31 December 2013, € 60.0 million of this line of credit had been drawn down. The term-linked interest rate was at 1.25% p.a. for the amount drawn down during the reporting year. On the credit volume not drawn down, interest is charged at a rate of 0.3675% p.a.

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 is 3.875%, and the issue price was fixed at 99.575%. This results in an overall yield of 3.956%. The issue proceeds will be used to refinance existing financial liabilities as well as for general company purposes. For investment in a new energy-efficient building at the Nordenham site, a development loan in a volume of € 23.7 million with a term running until 2020 was agreed with KFW IPEX-Bank in December 2012. The loan amount was disbursed in January 2013.

Of the non-current financial liabilities, variable interest is charged on € 273.1 million (previous year: € 431.8 million). To limit interest rate risk, 59.9% of the volume bearing a variable interest rate was hedged using various interest rate derivatives. The interest fluctuation risks and contractual interest adjustment dates relating to the interest-bearing liabilities are as follows:

Fixed interest period ends	31 Dec. 2013 Interest rate[1] %	Original value € million	Carrying amount of loans € million	31 Dec. 2012 Interest rate[1] %	Original value € million	Carrying amount of loans € million
Bond	4.06	400.0	398.5	4.06	400.0	397.8
Interest on bond			12.6			12.6
		400.0	**411.1**		**400.0**	**410.4**
Liabilities to banks						
2013				1.12	449.7	421.9
2014	1.40	241.9	221.9	4.88	11.4	5.5
2015	0.00	0.0	0.0	0.00	0.0	0.0
2016	0.00	0.0	0.0	0.00	0.0	0.0
2017	5.18	100.0	100.0	5.17	102.5	101.2
2018	0.00	0.0	0.0	0.00	0.0	0.0
2019	5.45	15.0	15.0	4.42	47.0	41.3
> 2020	2.37	23.7	23.7			
		380.6	**360.6**		**610.6**	**569.9**
		780.6	**771.7**		**1,010.6**	**980.3**

[1] *Weighted interest rate.*

The effective interest rates at balance sheet date are:

	31 Dec. 2013 %	31 Dec. 2012 %
Bond	4.06	4.06
Liabilities to banks	2.72	2.11
Overdrafts with banks	1.03	0.90

The remaining terms of the financial liabilities are:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Up to 1 year	116.4	267.0
Between 1 and 5 years	696.3	685.8
More than 5 years	24.1	81.9
Total	**836.8**	**1,034.7**

Of the reported financial liabilities, € 0.0 million (previous year: € 37.6 million) is secured by registered charges on real property.

The profits and losses from hedging transactions recognised at equity as at 31 December 2013 are continually recognised in the income statement until repayment of the liabilities to banks.

7.16 PROVISIONS FOR POST-EMPLOYMENT BENEFITS

The Group provides retirement benefits for eligible employees under its company pension scheme, which comprises both defined benefit and defined contribution pension plans. Obligations under this scheme include current pension payments and future entitlements.

Defined benefit obligations are financed by recognising provisions. Amounts relating to defined contribution plans are recognised immediately in profit or loss.

Obligations under defined benefit plans relate to provision pension commitments of four (previous year: four) Group companies in the form of individual contractual retirement, disability and survivor's pensions for doctors and members of the Board of Management. Provisions cover commitments to existing eligible employees as well as former employees with vested benefits and pensioners. Benefits are determined on the basis of length of service and pensionable salaries. In addition to a longevity risk, these pension commitments are also subject to a pension adjustment risk related to inflation.

Apart from general pension plans the members of the Board of Management are covered by a plan providing for retirement benefits. In addition to their regular remuneration the members of the Board of Management, on termination of their employment as Board members, receive a retirement benefit depending on the length of service and level of remuneration and not exceeding 1.5 times the last annual remuneration. The scope of the obligation was calculated based on the individual contract terms and not on a uniform retirement age as with the other pension plans. In this connection there are risks associated with changes in the assessment basis. These essentially relate to the dependence on the last salary and last variable remuneration components. If the development of this assessment basis turns out to be different from what is assumed in the provision calculations, this might give rise to a subsequent financing requirement.

The provision volume on the balance sheet is divided into lifelong and one-off payments as follows:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Commitment for lifelong payments	0.0	6.0
Commitment for one-off payments	0.6	0.2
Provision for pensions (defined benefit liability)	**0.6**	**6.2**

The obligations for lifelong payments consist of fixed contractually committed remuneration adjusted by salary increases.

The change in the aggregate obligation compared with the previous year is attributable to the reclassification and separate statement of liabilities held for sale in connection with IFRS 5.

The calculation is based on the following assumptions:

	31 Dec. 2013 %	31 Dec. 2012 %
Rate of interest	3.50	3.60
Projected increase in wages and salaries	2.50	2.50
Projected increase in pensions	2.00	2.00

The 2005 G mortality tables of Professor Dr. Klaus Heubeck were again used as the basis for actuarial calculations (unchanged compared with the previous year). All pension costs are reported under the pension costs item.

The development of the defined benefit obligation in financial year 2013 compared with the previous year is shown in the following:

	2013 € million	2012 € million
As at 1 January	**6.2**	**9.8**
Service time cost	0.2	0.1
Interest expense	0.2	0.2
Losses from plan changes	0.0	1.0
Pension payments	–0.6	–5.2
Actuarial gain/losses from changes in financial assumptions	0.1	0.6
Experience-based adjustments	0.0	–0.3
Reclassification to held-for-sale liabilities	–5.5	–
As at 31 December	**0.6**	**6.2**

In the previous year, pension payments include € 3.3 million in early post-employment settlement payments for two former members of the Board of Management. There are reimbursement claims consisting of pension liability insurance policies entered into by reason of pension commitments to employees.

For next year, no benefit payments are expected. This results from the planned sale of assets and liabilities to Fresenius.

The weighted average duration of the pension liabilities is about six years. The sensitivity of the pension obligations in terms of fluctuation range due to changes in the various actuarial valuation assumptions is shown in the table below:

Impact on the commitment (%) as at 31 December 2013 Change	Change in assumption in percentage points	Increase in assumption in percentage points	Reduction in assumption in percentage points
Interest rate	0.2	–1.2	1.3
Remuneration trend	0.2	1.2	–1.2

The effects of the sensitivity were calculated using the same method as the obligations at the end of the year. In this regard, effects of a simultaneous change in several assumptions were not examined. Since the commitments remaining at the end of the financial year are capital commitments, no or no material changes result from the change in the pension trend or mortality; consequently, no disclosure of sensitivity in this regard was made.

In financial year 2013, contribution payments to the supplementary pension schemes (VBL and ZVK) were made in the amount of € 50.3 million (previous year: € 50.7 million). As a result of the sale of assets and liabilities to Fresenius, payments of € 22.7 million to the VBL are expected in financial year 2014.

As at the reporting date, 17,933 employees (previous year: 17,822 employees) with a claim to supplementary pension benefits were registered with VBL and ZVK. As a result of the sale of assets and liabilities to Fresenius, the claim of employees registered with a supplementary pension scheme will decrease as expected to roughly € 8,000 in financial year 2014. These employees will then be registered with VBL without exception.

7.17 OTHER PROVISIONS

Other provisions developed as follows in the financial year:

	1 Jan. 2013 € million	Change in scope of consolida-tion € million	Consump-tion € million	Writeback € million	Allocation € million	Reclassifi-cation* € million	31 Dec. 2013 € million	of which < 1 year € million	of which > 1 year € million
Demolition obligations	0.1	0.0	0.0	0.0	0.0	–0.1	0.0	0.0	0.0
Liability risks	23.8	0.0	10.6	0.0	10.1	–7.1	16.2	16.2	0.0
Other provisions	1.5	0.0	1.0	0.0	0.0	–0.5	0.0	0.0	0.0
	25.4	**0.0**	**11.6**	**0.0**	**10.1**	**–7.7**	**16.2**	**16.2**	**0.0**

** Reclassification to held-for-sale liabilities.*

The provisions for liability risks relate to claims for damages by third parties. These compare with repayment claims of € 3.8 million (previous year: € 6.5 million) against insurers; these are shown under other assets (current). In the assessment of the Board of Management, the settlement of these liability events using the provisions will not entail any significant additional expenses. The timing of cash outflows from liability risks, which generally may occur in the short term, essentially depends on the course and outcome of specific liability cases.

The decline in provisions for demolition obligations and liability risks is primarily attributable to the reclassification in liabilities held for sale in connection with IFRS 5. Other provisions, which for the most part were used up in financial year 2013, relate to risks from the final settlement of government grants.

Compared with the previous year, their maturities are as follows:

	31 Dec. 2013 € million	of which < 1 year € million	of which > 1 year € million	31 Dec. 2012 € million	of which < 1 year € million	of which > 1 year € million
Demolition obligations	0.0	0.0	0.0	0.1	0.1	0.0
Liability risks	16.2	16.2	0.0	23.8	23.8	0.0
Other provisions	0.0	0.0	0.0	1.5	1.5	0.0
	16.2	**16.2**	**0.0**	**25.4**	**25.4**	**0.0**

The Group of RHÖN-KLINIKUM AG has contingent liabilities of up to € 0.8 million (previous year: € 1.5 million). These constitute liabilities as part of the performance process. At the present time RHÖN-KLINIKUM AG does not expect any significant usage in future. € 0.2 million of contingent liabilities relates to subsidiaries sold to Fresenius.

7.18 ACCOUNTS PAYABLE

	31 Dec. 2013		31 Dec. 2012	
	< 1 year € million	> 1 year € million	< 1 year € million	> 1 year € million
Accounts payable	73.4	0.0	137.3	0.0

Accounts payable exist with regard to third parties. The total amount of € 73.4 million (previous year: 137.3 million) is due within one year. The decline compared with the previous year is attributable to the reclassification and separate statement of liabilities held for sale in connection with IFRS 5.

7.19 OTHER FINANCIAL LIABILITIES

	31 Dec. 2013		31 Dec. 2012	
	< 1 year € million	> 1 year € million	< 1 year € million	> 1 year € million
Liabilities under Hospital Financing Act	13.5	0.0	78.4	0.0
Purchase prices	2.4	0.0	3.8	0.0
Leasing	0.0	0.0	1.6	39.6
Other financial liabilities	25.8	21.4	29.3	26.3
Other financial liabilities (financial instruments)	**41.7**	**21.4**	**113.1**	**65.9**

The decline compared with the previous year is attributable to the reclassification and separate statement of liabilities held for sale in connection with IFRS 5.

The liabilities under the Hospital Financing Act (KHG) relate to public grants not yet used in accordance with the conditions for their use granted under state legislation as well as repayment obligations under the federal hospital compensatory schemes, the Federal Hospital Nursing Rate Ordinance (BPflV) and the Hospital Remuneration Act (KHEntgG).

The purchase prices relate to contractually stipulated obligations.

The carrying amounts of the current monetary liabilities recognised under this item correspond to their fair values. The other non-current liabilities have been discounted using the effective interest method on the basis of historical market rates.

Of the figure stated for remaining non-current financial liabilities with remaining maturities of more than five years in the amount of € 14.1 million (previous year: € 15.4 million), € 9.9 million (previous year: € 11.1 million) is attributable to obligations arising from research grants owed to the University of Gießen and Marburg.

Within the Group, settlement receivables due from and settlement liabilities to payers under fee/budget agreements of the current year and the previous years are stated on a netted basis. A similar approach is taken towards claims under government grants for investments and grants not yet used for their intended purpose. On a gross basis, the statement is as follows:

	31 Dec. 2013 € million	31 Dec. 2012 € million
Liabilities according to the KHG/KHEntG (gross)	30.1	127.6
Receivables according to the KHG/KHEntG (gross)	–16.6	–49.2
	13.5	**78.4**

Here, too, the change compared with the previous year is attributable to the reclassification and separate statement of assets and liabilities held for sale in connection with IFRS 5. The statement on a gross basis on the assets side is provided in the Notes under the section "Other financial assets (current)".

7.20 OTHER LIABILITIES

	31 Dec. 2013		31 Dec. 2012	
	< 1 year € million	> 1 year € million	< 1 year € million	> 1 year € million
Personnel liabilities	54.6	0.3	131.7	2.1
Deferred income	5.9	0.0	9.4	0.0
Operating taxes and social security contributions	10.2	0.0	30.0	0.0
Pre-payments	1.6	0.0	1.3	0.0
Other liabilities	5.9	0.0	13.6	0.0
Other liabilities (non-financial instruments)	**78.2**	**0.3**	**186.0**	**2.1**

The decline compared with the previous year is attributable to the reclassification and separate statement of liabilities held for sale in connection with IFRS 5.

Personnel liabilities mainly relate to performance-linked remuneration, obligations arising from still outstanding holiday leave entitlement, semi-retirement obligations as well as severance payment obligations.

The remaining liabilities essentially include third-party funds from ongoing studies not yet appropriated.

7.21 CURRENT INCOME TAX LIABILITIES

Current income tax liabilities in the amount of € 0.6 million (previous year: € 7.0 million) comprise corporate income tax, solidarity surcharge and trade tax not yet assessed for the past financial year and previous years. The decline in current income tax liabilities is essentially attributable to the reclassification in liabilities held for sale in connection with the sale of hospitals, MVZs and other affiliated interests.

7.22 FINANCIAL DERIVATIVES

The Group is exposed to fluctuations in market interest rates in respect of its financial liabilities and interest-bearing investments. Our long-term financial debt (bond and liabilities to banks) totalled € 771.7 million (previous year: € 980.3 million); of this figure, € 538.7 million (previous year: € 548.5 million) was subject to fixed interest rates and terms running until 2020. Interest hedges in a volume of € 163.4 million (previous year: € 373.1 million) exist in relation to other non-current liabilities which are financed at a variable rate.

