

INTERIM REPORT

Q1 – Q3 2016



RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

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LETTER TO SHAREHOLDERS

Dear Shareholders,

Also during the third quarter of the current financial year, RHÖN-KLINIKUM AG has continued its solid economic performance. In addition to satisfactory organic business performance at the individual hospitals, the focus – as already in previous months – was particularly on our new construction and modernisation projects as well as the continuation of our activities in the area of digitalisation. That said, there has been a worsening in the general environment.

Increasingly, an expansion of the inspection activities of the Medical Review Board of the Statutory Health Insurance Funds (MDK) is making itself felt with our facilities; the MDK is increasingly focusing its work on service volumes or cases characterised by a high case severity. Such services of course are the ones frequently handled in our facilities. Regardless of the limited prospects of success of such activities, they initially mean that the required services are called into question and the corresponding remuneration is out-standing. Moreover, the rules on the three-year discount on surplus revenue has been putting a drag on our business figures in the third quarter of 2016; as a result of this, particularly our actually pleasing growth in volumes – which primarily reflects the high medical acceptance of our services – in the end places a burden on our result due to subsequent arithmetic corrections.

Nonetheless, a total of 615,629 patients were treated in our Group's hospitals in the first nine months of the current financial year. At the same time we generated revenues of € 885.3 million – including Kreisklinik in Bad Neustadt consolidated for the first time at the beginning of this year. Earnings before interest, tax and depreciation/amortisation (EBITDA) total € 131.5 million. This figure also includes roughly € 41 million in provisions for warranties under Fresenius/Helios transaction

written back in the first three quarters of the current business year.

The new construction of our Campus in Bad Neustadt continues to move ahead. By 2018, we will carry out extensive changes and modernisation measures at this hospital site. That will make new standards in patient care possible, for example with the related offering of networked outpatient and inpatient care on the Campus. This is not only translating into the sustained strengthening of healthcare at the regional level but it also serves as a blueprint for similar concepts in rural areas.

At the end of the third quarter, our subsidiary RHÖN-Innovations GmbH entered into the first specific joint venture. The company is taking an equity interest equivalent to a low single-digit million amount in the Israeli start-up "Inovytec", which primarily operates in the area of developing and manufacturing products for out-of-hospital cardiology emergencies as well as non-invasive aids for blockage of the air ways. In our targeted investment and risk strategy, we continue to observe the market of medical innovations – internationally.

As a participant of the annual international IBM press conference in Zurich, we presented the status of our pilot project with IBM in the middle of October: in the first phase of the project, work is currently being focused on assisting the Centre for "Unrecognised and Rare Diseases" at the university hospital in Marburg in the labour-intensive handling of such cases with a cognitive assistant system. After the conclusion of the first project phase, the insights gained are to be evaluated and put to use for other hospitals and specialist medical departments within the Group.

Another milestone in the improvement of patient care is the web-based electronic patient file, WebEPA+ for short, whose deve-

lopment we concluded in the third quarter. WebEPA+ enables encrypted recording of all relevant medical information – such as image data, diagnoses or medications – for all patients. Subject to patient consent, such data can then be retrieved individually by the different doctors involved in the treatment process. Zentralklinik Bad Berka as well as Klinikum Frankfurt (Oder) are the first hospitals that have now been connected to this network. Gradually, WebEPA+ will be rolled out at all hospitals and medical care centres of RHÖN-KLINIKUM AG.

For the current financial year 2016, we also continue to expect revenues between € 1.17 billion and € 1.20 billion as well as EBITDA of between € 155 million and € 165 million. During the current financial year, earnings have moreover witnessed positive and negative one-off effects in the low to medium double-digit million range which partly balance out. These effects are predominantly attributable to the further execution of the transaction with Fresenius/Helios on the balance sheet, from the first-time consolidation and integration of Kreis-klinik Bad Neustadt, from special budgets for

innovation and e-health, issues of outstanding invoices as well as the establishment of a larger outpatient centre at Marburg University Hospital.

We are closely watching the current trend towards a proliferation of various minor and significant regulatory obstacles. For many decades, it has been our Company's standard practice to counter the trends within our general industry environment steadfastly and resolutely by taking suitable measures of our own; we are well trained in finding viable solutions that will stand the test of time. Even though we are not able to escape the consequences of legislation, we are nonetheless flexible, strong and innovative enough to further press ahead with the successful development of RHÖN-KLINIKUM AG.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

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

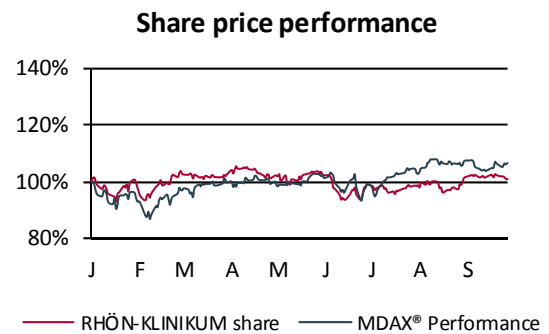
THE RHÖN-KLINIKUM SHARE

After getting off to a weak start to the first half of the year, the international stock exchanges in the third quarter of 2016 made a surprisingly quick recovery from the Brexit shock at the end of June.

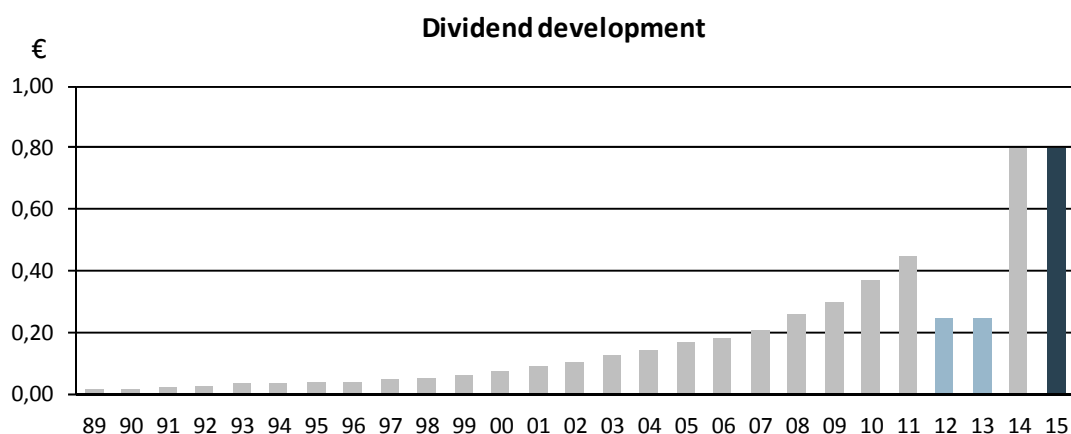
The continued expansive monetary policy of the central banks, the firming of oil prices, the robust economy and more optimistic business prospects continued to have a positive impact. Despite the uncertainties brought about by political risks (US presidential elections, attempted coup in Turkey) and the banking crisis in Europe (Italy, Germany), sentiment improved within the euro zone.

