

Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg



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# Consolidated interim report

as at 31 March 2015

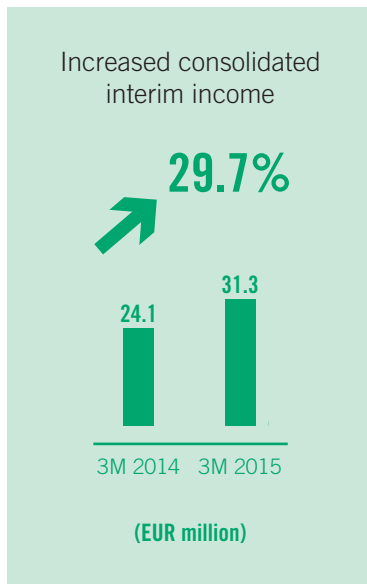
in accordance with International Financial Reporting Standards

# Contents

<b>Interim Group management report</b>	<b>5</b>
<b>Consolidated interim financial statements as at 31 March 2015</b>	<b>16</b>
Consolidated income statement	16
Consolidated statement of comprehensive income	17
Consolidated statement of cash flows	18
Consolidated statement of financial position	19
Statement of changes in consolidated equity	21
Notes to the consolidated interim financial statements	22

# Facts about the first quarter of 2015

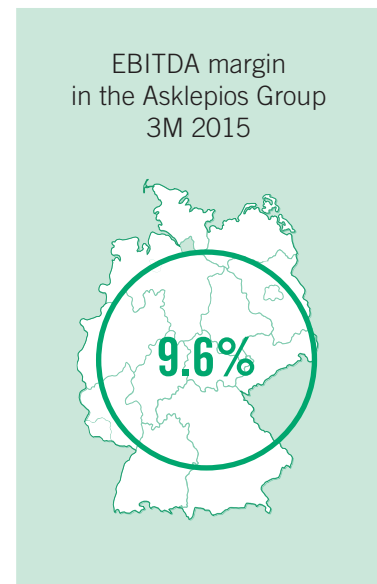
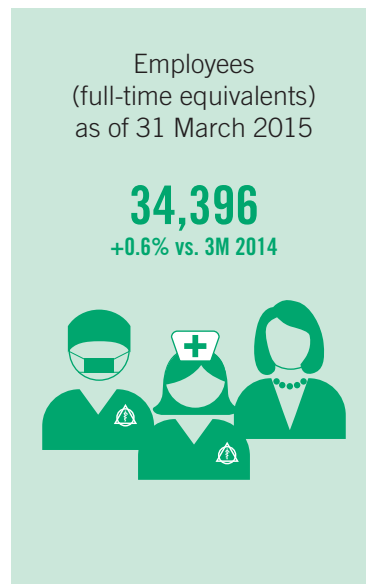
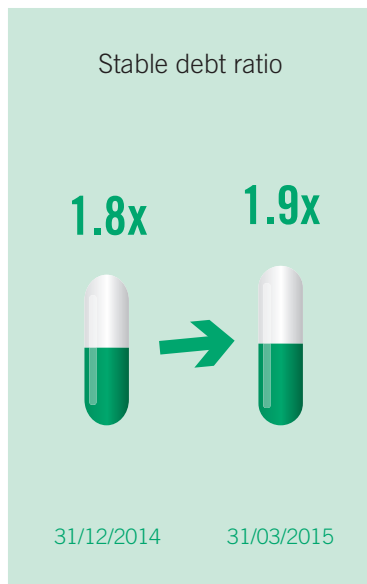
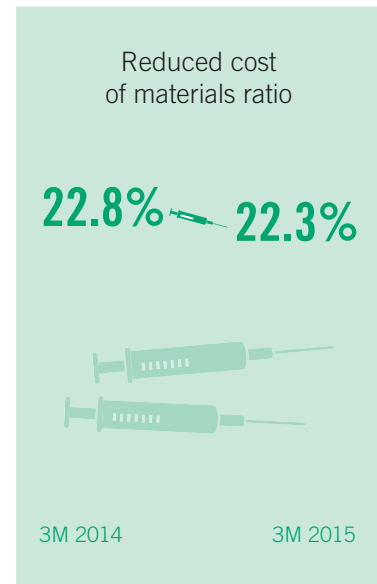
## Quality, innovation and social responsibility



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“German award for patient safety” for the Critical Incident Reporting System

CIRS



## Group key figures as at 31 March 2015

		3 months 2015	3 months 2014	Change
Number of patients		558,690	542,741	+2.9 %
Valuation ratio		148,665	145,910	+1.9 %
Number of beds		26,550	26,587	-0.1 %
Employees (full-time equivalents)		34,396	34,189	+0.6 %
Net cash flow (operating cash flow)	EUR million	71.6	70.6	+1.4 %
Sales	EUR million	774.1	753.7	+2.7 %
EBITDAR <sup>1)</sup>	EUR million	87.7	77.6	+13.0 %
<i>EBITDAR margin in %</i>		11.3	10.3	
EBITDA	EUR million	74.6	64.0	+16.5 %
<i>EBITDA margin in %</i>		9.6	8.5	
EBIT	EUR million	46.4	37.0	+25.5 %
<i>EBIT margin in %</i>		6.0	4.9	
Consolidated interim income	EUR million	31.3	24.1	+29.7 %
<i>Return on sales in %</i>		4.0	3.2	
Investments in property, plant and equipment and intangible assets (own funds)	EUR million	112.3	25.8	>100 %
<i>Own funds ratio in %<sup>2)</sup></i>		70.1	58.6	
Interest coverage factor (EBITDA/interest result)		8.3x	7.5x	

		31/03/2015	31/12/2014	Change
Total assets	EUR million	2,922.7	2,863.4	3.8 %
Equity	EUR million	955.8	1,001.7	-4.6 %
<i>Equity ratio in %</i>		32.7	35.0	
Financial liabilities (excluding subordinated capital)	EUR million	688.5	695.7	-1.0 %
Cash and cash equivalents	EUR million	94.2	161.2	-41.6 %
Net debt		594.3	534.5	11.2 %
Net debt/EBITDA <sup>3)</sup>		1.7x	1.6x	
Financial liabilities (including subordinated capital)	EUR million	735.5	742.7	-1.0 %
Cash and cash equivalents	EUR million	94.2	161.2	-41.6 %
Net debt	EUR million	641.3	581.5	10.3 %
Net debt/EBITDA <sup>3)</sup>		1.9x	1.8x	

<sup>1)</sup> Earnings before financial result, taxes, depreciation and amortisation and rent

<sup>2)</sup> In relation to investments at hospital locations

<sup>3)</sup> EBITDA of the preceding twelve months

# Interim Group management report

## A. Asklepios Group starts the 2015 financial year with a good first quarter 1

In the first three months of the 2015 financial year, Asklepios generated revenue totalling EUR 774.1 million, equating to a 2.7% increase on the same period of the previous year. The income growth resulted from organic growth in patient numbers. From January to March 2015, a total of 558,690 patients were treated at the facilities of the Asklepios Group, 2.9% or 15,949 cases more than in the same quarter of the previous year.

EBITDA amounted to EUR 74.6 million, EUR 10.6 million or 16.5% higher than the EUR 64.0 million in the same period of the previous year. Asklepios therefore achieved an operating EBITDA margin of 9.6% in the first three months of 2015, 1.1 percentage points higher than the 8.5% of the same quarter of the previous year. The trend that saw some items of the cost of materials developing at a lower rate than revenue continued in the first quarter of 2015. The cost of materials ratio was further reduced from 22.6% as of 31 December 2014 to 22.3%. In particular the expenses for energy and fuel could be lowered through centrally managed measures relating to the purchase of energy. Personnel expenses increased slightly compared to the same period of the previous year. This resulted from an increase in the number of full-time equivalents – especially of medical staff – by 207 to 34,396 as an investment in the quality of medical outcomes and future performance increases. Consolidated interim income was increased by 29.7% to EUR 31.3 million (previous year: EUR 24.1 million). The return on sales therefore improved by 0.8 percentage points to 4.0% in the reporting period (same quarter of the previous year: 3.2%).

