RHÖN-KLINIKUM AG

Half-Year Financial Report

2010

Contents

Dear Shareholders,

RHÖN-KLINIKUM AG can look back to a positive performance in the first half of 2010: the growth trend of the first months continued and the key performance figures witnessed a further rise. In the first six months we treated 1,023,845 patients. This translates into a rise of 13.4% compared with the same period last year. Our revenues grew by 10.7% to reach € 1,262.9 million. We are meeting the challenging environment – rises in personnel and material costs – by bringing to bear our expertise and by raising service volumes. For this reason, our net consolidated profit for the first half reached € 71.0 million (+ 7.9%).

This positive trend is continuing, with more and more people deciding in favour of our high-quality care offerings. And in the second half of the year we are confident of succeeding in continuing our growth path already mapped out.

We expressly affirm our forecast for full-year 2010: barring further acquisitions, we are targeting revenues of € 2.6 billion and net consolidated profit of roughly € 145 million, with the possibility of this fluctuating within a range of plus or minus 5 per cent.

The takeover of the MEDIGREIF Group, the increase in our interest in Amper Kliniken AG as well as the purchase of Salze Klinik I are further steps we have taken for growth after the capital increase. We are swiftly moving ahead with the integration of the six hospitals and the two MVZs (medical care centres) into our care network.

We continue to be fully committed to pressing ahead with the integration of our inpatient and outpatient facilities. Our objective is to further expand our integrated care network for patients, thus enabling us to continue offering high-quality medical care over all care levels. For us, having efficient clinical processes across sectors is essential when it comes to unlocking further quality and efficiency reserves between the different sectors. For example, thanks to an innovative concept – the web-based electronic patient file – we have succeeded in opening up for doctors a bridge of communication between the outpatient and inpatient area, thus enabling them to work on a cross-sector and interdisciplinary basis in the best interests of patients.

In this regard, the question that we continually ask ourselves and one which guides our entrepreneurial thinking is: How can we secure high-quality, local medical care for everyone in Germany?

With the view of allegedly putting the German healthcare system on a more solid footing for the future, health minister Dr. Rösler a few weeks ago presented the key elements of a healthcare reform with sweeping austerity measures. Note that for the time being this remains a political declaration of intent. Under this concept, healthcare providers in 2011 would have to be prepared to give a 30% discount on agreed surplus service volumes and for the rate of increase in the aggregate income of all health insurance fund members to be cut in half. The details of the reform will be worked out over the next weeks and months as part of the legislative process and we will make our voice heard when it comes to the finalisation of the measures.

Time and again we have demonstrated that we understand our work as a hospital Group and have learned to cope with such "reforms" whenever they are introduced. Such decisions by the state are nothing new and are duly taken into account in our business model. You may rest assured that already now we are preparing ourselves for potential challenges in 2011. Already at this very moment, we are in the process of working out a package of measures by which we will compensate for any possible adverse effects.

At the same time I believe that, when it comes to securing the future of our healthcare system, it is not enough to confine ourselves to cost and funding issues – far from it. Rather, before implementing drastic and one-sided cost-cutting measures a policy framework has to be created in which the quality and efficiency reserves lying idle in the system can be unlocked and in which a fair competition for the best concepts can take place. That is because all players in the system have to have the common objective of creating a healthcare system geared to the needs of patients.

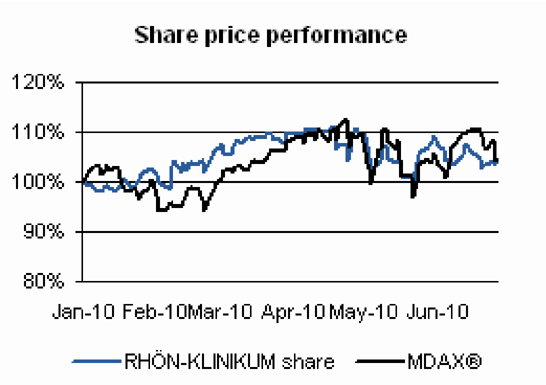
Yours sincerely,

Wolfgang Pföhler
Chairman of the Board of Management of RHÖN-KLINIKUM AG

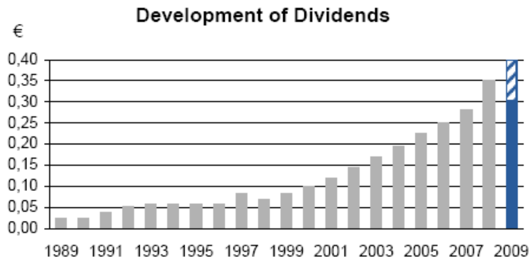
THE RHÖN-KLINIKUM SHARE

In the second quarter of 2010, the European stock markets were marked by the broadening of the Greek sovereign debt crisis and the debate on its spread to other European countries. This also put the euro under considerable pressure. In this environment there were wide swings in international stock indices. Despite increasingly positive corporate developments, the German financial markets, too, were dominated during the entire quarter by uncertainty over the further performance of the economy.

As at 30 June 2010, Germany's leading index DAX® stood just under the closing level of the first quarter (5,965 points), which translates into a decline of 3.1%. The stocks of the MDAX® held up somewhat better, recording a decline of only 1.7%.



The share of RHÖN-KLINIKUM AG could not escape the declines on the stock markets and ended the quarter with a closing price of 18.28 euros. The share thus lost 3.5% over the second quarter. Including the dividend payment, net second-quarter performance was -2.0%. At the end of the first half our market capitalisation, including all issued 138.23 million non-par shares, stood at 2.53 billion euros (31 March 2010: 2.62 billion euros). As measured in terms of market capitalisation, we thus ranked 6th in the MDAX® (31 March 2010: 6th).



All data adjusted in € (ordinary shares)
1997: including one-time bonus of € 0.02
2009: Resolution at the AGM on 9 June 2010
(excluding capital increase on 6 August 2009 € 0.40 per share would have been distributed)

Our 22nd Annual General Meeting was held on 9 June 2010 in Frankfurt am Main. The resolved dividend of € 0.30 per share was paid on 10 June 2010.

RHÖN-KLINIKUM share		
ISIN		DE0007042301
Ticker symbol		RHK
Registered share capital		345,580,000 €
Number of shares		138,232,000
	30 June 2010	**31 Dec. 2009**
Market capitalisation (€ m)	2,526.88	2,366.53
Share prices, in €	**1 Jan.-30 June 2010**	**1 Jan.-31 Dec. 2010**
Closing price	18.28	17.12
High	19.44	17.62
Low	17.18	14.00

Given the strong response seen in previous years, our fifth Capital Markets Day will be held for analysts in October 2010. On 4 November we will publish our interim report for the nine months ended 30 September 2010.

A financial calendar containing all important financial dates for 2010 is found on page 44 as well as on our website at www.rhoen-klinikum-ag.com under the section "Investors".

REPORT ON THE FIRST HALF OF 2010

- Buoyant growth on a half-year comparison (patient numbers: + 13.4%, revenues: + 10.7% and earnings: + 7.9%) and on a comparison of the second quarter (patient numbers: + 14.0%, revenues: + 9.9% and earnings: + 4.9%)
- With higher service volumes and greater efficiency, we succeeded in meeting the revenue and cost challenges
- With half-year revenues of € 1.3 billion and net consolidated profit for the first six months of € 71.0 million, our financials are right on target
- The trend in service volumes, revenues and earnings in the first half re-affirm our full-year forecast for revenues (€ 2.6 billion) and earnings (€ 145.0 million within a fluctuation range of plus or minus 5.0%)

GENERAL REMARKS

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG for the year ended 30 June 2010 have been prepared applying Section 315a German Commercial Code (Handelsgesetzbuch – HGB) in accordance with International Financial Reporting Standards (IFRS) and the corresponding interpretations of the International Accounting Standards Board (IASB) which are the subject of mandatory adoption in accordance with the European Parliament and Council Directive number 1606/2002 concerning the application of international accounting standards in the European Union in financial year 2010.

The accounting policies applied, to the extent these were already applied in financial year 2009 and continue to apply in financial year 2010, are described in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2009. The accounting policies applied for the first time in financial year 2010 are explained at length in the Abridged Notes to this Half-Year Financial Report.

In derogation to the accounting and valuation methods described in detail in the 2009 Annual Report, the regulations of the collective Standard “Improvements to IFRSs” are applied for the first time in 2010. This does not have any impact on the net assets, financial position and results of operations.

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.

As in the previous year, our statutory auditor subjected the Half-Year Financial Report to a review. We have presented the result of his review in the Half-Year Financial Report.

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.

REVIEW OF BUSINESS PERFORMANCE IN THE FIRST HALF AND OUTLOOK FOR THE SECOND HALF

Half-year comparison

In the first six months of financial year 2010 versus the first half of 2009, we recorded

- a rise in case numbers by 120,751 cases or 13.4% to a total of 1,023,845 cases (previous year: 903,094 cases),
- a rise in revenues by € 122.4 million or 10.7% to € 1,262.9 million (previous year: € 1,140.5 million),
- growth in EBITDA by € 10.9 million or 7.8% to € 151.4 million (previous year: € 140.5 million),
- an increase in EBIT by € 7.1 million or 7.8% to € 98.3 million (previous year: € 91.2 million), and
- a € 5.2 million (7.9%) rise in net consolidated profit to € 71.0 million (previous year: € 65.8 million)

thus meeting our targets.

Of the rise in revenues by € 122.4 million or 10.7% to € 1,262.9 million in the first half of 2010, € 46.8 million is accounted for by the first-time consolidation of the MEDIGREIF Group as at 31 December 2009 and € 75.6 million or 6.6% from the organic growth at all other outpatient and inpatient sites.

The rise in net consolidated profit by € 5.2 million translates into a return on revenues of 5.6% (previous year: 5.8%), most of which (€ 4.1 million) is attributable to the earnings contributions from the MEDIGREIF Group consolidated for the first time as at 31 December 2009. The rise in earnings at all other Group facilities amounts to € 1.1 million.

Compared with the same period last year, the burden on earnings from the change in the market values of our financial instruments declined slightly from € 0.4 million to € 0.2 million.

In the first half of 2010, we recorded an EBITDA margin of 12.0% (previous year: 12.3%) and an EBIT margin of 7.8% (previous year: 8.0%).

The net consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG in the first half amounting to € 68.0 million (previous year: € 61.9 million) translates into an EpS of € 0.49 (previous year: € 0.60). Based on comparable share numbers, EpS of the previous year was € 0.45.

Comparison of the second quarter

In the second quarter of 2010 versus the second quarter of 2009, we recorded

- a rise in case numbers by 63,277 cases or 14.0% to a total of 514,052 cases (previous year: 450,775 cases),
- a rise in revenues by € 57.3 million or 9.9% to € 638.7 million (previous year: € 581.4 million),
- an increase in EBITDA by € 4.8 million or 6.5% to € 78.3 million (previous year: € 73.5 million),
- an increase in EBIT by € 3.2 million or 6.6% to € 51.6 million (previous year: € 48.4 million), and
- a € 1.7 million (4.9%) rise in net consolidated profit to € 36.7 million (previous year: € 35.0 million).