Financial derivatives measured at fair value through profit or loss resulted in income of € 0.0 million (previous year: € 0.1 million).

Financial derivatives are recognised at market values (as measured on the balance sheet date on the basis of recognised valuation models using current market data). A large portion of the hedging instruments are recognised as being one unit with the hedged item under hedge accounting. In these hedging relationships, changes in the market values of derivatives less deferred tax are recorded in a hedge reserve under equity amounting to € 20.9 million (previous year: € 30.9 million).

Financial derivatives are monitored and controlled directly by the Board of Management working together with the specialised department that reports to the Board of Management.

2013	Fair value € million	Term from	 to	Reference interest rate 31 Dec. 2013 %	Interest rate cap or fixed rate %	Reference amount 31 Dec. 2013 € million
Interest rate swaps, liabilities	–24.1	11 June 2008	11 June 2018	0.29	4.65	150.0
	–0.2	2 Jan. 2007	30 Sept. 2018	0.29	3.94	2.8
	0.0	30 Sept. 2009	30 June 2014	0.29	2.42	0.5
	–0.1	30 Nov. 2009	30 June 2016	0.29	2.57	3.0
	–0.5	31 March 2010	30 Dec. 2022	0.29	2.79	7.1
	–0.3	11 Nov. 2008	30 June 2018	0.29	4.48	3.5*

** Held for sale as defined by IFRS 5.*

2012	Fair value € million	Term from	 to	Reference interest rate 31 Dec. 2012 %	Interest rate cap or fixed rate %	Reference amount 31 Dec. 2012 € million
Interest rate swaps, liabilities	–32.4	11 June 2008	11 June 2018	0.19	4.65	150.0
	–0.4	2 Jan. 2007	30 Sept. 2018	0.19	3.94	3.3
	0.0	16 Jan. 2008	6 March 2013	0.19	4.25	2.0
	0.0	30 Sept. 2009	30 Dec. 2013	0.19	2.31	0.3
	0.0	30 Sept. 2009	30 June 2014	0.19	2.42	1.0
	0.0	30 Nov. 2009	28 March 2013	0.19	1.83	0.1
	–0.2	30 Nov. 2009	30 June 2016	0.19	2.57	4.2
	–0.8	31 March 2010	30 Dec. 2022	0.19	2.79	7.9
	–3.0	2 Jan. 2012	7 June 2013	0.11	3.49	200.0
	–0.5	11 Nov. 2008	30 June 2018	0.19	4.48	4.3

7.23 ADDITIONAL DISCLOSURES REGARDING FINANCIAL INSTRUMENTS

7.23.1 Carrying amounts, recognised figures and fair values according to measurement categories

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 acccording to IAS 39	31 Dec. 2013	of which carrying amount	of which fair value	31 Dec. 2012	of which carrying amount	of which fair value
ASSETS		€ million	€ million	€ million	€ million	€ million	€ million
Non-current assets							
Other financial assets (non-current)		**0.1**	0.1	0.1	**11.3**	11.3	11.3
of which investments	Available-for-sale financial assets	**0.0**	0.0	0.0	**0.2**	0.2	0.2
of which derivative financial instruments (HfT)	Financial assets measured at fair value through profit or loss	**0.1**	0.1	0.1	**0.2**	0.2	0.2
of which other	Loans + receivables	**0.0**	0.0	0.0	**10.9**	10.9	10.9
Current assets							
Accounts receivable, other financial assets		**171.4**	171.4	171.4	**488.7**	488.7	488.7
of which accounts receivable, other financial assets	Loans + receivables	**171.4**	171.4	171.4	**488.7**	488.7	488.7
of which securities (HfT)	Financial assets measured at fair value through profit or loss	**0.0**	0.0	0.0	**0.0**	0.0	0.0
of which derivative financial instruments (HfT)	Financial assets measured at fair value through profit or loss	**0.0**	0.0	0.0	**0.0**	0.0	0.0
Cash and cash equivalents	Loans + receivables	**29.9**	29.9	29.9	**237.0**	237.0	237.0
SHAREHOLDERS' EQUITY AND LIABILITIES							
Non-current liabilities							
Financial liabilities		**720.4**	720.4	685.5	**767.7**	767.7	707.4
of which financial liabilities	Financial liabilities measured at amortised cost	**695.4**	695.4	660.5	**733.4**	733.4	673.1
of which derivative financial instruments (hedge accounting)	n. a.	**25.0**	25.0	25.0	**34.3**	34.3	34.3
Other financial liabilities		**21.4**	21.4	23.2	**65.9**	65.9	67.9
of which other financial liabilities	Financial liabilities measured at amortised cost	**21.4**	21.4	23.2	**26.3**	26.3	28.3
of which under finance leases	n.a.	**0.0**	0.0	0.0	**39.6**	39.6	39.6
Current liabilities							
Accounts payable	Financial liabilities measured at amortised cost	**73.4**	73.4	73.4	**137.3**	137.3	137.3
Financial liabilities		**116.4**	116.4	116.4	**267.0**	267.0	267.0
of which financial liabilities	Financial liabilities measured at amortised cost	**116.4**	116.4	116.4	**264.0**	264.0	264.0
of which derivative financial instruments (HfT)	Liabilities measured at fair value through profit or loss	**0.0**	0.0	0.0	**3.0**	3.0	3.0
Other financial liabilities		**41.7**	41.7	41.7	**113.1**	113.1	113.1
of which other financial liabilities	Financial liabilities measured at amortised cost	**41.7**	41.7	41.7	**111.5**	111.5	111.5
of which under finance leases	n.a.	**0.0**	0.0	0.0	**1.6**	1.6	1.6

Aggregated according to measurement categories, the above figures are as follows:

	Loans + receivables		201.3	201.3		736.6	736.6
	available-for-sale financial assets		0	0		0.2	0.2
	Financial assets measured at fair value through profit or loss		0.1	0.1		0.2	0.2
	Financial liabilities measured at amortised cost		948.3	915.2		1,272.5	1,214.2
	Liabilities measured at fair value through profit or loss		0.0	0.0		3.0	3.0

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 assets and liabilities held for sale shown in the Notes under the item "Company acquisitions":

	Measurement category according to IAS 39	31 Dec. 2013	of which financial instruments carrying amount	of which financial instruments fair value
ASSETS		€ million	€ million	€ million
Non-current assets				
Other financial assets (non-current)		0.5	0.5	0.5
of which investments	Available-for-sale financial assets	0.2	0.2	0.2
of which derivative financial instruments (HfT)	Financial assets measured at fair value through profit or loss	0.2	0.2	0.2
of which other	Loans + receivables	0.1	0.1	0.1
Current assets				
Accounts receivable, other financial assets		326.6	326.6	326.6
of which accounts receivable, other financial assets	Loans + receivables	326.6	326.6	326.6
of which securities (HfT)	Financial assets measured at fair value through profit or loss	0.0	0.0	0.0
of which derivative financial instruments (HfT)	Financial assets measured at fair value through profit or loss	0.0	0.0	0.0
Cash and cash equivalents	Loans + receivables	127.0	127.0	127.0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Non-current liabilities				
Financial liabilities		30.4	30.4	25.3
of which financial liabilities	Financial liabilities measured at amortised cost	29.8	29.8	24.7
of which derivative financial instruments (Hedge-Accounting)	n. a.	0.6	0.6	0.6
Other financial liabilities		39.4	39.4	39.4
of which other financial liabilities	Financial liabilities measured at amortised cost	0.1	0.1	0.1
of which under finance leases	n.a.	39.3	39.3	39.3
Current liabilities				
Accounts payable	Financial liabilities measured at amortised cost	82.8	82.8	82.8
Financial liabilities		4.8	4.8	4.8
of which financial liabilities	Financial liabilities measured at amortised cost	4.8	4.8	4.8
of which derivative financial instruments (HfT)	Liabilities measured at fair value through profit or loss	0.0	0.0	0.0
Other financial liabilities		61.1	61.1	61.1
of which other financial liabilities	Financial liabilities measured at amortised cost	59.2	59.2	59.2
of which under finance leases	n. a.	1.9	1.9	1.9

Aggregated according to measurement categories, the above figures are as follows:

	Loans + receivables		453.6	453.6
	available-for-sale financial assets		0.2	0.2
	Financial assets measured at fair value through profit or loss		0.2	0.2
	Financial liabilities measured at amortised cost		176.7	171.6
	Liabilities measured at fair value through profit or loss		0.0	0.0

The following table shows a classification of our financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million	Previous year € million
non-current derivative assets	0.0	0.1	0.0	0.1	0.2
securities	0.0	0.0	0.0	0.0	0.0
current derivative assets	0.0	0.0	0.0	0.0	0.0
non-current derivative liabilities	0.0	25.0	0.0	25.0	34.3
current derivative liabilities	0.0	0.0	0.0	0.0	3.0

The following table shows a classification of the financial assets and liabilities held for sale measured at fair value to the three levels of the fair value hierarchy:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
non-current derivative assets	0.0	0.2	0.0	0.2
securities	0.0	0.0	0.0	0.0
current derivative assets	0.0	0.0	0.0	0.0
non-current derivative liabilities	0.0	0.6	0.0	0.6
current derivative liabilities	0.0	0.0	0.0	0.0

The levels of the fair value hierarchy and their application to our 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 regard, own credit risk, derived from the bond listed on the market, is taken into account.

Of the other financial assets (non-current), € 0.0 million (31 December 2012: € 0.2 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 figure shown for financial liabilities includes loans from banks as well as a bond. The fair value of the loans from banks and the fair value of other non-current liabilities are 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. The fair value of the bond is calculated as the nominal value multiplied by the price of the final trading day of the year under review and is thus classified to Level 1 of the fair value hierarchy.

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 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.

7.23.2 Net gains or losses by measurement category

	From capital gains	From subsequent measurement		From disposal	Net result	
		at fair value	impairment		2013	2012
	€ million	€ million	€ million	€ million	€ million	€ million
Loans and receivables	0.0	0.0	6.7	3.2	9.9	10.5
Financial assets and liabilities measured at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	–0.1
Total	**0.0**	**0.0**	**6.7**	**3.2**	**9.9**	**10.4**

The net gain or loss from the subsequent measurement of loans and receivables is calculated on the basis of the income and expenses relating to impairments of accounts receivable. Disposals includes receivables derecognised as irrecoverable netted with income from payments received in relation to receivables on which impairment losses were recognised in the past.

During the financial year, no expenditures and income resulted from liabilities at amortised cost.

The financial assets measured at fair value through profit or loss comprise the market valuation of derivative financial instruments recognised through the income statement.

7.23.3 Financial liabilities (maturity analysis)

The following table sets out the contractually agreed (undiscounted) interest payments and redemption payments of the original financial liabilities and of the financial derivatives, including the financial liabilities stated under liabilities held for sale:

	Cash outflows		
	2014	2015–2020	> 2020
	€ million	€ million	€ million
Financial liabilities	–140.5	–769.1	–14.5
Accounts payable	–156.2	0.0	0.0
Derivatives	0.0	–25.1	–0.5
Other financial liabilities	–101.0	–9.0	–17.5
Liabilities under finance leases	–1.9	–7.4	–31.9
	–399.6	**–810.6**	**–64.4**

The following table shows the maturity analysis of the previous year:

	Cash outflows		
	2013	2014–2019	> 2019
	€ million	€ million	€ million
Financial liabilities	–286.2	–802.1	–16.3
Accounts payable	–137.3	0.0	0.0
Derivatives	–3.0	–33.4	–0.8
Other financial liabilities	–111.5	–11.6	–20.3
Liabilities under finance leases	–1.6	–6.2	–33.4
	–539.6	**–853.3**	**–70.8**

The above table includes all financial liabilities held as at the balance sheet date and for which payments had been contractually agreed. Planned payments for new liabilities in the future have not been included in the calculations. Interest payments were included in the future cash flows under agreements in effect as at the balance sheet date. Current liabilities and liabilities which can be terminated at any time are shown under the shortest time horizon.

8 CASH FLOW STATEMENT

The cash flow statement 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 the scope of consolidation has been eliminated. In accordance with IAS 7 (Cash Flow Statements), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. 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 are deducted from cash and cash equivalents. Reconciliation is provided in the Notes on cash and cash equivalents. The cash flow statement has included a figure of € 24.0 million (previous year: € 12.3 million) for outstanding construction invoices and a figure of € 0.0 million (previous year: € 0.1 million) for non-cash gains from financial derivatives. Moreover, purchase price payments from purchases of doctor's practices concluded in 2011 amounting to € 1.0 million (previous year: € 2.2 million) were made.

The sale of a former hospital building resulted in the previous year in a payment received in the amount of € 2.9 million.

Dividends paid to non-controlling interests amounted to € 2.4 million (previous year: € 3.1 million). Additional equity capital transactions amounting to € 0.8 million (previous year: € 0.3 million) with non-controlling interests relate to the € 0.8 million increase in the interest held in Altmühlklinik-Leasing-GmbH, an MVZ company and one service company.

The cash flow statement sets out the change in cash and cash equivalents between two balance sheet dates. In the RHÖN-KLINIKUM Group, this item exclusively comprises cash and cash equivalents attributable to continuing operations, because we have not discontinued any operations.

