HALF-YEAR FINANCIAL REPORT
2012

RHÖN-KLINIKUM
AKTIENGESELLSCHAFT

CONTENTS

LETTER TO SHAREHOLDERS

Dear Shareholders,

In the first half of 2012, RHÖN-KLINIKUM Group once again witnessed further growth in its patient numbers and revenues. A total of 1,256,482 patients were treated at our hospitals and medical care centres (MVZs). That translates into an increase of 9.5% compared with the year before. Our revenues of € 1.39 billion correspond to a gain of 7.1%.

The rising patient numbers reflect the high quality of the medical care provided in the facilities of RHÖN-KLINIKUM AG. And they are proof of the appreciation earned by our staff each day. The fact that, despite this high work commitment, the Group result fell to roughly € 50 million is essentially owing to three developments:

Firstly, the result was burdened by delays in the restructuring of the University Hospital Gießen and Marburg (UKGM). Here, the Board of Management responded immediately. The new management at UKGM is tackling the restructuring with resolve.

Secondly, high wage agreements represent a considerable burden, especially given the continuing high price pressures on the German healthcare system. It was not least owing to these collective wage agreements that policymakers implemented adjustments to hospital financing. These adjustments will certainly have a positive effect, but on the whole will not suffice to offset the wage agreements that on average were at the high end of expectations.

It is still odd that efficiency in the hospital area is not rewarded but instead is even penalised by discounts on surplus service volumes. One step in the right direction was taken by reducing aggregate discounts for 2013 and 2014 to 25% and ensuring planning certainty in this area for a period of 24 months. From 2015 on, the negotiations of the self-governing healthcare bodies will then apply, which can at least make it possible to introduce a performance-based follow-on framework. Our track record in quality and performance makes me optimistic that we will achieve a good result in these negotiations given our overall care offering.

Thirdly, Fresenius SE made a voluntary, public takeover offer for RHÖN-KLINIKUM AG on 26 April 2012. It was followed by the offer document on 18 May 2012.

The Board of Management of RHÖN-KLINIKUM AG then conducted a thorough review of the offer. What was decisive for us in this regard was to do what would be in the best interests of the Company, the employees and our shareholders. In the end we recommended to accept the offer because we shared the strategic logic of the offer of establishing in Germany a generalised hospital network for the good of our patients. However, already when making our recommendation we pointed out that the acceptance ratio of 90% set by Fresenius was a high hurdle and that the offer might fail. Despite a high acceptance ratio, the offer ultimately was not successful.

Already at the Annual General Meeting in June 2012, I pointed out that during the takeover debate extraordinary burdens, e.g. as a result of consultancy fees, might impair the result. Moreover, the takeover offer also led to insecurity of staff and business partners, something that also made itself felt in our Company's operating performance.

Dear Shareholders, the Group result of the first half is not satisfactory for us. Nonetheless, we are convinced that we have a strong and sound basis to continue RHÖN-KLINIKUM AG on its successful path going forward. For that reason, we will also continue developing our offering for integrated healthcare delivery. "Stagnation means regression" – that is what the 2012 Hospital Rating Report states. We will continue to show our core competence to lie in efficiency and quality, not least with the integration and restructuring of our latest acquisition, Dr. Horst Schmidt Kliniken (HSK).

For financial year 2012, including HSK consolidated for the first time at the beginning of May, RHÖN-KLINIKUM AG now expects revenues of € 2.85 billion, which may fluctuate within a range of plus or minus 2.5%. This revenue target is accompanied by a forecast for EBITDA of € 315 million and for net consolidated profit of € 117 million, in each case subject to a variation of plus/minus 5%.

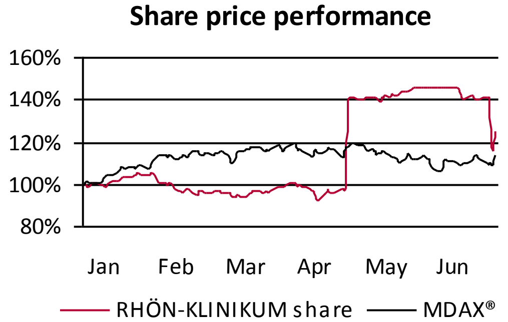
Wolfgang Pföhler
Chairman of the Board of Management of RHÖN-KLINIKUM AG

THE RHÖN-KLINIKUM SHARE

On 26 April 2012, Fresenius notified the shareholders of RHÖN-KLINIKUM AG of its intention to submit an offer for all shares in issue of the Company in return for payment of monetary consideration of € 22.50 per share. Publication of the offer documentation followed on 18 May 2012.

Upon the announcement of the takeover offer, the share price trend of the RHÖN-KLINIKUM share in the course of the second quarter departed from that of the aggregate economy, the general stock market environment and investor and analyst assessments that had hitherto been driven solely by fundamental data. Until just before the end of the acceptance deadline on 27 June 2012, the share price moved in very high trading volumes within a range of between € 21.10 and € 22.10 and thus just below the offer price of € 22.50.

After expiry of the acceptance period, Fresenius declared that the acceptance threshold of at least 90% of RHÖN-KLINIKUM shares, which had been stated as a condition for executing the takeover offer, had not been reached. The RHÖN-KLINIKUM share then fell sharply, closing the quarter at a price of € 18.88.

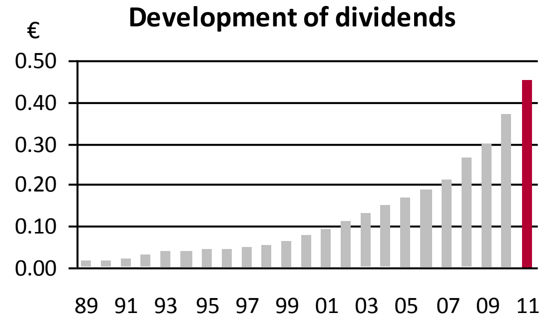


Starting from a closing price of € 15.06 at the end of the previous quarter, this nonetheless translates into a price rise of + 25.4% on a quarterly comparison. After including the dividend payment of € 0.45, our share's net performance over the quarter was even as high as + 28.4%, thus clearly outperforming the comparison indices: the MDAX® fell over the quarter by - 3.4%, and the DAX® lost -7.6% during the same period.

RHÖN-KLINIKUM share		
ISIN		DE0007042301
Ticker symbol		RHK
Registered share capital		345,580,000 €
Number of shares		138,232,000
	30 June 2012	**31 Dec. 2011**
Market capitalisation (€ m)	2,609.82	2,034.78
Share prices, in €	**1 Jan.-30 June 2012**	**1 Jan.-31. Dec. 2011**
Closing price	18.88	14.72
High	22.10	17.96
Low	13.97	13.67

At the end of the quarter our market capitalisation, including all issued 138.23 million non-par shares, stood at € 2.6 billion (31 March 2012: € 2.1 billion). In the MDAX® we thus ranked 10th by market capitalisation (31 March 2012: 11th).

This year's Annual General Meeting was held on 13 June 2012 in Frankfurt am Main. The resolved dividend of € 0.45 per share was paid on 14 June 2012.



All data adjusted in euros (138,232,000 ordinary shares)

On 8 November 2012 we will publish our interim report for the quarter ending on 30 September 2012.

A financial calendar containing all important financial dates for 2012 is provided on the inside cover as well as on our website at *www.rhoen-klinikum-ag.com under the "Investors" section.*

CONSOLIDATED INTERIM REPORT OF THE MANAGEMENT

REPORT ON THE FIRST HALF OF 2012

- In the first half of the year, patient numbers were raised by + 9.5% in total. This resulted in revenue growth of + 7.1% compared with the same period of 2011. The rise in revenues is burdened by the considerable discounts on surplus service volumes prescribed by German healthcare legislation and for this reason is leading to a negative price effect.
- At RHÖN-KLINIKUM Group, the first half of the financial year saw various burdens:
  - The restructuring of UKGM is being delayed and is putting a burden on the operating result;
  - Persistent price pressures as well as increases in personnel expenses resulting from high collective bargaining agreements;
  - Extraordinary effects from voluntary takeover offer by Fresenius.
- Under these framework conditions, we generated a net consolidated profit of € 50.1 million (same period last year: € 84.2 million) with EBITDA amounting to € 145.2 million (same period last year: € 161.7 million).
- This necessitates an adjustment to our forecast for the financial year; for financial year 2012 we now expect revenues amounting to € 2.85 billion fluctuating within a range of 2.5%, as well as EBITDA of € 315 million and a net consolidated profit of € 117 million, each subject to a variance of +/- 5%.

GENERAL INFORMATION

The abridged interim consolidated financial statements of RHÖN-KLINIKUM AG for the year ended 30 June 2012 have been prepared in accordance with the provisions of section 37x of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and IAS 34 in abridged form, and applying Section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as well as the related Interpretations of the International Financial Reporting Standard Interpretations Committee (IFRIC), 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 2012.

The accounting and valuation methods applied, to the extent already applied in financial year 2011 and consistently applied in financial year 2012, are set out in detail in the Consolidated Financial Statement of RHÖN-KLINIKUM AG as at 31 December 2011. The accounting and valuation methods applicable in principle for the first time in financial year 2012 are explained in the Abridged Notes to this Half-Year Financial Report. On a current view, these will have no effect 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.

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

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

OVERVIEW OF BUSINESS PERFORMANCE OF THE FIRST HALF AND THE SECOND QUARTER AS WELL AS OUTLOOK FOR THE FURTHER COURSE OF FINANCIAL YEAR 2012

Half-year comparison

January through June	2012	2011	Change	
	€m	€m	€m	%
Revenues	1,390.3	1,298.3	92.0	7.1
EBITDA	145.2	161.7	-16.5	-10.2
EBIT	76.8	102.3	-25.5	-24.9
EBT	60.4	90.3	-29.9	-33.1
Operating cash flow	117.0	143.4	-26.4	-18.4
Net consolidated profit	50.1	84.2	-34.1	-40.5

Including the acquisition of HSK, Dr. Horst Schmidt Kliniken GmbH, Wiesbaden and its subsidiaries (HSK group) consolidated for the first time from 1 May 2012, we posted in the first six months of financial year 2012 compared with the first half of 2011 – with

- a rise in case numbers by + 108,589 cases or 9.5% to a total of 1,256,482 cases (previous year: 1,147,893 cases), and
- a rise in revenues by + € 92.0 million or + 7.1% to € 1,390.3 million (previous year: € 1,298.3 million),

a decline in EBITDA by - € 16.5 million or - 10.2% to € 145.2 million (previous year: € 161.7 million). The decrease in EBIT by - € 25.5 million or - 24.9% to € 76.8 million (previous year: € 102.3 million) results in a - € 34.1 million or -40.5% decline in net consolidated profit to € 50.1 million (previous year: € 84.2 million).

Adjusted for the one-off tax effect of the previous year from the conclusion of profit-and-loss transfer agreements of € 9.0 million, net consolidated profit declined from € 75.2 million by - € 25.1 million or - 33.4% to € 50.1 million.

The trend in our key figures reflects delays in the restructuring of the University Hospital of Gießen and Marburg as well as the relatively high wage deals agreed of late for facilities of RHÖN-KLINIKUM AG which, coupled with the persistent price deterioration resulting from revenue discounts on surplus service volumes, are placing a double burden on our operating margins.

In addition, extraordinary effects in connection with the voluntary takeover offer of Fresenius are being felt. The takeover offer brought about considerable insecurity within the Company’s organisation. Management capacities were tied to a considerable extent and important decisions of an operative nature were put off. This accordingly had a clearly negative impact on operating business performance. Moreover, one-off payments running into the range of several million euros arose, for example in the form of additional consultancy fees.

For the above reasons, minority interests in profit declined compared with the same period last year by - € 1.1 million or - 45.9% to € 1.3 million.

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2012 declined by - € 33.0 million or - 40.4% to € 48.7 million compared with the same period last year. This corresponds to earnings per share of € 0.35 (previous year: € 0.59) in accordance with IAS 33.

Comparison of the second quarter

April through June	2012	2011	Change	
	€m	€m	€m	%
Revenues	708.0	651.1	56.9	8.7
EBITDA	63.4	82.9	-19.5	-23.5
EBIT	28.3	51.7	-23.4	-45.3
EBT	19.3	44.4	-25.1	-56.5
Operating cash flow	51.0	77.3	-26.3	-34.0
Net consolidated profit	15.9	46.2	-30.3	-65.6

In the second quarter of 2012 versus the second quarter of 2011, we reported, with

- a rise in case numbers by + 78,325 cases or 13.8% to a total of 646,586 cases (previous year: 568,261 cases), and
- a rise in revenues by + € 56.9 million or + 8.7% to € 708.0 million (previous year: € 651.1 million),

a decrease in EBITDA by - € 19.5 million or – 23.5% to € 63.4 million (previous year: € 82.9 million), a decrease in EBIT by - € 23.4 million or - 45.3% to € 28.3 million (previous year: € 51.7 million), and a - € 30.3 million or - 65.6% decline in net consolidated profit to € 15.9 million (previous year: € 46.2 million).