Net cash from operating activities amounted to EUR 71.6 million, higher than in the previous year (EUR 70.6 million). While EBITDA rose sharply, the change in working capital, particularly trade receivables, also had a notable effect here. Cash flow from operating activities was offset by net cash used in investing activities of EUR 110.7 million (same quarter of the previous year: EUR 25.2 million). The increased investments were financed from operating cash flow and from cash and cash equivalents.

On 31 March 2015, the Group's net debt amounted to EUR 641.3 million (previous year: EUR 581.5 million). As on 31 December 2014, EUR 47.0 million of this figure still related to subordinated capital at a higher interest rate. At 1.9 times EBITDA, the debt ratio was at the previous year's level. As of 31 March 2015, the equity ratio was 32.7% due to the market-driven time value of money for pension provisions (31 December 2014: 35.0%). Cash and cash equivalents and unutilised credit facilities mean that the Group has financial reserves totalling EUR 634.0 million available at short notice (31 December 2014: EUR 682.7 million).

## B. General economic conditions

The German economy picked up momentum again at the end of 2014. According to the German Federal Statistical Office (Destatis), gross domestic product (GDP) in the fourth quarter of 2014 was 0.7% higher than in the third quarter of 2014 (when adjusted for prices, seasonal factors and calendar effects). The economic situation stabilised towards the end of the year following the dynamic start and the weak phase in the summer. For 2014 as a whole, there was an increase of 1.6%.

The German economy is likely to keep up the pace of the strong final quarter of 2014 in the first quarter of 2015, according to the Economic Barometer of the German Institute for Economic Research (DIW Berlin). According to DIW experts, the high momentum is largely the result of the sharp decline in oil prices and the expansion of pension increases. Consumer demand in Germany is supported by the good employment market situation and the strong development of wages. According to DIW, the situation on the employment market is likely to remain consistently favourable; the drop in employment feared as a result of minimum wage legislation has so far failed to materialise. DIW estimates that investments will increase only moderately – also because the risks for economic development remain high. Political disagreements over the continuation of the policy of reform in the crisis-hit countries of the euro zone and an escalation in the conflict between Russia and Ukraine could throw up distortions on the financial markets and thus curtail companies' willingness to invest.

## C. General sector conditions

The growth dynamics in Germany's different federal states continue to vary. In non-city states, demographic influences are tending to result in lower growth, while performance is increasing in urban regions. The agreed increases in valuation ratios at state level are between 0% in Saxony and 2.18% in Lower Saxony, but this reflects the agreement of individual hospitals and not real performance. Performance varies between hospitals. It is plain to see that clear performance profiles result in increasing demand for offerings. The development of individual indications, especially with regard to typical age-related illnesses such as cardiology, nutritional and metabolic diseases, pulmonary diseases and diseases of the digestive system, is very positive and is expected to stabilise over the course of the year. In contrast, development in psychiatric facilities is slowing after several years of significant performance increases. Demand is still increasing slightly, but to a much lesser extent than in previous years. For the rehabilitation segment, Asklepios continues to expect increasing demand on the basis of medium and long-term trends.

In accordance with the provisions of the German Hospital Fees Act (KHEntgG), the Federal Statistical Office published the orientation value for hospitals in due time on 30 September 2014. This expresses the average annual percentage change in hospital costs that stems exclusively from preexisting statistics regarding price and income changes. As the orientation value of 1.44% is lower than the base remuneration rate of 2.53%, the 2015 change value equals the base remuneration rate in accordance with Section 10 (6) Sentence 5 KHEntgG as amended by the Owed Contributions Act in 2013. The change value in 2015 is therefore 2.53%.

In turn, the change value is the benchmark for the maximum increase in base rates at state level. As a result of performance and the development of expenditure in other performance segments, such as additional fees, the actual increase in unweighted base rates at state level averages approximately 2%. Due to the budget technique, the real budget developments of individual hospitals are in some cases uncoupled from this, because, to avoid discounts for additional services in subsequent years, budgets are kept high where possible, and if a performance increase actually occurs the agreed quantity is first topped up. In addition, hospitals establish private clinics based at the relevant budget hospital to try to realise services outside of the budget, as these are not subject to discounts for additional services. This is proving very positive at Asklepios, especially at the hospitals where Privita comfort wards have already been set up.

As a result of the amendments to the Statutory Health Insurance Care Structure Act at the end of 2014, the care surcharge of 0.8% of invoiced services will continue until at least the end of 2016. For this purpose, the additional services discount of 25% for agreed additional services was extended to three years; the discount for non-agreed additional services is 65%. As a result of this amendment to the law, which also relates to additional services in 2013 that are to be paid for as a discount again in 2015, hospitals with high additional services are more greatly affected by the legal reforms. The hygiene programme, which since 2013 has partially funded the cost increases necessitated by the provisions of the Infection Prevention Act, has become established procedure following various arbitration rulings and legislative changes. However, its share of the total budget is small at 0.1%.

The strained situation on the employment markets for doctors and nursing professions is resulting in staff cost increases that are regularly higher than wage increases. Additional personnel expenses are incurred to increase the attractiveness of healthcare professions in order to counteract the emerging shortage of qualified staff. Asklepios is aware of this problem and has established conditions in its hospitals to facilitate work-life balance and to increase employee satisfaction. To increase the attractiveness of the workplace, Asklepios is investing continually in its modern and innovative medical facilities.

## D. Outlook

Asklepios uses its financial strength to make continuously high investments in its locations from own funds. The proportion of own funds in total investments will continue to increase in the current financial year. In connection with substantial expenditure for the training and education of personnel, the Asklepios Group sees this as a significant reason for the existing organic growth of patient numbers in the current financial year. As well as increasing the attractiveness of the facilities for patients and referring doctors, the investments also frequently improve efficiency both in terms of the consumption of resources and clinical processes.

Overall, the competition for diversification in the hospital sector is expected to accelerate further in the medium term. In addition, past experience shows that hospital reforms are not accompanied by a higher budget for hospitals, but only by a reallocation or even a cut of existing funds. In light of the greater “pay-for-performance remuneration” in future, Asklepios will continue to focus on structural optimisation and the quality of medical outcomes in the 2015 financial year.

Asklepios is also responding to this trend with the targeted positioning of its hospitals as part of the specialism plan. Specialisms have been defined for nearly all Asklepios hospitals; this is already being systematically implemented at several hospitals. This concept is supported by stronger cooperation and targeted network building within the Group, with a focus on establishing care structures that are as comprehensive as possible. With these measures and the right targeted offerings in high-demand medical fields, it remains possible for Asklepios to prevail in the present environment and to generate above-average growth. In contrast to the solid growth achieved by Asklepios as a result of this strategy, the hospital market is seeing growth in case numbers of approximately 2%, as it did in the previous year.

The Asklepios Group’s business goals for 2015 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase in EBIT and EBITDA compared to the previous year. In the first quarter of 2015, Asklepios is on target with a revenue increase of 2.7% compared to the same period of the previous year. Asklepios is also set to meet these targets compared to the same quarter of the previous year with EBITDA of EUR 74.6 million.

## E. Net assets, financial position and results of operations

### 1) Business performance and results of operations

EUR'000	3 months 2015	3 months 2014	Relative change
Revenue	774,115	753,658	2.7 %
Other operating income	59,561	52,582	13.2 %
Cost of materials	172,729	171,916	0.5 %
Personnel expenses	509,735	494,190	3.2 %
Other operating expenses (not including rental expenditure)	63,549	62,541	1.6 %
<b>EBITDAR</b>	<b>87,663</b>	<b>77,593</b>	<b>13.0 %</b>
Rental expenditure	13,076	13,551	-3.5 %
<b>EBITDA</b>	<b>74,587</b>	<b>64,042</b>	<b>16.5 %</b>
Depreciation and amortisation	28,160	27,061	4.1 %
<b>EBIT</b>	<b>46,427</b>	<b>36,981</b>	<b>25.5 %</b>
Financial result	-8,971	-8,520	5.3 %
Income taxes	-6,188	-4,344	42.4 %
<b>Consolidated interim income</b>	<b>31,268</b>	<b>24,117</b>	<b>29.7 %</b>

Revenue increased by 2.7% from EUR 753.7 million to EUR 774.1 million. This resulted from purely organic growth in the number of patients by 15,949 or 2.9% to 558,690.

