HALF-YEAR FINANCIAL REPORT
2019

RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

CONTENTS

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

LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
dear Shareholders,

In the first half of 2019 also, RHÖN-KLINIKUM AG has outperformed the market as a whole. Nonetheless, the consequences of the tightened regulation, increasing bureaucratisation imposed by the legislature and the shortage of skilled staff in the healthcare sector have also taken their toll. In this still difficult market environment, the Company succeeded in posting further gains in its revenues, operating result (EBITDA) and patient numbers. Therefore RHÖN-KLINIKUM AG confirms its outlook from the beginning of 2019 in which we expect to see revenues of € 1.3 billion within a range of plus/minus 5 per cent and EBITDA of between € 117.5 million and € 127.5 million.

Revenues raised, noticeable improvement in operating result (EBITDA) and consolidated profit

In the first half we raised revenues by 3.9% to € 644.2 million. The operating result (EBITDA), i.e. earnings before interest, tax, depreciation and amortisation, the most important ratio for our operative strength, witnessed a significantly disproportionate rise over the first half by roughly 19.2% to € 60.9 million after € 51.1 million during the same period of the previous year. The EBITDA margin thus reached 9.5% after 8.2% in the previous year. In this generally pleasing but differentiated performance, several factors were at work:

On the one hand, the operating trend at individual sites lagged behind our expectations. There we focused intensive efforts already in 2018 on addressing the regional competitive environment as well as the respective medical services portfolio of our sites, and from there implemented rafts of numerous specific measures. We expect these to show the first noticeable improvement effects over the second half of 2019. The first months of the first half year were also marked by the start-up effects of the new campus in Bad Neustadt. Here, several facilities that previously had been operating independent of and parallel to one another over a period spanning decades have not only been put under one roof in terms of their location but have also been switched over to a new workflow organisation as well as a new IT basis.

On the other hand, the significant gain in EBITDA is decisively attributable to the success in the separate accounting approach, i.e. the improved remuneration of our services for research and teaching at our two privatised university hospitals in Giessen and Marburg. The first half of 2018 had not yet reflected the positive effect from the agreement reached with the Federal State of Hesse and the universities of Giessen and Marburg (UKGM) on the issue of separate accounting. In the first half of 2019 we were also helped by higher revenues from the university outpatient centers in Giessen and Marburg. A further contribution to earnings performance came from our comprehensive improvement programme that we already launched in 2017 and consistently pursued. Here we are seeing, for example, visible and tangible progress in the coding of services, in stepping up our efforts at improving purchasing and in maintenance and service contracts. The delayed effects from the Fresenius/Helios transaction at that time have also had a positive impact on our half-year result.

The increase in EBITDA results in consolidated profit of € 20.5 million in the first six months of 2019 after € 17.6 million in the same period of the previous year, which translates into a gain of 16.5%.

Meeting operative challenges through targeted raft of measures

The shortage of specialists above all in the nursing area, but also with doctors and central functions such as IT, is also presenting our Company with special challenges. In view of demographic trends, which are set to intensify already in just a few years and therefore expected to result in an even greater shortage of skilled staff in future, we have embarked on a whole raft of measures to keep our existing staff even more loyal to us and to recruit new staff.

These also include measures to expand future training capacities at our nursing schools – we are also putting increasing emphasis on our own training capacity. In financial year 2018 we trained almost 1,000 young persons, of whom roughly 850 in nursing professions. With the trade union ver.di, for example, we succeeded in coming to an agreement at the two university hospitals of Giessen and Marburg (UKGM) at the beginning of April on a new collective agreement that gives our employees a stake in our positive economic performance and underscores our attractiveness as an employer in our vying with competitors. The students at the vocational schools for healthcare professions moreover receive their own training remuneration retroactive to the beginning of the year.

We wish to and indeed will continue promoting our own young talent Group-wide. This also holds true for young and aspiring doctors. To give today's students a greater awareness of issues like digitalisation in the healthcare system, we launched a cooperation scheme with Justus-Liebig-Universität Giessen (JLU) in 2019. In the curriculum focus of "Digital medicine, eHealth and telemedicine", students are given a teaching offering geared to future subjects at the interface of medicine and IT. We thus help future graduates to be connected as closely as possible to the practical reality in the healthcare industry.

Furthermore, we have gradually expanded our International Scholarship Programme of Campus Bad Neustadt, which has been successfully established for years, to other sites so as to counteract the trend in the shortage of staff by recruiting qualified medical and nursing staff from abroad. Given the many years of positive experience in this area – both in the integration of foreign doctors and in nursing – we are planning to gradually expand this programme to the entire Group.

RHÖN-KLINIKUM Campus Bad Neustadt – care model of future

We are also breaking new ground when it comes to achieving the best possible quality in healthcare provision: with the Campus Bad Neustadt, we successfully realised our campus approach for viable healthcare provision, above all in rural regions, as a prototype at the beginning of 2019. Our courageous blueprint for the future offers a solution to the challenges facing the healthcare system: it is precisely in rural areas that we face the question of how to preserve a high quality of medical care for an ageing population as human resources become increasingly scarce with the growing shortage of skilled staff.

Instead of practising a strict separation between the outpatient and inpatient treatment sectors, with the campus approach we offer the provision of medical services at the highest quality level along the lines of full-coverage care. All this is implemented on the basis of state-of-the-art IT, with digital tools such as an electronic patient file in which doctors, subject to patient consent, can have access to MRI or X-ray images of their common patients. This helps us to prevent redundant examinations and to meet the needs and expectations of patients for modern healthcare provision.

We are committed to a close networking and interdisciplinary cooperation across the boundaries of outpatient and inpatient care to enable comprehensive care for patients, from prevention, over outpatient and inpatient care right through to rehab offerings. The offering is to be supplemented at all sites by our planned telemedical services.

Digital transformation in dialogue with employees and patients

In digitalisation, we continue to resist the temptation of being carried away by hype that is generally associated with it. We therefore focus our attention on specific tools and processes to determine how to promote the digital transformation of the Company in all areas, i.e. with physician´s, nurses, medical technology and administrative services. Here, the focus, in addition to the quality of patient care and reaping efficiency gains, is on our employees whose day-to-day activity is to be improved noticeably. Whether or not a technological advance is successfully deployed will depend not only on the quality of the respective digital product but also on its acceptance by the users.

In this regard we place great emphasis on getting patients on board with our digital transformation and showing them the opportunities and benefits, creating understanding, but also responding to their questions and taking their fears seriously. We are moreover observing new market trends and are considering i. a. the automation of administrative processes. It goes without saying that the applications have to be technologically mature. Our readiness and ability to innovate also helps us be an attractive employer in a fiercely competitive employment market.

We have identified very good market maturity among other things in the semantic coding software Tiplu Momo. In this area we were (much like many other hospital operators as well) for many years confronted with the problem, after having provided services to patients, of often not being able to invoice the same as a result of deficiencies in documentation. Tiplu takes up this problem already in the coding process and reveals potential deficits or discrepancies to our coding specialists so that we can collect revenues from services rendered in an objective manner. The quality of the product has not only convinced us in its use at the Group’s facilities but also prompted us to take an equity interest in Tiplu GmbH. Both the equity interest and the results from the use of the software Tiplu Momo are witnessing a very positive development.

Entry to growth market of telemedicine

Moreover, given the trend towards greater outpatient care, developments in the field of medical technology as well as further regulation and bureaucratisation tendencies in policy as mentioned at the beginning, we are well advised to forge ahead with new business developments. Here we see in telemedicine, but also in new data-based and data-controlled care models, an indispensible addition to existing structures. We want to supplement the principle that has held sway for decades of “outpatient before inpatient“ by that of “digital before outpatient before inpatient”. Through telemedicine, we want not only ensure high quality medical care for patients but also achieve better allocation of resources through objective patient and occupancy management.

In the area of telemedicine the preparatory measures with our partner Medgate have been making headway. One hurdle in the current debate are the different rules on admissibility of tele-treatment in the individual federal states which are determined by the respective regional medical associations (Landesärzte-kammer). This puts persons under statutory health insurance at a direct disadvantage. Whereas the statutory health insurance funds will have to wait for an overhaul of remuneration structures in the field of telemedicine, the response by the private health insurance funds has been pleasing.

With regard to the new remuneration structures it is our view that DRG remuneration is no longer contemporary and sets the wrong system incentives, particularly with the adopted phasing-out of the nursing budget as of 2020. In our view, the transition to a model geared towards prevention is inevitable. These are what are known as regional healthcare budgets allocated through a capitation model or per-capita flat rates including all care levels, whereas the DRG system is geared only to inpatient care. Whether politicians will have the courage to take this path is something we will see in the medium term. We are contributing to this debate in many different ways.

