



24 / 7

Anastasia Melissi
Anaesthetist

GROUP KEY FIGURES ACCORDING TO IFRS OVER SEVERAL YEARS

		2015	2014	2013	2012	2011
Number of patients		2,285,694	2,186,876	2,131,837	1,999,018	1,742,353
Number of beds		26,669	26,508	26,635	26,594	26,793
Headcount (average full-time equivalents)		34,690	34,255	34,439	34,037	33,152
Net cash flow (operating cash flow)	EUR m	290.6	310.9	229.8	225.4	205.9
Sales	EUR m	3,099.3	3,020.2	2,899.1	2,811.8	2,379.4
EBITDA	EUR m	374.0	330.4	284.4	267.1	215.8
EBITDA margin in %		12.1	10.9	9.8	9.5	9.1
EBIT	EUR m	249.1	211.8	175.8	163.8	134.2
EBIT margin in %		8.0	7.0	6.1	5.8	5.6
Consolidated net income for the year	EUR m	176.8	151.8	121.1	112.9	87.0
Return on sales in %		5.7	5.0	4.2	4.0	3.7
Total assets	EUR m	3,495.0	2,863.4	2,755.0	2,641.5	2,459.2
Equity	EUR m	1,213.5	1,001.7	926.3	851.5	767.6
Equity ratio in %		34.7	35.0	33.6	32.2	31.2
Financial liabilities (including subordinated capital)	EUR m	1,150.8	742.7	802.8	771.3	681.6
Cash and cash equivalents	EUR m	554.9	161.2	204.1	145.9	182.6
Net debt	EUR m	-595.9	-581.5	-598.7	-625.4	-499.0
Net debt/EBITDA		1.6x	1.8x	2.1x	2.3x	2.3x
Interest coverage factor (EBITDA / interest result)		9.8x	10.2x	9.5x	8.9x	7.3x

...for our patients around the clock, 24 hours a day, and 365 days a year. For me personally, it is important to focus on the patient as a human being and not just their injury. «

WELCOME TO ASKLEPIOS

We are an integrated, family-owned healthcare group with a clear commitment to quality, innovation and social responsibility. We operate 150 healthcare facilities in 14 German states and are therefore one of the leading hospital operators in Germany. Our facilities include acute hospitals providing all levels of care, specialist clinics, psychiatric and forensic facilities, rehabilitation clinics, nursing homes and medical centres. The name Asklepios stands for a profitable growth story that continued in 2015.



GROUP MANAGEMENT (F.L.T.R.): HAFID RIFI, DR ANDREAS HARTUNG,
DR ULRICH WANDSCHNEIDER, DR THOMAS WOLFRAM, KAI HANKELN

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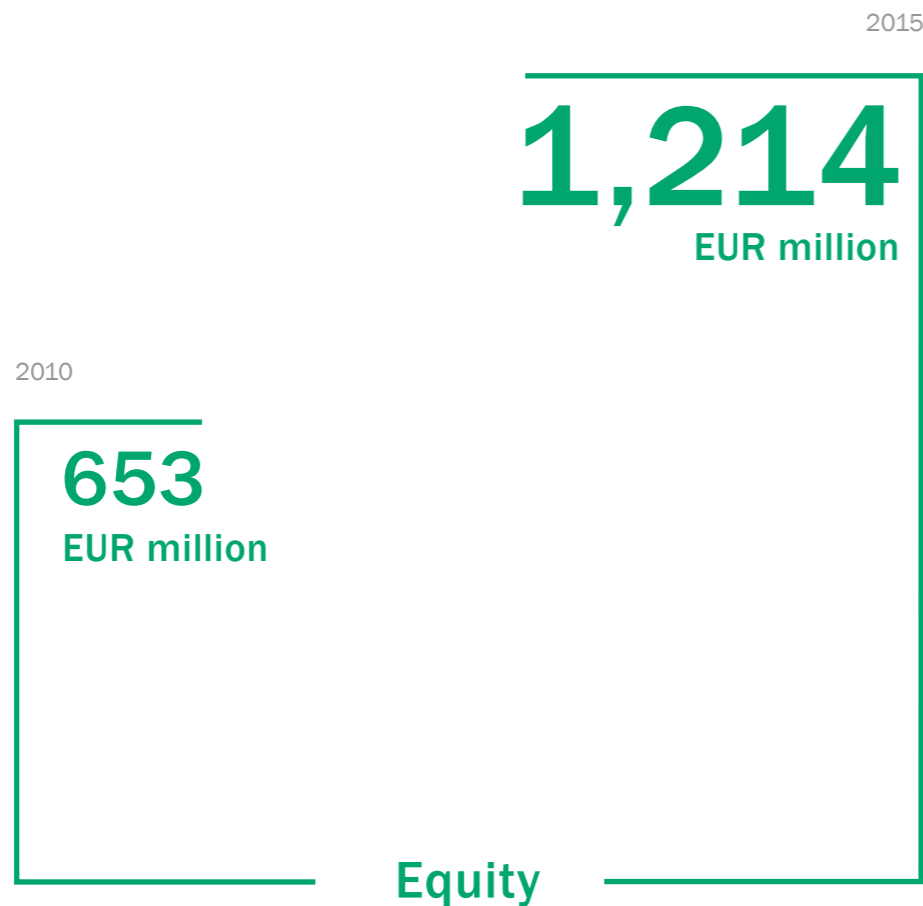
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STRONG FINANCES

Asklepios benefits from non-cyclical, growing demand for healthcare services. 85 % of revenue comes from the crisis-resistant area of statutory health insurance.

The attractive regulatory environment and high barriers to market entry ensure stable and predictable cash flows. For years, Asklepios has been successfully increasing its profitability. The EBITDA margin reached 12.1 % in 2015.

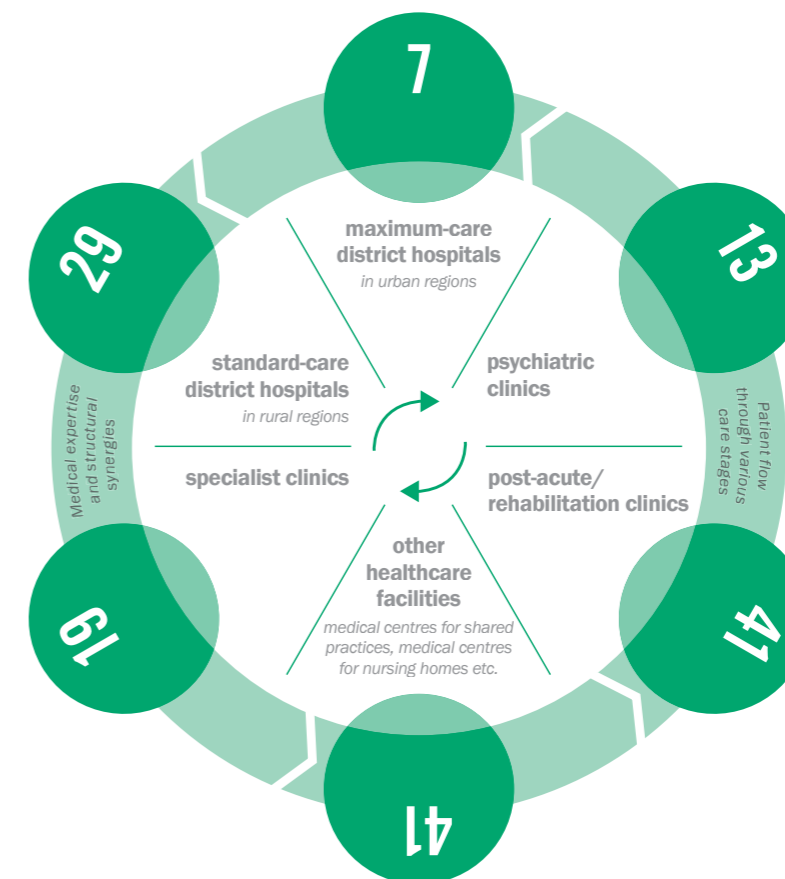
With the consolidated total comprehensive income generated for the year, equity increased significantly to EUR 1.2 billion and Asklepios thus generated an equity ratio of 34.7 %. For Asklepios, the equity ratio is an important indicator of financial and economic stability that is used as a financial performance indicator.



A LEADING CLINIC OPERATOR

150 medical facilities in 14 German states and over two million patients treated each year make the Asklepios Group one of Germany's leading hospital operators.

We operate acute hospitals providing all levels of care, specialist and rehabilitation clinics, medical centres and nursing homes as well as psychiatric and forensic facilities. Our locations form medical clusters and have market-leading specialisms. As the largest family-owned business in the industry in Germany, we have a responsible attitude to public-sector healthcare contracts and are committed to humane, highly professional care of our patients.



LETTER FROM DR ULRICH WANDSCHNEIDER

Ladies and gentlemen,

Long-term, profitable growth, quality, innovation and social responsibility in the German hospital sector: this is what the name Asklepios has represented for over 30 years now. We combine economic success with high-quality patient care. In the 150 medical facilities of our three subgroups, we guarantee the best possible care and provide our patients with treatment based on their individual clinical symptoms. Medicine geared towards the highest quality standards makes our facilities attractive. This is convincingly demonstrated by the fact that our patient numbers have been rising steadily for many years. This positive trend also continued in the 2015 financial year: More than 2.28 million patients entrusted their health to Asklepios – more than ever before and an increase of 4.5 % compared to the previous year. The rising number of patients contributed to revenue growth of 2.6 % to EUR 3,099 million – a record result. The EBITDA margin generated on this basis improved again to 12.1 %. As such, Asklepios once again succeeded in growing profitably and sustainably last year.

This successful development was in large part attributable to our excellently qualified and highly motivated employees, who now number approximately 46,000. They are our most important asset and our face to the outside world. This is why the entire Group management team and also our sole shareholder Dr Bernard große Broermann are personally committed to thanking our employees for their dedicated work. With attractive working conditions and individual development opportunities at our company, we aim to create a sense of identification and long-term employee loyalty.

Quality, innovation and social responsibility

As an integrated healthcare service provider, we have a great day-to-day responsibility for the lives and health of the people we treat. One of our key aims is to continuously increase patient safety. To this end, we improve our quality management on an ongoing basis. One core component of this process is the “Asklepios Patient Safety Programme”, which helps identify and minimise risks at an early stage. In order to achieve this, the work processes for all doctors, therapists and nursing staff have been structured in accordance with strict quality criteria. We create the necessary conditions for this and establish compliance with the highest quality standards throughout the Group. Asklepios will obtain certification in accordance with the internationally recognised standard DIN EN ISO 9001:2015 and gradually convert its hospitals to this from the previous KTQ certification.

Asklepios is an integrated healthcare company with a focus on innovation and advanced medicine. To enable us to continue to use state-of-the-art medical technology and therapy methods, we acquire both new and established companies along our value chain. As a pioneer in the healthcare industry, we are decisively moving forward with the digitalisation of our processes.



DR ULRICH WANDSCHNEIDER, CHAIRMAN
OF THE MANAGEMENT OF THE ASKLEPIOS GROUP

To do so, we have got well-known industrial partners on board in the context of technology partnerships. The use of innovative technologies and the additional experience and expertise gained in the field of IT and e-health are expected to bring us increases in efficiency and improvements in patient care and patient management. Quality, innovation and social responsibility – at our Centres of Excellence, we combine these three principles in the interests of our patients.

In doing so, the Group defines certain specialisms for individual hospitals. This specialisation enables Asklepios to assume a pioneering role in many areas and to offer medicine at a highly advanced level. Another major project with regard to improving our structures and processes involves pooling the non-medical services of our hospitals in Hamburg in separate companies and establishing efficient cross-site organisational structures under the same management in each case.

New management team shaping the future of Asklepios

From 1 May 2016, the future of the Asklepios Group will be in the hands of Kai Hankeln, previously the Group managing director for the hospitals in northern and eastern Germany, and Dr Thomas Wolfram, the long-standing chairman of the management of the Hamburg subgroup. These experienced managers from the existing Group management team will assume leadership of the Asklepios Group as dual CEOs. Together with CFO Hafid Rifi, the newly formed top management team will shape the strategic topics for the future. Andreas Hartung, Group Managing Director responsible for central and southern Germany, is leaving Asklepios on 30 June 2016 of his own volition. On behalf of the entire company, I would like to thank him for his excellent work over the past years. Subject to his appointment by the Supervisory Board, Marco Walker will then become Group Managing Director for this area on 1 July 2016.

After almost five years as chairman of the management of the Asklepios Group, in future I will be supporting the company as a member of the Supervisory Board. I wish the new management team every success for the future and I am convinced that they will approach the right issues at the right time. I would like to thank my colleagues for our time together at Asklepios and for the professional collaboration characterised by mutual respect.

DR ULRICH WANDSCHNEIDER
Chairman of the Management of the Asklepios Group

LETTER FROM THE MANAGEMENT TEAM

Ladies and gentlemen,

In the past year, the Asklepios Group achieved many of its business goals and posted profitable growth. As the new management team, we intend to build on the current foundation and establish new bases for continuing Asklepios' success story. Our goal is to make the company future-proof. We aim to take advantage of dynamic growth prospects and the necessary cost-effectiveness potential. At the same time, we will continue to guarantee the most advanced level of medicine and to place patient welfare at the heart of our business. By integrating patient care, research and teaching, we aim to act as a pioneer and a driving force in the healthcare sector.

Financial strength for further growth

The Asklepios Kliniken Group is in excellent financial health and demonstrated once again last year that it is able to borrow external funds at attractive conditions on the capital market. Taking advantage of the current extremely favourable interest rate environment, 2015 was the year placed the biggest promissory note loan in the healthcare sector in the past five years with a volume of EUR 580 million. We are using the liquidity obtained to finance our further growth. Our ambitious growth strategy is based on a focussed trio of goals: expansion of the Centres of Excellence, investments in the existing facilities and opportunistic acquisitions. With our Centres of Excellence strategy, we aim to further expand our pioneering role by pooling expertise in highly specialised centres. This means that several renowned senior consultants who work as recognised experts in their respective fields take on a clearly defined clinical area. By pooling expert knowledge in these facilities, we allow for the most advanced level of medicine and create an environment that encourages innovation. Patients are treated on the basis of the latest scientifically proven therapy methods using state-of-the-art medical technology in order to achieve the best possible treatment outcomes.