A total of 85.0% (previous year: 85.5%) of revenue was generated in acute care hospitals, 14.2% (previous year: 13.7%) in rehabilitation clinics and 0.8% (the same as in the previous year) in other facilities.

Other operating income of EUR 59.6 million (previous year: EUR 52.6 million) includes income from other services, additional operations, cost reimbursements and other grants. The increase particularly results from higher income from additional operations like pharmacies, for example.

Group key figures	3 months 2015	3 months 2014	Absolute Change
Total patients	558,690	542,741	+2.9 %
Valuation ratio	148,665	145,910	+1.9 %
Number of beds	26,550	26,587	-0.1 %

Patient numbers increased from 542,741 in the same period of the previous year to their current level of 558,690. This growth was entirely organic and resulted primarily from the stronger cooperation and targeted network building between Asklepios hospitals. The further expansion of care structures that are as comprehensive as possible in combination with targeted offerings in high-demand medical fields was the focus here. In the acute sector, the valuation ratios increased by 2,755 (+1.9%) to 148,665 in the first quarter of 2015. Treatment days in the postacute sector increased by 13,358 (+2.0%) to 683,750 days. In psychiatry, 7,171 more days (+2.2%) and thus a total of 329,754 days were worked.



Average inpatient case income increased slightly from EUR 3,829.28 to EUR 3,853.65 in the first quarter of 2015. With a slight decrease in the number of beds accompanied by a rise in the number of hospitalisation days in the post-acute area, utilisation increased to 85.4 % (previous year: 83.9 %).

The individual ratios of cost and earnings to revenue developed as follows:

	<b>3 months 2015</b>	<b>3 months 2014</b>
Cost of materials ratio	22.3 %	22.8 %
Staff costs ratio	65.8 %	65.6 %
Other expenses ratio (not including rental expenditure)	8.2 %	8.3 %
Rental expense ratio	1.7 %	1.8 %
<b>EBITDA</b>	<b>9.6 %</b>	<b>8.5 %</b>
Depreciation and amortisation expense ratio	3.6 %	3.6 %
<b>EBIT</b>	<b>6.0 %</b>	<b>4.9 %</b>

The Asklepios Group succeeded in reducing the cost of materials ratio in the first quarter of the current financial year. The staff costs ratio increased year on year by 0.2 percentage points. Other expenses not including rental expenditure were reduced by 0.1 percentage points to 8.2 % of revenue.

The absolute cost of materials increased at a lower rate than revenue by EUR 0.8 million to EUR 172.7 million (same quarter of the previous year: EUR 171.9 million). The cost of materials ratio fell by 0.5 percentage points to 22.3 % compared to the same period of the previous year (22.8 %). The ratio was also reduced by 0.3 percentage points compared to 31 December 2014. The reduction of energy expenses was crucial for this in all sub-groups. Expenses for pharmacy supplies and disinfectants and the costs of the mail-order pharmacy fell at a faster rate than revenue.

In absolute terms, staff costs rose by 3.1 % from EUR 494.2 million to EUR 509.7 million and resulted in an increased staff costs ratio of 65.8 % (same quarter of the previous year: 65.6 %). The reason for the change was the increase in the average number of full-time equivalents by 207 to 34,396 (same quarter of the previous year: 34,189). The absolute expenses for medical staff and the medical-technical service increased the most due to job growth in these areas. We see this as an investment in the quality of medical outcomes and future performance increases. In the areas of personnel leasing and fee-based physicians, there was increased employment of external staff in the first quarter of 2015.

Asklepios reported a change in other operating expenses (excluding rental expenditure) of EUR 1.0 million to EUR 63.5 million (same quarter of the previous year: EUR 62.5 million). The ratio of 8.2 % was lower than the 8.3 % of the previous year. The absolute increase of EUR 1.0 million was the result of expenses for IT, maintenance and servicing and for education and training.

EBITDA improved by EUR 10.6 million to EUR 74.6 million in the first quarter of 2015 (previous year: EUR 64.0 million). This corresponds to a margin of 9.6 % in the first quarter of 2015 (same quarter of the previous year: 8.5 %) and an increase of 1.1 percentage points.

Depreciation and amortisation of EUR 28.2 million (3.6 %) remained virtually unchanged in relation to revenue (same quarter of the previous year: EUR 27.1 million or 3.6 %). The absolute increase of EUR 1.1 million year on year resulted from investments in expansion in the previous year.

With EBIT amounting to EUR 46.4 million after EUR 37.0 million in the same period of the previous year, the EBIT margin improved considerably to 6.0 % (previous year: 4.9 %).

The financial result was EUR –8.9 million (same quarter of the previous year: EUR –8.5 million). The change was the result of lower interest income of EUR 0.2 million (same quarter of the previous year EUR 0.7 million) alongside a lower level of cash and cash equivalents. Interest expenses were on a par with the previous year at EUR 9.2 million.

Tax expense rose by EUR 1.9 million to EUR 6.2 million (same quarter of the previous year: EUR 4.3 million), resulting in a tax rate of 16.5% (same quarter of the previous year: 15.2%). Current tax expense is developing in proportion to increased EBT.

Consolidated net income increased year on year, climbing from EUR 24.1 million to EUR 31.3 million. The return on sales totalled 4.0% in the first quarter of 2015 (same quarter of the previous year: 3.2%).

## 2) Financial position and net assets

The Group's balance sheet and financing structures remain sound. In the same way as on 31 December 2014, non-current assets are financed at a rate of over 100% with matching maturities via equity or long-term borrowings. As a conservative company in terms of finance, the Group's financing structure is generally long-term in nature. Accordingly, most underlying credit volumes are hedged against interest fluctuation risks in the long term. The operating management of cash and cash equivalents and the financing of Group entities are performed via the Group holding company. Cash and cash equivalents are invested carefully and with a view to creditworthiness, involving broad diversification across banks within the three major deposit protection systems in Germany.

In addition to cash and cash equivalents of EUR 94.2 million, the Group has unutilised credit facilities of around EUR 539.8 million at its disposal. The high internal financing power and the relatively moderate level of net debt protect the Group from financial market risks. Asklepios also has reserves totalling EUR 634.0 million available at short notice (previous year: EUR 682.7 million).

The starting point for the Group's central financing strategy is the long-term limitation of financial risks in the organisation of the operating business. Accordingly, sound financial structures are considered to form an important basis for all significant stages of growth.

According to internal guidelines, the debt ratio – measured as net debt/EBITDA – must not exceed 3.5x. The following table illustrates how this performance indicator was calculated as at 31 March 2015:

EUR million	31/03/2015	31/12/2014
Financial liabilities (including subordinated capital)	735.5	742.7
Cash and cash equivalents	94.2	161.2
Net liabilities (including subordinated capital)	641.3	581.5
EBITDA (for the preceding four quarters)	340.9	330.4
<b>Net debt/EBITDA</b>	<b>1.9x</b>	<b>1.8x</b>

This means that, at 1.9x (previous year: 1.8x), this indicator is within the internally specified guidelines in the current financial year.

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. In addition, the interest coverage factor (EBITDA/interest result) amounted to 8.3x in the first quarter (same period of the previous year: 7.5x).

