

INTERIM REPORT

Q1 2017

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LETTER TO SHAREHOLDERS

Dear Ladies and Gentlemen,
Dear Shareholders,

Following the reorganisation of the Board of Management in the first quarter of 2017, we are now turning our efforts towards substantially improving operating performance and our Company's profitability whilst forging ahead with the key projects of the future. Of major importance here is our campus approach. Working together with doctor's practices and hospitals, we are offering inpatient and outpatient services in close proximity, and rounding these off with additional ones such as rehabilitation and nursing – all as part of our cross-sector and integrated care concept. State-of-the-art digital technologies and our electronic patient file are being specifically deployed in this context. With this new and carefully thought-out approach we are thus offering viable and efficient healthcare delivery for rural areas. The campus model offers patient-oriented solutions, also in some other rural regions – thus making it a sustainable growth prospect for our Company. That is why, in a process comprising several phases, we are currently analysing which other regions would lend themselves to this.

Of particular importance in this context is the steady progress being made in the construction of our campus in Bad Neustadt, since it is here that we can realise the concept in its most typical architecturally, structurally and procedurally ideal form. On 16 March 2017, we held the topping out ceremony. Work is moving ahead on schedule, and the newly constructed campus is set to be ready for use early in 2019.

The operating efficiency of RHÖN-KLINIKUM AG lags behind that of its competitors in some key parameters such as the materials ratio.

We will have to redouble our efforts to make up this backlog and achieve a level of profitability needed for our demanding corporate objectives along with the required investments. That said, my first personal impressions gained within the Company make me perfectly confident that we can succeed in this. The new Board of Management will be resolved and steadfast in their efforts to close the gap to competitors with greater courage, greater willingness to make decisions and greater entrepreneurial thinking. This is the basis for achieving necessary, ongoing investments in a modern architectural and medical infrastructure, and thus continued first class medical care for our patients.

In the first three months of the current financial year, a total of 212,187 patients were treated at our Group's five sites. Revenues for the first quarter stand at € 300.1 million, earnings before interest, taxes and depreciation/amortisation (EBITDA) at € 25.5 million.

For the current financial year 2017, we expect revenues in the range of between € 1.20 billion and € 1.23 billion. In this context, the most recent regulatory measures are having a particularly heavy impact, such as lower remuneration for cardiological and specialist orthopaedic services or the newly introduced fixed cost depression discount on surplus services.

For earnings before interest, tax and depreciation/amortisation (EBITDA), we expect a level of between € 85 million and € 105 million in 2017. This includes the negative effects in the low double-digit million range brought about by additional expenditures for the digital transformation of medical processes as well as

one-off charges from the Group's reorganisation. Moreover, the range at the higher end reflects a positive contribution from a potential reversal of the structural underfinancing at UKGM in the context of the still outstanding separate accounting approach.

The Board of Management and the Supervisory Board propose a dividend of € 0.35 per ordinary non-par share from net distributable profit at this year's Annual

General Meeting on 7 June 2017 in Frankfurt am Main.

Yours sincerely,

RHÖN-KLINIKUM Aktiengesellschaft

Stephan Holzinger
Chairman of the Board of Management

THE RHÖN-KLINIKUM SHARE

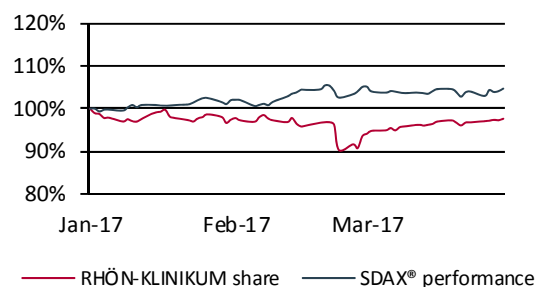
In the first quarter of 2017, developments on the international stock markets were helped by improved expectations for economic performance and the continuation of an expansive monetary policy. The positive share price performance was also boosted by plans of newly elected US President Donald Trump for tax cuts, deregulation and infrastructure investments. On the other hand, the political risks (Brexit, elections in the Netherlands and France, initial failure of the Trump healthcare reform, imminent trade protectionism under Trump) are having almost no negative impact. On 29 March 2017, the UK officially applied to leave the EU. Delivery of the notice of withdrawal started the two-year negotiation period.

The European Central Bank (ECB) left its key rate unchanged at zero per cent, and has not yet given any indication of a change in interest rate policy anytime soon. At its meeting on 15 March 2017, the US Federal Reserve (Fed), as expected, raised its key rate by 0.25 percentage points into the range of between 0.75% and 1.00%.

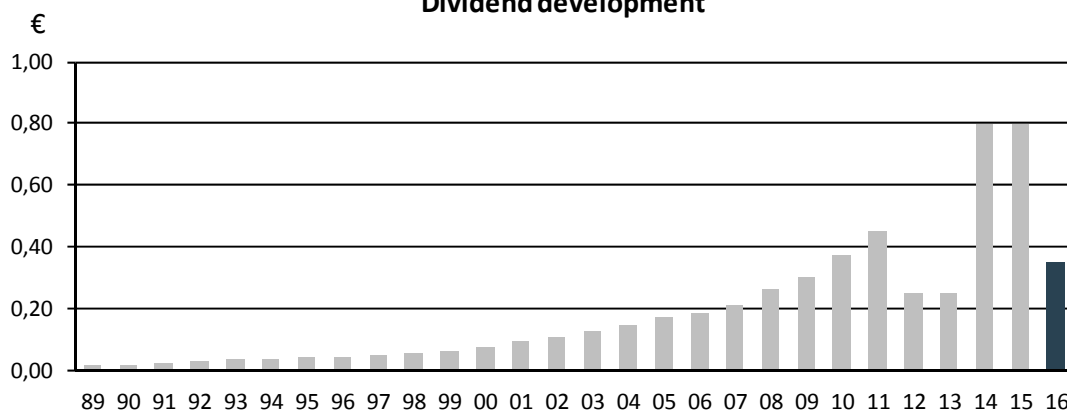
Sentiment indicators brightened in the US, the euro zone and Germany. In Germany, the ifo business climate index rose in March 2017 from 111.1 to 112.3 points, its highest level since July 2011.

The German leading index, DAX®, stood at 12,313 points on 31 March 2017, thus reaching a new high for the year and once again exceeding the mark of 12,300 points for the first time since April 2015. It improved over the first quarter by 7.3%, and the SDAX® was up 6.0%, with the European indices witnessing a similarly positive performance. The DJ EURO STOXX 50 climbed by 6.4% and the DJ EURO STOXX Healthcare by 8.7%.

Share price performance



Dividend development



Financial year 2016: dividends will be proposed to the shareholders at the AGM on 7 June 2017

Financial years 2012-2015: plus profit pay-out under Share Repurchase in the amount of € 1.797 billion from the proceeds of the Fresenius/Helios transaction

The share of RHÖN-KLINIKUM AG ended the first quarter of 2017 almost unchanged at a closing price of € 25.57 (30 December 2016: € 25.66). During the first quarter, the share thus clearly underperformed the German and European share indices.

At the end of the first quarter of the year our market capitalisation, including all issued 66.96 million non-par shares, stood at € 1.7 billion (30 December 2016: € 1.7 billion). In terms of the index ranking, the RHÖN-KLINIKUM share ranked 63rd by market capitalisation (30 December 2016: 60th).

RHÖN-KLINIKUM share		
ISIN	DE0007042301	
Ticker symbol	RHK	
Registered share capital (€)	167,406,175	
Number of shares	66,962,470	
Share prices (€)	1 Jan.-31 March 2017	1 Jan.-31 Dec. 2016
Closing price	25.57	27.06
High	26.19	28.27
Low	23.65	24.96
	31 March 2017	31 Dec. 2016
Market capitalisation (€ m)	1,712.23	1,812.00

Our next Annual General Meeting will take place on 7 June 2017 at the Jahrhunderthalle in Frankfurt (doors open from 9.00 a.m.). On 3 August 2017 we will publish the Half-Year Financial Report as at 30 June 2017.

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

GROUP INTERIM REPORT OF THE MANAGEMENT

REPORT ON THE FIRST QUARTER OF FINANCIAL YEAR 2017

- In the first quarter of 2017 we treated 212,187 patients in our hospitals and medical care centres, generating revenues of € 300.1 million, EBITDA of € 25.5 million as well as a resulting consolidated profit of € 8.4 million.
- Following the reorganisation of the Board of Management during the first quarter of 2017, utmost priority was given to improving the Company's profitability.
- We continue to press ahead with our campus approach: the move into the new building of our campus in Bad Neustadt will take place in early 2019, and construction work is moving ahead on schedule.
- Ongoing conceptional and constructional modernisation of our sites as well as expansion in the digitalisation of patient care and organic development of our hospitals.

BASIC PRINCIPLES OF THE RHÖN-KLINIKUM GROUP

The condensed interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 31 March 2017 have been prepared in accordance with the provisions of IAS 34 in condensed form, and applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are the subject of mandatory adoption in accordance with the Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union in financial year 2017.

