RHÖN-KLINIKUM AG

Interim Report Q1

2010

Contents

1 Letter to Shareholders

2 The RHÖN-KLINIKUM share

3 Consolidated Interim Report of the Management

12 Consolidated Abridged Interim Financial Statement

- 12 Consolidated Income Statement
- 13 Consolidated Statement of Comprehensive Income
- 14 Consolidated Balance Sheet
- 16 Consolidated Changes in Equity
- 17 Consolidated Cash Flow Statement
- 18 Abridged Consolidated Notes

31 Key ratios

32 Financial calendar

Dear Shareholders,

RHÖN-KLINIKUM AG has made a good start into the new year. We have once again recorded growth in our key performance ratios for the first quarter: from January to March we treated 509,793 patients, which is a rise of 12.7% compared with the first three months of last year. Our revenues grew by 11.6% to reach € 624.2 million. With our proven expertise in the restructuring of our facilities and thanks to targeted expansions in service volumes, we have once again succeeded in offsetting rises in personnel and material costs while at the same time generating additional earnings of € 3.6 million (+ 11.7%). Consolidated earnings for the first quarter stood at € 34.3 million (previous year: € 30.7 million). The higher earnings are the result of already positive surpluses from the MEDIGREIF Group consolidated for the first time, and especially from restructuring successes at our facilities in Marburg, Gießen, Bad Kissingen, Warburg and Nordenham.

This positive trend is continuing, which shows our success in winning more and more people for our high-quality care concepts. With our capital increase and the successful bond issue in March, we have also noticeably broadened our financial basis for buoyant company growth in future. Consequently, an increasing number of hospital operators are taking an interest in co-operating with us as a reliable and innovative Group capable of making investments in healthcare. We are therefore confident of being able to continue steadfastly the growth path clearly mapped out.

The first milestones since our capital increase were the increase in our interest in Amper Kliniken AG as well as the takeover of a majority interest in MEDIGREIF-Betriebsgesellschaft für Krankenhäuser und Integrative Gesundheitszentren. We thus expanded our network – as a logical consequence of our integrated growth strategy – by five acute inpatient and two outpatient facilities. We now offer our high-quality healthcare services in ten German federal states. In this regard we pursue the sensible integration of our outpatient and inpatient offerings, harmonising humane medical care with efficient clinical processes over all care fields while at the same time creating the basis for unlocking further quality and efficiency reserves between sectors.

Although the future framework conditions on the healthcare market remain challenging, we will be able to cope with them. The government-appointed panel that was handed the task of developing solutions for a sustained and socially balanced financing of the German healthcare system recently took up its work. In this connection we expect the existing healthcare system to undergo objective and sensible further developments.

Moreover, we see a trend towards higher wage costs and increases in material costs which we are countering with the targeted expansion of our comprehensive interfacility and cross-section service offering. We are steadfastly pursuing this successful path for the well-being of our patients. For this we are focusing our efforts on ensuring high-quality and affordable medical care for everyone, thus keeping the future or our Company firmly in view.

For this reason we once again confirm our forecast for full-year 2010: without taking into account further acquisitions, we are targeting revenues of € 2.6 billion. We put net consolidated profit at € 145 million, with a possible fluctuation within a range of plus/minus 5 per cent with reference to the initial figure given the potential risks and rewards.

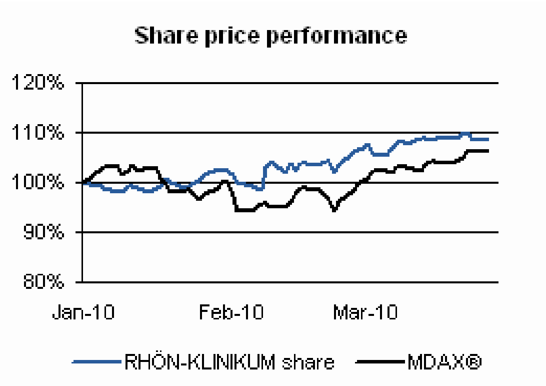
Yours sincerely,

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

THE RHÖN-KLINIKUM SHARE

The financial markets were marked by strong price volatility in the first quarter of 2010. While the Greek debt crisis created uncertainty and weakened the euro, the German economy was boosted by higher demand from abroad coupled with a much improved business climate index. In addition, the DAX® cleared the key resistance level of 6,000 points.

After the DAX® and MDAX® recorded gains in the course of 2009 of 24% and 34%, respectively, Germany's lead index DAX® had risen by only 3% to 6,153 points by 31 March 2010. MDAX® stocks performed better, closing nearly 9% higher at 8,143 points as at 31 March 2010.



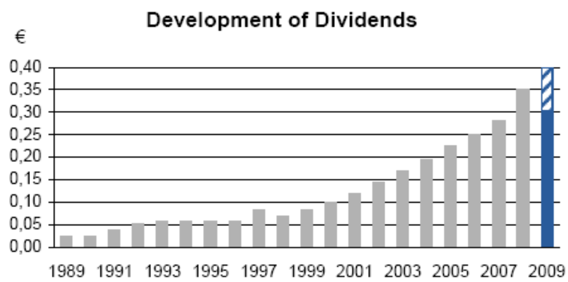
The share of RHÖN-KLINIKUM AG held its ground well in the first three months of the year, gaining nearly 11% and thus outperforming its peer stocks in the MDAX®.

At the end of the quarter our market capitalisation, including all issued 138.2 million non-par shares, stood at € 2.62 billion (31 December 2009: € 2.36 billion). In the MDAX® we ranked 6th by market capitalisation (31 December 2009: 7th).

RHÖN-KLINIKUM share		
ISIN		DE0007042301
Ticker symbol		RHK
Registered share capital		345,580,000 €
Number of shares		138,232,000
	31 March 2010	**31 Dec. 2009**
Market capitalisation (€ m)	2,619.50	2,366.53
Share prices, in €		
Closing price	18.95	17.12
High	19.25	17.62
Low	17.18	14.00

This year's Annual General Meeting will take place on Wednesday, 9 June 2010, at 10.00 a.m. (admission from 9.00 a.m.) at the Jahrhunderthalle Frankfurt.

Our dividend policy is geared towards both long-term value enhancement and sustained earnings strength of the Company. In this context, the Board of Management and the Supervisory Board will therefore propose to the Annual General Meeting to distribute out of the shareholder profit of € 125,711,461.78 a dividend of € 0.30 per non-par share. Without the capital increase – based on the previous volume of shares in issue – an amount of € 0.40 euros per share would thus have been distributed (previous year: € 0.35 euros).



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

A financial calendar containing all important future financial dates is provided on page 32 as well as on our website at www.rhoen-klinikum-ag.com under the section "Investors".