By opportunistic acquisitions, we mean acquisitions of facilities at particularly good conditions. As an integrated healthcare group, we purchase hospitals along the entire value chain. We integrate these facilities into our group by means of a tried-and-tested, systematic development plan, while also exploiting potential for increased efficiency and synergies. To support this growth, Asklepios is planning to make total investments at a high level that is expected to exceed half a billion euros over the coming years. The funds are to be used primarily for medical quality, to modernise the facilities and provide even better nursing care.



DR THOMAS WOLFRAM, MARCO WALKER, KAI HANKELN,
HAFID RIFI

Hospital Structure Act – regulatory changes in the healthcare sector

The 2016 financial year will once again be dominated by regulatory changes. This is due mainly to the new Hospital Structure Act, which came into force on 1 January 2016 after around two years of discussion.

In our view, the new law brings a number of improvements as compared to the current situation, partly thanks to successful intervention in the legislative process by hospital operators, industry associations and trade unions. We particularly welcome the greater emphasis on medical quality and the increase in nursing staff at the patient's bedside. We see ourselves as having a strong position in these areas in comparison with the competition. This year we will adapt our structures, workflows and processes to the requirements of the Hospital Structure Act. We are confident that Asklepios will also be able to meet these additional challenges as well as taking advantage of the improvements that the new law undoubtedly also entails.

Positive outlook

The Asklepios Group's growth prospects are positive thanks to its sound economic and financial foundation and its future-oriented overall concept. In 2016, we aim to generate organic growth and convince more and more patients of the expertise and appeal of our facilities. For the current financial year, we anticipate a further increase in patient numbers and organic growth of between 2.0 % and 3.5 %.

The healthcare sector will also continue to grow in the coming years and decades, even just as a result of the demographic development. We aim to take advantage of the resulting opportunities and further strengthen our leading position. We intend to continue our stable long-term growth in the future and remain true to our guiding principles – quality, innovation and social responsibility. By consistently adhering to these principles, we have earned a high degree of trust over the past 30 years – from our patients, employees, capital backers, and not least from the general public. We will do our utmost to prove deserving of this trust in the future, too.

KAI HANKELN

DR THOMAS WOLFRAM

HAFID RIFI

MARCO WALKER



» Quick decisions, strong teamwork and providing immediate help - that's what being an emergency doctor requires.«

DR KIM GODHUSEN
CARDIOLOGIST WORKING AS AN EMERGENCY DOCTOR

9:00 - 12:00

OUR DOCTORS ON THE SPOT 24 HOURS A DAY

Outstanding quality is achieved by ensuring that the right people are where they are needed at the right time. This applies in particular to emergencies, when every second counts. Asklepios provides emergency doctors for the fire service's rescue service. This partnership has proven itself over many years.

It's a quarter past nine on Tuesday morning. With the blue light flashing and the siren wailing, Jason Riggers, a paramedic with the Hamburg fire service, is on his way into Hamburg city centre. Next to him in the passenger seat is Dr Kim Godhusen, a cardiologist at Asklepios, who also accompanies the fire service's rescue service as an emergency doctor. He is one of a total of 30 Asklepios doctors from Klinikum Harburg who regularly work shifts for the rescue service. Around 4,000 patients a year receive medical treatment in this way from the Central Casualty Department of the Harburg-based hospital. This

collaboration between the fire service and Asklepios has become a success story spanning more than 40 years.

While paramedic Riggers steers the vehicle past waiting cars and through red traffic lights with practised ease, Dr Godhusen talks to him about the steps that will need to be taken when they get to the scene. They know from the message they received from the control centre at Hamburg fire service that a woman with severe visual impairment had a bad fall while getting off a bus and is now complaining of difficulty breathing.

ASKLEPIOS IS THERE FOR YOU – 24 HOURS A DAY, EVERY DAY OF THE YEAR

9:00 - 12:00



9:00

10:00

11:00

12:00



Just after 9:30, Dr Kim Godhusen takes the patient to the Central Casualty Department at Klinikum Harburg

OUR DOCTORS ON THE SPOT 24 HOURS A DAY

The patient is suspected to have tension pneumothorax, a life-threatening lung injury. Although air flows into the pleural cavity during inhalation, it cannot escape during exhalation. The volume of air in the pleural cavity rapidly increases, compressing the heart, blood vessels and both lungs.

»I'm a trauma surgeon because being able to provide immediate assistance helps me feel fulfilled.«

TOBIAS SCHÄFER
TRAUMA SURGEON AND ORTHOPAEDIC SPECIALIST

After arriving at the scene, Dr Godhusen talks to the injured woman. Mr Riggers attaches the electrodes for an ECG. Dr Godhusen percusses the lung and detects a particularly loud and hollow-sounding percussion sound. Breathing sounds are weaker during auscultation. The patient is showing signs of an inadequate oxygen supply. Her pulse is very high and her blood pressure is low. The suspicion of tension pneumothorax becomes more concrete. Dr Godhusen needs to act immediately. He inserts a thoracic drain at the site, through which the air can escape. Paramedic Riggers attaches a drip for administration of painkillers. The patient is then taken to the Central Casualty Department. The Central Casualty Department is one of the biggest interdisciplinary emergency admissions departments in Hamburg, dealing with around 45,000 patients each year. A highly qualified team of doctors and nursing staff using state-of-the-art technology tends to emergency cases around the clock from a wide range of

specialist disciplines. When the patient arrives, the hospital staff is already well prepared for her arrival. Optimum further treatment can be provided directly on site in the trauma room. At the hospital, Dr Godhusen hands the reins to his colleagues, including Tobias Schäfer, a trauma surgery and orthopaedics specialist. Dr Godhusen is the only person who speaks during the transfer. This is one of the principles that is precisely stipulated to ensure that treatment continues as quickly as possible. A nurse for the Central Casualty Department is also present in the trauma room, along with an anaesthesia nurse and anaesthetist Mathias Mamier to provide further pain therapy. Dr Godhusen completes the transfer and leaves the room with a purposeful stride. He wants to enjoy a quick coffee before the next call comes, which is certain to be in a few minutes. In the trauma room, trauma surgeon Schäfer is now at the helm. He greatly values his chance to work at the Central Casualty Department: „There's an acute problem and I can help quickly. That's just fantastic.“ In the trauma room he asks the patient if she is taking any medication, and the nurse takes a blood sample for the laboratory. Dr Schäfer and his team then have to X-ray the lung to check that the thoracic drain is in the right place and is fully effective.

The patient is then transferred to the intensive care unit for observation. As soon as the lung is stable again, the drain is clamped off, i.e. the artificial pressure compensation in the lung is ended. However, the drain is left in place for several days. During this time, the patient is monitored around the clock in the intensive care unit. Only when the patient has not had a relapse for more than 24 hours can the tube be removed completely. At the end of treatment, the Asklepios team clarifies long-term preventive measures in a patient consultation. The patient should continue to rest after being discharged. She should also follow further precautionary measures and avoid flying and smoking, for example.

A QUESTION DR GODHUSEN, HOW DO YOU ACTUALLY BECOME AN EMERGENCY DOCTOR?

»It's more complicated than you'd think. After my school-leaving exams, I started studying human medicine in Hamburg. At the same time, I worked as a paramedic while at university. I then trained as a specialist in internal medicine and cardiology. You need to train separately to become an emergency doctor. The requirements are high: you need to accompany an experienced emergency doctor on 50 assignments, attend courses, provide proof of two years' clinical work and gain six months' experience in an emergency admissions department or in intensive care medicine. Only then does the medical association actually allow you to sit the exam to become an emergency doctor. But the journey there is very interesting, and it was definitely worth it for me. Every case is different when you're working as an emergency doctor; no two assignments are the same.«

24h

12:00 - 16:00

PATIENT SAFETY HAS TOP PRIORITY

One of our key aims is to continuously improve patient safety. A core component of quality management at our company is the „Asklepios Patient Safety Programme“. It helps to identify and eliminate risks at an early stage.

Tim Kruse hears nothing of events in the Central Casualty Department. He is lying in the pre-operative room at the hospital and is being prepared for an operation on his groin. The patient himself had noticed a protrusion in his right groin. The doctor treating him later diagnosed an inguinal hernia, which does not usually subside by itself. Without treatment, it will remain permanently. Treatment for an inguinal hernia therefore almost always involves surgery. Thanks to minimally invasive operating techniques, this is no longer a big deal. Surgery is carried out using the totally extraperitoneal (TEP)

method, in which the hernia gap is sealed with a synthetic mesh in a minimally invasive procedure. Tim Kruse is a little nervous before the operation. Anaesthetist Anastasia Melissi therefore makes sure she spends sufficient time reassuring her patient. „I have made it my goal to never let my work become routine. Each patient has their own concerns and needs to be taken seriously. I therefore take my time before the operation, talk to them and try to distract them.

»Each patient has its own concerns and needs to be taken seriously.«

ANASTASIA MELISSI
ANAESTHETIST

12:00 - 16:00



10:00 11:00 12:00 13:00 14:00 15:00 16:00 17:00 18:00



At 15:29, shortly before the operation, the anaesthetist meticulously goes through all the documents and checks that the operation site has been marked

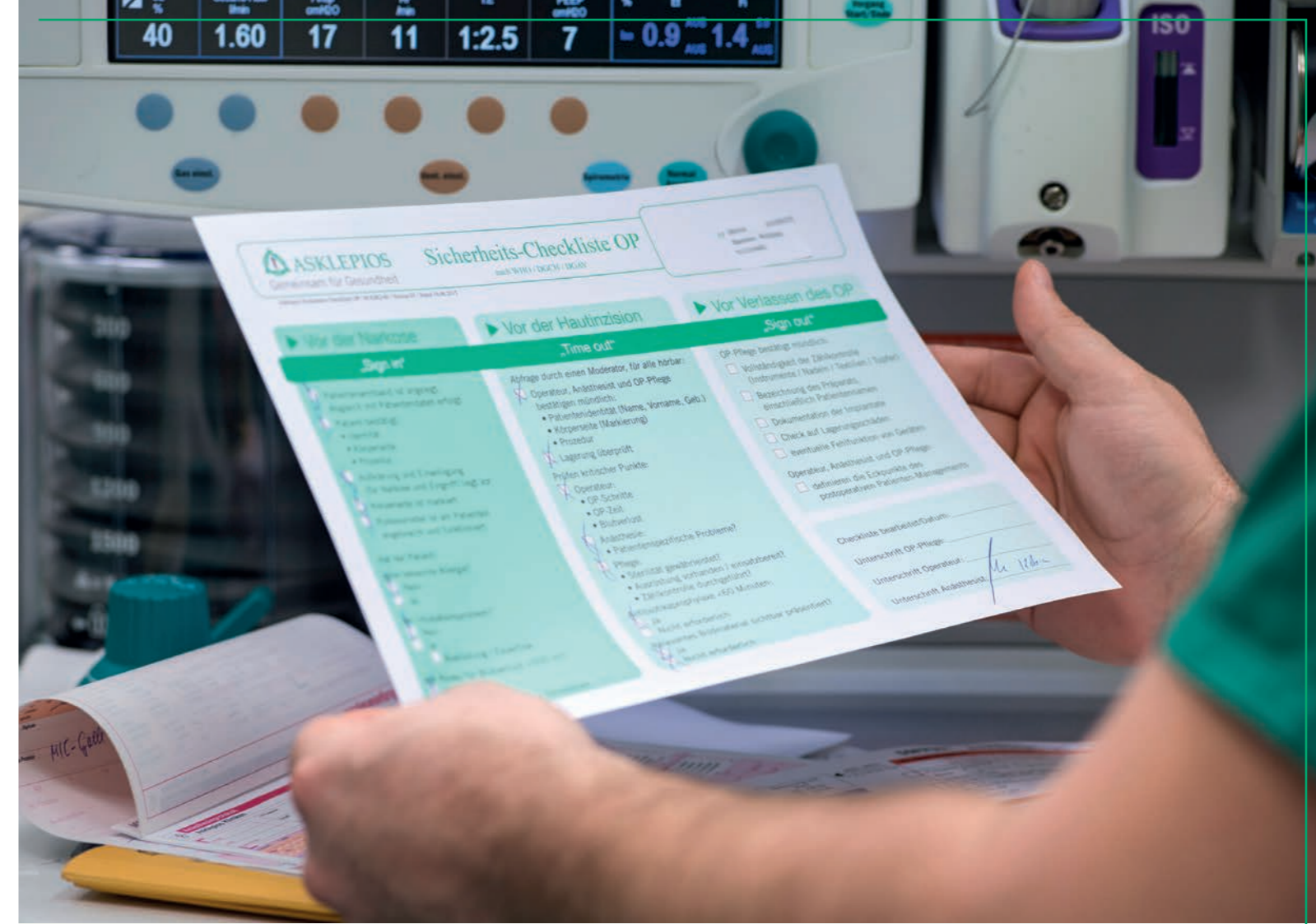
PATIENT SAFETY HAS TOP PRIORITY

Humanity is just as important as precision in Ms Melissi's job as an anaesthetist. Before administering the anaesthetic, Ms Melissi first checks the patient's wristband, a kind of identity card given to each patient on admission to an Asklepios hospital. This allows the patient to be reliably identified at all times and mix-ups are ruled out with a high degree of probability. The doctor then asks Mr Kruse a few questions about his name and date of birth, just to be certain. Ms Melissi calmly explains to her patient that this information must be given as part of the procedure. No operation is performed at Asklepios hospitals without first working systematically through an extensive questionnaire in which all points that are relevant to the operation are ticked off. This prevents errors from occurring. The safety checks begin during the preparation phase. Before anaesthetist Melissi induces anaesthesia, she also checks that the operation site has been correctly marked and asks Tim Kruse again about any intolerances to medication. She repeatedly strokes the patient's head, distracts him and even makes him laugh. While the anaesthetic is taking effect, she talks to him about her last holiday.

»My nervousness reduced significantly as each point on the checklist was ticked off. I knew I was in the best hands.«

TIM KRUSE
A PATIENT AT THE ASKLEPIOS KLINIKUM HARBURG

Tim Kruse has completely forgotten where he is by the time he finally falls asleep. During the operation itself, a theatre nurse performs further checks. Before the surgeon, PD Dr Ansgar Michael Chromik, picks up the scalpel, he asks his team questions about the planned course of the operation, possible complications and the instruments used. A final check is carried out immediately after the operation, in which all the instruments, pads and cloths on the table are counted to make sure that the number matches that at the beginning of the operation. This prevents foreign bodies from being left accidentally at the site of the operation. Only once this point and other questions have been ticked off is the operation officially completed. As expected, Tim Kruse's operation was free from complications.