The accounting policies applied, to the extent already applied in financial year 2016 and consistently applied in financial year 2017, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2016. The accounting policies

applicable in principle for the first time in financial year 2017 are explained in the Condensed Notes to this Interim Report. On a current view, these will have only the effects as stated in the Condensed Notes on the net assets, financial position and results of operations of RHÖN-KLINIKUM AG.

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

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

CORPORATE GOVERNANCE

The Supervisory Board member Stephan Holzinger resigned his Supervisory Board mandate before taking up his mandate as chairman of the Board of Management with effect from 31 January 2017. Dr. Annette Beller was appointed by the court to succeed him on the Supervisory Board and as of

23 March 2017 is a member of the Supervisory Board until the conclusion of the next Annual General Meeting.

With effect from 1 February 2017, Mr. Stephan Holzinger was appointed as a new member to the position of chairman of the Board of Management and replaced Dr. Dr. Martin Siebert as previous chairman of the Board of Management who assumed the office of permanent representative of the chairman of the Board of Management. Moreover, the Supervisory Board resolved on 23 February 2017 to reduce the size of the Board of Management from five to three members and for that purpose removed the members of the Board of Management Martin Menger and Jens-Peter Neumann with immediate effect. The Board of Management of the Company is thus composed of Mr. Stephan Holzinger (chairman of the Board of Management), Dr. Dr. Martin Siebert (permanent representative of the chairman of the Board of Management) and Prof. Dr. Bernd Griewing. The responsibilities within the Board of Management were adjusted accordingly. The Terms of Reference were adjusted to the respective dates.

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

The notifications pursuant to section 21 et seq. of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that we received in the first three months of financial year 2017 are presented in the Notes to this Financial Report. We refer to our website for a detailed list of the notifications.

Notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014 are also presented in the Notes to this Interim Report.

On 6 April 2017, the Declaration on Corporate Governance and the Corporate Governance Report jointly issued by the Board of Manage-

ment and the Supervisory Board were updated and published on our website. All other elements of our corporate constitution have remained unchanged during the financial year to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2016.

ECONOMIC REPORT

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Amid buoyant economic growth in Germany, the mood amongst German companies continues to improve. The business climate index rose in March from 111.1 points to 112.3 points, its highest level since July 2011. Based on current economic indicators, the growth trend is expected to continue. The current drivers of the upswing are primarily domestic.

Expectations for global economic growth continue to brighten, with a positive picture being revealed for the trend within the euro zone. As regards the external economic environment, no negative impacts following the Brexit vote and the policy measures announced by the US are emerging in the short term. Nonetheless, uncertainty does exist in this regard.

Positive developments on the German labour market persisted during the first quarter of 2017. As economic activity picked up in the spring, the decline in unemployment and underemployment was much stronger than usual. The robust upswing in employment in almost all sectors of the economy is continuing its momentum undiminished. The jobless rate as calculated by the German Federal Employment Agency for March 2017 is around 6.0%. This is a decline of 0.5 percentage points compared with March 2016. Early indicators continue to point to high demand for employees.

In March 2017, consumer prices as calculated by the Federal Statistical Office were 1.6% higher than in March 2016. Compared with the previous month, the consumer price index rose by 0.2 percentage points.

The hospital sector is a growth market with non-cyclical, rising demand. Rising demand for medical treatments, a greying society, the rising number of chronically ill patients and greater health awareness are key drivers of growth. As before, the hospital sector continues to be influenced by two developments: demand for medical services, and, by contrast, inadequate adjustment in the remuneration of the services provided. That means that the trend over the past years of an ever widening gap between revenues and costs within the hospital sector is having detrimental impact on the operating side.

The result is also being impacted by the most recent regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSG) such as the reduction in remuneration for cardiological and specialist orthopaedic services, as well as the fixed cost degression discount applicable since 1 January 2017 that replaced the discount on surplus service volumes.

Economic and legal framework conditions of inpatient healthcare are presenting hospitals with big challenges in terms of market positioning and future planning. For hospitals to remain economically viable and efficient, they have to gear their strategic targets to the current and future challenges, such as social and demographic change, advances in medicine as well as digitalisation. The latter is providing medicine the opportunity to diagnose and treat patients in future more individually and with greater precision.

The shortage in skilled staff – driven by demographic change – is thus set to further exacerbate over the next years. A shortage is expected particularly in the healthcare sector, since it is there that the rising demand for skilled employees compares with further rising demand stemming from the greying of

society. Recruitment of top-qualified physician staff will be one of the challenges to be met in future given the emerging shortage in specialised personnel and demographic trends. We are confronting this task and the desire increasingly expressed by employees to be given the opportunity of achieving a better balance between professional and family life with specific measures targeted at improving our attractiveness as an employer in healthcare.

Our experience in dealing with regulatory measures, our organic flexibility, our excellent regional market position as well as our trailblazing role in innovation and digitalisation are the best means of holding our own in a challenging market environment.

BUSINESS PERFORMANCE OF THE FIRST THREE MONTHS

Overall statement on economic position

January to March	2017	2016	Change	
	€ m	€ m	€ m	%
Revenues	300.1	291.5	8.6	3.0
EBITDA	25.5	67.9	-42.4	-62.4
EBIT	10.9	53.2	-42.3	-79.5
EBT	10.5	52.5	-42.0	-80.0
Consolidated profit	8.4	50.7	-42.3	-83.4

The first three months of financial year 2017 were marked by rising service volumes compared with the same period of the previous year. With revenues up by € 8.6 million (3.0%), we record a decline in EBITDA by € 42.4 million or 62.4% to € 25.5 million, a decline in EBIT by € 42.3 million or 79.5% to € 10.9 million, as well as a decline in consolidated profit by € 42.3 million or 83.4% to € 8.4 million compared with the same period last year. The respective decline is attributable to the positive influences from delayed effects from the transaction with Fresenius/Helios in the amount of € 36.4 million during the same period of the previous year, as well as one-off expenses recognised in the first quarter of 2017 resulting from the Group's reorganisation in the low single-digit million range.

The result in terms of our organic development was also hampered by the most recent regulatory measures following the Act Reforming the Structures of Hospital Care (Krankenhausstrukturgesetz, KHSG) such as the reduction in remuneration for cardiovascular and specialist orthopaedic services, as well as the fixed cost degression discount applicable since 1 January 2017 that replaced the discount on surplus service volumes. In addition, the hospital sector continues to be influenced by two developments: firstly, demand for medical services continues to grow. At the same time, remuneration of the services provided is not being adequately adjusted. A further burden also comes from the increasing inspection rate and more restrictive inspection practice of the Medical Review Board of the Statutory Health Insurance Funds (MDK).

Following the reorganisation of the Board of Management carried out in the first quarter of 2017, we are concentrating our efforts on substantially improving our Company's profitability whilst at the same time forging ahead with the key projects of the future. At the same time, high importance is being given to our campus concept in which the services of doctors and hospitals are being integrated at one location in a cross-sector approach and including downstream offerings tailored to the elderly, such as rehabilitation or nursing. In this context, a crucial model role is being played by the construction of our new campus in Bad Neustadt. On 16 March 2017, we held the topping out ceremony. Work is moving ahead on schedule, and the newly constructed campus in Bad Neustadt is set to be ready for use early in 2019.

Pursuing our efforts in digitalisation, i.e. the processing and interpretation of data, continues to be at the forefront of our activities. Digitalisation will help to make fast-growing medical knowledge available so that patients can avail themselves of it to an even greater extent in their individual cases, for example by providing them with therapies tailored to their needs or enabling them to navigate their way more quickly through the healthcare system.

Also in future, we remain committed to being a pioneer of innovative developments and a dynamic force helping to shape the healthcare industry. For hospitals to remain economically viable and efficient, they have to gear their strategic targets to the current and future challenges. The latter are providing medicine the opportunity to diagnose and treat patients in future more individually and with greater precision.

Trend in service volumes

	Hospitals	Beds
As at 31 December 2016	11	5,348
Change in capacities	-	10
As at 31 March 2017	11	5,358

As at 31 March 2017, our consolidated financial statements included eleven hospitals with 5,358 beds/places at a total of five sites in four federal states. Since 31 December 2016, we recorded only a moderate net change in the number of approved beds/places (10) at our acute inpatient capacities in line with the requirement budgets in the individual federal states.

As at 31 March 2017, we operate seven medical care centres with a total of 39.25 specialist practices:

	Medical care centres	Specialist practices
As at 31 December 2016	7	35.75
Opened/acquired		
MVZ Bad Berka	-	1.00
MVZ Frankfurt (Oder)	-	2.50
As at 31 March 2017	7	39.25

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

January to March	2017	2016	Change absolute %	
Inpatient and semi-inpatient treatments				
Acute hospitals	54,004	53,912	92	0.2
Rehabilitation hospitals and other facilities	1,169	1,386	-217	-15.7
	55,173	55,298	-125	-0.2
Outpatient attendances				
at our acute hospitals	119,007	118,579	428	0.4
at our medical care centres	38,007	31,701	6,306	19.9
	157,014	150,280	6,734	4.5
Total	212,187	205,578	6,609	3.2

In the first three months of financial year 2017, we treated a total of 212,187 patients (+ 6,609 patients or + 3.2%) in our hospitals

and medical care centres. Of this rise, 6,734 patients or 101.9% are attributable to the outpatient area and - 125 patients or - 1.9% to the inpatient and semi-inpatient area. The decline in the number of patients treated on an inpatient and semi-inpatient basis stems from the discontinuation of the rehabilitation area at the psychosomatic hospital Psychosomatische Klinik in Bad Neustadt a. d. Saale.