In Germany, the ifo business climate index saw a surprisingly sharp rise in September 2016 from 106.3 to 109.5 points, its highest level since May 2014.

The German leading index DAX® improved during the third quarter by 8.6% and closed at 10,511 points on 30 September 2016. The MDAX® rose 8.8%. European healthcare stocks continued to come under pressure and the DJ EURO STOXX Healthcare fell by 1.9%.



The share of RHÖN-KLINIKUM AG improved during the third quarter by 2.8%, ending the



Financial year 2015: Resolution of Annual General Meeting on 8 June 2016, plus profit pay-out under Second Share Repurchase amounting to € 167 million from the proceeds of the Fresenius/Helios transaction

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

third quarter with a closing price of € 27.06 (30 December 2015: € 27.68). The share thus outperformed DJ EURO STOXX Healthcare, but underperformed the German market indices DAX® and MDAX®.

Here, more confident expectations for the economy and the gains posted by technology shares were at the expense of defensive dividend paying stocks that had still been in high demand during the first half of the year.

At the end of the third quarter our market capitalisation, including all 66.96 million non-par shares issued after the 2015 Share Repurchase, stood at € 1.81 billion (30 December 2015: € 1.85 billion). In the MDAX® we thus ranked 56th by market capitalisation (30 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 Sep. 2016	1 Jan.-31 Dec. 2015
Closing price	27.06	27.68
High	28.27	27.68
Low	24.96	22.02
	30 Sep. 2016	31 Dec. 2015
Market capitalisation (€ m)	1,812.00	1,853.52

The results press conference for publication of the 2016 Annual Financial Report will be held on 7 April 2017. Our next Annual General Meeting will be held on 7 June 2017.

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 THIRD QUARTER OF 2016 AND THE FIRST NINE MONTHS OF FINANCIAL YEAR 2016

- Essentially, all economic targets were reached in the first nine months of financial year 2016: with revenues of € 885.3 million, EBITDA of € 131.5 million and consolidated profit of € 82.4 million, we continue to be right on target with our key financial figures for financial year 2016.
- Further growth in the first nine months of financial year 2016 compared with same period last year: revenues + 6.4%, number of patients + 8.0%, consolidated profit + 16.4%.
- In addition to promoting the ordinary organic development of our hospitals, we continue to press ahead with new construction and modernisation projects as well as digitalisation of patient care.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The abridged interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 September 2016 have been prepared in accordance with the provisions of IAS 34 in abridged 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 Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2016.

The accounting and valuation methods applied, to the extent already applied in financial year 2015 and consistently applied in financial year 2016, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2015. The accounting 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 German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that we received in the first nine months of financial year 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), other notifications on transactions by executives pursuant to section 15a of the WpHG as well as notifications on transactions of persons discharging managerial responsibilities (managers' transactions) pursuant to Article 19 of Market Abuse Regulation (EU) No 596/2014 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 German economy is on a solid expansion path. The upturn continues to be robust also in the third quarter of financial year 2016. Following the relatively strong increase in gross domestic product in the first half of 2016, however, this development has now shifted into a somewhat lower gear in the second half of the year. Key domestic drivers remain intact. For example, the business climate for service sectors is signalling a continuation of the upswing, and even the construction sector with its high capacity utilisation is witnessing growing demand. In industry there was a very weak start to the quarter according to the economic indicators, but the outlook brightened as the quarter progressed and the business climate index rose in almost all major industrial sectors. Subdued demand from Germany and abroad is having an impact not only on production planning but also on investments by companies. The German economy will therefore expand at a moderate pace.

The external economic environment continues to be difficult. The factors contributing to this development also include the Brexit decision, increasing the risks of a downturn abroad. The economy in the UK appears to be performing more robustly following the Brexit decision that had first been expected. Overall, growth expectations for German sales markets have been revised downwards in recent months. Currently, strong positive impetus for German exports is hard to come by.

The mood in the German economy has seen a significant improvement overall. The ifo business climate index rose from 106.3 (corrected for seasonal factors) in August to 109.5 points in September. This is the highest level since May 2014. Entrepreneurs have a more optimistic outlook for the months ahead. They were also more satisfied with their current business situation.

The positive trend on the labour market has continued. Demand for new employees remains high. Despite this, the rise in employment subject to social insurance contributions appears to have taken a break during the summer. However, unemployment and underemployment were again on the decline as activity began to pick up in autumn. The jobless rate as calculated by the German Federal Employment Agency for September 2016 is around 5.9%. This is a decline of 0.3 percentage points compared with September 2015. The seasonally adjusted jobless rate remains unchanged compared with the previous month at 6.1%. Signals from early indicators for the employment market continue to be optimistic. The trend on the employment market thus continues to be the engine driving the robust expansionary course of the German economy.

The consumer price index as determined by the Federal Statistical Office stood at + 0.7% in September 2016, and thus 0.7% higher than in September 2015. Compared with the previous month, the consumer price index rose by 0.1 percentage points.

The hospital sector is a growth market characterised by non-cyclical, rising demand. Key growth drivers are rising demand for medical treatments, a greying society, the increasing number of chronically ill patients and increased health awareness. Demand for hospital services will continue to rise also in future. 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. 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 hospital 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 amend-

ments, it will, for example, replace the discounts on additional volumes by a similarly structured fixed costs degression discount.

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.

BUSINESS PERFORMANCE OF THE FIRST NINE MONTHS

Overall statement on economic position

January to September	2016	2015	Change	
	€ m	€ m	€ m	%
Revenues	885.3	832.0	53.3	6.4
EBITDA	131.5	117.3	14.2	12.1
EBIT	87.1	72.3	14.8	20.5
EBT	86.9	69.9	17.0	24.3
Consolidated profit	82.4	66.0	16.4	24.8

The first nine months of financial year 2016 were very successful for RHÖN-KLINIKUM AG. Including the acquisition of Kreisklinik Bad Neustadt consolidated for the first time from 1 January 2016, we reported in the first nine months of 2016 compared with the same period last year – with

- a rise in the number of cases by + 45,651 cases or 8.0% to a total of 615,629 cases (previous year: 569,978 cases), and
- a rise in revenues by + € 53.3 million or + 6.4% to € 885.3 million (previous year: € 832.0 million) –

a rise in EBITDA by € 14.2 million to € 131.5 million, a rise in EBIT by € 14.8 million to € 87.1 million, and a rise in consolidated profit by € 16.4 million to € 82.4 million.