ASKLEPIOS PATIENT SAFETY PROGRAMME

The Asklepios hospitals have set up a patient safety programme. The aim is to develop methods, instruments and standards that will enable risks to be identified, analysed and thus prevented at an early stage. The modules of the programme are:

Risk audits on key issues – In-house experts systematically inspect all safety-related processes on site, e.g. in surgery or obstetrics
Systemic case analyses
Anonymous error reporting system (CIRS)
Medical board audits – a systematic on-site analysis of medical cases
Asklepios Group standards for patient safety
Safety through hygiene
Member of the „German Coalition for Patient Safety“



40%

fewer deaths after the introduction of the checklist – as evidenced by international studies

The two surgeons, consultant Vladimir Penov (l.) and senior consultant PD Dr Chromik (r.), work well as a team.

16:00 - 20:00

THE HIGHEST QUALITY OF MEDICAL CARE AT ALL ASKLEPIOS FACILITIES

The quality of medical treatment has top priority at all Asklepios facilities, including Bad Schwartau rehabilitation clinic. All doctors, therapists and nursing staff have structured their work processes in accordance with strict quality criteria.

Asklepios operates 150 healthcare facilities throughout Germany, including acute hospitals providing all levels of care, specialist clinics, psychiatric and forensic facilities, nursing homes, medical centres and rehabilitation clinics such as Asklepios Klinik Am Kurpark Bad Schwartau. That's where Rolf-Peter Brinkel is this afternoon. For the first time, he has really begun to sweat. With the help of therapist Christian Steen, he is working on becoming more mobile again after experiencing stiffening of the lumbar vertebrae. After the first few relaxation and stretching exercises, Mr

Steen has stepped up the intensity and is now adding small dumbbells. Mr Brinkel has to take deep breaths, but the experienced therapist knows exactly what he can expect of his patient. This is actually the seventh therapy session that the two have had together. Mr Brinkel will also spend all subsequent appointments during his three weeks of rehabilitation in Bad Schwartau with Mr Steen. Mr Brinkel feels this is very positive and appreciates the fact that his therapist is open and always very friendly.

16:00 - 20:00 UHR



16:00

17:00

18:00

19:00

20:00



Physiotherapist Christian Steen determines the treatment goals with his patient

»A stay in Asklepios' rehabilitation clinic means an improvement every day.«

ROLF-PETER BRINKEL

A PATIENT AT ASKLEPIOS KLINIK AM KURPARK BAD SCHWARTAU

THE HIGHEST QUALITY OF MEDICAL CARE AT ALL ASKLEPIOS FACILITIES

The fact that patients generally always work with the same therapist while staying in Bad Schwartau is part of the clinic concept. This provides sufficient assurance that the individual treatment sessions build on each other seamlessly and in a targeted way, so that therapy leads to the desired result. The therapy sessions themselves are also organised systematically, based on seven quality indicators drawn up by the German federal rehabilitation association (BAR) and published in a guideline. As part of this, the therapist agrees a treatment goal with the patient – for example, that the patient will be able to perform certain movements in day-to-day life without experiencing pain, as in the case of Rolf-Peter Brinkel. The treatment goal is recorded in a specially produced booklet, which Mr Brinkel must bring with him to every session, like all other patients in Bad Schwartau.

Despite all the quality measures that are in place, it cannot be 100% guaranteed that everything will always go as planned in both inpatient and outpatient treatment and rehabilitation. In order to identify potential errors and adverse events at an early stage, a CIRS concept developed by Asklepios itself is therefore implemented in all Asklepios hospitals. The abbreviation CIRS stands for Critical Incident Reporting System. This is a system for anonymous reporting of critical incidents and near misses in healthcare establishments, which has been taken over from the world of aviation. It is based on the principle that any deficiencies can be reported to a central office using a simple form, without those affected having to fear sanctions from their supervisors. The CIRS system at Asklepios is based on the recommendations of the „German Coalition for Patient Safety“ (APS). It makes it possible to learn from mistakes and avoid them in future

through the Group-wide collection of important information and its communication via the „Asklepios CIRS Network“. Input for ongoing updates to the CIRS network comes from a central quality control system at Asklepios, into which information about errors and critical suggestions are entered. Improvements are initiated on site and within the Group on the basis of these reports.

Mr Brinkel has successfully completed his strength exercises. The trained precision mechanic in model making is now in a rehabilitation clinic for the fifth time – his unusual hobby could be a potential cause. Mr Brinkel used to skydive

»We agree a treatment goal with each patient. It has to be both realistic and challenging.«

CHRISTIAN STEEN
PHYSIOTHERAPIST IN BAD SCHWARTAU

frequently and sustained all kinds of injuries as a result. Ultimately, the unusual sport also damaged his spine. Mr Steen is now accompanying him to a heat treatment session. The trained physiotherapist enjoys his work: „I always see immediate results. And when someone comes to me barely able to move, and after therapy or at the end of their rehabilitation period here they leave with a straight back again, that gives me great satisfaction.“



»I consider it an achievement when patients learn to walk again after an operation or train themselves to adopt a new posture and we are thus able to alleviate their everyday pain on a long-term basis.«

CHRISTIAN STEEN
PHYSIOTHERAPIST

20:00 - 6:00

HAPPY EMPLOYEES ENSURE QUALITY AND GROWTH

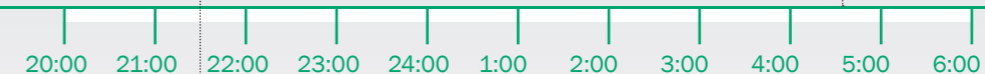
Highly qualified employees are the most important guarantee of good medical care. Asklepios therefore invests in further training for its staff on an ongoing basis. This, together with other measures, ensures a continuous improvement in employee satisfaction.

At the Asklepios Klinikum Harburg in Hamburg, a long day is drawing to a close. Britta Nottorf hands over the reins to her colleague and ward manager Claudia Stellisch at 21:30. Together, the two registered nurses go through the files and discuss which treatment measures and medication must be administered to which patients later in the evening and during the night. Both nurses are experienced and know exactly which patients require additional attention. Shortly before midnight all is quiet in the hospital corridors. Claudia Stellisch is on the move in the surgical ward tonight. She

usually works day shifts as a ward manager, but today she is filling in for a colleague. As an employer, Asklepios supported her in training to become a manager while working.

Ms Stellisch is currently on her way to see a patient who cannot sleep due to pain. „This kind of thing often happens to patients who have just undergone surgery.“ Claudia Stellisch gives the patient a painkiller and talks to him.

20:00 - 6:00



Britta Nottorf and Claudia Stellisch (from l. to r.) handing over for the night shift



»I know what needs to be done in an emergency.«

CLAUDIA STELLISCH
ORTHOPAEDICS AND TRAUMA SURGERY WARD MANAGER



HAPPY EMPLOYEES ENSURE QUALITY AND GROWTH

„Usually a listening ear and a few reassuring words are enough to calm the patient,“ she says. Her full attention is required in the middle of the night. She has to be on the spot when a patient unexpectedly develops complications, and must decide what to do. „I certainly bear immediate responsibility at first. But I am well trained and undergo regular further training, so I know what needs to be done in an emergency,“ the experienced professional says. „What’s more, I’m not alone. I can ask for help at any time from the doctors and colleagues on duty at the hospital overnight.“



»A listening ear and
a reassuring word are
often the best medicine.«

CLAUDIA STELLISCH
NURSE AND WARD MANAGER



6:00 - 9:00

PATIENTS AND THEIR RELATIVES AT THE CENTRE OF THE HOSPITAL'S DAILY ROUTINE

For years, the Asklepios brand has embodied innovation and progress. The clinic operator has set standards in this area in the medical sector and has been the first company to make use of innovative operating techniques and processes. But progress is not an end in itself. Irrespective of this innovative spirit, the focus is clear to every Asklepios employee: the patient's welfare is at the heart of every institution.

Just as the city cleaning services are starting to clean the pavements and gutters with road sweepers, the team working the early shift on the surgical ward goes through the rooms to wake the patients. Anyone who is not being prepared for an operation is given breakfast. Food is now served at the hospital by service staff, rather than the nursing staff. This reduces the pressure on nursing staff on the wards and allows them to concentrate more on patients. Only a little later than the early shift, surgeon PD Dr Ansgar Michael Chromik reports for duty. Today he must perform a

complicated Whipple procedure, in which the pancreas, duodenum, bile duct and lymph nodes will be removed. The operation will last for 4.5 to 6 hours. Yesterday Dr Chromik visited the patient again in the ward and went through the individual steps in the operation with the patient and his relatives. It is important to Asklepios that patients are able to make conscious decisions about their treatment. Doctors therefore involve them intensively in each stage of treatment from the beginning. Providing explanations to patients is a key issue at Asklepios.

OBTAINING A SECOND MEDICAL OPINION AT ASKLEPIOS

Obtaining a second medical opinion is an important element in ensuring greater patient safety and confidence in the treatment process. A structured procedure for obtaining second medical opinions has been in place at Asklepios hospitals for over a year. Before operations that can be planned, the clinic operator actively offers patients the chance to obtain a second medical opinion. To do this, Asklepios arranges appointments with other specialists and forwards all the necessary findings. This creates patient trust and actively involves patients in the decision-making process so that they can choose the right treatment.

6:00 - 9:00



»Being able to help people is a privilege.«

PD DR ANSGAR MICHAEL CHROMIK
SENIOR CONSULTANT FOR GENERAL AND ABDOMINAL SURGERY

6:00

7:00

8:00

9:00

10:00



An operation assistant goes through the safety checklist with the team



PATIENTS AND THEIR RELATIVES AT THE CENTRE OF THE HOSPITAL'S DAILY ROUTINE

Asklepios is also continuously improving treatment processes: only state-of-the-art diagnostic and treatment procedures are used in practice. These reduce waiting times and avoid redundant examinations through optimum planning.

Furthermore, Asklepios has been supporting research projects for years. As part of an annual call for proposals, employees can submit suggestions for clinical studies or research projects, for example. Experienced medical practitioners assess the proposals and award grants.

This investment pays off in practice. Therapies and alternative treatments are constantly improving, something that Dr Chromik values a lot. In the morning he prepares for the forthcoming Whipple procedure in his surgery and has another look at the MRI and CT images. Later during the operation he is highly focused, executing each hand movement with extreme precision and care.

He regards it as a privilege to be able to help people in his job as a surgeon. He had originally wanted to be a neurologist, but during his studies he discovered a great interest in surgery. „Every specialist field is exciting in its own way. It's important to find your calling.“ Whether it's anaesthetists, orthopaedic specialists, surgeons, or emergency doctors, medical practitioners from all disciplines work every day with great dedication towards a common goal at Asklepios hospitals: to be there for patients 24 hours a day.

»Surgery is a craft and I find it unbelievably fulfilling to be able to contribute so much to other people's lives.«

PD DR ANSGAR MICHAEL CHROMIK
SENIOR CONSULTANT FOR GENERAL AND ABDOMINAL SURGERY



LETTER FROM DR BERNARD GROSSE BROERMANN



DR BERNARD GROSSE BROERMANN,
FOUNDER AND SHAREHOLDER OF ASKLEPIOS KLINIKEN GMBH

Ladies and gentlemen,

At the end of the 2015 financial year, Asklepios entered the fourth decade of its history. From its modest beginnings in 1985, the company has grown to become Germany's second-largest private hospital operator today. Asklepios is not only a sound and successful provider of public services; it also stands for quality and innovation in our industry – and not least for social responsibility.

We have played a key role in privatisation in the German hospital sector over the past 30 years. Before they were acquired by Asklepios, many of the hospitals in our Group – most of which were previously publicly owned – were facing an insurmountable investment backlog, lacked a clear profile and had weak structures and inefficient processes. We were able to find remedies for this. After all, our roots lie in turnaround management. Nobody in Germany has more experience than Asklepios when it comes to improving structures and processes in line with the statutory framework. And no other company can look back at a more successful track record for the development of highly specialised medical care structures in the hospital sector. Our sustainable approach plays a crucial role in this context: we continuously invest high amounts of our own funds in our hospitals and their medical equipment. This not only results in successful restructuring in the short term, but also healthy and economically successful facilities in the long term.

Today, our clinic group consists of around 150 hospitals in 14 federal states. Our facilities cover the whole spectrum of healthcare provision. With our guiding principles of quality, innovation and social responsibility, we have not only made a significant contribution to the development of our market – a market characterised by competition, constant change and high regulation – since our company was founded. We ourselves have also become an essential pillar of healthcare provision in Germany.

The continual changes in the German healthcare system were among the biggest challenges in this process. These changes will continue in 2016. In the Hospital Structure Act that came into force at the beginning of the year, the legislators have placed a focus on promoting the quality of medical care for inpatients – an endeavour that we fully support, although in light of the most urgent problems in the sector we do not consider the law to be far-reaching enough and some individual aspects of it even seem counter-productive with regard to its objective.

The Hospital Structure Act increases the pressure for consolidation in the German hospital sector. Even today, several hospitals are experiencing a strained economic situation that will be exacerbated further still by the new regulatory requirements. Asklepios will continue to play an active role in the ongoing consolidation of the German hospital market – partly because we see this as an economic opportunity for our company, but also because we want to contribute to the further recovery of the sector with our experience.

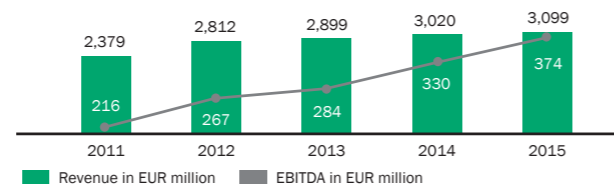
This safeguards our future as an independent group and a socially responsible hospital operator. Ever since it was founded in 1985, Asklepios has always been family-owned. Another constant is that high-quality patient care will remain our most important task. We have the expertise, the financial resources and the determination to continue optimally fulfilling this aspiration.

DR BERNARD GROSSE BROERMANN

FINANCIAL FACTS

Sustainability

Asklepios has been established and economically successful on the German hospital market for three decades. The profits generated by our hospitals ensure consistently high investments in highly qualified employees and medical quality. In the 2015 financial year, the number of patients increased again both in inpatient care and particularly in outpatient case. Revenue climbed by 2.6 % year on year to EUR 3.1 billion. EBITDA posted a sustainable increase from EUR 330 million in the previous year to EUR 374 million.