REPORT ON THE FIRST QUARTER OF FINANCIAL YEAR 2010

- Successful start of integration of the MEDIGREIF Group with a total of five hospitals and two MVZ, expanding RHÖN-KLINIKUM AG's presence to a total of ten federal states
- Bond issue with a volume of roughly € 0.4 billion successfully placed; together with undrawn credit lines of € 0.6 billion, we have financial resources of roughly € 1.0 billion
- Service volumes rise sharply by 12.7% from organic and acquisition-driven growth, resulting in 11.6% higher revenues and 11.7% higher earnings
- Developments in the first quarter as well as the quarterly result of € 34.3 million lend strength to the earnings forecast for financial year 2010 of € 145 million within a fluctuation range of plus/minus 5%

GENERAL REMARKS

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG for the year ended 31 March 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.

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

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" (April 2009) are applied for the first time in 2010. This does not have any impact on the net assets, financial position and results of operations.

The remaining accounting and valuation methods applied were consistent with those used in the previous year. For further information, we refer to the Notes provided in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2009.

If data are provided below on individual companies, these are values before consolidation.

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.

REVIEW OF BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS AND OUTLOOK FOR THE FURTHER COURSE OF FINANCIAL YEAR 2010

Comparison of the first three months

Compared with the first three months of 2009, we recorded

- a rise in patient numbers by 57,474 cases or 12.7% to a total of 509,793 cases (previous year: 452,319 cases),
- a rise in revenues by € 65.1 million or 11.6% to € 624.2 million (previous year: € 559.1 million),
- an increase in EBITDA by € 6.1 million or 9.1% to € 73.1 million (previous year: € 67.0 million),
- an increase in EBIT by € 4.0 million or 9.4% to € 46.8 million (previous year: € 42.8 million), and
- a € 3.6 million (11.7%) rise in net consolidated profit to € 34.3 million (previous year: € 30.7 million)

in the first three months of financial year 2010, thus meeting our targets.

In the first quarter of 2010, the MEDIGREIF Group treated a total of 8,979 acute inpatients at its hospitals, 9,619 outpatients as well 9,361 patients in its medical care centres (MVZ).

The Group's remaining inpatient and outpatient facilities treated a total of 481,834 patients and thus 29,515 patients (+ 6.5%) more than in the previous year.

With revenues of € 28.0 million, EBITDA of € 2.5 million, EBIT of € 2.0 million and earnings before tax of € 1.7 million, the MEDIGREIF Group, which contributed to the Group's result as of 1 January 2010, developed in line with expectations.

Excluding the MEDIGREIF Group, revenues within the Group rose by € 37.1 million (+ 6.6%), EBITDA by € 3.6 million (+ 5.4%), EBIT by € 2.0 million (+ 4.7%) and net consolidated profit by € 1.9 million (+ 6.2%) compared with the previous year. We are also pleased with these developments, particularly given that the state base rates are now known for the most part.

In financial year 2010 for the first time – pursuant to the German Hospital Remuneration Act (KHEntgG) – corrections to miscalculations in connection with service volume developments not taken into account in the previous year are to be included in the calculation of state base rates. Together with the general rate of change in the aggregate income of all health insurance members and the inclusion of certain new examination and treatment methods in DRGs, these factors are expected to have a positive impact for financial year 2010 to the tune of roughly 1.0% – 1.5%, which however will not suffice to completely offset expected rises in personnel and material costs. We are therefore using profit contributions from higher service volumes and restructuring reserves in the area of personnel and material costs by which we offset shortfall funding for personnel and material costs.

The rise in net consolidated profit by € 3.6 million (+ 11.7%) translates into an unchanged return on revenues of 5.5%, of which € 1.7 million is attributable among other things to the first-time earnings of the MEDIGREIF Group. The remaining profit gains (€ 1.9 million) essentially relate to Universitätsklinikum Gießen und Marburg GmbH (€ 1.1 million), St. Elisabeth-Krankenhaus GmbH Bad Kissingen (€ 0.3 million) as well as St. Petri-Hospital Warburg GmbH and Wesermarsch-Klinik Nordenham GmbH (€ 0.7 million). All other inpatient and outpatient facilities delivered largely constant earnings contributions.

In addition to the outcome of collective wage negotiations, budget negotiations in particular will have a decisive impact on the earnings situation of our hospitals in financial year 2010. It will be decisive for us to also reach agreement with payers regarding our surplus service volumes so that we are fully remunerated for services rendered. As every year, we defer our revenues on the basis of conservative assumptions for prices and volumes until the budgets are negotiated.

For this reason we are pleased with the margins achieved, which are slightly below the level reached in the previous year, because we expect budget negotiations taking place in the course of financial year 2010 to bring improvements in margins. In the first three months of 2010 we recorded an EBITDA margin of 11.7% (previous year: 12.0%) and an EBIT margin of 7.5% (previous year: 7.7%).

The pro rata net consolidated profit attributable to the shareholders in the first three months of 2010 of € 33.2 million (previous year: € 29.0 million) translates into an EpS according to IAS 33 of € 0.24 (previous year: € 0.28). On an arithmetic, unweighted basis, and taking account of the higher number of ordinary shares since the capital increase, the EpS figure of € 0.21 is calculated for 2009.

Investment and financing

In the first three months of the current financial year, the Group invested a total of € 52.3 million (previous year: € 55.9 million) – of which € 46.8 million from own funds (previous year: € 51.3 million) – for our new hospital buildings and for replacement investments. In addition to the Gießen and Marburg sites, investments in the first quarter of 2009 were focused on the Hildesheim, Salzgitter and Bad Neustadt sites.

For these investments an operating cash flow of € 60.9 million (previous year: € 57.6 million) was available.

In the first quarter of 2010 we successfully placed a bond with a volume of approximately € 400 million to refinance financial liabilities as well as for general business purposes. At a nominal interest rate of 3.875% with a term of 6 years, the bond recorded high demand from some 350 investors in 25 countries, and was more then twelve times oversubscribed.

From a total of five banks we also received credit lines for € 150 million over a term of 5 years at an extremely favourable discount to the term-dependent Euribor interest rate.

In total we have undrawn credit lines of over € 600 million as well as cash holdings of € 470 million, thus securing over € 1 billion for financing future growth.

The upgrade of our rating by Moody´s on 18 February 2010 to Baa2 with a stable outlook is already included in the interest rate conditions of the bond and the credit lines granted.

Our net financing debt – including finance lease liabilities – stood at € 406.9 million and was nearly unchanged compared with the level of the last balance sheet date of 31 December 2009 (€ 406.1 million), since the operating cash flow of € 60.9 million is largely matched by funds used in investments from own funds and increases in the market values of our interest rate hedging instruments.