Compared with the same period last year, the first nine months of financial year 2016 were marked by rising service volumes. However, regulatory restrictions continue to hold back our organic development. This applies in particular with regard to the pronounced three-year discount on additional volumes. 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 as well as the rise in the inspection rate of the Medical Review Board of the Statutory Health Insurance Funds (MDK) is putting a further drag on the operating result.

The first nine months of financial year 2016 continued to be marked by the ongoing 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. In addition to the ordinary organic development of the business at the individual hospitals, the focus – as already in previous months – was in particular on our new construction and modernisation projects as well as the continuation of our activities in the area of digitalisation (i.e. the processing and interpretation of data). Digitalisation will help 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 through therapies tailored to their needs or by enabling them to better navigate their way through the healthcare system. It was with this in mind that the company RHÖN-Innovations GmbH was founded in the second quarter 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. At the end of the third quarter,

the first specific cooperation scheme was entered into. Moreover, a cognitive computer system designed to assist doctors in diagnosis will be tested from the end of 2016 at the Centre for Unrecognised and Rare Diseases at the university hospital in Marburg. In this context, cognitive computer systems understand natural language, are able to draw logical conclusions and learn from the interaction with data and users.

For many decades, it has been a key element of our Company to use steadfast and resolute efforts through activities of our own to anticipate the development of the market environment and to develop viable solutions that will stand the test of time. 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 September 2016	11	5,367

By purchase agreement dated 31 July 2015, RHÖN-Kreisklinik Bad Neustadt GmbH, in an asset deal, acquired Kreisklinik Bad Neustadt with 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 September 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 moderate net reductions 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 September 2016, we operate seven medical care centres with a total of 35.75 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2015	7	36.75
Opened/acquired		
MVZ Bad Berka	-	1.00
Disposals		
MVZ Gießen	-	-1.00
MVZ Marburg	-	-1.00
As at 30 September 2016	7	35.75

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

January to September	2016	2015	Change absolute	%
Inpatient and semi-inpatient treatments				
acute hospitals	161,158	153,152	8,006	5.2
rehabilitation hospitals and other facilities	3,943	4,383	-440	-10.0
	165,101	157,535	7,566	4.8
Outpatient attendances at our				
acute hospitals	354,829	332,055	22,774	6.9
medical care centres	95,699	80,388	15,311	19.0
	450,528	412,443	38,085	9.2
Total	615,629	569,978	45,651	8.0

In the first nine months of financial year 2016, a total of 615,629 patients (+ 45,651 patients or + 8.0%) were treated in the Group's hospitals and MVZs. Of this rise, patients treated on an inpatient and semi-inpatient basis account for roughly 16.6% and outpatient treatments account for 83.4%. After deducting consolidation effects (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016), this translates into organic growth in patients of 26,320 patients or 4.6%. This growth is distributed nearly uniformly over the entire Group.

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

January to September	2016	2015
Per-case revenue		
inpatient (€)	4,952	4,880
outpatient (€)	150	153

Adjusting for one-off effects recognised during the same period of the previous year, per-case revenues in the outpatient area in the first nine months 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 September	2016 € m	2015 € m	Change	
			€ m	%
Income				
Revenues	885.3	832.0	53.3	6.4
Other income	151.1	132.0	19.1	14.5
Total	1,036.4	964.0	72.4	7.5
Expenditure				
Materials and consumables used	249.8	238.8	11.0	4.6
Employee benefits expense	565.3	526.7	38.6	7.3
Other expenses	89.8	81.2	8.6	10.6
Total	904.9	846.7	58.2	6.9
EBITDA	131.5	117.3	14.2	12.1
Depreciation/amortisation and impairment	44.4	45.0	-0.6	-1.3
EBIT	87.1	72.3	14.8	20.5
Finance result	0.2	2.4	-2.2	-91.7
EBT	86.9	69.9	17.0	24.3
Income taxes	4.5	3.9	0.6	15.4
Consolidated profit	82.4	66.0	16.4	24.8

Compared with the same period last year, we report in the first nine months of financial year 2016 a rise in EBITDA by € 14.2 million or 12.1% to € 131.5 million, a rise in EBIT by € 14.8 million or 20.5% to € 87.1 million and a rise in consolidated profit by € 16.4 million or 24.8% to € 82.4 million. Kreisklinik Bad Neustadt will be included in our consolidated financial statements as of 1 January 2016 and in the first nine months of financial year 2016 was thus included in our financial and performance figures for the first time.

Of the rise in revenues by € 53.3 million or 6.4% – adjusting for changes in consolidated companies (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016) in the amount of € 24.4 million –, € 28.9 million or 3.5% 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 nine months 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 € 41.4 million, since related contractual guarantee periods in some cases had expired. The income was recognised under the other income item. 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 in the amount of € 7.0 million.

January to September	2016 %	2015 %
Materials ratio	28.2	28.7
Personnel ratio	63.8	63.3
Other cost ratio	10.2	9.8
Depreciation and amortisation ratio	5.1	5.4
Finance result ratio	0.0	0.3
Effective tax ratio	0.5	0.5

Whereas the materials ratio declined from 28.7% to 28.2%, the cost of materials saw a rise in the first nine months of financial year 2016 by € 11.0 million or 4.6% compared with the same period of the previous year and was thus disproportionately moderate compared with revenues.

The employee benefits expense and other expenses rose compared with the same period last year. Whilst the employee benefits expense rose by € 38.6 million or 7.3%, the other expenses item increased by € 8.6 million or 10.6%. In this context, the personnel ratio rose from 63.3% to 63.8% and the other expenses ratio from 9.8% to 10.2%.

The depreciation/amortisation item declined slightly compared with the first nine months of financial year 2015 by € 0.6 million or 1.3% to € 44.4 million.

The improvement in the still negative finance result by € 2.2 million to € 0.2 million essentially results 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 Sept. 2016	31 Dec. 2015
	€ m	€ m
Current cash	80.7	143.3
Current fixed term deposits	245.1	345.0
Non-current fixed term deposits	10.1	30.0
Cash, fixed term deposits	335.9	518.3
Current financial liabilities	10.0	147.6
Non-current financial liabilities	-	10.0
Finance lease liabilities	4.2	4.6
Financial liabilities	14.2	162.2
Net liquidity	321.7	356.1

At an unchanged rate of taxation, the income tax expense item rose by € 0.6 million or 15.4% to € 4.5 million (previous year: € 3.9 million) compared with same period of the previous year on the back of a higher taxable result.

Compared with the first nine months of financial year 2015, our consolidated profit rose by € 16.4 million or 24.8% to € 82.4 million (previous year: € 66.0 million).

Profit to non-controlling interests rose compared with the same period last year by € 0.4 million or 26.7% to € 1.9 million (previous year: € 1.5 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first nine months of 2016 rose by € 16.1 million or 25.0% to € 80.5 million (previous year: € 64.4 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of € 1.20 (previous year: € 0.88) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of net consolidated profit and other earnings) stood at € 82.2 million (previous year: € 66.0 million) in the first nine months of financial year 2016.

