

HALF-YEAR FINANCIAL REPORT 2016



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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LETTER TO SHAREHOLDERS

Dear Shareholders,

In the first half of the current financial year 2016, RHÖN-KLINIKUM AG further strengthened and expanded its position in the German healthcare sector. The Company pressed ahead with important innovation projects.

The biggest megatrend is currently digitalisation; it is dominating not only the industry but also developments in medicine. As medical knowledge witnesses dynamic growth, it will make a decisive contribution towards making such knowledge accessible so that our patients can avail themselves of it to an even greater extent in their individual cases, for example by providing them with better individual therapy options or enabling them to navigate their way more quickly through the healthcare environment. Currently, many innovations are taking place outside the established structures; new ideas and young companies (start-ups) are having an increasingly significant impact on the pace of development. That is why it is also of fundamental importance for RHÖN-KLINIKUM AG to identify and evaluate innovative potential of relevance for the medical field and to render it applicable in practice. And all that in the interest of our patients, as well as for the benefit of our Company.

For this reason, we have set up a development-oriented company – “RHÖN-Innovations GmbH”. Its objective is to promote innovative start-ups by analysing nascent medical developments and – on their overall positive assessment – to take out an equity interest in such companies. In an international context, these activities are above all concentrated on start-ups in the US and Israel. From this commitment we are also looking to gain valuable impetus for our campus concept with its strong outpatient-inpatient emphasis. Its success will depend to a decisive extent on a modern IT infrastructure – connecting all stakeholders, so to speak, in a common network. We are certain that to this

end the business model of our company RHÖN-Innovations GmbH will speed up the process of developing specific products and services in the medical field.

Moreover, our Annual General Meeting was held on 8 June. On this occasion our shareholders approved all proposed resolutions put to the vote by the Board of Management and the Supervisory Board, and in particular also approved the conclusion of profit-and-loss transfer agreements for three of our subsidiaries. With respect to income tax, these agreements now enable tax profit-and-loss compensation between the companies concerned. At the Group level, positive and negative results can be set off, tax allowances can be utilised and the Company’s overall tax liability optimised.

It was moreover resolved to distribute a dividend of 80 cents per share; based on the current volume of 66.96 million shares, that translates into a dividend total of €53.6 million. In future, also, we want to give our shareholders a share in the Company’s success with a payout rate of over 60 per cent provided that such funds do not have to be earmarked for value-enhancing growth options, e.g. for acquisitions.

In the first six months of the current financial year a total of 414,403 patients were treated in our Group’s hospitals. Revenue stands at €590.6 million. Earnings before interest, tax and depreciation/amortisation (EBITDA) total €103.4 million. That includes the write-back of roughly €41 million in provisions in the first half of the financial year. These had been formed primarily for no longer needed warrant obligations following the transaction with Fresenius/Helios.

For financial year 2016, we continue to expect revenues between €1.17 billion and €1.20 billion as well as EBITDA of between

€ 155 million and € 165 million. Also during the current financial year, earnings will witness positive and negative one-off effects in the low to medium double-digit million range which to a certain extent balance out. These stem predominantly from the execution of the transaction with Fresenius/Helios on the balance sheet, from the first-time consolidation and integration of Kreisklinik Bad Neustadt, from special budgets for innovation and e-health, outstanding invoices as well as the establishment of a larger diagnostics and outpatient centre at Marburg University Hospital.

It once again has to be noted that RHÖN-KLINIKUM AG operates in a largely regulated market environment. That means that regulatory restrictions hampering our organic development have to be expected. During the current financial year, that concerns above all the three-year discount on surplus revenues with its volume basis in 2013. In 2016, this results in a slow pace in the growth of revenues to the tune of roughly -1%. It is moreover unclear to what extent the new rules from the 2015 Hospital Structure Act (Krankenhausstrukturgesetz, KHSKG) – particularly the substitution of the discount on surplus revenues by a fixed cost digression discount, its level and the reallocation of the funds from the care premium (Versorgungszuschlag) into a nursing premium (Pflegezuschlag) – will impact the remuneration basis from 2017. Models currently being discussed among experts might lead to a slight rebalancing of the overall national hospital

budget in favour of smaller and medium-sized general hospitals. Moreover, adjustments in remuneration are being designed for the catalogue of flat case rates (DRGs) that might be to the detriment of materials cost-intensive DRGs or services. Such changes would then affect above all cutting-edge medical care, e.g. in cardiology or special services in orthopaedics.

We indeed view such developments, which relate to both our portfolio as well as the sector, quite critically. For example, it has to be feared that the diametrical effect from the mark-up of the so-called simpler services will counteract the quality and specialisation offensive planned under the KHSKG as of 2018 and slow the consolidation of the sector actually being sought by healthcare policy.

Given our many years of experience, we will deal with these regulatory measures taking a pragmatic approach. In this regard, we can rely on our pronounced organisational flexibility, strong regional market position as our innovative strengths. You can expect us to continue to assert our excellent medical standards, further enhance the attractiveness for our patients and safeguard our Company's future economic success.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

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

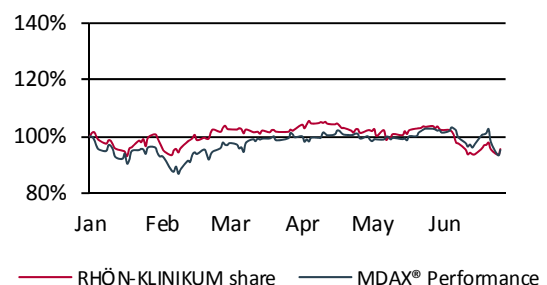
THE RHÖN-KLINIKUM SHARE

The trend on the international stock markets was adversely affected in the first half first of all by weak economic data in China and the British Brexit vote. On 23 June 2016, British voters surprisingly decided to leave the European Union, and by voting to leave sent a wave of uncertainty through the financial markets. This had not yet been reflected in the improved sentiment indicators gathered prior to the surprising Brexit vote. In Germany, the ifo business climate index rose further in June 2016 from 107.8 to 108.7, thus exceeding the level of December 2015 for the first time.

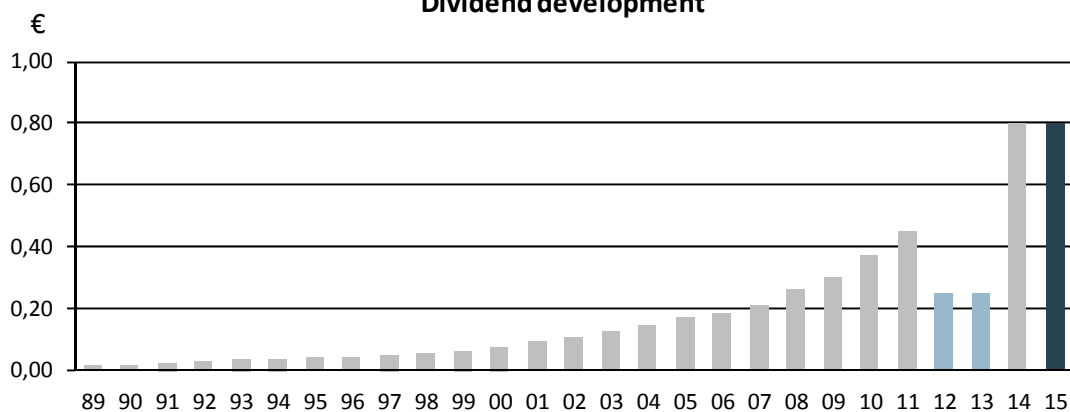
The economic and political burdens were cushioned by the recovery in the oil price and the continued expansive monetary policy of the central banks. At its meeting on 2 June in Vienna, the European Central Bank (ECB) confirmed the key rate unchanged at nil per cent, and the Federal Reserve (Fed) also left its key rate unchanged at its meeting on 15 June.

In line with the international stock markets, the German leading index DAX®, after the very weak start into the year and the surprising Brexit vote, witnessed an overall weak half. The DAX fell during the first half by 9.9% and the DJ EURO STOXX by 11.8%. The decline in the MDAX® was only 4.5%. European healthcare stocks, which in the first quarter came under pressure, outperformed in the second quarter and the DJ EURO STOXX Healthcare fell in the course of the first half by 2.9% (Q1 2016: -8.7%).

Share price performance



Dividend development



Financial year 2015: resolution passed by the annual general meeting on 8 June 2016, plus profit pay-out under 2nd Share Repurchase in the amount of € 167 million from the proceeds of the Fresenius/Helios transaction

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

The share of RHÖN-KLINIKUM AG ended the first half down 4.9% and at a closing price of € 26.33 (30 December 2015: € 27.68). The dividend of € 0.80 per share, which was unchanged versus the previous year, was paid on 9 June 2016. After including the dividend payment, share price performance stood at minus 2.0%.