In 2019 we will vigorously pursue the task of restructuring the healthcare system and implementing our corporate goals. As shareholders, you can participate in this exciting development. I am happy that you continue to accompany us on our journey and to put your trust in us.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

Stephan Holzinger
Chairman of the Board of Management

THE RHÖN-KLINIKUM SHARE

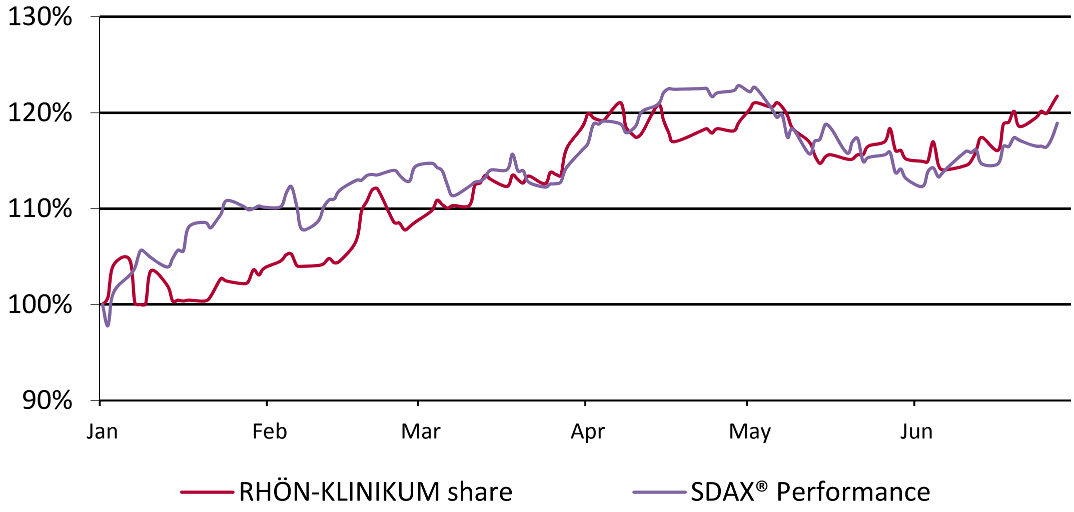
The share of RHÖN-KLINIKUM AG ended the first half of 2019 at a price of € 26.90 and in the first half recorded a value increase of 21.9%.

Over the same period, the German leading index DAX® recorded an increase of 17.4% and ended the first half of 2019 at 12,399 points. The second-tier index SDAX® rose by 19.7%. The DJ EURO STOXX 50® and DJ EURO STOXX Healthcare® saw gains of 16.3% and 9.1%, respectively.

RHÖN-KLINIKUM share		
ISIN		DE0007042301
Ticker symbol		RHK
Registered share capital (€)		167,406,175
Number of shares		66,962,470
Share prices (€)	**1 Jan.-30 June 2019**	**1 Jan.-31 Dec. 2018**
Closing price	26.90	22.06
High	26.90	31.70
Low	22.10	21.18
	30 June 2019	**31 Dec. 2018**
Market capitalisation (€ m)	1,801.29	1,477.19
Deutsche Börse index ranking	146	156

In the first six months of financial year 2019 the share of RHÖN-KLINIKUM AG outperformed the German and European benchmark indices. Positive impetus was provided by the strong operative result, the significant increase in the dividend by roughly 32% and the high demand for stocks with a digitalisation narrative.

RHÖN-KLINIKUM share in comparison with the SDAX®



Source: XETRA®, stock performance indexed (2 January 2019 = 100)

GROUP INTERIM REPORT

REPORT ON THE FIRST HALF OF 2019

- In the first half of 2019 we treated 432,560 patients in our hospitals and medical care centres, generating revenues of € 644.2 million, EBITDA of € 60.9 million and consolidated profit of € 20.5 million.
- With the acquisition of the majority interest in the Marburg Particle Therapy Center from Universitätsklinikum Heidelberg, the pathway was provided for the successful relaunch of MIT GmbH. The company will be fully consolidated in the consolidated financial statements as of 1 January 2019.
- The equity interest acquired in the coding specialist Tiplu GmbH at the beginning of 2019 and the resulting direct access to the coding software Momo are ensuring consistent implementation of our digitalisation strategy and promoting the optimisation of the DRG coding process.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 June 2019 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315e of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2019.

The accounting policies applied, to the extent already applied in financial year 2018 and consistently applied in financial year 2019, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2018. The accounting policies applicable for the first time in financial year 2019 are explained in the Condensed Notes to this Interim Report. These will have the effects as stated in the Condensed Notes on the net assets, financial position and results of operations of the Group 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 Board of Management has remained unchanged since 31 December 2018.

Prof. Dr. h.c. Ludwig Georg Braun left the Supervisory Board on conclusion of the Annual General Meeting on 5 June 2019. Mr. Jan Hacker has been a new member on the Supervisory Board since conclusion of the Annual General Meeting on 5 June 2019. For all other details, please refer to the statements in the 2018 Annual Report.

The notifications pursuant to section 33 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) received in the first six months of financial year 2019 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

During the reporting period, RHÖN-KLINIKUM AG received no notifications pursuant to section 38 WpHG and no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014.

The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG 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 2018.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Economic momentum further waned in the first half of 2019. Current economic indicators are signalling a moderate performance by the German economy in the second quarter of 2019. The outlook of German companies for the future – not least due to the high level of uncertainties in terms of economic policy globally – has become far more pessimistic. Whereas the German government in its forecast for the trend in gross domestic product (GDP) for 2019 published in January 2019 still put growth at + 1.0%, it lowered the GDP growth rate in its forecast published in April 2019 to + 0.5%.

The healthcare industry continues to be hampered by the regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSG), such as the further reduction in remuneration for material cost-intensive services, in particular for cardiological and specialist orthopaedic patients as well as the applicable fixed cost degression discount. In all other respects, the general conditions in the healthcare industry have not changed significantly for financial year 2019 compared with the statements made in the 2018 Annual Report. Consequently, no other or additional effects result that might have a positive or negative impact on the business performance of RHÖN-KLINIKUM AG.

BUSINESS PERFORMANCE OF THE FIRST HALF

Overall statement on economic position

January to June	2019 € m	2018 € m	Change € m	 %
Revenues	644.2	620.2	24.0	3.9
EBITDA	60.9	51.1	9.8	19.2
EBIT	26.6	20.9	5.7	27.3
EBT	25.9	20.9	5.0	23.9
Consolidated profit	20.5	17.6	2.9	16.5

With revenues up by € 24.0 million (3.9%), we record an increase in EBITDA by € 9.8 million or 19.2% to € 60.9 million, an increase in EBIT by € 5.7 million or 27.3% to € 26.6 million, as well as an increase in consolidated profit by € 2.9 million or 16.5% to € 20.5 million in the first half of 2019 compared with the same period last year.

The growth in EBITDA, in addition to the positive effects from the agreement on separate accounting, is the result of higher revenues from our university outpatient units as well as positive subsequent effects from the Fresenius/Helios transaction.

Development in service volumes

	Hospitals	Beds
As at 31 December 2018	**11**	**5,369**
Merger of subsidiaries	-3	-57
Change in capacities	-	-
As at 30 June 2019	**8**	**5,312**

With the legal merger of Herz- und Gefäß-Klinik GmbH Bad Neustadt and Neurologische Klinik GmbH Bad Neustadt/ Saale as at 1 January 2018 as well as the implementation of the RHÖN Campus approach, the number of hospitals, based on hospital requirement planning as at 1 January 2019, decreased from eleven hospitals to eight hospitals and the number of beds/places from 5,369 beds/places to 5,312 beds/places. In the first half of 2019, there were moreover no further changes in the number of approved beds as part of our acute-inpatient capacities.

As at 30 June 2019 we operate seven medical care centres with a total of 47.50 specialist practices:

	Medical care	Specialist practices
As at 31 December 2018	**7**	**42.00**
Opened/acquired		
MVZ Bad Neustadt a. d. Saale	-	4.00
MVZ Frankfurt (Oder)	-	1.50
As at 30 June 2019	**7**	**47.50**

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

January to June	2019	2018	Change absolute	%
Inpatient and semi-inpatient treatments				
acute hospitals	105,408	106,268	-860	-0.8
rehabilitation hospitals and other facilities	2,436	2,461	-25	-1.0
	107,844	108,729	-885	-0.8
Outpatient treatments at our				
acute hospitals	233,194	233,572	-378	-0.2
medical care centres	91,522	90,016	1,506	1.7
	324,716	323,588	1,128	0.3
Total	**432,560**	**432,317**	**243**	**0.1**

The trend towards outpatient care is further continuing in the entire German hospital sector as also in our facilities. Whereas the number of patients treated on an outpatient basis rose by 1,128 or 0.3%, case numbers of patients treated on an inpatient and semi-inpatient basis declined slightly by -885 or -0.8%.

Results of operations

Consolidated performance figures developed as shown below:

January to June	2019 € m	2018 € m	Change € m	Change %
Income				
Revenues	644.2	620.2	24.0	3.9
Other income	105.4	75.7	29.7	39.2
Total	**749.6**	**695.9**	**53.7**	**7.7**
Expenses				
Materials and consumables used	195.9	183.8	12.1	6.6
Employee benefits expense	428.3	401.3	27.0	6.7
Other expenses	64.3	59.3	5.0	8.4
Result of impairment on financial assets	0.2	0.4	-0.2	-50.0
Total	**688.7**	**644.8**	**43.9**	**6.8**
EBITDA	**60.9**	**51.1**	**9.8**	**19.2**
Depreciation/amortisation and impairment	34.3	30.2	4.1	13.6
EBIT	**26.6**	**20.9**	**5.7**	**27.3**
Finance result	-0.7	0.0	-0.7	N.A.
EBT	**25.9**	**20.9**	**5.0**	**23.9**
Income taxes	5.4	3.3	2.1	63.6
Consolidated profit	**20.5**	**17.6**	**2.9**	**16.5**

Compared with the same period last year, revenues witnessed a rise of € 24.0 million or 3.9%. As in the same period of the previous year, revenue figures include income from the invoicing of an additional remuneration component for the medicamentous treatment of SMA (spinal muscle atrophy) as well as income from the invoicing of an additional remuneration component for the treatment of MS (multiple sclerosis) applied for the first time in the second quarter of 2018. The aforementioned supplementary fees are remunerated in addition to the pure DRGs (diagnosis related groups) and negatively impacts the materials and consumables used item by nearly the same amount. For the first time as of financial year 2019, revenues include applied cost reimbursements for cancer immunotherapies that negatively impact the materials and consumables used item by the same amount. Moreover in the first half of 2019 we were helped by higher revenues from our university outpatient centers.