9 SHAREHOLDINGS

9.1 COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Hospital companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
Aukamm-Klinik für operative Rheumatologie und Orthopädie GmbH, Wiesbaden	x	100.0	1,994	1,151
Amper Kliniken AG, Dachau	x	94.9	86,581	6,763
Bördekrankenhaus GmbH, Neindorf	x	100.0	1,580	322
Fachkrankenhaus für Psychiatrie und Neurologie Hildburghausen GmbH, Hildburghausen	x	100.0	20,799	6,525
Fachkrankenhaus Vogelsang-Gommern GmbH, Gommern	x	100.0	4,434	2,140
Frankenwaldklinik Kronach GmbH, Kronach	x	94.9	31,059	1,768
Gesundheitsmanagement Elbe-Fläming GmbH, Greifswald	x	100.0	16,999	16,640
Haus Saaletal GmbH, Bad Neustadt a. d. Saale		100.0	372	60
Herz- und Gefäß-Klinik GmbH Bad Neustadt, Bad Neustadt a. d. Saale[1]		100.0	12,158	0
Herzzentrum Leipzig GmbH, Leipzig[1]	x	100.0	14,580	0
HSK, Dr. Horst Schmidt Kliniken GmbH Hospital of the City of Wiesbaden, Federal State Capital[2]	x	49.0	1,304	–10,325
KLINIK »HAUS FRANKEN« GMBH Bad Neustadt/Saale, Bad Neustadt a. d. Saale		100.0	38,026	–96

Hospital companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
Klinik für Herzchirurgie Karlsruhe GmbH, Karlsruhe[1]	x	100.0	5,668	0
Klinik Hildesheimer Land GmbH, Bad Salzdetfurth	x	100.0	2,108	447
Klinik Kipfenberg GmbH Neurochirurgische und Neurologische Fachklinik, Kipfenberg[1]	x	100.0	3,070	0
Kliniken Herzberg und Osterode GmbH, Herzberg am Harz	x	100.0	15,353	519
Kliniken Miltenberg-Erlenbach GmbH, Erlenbach	x	100.0	11,168	–41
Kliniken München Pasing und Perlach GmbH, Munich	x	99.7	30,767	2,530
Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder)		100.0	72,377	5,427
Klinikum Gifhorn GmbH, Gifhorn	x	96.0	20,839	705
Klinikum Hildesheim GmbH, Hildesheim	x	100.0	59,490	3,193
Klinikum Meiningen GmbH, Meiningen[1]	x	100.0	15,332	0
Klinikum Pforzheim GmbH, Pforzheim	x	94.9	64,887	2,665
Klinikum Pirna GmbH, Pirna	x	100.0	19,954	4,424
Klinikum Salzgitter GmbH, Salzgitter	x	94.9	29,517	2,346
Klinikum Uelzen GmbH, Uelzen	x	100.0	22,927	2,927
Klinikum Warburg GmbH, Warburg (vormals: St. Petri-Hospital Warburg GmbH, Warburg)	x	100.0	4,264	286
Krankenhaus Boizenburg GmbH, Boizenburg	x	92.0	1,297	818
Krankenhaus Cuxhaven GmbH, Cuxhaven	x	100.0	15,011	–1,406
Krankenhaus Jerichower Land GmbH, Burg	x	100.0	15,635	4,191
Krankenhaus Köthen GmbH, Köthen	x	100.0	12,855	1,366
Krankenhaus St. Barbara Attendorn GmbH, Attendorn	x	100.0	3,497	–4,369
Krankenhaus Waltershausen-Friedrichroda GmbH, Friedrichroda	x	100.0	12,241	741
Krankenhaus Zerbst GmbH, Zerbst	x	100.0	4,986	1,406
Mittelweser Kliniken GmbH Nienburg Hoya Stolzenau, Nienburg	x	100.0	27,035	2,035
Neurologische Klinik GmbH Bad Neustadt/Saale, Bad Neustadt a. d. Saale		100.0	5,426	2,407
Park-Krankenhaus Leipzig GmbH, Leipzig	x	100.0	15,538	5,567
St. Elisabeth-Krankenhaus GmbH Bad Kissingen, Bad Kissingen	x	98.5	11,182	2,115
Städtisches Krankenhaus Wittingen GmbH, Wittingen	x	96.0	1,144	–942
STIFTUNG DEUTSCHE KLINIK FÜR DIAGNOSTIK Gesellschaft mit beschränkter Haftung, Wiesbaden	x	100.0	12,517	1,217
Universitätsklinikum Gießen und Marburg GmbH, Gießen		95.0	74,614	1,984
Weißeritztal-Kliniken GmbH, Freital	x	100.0	28,692	3,492
Wesermarsch-Klinik Nordenham GmbH, Nordenham	x	100.0	2,300	–5,038
Zentralklinik Bad Berka GmbH, Bad Berka		87.5	110,749	12,923

[1] *The company claims the exemption from the disclosure obligation pursuant to section 264 (3) HGB.*
[2] *Full consolidation by reason of contractual provisions.*

MVZ companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
GesundheitsNetzwerk Cuxland GmbH, Cuxhaven	x	100.0	25	0
HSK – Ambulante Therapie und Management GmbH, Wiesbaden[1]	x	49.0	289	233
Medizinisches Versorgungszentrum Anhalt GmbH, Zerbst	x	100.0	28	–226
Medizinisches Versorgungszentrum Indersdorf GmbH, Dachau (vormals: RK Klinik Betriebs GmbH Nr. 32, Bad Neustadt a. d. Saale)	x	94.9	294	–133
Medizinisches Versorgungszentrum Nikomedicum Bad Sachsa GmbH, Bad Sachsa	x	45.0	115	2
Medizinisches Versorgungszentrum Sachsen-Anhalt GmbH, Burg	x	100.0	98	–353
MVZ Augenärztliches Diagnostik- und Therapiecentrum Mönchengladbach/Erkelenz GmbH, Erkelenz	x	51.0	–253	–222
MVZ Augenärztliches Diagnostik- und Therapiecentrum Siegburg GmbH, Siegburg	x	70.0	–576	–123

MVZ companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
MVZ Augenärztliches Diagnostik- und Therapiezentrum Düsseldorf GmbH, Düsseldorf	x	59.6	9,344	–1,979
MVZ Bad Neustadt/Saale GmbH, Bad Neustadt a. d. Saale		100.0	24	–1
MVZ Campus Gifhorn GmbH, Gifhorn	x	96.0	1,067	122
MVZ Management GmbH Attendorn, Attendorn	x	100.0	71	–1,105
MVZ Management GmbH Baden-Württemberg, Pforzheim	x	100.0	157	–8
MVZ Management GmbH Brandenburg, Frankfurt (Oder)		100.0	172	–76
MVZ Management GmbH Nord, Nienburg	x	100.0	934	–1,554
MVZ Management GmbH Ost, Pirna	x	100.0	114	–368
MVZ Management GmbH Sachsen-Anhalt, Köthen	x	100.0	103	–294
MVZ Management GmbH Süd, Bad Neustadt a. d. Saale	x	100.0	132	–1,934
MVZ Management GmbH Thüringen, Bad Berka	x	100.0	2,795	–1,493
MVZ Management GmbH West, Wiesbaden	x	100.0	825	–762
MVZ Service Gesellschaft mbH, Bad Neustadt a. d. Saale	x	100.0	1,475	–17
MVZ Universitätsklinikum Marburg GmbH, Marburg		95.0	148	3
MVZ Zentralklinik GmbH, Bad Berka		87.5	20	–5

[1] *Full consolidation by reason of contractual provisions.*

Research and education companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
ESB – Gemeinnützige Gesellschaft für berufliche Bildung mbH, Bad Neustadt a. d. Saale		100.0	1,683	11
Gemeinnützige Gesellschaft zur Förderung der klinischen Forschung auf dem Gebiet der Humanmedizin und zur Betreuung von Patienten an den Universitäten Gießen und Marburg mbH, Marburg		100.0	34	1

Property companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
Adangela HSK-WFK Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden	x	46.1	–86	7
Altmühltalklinik-Leasing-GmbH, Kipfenberg	x	94.9	8,494	381
BGL Grundbesitzverwaltungs-GmbH, Bad Neustadt a. d. Saale		100.0	26,370	–7
GPG Gesellschaft für Projekt- und Grundstücksentwicklung GmbH Leipzig, Leipzig		100.0	317	57
Grundstücksgesellschaft Park Dösen GmbH, Bad Neustadt a. d. Saale		100.0	5,652	–145
GTB Grundstücksgesellschaft mbH, Leipzig	x	100.0	53,598	3,895

Service companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
HSK ServiceGesellschaft mbH, Wiesbaden[1]	x	49.0	184	73
KDI Klinikservice GmbH, Dachau	x	94.9	129	3
RHÖN-Cateringgesellschaft mbH, Bad Neustadt a. d. Saale (vormals: RK Klinik Betriebs GmbH Nr. 34, Bad Neustadt a. d. Saale)		100.0	53	–3
RHÖN-Reinigungsgesellschaft mbH, Bad Neustadt a. d. Saale (vormals: RK Bauträger GmbH, Bad Neustadt a. d. Saale)		100.0	260	–2
RK Reinigungsgesellschaft Nordost mbH, Bad Neustadt a. d. Saale	x	51.0	275	–100
RK-Cateringgesellschaft Mitte mbH, Bad Neustadt a. d. Saale	x	51.0	93	16
RK-Cateringgesellschaft Süd mbH, Bad Neustadt a. d. Saale	x	51.0	52	0
RK-Cateringgesellschaft West mbH, Bad Neustadt a. d. Saale	x	51.0	82	14
RK-Reinigungsgesellschaft Mitte mbH, Bad Neustadt a. d. Saale	x	51.0	–57	–108

Service companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
RK-Reinigungsgesellschaft Nord mbH, Bad Neustadt a. d. Saale	x	51.0	892	84
RK-Reinigungsgesellschaft Ost mbH, Bad Neustadt a. d. Saale	x	51.0	1,307	147
RK-Reinigungsgesellschaft Süd mbH, Bad Neustadt a. d. Saale	x	51.0	101	0
RK-Reinigungsgesellschaft West mbH, Bad Neustadt a. d. Saale	x	51.0	96	1
RK-Reinigungsgesellschaft Zentral mbH, Bad Neustadt a. d. Saale	x	51.0	277	60
RK-Wäschereinigung Mitte GmbH, Bad Neustadt a. d. Saale	x	51.0	27	0
RK-Wäschereinigung Süd GmbH, Bad Neustadt a. d. Saale	x	51.0	43	1
UKGM Service GmbH, Bad Neustadt a. d. Saale		100.0	100	7

[1] *Full consolidation by reason of contractual provisions.*

Shelf companies/other companies	Held for sale	Interest held %	Equity € '000	Result for the year € '000
Amper Medico Gesellschaft für medizinische Dienstleistungen mbH, Dachau	x	94.9	159	13
Energiezentrale Universitätsklinikum Gießen GmbH, Gießen		50.0	461	112
HEILBAD BAD NEUSTADT GMBH, Bad Neustadt a. d. Saale		100.0	1,461	–39
Kinderhort Salzburger Leite gemeinnützige Gesellschaft mbH, Bad Neustadt a. d. Saale		100.0	72	–84
Klinik Feuerberg GmbH Bad Neustadt/Saale, Bad Neustadt a. d. Saale		100.0	34	–6
Leben am Rosenberg GmbH, Kronach	x	100.0	116	55
Psychosomatische Klinik GmbH Bad Neustadt/Saale, Bad Neustadt a. d. Saale		100.0	13	–12
PTZ GmbH, Marburg		100.0	18,633	–454
RK Klinik Betriebs GmbH Nr. 35, Bad Neustadt a. d. Saale		100.0	184	–3
Wolfgang Schaffer GmbH, Bad Neustadt a. d. Saale		100.0	598	1

9.2 OTHER COMPANIES IN ACCORDANCE WITH SECTION 313 (2) NO. 2 ET SEQ. OF THE HGB

	Held for sale	Interest held %	Equity € '000	Result for the year € '000
4QD – Qualitätskliniken.de GmbH, Berlin[1]		25.0	206	–214
Bäderland Bayerische Rhön GmbH & Co. KG, Bad Kissingen[2]		0.1	–	–
Christliches Hospiz Pforzheim/Enzkreis Gemeinnützige Gesellschaft mit beschränkter Haftung, Pforzheim[1]	x	13.6	2,210	0
Gesellschaft zur Durchführung des Schulversuchs Generalistische Pflegeausbildung mit beruflichen Schwerpunkten in Bayern UG (haftungsbeschränkt), Röhrmoos[1]		30.0	1	0
HOSPIZ MITTELHESSEN gemeinnützige GmbH, Wetzlar[1]		15.9	286	9
Imaging Service AG, Niederpöcking[1]	x	23.8	578	94
miCura Pflegedienste München/Dachau gemeinnützige GmbH, Dachau[1]	x	46.5	114	69
Seniorenpflegeheim GmbH Bad Neustadt a. d. Saale, Bad Neustadt a. d. Saale[1]		25.0	–11	209
Soemmerring GmbH privates Institut für Bewegungsstörungen und Verhaltensneurologie, Bad Nauheim[3]		31.7	6	5

[1] *Figures according to annual financial statements of 31 December 2012.*
[2] *Figures for the first financial year 31 December 2013 are not available.*
[3] *Figures according to annual financial statements of 31 December 2010.*

10 OTHER DISCLOSURES

10.1 ANNUAL AVERAGE NUMBER OF EMPLOYEES

	2013	2012	Change	
	Number[1]	Number[1]	Number[1]	%
Medical doctors	4,642	4,455	187	4.2
Nursing services	12,835	12,544	291	2.3
Medical-technical services	5,869	5,714	155	2.7
Functional	4,481	4,351	130	3.0
Supply and misc. services	5,201	5,183	18	0.3
Technical	585	590	–5	–0.8
Administrative	2,586	2,747	–161	–5.9
Other personnel	545	554	–9	–1.6
	36,744	**36,138**	**606**	**1.7**

[1] *Headcount, excluding board members, managing directors, apprentices, trainees and those in alternative national service.*

10.2 OTHER FINANCIAL OBLIGATIONS

	31 Dec. 2013 € million	31 Dec. 2012 € million
Order commitments	**30.6**	**30.9**
Operating leases		
Due in subsequent year	6.1	6.8
Due in 2 to 5 years	7.2	10.1
Due in 5 years	1.7	1.5
Total operation leases	**15.0**	**18.4**
Other		
Due in subsequent year	69.9	66.6
Due in 2 to 5 years	27.7	32.9
Due in 5 years	1.2	6.2
Total other	**98.8**	**105.7**

Of the figure for order commitments, € 1.5 million (previous year: € 0.1 million) is attributable to intangible assets, and € 26.3 million (previous year: € 28.2 million) to property, plant and equipment.