Although the trend in service volumes in the first and second quarters of financial year 2010 was relatively stable with growth rates of roughly 13% - 14%, the rates of increase in revenues and key earnings ratios of the second quarter of 2010 were weaker than in the first quarter. However, this does not come as a result of developments in the current financial year, but instead reflects the base effect from the valuation of revenues in the first and second quarters that was oriented on the development in legislation with regard to revenues.

Of revenues generated in the second quarter of 2010 totalling € 638.7 million (previous year: € 581.4 million), the MEDIGREIF Group accounts for € 23.8 million after consolidation. Return on revenue declined slightly by 0.3 percentage points to 5.7% (previous year: 6.0%).

Of consolidated revenues for the second quarter of 2010 totalling € 36.7 million (previous year: € 35.0 million), the first-time consolidated MEDIGREIF Group accounts for € 2.4 million. All other Group facilities succeeded in maintaining their earnings – with the exception of € 0.7 million – compared with the previous year, it being noted in this regard that earnings of the second quarter of last year were relieved to the tune of € 0.2 million by the market valuation of our financial instruments.
The net consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG in the second quarter amounting to € 34.8 million (previous year: € 32.9 million) translates into an EpS of € 0.25 (previous year: € 0.32); based on comparable share numbers, this corresponds to an EpS of € 0.24 for the previous year.

Comparison with the first quarter of 2010

In the second quarter of 2010 versus the previous quarter, we recorded

- case numbers of 514,052, exceeding the level of the first quarter by 4,259 cases or 0.8% (Q 1: 509,793 cases),
- a rise in revenues by € 14.5 million or 2.3% to € 638.7 million (Q1: € 624.2 million),
- an increase in EBITDA by € 5.2 million or 7.1% to € 78.3 million (Q1: € 73.1 million),
- an increase in EBIT by € 4.8 million or 10.3% to € 51.6 million (Q1: € 46.8 million), and
- a € 2.4 million (7.0%) rise in net consolidated profit to € 36.7 million (Q1: € 34.3 million),

thus showing that our growth course has been continuing uninterrupted from one period to the next.

The rise in net consolidated profit by € 2.4 million includes rises in earnings of the MEDIGREIF Group to the tune of € 0.7 million and at the other Group facilities of € 1.7 million. Whereas the first quarter was still burdened by an impairment of € 0.2 million from the market valuation of our financial instruments, the second quarter saw a balance of positive and negative market valuation effects.

The positive trend in margins compared with the first quarter is essentially attributable to the improvement in the expense ratios for personnel and material costs resulting from the optimisation of operating processes.

The net consolidated profit attributable to the shareholders of RHÖN-KLINIKUM AG in the second quarter of € 34.8 million translates into an EpS of € 0.25. In the first quarter of 2010, earnings per share of € 0.24 were achieved.

Investment and financing

In the first six months of the current financial year, the Group invested a total of € 160.0 million (previous year: € 128.1 million) for new hospital buildings as well as for replacement investments, of which € 144.7 million was financed out of own funds (previous year: € 114.2 million). For these investments an operating cash flow – calculated from net consolidated profit plus depreciation and other non-cash items – of

€ 124.3 million (previous year: € 116.5 million) and also loan funds were available.

In the first half of 2010 we distributed € 43.6 million to shareholders and minority owners (previous year: € 38.3 million). Employees received profit-sharing bonuses and directors' fees totalling € 68.7 million (previous year: € 58.1 million).

Since the reporting date our net financial debt has risen from € 406.1 million to € 520.2 million, and our equity capital has declined from € 1,422.9 million to € 1,416.3 million as a result of dividends paid to shareholders and minority owners as well as changes in the market values of our financial instruments.

The equity capital ratio has seen a slight decline compared with the reporting date of 31 December 2009, from 49.8% to 48.4%. Our non-current assets are financed fully, at 110.8% (31 December 2009: 110.9%) on an arithmetic basis, at matching maturities by equity capital and long-term debt. Moreover, our current assets are also covered by € 221.1 million of non-current equity and debt items.

Forecast

After the first half of 2010, our net consolidated profit of € 71.0 million is in line with our full-year forecast. We are, however, confident that in the further course of financial year 2010 the measures introduced to raise efficiency will bite and lead to additional profit contributions which, together with profit contributions from surplus service volumes, will result in the targeted increases in earnings.

For this reason, we are expecting for financial year 2010 – under the currently known statutory framework conditions and without further acquisitions – revenues of € 2.6 billion and a net consolidated profit of € 145 million that may fluctuate within a range of plus or minus 5%.

ECONOMIC AND LEGAL ENVIRONMENT

Compared with the previous year, the German economy in the first half of 2010 revealed clear signs of sustained economic recovery. The order books of the manufacturing industry are being increasingly filled; gross domestic product was once again in positive territory, recording growth of 0.2% in the first quarter. The second quarter is expected to see an even greater growth impetus.

The employment situation is also steadily improving; unemployment, even after adjusting for seasonal effects, has been steadily in decline.

The trend in exports is still slightly subdued, although the conditions for foreign trade – helped in particular by the cheaper euro – in this area, too, are pointing to an upward trend in goods exports.

The trend in prices in the first half of 2010 also saw a average increase in consumer prices of 1.2% or 0.6% on the producer side – in each case moderate compared with the corresponding level of the previous year – thus leaving further scope to stimulate domestic consumption.

For the further course of financial year 2010 we expect to see the economy stabilise further, with contributions from the state for consumption and investment expected to be moderate given the foreseeable austerity measures. Of decisive significance for gross domestic product will be consumer behaviour and demand from abroad for German goods and services.

For hospitals, the framework conditions in financial year 2010 have not improved in our view. Although the so-called convergence phase has been completed at the level of the federal states and discounts granted on agreed surplus service volumes for 2010 have ended, state base rates have seen only a slight rise.

At the same time, cost increases of at least 2% are expected for 2010 that will have to be offset by efficiency gains and higher service volumes.

We have taken on the challenges of 2010 at an early stage and have tackled these as always with our expertise, diligence and hard work. In this way we have achieved growth in the absolute indicators of service volumes, revenues and profit.

Currently there are discussions on re-introducing, as of financial year 2011, discounts on agreed surplus service volumes as well as the underproportionate remuneration of increases in material and personnel costs as a way of making the hospitals contribute to supporting the healthcare system, since the state would like to scale back its contribution to the healthcare system in future. It is still too early to assess the economic reach of such proposals.

CORPORATE GOVERNANCE

Corporate constitution

Compared with the description given in our 2009 Annual Report, the composition of our Board of Management and Supervisory Board has changed.

With effect from 30 April 2010, the member of the Board of Management Mr. Ralf Stähler left us for personal, health-related reasons. With effect from 1 September 2010, Mr. Volker Feldkamp will be appointed to the Board of Management.

At the 2010 Annual General Meeting, new elections to the Supervisory Board were held at the appointed interval. Mr. Eugen Münch was unanimously re-elected to the office of chairman of the Supervisory Board. Mr. Joachim Lüddecke was unanimously confirmed in the office of deputy chairman of the Supervisory Board.

Among the shareholders' representatives, Dr. Korte retired from office for age reasons. He was replaced by Dr. Rüdiger Merz. For the employee representatives of the Supervisory Board, Dr. Bernhard Aisch, Ms. Gisela Ballauf, Mr. Helmut Bühner, Ms. Ursula Harres, Mr. Joachim Schaar and Mr. Michael Wendl resigned. Mr. Peter Berghöfer, Ms. Bettina Böttcher, Mr. Stefan Härtel, PD Dr. Jan Schmitt, Mr. Georg Schulze-Ziehaus and Dr. Rudolf Schwab were elected to the Supervisory Board.

The allocation of responsibilities within the Board of Management as well as within the Supervisory Board is regularly adapted to changing requirements.

Up to the date of preparation of the Half-Year Financial Report, we received the following mandatory notices according to the German Securities Trading Act (Wertpapierhandels-gesetz):

- FIL Limited, Hamilton/Bermuda (parent company) in June 2010 subsequently reported to us that it had fallen below a threshold with a voting interest of 2.80% as of 30 October 2009
- BlackRock, Inc., New York/USA (parent company) in January 2010 reported to us that it had fallen below a threshold with a voting interest of 2.99%
- Ameriprise Financial, Inc., Minneapolis/USA (parent company) reported to us in April 2010 that it had exceeded a threshold with a voting interest of 5.58%
- Sun Life Financial Inc., Toronto/Canada (parent company) reported to us in June 2010 that it had exceeded a threshold with a voting interest of 3.07%
- Ameriprise Financial, Inc., Minneapolis/USA (parent company) reported to us in July 2010 that it had fallen below a threshold with a voting interest of 4.97%
- Ameriprise Financial, Inc., Minneapolis/USA (parent company) reported to us in July 2010 that it had exceeded a threshold with a voting interest of 5.05%

- Ameriprise Financial, Inc., Minneapolis/USA (parent company) reported to us in July 2010 that it had fallen below a threshold with a voting interest of 4.87%.

The member of the Board of Management Dr. Christoph Straub reported to us on 1 July 2010 the purchase over the stock exchange of a total of 2,000 ordinary shares at a price of € 17.99 for a total volume of € 35,980.00.

All other elements of our corporate constitution have remained unchanged in the first half. In this regard we refer to the explanations provided in the Management Report of the 2009 Annual Report.

Risks and opportunities

Any opportunities that arise and risks that exist are typically dominated by long-term cycles. As a result, short-term changes in the market environment are still usually the exception.

In the first half of 2010 we recorded significant price rises on the cost side. We exploit all available means to achieve higher service volumes (organic growth) as well as to raise efficiency by continuously improving our processes.

We are convinced that – with the disproportionately moderate rises in prices for our services – we will succeed in offsetting price pressures.

CONSOLIDATED TREND

Sites and capacities

	Hospitals	Beds
As at 31 December 2009	**53**	**15,729**
Change in capacities		-1
As at 30 June 2010	**53**	**15,728**

On 30 June 2010, as on the last reporting date, 53 hospitals with 15,728 beds/places at a total of 42 sites in ten federal states are included in our consolidated financial statements. Since 31 December 2009 there have been only minor changes in the number of approved beds in our acute-inpatient capacities.

On 20 May 2010, we signed the purchase agreement for the acquisition of Salze Klinik I, Bad Salzdetfurth, with 165 approved beds. Salze Klinik I operates the departments of acute geriatrics, geriatric rehabilitation as well as cardiological and orthopaedic rehabilitation. Since the conditions of validity contained in the company purchase agreement had not yet been met by the half-year key date, the facility was not yet included in the consolidated financial statement.

During the first six months of 2010 we put into service three medical care centres (MVZs) with seven doctors' practices, and expanded already existing MVZs by eight doctors' practices:

	Date	MVZs	Specialist physician practices
As at 31 December 2009		**26**	**98**
Opened			
Pforzheim II	1 Jan. 2010	1	2
Kipfenberg	1 Jan. 2010	1	2
Uelzen	1 Jan. 2010	1	3
Expansion of existing MVZs		-	8
As at 30 June 2010		**29**	**113**

Expansion of capacities at our MVZ structures is moving ahead as planned.