In the first half of financial year 2019, provisions for legal and tax risks were reversed in the amount of € 15.3 million based on new information. The income was recognised under other income. The rise in other income is also accounted for, among other things, by increased sales of pharmaceuticals (including income from the invoicing of a drug for treating MS (multiple sclerosis) that negatively impacts materials and consumables used by the same amount) and cytostatics as well as personnel costs for students of healthcare professions refinanced for the first time.

January to June	2019 %	2018 %
Materials ratio	30.4	29.6
Personnel ratio	66.5	64.7
Other cost ratio	10.0	9.6
Depreciation and amortisation ratio	5.4	4.8
Finance result ratio	-0.1	0.0
Effective tax ratio	0.8	0.6

Compared with the same period last year, materials and consumables used witnessed a rise in the first six months of 2019, disproportionate to the rise in revenues, by € 12.1 million or 6.6%. The materials ratio climbed from 29.6% to 30.4%. Materials and consumables used includes expenditures for the medicamentous treatment of SMA (spinal muscle atrophy), MS (multiple sclerosis), and for the first time from financial year 2019 expenses for cancer immunotherapies which are remunerated in nearly the same amount and reported under revenues or other income. Adjusted for this effect, the cost-of-materials ratio increased slightly from 27.9% to 28.5% resulting from the use of material cost-intensive services. As a result of mandatory adoption of the new standard IFRS 16 “Leases” for the first time as of financial year 2019, expenses previously recorded under materials and consumables used amounting to € 0.4 million are no longer reported under materials and consumables used. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.4 million under depreciation/ amortisation and impairment.

In addition to a rise in the number of employees, general wage increases had an impact on the employee benefits expense. Moreover, personnel expenses for students of healthcare professions were included in the first half of 2019 for the first time, which compared with reimbursement payments in the same amount in the other income item. The personnel ratio rose from 64.7% to 66.5%.

The other cost ratio rose slightly from 9.6% to 10.0%. As a result of the initial adoption of IFRS 16 “Leases” as of financial year 2019, expenses of the first six months of 2019 amounting to € 0.7 million previously recorded under the other expenses item are no longer reported under other expenses. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.7 million under depreciation/amortisation and impairment.

The negative result from the impairment on financial assets in the amount of € 0.2 million (previous year: € 0.4 million) results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets.

The depreciation and impairment item rose compared with the same period of the previous year by € 4.1 million or 13.6% to € 34.3 million. This is attributable among other things to the Campus Bad Neustadt being put into service at the turn of the year 2018/2019. The depreciation and amortisation ratio rose from 4.8% to 5.4%. The initial adoption of IFRS 16 “Leases“ as of financial year 2019 results in a total increase of € 1.1 million.

In the first six months of financial year 2019, the negative finance result deteriorated by € 0.7 million to € 0.7 million. This was essentially attributable to finance expenses in connection with the promissory note loan issued in October 2018.

The rise in income tax expenditure by € 2.1 million is essentially attributable to the ruling by the Federal Fiscal Court (Bundesfinanzhof) and the related risk provisioning.

Compared with the first six months of financial year 2018, consolidated profit rose by € 2.9 million or 16.5% to € 20.5 million (previous year: € 17.6 million).

Non-controlling interests in profit increased compared with the same period last year by € 0.1 million or 16.7% to € 0.7 million (previous year: € 0.6 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2019 rose by € 2.8 million or 16.5% to € 19.8 million compared with the same period last year (previous year: € 17.0 million). The interest in profit of the shareholders corresponds to earnings per share of € 0.30 (previous year: € 0.25) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated profit and other earnings) stood at € 22.2 million (previous year: € 18.8 million) in the first six months of financial year 2019.

Net assets and financial position

	30 June 2019		31 Dec. 2018	
	€ m	%	€ m	%
ASSETS				
Non-current assets	1,055.6	66.8	1,039.6	65.4
Current assets	523.9	33.2	549.7	34.6
	1,579.5	**100.0**	**1,589.3**	**100.0**
EQUITY AND LIABILITIES				
Equity	1,162.0	73.6	1,159.2	72.9
Long-term loan capital	126.7	8.0	116.9	7.4
Short-term loan capital	290.8	18.4	313.2	19.7
	1,579.5	**100.0**	**1,589.3**	**100.0**

Compared with the balance sheet date of 31 December 2018, the balance sheet total declined by € 9.8 million or 0.6% to € 1,579.5 million (31 December 2018: € 1,589.3 million).

The equity capital ratio rose compared with the last reporting date from 72.9% to 73.6% and remains at a very high level.

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

Equity	**2019**			**2018**
	Share-holders	**Non-controlling interests**	**Total**	**Total**
	€ m	**€ m**	**€ m**	**€ m**
As at 1 January before adjustments	**1,135.3**	**23.9**	**1,159.2**	**1,125.3**
Adjustments through adoption of IFRS 9 (after tax)	-	-	-	-1.2
As at 1 January after adjustments	**1,135.3**	**23.9**	**1,159.2**	**1,124.1**
Equity transactions with owners	-19.4	-	-19.4	-15.9
Total comprehensive income of the period	21.5	0.7	22.2	18.8
Other changes	-	-	-	-
As at 30 June	**1,137.4**	**24.6**	**1,162.0**	**1,127.0**

As at 30 June 2019, equity stands at € 1,162.0 million (31 December 2018: € 1,159.2 million). The increase in equity capital compared with the reporting date of 31 December 2018 by € 2.8 million results from consolidated profit for the first six months of 2019 (€ 20.5 million) and gains from the change in the fair value through other comprehensive income (FVOCI) (€ 1.7 million), on the one hand, and losses from the revaluation of defined benefit pension plans, on the other hand. Moreover, dividends to shareholders had an equity diminishing effect to the tune of € 19.4 million.

122.1% (31 December 2018: 122.7%) of non-current assets is nominally covered by equity and non-current liabilities at matching maturities. As at 30 June 2019, we report a net liquidity of € 70.7 million (31 December 2018: € 141.2 million). Our net liquidity is calculated as follows:

	30 June 2019	**31 Dec. 2018**
	€ m	**€ m**
Current cash	94.9	132.3
Current fixed term deposits	89.7	114.4
Non-current fixed term deposits	0.0	0.0
Cash, fixed term deposits	184.6	246.7
Current financial liabilities	1.1	0.3
Non-current financial liabilities	99.6	99.5
Liabilities under leases	13.2	5.7
Financial liabilities	113.9	105.5
Net liquidity	**70.7**	**141.2**

Liabilities under leases as at 30 June 2019 for the first time include obligations resulting from the initial mandatory adoption of the Standard IFRS 16 as of financial year 2019 in the amount of € 8.0 million.

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

January to June	2019 € m	2018 € m
Cash generated from / cash used in operating activities	17.3	-6.7
Cash used in / cash generated from investing activities	-33.6	3.3
Cash used in financing activities	-21.1	-15.9
Change in cash and cash equivalents	**-37.4**	**-19.3**
Cash and cash equivalents at 1 January	132.3	122.5
Cash and cash equivalents at 30 June	**94.9**	**103.2**

Cash and cash equivalents diminished in the first six months of 2019 by € 37.4 million (first six months of 2018 decrease by € 19.3 million). In this context, a positive operating cash flow was achieved in the amount of € 17.3 million (previous year: -€ 6.7 million).

Investments

Aggregate investments of € 57.1 million (previous year: € 66.7 million) in the first six months of financial year 2019 are shown in the following table:

	Use of		
	Gov't grants € m	Own funds € m	Total € m
Current investments	9.7	40.4	50.1
Takeovers	-	7.0	7.0
Total	**9.7**	**47.4**	**57.1**

Of these investments made in the first six months of 2019, € 9.7 million (previous year: € 5.0 million) were attributable to investments funded from grants under hospital financing legislation and deducted from total investments pursuant to the relevant provisions of IFRS.

Investment for takeovers was attributable to the acquisition of the majority interest in the Marburg Particle Therapy Center from Universitätsklinikum Heidelberg (€ 6.7 million) and from the acquisition against consideration of 3.0 physician´s practices at the Bad Neustadt a. d. Saale site (€ 0.3 million). A further 2.5 doctor's practices were acquired without consideration.

An analysis of our investments financed from Company funds by site is given below:

	€ m
Giessen, Marburg	21.1
Bad Neustadt a. d. Saale	16.8
Bad Berka	5.5
Frankfurt (Oder)	4.0
Total	**47.4**

The agreement with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until 2021. As at the balance sheet date of 30 June 2019, there were still investment obligations remaining from this totalling € 25.3 million. There are also further obligations relating to building modernisation and extension measures at the Giessen and Marburg sites.