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

January to March	2017	2016
Per-case revenue		
inpatient (€)	5,027	4,880
outpatient (€)	145	144

Compared with the first three months of financial year 2016, per-case revenue rose by 3.0% in the inpatient area and by 0.7% in the outpatient area.

Results of operations

Consolidated performance figures developed as shown below:

January to March	2017	2016	Change	
	€ m	€ m	€ m	%
Income				
Revenues	300.1	291.5	8.6	3.0
Other income	37.1	73.0	-35.9	-49.2
Total	337.2	364.5	-27.3	-7.5
Expenditure				
Materials and consumables used	83.4	80.6	2.8	3.5
Employee benefits expense	197.2	187.8	9.4	5.0
Other expenses	31.1	28.2	2.9	10.3
Total	311.7	296.6	15.1	5.1
EBITDA	25.5	67.9	-42.4	-62.4
Depreciation	14.6	14.7	-0.1	-0.7
EBIT	10.9	53.2	-42.3	-79.5
Finance result	0.4	0.7	-0.3	-42.9
EBT	10.5	52.5	-42.0	-80.0
Income taxes	2.1	1.8	0.3	16.7
Consolidated profit	8.4	50.7	-42.3	-83.4

Revenues grew by € 8.6 million or 3.0% versus the same period last year. Also in the first quarter of financial year 2017, we record rising demand for medical services, with the services rendered still not being adequately remunerated.

By comparison with the same period last year, other income declined by € 35.9 million or

49.2% to € 37.1 million. The decline is attributable to the income recognised during the same period last year with earnings increasing effect resulting from the reversal of provisions for potential legal and tax warranty risks.

January to March	2017	2016
	%	%
Materials ratio	27.8	27.7
Personnel ratio	65.7	64.4
Other cost ratio	10.4	9.7
Depreciation and amortisation ratio	4.9	5.1
Finance result ratio	0.1	0.2
Effective tax ratio	0.7	0.6

Compared with the first quarter of financial year 2016, materials and consumables used rose by € 2.8 million or 3.5%, and was thus disproportionate to the trend in revenues. The materials ratio increased slightly from 27.7% during the same period last year to 27.8%.

The employee benefits expense and other expenses rose compared with the same period last year. Whilst the employee benefits expense, which includes the one-off expenses from the Group reorganisation in the low single-digit million range recognised in the first quarter of 2017, rose by € 9.4 million or 5.0%, the other expenses item increased by € 2.9 million or 10.3%. In this context, the personnel ratio rose from 64.4% to 65.7% and the other expenses ratio from 9.7% to 10.4%.

Compared with the same period last year, the depreciation/amortisation item declined in the first quarter of 2017 slightly by € 0.1 million or 0.7% to € 14.6 million and is thus at the previous year's level.

The improvement in the still negative finance result by € 0.3 million to € 0.4 million essentially results from a decline in financing expenditures in the amount of € 1.1 million, which is mainly attributable to the repayment of our bond in March 2016.

One counter-effect amounting to € 0.4 million stemmed from declining finance income as a

result of a lower investment volume and shares in losses in companies accounted for using the equity method recognised in the first quarter of 2017 in the amount of € 0.5 million.

Our net liquidity is calculated as follows:

	31 March 2017	31 Dec. 2016
	€ m	€ m
Current cash	97.5	80.8
Current fixed term deposits	170.1	185.1
Non-current fixed term deposits	30.1	50.1
Cash, fixed term deposits	297.7	316.0
Current financial liabilities	10.0	10.0
Finance lease liabilities	3.7	4.0
Financial liabilities	13.7	14.0
Net liquidity	284.0	302.0

At an unchanged rate of taxation, the income tax expense item rose by € 0.3 million to € 2.1 million (previous year: € 1.8 million) compared with same period of the previous year on the back of a higher taxable result.

Compared with the first three months of financial year 2016 consolidated profit declined by € 42.3 million or 83.4% to € 8.4 million (previous year: € 50.7 million). This is essentially attributable to the positive delayed effects during the same period last year from the Fresenius/Helios transaction.

Non-controlling interests in profit declined compared with the same period last year by € 0.1 million or 14.3% to € 0.6 million (previous year: € 0.7 million).

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first three months of 2017 declined by € 42.1 million or 84.4% to € 7.8 million compared with the same period last year (previous year: € 49.9 million). The interest in profit of the shareholders corresponds to earnings per share of € 0.12 (previous year: € 0.75) in accordance with IAS 33 (undiluted/diluted).

The total result (sum of consolidated profit and other earnings) stood at € 8.4 million (previous year: € 50.7 million) in the three months of financial year 2017.

Net assets and financial position

	31 March 2017		31 December 2016	
	€ m	%	€ m	%
ASSETS				
Non-current assets	923.6	62.8	936.1	64.3
Current assets	547.1	37.2	520.1	35.7
	1,470.7	100.0	1,456.2	100.0
EQUITY AND LIABILITIES				
Equity	1,121.8	76.3	1,113.4	76.5
Non-current loan capital	25.7	1.7	25.4	1.7
Current loan capital	323.2	22.0	317.4	21.8
	1,470.7	100.0	1,456.2	100.0

Compared with the balance sheet date of 31 December 2016, the balance sheet total rose by € 14.5 million or 1.0% to € 1,470.7 million, essentially as a result of consolidated profit of the first three months of financial year 2017.

The equity capital ratio saw a slight decline compared with the last reporting date, from 76.5% to 76.3%.

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

Equity	2017			2016
	Shareholders	Non-controlling interests	Total	Total
	€ m	€ m	€ m	€ m
As at 1 January	1,090.6	22.8	1,113.4	1,108.7
Equity transactions with owners	-	-	-	-
Total comprehensive income of the period	7.8	0.6	8.4	50.7
Other changes	-	-	-	-
As at 31 March	1,098.4	23.4	1,121.8	1,159.4

As at 31 March 2017, equity stands at € 1,121.8 million (31 December 2016: € 1,113.4 million). The rise in equity capital of € 8.4 million compared with the balance sheet date of 31 December 2016 results entirely from consolidated profit for the first three months of 2017.

124.2% (31 December 2016: 121.7%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. As at 31 March 2017, net financial debt – including liabilities under finance leases – was € 0.0 million (31 December 2016: € 0.0 million). As at 31 March 2017, we report net liquidity of € 284.0 million (31 December 2016: € 302.0 million).

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

January to March	2017 € m	2016 € m
Cash generated from operating activities	5.1	17.9
Cash generated from investing activities	11.9	40.0
Cash used in financing activities	-0.3	-143.3
Change in cash and cash equivalents	16.7	-85.4
Cash and cash equivalents at 1 January	80.8	143.3
Cash and cash equivalents at 31 March	97.5	57.9

Cash and cash equivalents changed during the first quarter of 2017 by € 16.7 million (change in first quarter of 2016 by - € 85.4 million).

This is essentially attributable to the change in cash used in financing activities. This was influenced by the repayment of our exchange-listed bond made in the first quarter of 2016, which resulted a cash outflow of € 143.2 million.

The change in cash generated from investing activities was influenced decisively by cash generated from terminations of fixed deposits. Whereas in the same period last year cash amounting to € 65.0 million was generated from terminations of fixed deposits, cash of € 35.0 million was generated in the first quarter of 2017 from terminations of fixed deposits.

Investments

Aggregate investments of € 23.0 million (previous year: € 29.9 million) in the first three months of financial year 2017 are shown in the following table:

	Use of grants € m	Use of own funds € m	Total € m
Current investments	1.5	21.2	22.7
Takeovers	-	0.3	0.3
Total	1.5	21.5	23.0

Of these investments made in the first three months, € 1.5 million (previous year: € 1.7 million) was attributable to investments

funded from grants under the Hospital Financing Act (KHG) and deducted from total investments pursuant to the relevant provisions of IFRS.

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

	€ m
Bad Neustadt a. d. Saale	11.9
Gießen, Marburg	5.2
Bad Berka	2.2
Frankfurt (Oder)	1.9
Total	21.2

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

Employees

Employees	31 March 2017	31 Dec. 2016	Change	
			absolute	%
Hospitals	14,833	14,802	31	0.2
Medical care centres	195	182	13	7.1
Service companies	1,496	1,502	-6	-0.4
Total	16,524	16,486	38	0.2

On 31 March 2017, the Group employed 16,524 persons (31 December 2016: 16,486).