Net assets and financial position

	30 September 2016		31 December 2015	
	€ m	%	€ m	%
ASSETS				
Non-current assets	909.7	60.9	893.2	54.6
Current assets	582.9	39.1	741.3	45.4
	1,492.6	100.0	1,634.5	100.0
EQUITY AND LIABILITIES				
Equity	1,137.2	76.2	1,108.7	67.8
Non-current liabilities	28.0	1.9	36.5	2.2
Current liabilities	327.4	21.9	489.3	30.0
	1,492.6	100.0	1,634.5	100.0

Compared with the balance sheet date of 31 December 2015, the balance sheet total declined by € 141.9 million or 8.7% to € 1,492.6 million. The decline results essentially 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.

The equity ratio rose compared with the last reporting date from 67.8% to 76.2%.

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	-242.5
Total comprehensive income of the period	80.3	1.9	82.2	65.9
Other changes	-	-	-	-
As at 30 September	1,114.7	22.5	1,137.2	1,072.3

As at 30 September 2016, equity stands at € 1,137.2 million (31 December 2015: € 1,108.7 million). The increase in equity capital compared with the reporting date of 31 December 2015 by € 28.5 million results from consolidated profit for the first nine months of financial year 2016 (€ 82.4 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 (€ 0.2 million), on the other.

128.1% (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 September 2016, net financial debt – including liabilities under finance leases – was € 0.0 million (31 December 2015: € 0.0 million). As at 30 September 2016, we report net liquidity of € 321.7 million (31 December 2015: € 356.1 million).

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

January to September	2016 € m	2015 € m
Cash generated from operating activities	91.8	45.5
Cash generated from/cash used in investing activities	42.5	-203.0
Cash used in financing activities	-196.9	-60.5
Change in cash and cash equivalents	-62.6	-218.0
Cash and cash equivalents at 1 January	143.3	695.3
Cash and cash equivalents at 30 September	80.7	477.3

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 € 210 million was used in fixed deposits, cash of € 119.8 million was generated in the first nine months of financial year 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 € 81.6 million (previous year: € 40.7 million) in the first nine months of financial year 2016 are shown in the following table:

	Use of		Total € m
	Gov't grants € m	Own funds € m	
Current investments	6.2	67.8	74.0
Takeovers	1.2	6.4	7.6
Total	7.4	74.2	81.6

Of these investments made in the first nine months, € 7.4 million (previous year: € 7.6 million) was attributable to investments funded from grants under the Hospital Financing Act (KHG) 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	38.1
Gießen, Marburg	18.7
Bad Berka	5.9
Frankfurt (Oder)	5.1
Total	67.8

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

Employees

Employees	30 Sept. 2016	31 Dec. 2015	Change	
			absolute	%
Hospitals	14,703	14,025	678	4.8
Medical care centres	181	172	9	5.2
Service companies	1,493	1,457	36	2.5
Total	16,377	15,654	723	4.6

On 30 September 2016, the Group employed 16,377 persons (31 December 2015: 15,654).

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

BUSINESS PERFORMANCE OF THE THIRD QUARTER

July to September	2016	2015	Change	
	€ m	€ m	€ m	%
Revenues	294.7	276.6	18.1	6.5
EBITDA	28.1	33.5	-5.4	-16.1
EBIT	13.2	18.5	-5.3	-28.6
EBT	13.3	17.3	-4.0	-23.1
Consolidated profit	12.8	16.2	-3.4	-21.0

In the third quarter of 2016, including Kreisklinik Bad Neustadt consolidated for the first time from 1 January 2016, we reported compared with the third quarter of 2015 – with

- a rise in the number of cases by +4,275 cases or 2.2% to a total of 201,226 cases (previous year: 196,951 cases), and
- a rise in revenues by + € 18.1 million or + 6.5% to € 294.7 million (previous year: € 276.6 million) –

a decline in EBITDA by € 5.4 million to € 28.1 million, a decline in EBIT by € 5.3 million to € 13.2 million, and a decline in consolidated profit by € 3.4 million to € 12.8 million.

The trend in service volumes at our hospitals in the third quarter of 2016 is above the level of the same period last year. Since such additional service volumes at the same time entail additional costs, an expansion in service volumes is having dilutive effects on margins and earnings here. Moreover, the disproportionately moderate trend in state base rates compared with hospital-specific costs as well as the rise in the inspection rate of the Medical Review Board of the Statutory Health Insurance Funds (MDK) is putting a further drag on the operating result.

Profit to non-controlling interests rose in the third quarter of 2016 compared with the same period last year by € 0.1 million to € 0.5 million (previous year: € 0.4 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the third quarter of 2016 declined by € 3.6 million to € 12.3 million (previous year: € 15.9 million) compared with the same period last year. The interest in profit of the shareholders corresponds to earnings per share of € 0.18 (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, cooperation 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 additional volumes by a similarly structured fixed costs degression 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.

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 our research budget we are looking to further strengthen our competitive position for innovative treatment and cutting-edge medical care. In this connection, 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 depreciation/amortisation (EBITDA) of between € 155 million and € 165 million. This includes the first-time consolidation of Kreisklinik Bad Neustadt as of the start of the year. 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 November 2016

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

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

January to September	2016		2015	
	€ '000	%	€ '000	%
Revenues	885,304	100.0	831,972	100.0
Other income	151,114	17.1	132,071	15.9
	1,036,418	117.1	964,043	115.9
Materials and consumables used	249,824	28.2	238,800	28.7
Employee benefits expense	565,248	63.8	526,705	63.3
Other expenses	89,811	10.2	81,191	9.8
	904,883	102.2	846,696	101.8
Interim result (EBITDA)	131,535	14.9	117,347	14.1
Depreciation/amortisation and impairment	44,441	5.1	45,088	5.4
Operating result (EBIT)	87,094	9.8	72,259	8.7
Result of investments accounted for using the equity method	-214	0.0	68	0.0
Finance expenses	1,712	0.2	5,202	0.6
Finance income	1,683	0.2	2,804	0.3
Finance result (net)	243	0.0	2,330	0.3
Earnings before taxes (EBT)	86,851	9.8	69,929	8.4
Income taxes	4,479	0.5	3,959	0.5
Consolidated result	82,372	9.3	65,970	7.9
of which				
non-controlling interests	1,913	0.2	1,539	0.2
shareholders of RHÖN-KLINIKUM AG	80,459	9.1	64,431	7.7
Earnings per share in €				
undiluted	1.20		0.88	
diluted	1.20		0.88	