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

Employees

Employees	30 June 2019	31 Dec. 2018	Change absolute	%
Hospitals	15,172	15,165	7	0.0
Medical care centres	266	244	22	9.0
Service companies	1,675	1,576	99	6.3
Total	**17,113**	**16,985**	**128**	**0.8**

On 30 June 2019, the Group employed 17,113 persons (31 December 2018: 16,985).

A training remuneration payment is made for 420 students of the healthcare professions at the University Hospital of Giessen and Marburg based on an agreement reached with the trade union ver.di in 2019.

BUSINESS PERFORMANCE OF THE SECOND QUARTER

April to June	2019	2018	Change	
	€ m	€ m	€ m	%
Revenues	320.0	308.5	11.5	3.7
EBITDA	32.2	23.5	8.7	37.0
EBIT	15.5	8.4	7.1	84.5
EBT	15.2	8.5	6.7	78.8
Consolidated profit	11.6	7.2	4.4	61.1

With revenues up by € 11.5 million (3.7%), we record an increase in EBITDA by € 8.7 million or 37.0% to € 32.2 million, an increase in EBIT by € 7.1 million or 84.5% to € 15.5 million, as well as an increase in consolidated profit by € 4.4 million or 61.1% to € 11.6 million in the second quarter of 2019 compared with the same period last year.

EBITDA of the second quarter of 2019 includes the delayed positive effects from the reversal of provisions for legal and tax risks in the amount of € 15.3 million based on new information. The rise in income tax expenditure by € 2.2 million is attributable to the ruling by the Federal Fiscal Court (Bundesfinanzhof) and the related risk provisioning. Overall, the operating result of the second quarter of 2019 fell short of expectations.

RISKS AND OPPORTUNITIES

The risk management system in place as well as the individual Company risks and opportunities are described in the Annual Report 2018 on pages 111 to 117. The statements there essentially continue to apply unchanged. We do not see any risks posing a threat to the Company’s existence, neither for the individual subsidiaries nor for the Group.

FORECAST

Also in financial year 2019, the economic basis of the RHÖN-KLINIKUM Group will be provided by its five large sites in four federal states counting over 5,300 beds and over 17,000 employees.

For the current financial year 2019, we continue to expect revenues of € 1.30 billion within a range of plus or minus 5%. For earnings before interest, tax and depreciation/amortisation and impairment (EBITDA), we continue to expect a level of between € 117.5 million and € 127.5 million.

Our guidance is subject to any regulatory measures impacting our remuneration structure in 2019.

Bad Neustadt a. d. Saale, 1 August 2019

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing   Stephan Holzinger   Dr. Gunther K. Weiß

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January to June 2019

January to June	2019		2018	
	€ '000	%	€ '000	%
Revenues	644,178	100.0	620,181	100.0
Other income	105,444	16.4	75,698	12.2
	749,622	**116.4**	**695,879**	**112.2**
Materials and consumables used	195,895	30.4	183,782	29.6
Employee benefits expense	428,258	66.5	401,305	64.7
Other expenses	64,321	10.0	59,251	9.6
Result of impairment on financial assets	233	0.0	405	0.1
	688,707	**106.9**	**644,743**	**104.0**
Interim result (EBITDA)	**60,915**	**9.5**	**51,136**	**8.2**
Depreciation/amortisation and impairment	34,278	5.4	30,276	4.8
Operating result (EBIT)	**26,637**	**4.1**	**20,860**	**3.4**
Result of investments accounted for using the equity method	46	0.0	29	0.0
Finance income	86	0.0	223	0.0
Finance expenses	-1,172	-0.2	-318	0.0
Result of impairment on financial investments	262	0.1	66	0.0
Finance result (net)	**-778**	**-0.1**	**0**	**0.0**
Earnings before taxes (EBT)	**25,859**	**4.0**	**20,860**	**3.4**
Income taxes	5,316	0.8	3,269	0.6
Consolidated profit	**20,543**	**3.2**	**17,591**	**2.8**
of which				
non-controlling interests	**704**	**0.1**	**596**	**0.1**
shareholders of RHÖN-KLINIKUM AG	**19,839**	**3.1**	**16,995**	**2.7**
Earnings per share in €				
undiluted	**0.30**		**0.25**	
diluted	**0.30**		**0.25**	

January to June	2019	2018
	€ '000	€ '000
Consolidated profit	**20,543**	**17,591**
of which		
non-controlling interests	704	596
shareholders of RHÖN-KLINIKUM AG	19,839	16,995
Changes in fair value through other comprehensive income (FVOCI)	2,012	1,134
Income taxes	-318	-179
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	**1,694**	**955**
Revaluation of defined benefit pension plans	-45	297
Income taxes	7	- 47
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	**-38**	**250**
Other comprehensive income [1]	**1,656**	**1,205**
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	1,656	1,205
Total comprehensive income	**22,199**	**18,796**
of which		
non-controlling interests	704	596
shareholders of RHÖN-KLINIKUM AG	21,495	18,200

[1] Sum of value changes recognised at equity.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, April to June 2019

April to June	2019		2018	
	€ '000	%	€ '000	%
Revenues	319,967	100.0	308,527	100.0
Other income	61,529	19.2	38,671	12.5
	381,496	**119.2**	**347,198**	**112.5**
Materials and consumables used	99,868	31.2	90,959	29.5
Employee benefits expense	214,636	67.1	201,638	65.4
Other expenses	34,687	10.8	31,046	10.0
Result of impairment on financial assets	116	0.0	29	0.0
	349,307	**109.1**	**323,672**	**104.9**
Interim result				
(EBITDA)	**32,189**	**10.1**	**23,526**	**7.6**
Depreciation/amortisation and impairment	16,696	5.3	15,164	4.9
Operating result (EBIT)	**15,493**	**4.8**	**8,362**	**2.7**
Result of investments accounted for using the equity method	22	0.0	6	0.0
Finance income	52	0.0	140	0.1
Finance expenses	-574	-0.2	-183	-0.1
Result of impairment on financial investments	170	0.1	181	0.1
Finance result (net)	**-330**	**-0.1**	**144**	**0.1**
Earnings before taxes (EBT)	**15,163**	**4.7**	**8,506**	**2.8**
Income taxes	3,560	1.0	1,327	0.5
Consolidated profit	**11,603**	**3.7**	**7,179**	**2.3**
of which				
non-controlling interests	**94**	**0.1**	**176**	**0.0**
shareholders of RHÖN-KLINIKUM AG	**11,509**	**3.6**	**7,003**	**2.3**
Earnings per share in €				
undiluted	**0.18**		**0.10**	
diluted	**0.18**		**0.10**	

April to June	2019	2018
	€ '000	€ '000
Consolidated profit	**11,603**	**7,179**
of which		
non-controlling interests	94	176
shareholders of RHÖN-KLINIKUM AG	11,509	7,003
Changes in fair value through other comprehensive income (FVOCI)	1,919	340
Income taxes	-303	-53
Other comprehensive income (changes in fair value through other comprehensive income) not subsequently reclassified to income statement	**1,616**	**287**
Revaluation of defined benefit pension plans	-21	59
Income taxes	3	- 9
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	**-18**	**50**
Other comprehensive income [1]	**1,598**	**337**
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	1,598	337
Total comprehensive income	**13,201**	**7,516**
of which		
non-controlling interests	94	176
shareholders of RHÖN-KLINIKUM AG	13,107	7,340

[1] Sum of value changes recognised at equity.

Consolidated Balance Sheet as at 30 June 2019

	30 June 2019		31 Dec. 2018	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	177,940	11.3	176,707	11.1
Property, plant and equipment	863,628	54.7	852,100	53.6
Investment property	2,420	0.1	2,490	0.2
Investments accounted for using the equity method	354	0.0	390	0.0
Deferred tax assets	2,316	0.1	3,178	0.2
Other financial assets	8,943	0.6	4,682	0.3
	1,055,601	**66.8**	**1,039,547**	**65.4**
Current assets				
Inventories	21,902	1.4	25,939	1.6
Trade receivables	227,181	14.4	212,376	13.4
Other financial assets	160,193	10.1	169,276	10.7
Other assets	18,709	1.2	7,820	0.5
Current income tax assets	1,029	0.1	2,047	0.1
Cash and cash equivalents	94,918	6.0	132,283	8.3
	523,932	**33.2**	**549,741**	**34.6**
	1,579,533	**100.0**	**1,589,288**	**100.0**

	30 June 2019		31 Dec. 2018	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	10.6	167,406	10.5
Capital reserve	574,168	36.4	574,168	36.1
Other reserves	395,904	25.1	393,821	24.8
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,137,402	72.1	1,135,319	71.4
Non-controlling interests in equity	24,582	1.5	23,903	1.5
	1,161,984	**73.6**	**1,159,222**	**72.9**
Non-current liabilities				
Financial liabilities	99,552	6.3	99,525	6.3
Provisions for post-employment benefits	1,336	0.1	2,199	0.1
Other financial liabilities	25,851	1.6	15,170	1.0
	126,739	**8.0**	**116,894**	**7.4**
Current liabilities				
Financial liabilities	1,095	0.1	303	0.0
Trade payables	78,567	5.0	115,883	7.3
Current income tax liabilities	6,692	0.4	3,847	0.2
Other provisions	46,480	2.9	62,436	3.9
Other financial liabilities	42,045	2.7	23,557	1.5
Other liabilities	115,931	7.3	107,146	6.8
	290,810	**18.4**	**313,172**	**19.7**
	1,579,533	**100.0**	**1,589,288**	**100.0**