Adjusted for the one-off tax effect of the second quarter of 2011 from the conclusion of profit-and-loss transfer agreements of € 9.0 million, net consolidated profit worsened from € 37.2 million by € -21.3 million or - 57.3% to € 15.9 million.

Minority interests in profit declined compared with the same period last year by - € 0.7 million or - 63.2% to € 0.4 million.

The net consolidated profit attributable to RHÖN-KLINIKUM AG shareholders in the second quarter of € 15.6 million (previous year: € 45.2 million) translates into an EpS of € 0.11 (previous year: € 0.32).

Investment and financing

In the first six months of the current financial year, the Group invested a total of € 225.2 million (previous year: € 144.0 million) in intangible assets, property, plant and equipment as well as in investment property. This total of gross investments includes grants under the Hospital Financing Act (KHG) amounting to € 10.4 million (previous year: € 16.7 million) reflected as a deduction from acquisition cost. The remaining € 214.8 million in net investments (previous year: € 127.3 million) for the most part (€ 146.6 million) is attributable to the acquisition of HSK-Gruppe and to practice values.

In the first half of 2012 we distributed € 62.3 million to shareholders and minority owners (previous year: € 51.2 million). Employees received profit-sharing bonuses and directors' fees totalling € 57.1 million (previous year: € 72.4 million).

For net cash used in investments and distributions to shareholders, minority owners and bonus payments to employees, we had an operating cash flow – calculated from net consolidated profit plus depreciation and amortisation and less other non-operating items – of € 117.0 million (previous year: € 143.4 million) as well as loan funds.

Since the last reporting date our net financial debt rose from € 551.9 million to € 832.3 million, and our equity capital decreased since the last reporting date from € 1,598.7 million to € 1,569.4 million.

Compared with the reporting date of 31 December 2011, the decline in equity capital by € 29.3 million stems from net consolidated profit for the first half of 2012 (€ 50.1 million), comparing with negative changes in the market values of financial derivatives designated as interest-rate hedging instruments (€ 1.1 million), dividends paid to shareholders and minority owners (€ 62.3 million), changes in the scope of consolidation in connection with the acquisition of HSK-Gruppe (€ 15.6 million), as well as capital payments to minority interests (€ 0.4 million).

The equity capital ratio declined compared with the last reporting date from 50.3% to 47.1%, among other things in connection with the acquisition of HSK-Gruppe.

Our non-current assets are financed fully, at notionally 102.4% (31 December 2011: 117.7%), at matching maturities by equity capital and non-current debt. Moreover, our current assets are covered by € 56.5 million of non-current equity and debt items.

Economic and legal situation

The outlook for the further economic trend in Germany is attended by great uncertainty. The current business climate index has declined for the third time in a row, and this more significantly than expected. It is gradually becoming clear that the euro crisis is increasingly taking its toll on the German economy. At the start of the second quarter German industry still recorded higher order intake, but the companies are currently trimming their further expectations significantly.

The economic outlook for the euro zone continues to be on a downward trend given its risks. Leading economic institutes expect gross domestic product within the euro zone to decline slightly in the second and third quarters. The tense situation seen in the debt-ridden euro countries of Greece, Ireland, Italy, Portugal and Spain continues to represent a big downside risk for the economic situation. The continuing debt and confidence crisis within the euro zone essentially remains unresolved, the institutes state in summary. A sustained stabilisation would be possible only if the countries actually succeed in implementing the planned reforms and there is no further loss in confidence on the financial markets.

On the German employment market, the positive trend in employment continued. In June, the number of persons registered as unemployed rose slightly due to seasonal factors, and is accompanied by a jobless rate of 6.8%. The consumer price index as determined by the Federal Statistical Office, latterly stood at 1.7% in Germany – essentially as a result of increases in energy prices compared with the previous year.

The public sector continues to expect sharp rises in revenues that can be used either for reducing debt or for public investments. Some countries recorded a sharp rise in short-term public sector lendings that are provided to bridge short-term shortages in liquidity. Based on forecasts, the German statutory health insurance funds and Central Health Fund will generate a surplus also in 2012. However, it will probably be lower than in 2011 where it reached almost € 9.5 billion.

As before, changes in demographics are expected to translate into higher demand for hospital services also in 2012. In 2012, statutory rules on remuneration provide for differentiated discounts of up to 65.0% for agreed and non-agreed surplus service volumes. Based on expected price increases in excess of the original assumptions of 2.0% to 3.0% for personnel and material costs and a capped price increase rate of 1.48% maximum included in the state base rates, further burdens on earnings will result that will have to be offset by restructuring successes and higher service volumes.

As a result, the intensifying selective trend on amongst the service providers is set to continue in 2012 as well. In our view, only those hospitals that are able to continually expand their service portfolio while at the same time exploiting cost advantages will be able to exist on the market on a sustained basis without having to rely on state aid. In our industry, standstill in this regard means regression, and thus ultimately elimination from the market.

The past financial year once again witnessed increasing takeovers among private hospital chains. Given the still tight state of financing of many municipalities and public hospitals, we believe that the transaction market will remain intact and that acquisition-driven growth will be possible in financial year 2012.

We lay claim to our ability of operating hospitals very efficiently and successfully, and of being able to bring about the quick and qualified integration of newly acquired facilities. Overall, we therefore see ourselves in a very good position, also for the coming year, in terms of our organic and acquisition-driven growth prospects.

CORPORATE GOVERNANCE

Corporate constitution

With effect from 24 May 2012, Dr. Irmgard Stippler left the Board of Management. The allocation of responsibilities within the Board of Management was adjusted to this accordingly. In the first half of 2012, the composition of our Supervisory Board has remained unchanged since the 2011 Annual Report. Regarding the composition of the Supervisory Board as well as its allocation of duties and responsibilities, please refer to the Annual Report for the last reporting date.

The notifications pursuant to section 21 et seq. of the Securities Trading Act (Wertpapierhandelsgesetz, WpHG) that we received the first half of 2012 are presented in the Notes to this Financial Report. We refer to our homepage for a detailed list of the notifications.

The notifications of transactions pursuant to section 15a of the WpHG by members of the Board of Management or the Supervisory Board (directors' dealings) as well as other notifications of transactions by executives pursuant to section 15a of the WpHG are also presented in the Notes to this Half-Year Financial Report.

All other elements of our corporate constitution have remained unchanged in financial year 2012 to date. In this regard we refer to our explanations provided in the Management Report of the Consolidated Financial Statements of financial year 2011.

RISKS AND OPPORTUNITIES

In the first half of the financial year, we were the successful bidder in the bidding procedure for HSK, Dr. Horst Schmidt Kliniken GmbH, Wiesbaden, for the sale of a 49 percent share in the facility. In the second quarter we included HSK-Gruppe in our consolidated financial statements and are steadfastly implementing the prospects arising for us. In this regard we are aware of our responsibility and will be available to the people and the City of Wiesbaden as a reliable partner with our decades of medical experience.

We will exploit opportunities for further acquisitions to expand and complement our Group as these arise.

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

The surplus service volumes rendered in the first half of 2012 through expansions in service volumes in some cases are remunerated at discounts of up to 65% due to statutory provisions. On the cost side, by contrast, we record sharp price rises both in the area of personnel and material expenditures. We are exploiting all available avenues to raise efficiency by constantly improving our processes, and are convinced that we will succeed in mitigating the disproportionately moderate rise (compared with the rise in costs) in prices for our services.

The announcement of a voluntary takeover offer and the changes in the shareholder structure that then took place gave rise to significant insecurity within the Company organisation, ultimately leading to a negative impact on the Company's operating performance. In the event of an ongoing takeover situation for the Group, the possibility of this negative effect being reinforced cannot be excluded.

Beyond that, there have been no significant changes in risks and rewards since the reporting date of 31 December 2011. 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 2011	**53**	**15,973**
HSK, Dr. Horst Schmidt Kliniken GmbH	1	1,027
Change in capacities	-	83
As at 30 June 2012	**54**	**17,083**

As at 30 June 2012 our consolidated financial statement included 54 hospitals with 17,083 beds/places at a total of 43 sites in ten federal states. Since 31 December 2011, we recorded only a moderate net change in the number of approved beds (83) at our acute inpatient capacities in line with the requirement budgets in the individual federal states.

With effect from 1 May 2012 after the conditions for validity of the purchase agreement were met, we included HSK-Gruppe – consisting of a maximum-care hospital counting a total of 1,027 approved beds, one MVZ company, one service company as well as one real estate company – in the consolidated financial statements.

In the first six months of 2012 we expanded our outpatient capacities by two MVZs and 25.0 specialist doctor's practices:

	Date	MVZs	Specialist physician practices
As at 31 December 2011		**38**	**166,5**
Acquisitions			
HSK-Gruppe	01 May 2012	1	3,0
Opened			
MVZ Olpe	01 January 2012	1	5,0
Extensions			
Various sites		-	17,0
As at 30 June 2012		**40**	**191,5**

Patients

January through June	2012	2011	Change absolute	%
Inpatient and day-case treatments,				
acute hospitals	355,060	332,129	22,931	6.9
rehabilitation hospitals and other facilities	5,628	5,580	48	0.9
	360,688	337,709	22,979	6.8
Outpatient attendances at our				
acute hospitals	551,355	539,652	11,703	2.2
MVZs	344,439	270,532	73,907	27.3
	895,794	810,184	85,610	10.6
Total	1,256,482	**1,147,893**	**108,589**	**9.5**

In the first six months a total of 1,256,482 patients (up by 108,589 patients / 9.5%) were treated in the Group's hospitals and MVZs. Of this increase, outpatient treatments account for 78.8%.

Of this rise, 12,550 patients or 3.7% in the inpatient area and 21,529 patients or 2.7% in the outpatient area are attributable to acquisition-driven growth.

Per-case revenues

January through June	2012	2011
Case revenue		
inpatient (€)	3,612	3,617
outpatient (€)	98	95

Compared with the first six months of the previous year, average per-case revenue declined by - € 5 or - 0.1% in the inpatient area due to discounts on surplus reveneus and service volumes.

In the outpatient area, our expanded service portfolio translated into higher revenues in particular thanks to the integration of the acquired ophthalmological diagnosis and therapy centres with comparatively higher per-case revenues in the course of financial year 2011.

Employees

Employees	30 June 2012	31 December 2011	Change	
			absolute	%
Hospitals	37,667	34,498	3,169	9.2
MVZs	949	812	137	16.9
Service companies	4,378	4,015	363	9.0
Total	**42,994**	**39,325**	**3,669**	**9.3**

On 30 June 2012, the Group employed 42,994 persons (31 December 2011: 39,325). This increase by 3,669 versus the reporting date of 31 December 2011 stems, among other things, from 3,272 persons added in connection with the takeover of HSK-Gruppe.

BUSINESS DEVELOPMENT

Performance at RHÖN-KLINIKUM Group in the first six months of financial year 2012 was weaker than expected due to various burdening factors:

- Restructuring at the University Hospital Gießen and Marburg has slowed considerably in recent months, which is why its trend in earnings of late has been lagging well behind expectations. This is especially attributable to the tight situation of personnel expenses. In a first step, RHÖN-KLINIKUM AG has appointed a new management to implement the necessary measures.
- The hospital sector has been witnessing relatively high wage increases in the recent past which for our facilities are at the upper end of our expectations on average. This development, coupled with the steady deterioration in prices caused by revenue discounts on volume increases, is putting a double burden on the operating margin.
- The announcement of a voluntary takeover offer by Fresenius and the resulting changes in the shareholder structure that have since taken place gave rise to insecurity within the Company organisation. Management capacities were tied to a considerable extent, whilst important decisions of an operative nature were put off. This negatively impacted the operative performance of the entire Group.
- As a result of the takeover offer, RHÖN-KLINIKUM AG experienced extraordinary burdens in the second quarter (in the form e.g. of additional consultancy fees) running into several millions of euros.

Although the trend in performance at our hospitals is well above the level of the same period last year, such expansions in service volumes under the German Hospital Financing Act (Krankenhausentgeltgesetz, KHG) are remunerated at steep “discounts on surplus volumes” of up to 65%. Since such additional service volumes at the same time entail additional costs, an expansion in service volumes in the first half is also having diluting effects on margins and earnings. Depending on the outcome of the budget negotiations at the individual facilities, backlog revenue effects resulting from the subsequent higher valuation of surplus service volumes already rendered (but which then would not be diminished by additional costs) may occur in the further course of the year.

In the second quarter of the financial year, income from the charges agreed with the medical faculties at UKGM for expenditures incurred (“separate accounting”) had a positive impact. These were planned for UKGM in the first quarter and due to the time lag took effect only in the second quarter.