Stability

We can look back at several successful years: With extensive reporting in accordance with IFRS and an investment-grade rating, Asklepios used a bond with a volume of EUR 150 million to refinance itself for the first time in 2010. The capital base was strengthened with further successful placements of promissory notes. Asklepios' well-balanced financing structure is based on long terms and the trust of its investors. As at 31 December 2015, consolidated total assets had increased to EUR 3,495 million, with an equity ratio of 34,7 % and thus equity of EUR 1,214 million.

Flexibility

The healthcare sector is characterised by repeated regulatory changes. As at 1 January this year, the Hospital Structure Act came into force. This law makes extensive stipulations with regard to the organisation and structure of hospitals and Asklepios welcomes the increased emphasis on medical quality. We see ourselves as having a strong position in this regard in comparison to the competition, whether it's with the future certification of our medical quality in accordance with the internationally recognised standard DIN EN ISO 9001:2015 or with our ongoing reports on the quality of medical outcomes. Along with innovation and social responsibility, medical quality has been one of our core values right from the start.



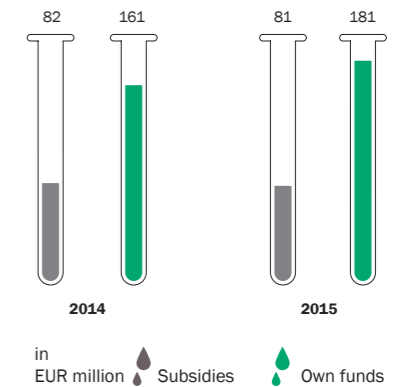
HAFID RIFI, CFO DER ASKLEPIOS KLINIKEN GMBH

Specialisation

Specialisation is an important prerequisite for advancing innovations in certain specialist areas. The Asklepios clinics have long pursued a "Centres of Excellence" strategy in which we define certain specialisms for individual hospitals. This specialisation enables us to assume a pioneering role in many areas. Examples include – among many others – the Asklepios Katharina-Schroth hospital in Bad Sobernheim, which specialises in scoliosis and other spinal deformities, and the cardiac centre in Hamburg St. Georg.

Predictability and scope for investment

The high barriers to entry in the sector and the regulatory environment guarantee stable and predictable cash flows. With the available cash and cash equivalents and undrawn lines of credit, Asklepios has considerable financial scope as at the end of 2015. The strong financial base guarantees continued investments in our existing hospitals. We ensure innovations and medical quality so that Asklepios can continue to provide excellent medical services in the future and thereby create value for patients, employees and investors.



Outlook

The healthcare market remains non-cyclical and highly attractive: we generate 85 % of our revenue in the crisis-resistant area of statutory health insurance and demand for healthcare services is continuing to increase, partly due to the ageing population. In the future, we also expect to see growth in the area of "patient tourism", i.e. with foreign patients who come to Germany for medical treatment. There is strong demand for medicine "made in Germany". Overall, the signs still point to growth: For the coming year, we anticipate organic revenue growth in a range of 2.0 % to 3.5 % and a slight but sustainable increase in EBIT/EBITDA compared to the previous year.

ASKLEPIOS ON THE CAPITAL MARKETS

Investor Relations

Asklepios informs investors, analysts and business partners, as well as patients and their families, about the performance of the business and the economic situation of the company in a comprehensive and transparent manner. In addition to the annual report, the Group publishes detailed quarterly reports including the consolidated interim financial statements in line with IFRS. Important economic news is reported promptly in corporate statements. Furthermore, personal dialogue with investors and analysts in particular is right at the core of investor relations activities. A fixed date on the financial calendar is the German Banking Congress held every May in Königstein. At this event, the group management gives lending banks in particular information on the past financial year and the current situation. Economic trends across the whole hospital sector are also discussed intensively here. Since 2013, Asklepios has also been presenting to the financial community at the German Equity Forum in Frankfurt.

Promissory notes

Asklepios Kliniken GmbH pursues the strategy of a broad financing mix. This is aimed at long-term financing security combined with flexibility and favourable financing options. The placement of promissory notes has become established as an integral part of this financing strategy.

In October 2013, a promissory note was issued in the amount of EUR 300 million, divided into three tranches with terms of 5, 7 and 10 years. The average interest rate for all three tranches is 3.5 %. In August 2015, the Asklepios Group successfully concluded the biggest round of financing in its 30-year history and the biggest promissory note issue to date in the hospital sector, with a volume of EUR 580 million. In the placement, the promissory note was offered in tranches with terms of 5, 7, 10, 12 and 15 years with both fixed interest and floating-rate interest. The well-balanced maturity profile of the liabilities was thus optimised further. Asklepios also benefited from a favourable interest rate environment.

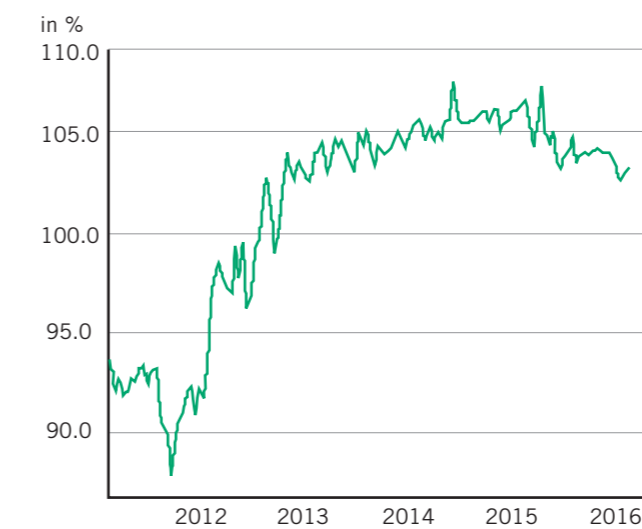
Due to high demand, the promissory note issue was oversubscribed several times over in the 2015 financial year. This multiple oversubscription and the high issue volume placed are clear proof of new and existing investors' confidence in the long-term, sustainable business model of Asklepios Kliniken GmbH. The favourable conditions strengthen the company's profitability and create new financial scope for the corporate strategy. The funds received from the promissory note loan are used for general business and growth financing as well as more affordable refinancing.

For example, more expensive financing is being repaid in some cases. In addition, existing promissory note investors took up the exchange offer made in the form of "amend & extend". This allowed for promissory notes already issued to be converted into new securities with amended conditions and extended terms.

The bond

September 2010 marked Asklepios' debut on the public capital market with the issue of a EUR 150 million corporate bond. At the same time, the seven-year bond with a fixed coupon of 4.00 % p.a. constituted the first major financing measure at Group level of Asklepios Kliniken GmbH. Previously, financing was provided separately by the sub-groups Asklepios Kliniken Verwaltungsgesellschaft mbH and Asklepios Kliniken Hamburg GmbH.

Placed at a price of 99.754 %, the bond was traded at 107.005 % at its peak in 2015. As at the end of the year, the bond was priced at 103.30 % in Stuttgart. The Stuttgart and Frankfurt exchanges guarantee tradability on a daily basis. When the annual report went to press on 8 April 2016, the bond price stood at 103.90 %, equivalent to an annual yield of 1.28 % up to the maturity date of 28 September 2017.



Issuer	Asklepios Kliniken GmbH
Guarantor	Asklepios Kliniken Verwaltungsgesellschaft mbH
ISIN	XS0542428833
WKN	A1EWQ8
Issue date	28.9.2010
Maturity date	28.9.2017
Nominal interest rate	4,00 % p.a. fest
Issue price*	99.754 %
Volume	EUR 150 Mio.
Face value	EUR 1,000.00
Interest payment	jährlich zum 28.09.
Price on 31 Dec. 2015/**	103.30 %
Price on 8 April 2016/**	103.90 %
*as a percentage of	** in Stuttgart

Group Management Report

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GROUP MANAGEMENT REPORT FOR FINANCIAL YEAR 2015

A. Group key figures

		2015	2014	Change in %
Number of patients		2,285,694	2,186,876	+4.5
Valuation ratio		583,517	577,773	+1.0
Number of beds		26,669	26,508	+0.6
Employees (full-time equivalents)		34,690	34,255	+1.3
Net cash from operating activities	EUR million	290.6	310.9	-6.5
Revenue	EUR million	3,099.3	3,020.2	+2.6
EBITDAR (earnings before interest, taxes, depreciation, amortisation and rent)	EUR million	420.9	383.2	+9.8
<i>EBITDAR margin in %</i>		13.6	12.7	
EBITDA	EUR million	374.0	330.4	+13.2
<i>EBITDA margin in %</i>		12.1	10.9	
EBIT	EUR million	249.1	211.8	+17.6
<i>EBIT margin in %</i>		8.0	7.0	
Consolidated net income for the year	EUR million	176.8	151.8	+16.5
<i>Return on sales in %</i>		5.7	5.0	
Investments in property, plant and equipment and intangible assets (own funds)	EUR million	180.3	160.7	+12.2
<i>Own funds ratio in %</i>		68.9	66.2	
Total assets	EUR million	3,495.0	2,863.4	+22.1
Equity	EUR million	1,213.5	1,001.7	+21.1
<i>Equity ratio in %</i>		34.7	35.0	
Financial liabilities (including subordinated capital)	EUR million	1,150.8	742.7	+54.9
Cash and cash equivalents	EUR million	554.9	161.2	+244.1
Net debt	EUR million	- 595.9	- 581.5	+2.5
Net debt/EBITDA		1.6x	1.8x	
Interest coverage factor (EBITDA/interest result)		9.8x	10.2x	

B. Growth of 2.6 % in financial year 2015 in the Asklepios Group

Asklepios is looking back at a successful financial year 2015 and has achieved its targets in every respect. During the financial year, Asklepios took advantage of the favourable interest rate environment and successfully placed the biggest promissory note loan in the healthcare sector in the past five years, with a volume of EUR 580 million, in August 2015. The Group generated revenue of approximately EUR 3.1 billion and EBITDA of EUR 374.0 million. The increase in income was the result of the sustained substantial organic growth achieved in patient numbers. The trend that saw some major cost items increasing at a lower rate than revenue continued in the year as a whole, leading to an increase in EBITDA of 13.2% thanks to the improvement in earnings. Equity was up 21.1% as of 31 December 2015, while the equity ratio of 34.7% was slightly lower than in the previous year (35.0%) due to the increase in total assets as a result of placing the promissory note loan. Performance growth (valuation ratio) of 1.0% (+5,744 valuation ratio) was achieved due to capex and structural measures, laying the foundation for further growth in 2016 and beyond.

C. Basis of the Group

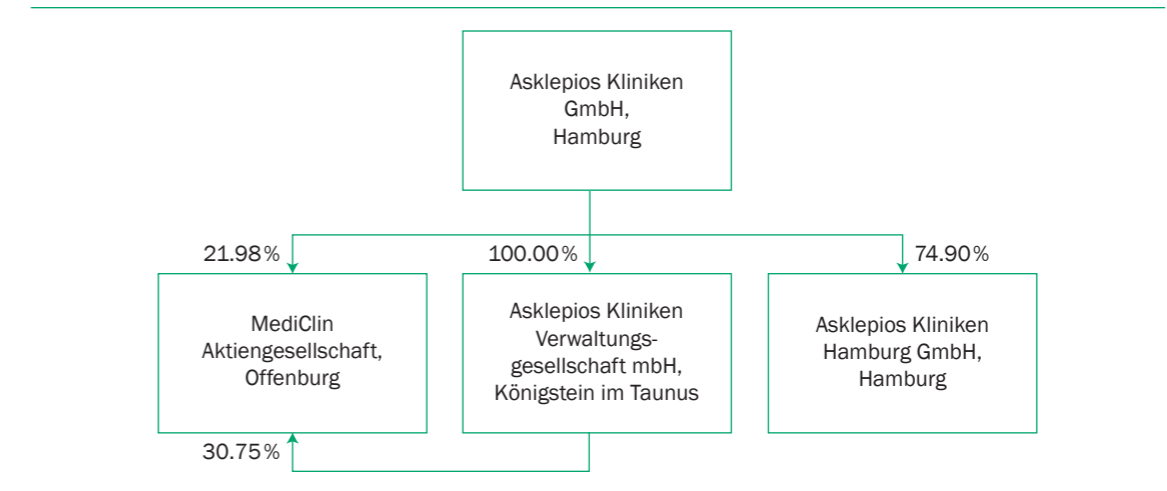
1) Business model of the Group

For 30 years, the healthcare group Asklepios has stood for quality, innovation and social responsibility. Its 150 healthcare facilities in 14 German states make the Asklepios Group one of the leading hospital operators in Germany and allow for integrated treatment chains and the establishment of medical clusters. The Company operates acute hospitals providing all levels of care, specialist clinics, psychiatric and forensic facilities, rehabilitation clinics, nursing homes and medical centres, with a focus on the non-cyclical acute market. The Asklepios Group intensively pursues a "Centers of Excellence" strategy in which it defines certain specialisms for individual hospitals. This specialisation makes it possible to assume a pioneering role in many areas.

The Group focuses on the non-cyclical acute market. 84.4% of the business volume related to acute care hospitals and around 14.8% to the rehabilitation sector. The remaining revenue was generated by the additional medical facilities. In total, the 150 healthcare facilities treated 2,285,694 patients in the financial year. The Asklepios Group employed 34,690 full-time equivalents in the past financial year (previous year: 34,255).

Asklepios Kliniken GmbH is composed of three subgroups:

Company structure



The operating entities are mainly consolidated subsidiaries. Asklepios Kliniken GmbH, the parent company of the Group, is responsible for the areas of strategy and financing, as well as for carrying out monitoring, management and controlling functions. Asklepios is realising functional synergies, for example in the areas of finance and financing, insurance, quality management, medicine and science, procurement and IT. Asklepios Kliniken GmbH (AKG) forms a consolidated tax group for VAT purposes with the majority of the group companies. Standard intercompany agreements on exchanging services and cooperation agreements have been concluded between the group entities.

2) Objectives and strategies

Our aim is to further consolidate and expand Asklepios' position as a leading healthcare group in Germany. The long-term strategy is based on our advanced medicine, high quality and innovation guidelines. With this clear focus, Asklepios will also continue to concentrate on organic growth. Acute hospitals remain the core business of Asklepios. Acquisition opportunities, which suit the existing portfolio, are subjected to targeted analysis and pursued if applicable. The sole shareholder's business policy and the successful Group financing will also secure the Asklepios Group's solid financial structure in financial year 2016.

3) Management system

The Group is managed and controlled by the group management. The supervisory board and the shareholder meeting serve as further corporate bodies. The supervisory board appoints the members of the management. It also advises and monitors the management in their managerial activities. The bylaws and the Asklepios approval catalogue stipulate that the group management must obtain the approval of the supervisory board and the shareholder meeting to carry out certain transactions.