For the further course of financial year 2010, we intend to further expand our outpatient structures as part of our integrated growth strategy. In this regard we are particularly keen on expanding our outpatient ophthalmologic offering. In our view it will be increasingly possible in future to perform a higher share of ophthalmologic surgical services that are now performed in acute-care hospital structures.

Patients

January through June	2010	2009	Change absolute	%
Inpatient and day-case treatments,				
acute hospitals	328,001	301,042	26,959	9.0
rehabilitation hospitals and other facilities	4,692	4,857	-165	-3.4
	332,693	305,899	26,794	8.8
Outpatient attendances at our				
acute hospitals	518,465	496,999	21,466	4.3
MVZs	172,687	100,196	72,491	72.3
	691,152	597,195	93,957	15.7
Total	**1,023,845**	**903,094**	120,751	13.4

In the first six months a total of 1,023,845 patients (up by 120,751 patients / 13.4%) were treated in the Group's hospitals and MVZs. Of this increase, outpatient treatments account for roughly 77.8%. After deducting the effect of the first-time consolidation of the MEDIGREIF Group, this translates into organic growth in patients of 64,098 patients or 7.1%.

This growth, which is distributed nearly evenly over the entire Group, in the acute-inpatient area is attributable in roughly equal measure to a higher number of cases and to a higher case severity. Overall, we recorded an increase in valuation ratios by 10.3%. Of that, the MEDIGREIF Group accounts for 4.9 percentage points and the Group's other inpatient facilities for 5.4 percentage points.

1st and 2nd Quarters of 2010	April-June	January-March	Change, absolute absolute	%
Inpatient and day-case treatments,				
acute hospitals	163,166	164,835	-1,669	-1.0
rehabilitation hospitals and other facilities	2,361	2,331	30	1.3
	165,527	167,166	-1,639	-1.0
Outpatient attendances				
at our acute hospitals	261,467	256,998	4,469	1.7
at our MVZs	87,058	85,629	1,429	1.7
	348,525	342,627	5,898	1.7
Total	**514,052**	**509,793**	4,259	0.8

On a comparison of the individual quarters, we achieved patient growth of 12.7% in the first quarter and 14.0% in the second quarter.

As in the previous years, the second quarter in the acute inpatient area – on account of the holiday periods – proved to be slightly weaker than the first quarter. That said, in 2010 the seasonal decline in the second quarter by a total of 1,669 acute inpatient cases was much less pronounced than in the previous year in which we posted a second-quarter decline in case numbers by 4,270 acute inpatient cases.

Per-case revenues

January through June	2010	2009
Case revenue		
inpatient (€)	3,582	3,553
outpatient (€)	91	90

In the outpatient area our expanded service portfolio boosted revenues thanks to the integration of acquired specialist practices with relatively high per-case revenues.

Employees

Employees	30 June 2010	31 Dec. 2009	Deviation absolute	%
Hospitals	33,027	32,944	83	0.3
MVZs	457	359	98	27.3
Service companies	3,574	3,579	-5	-0.1
Total	**37,058**	**36,882**	**176**	**0.5**

At 30 June 2010, the Group employed 37,058 persons (31 December 2009: 36,882).

BUSINESS DEVELOPMENT

Overall, our hospitals performed in line with expectations during the first six months of financial year 2010.

We achieved higher service volumes at almost all hospital sites. From these additional revenue contributions, we were able to largely cover increases in personnel and material costs. The personnel and material costs that could not be compensated by additional profit contributions resulted in a slight rise in our individual expenditure ratios – in particular for material and personnel – and moderately lower margins.

We once again stepped up our efforts considerably to raise efficiency in the area of materials management. From the second half of the year we expect to see the first effects of relief from the material benchmarks introduced as well as from strategic price negotiations.

In addition to the outcome of in-house wage negotiations still under way, our hospitals' earnings situation will be affected to a decisive extent by the budget negotiations yet to take place in the further course of financial year 2010.

Generally, what will be key in such wage negotiations is for a common understanding to be reached with the wage negotiation partners on how narrow the scope for remuneration adjustments is. In the budget negotiations we will have to seek to reach agreement also with payers regarding the surplus service volumes emerging for financial year 2010 to obtain a remuneration without discounts.

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

January - June	2010 €m	2009 €m	Change €m	%
Revenues	1,262.9	1,140.5	122.4	10.7
EBITDA	151.4	140.5	10.9	7.8
EBIT	98.3	91.2	7.1	7.8
EBT	87.0	77.7	9.3	12.0
Operating cash flow	124.3	116.5	7.8	6.7
Net consolidated profit	71.0	65.8	5.2	7.9

When it comes to assessing the data for key ratios and margins in interim reports, it must always be considered that for hospitals revenues can be exactly defined for the financial year and for the respective interim reporting periods only after conclusion of the budget negotiations. Currently, 17 budget negotiations – including those for some very large hospitals – have yet to be concluded for 2010. Since we rate our revenues on a risk-free basis up to the conclusion of a budget negotiation, we normally achieve higher revenues in the second half of the year.

Positive earnings contributions to be recognised for the first time from the MEDIGREIF Group of € 4.1 million contributed to a sharp rise in net consolidated profit by € 5.2 million for the first half of 2010.

After achieving an earnings result of € 34.3 million for the first quarter of 2010, we generated € 36.7 million in the second quarter.

After deducting the portion of net consolidated profit of € 1.7 million (Q1) and € 2.4 million (Q2) attributable to the MEDIGREIF Group consolidated for the first time, that leaves quarterly results comparable with previous year's period of € 32.6 million (Q1) and € 34.3 million (Q2). Excluding the contributions made by the MEDIGREIF Group to net consolidated profit, we raised earnings in the first quarter by € 1.9 million, whereas in the second quarter our earnings were € 0.7 million lower compared with the same period last year. The latter primarily results from the fact that in the previous year the net consolidated result was helped somewhat by positive changes in the market values of our financial instruments.

At the Group as a whole, we succeeded in raising our EBIT in the first half of the year by € 7.1 million to € 98.3 million (previous year: € 91.2 million). The EBIT margin declined slightly from 8.0% to 7.8%.

Compared with the previous year, we generated a € 3.2 million higher EBIT of € 51.6 million in the second quarter of 2010 (previous year: € 48.4 million). Compared with the same quarter last year, we recorded a slight decline in the EBIT margin by 0.3 percentage points to 8.1% (previous year: 8.4%).

EBIT of all operating companies rose by € 7.2 million or 6.7% to € 115.4 million. The MEDIGREIF Group, which was consolidated for the first time on 31 December 2009, contributed to this rise with an EBIT of € 5.1 million. A further significant increase in EBIT (of € 3.2 million) was achieved at Universitätsklinikum Gießen und Marburg GmbH. The negative EBIT contributions recorded in the previous year were reduced at St. Elisabeth Krankenhaus Bad Kissingen GmbH by € 1.2 million, at St. Petri Hospital Warburg GmbH by € 0.6 million, and at Wesermarsch-Klinik Nordenham GmbH by € 0.3 million, thus improving the results of these facilities. The EBIT contributions of all other facilities overall stood at € 3.4 million and thus at the same level as the previous year.

EBIT January - June	2010 €m	2009 €m	Change €m	%
Acquisitions in 2009	5.1	N.A.	5.1	N.A.
Acquisitions in 2008	-1.3	-2.2	0.9	40.9
Acquisitions in 2007	0.8	0.4	0.4	100.0
Acquisitions in 2006	4.6	1.9	2.7	142.1
Acquisitions in 2005	15.3	14.2	1.1	7.7
Acquisitions in 2004	2.8	1.0	1.8	180.0
MVZ and service companies	-0.3	1.1	-1.4	-127.3
Rest of Group	88.4	91.8	-3.4	-3.7
EBIT of operating companies	115.4	108.2	7.2	6.7
Group management	-17.1	-17.0	-0.1	-0.6
Total	**98.3**	**91.2**	**7.1**	**7.8**

Revenues and earnings

Without taking into account further acquisitions, we expect an overall positive performance of our key ratios in the further course of financial year 2010.

January - June	2010 %	2009 %
Return on equity (after tax)	10.0	14.6
Return on revenue	5.6	5.8
Cost of materials ratio	25.5	25.4
Personnel cost ratio	59.9	59.6
Depreciation and amortisation ratio	4.2	4.3
Other cost ratio	9.2	9.6
Tax rate	1.3	1.0

The decline in return on equity results from the increase in equity capital resulting from the capital increase performed in the third quarter of 2009.

Compared with the same period last year, revenues grew by € 122.4 million or 10.7% to reach € 1,262.9 million. Adjusting for changes in the scope of consolidation (first-time consolidation of the MEDIGREIF Group) to the tune of € 46.8 million, this translates into organic growth of € 75.6 million or 6.6%, which includes one-off revenues of € 8.3 million. The rise in revenues in the inpatient area attributable to financial year 2010 in the amount of € 63.4 million or 5.6% is roughly in line with the trend in service volumes. Our MVZ companies succeeded in raising their revenues in the first half of 2010 compared with the same period last year by € 3.9 million or 61.9%. Here, too, the trend in revenues reflects the trend in service volumes.

The MEDIGREIF Group accounts for € 1.6 million of the rise in other earnings by € 4.9 million or 6.2%. Moreover, earnings from ancillary and incidental activities increased.

Material expenditure in the first half grew by € 32.8 million or 11.3% compared with the first half. After deducting the material expenditure of € 10.5 million attributable to the first-time consolidation of the MEDIGREIF Group, this translates into a material expenditure at the existing facilities of € 22.3 million or 7.7%. This also explains the rise in the cost-of-materials ratio from 25.4% to 25.5%.

The rise in the personnel expense item of € 76.1 million or 11.2% to € 756.3 million includes € 28.5 million attributable to the MEDIGREIF Group. The other increases in personnel expenses of € 47.6 million reflect a disproportionate rise of 7.0%. Although staffing increases were disproportionately moderate compared with the trend in service volumes, increases in collective wages brought about an increase in the personnel expense ratio from 59.6% to 59.9%.

Compared with the same period last year, other expenditures in the first half of 2010 rose by € 7.4 million or 6.8%. After deducting other expenditures recognised for the first time for the MEDIGREIF Group in the amount of € 3.9 million, this translates into a disproportionate rise at the Group's other facilities of € 3.5 million or 3.2%. The corresponding expense ratio declined accordingly from 9.6% to 9.2%.

Depreciation/amortisation of the MEDIGREIF Group recognised for the first time accounts for € 0.4 million of the rise the depreciation/amortisation item by € 3.8 million or 7.7%. The remaining € 3.4 million is accounted for among other things by the commissioning of our extension buildings in Cuxhaven as at 1 October 2009 and in Bad Berka as at 1 November 2009 as well as by current capital expenditure as of the second half of 2009. The decline in the depreciation/amortisation ratio from 4.3% to 4.2% stems from the relatively small scope of fixed assets of the MEDIGREIF Group financed from own funds.