Summarised statement of financial position in EUR million	31/03/2015		31/12/2014	
	Value	%	Value	%
Non-current assets	2,241.4	76.7 %	2,160.0	75.4 %
Current assets	681.3	23.3 %	703.4	24.6 %
<b>Assets</b>	<b>2,922.7</b>	<b>100.0 %</b>	<b>2,863.4</b>	<b>100.0 %</b>
Equity	955.8	32.7 %	1,001.7	35.0 %
Participation capital/subordinated capital	47.0	1.6 %	47.0	1.6 %
Non-current liabilities and provisions	1,302.4	44.6 %	1,232.4	43.0 %
Current liabilities and provisions	617.5	21.1 %	582.3	20.4 %
<b>Equity and liabilities</b>	<b>2,922.7</b>	<b>100.0 %</b>	<b>2,863.4</b>	<b>100.0 %</b>

The balance sheet and financing structures are sound. Total assets increased from EUR 2,863.4 million in the previous year to EUR 2,922.7 million. Non-current assets increased by EUR 81.4 million year on year to EUR 2,241.4 million. Equity fell by EUR 45.9 million to EUR 955.8 million. This was affected by the market interest rate for pension provisions, which had fallen to 1.5 % (previous year: 2.5 %). The equity ratio amounted to 32.7 % (previous year: 35.0 %) of total assets. The return on equity based on the last four quarters was 16.6 % (31/12/2014: 15.2 %). Non-current assets are covered by longterm disposable capital. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,245.0 million (previous year: EUR 1,263.1 million). As these subsidies will only fall due for repayment in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity.

The following table shows the change in cash and cash equivalents over the course of the year:

EUR million	3 months 2015	3 months 2014
EBITDA	74.6	64.0
Net cash from operating activities	71.6	70.6
Net cash used in investing activities	-110.7	-25.2
Net cash from/used in financing activities	-28.0	-24.8
<b>Change in cash and cash equivalents</b>	<b>-67.0</b>	<b>20.6</b>
Cash and cash equivalents on 1 January	161.2	204.1
<b>Cash and cash equivalents on 31 March</b>	<b>94.2</b>	<b>224.7</b>

As of 31 March 2015, cash and cash equivalents decreased by EUR 67.0 million compared with 31 December 2014 to EUR 94.2 million. Net cash from operating activities amounted to EUR 71.6 million. Net cash from operating activities increased by EUR 1.0 million year on year. Alongside the sharp rise in EBITDA, the increase in trade receivables had an impact here. Cash flow from operating activities was offset by net cash used in investing activities of EUR 110.7 million (previous year: EUR 25.2 million). Investments in hospitals of EUR 38.5 million were financed entirely from operating cash flow. Adjusted for real estate investments, Asklepios generated significant positive free cash flow. Financing activities saw a cash outflow of EUR 28.0 million (previous year: EUR 24.8 million), due overwhelmingly to repayments.

### 3) Capital expenditure

In the first quarter of the financial year, capital expenditure on hospital operations related to the following locations:

EUR million	3 months 2015
Asklepios Klinik Wandsbek, Hamburg	1.2
Asklepios Klinik, Bad Oldesloe	1.1
Asklepios Stadtklinik, Bad Tölz	1.1
Asklepios Klinik Harburg, Hamburg	1.0
Asklepios Kliniken Hamburg corporate headquarters, Hamburg	1.0
MediClin Klinik am Brunnenberg, Bad Elster	0.9
Asklepios Klinik St. Georg, Hamburg	0.9
MediClin Hedon Klinik, Lingen	0.8
Asklepios Klinik, Bad Salzhausen	0.7
Asklepios Westklinikum, Hamburg	0.7

After deducting subsidised capital expenditure, net capital expenditure on property, plant and equipment and intangible assets totalled EUR 27.0 million (previous year: EUR 25.8 million), or 3.5% of revenue (previous year: 3.4%). Capital expenditure on hospitals was financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 38.5 million (previous year: EUR 44.0 million). This corresponded to 5.0% of revenue (previous year: 5.8%).

Maintenance and servicing expenses increased year on year from EUR 22.4 million to EUR 22.8 million. Expressed as a percentage of revenue, 2.9% (previous year: 3.0%) was invested in ongoing maintenance. Asklepios therefore used 6.4% (previous year: 6.4%) of revenue for internally financed capital expenditure and maintenance.

## F. Forecast and risk and opportunity management

### 1) Risk and opportunity management

For basic explanations and details of the existing risk management system and the unchanged opportunities and risks of the Group, please refer to the 2014 annual report.

Our business environment is characterised by complex business interrelations, increasing regulatory requirements, scientific, medical and technological progress and the permanent demand for greater efficiency and effectiveness with due regard to the increasing demands of our patients. Opportunities and risks develop slowly most of the time. Economic fluctuations have no major impact on the services we provide. Severe, sudden changes in the market environment are therefore the exception. Furthermore, the development in terms of services is supported by ongoing demographic change. Nonetheless, competition in the hospital sector has become increasingly fierce in recent years. Hospitals attract a great deal of public attention, meaning that reputation and trust are key success factors for exploiting growth potential.

With regard to performance, the statutory regulation of the compensation system is proving to be a challenge. Performance increases are remunerated with price reductions of up to 65%; budget shortfalls can also entail reduction risks. When it comes to cost development, we have to deal with steadily rising costs, especially staff costs and material expenses, which can be higher than growth due to performance increases. Adequately accounting for resulting income and cost risks is therefore one of the primary tasks of management in order to deal with the gap between income and cost increases that has been widening for years. On the other hand, such risks give rise to additional acquisition opportunities that we will continue to exploit in a selective but targeted way.

The examination procedure agreement for examinations by the MDK was concluded in July 2014. At present, the German Hospital Federation (DKG) and the GKV have yet to issue joint guidance on the interpretation of the examination procedure agreement, meaning that uncertainties concerning the agreed procedure will remain. Although it is generally assumed that the examination procedure will be accelerated, our view is that retrospective coding and, in particular, recoding within the examination procedure will be significantly impaired, while the previous flatrate expenses of the health insurance funds for unsuccessful MDK examinations at hospitals will become less important. The transition to a flatrate fee system for psychiatric and psychosomatic facilities (PEPP) in stationary acute care will also have an impact on our results of operations. The transition to PEPP is intended to be mandatory in 2017 but is designed to be budget-neutral until 2018. We are currently adjusting our internal processes to reflect these new requirements. The precise impact on our results of operations is generally expected to be low, although the corresponding empirical data will become more stable over the coming months and years.

In terms of financing, the Group is subject to fundamental capital market risks. However, as a conservative company in terms of finance, and on the basis of the investment terms of the real assets, Asklepios' financing strategy is longterm in nature and therefore contains manageable shortterm refinancing risks. The high levels of cash and cash equivalents, the constant cash flow, the favourable capital structure (low level of debt), broad diversification of financing partners as well as the extensive undrawn lines of credit demonstrate that we are largely independent of general developments on the capital markets. Accordingly, Asklepios considers the probability of occurrence of financing and liquidity risks that could also lead to rising interest expenses as moderate. Falling interest rates could have the opposite effect on key credit rating ratios such as the equity ratio.

We purposefully use our financial strength for a high proportion of proprietary investments in the hospitals. This increases the attractiveness of our facilities and in large measure supports sustainable organic growth. At the same time, investments improve efficiency and result in lower consequential costs. For the construction and extension of buildings and the furnishing and equipment of our hospitals, we utilise third-party services alongside internal ones. These services can cause delivery problems in the supply chains as well as quality deficits. Therefore, we base purchasing decisions, procurement and project implementation on careful and continuous monitoring of all our construction projects, our suppliers and the entire market in order to limit these risks efficiently. For some of the properties used by Asklepios, rent reductions were granted and performance-based refunds agreed prior to their recognition by the Group. The resultant risk is currently considered to be low.

In addition, training and education of specialist and service staff are a high priority for us. By ensuring optimum qualification of our employees, we guarantee high innovation potential and forward-looking processes, not just in the field of first-class medicine, and systematically prevent the lack of qualified staff. Using this approach, we fulfil both our economic and our social responsibility and take advantage of the opportunity to strengthen our brand.

Our goal is to offer modern medical services that are geared towards proximity to the patient. This is supported by cooperation within the Group and targeted network building, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also contribute to generating above-average growth in future. Sales risks in the healthcare market can nevertheless arise in the areas where location changes have to be made or the quality assessment by patients and referring doctors is lower than for other hospitals in the market. At the same time, we are aware that risks can arise from our patients' treatment processes due to unexpected disruptions.