Asklepios follows a decentralised organisational approach in its operating business, transferring responsibility for achieving targets to the regional units, which also look after the patients in organisational terms. The decentralised organisational structure is accompanied by central functions, which comprise purchasing, IT, revenue management, construction, finance and financing, insurance, HR, corporate communications and marketing.

In order to manage the Group's performance with regard to Asklepios' corporate targets, Earnings before interest, taxes, depreciation and appreciation (EBITDA) is used as a key performance indicator in the area of finance. This provides information on Asklepios' profitability. EBITDA describes the operating performance before capital expenditure expense and represents a significant control-related financial performance indicator.

Asklepios uses the equity ratio, which expresses the ratio of equity to total assets as a percentage, as another significant, control-related financial performance indicator. The equity ratio represents the share of equity in overall capital and is an indicator of financial and economic stability.

The valuation ratio is a significant control-related non-financial performance indicator for Asklepios. The valuation ratio is a key figure used to bill medical services in hospitals. The valuation ratio is given for each diagnosis-related group (DRG) in combination with the case-mix index (index of the average severity of cases). Multiplying the valuation ratio by the base case value gives you the amount which a health insurance fund has to pay to a hospital for a case such as this. This performance indicator provides Asklepios with important information on both case numbers and the assessment of quality.

Asklepios also uses year-on-year organic percentage growth to manage its own performance.

As part of the reporting system, these KPIs are aggregated at the level of the Group, prepared for individual facilities and monitored by management. We use planning and control processes to calculate these KPIs.

The internal audit as a management tool supports management in its control function by providing targeted, independent reviews. It includes regular monitoring of the proper functioning of the internal control system and of risk management.

Group management bears overall responsibility for the internal control and risk management system with regard to the financial reporting processes of the companies included and the group financial reporting process. All consolidated entities are included using defined management and reporting structures.

4) Quality management, innovation and environmental aspects

In 2016, Asklepios will be the first clinic operator to do away with the traditional lab coats worn by doctors at all of its roughly 100 medical facilities across Germany. The lab coats will be replaced by short-sleeved tunics. This decision is based on a recommendation by experts at the Robert Koch Institute (RKI) and the World Health Organisation (WHO), who have demonstrated in several studies that pathogens are more frequently detected on long-sleeved lab coats. The experts at the RKI and the WHO therefore recommend using short-sleeved clothing in hospitals. In doing away with lab coats at the patient's bedside, Asklepios is continuing to live up to its pioneering role in matters of patient safety, infection prevention and innovation in hospital operations. Asklepios is thereby addressing patients' fears of becoming infected with multi-resistant germs when they stay at a hospital.

Hospitals have been legally obliged to publish structured quality reports on a regular basis since 2005. These reports should help to provide patients and insured parties with information. They also serve as a guide for doctors and allow hospitals to demonstrate their services and quality. The quality report therefore helps to provide information and create transparency in the area of hospital treatment. In the financial year 2015, the Asklepios clinics presented the results of their clinical treatment in a transparent manner for the tenth time and published them in the 2015 report on the quality of medical outcomes.

Asklepios regularly conducts internal quality inspections. A total of 18 hygiene audits and 31 Medical Board audits were conducted in 2015. Medical Board audits serve the purpose of examining whether a medical department is functioning properly, particularly with regard to adequate patient care. The focus is on the department's medical care processes and an analysis of randomly selected patient records. These audits include a critical analysis of whether the treatment is in line with the latest scientific knowledge and is provided in accordance with guidelines.

In addition, Asklepios relies on a quality management system that is continuously reviewed and certified by external organisations. One such organisation is the Cooperation for Transparency and Quality in Healthcare (Kooperation für Transparenz und Qualität im Gesundheitswesen – KTQ). In the KTQ system, doctors, nurses and employees are included in the review process. To obtain KTQ certification, patient care is reviewed as well as other areas such as work organisation, training, safety and management. A total of 46 Asklepios hospitals were certified in accordance with KTQ in 2015.

In the past year, the Asklepios Group honed its quality monitor project. The system and the software were overhauled in 2015 and user operation was also improved. The Asklepios quality monitor is a management tool that helps record and analyse quality-related key performance indicators. It can be used to manage projects in the individual facilities of the Group in a targeted way.

The clinics in the Hamburg subgroup (AKHH) conduct some 450 studies and research projects each year. Around 75 % of these studies deal with new drugs. Medical products such as cardiological or orthopaedic implants are also tested for the medical industry. At the same time, Asklepios supports research of scientific interest to senior consultants, from diagnosis techniques using medical products or devices to health economics or empirical studies. Biologists and clinical researchers specialised in cardiology, haematology, diabetology, and oncology continue to conduct basic research on new therapeutic methods in AKHH's research laboratories.

There is always a focus on environmental aspects in the Asklepios Group. At our hospitals, we endeavour to ensure that all natural resources are used efficiently. In the case of construction projects in particular, we focus on using sustainable building materials and types of construction with a good overall ecological impact. With regard to our energy management, we use primary energy sources efficiently and incorporate renewable energy sources in our concepts where possible. During the financial year, we particularly focused on energy-efficient lighting together with a high quality of lighting by using modern lighting technology.

D. Economic report

1) General economic and sector-specific conditions

GENERAL ECONOMIC CONDITIONS

In its autumn forecast in November 2015, the European Commission assumed growth in German gross domestic product (GDP) of 1.7% year-on-year in 2015.¹ For the euro zone, an average growth rate of 1.6% is cited for 2015. According to the assessment by the European Commission, growth in the German economy is based primarily on the strong employment market, favourable financing conditions and private consumption. Additional government spending for refugees is also expected to act as a kind of stimulus package. Exports, which are very important for the German economy, declined somewhat in the second half of the year in particular. This was firstly due to weaker demand from emerging markets, and secondly to the less pronounced depreciation of the euro.

As in previous years, the German employment market developed positively. According to the European Commission's autumn forecast, the unemployment rate in 2015 was 4.7% compared with 5.0% in the previous year. There are signs of slight improvements in virtually all euro countries. However, the average unemployment rate in the euro zone, at 11.0%, is more than twice as high as in Germany. Nonetheless, the unemployment rate in Germany is expected to increase on the whole, as the German employment market will face challenges not least as a result of the refugee crisis.

GENERAL SECTOR CONDITIONS

The hospital sector is a growth market with non-cyclical, growing demand. Key growth drivers include an increasing need for medical treatment, an ageing population, a growing number of chronically ill patients, medical advances and greater health awareness. In general, there has been growing demand for private and additional services and for innovative products and therapies that patients pay for themselves. In the financial year 2015, demand for the Asklepios hospitals' services continued to increase both in inpatient care and particularly in outpatient care. However, the growth dynamics in Germany's different federal states vary. Metropolitan regions such as Hamburg with a comprehensive range of services also display performance increases from surrounding federal states and regions. While performance is continuing to increase in most urban regions, non-city states generally tend to record lower growth due to demographic influences. The performance development also varies between different hospitals – on the whole, clear performance profiles result in increasing demand. The development for individual indications such as typical age-related illnesses – cardiology, nutritional and metabolic diseases, pulmonary diseases and diseases of the digestive tract – was positive and stabilised over the course of the year.

The performance increase in inpatient care at psychiatric facilities is slowing down. A performance increase can still be reported in the area of day-patient cases. This is mainly due to the establishment of further external day clinics to provide care close to patients' homes. Demographic development is creating a rising number of workers aged 55 plus and consequently increased demand for rehabilitative services.

The rate of change for 2015, based on the base remuneration rate, was 2.53%. In deviation from this, the German Federal Statistical Office's orientation value was only 1.4%. The rate of change is the benchmark for the maximum increase in base rates at state level. A change rate of 2.95% was announced for 2016 in September 2015. As a result of the development of performance and expenditure in other performance segments (e.g. additional fees), the actual increase in unweighted base rates at state level averages approximately 2%. Due to the budget technique, the real budget developments 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 that are not subject to discounts for additional services. This is proving very positive from the Asklepios Group's perspective, especially at the hospitals where private comfort wards have 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 the end of 2016. Starting from 2017, the care surcharge will be transferred to the base rates as a result of the amendments to the Hospital Structure Act. The nursing care surcharge will continue to be implemented. The surcharge will be calculated based on the level of nursing care costs at the individual hospital. However, the legislators' aim is that the EUR 500 million previously paid out as the care surcharge should continue to benefit the hospital sector.

The additional services discount amounts to 25% for agreed additional services up to and including 2016 and has a term of three years. Additional services that are agreed starting from 2017 will be subject to a "fixed cost degeneration discount" (FCDD). This FCDD is to be agreed at state level. Initial estimates put it at between 35% and 55% per year with a term of three years. According to the original draft, the term was to be five years. Additional services will no longer be taken into account as a reducing factor in the base rate at state level, meaning that the change rate will take full effect. A risk for subsequent years is that, if the most-favoured clause is eliminated, the change rate will consider only the German Federal Statistical Office's orientation value, which was significantly lower than the base remuneration rate in recent years. As a result, hospitals without an increase in performance will be in a better position, as they will generate a higher budget increase. By contrast, hospitals with increasing performance will be penalised, since overall the discount is expected to be considerably higher than before. In addition, services that are susceptible to increasing volumes – which still have to be agreed at federal level – will be subject to a longer and/or higher FCDD. By contrast, services that are not susceptible to increasing volumes (e.g. births) will be subject to half of the FCDD, as will services that arise as a result of merging departments or hospitals. The exemption provisions have been considerably restricted; for example, increases in bed numbers on the basis of hospital planning are no longer exempted from the discount.

The extension of the minimum quantity provisions that is also planned as a result of the quality discussion therefore means that if these services cease to be performed at one hospital this will result in a discount at another, specialised hospital. Consequently, the health insurance funds alone will save considerable funds as a result of the new regulations.

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%. It is also being continued in order to support training of additional hygiene employees; only the funding for doctors responsible for hygiene management is being dropped, but this accounts for the largest share of the total funding.

Overall, the competition for diversification in the hospital sector is expected to accelerate further as a result of the new regulations of the Hospital Structure Act. Asklepios is attempting to counteract this trend with the targeted positioning of its hospitals as part of the Centre of Excellence concept. Corresponding Centres of Excellence have now been defined for nearly all of the hospitals and are already being implemented at several hospitals. This also includes intensified cooperation and targeted network building between Asklepios hospitals, with a focus on forming care structures that are as comprehensive as possible. With these measures and the right targeted offerings in high-demand medical fields, it remains possible to break away from the general situation and generate above-average growth. A significant level of additional services has been recorded in some cases at hospitals where the corresponding measures have been implemented, including with the Centre of Excellence concept.

¹ European economic forecast, autumn 2015

2) Outlook

On the basis of the good business development in the financial year 2015, Asklepios is also optimistic for the current year. The continuous growth in patient numbers and the increase in revenue in particular are at the upper end of the industry average according to the Group's estimate. The good development is mainly due to medical services of outstanding quality that are in line with demand and often selected by patients as a preference.

For the inpatient sector, the reform of the hospital sector is of overriding importance. The adoption of the Hospital Structure Act will comprehensively affect virtually all areas of hospital operator financing. The focus here is on pricing, quantity control, structural requirements, the reduction of overcapacity and quality. This law presents Asklepios with both opportunities and risks. For example, refinancing of centres may have a positive effect. However, hospitals with increasing performance will be penalised, as the discount for this will be considerably higher than before. The quality issue is a key aspect of the hospital reform for politicians, while indicators for structural and process quality, in addition to the quality of medical outcomes, will also form a basis for decisions in planning at state level. It is striking that politicians tend to equate quality more with structural quality and less with the quality of results. Politicians primarily understand structural quality as meaning a minimum number of staff.

The Asklepios Group will continue to pursue the specialism concept ("Centres of Excellence") in future. "Centres of Excellence" are high-performance centres that focus on the treatment of certain diseases. To this end, specialists are also employed at the centres. Specialisms have already been defined for many Asklepios hospitals. This concept is supported by stronger cooperation and targeted network building within the Group.

In 2016, Asklepios will again invest continuously in the education and training of its staff and in individual locations. The Asklepios Group will also have additional potential for increasing profitability in the future as a result of further integration and optimisation of existing hospitals. With these measures and targeted offerings in high-demand medical fields, it remains possible for Asklepios to prevail in the present environment and to generate growth at the upper end of the industry. Our business goals for 2016 include organic revenue growth in a range of around 2% to 3.5% and a slight but sustainable increase in EBITDA compared to the previous year. In financial year 2015, Asklepios reached the expected range or the upper end of the targets set with revenue growth of 2.6% and EBITDA of EUR 374.0 million.

E. Net assets, financial position and results of operations

1) Business performance and results of operations

	2015		2014	
	EUR million	%	EUR million	%
Revenue	3,099.3	100.0	3,020.2	100.0
Other operating income	226.2	7.3	218.8	7.2
Cost of materials	-684.5	-22.1	-683.1	-22.6
Personnel expenses	-1,962.2	-63.3	-1,914.3	-63.4
Other operating expenses (not including rental expenditure)	-251.6	-8.1	-258.4	-8.6
EBITDAR	427.3	13.8	383.2	12.7
Rental expenditure	-53.3	-1.7	-52.8	-1.7
EBITDA	374.0	12.1	330.4	10.9
Depreciation, amortisation and impairment	-124.9	-4.0	-118.6	-3.9
EBIT	249.1	8.0	211.8	7.0
Net investment income	9.3	0.3	1.7	0.1
Interest result	-38.1	-1.2	-32.4	-1.1
Income taxes	-43.6	-1.4	-29.3	-1.0
Consolidated net profit	176.8	5.7	151.8	5.0

In the financial year 2015, a total of 2,285,694 patients visited the Asklepios Group's facilities. Compared to the previous year (2,186,876 patients), this represents an increase of 4.5%. This development was once again driven by our range of medical services in line with demand, combined with high case numbers at certain centres for advanced medicine, known as Centres of Excellence, where Asklepios can optimally pool expertise and patient numbers. The Group registered consistent utilisation of its healthcare facilities throughout the year. Growth in performance was attributable both to acute services and to post-acute and, in particular, psychiatric care. The trend towards outpatient care that is apparent in the healthcare sector as a whole also continued in our facilities, and the increase of 5.9% was higher than in the previous year (2.7%). Performance growth (valuation ratio) of 1.0% (5,744 valuation ratio) was achieved due to capex and structural measures. While performance grew, case complexity was at a high level.