In addition to the outcome of still pending in-house wage negotiations, our hospitals’ earnings situation in the second half of the year will be affected to a decisive extent by budget negotiations still to take place in the further course of financial year 2012.

Whenever statements on key ratios and margins in interim financial statements are considered, it generally has to be kept in mind that in hospitals' revenues (for the entire financial year and for the respective periods under review during the year) can only be precisely attributed after conclusion of the budget negotiations. For this reason, quarterly and half-year financial statements may reveal some imprecisions in the estimates made. Accordingly, it is necessary to reach an agreement with payers regarding our surplus service volumes that is as comprehensive as possible so that we are fully remunerated for our services.

Revenues and earnings

January - June	2012 €m	2011 €m	Change €m	%
income				
Revenues	1,390.3	1,298.3	92.0	7.1
Other income	104.1	90.0	14.1	15.7
Total	**1,494.4**	**1,388.3**	**106.1**	**7.6**
Expenditure				
Materials and consumables used	364.5	333.2	31.3	9.4
Employee benefits expense	844.1	767.9	76.2	9.9
Other expenditure	140.6	125.5	15.1	12.0
Total	**1,349.2**	**1,226.6**	**122.6**	**10.0**
EBITDA	**145.2**	**161.7**	**-16.5**	**-10.2**
Depreciation	68.4	59.4	9.0	15.2
EBIT	**76.8**	**102.3**	**-25.5**	**-24.9**
Financial result	16.4	12.0	4.4	36.7
EBT	**60.4**	**90.3**	**-29.9**	**-33.1**
Income taxes	10.3	6.1	4.2	68.9
Net consolidated profit	**50.1**	**84.2**	**-34.1**	**-40.5**

Compared with the same period last year, revenues grew by + € 92.0 million or + 7.1%. Adjusting for changes in the scope of consolidation (first-time consolidation of HSK-Gruppe as of 1 May 2012, MVZ Augenärztliches Diagnostik- und Therapie-centrum Mönchengladbach/Erkelenz GmbH as of 1 October 2011 and MVZ Augenärztliches Diagnostik- und Therapiecentrum Siegburg GmbH as of 1 July 2011) to the tune of € 44.1 million, this translates into organic growth of + € 47.9 million or + 3.7%. In this regard it has to be noted that personnel and material expenditures in some cases are offset only partly by refinanced revenues due to statutory discounts on surplus service volumes of up to 65%.

Compared with the same period last year, other income witnessed a rise of + € 14.1 million or + 15.7%. Of this rise, + € 6.5 million is attributable to accounting income effects from the "separate accounting" in Gießen and Marburg, + € 2.0 million to changes in the scope of consolidation and + € 1.3 million to higher profits on the disposal of assets. In addition, income from services rose on the back of higher sales of pharmaceuticals.

January - June	2012 %	2011 %
EBITDA margin	10.4	12.5
EBIT margin	5.5	7.9
EBT margin	4.3	7.0
Return on revenue	3.6	6.5
Return on equity	6.3	11.1

The trend in our key figures – including HSK-Gruppe consolidated for the first time from 1 May 2012 – reflects delays in the restructuring of the University Hospital of Gießen and Marburg as well as the relatively high wage deals agreed of late for facilities of RHÖN-KLINIKUM AG which, coupled with the persistent price deterioration resulting from revenue discounts on surplus service volumes, are placing a double burden on our operating margins.

In addition, extraordinary effects in connection with the voluntary takeover offer by Fresenius are being felt. The takeover offer brought about considerable insecurity within the Company's organisation. Management capacities were tied to a considerable extent and important decisions of an operative nature were put off. This had a negative impact on operating performance. Moreover, one-off payments running into the range of several million euros arose, for example in the form of additional consultancy fees.

Independent of this, a positive prospect for the earnings situation is emerging as a result of regulatory changes, such as the recently adopted partial wage compensation for the second half. Given the usual seasonal nature of individual hospital budget negotiations, backlog effects from the negotiations on budgets and discounts for surplus service volumes are possible in the second half.

January - June	2012 %	2011 %
Cost of materials ratio	26.2	25.7
Personnel cost ratio	60.7	59.1
Other cost ratio	10.1	9.7
Depreciation and amortisation ratio	4.9	4.6
Financial result ratio	1.2	0.9
Tax expenditure ratio	0.7	0.5

The material expenditure item rose in the first half of the year compared with the same period last year by + € 31.3 million or + 9.4%, resulting in a slightly disproportionate rise in the material expenditure ratio from 25.7% to 26.2%. This includes services purchased from locum staff, which only in some cases compensate original personnel expenditures. Adjusted for the effect of locum doctors, the material cost ratio climbed from 24.2% to 24.8%.

Stripping out consolidation effects, the material expenditure item rose disproportionate to revenues adjusted for consolidation effects (+ € 47.9 million or + 3.7%) by € 19.9 million or + 6.0%.

Delays in the restructuring of the University Hospital of Gießen and Marburg as well as the relatively high wage deals agreed of late for facilities of RHÖN-KLINIKUM AG purshed up the personnel expense ratio from 59.1% to 60.7%.

Compared with the same period last year, other expenditures in the first half of 2012 witnessed a disproportionate rise of + € 15.1 million or + 12.0% to reach € 140.6 million. Of this rise, + € 10.1 million or + 8.0% is accounted for by our long-standing subsidiaries and + € 5.0 million or + 4.0% by subsidiaries consolidated for the first time. The expenditure ratio rose from 9.7% to 10.1%. The higher expenditures at the long-standing subsidiaries are essentially accounted for by legal and consultancy fees in connection with the voluntary public takeover offer by Fresenius.

Depreciation/amortisation increased compared with the same period last year by + € 9.0 million or + 15.2% to € 68.4 million (previous year: € 59.4 million). Of the rise in depreciation/amortisation, € 1.3 million is attributable to the first-time consolidation of HSK-Gruppe as well as MVZ commissionings. The remaining € 7.7 million is attributable to our new buildings and extensions completed during financial year 2011 (including Klinikum Hildesheim in October 2011, Universitätsklinikum Gießen und Marburg – Gießen Site in May 2011, Marburg Site in March 2011) as well as in financial year 2012 (Klinikum Gifhorn in February 2012). The depreciation/amortisation ratio rose from 4.6% to 4.9%.

Compared with the same period last year, we recorded a rise in our negative financial result by + € 4.4 million or + 36.7% to € 16.4 million in the first six months of financial year 2012. € 2.3 million of this rise is accounted for by the declining recognition of interest on debt capital, since the construction measures, in particular at the University Hospital of Gießen and Marburg, were completed in the course of 2011. A burdening effect also came from the rise in net debt to banks due, among other things, to the acquisition of HSK-Gruppe.

As at 30 June 2012, net financing debt – including finance lease liabilities – was € 832.3 million (31 December 2011: € 551.9 million) and breaks down as follows:

	30 June 2012 €m	31 December 2011 €m
Cash	358.5	477.5
Current financial liabilities	392.2	57.6
Non-current financial liabilities	794.3	1,007.5
Finance lease liabilities	42.1	0.3
Financial liabilities	1,228.6	1,065.4
Subtotal	870.1	587.9
Negative market value of derivatives (current)	-6.1	0.0
Negative market value of derivatives (non-current)	-31.7	-36.0
Net financial debt	**832.3**	**551.9**

At an unchanged rate of taxation, the income tax expense item rose by + € 4.2 million or

+ 68.9% to € 10.3 million (previous year: € 6.1 million) compared with same period of the previous year. Adjusted for last year'sone-off earnings increasing tax effects in the amount of € 9.0 million resulting from the conclusion of profit-and-loss transfer agreements of RHÖN-KLINIKUM AG with the facilities in Leipzig, Meiningen, Karlsruhe and Kipfenberg, the income tax expense item declined by € 4.8 million as a result of the correspondingly lower tax assessment basis.

Compared with the first six months of financial year 2011 our net consolidated profit declined by - € 34.1 million or - 40.5% to € 50.1 million (previous year: € 84.2 million). Adjusted for the one-off tax effect of the previous year from the conclusion of profit-and-loss transfer agreements of € 9.0 million, net consolidated profit worsened from € 75.2 million by - € 25.1 million or - 33.4% to € 50.1 million, essentially due to set-backs in important restructuring projects as well as extraordinary effects burdening the result in connection with the voluntary public takeover offer by Fresenius.

For the above reasons, minority interests in profit declined compared with the same period last year by - € 1.1 million or - 45.9% to € 1.3 million.

The interest of RHÖN-KLINIKUM AG shareholders in profit for the first six months of 2012 declined by - € 33.0 million or - 40.3% to € 48.7 million compared with the same period last year. This corresponds to earnings per share of € 0.35 (previous year: € 0.59) in accordance with IAS 33.

In the first half of 2012, the sum of net consolidated profit and the net result recognised at equity amounted to € 49.0 million (previous year: € 87.5 million). Whereas in the previous year, positive changes in the market values of our financial instruments of € 3.3 million were recognised directly at equity, corresponding negative changes in market values to the tune of € 1.1 million (after tax) also had to be recognised directly at equity in the first half of the current financial year.

Asset and capital structure

	30 June 2012		31 December 2011	
	€m	%	€m	%
ASSETS				
Non-current assets	2,387.9	71.6	2,246.1	70.7
Current assets	946.6	28.4	929.2	29.3
	3,334.5	**100.0**	**3,175.3**	**100.0**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	1,569.4	47.1	1,598.7	50.3
Long-term loan capital	875.0	26.2	1,044.4	32.9
Short-term loan capital	890.1	26.7	532.2	16.8
	3,334.5	**100.0**	**3,175.3**	**100.0**

The balance sheet total rose by 5.0% to € 3,334.5 million compared with the reporting date of 31 December 2012. Driven by investments and acquisitions, our non-current assets increased by € 141.8 million or 6.3% since the last balance sheet date. We financed our current equity-financed investments amounting to € 68.2 million fully from operating cash flow of € 117.0 million generated in the first half of the year.

The equity capital ratio declined compared with the last reporting date from 50.3% to 47.1%.

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

Shareholders' equity	2012			2011
	Aktionäre	Minorities	Total	Total
	€m	€m	€m	€m
As at 1 January	**1,555.0**	**43.7**	**1,598.7**	**1,495.2**
Equity capital transactions with owners	-62.2	-0.5	-62.7	-46.1
Total result of the period	47.7	1.3	49.0	87.5
Other changes	0.0	-15.6	-15.6	0.0
As at 30 June	**1,540.5**	**28.9**	**1,569.4**	**1,536.6**

As at 30 June 2012, equity stands at € 1,569.4 million (31 December 2011: € 1,598.7 million). Compared with the reporting date of 31 December 2011, the decline in equity capital by € 29.3 million stems from net consolidated profit for the first half of 2012 (€ 50.1 million), comparing with negative changes in the market values of financial derivatives designated as interest-rate hedging instruments (€ 1.1 million), from dividends paid to shareholders and minority owners (€ 62.3 million), from changes in the scope of consolidation in connection with the acquisition of HSK-Gruppe (€ 15.6 million), as well as from capital payments to minority interests (€ 0.4 million).

102.4% (31 December 2011: 117.7%) of non-current assets is nominally covered by equity and non-current liabilities at fully matching maturities. Net financial debt rose since the last reporting date from € 551.9 million by € 280.4 million to € 832.3 million as at 30 June 2012.

Our key financial ratios developed as follows:

	30 June 2012	31 December 2011
Net financial liabilities in €m at reporting date (incl. finance lease liabilities	832.3	551.9
EBITDA (€ m)	338.2 *	354.7 **
Net interest expenditure in €m (excluding mark-up / discount of financial instruments)	31.1 *	26.7 **
Net financial debt / EBITDA	2.46	1.56
EBITDA / net interest expenditure	10.87	13.28

*) Period from 1 July 2011 -30 June 2012

**) Period from 1 January 2011 - 31 December 2011

Compared with the same period last year, operating cash flow, calculated from net consolidated profit plus depreciation/ amortisation and less other non-operating items (balance of profits and losses from disposals of assets), declined by € 26.4 million or 18.4% to € 117.0 million (previous year: € 143.4 million).

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

January through June	2012 €m	2011 €m
Cash generated from operating activities	29.9	64.9
Cash used in investing activities	-112.0	-131.2
Cash used/generated in financing activities	-4.4	25.2
Change in cash and cash equivalents	**-86.5**	**-41.1**
Cash and cash equivalents at 1 January	439.9	393.2
Cash and cash equivalents as at 30 June	**353.4**	**352.1**

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

Investing activities

Aggregate investments of € 225.2 million (previous year: € 144.0 million) in the first half of 2012 are shown in the following table:

	Use of		
	Gov't grants €m	Own funds €m	Total €m
Current capital expenditure	10.4	68.2	78.6
Takeovers	0.0	146.6	146.6
Total	**10.4**	**214.8**	**225.2**

Of these investments made in the first half, € 10.4 million was attributable to investments funded from grants under the Hospital Financing Act (KHG) (previous year: € 16.7 million) 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
Gifhorn	14.0
Gießen-Marburg	5.8
Pforzheim	5.4
Köthen	5.1
Munich	4.5
Kipfenberg	4.3
Warburg	3.9
Bad Neustadt	3.5
Pirna	3.4
Hildburghausen	2.5
Leipzig	2.0
Salzgitter	1.8
Wiesbaden	1.2
Other sites	10.8
Total	68.2

Under company purchase agreements entered into we still have outstanding investment obligations of € 159.1 million until 2022.