The other financial obligations are mainly attributable to service agreements (maintenance agreements, agreements concerning the sourcing of products, agreements relating to laundry services, etc.).

In addition, company purchase agreements have resulted in investment obligations totalling € 137.6 million (previous year: € 155.2 million); most of these obligations have to be settled within a period of up to 60 months. Moreover, in connection with the development and establishment of a medical network, RHÖN-KLINIKUM AG has committed itself to investments of € 10.0 million over five years starting from 2015.

In addition, absolute bank guarantee undertakings of unlimited amount exist for claims of the associations of accredited physicians (kassenärztliche Vereinigungen) and health insurance funds against MVZ subsidiaries from their accredited physician activity.

10.3 LEASES WITHIN THE GROUP

Leasing transactions are classified as finance leases or operating leases. Leasing transactions in which the Group acts as the lessee and bears all the major risks and rewards associated with ownership are generally treated as finance leases. This applies to the HSK-Gruppe. Accordingly, the Group capitalises the assets at the present value of the minimum leasing payments of € 50.5 million (previous year: € 51.4 million), and subsequently depreciates the assets over the estimated economic useful life or the shorter term of the contract. At the same time, a corresponding liability is recognised, which is paid down using the effective interest method. All other leases in which the Group acts as the lessee are treated as operating leases. In this case, the payments are recognised as expense on a straight-line basis. The present values and leasing liabilities are reported under assets and liabilities held for sale.

10.3.1 Obligations as lessee of operating leases

The Group rents medical equipment as well as residential and office space; these are classified as cancellable operating leases. The leases generally have a term of two to 15 years. Under these lease agreements, the Group has to provide a maximum twelve months' notice to terminate the agreements at the end of their term. The minimum lease payments to be made in future (up to one year) are € 6.1 million. The minimum lease payments for the period of up to five years are € 7.2 million. The corresponding figure for the period in excess of five years is € 1.7 million.

10.3.2 Obligations as lessee of finance leases

The Group mainly rents hospital buildings and medical equipment within the framework of finance leases. In the Group, there is a principle of always acquiring ownership of operating assets. Finance leasing mainly relates to hospital buildings.

The obligations under finance leases amounting to € 41.1 million are attributable to HSK-Gruppe consolidated for the first time as of 1 May 2012 and relate to the hospital building Wilhelm-Fresenius-Klinik, Wiesbaden (€ 39.6 million, previous year: € 41.1 million) as well as medical equipment. The lease agreement for Wilhelm-Fresenius-Klinik has a residual term running until 30 June 2036.

Liabilities from finance leases – minimum payments:	2013 € million	2012 € million
Due in subsequent year	1.8	1.6
Due in 2 to 5 years	7.3	6.1
Due in 5 years	31.9	33.5
	41.0	**41.2**
Future financing costs under finance leases	**0.1**	**0.0**
Present value of liabilities under finance leases	**41.1**	**41.2**

Present value of liabilities under finance leases:	2013 € million	2012 € million
Due in subsequent year	1.9	1.6
Due in 2 to 5 years	7.3	6.1
Due in 5 years	31.9	33.5
	41.1	**41.2**

The leases in some cases contain purchase and extension options that can be exercised after expiry of the minimum contractual term.

10.3.3 Investment property

The Group lets residential space to employees, office and commercial space to third parties (e.g. cafeteria), as well as premises to doctors co-operating with the hospital and to joint laboratories as part of cancellable operating leases.

The most significant operating lease contracts by amount stem from the letting of property to third parties.

The largest item in absolute terms is the letting of a property to a nursing home operator. Based on the provisions of IFRS 13.97, we calculate fair value for the assets to be stated according to IAS 40. The fair value determined in this regard cannot be observed on an active market nor can be derived from a quoted market price and are thus classified to Level 3 of the fair value hierarchy of IFRS 13. The fair value is determined using a capitalised value approach in which the corresponding components of the income cost approach such as gross profit, expected return on land value and standard land value are used as input factors. On the basis of the capitalised value of potential earnings, we see no material differences between the fair value of the properties and their carrying amounts shown below. For this reason we did not obtain any external fair-value expertise.

	Total € million
Cost	
1 January 2013	**6.3**
Additions	0.0
Disposals	0.2
31 December 2013	**6.1**
Cumulative depreciation	
1 January 2013	**1.6**
Depreciation	0.2
31 December 2013	**1.8**
Subtotal as at 31 December 2013	**4.3**
Held-for-sale financial assets	1.1
Balance sheet value at 31 December 2013	**3.2**

	Total € million
Cost	
1 January 2012	**6.3**
Additions	0.0
Disposals	0.1
31 December 2012	**6.2**
Cumulative depreciation	
1 January 2012	**1.6**
Depreciation	0.2
31 December 2012	**1.8**
Balance sheet value at 31 December 2012	**4.4**

Depreciation is recognised on a straight-line basis over a useful life of 33 1/3 years. Rental income of € 0.4 million (previous year: € 0.4 million) was received in 2013. The operating costs for these investment properties amounted to € 0.2 million in the financial year (previous year: € 0.3 million). These are accounted for entirely by properties with which rental income was generated.

Other spaces let under operating leases are insignificant non-independent parts of building sections. We have therefore not shown them separately.

The minimum lease payments to be received in future (up to one year) are € 4.5 million. The minimum lease payments for the period of up to five years are € 12.5 million. The corresponding figure for the period in excess of five years is € 7.6 million.

10.4 RELATED PARTIES

Related parties are deemed to be natural as well as legal persons and companies who are able to control the reporting company or one of the subsidiaries of the reporting company or who are able to directly or indirectly exert a major influence on the reporting company or on the subsidiaries of the reporting company as well as those natural and legal persons and companies which the reporting company is able to control or over which it can exert a major influence.

Companies in the RHÖN-KLINIKUM Group enter into transactions with related parties in certain cases. These in particular include lettings of buildings as well as services related to telemedicine, teleradiology, nursing as well as supply of staff. Such service or lease relations are arranged at arm's length terms.

Related companies are accordingly defined as all companies in which we own an interest of between 20.0% and 50.0% and which we have not included in the consolidated financial statements on the grounds of materiality (for the companies of the Group, please refer to the list of shareholdings in these Notes). From the point of view of the Group, the volume of transactions with related companies in financial year 2013 was as follows:

	Expenses 2013 € '000	Income 2013 € '000	Receivables as at 31 Dec. 2013 € '000	Liabilities as at 31 Dec. 2013 € '000
Imaging Service AG, Niederpöcking	734.7	268.9	0.0	50.4
miCura Pflegedienste München/Dachau GmbH, Dachau	408.9	0.0	0.0	32.7
Seniorenpflegeheim GmbH Bad Neustadt a. d. Saale, Bad Neustadt a. d. Saale	0.0	423.8	23.2	0.0
4QD – Qualitätskliniken.de GmbH, Berlin	320.2	0.0	0.0	0.0
HOSPIZ MITTELHESSEN gGmbH, Wetzlar	3.3	0.0	0.0	0.0
	1,467.1	**692.7**	**23.2**	**83.1**

From the point of view of the Group, the volume of transactions with companies accounted for using the equity method in financial year 2013 was as follows:

	Expenses 2013 € '000	Income 2013 € '000	Receivables as at 31 Dec. 2013 € '000	Liabilities as at 31 Dec. 2013 € '000
Energiezentrale Universitätsklinikum Gießen GmbH, Gießen	1,071.0	38.8	726.5	89.3
Medizinisches Versorgungszentrum Nikomedicum Bad Sachsa GmbH, Bad Sachsa		3.8	59.1	0.0
	1,071.0	**42.6**	**785.6**	**89.3**

The receivables are essentially unsecured loans on arm's length terms. The liabilities result from supply and service relationships.

We define related persons as the members of management in key positions as well as their first degree relations and their spouses in accordance with section 1589 of the German Civil Code (BGB). We have included the Board of Management of RHÖN-KLINIKUM AG, the second management tier as well as the members of the Supervisory Board among the members of management in key positions.

Members of the Supervisory Board of RHÖN-KLINIKUM AG or companies and entities related to them provided the following services subject to arm's length conditions:

Related parties	Companies as defined by IAS	Nature of services	2013 € '000	2012 € '000
Herr Prof. Dr. Gerhard Ehninger	AgenDix – Applied Genetic Diagnostics – Gesellschaft für angewandte molekulare Diagnostik mbH	Laboratory services	66.2	55.0
	DKMS – Deutsche Knochenmarkspenderdatei gemeinnützige Gesellschaft mbH, Tübingen	Transplants/removals	–	511.3

As at the balance sheet date of 31 December 2013, net accounts payable totalling € 2,000 existed towards AgenDix – Applied Genetic Diagnostics – Gesellschaft für angewandte molekulare Diagnostik mbH. The expenses were recognised in the income statement under other expenses. No impairments were to be recognised in financial year 2013.

The employee representatives on the Supervisory Board employed at RHÖN-KLINIKUM AG or its subsidiaries received the following remuneration within the scope of their employment contracts in the past financial year:

	Fixed € '000	Profit-linked € '000	Total 2013 € '000	Total 2012 € '000
Peter Berghöfer	119	0	119	157
Bettina Böttcher	22	0	22	29
Helmut Bühner	46	4	50	48
Stefan Härtel	33	1	34	41
Annett Müller	27	7	34	33
Werner Prange	38	1	39	45
Prof. Dr. Jan Schmitt	130	0	130	127
	415	**13**	**428**	**480**

The above costs are shown under employee benefit expenses in the income statement.

10.5 TOTAL REMUNERATION OF SUPERVISORY BOARD, THE BOARD OF MANAGEMENT AND THE ADVISORY BOARD

	2013 € '000	2012 € '000
Total remuneration of the Supervisory Board	1,950	2,029
Total remuneration of the current Board of Management	2,301	1,276
Total remuneration of former members of the Board of Management	462	9,647
Total remuneration of the Advisory Board	22	26

No loans were granted to members of the Supervisory Board, the Board of Management or the Advisory Board. The members of the Board of Management and the members of the Supervisory Board together have a shareholding interest in RHÖN-KLINIKUM AG of 12.54% of total equity capital of which the Supervisory Board accounts for 12.53% of the shares in issue. The members of the Board of Management together hold 0.01% of the Company's registered share capital.

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).

Expenses (excluding VAT) for members of the Supervisory Board break down as follows:

Total remuneration	Basic amount € '000	Attendance fee, fixed € '000	Attendance fee, variable € '000	Functional days, variable € '000	Total 2013 € '000	Total 2012 € '000
Eugen Münch	20	80	91	122	313	308
Joachim Lüddecke	20	76	44	0	140	148
Wolfgang Mündel	20	80	90	77	267	246
Peter Berghöfer	20	28	39	0	87	91
Bettina Böttcher	20	0	0	0	20	58
Sylvia Bühler	20	20	29	0	69	84
Helmut Bühner	20	16	19	0	55	58
Prof. Dr. Gerhard Ehninger	20	16	18	0	54	50
Stefan Härtel	20	36	42	0	98	103
Reinhard Hartl (since 19 December 2013)	1	0	0	0	1	0
Caspar von Hauenschild (until 12 September 2013)	14	22	33	5	74	89
Stephan Holzinger (since 3 July 2013)	10	8	12	2	32	0
Detlef Klimpe	20	32	62	0	114	116
Dr. Heinz Korte	20	30	58	0	108	13
Prof. Dr. Dr. sc. (Harvard) Karl W. Lauterbach (until 4 June 2013)	8	14	12	0	34	64
Michael Mendel	20	30	55	0	105	108
Dr. Rüdiger Merz (until 12 September 2013)	14	12	14	0	40	55
Dr. Brigitte Mohn	20	14	15	0	49	49
Annett Müller	20	16	19	0	55	66
Jens-Peter Neumann (until 31 October 2012)	0	0	0	0	0	109
Werner Prange	20	36	42	0	98	98
Prof. Dr. Jan Schmitt	20	18	21	0	59	58
Georg Schulze-Ziehaus	20	24	33	0	77	58
Dr. Katrin Vernau (since 20 December 2013)	1	0	0	0	1	0
Former members of the Supervisory Board	0	0	0	0	0	0
	388	**608**	**748**	**206**	**1,950**	**2,029**

The total remuneration of the Board of Management breaks down as follows:

Current members of the Board of Management	Martin Menger (member of the Board of Management)					
	inducements granted				inflow	
	2012 € '000	2013 € '000	2013 (Min) € '000	2013 (Max) € '000	2012 € '000	2013 € '000
Base salary	192	192	192	192	192	192
Additional benefits	8	8	8	8	8	8
Total	**200**	**200**	**200**	**200**	**200**	**200**
One-year variable bonus	258	258	258	708	258	258
Total remuneration	**458**	**458**	**458**	**908**	**458**	**458**
Pension expense[1]	53	45	45	45	53	45
Total remuneration	**511**	**503**	**503**	**953**	**511**	**503**