In future as well, RHÖN-KLINIKUM AG intends to give shareholders a participation in the Company's success with a dividend rate of over 60% provided that no other value-enhancing options present themselves, such as in the form of hospital acquisitions.

At the end of the first half our market capitalisation, including all 66.96 million non-par shares issued after the 2015 Share

Repurchase, stood at € 1.76 billion (30 December 2015: € 1.85 billion). In the MDAX® we thus ranked 54th by market capitalisation (31 December 2015: 55th).

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
	from 15 Oct. 2015	until 14 Oct. 2015
Registered share capital (€)	167,406,175	183,704,650
Number of shares	66,962,470	73,481,860
Share prices (€)	1 Jan.-30 June 2016	1 Jan.-31 Dec. 2015
Closing price	26.33	27.68
High	28.27	27.68
Low	24.96	22.02
	30 June 2016	31 Dec. 2015
Market capitalisation (€ m)	1.763.12	1.853.52

A financial calendar is provided at the end of this Report as well as on our website at www.rhoen-klinikum-ag.com under the section "Investor Relations".

GROUP INTERIM MANAGEMENT REPORT

REPORT ON THE FIRST HALF OF 2016

- Continuity in corporate development on half-year comparison: Number of patients + 11.1%, revenues + 6.3% and consolidated profit + 40.0%.
- With half-year revenues of € 590.6 million, EBITDA of € 103.4 million and consolidated profit of € 69.6 million in each case for the first six months, our key financial figures are right on target.
- Thanks to higher service volumes and efficiency gains, we not only offset the statutory revenue deductions and cost trends in the first half, but also achieved corresponding gains in earnings.
- Projected construction measures at the Campus Bad Neustadt are moving along as planned.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 June 2016 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2016.

The accounting policies applied, to the extent already applied in financial year 2015 and consistently applied in financial year 2016, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2015. The accounting policies applicable in principle for the first time in financial year 2016 are explained in the Condensed Notes to this Interim Report. On a current view, these will have only the effects as stated in the Condensed Notes on the net assets,

financial position and results of operations of RHÖN-KLINIKUM AG.

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

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

CORPORATE GOVERNANCE

The composition of our Supervisory Board has remained unchanged since the 2015 Annual Report. With effect from 1 January 2016, Prof. Dr. Bernd Griewing was appointed to the Board of Management. The allocation of responsibilities within the Board of Management was adjusted as a result of the change. Moreover, the allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

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

The notifications pursuant to section 21 et seq. of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that we received in the first half of 2016 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

The notifications of transactions pursuant to section 15a of the WpHG by members of the Board of Management or the Supervisory Board (directors' dealings) as well as other notifications of transactions by executives pursuant to section 15a of the WpHG are also presented in the Notes to this Interim Report.

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

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

The lively start by the German economy into the year 2016 slowed somewhat in the second quarter. That said, the German economy is still on a solid growth path. Industrial production started out well heading into the second quarter, but the spring pickup in the manufacturing sector proved weaker than usual on the whole. However, the basic economic trend continues to point upwards. The external economic environment continues to be difficult and is brightening only gradually. Given the appreciation of the euro and the subdued growth prospects of the global economy, exports are likely to see a rather moderate expansion over the coming months. Private consumption continues to be a driver of economic performance.

The mood in the industrial sector once again improved significantly prior to the Brexit vote. The Ifo business climate index rose from 107.8 points in May to 108.7 points in June. However, the euro finance ministers fear the Brexit vote will have negative consequences for the European economy. They argue that the persistent uncertainty, above all among investors, might also have an impact in the medium term on the growth prospects of the EU and of the eurozone, and thus also the German economy. Likewise, the International Monetary fund (IMF) expects Brexit to hamper the eurozone's economic strength. After the vote by the British to leave the European Union, growth will turn out to be much lower than expected.

The trend in labour demand continues to be positive. Employment subject to social insurance contributions is on the rise and the indicator for demand for new employees, the BA-X, remains at a high level. However, the effects of refugee migration are increasingly becoming visible. According to the German Federal Employment Agency, the German labour market, thanks to its robust performance, would be able to cope with a temporary damper on the economic trend resulting from Brexit, but there are considerable risks in the medium to long term if domino effects occurred and the European Union were weakened.

The jobless rate as calculated by the German Federal Employment Agency for June 2016 is around 5.9%. This is a decline of 0.3 percentage points compared with June 2015. The seasonally adjusted jobless rate remains unchanged compared with the previous month at 6.1%.

The consumer price index as determined by the Federal Statistical Office stood at + 0.3% in June 2016, and thus 0.3% higher than in June 2015. Compared with the previous month, the consumer price index rose by 0.2 percentage points.

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

The shortage in skilled staff – driven by demographic change – is thus set to become further exacerbated over the next years. A shortage is expected particularly in the healthcare sector, since it is there that the rising demand for skilled employees compares with further rising demand stemming from the greying of society. Recruitment of top-qualified physician staff will be one of the challenges to be met in future given the emerging shortage in specialised personnel and demographic trends. We are confronting this task and the desire increasingly expressed by employees to be given the opportunity of achieving a better balance between professional and family life with specific measures targeted at improving our attractiveness as an employer in healthcare.

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

The German government is trying to respond to this development with the Hospital Structure Act (Krankenhausstrukturgesetz, KHSG). This piece of legislation was passed at the end of 2015 and entered into force on 1 January 2016. It is aimed at making the funding of hospitals to a material extent

conditional on their quality. With the KHSG, decisive provisions of hospital financing are implemented. The fundamental changes in the financing system will enter into force as of 1 January 2017. In addition to other amendments, it will, for example, replace the discounts on surplus revenues in the medium term by a similarly structured fixed costs degression discount. Particularly the budget agreements for 2016 are affected by the immediate effects of the new provisions.

Our many years of experience in dealing with regulatory measures, our high organic flexibility, our excellent regional market position as well as our trailblazing role in innovation and digitalisation are the best means of holding our own in a challenging market environment. In terms of growth prospects we see ourselves in very good shape and in future, too, will continue to be amongst the biggest hospital operators in Germany as an efficient, homogenous Group consistently oriented towards cutting-edge and specialty medical care.

BUSINESS PERFORMANCE OVER THE FIRST HALF OF THE YEAR

Overall statement on economic position

January to June	2016 € m	2015 € m	Change € m	%
Revenues	590.6	555.4	35.2	6.3
EBITDA	103.4	83.8	19.6	23.4
EBIT	73.9	53.8	20.1	37.4
EBT	73.6	52.6	21.0	39.9
Operating cash flow	99.0	79.7	19.3	24.2
Consolidated profit	69.6	49.7	19.9	40.0

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

- a rise in the number of cases by +41,376 cases or +11.1% to a total of 414,403 cases (previous year: 373,027 cases), and
- a rise in revenues by +€35.2 million or +6.3% to €590.6 million (previous year: €555.4 million)

a rise in EBITDA by € 19.6 million to € 103.4 million, a rise in EBIT by € 20.1 million to € 73.9 million, and a rise in consolidated profit by € 19.9 million to € 69.6 million.

The trend in service volumes at our hospitals is well above the level of the same period last year. However, regulatory restrictions continue to hold back our organic development. This applies in particular with regard to the pronounced three-year discount on surplus revenues. Since such additional service volumes at the same time entail additional costs, an expansion in service volumes is thus having dilutive effects on margins and earnings. Moreover, the disproportionately moderate trend in state base rates compared with hospital-specific costs is putting a further drag on the operating result.

In the first half of financial year 2016, RHÖN-KLINIKUM AG further expanded its innovative position on the German hospital market. Consequently, the first six months were also marked by the continued development of our offering with the aim of achieving generalised, full-service medical and nursing care in rural regions and structurally, spatially and logistically integrated inpatient and outpatient services on the premises of a high-performance hospital. This also includes digitalisation, i.e. the dissemination and interpretation of data helping to make fast-growing medical knowledge available so that patients can avail themselves of it to an even greater extent in their individual cases, for example by providing them with therapies tailored to their needs or enabling them to navigate their way more quickly through the healthcare system. It was with this in mind that we founded the company RHÖN-Innovations GmbH in the first half of financial year 2016 with the objective of promoting start-ups, assessing their ideas and, where these prove suitable, also taking an equity interest in such companies.

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

Trend in service volumes

	Hospitals	Beds
As at 31 December 2015	10	5,218
Kreisklinik Bad Neustadt	1	233
Change in capacities	-	-84
As at 30 June 2016	11	5,367

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

As at 30 June 2016, our consolidated financial statements included eleven hospitals with 5,367 beds/places at a total of five sites in four federal states. Since 31 December 2015, we recorded only a moderate net change in the number of approved beds (84) at our acute inpatient capacities in line with the requirement budgets in the individual federal states.