RISKS AND OPPORTUNITIES

Our corporate activity is inseparably bound up with risks and opportunities. As a service provider in the healthcare sector, we operate in an extremely complex risk environment. The challenge for us is to ensure reasonable management of these risks – since it is only companies that recognise their material risks in time and take steps to systematically counter the same that are also able at the same time to identify the opportunities arising and to exploit them in an entrepreneurially responsible manner. Factors such as the regulatory and legislative environment, continually mounting cost, competitive and consolidation pressures within the sector, the rising demands of patients in terms of the quality of inpatient healthcare delivery and patient care not only open up opportunities but also involve risks. As a provider of healthcare services, we always regard the risk posed to the life and health of our patients as

the greatest risk. This involves continuously weighing up opportunities against the risks. We give utmost priority to measures that avoid even the smallest errors in the medical and nursing area, since any error is one too many.

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

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

In Germany, hospitals approved under state hospital planning enjoy de facto state regulated protection in their respective catchment area. Traditional market and revenue risks exist only where site closures are ordered or a hospital's quality is assessed by referring physicians or by patients as significantly worse than for neighbouring hospitals. In the latter case, that results in large numbers of patients switching to other hospitals. The increasing auditing activities of the Medical Review Board of the Statutory Health Insurance Funds (MDK), in particular of services and/or cases exhibiting a high degree of severity, are also making themselves felt.

We are closely watching the delayed remuneration of services caused by this and are countering these with further optimised process optimisations. Fluctuations in service volumes at our facilities, shifts in service volumes from the inpatient to outpatient sector, but also to nearby facilities of other companies, as well as pricing regulation may result in losses in revenues and cost increases, and consequently to a decrease in earnings. Through regular period-based and inter-operation comparisons with regard to service volumes, revenues and earnings as well as selected business ratios and other indicators, it is possible for us to identify adverse developments early. Where it is appropriate and necessary, we can take corrective action and manage a reasonably low risk potential.

We are affected only indirectly by developments in the German economy since healthcare spending is influenced by contribution volumes of the insured and thus by the job market situation. We are for the most part unaffected by foreign economic factors given our exclusive focus on the German healthcare market. For sector-specific tax risks that may arise for trade tax and value-added tax e.g. as a result of changes in decisions by the highest court instances or changes in the views held by the financial administrative authorities, we have made corresponding provision on the balance sheet as soon as these became known to us. As a healthcare service provider, we operate under the already known framework conditions. These are marked by strong influences from healthcare policy regulations. Already in 2016, regulatory obstacles negatively impacted our organic growth. Also in financial year 2017, these will put a moderate drag on organic growth. Moreover, burdens on earnings in the medium to low double-digit range are expected as a result of the separate accounting for financing research and teaching at the university hospitals in Gießen and Marburg. Efforts are being made to reach an agreement with the Federal State of Hesse. Furthermore, two other developments continue to influence our sector decisively.

Demand for medical services, in particular also cutting-edge medical services, continues to rise. By contrast, remuneration of the services provided is not being adjusted. Looking to the future, we will counter potential negative developments through suitable activities and measures. Further regulatory and industry risks relating to us are classified as very low.

To achieve sustained success as a diversified healthcare group with leading expertise, we need committed and highly qualified employees and executive staff. Hospitals on average have personnel cost ratios of between 50% and 70%, making them particularly dependent on developments in wages. A shortage of specialist employees is a key issue also in the healthcare sector. For RHÖN-KLINIKUM AG, too, finding highly qualified and motivated staff to meet the wide-ranging and complex requirements of the healthcare industry is a challenge. In this context, regional differences at the individual facilities have to be recognised which we address by individual measures. For this reason, recruiting and retaining qualified staff at our Company is of key importance to us. For example, thanks to our cooperation with specialised universities, we make contact at an early stage with qualified students so that we can recruit the necessary young talent. On account of the establishment and expansion of structured recruiting and qualification concepts for doctors, nursing and healthcare professions as well as for our executive talent, however, we currently still see opportunities to efficiently counteract the current shortage of personnel and classify personnel risks throughout the Group as relatively low.

For materials procurement in the areas of medical facilities, equipment as well as supplies, we rely on external providers. These business ties can give rise to risks that are triggered, for example, by delivery and quality problems. Particularly affected by supply shortages and procurement of alternative drugs are consumption-intensive specialist departments such as neurology and oncology. By ongoing market and product monitoring we ensure that dependency on sole suppliers, on

single products and service providers is kept to a bare minimum and classify risks from this area also as low.

Since we operate exclusively in Germany, we are not subject to any transaction and currency risks.

We are relentless in our efforts at monitoring and optimising our processes, quality and strategies. For example, we have further pursued our activities to optimise our sites by reviewing their service portfolios and identifying performance potential. The process and communication paths involved are analogous to risk management.

We continue to support various projects through our funding pool. The initiative benefits our patients as it results in perceptible advances in medical care and nursing. Moreover, it has an interfacility design, which means that know-how transfer is improved throughout the Company.

We will continue to forge ahead with our objective of achieving generalised, full-service medical and nursing care in rural regions with our campus approach. Rural regions are especially hard hit by the greying of the population and the accompanying rise in their morbidity and treatment cases and increasing shortage of doctors. The campus approach combines numerous differentiated care offerings and services of different partners. Particularly inpatient and outpatient services are structurally, spatially and logistically integrated with one another on the premises of a high-performance hospital. We thus take on the growing requirements for healthcare delivery which also reflects the needs of the elderly as a challenge, but also as an opportunity.

In addition to the ongoing conceptual and constructional modernisation of our sites, digitalisation will become an increasingly important issue. Our various projects in the area of digitalisation and network medical care open up new opportunities and possibilities for us in medical care: new IT-

based approaches in diagnosis and therapy (cognitive computing), the overcoming of formal sectoral boundaries between outpatient and inpatient care as well as the electronic patient file WebEPA+. Our web-based electronic patient file for cross-sector integration in healthcare networks for the first time makes it possible to form virtual interfacility service alliances for the well-being of patients. WebEPA+ thus creates a network that can speed up and simplify the treatment of patients. It makes all important health data available to the doctors in updated and comprehensible form. Our knowledge and our efficiency in this sector are imperative if we are to succeed in implementing the integration of outpatient and inpatient services related to the campus approach for the well-being of our patients.

Also in future, we will continue to be amongst the major hospital operators in Germany as an efficient, homogenous Group with a consistent orientation and focus on cutting-edge medicine geared towards maximum care, further strengthening of treatment excellence and patient care through our focus on digitalisation and network medical care as well as the steady implementation of the campus approach. To this end we avail ourselves of all opportunities presented to us and thus counteract the potential risks with a practised and functioning risk management system at our hospitals, medical care centres and service companies.

Beyond that, there have been no significant changes in risks and rewards since the reporting date of 31 December 2016. As before, we do not see any risks posing a threat to the Company's existence, neither for the individual subsidiaries nor for the Group.

FORECAST

In addition to the ongoing conceptional and constructional modernisation of our sites, digitalisation will become an increasingly important issue. In financial year 2017, we will continue to press ahead with our activities in the area of digitalisation as well as our

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

Rural regions are especially hard hit by the greying of the population and the accompanying rise in morbidity and treatment cases and increasing shortage of doctors. Specifically, our campus approach is concerned with the logistical and spatial integration of outpatient and inpatient services in conjunction with the offer to community-based doctors to work together closely with the respective hospital. The campus approach combines numerous differentiated care offerings and services of different partners. Particularly inpatient and outpatient services are structurally, spatially and logistically integrated with one another on the premises of a high-performance hospital. By staking out a position in the premium medical care segment, we are creating the basis for helping our patients have access to unrestricted cutting-edge medical services also in future. Underlying all our activity in this context is the well-being of our patients who entrust themselves to our staff at our hospitals and facilities and who are always the focus of our efforts.

In keeping with provision of the best possible nursing and care, it continues to be our objective to diagnose and treat our patients on the basis of the latest, scientifically founded therapy procedures with state-of-the-art medical technology. The well-being of the patient – which is the ethical basis of our activity and at the same time of our economic success – will continue to be our standard also in future. All patients coming to us can be assured that they will receive the best treatment at all times.

Our financial efficiency is a pre-condition for our Company's ability to grow in future organically through medical innovations as well as through acquisitions whenever opportunities for this arise. In future also, sound organic and acquisition-based growth will be the main driver of the Group's development. Within the bounds set by legislation within the German healthcare system, organic growth is possible only to a

limited extent. When acquiring facilities we continue to follow our dual strategy of “competence and reliability” as well as “quality before quantity”.

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

Also in financial year 2017, the economic basis of the RHÖN-KLINIKUM Group will be provided by its five large sites in four federal states counting some 5,400 beds and over 16,000 employees. That makes us one of the largest hospital operators in Germany.

For the current financial year 2017, we expect revenues in the range of between € 1.20 billion and € 1.23 billion. In this context, the most recent regulatory measures are having a

particularly heavy impact, such as lower remuneration for cardiological and specialist orthopaedic services or the newly introduced fixed cost depression discount on surplus services.