Outlook and forecast for 2012

No material events took place after 30 June 2012 up to the preparation of this Report.

We are still involved in several acquisition procedures for inpatient and outpatient facilities which cannot be reported on publicly at the current stage. That said, in reaching our decision for takeovers and participations we are guided chiefly by a facility's strategic importance, its earnings prospects as well as the general scope for development within its region and our Group.

For financial year 2012, including HSK, Dr. Horst Schmidt Kliniken GmbH, Wiesbaden, and barring any further acquisitions, we expect revenues of € 2.85 billion with a fluctuation range of 2.5 %, EBITDA of € 315 million and a net consolidated profit of € 117 million, with the last two figures possibly fluctuating within a range of plus or minus 5%.

We will continue to pursue our strategy for both organic and acquisitions-driven growth under the current framework of legislative provisions as the sustained trend in organic growth at our facilities continues. Independent of this, a positive prospect for the earnings situation is emerging as a result of regulatory changes, such as the recently adopted partial wage compensation for the second half. Given the usual seasonal nature of individual hospital budget negotiations, backlog effects from the negotiations on budgets and discounts for surplus service volumes are possible in the second half. However, it should be noted in this regard that possibly not all financial consequences of the takeover offer by Fresenius are foreseeable.

Bad Neustadt a. d. Saale, 9 August 2012

RHÖN-KLINIKUM Aktiengesellschaft

THE BOARD OF MANAGEMENT

Volker Feldkamp   Dr. Erik Hamann   Martin Menger   Wolfgang Pföhler

CONSOLIDATED ABRIDGED INTERIM FINANCIAL STATEMENT

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, January through June

January through June	2012		2011	
	€ '000	%	€ '000	%
Revenues	1,390,304	100.0	1,298,299	100.0
Other income	104,118	7.4	90,048	6.9
	1,494,422	**107.4**	**1,388,347**	**106.9**
Materials and consumables used	364,452	26.2	333,152	25.7
Employee benefits expense	844,106	60.7	767,930	59.1
Other expenses	140,646	10.1	125,573	9.7
	1,349,204	**97.0**	**1,226,655**	**94.5**
Interim result (EBITDA)	**145,218**	**10.4**	**161,692**	**12.5**
Depreciation/amortisation and impairment	68,378	4.9	59,346	4.6
Operating result (EBIT)	**76,840**	**5.5**	**102,346**	**7.9**
Finance expenses	20,946	1.5	16,290	1.2
Finance income	4,461	0.3	4,241	0.3
Financial result	**16,485**	**1.2**	**12,049**	**0.9**
Earnings before tax (EBT)	**60,355**	**4.3**	**90,297**	**7.0**
Income taxes	10,297	0.7	6,069	0.5
Net consolidated profit	**50,058**	**3.6**	**84,228**	**6.5**
of which				
minority interests	**1,328**	**0.1**	**2,456**	**0.2**
shareholders of RHÖN-KLINIKUM AG	**48,730**	**3.5**	**81,772**	**6.3**
Earnings per share in €				
undiluted	**0.35**		**0.59**	
diluted	**0.35**		**0.59**	

January through June	2012	2011
	€ '000	€ '000
Net consolidated profit	**50,058**	**84,228**
of which		
minority interests	1,328	2,456
shareholders of RHÖN-KLINIKUM AG	48,730	81,772
Change in fair value of derivatives used for hedging purposes	-1,270	3,925
Income taxes	201	-621
Change in the amount recognised at equity (cash flow hedges)	**-1,069**	**3,304**
Sum of net gains or losses directly recognised in equity	**-1,069**	**3,304**
of which		
minority interests	0	0
shareholders of RHÖN-KLINIKUM AG	-1,069	3,304
Net consolidated profit and net gains or losses directly recognised in equity	**48,989**	**87,532**
of which		
minority interests	1,328	2,456
shareholders of RHÖN-KLINIKUM AG	47,661	85,076

Consolidated Income Statement and Consolidated Statement of Comprehensive Income, April through June

April through June	2012		2011	
	€ '000	%	€ '000	%
Revenues	708,033	100.0	651,089	100.0
Other income	55,797	7.9	46,393	7.1
	763,830	**107.9**	**697,482**	**107.1**
Materials and consumables used	186,453	26.3	165,530	25.4
Employee benefits expense	435,737	61.5	386,063	59.3
Other expenses	78,217	11.0	63,007	9.7
	700,407	**98.9**	**614,600**	**94.4**
Interim result (EBITDA)	**63,423**	**9.0**	**82,882**	**12.7**
Depreciation/amortisation and impairment	35,129	5.0	31,135	4.8
Operating result (EBIT)	**28,294**	**4.0**	**51,747**	**7.9**
Finance expenses	11,086	1.6	9,570	1.4
Finance income	2,137	0.3	2,201	0.3
Financial result	**8,949**	**1.3**	**7,369**	**1.1**
Earnings before tax (EBT)	**19,345**	**2.7**	**44,378**	**6.8**
Income taxes	3,409	0.4	-1,841	-0.3
Net consolidated profit	**15,936**	**2.3**	**46,219**	**7.1**
of which				
minority interests	**389**	**0.1**	**1,057**	**0.2**
shareholders of RHÖN-KLINIKUM AG	**15,547**	**2.2**	**45,162**	**6.9**
Earnings per share in €				
undiluted	**0.11**		**0.32**	
diluted	**0.11**		**0.32**	

April through June	2012	2011
	€ '000	€ '000
Net consolidated profit	**15,936**	**46,219**
of which		
minority interests	389	1,057
shareholders of RHÖN-KLINIKUM AG	15,547	45,162
Change in fair value of derivatives used for hedging purposes	-843	-3,783
Income taxes	133	599
Change in the amount recognised at equity (cash flow hedges)	**-710**	**-3,184**
Sum of net gains or losses directly recognised in equity	**-710**	**-3,184**
of which		
minority interests	0	0
shareholders of RHÖN-KLINIKUM AG	-710	-3,184
Net consolidated profit and net gains or losses directly recognised in equity	**15,226**	**43,035**
of which		
minority interests	389	1,057
shareholders of RHÖN-KLINIKUM AG	14,837	41,978

Consolidated Balance Sheet at 30 June 2012

	30 June 2012		31 December 2011	
	€ '000	%	€ '000	%
A S S E T S				
Non-current assets				
Goodwill and other intangible assets	430,902	12.9	365,436	11.5
Property, plant and equipment	1,937,572	58.1	1,859,052	58.5
Investment property	4,544	0.1	4,653	0.1
Income tax receivables	11,808	0.4	11,572	0.4
Deferred tax assets	461	0.0	3,278	0.1
Other financial assets	333	0.0	310	0.0
Other assets	2,313	0.1	1,754	0.1
	2,387,933	**71.6**	**2,246,055**	**70.7**
Current assets				
inventories	53,304	1.6	50,292	1.6
Accounts receivable	446,299	13.4	351,973	11.1
Other financial assets	57,653	1.7	32,902	1.0
Other assets	24,391	0.7	11,510	0.4
Current income taxes receivable	6,444	0.2	4,997	0.2
Cash and cash equivalents	358,516	10.8	477,536	15.0
	946,607	**28.4**	**929,210**	**29.3**
	3,334,540	**100.0**	**3,175,265**	**100.0**

	30 June 2012		31 December 2011	
	€ '000	%	€ '000	%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Subscribed capital	345,580	10.3	345,580	10.9
Capital reserve	395,994	11.9	395,994	12.5
Other reserves	798,949	24.0	813,483	25.6
Treasury shares	-76	0.0	-76	0.0
Equity attributable to shareholders of RHÖN-KLINIKUM AG	1,540,447	46.2	1,554,981	49.0
Minority interests held by non-Group third parties	28,942	0.9	43,677	1.3
	1,569,389	**47.1**	**1,598,658**	**50.3**
Non-current liabilities				
Financial liabilities	794,314	23.8	1,007,506	31.7
Provisions for post-employment benefits	7,878	0.2	8,905	0.3
Other financial liabilities	70,078	2.1	23,669	0.8
Other liabilities	2,774	0.1	4,341	0.1
	875,044	**26.2**	**1,044,421**	**32.9**
Current liabilities				
Financial liabilities	392,198	11.8	57,624	1.8
Accounts payable	131,840	4.0	128,994	4.1
Current income tax liabilities	4,502	0.1	8,728	0.3
Other provisions	24,712	0.7	20,710	0.6
Other financial liabilities	155,136	4.7	144,844	4.6
Other liabilities	181,719	5.4	171,286	5.4
	890,107	**26.7**	**532,186**	**16.8**
	3,334,540	**100.0**	**3,175,265**	**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 third parties Shareholders in equity 1)	Shareholders' equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Balance at 31 Dec. 2010/1 Jan. 2011	**345,580**	**395,994**	**717,381**	**-76**	**1,458,879**	**36,316**	**1,495,195**
Equity capital transactions with owners							
Capital contributions	-	-	-	-	0	5,134	5,134
Dividend payments	-	-	-51,137	-	-51,137	-100	-51,237
Net consolidated profit and net gains	-	-	85,076	-	85,076	2,456	87,532
As at 30 June 2011	**345,580**	**395,994**	**751,320**	**-76**	**1,492,818**	**43,806**	**1,536,624**
Balance at 31 Dec. 2011/ 1 Jan. 2012	**345,580**	**395,994**	**813,483**	**-76**	**1,554,981**	**43,677**	**1,598,658**
Equity capital transactions with							
Capital contributions	-	-	-	-	0	26	26
Capital payments	-	-		-	0	-400	-400
Dividend payments	-	-	-62,195	-	-62,195	-76	-62,271
Net consolidated profit and net gains	-	-	47,661	-	47,661	1,328	48,989
Other changes							
Changes in scope of consolidation	-	-	-	-	0	-15,613	-15,613
As at 30 June 2012	**345,580**	**395,994**	**798,949**	**-76**	**1,540,447**	**28,942**	**1,569,389**

[1]Including other comprehensive income (OCI)

Consolidated Cash Flow Statement

January through June	2012 €m	2011 €m
Earnings before taxes	60.4	90.3
Financial result (net)	16.5	12.1
Impairment and gains/losses on disposal of assets	66.9	59.2
Non-cash valuations of financial derivatives	0.0	0.0
	143.8	**161.6**
Change in net current assets		
Change in inventories	0.6	2.8
Change in accounts receivable	-58.1	-18.5
Change in other financial assets and other assets	-5.1	-7.1
Change in accounts payable	-9.5	-19.9
Change in other net liabilities / Other non-cash transactions	1.4	-31.0
Change in provisions	1.0	-3.8
Income taxes paid	-14.9	4.7
Interest paid	-29.3	-23.9
Cash generated from operating activities	**29.9**	**64.9**
Investments in property, plant and equipment and in intangible assets	-75.6	-121.8
Acquisition of subsidiaries, net of cash acquired	-44.1	-14.2
Sale proceeds from disposal of assets	3.3	0.6
Interest received	4.4	4.2
Cash used in investing activities	**-112.0**	**-131.2**
Payments on contracting of non-current financial liabilities	130.0	75.0
Repayment of financial liabilities	-71.7	-3.8
Dividend payments to shareholders of RHÖN-KLINIKUM AG	-62.2	-51.1
Contributions from minority owners/payments to minority owners	-0.5	5.1
Cash used/generated in financing activities	**-4.4**	**25.2**
Change in cash and cash equivalents	-86.5	-41.1
Cash and cash equivalents at 1 January	439.9	393.2
Cash and cash equivalents as at 30 June	**353.4**	**352.1**

Abridged Notes

GENERAL INFORMATION

RHÖN-KLINIKUM AG is steadily undergoing a development from hospital operator to healthcare provider. As in the past, the focus of all its activities continues to be on building, acquiring and operating hospitals of all categories, primarily in acute care. At some sites rehabilitation measures are also offered to round off the offerings in the area of acute inpatient care. Outpatient structures in the form of medical care centres (MVZs) as well as co-operation schemes with community-based practitioners are being continually expanded. We provide our services exclusively in Germany.

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

The Interim Consolidated Financial Statements will be published on 9 August 2012 on the homepage of RHÖN-KLINIKUM AG as well as with Deutsche Börse.