We minimise these operating risks firstly by maximising the quality of treatment that we ensure with our well educated and continually trained staff as part of our predefined courses of treatment. Secondly, our modern hospitals guarantee high-level care in terms of quality and technology. Furthermore, our clinical risk management (e.g. CIRS) and structured quality management ensure that we possess adequate preventive systems that we can use to identify potential error sources as well as increasing quality standards and the safety and efficiency of our processes. This ultimately allows us to achieve a permanent improvement in patient safety and treatment quality as well as process quality.

We have insured against claims from our patients, which are not completely avoidable, by using our own insurance model with an appropriate externally arranged deductible. This allows us to partially respond to the steadily rising insurance premiums of external insurers throughout the market, increase the Group's liquidity and process claim notifications in the interest of patients and the Group itself while also taking account of the increasing claims from overwhelmingly isolated cases in risk management. In addition to patients' willingness to take legal action, there is a risk of frequent recourse claims by payers. Steadily rising premiums are being observed throughout the market for property insurance, particularly due to unfavourable loss ratios in the construction sector. This correlates with the significant rise in our property insurance expenses. Our internal insurance unit actively observes the markets, develops measures aimed at minimising the number and amount of claims where possible, and uses targeted insurance management to control insurability by way of deductibles and premiums.

These measures are supported by intensified cooperation and targeted network building within the Group, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in highdemand medical fields, will also support us in generating above-average growth in future.

Membership in the hospital network “Wir für Gesundheit” gives Asklepios the chance to continue establishing itself in an environment of highly qualified service providers. The hospital network’s offer includes a multi-operator, nationwide and quality-oriented supply network with the target of promoting members’ growth and increasing case numbers.

As the second-largest provider of healthcare services, our offering is subject to a great deal of public scrutiny. Our aim is maintain the trust in Asklepios and the Group’s reputation and to be permanently open to coverage in all media. At the same time, we cannot rule out the possibility that negative press reports, e.g. on public television, or incriminatory accounts by our employees at some locations that we do not consider to fully reflect the true nature of conditions in our hospitals will damage our public perception and hence represent a risk to our reputation. We will continue to counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

Potential hygiene and infection risks (e.g. Ebola) are countered by way of appropriate hygiene management concepts, structured workflows and process and continuous employee training. Our activities take adequate account of hygiene needs and requirements, while the process evaluations and improvements forming part of the quality management processes contribute to the further improvement of our workflow quality and efficiency.

Since the reporting as of 31 December 2014, there have been no significant changes in relation to opportunities and risks. As before, we do not see any risks jeopardising the continued existence of the individual companies or the Group.

## 2) Report on post-balance sheet date events and expected developments

No events significant for the assessment of the net assets, financial position and results of operations of the Asklepios Group occurred after 31 March 2015 up to the publication of this report.

The business goals for 2015 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase of earnings at EBIT and EBITDA level compared to the previous year. The equity ratio is expected to increase slightly in the 2015 financial year as a whole compared to the previous year. After the major growth efforts, especially in connection with the takeover of what is now Asklepios Kliniken Hamburg GmbH and the consolidation of MediClin AG, the Group is now focusing further on increasing margins instead of external growth. However, Asklepios also regularly examines M&A opportunities with ongoing observation of the acute market in particular. The main area of interest is hospitals that offer a regionally and medically interesting addition to the existing portfolio of medical facilities. Market-leading clusters and integrated courses of treatment secure the Group an advantage over the competition. The focus will also remain on the non-cyclical acute market. Owing to the downward trend in interest rates on the capital market, temporary negative effects on equity cannot be ruled out.

The stated goal remains sustainable business success – particularly in the interests of the patients. The number of beds is to increase on a continual basis over the current year on the basis of Group-wide quality management (2014 report on quality of medical outcomes, 9th edition). With regard to 2015 as a whole, the trend of previous years of a greater increase of outpatients than of inpatients is expected to be borne out. As things stand, the efforts also to tangibly increase the number of inpatients on an organic basis, like in the previous year, will be successful. As well as financial figures, management will include valuation ratios as a non-financial performance indicator when managing the company. The priority is a slight year-on-year increase in valuation ratios. The new compensation system in psychiatric care is expected to be implemented cautiously – certain risks exist here based on the performance of valuation ratios, for which the Group is preparing itself.

# Consolidated interim financial statements

## Consolidated income statement

EUR'000	Note no.	3 months 2015	3 months 2014
Revenue	VI.1	774,115	753,658
Other operating income	VI.2	59,561	52,582
<b>Total operating revenue</b>		<b>833,676</b>	<b>806,240</b>
Cost of materials		172,729	171,916
Personnel expenses		509,735	494,190
Other operating expenses	VI.3	76,625	76,092
<b>EBITDA<sup>1)</sup></b>		<b>74,587</b>	<b>64,042</b>
Depreciation, amortisation and impairment – of intangible assets and property, plant and equipment		28,160	27,061
<b>EBIT<sup>2)</sup></b>		<b>46,427</b>	<b>36,981</b>
Net investment income		0	0
Interest and similar income		211	656
Interest and similar expenses		-9,183	-9,176
<b>Financial result</b>	VI.4	<b>-8,971</b>	<b>-8,520</b>
<b>Earnings before income taxes</b>		<b>37,455</b>	<b>28,462</b>
Income taxes	VI.5	-6,188	-4,344
<b>Consolidated interim income</b>		<b>31,268</b>	<b>24,117</b>
<i>of which attributable to the parent company</i>		<i>25,963</i>	<i>20,302</i>
<i>of which attributable to non-controlling interests</i>		<i>5,305</i>	<i>3,815</i>

<sup>1)</sup> Earnings before financial result, taxes and depreciation and amortisation

<sup>2)</sup> Earnings before financial result and taxes



## Consolidated statement of comprehensive income

EUR'000	3 months 2015	3 months 2014
<b>Consolidated interim income</b>	<b>31,268</b>	<b>24,117</b>
Change in intrinsic value of interest cap	68	69
Measurement of financial assets	848	11,800
Income taxes	-134	-1,867
<b>Total changes in value reclassified to profit or loss if certain conditions are met</b>	<b>782</b>	<b>10,002</b>
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	-92,854	-30,031
Income taxes	14,782	4,752
<b>Total changes in value not reclassified to profit or loss</b>	<b>-78,072</b>	<b>-25,279</b>
<b>Total changes in value recognised in equity (other comprehensive income)</b>	<b>-77,290</b>	<b>-15,277</b>
<b>Total comprehensive income (total consolidated interim income and other comprehensive income)</b>	<b>-46,022</b>	<b>8,840</b>
<i>of which attributable to the parent company</i>	<i>-29,886</i>	<i>11,651</i>
<i>of which attributable to non-controlling interests</i>	<i>-16,136</i>	<i>-2,811</i>

## Consolidated statement of cash flows

EUR'000	Note no.	3 months 2015	3 months 2014
<b>Consolidated interim income</b>		<b>25,963</b>	<b>20,302</b>
Minority interests		5,305	3,815
Income taxes		6,188	4,344
Financial result		8,971	8,520
Amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment		28,160	27,061
<b>Gross cash flow (EBITDA)</b>		<b>74,587</b>	<b>64,042</b>
Other non-cash transactions		823	-58
Changes in inventories, receivables and other assets		-29,019	-24,729
Changes in liabilities and provisions		30,024	35,316
Dividend received		0	0
Interest income		196	634
Income taxes paid	VI.5	-4,969	-4,810
<b>Net cash from operating activities</b>		<b>71,642</b>	<b>70,396</b>
Investments in property, plant and equipment and intangible assets		-112,253	-25,774
Proceeds from the disposal of non-current assets		3,722	807
Acquisitions of subsidiaries, equity investments and financial assets		-2,160	-200
<b>Net cash used in investing activities</b>		<b>-110,691</b>	<b>-25,167</b>
Borrowing (+)/repayment (-) of financial liabilities		-12,080	-15,597
Repayment of subordinated loans		0	0
Net cash used in hospital financing		-12,969	-5,932
Interest expenses	VI.4	-2,686	-2,984
Distributions		-211	-166
<b>Cash flow from financing activities</b>		<b>-27,946</b>	<b>-24,679</b>
<b>Change in cash and cash equivalents</b>		<b>-66,996</b>	<b>20,550</b>
Cash and cash equivalents at the start of the period		161,240	204,142
<b>Cash and cash equivalents at the end of the period</b>	VII.5	<b>94,244</b>	<b>224,692</b>