Our equity capital rose from € 1,422.9 million to reach € 1,428.8 million. This rise of € 5.9 million reflects the quarterly earnings result of € 34.3 million which compares with the purchase price payments – recognised as reductions – for the acquisition of the shareholding interest in Amper Kliniken AG (€ 23.4 million) and changes in the market values of financial instruments (€ 5.0 million).

The equity ratio has seen a slight decline compared with the reporting date, from 49.8% to 48.9%. 112.7% (31 December 2009: 110.9%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. Moreover, our current assets are also covered by € 251.8 million of non-current equity and debt items.

Group financial structures are sound and stable.

Forecast

For financial year 2010 we expect the significant gains in service volumes to continue, with revenues reaching € 2.6 billion and a net consolidated profit of € 145 million within a range of plus/minus 5%.

LEGAL AND ECONOMIC SITUATION

In terms of its economy, Germany came through the winter comparatively well. Springlike shoots of livelier domestic consumption coupled with rising exports – albeit at a lower level – are feeding expectations of stimulated growth in the German economy for 2010. It remains to be seen whether and to what extent the budget imbalances, particularly in southern countries of the euro zone and the assistance that may have to be given to these countries as a result, will affect the further development of the economy.

From 2010 onwards, budgets at all levels of government in Germany (local, state and federal) will gradually have to come to grips with the aftermath of the global financial crisis by raising revenue and lowering expenditures. In this context, the use of funds in the area of healthcare in Germany will also be scrutinised. Currently in the focus of interest of the German legislator are prices for drugs in which expenditures are to be checked by means of rebates. Further measures that might affect the economic situation of hospitals might follow.

In 2010, the healthcare sector in Germany faces tough wage disputes and a continuation of statutorily prescribed austerity measures. As before, demographically induced demand for healthcare services will continue to rise inexorably, with discussions currently being focused on how and to what extent such higher demand should be financed. Our hospitals will face these challenges and are convinced they will succeed in at least maintaining the results at a stable level.

CORPORATE GOVERNANCE

Corporate constitution

In the first quarter of 2010, the composition of our Board of Management and Supervisory Board has remained unchanged since the 2009 Annual Report. The allocation of responsibilities within the Board of Management is timely adapted to changing requirements. The allocation of responsibilities within the Supervisory Board remained unchanged. On 10 February 2010, Mr. Joachim Lüddecke was unanimously appointed to the office of deputy chairman of the Supervisory Board.

In the first three months of financial year 2010 we did not receive any statutory company notifications pursuant to the German Securities Trading Act (WpHG). We moreover refer to the disclosures in this regard in the Notes to the present Financial Statements.

All other elements of our corporate constitution have remained unchanged in financial year 2010 to date. 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.

Since the reporting date of 31 December 2009 there have been no significant changes in risks and rewards. As before, we do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

CONSOLIDATED TREND

Sites and capacities

	Hospitals	Beds
As at 31 December 2009	**53**	**15,729**
Change in capacities		-6
As at 31 March 2010	**53**	**15,723**

In the first quarter of 2010 there were no changes in the scope of consolidation. As at 31 March 2010 we have a total of 53 consolidated hospitals with 15,723 beds/places at a total of 42 sites in ten Germanfederal states. Since 31 December 2009 there have been only minor changes in the number of approved beds as part of our acute-inpatient capacities.

In the first three months of 2010 we opened one MVZ with two doctor's practices at each of our sites in Pforzheim and Kipfenberg and one MVZ with three doctor's practices at our site in Uelzen. We expanded our already existing MVZ by five specialist physician practices:

	Date	MVZs	Specialist physician
As at 31 Dec. 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 MVZ		-	5
As at 31 March 2010		**29**	**110**

Expansion of capacities at our MVZ structures is moving ahead as planned. As of 1 April 2010, we integrated a gynaecology practice at our MVZ in Wiesbaden.

Patients

January through March	**2010**	**2009**	**Change absolute**	**%**
Inpatient and day-case treatments,				
acute hospitals	164,835	152,656	12,179	8.0
rehabilitation hospitals and other facilities	2,331	2,414	-83	-3.4
	167,166	155,070	12,096	7.8
Outpatient attendances in unseren				
Acute hospitals and	256,998	248,807	8,191	3.3
MVZ	85,629	48,442	37,187	76.8
	342,627	297,249	45,378	15.3
Total	**509,793**	**452,319**	57,474	12.7

In the first three months a total of 509,793 patients (up by 57,474 patients or + 12.7%) were treated in the Group's hospitals and MVZ. Of this increase, outpatient treatments account for roughly 78.9%.

After deducting consolidation effects (MEDIGREIF Group), this translates into organic growth in patients of 29,515 patients or 6.5%. This growth is distributed nearly uniformly over the entire Group.

Per-case revenues

January through March	2010	2009
Per-Case revenue		
inpatient (€)	3,551	3,436
outpatient (€)	89	89

Compared with the first quarter of the previous year, per-case revenue rose by 3.4% in the inpatient area. This trend stems for the most part from the disproportionate growth in high-quality services and a moderate increase in state base rates updated by roughly 1% to 1.5%.

Employees

	Number
As at 31 Dec. 2009	**36,882**
Change in employees at hospital subsidiaries	5
Change in employees at MVZ subsidiaries	68
Change in employees at service companies	-40
As at 31 March 2010	**36,915**

On 31 March 2010, the Group employed 36,915 persons (31 December 2009: 36,882). Already on 31 December 2009, a total of 1,421 employees from the MEDIGREIF Group were included.

BUSINESS DEVELOPMENT

Our hospitals have put in a good performance in the first three months of financial year 2010. In addition to the outcome of collective wage negotiations, our hospitals' earnings situation in financial year 2010 basically will be affected to a decisive extent by budget negotiations. It will generally be decisive for us to reach agreement also with payers regarding our surplus service volumes so that we are fully remunerated for services rendered.

Compared with the previous year, we generated a € 4.0 million higher EBIT of € 46.8 million in the first quarter of 2010 (previous year: € 42.8 million). The EBIT margin declined slightly from 7.7% to 7.5%, primarily as a result of current conservative assumptions regarding the remuneration of surplus revenues.