	2015	2014	Absolute Change	Relative Change
Development of case numbers				
No. of inpatient cases	704,072	693,420	+10,652	+1.5%
No. of outpatient cases	1,581,622	1,493,456	+88,166	+5.9%
Total number of patients	2,285,694	2,186,876	+98,818	+4.5%
Development of valuation ratios				
Number	583,517	577,773	+5,744	+1.0%
Number of beds	26.669	26.508	+161	+0,6%

Asklepios concluded remuneration negotiations for approximately 75 % of its clinics in the past financial year 2015, which has secured income flow in good time beyond that resulting from the increase in the caseload. At clinics for which no agreement has been reached with providers of social services, a relatively high discount was again taken into account for additional services requested. At clinics that had already found themselves facing higher discounts for additional services in the previous year, these larger discounts were maintained as a precaution where no results had yet been achieved in negotiations with payers. This negative price effect affected growth in our performance. Our previous year's forecast of a slight increase in the valuation ratio proved entirely accurate.

The rise in patient numbers resulted in slight revenue growth. This increased by 2.6% from EUR 3,020.2 million to EUR 3,099.3 million largely as a result of organic growth. Consequently we are within the range of 2% to 4% anticipated in the previous year for revenue growth. Average case income developed slightly positively (up +0.6%) in inpatient care, rising from EUR 3,917.27 to EUR 3,940.27.

As in the previous year, 84.4% of revenue was generated in acute care hospitals, as in the previous year, 14.8% in rehabilitation clinics and 0.8% in social welfare facilities and other facilities.

Other operating income of EUR 226.2 million (previous year: EUR 218.8 million) includes income from additional services, rental and leasing, insurance claims, income from granting rights of use and income from clinical studies and research projects.

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

In %	2015	2014
Cost of materials ratio	-22.1	-22.6
Staff costs ratio	-63.3	-63.4
Other expenses ratio (not including rental expenditure)	-8.1	-8.6
Rental expense ratio	-1.7	-1.7
EBITDA	12.1	10.9
Depreciation and amortisation expense ratio	-4.0	-3.9
EBIT	8.0	7.0

The Asklepios Group succeeded in reducing the ratio of cost of materials and of personnel expenses in financial year 2015. This achievement was based predominantly on stable staff numbers and measures relating to operating expenses. At the same time, increases from quantitative and price effects were apparent in personnel figures due to collective pay agreements, in particular, and in the cost of materials.

In absolute terms, the cost of materials increased less aggressively than revenue by EUR 1.4 million from EUR 683.1 million to EUR 684.5 million. The cost of materials ratio fell year on year (22.6%) by 0.5 percentage points to 22.1%. This was attributable to the energy model established by Asklepios and the operation of combined heat and power plants, as well as to sustained cost management combined with the revenue increase of 2.6%. Management measures in the field of high-priced implants had a particular impact on the cost of materials. The energy procurement measures taken will also have a positive impact on earnings in the years to come.

In absolute terms, staff costs rose at a slightly slower rate than revenue growth by 2.6% from EUR 1,914.3 million to EUR 1,962.2 million and resulted in a staff costs ratio that fell from 63.4% to 63.3%. Overall, the absolute increase in staff costs is attributable to wage increases (+2.5% to 3.0% p.a.) and a 1.3% rise in the number of employees in the Group.

Asklepios reported a change in other operating expenses (not including rental expenditure) of EUR -6.8 million to EUR 251.6 million (previous year: EUR 258.4 million) or -2.6%. The ratio of 8.1% was lower than the 8.6% of the previous year. The decrease in this expenses ratio is chiefly due to lower expenses for insurance and possible damage claims.

EBITDA improved year on year in the year under review, rising to EUR 374.0 million from EUR 330.4 million in the previous year. This corresponds to a margin of 12.1% in financial year 2015 (previous year: 10.9%), meaning that the EBITDA margin improved by 1.2 percentage points. As a significant financial indicator, EBITDA therefore lies at the upper end of the forecast set out in the annual financial statements as at 31 December 2014.

In the past financial year, the depreciation and amortisation expense ratio was 4.0% and was consequently slightly up on the previous year's level (3.9%).

The EBIT of EUR 249.1 million generated in 2015 meant a margin of 8.0% (previous year: EUR 211.8 million and 7.0%).

The interest result increased to EUR 38.1 million and 17.6%. In August 2015, the Asklepios Group placed a promissory note loan of EUR 580 million and thus successfully concluded one of the largest promissory note issues in the healthcare sector. The funds received serve general business and growth financing as well as more affordable refinancing. Owing to the low-interest environment, interest income fell to EUR 1,474 thousand. Interest expenses amounted to EUR -39,541 thousand in the financial year; this change was attributable to interest expenses for pension provisions and the higher level of financial liabilities.

Income tax expenses increased from EUR 29.3 million to EUR 43.6 million. This development reflects the rise in EBT and also takes account of tax-related risks.

Overall, consolidated net income increased year on year in the period under review from EUR 151.8 million to EUR 176.8 million. The return on sales in financial year 2015 was 5.7% overall (previous year: 5.0%).

2) Overall management statement

The positive trend from the previous year also continued in financial year 2014. Increasing patient and revenue figures, combined with a comparatively lower rise in expense components, were key reasons for the positive earnings performance. However, this trend was restricted by the ongoing and challenging development of expenses. The discrepancy between hospitals' and utilities' additional services and their rising costs due to high material and staff costs at the same time as capped remuneration for our services is widening further. This requires active cost management and effective concepts in terms of services in order to increase efficiency. Asklepios bundled the major efforts to meet this challenge successfully. Asklepios recorded a stabilisation in staff costs; the staff costs ratio has improved slightly year on year in the period under review. Nonetheless, pay increases and the higher number of full-time equivalents as at the end of the reporting period act as major cost drivers. With regard to the cost of materials, savings on energy expenses and the fact that purchasing management is increasingly controlled at Group level brought about a decrease in the cost of materials ratio. Overall, the operating margin at EBITDA level in 2015 at 12.1% was above the level of the previous year (2014: 10.9%). According to our expectations for financial year 2015 as at 31 December 2014, we are within our forecast range of 2% - 4% with year-on-year revenue growth of 2.6%; the same applies to the increase of valuation ratios. EBITDA increased sharply compared with the previous year.

3) Financial position and net assets

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 on the basis of careful investment 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 554.9 million, the Group has unutilised credit facilities of around EUR 462.1 million (previous year: EUR 521.5 million) at its disposal. The high internal financing power and the relatively moderate level of net debt protect the Group from further financial market risks.

One of the central elements of the Group's financing strategy consists of sustainably optimising capital costs. The starting point for this approach 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.

Asklepios took a significant measure in the financial year to secure the Group's financing for the years to come. In August 2015, the Group placed a promissory note loan of EUR 580 million and thus successfully concluded one of the largest promissory note issues in the healthcare sector. Due to the high demand, the issue was many times oversubscribed, so the originally planned issue volume of EUR 200 million was increased to a total of EUR 580 million. The funds received serve general business and growth financing as well as more affordable refinancing. For example, the placement of the promissory note allowed more expensive financing to be repaid and converted into more affordable financing. The promissory note was placed with fixed and variable interest. The average term is eight years. The promissory note loan, a capital-market-related instrument, fits very well in Asklepios' strategy of a broad financing mix and complements the public bond and syndicated loan.

In light of this situation and with a relatively moderate level of net debt, the Group is well protected from financial market risks. Asklepios is in a position to leverage further growth potential through acquisitions as well as being able to meet all of its repayment obligations in the coming years from financial reserves.

Financial liabilities including subordinated capital (subordinated capital only in 2014) amount to EUR 1,150.8 million (previous year: EUR 742.7 million). In financial year 2015, higher-interest subordinated capital of EUR 47.0 million was repaid. Non-current financial liabilities include a fixed-rate capital market bond with a volume of EUR 150.0 million. The coupon is 4.0%. The interest is paid in arrears on an annual basis as at 28 September each year. In addition, promissory note loans with a volume of more than EUR 750 million are also reported under financial liabilities.

Through the conclusion of interest rate hedges, the Group is hedged against rising interest rates and therefore for the most part is not exposed to any interest rate risk.

The debt ratio – measured as net debt/EBITDA – decreased. According to internal guidelines, this ratio must not exceed 3.5x. The following table illustrates how this performance indicator was calculated in the period under review:

EUR million	2015	2014
Including subordinated capital (only in 2014)		
Financial liabilities (including subordinated capital)	1,150.8	742.7
Cash and cash equivalents	554.9	161.2
Net liabilities (including subordinated capital)	595.9	581.5
EBITDA	374.0	330.4
Net debt/EBITDA	1.6x	1.8x

Even taking into account subordinated capital in the previous year, the indicator amounted to 1.6x (previous year: 1.8x).

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. The interest coverage factor (EBITDA/interest result) stands at 9.8x (previous year: 10.2x).

Summarised statement of financial position	2015		2014	
	EUR million	%	EUR million	%
Non-current assets	2,347.3	67.2	2,160.0	75.4
Current assets	1,147.6	32.8	703.4	24.6
ASSETS	3,494.9	100.0	2,863.4	100.0
Equity	1,213.5	34.7	1,001.7	35.0
Participation capital/subordinated capital	0.0	0.0	47.0	1.6
Non-current liabilities and provisions	1,656.1	47.4	1,232.4	43.0
Current liabilities and provisions	625.3	17.9	582.3	20.3
EQUITY AND LIABILITIES	3,494.9	100.0	2,863.4	100.0

The Group's balance sheet and financing structures are sound. As in the previous year, non-current assets are financed at a rate of over 100% with matching maturities via equity or long-term borrowings. Total assets increased from EUR 2,863.4 million in the previous year to EUR 3,495.0 million.

Non-current assets rose year on year by EUR 187.3 million to EUR 2,347.3 million. This item includes investments in unconsolidated companies.

Equity increased substantially by EUR 211.8 million to EUR 1,213.5 million. With a significant increase in total assets, the equity ratio changed from 35.0% as at 31 December 2014 to 34.7% as at 31 December 2015. With an increase in total assets on which the forecast was based, the development of the equity ratio was in line with our expectations. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,234.1 million (31 December 2014: 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.

Days sales outstanding (receivables turnover rate – trade receivables/revenue x 365) increased to 47.6 days (previous year: 44.1 days). This rising trend could be observed throughout the sector and was partly due to changes in the billing procedures used by payers and short-term migration effects.

In the financial year, subordinated capital of EUR 47.0 million was repaid as planned.

Non-current liabilities total EUR 1,656.1 million (previous year: EUR 1,232.4 million). These comprise pension provisions, other non-current provisions, financial liabilities and other liabilities due in more than one year and deferred taxes. Non-current financial liabilities also include the promissory note loan of EUR 750 million and a fixed-rate capital market bond with a volume of EUR 150 million.

The non-current capital, comprising equity and non-current liabilities, covers the non-current assets by over 100% as in the previous year.

In addition to cash and cash equivalents of EUR 554.9 million, the Group has unutilised credit facilities of around EUR 462.1 million (previous year: EUR 1,017.0 million) at its disposal. The Group therefore has financial reserves of EUR 1,017.0 million available at short notice.

Internal financing power is still at a good level. The optimisation of cash management is also leading to the repayment of financial liabilities and favourable refinancing of financial liabilities. The net cash flow from operating activities was impacted by the increase in EBITDA from EUR 330.4 million in the previous year to EUR 374.0 million and by changes in the health insurance funds' payment performance. Capital expenditure on equipment and new buildings for our hospitals was financed by cash flow from operating activities. Adjusted for real estate investments, Asklepios generated significant positive free cash flow. Asklepios intends to sell on the real estate investments made in the hotel sector to an affiliate of the Group at market value in order to make more efficient use of operational synergies.

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

EUR million	2015	2014
EBITDA	374.0	330.4
Net cash from operating activities	290.6	310.9
Net cash used in investing activities	-264.9	-267.2
Net cash from/used in financing activities	368.0	-86.6
Change in cash and cash equivalents	393.7	-42.9
Cash and cash equivalents on 1 January	161.2	204.1
Cash and cash equivalents on 31 December	554.9	161.2

Cash and cash equivalents increased by EUR 393.7 million to EUR 554.9 million in 2015. Net cash from operating activities amounted to EUR 290.6 million. Net cash from operating activities is offset by cash flow from investing activities including investment in financial assets of EUR 264.9 million (previous year: EUR 267.2 million).

Net cash used in investing activities of EUR 264.9 million primarily includes investments in non-current assets and financial assets. Net cash from financing activities involved a cash inflow of EUR 368.0 million (previous year: cash outflow of EUR 86.6 million).

Adjusted for real estate investments, Asklepios generated significant positive free cash flow.

4) Acquisitions

Regular capital expenditure is vital in order to increase optimum patient care and maintain the physical fabric of the hospital.

The further increase in the Group's earnings power in financial year 2015 allows for sound internal financing as well as facilitating access to financial markets. Alongside subsidies, Asklepios intends to use own funds averaging between 7% and 9% of revenue for maintenance and capital expenditure in order not only to maintain its competitive position, but also to continue expanding it. In line with the trend of recent years, we continue to anticipate a rise in the self-financing ratio, as subsidies are declining due to the strained budgetary situation of the federal states and municipal authorities. As a growth-oriented group, Asklepios is dependent on capital expenditure and is able, thanks to its internal financing power, to compensate for the loss of subsidies.

Capital expenditure in financial year 2015 was as follows:

	Capital expenditure in 2015		
	Total in EUR million	Of which subsidised	Self-financing ratio
Intangible assets	14.1	1.5	89.4%
Land and buildings	39.2	5.4	86.2%
Technical equipment	8.6	2.5	70.9%
Operating and office equipment	88.2	36.9	58.2%
Assets under construction	111.7	35.2	68.5%
Total	261.8	81.5	68.9%

The majority of capital expenditure in the financial year related to the following locations:

Location	Capital expenditure in EUR million
Klinik Wandsbek (Hamburg)	16.3
Klinik Nord (Hamburg)	10.6
Klinik Harburg (Hamburg)	8.7
Klinik Altona (Hamburg)	5.3
Kliniken Langen	4.9
Stadtklinik Bad Tölz	4.8
Schlossbergklinik Bad König	4.5
Fachkrankenhaus Schildautal, Seesen	4.4
Klinik Lindau	4.3
Klinik Lich	4.0

After deducting subsidised capital expenditure, net capital expenditure totalled EUR 180.3 million (previous year: EUR 160.7 million), or 5.8% of revenue (previous year: 5.3%). Capital expenditure is fully financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 261.8 million (previous year EUR 242.7 million). At EUR 90.9 million in total, expenses for maintenance and servicing were up slightly compared with the previous year (EUR 87.9 million). Expressed as a percentage of revenue, 2.9% (previous year: 2.9%) was invested in ongoing maintenance. This means that Asklepios used 8.7% (previous year: 8.2%) of revenue for internally funded capital expenditures and maintenance work.