Consolidated Statement of Changes in Equity, January to June 2019

	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. 2017/1 Jan. 2018 before adjustments	**167,406**	**574,168**	**360,803**	**-76**	**1,102,301**	**22,955**	**1,125,256**
Adjustments through adoption of IFRS 9 (after tax)	-	-	-1,122	-	-1,122	-30	-1,152
As at 31 Dec. 2017/1 Jan. 2018 after adjustments	**167,406**	**574,168**	**359,681**	**-76**	**1,101,179**	**22,925**	**1,124,104**
Equity transactions with owners							
Dividend payments	-	-	-14,727	-	-14,727	-1,218	-15,945
Consolidated profit	-	-	16,995	-	16,995	596	17,591
Other comprehensive income	-	-	1,205	-	1,205	-	1,205
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 30 June 2018	**167,406**	**574,168**	**363,154**	**-76**	**1,104,652**	**22,303**	**1,126,955**
As at 31 Dec. 2018/1 Jan. 2019	**167,406**	**574,168**	**393,821**	**-76**	**1,135,319**	**23,903**	**1,159,222**
Equity transactions with owners							
Dividend payments	-	-	-19,412	-	-19,412	-	-19,412
Consolidated profit	-	-	19,839	-	19,839	704	20,543
Other comprehensive income	-	-	1,656	-	1,656	-	1,656
Other changes							
Changes in consolidated companies	-	-	-	-	-	-25	-25
As at 30 June 2019	**167,406**	**574,168**	**395,904**	**-76**	**1,137,402**	**24,582**	**1,161,984**

[1] Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows, January to June 2019

January to June	2019 € m	2018 € m
Earnings before taxes	25.9	20.9
Finance result (net)	0.8	0.0
Depreciation/amortisation and impairment and gains/losses on disposal of assets	34.2	30.2
	60.9	**51.1**
Change in net current assets		
Change in inventories	4.3	0.6
Change in trade receivables	-11.7	-38.4
Change in other financial assets and other assets	-24.6	-33.8
Change in trade payables	-13.9	-6.6
Change in other net liabilities/other non-cash transactions	21.3	22.6
Change in provisions	-16.8	-0.3
Income taxes paid	-2.0	-1.6
Interest paid	-0.2	-0.3
Cash generated from / cash used in operating activities	**17.3**	**-6.7**
Investments in property, plant and equipment and in intangible assets	-66.9	-61.6
Government grants received to finance investments in property, plant and equipment and in intangible assets	9.7	5.0
Change in investments in fixed term deposits	25.0	60.1
Investments in financial assets	-2.2	-
Acquisition of subsidiaries, net of cash acquired	0.3	-0.6
Sale proceeds from disposal of assets	0.4	0.2
Interest received	0.1	0.2
Cash used in / cash generated from investing activities	**-33.6**	**3.3**
Payments from finance leases	-1.7	0.0
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-19.4	-14.7
Payments to non-controlling interests in equity	-	-1.2
Cash used in financing activities	**-21.1**	**-15.9**
Change in cash and cash equivalents	-37.4	-19.3
Cash and cash equivalents at 1 January	132.3	122.5
Cash and cash equivalents at 30 June	**94.9**	**103.2**

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. We moreover operate outpatient structures essentially in the form of medical care centres. 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 (SDAX®) since 1989. The registered office of the Company is in Bad Neustadt a. d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 1 August 2019 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2019 have been prepared in accordance with the rules of IAS 34 in condensed form applying Section 315e 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.

With the exception of the Standards and Interpretation described below, 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 2018.

The new Standard IFRS 16 published in January 2016 and the subject of mandatory adoption for financial years commencing on or after 1 January 2019 defines a lease as a contract which conveys the right to use an asset for a period of time in exchange for consideration. The previous classification as finance and operating leases will no longer apply for lessees as of the initial adoption date. For lessees, the new Standard requires a totally new approach towards accounting for lease contracts. Thus, from the initial adoption date every lease as a rule has to be recognised with the lessee on the balance sheet in the form of a right of use and a lease liability. The lease liability is measured in accordance with the lease payments outstanding discounted with the incremental borrowing rate if it is not possible to calculate the interest rate implicit in the lease. The right of use as a general rule is measured at the amount of the lease liability plus any initial direct cost. During the lease term, the right of use is to be depreciated and the lease liability updated using the effective interest method and taking into account the lease payments. For lessors, the accounting rules remain largely unchanged.

Within the Group of RHÖN-KLINIKUM AG, the new Standard will be adopted as of 1 January 2019 with application in modified form retroactively. For leases with a term of twelve months maximum as of 1 January 2019 as well as leases relating to low-value assets, no right of use and no lease liability will be applied in the balance sheet and the lease payments will continue to be recognised as an expense as thus with a negative effect on EBITDA in the income statement. The Group adopts the exemption with regard to retaining the definition of a lease. IFRS 16 will thus be adopted for all contracts which were entered into before 1 January 2019 and classified as leases in accordance with IAS 17 and IFRIC 4. The adoption of IFRS 16 as lessee has a material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG. On the initial adoption date of 1 January 2019 there is thus an increase in assets and liabilities within the balance sheet (balance sheet extension) by € 8.2 million. The rights of use in the amount of € 8.2 million applied for the first time on the assets side on the initial adoption date will be reported under those items of the balance sheet in which the assets underlying the lease would have been reported if they were owned by the Company. The rights of use will therefore be reported at the reporting date in non-current assets under the intangible assets item. The lease liabilities applied for the first time on the liabilities side as at the initial adoption date in the amount of € 8.2 million, of which € 6.1 million is reported under non-current liabilities and € 2.1 million under current liabilities, were measured at their present value of the lease payments outstanding. The present value calculation is based on the incremental borrowing rates of 1 January 2019. The weighted incremental borrowing rate as at 1 January 2019 is 1.1%. As at the initial adoption date, the increase in non-current and current liabilities resulting from the change in accounting standards has a negative impact on net liquidity in the amount of € 8.2 million. In equity, no effects result from the initial adoption of IFRS 16. As at 1 January 2019, the equity ratio decreases by roughly 0.4% as a result of the first-time recognition of lease liabilities. Unlike the past approach under which expenses for operating leases have a negative impact on the EBITDA, adoption of the new Standard IFRS 16 has a beneficial effect on EBITDA and results in an increase in depreciation/amortisation. The adoption of IFRS 16 will benefit EBITDA of the first half of 2019 by € 1.1 million, which in turn will result in an increase in depreciation/amortisation of the first half of 2019 by € 1.0 million. As a result of the mark-up on lease liabilities, the finance result of the first half of 2019 will be negatively impacted by € 0.1 million higher interest expenses. The difference between the payments for operating leases discounted as at 31 December 2018 in accordance with IFRS 16 in the amount of € 8.2 million and the lease liabilities recognised in the balance sheet as at 1 January 2019 in the amount of € 13.9 million results from the inclusion of already existing finance leases according to IAS 17. A review and re-assessment of the already existing finance leases according to IAS 17 did not reveal any change within the meaning of IFRS 16. In all other respects, the adoption of IFRS 16 as lessor will have no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The new IFRIC 23 subject to mandatory adoption for financial years commencing on or after 1 January 2019 and containing provisions on the application and measurement of tax risk positions and closes gaps in the provisions of IAS 12 has no material impact on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

The amendments to IFRS 9 published on 12 October 2017 to be adopted as of financial years commencing on or after 1 January 2019, which allow a measurement at amortised cost or fair value through other comprehensive income (FVOCI) also for financial assets with prepayment features that permit or require a party either to pay or receive reasonable compensation on termination, are of no practical relevance for RHÖN-KLINIKUM AG.

In the first quarter of 2019, the amendments to the Standard IAS 19 relating to accounting of plan amendment, curtailment or settlement, and to IAS 28 governing accounting and measurement of interests in associates and joint ventures for venture capital organisations, investment funds and similar entities, as well as the Annual Improvements to IFRS (2015-2017 Cycle), which in each case are the subject of mandatory adoption as of 1 January 2019, were incorporated by the European Union into European law. The amendments have no material impact for RHÖN-KLINIKUM AG.

Standards and Interpretations exceeding such scope were not yet incorporated into European law by the European Union in the first six months of 2019.

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. 2018	Additions	Disposals	Reclassification	30 June 2019
Fully consolidated subsidiaries	26	-	-1	1	26
Companies consolidated using the equity method	2	-	-	-1	1
Other subsidiaries	8	2	-	-	10
Consolidated companies	**36**	2	-1	0	**37**

During the reporting period, a minority interest of 5% in the Hamburg-based software provider Tiplu GmbH in the context of a strategic partnership as well as an interest of € 1.00 in Siebensachen GmbH, the parent company of Tiplu GmbH, which confers special rights, were acquired. Established in 2016, Tiplu has specialised in case-related coding and revenue-securing through the use of semantic text analyses in hospital documents, such as doctor’s letters, laboratory findings or OR documentation. RHÖN-KLINIKUM AG uses the coding software Tiplu Momo for complete and performance-based invoicing, revenue securing and duration-of-stay control.