As at 30 June 2016, we operate seven medical care centres with a total of 34.75 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2015	7	36.75
Opened/acquired		
Various sites	-	-
Disposals		
Various sites	-	-2.00
As at 30 June 2016	7	34.75

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

January to June	2016	2015	Change absolute	%
Inpatient and semi-inpatient treatments,				
acute hospitals	107,733	102,368	5,365	5.2
rehabilitation hospitals and other facilities	2,648	2,838	-190	-6.7
	110,381	105,206	5,175	4.9
Outpatient attendances at our				
acute hospitals	239,269	221,313	17,956	8.1
medical care centres	64,753	46,508	18,245	39.2
	304,022	267,821	36,201	13.5
Total	414,403	373,027	41,376	11.1

In the first six months of financial year 2016, a total of 414,403 patients (+ 41,376 patients/ + 11.1%) were treated in the Group's hospitals and medical care centres. Of this rise, patients treated on an inpatient and semi-inpatient basis account for roughly 12.5% and outpatient treatments account for 87.5%. After deducting consolidation effects (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016), this translates into organic growth in patients of 28,506 patients or 7.6%. This growth is distributed nearly uniformly over the entire Group.

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

January to June	2016	2015
Per-case revenue		
inpatient (€)	4,944	4,870
outpatient (€)	147	161

Adjusting for one-off effects recognised during the same period of the previous year, per-case revenues in the outpatient area in the first half of financial year 2016 were nearly identical to those of the same period of the previous year.

Results of operations

Consolidated performance figures developed as shown below:

January to June	2016	2015	Change	
	€ m	€ m	€ m	%
Income				
Revenues	590.6	555.4	35.2	6.3
Other income	114.5	92.2	22.3	24.2
Total	705.1	647.6	57.5	8.9
Expenditure				
Materials and consumables used	165.5	157.9	7.6	4.8
Employee benefits expense	377.3	351.4	25.9	7.4
Other expenses	58.9	54.5	4.4	8.1
Total	601.7	563.8	37.9	6.7
EBITDA	103.4	83.8	19.6	23.4
Depreciation/amortisation and impairment	29.5	30.0	-0.5	-1.7
EBIT	73.9	53.8	20.1	37.4
Finance result	0.3	1.2	-0.9	-75.0
EBT	73.6	52.6	21.0	39.9
Income taxes	4.0	2.9	1.1	37.9
Consolidated profit	69.6	49.7	19.9	40.0

Compared with the same period last year, we report a rise in EBITDA by € 19.6 million to € 103.4 million, a rise in EBIT by € 20.1 million to € 73.9 million, and a rise in consolidated profit by € 19.9 million to € 69.6 million in the

first half of 2016. In the first half of financial year 2016, Kreisklinik Bad Neustadt was included in our financial and performance figures for the first time.

Of the rise in revenues by € 35.2 million or 6.3% – adjusting for changes in consolidated companies (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016) in the amount of € 16.1 million –, € 19.1 million or 3.4% is attributable to organic growth. In this regard it has to be considered that personnel and material expenses in some cases are offset only partly by refinanced revenues due to statutory discounts on surplus service volumes.

In the first half of 2016, the other income item includes amounts from the reversal of provisions for potential legal and fiscal guarantee risks in the amount of roughly € 40.6 million in connection with the sale of entities to Fresenius/Helios, since related contractual guarantees in some cases had expired. During the same period last year, € 19.7 million in income from the reversal of provisions that were formed in connection with potential additional claims for social insurance contributions of the German pension insurance agency (Deutsche Rentenversicherung) resulting from investigations of the cleaning companies carried out in 2011 were recognised under this item. Moreover, in the same period of the previous year provisions that had been formed for legal and fiscal risks in connection with the sale of entities were reversed with effect on the income statement under the other income item.

January to June	2016	2015
	%	%
Materials ratio	28.0	28.4
Personnel ratio	63.9	63.3
Other cost ratio	10.0	9.8
Depreciation and amortisation ratio	5.0	5.4
Finance result ratio	0.0	0.2
Effective tax ratio	0.7	0.5

In the first half of 2016, materials and consumables used rose disproportionately to revenues compared with the same period last year by € 7.6 million or 4.8%, whereas the materials ratio declined from 28.4% to 28.0%.

The employee benefits expense and other expenses rose compared with the same period last year. Whilst the employee benefits expense rose by € 25.9 million or 7.4%, the other expenses item increased by € 4.4 million or 8.1%. In this context, the personnel ratio rose from 63.3% to 63.9% and the other expenses ratio from 9.8% to 10.0%.

The depreciation/amortisation item declined slightly compared with the first six months of financial year 2015 by € 0.5 million or 1.7% to € 29.5 million.

Compared with the same period last year, we recorded a decline in the negative finance result by € 0.9 million to € 0.3 million in the first half of financial year 2016. The decrease essentially stems from declining finance expenses following the repayment of our bond in the first quarter of 2016. Moreover, finance income declined as a result of a lower investment volume.

Our net liquidity is calculated as follows:

	30 June 2016	31 Dec. 2015
	€ m	€ m
Current cash	55.1	143.3
Current fixed term deposits	235.0	345.0
Non-current fixed term deposits	20.0	30.0
Cash, fixed term deposits	310.1	518.3
Current financial liabilities	0.0	147.6
Non-current financial liabilities	10.0	10.0
Finance lease liabilities	4.4	4.6
Financial liabilities	14.4	162.2
Net liquidity	295.7	356.1

At an unchanged rate of taxation, the income tax expense item rose by € 1.1 million to € 4.0 million (previous year: € 2.9 million) compared with same period of the previous year on the back of a higher taxable result.

In the first six months of financial year 2016 we raised consolidated profit by € 19.9 million to € 69.6 million (previous year: € 49.7 million).

Profit to non-controlling interests rose compared with the same period last year by € 0.3 million to € 1.4 million (previous year: € 1.1 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2016 rose by € 19.5 million to € 68.1 million (previous year: € 48.6 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of € 1.02 (previous year: € 0.66) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated profit and other earnings) stood at € 69.4 million (previous year: € 49.7 million) in the first six months of financial year 2016.

Net assets and financial position

	30 June 2016		31 December 2015	
	€ m	%	€ m	%
ASSETS				
Non-current assets	910.5	62.1	893.2	54.6
Current assets	555.3	37.9	741.3	45.4
	1,465.8	100.0	1,634.5	100.0
EQUITY AND LIABILITIES				
Equity	1,124.5	76.7	1,108.7	67.8
Non-current liabilities	37.4	2.6	36.5	2.2
Current liabilities	303.9	20.7	489.3	30.0
	1,465.8	100.0	1,634.5	100.0

Compared with the balance sheet date of 31 December 2015, the balance sheet total declined by € 168.7 million or 10.3% to € 1,465.8 million. The decline results in particular from the repurchase of RHÖN-KLINIKUM AG's bond in the first quarter of 2016 as well as from the distribution of the dividend to shareholders and non-controlling interests in the second quarter of 2016.

We financed our equity-financed investments amounting to € 50.3 million fully from operating cash flow of € 99.0 million generated in the first half.

The equity ratio rose compared with the last reporting date from 67.8% to 76.7%.

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

Equity	2016			2015
	Shareholders	Non-controlling interests	Total	Total
	€ m	€ m	€ m	€ m
As at 1 January	1,088.0	20.7	1,108.7	1,248.9
Equity transactions with owners	-53.6	-0.1	-53.7	-60.4
Total comprehensive income of the period	68.0	1.5	69.5	49.7
Other changes	-	-	-	-
As at 30 June	1,102.4	22.1	1,124.5	1,238.2

As at 30 June 2016, equity stands at € 1,124.5 million (31 December 2015: € 1,108.7 million). The increase in equity capital compared with the reporting date of 31 December 2015 by € 15.8 million results from consolidated profit for the first half of financial year 2016 (€ 69.6 million), on the one hand, and from distributions to shareholders and non-controlling interests (€ 53.7 million) and losses from the revaluation of defined benefit pension plans (€ 0.1 million), on the other.

127.6% (31 December 2015: 128.2%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. As at 30 June 2016, net financial debt – including liabilities under finance leases – was € 0.0 million (31 December 2015: € 0.0 million). As at 30 June 2016, we report net liquidity of € 295.7 million (31 December 2015: € 356.1 million).

Compared with the same period last year, operating cash flow, calculated from consolidated profit plus depreciation/ amortisation and less/plus other non-operating items (balance of profits and losses from disposals of assets, income/expenses from the market valuation of derivatives), rose by € 19.3 million to € 99.0 million (previous year: € 79.7 million).