EBIT January - March	2010 €m	2009 €m	Change €m	Change %
Acquisitions in 2009	2.0	N.A.	2.0	N.A.
Acquisitions in 2008	-0.5	-1.4	0.9	64.3
Acquisitions in 2007	0.3	0.2	0.1	50.0
Acquisitions in 2006	2.3	0.9	1.4	155.6
Acquisitions in 2005	7.5	6.5	1.0	15.4
Acquisitions in 2004	1.2	0.5	0.7	140.0
MVZ and service companies	0.4	0.6	-0.2	-33.3
Rest of Group	43.6	43.6	0.0	0.0
EBIT of operating companies	56.8	50.9	5.9	11.6
Group management	-10.0	-8.1	-1.9	-23.5
Total	**46.8**	**42.8**	**4.0**	**9.4**

EBIT from operating companies rose by € 5.9 million or 11.6% to € 56.8 million, thus reaching 9.1%. This ratio is exactly at the previous year's level. Of this growth, € 4.1 million was generated at the hospitals acquired from 2004 to 2008. Of this, Universitätsklinikum Gießen und Marburg GmbH contributed EBIT growth of € 1.4 million, St. Elisabeth Krankenhaus Bad Kissingen GmbH EBIT growth of € 0.4 million, and St. Petri-Hospital Warburg GmbH and Wesermarsch-Klinik GmbH Nordenham EBIT growth of € 0.9 million. Our long-standing hospitals already consolidated before 2003 delivered constant earnings contributions of € 43.6 million. The MEDIGREIF Group, which was consolidated for the first time on 31 December 2009, achieved an EBIT of € 2.0 million.

Our service companies and the currently expanding MZV area achieved a positive EBIT of € 0.4 million (previous year: € 0.6 million).

Revenues and earnings

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

January - March	2010 €m	2009 €m	Change €m	%
Revenues	624.2	559.1	65.1	11.6
EBITDA	73.1	67.0	6.1	9.1
EBIT	46.8	42.8	4.0	9.4
EBT	42.1	35.4	6.7	18.9
Operating cash flow	60.9	57.6	3.3	5.7
Net consolidated profit	34.3	30.7	3.6	11.7

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

January - March	2010 %	2009 %
Return on equity (after tax)	9.6	13.6
Return on revenue	5.5	5.5
Cost-of-materials ratio	25.8	25.7
Personnel-cost ratio	60.0	59.9
Depreciation ratio	4.2	4.3
Other cost ratio	9.1	9.2
Tax rate	1.2	0.8

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

Compared with the first three months of last year, revenues grew by € 65.1 million or 11.6%. Adjusting for changes in the scope of consolidation (first-time consolidation of the MEDIGREIF Group as at 31 December 2009) to the tune of € 28.0 million, this translates into organic growth of € 37.1 million or 6.6%. We achieved nearly proportionate growth in revenues with an adjusted increase in service volumes of 6.5%. The return on revenues remained unchanged at 5.5%.

In the area of medical supplies as well as economic and administrative supplies, it was no longer possible to refinance price increases completely from increases in revenues. The cost-of-materials ratio saw a slight rise from 25.7% to 25.8%. In the further course of the financial year, we expect significant savings in the area of materials procurement thanks to the efforts in this area.

As a result of our conservative revenues deferral, the personnel expense ratio rose slightly in the first quarter from 59.9% to 60.0%. In the further course of financial year 2010, we expect to offset higher costs from collective wage increases by restructuring successes in the personnel area.

The disproportionately moderate rise in the depreciation and amortisation expense by € 2.2 million or 9.1% to € 26.4 million led to a decline in the depreciation ratio from 4.3% in the same period last year to 4.2% in the first quarter of 2010. The rise in the depreciation and amortisation expense by € 2.2 million stems from the commissioning of construction measures notably at the Cuxhaven, Bad Berka, Marburg, Dachau and Meiningen sites at the end of financial year 2009 as well as from depreciation and amortisation from the first-time consolidation of the MEDIGREIF Group.

The financial result improved by € 2.7 million or 36.5% compared with the same period last year. This trend was essentially attributable to the development of interest (€ 1.2 million) and interest income realised from the investment of the proceeds from the capital increase (€ 1.0 million). Moreover, changes in the market value of our financial instruments to be recognised through profit or loss had a smaller impact on the result (€ 0.5 million).

As at 31 March 2010, net financing debt – including finance lease liabilities – was € 406.9 million (31 December 2009: € 406.1 million) and breaks down as follows:

	31 Mar. 2010	31. Dec. 2009
Cash	470.1	444.9
Current financial liabilities	147.3	166.7
Non-current financial liabilities	749.5	697.9
Finance lease liabilities	5.5	5.8
Financial liabilities	902.3	870.4
Subtotal	432.2	425.5
Negative market value of derivatives (current)	-0.2	-0.2
Negative market value of derivatives (non-current)	-25.1	-19.2
Net liabilities to banks	406.9	406.1

The € 3.2 million rise in tax expenditure to € 7.8 million essentially results from a higher assessment basis. A further tax increasing effect versus the previous year comes from the fact that in the previous year the tax expense item had been eased by the recognition of deferred tax assets in connection with the recognition of loss carry-forwards amounting to € 1.9 million. The tax rate rose by 0.4 percentage points to 1.2%.

The rise in net consolidated profit by € 3.6 million (+ 11.7%) translates into an unchanged return on revenues of 5.5%, of which € 1.7 million is attributable among other things to the first-time earnings of the MEDIGREIF Group. The remaining profit gains (€ 1.9 million) essentially relate to Universitäts-klinikum Gießen und Marburg GmbH (€ 1.1 million), St. Elisabeth-Krankenhaus GmbH Bad Kissingen (€ 0.3 million) as well as St. Petri-Hospital Warburg GmbH and Wesermarsch-Klinik Nordenham GmbH (€ 0.7 million). All other inpatient and outpatient facilities delivered largely constant earnings contributions.

Minority interests in profit declined compared with the same period last year by € 0.6 million to € 1.1 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%.

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first three months of 2010 rose by € 4.2 million or 14.5% to € 33.2 million compared with the same period last year. This corresponds to earnings per share of € 0.24 (previous year: € 0.28) 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 € 0.21 for the previous year.

In the first three months, the overall Group result, made up of after-tax earnings and the value changes recognised at equity, also after tax, amounted to € 29.3 million (previous year: € 26.5 million). Whereas in the same period last year, negative changes in the market values of our financial instruments of € 4.3 million were recognised at equity, negative changes in market values to the tune of € 5.0 million had to be recognised at equity in the first three months of the current financial year.

Asset and capital structure

	31 March 2010		31. Dec. 2009	
	€m	%	€m	%
ASSETS				
Non-current assets	1,985.8	68.0	1,965.5	68.8
Current assets	934.7	32.0	893.0	31.2
	2,920.5	**100.0**	**2,858.5**	**100.0**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	1,428.8	48.9	1,422.9	49.8
Long-term loan capital	808.8	27.7	757.2	26.5
Short-term loan capital	682.9	23.4	678.4	23.7
	2,920.5	**100.0**	**2,858.5**	**100.0**

The increase in our assets since the last balance sheet date by € 62.0 million or 2.2% largely stems from the planned realisation of our investment programmes. We financed our investments of € 46.8 million fully from own funds out of operating cash flow of the first three months in the amount of € 60.9 million.

The equity ratio saw a slight decline compared with the last reporting date, from 49.8% to 48.9%.