After completion of liquidation, RK-Reinigungsgesellschaft Süd GmbH i. L. was deleted from the commercial register in the second quarter of 2019.

Company acquisitions

The management of Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung (MIT), in which RHÖN-KLINIKUM AG held an interest of 24.9%, filed for insolvency in September 2018. In the fourth quarter of 2018, the agreement was reached with Universitätsklinikum Heidelberg, which until then had held 75.1% in MIT, on the takeover of these corporate interests as at 1 January 2019 and the additional appointment of the management by RHÖN-KLINIKUM AG from January 2019. Approval by the German Cartel Office was given in December 2018. As of 1 January 2019 we thus exercise control and fully consolidate MIT in the consolidated financial statements as of the aforementioned date. The preliminary purchase price allocation as at 1 January 2019 has the following impact on the Group's net assets in 2019:

Marburger Ionenstrahl-Therapie Betriebs-Gesellschaft des Universitätsklinikums Heidelberg mit beschränkter Haftung (MIT)	Fair value after acquisition in € m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	6.7
Inventories	0.3
Trade receivables	3.1
Cash and cash equivalents	0.5
Other assets	2.0
Trade payables	-2.5
Deferred tax	-1.1
Other liabilities	-1.1
Net assets acquired	**7.9**
Goodwill	0.0
Cost as defined by IFRS 3	**7.9**
./. Acquired cash and cash equivalents	-0.5
Cash outflow on transaction at date of first-time consolidation	**7.4**
Payments already rendered	0.0
Purchase price yet to be paid	**7.9**

Using protons and heavy ions to achieve pinpoint precision, the Particle Therapy Center offers a highly effective way of treating tumour disease whilst minimising the impact on high-risk organs such as the heart, lungs, liver and kidneys. During the reporting period, MIT's contributions to revenues is € 2.9 million and to consolidated profit -€ 2.0 million. Thanks to the greater integration of MIT with the university hospitals in Marburg and Giessen, RHÖN-KLINIKUM AG is looking to secure continued ongoing care to patients with an innovative treatment therapy. In the context of the acquisition, consultancy fees were incurred in financial year 2018 in the amount of roughly € 0.2 million. No further consulting fees were incurred in financial year 2019.

As at 1 January of financial year 2019, three physician´s practices were acquired against consideration whose conditions of validity as per agreement in each case were satisfied during the reporting period of 2019:

Purchase of physician´s practices, January to June 2019	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	0.3
Cost	**0.3**
./. Purchase price payments outstanding	-0.1
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction	**0.2**

Goodwill amounting to € 0.3 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible. Furthermore, 2.5 physician´s practices were transferred during the reporting period from the physician associations (Kassenärztliche Vereinigungen) to the MVZ subsidiaries at the Frankfurt (Oder) and Bad Neustadt a. d. Saale sites without consideration.

In financial year 2019 no further physician´s practices were acquired whose conditions of validity as per agreement will be satisfied only as of 1 July 2019.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

According to IFRS 8 – Operating Segments –, segment information on operating segments is to be presented in accordance with the internal reporting to the chief operating decision maker (management approach). The chief decision making body in our Group is the Board of Management. It is in this body that the strategic decisions are made for the Group and to this body that the key ratios of the hospitals, which represent our operating segments, are reported. We continue to have only one operating segment subject to reporting.

Revenues

January to June	2019 € m	2018 € m
Fields		
Acute hospitals	623.5	600.2
Medical care centres	7.8	7.2
Rehabilitation hospitals	12.9	12.8
	644.2	**620.2**
Federal states		
Bavaria	130.0	130.5
Saxony	0.1	0.1
Thuringia	84.0	83.1
Brandenburg	73.5	70.6
Hesse	356.6	335.9
	644.2	**620.2**

According to IFRS 15, revenues constitute revenues generated from the provision of services. Revenues of the first six months of financial year 2019 include income from the invoicing of an additional remuneration component for the treatment of SMA (spinal muscle atrophy) as well as income from the invoicing of an additional remuneration component for the treatment of MS (multiple sclerosis). The aforementioned supplementary fees are remuneration along with the pure DRGs and negatively impacts the materials and consumables used item by nearly the same amount. Furthermore, for the first time as of financial year 2019, revenues include applied cost reimbursements for cancer immunotherapies that likewise negatively impact the materials and consumables used item by the same amount. Moreover, revenues include the negotiation outcome relating to the university outpatient units at Universitätsklinikum Giessen und Marburg GmbH.

Other income

January to June	2019 € m	2018 € m
Income from services rendered	77.5	65.1
Income from grants and other allowances	6.8	5.9
Income from indemnification payments/other reimbursements	0.3	0.3
Other	20.8	4.4
	105.4	**75.7**

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements. The rise is accounted for, among other things, by increased sales of pharmaceuticals (including income from the invoicing of a drug for treating MS (multiple sclerosis) that negatively impacts materials and consumables used by nearly the same amount) and cytostatics as well as personnel costs for students of healthcare professions refinanced for the first time.

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

The rise in the remaining other income amounts is essentially attributable to the reversal of provisions for legal and tax risks in the first half of 2019 amounting to € 15.3 million.

Materials and consumables used

Materials and consumables used includes expenditures for the medicamentous treatment of SMA (spinal muscle atrophy), MS (multiple sclerosis), and for the first time from financial year 2019 expenses for cancer immunotherapies which are remunerated in nearly the same amount for medicamentous therapy and in the same amount for cancer immunotherapy and reported under revenues or other income.

As a result of application of the new standard IFRS 16 "Leases" for the first time as of financial year 2019, expenses previously recorded under materials and consumables used amounting to € 0.4 million are no longer reported under materials and consumables used. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.4 million under depreciation/amortisation and impairment.

Employee benefits expense

In addition to a rise in the number of employees, general wage increases had an impact on the employee benefits expense. Moreover, personnel expenses for students of healthcare professions were included in the first half of 2019 for the first time, which compared with reimbursement payments in the same amount in the other income item. Employee benefits expenses include a figure of € 1.5 million (previous year: € 0.5 million) for severance payments.

Other expenses

January to June	2019 € m	2018 € m
Maintenance	26.0	23.9
Charges, subscriptions and consulting fees	13.0	12.3
Insurance	6.2	6.1
Administrative and IT costs	5.4	5.0
Other personnel and continuing training costs	2.8	2.6
Rents and leaseholds	2.1	2.6
Travelling, entertaining and representation expenses	1.2	1.0
Secondary taxes	0.6	0.1
Losses on disposal of non-current assets	0.3	0.0
Other	6.7	5.7
	64.3	**59.3**

As a result of the initial adoption of IFRS 16 "Leases" as of financial year 2019, expenses of the first six months of 2019 amounting to € 0.7 million previously recorded under the other expenses item are no longer reported under other expenses. The rights of use in the lease properties are amortised over the term of the respective lease contract and recognised at € 0.7 million under depreciation/amortisation and impairment.

Result from impairment on financial assets

The negative result from the impairment on financial assets in the amount of € 0.2 million (previous year: € 0.4 million) results from the adoption of IFRS 9, which among other things governs the future expected losses of financial assets.

Depreciation/amortisation and impairment

The rise in depreciation and impairments is attributable among other things to the Campus Bad Neustadt being put into service at the turn of the year 2018/2019. The initial adoption of IFRS 16 "Leases" as of financial year 2019 results in a total increase of € 1.1 million.

Finance result (net)

The deterioration in the negative finance result in the first six months of financial year 2019 is attributable to higher finance expenses compared with the same period of the previous year resulting i. a. from interest recognised for the first time for the promissory note loan issued in October 2018 as well as from lower finance income.

Income taxes

January to June	2019 € m	2018 € m
Current income taxes	5.8	1.9
Deferred taxes	-0.5	1.4
	5.3	**3.3**

The rise in income taxes by € 2.0 million is essentially attributable to the ruling by the Federal Fiscal Court (Bundesfinanzhof) and the related risk provisioning.

SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2019	**163.9**	**43.9**	**207.8**
Additions due to changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	2.3	2.3
Disposals	0.0	0.0	0.0
Transfers	0.0	0.5	0.5
30 June 2019	**164.2**	**46.7**	**210.9**
Cumulative depreciation and impairment			
1 January 2019	**0.0**	**31.1**	**31.1**
Depreciation	0.0	1.7	1.7
Disposals	0.0	0.0	0.0
Transfers	0.0	0.1	0.1
30 June 2019	**0.0**	**32.9**	**32.9**
Balance sheet value as at 30 June 2019	**164.2**	**13.8**	**178.0**

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2018	**163.3**	**39.8**	**203.1**
Additions due to changes in consolidated companies	0.6	0.0	0.6
Additions	0.0	2.4	2.4
Disposals	0.0	0.5	0.5
Transfers	0.0	0.0	0.0
30 June 2018	**163.9**	**41.7**	**205.6**
Cumulative depreciation and impairment			
1 January 2018	**0.0**	**28.6**	**28.6**
Depreciation	0.0	1.7	1.7
Disposals	0.0	0.5	0.5
30 June 2018	**0.0**	**29.8**	**29.8**
Balance sheet value as at 30 June 2018	**163.9**	**11.9**	**175.8**