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

January to June	2016 € m	2015 € m
Cash generated from operating activities	41.2	8.2
Cash generated from/cash used in investing activities	67.5	-337.3
Cash used in financing activities	-196.9	-60.4
Change in cash and cash equivalents	-88.2	-389.5
Cash and cash equivalents at 1 January	143.3	695.3
Cash and cash equivalents at 30 June	55.1	305.8

The change in cash and cash equivalents was essentially influenced in the investment area by the cash generated from/cash used in terminations of or investments in fixed deposits. Whereas in the same period last year cash amounting to € 360 million was used in fixed deposits, cash of € 120 million was generated in the first half of 2016 from terminations of fixed deposits. Moreover, in the first quarter of 2016 the exchange-listed bond of RHÖN-KLINIKUM AG was repaid in the amount of € 143.2 million and in the second quarter of 2016 the dividend was distributed to shareholders and non-controlling interests in the amount of € 53.7 million, which resulted in cash used in financing activities amounting to € 196.9 million.

Investments

Aggregate investments of € 55.7 million (previous year: € 21.7 million) in the first half of 2016 are shown in the following table:

	Use of		
	Gov't grants € m	Own funds € m	Total € m
Current investments	4.2	44.3	48.5
Takeovers	1.2	6.0	7.2
Total	5.4	50.3	55.7

Of these investments made in the first half, € 5.4 million was attributable to investments funded from grants under the Hospital Financing Act (KHG) (previous year: € 4.0 million) and deducted from total investments pursuant to the relevant provisions of IFRS.

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

	€ m
Bad Neustadt a. d. Saale	27.0
Gießen, Marburg	11.1
Bad Berka	3.2
Frankfurt (Oder)	3.0
Total	44.3

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

Employees

Employees	30 June 2016	31 Dec. 2015	Change	
			absolute	%
Hospitals	14,627	14,025	602	4.3
Medical care centres	173	172	1	0.6
Service companies	1,434	1,457	-23	-1.6
Total	16,234	15,654	580	3.7

On 30 June 2016, the Group employed 16,234 persons (31 December 2015: 15,654).

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

BUSINESS PERFORMANCE OF THE SECOND QUARTER

April to June	2016	2015	Change	
	€ m	€ m	€ m	%
Revenues	299.1	279.3	19.8	7.1
EBITDA	35.5	34.2	1.3	3.8
EBIT	20.7	19.2	1.5	7.8
EBT	21.1	18.4	2.7	14.7
Operating cash flow	33.7	31.9	1.8	5.6
Consolidated profit	18.9	16.9	2.0	11.8

In the second quarter of 2016, including Kreisklinik Bad Neustadt consolidated for the first time from 1 January 2016, we reported

compared with the second quarter of 2015 with

- a rise in the number of cases by + 27,528 cases or + 15.2% to a total of 208,825 cases (previous year: 181,297 cases), and
- a rise in revenues by + € 19.8 million or + 7.1% to € 299.1 million (previous year: € 279.3 million)

a rise in EBITDA by € 1.3 million to € 35.5 million, a rise in EBIT by € 1.5 million to € 20.7 million, and a rise in consolidated profit by € 2.0 million to € 18.9 million.

The trend in service volumes at our hospitals in the second quarter of 2016 is well above the level of the same period last year. Here, too, an expansion in service volumes is having dilutive effects on margins and earnings since such additional service volumes at the same time entail additional costs. Moreover, the disproportionately moderate trend in state base rates compared with hospital-specific costs is putting a further drag on the operating result.

Profit to non-controlling interests rose in the second quarter of 2016 compared with the same period last year by € 0.2 million to € 0.7 million (previous year: € 0.5 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the second quarter of 2016 rose by € 1.8 million to € 18.2 million (previous year: € 16.4 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of € 0.27 (previous year: € 0.22) in accordance with IAS 33 (undiluted/diluted).

RISKS AND OPPORTUNITIES

Our entrepreneurial activities at all times directly involve various risks and opportunities. The challenge for us is to manage these in a reasonable manner – since it is only companies that recognise their material risks in time and take steps to systematically

counter the same that are also able at the same time to identify the opportunities arising and to exploit them in an entrepreneurially responsible manner. 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.

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

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

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

patients create a high level of treatment quality and limit existing operating risks.

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

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

Our sector continued to be influenced decisively by two other developments. Demand for medical services continues to grow. By contrast, remuneration of the services provided is not being adequately adjusted. With the Hospital Structure Act (Krankenhausstrukturgesetz, KHSG) that was adopted at the end of 2015 and entered into force on 1 January 2016, key provisions of hospital financing are implemented. It is aimed at making the funding of hospitals to a material extent conditional on their quality. Among other things, it will replace the discounts on surplus revenues in the medium term by a similarly structured fixed costs depression discount and change the so-called

care premium into a nursing premium as of 2017. The fundamental changes in the area of financing will enter into force as of 1 January 2017. Particularly the budget agreements for 2016 are affected by the immediate effects of the new provisions.

With regard to the trend in prices, the hospital sector is generally characterised by its regulated remuneration system. For several years, this is what has been giving rise to the widening gap between revenues and costs that has been affecting the operating side and is exerting higher external economic pressures on all market participants. For expansions in service volumes – irrespective of whether or not these have been agreed – drastic price discounts have to be accepted under the statutory provisions. Under legislation currently in force, hospitals have to accept the discount on surplus service volumes services agreed with the health insurance funds. At the same time, costs in the area of personnel as well as materials continue to rise. This cost trend outstrips the trend in remuneration noticeably. In this regard the Act Removing Excessive Social Burdens in Contribution Liabilities in Health Insurance (Gesetz zur Beseitigung sozialer Überforderung bei Beitragsschulden in der Krankenversicherung, KVBeitrSchG) does not change anything from a structural standpoint. Models currently being discussed among experts might lead to a slight rebalancing of the overall national hospital budget in favour of smaller and medium-sized general hospitals. Moreover, adjustments in remuneration are being designed for the catalogue of flat case rates (DRGs) that might be to the detriment of materials cost-intensive DRGs or services. Such changes would then affect above all cutting-edge medical care, e.g. in cardiology, or special services in orthopaedics.

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

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

We see the concept of network medicine “Wir für Gesundheit” as an opportunity for our Group. Essentially it provides for the creation of a national network of providers in which all outpatient, inpatient and rehabilitation services are provided. The opportunities will lie in the close integration of our top hospitals, accompanied by a high level of medical quality at an affordable price level, characterised by a close integration of state-of-the-art medical therapies and procedures as well as research and teaching, and serve as a stimulator and driver of network medical care with attractive earnings and growth prospects. Our focus will also be on medical innovations reflecting the core business of RHÖN-KLINIKUM AG and on further developing outpatient-inpatient healthcare delivery in rural areas. Our cooperation with IBM is also to be seen in this context. The aim of this project is to ensure in future, at an early phase of – depending on the individual case, outpatient or inpatient – healthcare delivery, data-assisted navigation for patients that meets their specific needs. The opportunity in this regard lies in avoiding time-consuming and costly multiple burdens and in improved and precise treatment recommendations through structured evaluation of anonymous patient data.

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

examinations as well as redundant prescriptions or even conflicts of new drugs with drugs already prescribed.

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

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

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

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

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

FORECAST

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

the aim of achieving generalised, full-service medical and nursing care in rural regions.

With our campus approach, inpatient and outpatient services are structurally, spatially and logistically integrated with one another on the premises of a high-performance hospital. By staking out a position in the premium medical care segment, we are creating the basis for helping our patients have access to unrestricted cutting-edge medical services also in future. Underlying all our activity is the well-being of our patients who entrust themselves to our staff at our hospitals and facilities and who are always the focus of our efforts.

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

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

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

For financial year 2016, the Company continues to expect revenues between € 1.17 billion and € 1.20 billion as well as earnings before interest, tax and deprecia-

tion/amortisation (EBITDA) of between € 155 million and € 165 million. This includes the first-time consolidation of Kreisklinik Bad Neustadt as of the start of the year. Also during the current financial year, earnings will witness positive and negative one-off effects

in the low to medium double-digit million range which to a certain extent balance out.