[1] *Benefit expense includes service cost according to IAS 19*

Current members of the Board of Management	Jens-Peter Neumann (permanent representative of the chairman of the Board of Management) Member of Board of Management since 1 November 2012					
	inducements granted				inflow	
	2012	2013	2013 (Min)	2013 (Max)	2012	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Base salary	32	195	195	195	32	195
Additional benefits	61	86	86	86	61	86
Total	**93**	**281**	**281**	**281**	**93**	**281**
One-year variable bonus	85	538	538	855	85	538
Total remuneration	**178**	**819**	**819**	**1,136**	**178**	**819**
Pension expense[1]	4	23	23	23	4	23
Total remuneration	**182**	**842**	**842**	**1,159**	**182**	**842**

Current members of the Board of Management	Dr. Dr. Martin Siebert (chairman of the Board of Management) Member of Board of Management since 1 October 2012					
	inducements granted				inflow	
	2012	2013	2013 (Min)	2013 (Max)	2012	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Base salary	48	384	384	384	48	384
Additional benefits	3	13	13	13	3	13
Total	**51**	**397**	**397**	**397**	**51**	**397**
One-year variable bonus	127	627	627	1,116	127	627
Total remuneration	**178**	**1,024**	**1,024**	**1,513**	**178**	**1,024**
Pension expense[1]	6	28	28	28	6	28
Total remuneration	**184**	**1,052**	**1,052**	**1,541**	**184**	**1,052**

Members of the Board of Management having left the Board in 2013	Volker Feldkamp (member of the Board of Management) until 9 August 2013			
	inducements granted		inflow	
	2012	2013	2012	2013
	€ '000	€ '000	€ '000	€ '000
Base salary	184	184	184	184
Additional benefits	12	12	12	12
Total	**196**	**196**	**196**	**196**
One-year variable bonus	266	266	266	266
Total remuneration	**462**	**462**	**462**	**462**
Pension expense[1]	64	52	64	52
Total remuneration	**526**	**514**	**526**	**514**

[1] *Benefit expense includes service cost according to IAS 19*

On termination of their service contracts, the board members receive a retirement benefit as a one-off amount when certain conditions are met. This compensation amounts to 12.5% of the annual remuneration owed on the date of termination of the service contract for each full year (twelve full calendar months) of service as member of the Board of Management, but not exceeding 1.5 times such latter remuneration. For such post-termination entitlements of the members of the Board of Management, the following provisions have been formed for retirement benefits:

Retirement benefits	Provision as at 31 December 2012 € '000	Change in retirement benefits € '000	Provision as at 31 December 2013 € '000	Nominal amount on contract expiry[4] € '000
Current members of the Board of Management				
Martin Menger	110	54	164	358
Jens-Peter Neumann[1]	4	91	95	367
Dr. Dr. Martin Siebert[2]	6	132	138	379
	120	**277**	**397**	**1,104**
Members of the Board of Management having left the Board in 2013				
Volker Feldkamp[3]	98	60	158	158
	98	**60**	**158**	**158**
Total	**218**	**337**	**555**	**1,262**

[1] Since 1 November 2012. *[3] Until 9 August 2013.*
[2] Since 1 October 2012. *[4] Claim according to ordinary expiry of service contract based on remuneration.*

The Group does not have any long-term incentive plans (e.g. stock options) for executives.

The members of the Board of Management together hold 0.01% of the Company's registered share capital of RHÖN-KLINIKUM AG. The entire shareholding of all members of the Supervisory Board amounts to 12.53% of the shares in issue. There are no options or other derivatives.

10.6 DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

By joint resolution of the Supervisory Board and the Board of Management of RHÖN-KLINIKUM AG of 6 November 2013, the Company made the required declaration pursuant to section 161 of the German Stock Corporation Act (AktG) regarding the application of the German Corporate Governance Code in financial year 2013. These have been published on the homepage of RHÖN-KLINIKUM AG and thus made available to the general public.

10.7 DISCLOSURE OF THE FEES RECOGNISED AS EXPENSES (INCLUDING REIMBURSEMENT OF OUTLAYS AND EXCLUDING VAT) FOR THE STATUTORY AUDITORS

In financial year 2013, expenses resulting from fees for statutory auditors amounting to € 3.9 million (previous year: € 3.8 million) were incurred Group-wide. A breakdown of these fees (including outlays and excluding VAT) by service rendered is provided below:

	2013 € '000	2012 € '000
Fees for auditing financial statements	2,725	2,672
Fees for other auditing services	368	263
Fees for tax advice	525	412
Fees for other services	245	460
	3,863	**3,807**

Of the total fee (excluding VAT), € 1.1 million (previous year: € 1.1 million) is attributable to other statutory auditors who are not auditors of the consolidated financial statements. The fees comprise the following:

	2013 € '000	2012 € '000
Fees for auditing financial statements	895	899
Fees for other auditing services	30	36
Fees for tax advice	165	127
Fees for other services	5	3
	1,095	**1,065**

10.8 EVENTS AFTER THE REPORTING DATE

On 13 September 2013, RHÖN-KLINIKUM AG, Helios Kliniken GmbH and Fresenius SE & Co. KGaA signed a share purchase agreement for the sale of a portfolio of 43 facilities, medical care centres (MVZs) and other affiliated interests. Following the transaction, the Group will have combined revenues of some € 1 billion, roughly 5,300 beds and 15,000 employees. Approval was granted by the German Cartel Office in February 2014 for the sale of 40 hospitals, MVZs and other affiliated interests. After all conditions of validity have been met, effective control over the entities will be transferred to Fresenius / Helios. As at the key date of 31 December 2013, the assets and liabilities held for sale will be reported separately on the Group balance sheet under the items "Assets held for sale" and "Liabilities held for sale" applying IFRS 5. In this regard we refer to the disclosures in these Notes to the Annual Report. We are not able to assess the financial impact of this event after the balance sheet date.

In the stand-alone annual financial statements of RHÖN-KLINIKUM AG, a net distributable profit for financial year 2013 of € 1,704.5 million is reported. This net distributable profit arises from part of the sold hospitals for which the conditions of profit realisation were met as on the key date.

Apart from that, no particularly significant events have occurred since 31 December 2013 that are expected to have a material influence on the net assets, financial position and results of operations for the Group of RHÖN-KLINIKUM AG.

11 CORPORATE BODIES AND ADVISORY BOARD OF RHÖN-KLINIKUM AG

THE **SUPERVISORY BOARD** OF RHÖN-KLINIKUM AG COMPRISES THE FOLLOWING PERSONS:

EUGEN MÜNCH
Bad Neustadt a. d. Saale, Chairman of the Supervisory Board
Other mandates:
- *Stiftungsrat Deutsche Stiftung Patientenschutz (formerly: Deutsche Hospizstiftung)*
- *Stiftungsrat Deutsche Schlaganfall-Hilfe*
- *Bundesverband Deutscher Privatkliniken e.V. (deputy chairman of the Board of Management) (until 15 February 2013)*
- *HCM SE, Munich (chairman of the Board of Directors and Managing Director)*

JOACHIM LÜDDECKE
Hanover, 1st Deputy Chairman, Regional Director of ver.di, Union Secretary

WOLFGANG MÜNDEL
Kehl, 2nd Deputy Chairman, Wirtschaftsprüfer (German public auditor) and tax consultant in own practice
Other mandates:
- *Jean d'Arcel Cosmétique GmbH & Co. KG, Kehl (chairman of the Advisory Board)*
- *HCM SE, Munich (deputy chairman of the Board of Directors)*

PETER BERGHÖFER
Münchhausen, Head of Finance, Universitätsklinikum Gießen und Marburg GmbH, Gießen

BETTINA BÖTTCHER
Marburg, employee at Universitätsklinikum Gießen und Marburg GmbH, Gießen

SYLVIA BÜHLER
Düsseldorf, Federal Director and Secretary of ver.di
Also a member of the supervisory board of:
- *MATERNUS-Kliniken AG, Berlin (until 9 December 2013)*

HELMUT BÜHNER
Bad Bocklet, male nurse at Herz- und Gefäß-Klinik GmbH, Bad Neustadt a. d. Saale
Other mandates:
- *Chairman of the Works Council of RHÖN-KLINIKUM AG*

PROFESSOR DR. GERHARD EHNINGER
Dresden, MD
Also a member of the supervisory board of:
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen*

STEFAN HÄRTEL
Müllrose, male nurse, Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder)
Other mandates:
- *Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder) (member of the Advisory Board)*

REINHARD HARTL
Icking/Irschenhausen, auditor and tax consultant (since 19 December 2013)

CASPAR VON HAUENSCHILD
Munich, management consultant in own practice (until 12 September 2013)
Also a member of the supervisory board of:
- *St. Gobain ISOVER G + H AG, Ludwigshafen*
- *oekom research AG, Munich*

STEPHAN HOLZINGER
Lenggries, entrepreneur (since 3 July 2013)
Also a member of the supervisory board of:
- *Universitätsklinikum Gießen und Marburg GmbH*

Other mandates:
- *HCM SE, Munich (Board of Directors) (since 25 January 2014)*

DETLEF KLIMPE
Aachen, German lawyer associated with the law firm Leinen und Derichs, Cologne, Berlin, Brussels
Also a member of the supervisory board of:
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen*
- *Prodia Kolping Werkstatt für behinderte Menschen gGmbH, Aachen*

DR. HEINZ KORTE
Ammerland, former notary, lawyer
Also a member of the supervisory board of:
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen*
- *Amper Kliniken AG, Dachau*

Other mandates:
- *HCM SE, Munich (Board of Directors)*

PROFESSOR DR. DR. SC. (HARVARD) KARL W. LAUTERBACH
Cologne, Member of the German Parliament (until 4 June 2013)

MICHAEL MENDEL
Vienna, Merchant, member of the Board of Management of Österreichische Volksbanken-AG
Also a member of the supervisory board of:
- *Altium AG, Munich*

DR. RÜDIGER MERZ
Munich, Managing Director of Clemens Haindl Verwaltungs GmbH (until 12 September 2013)

DR. BRIGITTE MOHN
Gütersloh, member of the Board of Management of Bertelsmann Stiftung
Also a member of the supervisory board of:
- *Bertelsmann SE & Co. KGaA*
- *Bertelsmann Management SE*
- *PHINEO gAG, Berlin (Chairman of the Supervisory Board)*

Other mandates:
- *Stiftung Deutsche Schlaganfall-Hilfe, Gütersloh (Chairman of the Board of Directors)*
- *MEDICLIN AG, Offenburg (member of the Advisory Board) (until 24 September 2013)*
- *Member of Bertelsmann Verwaltungsgesellschaft mbH*
- *Stiftung Michael Skopp, Bielefeld (member of the Board of Trustees)*
- *Stiftung Praxissiegel e. V., Gütersloh (deputy chairman of the Board of Management)*
- *Stiftung Dialog der Generationen, Düsseldorf (member of the Board of Trustees)*
- *European Foundation Center, Brussels (Member of the Governing Council)*
- *Agentur Nordpol, Hamburg (Member of the Advisory Board)*
- *Dachstiftung Diakonie, Kästorf (member of the Board of Trustees)*
- *Robert-Koch-Stiftung e. V., Berlin (member of the Board of Trustees)*

ANNETT MÜLLER
Dippoldiswalde, physiotherapist at Weißeritztal-Kliniken GmbH, Freital

WERNER PRANGE
Osterode, male nurse at Kliniken Herzberg und Osterode GmbH, Herzberg
Other mandates:
- *Chairman of the Works Council of Kliniken Herzberg und Osterode GmbH*
- *Chairman of the Central Works Council of RHÖN-KLINIKUM AG (until 22 August 2013)*

PROFESSOR DR. JAN SCHMITT
Marburg, managing head physician at Universitätsklinikum Gießen und Marburg GmbH, Gießen
Also a member of the supervisory board of:
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen*

GEORG SCHULZE-ZIEHAUS
Frankfurt am Main, Regional Director of ver.di, region of Hesse

DR. KATRIN VERNAU
Dean of the Roland Berger School of Strategy and Economics, Hamburg (since 20 December 2013)
Also a member of the supervisory board of:
- *Duale Hochschule Baden-Wuerttemberg, Stuttgart*

Other mandates:
- *BürgerStiftung Hamburg, Hamburg (member of the Board of Trustees)*
- *University of Bonn, Bonn (member of the University Council)*

THE **BOARD OF MANAGEMENT** OF RHÖN-KLINIKUM AG COMPRISES THE FOLLOWING PERSONS:

DR. MED. DR. JUR. MARTIN SIEBERT

business address Bad Neustadt a. d. Saale, chairman of the Board of Management

Also a member of the supervisory board of:
- *Amper Kliniken AG, Dachau (since 16 September 2013)*
- *Klinikum Pforzheim GmbH (since 1 September 2013)*
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen*

Other mandates:
- *Bundesverband Deutscher Privatkliniken e.V., Berlin (Board of Management)*
- *Willy Robert Pitzer Stiftung, Bad Nauheim (member of the Advisory Board)*

JENS-PETER NEUMANN

business address Bad Neustadt a.d. Saale, permanent representative of the chairman of the Board of Management, Finance, Accounting, Investor Relations and Controlling

VOLKER FELDKAMP

business address at Bad Neustadt a. d. Saale, responsible for South/West, Major Investments and Process Management (until 9 August 2013)

Member of the Supervisory Board of:
- *Universitätsklinikum Gießen und Marburg GmbH, Gießen (until 26 August 2013)*

Other mandates:
- *Deutsches Rotes Kreuz Mülheim e. V., Mühlheim (1st chairman)*
- *Landeskrankenhausgesellschaft Thüringen e. V., Erfurt (member of the Board of Management)*
- *Verband der Privatkliniken in Thüringen e.V. (1st chairman)*

MARTIN MENGER

business address in Marburg, responsible for East/UKGM/Remuneration

Also a member of the supervisory board of:
- *Klinikum Salzgitter GmbH, Salzgitter (chairman)*
- *Klinikum Hildesheim GmbH, Hildesheim (chairman)*
- *STIFTUNG DEUTSCHE KLINIK FÜR DIAGNOSTIK, Gesellschaft mit beschränkter Haftung, Wiesbaden (since 1 September 2013)*
- *HSK, Dr. Horst Schmidt Kliniken GmbH, hospital of the City of Wiesbaden, Federal State Capital (since 1 September 2013)*