For earnings before interest, tax and depreciation/amortisation (EBITDA), we expect a level of between € 85 million and € 105 million in 2017. This includes the negative effects in the low double-digit million range brought about by additional expenditures for the digital transformation of medical processes as well as one-off charges from the Group’s reorganisation. Moreover, the range at the higher end reflects a positive contribution from a potential reversal of the structural underfinancing at UKGM in the context of the still outstanding separate accounting approach.

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

Bad Neustadt a. d. Saale, 5 May 2017

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Dr. Martin Siebert

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT

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

January to March	2017		2016	
	€ '000	%	€ '000	%
Revenues	300,116	100.0	291,518	100.0
Other income	37,072	12.4	73,021	25.1
	337,188	112.4	364,539	125.1
Materials and consumables used	83,381	27.8	80,639	27.7
Employee benefits expense	197,186	65.7	187,767	64.4
Other expenses	31,080	10.4	28,267	9.7
	311,647	103.9	296,673	101.8
Interim result (EBITDA)	25,541	8.5	67,866	23.3
Depreciation/amortisation and impairment	14,622	4.9	14,677	5.1
Operating result (EBIT)	10,919	3.6	53,189	18.2
Result of investments accounted for using the equity method	-466	-0.1	2	0.0
Finance income	207	0.1	589	0.2
Finance expenses	201	0.1	1,293	0.4
Finance result (net)	460	0.1	702	0.2
Earnings before taxes (EBT)	10,459	3.5	52,487	18.0
Income taxes	2,011	0.7	1,833	0.6
Consolidated profit	8,448	2.8	50,654	17.4
of which				
non-controlling interests	596	0.2	732	0.3
shareholders of RHÖN-KLINIKUM AG	7,852	2.6	49,922	17.1
Earnings per share in €				
Undiluted	0.12		0.75	
Diluted	0.12		0.75	

January to March	2017	2016
	€ '000	€ '000
Consolidated profit	8,448	50,654
of which		
non-controlling interests	596	732
shareholders of RHÖN-KLINIKUM AG	7,852	49,922
Revaluation of defined benefit pension plans	7	-
Income taxes	-1	-
Other comprehensive income (revaluation of pension plans) not subsequently reclassified to income statement	6	-
Other comprehensive income¹	6	-
of which		
non-controlling interests	-	-
shareholders of RHÖN-KLINIKUM AG	6	-
Total comprehensive income	8,454	50,654
of which		
non-controlling interests	596	732
shareholders of RHÖN-KLINIKUM AG	7,858	49,922

¹ Sum of value changes recognised in the equity.

Consolidated Balance Sheet as at 31 March 2017

	31 March 2017		31 December 2016	
	€ '000	%	€ '000	%
ASSETS				
Non-current assets				
Goodwill and other intangible assets	173,164	11.8	173,119	11.9
Property, plant and equipment	707,821	48.1	701,010	48.1
Investment property	2,737	0.2	2,772	0.2
Investments accounted for using the equity method	691	0.1	864	0.1
Deferred tax assets	4,718	0.3	5,700	0.4
Other financial assets	34,490	2.3	52,670	3.6
	923,621	62.8	936,135	64.3
Current assets				
Inventories	23,665	1.6	24,816	1.7
Trade receivables	206,694	14.1	190,855	13.1
Other financial assets	196,683	13.4	210,041	14.4
Other assets	19,220	1.3	8,482	0.6
Current income tax assets	3,228	0.2	5,102	0.4
Cash and cash equivalents	97,542	6.6	80,814	5.5
	547,032	37.2	520,110	35.7
	1,470,653	100.0	1,456,245	100.0

	31 March 2017		31 December 2016	
	€ '000	%	€ '000	%
EQUITY AND LIABILITIES				
Equity				
Issued share capital	167,406	11.4	167,406	11.5
Capital reserve	574,168	39.0	574,168	39.4
Other reserves	356,915	24.3	349,057	24.0
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,098,413	74.7	1,090,555	74.9
Non-controlling interests in equity	23,424	1.6	22,828	1.6
	1,121,837	76.3	1,113,383	76.5
Non-current liabilities				
Provisions for post-employment benefits	2,473	0.2	2,247	0.1
Other financial liabilities	16,293	1.1	16,310	1.1
Other liabilities	6,897	0.4	6,903	0.5
	25,663	1.7	25,460	1.7
Current liabilities				
Financial liabilities	10,000	0.7	10,000	0.7
Trade payables	86,433	5.9	94,830	6.5
Current income tax liabilities	370	0.0	1,715	0.1
Other provisions	95,411	6.5	95,831	6.6
Other financial liabilities	20,985	1.4	19,223	1.3
Other liabilities	109,954	7.5	95,803	6.6
	323,153	22.0	317,402	21.8
	1,470,653	100.0	1,456,245	100.0

Consolidated Statement of Changes in Equity

	Issued share capital	Capital reserve	Retained earnings	Treasury shares	Equity attributable to shareholders of RHÖN- KLINIKUM AG	Non-controlling interests in equity ¹	Equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
As at 31 Dec. 2015/1 Jan. 2016	167,406	574,168	346,466	-76	1,087,964	20,749	1,108,713
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated profit	-	-	49,922	-	49,922	731	50,653
Other comprehensive income	-	-	-	-	-	-	-
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 March 2016	167,406	574,168	396,388	-76	1,137,886	21,480	1,159,366
As at 31 Dec. 2016/1 Jan. 2017	167,406	574,168	349,057	-76	1,090,555	22,828	1,113,383
Equity transactions with owners							
Dividend payments	-	-	-	-	-	-	-
Consolidated profit	-	-	7,852	-	7,852	596	8,448
Other comprehensive income	-	-	6	-	6	-	6
Other changes							
Changes in consolidated companies	-	-	-	-	-	-	-
As at 31 March 2017	167,406	574,168	356,915	-76	1,098,413	23,424	1,121,837

¹ Including other comprehensive income (OCI).

Consolidated Statement of Cash Flows

January to March	2017	2016
	€ m	€ m
Earnings before taxes	10.5	52.5
Finance result (net)	0.4	0.7
Depreciation/amortisation and impairment and gains/losses on disposal of assets	14.6	14.6
	25.5	67.8
Change in net current assets		
Change in inventories	1.1	2.0
Change in trade receivables	-15.8	-18.6
Change in other financial assets and other assets	-12.3	4.8
Change in trade payables	-8.7	-8.2
Change in other net liabilities/Other non-cash transactions	16.7	12.4
Change in provisions	-0.2	-36.0
Income taxes paid	-1.0	-0.6
Interest paid	-0.2	-5.7
Cash generated from operating activities	5.1	17.9
Investments in property, plant and equipment and in intangible assets	-22.4	-24.4
Government grants received to finance investments in property, plant and equipment and in intangible assets	1.5	0.5
Change in investments in fixed term deposits	35.0	65.0
Investments in financial assets	-2.2	-3.6
Acquisition of subsidiaries, net of cash acquired	-0.3	2.0
Sale proceeds from disposal of assets	0.1	0.1
Interest received	0.2	0.4
Cash generated from investing activities	11.9	40.0
Repayment of financial liabilities	-	-143.2
Payments from finance leases	-0.3	-0.1
Cash used in financing activities	-0.3	-143.3
Change in cash and cash equivalents	16.7	-85.4
Cash and cash equivalents at 1 January	80.8	143.3
Cash and cash equivalents at 31 March	97.5	57.9

Condensed Notes

GENERAL INFORMATION

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

The Company is a stock corporation established under German law and has been listed on the stock market (SDAX®) since 1989. The registered office of the Company is in Bad Neustadt a.d. Saale, Salzburger Leite 1, Germany. The Company is entered in the Commercial Register of the Register Court of Schweinfurt under HRB 1670.

The Interim Consolidated Financial Statements will be published on 5 May 2017 on the website of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 31 March 2017 have been prepared in accordance with the rules of IAS 34 in condensed form applying section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) and in accordance with the rules, effective at the reporting date and recognised by the European Union, of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Furthermore, the provisions of the German accounting standard DRS 16 were observed in the preparation of this Group Interim Report of the Management.

The same accounting, valuation and calculation methods as already adopted by the European Union were applied in the Interim Consolidated Financial Statements as in the Consolidated Financial Statements for the financial year ending on 31 December 2016. Standards and Interpretations exceeding such scope were not endorsed by the European Union in the first quarter of 2017.

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

CONSOLIDATED COMPANIES

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

	31 Dec. 2016	Additions	Disposals	Reclassification	31 March 2017
Fully consolidated subsidiaries	28	-	-	-	28
Companies consolidated using the equity method	3	-	-	-	3
Other subsidiaries	8	1	-	-	9
Consolidated companies	39	1	-	-	40

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

The added entity (Other subsidiaries) relates to the acquisition of an interest in Intensix Inc. with its registered office in Delaware (USA) and Netanya (Israel). The interest of 14.8% was acquired by RHÖN-Innovations GmbH whose objective is to take out equity interests in start-ups within the medical sector in a targeted investment and risk strategy.