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

Bad Neustadt a. d. Saale, 3 August 2016

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, JANUARY TO JUNE 18

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to June

January to June	2016		2015	
	€ '000	%	€ '000	%
Revenues	590,590	100.0	555,355	100.0
Other income	114,554	19.4	92,232	16.6
	705,144	119.4	647,587	116.6
Materials and consumables used	165,489	28.0	157,916	28.4
Employee benefits expense	377,350	63.9	351,414	63.3
Other expenses	58,900	10.0	54,418	9.8
	601,739	101.9	563,748	101.5
Interim result (EBITDA)	103,405	17.5	83,839	15.1
Depreciation/amortisation and impairment	29,483	5.0	30,030	5.4
Operating result (EBIT)	73,922	12.5	53,809	9.7
Result of investments accounted for using the equity method	-105	0.0	55	0.0
Finance expenses	1,491	0.2	3,202	0.6
Finance income	1,225	0.2	1,937	0.4
Finance result (net)	371	0.0	1,210	0.2
Earnings before taxes (EBT)	73,551	12.5	52,599	9.5
Income taxes	3,995	0.7	2,875	0.5
Consolidated result	69,556	11.8	49,724	9.0
of which				
non-controlling interests shareholders of RHÖN-KLINIKUM AG	1,437	0.3	1,143	0.3
	68,119	11.5	48,581	8.7
Earnings per share in €				
undiluted	1.02		0.66	
diluted	1.02		0.66	

January to June	2016	2015
	€ '000	€ '000
Consolidated result	69,556	49,724
of which		
non-controlling interests shareholders of RHÖN-KLINIKUM AG	1,437	1,143
	68,119	48,581
Revaluation of defined benefit pension plans	-150	-
Income taxes	24	-
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-126	-
Other comprehensive income¹	-126	-
of which		
non-controlling interests shareholders of RHÖN-KLINIKUM AG	-	-
	-126	-
Total comprehensive income	69,430	49,724
of which		
non-controlling interests shareholders of RHÖN-KLINIKUM AG	1,437	1,143
	67,993	48,581

¹ Sum of value changes recognised in the equity.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, April to June

April to June	2016		2015	
	€ '000	%	€ '000	%
Revenues	299,072	100.0	279,265	100.0
Other income	41,533	13.9	37,196	13.3
	340,605	113.9	316,461	113.3
Materials and consumables used	84,850	28.4	77,998	27.9
Employee benefits expense	189,583	63.4	176,479	63.2
Other expenses	30,633	10.2	27,798	10.0
	305,066	102.0	282,275	101.1
Interim result (EBITDA)	35,539	11.9	34,186	12.2
Depreciation/amortisation and impairment	14,806	5.0	15,009	5.3
Operating result (EBIT)	20,733	6.9	19,177	6.9
Result of investments accounted for using the equity method	-107	0.0	26	0.0
Finance expenses	198	0.1	1,621	0.6
Finance income	636	0.2	859	0.3
Finance result (net)	-331	-0.1	736	0.3
Earnings before taxes (EBT)	21,064	7.0	18,441	6.6
Income taxes	2,162	0.7	1,499	0.5
Consolidated result	18,902	6.3	16,942	6.1
of which				
non-controlling interests	705	0.2	525	0.2
shareholders of RHÖN-KLINIKUM AG	18,197	6.1	16,417	5.9
Earnings per share in €				
undiluted	0.27		0.22	
diluted	0.27		0.22	

April to June	2016	2015
	€ '000	€ '000
Consolidated result	18,902	16,942
of which		
non-controlling interests	705	525
shareholders of RHÖN-KLINIKUM AG	18,197	16,417
Revaluation of defined benefit pension plans	-150	-
Income taxes	24	-
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-126	-
Other comprehensive income¹	-126	-
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	-126	-
Total comprehensive income	18,776	16,942
of which		
non-controlling interests	705	525
shareholders of RHÖN-KLINIKUM AG	18,071	16,417

¹ Sum of value changes recognised in the equity.

Consolidated Balance Sheet at 30 June 2016

	30 June 2016		31 December 2015	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	171,582	11.7	166,478	10.2
Property, plant and equipment	684,233	46.7	668,481	40.9
Investment property	2,843	0.2	2,913	0.2
Investments accounted for using the equity method	927	0.0	307	0.0
Income tax assets	2,433	0.2	2,383	0.1
Deferred tax assets	2,030	0.1	2,484	0.1
Other financial assets	46,516	3.2	50,096	3.1
Other assets	9	0.0	19	0.0
	910,573	62.1	893,161	54.6
Current assets				
Inventories	20,801	1.4	23,080	1.4
Trade receivables	202,497	13.8	175,655	10.8
Other financial assets	256,192	17.5	372,844	22.8
Other assets	15,777	1.1	21,051	1.3
Current income tax assets	4,907	0.3	5,377	0.3
Cash and cash equivalents	55,096	3.8	143,320	8.8
	555,270	37.9	741,327	45.4
	1,465,843	100.0	1,634,488	100.0

	30 June 2016		31 December 2015	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	11.4	167,406	10.2
Capital reserve	574,168	39.2	574,168	35.1
Other reserves	360,908	24.6	346,466	21.2
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,102,406	75.2	1,087,964	66.5
Non-controlling interests in equity	22,061	1.5	20,749	1.3
	1,124,467	76.7	1,108,713	67.8
Non-current liabilities				
Financial liabilities	10,000	0.7	10,000	0.6
Provisions for post-employment benefits	2,404	0.2	1,372	0.1
Other financial liabilities	18,261	1.2	18,262	1.1
Other liabilities	6,803	0.5	6,815	0.4
	37,468	2.6	36,449	2.2
Current liabilities				
Financial liabilities	1	0.0	147,630	9.0
Trade payables	85,058	5.8	95,301	5.8
Current income tax liabilities	1,829	0.1	1,263	0.1
Other provisions	102,407	7.0	143,040	8.8
Other financial liabilities	21,391	1.5	21,921	1.4
Other liabilities	93,222	6.3	80,171	4.9
	303,908	20.7	489,326	30.0
	1,465,843	100.0	1,634,488	100.0

Consolidated Statement of Changes in Equity

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2014/1 Jan. 2015	183,705	557,869	487,045	-76	1,228,543	20,381	1,248,924
Equity transactions with owners							
Dividend payments	-	-	-58,767	-	- 58 767	-1,694	- 60 461
Total comprehensive income	-	-	48,581	-	48,581	1,143	49,724
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
Balance at 30 June 2015	183,705	557,869	476,859	-76	1,218,357	19,830	1,238,187
As at 31 Dec. 2015/1 Jan. 2016	167,406	574,168	346,466	-76	1,087,964	20,749	1,108,713
Equity transactions with owners							
Dividend payments	-	-	-53,551	-	- 53 551	-125	- 53 676
Total comprehensive income	-	-	67,993	-	67,993	1,437	69,430
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 June 2016	167,406	574,168	360,908	-76	1,102,406	22,061	1,124,467

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows

January to June	2016	2015
	€ m	€ m
Earnings before taxes	73.5	52.6
Finance result (net)	0.4	1.2
Depreciation/amortisation and impairment and gains/losses on disposal of assets	29.4	30.0
	103.3	83.8
Change in net current assets		
Change in inventories	2.4	2.6
Change in trade receivables	-23.8	-19.8
Change in other financial assets and other assets	12.3	-16.0
Change in trade payables	-8.9	-12.0
Change in other net liabilities/Other non-cash transactions	4.2	5.4
Change in provisions	-39.8	-26.1
Income taxes paid	-2.5	-3.8
Interest paid	-6.0	-5.9
Cash generated from operating activities	41.2	8.2
Investments in property, plant and equipment and in intangible assets	-51.6	-21.0
Government grants received to finance investments in property, plant and equipment and in intangible assets	4.2	4.0
Change in investments in fixed term deposits	120.0	-360.0
Loans to associated companies/Other transactions with associated companies	-7.1	-3.0
Acquisition of subsidiaries, net of cash acquired	0.7	-0.8
Sale of subsidiaries, net of cash disposed	-	41.1
Sale proceeds from disposal of assets	0.1	0.2
Interest received	1.2	2.2
Cash generated from/cash used in investing activities	67.5	-337.3
Repayment of financial liabilities	-143.2	-
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-53.6	-58.7
Payments to non-controlling interests in equity	-0.1	-1.7
Cash used in financing activities	-196.9	-60.4
Change in cash and cash equivalents	-88.2	-389.5
Cash and cash equivalents at 1 January	143.3	695.3
Cash and cash equivalents at 30 June	55.1	305.8

Condensed Notes

GENERAL INFORMATION

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

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

The Interim Consolidated Financial Statements will be published on 4 August 2016 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2016 have been prepared in accordance with the rules of IAS 34 in condensed form applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

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

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

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

CONSOLIDATED COMPANIES

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

	31 December 2015	Additions	Disposals	Reclassification	30 June 2016
Fully consolidated subsidiaries	27	1	-	-	28
Companies consolidated using the equity method	2	-	-	1	3
Other subsidiaries	7	-	-	-1	6
Consolidated companies	36	1	-	-	37

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

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

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

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

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

Company acquisitions

By purchase agreement dated 31 July 2015, RHÖN-Kreisklinik Bad Neustadt GmbH, in an asset deal, acquired Kreisklinik Bad Neustadt with effect from 1 January 2016 subject to conditions precedent. Kreisklinik Bad Neustadt is a basic and standard care hospital with a total of 225 beds and 8 palliative places as well as a school for nurses. The Kreisklinik facility has the medical specialties of surgery, internal medicine, gynaecology and obstetrics, oto-rhino-laryngology (ENT) as well as haemodialysis

and employs some 420 full-time staff. The acquisition serves to broaden the regional care structures at the Bad Neustadt a. d. Saale site. The conditions precedent have been met, with the result that the Kreisklinik facility was included in the consolidated financial statements as of 1 January 2016. Under the campus approach of the hospitals at the Bad Neustadt a. d. Saale site, the acquired hospital will be integrated into the campus area following completion of the new construction measure in 2018. Regarding the acquisition-related costs, please refer to the 2015 Annual Report.