January to September	2016	2015
	€ '000	€ '000
Consolidated result	82,372	65,970
of which		
non-controlling interests	1,913	1,539
shareholders of RHÖN-KLINIKUM AG	80,459	64,431
Revaluation of defined benefit pension plans	-227	-
Income taxes	36	-
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-191	-
Other comprehensive income¹	-191	-
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	-191	-
Total comprehensive income	82,181	65,970
of which		
non-controlling interests	1,913	1,539
shareholders of RHÖN-KLINIKUM AG	80,268	64,431

¹ Sum of value changes recognised in the equity.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, July to September

July to September	2016		2015	
	€ '000	%	€ '000	%
Revenues	294,714	100.0	276,617	100.0
Other income	36,560	12.4	39,839	14.4
	331,274	112.4	316,456	114.4
Materials and consumables used	84,335	28.6	80,884	29.2
Employee benefits expense	187,898	63.8	175,291	63.4
Other expenses	30,911	10.5	26,773	9.7
	303,144	102.9	282,948	102.3
Interim result (EBITDA)	28,130	9.5	33,508	12.1
Depreciation/amortisation and impairment	14,958	5.0	15,058	5.4
Operating result (EBIT)	13,172	4.5	18,450	6.7
Result of investments accounted for using the equity method	-109	0.0	13	0.0
Finance expenses	221	0.1	2,000	0.7
Finance income	458	0.1	867	0.3
Finance result (net)	-128	0.0	1,120	0.4
Earnings before taxes (EBT)	13,300	4.5	17,330	6.3
Income taxes	484	0.2	1,084	0.4
Consolidated result	12,816	4.3	16,246	5.9
of which				
non-controlling interests	476	0.1	396	0.1
shareholders of RHÖN-KLINIKUM AG	12,340	4.2	15,850	5.8
Earnings per share in €				
undiluted	0.18		0.22	
diluted	0.18		0.22	

July to September	2016	2015
	€ '000	€ '000
Consolidated result	12,816	16,246
of which		
non-controlling interests	476	396
shareholders of RHÖN-KLINIKUM AG	12,340	15,850
Revaluation of defined benefit pension plans	-77	-
Income taxes	12	-
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	-65	-
Other comprehensive income ¹	-65	-
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	-65	-
Total comprehensive income	12,751	16,246
of which		
non-controlling interests	476	396
shareholders of RHÖN-KLINIKUM AG	12,275	15,850

¹ Sum of value changes recognised in the equity.

Consolidated Balance Sheet at 30 September 2016

	30 September 2016		31 December 2015	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	172,004	11.5	166,478	10.2
Property, plant and equipment	692,820	46.4	668,481	40.9
Investment property	2,807	0.2	2,913	0.2
Investments accounted for using the equity method	1,073	0.1	307	0.0
Income tax assets	-	0.0	2,383	0.1
Deferred tax assets	1,600	0.1	2,484	0.1
Other financial assets	38,318	2.5	50,096	3.1
Other assets	1,096	0.1	19	0.0
	909,718	60.9	893,161	54.6
Current assets				
Inventories	20,964	1.4	23,080	1.4
Trade receivables	198,022	13.3	175,655	10.8
Other financial assets	265,710	17.8	372,844	22.8
Other assets	13,711	0.9	21,051	1.3
Current income tax assets	3,732	0.3	5,377	0.3
Cash and cash equivalents	80,738	5.4	143,320	8.8
	582,877	39.1	741,327	45.4
	1,492,595	100.0	1,634,488	100.0

	30 September 2016		31 December 2015	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	11.2	167,406	10.2
Capital reserve	574,168	38.5	574,168	35.1
Other reserves	373,184	25.0	346,466	21.2
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,114,682	74.7	1,087,964	66.5
Non-controlling interests in equity	22,536	1.5	20,749	1.3
	1,137,218	76.2	1,108,713	67.8
Non-current liabilities				
Financial liabilities	-	0.0	10,000	0.6
Provisions for post-employment benefits	2,921	0.2	1,372	0.1
Other financial liabilities	18,285	1.2	18,262	1.1
Other liabilities	6,799	0.5	6,815	0.4
	28,005	1.9	36,449	2.2
Current liabilities				
Financial liabilities	10,000	0.7	147,630	9.0
Trade payables	90,575	6.1	95,301	5.8
Current income tax liabilities	571	0.0	1,263	0.1
Other provisions	101,351	6.8	143,040	8.8
Other financial liabilities	24,692	1.6	21,921	1.4
Other liabilities	100,183	6.7	80,171	4.9
	327,372	21.9	489,326	30.0
	1,492,595	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							
Share repurchase and capital reduction	-17,772	17,772	-182,131	-	-182,131	-	-182,131
Dividend payments	-	-	-58,767	-	-58,767	-1,694	-60,461
Total comprehensive income	-	-	64,431	-	64,431	1,540	65,971
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 September 2016	165,933	575,641	310,578	-76	1,052,076	20,227	1,072,303
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	-	-	-53,550	-	-53,550	-126	-53,676
Total comprehensive income	-	-	80,268	-	80,268	1,913	82,181
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 September 2016	167,406	574,168	373,184	-76	1,114,682	22,536	1,137,218

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows

January to September	2016	2015
	€ m	€ m
Earnings before taxes	86.9	69.9
Finance result (net)	0.2	2.3
Depreciation/amortisation and impairment and gains/losses on disposal of assets	44.3	44.9
	131.4	117.1
Change in net current assets		
Change in inventories	2.3	1.2
Change in trade receivables	-19.0	-20.3
Change in other financial assets and other assets	14.6	-12.3
Change in trade payables	-5.2	-12.9
Change in other net liabilities/Other non-cash transactions	14.5	11.4
Change in provisions	-40.4	-29.5
Income taxes paid	-0.2	-2.8
Interest paid	-6.2	-6.4
Cash generated from operating activities	91.8	45.5
Investments in property, plant and equipment and in intangible assets	-75.8	-39.1
Government grants received to finance investments in property, plant and equipment and in intangible assets	6.2	7.6
Change in investments in fixed term deposits	119.8	-210.0
Loans to associated companies/Other transactions with associated companies	-10.2	-5.5
Acquisition of subsidiaries, net of cash acquired	0.6	-1.4
Sale of subsidiaries, net of cash disposed	-	41.2
Sale proceeds from disposal of assets	0.2	0.7
Interest received	1.7	3.5
Cash generated from/cash used in investing activities	42.5	-203.0
Repayment of financial liabilities	-143.2	-
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-53.6	-58.8
Payments to non-controlling interests in equity	-0.1	-1.7
Cash used in financing activities	-196.9	-60.5
Change in cash and cash equivalents	-62.6	-218.0
Cash and cash equivalents at 1 January	143.3	695.3
Cash and cash equivalents at 30 September	80.7	477.3