RHÖN-Innovations GmbH thus now holds interests in three start-up entities. Intensix focuses on big data analysis in the treatment of patients on the intensive care ward. Intensix is developing a learning system that has the objective of identifying trends in the development of a patient's health from currently measurable data in combination with historical data records, thus providing medical staff on the intensive care ward, in the event of complications, with signals for taking therapeutic countermeasures earlier. This makes it possible not only to optimise decision making processes and treatment excellence but also to reduce durations of stay on the intensive care ward. The software is still in the beta phase; the first retrospective studies have been concluded successfully. Currently, further clinical studies are under way.

Company acquisitions

In the first three months of financial year 2017, one doctor's practice was acquired whose conditions of validity as per agreement were satisfied during the reporting period of 2017:

Purchase of doctor's practices, January to March 2017	Fair value post acquisition
	€ m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.0
Net assets acquired	0.0
+ Goodwill	0.3
Cost	0.3
./. Purchase price payments outstanding	0.0
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction	0.3

Goodwill amounting to € 0.3 million essentially includes synergy effects expected from the expansion of medical care centres. The goodwill recognised is likely to be tax-deductible. Moreover, we were awarded 2.5 doctor's practices from the Association of Accredited Physicians. This did not incur any costs.

In financial year 2016 and 2017 a total of two doctor's practices were acquired whose conditions of validity as per agreement will be satisfied only in the course of the reporting year 2017. Consolidation in the Group will also take place only in the second and third quarter, respectively, of financial year 2017.

The preliminary purchase price allocation has the following impact on the Group's net assets in 2017:

Purchase of doctor's practices valid as at 1 April 2017	Fair value post acquisition
	€ m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.3
Net assets acquired	0.3
+ Goodwill	0.6
Cost	0.9
./. Purchase price payments outstanding	-0.9
./. Acquired cash and cash equivalents	0.0
Cash outflow on transaction in first quarter of 2017	0.0

OPERATING SEGMENTS

Within the Group of RHÖN-KLINIKUM AG, cross-sector healthcare services are provided in the inpatient, semi-inpatient and outpatient area. The Group's hospitals are operated in the legal form of independent subsidiaries which carry on their business activities in their respective regional markets in line with the guidelines and specifications of the parent company. There are no dependent hospital operations or branches within RHÖN-KLINIKUM 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 also continues to have only one reportable segment, since the other units such as rehabilitation facilities, medical care centres and service companies, whether on a stand-alone basis or in the aggregate, do not exceed the quantitative thresholds of IFRS 8.

SELECTED EXPLANATIONS REGARDING INTERIM CONSOLIDATED INCOME STATEMENT

Revenues

January to March	2017 € m	2016 € m
Fields		
Acute hospitals	290.9	281.7
Medical care centres	2.9	2.6
Rehabilitation hospitals	6.3	7.2
	300.1	291.5
Regions		
Bavaria	62.5	60.1
Saxony	0.1	0.1
Thuringia	44.5	44.5
Brandenburg	35.8	34.4
Hesse	157.2	152.4
	300.1	291.5

According to IAS 18, revenues constitute revenues generated from the provision of services and rose compared with the same period last year by € 8.6 million or 3.0% to reach € 300.1 million.

Other income

January to March	2017 € m	2016 € m
Income from services rendered	32.4	31.5
Income from grants and other allowances	2.4	2.6
Income from adjustment of receivables	0.1	0.3
Income from indemnification payments/Other reimbursements	0.1	0.5
Other	2.1	38.1
	37.1	73.0

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

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

In the first quarter of 2016, provisions were reversed for potential legal and fiscal guarantee risks in connection with the sale of subsidiaries to Fresenius/Helios in the amount of € 36.4 million, since related contractual guarantee periods in some cases had expired.

Employee benefits expense

Compared with the same period last year, the employee benefits expense item in the first quarter of 2017 rose by € 9.4 million or 5.0% to reach € 197.2 million. This figure includes one-off expenditures from the Group's reorganisation in the low single-digit million range.

Other expenses

January to March	2017 € m	2016 € m
Maintenance	11.5	10.6
Charges, subscriptions and consulting fees	5.7	5.5
Insurance	2.9	2.3
Administrative and IT costs	2.6	1.8
Impairment on receivables	3.6	2.0
Rents and leaseholds	1.4	1.6
Other personnel and continuing training costs	1.1	1.1
Travelling, entertaining and representation expenses	0.4	0.4
Secondary taxes	0.1	0.1
Other	1.8	2.8
	31.1	28.2

Compared with the same period last year, the other expenses item rose in the first quarter of 2017 by € 2.9 million or 10.3% to reach € 31.1 million. The rise is essentially attributable to depreciation on receivables resulting from the continuing increasing inspection activity of the Medical Review Board of the Statutory Health Insurance Funds (MDK) and the related restrictive and staggered payment mode of payers.

Depreciation/amortisation and impairment

Compared with the same period last year, the depreciation/amortisation item declined slightly by € 0.1 million or 0.7% from € 14.7 million to € 14.6 million.

Finance result (net)

Compared with the same period last year, we recorded a decline in the negative finance result by € 0.3 million to € 0.4 million in the first quarter of financial year 2017. Finance expenses following the repayment of our bond in the first quarter of 2016 are on the decline, as is finance income resulting from the lower investment volume in the first quarter as well as from a further decline in interest rates.

Under the result of investments accounted for using the equity method, the current proportionate loss of the entities accounted for using this method is stated.

Income taxes

January to March	2017	2016
	€ m	€ m
Current income taxes	1.1	1.7
Deferred taxes	1.0	0.1
	2.1	1.8

At an unchanged rate of taxation, the income taxes expense item rose by €0.3 million to €2.1 million (previous year: €1.8 million) compared with same period of the previous year as a result of the higher taxable result.

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

SELECTED EXPLANATIONS REGARDING INTERIM CONSOLIDATED BALANCE SHEET

Goodwill and other intangible assets

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2017	162.4	37.1	199.5
Additions due to changes in consolidated companies	0.3	0.0	0.3
Additions	0.0	0.3	0.3
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2017	162.7	37.4	200.1
Cumulative depreciation and impairment			
1 January 2017	0.0	26.4	26.4
Depreciation	0.0	0.6	0.6
Disposals	0.0	0.0	0.0
31 March 2017	0.0	27.0	27.0
Balance sheet value as at 31 March 2017	162.7	10.4	173.1

	Goodwill € m	Other intangible assets € m	Total € m
Cost			
1 January 2016	157.2	33.7	190.9
Additions due to changes in consolidated companies	5.1	0.2	5.3
Additions	0.0	0.4	0.4
Disposals	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
31 March 2016	162.3	34.3	196.6
Cumulative depreciation and impairment			
1 January 2016	0.0	24.4	24.4
Depreciation	0.0	0.5	0.5
Disposals	0.0	0.0	0.0
31 March 2016	0.0	24.9	24.9
Balance sheet value as at 31 March 2016	162.3	9.4	171.7

Property, plant and equipment

	Land and buildings € m	Technical plant and equipment € m	Operating and office equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2017	955.8	46.6	292.0	50.9	1,345.3
Additions due to changes in consolidated	0.0	0.0	0.0	0.0	0.0
Additions	0.7	0.2	4.8	15.2	20.9
Disposals	11.7	0.0	6.3	0.0	18.0
Transfers	0.0	0.0	0.4	-0.4	0.0
31 March 2017	944.8	46.8	290.9	65.7	1,348.2
Cumulative depreciation and impairment					
1 January 2017	398.8	29.6	215.9	0.0	644.3
Depreciation	7.6	0.8	5.6	0.0	14.0
Disposals	11.7	0.0	6.2	0.0	17.9
31 March 2017	394.7	30.4	215.3	0.0	640.4
Balance sheet value as at 31 March 2017	550.1	16.4	75.6	65.7	707.8

	Land and buildings € m	Technical plant and equipment € m	Operating and office equipment € m	Plant under construction € m	Total € m
Cost					
1 January 2016	893.8	43.4	272.8	57.0	1,267.0
Additions due to changes in consolidated	0.0	0.0	0.8	0.0	0.8
Additions	0.1	0.0	5.2	16.4	21.7
Disposals	0.0	0.0	7.0	0.0	7.0
Transfers	0.8	0.0	3.8	-4.6	0.0
31 March 2016	894.7	43.4	275.6	68.8	1,282.5
Cumulative depreciation and impairment					
1 January 2016	368.0	26.6	203.9	0.0	598.5
Depreciation	7.6	0.7	5.8	0.0	14.1
Disposals	0.0	0.0	6.9	0.0	6.9
31 March 2016	375.6	27.3	202.8	0.0	605.7
Balance sheet value at 31 March 2016	519.1	16.1	72.8	68.8	676.8

Other financial assets (non-current)

Of other financial assets (non-current), € 30.1 million (31 December 2016: € 50.1 million) is attributable to fixed deposit investments having a residual term of > 1 year and € 4.4 million (31 December 2016: € 2.6 million) to equity investments recognised under this item. These relate to equity investments of the company founded in early 2016, RHÖN-Innovations GmbH, in the companies Inovytec Medical Solutions Ltd., Telesofia Medical Ltd. and Intensix Inc.. The interests are measured at fair value in accordance with IAS 39. Moreover, € 0.0 million (31 December 2016: € 0.0 million) relates to equity interests whose market value cannot be calculated due to the absence of an active market. These are measured at cost.