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

Kreisklinik Bad Neustadt	€ m
Acquired assets and liabilities	
Intangible assets	0.1
Property, plant and equipment	0.8
Trade receivables	3.0
Cash and cash equivalents	2.0
Other assets	0.6
Trade payables	-0.9
Other liabilities	-3.1
Net assets acquired	2.5
Goodwill	5.1
Cost as defined by IFRS 3	7.6
- acquired cash and cash equivalents	-2.0
Cash outflow on transaction at date of the business combination	5.6
Downpayments	6.9
Purchase price yet to be paid	0.7

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

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

In the first six months of financial year 2016, no doctor's practices were acquired whose conditions of validity as per agreement were satisfied during the reporting period of 2016.

In the first half of financial year 2016, one clinical doctor's practice was acquired for which the conditions of validity were met as contractually agreed as per 1 July 2016 and whose transfer and/or inclusion in the consolidated companies will take place in the third quarter of 2016. No costs were

incurred from the acquisition of the doctor's practice. The provisional purchase price allocation provides for the following effects on the Group's net assets in the third quarter of 2016:

Purchase of doctor's practices valid on 1 July 2016	Fair value post acquisition € m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.0
Net assets acquired	0.0
+ goodwill	0.1
Cost	0.1
- purchase price payments outstanding	-0.1
- acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.0

OPERATING SEGMENTS

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

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

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

SELECTED EXPLANATIONS REGARDING INTERIM CONSOLIDATED INCOME STATEMENT

Revenues

January to June	2016 € m	2015 € m
Business areas		
Acute hospitals	571.8	537.5
Medical care centres	5.2	3.9
Rehabilitation hospitals	13.6	14.0
	590.6	555.4
Regions		
Bavaria	125.5	107.4
Saxony	0.1	0.1
Thuringia	88.7	85.9
Brandenburg	68.7	65.8
Hesse	307.6	296.2
	590.6	555.4

According to IAS 18, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 35.2 million or 6.3% to reach € 590.6 million. Adjusting for changes in the scope of consolidation (business combination of Kreisklinik Bad Neustadt as of 1 January 2016) to the tune of € 16.1 million, this translates into organic growth of € 19.1 million or 3.4%.

Other income

January to June	2016 € m	2015 € m
Income from services rendered	63.4	60.4
Income from grants and other allowances	5.5	5.0
Income from adjustment of receivables	0.6	0.5
Income from indemnification payments/Other reimbursements	0.9	0.2
Other	44.1	26.1
	114.5	92.2

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

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

In the first half of 2016, provisions were reversed for potential legal and fiscal guarantee risks in connection with the sale of subsidiaries to Fresenius/Helios in the amount of € 40.6 million, since related contractual guarantee periods in some cases had expired. During the same period last year, € 19.7 million in income from the reversal of provisions that were formed in connection with potential additional claims for social insurance contributions of the German pension insurance agency (Deutsche Rentenversicherung) resulting from investigations of the cleaning companies carried out in 2011 were recognised under this item. Furthermore, during the same period of the previous year

provisions were reversed for potential legal and fiscal guarantee risks in connection with the sale of hospitals to Fresenius/Helios in the amount of € 3.0 million.

Other expenditures

January to June	2016 € m	2015 € m
Maintenance	22.5	20.4
Charges, subscriptions and consulting fees	11.5	10.9
Insurance	4.6	4.0
Administrative and IT costs	3.7	3.9
Impairment on receivables	3.9	3.3
Rents and leaseholds	3.2	2.2
Other personnel and continuing training costs	2.3	2.1
Travelling, entertaining and representation expenses	0.9	0.8
Secondary taxes	0.3	0.3
Losses on disposal of non-current assets	0.0	0.0
Other	6.0	6.6
	58.9	54.5

Compared with the same period last year, other expenses in the first six months of 2016 witnessed a rise of € 4.4 million or 8.1% to reach € 58.9 million. The rise includes expenses recognised for the first time in the first half of 2016 resulting from the business combination of Kreisklinik Bad Neustadt.

Depreciation/amortisation and impairment

Compared with the same period last year, the depreciation/amortisation item declined slightly by € 0.5 million or 1.7% to € 29.5 million.

Finance result (net)

Compared with the same period last year, we recorded a decline in our negative finance result by € 0.8 million to € 0.4 million in the first six months of financial year 2016. The decline in finance expenses following the repayment of our bond in the first quarter of 2016 compares with lower finance income. The latter essentially stems from the lower investment volume in the first half following the redemption of the bond and the distribution of the dividend to shareholders as well as from declining interest rates.

Income taxes

January to June	2016 € m	2015 € m
Current income tax	3.5	2.6
Deferred taxes	0.5	0.3
	4.0	2.9

At an unchanged rate of taxation, the income tax expense item rose by € 1.1 million to € 4.0 million (previous year: € 2.9 million) compared with same period of the previous year. This is attributable to the higher taxable result generated during the first half of 2016.

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

SELECTED EXPLANATIONS REGARDING INTERIM CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2016	157.2	33.7	190.9
Additions due to changes in consolidated companies	5.1	0.1	5.2
Additions	0.0	0.9	0.9
Disposals	0.0	0.0	0.0
Transfers	0.0	0.1	0.1
30 June 2016	162.3	34.8	197.1
Cumulative depreciation and impairment			
1 January 2016	0.0	24.4	24.4
Depreciation	0.0	1.1	1.1
Disposals	0.0	0.0	0.0
30 June 2016	0.0	25.5	25.5
Balance sheet value at 30 June 2016	162.3	9.3	171.6

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2015	156.0	31.4	187.4
Additions due to changes in consolidated companies	0.6	0.0	0.6
Additions	0.0	0.5	0.5
Disposals	0.0	0.2	0.2
Transfers	0.0	0.1	0.1
30 June 2015	156.6	31.8	188.4
Cumulative depreciation and impairment			
1 January 2015	0.0	23.7	23.7
Depreciation	0.0	1.1	1.1
Disposals	0.0	0.1	0.1
30 June 2015	0.0	24.7	24.7
Balance sheet value at 30 June 2015	156.6	7.1	163.7

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2016	893.8	43.4	272.8	57.0	1,267.0
Additions due to changes in consolidated companies	0.0	0.0	0.8	0.0	0.8
Additions	15.4	0.2	9.7	18.1	43.4
Disposals	0.0	0.0	10.2	0.0	10.2
Transfers	16.4	0.0	4.0	-20.5	-0.1
30 June 2016	925.6	43.6	277.1	54.6	1,300.9
Cumulative depreciation and impairment					
1 January 2016	368.0	26.6	203.9	0.0	598.5
Depreciation	15.2	1.5	11.7	0.0	28.4
Disposals	0.0	0.0	10.2	0.0	10.2
30 June 2016	383.2	28.1	205.4	0.0	616.7
Balance sheet value at 30 June 2016	542.4	15.5	71.7	54.6	684.2

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2015	887.9	42.7	264.6	21.2	1,216.4
Additions due to changes in consolidated companies	0.0	0.0	0.2	0.0	0.2
Additions	1.4	0.2	5.5	9.3	16.4
Disposals	0.0	0.0	9.4	0.0	9.4
Transfers	0.2	0.2	1.5	-2.0	-0.1
30 June 2015	889.5	43.1	262.4	28.5	1,223.5
Cumulative depreciation and impairment					
1 January 2015	335.4	23.6	194.2	0.0	553.2
Depreciation	16.2	1.5	11.2	0.0	28.9
Disposals	0.0	0.0	9.4	0.0	9.4
30 June 2015	351.6	25.1	196.0	0.0	572.7
Balance sheet value at 30 June 2015	537.9	18.0	66.4	28.5	650.8

Other financial assets (non-current)

Under this item, a long-term loan in the amount of € 26.5 million (31 December 2015: € 20.1 million) and fixed deposit investments having a residual term of > 1 year are recognised in the amount of € 20.0 million (31 December 2015: € 30.0 million).