ACCOUNTING POLICIES

The Interim Consolidated Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2012 have been prepared in accordance with the rules of section 37x of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and of IAS 34 in abridged 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 Standard Interpretations Committee (IFR IC). Furthermore, the provisions of the German accounting standard DRS 16 (interim financial reporting) were observed 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 2011. The Interim Financial Statements of RHÖN-KLINIKUM AG as at 30 June 2012 for the first half of 2012 must therefore be read and assessed in conjunction with the Consolidated Financial Statements of RHÖN-KLINIKUM AG for the year ending 31 December 2011.

a) New accounting rules from financial year 2012

New standards and interpretations of no practical relevance from financial year 2012

As far as can be seen at present, the following revised standards which have not yet been adopted by the European Union are of no practical relevance for 2012 as well as subsequent financial years:

- Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”
- Amendments to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates”

b) New accounting rules from financial year 2013

New standards and interpretations of practical relevance from financial year 2013

As far as can be seen at present, the following revised and newly published standards which have already been adopted by the European Union are of practical relevance from financial year 2013:

- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

In June 2011 the IASB published an amendment to IAS 1 "Presentation of Financial Statements" and adopted it on 5 June 2012. This concerns the presentation of items stated in other income under the statement of comprehensive income. Accordingly, the items of other comprehensive income (OCI) are to be grouped together on the basis of whether or not in future they will be reclassified to the profit or loss section of the income statement (referred to as recycling). The amendment concerns only the presentation of the items in the comprehensive income statement, not the recognition, measurement of the items or requirements resulting from such recycling. The option of presenting the items before or after tax is maintained. Moreover, the term 'comprehensive income statement' was changed to 'income statement and other income'. The amended standard is to be applied to financial years commencing on or after 1 July 2012. Earlier adoption is permitted. It affects presentation in the financial statement but not the net assets, financial position and results of operations. Adoption concerns all companies stating performance-linked components in their other result item.

- Amendments to IAS 19 "Employee Benefits"

In June 2011 the IASB published amendments to IAS 19 "Employee Benefits" and adopted the same on 5 June 2012. The most significant amendment to IAS 19 is that actuarial gains and losses are renamed as revaluations and are to be recognised immediately when they arise in other comprehensive income (OCI). The option between immediate recognition in profit or loss, in other comprehensive income (OCI) or according to the corridor approach is eliminated. In the event of plan amendments resulting in changes in the obligation to pay benefits attributable to work performed in past periods, a past service cost is created. It is recognised in the period in which the underlying plan amendment takes place and is no longer distributed. Benefits paid to employees which are still linked to the rendering of future work performance do not constitute termination benefits. IAS 19 requires more extensive disclosures in the Notes in connection with defined benefit plans, and in particular additional disclosures on the features and risks of the defined benefit plans. The amendments to IAS 19 are to be applied to financial years commencing on or after 1 January 2013. Earlier adoption is permitted. The revised Standard is to be adopted retroactively in accordance with IAS 8. Exceptions to this are changes in the carrying amount of assets in which employee benefits expenditure has been recognised, and comparison disclosures on the sensitivity analysis of the defined benefit obligation. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.
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 2013:

- IFRS 10 “Consolidated Financial Statements”

In May 2011 the IASB, as part of a package of five new standards, published IFRS 10 “Consolidated Financial Statements”. It replaces the guidance contained in IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – special purpose entities” relating to control and consolidation. IFRS 10 changes the definition of control such that the same criteria now apply to all companies when determining a relationship of control. According to the changed definition, the prerequisites for control are power over the investee and variable returns from the involvement with the investee. Power over the investee means the possibility of currently directing the activities of the investee that have a material influence on variable returns. Such power is to be determined based on the current facts and circumstances and assessed on a continuous basis. A temporary investment relationship does not release a company from its consolidation duty. The application guidance of IFRS 10 provides examples which also show that control may also exist where fewer than 50% of voting rights are held. The principle of presenting the consolidated financial statement of the parent company and its subsidiaries as a single company as well as the consolidation methods remain unchanged. IFRS 10 is to be applied to financial years commencing on or after 1 January 2013. Early adoption is possible only in conjunction with the new provisions of IFRS 11 and IFRS 12 as well as the amendments to IAS 27 and IAS 28. No serious impacts on the accounting of companies are expected within the Group of RHÖN-KLINIKUM AG.

- IFRS 11 “Joint Arrangements”.

As a further part of the package of five new standards, IASB published IFRS 11 “Joint Arrangements” in May 2011. IFRS 11 defines a joint arrangement as an arrangement of which two or more parties have joint control over such arrangement by contract. Joint arrangements may be joint operations or joint ventures. In a joint operation, the parties to the joint arrangement have direct rights to the assets and liabilities of the arrangement. By contrast, in a joint venture the parties to the arrangement have rights to the net assets or results of the arrangement. Joint ventures are accounted for using the equity method in accordance with the amended version of IAS 28. Inclusion based on proportionate consolidation is no longer permitted. IFRS 11 is to be applied to financial years commencing on or after 1 January 2013. In this case, too, early adoption is possible only in conjunction with the new provisions of IFRS 10 and IFRS 12 as well as the amendments to IAS 27 and IAS 28. Since RHÖN-KLINIKUM AG already accounts for its joint ventures using the equity method, it is not affected by the amendment.

- IFRS 12 “Disclosures of Interests in Other Entities“

As the third of five new standards, IASB published IFRS 12 “Disclosures of Interests in Other Entities” in May 2011. It prescribes the required disclosures for entities accounting in accordance with the new standards IFRS 10 and IFRS 11. IFRS 12 replaces the disclosure duties contained in IAS 28. According to IFRS 12, entities must make disclosures enabling users of financial statements to assess the nature of as well as the risks and financial impacts associated with an entity’s interest in subsidiaries, joint arrangements and associates, and unconsolidated structured entities (special purpose entities). Disclosures are required in the following areas: material discretionary decisions and judgments to determine whether an entity controls, jointly controls, exercises a material influence over or has any other exposure to other entities, disclosures on interests in subsidiaries, interests in joint arrangements and associates, as well as interests in non-consolidated special purpose entities. IFRS 12 is to be applied to financial years commencing on or after 1 January 2013. Earlier adoption or earlier adoption in part is permitted regardless of the application of IFRS 10 and IFRS 11 and of the amendments to IAS 27 and IAS 28. RHÖN-KLINIKUM AG is currently reviewing the precise impact on the disclosures in the Notes. It is assumed that this will result in more extensive disclosures in the Notes.

- IFRS 13 “Fair Value Measurement”

In May 2011, the IASB published the Standard IFRS 13 “Fair Value Measurement”. IFRS 13 sets out how fair value measurement is to be performed and expands the disclosures on measurement at fair value provided that another standard prescribes its application. By definition, fair value is the price that independent market participants would receive upon sale of an asset (or would pay upon transfer of a liability) at arm’s length terms at the valuation date. A liability’s fair value thus represents the risk of default. IFRS 13 does not contain any statements regarding the matters to which fair value is to be applied and merely excludes from application IAS 17, IFRS 2 as well as other measurement variables which are similar but not identical to fair value. The well known three-tier fair value hierarchy still has to be applied. Moreover, under IFRS 13 comprehensive disclosures in the Notes are required which are similar to the rules of IFRS 7 “Financial Instruments: Disclosures” but apply to all assets and liabilities. IFRS 13 is to be applied for the first time to financial years commencing on or after 1 January 2013. Comparison figures prior to the first-time application of IFRS 13 are not to be adjusted. Earlier adoption is permitted. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies. It is expected to result in more extensive disclosure duties.

- Revised version of IAS 27 “Separate Financial Statements”

In May 2011 the IASB, as part of a package of five new standards, published the revised version of IFRS 27 “Consolidated and Separate Financial Statements”. It is renamed IAS 27 “Separate Financial Statements” and in future only contains provisions on separate financial statements. The existing provisions remain unchanged. The amendments to IAS 27 are to be applied for the first time to financial years commencing on or after 1 January 2013. Early adoption is possible only in conjunction with IFRS 10, IFRS 11, IFRS 12 as well as IAS 28. No serious impacts on the accounting of companies are expected within the Group of RHÖN-KLINIKUM AG.

- Revised version of IAS 28 “Investments in Associates and Joint Ventures”

As the last of five new standards, IASB published IFRS 28 “Investments in Associates” in May 2011. It is renamed IAS 28 “Investments in Associates and Joint Ventures”. As before, IAS 28 describes the accounting of associates as well as use of the equity method for associates and jointly controlled entities. The amendments result from publication of IFRS 10, IFRS 11 and IFRS 12. The new IFRS 28 is to be applied for the first time to financial years commencing on or after 1 January 2013. Early adoption is possible only in conjunction with IFRS 10, IFRS 11, IFRS 12 as well as IAS 27. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

- Amendment to IFRS 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities”

In December 2011 the IASB published amendments to IFRS 7 “Financial Instruments: Disclosures” with respect to offsetting financial assets and financial liabilities. It specifies further new disclosure obligations in connection with certain netting arrangements. Disclosure of this information is required regardless of whether the netting arrangement has actually resulted in a set-off of the financial assets and liabilities concerned. Qualitative descriptions and quantitative information of offsetting rights must be disclosed. The amendments are to be applied to financial years commencing on or after 1 January 2013. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

The following amended Standard which has not yet been adopted by the European Union is of practical relevance from financial year 2014:

- Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

In December 2011 the IASB published amendments to IAS 32 “Financial Instruments: Presentation” with respect to offsetting financial assets and financial liabilities. The current offsetting model pursuant to IAS 32 is not affected by the amendments. Accordingly, an entity is required to offset a financial asset and financial liability when, and only when, an entity on the reporting date has a legal right of set-off and intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously. The amendments clarify that the claim to offsetting must exist on the reporting date, i.e. is independent from a future event. The right must be enforceable for all contractual parties in the ordinary course of business and also in the event of insolvency of one of the parties. IAS 32 moreover clarifies that a gross settlement method may be effectively equivalent to a net settlement where certain conditions are met, thus satisfying the criterion of IAS 32. However, the method must result in the elimination of default and liquidity risks and in the processing of receivables and liabilities in a single settlement procedure. Master netting arrangements in which the legal right to offsetting is enforceable only upon the occurrence of future events will not satisfy the offsetting criteria in future either. The amendments are to be applied to financial years commencing on or after 1 January 2014. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

As far as can be seen at present, the following newly published and revised standards which have not yet been adopted by the European Union are of practical relevance from financial year 2015:

- IFRS 9 "Financial Instruments"

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.

In October 2010, the IASB expanded IFRS 9 "Financial Instruments" to include rules on the recognition of financial liabilities and for derecognition of financial instruments. With the exception of the provisions for liabilities measured voluntarily at fair value (referred to as fair-value options), the rules were adopted without changes from IAS 39 "Financial Instruments: Recognition and Measurement" into IFRS 9. IFRS 9 is to be applied to financial years commencing on or after 1 January 2015. Earlier adoption is permitted. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

- Amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures"

In December 2011, the IASB published amendments to IFRS 7 and IFRS 9 "Mandatory Effective Date and Transition Disclosures". The amendment postpones mandatory adoption of IFRS 9 to financial years commencing on or after 1 January 2015. IFRS 9 moreover provides for exemptions under which a company, during its transition to the new Standard, is not required to restate pre-year figures but may make additional disclosures in the notes instead. Moreover, IFRS 9 requires additional disclosures in the notes which are included as amendments in the existing IFRS 7. Based on the respective measurement category pursuant to IAS 39, these relate to the changes in carrying amounts resulting from the switch to IFRS 9 provided that these do not refer to measurement effects at the time of the switch, and additionally to the changes in carrying amounts attributable to such effects. For financial assets and liabilities which in future are measured at amortised costs as a result of the switch to IFRS 9, additional disclosures are required. Furthermore, a reconciliation of measurement categories pursuant to IAS 39 and IFRS 9 with balance sheet items as well as classes of financial instruments must be possible on the basis of disclosures in the notes. RHÖN-KLINIKUM AG is currently reviewing the precise impact in terms of accounting policies.

New standards and interpretations of no practical relevance from financial year 2013

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 RHÖN-KLINIKUM AG for 2013 as well as subsequent financial years:

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”
- Revision of IFRS 1 “First-time Adoption of International Financial Reporting Standards – Government Loans”

For further information on new Standards and interpretations and on revisions of existing Standards, we refer to our statements made in the 2011 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

The ultimate parent company is RHÖN-KLINIKUM AG with its registered office in Bad Neustadt a. d. Saale. In addition to the parent company, RHÖN-KLINIKUM AG, the scope of consolidation comprises 107 subsidiaries in Germany of which 100 are fully consolidated, as well as two companies accounted for using the equity method (of which one is a joint venture and the other an associated company). The other companies are recognised in the consolidated financial statements at the lower of cost or fair value.