Other mandates:
- *Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder) (chairman of the Advisory Board)*
- *Klinikum Gifhorn GmbH, Gifhorn (member of the Advisory Board)*
- *Krankenhaus Cuxhaven GmbH, Cuxhaven (chairman of the Advisory Board) (until 16 May 2013)*
- *Mittelweser Kliniken GmbH Nienburg Hoya Stolzenau, Nienburg (member of the Advisory Board)*
- *Wesermarsch-Klinik Nordenham GmbH, Nordenham (deputy chairman of the Advisory Board)*
- *Niedersächsische Krankenhausgesellschaft e. V., Hanover (Member of the Board of Management)*
- *Niedersächsische Krankenhausgesellschaft e. V., Hanover (member of the Arbitration Body)*
- *Verband der Privatkliniken Niedersachsen und Bremen e. V. (managing director)*

THE **ADVISORY BOARD** OF RHÖN-KLINIKUM AG COMPRISES THE FOLLOWING PERSONS:

PROFESSOR DR. MED. FREDERIK WENZ
Heidelberg (chairman)

DIPL.-POLITOLOGIN DOROTHEE BÄR
Berlin (until 17 December 2013)

JOCHEN BOCKLET
(since 21 June 2013)

MINISTERIALRAT A. D. HELMUT MEINHOLD
Heppenheim

PROFESSOR DR. RER. POL. GEORG MILBRADT
Dresden

PROFESSOR DR. MICHAEL-J. POLONIUS
Dortmund

HELMUT REUBELT
Dortmund

SEPP-RAINER SPEIDEL
Schriesheim

MICHAEL WENDL
Munich

Bad Neustadt a. d. Saale, 20 March 2014

The Board of Management

Martin Menger   Jens-Peter Neumann   Dr. Dr. Martin Siebert

ASSURANCE OF LEGAL REPRESENTATIVES

We assure to the best of our knowledge that based on the accounting principles to be applied to the Consolidated Financial Statement of RHÖN-KLINIKUM AG a true and fair view of the asset, financial and earnings position of the Group is given therein and that the Consolidated Report of the Management presents the business performance including the situation of the Group in such a way as to give a true and fair view of the same as well as a description of the material risks and opportunities involved in the probable development of the Group of RHÖN-KLINIKUM AG.

Bad Neustadt a. d. Saale, 20 March 2014

The Board of Management

Martin Menger | Jens-Peter Neumann | Dr. Dr. Martin Siebert

INDEPENDENT AUDITOR'S REPORT

to RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of RHÖN-KLINIKUM Aktiengesellschaft and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements for the financial year from 1 January to 31 December 2013.

Board of Management's Responsibility for the Consolidated Financial Statements

The Board of Management of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, is responsible for the preparation of these consolidated financial statements. This responsibility includes ensuring that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB) and that these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Board of Management is also responsible for the internal controls as the Board of Management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to section 322 (5) sentence 1 of the HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the HGB and give a true and fair view of the net assets and financial position of the Group as at 31 December 2013, as well as the results of operations for the financial year then ended, in accordance with these requirements.

REPORT ON THE GROUP MANAGEMENT REPORT

We have audited the accompanying group management report of RHÖN-KLINIKUM Aktiengesellschaft for the financial year from 1 January to 31 December 2013. The Board of Management of RHÖN-KLINIKUM Aktiengesellschaft is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to section 315a (1) of the HGB. We conducted our audit in accordance with section 317 (2) of the HGB and German generally accepted standards for the audit of the group management report promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to section 322 (3) sentence 1 of the HGB we state that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 24 March 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Anne Böcker)	(ppa. Stefan Sigmann)
German Public Auditor	*German Public Auditor*

SUMMARY REPORT OF RHÖN-KLINIKUM AG

BALANCE SHEET

ASSETS	31 Dec. 2013 € million	31 Dec. 2012 € million
Intangible assets	2.6	3.8
Property, plant and equipment	43.5	33.3
Financial assets	1,006.9	1,765.5
Fixed assets	**1,053.0**	**1,802.6**
Inventories	3.3	4.2
Receivables and other assets	2,434.9	474.8
Securities, cash, and cash equivalents	3.7	111.2
Current assets	**2,441.9**	**590.2**
Prepaid expenses	**1.9**	**2.2**
Deferred tax assets	**3.5**	**6.0**
	3,500.3	**2,401.0**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec. 2013 € million	31 Dec. 2012 € million
Subscribed capital/Issued capital	345.5	345.5
Capital reserve	410.9	410.9
Retained earnings	0.1	482.7
Net distributable profit	1,704.5	67.0
Shareholders' equity	**2,461.0**	**1,306.1**
Contributions to finance fixed assets	**0.8**	**0.8**
Tax provisions	9.1	0.1
Other provisions	136.9	17.6
Provisions	**146.0**	**17.7**
Liabilities	**892.5**	**1,076.4**
	3,500.3	**2,401.0**

INCOME STATEMENT

	2013 € million	2012 € million
Revenues	154.0	150.6
Changes in services in progress	–0.8	0.3
Other operating income	24.7	23.0
Materials and consumables used	41.7	41.3
Employee benefits expense	83.4	86.3
Depreciation	5.9	5.7
Other operating expenses	44.5	46.9
Operating result	**2.4**	**–6.3**
Investment result	132.1	162.4
Gain/loss on disposal of financial assets	1,091.1	0.0
Financial result	–16.4	–15.3
Earnings from ordinary operations	**1,209.2**	**140.8**
Taxes	**19.7**	**6.9**
Net profit for the year	**1,189.5**	**133.9**
Allocation to retained earnings	0.0	66.9
Withdrawals from retained earnings	515.0	0.0
Net distributable profit	**1,704.5**	**67.0**

The annual financial statements of RHÖN-KLINIKUM AG, which have been audited and certified by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, will be published in the Federal Gazette (Bundesanzeiger) and deposited with the Commercial Register.

Should you wish to receive a full copy, please write to RHÖN-KLINIKUM AG.

PROPOSED APPROPRIATION OF PROFIT

A. PRELIMINARY REMARKS

The appropriation of net distributable profit for financial year 2013 as set out below under B. **("Proposed Appropriation of Profit for 2013")** will be proposed to the Annual General Meeting of the Company on 12 June 2014 as Item 2 of the Agenda.

The distribution of an "Additional Dividend" proposed for resolution under Item 2.2 of the Proposed Appropriation of Profit for 2013 shall take place only subject to the condition precedent that

- the resolution on the reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares proposed as Item 3 of the Agenda **("Capital Reduction Resolution")** is not adopted, *or*
- the Capital Reduction Resolution is adopted, but no treasury shares are tendered to the Company in the public purchase offer to be conducted.

For the sake of clarity and explanation, the proposal under Item 3 of the Agenda for adoption of the resolution on reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares is therefore additionally attached to this Proposed Appropriation of Profit for 2013.

B. PROPOSAL ON THE APPROPRIATION OF NET DISTRIBUTABLE PROFIT FOR FINANCIAL YEAR 2013

The full text of the proposal on the appropriation of net distributable profit for financial year 2013 (Item 2 of the Agenda) as well as the proposal relating to the adoption of the resolution on reduction of the registered share capital through redemption of shares and authorisation of the Board of Management to purchase treasury shares (Item 3 of the Agenda) reads as follows:

"2. RESOLUTION ON THE APPROPRIATION OF THE NET DISTRIBUTABLE PROFIT

The Company's Annual Financial Statements for the year ended 31 December 2013, which have been prepared by the Board of Management, approved by the Supervisory Board and thus adopted as final, show a net distributable profit of € 1,704,524,834.19.

The Board of Management and the Supervisory Board propose adopting the following resolution:

2.1 Of the net distributable profit

(a) an amount of € 34,552,000.00 shall be appropriated for distribution of a dividend of € 0.25 per non-par share with dividend entitlement (DE0007042301), and

(b) the remaining amount of € 1,669,972,834.19 shall be carried forward to new account. If the Annual General Meeting adopts the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase, the amount carried forward to new account will be available to redeem shares against the net distributable profit. In the event of distribution of an Additional Dividend (2.2), the amount to be carried to new account shall be reduced pursuant to 2.2 (d).

2.2 **Of that portion of net distributable profit carried forward to new account pursuant to 2.1 (b), an amount of € 1,669,552,640.00 shall be appropriated for distribution of an additional dividend of € 12.08 per non-par share with dividend entitlement (DE0007042301) ("Additional Dividend") if one of the Dividend Conditions (2.2 (a)) is met.**

(a) The resolution pursuant to this 2.2 shall take effect and the claim to payment of the Additional Dividend shall arise only if one of the two following conditions precedent has been met:

(i) The Annual General Meeting has not adopted the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase **("Dividend Condition A").**

or

(ii) The Annual General Meeting has adopted the resolution pursuant to 3. on the reduction of the registered share capital through redemption of shares after purchase and no treasury shares have been tendered to the Company based on a 2014 Public Purchase Offer by expiry of the relevant Latest Acceptance Date (3.2 (e)) **("Dividend Condition B")**.

(Dividend Condition A and Dividend Condition B each individually a **"Dividend Condition"** and collectively the **"Dividend Conditions"**.)

(b) If Dividend Condition A is met, the claim to payment of the Additional Dividend shall arise on the conclusion of the Annual General Meeting. If Dividend Condition B is met, the claim to payment of the Additional Dividend shall arise on commencement of the fifth calendar day from expiry of the relevant Latest Acceptance Date (3.2 (e)).

(c) The claim to payment of the Additional Dividend shall finally fail to arise if the Annual General Meeting has adopted the resolution pursuant to 3. and no treasury shares have been tendered to the Company before expiry of the relevant Latest Acceptance Date (3.2 (e)) under a 2014 Public Purchase Offer.

(d) In derogation from 2.1 (b), an amount of € 420,194.19 shall be carried forward to new account in the event of a Dividend Condition being met.

3. RESOLUTION ON THE REDUCTION OF THE REGISTERED SHARE CAPITAL THROUGH REDEMPTION OF SHARES IN SIMPLIFIED PROCEDURE AFTER PURCHASE BY THE COMPANY, AUTHORISATION OF THE BOARD OF MANAGEMENT TO PURCHASE TREASURY SHARES ("2014 SHARE BUY-BACK")

The Board of Management and the Supervisory Board propose adopting the following resolution:

3.1 Capital reduction through redemption of shares to be purchased in simplified procedure

(a) The Company's registered share capital amounting to € 345,580,000.00, divided into 138,232,000 non-par bearer shares is reduced by a total amount of up to € 177,354,802.50 to up to € 168,225,197.50 through redemption of fully paid-up shares yet to be purchased by way of simplified redemption pursuant to section 237 (3) no. 2, (4) and (5) of the German Stock Corporation Act (Aktiengesetz, AktG). The exact reduction amount shall be equal to the pro rata amount in the registered share capital attributable to those shares purchased by the Company under a 2014 Public Purchase Offer (3.2 (b)).

(b) The shares to be redeemed shall be purchased and redeemed by the Company within the period up to expiry of 12 December 2014 pursuant to section 71 (1) no. 6 of the AktG **("Execution Period")**. In the event of legal action being lodged against the resolution adopted pursuant to this 3., the Execution Period shall be prolonged automatically until expiry of 12 January 2015.

(c) The capital reduction shall take place in each case entirely for the purpose of adjusting the registered share capital to the smaller size of the Company following the transaction with Fresenius/HELIOS, thus enabling shareholders to exit the Company in a manner that limits the impact on the share price as well as partial repayment of the registered share capital to the shareholders.

(d) Purchase of the shares shall be performed in accordance with the provisions of 3.2 below. The purchased shares shall be redeemed without undue delay. Redemption shall take place against net distributable profit or other retained earnings. The amount equal to the pro rata amount in the registered share capital attributable to the redeemed shares is to be allocated to the capital reserve.

(e) The resolution on the capital reduction shall be filed with the commercial register without undue delay following conclusion of the Annual General Meeting.

(f) The further details shall be stipulated by the Board of Management subject to the consent of the Supervisory Board.

3.2 Purchase of treasury shares pursuant to section 71 (1) no. 6 of the AktG

(a) The Board of Management is authorised pursuant to section 71 (1) no. 6 of the AktG, subject to the consent of the Supervisory Board within the Execution Period – as prolonged where applicable – (3.1 (b)), to acquire by way of purchase shares of the Company with a pro rata amount in the Company's registered share capital attributable to the same totalling up to € 177,354,802.50 for the purpose of redemption subject to the capital reduction resolution under 3.1.

(b) The purchase shall take place after the capital reduction resolution has been entered into the commercial register observing the principle of equal treatment (section 53a of the AktG) by means other than on a stock exchange by way of a public purchase offer addressed to all shareholders **("2014 Public Purchase Offer")**.

(c) The pay-out volume available in total for the purchase of treasury shares (including ancillary purchasing costs) amounts to 1,669,972,834.19 € **("Pay-Out Volume")**. The 2014 Public Purchase Offer includes the Maximum Repurchase Volume. The **"Maximum Repurchase Volume"** is the maximum number of full shares that can be purchased with the Pay-Out Volume (less ancillary purchasing costs) at the defined offer price per share.