Other assets (non-current)

Interests in companies accounted for using the equity method were reported in financial year 2015 in the amount of € 0.3 million under other assets (non-current) on the grounds of materiality. As at 30 June 2016, reporting will take place under the separate item "Investments accounted for using the equity method" in the amount of € 0.9 million. Reporting of the previous year's figure was adjusted accordingly.

Other financial assets (current)

Owing to the low interest rate environment for overnight and short-term deposits, fixed deposit investments with a remaining term of < 1 year were made in the amount of € 235.0 million (31 December 2015: € 345.0 million).

Equity

The increase in equity compared with the reporting date of 31 December 2015 by € 15.8 million results from consolidated profit for the first half of financial year 2016 (€ 69.6 million), on the one hand, and from distributions to shareholders and non-controlling interests (€ 53.7 million) and from losses from the revaluation of defined benefit pension plans (€ 0.1 million), on the other.

Financial liabilities

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

Additional disclosures regarding financial instruments

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

Measurement category according to IAS 39	30 June 2016	of which financial instruments		31 Dec. 2015	of which financial instruments	
		Carrying amount	Fair value		Carrying amount	Fair value
	€ m	€ m	€ m	€ m	€ m	€ m
ASSETS						
Non-current assets						
Other financial assets	46.5	46.5	46.5	50.1	50.1	49.9
of which investments	Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
of which other	Loans and receivables	46.5	46.5	50.1	50.1	49.9
Current assets						
Trade receivables and other financial assets	458.7	458.7	458.7	548.5	548.5	548.5
of which trade receivables, other financial assets	Loans and receivables	458.7	458.7	548.5	548.5	548.5
Cash and cash equivalents	Loans and receivables	55.1	55.1	143.3	143.3	143.3
EQUITY AND LIABILITIES						
Non-current liabilities						
Financial liabilities		10.0	9.9	10.0	10.0	9.8
of which financial liabilities	Financial liabilities measured at amortised cost	10.0	9.9	10.0	10.0	9.8
Other financial liabilities		18.3	20.9	18.3	18.3	20.5
of which other financial liabilities	Financial liabilities measured at amortised cost	15.0	17.6	14.7	14.7	16.9
of which under finance leases	n.a.	3.3	3.3	3.6	3.6	3.6
Current liabilities						
Trade payables	Financial liabilities measured at amortised cost	85.1	85.1	95.3	95.3	95.3
Financial liabilities		0.0	0.0	147.6	147.6	147.6
of which financial liabilities	Financial liabilities measured at amortised cost	0.0	0.0	147.6	147.6	147.6
Other financial liabilities		21.4	21.4	21.9	21.9	21.9
of which other financial liabilities	Financial liabilities measured at amortised cost	20.3	20.3	20.9	20.9	20.9
of which under finance leases	n.a.	1.1	1.1	1.0	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:						
	Loans and receivables		560.3	560.3	741.9	741.7
	Financial liabilities measured at amortised cost		130.4	132.9	288.5	290.5

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

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m	31 Dec. 2015 € m
Non-current assets from loans and receivables	-	46.5	-	46.5	49.9
Current assets from loans and receivables	-	458.7	-	458.7	548.5
Non-current financial liabilities	-	9.9	-	9.9	9.8
Non-current liabilities from other financial liabilities	-	20.9	-	20.9	20.5
Current liabilities from trade payables	-	85.1	-	85.1	95.3
Current financial liabilities	-	-	-	-	147.6
Current liabilities from other financial liabilities	-	21.4	-	21.4	21.9

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

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

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

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

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

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

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

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

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2016 up to and including 30 June 2016, we received the following notification from one shareholder that during the reporting period its voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 21 et seq. of the WpHG and that it thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to it.

Voting interest on date that interest exceeds / falls below threshold							
Notifying entity	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification according to section 21 (1) WpHG Attribution pursuant to WpHG
B. Braun Melsungen Aktiengesellschaft, Melsungen, Germany	25 May 2016	20.0008		20.0008	19 May 2016	>20%	Attributed (section 22 WpHG): Prof. Dr. h.c. Ludwig Georg Braun, Martin Lüdicke, Ilona Braun)

The voting interests may have changed since 30 June 2016. With regard to notifications on threshold events pursuant to section 21 (1) of the WpHG that took place as of 1 July 2016, and for additional information on the attribution of the respective voting rights pursuant to section 22 of the WpHG, we refer to the publications on our website in the Investor Relations/Publications/IR News section. The notified voting interests and/or interest in the registered share capital were determined by the notifying entities on the basis of the existing aggregate number of shares at the time of the notification of voting rights.

Based on the threshold events notified to us, the following picture pursuant to sections 21, 22 of the WpHG in terms of shareholder structure emerges as at the relevant key date of 30 June 2016:

Voting interest pursuant to sections 21, 22 WpHG on date that interest exceeds / falls below threshold							
Notifying entity	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Attribution pursuant to section 21 (1) WpHG
B. Braun Melsungen Aktiengesellschaft, Melsungen, Germany	25 May 2016	20.0008		20.0008	19 May 2016	>20%	Attributed (section 22 WpHG): Prof. Dr. h.c. Ludwig Georg Braun, Martin Lüdicke, Ilona Braun)
Asklepios Kliniken Verwaltungsgesellschaft mbH	30 December 2015	17.57		17.57	23 December 2015	>10%/>15%	directly (section 21 WpHG) 17.57%
Eugen Münch, Germany	20 November 2014	6.32		6.32	20 November 2014	> 5 %	Section 21 (1)
Ingeborg Münch, Germany	26 October 2015	5.44		5.44	15 October 2015	> 5 %	Section 21 (1)
Landeskrankenhilfe V.V.a.G	21 October 2015	3.19		3.19	15 October 2015	> 3 %	Section 21 (1)

During the reporting period from 1 January up to and including 30 June 2016, we did not receive any notifications on statutory reporting thresholds pursuant to sections 25, 25a of the WpHG. The voting interests may have changed since 30 June 2016. With regard to notifications on threshold events that took place as of 1 July 2016, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 30 June 2016, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate Bodies and Advisory Board

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

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

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

Related parties

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

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2015. The same applies for the financial receivables and/or liabilities that existed with related parties. With Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung, a long-term loan receivable in the amount of € 31.3 million existed as at 30 June 2016 (31 December 2015: € 24.9 million).

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

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

The contractual remuneration for the members of the Supervisory Board were unchanged as at the reporting date of 30 June 2016. Detailed information in this regard is provided in our 2015 Annual Report.

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

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

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

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

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

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

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

An interest of 9.0% was held by the members of the Board of Management, and an interest of 1.18% by other employees, in the registered share capital of the company RHÖN-Innovations GmbH founded in the first half of 2016. The payments made for the interests in the amount of € 0.5 million (of which € 0.4 million are attributable to the members of the Board of Management) are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. In this connection, the members of the Board of Management are granted a put option to tender the interests to RHÖN-KLINIKUM AG in each case after five years, for the first time as at 31 December 2020. The interests are measured at fair value, but at least at their nominal value. The interests are not freely disposable. No expenses as part of this remuneration were incurred during the reporting period.

With regard to share-based payment transactions as defined in IFRS 2 in the form of virtual shares, we refer to the Notes to the consolidated financial statements in the 2015 Annual Report, Notes 2.15.4 and 10.5.

During the reporting period, RHÖN-KLINIKUM AG received the following notifications of transactions pursuant to section 15a of the WpHG of persons discharging managerial responsibilities (directors' dealings):

Date of transaction	First and last name	Position/status	Financial instrument and ISIN	Nature and place of transaction	Quantity	Price	Trading volume
13 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase via XETRA	40,000	€26.85	€1,074,024.00
17 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase via XETRA	60,000	€27.00	€1,619,964.00
18 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase via XETRA	30,000	€27.14	€814,065.00
19 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM Call options ISIN DE0007042301	Sale via EUREX	10	€91.00	€910.00
19 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase via XETRA	28,171	€27.23	€767,056.89
19 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Supervisory Board member	RHÖN-KLINIKUM Put options ISIN DE0007042301	Purchase via EUREX	10	€10.00	€100.00

Employees

At the reporting date of 30 June 2016 the Group employed a total of 16,234 persons (31 December 2015: 15,654 persons). The rise results from the 541 employees added from the takeover of Kreisklinik Bad Neustadt as at 1 January 2016.