## Consolidated statement of financial position

EUR'000	Note no.	31/03/2015	31/12/2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill and other intangible assets	VII. 1	401,538	401,514
Property, plant and equipment	VII. 2	1,416,311	1,345,703
Financial assets accounted for using the equity method		5,774	5,388
Financial assets	VII. 6	266,397	263,775
Other financial assets	VII. 6	69,372	73,428
Trade receivables		72	172
Non-current income tax assets		323	1,190
Other assets		2	921
Deferred taxes		81,621	67,871
<b>Total non-current assets</b>		<b>2,241,410</b>	<b>2,159,962</b>
<b>Current assets</b>			
Inventories		106,984	96,663
Trade receivables		391,344	365,008
Current income tax assets		1,595	539
Other financial assets	VII. 6	70,632	74,127
Other assets		16,510	5,812
Cash and cash equivalents	VII. 5	94,244	161,240
<b>Total current assets</b>		<b>681,309</b>	<b>703,389</b>
<b>Total ASSETS</b>		<b>2,922,719</b>	<b>2,863,351</b>

EUR'000	Note no.	31/03/2015	31/12/2014
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the parent company</b>			
Issued capital		1,022	1,022
Reserves		725,895	662,907
Consolidated net income		25,963	118,625
Non-controlling interests		202,905	219,163
<b>Total equity</b>	VII. 3	<b>955,785</b>	<b>1,001,717</b>
<b>Non-current liabilities</b>			
Trade payables		341	159
Financial liabilities	VII. 6	620,659	630,461
Finance lease liabilities		10,510	10,739
Pensions and similar obligations		302,340	210,800
Other provisions		237,300	244,294
Deferred taxes		31,405	31,231
Other financial liabilities		89,247	93,709
Other liabilities		10,637	11,014
<b>Total non-current liabilities</b>		<b>1,302,439</b>	<b>1,232,407</b>
<b>Current liabilities</b>			
Trade payables		56,410	59,486
Participation capital/subordinated capital	VII. 4	47,000	47,000
Financial liabilities	VII. 6	67,852	65,197
Finance lease liabilities		664	622
Pensions and similar obligations		5,146	5,195
Other provisions		107,595	106,007
Current income tax liabilities		7,425	6,462
Other financial liabilities		138,933	140,765
Other liabilities		233,471	198,493
<b>Total current liabilities</b>		<b>664,496</b>	<b>629,227</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>2,922,719</b>	<b>2,863,351</b>

## Statement of changes in consolidated equity 2015

2015 EUR'000	Equity attributable to the parent company					Non- controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
<b>As at 01/01/2015</b>	<b>1,022</b>	<b>657,755</b>	<b>5,152</b>	<b>118,625</b>	<b>782,554</b>	<b>219,163</b>	<b>1,001,717</b>
Consolidated interim income	0	0	0	25,963	25,963	5,305	31,268
Other comprehensive income	0	-56,631	782	0	-55,849	-21,441	-77,290
<b>Total comprehensive income</b>	<b>0</b>	<b>-56,631</b>	<b>782</b>	<b>25,963</b>	<b>-29,886</b>	<b>-16,136</b>	<b>-46,022</b>
Change in the consolidated group	0	0	0	0	0	28	28
Change in equity interests in consolidated companies	0	212	0	0	212	-5	207
Compensation payment obligations	0	0	0	0	0	-145	-145
Allocations to reserves	0	118,625	0	-118,625	0	0	0
<b>Total transactions recognised directly in equity</b>	<b>0</b>	<b>118,837</b>	<b>0</b>	<b>-118,625</b>	<b>212</b>	<b>-122</b>	<b>90</b>
<b>As at 31/03/2015</b>	<b>1,022</b>	<b>719,961</b>	<b>5,934</b>	<b>25,963</b>	<b>752,880</b>	<b>202,905</b>	<b>955,785</b>

2014 EUR'000	Equity attributable to the parent company					Non- controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
<b>As at 01/01/2014</b>	<b>1,022</b>	<b>616,631</b>	<b>-1,197</b>	<b>100,408</b>	<b>716,864</b>	<b>209,393</b>	<b>926,257</b>
Consolidated interim income	0	0	0	20,302	20,302	3,815	24,117
Other comprehensive income	0	-18,653	10,002	0	-8,651	-6,626	-15,277
<b>Total comprehensive income</b>	<b>0</b>	<b>-18,653</b>	<b>10,002</b>	<b>20,302</b>	<b>11,651</b>	<b>-2,811</b>	<b>8,840</b>
Change in equity interests in consolidated companies	0	-20	0	0	-20	12	-8
Compensation payment obligations	0	0	0	0	0	-178	-178
Allocations to reserves	0	100,408	0	-100,408	0	0	0
<b>Total transactions recognised directly in equity</b>	<b>0</b>	<b>100,388</b>	<b>0</b>	<b>-100,408</b>	<b>-20</b>	<b>-166</b>	<b>-186</b>
<b>As at 31/03/2014</b>	<b>1,022</b>	<b>698,366</b>	<b>8,805</b>	<b>20,302</b>	<b>728,495</b>	<b>206,416</b>	<b>934,911</b>

# Notes to the consolidated interim financial statements

## I. Basis of the consolidated interim financial statements

The company is named Asklepios Kliniken Gesellschaft mit beschränkter Haftung (hereinafter also referred to as “AKG”, the “company” or the “Group”), Rübenkamp 226, 22307 Hamburg (Germany), and is entered in the commercial register of the Hamburg District Court under HRB 98981. The company was formed on 19 June 1985.

Asklepios Kliniken Gesellschaft mit beschränkter Haftung and its subsidiaries operate primarily on the German market in the clinical acute care and rehabilitation sectors as well as, to a very limited extent, in the nursing sector. The purpose of the Company is the acquisition and operation of and the provision of consulting services for healthcare institutions.

The Group operates facilities in numerous federal states in Germany. The Group structure is geared towards regional differences in terms of personnel and company law. The operating entities are mainly equity interests in the three sub-group interim financial statements of Asklepios Kliniken Verwaltungsgesellschaft mbH (“AKV”), Königstein im Taunus (100 % equity interest), Asklepios Kliniken Hamburg GmbH (“AKHH”), Hamburg (74.9 % equity interest), and MediClin Aktiengesellschaft, Offenburg (52.73 % equity interest), that are included in the consolidated interim financial statements.

The Group also has selected foreign operations; to date, this relates almost exclusively to the investment in Greece (Athens Medical Center S.A., Athens).

## II. Accounting principles

The consolidated interim financial statements for the period as of 31 March 2015 have been prepared for the results of the first three months of 2015 in accordance with the requirements of IAS 34 and, pursuant to section 315a of the German Commercial Code (HGB), in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board valid at the end of the reporting period and endorsed by the European Union in the versions effective from 2015.

The fair value reserve changed by EUR 782 thousand in the reporting period, with a balance of EUR 5,934 thousand as of 31 March 2015 (31 December 2014: EUR 5,152 thousand). The change in the fair value of cash flow hedges of EUR 68 thousand (previous year: EUR 69 thousand) and the measurement of financial assets of EUR 714 thousand (31 March 2014: EUR 9,933 thousand) are recognised in this reserve.

## Recognition

The consolidated interim financial statements do not contain all of the information that is required in the consolidated financial statements prepared at the end of the financial year and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

In order to prepare the consolidated interim financial statements, the accounting policies presented in detail in the 2014 consolidated financial statements were applied unchanged with the exception of the following IFRSs that were required to be applied for the first time as at 1 January 2015. For details, please refer to the corresponding explanations.

The following new versions and amendments of IFRS standards and interpretations have come into force but did not have any impact on the figures and disclosures made in the consolidated interim financial statements of the Group when they were applied for the first time, with the exception of the description of accounting policies:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Improvements to the International Financial Reporting Standards, 2010–2012 cycle and 2011–2013 cycle (December 2013)
- IFRIC 21 – Levies

The new regulations have no impact on the disclosures in the interim financial statements.