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	-9.6	-13.8	-23.4	-
Total result of the period	28.2	1.1	29.3	26.4
As at 31 March	**1,394.7**	**34.1**	**1,428.8**	**915.7**

With effect from 1 January 2010, we increased our interest in Amper Kliniken AG by 20.0 percentage points to 94.9% at a purchase price of € 23.4 million. Since the corresponding purchase price allocation had already been completed, the purchase price payment 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 € 5.9 million stems from net consolidated profit of € 34.3 million less the purchase price for the acquisition of the shareholding in Amper Kliniken AG in the amount of € 23.4 million and less the € 5.0 million impairment requirement for the effective portion of the interest-rate hedging instruments recognised in equity (cash flow hedge).

The negative market values of financial derivatives designated as interest hedging instruments are recognised at € 21.1 million in total (31 December 2009: € 16.1 million) as a deduction item after taking into account deferred tax.

112.7% (31 December 2009: 110.9%) of non-current assets is covered by equity and non-current liabilities at fully matching maturities. Our net financing debt stood at € 406.9 million and was nearly unchanged compared with the last balance sheet date, since the operating cash flow of € 60.9 million is largely matched by funds used in investments from own funds and increases in the market values of our interest rate hedging instruments.

Our key financial ratios developed as follows:

	2010 Q1	2009 Q4
Net financial liabilities (€ m)	406.9	406.1
EBITDA (€ m)	290.1 *	284.0 **
Net interest expenditure in €m (excluding mark-up / discount of financial instruments)	19.9 *	22.1 **
Net financial debt / EBITDA	1.4	1.4
EBITDA / net interest expenditure	14.6	12.9

*) Period from 1 April 2009 - 31 March 2010
**) Period from 1 January 2009 - 31 December 2009

Our internal financing strength has increased further. Compared with the same period last year, operating cash flow, calculated from net annual profit plus depreciation and other non-cash tems, rose by € 3.3 million or 5.7% to reach € 60.9 million.

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

January through March	2010 €m	2009 €m
Cash generated from operating activities	52.0	53.4
Cash used in investing activities	-51.5	-53.2
Cash used/generated in financing activities	44.5	-5.7
Change in cash and cash equivalents	**45.0**	**-5.5**
Cash and cash equivalents at 1 January	420.6	76.9
Cash and cash equivalents as at 31 March	**465.6**	**71.4**

Investing activities

Aggregate investments of € 52.3 million (previous year: € 55.9 million) in the first three months of financial year 2010 are shown in the following table:

	Use of gov't grants €m	own funds €m	Total €m
Current capital expendit	5.5	46.8	52.3
Hospital takeovers	0.0	0.0	0.0
Total	**5.5**	**46.8**	**52.3**

€ 5.5 million of these first-quarter investments was attributable to investments funded from grants under the Hospital Financing Act (KHG) (previous year: € 4.6 million) and deducted from total investments pursuant to the relevant provisions of IAS.

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

	€m
Gießen-Marburg	19.6
Salzgitter	5.2
Hildesheim	4.0
Bad Neustadt	3.6
Leipzig	3.2
Köthen	3.0
Gifhorn	1.7
Dachau	1.3
Other sites	5.2
Total	**46.8**

In the further course of 2010 we have planned to invest a further amount of roughly € 381 million.

Under company purchase agreements entered into in previous years, we still have outstanding investment obligations of € 246.1 million until 2012.

Outlook

No material events subject to a reporting obligation took place after 31 March 2010 up to the preparation of this Report.

We are currently engaged in numerous acquisition projects in the inpatient and outpatient area that are now entering a more advanced stage. We see steadily mounting pressures to sell loss-making facilities, with the potential acquisition targets under discussion being not only municipal hospitals but also facilities operated by private and non-profit entities.

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%.

For financial year 2010 we expect a continuation of our growth trend driven by increases in service volumes at our long-standing facilities and from qualified acquisitions.

Bad Neustadt a. d. Saale, 28 April 2010

RHÖN-KLINIKUM AG

THE BOARD OF MANAGEMENT

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

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

Consolidated Income Statement

January through March	2010		2009	
	€ '000	%	€ '000	%
Revenues	624,225	100.0	559,119	100.0
Other operating income	41,478	6.6	37,924	6.8
	665,703	**106.6**	**597,043**	**106.8**
Materials and consumables used	161,184	25.8	143,581	25.7
Employee benefits expense	374,759	60.0	334,775	59.9
Other expenditure	56,626	9.1	51,707	9.2
	592,569	**94.9**	**530,063**	**94.8**
Interim result (EBITDA)	**73,134**	**11.7**	**66,980**	**12.0**
Depreciation and impairment	26,384	4.2	24,230	4.3
Operating result (EBIT)	**46,750**	**7.5**	**42,750**	**7.7**
Finance expenses	6,338	1.0	8,073	1.5
Finance income	1,673	0.3	677	0.1
Financial result	**4,665**	**0.8**	**7,396**	**1.4**
Earnings before tax (EBT)	**42,085**	**6.7**	**35,354**	**6.3**
Income taxes	7,795	1.2	4,610	0.8
Net consolidated profit	**34,290**	**5.5**	**30,744**	**5.5**
of which				
Minority interests	**1,090**	**0.2**	**1,718**	**0.3**
Shareholders of RHÖN-KLINIKUM AG	**33,200**	**5.3**	**29,026**	**5.2**
Earnings per share in €	**0.24**		**0.28**	

Consolidated Statement of Comprehensive Income

January through March	2010 € '000	2009 € '000
Net consolidated profit	**34,290**	**30,744**
of which		
Minority interests	1,090	1,718
Shareholders of RHÖN-KLINIKUM AG	33,200	29,026
Change in fair value of derivatives used for hedging purposes	-5,930	-5,100
Income taxes	938	807
Change in the amount recognised at equity capital (cash flow hedges)	**-4,992**	**-4,293**
Sum of value changes recognised at equity	**-4,992**	**-4,293**
of which		
Minority interests	0	-108
Shareholders of RHÖN-KLINIKUM AG	-4,992	-4,185
Sum of earnings after tax and changes recognised at equity	**29,298**	**26,451**
of which		
Minority interests	1,090	1,610
Shareholders of RHÖN-KLINIKUM AG	28,208	24,841