Other financial assets (current)

Owing to the low interest rate environment for overnight and short-term deposits, fixed deposit investments with a remaining term of < 1 year were made in the amount of € 170.1 million (31 December 2016: € 185.1 million).

Equity

The rise in equity capital of € 8.4 million compared with the balance sheet date of 31 December 2016 results entirely (€ 8.4 million) from consolidated profit in the first quarter of financial year 2017.

Financial liabilities

In financial year 2014, RHÖN-KLINIKUM AG redeemed all non-current financial liabilities to banks with the exception of one bullet bank loan. As at the balance sheet date, there is thus still a fixed interest rate bullet loan in the amount of € 10.0 million maturing in August 2017 (31 December 2016: € 10 million).

Additional disclosures regarding financial instruments

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

Measurement category according to IAS 39	31 March 2017	of which		31 Dec. 2016	of which	
		Financial Instruments			Financial Instruments	
		Carrying amount	Fair value		Carrying amount	Fair value
	€ m	€ m	€ m	€ m	€ m	€ m
ASSETS						
Non-current assets						
Other financial assets	34.5	34.5	34.5	52.7	52.7	52.7
of which investments	4.4	4.4	4.4	2.6	2.6	2.6
of which other	30.1	30.1	30.1	50.1	50.1	50.1
Current assets						
Trade receivables and other financial assets	403.4	403.4	403.4	400.9	400.9	400.9
of which trade receivables, other financial assets	403.4	403.4	403.4	400.9	400.9	400.9
Cash and cash equivalents	97.5	97.5	97.5	80.8	80.8	80.8
EQUITY AND LIABILITIES						
Non-current liabilities						
Financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
of which financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	16.3	16.3	18.2	16.3	16.3	18.4
of which other financial liabilities	13.6	13.6	15.5	13.4	13.4	15.5
of which under finance leases	2.7	2.7	2.7	2.9	2.9	2.9
Current liabilities						
Trade payables	86.4	86.4	86.4	94.8	94.8	94.8
Financial liabilities	10.0	10.0	10.0	10.0	10.0	10.0
of which financial liabilities	10.0	10.0	10.0	10.0	10.0	10.0
Other financial liabilities	21.0	21.0	21.0	19.2	19.2	19.2
of which other financial liabilities	19.9	19.9	19.9	18.1	18.1	18.1
of which under finance leases	1.1	1.1	1.1	1.1	1.1	1.1
Aggregated according to measurement categories, the above figures are as follows:						
		531.0	531.0		531.8	531.8
			4.4	4.4		2.6
			129.9	131.8		138.4

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

	Level 1 € m	Level 2 € m	Level 3 € m	Total € m	31 Dec. 2016 € m
Non-current assets available for sale	-	4.4	-	4.4	2.6
Non-current assets from loans and receivables	-	30.1	-	30.1	50.1
Current assets from loans and receivables	-	403.4	-	403.4	400.9
Non-current liabilities from other financial liabilities	-	18.2	-	18.2	18.4
Current liabilities from trade payables	-	86.4	-	86.4	94.8
Current financial liabilities	-	10.0	-	10.0	10.0
Current liabilities from other financial liabilities	-	21.0	-	21.0	19.2

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

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

The fair values of the assets and liabilities to be classified to Level 2 are determined on the basis of input factors derivable directly on the market, such as interest. They result from the discounting of future cash flows using the corresponding input factors giving due regard to the credit risk.

Of the other financial assets (non-current), € 4.4 million (31 December 2016: € 2.6 million) are attributable to the newly acquired start-up equity interests whose market value was calculated in accordance with IFRS 13. Moreover, € 0.0 million (31 December 2016: € 0.0 million) relates to equity interests whose market value cannot be calculated due to the absence of an active market. They are measured at cost.

Trade receivables, other financial assets as well as cash and cash equivalents in general mainly have short remaining maturities. Their carrying amounts as at the balance sheet date therefore correspond to their fair values. The change per 31 December 2016 essentially results from the termination of fixed deposit investments.

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

For trade payables, other financial obligations and financial liabilities with short remaining maturities, the carrying amounts correspond to their fair values on the reporting date.

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

OTHER DISCLOSURES

Interests held in the Company

During the period of 1 January 2017 up to and including 31 March 2017, we have received the following notifications from shareholders that their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 21 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them.

Voting interest on date that interest exceeds / falls below threshold							
Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Notification pursuant to section 21 (1) WpHG Attribution pursuant to WpHG/additional information:
Eugen Münch	1 March 2017	6.9400	4.59	11.53	23 Aug. 2016	>10%	attributed (section 22 WpHG): HCM SE
Asklepios Kliniken Verwaltungsgesellschaft mbH	1 March 2017	0.0005	20.17	20.17	1 March 2017	>20%	attributed (section 22 WpHG): Asklepios Kliniken Verwaltungsgesellschaft mbH

The voting interests may have changed since 31 March 2017. With regard to notifications on threshold events pursuant to section 21 (1) of the WpHG that took place as of 1 April 2017, and for additional information on the attribution of the respective voting rights pursuant to section 22 of the WpHG, we refer to the publications on our website in the Investor Relations/Publications/IR News section. The notified voting interests and/or interest in the registered share capital were determined by the notifying entities on the basis of the existing aggregate number of shares at the time of the notification of voting rights.

Based on the threshold events notified to us, the following picture pursuant to sections 21, 22 of the WpHG in terms of shareholder structure emerges as at the relevant key date of 31 March 2017:

Voting interest pursuant to sections 21, 22 WpHG on date that interest exceeds / falls below threshold							
Person subject to notification requirement	Published on	Held directly %	Attributed %	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Attribution pursuant to WpHG (section 21 (1) WpHG)
B. Braun Melsungen Aktiengesellschaft*	25 May 2016	20.0008		20.00	25 May 2016	>20%	attributed (section 22 WpHG): B. Braun Melsungen Aktiengesellschaft
Asklepios Kliniken Verwaltungsgesellschaft mbH	1 March 2017	0.0005	20.17	20.17	1 March 2017	>20%	attributed (section 22 WpHG): Asklepios Kliniken Verwaltungsgesellschaft mbH
Eugen Münch**	1 March 2017	6.94	4.59	11.53	23 Aug. 2016	>10%	attributed (section 22 WpHG): HCM SE
Ingeborg Münch	26 Oct. 2015	5.44		5.44	15 Oct. 2015	>5%	Section 21 (1)
Landeskrankenhilfe V.V.a.G	21 Oct. 2015	3.19		3.19	15 Oct. 2015	>3%	Section 21 (1)

* Based on the voting rights notification of 25 May 2016. In addition, notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 MAR, triggered by the person subject to the notification obligation Prof. Dr. h. c. Ludwig Georg Braun, were submitted to RHÖN-KLINIKUM AG in the period of December 2016 to March 2017. These notifications are listed in a separate table on the following pages.

** According to the notification of voting rights of 1 March 2017, HCM SE holds an option to purchase an additional 5.87% of the voting rights (3,930,000 voting rights) in a forward purchase of shares until 23 November 2017.

During the reporting period from 1 January up to and including 31 March 2017, we received one notification on statutory reporting thresholds pursuant to section 25 WpHG:

Voting interest pursuant to section 25 WpHG on date that interest exceeds / falls below threshold					
Person subject to notification requirement	Published on	Voting rights held %	Date that interest exceeds/falls below the threshold	Interest exceeding / falling below threshold in the case of	Structure of voting interests
Eugen Münch	1 March 2017	5.87	01 March 2017	>15%	Type of instrument: forward purchase of shares exercise periode/term: until 23 Nov. 2017 Cash or physical settlement: physical

The voting interests may have changed since 31 March 2017. With regard to notifications on threshold events that took place as of 1 April 2017, and for additional information on the underlying financial instruments, on attribution and on the holding structures of the respective voting rights, we refer to the publications on our website in the Investor Relations/Publications/IR News section.

As at 31 March 2017, the Company holds 24,000 treasury shares. This corresponds to 0.04% of the voting rights.

Corporate Bodies and Advisory Board

The Supervisory Board member Stephan Holzinger resigned his Supervisory Board mandate before taking up his mandate as chairman of the Board of Management with effect from 31 January 2017. Dr. Annette Beller was appointed by the court to succeed him on the Supervisory Board and as of 23 March 2017 is a member of the Supervisory Board until the conclusion of the next Annual General Meeting.

With effect from 1 February 2017, Mr. Stephan Holzinger was appointed as a new member to the position of chairman of the Board of Management and replaced Dr. Dr. Martin Siebert as previous chairman of the Board of Management who assumed the office of permanent representative of the chairman of the Board of Management. Moreover, the Supervisory Board resolved on 23 February 2017 to reduce the size of the Board of Management from five to three members and for that purpose removed the members of the Board of Management Martin Menger and Jens-Peter Neumann with immediate effect. The Board of Management of the Company is thus composed of Mr. Stephan Holzinger (chairman of the Board of Management), Dr. Dr. Martin Siebert (permanent representative of the chairman of the Board of Management) and Prof. Dr. Bernd Griewing. The responsibilities within the Board of Management were adjusted accordingly. The Terms of Reference were adjusted to the respective dates.