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 November 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 September 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 "Defined Benefit Plans: Employee Contributions", IAS 16 and 38 "Clarification of Acceptable Methods of Depreciation and Amortisation", IAS 16 and 41 "Bearer Plants", IAS 1 "Disclosure Initiative", IFRS 10 and 12 as well as IAS 28 "Investment Entities: Applying the Consolidation Exception" and "IAS 27 "Adoption of the Equity Method in Separate Financial Statements" as well as the annual improvements to IFRS (2010-2012 Cycle: IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IFRS 13 "Fair Value Measurement", IAS 16 "Property, Plant and Equipment", IAS 38 "Intangible Assets", IAS 24 "Related Party Disclosures"; 2012-2014 Cycle: IFRS 1 "First-time Adoption of IFRS", 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 Dec. 2015	Additions	Disposals	Reclassification	30 Sept. 2016
Fully consolidated subsidiaries	27	1	-	-	28
Companies consolidated using the equity method	2	-	-	1	3
Other subsidiaries	7	1	-	-1	7
Consolidated companies	36	2	-	-	38

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 added entity (fully consolidated companies) 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.

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).

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

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 added entity (other companies) relates to the acquisition of an interest in Inovytec Medical Solution Ltd. The company, based in Israel, primarily operates in the area of developing and

manufacturing products for out-of-hospital cardiology emergencies as well as non-invasive aids for blockage of the air ways.

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	5.4
Cost as defined by IFRS 3	7.9
./. Acquired cash and cash equivalents	-2.0
Cash outflow on transaction at date of first-time consolidation	5.9
Payments already rendered	6.9
Purchase price yet to be paid	1.0

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

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

In the first nine months of financial year 2016, one doctor's practice was acquired whose conditions of validity as per agreement were satisfied during the reporting period of 2016:

Purchase of doctor's practices, January to September 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	0.0
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.1

OPERATING SEGMENTS

The Group's hospitals 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 September	2016 € m	2015 € m
Fields		
Acute hospitals	857.2	804.5
Medical care centres	8.1	6.2
Rehabilitation hospitals	20.0	21.3
	885.3	832.0
Federal states		
Bavaria	190.9	162.1
Saxony	0.2	0.1
Thuringia	130.7	128.3
Brandenburg	101.4	97.9
Hesse	462.1	443.6
	885.3	832.0

According to IAS 18, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 53.3 million or 6.4% to reach € 885.3 million. Adjusting for changes in the scope of consolidation (first-time consolidation of Kreisklinik Bad Neustadt as of 1 January 2016) to the tune of € 24.4 million, this translates into organic growth of € 28.9 million or 3.5%.

Other income

January to September	2016 € m	2015 € m
Income from services rendered	93.7	90.1
Income from grants and other allowances	8.7	7.5
Income from adjustment of receivables	0.8	0.9
Income from indemnification payments/Other reimbursements	1.0	1.6
Other	46.9	31.9
	151.1	132.0

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 nine months of financial year 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 € 41.4 million, since related contractual guarantee periods in some cases had expired. During the same period last year, € 19.7 million in income from the reversal of provisions that were formed in

connection with potential additional claims for social insurance contributions of the German pension insurance agency (Deutsche Rentenversicherung) resulting from investigations of the cleaning companies carried out in 2011 were recognised under this item. 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 € 7.0 million.

Other expenses

January to September	2016 € m	2015 € m
Maintenance	34.3	31.1
Charges, subscriptions and consulting fees	17.5	16.7
Insurance	6.8	5.9
Administrative and IT costs	6.9	5.7
Impairment on receivables	6.1	4.0
Rents and leaseholds	4.8	3.4
Other personnel and continuing training costs	3.3	3.1
Travelling, entertaining and representation expenses	1.4	1.2
Secondary taxes	0.4	0.4
Losses on disposal of non-current assets	0.1	0.1
Other	8.2	9.6
	89.8	81.2

Compared with the same period last year, the other expenses item in the first nine months of 2016 witnessed a rise of € 8.6 million or 10.6% to reach € 89.8 million. The rise largely reflects expenses resulting from the first-time consolidation of Kreisklinik Bad Neustadt.

Depreciation/amortisation and impairment

Compared with the same period last year, the depreciation/amortisation item declined slightly by € 0.6 million or 1.3% from € 45.0 million to € 44.4 million.

Finance result (net)

Compared with the same period last year, we recorded a decline in our negative finance result by € 2.1 million to € 0.2 million in the first nine 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 nine months of financial year 2016 following the share repurchase in the fourth quarter of 2015, the redemption of the bond in the first quarter of 2016, the distribution of the dividend to shareholders as well as from declining interest rates.

Income taxes

January to September	2016 € m	2015 € m
Current income tax	3.6	4.0
Deferred taxes	0.9	-0.1
	4.5	3.9

At an unchanged rate of taxation, the income tax expense item rose by € 0.6 million to € 4.5 million (previous year: € 3.9 million) compared with same period of the previous year. This is attributable to the higher taxable result generated in the third quarter 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	5.5	0.1	5.6
Additions	0.0	1.4	1.4
Disposals	0.0	0.1	0.1
Transfers	0.0	0.1	0.1
30 September 2016	162.7	35.2	197.9
Cumulative depreciation and impairment			
1 January 2016	0.0	24.4	24.4
Depreciation	0.0	1.7	1.6
Disposals	0.0	0.1	0.1
30 September 2016	0.0	26.0	25.9
Balance sheet value at 30 September 2016	162.7	9.2	172.0

	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	1.0	0.0	1.0
Additions	0.0	1.0	1.0
Disposals	0.0	1.4	1.4
Transfers	0.0	0.1	0.1
30 September 2015	157.0	31.1	188.1
Cumulative depreciation and impairment			
1 January 2015	0.0	23.7	23.7
Depreciation	0.0	1.6	1.6
Disposals	0.0	1.2	1.2
30 September 2015	0.0	24.1	24.1
Balance sheet value at 30 September 2015	157.0	7.0	164.0

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	0.0	0.0	0.8	0.0	0.8
Additions	16.7	0.9	15.5	33.3	66.4
Disposals	0.0	0.0	11.0	0.0	11.0
Transfers	16.9	0.5	5.6	-23.1	-0.1
30 September 2016	927.4	44.8	283.7	67.2	1,323.1
Cumulative depreciation and impairment					
1 January 2016	368.0	26.6	203.9	0.0	598.5
Depreciation	22.9	2.2	17.6	0.0	42.7
Disposals	0.0	0.0	10.9	0.0	10.9
30 September 2016	390.9	28.8	210.6	0.0	630.3
Balance sheet value at 30 September 2016	536.5	16.0	73.1	67.2	692.8

	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	0.0	0.0	0.2	0.0	0.2
Additions	1.8	0.2	7.9	21.0	30.9
Disposals	0.0	0.0	13.7	0.0	13.7
Transfers	0.2	0.2	1.6	-2.1	-0.1
30 September 2015	889.9	43.1	260.6	40.1	1,233.7
Cumulative depreciation and impairment					
1 January 2015	335.4	23.6	194.2	0.0	553.2
Depreciation	24.3	2.3	16.8	0.0	43.4
Disposals	0.0	0.0	13.5	0.0	13.5
30 September 2015	359.7	25.9	197.5	0.0	583.1
Balance sheet value at 30 September 2015	530.2	17.2	63.1	40.1	650.6

Other financial assets (non-current)

Under this item, a long-term loan in the amount of € 28.2 million (31 December 2015: € 20.1 million) and fixed deposit investments having a residual term of > 1 year are recognised in the amount of € 10.1 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 September 2016, reporting will take place under the separate item "Investments accounted for using the equity method" in the amount of € 1.1 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 € 245.1 million (31 December 2015: € 345.0 million).