Fully consolidated subsidiaries are all companies (including special-purpose entities) in which the Group exercises control over finance and business policy; this is normally accompanied by a share of more than 50.0% of 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. The Group reviews whether control is exercised also when the parent company holds less than 50% of the voting rights but has the possibility of controlling the business and finance policy based on de facto control. De facto control exists for example in the case of voting right agreements or high minority rights.

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 upon their first-time consolidation are recognised at cost. Companies whose individual or overall impact on the net assets and results of operations is not material are included in the consolidated financial statement at the lower of cost or fair value.

In the bidding procedure for HSK, Dr. Horst Schmidt Kliniken GmbH, hospital of the City of Wiesbaden, Federal State Capital (hereinafter referred to as HSK Kliniken GmbH) and its subsidiaries, RHÖN-KLINIKUM AG submitted a notarised bid on 30 December 2011. This bid for a strategic partnership was accepted by HSK Rhein-Main GmbH and the City of Wiesbaden on 28 March 2012. RHÖN-KLINIKUM AG thus acquired 49% of the shares in HSK Kliniken GmbH. The business combination was effected as a share deal. Costs relating to the acquisition in the amount of € 1.1 million were recognised in the income statement for the first half of 2012 under other operating expenses.

HSK-Gruppe, consisting of a maximum-care hospital counting a total of 1,027 approved beds, one MVZ company with three specialist practices close to hospitals, as well as one service and one real estate company , is included in the consolidated financial statements as of 1 May 2012.

The first-time consolidation of the acquired companies took place when control was obtained. At this time, all material conditions for implementation of the conditions agreed in the purchase price had been satisfied and no other obstacles to implementation could be identified. The purchase price allocation is preliminary because the final purchase price has not yet been determined.

Based on the preliminary purchase price allocation, the inclusion of HSK-Gruppe impacted the Group’s net assets as follows:

HSK-Gruppe	€m
Acquired assets and liabilities	
Intangible assets	2.0
Property, plant and equipment	77.0
Accounts receivable	36.5
Cash and cash equivalents	0.5
Other assets	41.5
Financial liabilities	-102.2
Accounts payable	-19.8
Provisions	-2.0
Other liabilities	-63.7
Net assets acquired	**-30.2**
Minority interests acquired on first-time consolidation	**15.2**
Prorated net assets of the Group	**-15.0**
Cost as defined by IFRS 3	44.6
Goodwill	**59.6**
Cost as defined by IFRS 3	44.6
- acquired cash and cash equivalents	-0.6
Cash outflow on transaction at date of first-time consolidation	**44.0**
Changes in minorities in connection with transaction	
Minority interests acquired on first-time consolidation	-15.2
Payment obligation towards minorities	-4.2
Capital increase of minorities	3.8
	-15.6

If the acquisition of HSK-Gruppe had already taken place with effect from 1 January 2012, consolidated revenues of the first six months of financial year 2012 would have amounted to € 1,470.1 million and net consolidated profit to € 39.8 million. We will promptly raise the standards of HSK-Gruppe to our level and in this connection are planning to construct a new hospital building within the next three to five years. The disclosures are made in accordance with IFRS 3.59 et seq. The goodwill arising by reason of the first-time acquisition reflects the expectations that the Group, with the acquisition of HSK-Gruppe, will acquire a stronger presence on the market and will be able to cut costs by reaping synergies. The fair value of accounts receivable is made up of an amount of € 37.7 million less specific valuation allowances of € 1.2 million.

The goodwill resulting from the first-time consolidation is not tax-deductible. The shares of non-controlling shareholders are measured at their proportionate fair value of net assets.

In the first half of financial year 2012, a total of 19 doctor’s practices close to hospitals and six ophthalmological doctor’s practices were acquired whose conditions of validity as per agreement were satisfied during the reporting period of the first half of 2012. Of the doctor’s practices acquired, three practices (one surgery, one neuro-surgery and one neuro-surgery/psychiatric doctor’s practice) are attributed to HSK-Gruppe consolidated for the first time with effect from 1 May 2012. Consolidation in the Group also took place in the first half of 2012. No incidental costs were incurred from the acquisition of the doctor’s practices. The final purchase price allocation provides for the following effects on the Group’s net assets in the first half of 2012:

Purchase of doctor's practices, January - June 2012	Fair value post acquisition €m
Acquired assets and liabilities	
Intangible assets	0.0
Property, plant and equipment	0.9
Net assets acquired	**0.9**
+ goodwill	7.3
Cost	**8.2**
- purchase price payments outstanding	-2.5
- acquired cash and cash equivalents	0.0
Cash outflow on transaction	**5.7**

Moreover, five doctor's practices (four radiology practices and one neurology practice) as well as three additional doctor's practices close to hospitals were acquired in the first six months of financial year 2012. Since the conditions of validity were met in accordance with agreement as at 1 July 2012, the doctor's practices will be transferred in the third and fourth quarter of 2012, respectively. Consolidation in the Group will also take place in the third and fourth quarter of 2012, respectively. No incidental costs were incurred from the acquisition of the doctor's practices. The provisional purchase price allocation provides for the following effects on the Group's net assets in the second half of 2012:

Purchase of doctor's practices valid as at 1 July 2012	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	1.3
Cost	**1.3**
- purchase price payments outstanding	-1.3
- acquired cash and cash equivalents	0.0
Cash outflow on transaction	**0.0**

OPERATING SEGMENTS

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

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

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

SELECTED EXPLANATIONS REGARDING CONSOLIDATED INTERIM INCOME STATEMENT

Revenues

January through June	2012 €m	2011 €m
Fields		
acute hospitals	1,338.7	1,255.7
Medical care centres	27.1	19.1
rehabilitation hospitals	24.5	23.5
	1,390.3	**1,298.3**
Federal states		
Bavaria	266.6	253.0
Saxony	193.4	184.5
Thuringia	156.5	153.6
Baden-Wuerttemberg	63.8	63.3
Brandenburg	61.6	58.1
Hesse	330.8	282.6
Mecklenburg-West Pomerania	3.2	3.2
Lower Saxony	210.9	207.4
North Rhine-Westphalia	40.3	32.0
Saxony-Anhalt	63.2	60.8
	1,390.3	**1,298.3**

According to IAS 18, revenues constitute revenues generated from the provision of services and in the first half of 2012 rose compared with the same period last year by € 92.0 million or 7.1% to reach € 1,390.3 million. Adjusting for changes in the scope of consolidation (first-time consolidation of HSK-Gruppe as of 1 May 2012, MVZ Augenärztliches Diagnostik- und Therapiecentrum Mönchengladbach/Erkelenz GmbH as of 1 October 2011 and MVZ Augenärztliches Diagnostik- und Therapiecentrum Siegburg GmbH as of 1 July 2011) to the tune of € 44.1 million, this translates into organic growth of € 47.9 million or 3.7%.

Other income

January through June	2012 €m	2011 €m
Income from services rendered	75.8	71.5
Income from grants and other allowances	7.9	8.8
Income from adjustment of receivables	1.6	1.0
Income from indemnification payments / Other reimbursements	7.4	0.8
Other	11.4	7.9
	104.1	**90.0**

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 expenditures in connection with publicly financed measures (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).

Compared with the same period last year, other income increased by € 14.1 million or 15.7%. Of this rise, + € 6.5 million is attributable to accounting income effects from the "separate accounting" in Gießen and Marburg recognised under the other remittances item, € 2.0 million to changes in the scope of consolidation and € 1.3 million to gains on disposal of assets recognised under the remaining other income at € 1.5 million (previous year: € 0.2 million). In addition, income from services rose on the back of higher sales of pharmaceuticals.

Other expenditures

January through June	2012 €m	2011 €m
Maintenance	43.6	47.0
Charges, subscriptions and consulting fees	36.7	28.1
Administrative and IT costs	11.2	10.3
Impairment on receivables	5.2	3.3
Insurance	8.2	6.2
Rents and leaseholds	9.7	7.1
Travelling, entertaining and representation expenses	3.9	3.9
Other personnel and continuing training costs	7.3	6.6
Losses on disposal of non-current assets	0.1	0.1
Secondary taxes	0.5	0.6
Other	14.2	12.3
	140.6	**125.5**

Compared with the same period last year, other expenditures in the first half of 2012 witnessed a disproportionate rise of € 15.1 million or 12.0% to reach € 140.6 million. Of this rise, € 10.1 million or 8.0% is accounted for by our long-standing subsidiaries and € 5.0 million or 4.0% by subsidiaries consolidated for the first time.

The declining expenditures were chiefly the result of lower expenditures in connection with various hospital construction projects that were completed in 2011.

The increase in expenditures for fees, subscriptions and consulting fees in the amount of € 8.6 million is essentially attributable to legal and consulting fees in connection with the voluntary public takeover offer submitted by Fresenius in the first half of 2012. Moreover, expenditures for companies consolidated for the first time amounting to € 0.5 million were recognised under this item for the first time.

Rental expenditures rose by € 2.6 million particularly as a result of the first-time consolidation of HSK-Gruppe as of 1 May 2012. Moreover, expenditure for insurance increased by a total of € 2.0 million essentially as a result of liability risks.

Financial result

The financial result includes profit shares at companies accounted for at equity in the amount of € 28,000 (previous year: loss shares of € 134,000). The change in the negative financial result totaling € 4.4 million is mainly (at € 2.3 million) attributable to the recognition of declining interest on debt capital since the construction measures were completed in the course of 2011. A burdening effect also came from the rise in net debt to banks due, among other things, to the acquisition of HSK-Gruppe.

Income taxes

January through June	2012 €m	2011 €m
Current income tax	9.0	10.6
Deferred taxes	1.3	-4.5
	10.3	**6.1**

At an unchanged rate of taxation, the tax expense item rose by € 4.2 million to € 10.3 million (previous year: € 6.1 million) compared with same period of the previous year. Adjusted for the one-off earnings increasing tax effects in the amount of € 9.0 million resulting from the conclusion of profit-and-loss transfer agreements of RHÖN-KLINIKUM AG with the facilities in Leipzig, Meiningen, Karlsruhe and Kipfenberg, the tax expense item, calculated using the uniform Group tax rate, declined by € 4.8 million as a result of the correspondingly lower tax assessment basis.

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 CONSOLIDATED INTERIM BALANCE SHEET

Goodwill and other intangible assets

	Goodwill	Other intangible assets	Total
	€m	€m	€m
Cost			
1 January 2012	**345.0**	**58.1**	**403.1**
Additions due to changes in scope of consolidation	66.9	1.0	67.9
Additions	0.0	1.2	1.2
Disposals	0.0	0.5	0.5
Transfers	0.0	0.5	0.5
30 June 2012	**411.9**	**60.3**	**472.2**
Cumulative depreciation and impairment			
01 January 2012	**0.0**	**37.7**	**37.7**
Depreciation	0.0	4.0	4.0
Disposals	0.0	0.4	0.4
30 June 2012	**0.0**	**41.3**	**41.3**
Balance sheet value at 30 June 2012	**411.9**	**19.0**	**430.9**

	Goodwill	Other intangible assets	Total
	€m	€m	€m
Cost			
01 January 2011	**323.1**	**54.8**	**377.9**
Additions due to changes in scope of consolidation	13.2	0.0	13.2
Additions	0.0	1.2	1.2
Disposals	0.0	0.5	0.5
Transfers	0.0	0.2	0.2
30 June 2011	**336.3**	**55.7**	**392.0**
Cumulative depreciation and impairment			
1 January 2011	**0.0**	**31.0**	**31.0**
Depreciation	0.0	4.1	4.1
Disposals	0.0	0.4	0.4
30 June 2011	**0.0**	**34.7**	**34.7**
Balance sheet value at 30 June 2011	**336.3**	**21.0**	**357.3**

PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Technical plant and equipment €m	Operating and business equipment €m	Plant under construction €m	Total €m
Cost					
1 January 2012	**1,881.5**	**83.6**	**570.3**	**157.1**	**2,692.5**
Additions due to changes in scope of consolidation	66.7	2.6	8.6	0.3	78.2
Additions	17.6	0.6	22.0	26.8	67.0
Disposals	2.0	0.1	5.4	0.0	7.5
Transfers	86.3	0.9	16.6	-104.3	-0.5
30 June 2012	**2,050.1**	**87.6**	**612.1**	**79.9**	**2,829.7**
Cumulative depreciation and impairment					
1 January 2012	**456.7**	**46.0**	**330.7**	**0.0**	**833.4**
Depreciation	27.6	2.9	33.9	0.0	64.4
Disposals	0.8	0.1	4.8	0.0	5.7
30 June 2012	**483.5**	**48.8**	**359.8**	**0.0**	**892.1**
Balance sheet value at 30 June 2012	**1,566.6**	**38.8**	**252.3**	**79.9**	**1,937.6**

	Land and buildings €m	Technical plant and equipment €m	Operating and business equipment €m	Plant under construction €m	Total €m
Cost					
1 January 2011	**1,504.6**	**69.9**	**491.5**	**490.8**	**2,556.8**
Additions due to changes in scope of consolidation	0.1	0.0	0.9	0.0	1.0
Additions	25.5	2.7	27.4	56.3	111.9
Disposals	0.3	0.1	3.3	0.0	3.7
Transfers	224.0	9.7	15.2	-249.1	-0.2
30 June 2011	**1,753.9**	**82.2**	**531.7**	**298.0**	**2,665.8**
Cumulative depreciation and impairment					
01 January 2011	**403.5**	**42.6**	**283.2**	**0.0**	**729.3**
Depreciation	22.4	2.4	30.3	0.0	55.1
Disposals	0.0	0.0	3.3	0.0	3.3
30 June 2011	**425.9**	**45.0**	**310.2**	**0.0**	**781.1**
Balance sheet value at 30 June 2011	**1,328.0**	**37.2**	**221.5**	**298.0**	**1,884.7**

Interests in companies accounted for at equity at € 135,000 (31 December 2011: € 107,000) are reported under the Other financial assets (non-current) on the grounds of materiality.