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

The composition of the Advisory Board as well as its distribution of duties and responsibilities have not changed since 31 December 2016.

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 2016. The transactions conducted with related parties primarily result from service, lease and supply relations arranged at arm's length terms. In the view of the RHÖN-KLINIKUM Group, these transactions are not of material significance.

The companies belonging to the group of related parties and the business transacted with these companies have not changed significantly in terms of the nature of the performance relationship and the amount of the pro rata temporis business volume compared with the Consolidated Financial Statements as at 31 December 2016. The same applies for the financial receivables and/or liabilities that existed with related parties. The business volume of the first three months of financial year 2017 with the B. Braun Group rose by € 0.5 million to € 2.5 million (previous year: € 2.0 million).

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

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

The contractual remuneration for the members of the Supervisory Board and of the Board of Management and the corresponding remuneration guidelines as at the key date of 31 March 2017 have remained unchanged with the exception of the Board of Management service contract newly concluded for Mr. Stephan Holzinger. Detailed information in this regard is provided in our 2016 Annual Report.

The contractual remuneration for the members of the Advisory Board has remained unchanged since the presentation in the 2016 Annual Report.

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

Members of the Board of Management as well as other employees hold an interest in the company RHÖN-Innovations GmbH founded in March 2016. The payments made for the interests are reported under the other liabilities item as cash-settled share-based payment transactions as defined by IFRS 2. No expenses as part of this remuneration were incurred during the reporting period.

With regard to share-based payment transactions as defined in IFRS 2 in the form of virtual shares, we refer to the Notes to the consolidated financial statements in the 2016 Annual Report, Notes 2.15.4 and 10.5.

During the reporting period, RHÖN-KLINIKUM AG received the following notifications on transactions for own account by persons discharging managerial responsibilities pursuant to Article 19 of the Market Abuse Regulation (EU) No 596/2014, which has been in force in Germany since 3 July 2016:

Date of transaction	First and last name	Position/status	Financial instrument and ISIN	Nature and place of transaction	Quantity	Price	Trading volume
5 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	15,000	25.43 €	381,465.00 €
6 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	25,000	25.56 €	639,107.50 €
9 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	25,000	25.41 €	635,125.00 €
10 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	25,000	25.50 €	637,387.50 €
11 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	50,000	25.50 €	1,274,900.00 €
12 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	44,999	25.37 €	1,141,447.50 €
13 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	59,999	25.44 €	1,526,130.00 €
16 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	10,000	25.89 €	258,850.00 €
17 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	20,000	25.98 €	519,624.00 €
18 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	45,001	25.99 €	1,169,338.50 €
19 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	190,003	25.67 €	4,876,426.00 €
20 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	80,001	25.59 €	2,047,136.00 €
20 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Order preserving an interest off-exchange	110,000	not quantifiable	not quantifiable
27 Jan. 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Order preserving an interest off-exchange	1,000,000	24.50 €	24,500,000.00 €
1 March 2017	Eugen Münch	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Purchase off-exchange	1,000,000	not quantifiable	not quantifiable
1 March 2017	Eugen Münch	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Forward purchase of shares off-exchange	1,000,000	not quantifiable	not quantifiable
7 March 2017	Prof. Dr. h. c. Ludwig Georg Braun	Member of-Supervisory Board	RHÖN-KLINIKUM share ISIN DE0007042301	Order preserving an interest off-exchange	1,200,000	not quantifiable	not quantifiable

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

Employees

At the reporting date of 31 March 2017 the Group employed a total of 16,524 persons (31 December 2016: 16,486 persons).

Other financial obligations

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

Contingent liabilities

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

Earnings per share

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

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

	No. of shares on 31 March 2017	No. of shares on 31 March 2016
Non-par shares	66,962,470	66,962,470
Treasury non-par shares	-24,000	-24,000
Shares in issue	66,938,470	66,938,470

Earnings per share are calculated as follows:

Non-par shares	31 March 2017	31 March 2016
Share in consolidated profit (€ '000)	7,852	49,922
Weighted average number of shares outstanding, in thousands	66,938	66,938
Earnings per share in €	0.12	0.75

Statement of Cash Flows

The statement of cash flows shows how the item "Cash and cash equivalents" of RHÖN-KLINIKUM Group has changed in the year under review as a result of cash inflows and outflows. The impact of acquisitions, divestments and other changes in consolidated companies has been eliminated. In accordance with IAS 7 (Statement of Cash Flows), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents.

Compared with the previous year, the change in cash generated from operating activities was primarily influenced by the change in other assets. The previous year witnessed a refund by a pension fund in this regard.

Significant changes compared with the previous year resulted in particular with investment and finance activities. Compared with the previous year, investments in property, plant and equipment as well as in intangible assets remain at a high level, which is primarily attributable to the new construction measures in Bad Neustadt a.d. Saale. In addition, terminations of fixed deposits in the amount of € 35.0 million (previous year: terminations of fixed deposits amounting to € 65.0 million) are reported under investments. During the previous year, the termination of the fixed deposit together with the reduction of cash and cash equivalents were used to finance the repayment of the exchange-listed bond of RHÖN-KLINIKUM AG in March 2016.

Moreover, € 2.2 million (previous year: € 3.6 million) was provided to the associated companies. In keeping with the objective of taking equity interests in highly innovative start-up companies from the medical field, an amount of € 1.8 million was invested in a relevant company during the reporting period. In the context of a capital increase in the amount of € 0.3 million (previous year: € 0.7 million), further funds were invested in Wir für Gesundheit GmbH (WfG) for establishing the distribution structures of a company supplementary health insurance scheme in collaboration with Debeka. WfG is operated jointly by Helios and Asklepios. Moreover, additional loans for an amount of € 2.9 million were extended to one associate during the previous year.

During the reporting year, € 0.3 million (previous year: € 0.0 million) was used in the acquisition of doctor's practices. The repayment of the bond in the first quarter of 2016 resulted in a cash outflow of € 143.2 million.

A total of € 9.1 million (previous year: € 12.0 million) in outstanding construction invoices was reflected in the cash flow statement. The statement of cash flows sets out the change in cash and cash equivalents between two balance sheet dates. In the RHÖN-KLINIKUM Group, this item exclusively comprises cash and cash equivalents attributable to continuing operations because no operations were discontinued.

Bad Neustadt a. d. Saale, 5 May 2017

RHÖN-KLINIKUM Aktiengesellschaft
THE BOARD OF MANAGEMENT

Prof. Dr. Bernd Griewing

Stephan Holzinger

Dr. Dr. Martin Siebert

KEY FIGURES

KEY FIGURES JANUARY TO MARCH 2017/ JANUARY TO MARCH 2016

Data in € m	Jan. – March 2017	Jan. – March 2016	Change in %
Revenues	300.1	291.5	3.0
Materials and consumables used	83.4	80.6	3.5
Employee benefits expense	197.2	187.8	5.0
Depreciation/amortisation and impairment	14.6	14.7	-0.7
Consolidated profit according to IFRS	8.4	50.7	-83.4
Profit share of shareholders of RHÖN-KLINIKUM AG	7.8	49.9	-84.4
Profit share of non-controlling interests	0.6	0.7	-14.3
Return on revenue (%)	2.8	17.4	-83.9
EBT	10.5	52.5	-80.0
EBIT	10.9	53.2	-79.5
EBIT ratio (%)	3.6	18.2	-80.2
EBITDA	25.5	67.9	-62.4
EBITDA ratio (%)	8.5	23.3	-63.5
Property, plant and equipment as well as investment property	710.6	679.7	4.5
Income tax assets (non-current)	-	2.4	-100.0
Equity according to IFRS	1,121.8	1,159.4	-3.2
Return on equity in %	4.0	8.2	-51.2
Balance sheet total according to IFRS	1,470.7	1,516.0	-3.0
Investment in property, plant and equipment, intangible assets as well as in investment property	21.5	28.2	-23.8
Earnings per ordinary share (in €) (undiluted/diluted)	0.12	0.75	-84.0
Number of employees (headcount)	16,524	16,117	2.5
Number of cases (patients treated)	212,187	205,578	3.2
Beds and places	5,358	5,451	-1.7

FINANCIAL CALENDAR

DATES FOR SHAREHOLDERS AND ANALYSTS

2017

5 May 2017	Publication of Interim Report for the quarter ending 31 March 2017, conference call for analysts
7 June 2017	Annual General Meeting (Kultur- und Kongresszentrum der Jahrhunderthalle, Frankfurt am Main)
3 August 2017	Publication of Half-Year Financial Report as at 30 June 2017, conference call for analysts
10 November 2017	Publication of Interim Report for the quarter ending 30 September 2017, conference call for analysts

RHÖN-KLINIKUM Aktiengesellschaft

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