The financial result improved by € 2.2 million or 16.3% compared with the same period last year. This development is essentially explained by the decline in average net financial debt from € 662.2 million in the first half of 2009 by € 227.2 million to € 435.0 million in the first half of 2010. This compares with the opposite effect from the rescheduling of liabilities performed in the first half of the year in the non-current area through the issuance of a bond with a volume of € 400.0 million at an interest rate of 3.875%. Changes in the market values of financial instruments, which are recognised through profit or loss, had a burdening impact of € 0.2 million in the first half of 2010 (previous year: € 0.5 million)– in each case before tax.

As at 30 June 2010, net financing debt – including finance lease liabilities – was € 520.2 million (31 December 2009: € 406.1 million) and breaks down as follows:

	30 June 2010 €m	31 Dec. 2009 €m
Cash	407.1	444.9
Current financial liabilities	151.6	166.7
Non-current financial liabilities	802.2	697.9
Finance lease liabilities	5.4	5.8
Financial liabilities	959.2	870.4
Subtotal	552.1	425.5
Negative market value of derivatives (current)	-0.2	-0.2
Negative market value of derivatives (non-current)	-31.7	-19.2
Net financial debt	**520.2**	**406.1**

Based on an unchanged rate of taxation compared with the previous year, the tax ratio rose slightly by 0.3 percentage points to 1.3 percentage points compared with the previous year. This decline stems from the fact that in the first half of 2009 a total of € 2.8 million (net) of deferred tax assets from loss carry-forwards stated for the first time for facilities acquired in previous years was recognised with tax expenditure reducing effect. An expenditure increasing continues to come from the fact that a large portion of our financial expenditures is not tax deductible and that the losses resulting from this are not eligible for compensation.

In the first six months of financial year 2010 we raised net consolidated profit by € 5.2 million or 7.9% to € 71.0 million (previous year: € 65.8 million). Adjusting for the earnings contributions of € 4.1 million recognised in 2010 from the MEDIGREIF Group consolidated for the first time as at 31 December 2009, this results in an adjusted net consolidated profit of € 66.9 million. This exceeds the previous year's level of € 65.8 million by € 1.1 million or 1.7%.

Minority interests in profit declined compared with the same period last year by € 0.9 million or 23.7% to € 2.9 million.
This was in particular attributable to RHÖN-KLINIKUM AG's purchase of a 20% shareholding interest in Amper Kliniken AG, reducing the latter's minority interest from 25.1% to 5.1% with effect from 1 January 2010.

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2010 rose by € 6.1 million or 9.9% to € 68.0 million compared with the same period last year. This corresponds to earnings per share of € 0.49 (previous year: € 0.60) in accordance with IAS 33. On an arithmetic, unweighted basis, and taking account of the higher number of ordinary shares after the capital increase in 2009, the EpS figure is € 0.45 for the previous year.

In the first half of 2010, the sum of after-tax earnings and the value changes recognised at equity amounted to € 60.4 million (previous year: € 64.2 million). Whilst in the previous year, negative changes in the market values of our financial instruments of € 1.5 million were recognised directly at equity, negative changes in market values (after tax) to the tune of € 10.6 million also had to be recognised directly at equity in the first half of the current financial year.

Asset and capital structure

	30 June 2010		31 December 2009	
	€m	%	€m	%
ASSETS				
Non-current assets	2,056.4	70.3	1,965.5	68.8
Current assets	868.6	29.7	893.0	31.2
	2,925.0	**100.0**	**2,858.5**	**100.0**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	1,416.3	48.4	1,422.9	49.8
Long-term loan capital	861.2	29.4	757.2	26.5
Short-term loan capital	647.5	22.2	678.4	23.7
	2,925.0	**100.0**	**2,858.5**	**100.0**

Essentially as a result of the planned realisation of our investment programmes, our non-current assets increased by € 90.9 million or 4.6% since the last reporting date. We financed our investments from own funds of € 144.7 million primarily from first-half operating cash flow of 124.3 million.

The decline in current assets stems essentially from advance payments made for the 20.0 percentage point interest in Amper Kliniken AG.

The equity capital ratio saw a slight decline compared with the last reporting date, from 49.8% to 48.4%.

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

Shareholders' equity	**2010**			**2009**
	Share-holders	**Minorities**	**Total**	**Total**
	€m	**€m**	**€m**	**€m**
As at 1 January	**1,376.1**	**46.8**	**1,422.9**	**889.3**
Equity capital transactions with owners	-51.0	-16.0	-67.0	-38.3
Total result of the period	57.5	2.9	60.4	64.2
As at 30 June	**1,382.6**	**33.7**	**1,416.3**	**915.2**

As at 30 June 2010, equity stands at € 1,416.3 million (31 December 2009: € 1,422.9 million). Compared with the balance sheet date of 31 December 2009, the increase in equity capital by € 6.6 million, based on net consolidated profit of € 71.0 million, stems from dividend payments to shareholders of RHÖN-KLINIKUM AG (€ 41.5 million), from the distribution to minority interests (€ 2.1 million), from recognition directly in equity of negative changes in the market values of financial derivatives designated as interest hedging instruments (€ 10.6 million), as well as from the recognition directly in equity of the purchase price payment for the increase in the interest in Amper Kliniken AG by 20.0 percentage points to 94.9% (€ 23.4 million). 110.8% (31 December 2009: 110.9%) of non-current assets are covered by equity and non-current liabilities. Net financial debt rose since the last reporting date from € 406.1 million by € 114.1 million to € 520.2 million as at 30 June 2010.

Our key financial ratios developed as follows:

	30 Jun. 2010	31 Dec. 2009
Net financial liabilities in €m at reporting date (incl. finance lease liabilities)	520.2	406.1
EBITDA (€ m)	294.9 *	284.0 **
Net interest expenditure in €m (excluding mark-up / discount of financial instruments)	20.2 *	22.1 **
Net financial debt / EBITDA	1.8	1.4
EBITDA / net interest expenditure	14.6	12.9

*) Period from 1 July 2009 - 30 June 2010
**) Period from 1 January 2009 - 31 December 2009

Our internal financing strength has increased significantly. Compared with the same period last year, operating cash flow, calculated from net consolidated profit plus depreciation/ amortisation and other non-cash items, rose by € 7.8 million or 6.7% to reach € 124.3 million (previous year: € 116.5 million).

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

January through June	2010 €m	2009 €m
Cash generated from operating activities	66.6	52.2
Cash used in investing activities	-130.5	-123.4
Cash generated from financing activities	27.4	27.5
Change in cash and cash equivalents	**-36.5**	**-43.7**
Cash and cash equivalents at 1 January	420.6	76.9
Cash and cash equivalents as at 30 June	**384.1**	**33.2**

Since in the first quarter of each year we pay our insurance expenditure in advance for the entire year, and in the second quarter the directors' bonuses and profit interests are paid, cash generated from operations deviates permissibly in the Half-Year Financial Report from the calculated operating cash flow.

Investing activities

Aggregate investments of € 160.0 million (previous year: € 128.1 million) in the first half of 2010 are shown in the following table:

	Use of		
	gov't grants €m	Own funds €m	Total €m
Current capital expendit	15.3	144.7	160.0
Hospital takeovers	0.0	0.0	0.0
Total	**15.3**	**144.7**	**160.0**

Of these investments made in the first half, € 15.3 million (previous year: € 13.9 million) was attributable to investments funded from grants under the Hospital Financing Act (KHG) and deducted from total investments pursuant to the relevant provisions of IAS.

An analysis of investments by site is given below:

	€m
Gießen-Marburg	74.5
Hildesheim	11.2
Leipzig	9.6
Salzgitter	7.7
Köthen	7.6
Bad Neustadt a. d. Saale	7.0
Gifhorn	6.3
München Pasing-Perlach	5.5
Miltenberg-Erlenbach	4.7
Pforzheim	1.8
Bad Berka	1.6
Dachau	1.5
Other sites	5.7
Total	**144.7**

For the further course of 2010 we have planned to make further investments of roughly € 284 million.

Under company purchase agreements entered into in previous years, we still have outstanding investment obligations of € 168.3 million until 2012.

Outlook

No material events subject to a reporting obligation took place after 30 June 2010 up to the preparation of this Report.

We are currently engaged in several acquisition procedures for inpatient and outpatient facilities expected to be decided on in the second half of the year. If the further course of our due diligence reviews and contractual negotiations in these procedures allow for the qualified takeover and successful integration of these facilities, we shall undertake every effort to conclude further takeovers by the end of the current year.

Demographic trends and advances in medicine will continue to feed demand for inpatient and outpatient healthcare services. Our hospitals are prepared to meet this additional demand both quantitatively and qualitatively.

For the second half of 2010 we are looking for a further increase in organic growth and are steadfastly carrying through with the optimisation programmes at our individual hospital sites. We expect to see rises in service volumes and revenues that will more than compensate for the likewise expected increases in costs and will enable additional contributions to profit.

For financial year 2010 we expect – under the currently known statutory framework conditions and without further acquisitions – revenues of € 2.6 billion and a net consolidated profit of € 145 million that may fluctuate within a range of plus or minus 5%.

With regard to acquisition-driven growth, we are prepared to take further hospitals into the Group. We assume that municipal budgets will apply increasing cost-cutting efforts and austerity measures in an effort to adhere to the “debt brake” enshrined in the constitution.

This is likely to restrict the manoeuvring room of public hospital owners to finance investments and operating losses, with the result that the economic necessity and rationality of disposals will once again come further to the fore than in the recent past. We assume that the willingness of public hospital operators to work together with a reliable private healthcare services provider like RHÖN-KLINIKUM AG will increase.
For financial year 2011, based on the current stage of discussions, it is planned that discounts on agreed surplus service volumes to the tune of 30% should be introduced and that the state base rates should be raised only by half of the rate of increase in the aggregate income of all health insurance fund members. Based on expected cost increases of at least 2%, this puts noticeable earnings and margin pressures on the sector. It is currently not foreseeable what impact that will specifically have on the hospital sector and on the Group of RHÖN-KLINIKUM AG.

As usual, we will closely follow and escort the political opinion-forming process and are confident that we will be able to more than compensate for the potential effects by expanding our service volumes, thus generating additional profit contributions.

For the financial years from 2011 onwards, we expect demand for healthcare services to rise inexorably. Likewise, the diagnosis and treatment of patients will see further advances, allowing for a broadened treatment range within the outpatient and inpatient area. Since also in the medium term, revenues of the healthcare system are likely to be more or less linked to employment, our healthcare system will lack a non-cyclical financing basis in future as well. Particularly in economic downturns, serious underfunding is likely to result.

Since in such times state revenues are usually in decline while at the same time state expenditures are increasingly being used for economic stimulus programmes, shortfall amounts in our healthcare system can be offset by additional public subsidies only to a limited extent. Austerity legislation packages and the resulting efforts to achieve efficiency gains will therefore be part of hospital operators' day-to-day business in future as well. Faced with a changing policy environment, patients will have to brace themselves for rising co-payments.

We lay claim to operating our facilities very efficiently and thus successfully, and for this reason see ourselves as poised for a highly successful development over the coming years.