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 2019	**1,150.2**	**56.4**	**345.5**	**19.2**	**1,571.3**
Additions due to changes in consolidated	0.0	0.0	6.7	0.0	6.7
Additions	13.2	0.5	16.3	8.1	38.1
Disposals	0.0	0.0	10.0	0.2	10.2
Transfers	0.3	0.6	3.8	-5.2	-0.5
30 June 2019	**1,163.7**	**57.5**	**362.3**	**21.9**	**1,605.4**
Cumulative depreciation and impairment					
1 January 2019	**446.0**	**36.2**	**237.0**	**0.0**	**719.2**
Depreciation	15.3	2.0	15.2	0.0	32.5
Disposals		0.0	9.8	0.0	9.8
Transfers	0.0	0.0	-0.1	0.0	-0.1
30 June 2019	**461.3**	**38.2**	**242.3**	**0.0**	**741.8**
Balance sheet value as at 30 June 2019	**702.4**	**19.3**	**120.0**	**21.9**	**863.6**

	Land and buildings € m	Technical plant and equipment € m	Operating and business equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2018	**958.0**	**50.0**	**301.3**	**114.3**	**1,423.6**
Additions due to changes in consolidated	0.0	0.0	0.0	0.0	0.0
Additions	1.7	0.4	8.2	48.4	58.7
Disposals	0.0	0.0	6.6	0.0	6.6
Transfers	4.1	0.0	2.5	-6.6	0.0
30 June 2018	**963.8**	**50.4**	**305.4**	**156.1**	**1,475.7**
Cumulative depreciation and impairment					
1 January 2018	**416.7**	**32.9**	**226.9**	**0.0**	**676.5**
Depreciation	15.3	1.7	11.4	0.0	28.4
Disposals	0.0	0.0	6.5	0.0	6.5
30 June 2018	**432.0**	**34.6**	**231.8**	**0.0**	**698.4**
Balance sheet value as at 30 June 2018	**531.8**	**15.8**	**73.6**	**156.1**	**777.3**

As a result of the new Standard IFRS 16 published in January 2016 and subject to mandatory adoption for financial years commencing on or after 1 January 2019, capitalised rights of use increased in the first half of 2019 by € 9.0 million, depreciation/amortisation by € 1.0 million and the balance sheet value by € 8.0 million as at 30 June 2019.

Other financial assets (non-current)

Equity interests in the amount of € 8.9 million (31 December 2018: € 4.7 million) are reported under this item. These are the equity investments in the start-up companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd., CLEW Medical Inc. and Tiplu GmbH.

Other financial assets (current)

As a result of current finance requirements of extensive investment measures, freely disposable funds for the most part are invested short-term. Fixed deposit investments were made in the amount of € 89.7 million (31 December 2018: € 114.4 million) in the form of overnight deposits and short-term deposits with a remaining term of < 1 year. In addition, receivables according to hospital financing law are reported under this item in the amount of € 45.4 million (31 December 2018: € 39.3 million). The change in the payment mode of the universities in Giessen and Marburg in connection with the reimbursements of costs for research and teaching resulted in an increase in receivables. As at the balance sheet date, the receivables in this regard amount to € 19.1 million (31 December 2018: € 9.7 million).

Equity

The increase in equity capital compared with the reporting date of 31 December 2018 by € 2.8 million results from consolidated profit (€ 20.5 million) as well as from other result (€ 1.7 million). An opposite effect came from the dividend paid out to the shareholders in the amount of € 19.4 million. The other result is essentially attributable to gains from the fair values of investments which according to IFRS 9 are assigned to the category of fair value through other comprehensive income (FVOCI).

Financial liabilities

In October 2018, RHÖN-KLINIKUM AG successfully placed on the market a promissory note loan in the amount of € 100.0 million. The tranches exclusively bearing fixed interest with bullet maturities have terms of 5, 7 and 10 years. The funds collected are used for general corporate finance to ensure sufficient funds for investments planned in the medium-to-short term. Moreover, there is a syndicated line of credit in the amount of € 100.0 million. As at the balance sheet date, this line had not been utilised.

Lease liabilities

An amount of € 10.1 million (31 December 2018: € 4.7 million) is reported under non-current other financial liabilities, and an amount for liabilities under leases of € 3.1 million (31 December 2018: € 1.0 million) under current other financial liabilities. As at the reporting date, an amount of € 5.9 million has been added to long-term lease liabilities and € 2.1 million to short-term lease liabilities as a result of the new lease Standard IFRS 16 subject to mandatory adoption since 1 January 2019.

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 according to IFRS 9 and transfers these to the corresponding balance sheet item:

	Measurement category according to IFRS 9	30 June 2019	of which Financial Instruments		31 Dec. 2018	of which Financial Instruments	
			Carrying amount	Fair value		Carrying amount	Fair value
		€ m	€ m	€ m	**€ m**	€ m	€ m
ASSETS							
Non-current assets							
Other financial assets		**8.9**	8.9	8.9	**4.7**	4.7	4.7
of which investments	Measured at fair value directly in equity (fair value through other comprehensive income; without recycling)	**8.9**	8.9	8.9	**4.7**	4.7	4.7
of which investments	Measured at fair value through profit or loss	**0.0**	0.0	0.0	**0.0**	0.0	0.0
of which other	Measured at amortised cost	**0.0**	0.0	0.0	**0.0**	0.0	0.0
Current assets							
Trade receivables and other financial assets	Measured at amortised cost	**387.4**	387.4	387.4	**381.7**	381.7	381.7
Cash and cash equivalents	Measured at amortised cost	**94.9**	94.9	94.9	**132.3**	132.3	132.3
LIABILITIES							
Non-current liabilities							
Financial liabilities	Financial liabilities measured at amortised cost	**99.6**	99.6	95.2	**99.5**	99.5	88.1
Other financial liabilities		**25.9**	25.9	27.3	**15.2**	15.2	16.5
of which other financial liabilities	Financial liabilities measured at amortised cost	**15.8**	15.8	17.2	**10.5**	10.5	11.8
of which liabilities under leases	n. a.	**10.1**	10.1	10.1	**4.7**	4.7	4.7
Current liabilities							
Trade payables	Financial liabilities measured at amortised cost	**78.6**	78.6	78.6	**115.9**	115.9	115.9
Financial liabilities	Financial liabilities measured at amortised cost	**1.1**	1.1	1.1	**0.3**	0.3	0.3
Other financial liabilities		**42.0**	42.0	42.0	**23.6**	23.6	23.6
of which other financial liabilities	Financial liabilities measured at amortised cost	**38.9**	38.9	38.9	**22.6**	22.6	22.6
of which liabilities under leases	n. a.	**3.1**	3.1	3.1	**1.0**	1.0	1.0
Aggregated according to measurement categories, the above figures are as follows:							
	Financial assets measured at amortised cost		482.3	482.3		514.0	514.0
	Financial assets measured at fair value directly in equity (fair value through other comprehensive income; without recycling)		8.9	8.9		4.7	4.7
	Financial assets measured at fair value through profit or loss		0.0	0.0		0.0	0.0
	Financial liabilities measured at amortised cost		234.0	231.0		248.8	238.7

The principal part of financial assets is measured at RHÖN-KLINIKUM AG, pursuant to IFRS 9, at amortised cost. Trade receivables, other financial assets as well as cash and cash equivalents covered by this in general have short remaining maturities. Their carrying amounts as at the reporting date therefore correspond to their fair values.

Investments in the amount of € 8.9 million (31 December 2018: € 4.7 million) are measured at fair value directly in equity (fair value through other comprehensive income, without recycling). These investments relate to start-up equity interests whose market value was calculated based on current equity transactions between market participants in the context of additional financing rounds or applying the DCF method. Moreover, additional immaterial investments amounting to € 0.0 million are measured at fair value (fair value through profit or loss). Changes in the market valuation of investments, which are measured at fair value directly in equity (fair value through other comprehensive income, without recycling), resulted in total in gains in the amount of € 1.7 million (previous year: € 1.0 million) (after tax), which are recognised directly in equity under other comprehensive income (OCI).

The fair value of non-current other financial liabilities of RHÖN-KLINIKUM AG 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. For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date. The fair value of liabilities under finance leases was calculated using a market interest curve as at the balance sheet date and corresponds to their carrying amount.

In the first half of financial year 2019, adjustments of the impairments on financial assets within the meaning of IFRS 9 resulted in a positive effect on earnings (after tax) in the amount of € 0.0 million (previous year: negative effect of € 0.3 million).

The fair values of financial assets and liabilities accounted for as defined in IFRS 13 are classified as follows to the three levels of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total 30 June 2019	Total 31 Dec. 2018
	€ m	€ m	€ m	€ m	€ m
Other non-current financial assets (investments)	-	8.9	-	8.9	4.7
Other non-current financial assets (remaining)	-	0.0	-	0.0	0.0
Trade receivables, other current financial assets	-	387.4	-	387.4	381.7
Non-current financial liabilities	-	95.2	-	95.2	88.1
Other non-current financial liabilities	-	27.3	-	27.3	16.5
Current trade liabilities	-	78.6	-	78.6	115.9
Current other financial liabilities	-	42.0	-	42.0	23.6

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
- Level 3: Information on assets and liabilities not based on observable market data.