The IASB draft on accounting for leases will result in a significant increase of the finance lease arrangements to be recognised in the Asklepios Group. This is expected to lead to an increase of non-current assets, standard market financial liabilities, total assets and, because of the omission of rental expenditure, an increase in EBITDA.

## III. Basis of consolidation

In addition to AKG as the ultimate parent, the consolidated Group also includes the subsidiaries over which AKG exercises control, either directly or indirectly. The Group controls a subsidiary when it is exposed to variable returns from its investment in the subsidiary or has rights to these returns and has the ability to use its power over the subsidiary to affect these returns. The subsidiaries are consolidated from the day the Group obtains control. The subsidiaries are removed from the consolidated group as soon as control is lost.

Associates are entities over which the Group has significant influence but no control. Investments in associates are reported using the equity method.

As at 31 March 2015, Asklepios operates a total of around 150 healthcare facilities such as nursing homes, medical centres for shared practices and other medical centres. Asklepios has retained its investment in the Greek-based Athens Medical Center S.A. as a purely financial investment recognised using the equity method.

## IV. Business combination

### Acquisitions in 2015

No business combinations have had to be accounted for in financial year 2015 to date.

## V. Accounting methods

### 1) Goodwill and investments measured using the equity method

Goodwill and the carrying amounts of investments recognised using the equity method are tested for impairment once a year. Impairment testing also takes place if circumstances indicate that the carrying amount may be impaired. The key assumptions used to determine the recoverable amount are explained in the consolidated financial statements as of 31 December 2014.

### 2) Sensitivity in relation to changes to the assumptions made

There were no significant changes as against the end of 2014 with regard to the calculation of value in use, the assumptions applied when calculating provisions, etc., with the exception of the assumptions and estimates regarding the defined-benefit pension obligation resulting from the termination with a pension institution and the change in the interest rate for pension provisions, which was set at 1.5 % in this consolidated interim report (previous year: 2.5 %).



## VI. Selected notes to the consolidated income statement

### 1) Revenue

Revenue breaks down by business segment as follows:

EUR million	Q1 2015	Q1 2014
Business segments		
Clinical acute care	658.0	644.0
Post-acute and rehabilitation treatment	110.0	103.5
Social and welfare facilities	4.8	4.6
Miscellaneous	1.3	1.6
<b>Total</b>	<b>774.1</b>	<b>753.7</b>

### 2) Other operating income

Other operating income is broken down as follows:

EUR million	3 months 2015	3 months 2014
Income from operations	20.5	18.2
Income from ancillary, additional and other operations	19.5	16.4
Income from other grants	8.2	7.8
Income from cost reimbursements	7.1	7.6
Miscellaneous other operating income	4.3	2.6
<b>Total</b>	<b>59.6</b>	<b>52.6</b>

Income from operations includes income from pharmacy sales as a major item. Income from ancillary, additional and other operations includes rental income of EUR 3.2 million (same quarter of the previous year: EUR 2.7 million).

### 3) Other operating expenses

Other operating expenses relate to:

EUR million	3 months 2015	3 months 2014
Maintenance and servicing	22.8	22.4
Rental expenditure	13.1	13.6
Taxes, duties and insurance (including outstanding claims reserves)	10.1	10.0
Contributions, consulting and audit fees	7.1	6.4
Office supplies, postage and telephone charges	5.3	5.2
Other administrative and IT expenses	4.1	4.1
Training expenses	3.5	3.0
Advertising and travel expenses	3.1	2.8
Miscellaneous	7.5	8.6
<b>Total</b>	<b>76.6</b>	<b>76.1</b>

### 4) Financial result

Net finance costs break down as follows:

EUR million	3 months 2015	3 months 2014
Interest and similar income	0.2	0.7
Interest and similar expenses	-9.2	-9.2
<b>Financial result</b>	<b>-9.0</b>	<b>-8.5</b>

### 5) Income taxes

Income taxes are broken down as follows:

EUR million	3 months 2015	3 months 2014
Current income taxes	-5.8	-5.0
Deferred income taxes	-0.4	0.7
<b>Total</b>	<b>-6.2</b>	<b>-4.3</b>

## VII. Selected notes to the consolidated interim statement of financial position

### 1) Goodwill and other intangible assets

2015 EUR'000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
<b>Cost</b>				
As at 01/01/2015	366,923	86,722	15,471	469,116
Additions/investments similar to acquisitions	522	1,293	277	2,092
Disposals	-219	-277	-3	-499
Reclassifications	0	223	-43	180
<b>As at 31/03/2015</b>	<b>367,226</b>	<b>87,961</b>	<b>15,702</b>	<b>470,889</b>
<b>Cumulative depreciation, amortisation and impairment</b>				
As at 01/01/2015	-14,180	-53,422	0	-67,602
Additions	0	-2,025	0	-2,025
Disposals	0	276	0	276
Reclassifications	0	0	0	0
<b>As at 31/03/2015</b>	<b>-14,180</b>	<b>-55,171</b>	<b>0</b>	<b>-69,351</b>
<b>Residual carrying amounts</b>				
<b>As at 31/12/2014</b>	<b>352,743</b>	<b>33,300</b>	<b>15,471</b>	<b>401,514</b>
<b>As at 31/03/2015</b>	<b>353,046</b>	<b>32,790</b>	<b>15,702</b>	<b>401,538</b>

## 2) Property, plant and equipment

2015 EUR'000	Land and buildings including buildings on third-party land	Technical equipment and machi- nery	Operating and office equipment	Assets under construction	Total
<b>Cost</b>					
As at 01/01/2015	1,504,624	117,893	460,400	46,741	2,129,658
Additions/investments similar to acquisitions	78,500	373	7,240	14,048	100,161
Disposals	-1,785	-130	-3,336	-1,221	-6,472
Reclassifications	693	183	961	-2,017	-180
<b>As at 31/03/2015</b>	<b>1,582,032</b>	<b>118,319</b>	<b>465,265</b>	<b>57,551</b>	<b>2,223,167</b>
<b>Cumulative depreciation, amortisation and impairment</b>					
As at 01/01/2015	-465,455	-48,999	-269,501	0	-783,955
Additions	-11,957	-2,300	-11,878	0	-26,135
Disposals	198	108	2,928	0	3,234
Reclassifications	0	0	0	0	0
<b>As at 31/03/2015</b>	<b>-477,214</b>	<b>-51,191</b>	<b>-278,451</b>	<b>0</b>	<b>-806,856</b>
<b>Residual carrying amounts:</b>					
<b>As at 31/12/2014</b>	<b>1,039,169</b>	<b>68,894</b>	<b>190,899</b>	<b>46,741</b>	<b>1,345,703</b>
<b>As at 31/03/2015</b>	<b>1,104,818</b>	<b>67,128</b>	<b>186,814</b>	<b>57,551</b>	<b>1,416,311</b>

## 3) Equity

In accordance with IAS 1, the development of equity is presented in a statement of changes in consolidated equity, which is a separate component of the interim financial statements.

## 4) Subordinated capital

Participation certificates issued by the company with an average term to maturity of around nine years are recognised in sub-ordinated capital. These are subordinated to all non-subordinated creditors but have the same standing as other participation certificate holders and rank above the shareholders, including shareholder loans made in lieu of equity. The holder of the participation certificates can change the interest rate depending on the form of a key financial covenant for the participation capital if certain key financial covenants are not complied with. EUR 47.0 million of the participation capital is subject to a fixed interest rate. Participation capital is subject to a nominal and effective interest rate of 7.3 %.

## 5) Cash and cash equivalents

Cash and short-term deposits are subject to variable interest rates. Short-term deposits are made for different periods of time depending on the Group's liquidity requirements. Interest is charged at the respective interest rates applicable for short-term deposits. The fair value of cash and cash equivalents corresponds to their carrying amount.