Bad Neustadt a. d. Saale, 5 August 2010

RHÖN-KLINIKUM AG

THE BOARD OF MANAGEMENT

Andrea Aulkemeyer | Dr. rer. pol.Erik Hamann | Wolfgang Kunz | Gerald Meder

Wolfgang Pföhler | Dr. med. Christoph Straub | Dr. rer. oec. Irmgard Stippler

CONSOLIDATED ABRIDGED INTERIM FINANCIAL STATEMENT

Contents

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

January through June	2010 € '000	2010 %	2009 € '000	2009 %
Revenues	1,262,916	100.0	1,140,513	100.0
Other operating income	83,400	6.6	78,542	6.9
	1,346,316	**106.6**	**1,219,055**	**106.9**
Materials and consumables used	322,182	25.5	289,415	25.4
Employee benefits expense	756,338	59.9	680,185	59.6
Other expenses	116,366	9.2	108,958	9.6
	1,194,886	**94.6**	**1,078,558**	**94.6**
Interim result (EBITDA)	**151,430**	**12.0**	**140,497**	**12.3**
Depreciation/amortisation and impairment	53,108	4.2	49,329	4.3
Operating result (EBIT)	**98,322**	**7.8**	**91,168**	**8.0**
Finance expenses	14,716	1.2	14,734	1.3
Finance income	3,376	0.3	1,218	0.1
Financial result	**11,340**	**0.9**	**13,516**	**1.2**
Earnings before tax (EBT)	**86,982**	**6.9**	**77,652**	**6.8**
Income taxes	16,008	1.3	11,902	1.0
Net consolidated profit	**70,974**	**5.6**	**65,750**	**5.8**
of which				
minority interests	**2,936**	**0.2**	**3,814**	**0.3**
shareholders of RHÖN-KLINIKUM AG	**68,038**	**5.4**	**61,936**	**5.5**
Earnings per share in €	**0.49**		**0.60**	

January through June	2010 € '000	2009 € '000
Net consolidated profit	**70,974**	**65,750**
of which		
Minority interests	2,936	3,814
Shareholders of RHÖN-KLINIKUM AG	68,038	61,936
Change in fair value of derivatives used for hedging purposes	-12,537	-1,809
Income taxes	1,984	287
Change in the amount recognised at equity capital (cash flow hedges)	**-10,553**	**-1,522**
Sum of value changes recognised at equity	**-10,553**	**-1,522**
of which		
minority interests	0	-92
shareholders of RHÖN-KLINIKUM AG	-10,553	-1,430
Sum of earnings after tax and changes recognised at equity	**60,421**	**64,228**
of which		
minority interests	2,936	3,722
shareholders of RHÖN-KLINIKUM AG	57,485	60,506

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

April through June	2010		2009	
	€ '000	%	€ '000	%
Revenues	638,691	100.0	581,394	100.0
Other operating income	41,922	6.6	40,618	7.0
	680,613	**106.6**	**622,012**	**107.0**
Materials and consumables used	160,998	25.2	145,834	25.1
Employee benefits expense	381,579	59.7	345,410	59.4
Other expenses	59,740	9.4	57,251	9.8
	602,317	**94.3**	**548,495**	**94.3**
Interim result (EBITDA)	**78,296**	**12.3**	**73,517**	**12.7**
Depreciation/amortisation and impairment	26,724	4.2	25,099	4.3
Operating result (EBIT)	**51,572**	**8.1**	**48,418**	**8.4**
Finance expenses	8,378	1.3	6,661	1.2
Finance income	1,703	0.2	541	0.1
Financial result	**6,675**	**1.1**	**6,120**	**1.1**
Earnings before tax (EBT)	**44,897**	**7.0**	**42,298**	**7.3**
Income taxes	8,213	1.3	7,292	1.3
Net consolidated profit	**36,684**	**5.7**	**35,006**	**6.0**
of which				
minority interests	**1,846**	**0.3**	**2,096**	**0.4**
shareholders of RHÖN-KLINIKUM AG	**34,838**	**5.4**	**32,910**	**5.6**
Earnings per share in €	**0.25**		**0.32**	

April through June	2010	2009
	€ '000	€ '000
Net consolidated profit	**36,684**	**35,006**
of which		
minority interests	1,846	2,096
shareholders of RHÖN-KLINIKUM AG	34,838	32,910
Change in fair value of derivatives used for hedging purposes	-6,607	3,291
Income taxes	1,046	-521
Change in the amount recognised at equity capital (cash flow hedges)	**-5,561**	**2,770**
Sum of value changes recognised at equity	**-5,561**	**2,770**
of which		
minority interests	0	16
shareholders of RHÖN-KLINIKUM AG	-5,561	2,754
Sum of earnings after tax and changes recognised at equity	**31,123**	**37,776**
of which		
minority interests	1,846	2,112
shareholders of RHÖN-KLINIKUM AG	29,277	35,664

Consolidated Balance Sheet at 30 June 2010

	30 June 2010		31 December 2009	
	€ '000	%	€ '000	%
A S S E T S				
Non-current assets				
Goodwill and other intangible assets	342,563	11.7	341,719	12.0
PP&E	1,689,875	57.8	1,599,861	56.0
Investment property	4,959	0.2	5,069	0.2
Income taxes receivables	17,501	0.6	17,149	0.6
Other assets	1,563	0.0	1,788	0.0
	2,056,461	**70.3**	**1,965,586**	**68.8**
Current assets				
Inventories	43,191	1.5	45,928	1.6
Accounts receivable, other receivables and other assets	393,349	13.4	377,546	13.2
Current income tax claims	24,990	0.9	24,567	0.8
Cash and cash equivalents	407,053	13.9	444,921	15.6
	868,583	**29.7**	**892,962**	**31.2**
	2,925,044	**100.0**	**2,858,548**	**100.0**

	30 June 2010		31 December 2009	
	€ '000	**%**	**€ '000**	**%**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Subscribed capital	345,580	11.8	345,580	12.1
Capital reserve	395,994	13.5	395,994	13.9
Other reserves	641,059	21.9	634,597	22.2
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,382,557	47.2	1,376,095	48.2
Minority interests held by non-Group third parties	33,779	1.2	46,844	1.6
	1,416,336	**48.4**	**1,422,939**	**49.8**
Non-current liabilities				
Financial liabilities	802,239	27.4	697,904	24.4
Deferred tax liabilities	1,329	0.0	1,321	0.1
Provisions for post-employment benefits	11,956	0.4	10,987	0.4
Other liabilities	45,632	1.6	46,952	1.6
	861,156	**29.4**	**757,164**	**26.5**
Current liabilities				
Financial liabilities	151,558	5.2	166,734	5.8
Accounts payable	116,662	4.0	120,683	4.2
Current income tax liabilities	7,658	0.3	10,285	0.4
Other provisions	22,877	0.8	23,237	0.8
Other liabilities	348,797	11.9	357,506	12.5
	647,552	**22.2**	**678,445**	**23.7**
	2,925,044	**100.0**	**2,858,548**	**100.0**

Consolidated Changes in Equity

	Subcribed capital	Capital reserve	Other reserves 1)	Treasury shares	Equity attributable to shareholders of RHÖN-KLINIKUM AG	Minority interests held by non-shareholders in equity 1)	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance at 31 Dec. 2008/ 1 Jan. 2009	**259,200**	**37,582**	**549,315**	**-77**	**846,020**	**43,243**	**889,263**
Equity capital transactions with owners							
Capital contributions/disbursements	-	-	-		0	11	11
Dividend payments	-	-	-36,280	-	-36,280	-1,975	-38,255
Result for the period and changes recognised without effect in profit or loss of the period	-	-	60,506	-	60,506	3,722	64,228
Other changes							
Issue of treasury shares	-	-	-	1	1	-	1
As at 30 June 2009	**259,200**	**37,582**	**573,541**	**-76**	**870,247**	**45,001**	**915,248**
Balance as at 31 Dec. 2009/1 Jan. 2010	**345,580**	**395,994**	**634,597**	**-76**	**1,376,095**	**46,844**	**1,422,939**
Equity capital transactions with owners							
Capital contributions/disbursements	-	-	-	-	0	1	1
Purchase of interest after obtaining control	-	-	-9,561	-	-9,561	-13,846	-23,407
Dividend payments	-	-	-41,462	-	-41,462	-2,156	-43,618
Result for the period and changes recognised without effect in profit or loss of the period	-	-	57,485	-	57,485	2,936	60,421
As at 30 June 2010	**345,580**	**395,994**	**641,059**	**-76**	**1,382,557**	**33,779**	**1,416,336**

1) Including other comprehensive income (OCI)

Consolidated Cash Flow Statement

January through June	**2010** **€m**	**2009** **€m**
Earnings before taxes	87.0	77.7
Financial result (net)	11.1	13.0
Impairment and gains/losses on disposal of assets	53.1	49.2
Non-cash valuations of financial derivatives	0.2	0.5
Other non-cash transactions	0.0	4.0
	151.4	**144.4**
Change in net current assets		
Change in inventories	2.7	1.6
Change in accounts receivable	-29.1	-22.5
Change in other receivables	-9.1	-5.6
Change in liabilities (excluding financial liabilities)	-24.2	-31.3
Change in provisions	0.6	0.9
Income taxes paid	-18.2	-24.4
Interest paid	-7.5	-10.9
Cash generated from operating activities	**66.6**	**52.2**
Investments in property, plant and equipment and in intangible assets	-134.7	-121.1
Acquisition of subsidiaries, net of cash acquired	0.0	-4.2
Sale proceeds from disposal of assets	0.8	0.7
Interest received	3.4	1.2
Cash used in investing activities	**-130.5**	**-123.4**
Payments on contracting of non-current financial liabilities	446.2	90.0
Repayment of financial liabilities	-375.2	-24.2
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-41.5	-36.3
Dividends paid to minority owners	-2.1	-2.0
Cash generated from financing activities	**27.4**	**27.5**
Change in cash and cash equivalents	-36.5	-43.7
Cash and cash equivalents at 1 January	420.6	76.9
Cash and cash equivalents as at 30 June	**384.1**	**33.2**

ABRIDGED CONSOLIDATED NOTES

General information

RHÖN-KLINIKUM AG and its subsidiaries build, acquire and operate hospitals of all categories, primarily in the acute care sector. At some sites, rehabilitation measures are also offered in addition to acute inpatient offerings. The importance of the organisationally combined area of outpatient, day-clinical and basic care facilities is growing. We provide our services exclusively in Germany.

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

The Interim Consolidated Financial Statements will be published on 5 August 2010 on the homepage 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 2010 have been prepared in accordance with the rules of IAS 34 in abridged form applying Section 315a 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 (interim financial reporting) were reflected in the preparation of this Interim Report.

With the exception of the cases further described hereunder, the same accounting, valuation and calculation methods were applied as in the Consolidated Financial Statements for the financial year ending on 31 December 2009. The Interim Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2010 for the first half of 2010 must therefore be read and assessed in conjunction with the Consolidated Financial Statements of RHÖN-KLINIKUM AG for the year ending 31 December 2009.