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2019 up to and including 30 June 2019, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 33 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

Person subject to notification requirement	Published on	Held directly %	Attri-buted %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG Attribution pursuant to WpHG/additional information:
B. Braun Melsungen Aktiengesellschaft	11 Mar. 2019		25.23	**25.23**	12 Dec. 2018	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft

Based on the threshold events notified to us, the following picture pursuant to section 33 et seq. of the WpHG in terms of shareholder structure emerges as at the relevant key date of 30 June 2019:

Voting interest pursuant to section 33 et seq. WpHG on date that interest exceeds/falls below threshold

Person subject to notification requirement	Published on	Held directly %	Attri-buted %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 33 et seq. WpHG Attribution pursuant to WpHG/additional information:
B. Braun Melsungen Aktiengesellschaft	11 Mar. 2019		25.23	**25.23**	12 Dec. 2018	>25%	attributed (section 34 WpHG): B. Braun Melsungen Aktiengesellschaft
Asklepios Kliniken GmbH & Co. KGaA	5 Jan. 2018	0.0005	25.10	**25.10**	29 Dec. 2017	>25%	attributed (section 34 WpHG): Asklepios Kliniken GmbH & Co. KGaA
Eugen Münch	28 Nov. 2017	6.94	7.61	**14.56**	23 Nov. 2017	>10%	attributed (section 34 WpHG): HCM SE
Ingeborg Münch	26 Oct. 2015	5.44		**5.44**	15 Oct. 2015	>5%	held directly (section 33 WpHG)
Landeskrankenhilfe V.V.a.G	22 Oct. 2018	5.21		**5.21**	19 Oct. 2018	>5%	held directly (section 33 WpHG)

In the reporting period of 1 January to 30 June 2019, we received no notifications on statutory reporting thresholds according to section 38 of the WpHG:

The voting interests in the above tables may have changed since 30 June 2019. With regard to notifications on changes that took place as of 1 July 2019, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 30 June 2019, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate bodies

Regarding the composition of the Board of Management and the Supervisory Board as well as the corporate constitution, we refer to the consolidated financial statements of financial year 2018. At the Annual General Meeting held on 5 June 2019, Prof. Dr. h.c. Ludwig Georg Braun left the Supervisory Board for reasons of age. Mr. Jan Hacker has been a new member on the Supervisory Board since conclusion of the Annual General Meeting on 5 June 2019. The Declaration on Corporate Governance, the Declaration of Compliance pursuant to section 161 of the AktG and the Corporate Governance Report jointly issued by the Board of Management and the Supervisory Board were updated and published on our website.

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 2018.

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 as well as financial receivables and liabilities compared with the Consolidated Financial Statements as at 31 December 2018. The business volume of the first six months of financial year 2019 with the group companies of B. Braun Melsungen Aktiengesellschaft increased by € 0.2 million to € 5.0 million (previous year: € 4.8 million).

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

The contractual remuneration for the members of the Supervisory Board and of the Board of Management as well as the related remuneration guidelines have remained unchanged compared with the reporting date of 31 December 2018. No loans were granted to members of the Supervisory Board and the Board of Management.

Former members of the Board of Management and one acting member of the Board of Management as well as one other employee hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. As part of the fair value measurement, expenses were incurred during the reporting period in the amount of € 0.1 million.

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 2018 Annual Report, Notes 2.16.4 and 9.5. On expiry of the programme's term, payouts to the former members of the Board of Management in the amount of € 7.1 million were made at the end of June 2019.

During the reporting period, RHÖN-KLINIKUM AG received no notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014. Additional information on the respective notifications is published on our website under the category "IR News" in the Investor Relations section.

Employees

At the reporting date of 30 June 2019 the Group employed a total of 17,113 persons (31 December 2018: 16,985 persons). In addition, a training remuneration payment is made for 420 students of the specialist healthcare professions at the University Hospital of Giessen and Marburg based on an agreement reached with the trade union ver.di in 2019.

Other financial obligations

The agreement from 2018 with the Federal State of Hesse in connection with the financing of the services to be rendered for research and teaching at the Group's university hospitals provides for investment commitments in the amount of € 100.0 million until the end of 2021. As at the balance sheet date of 30 June 2019, already € 74.7 million of that has been fulfilled. Moreover, the following investments are to be performed: at the Marburg site, the modernisation of its clinic for psychiatry, the overhaul of the centralised operating theatre and IC units, as well as the new build of the clinic for paediatric and juvenile psychiatry are planned. At the Giessen site, the Paediatric Heart Centre will be expanded and an extension added on to the University Hospital. Our hospitals at the Giessen and Marburg sites continue to be committed to foregoing redundancies until the end of financial year 2021 and to take over trainees into permanent employment if they possess the right qualifications for the respective positions.

The additional other financial obligations have not changed significantly since the last reporting date.

Contingent liabilities

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

Earnings per share

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

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

	No. of shares on 30 June 2019	**No. of shares on 30 June 2018**
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	**66,938,470**	**66,938,470**

Earnings per share are calculated as follows:

Non-par shares	**30 June 2019**	**30 June 2018**
Share in consolidated profit (€ '000)	19,839	16,995
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	0.30	0.25

Statement of Cash Flows

The liquidity shown in the statement of changes in financial position continues to include cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents. As at 30 June 2019 there were no bank overdrafts.

The change in cash generated from operating activities is essentially attributable to the lower increase in trade receivables and results from the elimination of invoicing delays in the first half of 2018 relating to the introduction of a new hospital information and billing system at one hospital.

The change in the area of investing activities stems from higher investments which compare with significantly lower terminations of fixed deposits.

The increase in cash used in financing activities is primarily attributable to the rise in dividends.

The initial adoption of IFRS 16 as of financial year 2019 results in an improvement in operating cash flow in the amount of € 1.0 million as well as in cash used in financing activity amounting to € 1.0 million.

The cash flow statement included a total of € 11.8 million (previous year: € 18.8 million) in outstanding construction invoices as non-cash item.

Events after the balance-sheet date

In July 2019, registered bonds with a total nominal value of € 60.0 million and a term of 20 years were issued as part of our long-term financing strategy. In other respects, no particularly significant events have occurred since 30 June 2019 that are expected to have a material influence on the net assets, financial position and results of operations of the Group of RHÖN-KLINIKUM AG.

Bad Neustadt a. d. Saale, 1 August 2019

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing   Stephan Holzinger   Dr. Gunther K. Weiß

RESPONSIBILITY STATEMENT

We assure to the best of our knowledge that based on the accounting principles to be applied to interim financial reporting the present Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG a true and fair view of the net assets, financial position and results of operations of the Group is given therein and that the Interim Consolidated Report of the Management presents the business performance including the business results and the situation of the Group in such a way as to give a true and fair view of the same as well as a description of the material risks and opportunities involved in the probable development of the Group of RHÖN-KLINIKUM AG in the remaining financial year.

Bad Neustadt a. d. Saale, 1 August 2019

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing   Stephan Holzinger   Dr. Gunther K. Weiß

REVIEW REPORT

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

We have reviewed the condensed consolidated interim financial statements - comprising the statement of financial position, statement of comprehensive income, condensed statement of cash flows, statement of changes in equity and selected explanatory notes - and the interim group management report of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale, for the period from 1/1/2019 to 6/30/2019 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, 1 August 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad Wirtschaftsprüfer German Public Auditor	ppa. Stefan Sigmann Wirtschaftsprüfer German Public Auditor

KEY FIGURES

KEY FIGURES JANUARY TO JUNE 2019/ JANUARY TO JUNE 2018

Data in € m	Jan. - June 2019	Jan. - June 2018	Change in %
Revenues	644.2	620.2	3.9
EBITDA	60.9	51.1	19.2
EBITDA - ratio (%)	9.5	8.2	15.9
EBIT	26.6	20.9	27.3
EBIT - ratio (%)	4.1	3.4	20.6
EBT	25.9	20.9	23.9
Consolidated profit according to IFRS	20.5	17.6	16.5
Equity according to IFRS	1,162.0	1,127.0	3.1
Equity ratio in %	73.6	75.5	-2.5
Earnings per ordinary share (in €) (undiluted/diluted)	0.30	0.25	20.0
Number of employees (headcount)	17,113 *)	16,673	2.6
Number of cases (patients treated)	432,560	432,317	0.1
Beds and places	5,312	5,370	-1.1

*) plus 420 students of specialist health professions.

KEY FIGURES APRIL TO JUNE 2019/ APRIL TO JUNE 2018

Data in € m	April - June 2019	April - June 2018	Change in %
Revenues	320.0	308.5	3.7
EBITDA	32.2	23.5	37.0
EBITDA - ratio (%)	10.1	7.6	32.9
EBIT	15.5	8.4	84.5
EBIT - ratio (%)	4.8	2.7	77.8
EBT	15.2	8.5	78.8
Consolidated profit according to IFRS	11.6	7.2	61.1
Equity according to IFRS	1,162.0	1,127.0	3.1
Equity ratio in %	73.6	75.5	-2.5
Earnings per ordinary share (in €) (undiluted/diluted)	0.18	0.10	80.0
Number of employees (headcount)	17,113 *)	16,673	2.6
Number of cases (patients treated)	213,636	215,715	-1.0
Beds and places	5,312	5,370	-1.1

*) plus 420 students of specialist health professions.

FINANCIAL CALENDAR

Dates for shareholders and analysts

2019

1 August 2019	Publication of Half-Year Financial Report as at 30 June 2019
8 November 2019	Publication of Interim Report for the quarter ending 30 September 2019

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This Interim Report is also available in German.