Shareholders' equity

Compared with the reporting date of 31 December 2011, the decline in equity capital by € 29.3 million to € 1,569.4 million stems from net consolidated profit for the first half of 2012 (€ 50.1 million), comparing with negative changes in the market values of financial derivatives designated as interest-rate hedging instruments (€ 1.1 million), dividends paid to shareholders and minority owners (€ 62.3 million), changes in the scope of consolidation in connection with the acquisition of HSK-Gruppe (€ 15.6 million), as well as capital payments to minority interests (€ 0.4 million).

Under the minority interests held by non-Group third parties in equity capital amounting to € 28.9 million (31 December 2011: € 43.7 million), non-controlling interests in net consolidated profit within the meaning of IAS 1.83 are stated.

Financial debt and financial derivatives

The framework volume of the syndicated line of credit existing since 2006 was reduced from € 400 million originally to € 345 million as at 9 June 2012. The draw-down on the line increased from € 285 million as at 31 December 2011 to € 345 million as at 30 June 2012.

The revolving line of credit in a volume of € 150 million existing since 2010 was utilised in the amount of € 70 million as at 30 June 2012.

On 18 February 2010 the rating agency Moody's upgraded the institutional rating of RHÖN-KLINIKUM AG to the category Baa2 (stable outlook). In a Credit Opinion from 28 February 2012, this rating (Baa2 – stable outlook) was latterly confirmed by Moody's.

To hedge a floating interest term loan with a term running until 30 June 2018, Dr. Horst Schmidt Kliniken GmbH holds an interest rate swap of the same term. Upon the inclusion of Dr. Horst Schmidt Kliniken in Group accounting as of 1 May 2012, the interest hedging transaction will be stated together with the loan (as hedged item) as a hedging relationship. Besides that, no new interest-rate hedges were concluded in the first half of 2012. The hedge relationships designated as at 31 December 2011 between variable interest-rate loans and interest-rate derivatives have also existed since 30 June 2012.

As at 30 June 2012 a total of € 31.3 million was allocated from hedge relationships to the re-valuation reserve. In the first half of 2012, changes in the valuation of non-hedged derivatives in the amount of € 0.03 million were recognised with earnings increasing effect in the financial result.

OTHER DISCLOSURES

Interests held in the Company

The shareholders specified below have notified the Company that during the reporting period their voting interest exceeded or fell below the statutory reporting thresholds pursuant to section 21 et seq. of the WpHG and that they thus at least temporarily held a voting interest of over 3% in the Company either directly or by way of attribution of such voting interest to them. Notified threshold events that took place in the period of 1 January 2012 up to and including 30 June 2012 are listed.

		Voting interest pursuant to sections 21, 22 WpHG on date that interest exceeds/ falls below threshold					
Notifying entity	**Published on**	**Held directly %**	**Attri-buted %**	**Voting rights held %**	**Date that interest exceeds/falls below the threshold**	**Interest exceeding/ falling below threshold in the case of**	**Attribution pursuant to WpHG (section 21 (1) WpHG)**
Franklin Mutual Advisers, LLC, Short Hills/USA	3 May 2012		3.19	**3.19**	26 April 2012	< 5%	Section 22 (1) sentence 1 no. 6
	3 May 2012		2.76	**2.76**	27 April 2012	< 3%	Section 22 (1) sentence 1 no. 6
Sun Life Financial Inc., Toronto / Canada	3 May 2012		1.32	**1.32**	30 April 2012	< 3%	Section 22 (1) sentence 1 no. 6 in conj. with sentence 2
BlackRock, Inc., New York / USA	10 May 2012		2.30	**2.30**	2 May 2012	< 3%	Section 22 (1) sentence 1 no. 6 in conj. with sentence 2
Templeton Investment Counsel, LLC, Wilmington, Delaware / USA	10 May 2012		2.94	**2.94**	8 May 2012	< 3%	Section 22 (1) sentence 1 no. 6
John Paulson, USA	31 May 2012		3.65	**3.65**	22 May 2012	> 3%	Section 22 (1) sentence 1 no. 1 Name of controlled entity: Paulson & Co. Inc.
Bankhaus Lampe KG, Bielefeld / Germany	22 June 2012			**5.29**	18 June 2012	> 3%, > 5%	Section 21 (1)
	22 June 2012			**0.00**	19 June 2012	< 5%, < 3%	Section 21 (1)
UBS AG Zurich / Switzerland	18 May 2012	3.23	0.52	**3.75**	11 May 2012	> 3%	Section 22 (1) sentence 1 no. 1
	23 May 2012	0.38	0.52	**0.90**	16 May 2012	< 3%	Section 22 (1) sentence 1 no. 1
	5 June 2012	3.15	0.56	**3.71**	29 May 2012	> 3%	Section 22 (1) sentence 1 no. 1
	5 June 2012	1.44	0.55	**1.99**	30 May 2012	< 3%	Section 22 (1) sentence 1 no. 1
	5 June 2012	2.56	0.56	**3.12**	31 May 2012	> 3%	Section 22 (1) sentence 1 no. 1
	8 June 2012	2.20	0.56	**2.76**	1 June 2012	< 3%	Section 22 (1) sentence 1 no. 1
	14 June 2012	4.59	0.56	**5.15**	5 June 2012	> 3%, > 5%	Section 22 (1) sentence 1 no. 1
	26 June 2012	11.11	0.56	**11.66**	19 June 2012	> 10%	Section 22 (1) sentence 1 no. 1
	27 June 2012	8.95	0.56	**9.51**	21 June 2012	< 10%	Section 22 (1) sentence 1 no. 1
Skandinaviska Enskilda Banken AB (publ), Stockholm / Sweden	14 June 2012	0.00	7.62	**7.62**	7 June 2012	> 5%	Section 22 (1) sentence 1 no. 1 Name of controlled entity: SEB AG, Germany
	27 June 2012			**0.00**	26 June 2012	< 5%, < 3%	Section 21 (1)
Credit Suisse Group AG, Zurich / Switzerland	3 July 2012		3.19	**3.19**	26 June 2012	> 3%	3.02% pursuant to section 22 (1) sentence 1 no. 1 - names of controlled entities: Credit Suisse AG, Credit Suisse Investments (UK), Credit Suisse Investment Holdings (UK), Credit Suisse Securities (Europe) Limited; 0.7% pursuant to section 22 (1) sentence 1 no. 6 in conjunction with sentence 2
Morgan Stanley, Delaware / USA	18 June 2012		4.03	**4.03**	11 June 2012	> 3%	Section 22 (1) sentence 1 no. 1
	5 July 2012		0.24	**0.24**	27 June 2012	< 3%	Section 22 (1) sentence 1 no. 1
Dr. gr. Broermann, Germany	27 June 2012		5.01	**5.01**	27 June 2012	> 5%	Section 22 (1) sentence 1 no. 1 Names of controlled entities: Asklepios Kliniken GmbH, Asklepios Kliniken Verwaltungsgesellschaft mbH
Else Kröner-Fresenius-Stiftung, Bad Homburg v. d. Höhe, Germany	3 July 2012		3.38	**3.38**	29 June 2012	> 3%	Section 22 (1) sentence 1 no. 1 Names of controlled entities: Fresenius Management SE, Fresenius SE & Co. KGaA

The notified voting interests may have changed since 30 June 2012. With regard to notifications on threshold events pursuant to section 21 (1) of the WpHG that took place as of 1 July 2012, 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 homepage in the Investors / 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.

From the shareholders listed below the Company has not received any new notificatons of threshold events pursuant to sections 21 et seq. during the reporting period of 1 January 2012 up to and including 30 June 2012. Consequently, the Company has no new information regarding their voting shares.

		Voting interest pursuant to sections 21, 22 WpHG on date that interest exceeds/ falls below threshold*					
Notifying entity	**Published on**	**Held directly %**	**Attri-buted %**	**Voting rights held %**	**Date that interest exceeds/falls below the threshold**	**Interest exceeding/ falling below threshold in**	**Attribution pursuant to WpHG (section 21 (1) WpHG)**
Ingeborg Münch, Germany**	15 February 2007	6.42		**6.42**	17 April 2002	> 5%	Section 21 (1)
Eugen Münch, Germany**	15 February 2007	9.74		**9.74**	26 September 2005	< 10%	Section 21 (1)
Alecta pensionsförsäkring ömesesidigt, Stockholm/Sweden	17 July 2009	9.94		**9.94**	15 July 2009	< 10%	Section 21 (1)

* 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.

In addition, the shareholders specified below have notified the Company that during the reporting period their voting interest exceeded or fell below the statutory notification thresholds pursuant to sections 25, 25a of the WpHG. Notified threshold events that took place in the period of 1 January up to and including 30 June 2012 are listed. The reported voting interests may have changed since 30 June 2012. With regard to notifications on threshold events that took place as of 1 July 2012, 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 homepage in the Investors / IR News section.

			Voting interest pursuant to section 25 WpHG on date that interest exceeds/ falls below threshold		
Notifying entity	Published on	Voting rights held %	Date that interest exceeds/falls below the	Interest exceeding/ falling below threshold in	Structure of voting interests
Bankhaus Lampe KG, Bielefeld / Germany	15 June 2012	**5.41**	12 June 2012	> 5%	0.02% pursuant to sections 21, 22 WpHG, 5.39% instruments pursuant to section 25 WpHG
	22 June 2012	**0.00**	18 June 2012	< 5%	5.29% pursuant to sections 21, 22 WpHG, 0% instruments pursuant to section 25 WpHG
UBS AG, Zurich / Switzerland	18 May 2012	**5.76**	11 May 2012	> 5%	3.75% pursuant to sections 21, 22 WpHG, 2.01% instruments pursuant to section 25 WpHG
	15 June 2012	**10.08**	8 June 2012	> 10%	8.65% pursuant to sections 21, 22 WpHG and 1.43% instruments pursuant to section 25 WpHG
	15 June 2012	**9.56**	11 June 2012	< 10%	8.59% pursuant to sections 21, 22 WpHG and 0.97% instruments pursuant to section 25 WpHG
	25 June 2012	**11.72**	18 June 2012	> 10%	9.12% pursuant to sections 21, 22 WpHG, 2.60% instruments pursuant to section 25 WpHG (exercise period at any time)
	28 June 2012	**9.09**	22 June 2012	< 10%	6.16% pursuant to sections 21, 22 WpHG, 2.93% instruments pursuant to section 25 WpHG (exercise period at any time)
Skandinaviska Enskilda Banken AB (publ), Stockholm, Sweden	14 June 2012	**12.37**	7 June 2012	> 10%	7.62% pursuant to sections 21, 22 WpHG, 4.75% instruments pursuant to section 25 WpHG (maturity after termination, exercise at any time up to termination)
	18 June 2012	**15.03**	13 June 2012	> 15%	9.89% pursuant to sections 21, 22 WpHG, 5.14% instruments pursuant to section 25 WpHG (maturity after termination, exercise at any time up to termination)
	20 June 2012	**14.74**	18 June 2012	< 15%	9.63% pursuant to sections 21, 22 WpHG, 5.10% instruments pursuant to section 25 WpHG (maturity after termination, exercise at any time up to termination)
	26 June 2012	**9.73**	22 June 2012	< 10%	6.09% pursuant to sections 21, 22 WpHG, 3.65% instruments pursuant to section 25 WpHG (maturity after termination, exercise at any time up to termination)
	27 June 2012	**0.00**	26 June 2012	< 5%	0% pursuant to sections 21, 22 WpHG, 0% instruments pursuant to section 25 WpHG
Morgan Stanley, Delaware / USA	18 June 2012	**6.24**	11 June 2012	> 5%	4.03% pursuant to sections 21, 22 WpHG, 2.21% instruments pursuant to section 25 WpHG (re-transfer claims, exercisable according to discretion of lender)
	5 July 2012	**0.36**	27 June 2012	< 5%	0.24% pursuant to sections 21, 22 WpHG, 0.11% instruments pursuant to section 25 WpHG (re-transfer claims, exercisable according to discretion of lender)