The following revisions of Standards that came into force in 2010 as well as newly published interpretations already adopted by the European Union are observed by RHÖN-KLINIKUM AG and in the case of their practical relevance are applied in financial year 2010 and will be applied in subsequent years as well:

- Collective Standard “Improvements to IFRSs” (April 2009)
- Revisions of IFRS 1 “Additional Exemptions for First-time Adopters”
- Revisions of IFRS 2 “Group Cash-settled Share-based Payment Transactions”
- New version of IFRS 1 “First-time Adoption of IFRSs”
- IFRIC 17 “Distributions of Non-cash Assets to Owners”
- IFRIC 18 “Transfers of Assets from Customers”.

In April 2009 the IASB published the second annual collective standard “Improvements to IFRSs” for making minor changes to IFRS. The objective of these changes is to clarify the content of the rules and to remove unintended inconsistencies between standards. A significant part of the changes is the subject of mandatory first-time adoption for financial years commencing on or after 1 January 2010.

With the exception of the collective Standard “Improvements to IFRSs” (April 2009), the other revisions of Standards and newly published interpretations are of no practical relevance for RHÖN-KLINIKUM AG.

The following revised Standard which was already adopted by the European Union is of practical relevance as of financial year 2011:

- New version of IAS 24 “Related Party Disclosures”

On 4 November 2009 the IASB published a revised version of IAS 24 - Related Party Disclosures. The revision of IAS 24 was in particular aimed at making the text of the Standard more comprehensive and clearer. With the revised version of IAS 24, provisions are clarified in areas in which the Standard hitherto had revealed inconsistencies or had been impaired in its practical application by imprecise formulations. For example, in the revised IAS 24 the significant provision of IAS 24.9 defining the term ‘related party’ was fundamentally revised. A further area of revision of IAS 24 is the introduction of a relief provision for companies under the joint management or material control of government (referred to as ‘government-related entities’). RHÖN-KLINIKUM AG is currently reviewing the precise impact on the necessary disclosures in the Notes. The amended Standard is to be applied from 2011.

As far as can be seen at present, the following revised and newly published standards which have not yet been adopted by the European Union are of practical relevance from financial year 2011 and 2013, respectively:

- IFRS 9 “Financial Instruments”
- Collective standard “Improvements to IFRSs” (May 2010).

In November 2009, the IASB published the Standard IFRS 9 on the classification and measurement of financial assets. Under IFRS 9, the classification and measurement of financial assets is governed by a new, less complex approach. Under this new approach there are only two instead of four measurement categories for financial assets: measurement at fair value or measurement at amortised cost. In this regard, measurement at amortised cost requires the entity to hold the financial asset to collect the contractual cash flows and the financial asset to have contractual terms that give rise at specified dates to cash flows that exclusively represent payments of principal and interest on the principal outstanding. Financial instruments not satisfying these two conditions are to be measured at fair value. The classification is based on the company’s business model on the one hand, and on the characteristic properties of the contractual cash flows of the respective financial asset on the other. The Standard provides for retrospective application to all existing financial assets. The situation on the date of the Standard’s first-time adoption determines the classification according to the new rules. According to the guidance of the IASB, IFRS 9 is the subject of mandatory adoption for financial years commencing on or after 1 January 2013. Earlier adoption is permitted. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.
In May 2010 the IASB published the third annual collective standard “Improvements to IFRSs” for making minor changes to IFRS. The objective of these changes is to clarify the content of the rules and to remove unintended inconsistencies between standards. A significant part of the changes is the subject of mandatory first-time adoption for financial years commencing on or after 1 January 2011.

The following revised Standards which were already adopted by the European Union are of no practical relevance for RHÖN-KLINIKUM AG for 2011 as well as subsequent financial years:

- Revision of IAS 32 “Classification of Rights Issues”

- Revisions of IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”
- Revisions of IFRIC 14 “Prepayments of a Minimum Funding Requirement”
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”.

For further information on new Standards and interpretations and on revisions of existing Standards, we refer to our statements in the 2009 Annual Report on pages 123 to 127.

Income tax expenditure was defined on the basis of the tax rate that would be applied to earnings for the full year, i.e. the estimated average effective tax rate is applied to the pre-tax result of the interim reporting period.

These Abridged Consolidated Interim Financial Statement and the Consolidated Report of the Management have been subjected to a review by the statutory auditor.

Scope of consolidation

RHÖN-KLINIKUM AG holds an equity interest in 102 domestic companies, of which 95 companies are fully consolidated. One company is consolidated at equity and the other companies are included in the consolidated financial statements at the lower of cost or fair value.

Fully consolidated subsidiaries are all companies in which RHÖN-KLINIKUM AG exercises control over finance and business policy; this is normally accompanied by a share of more than 50.0% in the voting rights. When assessing whether the Group exercises control, the existence and impact of potential voting rights that are currently exercisable or convertible are considered.

Associated companies are those companies over which the Group has a substantial influence but over which it does not have control because the voting interest is between 20% and 50%. Companies whose individual or overall impact on the net assets and results of operations is not material are included in the consolidated financial statements at the lower of cost or fair value.

Jointly controlled entities (joint ventures) are accounted at equity and recognised at cost on their first-time consolidation.

By purchase agreement dated 20 May 2010, RK Klinik Betriebs GmbH Nr. 11, as part of an asset deal, acquired Salze Klinik I, Bad Salzdetfurth, in future to be called Klinik Hildesheimer Land GmbH, from the Lielje Group, Löhne, subject to conditions precedent. Salze Klinik I operates the departments of acute geriatrics, geriatric rehabilitation, as well as cardiological and orthopaedic rehabilitation with a total of 165 beds and employs roughly 150 persons on a full-time basis.

By closing date of 30 July 2010, the purchase agreement took effect with the risks and opportunities also being transferred to us on this date. The object of the purchase agreement is the current business operations as well as the property, plant and equipment and inventory assets of the hospital.

We will promptly integrate the facility into our Group and in this connection are planning investments totalling roughly € 2.5 million within the next five years. The purchase price of roughly € 5.0 million will be settled from cash of RK Klinik Betriebs GmbH Nr. 11. Given the close proximity to date of preparation of this Half-Year Financial Report, the allocation of the purchase price has not been finalised. Based on the preliminary purchase price allocation, a goodwill of roughly € 0.4 million is likely to be stated. This goodwill essentially reflects the expectation for future positive earnings contributions from Salze Klinik I. This acquisition will be of minor importance for the Group's asset, financial and earnings position. Given the as yet incomplete purchase price allocation as well as incomplete change in the accounting of Salze Klinik I to the accounting and valuation rules of RHÖN-KLINIKUM AG, it is currently not yet possible to make all disclosures required under IFRS 3.60 et seq.

Operating segments

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

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

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

Selected explanations regarding consolidated interim income statement

Revenues

January through June	2010 €m	2009 €m
Business areas		
acute hospitals	1,231.8	1,113.5
Medical care centres	10.2	6.3
Rehabilitation hospitals	20.9	20.7
	1,262.9	**1,140.5**
Federal states		
Bavaria	252.5	235.1
Saxony	170.4	153.6
Thuringia	160.0	147.7
Baden-Wuerttemberg	62.2	58.4
Brandenburg	56.1	55.1
Hesse	273.2	259.8
Mecklenburg-West Pomerania	3.1	0.0
Lower Saxony	199.0	191.1
North Rhine-Westphalia	25.9	25.0
Saxony-Anhalt	60.5	14.7
	1,262.9	**1,140.5**

Compared with the same period last year, revenues grew by € 122.4 million or 10.7%. Of the rise in revenues, € 46.8 million is accounted for by the first-time consolidation of the MEDIGREIF Group as at 31 December 2009 and € 75.6 million or 6.6% from the organic growth at all other outpatient and inpatient sites which includes one-off revenues of € 8.3 million.

Other operating income

January through June	2010 €m	2009 €m
Income from services rendered	67.5	63.6
Income from grants and other allowances	6.0	6.0
Income from adjustment of receivables	1.3	2.0
Indemnities received	1.1	0.5
Other	7.5	6.4
	83.4	**78.5**

Income from services rendered includes income from ancillary and incidental activities as well as income from rental and lease agreements. The Group received grants and other allowances as compensation for certain purpose-tied expenditures in connection with measures funded by public grants (e.g. costs of personnel and materials for research and teaching, benefits under German legislation governing part-time employment for senior workers, and for other subsidised measures). Of the increase in other income, € 1.6 million is attributable to the MEDIGREIF Group consolidated for the first time on 31 December 2009.

Other expenses

January through June	2010 €m	2009 €m
Maintenance	40.8	36.6
Charges, subscriptions and consulting fees	27.1	25.3
Administrative and IT costs	9.9	9.0
Impairment on receivables	3.1	4.3
Insurance	5.6	5.3
Rents and leaseholds	7.4	4.7
Travelling, entertaining and representation expenses	3.5	2.9
Other personnel and continuing training costs	5.7	5.0
Losses on disposal of non-current assets	0.1	0.2
Secondary taxes	0.6	0.4
Other	12.6	15.3
	116.4	**109.0**

Of the increase in other expenditures, € 3.9 million is attributable MEDIGREIF Group consolidated for the first time on 31 December 2009.

Income taxes

January through June	2010 €m	2009 €m
Current income tax	14.0	13.1
Deferred taxes	2.0	-1.2
	16.0	**11.9**

The trend in current income tax reflects the positive business performance and the accompanying higher tax assessment basis.

The expenditure from deferred taxes rose by € 3.2 million compared with the same period last year. In this regard it has to be noted that deferred taxes of the previous year include one-off effects from the recognition of deferred taxes on loss carry-forwards for previous years totalling € 2.8 million. Tax loss carry-forwards are recognised Group-wide only to the extent it is deemed probable that they will be claimed within 5 years.