(d) The offer price per share offered by the Company (excluding ancillary purchase costs) may not be lower nor may be more than [7]% higher than the weighted average market price on the Frankfurt Stock Exchange as determined based on the arithmetic mean of the closing auction prices of the RHÖN-KLINIKUM share in XETRA trading (or on any comparable trading system substituting XETRA) for the three trading days immediately preceding the date on which the 2014 Public Purchase Offer is published for the first time, i.e. prior to 29 April 2014 **("Offer Price")**. In the event that considerable price deviations from the Offer Price should arise after the first-time publication of the 2014 Public Purchase Offer, the Offer Price may be adjusted. In this case the relevant amount shall be determined by the respective price for the three trading days immediately preceding the publication of an adjustment; the [7]% threshold for the exceeding of the market price shall be applied to this amount. An adjustment of the Offer Price in the course of the Acceptance Period (3.2 (e)) is excluded.

(e) In the 2014 Public Purchase Offer, a period for acceptance of the 2014 Public Purchase Offer **("Acceptance Period")** is to be stipulated. The Acceptance Period must end no later than upon expiry of 30 November 2014 and, in the event of the Execution Period being prolonged, no later than upon expiry of 31 December 2014 (in each case **"Latest Acceptance Date"**).

(f) The acceptance notices of the shareholders will be considered based on shareholding ratios through notification of the tender rights attributable to the shareholding as well as any tender rights additionally acquired by other shareholders.

(g) The further terms and conditions of the 2014 Public Purchase Offer, in particular the establishment and terms of trading in tender rights, shall be determined by the Board of Management subject to the consent of the Supervisory Board.

3.3 The Supervisory Board is authorised to adjust the version of Section 4 Clause 1 of the Articles of Association (Registered share capital) according to the extent to which the capital reduction is executed.

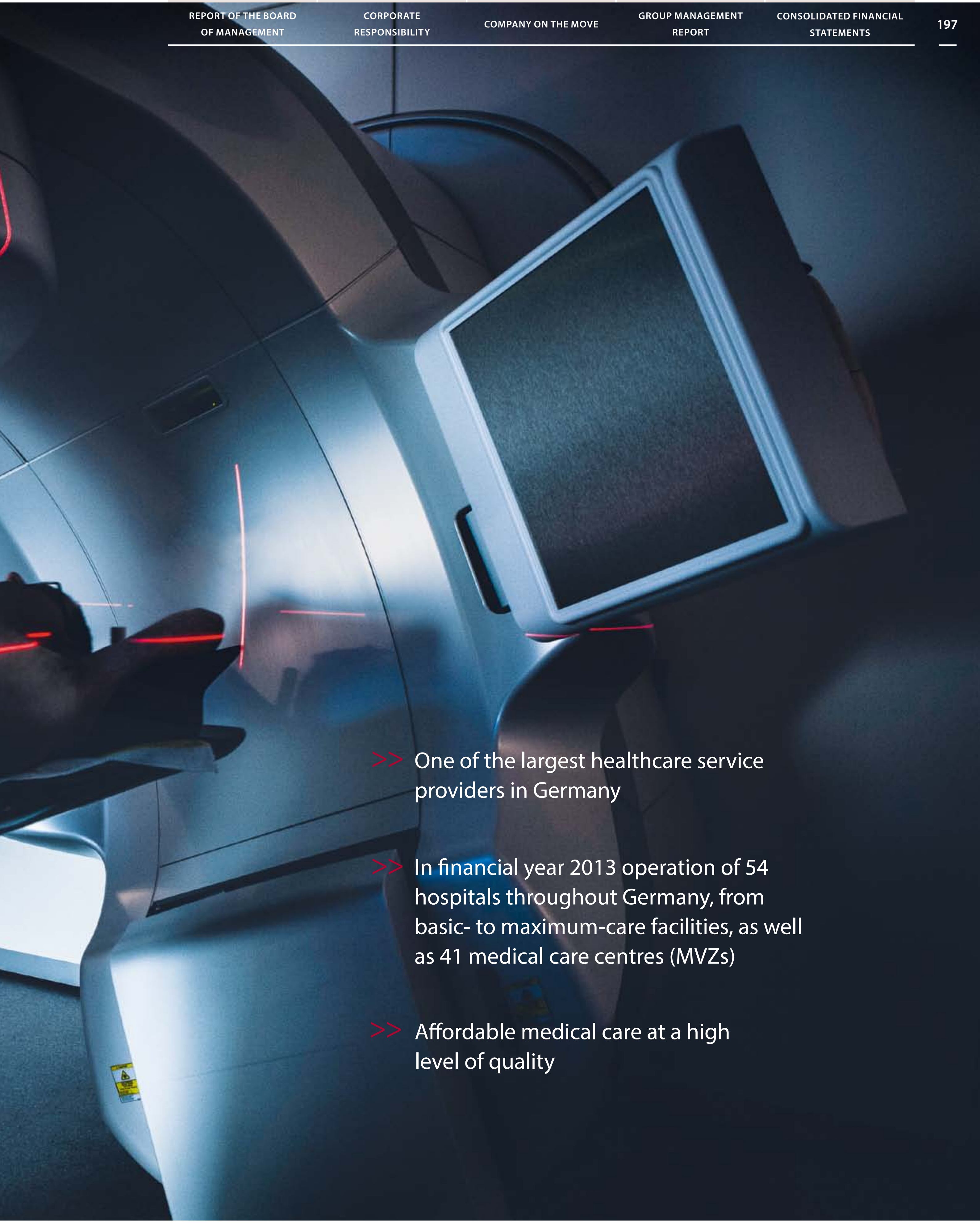
3.4 The resolution pursuant to this 3. shall be invalid if (i) Dividend Condition B has been met, or (ii) the purchase of the shares to be redeemed and the redemption have not been executed no later than by expiry of the Execution Period – as prolonged where applicable – (3.1 (b)).

Bad Neustadt a. d. Saale, 29 April 2014

RHÖN-KLINIKUM Aktiengesellschaft

The Supervisory Board | The Board of Management

The company at a glance



- One of the largest healthcare service providers in Germany
- In financial year 2013 operation of 54 hospitals throughout Germany, from basic- to maximum-care facilities, as well as 41 medical care centres (MVZs)
- Affordable medical care at a high level of quality

OUR MEDICAL FIELDS

(as at 31 December 2013)

Hospital	Capacities					Care levels						Status	
	Acute inpatient[1]	Day-care clinic/ day-case treatment[1]	Rehab/other[2]	Total 2013	Total 2012	Basic and standard care	Intermediate care	Maximum care	Specialist care	MVZ[3] at the hospital	Portal clinic	University hospital	Academic teaching hospital
BADEN-WUERTTEMBERG													
Klinik für Herzchirurgie Karlsruhe	89			89	89				x				
Klinikum Pforzheim	500			500	500		x			x			x
BAVARIA													
St. Elisabeth-Krankenhaus, Bad Kissingen	250			250	250	x				x			
St. Elisabeth-Krankenhaus, OrthoClinic Hammelburg	60			60	60	x				x			
Herz- und Gefäß-Klinik, Bad Neustadt a. d. Saale	339			339	339				x	x			
Klinik für Handchirurgie, Bad Neustadt a. d. Saale	70		44	114	114				x	x			
Klinik »Haus Franken«, Bad Neustadt a. d. Saale	0		140	140	140								
Haus Saaletal, Bad Neustadt a. d. Saale	0		232	232	232								
Neurologische Klinik, Bad Neustadt a. d. Saale	163		121	284	284				x				
Psychosomatische Klinik, Bad Neustadt a. d. Saale	218		122	340	340				x				
Amper Kliniken, Dachau	435	6		441	441		x						x
Amper Kliniken, Indersdorf	30		60	90	85				x	x			
Kliniken Miltenberg-Erlenbach, Miltenberg	80			80	80	x					x		
Kliniken Miltenberg-Erlenbach, Erlenbach	220		32	252	252	x				x			
Klinik Kipfenberg	111		72	183	172				x				
Frankenwaldklinik Kronach	282		33	315	315	x				x			
Klinikum München Pasing	400			400	400		x						x
Klinik München Perlach	170			170	170	x							x
BRANDENBURG													
Klinikum Frankfurt (Oder)	799	42		841	835		x			x			x
HESSE													
Universitätsklinikum Gießen und Marburg, Gießen	1,101	44		1,145	1,145			x		x		x	
Universitätsklinikum Gießen und Marburg, Marburg	1,123	73		1,196	1,196			x		x		x	
Aukamm-Klinik, Wiesbaden	57			57	57				x				
Stiftung Deutsche Klinik für Diagnostik, Wiesbaden	92	60		152	152		x			x			x
Dr. Horst Schmidt Kliniken, Wiesbaden	990	37		1,027	1,027			x		x			x
MECKLENBURG-WEST POMERANIA													
Krankenhaus Boizenburg	48			48	48	x							
LOWER SAXONY													
Krankenhaus Cuxhaven	265			265	265	x				x			x
Klinikum Gifhorn	344			344	344		x			x			
Klinik Herzberg	237			237	244	x				x			x
Klinikum Hildesheim	541			541	498		x						x
Klinik Hildesheimer Land	25		145	170	165				x				
Mittelweser Kliniken, Nienburg	249			249	243	x				x			
Mittelweser Kliniken, Stolzenau	57			57	63	x				x	x		
Wesermarsch-Klinik Nordenham	115			115	130	x							
Klinikum Salzgitter	351			351	365	x							x
Klinikum Uelzen	346			346	346		x			x			x
Städtisches Krankenhaus Wittingen	50			50	50	x				x	x		
NORTH RHINE-WESTPHALIA													
Krankenhaus St. Barbara Attendorn	286	12		298	298	x				x			x
Klinikum Warburg	153			153	153	x							
SAXONY													
Weißeritztal-Kliniken, Freital und Dippoldiswalde	350			350	350	x				x	x		x
Herzzentrum Leipzig	420	10		430	430				x			x	x
Park-Krankenhaus Leipzig	626	98	184	908	668	x			x	x			x
Klinikum Pirna	390	20		410	410	x				x			x
SAXONY-ANHALT													
Krankenhaus Zerbst	202			202	202	x				x			
Kreiskrankenhaus Jerichower Land	241			241	241	x				x			x
Bördekrankenhaus Neindorf	184			184	205	x				x			
Fachkrankenhaus Vogelsang-Gommern	151			151	151				x	x			
Krankenhaus Köthen	264			264	264	x				x			x
THURINGIA													
Zentralklinik Bad Berka	669			669	669		x			x			x
Krankenhaus Waltershausen-Friedrichroda	212			212	212	x				x			
Fachkrankenhaus Hildburghausen	316	107	186	609	609				x				x
Klinikum Meiningen	562			562	558		x			x			x
Total	**15,233**	**509**	**1,371**	**17,113**	**17,089**								

[1] Acute inpatient approved beds and day-clinic / day-case places according to requirement plan and sections 108, 109 SGB V.

[2] Beds in rehabilitation and in other areas as per contractual agreement; other areas include Haus Saaletal Bad Neustadt a.d. Saale.: 18 beds for adaption, Klinikum Indersdorf: 10 day-clinic geriatric places: Frankenwaldklinik Kronach „Leben am Rosenberg": 33 beds for short-term and long-term care, Park-Krankenhaus Leipzig: 23 beds for adaption, Fachkrankenhaus Hildburghausen: 58 beds for home area and 128 beds for forensic hospital.

[3] Further MVZs: MVZ ADTC Wuppertal GmbH, MVZ ADTC Düsseldorf GmbH, MVZ ADTC Mönchengladbach/Erkelenz GmbH, MVZ ADTC Siegburg GmbH.

Note: The terminology used for the care levels may vary from one federal state to the next (e.g. instead of "basic and standard care" "basic care").

THE SITES OF RHÖN-KLINIKUM GROUP IN FINANCIAL YEAR 2013

THE ADDRESSES OF RHÖN-KLINIKUM AG IN FINANCIAL YEAR 2013

BADEN-WUERTTEMBERG

KLINIK FÜR HERZCHIRURGIE KARLSRUHE GMBH
Franz-Lust-Straße 30
76185 Karlsruhe
Tel.: +49 (0) 721 9738-0
Fax: +49 (0) 721 9738-111
gf@herzchirurgie-karlsruhe.de

KLINIKUM PFORZHEIM GMBH
Kanzlerstraße 2–6
75175 Pforzheim
Tel.: +49 (0) 7231 969-0
Fax: +49 (0) 7231 969-2417
gf@klinikum-pforzheim.de

BAVARIA

ST. ELISABETH-KRANKENHAUS GMBH BAD KISSINGEN
Kissinger Straße 150
97688 Bad Kissingen
Tel.: +49 (0) 971 805-0
Fax: +49 (0) 971 805-281
info@elisabeth-online.de

- **Bad Kissingen site, St. Elisabeth-Krankenhaus**
  Kissinger Straße 150
  97688 Bad Kissingen
  Tel.: +49 (0) 971 805-0
  Fax: +49 (0) 971 805-281
  info@elisabeth-online.de

- **Hammelburg site OrthoClinic Hammelburg**
  Ofenthaler Weg 20
  97762 Hammelburg
  Tel.: +49 (0) 9732 900-0
  Fax: +49 (0) 9732 900-131
  gf@klinik-hammelburg.de

HERZ- UND GEFÄSS-KLINIK GMBH BAD NEUSTADT
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 66-0
Fax: +49 (0) 9771 65-981221
gf@herzchirurgie.de

KLINIK FÜR HANDCHIRURGIE DER HERZ- UND GEFÄSS-KLINIK GMBH BAD NEUSTADT
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 66-0
Fax: +49 (0) 9771 65-981221
gf@handchirurgie.de

KLINIK »HAUS FRANKEN« GMBH BAD NEUSTADT
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 67-04
Fax: +49 (0) 9771 67-3300
fk@frankenklinik-bad-neustadt.de

HAUS SAALETAL GMBH BAD NEUSTADT
Salzburgweg 7
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 905-0
Fax: +49 (0) 9771 905-4610
stk@saaletalklinik-bad-neustadt.de