F. Subsequent events

In January 2016, the Group concluded the agreement on restructuring the existing syndicated loan. Asklepios thereby secured itself the excellent conditions on the market once again. The term of the agreement is seven years with an increased volume of EUR 365 million and in addition to the existing contractual partners it also includes two new banks. No other events took place after the reporting date that had a significant effect on the net assets, financial position and results of operations.

G. Forecast and risk and opportunity management

1) Forecast

In its autumn forecast in November 2015, the European Commission assumed growth in German gross domestic product (GDP) of 1.7% year-on-year in 2015. For the euro zone, an average growth rate of 1.6% is cited for 2015. According to the assessment by the European Commission, growth in the German economy is based primarily on the strong employment market, favourable financing conditions and private consumption. Additional government spending for refugees is also expected to act as a kind of stimulus package. Exports, which are very important for the German economy, declined somewhat in the second half of the year in particular. This was firstly due to weaker demand from emerging markets, and secondly to the less pronounced depreciation of the euro.

As in previous years, the German employment market developed positively. According to the European Commission's autumn forecast, the unemployment rate in 2015 was 4.7% compared with 5.0% in the previous year. There are signs of slight improvements in virtually all euro countries. However, the average unemployment rate in the euro zone, at 11.0%, is more than twice as high as in Germany. Nonetheless, the unemployment rate in Germany is expected to increase on the whole, as the German employment market will face challenges not least as a result of the refugee crisis.

The hospital sector is an attractive growth market with non-cyclical, growing demand. Key growth drivers include an increasing need for medical treatment, an ageing population, a growing number of chronically ill patients, medical advances and greater health awareness. In general, there has been growing demand for private and additional services and for innovative products and therapies that patients pay for themselves. In the financial year 2015, demand for the Asklepios Group's hospital services continued to increase both in inpatient care and particularly in outpatient care. However, the growth dynamics in Germany's different federal states vary. Metropolitan regions such as Hamburg with a comprehensive range of services also display performance increases from surrounding federal states and regions. While performance is also continuing to increase in other urban regions, non-city states generally tend to record lower growth due to demographic influences. The performance development also varies between different hospitals – on the whole, clear performance profiles result in increasing demand. The development for individual indications such as typical age-related illnesses – cardiology, nutritional and metabolic diseases, pulmonary diseases and diseases of the digestive tract – was positive and stabilised over the course of the year.

Following performance increases in recent years, the development in inpatient care at psychiatric facilities is slowing down. A performance increase can still be reported in the area of day-patient cases. This is mainly due to the establishment of further external day clinics to provide care close to patients' homes. Demographic development is creating a rising number of workers aged 55 plus and consequently increased demand for rehabilitative services.

The rate of change for 2015, based on the base remuneration rate, was 2.53%. In deviation from this, the German Federal Statistical Office's orientation value was only 1.4%. The rate of change is the benchmark for the maximum increase in base rates at state level. A change rate of 2.95% was announced for 2016 on 11 September 2015. A risk for subsequent years is that, if the most-favoured clause is eliminated, the change rate will consider only the German Federal Statistical Office's orientation value, which was significantly lower than the base remuneration rate in recent years. As a result of the development of performance and expenditure in other performance segments (e.g. additional fees), the actual increase in unweighted base rates at state level averages approximately 2%. Due to the budget technique, the real budget developments 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 that are not subject to discounts for additional services. This is proving very positive from the Asklepios Group's perspective, especially at the hospitals where private comfort wards have 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 the end of 2016. Starting from 2017, the care surcharge will be transferred to the base rates as a result of the amendments to the Hospital Structure Act. The nursing care surcharge will continue to be implemented. The surcharge will be calculated based on the level of nursing care costs at the individual hospital. However, the legislators' aim is that the EUR 500 million previously paid out as the care surcharge should continue to benefit the hospital sector.

The additional services discount amounts to 25% for agreed additional services up to and including 2016 and has a term of three years. Additional services that are agreed starting from 2017 will be subject to a "fixed cost degression discount" (FCDD). This FCDD is to be agreed at state level. Initial estimates put it at between 35% and 55% per year with a term of three years. According to the original draft, the term was to be five years. Additional services will no longer be taken into account as a reducing factor in the base rate at state level, meaning that the change rate will take full effect. As a result, hospitals without an increase in performance will be in a better position, as they will generate a higher budget increase. By contrast, hospitals with increasing performance will be penalised, since overall the discount is expected to be considerably higher than before. In addition, services that are susceptible to increasing volumes – which still have to be agreed at federal level – will be subject to a longer and/or higher FCDD. By contrast, services that are not susceptible to increasing volumes (e.g. births) will be subject to half of the FCDD, as will services that arise as a result of merging departments or hospitals. The exemption provisions have been considerably restricted; for example, increases in bed numbers on the basis of hospital planning are no longer exempted from the discount.

The extension of the minimum quantity provisions that is also planned as a result of the quality discussion therefore means that if these services cease to be performed at one hospital this will result in a discount at another, specialised hospital. Consequently, the health insurance funds alone will save considerable funds as a result of the new regulations.

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%. It is also being continued in order to support training of additional hygiene employees; only the funding for doctors responsible for hygiene management is being dropped, but this accounts for the largest share of the total funding.

Overall, the competition for diversification in the hospital sector is expected to accelerate further as a result of the new regulations of the Hospital Structure Act. Asklepios is attempting to counteract this trend with the targeted positioning of its hospitals as part of the Centre of Excellence concept. Corresponding Centres of Excellence have now been defined for nearly all of the hospitals and are already being implemented at several hospitals. This also includes intensified cooperation and targeted network building between Asklepios hospitals, with a focus on forming care structures that are as comprehensive as possible. With these measures and the right targeted offerings in high-demand medical fields, it remains possible to break away from the general situation and generate above-average growth. A significant level of additional services has been recorded in some cases at hospitals where the corresponding measures have been implemented, including with the Centre of Excellence concept.

We still expect the gap between actual expenses and the funds provided to continue to increase. Firstly, financing for investments in hospitals as a task of the federal states will decrease, as the federal states are increasingly withdrawing from dual financing. Secondly, the DRGs for treating our patients are not increasing in step with the expenses. In recent years, increases in standard wages have sometimes been more than twice as high again as the increases in the base rates at state level.

2) Overall management statement

The business goals for 2016 include organic revenue growth in a range of around 2% to 3.5% and a slight but sustainable increase in EBIT/EBITDA compared to the previous year – as such, we will see margin growth before growth in terms of size. Market-leading clusters and integrated courses of treatment will secure us an advantage over the competition when implementing these goals. We will also continue to focus on the non-cyclical acute market. On the basis of these targets, we want to increase the equity ratio slightly in the 2016 financial year compared to the previous year.

Our goal remains sustainable business success – particularly in the interests of our patients. We intend to increase the number of patients we treat on a continual basis over the coming year by means of our quality management activities (2015 report on quality of medical outcomes, 10th edition). We will achieve slight patient growth on an ongoing basis, especially in outpatient care. We will also focus on increasing patient numbers in inpatient care.

As well as financial figures, we will concentrate on a non-financial performance indicator when managing our company. Here, we will focus on achieving a slight year-on-year increase in the valuation ratio. We expect the new compensation system in psychiatric care to be implemented cautiously – certain risks exist here based on the performance of valuation ratios, for which the Group is preparing itself.

3) Declarations by the corporate boards of the Asklepios Group

With regard to the target and implementation deadline for a quota for women on the Supervisory Board, the Supervisory Board recommends to the committees responsible for appointments that a target of 20% should be set for the number of women on the Supervisory Board as a proportion of the total number of Supervisory Board members. The Group will aim to meet this quota equally for the shareholder representatives and the employee representatives.

With regard to the target and implementation deadline for a quota for women in the management, the current proportion of women in the management is 0% of the total number of appointed management members. The Group aims to increase the proportion of women in the future.

4) Risk report

A) RISK MANAGEMENT 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 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.

At Asklepios, a risk management system has been implemented that comprises various stages. In addition to regular reporting (e.g. risk and opportunity reporting, liquidity and financial reporting, reports on the quality of medical care), management discussions in individual regions identify risks and opportunities, check them for plausibility and define necessary measures. Furthermore, the implemented quality management programme for patient safety includes methods for detecting, analysing and preventing risks at an early stage. In-house experts systematically inspect all safety-related processes on site, e.g. with regard to surgery, obstetrics, drug therapy safety and patient information. The risk audits are aimed at increasing patient safety, identifying potential risks by analysing structures and processes and recommending specific preventive measures. In order to identify errors and adverse events at an early stage, a CIRS concept developed at Asklepios is also implemented in all hospitals. The anonymous error reporting system is based on the recommendations of the “German Coalition for Patient Safety” (APS) and makes it possible to learn from mistakes and prevent them in future. Important information is communicated throughout the Group via the “Asklepios CIRS Network”.

Asklepios is revising the risk management system in a multi-year project. The goal of the project is to further professionalise and institutionalise the risk management system throughout the Group (system, responsibilities, structure, formal processes, integration and automation). The structures relating to risk assessment are to be homogenised. Structured, automated procedures are to be introduced uniformly throughout the Group. Another aim is to practise risk management not just operationally but also to use it as an instrument for strategic management. In 2015, communication and reporting interfaces were established with all corporate functions and particularly with risk-related processes (CIRS [Critical Incident Reporting System], quality management, auditing and compliance). The structures established in this way allow for a comprehensive risk management approach as a result of the combined risk assessment comprising both bottom-up and top-down approaches. This facilitates not only early detection of risks, but also early identification of opportunities. The risk and opportunity management system is rounded off by systematic measures management that forms the basis for effective and efficient management of risks and opportunities. To support these processes technologically, new risk management software that is suited to the new requirements was introduced in the financial year 2015. The process of connecting the relevant reporting units to this new software is expected to be completed by 2017.

Asklepios is one of the major clinic operators in Germany. In this context, the Group uses its size as a means to an end. The structure makes it possible to realise benefits for patients in all Asklepios facilities. The structure can also make a contribution to the long-term security and expansion of nationwide healthcare delivery in Germany. The nationwide presence spreads economic risks over a large number of units and regions.

Our risk and opportunity management system is closely linked to corporate strategy. The key components of ISO standard 31000 and the COSO ERM (enterprise risk management) framework were included in the design of the Group-wide risk and opportunity management system. Appropriate findings are directly incorporated into the risk assessment thanks to close integration with internal audit. Risks identified as part of the risk inventory are also communicated to internal audit promptly. This ensures that all key risks are subject to ongoing monitoring. The combination of our internal control system and risk controlling allows us to recognise developments which could jeopardise the continuing existence of the Group or its entities at an early stage and to take appropriate countermeasures. In the same way, this procedure also enables opportunities to be identified and seized at an early stage.

The risk management process is broken down into the stages of risk identification and assessment, risk management, risk monitoring and risk communication.

Risk identification: In cooperation with the local risk manager and possibly also technical experts (known as risk sponsors), the risk officers – usually the managers in the hospitals and the heads of the Group departments – identify individual risks and potential opportunities and report them in the regular reporting system (e.g. liquidity and financial reporting, reports on the quality of medical care) as well as recording them in the risk management system.

Risk assessment: The risk officers assess risks and opportunities with regard to the probability of their occurrence and their impact (potential influence on achieving the budgeted EBITDA and on liquidity, e.g. with regard to financing and subsidy issues) in cooperation with the local risk managers and possibly also risk sponsors.

Risk management: Based on the information gathered, corresponding risk management strategies and opportunity-taking strategies are developed and backed up with specific measures. This allows for systematic management of risks and opportunities.

Risk monitoring: Identified and documented risks and opportunities are monitored continuously with regard to their development. This monitoring includes tracking the risk and opportunity measures resolved in terms of their risk mitigation effect (effectiveness) and their cost and implementation status (efficiency).

Risk communication: In addition to regular reporting (e.g. liquidity and financial reporting, reports on the quality of medical care), risks and opportunities are also reported on a quarterly basis at the level of the hospitals (and Group departments), the subgroups and the Group as a whole. An ad hoc reporting process has been established for extraordinary events.

B) INTERNAL CONTROL SYSTEM BASED ON THE ACCOUNTING PROCESS:

With regard to the financial reporting processes of the companies included and the group financial reporting process, we consider those aspects of the internal control and risk management system that have a material influence on group accounting and the overall picture conveyed by the consolidated financial statements and group management report to be significant. These are the following aspects in particular:

- Identification of major areas of risk and aspects to be monitored that are relevant to the group financial reporting process;
- Monitoring of the group financial reporting processes and examination of the results at the level of management and at the level of the entities included in the consolidated financial statements;
- Control measures in the finance and accounting of the Group and the individual consolidated companies, as well as in operating business processes, which generate the key figures for the preparation of the consolidated financial statements and group management report, including separation of functions in predefined approval processes in the relevant areas;
- Measures to ensure the proper computerised processing of content and data relating to group financial reporting.

5) Opportunities and Risks

Risks are evaluated according to their assessed probability of occurrence and potential financial impact. If risks are assessed as “requiring monitoring”, “requiring action” or “jeopardising the continued existence” of a company, measures to manage risk must be defined and the introduction and effectiveness of measures must be monitored by the managers responsible. Regardless of the assessment of how relevant risks are from the perspective of the Group, the respective risk officers are responsible for dealing with the individual risks pertaining to specific departments.

There were no risks requiring action or risks jeopardising the continued existence of the Group in the period under review.

Risk areas with a medium risk assessment are explained in more detail below. The risks presented are assessed for internal control purposes. Values and disclosures are reported as part of internal reporting.

LIABILITY AND LEGAL RISKS

Risks arising from legal disputes are continually identified, evaluated and communicated within the Group and its companies. In addition, the Group is involved in various legal disputes resulting from its operating activity. It is impossible to predict the outcome of these disputes, nevertheless Asklepios expects no material impact on the net assets, financial position and results of operations from the proceedings currently pending. In liability cases, impairment of results of operations, financial position and net assets cannot be ruled out despite all existing precautions. In addition, there is a potential liability risk if subsidies are used for something other than their intended purpose. It cannot therefore be ruled out that certain procedures may in future prove to require adjustments despite having been reviewed by the relevant group departments.