Selected explanations regarding consolidated interim balance sheet

Goodwill and other intangible assets

	Goodwill €m	Other intangible assets €m	Total €m
Cost			
1 January 2010	**323.2**	**43.1**	**366.3**
Additions	0.0	4.0	4.0
Disposals	0.0	0.1	0.1
Transfers	0.0	0.2	0.2
30 June 2010	**323.2**	**47.2**	**370.4**
Cumulative depreciation and impairment			
1 January 2010	**0.0**	**24.6**	**24.6**
Depreciation	0.0	3.3	3.3
Disposals	0.0	0.1	0.1
30 June 2010	**0.0**	**27.8**	**27.8**
Balance sheet value at 30 June 2010	**323.2**	**19.4**	**342.6**

	Goodwill €m	Other intangible assets €m	Total €m
Cost			
1 January 2009	**235.2**	**34.1**	**269.3**
Additions	0.0	2.3	2.3
Disposals	4.0	0.0	4.0
Transfers	0.0	0.1	0.1
30 June 2009	**231.2**	**36.5**	**267.7**
Cumulative depreciation and impairment			
1 January 2009	**0.0**	**19.0**	**19.0**
Depreciation	0.0	2.7	2.7
30 June 2009	**0.0**	**21.7**	**21.7**
Balance sheet value at 30 June 2009	**231.2**	**14.8**	**246.0**

Property, plant and equipment

	Land and buildings €m	Technical plant and equipment €m	Operating and business equipment €m	Plant under construction €m	Total €m
Cost					
1 January 2010	**1,428.7**	**66.4**	**458.4**	**298.7**	**2,252.2**
Additions	7.8	0.4	16.6	115.9	140.7
Disposals	0.1	0.0	2.7	0.4	3.2
Transfers	18.8	1.9	3.0	-23.9	-0.2
30 June 2010	**1,455.2**	**68.7**	**475.3**	**390.3**	**2,389.5**
Cumulative depreciation and impairment					
1 January 2010	**363.3**	**39.1**	**249.9**	**0.0**	**652.3**
Depreciation	20.7	2.1	26.9	0.0	49.7
Disposals	0.0	0.0	2.4	0.0	2.4
Transfers	0.0	0.1	-0.1	0.0	**0.0**
30 June 2010	**384.0**	**41.3**	**274.3**	**0.0**	**699.6**
Balance sheet value at 30 June 2010	**1,071.2**	**27.4**	**201.0**	**390.3**	**1,689.9**

	Land and buildings €m	Technical plant and equipment €m	Operating and business equipment €m	Plant under construction €m	Total €m
Cost					
1 January 2009	**1,330.9**	**60.5**	**400.6**	**167.3**	**1,959.3**
Additions	8.8	0.7	22.8	79.6	111.9
Disposals	0.2	0.0	2.3	0.2	2.7
Transfers	16.5	0.3	7.6	-24.5	-0.1
30 June 2009	**1,356.0**	**61.5**	**428.7**	**222.2**	**2,068.4**
Cumulative depreciation and impairment					
1 January 2009	**324.1**	**34.9**	**213.3**	**0.0**	**572.3**
Depreciation	19.1	2.1	25.4	0.0	46.6
Disposals	0.1	0.0	2.1	0.0	2.2
30 June 2009	**343.1**	**37.0**	**236.6**	**0.0**	**616.7**
Balance sheet value at 30 June 2009	**1,012.9**	**24.5**	**192.1**	**222.2**	**1,451.7**

Shareholders’ equity

At the Annual General Meeting on 9 June 2010, the shareholders of RHÖN-KLINIKUM AG resolved the distribution of a dividend of € 0.30 per non-par share with dividend entitlement. The resolved dividend of € 41.5 million was distributed on 10 June 2010.

With effect from 1 January 2010, we increased our interest in Amper Kliniken AG by 20.0 percentage points from 74.9% to 94.9% at a purchase price of € 23.4 million. Since the purchase price allocation for the acquisition of the 74.9 percentage points had already been completed in 2005, the purchase price payments on the follow-on acquisition of the further 20 percentage points had to be recognised as a reduction in equity.

Compared with the balance sheet date of 31 December 2009, the increase in equity capital by € 6.6 million, based on net consolidated profit of € 71.0 million, stems from dividend payment to shareholders of RHÖN-KLINIKUM AG (€ 41.5 million), from the distribution to minority interests (€ 2.1 million), from recognition directly in equity of negative changes in the market values of financial derivatives designated as interest hedging instruments (€ 10.6 million), as well as from the increase in the interest in Amper Kliniken AG by 20.0 percentage points to 94.9% (€ 23.4 million).

Financial debt and financial derivatives

RHÖN-KLINIKUM AG on 4 March 2010 placed on the market a bond (ISIN XS0491047154) with a volume of € 400,000,000 and a maturity of six years. The coupon of the bond is 3.875%, and the issue price was fixed at 99.575%. This results in an overall yield of 3.956%. The issue proceeds will be used to refinance existing financial liabilities as well as for general company purposes.

Moreover, a revolving line of credit of € 150.0 million intended as a liquidity reserve was agreed in April 2010. As at 30 June 2010, the line of credit had not yet been utilised.

The draw-down of the revolving loan already issued as at 31 December 2009 was paid down from € 350.0 million to € 50.0 million as at 30 June 2010.

On 18 February 2010 the rating agency Moody's upgraded the institutional ranking of RHÖN-KLINIKUM AG to the category Baa2 (stable outlook). Moody's justified the improvement in the rating by citing the positive developments at RHÖN-KLINIKUM AG over the past years that could be seen in its successful track record, the achievement of organic growth and the consistently stable margins. Particularly noted was the much improved financing profile resulting from the capital increase in August 2009.

In the first half of 2010, a further interest rate hedge as a replacement for a limited-term cap was concluded. The new swap hedges a term loan with a volume of € 9.94 million against the risk of interest rate changes until the term of the hedged item ends in 2022. The interest rate hedge is stated as a hedge relationship with the loan as the hedged item. Furthermore, the hedging relationships designated as at 31 December 2009 between variable interest-rate loans and interest-rate derivatives have also existed since 30 June 2010.

As at 30 June 2010 a total of € 26.7 million was allocated from the hedge relationships to the re-valuation reserve. In the first half of 2010, changes in the valuation of further non-hedged derivatives in the amount of € 0.2 million were recognised with earnings decreasing effect in the financial result.

Other disclosures

Interests held in the Company

The shareholders specified below have notified the Company pursuant to section 21 et seq. WpHG that a voting interest of over 3% in the Company is held by them directly or attributed to them. The notified voting interests or numbers of shares may have changed since the relevant date of the notification and/or the relevant date on which the threshold was exceeded. The shareholders may have purchased or sold shares or the aggregate number of shares of the Company may have changed by the issuance of new shares. The notified voting interests and/or interest in the registered share capital were determined by the notifying entitles on the basis of the existing, and if applicable deviating aggregate number of shares at the time of the notification of voting rights. There are therefore overlaps between the shareholdings of the individual shareholders the precise extent of which, however, cannot be evaluated by RHÖN-KLINIKUM AG.

Voting share on date of threshold being exceeded/fallen short of*

Notifying entity	Directly held %	Imputed %	Voting rights held %	Date of threshold being exceeded/fallen short of*	Threshold exceeded/fallen short of by
Alecta pensionsförsäkring ömesesidigt, Stockholm/Schweden	9.94		**9.94**	15 July 2009	< 10%
Eugen Münch, Deutschland**	9.74		**9.74**	26 Sept. 2005	< 10%
Ingeborg Münch, Deutschland**	6.42		**6.42**	17 April 2002	> 5%
Franklin Mutual Advisers, LLC, Short Hills/USA		5.07	**5.07**	12 July 2006	> 5%
Franklin Mutual Series Fund, Short Hills/USA	5.06			29 Aug. 2006	> 5%
Ameriprise Financial, Inc., Minneapolis/USA		4.87	**4.87**	21 July 2010	< 5%
Threadneedle Asset Management Holdings SÁRL, London/United Kingdom		2.95		21 July 2010	< 3%
Threadneedle Asset Management Holdings Limited, London/United Kingdom		2.95		21 July 2010	< 3%
Threadneedle Asset Management Limited, London/United Kingdom		2.94		21 July 2010	< 3%
Sun Life Financial Inc., Toronto/Canada		3.07	**3.07**	29 June 2010	> 3%
Sun Life Global Investors Inc., Toronto/Canada		3.07		29 June 2010	> 3%
Sun Life Assurance Company of Canada - U.S. Operations Holding, Inc., Wellesleya Hills/USA		3.07		29 June 2010	> 3%
Sun Life Financial (U.S.) Holdings, Inc, Wellesley Hills/USA		3.07		29 June 2010	> 3%
Sun Life Financial (U.S.) Investments LLC, Wellesley Hills/USA		3.07		29 June 2010	> 3%
Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston/USA		3.07		29 June 2010	> 3%
Massachusetts Financial Services Company (MFS), Boston/USA	3.07			29 June 2010	> 3%
FIL Limited, Hamilton/Bermuda	0.02	2.77	**2.80**	30 Oct. 2009	< 3%
FIL Investment Management Limited, Hildenborough/Großbritannien		2.80		30 Oct. 2009	< 3%
FIL Holdings Limited, Hildenborough/Großbritannien		2.77		30 Oct. 2009	< 3%
FIL Investments International, Hildenborough, Kent/Großbritannien		2.77		30 Oct. 2009	< 3%

* The capital increase of 6 August 2009 is not reflected in interests exceeding/falling below the threshold before the key date of 6 August 2009.

** By reason of the capital increase of 6 August 2009, the Company was informed that the voting interest of the Münch family at this time totals 12.45% without exceeding/falling below a notification threshold.

As at 30 June 2010, the Company holds 24,000 treasury shares. This corresponds to 0.017% of the voting rights.

Corporate Bodies and Advisory Board

The composition of the Supervisory Board and the Board of Management has changed since the last reporting date.

Mr. Eugen Münch was unanimously re-elected to the office of chairman of the Supervisory Board.

As of 10 February 2010, Mr. Joachim Lüddecke was also unanimously re-elected to the office of deputy chairman of the Supervisory Board.

On 9 June 2010, the Annual General Meeting of RHÖN-KLINIKUM AG elected Dr. Rüdiger Merz, managing director of Clemens Haindl Verwaltungs GmbH, Munich, to the Supervisory Board. He succeeds Dr. Heinz Korte who retired from the Supervisory Board of RHÖN-KLINIKUM AG for age reasons.

On 20 May 2010 the voting meeting of the delegates of the Company and its subsidiaries newly elected the following six employee representatives to the Supervisory Board:

- Peter Berghöfer, Münchhausen, Head of Finance, Universtätsklinikum Gießen und Marburg GmbH, Gießen
- Bettina Böttcher, Marburg, Chairwoman of the Works Council, Universitätsklinikum Gießen und Marburg GmbH, Gießen
- Stefan Härtel, Müllrose, nurse, Klinikum Frankfurt (Oder) GmbH, Frankfurt (Oder)
- PD Dr. Jan Schmitt, Marburg, managing head physician, Universitätsklinikum Gießen und Marburg GmbH, Gießen
- Georg Schulze-Ziehaus, Frankfurt am Main, Regional Director of ver.di, region of Hesse, Frankfurt am Main
- Dr. Rudolf Schwab, Munich, MD, Kliniken München Pasing und Perlach GmbH, Munich.

The following persons left the Supervisory Board:

- Dr. Bernhard Aisch, Hildesheim, medical controller, Klinikum Hildesheim GmbH, Hildesheim
- Gisela Ballauf, Harsum, children’s nurse, Klinikum Hildesheim GmbH, Hildesheim
- Helmut Bühner, Bad Bocklet, nurse, Herz- und Gefäß-Klinik GmbH, Bad Neustadt a.d. Saale
- Ursula Harres, Wiesbaden, medical-technical assistant, Stiftung Deutsche Klinik für Diagnostik GmbH, Wiesbaden
- Joachim Schaar, Wasungen, administrative director, Klinikum Meiningen GmbH, Meiningen
- Michael Wendl, Munich, Secretary of ver.di, Regional Directorate of Bavaria, Munich.