Other financial obligations

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

Contingent liabilities

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

Earnings per share

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

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

	No. of shares on 30 June 2016	No. of shares on 30 June 2015
Non-par shares	66,962,470	73,481,860
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	73,457,860

Earnings per share are calculated as follows:

Non-par shares	30 June 2016	30 June 2015
Share in consolidated profit (€ '000)	68,119	48,581
Weighted average number of shares outstanding, in thousands	66,938	73,458
Earnings per share in €	1.02	0.66

Statement of cash flows

The statement of cash flows shows how the item “Cash and cash equivalents” of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of cash flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The acquired cash and cash equivalents of Kreisklinik Bad Neustadt are reported under the investments item. Also recognised under investments are terminations of fixed term deposits amounting to € 120.0 million (previous year: fixed term deposit investments amounting to € 360 million) which, together with the reduction in cash and cash equivalents, were used to finance the repayment of the exchange-listed bond of RHÖN-KLINIKUM AG and the dividend payment to the shareholders of RHÖN-KLINIKUM AG. Moreover, a total of € 7.1 million (previous year: € 3.0 million) was provided to the associated companies. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts in the amount of € 0.0 million (previous year: € 0.0 million) are deducted from cash and cash equivalents. A total of € 10.6 million (previous year: € 4.4 million) in construction outstanding invoices were reflected in the statement of cash flows.

Bad Neustadt a. d. Saale, 3 August 2016

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that based on the accounting principles to be applied to interim financial reporting the present Interim Consolidated Financial Statements a true and fair view of the net assets, financial position and results of operations of the Group is given therein and that the Interim Consolidated Report of the Management presents the business performance including the business results and 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 Group's probable development in the remaining financial year.

Bad Neustadt a. d. Saale, 3 August 2016

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

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REVIEW REPORT

to RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale

We have subjected the Condensed Interim Consolidated Financial Statements – consisting of the balance sheet, income statement and comprehensive income statement, cash flow statement, statement of changes in shareholders' equity as well as selected explanatory disclosures in the notes – and the Interim Consolidated Report of the Management prepared by RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale for the period from 1 January to 30 June 2016, which form integral parts of the Half-Year Financial Report according to section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), to a review. The adoption of the Condensed Consolidated Interim Financial Statements in accordance with the IFRS standards for interim financial reporting as adopted by the EU and of the Consolidated Interim Report of the Management according to the provisions of WpHG applicable for consolidated interim reports of the management is the responsibility of the Board of Management of the Company. Our task is to submit a certificate, based on our review, regarding the Condensed Consolidated Interim Financial Statements and the Consolidated Interim Report of the Management.

We conducted our review of the Condensed Consolidated Interim Financial Statements and the Consolidated Interim Report of the Management in accordance with generally accepted German principles for reviews of financial statements as adopted by the Institut der Wirtschaftsprüfer (IDW) and, in addition, taking account of the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). According to this, the review is to be planned and carried out in such a way that on a critical assessment we can exclude with a certain degree of certainty the non-compliance in material issues of the Condensed Consolidated Interim Financial Statements with the IFRS standards for interim financial reporting as adopted by the EU, and the non-compliance in material aspects of the Consolidated Interim Report of the Management with the provisions of WpHG applicable for consolidated interim reports of the management. Such review is primarily limited to the questioning of the Company's employees and analytical assessments and therefore does not offer the degree of certainty attained by a statutory audit. Since by reason of our assignment we have not performed any statutory audit, we are not able to issue any auditor's opinion.

Based on our review, we have not become aware of any circumstances or facts that would give us reasonable cause to believe that the Condensed Consolidated Interim Financial Statements in material aspects were not prepared in compliance with the IFRS standards for interim financial reporting as adopted by the EU, or that the Consolidated Interim Report of the Management in material aspects was not prepared in compliance with the provisions of WpHG applicable for consolidated interim reports of the management.

Frankfurt am Main, 3 August 2016

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Anne Böcker
Wirtschaftsprüferin
(German Public Auditor)

ppa. Stefan Sigmann
Wirtschaftsprüfer
(German Public Auditor)

KEY FIGURES

KEY FIGURES JANUARY TO JUNE 2016/ JANUARY TO JUNE 2015

Data in € m	Jan. - Juni 2016	Jan. - Juni 2015	Change in %
Revenues	590.6	555.4	6.3
Materials and consumables used	165.5	157.9	4.8
Employee benefits expense	377.4	351.4	7.4
Depreciation/amortisation and impairment	29.5	30.0	-1.7
Consolidated result according to IFRS	69.6	49.7	40.0
Profit share of shareholders of RHÖN-KLINIKUM AG	68.1	48.6	40.1
Profit share of non-controlling interests	1.4	1.1	27.3
Return on revenue (%)	11.8	9.0	31.1
EBT	73.6	52.6	39.9
EBIT	73.9	53.8	37.4
EBIT - ratio (%)	12.5	9.7	28.9
EBITDA	103.4	83.8	23.4
EBITDA ratio (%)	17.5	15.1	15.9
Operating cash flow	99.0	79.7	24.2
Property, plant and equipment and investment property	687.1	653.8	5.1
Income tax assets (non-current)	2.4	4.7	-48.9
Equity according to IFRS	1,124.5	1,238.2	-9.2
Return on equity in %	8.8	8.0	10.0
Balance sheet total according to IFRS	1,465.8	1,754.9	-16.5
Investment in property, plant and equipment, intangible assets and in investment property	50.3	17.7	184.2
Earnings per ordinary share (in €) (undiluted/diluted)	1.02	0.66	54.5
Number of employees (headcount)	16,234	15,482	4.9
Number of cases (patients treated)	414,403	373,027	11.1
Beds and places	5,367	5,215	2.9

KEY FIGURES APRIL TO JUNE 2016/ APRIL TO JUNE 2015

Data in € m	April - Juni 2016	April - Juni 2015	Change in %
Revenues	299.1	279.3	7.1
Materials and consumables used	84.9	78.0	8.8
Employee benefits expense	189.6	176.5	7.4
Depreciation/amortisation and impairment	14.8	15.0	-1.3
Consolidated result according to IFRS	18.9	16.9	11.8
Profit share of shareholders of RHÖN-KLINIKUM AG	18.2	16.4	11.0
Profit share of non-controlling interests	0.7	0.5	40.0
Return on revenue (%)	6.3	6.1	3.3
EBT	21.1	18.4	14.7
EBIT	20.7	19.2	7.8
EBIT - ratio (%)	6.9	6.9	0.0
EBITDA	35.5	34.2	3.8
EBITDA ratio (%)	11.9	12.2	-2.5
Operating cash flow	33.7	31.9	5.6
Property, plant and equipment and investment property	687.1	653.8	5.1
Income tax assets (non-current)	2.4	4.7	-48.9
Equity according to IFRS	1,124.5	1,238.2	-9.2
Return on equity in %	5.5	5.4	1.9
Balance sheet total according to IFRS	1,465.8	1,754.9	-16.5
Investment in property, plant and equipment, intangible assets and in investment property	22.1	10.4	112.5
Earnings per ordinary share (in €) (undiluted/diluted)	0.27	0.22	22.7
Number of employees (headcount)	16,234	15,482	4.9
Number of cases (patients treated)	208,825	181,297	15.2
Beds and places	5,367	5,215	2.9

KEY FIGURES APRIL TO JUNE 2016/ JANUARY TO MARCH 2016

Data in € m	April - Juni 2016	Jan. - März 2016
Revenues	299.1	291.5
Materials and consumables used	84.9	80.6
Employee benefits expense	189.6	187.8
Depreciation/amortisation and impairment	14.8	14.7
Consolidated result according to IFRS	18.9	50.7
Profit share of shareholders of RHÖN-KLINIKUM AG	18.2	49.9
Profit share of non-controlling interests	0.7	0.7
Return on revenue (%)	6.3	17.4
EBT	21.1	52.5
EBIT	20.7	53.2
EBIT - ratio (%)	6.9	18.2
EBITDA	35.5	67.9
EBITDA ratio (%)	11.9	23.3
Operating cash flow	33.7	65.3
Property, plant and equipment and investment property	687.1	679.7
Income tax assets (non-current)	2.4	2.4
Equity according to IFRS	1,124.5	1,159.4
Return on equity in %	5.5	8.2
Balance sheet total according to IFRS	1,465.8	1,516.0
Investment in property, plant and equipment, intangible assets and in investment property	22.1	28.2
Earnings per ordinary share (in €) (undiluted/diluted)	0.27	0.75
Number of employees (headcount)	16,234	16,117
Number of cases (patients treated)	208,825	205,578
Beds and places	5,367	5,451

FINANCIAL CALENDAR

DATES FOR SHAREHOLDERS AND ANALYSTS

2016

- | | |
|-----------------|---|
| 4 August 2016 | Publication of Half-Year Financial Report as at 30 June 2016,
conference call for analysts |
| 4 November 2016 | Publication of Interim Report for the quarter ending 30 September 2016,
conference call for analysts |

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This Interim Report is also available in
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