Consolidated Balance Sheet at 31 March 2010

	31 March 2010		31 December 2009	
	€ '000	%	€ '000	%
A S S E T S				
Non-current assets				
Goodwill and other intangible assets	342,388	11.7	341,719	12.0
Property, plant and equipment	1,619,462	55.5	1,599,861	56.0
Investment property	5,014	0.2	5,069	0.2
Income tax claims	17,354	0.6	17,149	0.6
Other assets	1,604	0.0	1,788	0.0
	1,985,822	**68.0**	**1,965,586**	**68.8**
Current assets				
Inventories	43,458	1.5	45,928	1.6
Accounts receivable, other receivables and other assets	396,887	13.6	377,546	13.2
Current income tax claims	24,179	0.8	24,567	0.8
Cash and cash equivalents	470,111	16.1	444,921	15.6
	934,635	**32.0**	**892,962**	**31.2**
	2,920,457	**100.0**	**2,858,548**	**100.0**

	31 March 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	13.6	395,994	13.9
Other reserves	653,245	22.3	634,597	22.2
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,394,743	47.7	1,376,095	48.2
Minority interests held by non-Group third parties	34,088	1.2	46,844	1.6
	1,428,831	**48.9**	**1,422,939**	**49.8**
Non-current liabilities				
Financial liabilities	749,539	25.7	697,904	24.4
Deferred tax liabilities	1,617	0.1	1,321	0.1
Provisions for post-employment benefits	11,579	0.4	10,987	0.4
Other liabilities	46,055	1.5	46,952	1.6
	808,790	**27.7**	**757,164**	**26.5**
Current liabilities				
Financial liabilities	147,280	5.0	166,734	5.8
Accounts payable	106,491	3.7	120,683	4.2
Current income tax liabilities	8,569	0.3	10,285	0.4
Other provisions	23,404	0.8	23,237	0.8
Other liabilities	397,092	13.6	357,506	12.5
	682,836	**23.4**	**678,445**	**23.7**
	2,920,457	**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-Group 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**
Result for the period and changes recognised without effect in profit or loss of the period	-	-	24,841	-	24,841	1,610	26,451
Other changes							
Changes in scope of consolidation	-	-	-	1	1	-	1
As at 31 March 2009	**259,200**	**37,582**	**574,156**	**-76**	**870,862**	**44,853**	**915,715**
Balance 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							
Purchase of interest after obtaining control	-	-	-9,560	-	-9,560	-13,846	-23,406
Result for the period and changes recognised without effect in profit or loss of the period	-	-	28,208	-	28,208	1,090	29,298
As at 31 March 2010	**345,580**	**395,994**	**653,245**	**-76**	**1,394,743**	**34,088**	**1,428,831**

[1]Including other comprehensive income (OCI)

Consolidated Cash Flow Statement

January through March	2010 €m	2009 €m
Earnings before taxes	42.1	35.3
Financial result (net)	4.5	6.7
Impairment and gains/losses on disposal of assets	26.3	24.4
Non-cash valuations of financial derivatives	0.2	0.7
	73.1	**67.1**
Change in net current assets		
Change in inventories	2.5	2.8
Change in accounts receivable	-33.0	-11.5
Change in other receivables	-8.9	-2.3
Change in liabilities (excluding financial liabilities)	31.1	11.3
Change in provisions	0.8	0.3
Income taxes paid	-9.0	-6.9
Interest paid	-4.6	-7.4
Cash generated from operating activities	**52.0**	**53.4**
Investments in property, plant and equipment and in intangible assets	-53.4	-53.9
Sale proceeds from disposal of assets	0.2	0.0
Interest received	1.7	0.7
Cash used in investing activities	**-51.5**	**-53.2**
Payments on contracting of non-current financial liabilities	397.1	15.0
Repayment of financial liabilities	-352.6	-20.7
Cash used/generated in financing activities	**44.5**	**-5.7**
Change in cash and cash equivalents	45.0	-5.5
Cash and cash equivalents at 1 January	420.6	76.9
Cash and cash equivalents as at 31 March	**465.6**	**71.4**

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 and for selected medical disciplines, rehabilitation services are also offered to complement existing 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.

These inpatient and outpatient healthcare services are provided in a statutorily regulated market which is subject to strong political influences.

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 28 April 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 31 March 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 31 March 2010 for the first quarter 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 applied by RHÖN-KLINIKUM AG in financial year 2010 and will be applied in subsequent years as well:

- Collective Standard “Improvements to IFRSs” (April 2009)
- 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 “Improvement 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.

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:

- New version of IAS 24 “Related Party Disclosures”
- IFRS 9 “Financial Instruments”.

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.

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.

The following revised Standard which was already adopted by the European Union is of no practical relevance for 2011 as well as subsequent financial years:

- Revision of IAS 32 “Classification of Rights Issues”.

As far as can be seen at present, the following revised and newly published standards and interpretations which have not yet been adopted by the European Union are of no practical relevance for 2010 as well as subsequent financial years:

- Revisions of IFRS 1 “Additional Exemptions for First-time Adopters”

- 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 from page 123 of the 2009 Annual Report.

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.

Scope of consolidation

In addition to the parent company, RHÖN-KLINIKUM AG, the scope of consolidation comprises 102 subsidiaries in Germany of which 95 are fully consolidated, as well as a joint venture accounted for using the equity method.

Subsidiaries are all companies (including special-purpose entities) 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%. Investments in associated companies and jointly controlled entities (joint ventures) are accounted for using the equity method and initially recognised at cost. Associated companies whose individual or overall impact on the net assets and results of operations is not material are not accounted for using the equity method but are included in the consolidated financial statements at the lower of cost or fair value.

Selected explanations regarding consolidated interim income statement

With the takeover of the MEDIGREIF Group with effect from 31 December 2009, the individual reporting items of our Consolidated Income Statement as well as the key ratios derived therefrom have changed compared with the previous year.

Revenues

January through March	2010 €m	2009 €m
Business areas		
acute hospitals	608.7	546.0
Medical care centres	5.0	3.0
Rehabilitation hospitals	10.5	10.1
	624.2	**559.1**
Federal states		
Bavaria	125.8	116.9
Lower Saxony	99.7	94.1
Saxony	82.9	75.4
Thuringia	76.1	70.6
Brandenburg	28.1	27.2
Baden-Wuerttemberg	30.8	28.1
Hesse	136.1	127.0
Mecklenburg-West Pomerania	1.6	0.0
North Rhine-Westphalia	13.1	12.4
Saxony-Anhalt	30.0	7.4
	624.2	**559.1**

Compared with the same period last year, revenues grew by € 65.1 million or 11.6%. Of this rise in revenues, € 28.0 million was attributable to the MEDIGREIF Group acquired in the previous year (first-time consolidation as at 31 December 2009) and € 37.1 million (6.6%) to organic growth achieved by all other outpatient and inpatient sites.

Other operating income

January through March	2010 €m	2009 €m
Income from services rendered	33.5	31.4
Income from grants and other allowances	3.0	2.8
Income from adjustment of receivables	1.0	0.7
Indemnities received	0.6	0.2
Other	3.4	2.8
	41.5	**37.9**

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 current expenditures (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, € 1.2 million is attributable to consolidation effects (first-time consolidation of MEDIGREIF Group on 31 December 2009).