NEUROLOGISCHE KLINIK GMBH BAD NEUSTADT
Von-Guttenberg-Straße 10
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 908-0
Fax: +49 (0) 9771 991-464
gf@neurologie-bad-neustadt.de

PSYCHOSOMATISCHE KLINIK BAD NEUSTADT/SAALE
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale
Tel.: +49 (0) 9771 67-01
Fax: +49 (0) 9771 65-989301
psk@psychosomatische-klinik-bad-neustadt.de

AMPER KLINIKEN AG
Krankenhausstraße 15
85221 Dachau
Tel.: +49 (0) 8131 76-0
Fax: +49 (0) 8131 76-530
info@amperkliniken.de

- **Dachau site**
  Krankenhausstraße 15
  85221 Dachau
  Tel.: +49 (0) 8131 76-0
  Fax: +49 (0) 8131 76-530
  info@amperkliniken.de

- **Indersdorf site**
  Maroldstraße 45
  85229 Markt Indersdorf
  Tel.: +49 (0) 8136 939-0
  Fax: +49 (0) 8136 939-444
  info@amperkliniken.de

KLINIKEN MILTENBERG-ERLENBACH GMBH
Krankenhausstraße 45
63906 Erlenbach am Main
Tel.: +49 (0) 9372 700-0
Fax: +49 (0) 9372 700-1009
gf@kmeg.de

- **Erlenbach site**
  Krankenhausstraße 41
  63906 Erlenbach am Main
  Tel.: +49 (0) 9372 700-0
  Fax: +49 (0) 9372 700-1009
  gf@kmeg.de

- **Miltenberg site**
  Breitendieler Straße 32
  63897 Miltenberg
  Tel.: +49 (0) 9371 500-0
  Fax: +49 (0) 9371 500-3309
  gf@kmeg.de

KLINIK KIPFENBERG GMBH NEUROCHIRURGISCHE UND NEUROLOGISCHE FACHKLINIK
Kindinger Straße 13
85110 Kipfenberg
Tel.: +49 (0) 8465 175-0
Fax: +49 (0) 8465 175-111
gf@neurologie-kipfenberg.de

FRANKENWALDKLINIK KRONACH GMBH
Friesener Straße 41
96317 Kronach
Tel.: +49 (0) 9261 59-0
Fax: +49 (0) 9261 59-6105
info@frankenwaldklinik.de

KLINIKEN MÜNCHEN PASING UND PERLACH GMBH
Steinerweg 5
81241 München
Tel.: +49 (0) 89 8892-0
Fax: +49 (0) 89 8892-2599
gf@kliniken-pasing-perlach.de

– **München-Pasing site**
Steinerweg 5
81241 München
Tel.: +49 (0) 89 8892-0
Fax: +49 (0) 89 8892-2599
gf@kliniken-pasing-perlach.de

– **München-Perlach site**
Schmidbauerstraße 44
81737 München
Tel.: +49 (0) 89 67802-1
Fax: +49 (0) 89 67802-434
gf@kliniken-pasing-perlach.de

BRANDENBURG

KLINIKUM FRANKFURT (ODER) GMBH
Müllroser Chaussee 7
15236 Frankfurt (Oder)
Tel.: +49 (0) 335 548-0
Fax: +49 (0) 335 548-2003
gf@klinikumffo.de

HESSE

UNIVERSITÄTSKLINIKUM GIESSEN UND MARBURG GMBH
Rudolf-Buchheim-Straße 8
35385 Gießen
Tel.: +49 (0) 6421 58-66001
Fax: +49 (0) 6421 58-66002
gf@uk-gm.de

– **Gießen site**
Rudolf-Buchheim-Straße 8
35385 Gießen
Tel.: +49 (0) 641 985-60
Fax: +49 (0) 641 985-40109
kgf.gi@uk-gm.de

– **Marburg site**
Baldingerstraße
35043 Marburg
Tel.: +49 (0) 6421 58-60
Fax: +49 (0) 6421 58-66002
gf@uk-gm.de

AUKAMM-KLINIK FÜR OPERATIVE RHEUMATOLOGIE UND ORTHOPÄDIE GMBH
Leibnizstraße 21
65191 Wiesbaden
Tel.: +49 (0) 611 572-0
Fax: +49 (0) 611 565-681
gf@aukammklinik.de

STIFTUNG DEUTSCHE KLINIK FÜR DIAGNOSTIK GMBH
Aukammallee 33
65191 Wiesbaden
Tel.: +49 (0) 611 577-0
Fax: +49 (0) 611 577-577
gf@dkd-wiesbaden.de

DR. HORST SCHMIDT KLINIKEN GMBH
Ludwig-Erhard-Straße 100
65199 Wiesbaden
Tel. +49 (0) 611 43-0
Fax +49 (0) 611 43-2952
informationhsk@hsk-wiesbaden.de

MECKLENBURG-WEST POMERANIA

GESUNDHEITSMANAGEMENT ELBE-FLÄMING GMBH
August-Bebel-Straße 55a
39288 Burg
Tel.: +49 (0) 3921 96-3001
Fax: +49 (0) 3921 96-3012
sekr.gf@gesundheits-mgm.de

– **KRANKENHAUS BOIZENBURG GMBH site**
Vor dem Mühlentor 3
19258 Boizenburg/Elbe
Tel.: +49 (0) 38847 637-0
Fax: +49 (0) 38847 637-333
Marianne.Pfeiffer@kh-boizenburg.de

LOWER SAXONY

KRANKENHAUS CUXHAVEN GMBH
Altenwalder Chaussee 10
27474 Cuxhaven
Tel.: +49 (0) 4721 78-0
Fax: +49 (0) 4721 78-1200
info@skh-cux.de

KLINIKUM GIFHORN GMBH
Campus 6
38518 Gifhorn
Tel.: +49 (0) 5371 87-0
Fax: +49 (0) 5371 87-1008
sekretariat.gf@klinikum-gifhorn.de

KLINIKEN HERZBERG UND OSTERODE GMBH
Dr.-Frössel-Allee
37412 Herzberg am Harz
Tel.: +49 (0) 5521 866-0
Fax: +49 (0) 5521 5500
gf@klinik-herzberg.de

KLINIKUM HILDESHEIM GMBH
Senator-Braun-Allee 33
31135 Hildesheim
Tel.: +49 (0) 5121 89-0
Fax: +49 (0) 5121 89-41215
gf@klinikum-hildesheim.de

KLINIK HILDESHEIMER LAND GMBH
An der Peesel 6
31162 Bad Salzdetfurth
Tel.: +49 (0) 5063 2772-0
Fax: +49 (0) 5063 14-40
sekvl@klinik-hildesheimer-land.de

MITTELWESER KLINIKEN GMBH NIENBURG HOYA STOLZENAU
Ziegelkampstraße 39
31582 Nienburg a.d. Weser
Tel.: +49 (0) 5021 9210-0
Fax: +49 (0) 5021 9210-7019
gf@mittelweser-kliniken.de

- **Nienburg site**
  Ziegelkampstraße 39
  31582 Nienburg a.d. Weser
  Tel.: +49 (0) 5021 9210-0
  Fax: +49 (0) 5021 9210-7019
  gf@mittelweser-kliniken.de

- **Stolzenau site**
  Holzhäuser Weg 28
  31592 Stolzenau
  Tel.: +49 (0) 5761 9007-0
  Fax: +49 (0) 5761 9007-106
  gf@mittelweser-kliniken.de

WESERMARSCH-KLINIK NORDENHAM GMBH
Albert-Schweitzer-Straße 43
26954 Nordenham
Tel.: +49 (0) 4731 947-0
Fax: +49 (0) 4731 947-213
gf@wesermarschklinik.de

KLINIKUM SALZGITTER GMBH
Kattowitzer Straße 191
38226 Salzgitter
Tel.: +49 (0) 5341 835-0
Fax: +49 (0) 5341 835-1515
gf@klinikum-salzgitter.de

KLINIKUM UELZEN GMBH
Hagenskamp 34
29525 Uelzen
Tel.: +49 (0) 581 83-0
Fax: +49 (0) 581 83-1004
gf@klinikum-uelzen.de

STÄDTISCHES KRANKENHAUS WITTINGEN GMBH
Gustav-Dobberkau-Straße 5
29378 Wittingen
Tel.: +49 (0) 5831 22-0
Fax: +49 (0) 5831 22-99
info@krankenhaus-wittingen.de

NORTH RHINE-WESTPHALIA

KRANKENHAUS ST. BARBARA ATTENDORN GMBH
Hohler Weg 9
57439 Attendorn
Tel.: +49 (0) 2722 60-0
Fax: +49 (0) 2722 60-2430
gf@krankenhaus-attendorn.de

KLINIKUM WARBURG GMBH
Hüffertstraße 50
34414 Warburg
Tel.: +49 (0) 5641 91-0
Fax: +49 (0) 5641 91-1055
gf@klinikum-warburg.de

SAXONY

WEISSERITZTAL-KLINIKEN GMBH
Bürgerstraße 7
01705 Freital
Tel.: +49 (0) 351 646-60
Fax: +49 (0) 351 646-7010
gf@weisseritztal-kliniken.de

- **Freital site**
  Bürgerstraße 7
  01705 Freital
  Tel.: +49 (0) 351 646-60
  Fax: +49 (0) 351 646-7010
  gf@weisseritztal-kliniken.de

- **Dippoldiswalde site**
  Rabenauer Straße 9
  01744 Dippoldiswalde
  Tel.: +49 (0) 3504 632-0
  Fax: +49 (0) 3504 632-5010
  gf@weisseritztal-kliniken.de

HERZZENTRUM LEIPZIG GMBH – UNIVERSITÄTSKLINIK –
Strümpellstraße 39
04289 Leipzig
Tel.: +49 (0) 341 865-0
Fax: +49 (0) 341 865-1405
gf@herzzentrum-leipzig.de

PARK-KRANKENHAUS LEIPZIG GMBH
Strümpellstraße 41
04289 Leipzig
Tel.: +49 (0) 341 864-0
Fax: +49 (0) 341 864-2108
gf@parkkrankenhaus-leipzig.de

KLINIKUM PIRNA GMBH
Struppener Straße 13
01796 Pirna
Tel.: +49 (0) 3501 7118-0
Fax: +49 (0) 3501 7118-1211
gf@klinikum-pirna.de

SAXONY-ANHALT

KRANKENHAUS KÖTHEN GMBH
Hallesche Straße 29
06366 Köthen
Tel.: +49 (0) 3496 52-0
Fax: +49 (0) 3496 52-1101
gf@krankenhaus-koethen.de

GESUNDHEITSMANAGEMENT ELBE-FLÄMING GMBH
August-Bebel-Straße 55a
39288 Burg
Tel.: +49 (0) 3921 96-3001
Fax: +49 (0) 3921 96-3012
sekr.gf@gesundheits-mgm.de

- **KRANKENHAUS JERICHOWER LAND GMBH site**
  August-Bebel-Straße 55a
  39288 Burg
  Tel.: +49 (0) 3921 96-0
  Fax: +49 (0) 3921 96-1026
  sekr.vl@khjl.de

- **FACHKRANKENHAUS VOGELSANG-GOMMERN GMBH site**
  Sophie-von-Boetticher-Straße 1
  39245 Vogelsang-Gommern
  Tel.: +49 (0) 39200 67-200
  Fax: +49 (0) 39200 67-111
  verwaltungsleitung@fkh-vg.de

- **BÖRDEKRANKENHAUS GMBH site**
  Kreiskrankenhaus 4
  39387 Oschersleben/OT Neindorf
  Tel.: +49 (0) 3949 935-0
  Fax: +49 (0) 3949 935-202
  Marianne.Schwienhorst@boerde-kh.de

- **KRANKENHAUS ZERBST GMBH site**
  Friedrich-Naumann-Straße 53
  39261 Zerbst/Anhalt
  Tel.: +49 (0) 3923 739-0
  Fax: +49 (0) 3923 739-299
  Ute.Gaertner@gesundheits-mgm.de

THURINGIA

ZENTRALKLINIK BAD BERKA GMBH
Robert-Koch-Allee 9
99437 Bad Berka
Tel.: +49 (0) 36458 5-0
Fax: +49 (0) 36458 4-2180
gf@zentralklinik.de

KRANKENHAUS WALTERSHAUSEN-FRIEDRICHRODA GMBH
Reinhardsbrunner Straße 17
99894 Friedrichroda
Tel.: +49 (0) 3623 350-0
Fax: +49 (0) 3623 350-630
gf@krankenhaus-waltershausen-friedrichroda.de

FACHKRANKENHAUS FÜR PSYCHIATRIE UND NEUROLOGIE HILDBURGHAUSEN GMBH
Eisfelder Straße 41
98646 Hildburghausen
Tel.: +49 (0) 3685 776-0
Fax: +49 (0) 3685 776-940
gf@fachkrankenhaus-hildburghausen.de

KLINIKUM MEININGEN GMBH
Bergstraße 3
98617 Meiningen
Tel.: +49 (0) 3693 90-0
Fax: +49 (0) 3693 90-1234
kmg@klinikum-meiningen.de

RHÖN-KLINIKUM AG

Postal address:
D-97615 Bad Neustadt a. d. Saale

Visitors' address:
Salzburger Leite 1
D-97616 Bad Neustadt a. d. Saale
Phone: +49 (0) 9771-65-0
Fax: +49 (0) 9771-97467

Internet:
http://www.rhoen-klinikum-ag.com

E-mail:
rka@rhoen-klinikum-ag.com

This Annual Report is also available in German and Spanish.

This Annual Report was printed on paper bleached without chlorine in accordance with FSC® certification. (FSC® C115407):
The FSC® logo is the only globally recognised Ecolabel that guarantees exemplary forest management.