Notifying entity	Published on	Voting rights held %	Voting interest pursuant to section 25a WpHG on date that interest exceeds/ falls below threshold: Date that interest exceeds/falls below the	Interest exceeding/ falling below threshold in	Structure of voting interests
Else Kröner-Fresenius-Stiftung, Bad Homburg v. d. Höhe, Germany	2 May 2012	**12.45**	25 April 2012	> 10%	Offer obligation
	21 June 2012	**0.0003**	15 June 2012	< 10%, < 5%	0.0003% pursuant to sections 21, 22 WpHG, 0% instruments pursuant to section 25 WpHG and pursuant to section 25a WpHG
UBS AG Zurich / Switzerland	11 June 2012	**12.17**	4 June 2012	> 10%	2.82% pursuant to sections 21, 22 WpHG, 6.46% instruments pursuant to section 25 WpHG, 2.89% pursuant to section 25a WpHG (equity swaps, maturity at any time, expiry on 18 June 2012)
	15 June 2012	**16.23**	8 June 2012	> 15%	8.65% pursuant to sections 21, 22 WpHG, 1.43% instruments pursuant to section 25 WpHG, 6.15% pursuant to section 25a WpHG (equity swaps with maturity at any time and expiry on 18 June 2012, 20 June 2012, 26 June 2012; cash settled futures with maturity at any time and expiry on 20 July 2012)
	22 June 2012	**14.18**	15 June 2012	< 15%	9.08% pursuant to sections 21, 22 WpHG, 0.40% instruments pursuant to section 25 WpHG, 4.70% pursuant to section 25a WpHG (equity swaps with maturity at any time and expiry on 18 June 2012, 20 June 2012, 26 June 2012)
	28 June 2012	**0.00**	22 June 2012	< 10%, < 5%	6.16% pursuant to sections 21, 22 WpHG, 2.93% instruments pursuant to section 25 WpHG, 0% pursuant to section 25a WpHG
Morgan Stanley, Delaware / USA	19 June 2012	**6.29**	11 June 2012	> 5%	4.03% pursuant to sections 21, 22 WpHG, 2.21% instruments pursuant to section 25 WpHG, 0.06% instruments pursuant to section 25a WpHG (cash settled swaps with expiry on 11 April 2014 and 28 May 2014; cash settled futures with expiry on 15 June 2012)
	5 July 2012	**0.37**	27 June 2012	< 5%	0.24% pursuant to sections 21, 22 WpHG, 0.11% instruments pursuant to section 25 WpHG, 0.01% instruments pursuant to section 25a WpHG (cash settled swaps with expiry on 31 October 2013 and 11 March 2013)

As at 30 June 2012, the Company holds 24,000 treasury shares. This corresponds to 0.017% of the voting rights.

Corporate Bodies and Advisory Board

Since the last reporting date, the composition of the Supervisory Board has remained unchanged. Regarding the composition of the Supervisory Board as well as its allocation of duties and responsibilities, please refer to the Annual Report as at 31 December 2011.

With effect from 24 May 2012, Dr. Irmgard Stippler left the Board of Management.

The allocation of responsibilities within the Board of Management was adjusted to this accordingly.

The composition of the Advisory Board as well as its distribution of duties and responsibilities have not changed since 31 December 2011.

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 2011. 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 2011. The same applies for the financial receivables and/or liabilities that existed with related parties.

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

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, with the exception of the member that left the Board of Management with effect from 24 May 2012, Dr. Irmgard Stippler, has remained unchanged since the last reporting date.

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

During the reporting period, RHÖN-KLINIKUM AG was notified of transactions pursuant to section 15a of the WpHG of members of the Board of Management or of the Supervisory Board (directors' dealings). These concerned the sale by the member of the Supervisory Board, Dr. Brigitte Mohn, of 10,000 ordinary shares on 2 May 2012 at a price of € 21.21 for a total volume of € 212,134.00; and the sale by the member of the Supervisory Board, Dr. Rüdiger Merz, of 16,820 ordinary shares on 9 May 2012 at a price of € 21.16 for a total volume of € 355,911.00.

Employees

At the reporting date of 30 June 2012 the Group employed a total of 42,994 persons (31 December 2011: 39,325 persons). This increase by 3,669 versus the reporting date of 31 December 2011 is attributable, among other things, to 3,272 persons added in connection with the acquisition of HSK-Gruppe.

Other financial obligations

The investment obligations resulting from company purchase agreements rose as at the reporting date to € 159.1 million (31 December 2011: € 42.0 million). The rise is essentially based on investment obligations under the acquisition of HSK-Gruppe.

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

Contingent liabilities

The aggregate amount of contingent liabilities increased since the last reporting date by roughly € 2 million as a result of the first-time consolidation of HSK-Gruppe.

Earnings per share

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

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

	No. of shares on 30 June 2012	No. of shares on 30 June 2011
Non-par shares	138,232,000	138,232,000
Treasury non-par shares	-24,000	-24,000
Shares in issue	**138,208,000**	**138,208,000**

Earnings per share are calculated as follows:

Non-par shares	**30 June 2012**	**30 June 2011**
Share in net consolidated profit (€ '000)	48,730	81,772
Weighted average number of shares in issue in '000 units	138,208	138,208
Earnings per share in €	0.35	0.59

Cash Flow Statement

The cash flow statement 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 the scope of consolidation has been eliminated. In accordance with IAS 7 (Cash Flow Statements), a distinction is made between cash flows from operating activities, investing activities as well as financing activities. The liquidity shown in the statement of changes in financial position includes cash on hand, cheques as well as cash with banks. For the purposes of the cash flow statement, bank overdrafts in the amount of € 5.1 million (previous year: € 8.2 million) are deducted from cash and cash equivalents. The cash flow statement has included a figure of € 19.8 million (previous year: € 27.2 million) for outstanding construction invoices and a figure € 0.03 million (previous year: € 0.03 million) for non-cash income from financial derivatives.

Bad Neustadt a. d. Saale, 9 August 2012

RHÖN-KLINIKUM Aktiengesellschaft

THE BOARD OF MANAGEMENT

Volker Feldkamp Dr. Erik Hamann Martin Menger Wolfgang Pföhler

ASSURANCE OF LEGAL REPRESENTATIVES

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

Bad Neustadt a. d. Saale, 9 August 2012

RHÖN-KLINIKUM Aktiengesellschaft

THE BOARD OF MANAGEMENT

Volker Feldkamp   Dr. Erik Hamann   Martin Menger   Wolfgang Pföhler

CERTIFICATE BASED ON AUDITOR'S REVIEW

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

We have reviewed the condensed consolidated interim financial statements - comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and selected explanatory notes - and the interim group management report of RHÖN-KLINIKUM Aktiengesellschaft, Bad Neustadt a. d. Saale for the period from January 01, 2012 to June 30, 2012 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Frankfurt am Main, 9 August 2012
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Burkhart	ppa. Andreas Heinrich
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

KEY RATIOS

KEY RATIOS JANUARY THROUGH JUNE 2012 / JANUARY THROUGH JUNE 2011

Data in € m	Jan. – June 2012	Jan. – June 2011	Change in %
Revenues	1,390.3	1,298.3	7.1
Materials and consumables used	364.5	333.2	9.4
Employee benefits expense	844.1	767.9	9.9
Depreciation/amortisation and impairment	68.4	59.3	15.3
Net consolidated profit according to IFRS	50.1	84.2	-40.5
Earnings share of RHÖN-KLINIKUM AG shareholders	48.7	81.8	-40.5
Earnings share of minority interests	1.3	2.4	-45.8
Return on revenue (%)	3.6	6.5	-44.6
EBT	60.4	90.3	-33.1
EBIT	76.8	102.3	-24.9
EBIT - ratio (%)	5.5	7.9	-30.4
EBITDA	145.2	161.7	-10.2
EBITDA ratio (%)	10.4	12.5	-16.8
Operating cash flow	117.0	143.4	-18.4
Property, plant and equipment as well as investment property	1,942.1	1,889.4	2.8
Non-current income tax claims	11.8	13.9	-15.1
Equity according to IFRS	1,569.4	1,536.6	2.1
Return on equity, %	6.3	11.1	-43.2
Balance sheet total according to IFRS	3,334.5	3,075.4	8.4
Investments			
in property, plant and equipment, intangible assets as well as in investment property	214.2	127.3	68.3
in other assets	0.5	0.0	0.0
Earnings per ordinary share (€)	0.35	0.59	-40.7
Number of employees (headcount)	42,994	38,298	12.3
Case numbers (patients treated)	1,256,482	1,147,893	9.5
Beds and places	17,083	15,978	6.9

KEY RATIOS APRIL THROUGH JUNE 2012 / APRIL THROUGH JUNE 2011

Data in € m	April - June 2012	April - June 2011	Change in %
Revenues	708.0	651.1	8.7
Materials and consumables used	186.5	165.6	12.6
Employee benefits expense	435.7	386.0	12.9
Depreciation/amortisation and impairment	35.1	31.1	12.9
Net consolidated profit according to IFRS	15.9	46.2	-65.6
Earnings share of RHÖN-KLINIKUM AG shareholders	15.6	45.2	-65.5
Earnings share of minority interests	0.4	1.0	-60.0
Return on revenue (%)	2.3	7.1	-67.6
EBT	19.3	44.4	-56.5
EBIT	28.3	51.7	-45.3
EBIT - ratio (%)	4.0	7.9	-49.4
EBITDA	63.4	82.9	-23.5
EBITDA ratio (%)	9.0	12.7	-29.1
Operating cash flow	51.0	77.3	-34.0
Property, plant and equipment as well as investment property	1,942.1	1,889.4	2.8
Non-current income tax claims	11.8	13.9	-15.1
Equity according to IFRS	1,569.4	1,536.6	2.1
Return on equity, %	4.0	12.0	-66.7
Balance sheet total according to IFRS	3,334.5	3,075.4	8.4
Investments			
in property, plant and equipment as well as in intangible assets and in investment property	172.0	74.8	129.9
in other assets	0.5	0.0	0.0
Earnings per ordinary share (€)	0.11	0.32	-65.6
Number of employees (headcount)	42,994	38,298	12.3
Case numbers (patients treated)	646,586	568,261	13.8
Beds and places	17,083	15,978	6.9

KEY RATIOS APRIL THROUGH JUNE 2012 / JANUARY THROUGH MARCH 2012

Data in € m	April - June 2012	Jan. – Mar. 2012	Change in %
Revenues	708.0	682.3	3.8
Materials and consumables used	186.5	178.0	4.8
Employee benefits expense	435.7	408.4	6.7
Depreciation/amortisation and impairment	35.1	33.3	5.4
Net consolidated profit according to IFRS	15.9	34.1	-53.4
Earnings share of RHÖN-KLINIKUM AG shareholders	15.6	33.2	-53.0
Earnings share of minority interests	0.4	0.9	-55.6
Return on revenue (%)	2.3	5.0	-54.0
EBT	19.3	41.0	-52.9
EBIT	28.3	48.5	-41.6
EBIT - ratio (%)	4.0	7.1	-43.7
EBITDA	63.4	81.8	-22.5
EBITDA ratio (%)	9.0	12.0	-25.0
Operating cash flow	51.0	66.0	-22.7
Property, plant and equipment as well as investment property	1,942.1	1,865.9	4.1
Non-current income tax claims	11.8	11.7	0.9
Equity according to IFRS	1,569.4	1,632.4	-3.9
Return on equity, %	4.0	8.5	-52.9
Balance sheet total according to IFRS	3,334.5	3,171.9	5.1
Investments			
in property, plant and equipment as well as in intangible assets and in investment property	172.0	42.2	307.6
in other assets	0.5	0.0	0.0
Earnings per ordinary share (€)	0.11	0.24	-54.2
Number of employees (headcount)	42,994	39,380	9.2
Case numbers (patients treated)	646,586	609,896	6.0
Beds and places	17,083	16,060	6.4

FINANCIAL CALENDAR

Dates for shareholders and analysts

2012

9 August 2012	Publication of Half-Year Financial Report as at 30 June 2012
8 November 2012	Publication of Interim Report for the quarter ending 30 September 2012

2013

21 February 2013	Preliminary results for financial year 2012
25 April 2013	Results Press Conference: Publication of 2012 Annual Financial Report
25 April 2013	Publication of Interim Report for the quarter ending 31 March 2013
12 June 2013	Annual General Meeting (at the Jahrhunderthalle Frankfurt)
8 August 2013	Publication of Half-Year Financial Report as at 30 June 2013
7 November 2013	Publication of Interim Report for the quarter ending 30 September 2013

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

Visitors' address:
Salzburger Leite 1
97616 Bad Neustadt a. d. Saale,
Germany
Phone ++ 49 97 71 65-0
Fax ++49 97 71 9 74 67

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

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

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