Other expenses

January through March	2010 €m	2009 €m
Maintenance	19.4	18.4
Charges, subscriptions and consulting fees	13.0	12.0
Administrative and IT costs	5.1	4.6
Impairment on receivables	1.7	2.3
Insurance	2.8	2.6
Rents and leaseholds	3.7	2.1
Travelling, entertaining and representation expenses	1.7	1.3
Other personnel and continuing training costs	2.7	2.3
Losses on disposal of non-current assets	0.0	0.1
Secondary taxes	0.2	0.2
Other	6.3	5.8
	56.6	**51.7**

Of the increase in other expenses, € 4.0 million is attributable to consolidation effects (first-time consolidation of MEDIGREIF Group on 31 December 2009).

Financial result

The financial result includes include the share of losses of joint ventures amounting to approximately € 6,000.

Income taxes

January through March	2010 €m	2009 €m
Current income tax	6.6	6.4
Deferred taxes	1.2	-1.8
	7.8	**4.6**

The rise in expenditures for deferred taxes stems, among other things, from the reversal of previous loss carry-forwards by current profits. Deferred tax assets for tax loss carry-forwards are recognised in the amount of the associated tax benefits that can probably be realised as a result of future taxable profits. It also has to be noted that deferred taxes to be recognised in the previous year from recognised loss carry-forwards reduced expenses in the amount of € 1.9 million.

Selected explanations regarding consolidated interim balance sheet

Goodwill and other intangible assets

	Goodwill €m	Other intangible assets €m	Total €m
Cost			
1 Jan. 2010	**323.2**	**43.1**	**366.3**
Additions	0.0	2.0	2.0
Disposals	0.0	0.0	0.0
Transfers	0.0	0.3	0.3
31 March 2010	**323.2**	**45.4**	**368.6**
Cumulative depreciation and impairment			
1 Jan. 2010	**0.0**	**24.6**	**24.6**
Depreciation	0.0	1.6	1.6
31 March 2010	**0.0**	**26.2**	**26.2**
Balance sheet value at 31 March 2010	**323.2**	**19.2**	**342.4**

	Goodwill €m	Other intangible assets €m	Total €m
Cost			
1 Jan. 2009	**235.2**	**34.1**	**269.3**
Additions	0.0	0.9	0.9
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2009	**235.2**	**35.0**	**270.2**
Cumulative depreciation and impairment			
1 Jan. 2009	**0.0**	**19.0**	**19.0**
Depreciation	0.0	1.3	1.3
Disposals	0.0	0.0	0.0
31 March 2009	**0.0**	**20.3**	**20.3**
Balance sheet value at 31 March 2009	**235.2**	**14.7**	**249.9**

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 Jan. 2010	**1,428.7**	**66.4**	**458.4**	**298.7**	**2,252.2**
Additions	2.4	0.1	6.1	36.2	44.8
Disposals	0.0	0.0	0.7	0.0	0.7
Transfers	10.6	1.0	1.8	-13.7	-0.3
31 March 2010	**1,441.7**	**67.5**	**465.6**	**321.2**	**2,296.0**
Cumulative depreciation and impairment					
1 Jan. 2010	**363.3**	**39.1**	**249.9**	**0.0**	**652.3**
Depreciation	10.3	1.1	13.3	0.0	24.7
Disposals	0.0	0.0	0.5	0.0	0.5
31 March 2010	**373.6**	**40.2**	**262.7**	**0.0**	**676.5**
Balance sheet value at 31 March 2010	**1,068.1**	**27.3**	**202.9**	**321.2**	**1,619.5**

	Land and buildings €m	Technical plant and equipment €m	Operating and business equipment €m	Plant under construction €m	Total €m
Cost					
1 Jan. 2009	**1,330.9**	**60.5**	**400.6**	**167.3**	**1,959.3**
Additions	2.2	0.3	12.4	35.5	50.4
Disposals	0.0	0.0	1.1	0.1	1.2
Transfers	5.7	0.2	5.1	-11.0	0.0
31 March 2009	**1,338.8**	**61.0**	**417.0**	**191.7**	**2,008.5**
Cumulative depreciation and impairment					
1 Jan. 2009	**324.1**	**34.9**	**213.3**	**0.0**	**572.3**
Depreciation	9.4	1.1	12.4	0.0	22.9
Disposals	0.0	0.0	1.0	0.0	1.0
Transfers	0.0	0.0	0.0	0.0	0.0
31 March 2009	**333.5**	**36.0**	**224.7**	**0.0**	**594.2**
Balance sheet value at 31 March 2009	**1,005.3**	**25.0**	**192.3**	**191.7**	**1,414.3**

Investment property

The Group lets residential space to employees, office and commercial space to third parties (e.g. cafeteria), as well as premises to doctors co-operating with the hospital and to joint laboratories as part of cancellable operating leases.

The most significant operating lease contracts by amount stem from the letting of property to third parties.

The largest items in absolute terms are the letting of a building to a nursing home operator and rented properties of the MEDIGREIF Group. On the basis of the capitalised value of potential earnings, we see no material differences between the fair value of the properties and their carrying amounts shown below:

	Total €m
Cost	
1 Jan. 2010/31 March 2010	6.3
Cumulative depreciation and impairment	
1 Jan. 2010	1.2
Depreciation	0.1
31 March 2010	1.3
Balance sheet value at 31 March 2010	**5.0**

	Total €m
Cost	
1 Jan. 2009/31 March 2009	5.0
Cumulative depreciation and impairment	
1 Jan. 2009	1.0
Depreciation	0.0
31 March 2009	1.0
Balance sheet value at 31 March 2009	**4.0**

Other assets (non-current)

	31 Mar. 2010 €m	**31 Dec. 2009 €m**
Participating interests	0.2	0.2
Other assets	1.4	1.6
Balance sheet value	**1.6**	**1.8**

Interests in joint ventures are reported under investments on the grounds of materiality.

Other minor companies in which we hold an interest of between 20.0% and 50.0% are not consolidated. In general, they are shown at amortised cost. This is also applicable for the other financial assets.

Shareholders′ equity

With effect from 1 January 2010, we increased our interest in Amper Kliniken AG by 20.0 percentage points to 94.9% at a purchase price of € 23.4 million.

Compared with the balance sheet date of 31 December 2009, the increase in equity capital by € 5.9 million stems from net consolidated profit of € 34.3 million less the acquisition of the shareholding in Amper Kliniken AG in the amount of € 23.4 million and less the € 5.0 million impairment requirement for the effective portion of the interest-rate hedging instruments recognised in equity (cash flow hedge).