Equity

The increase in equity capital compared with the reporting date of 31 December 2015 by € 28.5 million results from consolidated profit for the first nine months of financial year 2016 (€ 82.4 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 (€ 0.2 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 Sept. 2016	of which		31 Dec. 2015	of which	
		financial instruments			financial instruments	
		Carrying amount	Fair value		Carrying amount	Fair value
	€ m	€ m	€ m	€ m	€ m	€ m
ASSETS						
Non-current assets						
Other financial assets	38.3	38.3	38.2	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	38.3	38.3	38.2	50.1	50.1
Current assets						
Trade receivables and other financial assets	463.7	463.7	463.7	548.5	548.5	548.5
of which trade receivables, other financial assets	Loans and receivables	463.7	463.7	463.7	548.5	548.5
Cash and cash equivalents	Loans and receivables	80.7	80.7	80.7	143.3	143.3
EQUITY AND LIABILITIES						
Non-current liabilities						
Financial liabilities	0.0	0.0	0.0	10.0	10.0	9.8
of which financial liabilities	Financial liabilities measured at amortised cost	0.0	0.0	0.0	10.0	10.0
Other financial liabilities	18.3	18.3	21.3	18.3	18.3	20.5
of which other financial liabilities	Financial liabilities measured at amortised cost	15.2	15.2	18.2	14.7	14.7
of which under finance leases	n.a.	3.1	3.1	3.1	3.6	3.6
Current liabilities						
Trade payables	Financial liabilities measured at amortised cost	90.6	90.6	90.6	95.3	95.3
Financial liabilities	10.0	10.0	10.0	147.6	147.6	147.6
of which financial liabilities	Financial liabilities measured at amortised cost	10.0	10.0	10.0	147.6	147.6
Other financial liabilities	24.7	24.7	24.7	21.9	21.9	21.9
of which other financial liabilities	Financial liabilities measured at amortised cost	23.6	23.6	23.6	20.9	20.9
of which under finance leases	n.a.	1.1	1.1	1.1	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:						
	Loans and receivables		582.7	582.6		741.9
	Financial liabilities measured at amortised cost		139.4	142.4		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	-	38.2	-	38.2	49.9
Current assets from loans and receivables	-	463.7	-	463.7	548.5
Non-current financial liabilities	-	-	-	0.0	9.8
Non-current liabilities from other financial liabilities	-	21.3	-	21.3	20.5
Current liabilities from trade payables	-	90.6	-	90.6	95.3
Current financial liabilities	-	10.0	-	10.0	147.6
Current liabilities from other financial liabilities	-	24.7	-	24.7	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 nine months of financial year 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 September 2016, we received the following notifications from shareholders that during the reporting period their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 21 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

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 pursuant to section 21 (1) WpHG Attribution pursuant to WpHG/additional information:
Eugen Münch	25 August 2016	6.9400	3.09	10.04	23 August 2016	>10%	attributed (section 22 WpHG): HCM SE
Prof. Dr. h.c. Ludwig Georg Braun Martin Lüdicke Ilona Braun	25 May 2016	20.0008		20.0008	19 May 2016	>20%	attributed (section 22 WpHG): B. Braun Melsungen Aktiengesellschaft

The voting interests may have changed since 30 September 2016. With regard to notifications on threshold events pursuant to section 21 (1) of the WpHG that took place as of 1 October 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 September 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 WpHG (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	25 August 2016	6.94	3.09	10.04	23 August 2016	>10%	attributed (section 22 WpHG): HCM SE
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, we did not receive any notifications on statutory reporting thresholds pursuant to section 25a of the WpHG. During the reporting period from 1 January up to and including 30 September 2016, we received one notification on statutory reporting thresholds pursuant to section 25 WpHG:

Voting interest pursuant to section 25 WpHG on date that interest exceeds / falls below					
Person subject to notification requirement	Published on	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Structure of voting interests
Eugen Münch	25 August 2016	4.38	23 August 2016	>10%	Type of instruments: forward purchase of shares exercise period/term: 12 months Cash or physical settlement: physical

The voting interests may have changed since 30 September 2016. With regard to notifications on threshold events that took place as of 1 October 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 September 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. The business volume of the first nine months of financial year 2016 with the B. Braun group increased by € 1.5 million to € 7.1 million (previous year: € 5.6 million), of which € 0.6 million is attributable to Kreisklinik Bad Neustadt taken over with effect from 1 January 2016. With Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums

Heidelberg mit beschränkter Haftung, a long-term loan receivable in the amount of € 32.9 million existed as at 30 September 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 September 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 March 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	Member of-Supervisory Board	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	Member of-Supervisory Board	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	Member of-Supervisory Board	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	Member of-Supervisory Board	Call options on the RHÖN-KLINIKUM share ISIN DE0007042301	Sale via EUREX	10	91.00 €	910.00 €
19 May 2016	Prof. Dr. h.c. Ludwig Georg Braun	Member of-Supervisory Board	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	Member of-Supervisory Board	Put options on the RHÖN-KLINIKUM share ISIN DE0007042301	Purchase via EUREX	10	10.00 €	100.00 €
23 August 2016	Eugen Münch	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	2,070,000	not quantifiable	not quantifiable
23 August 2016	Eugen Münch	Member of-Supervisory Board	Forward share purchase of RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	2,930,000	not quantifiable	not quantifiable

Moreover, RHÖN-KLINIKUM AG received the following notifications of transactions of persons discharging managerial responsibilities (managers' transactions) pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014 valid in Germany since 3 July 2016:

Date of transaction	First and last name	Position/status	Financial instrument and ISIN	Nature and place of transaction	Quantity	Price	Trading volume
23 August 2016	Eugen Münch	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	2,070,000	not quantifiable	not quantifiable
23 August 2016	Eugen Münch	Member of-Supervisory Board	Forward share purchase of RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	2,930,000	not quantifiable	not quantifiable

Additional information on the respective notifications is published on our website under "IR-NEWS" in the Investor Relations section.