## 6) Additional information on financial instruments

### Determination of fair value

The following table shows financial instruments measured at fair value analysed in terms of measurement method. The different levels are as follows:

- Level 1 shows market prices (unadjusted) used on the active market for identical assets and liabilities.
- Level 2 shows inclusive data, apart from the level 1 market prices, that are observable for the assets and liabilities either directly (i.e. as price) or indirectly (i.e. derived from price).
- Level 3 shows inclusive data for assets and liabilities not based on market data (on this level, the Group's investments are reported at amortised cost, as no market price can be determined for them).

The fair value of financial instruments that are traded on the active market is based on the quoted market bid price at the close of business at the end of the reporting period. The market is considered active if quoted prices are readily and regularly available from an exchange, dealer, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded on an active market is calculated using a valuation technique. Fair value is thus estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs. If all inputs required for measuring fair value are observable, the instrument is assigned to level 2.

If one or more significant factors are not based on observable market data, the instrument is assigned to level 3. In the reporting period, there were no changes (additions, disposals, gains and losses or items to be recognised in OCI) to the financial assets assigned to level 3.

There were no transfers between the different measurement levels.

### 31 March 2015

EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	1.4	1.4
Available-for-sale financial assets	266.4	0.0	0.0	266.4
Financial liabilities	0.0	1.5	0.0	1.5

### 31 December 2014

EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	1.4	1.4
Available-for-sale financial assets	260.9	0.0	0.0	260.9
Financial liabilities	0.0	1.7	0.0	1.7

**Carrying amounts, amounts recognised and fair values by class and measurement category**

2015 EUR'000	Meas- urement category as per IAS 39	Amount recognised in statement of financial position as per IAS 39					Amount recog- nised in state- ment of financial position as per IAS 17	Fair value 31/03/ 2015
		Carrying amount 31/03/ 2015	Amor- tised cost	Cost	Fair value with no effect on income	Fair value with effect on income		
<b>ASSETS</b>		<b>891,460</b>	<b>625,063</b>	<b>0</b>	<b>266,397</b>	<b>0</b>	<b>0</b>	<b>891,460</b>
Cash and cash equivalents	LaR	94,244	94,244	0	0	0	0	94,244
Trade receivables	LaR	391,416	391,416	0	0	0	0	391,416
Other financial assets	AfS	266,397	0	0	266,397	0	0	266,397
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	139,403	139,403	0	0	0	0	139,403
<b>EQUITY AND LIABILITIES</b>		<b>1,031,616</b>	<b>1,031,616</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,174</b>	<b>1,055,168</b>
Trade payables	FLAC	56,751	56,751	0	0	0	0	56,751
Financial liabilities	FLAC	688,511	688,511	0	0	0	0	696,655
Participation capital/subordinated capital	FLAC	47,000	47,000	0	0	0	0	47,000
Finance lease liabilities	n.a.	11,174	11,174	0	0	0	11,174	11,174
Other financial liabilities (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial liabilities	FLAC	228,180	228,180	0	0	0	0	243,588
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	625,063	625,063	0	0	0	0	625,063
Available-for-sale financial assets	AfS	266,397	0	0	266,397	0	0	266,397
Financial liabilities measured at amortised cost	FLAC	1,020,442	1,020,442	0	0	0	0	1,043,994

Amount recognised in statement of financial position as per IAS 39								
2014 EUR'000	Meas- urement category as per IAS 39	Carrying amount 31/12/ 2014	Amor- tised cost	Cost	Fair value with no effect on income	Fair value with effect on income	Amount recog- nised in state- ment of financial position as per IAS 17	Fair value 31/12/ 2014
<b>ASSETS</b>		<b>934,865</b>	<b>673,975</b>	<b>0</b>	<b>260,890</b>	<b>0</b>	<b>0</b>	<b>934,865</b>
Cash and cash equivalents	LaR	161,240	161,240	0	0	0	0	161,240
Trade receivables	LaR	365,180	365,180	0	0	0	0	365,180
Other financial assets	AfS	260,890	0	0	260,890	0	0	260,890
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	147,555	147,555	0	0	0	0	147,555
<b>EQUITY AND LIABILITIES</b>		<b>1,048,135</b>	<b>1,046,463</b>	<b>0</b>	<b>1,672</b>	<b>0</b>	<b>11,360</b>	<b>1,071,585</b>
Trade payables	FLAC	59,644	59,644	0	0	0	0	59,644
Financial liabilities	FLAC	695,658	695,658	0	0	0	0	703,767
Participation capital/subordinated capital	FLAC	47,000	47,000	0	0	0	0	47,000
Finance lease liabilities	n.a.	11,360	11,360	0	0	0	11,360	11,360
Other financial liabilities (derivatives)	n.a.	1,672	0	0	1,672	0	0	1,672
Other financial liabilities	FLAC	232,801	232,801	0	0	0	0	248,142
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	673,975	673,975	0	0	0	0	673,975
Available-for-sale financial assets	AfS	260,890	0	0	260,890	0	0	260,890
Financial liabilities measured at amortised cost	FLAC	1,035,103	1,035,103	0	0	0	0	1,058,553

## Other notes

### 1) Contingent liabilities and other financial obligations

Other financial obligations break down as follows:

EUR'000	31/03/2015	31/12/2014
Rental and lease agreements	501,214	499,470
Purchase commitments	48,193	35,202
Maintenance and supply agreements	40,539	35,401
Capital commitments	21,634	24,081
Insurance contracts	1,804	2,272
Miscellaneous	24,768	23,384
<b>Total</b>	<b>638,152</b>	<b>619,810</b>

The obligation arising from rental and lease agreements primarily relates to the real property of MediClin AG that is rented on a long-term basis, excluding obligations already recognised during purchase price allocation. The underlying rental agreements have a term until 31 December 2027. The agreements provide for an annual rent adjustment in the amount of the change in the German Consumer Price Index, but in any case no more than 2 % p.a.

All other financial obligations are carried at their nominal amount and are due as follows:

EUR'000	
Less than one year	111,150
Between 2 and 5 years	179,482
More than 5 years	347,520
<b>Total</b>	<b>638,152</b>

### 2) Related party disclosures

For Asklepios Kliniken Gesellschaft mit beschränkter Haftung, related parties within the meaning of IAS 24.20 include entities controlled by the Group and/or entities over which the Group has a significant influence and vice versa. In particular, subsidiaries and equity investments are therefore defined as related parties.

Transactions with these companies are conducted at arm's-length conditions.

Dr Bernard gr. Broermann, Königstein-Falkenstein, is the sole shareholder of Asklepios Kliniken Gesellschaft mit beschränkter Haftung.

Compared with the consolidated financial statements as at 31 December 2014, there has been no change to the group of related parties and transactions with these parties in terms of the transaction type and the amount of the proportionate business volume. The same applies to the financial receivables and liabilities that existed with related parties.



It must be mentioned that Group companies have received purchase offers for financial assets from a related party. The related party is contractually obliged to commit to the purchase offer indefinitely. However, the related party can call on the companies in writing to accept the offer within a period of 30 days at any time. Thereafter, the offer lapses without a requirement for further clarification. The hedging transaction is classified as a fair value hedge.

### 3) Consolidated statement of cash flows

In the first quarter of 2015, cash and cash equivalents decreased by EUR 67.0 million to EUR 94.2 million compared to 31 December 2014. Net cash from operating activities amounted to EUR 71.6 million and was higher than the previous year.

Net cash used in investing activities in the amount of EUR 110.7 million was financed from operating cash flow and from cash and cash equivalents. In addition, net cash used in financing activities amounted to EUR 28.0 million, largely as a result of repayments of financial liabilities.

## Disclaimer

This interim report includes forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations at the time of publication of this report. They therefore involve risks and uncertainties, and the actual results may diverge considerably from those described in the forward-looking statements. Many of these risks and uncertainties are affected by factors that lie beyond Asklepios Kliniken GmbH's sphere of influence and that cannot be estimated with certainty from today's perspective. This includes future market conditions and economic developments, the conduct of other market participants, the achievement of expected synergy effects as well as decisions by legislators and policy makers. Asklepios Kliniken GmbH is not obliged to publish corrections to these forward-looking statements in order to reflect events or conditions occurring after the publication date of this material.

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