Ralf Stähler resigned from the Board of Management of RHÖN-KLINIKUM AG on 30 April 2010. With effect from 1 September 2010, Mr. Volker Feldkamp will be admitted to the Board of Management. Mr. Feldkamp will perform operative tasks within the Board of Management.

The Terms of Reference for the Board of Management were updated as scheduled in the first half of 2010.

As at 1 January 2010 and 14 June 2010, further members were appointed to the Advisory Board of RHÖN-KLINIKUM AG:

- Professor Dr. Georg Milbradt, Dresden
- Dorothee Bär, Berlin.
- Dr. Heinz Korte, Munich
- Michael Wendl, Munich

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 2009. The transactions conducted with related parties primarily result from service or lease relations arranged at arm's length terms. In the view of the RHÖN-KLINIKUM Group, these transactions are not of material significance.

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

The companies belonging to the group of related parties and the business transacted with these companies are unchanged in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2009. The same applies for the financial receivables and/or liabilities that existed with related parties.

Staff members of RHÖN-KLINIKUM AG or its subsidiaries who act as labour representatives on the Supervisory Board received the remuneration as defined by their employment contracts.

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

The contractual remuneration for members of the Supervisory Board, the Board of Management and the Advisory Board remained unchanged.

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

Up to the time of the preparation of the Half-Year Financial Report, one transaction pursuant to Section 15a of the Securities Trading Act (WpHG) of members of the Board of Management or of the Supervisory Board (directors' dealings) had been reported to RHÖN-KLINIKUM AG. This concerns the purchase by Dr. Christoph Straub, a member of the Board of Management, of 2,000 ordinary shares on 1 July 2010 at a price of € 17.99 for a total volume of € 35,980.00.

Employees

At the reporting date of 30 June 2010 the Group employed a total of 37,058 persons (31 December 2009: 36,882 persons). In this increase by 176 versus the reporting date of 31 December 2009, 83 persons were added as a result of staff increases at our hospitals and 98 persons as a result of staff increases at our MVZ companies. This compared with a decrease by 5 persons as a result of staff reductions at our service companies.

Other financial obligations

The investment obligations resulting from company purchase agreements declined as a result of the investments made by the reporting date to € 168.3 million (31 December 2009: € 277.7 million).

Contingent liabilities

The aggregate amount 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 net 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 2010	No. of shares on 30 June 2009
Non-par shares	138,232,000	103,680,000
Treasury non-par shares	-24,000	-24,000
Shares in issue	**138,208,000**	**103,656,000**

Earnings per share are calculated as follows:

Non-par shares	**30 June 2010**	**30 June 2009**
Share in net consolidated profit (€ '000)	68,038	61,936
Weighted average number of shares in issue in '000 units	138,208	103,656
Earnings per share in €	0.49	0.60

On an arithmetic, unweighted basis, and taking account of the higher number of ordinary shares after the capital increase in 2009, the EpS figure is € 0.45 for the previous year.

Cash Flow Statement

The consolidated cash flow statement is prepared in accordance with IAS 7 using the indirect method, with a distinction being made between cash flows from operating activities, investing activities as well as financing activities. Financing funds include cash and cash equivalents less bank overdrafts amounting to € 22.9 million (30 June 2009: € 27.7 million). The cash flow statement excluded € 25.2 million (30 June 2009: € 3.0 million) of non-cash assets acquired, losses from financial derivatives amounting to € 0.2 million (30 June 2009: € 0.5 million) as well as other non-cash transactions amounting to € 0.0 million (30 June 2009: € 4.0 million).

Bad Neustadt a. d. Saale, 5 August 2010

RHÖN-KLINIKUM AG

THE BOARD OF MANAGEMENT

Andrea Aulkemeyer   Dr. rer. pol. Erik Hamann   Wolfgang Kunz   Gerald Meder

Wolfgang Pföhler   Dr. med. Christoph Straub   Dr. rer. oec. Irmgard Stippler

ASSURANCE OF LEGAL REPRESENTATIVES

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

Bad Neustadt a. d. Saale, 5 August 2010

RHÖN-KLINIKUM AG

THE BOARD OF MANAGEMENT

Andrea Aulkemeyer | Dr. rer. pol. Erik Hamann | Wolfgang Kunz | Gerald Meder

Wolfgang Pföhler | Dr. med. Christoph Straub | Dr. rer. oec. Irmgard Stippler

CERTIFICATE BASED ON AUDITOR’S REVIEW

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

We have subjected the Abridged Consolidated Interim Financial Statements – consisting of the balance sheet, income statement, comprehensive income statement, cash flow statement, statement of changes in shareholders’ equity as well as selected explanatory disclosures in the notes – and the Consolidated Interim Report of the Management prepared by RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale for the period from 1 January 2010 to 30 June 2010, which form integral parts of the Half-Year Financial Report according to Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), to a review. The adoption of the Abridged Consolidated Interim Financial Statements in accordance with the IFRS standards for interim financial reporting as adopted by the EU and of the Consolidated Interim Report of the Management according to the provisions of WpHG applicable for consolidated interim reports of the management is the responsibility of the Board of Management of the Company. Our task is to submit a certificate, based on our review, regarding the Abridged Consolidated Interim Financial Statements and the Consolidated Interim Report of the Management.

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

Frankfurt am Main, 5 August 2010
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Schmidt	ppa. Tino Fritz
Auditor	Auditor

Key ratios January through June 2010 / January through June 2009

Data in € m	Jan. – June 2010	Jan. – June 2009	Change in %
Revenues	1,262.9	1,140.5	10.7
Materials and consumables used	322.2	289.4	11.3
Employee benefits expense	756.3	680.2	11.2
Depreciation/amortisation and impairment	53.1	49.3	7.7
Net consolidated profit according to IFRS	71.0	65.8	7.9
Earnings share of RHÖN-KLINIKUM AG shareholders	68.0	61.9	9.9
Earnings share of minority owners	2.9	3.8	-23.7
Return on revenue (%)	5.6	5.8	-3.4
EBT	87.0	77.7	12.0
EBIT	98.3	91.2	7.8
EBIT - ratio (%)	7.8	8.0	-2.5
EBITDA	151.4	140.5	7.8
EBITDA ratio (%)	12.0	12.3	-2.4
Operating cash flow	124.3	116.5	6.7
Property, plant and equipment as well as investment property	1,694.8	1,455.6	16.4
Non-current income tax claims	17.5	19.2	-8.9
Equity according to IFRS	1,416.3	915.2	54.8
Return on equity, %	10.0	14.6	-31.5
Balance sheet total according to IFRS	2,925.0	2,210.6	32.3
Investments			
in property, plant and equipment as well as in intangible assets and in investment property	144.7	114.2	26.7
in other assets	0.0	0.0	0.0
Earnings per ordinary share (€)	0.49	0.60	-18.3
Number of employees (headcount)	37,058	34,226	8.3
Case numbers (patients treated)	1,023,845	903,094	13.4
Beds and places	15,728	14,860	5.8

Key ratios April through June 2010 / April through June 2009

Data in € m	April - June 2010	April - June 2009	Change in %
Revenues	638,7	581,4	9,9
Materials and consumables used	161,0	145,8	10,4
Employee benefits expense	381,6	345,4	10,5
Depreciation/amortisation and impairment	26,7	25,1	6,4
Net consolidated profit according to IFRS	36,7	35,0	4,9
Earnings share of RHÖN-KLINIKUM AG shareholders	34,8	32,9	5,8
Earnings share of minority owners	1,8	2,1	-14,3
Return on revenue (%)	5,7	6,0	-5,0
EBT	44,9	42,3	6,1
EBIT	51,6	48,4	6,6
EBIT - ratio (%)	8,1	8,4	-3,6
EBITDA	78,3	73,5	6,5
EBITDA ratio (%)	12,3	12,7	-3,1
Operating cash flow	63,4	58,9	7,6
Property, plant and equipment as well as investment property	1.694,8	1.455,6	16,4
Non-current income tax claims	17,5	19,2	-8,9
Equity according to IFRS	1.416,3	915,2	54,8
Return on equity, %	10,3	15,3	-32,7
Balance sheet total according to IFRS	2.925,0	2.210,6	32,3
Investments			
in property, plant and equipment as well as in intangible assets and in investment property	97,9	62,9	55,6
in other assets	0,0	0,0	0,0
Earnings per ordinary share (€)	0,25	0,32	-21,9
Number of employees (headcount)	37.058	34.226	8,3
Case numbers (patients treated)	514.052	450.775	14,0
Beds and places	15.728	14.860	5,8

Key ratios April through June 2010 / January through March 2010

Data in € m	April - June 2010	Jan. – March 2010	Change in %
Revenues	638.7	624.2	2.3
Materials and consumables used	161.0	161.2	-0.1
Employee benefits expense	381.6	374.8	1.8
Depreciation/amortisation and impairment	26.7	26.4	1.1
Net consolidated profit according to IFRS	36.7	34.3	7.0
Earnings share of RHÖN-KLINIKUM AG shareholders	34.8	33.2	4.8
Earnings share of minority owners	1.8	1.1	63.6
Return on revenue (%)	5.7	5.5	3.6
EBT	44.9	42.1	6.7
EBIT	51.6	46.8	10.3
EBIT - ratio (%)	8.1	7.5	8.0
EBITDA	78.3	73.1	7.1
EBITDA ratio (%)	12.3	11.7	5.1
Operating cash flow	63.4	60.9	4.1
Property, plant and equipment as well as investment property	1,694.8	1,624.5	4.3
Non-current income tax claims	17.5	17.4	0.6
Equity according to IFRS	1,416.3	1,428.8	-0.9
Return on equity, %	10.3	9.6	7.3
Balance sheet total according to IFRS	2,925.0	2,920.5	0.2
Investments			
in property, plant and equipment as well as in intangible assets and in investment property	97.9	46.8	109.2
in other assets	0.0	0.0	0.0
Earnings per ordinary share (€)	0.25	0.24	4.2
Number of employees (headcount)	37,058	36,915	0.4
Case numbers (patients treated)	514,052	509,793	0.8
Beds and places	15,728	15,723	0.0

FINANCIAL CALENDAR - DATES FOR SHAREHOLDERS AND ANALYSTS

2010

5 August 2010	Publication of Half-Year Financial Report as at 30 June 2010
4 November 2010	Publication of Interim Report for the quarter ending 30 September 2010

2011

10 February 2011	Preliminary results for financial year 2010
28 April 2011	Results Press Conference: Publication of 2010 annual financial report
28 April 2011	Publication of Interim Report for the quarter ending 31 March 2011
8 June 2011	Annual General Meeting (Jahrhunderthalle Frankfurt)
4 August 2011	Publication of Half-Year Financial Report as at 30 June 2011
27 October 2011	Publication of Interim Report for the quarter ending 30 September 2011

RHÖN-KLINIKUM AG
Postal address:
97615 Bad Neustadt a. d. Saale

Visitors' address:
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale
Phone (0 97 71) 65-0
Fax (0 97 71) 9 74 67

Internet:
http://www.rhoen-klinikum-ag.com

E-mail:
rka@rhoen-klinikum-ag.com

This Half-Year Financial Report is
also available in German.