The negative market values of financial derivatives designated as interest hedging instruments are recognised at € 21.1 million in total (31 December 2009: € 16.1 million) as a deduction item after taking into account deferred tax.

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. The bond was oversubscribed by more than 12 times. As a result of this significant oversubscription, the spread was defined at 125 bp, just slightly below the marketing range of 130 to 135 bp. In total, some 350 investors from 25 countries subscribed.

On 18 February 2010 the rating agency Moody’s upgraded the institutional ranking of RHÖN-KLINIKUM AG to the category Baa2 (stable outlook).

As at 31 March 2010 a total of € 21.1 million was allocated from hedge relationships to the re-valuation reserve. In the first three months of financial year 2010, changes in the valuation of non-hedged derivatives in the amount of € 0.2 million were recognised with earnings decreasing effect in the income statement.

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.

Notifying entity	Directly held %	Im-puted %	Voting rights held %	Date of threshold being exceeded/fallen short of*	Threshold exceeded/fallen short of by
	Voting share on date of threshold being exceeded/fallen short of*				
Alecta pensionsförsäkring ömesesidigt, Stockholm/Sweden	9.94		**9.94**	15.7.2009	< 10%
Eugen Münch, Germany**	9.74		**9.74**	26.9.2005	< 10%
Ingeborg Münch, Germany**	6.42		**6.42**	17.4.2002	> 5%
Franklin Mutual Advisers, LLC, Short Hills/USA		5.07	**5.07**	12.7.2006	> 5%
Franklin Mutual Series Fund, Short Hills/USA	5.06			29.8.2006	> 5%
Ameriprise Financial, Inc., Minneapolis/USA		4.973	**4.973**	26.6.2009	< 5%
Threadneedle Asset Management Holdings SÁRL, London/United Kingdom		4.876		29.5.2009	> 3%
Threadneedle Asset Management Holdings Limited, London/United Kingdom		4.995		18.2.2009	< 5%
Threadneedle Asset Management Limited, London/United Kingdom		4.989		18.2.2009	< 5%
BlackRock, Inc., New York/USA		2.99	**2.99**	13.1.2010	< 3%
BlackRock Holdco 2, Inc., New York/USA		2.99		13.1.2010	< 3%
BlackRock Financial Management, Inc., New York/USA		2.99		13.1.2010	< 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 31 March 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 Board of Management has not changed since the last reporting date.

On 10 February 2010, Mr. Joachim Lüddecke was unanimously appointed to the office of deputy chairman of the Supervisory Board.

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

- Professor Dr. Georg Milbradt, Dresden
- Dorothee Bär, Berlin.

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.

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

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

The contractual remuneration for the members of the Supervisory Board, the Board of Management and the Advisory Board has remained unchanged since the last reporting date.

The fixed remuneration of the present Board of Management totals € 2.0 million in financial year 2010. Based on the assumption that the of net consolidated profit of roughly € 145 million being generated by the end of financial year 2010, the present Board of Management would additionally receive variable remuneration of roughly € 7.4 million.

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

During the reporting period there were no notifiable transactions pursuant to section 15a of the Securities Trading Act (WpHG) of members of the Board of Management or of the Supervisory Board (directors' dealings) at RHÖN-KLINIKUM AG:

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 Group.

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

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

Employees

At the reporting date of 31 March 2010 the Group employed a total of 36,915 persons (31 December 2009: 36,882 persons). In this increase by 33 versus the reporting date of 31 December 2009, 5 persons were added as a result of staff increases at our hospitals and 68 persons as a result of staff increases at our MVZ companies. This compared with a decrease by 40 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 investments made by the reporting date to € 246.1 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 31 March 2010	**No. of shares on 31 March 2009**
Non-par shares	138,232,000	103,680,000
Treasury non-par shares	-24,000	-24,357
Shares in issue	**138,208,000**	**103,655,643**

Earnings per share are calculated as follows:

Non-par shares	**31 March 2010**	**31 March 2009**
Share in net consolidated profit (€ '000)	33,200	29,026
Weighted average number of shares in issue. in '000 units	138,208	103,656
Earnings per share in €	0.24	0.28

Cash Flow Statement

The consolidated cash flow statement is prepared in accordance with IAS 7, 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 € 4.5 million (31 March 2009: € 14.7 million). The cash flow statement has included a figure of € 8.6 million (previous year: € 7.3 million) for outstanding construction invoices as well as a figure € 0.2 million (previous year: € 0.7 million) for non-cash losses from financial derivatives.

Bad Neustadt a. d. Saale, 28 April 2010

RHÖN-KLINIKUM AG

THE BOARD OF MANAGEMENT

Andrea Aulkemeyer	Dr. rer. pol. Erik Hamann	Wolfgang Kunz	Gerald Meder
Wolfgang Pföhler	Ralf Stähler	Dr. rer. oec. Irmgard Stippler	Dr. med. Christoph Straub

Key ratios January through March 2010 / January through March 2009

Data in € m	Jan. – Mar. 2010	Jan. – Mar. 2009	Change in %
Revenues	624.2	559.1	11.6
Materials and consumables used	161.2	143.6	12.3
Employee benefits expense	374.8	334.8	11.9
Depreciation/amortisation and impairment	26.4	24.2	9.1
Net consolidated profit according to IFRS	34.3	30.7	11.7
Earnings share of RHÖN-KLINIKUM AG shareholders	33.2	29.0	14.5
Earnings share of minority interests	1.1	1.7	-35.3
Return on revenue (%)	5.5	5.5	0.0
EBT	42.1	35.4	18.9
EBIT	46.8	42.8	9.4
EBIT - ratio (%)	7.5	7.7	-2.6
EBITDA	73.1	67.0	9.1
EBITDA ratio (%)	11.7	12.0	-2.5
Operating cash flow	60.9	57.6	5.7
Property, plant and equipment as well as investment property	1,624.5	1,418.3	14.5
Non-current income tax claims	17.4	18.9	-7.9
Equity according to IFRS	1,428.8	915.7	56.0
Return on equity, %	9.6	13.6	-29.4
Balance sheet total according to IFRS	2,920.5	2,177.6	34.1
Investments			
in property, plant and equipment as well as in investment property	46.8	51.3	-8.8
in other assets	0.0	0.0	0.0
Earnings per ordinary share (€)	0.24	0.28	-14.3
Number of employees	36,915	33,958	8.7
Case numbers (patients treated)	509,793	452,319	12.7
Beds and places	15,723	14,860	5.8

DATES FOR SHAREHOLDERS AND ANALYSTS

2010

11 February 2010	Preliminary results for financial year 2009
28 April 2010	Results Press Conference: Publication of 2009 Annual Financial Report
28 April 2010	Publication of Interim Report for the quarter ending 31 March 2010
9 June 2010	Annual General Meeting
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

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 Quarterly Report is also available
in German.