Employees

At the reporting date of 30 September 2016 the Group employed a total of 16,377 persons (31 December 2015: 15,654 persons). The rise essentially 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 September 2016	No. of shares on 30 September 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 September 2016	30 September 2015
Share in consolidated profit (€ '000)	80,459	64,431
Weighted average number of shares outstanding, in thousands	66,938	73,564
Earnings per share in €	1.20	0.88

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 (Cash Flow Statements), 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 as well as the purchase price payments for Kreisklinik Bad Neustadt are reported under the investments item. Also recognised under investments are terminations of fixed deposits amounting to € 119.8 million (previous year: fixed deposit investments amounting to € 210 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 € 10.2 million (previous year: € 5.5 million) was provided to the associated companies. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the cash flow statement, bank overdrafts in the amount of € 0.0 million (previous year: € 0.0 million) are deducted from cash and cash equivalents. A total of € 12.0 million (previous year: € 4.9 million) in construction outstanding invoices were reflected in the cash flow statement.

Bad Neustadt a. d. Saale, 3 November 2016

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Martin Menger

Jens-Peter Neumann

Dr. Dr. Martin Siebert

KEY FIGURES

KEY FIGURES JANUARY TO SEPTEMBER 2016/ JANUARY TO SEPTEMBER 2015

Data in € m	Jan. - Sept. 2016	Jan. - Sept. 2015	Change in %
Revenues	885.3	832.0	6.4
Materials and consumables used	249.8	238.8	4.6
Employee benefits expense	565.3	526.7	7.3
Depreciation/amortisation and impairment	44.4	45.0	-1.3
Consolidated result according to IFRS	82.4	66.0	24.8
Profit share of shareholders of RHÖN-KLINIKUM AG	80.5	64.4	25.0
Profit share of non-controlling interests	1.9	1.5	26.7
Return on revenue (%)	9.3	7.9	17.7
EBT	86.9	69.9	24.3
EBIT	87.1	72.3	20.5
EBIT - ratio (%)	9.8	8.7	12.6
EBITDA	131.5	117.3	12.1
EBITDA ratio (%)	14.9	14.1	5.7
Property, plant and equipment as well as investment property	695.6	653.6	6.4
Income tax assets (non-current)	-	2.4	-100.0
Equity according to IFRS	1,137.2	1,072.3	6.1
Return on equity in %	8.6	7.6	13.2
Balance sheet total according to IFRS	1,492.6	1,774.7	-15.9
Investment in property, plant and equipment, intangible assets as well as in investment property	74.2	33.1	124.2
Earnings per ordinary share (in €) (undiluted/diluted)	1.20	0.88	36.4
Number of employees (headcount)	16,377	15,588	5.1
Number of cases (patients treated)	615,629	569,978	8.0
Beds and places	5,367	5,214	2.9

KEY FIGURES JULY TO SEPTEMBER 2016/ JULY TO SEPTEMBER 2015

Data in € m	July - Sept. 2016	Juli - Sept. 2015	Change in %
Revenues	294.7	276.6	6.5
Materials and consumables used	84.3	80.9	4.2
Employee benefits expense	187.9	175.3	7.2
Depreciation/amortisation and impairment	15.0	15.0	0.0
Consolidated result according to IFRS	12.8	16.2	-21.0
Profit share of shareholders of RHÖN-KLINIKUM AG	12.3	15.9	-22.6
Profit share of non-controlling interests	0.5	0.4	25.0
Return on revenue (%)	4.3	5.9	-27.1
EBT	13.3	17.3	-23.1
EBIT	13.2	18.5	-28.6
EBIT - ratio (%)	4.5	6.7	-32.8
EBITDA	28.1	33.5	-16.1
EBITDA ratio (%)	9.5	12.1	-21.5
Property, plant and equipment as well as investment property	695.6	653.6	6.4
Income tax assets (non-current)	-	2.4	-100.0
Equity according to IFRS	1,137.2	1,072.3	6.1
Return on equity in %	4.3	5.6	-23.2
Balance sheet total according to IFRS	1,492.6	1,774.7	-15.9
Investment in property, plant and equipment, intangible assets as well as in investment property	23.9	15.4	55.2
Earnings per ordinary share (in €) (undiluted/diluted)	0.18	0.22	-18.2
Number of employees (headcount)	16,377	15,588	5.1
Number of cases (patients treated)	201,226	196,951	2.2
Beds and places	5,367	5,214	2.9

KEY FIGURES FOR THE INDIVIDUAL QUARTERS OF 2016

Data in € m	July - Sept. 2016	April - June 2016	Jan. – March 2016
Revenues	294.7	299.1	291.5
Materials and consumables used	84.3	84.9	80.6
Employee benefits expense	187.9	189.6	187.8
Depreciation/amortisation and impairment	15.0	14.8	14.7
Consolidated result according to IFRS	12.8	18.9	50.7
Profit share of shareholders of RHÖN-KLINIKUM AG	12.3	18.2	49.9
Profit share of non-controlling interests	0.5	0.7	0.7
Return on revenue (%)	4.3	6.3	17.4
EBT	13.3	21.1	52.5
EBIT	13.2	20.7	53.2
EBIT - ratio (%)	4.5	6.9	18.2
EBITDA	28.1	35.5	67.9
EBITDA ratio (%)	9.5	11.9	23.3
Property, plant and equipment as well as investment property	695.6	687.1	679.7
Income tax assets (non-current)	-	2.4	2.4
Equity according to IFRS	1,137.2	1,124.5	1,159.4
Return on equity in %	4.3	5.5	8.2
Balance sheet total according to IFRS	1,492.6	1,465.8	1,516.0
Investment in property, plant and equipment, intangible assets as well as in investment property	23.9	22.1	28.2
Earnings per ordinary share (in €) (undiluted/diluted)	0.18	0.27	0.75
Number of employees (headcount)	16,377	16,234	16,117
Number of cases (patients treated)	201,226	208,825	205,578
Beds and places	5,367	5,367	5,451

FINANCIAL CALENDAR

DATES FOR SHAREHOLDERS AND ANALYSTS

2016

4 November 2016 Publication of Interim Report for the quarter ending 30 September 2016, conference call for analysts

2017

24 February 2017 Publication of preliminary results for financial year 2016, conference call for analysts

7 April 2017 Publication of 2016 Annual Financial Report, Results Press Conference

5 May 2017 Publication of Interim Report for the quarter ending 31 March 2017, conference call for analysts

7 June 2017 Annual General Meeting (at the Jahrhunderthalle Frankfurt)

3 August 2017 Publication of Half-Year Financial Report as at 30 June 2017, conference call for analysts

10 November 2017 Publication of Interim Report for the quarter ending 30 September 2017, conference call for analysts

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