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, to 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.

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 have taken account of liability and legal risks requiring recognition that we are aware of by setting aside provisions. To cover the potential risk, Asklepios makes use of liability insurance policies, for the most part with deductibles. Appropriate provisions are formed or adjusted for the deductibles. We are currently not involved in any litigation or defending any claims which may result in major changes to the results of operations.

STRUCTURAL RISK

In rapidly growing groups of Asklepios' size, there is the risk that structures for Group management and the establishment of control systems (e.g. dual control) are not effective or first need to be established.

PERFORMANCE RISKS

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 75% (165% from 2017 onwards) and 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. In June 2015, the agreement was terminated by the DKG as of 31 December 2015. A follow-up agreement for 2016 onwards that, overall, contains improvements benefiting hospitals, was signed in 2015. However, the main elements of this will not take effect until 1 October 2016 or 1 January 2017 as extensive IT changes must first be implemented.

The transition to a flat-rate 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.

Other risks include delays in the completion of patient records and the implementation of case coding. This hinders the release of tied-up capital and thus the increase of financing flexibility. There are also process risks in new business models like the billing of medical service centres.

Asklepios is concentrating on the sector-related changes in the hospital market and the opportunities associated therewith. Due to our favourable cost structures and above average competence in the area of DRG revenue management, we are in a good position to transform the change process in the hospital market into additional competitive advantages.

QUALITY RISKS

Treatment quality is a major factor for our operating activities. Here, Asklepios uses a self-developed quality indicator programme to monitor results. Known as the Asklepios quality monitor, it highlights compliance with all quality indicators throughout the Group. The system has settings that enable immediate detection of even the smallest changes and implementation of quality management programmes. We therefore minimise operating risks firstly by maximising the possible quality of treatment that we ensure with our well educated and continually trained staff as part of our pre-defined courses of treatment. Secondly, our modern hospitals guarantee high-level care in terms of quality and technology, which also offer opportunities for future performance growth. 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.

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.

Asklepios counters this efficiency competition with target planning for the individual clinics in order to provide proof that the medical services on offer are in line with demand. The developments on the market are seen as an opportunity to capture a greater share of the market. Competition on quality is countered by the high quality of treatment. This is the basis for gaining patients' trust in the work of our clinics, while at the same ensuring that operating and litigation risks are minimised.

HYGIENE AND INFECTION RISKS

Potential hygiene and infection risks (e.g. Ebola) are countered by way of appropriate hygiene management concepts, structured workflows and processes 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.

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.

INCOME, DOCUMENTATION AND BUDGET RISKS

The high level of state regulation means that Asklepios is exposed to risks in the day-to-day documentation and billing of cases as well as in the medium-term developments in income budgets. This currently applies not only to the fact that the health insurance funds are slower to pay but primarily to details of budgetary law, such as differing opinions on case specifications and remuneration; pending arbitration proceedings, where in some cases the outcome is impossible to predict; delayed budget negotiations; and potential changes to budgetary law and the supplementary billing regulations. The risks named may cause the results of operations, financial position and net assets to deteriorate.

On the other hand, the size of the Group, its available knowledge and its available data sets mean that it has the opportunity to define standards and to provide effective support to the clinics locally in the implementation of the above issues.

In the area of handling sensitive services, which also generally represent public authority tasks, there is generally an inherent risk that the private sector may be pushed back. We currently consider this inherent risk to be low. A decline in processed contracts would entail a loss of revenue, whereas the effect on EBITDA depends on the product area concerned.

The forecast demographic development in some areas will lead, ceteris paribus, to decreasing case numbers and revenue. However, in light of the measures initiated in some cases with regard to remuneration for medical services, it is not possible to make a definitive estimate of revenue and EBITDA.

PERSONNEL RISKS

There are always risks in the area of personnel and these may cause a deterioration in the results of operations, financial position and net assets. The most significant individual risks include the lack of qualified staff, the migration of key personnel and the development of personnel costs.

Asklepios proactively counters the risk of not having sufficient qualified personnel both centrally and locally by means of extensive recruiting campaigns and personnel development programmes. The Group provides Asklepios employees with the kind of opportunities that would not be possible in smaller structures.

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, but also in relation to our business activities. In addition, we implement targeted staff retention measures in order to get qualified and motivated employees enthusiastic about Asklepios in the long term. We can thus systematically prevent a 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.

The trend in personnel expenses is heavily dependent on changes to the collective agreements governing staff wages. To reduce external dependency and for the option of actively shaping future developments, the Group has significantly reduced the risks by using more flexible company agreements adopted to fit local circumstances and other alternative compensation models. These models are reviewed by the relevant group departments before the agreements are concluded. The Group's goal is to agree the longest possible terms in collective bargaining in order to achieve sufficient planning certainty. In view of the negotiated staff cost increases that are still to be expected, Asklepios is paying particular attention to the required staffing levels of hospitals.

PUBLICITY RISK

As one of the largest providers of healthcare services in Germany, our offering is subject to a great deal of public scrutiny. Our aim is to 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 counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

INVESTMENT RISKS

Asklepios understands investment risks as the risk that unimplemented or unprofitable investments result in an ageing infrastructure or one that is not fit for purpose and prevent the utilisation of new market potential. Income targets may therefore not be achieved (because, for example, use permits expire), market shares could be lost to competitors and penalty payments could threaten if purchase contract obligations are not fulfilled. Asklepios considers the current probability of this risk, particularly for the non-implementation of investment, as high, primarily because of developments in subsidy financing. Here, the management observes constantly decreasing subsidy ratios, with corresponding consequences for investing activities. Asklepios is not dependent on the development of subsidies to the same extent as the majority of the competition thanks to its relatively high internal financing power.

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 order to meet its own standard of first-class medicine, the Group makes substantial investments in the hospitals at the individual locations. However, investments in our hospitals are being financed with an ever smaller proportion of subsidies, meaning that the subsidy ratio of the federal states is declining. This results in a risk of decreasing cash flow that has to be compensated by efficiency measures in operating business.

CONSTRUCTION RISKS, OPERATING COSTS FOR BUILDINGS AND TECHNICAL RISKS

On account of the extensive construction work, the Group is exposed to risks from business interruptions and delays in construction work with revenue losses and cost overruns in the budgeted construction work. The effects of these risks inherent in all major construction projects can be considered small on account of the measures we have taken. These measures include the provision of a high level of expertise within the Group with regard to construction planning and implementation, working if at all possible with standardised instructions and equipment, as well as own staff to monitor the construction work making it possible to react immediately to any problems that may arise. 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 and procurement on careful and continuous monitoring of all our suppliers and the entire market in order to limit these risks efficiently.

The development of internal standards together with many years of experience in this area provides the opportunity for high-quality construction at acceptable prices. This generates a major long-term economic competitive advantage.

RISKS FROM ACQUISITION AND INTEGRATION

Risks can arise from the integration of acquired hospitals and facilities. Our task is to integrate the processes and the infrastructure of the acquired company in our Group as rapidly as possible. To do so, we harmonise processes and logistical procedures. The loss of important managers as part of the integration and careless and inadequate due diligence processes could be critical. We try to minimise risks of acquisition by using the transaction expertise that has built up in the Group over the years and the associated people and methods.

FINANCING AND LIQUIDITY RISKS

The Group is subject to capital market risks. The management of short-term liquidity risks and longer-term financing risks is the central responsibility of the Finance department, which employs a treasury system for this purpose – with a focus on efficient management of current cash and cash equivalents. As a conservative company in terms of finance, and on the basis of the investment terms of the assets, Asklepios' financing strategy is generally long-term in nature and contains manageable short-term refinancing risks.

The high levels of cash and cash equivalents, constant cash flow, favourable capital structure (low level of debt), broad diversification of financing partners, access to the capital market and extensive undrawn lines of credit demonstrate that we are largely independent of general developments on the capital markets and ensure that we have full financial freedom of action, including for non-organic growth. The profitability and credit structure was partially negatively affected by the acquisition of MediClin Aktiengesellschaft and the accompanying rental and financing structure. The majority of financial liabilities is hedged by fixed interest rate agreements. 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.

CREDIT AND COUNTERPARTY RISKS

These risks arise if a customer or another counterparty to a financial instrument fails to meet its contractual obligations in terms of due dates and del credere. Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. There is a low level of risk of default on account of a large portion of debtors consisting of German statutory health insurance funds, complemented by a smaller portion of public social security authorities and private patients. In contrast to this, the risk of late payment in the case of trade receivables, and thus the risk of an increase in capital being tied up in current assets, can be considered medium. The investment policy on the assets side is conservative and involves broad diversification. The investment counterparties are banks belonging to deposit protection systems. Investments are also monitored continuously via investment controlling. The Company reacts with measures to correct any differences compared to its expected targets. In addition, we have concluded hedges against changes in fair value fluctuations (fair value hedges).

IT RISKS

Asklepios is fundamentally dependent on a functioning IT structure. The successful course of treatment of a patient (from admission through diagnosis and treatment to documentation) depends to a large extent on an integrated IT system. Basic IT procedures and the configuration of the data centre are significant in this connection. There is high potential for standardisation and room for improvement in relation to the controls for monitoring IT processes. In this context, risk management in the IT department is being developed. Disruptions in IT integration and infrastructure or in related processes may have a significant impact on the net assets, financial position and results of operations. At the same time, we see an opportunity here to enhance efficiency by means of intelligent use of IT possibilities.

COMPLIANCE RISK

Compliance risk refers to the lack of legal and organisational compliance with all laws and standards applicable to Asklepios. The present Code of Conduct has not been signed by all managers and employees. There is therefore, and due to the diversity of regulations, the risk that requirements are not being complied with deliberately or as a result of negligence. This is associated with legal and economic risks for Asklepios. This can result in penalties, compensation claims or an occupational ban for medical staff. Internal investigations have identified certain compliance violations. Appropriate measures, for example enhanced regulations and controls, are in development. A formal compliance management system is being set up.

6. Overall management statement: summary and outlook

Risk management brings together all risks flagged up by the management of individual companies or regions and the central departments. With regard to the risks described in this report – taking account of their probability, potential financial impact and present business prospects – the management does not anticipate any individual or aggregate risks that could materially endanger the Group's ability to continue as a going concern. The management assumes that the Group's earnings power is a solid foundation for future business development and provides the resources necessary to take the opportunities offered to the Group.

Hamburg, 4 March 2016



Dr. Ulrich Wandschneider



Kai Hankeln



Dr. Andreas Hartung



Hafid Rifi



Dr. Thomas Wolfram

Consolidated Financial Statements

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IFRS consolidated income statement
for the financial year from 1 January to 31 December 2015

EUR '000	Note no.	2015	2014
Revenue	VII.1	3,099,349	3,020,171
Other operating income	VII.2	226,234	218,785
		3,325,583	3,238,956
Cost of materials	VII.3	684,477	683,114
Personnel expenses	VII.4	1,962,245	1,914,294
Other operating expenses	VII.5	304,827	311,173
Operating result/EBITDA ¹⁾		374,034	330,375
Depreciation, amortisation and impairment			
of intangible assets and depreciation and impairment of financial assets and property, plant and equipment	VII.6	124,896	118,562
Operating result/EBIT ²⁾		249,137	211,813
Net investment income		9,347	1,733
Net investment income	VII.7	9,347	1,733
Interest and similar income	VII.8	1,474	4,251
Interest and similar expenses	VII.8	-39,541	-36,682
Interest result	VII.8	-38,067	-32,431
Financial result		-28,720	-30,698
Earnings before income taxes		220,417	181,115
Income taxes	VII.9	-43,606	-29,305
Consolidated net profit		176,811	151,810
Of which attributable to the parent company		135,058	118,625
Of which attributable to non-controlling interests		41,753	33,185

¹⁾ Earnings before financial result, taxes and depreciation and amortisation

²⁾ Earnings before financial result and taxes

IFRS consolidated statement of comprehensive income
for the financial year from 1 January to 31 December 2015

EUR '000	2015	2014
Consolidated net profit	176,811	151,810
Changes in the fair value of cash flow hedges	271	271
Measurement of financial assets	53,005	7,221
Income taxes	-803	-1,143
Total changes in value reclassified to profit or loss if certain conditions are met	52,473	6,349
Change in actuarial gains (+)/ losses (-) from defined benefit pension commitments and similar obligations	-20,176	-98,678
Income taxes	3,602	17,611
Total changes in value not reclassified to profit or loss	-16,574	-81,067
Total changes in value recognised in equity (other comprehensive income)	35,899	-74,718
Total comprehensive income (total consolidated net profit and other comprehensive income)	212,710	77,092
Of which attributable to the parent company	175,601	65,708
Of which attributable to non-controlling interests	37,109	11,384

IFRS consolidated statement of financial position
for the financial year ended 31 December 2015

EUR '000	Note no.	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Intangible assets	IX.2	410,977	401,514
Property, plant and equipment	IX.3	1,457,868	1,345,703
Investments accounted for using the equity method	IX.4	14,045	5,388
Financial assets	IX.5	328,672	263,775
Other financial assets	IX.5	65,722	73,428
Trade receivables	IX.7	264	172
Non-current income tax assets	IX.8	720	1,190
Other assets	IX.9	0	921
Deferred taxes	IX.21	69,077	67,871
Total non-current assets		2,347,345	2,159,962
Current assets			
Inventories	IX.6	101,289	96,663
Trade receivables	IX.7	403,954	365,008
Current income tax assets	IX.8	2,440	539
Other financial assets	IX.5	80,880	74,127
Other assets	IX.9	4,146	5,812
Cash and cash equivalents	IX.10	554,898	161,240
Total current assets		1,147,607	703,389
Total assets		3,494,952	2,863,351

EUR '000	Note no.	31 Dec. 2015	31 Dec. 2014
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital	IX.11ba	1,022	1,022
Reserves	IX.11bb	822,074	662,907
Group profit	IX.11a	135,058	118,625
Non-controlling interests	IX.11bc	255,323	219,163
Total equity	IX.11	1,213,477	1,001,717
Non-current liabilities			
Trade payables	IX.14	377	159
Financial liabilities	IX.13	1,063,465	630,461
Finance lease liabilities	IX.17	13,519	10,739
Pensions and similar obligations	IX.18	227,232	210,800
Other provisions	IX.19	224,099	244,294
Deferred taxes	IX.21	32,953	31,231
Other financial liabilities	IX.15	87,811	93,709
Other liabilities	IX.16	6,675	11,014
Total non-current liabilities		1,656,131	1,232,407
Current liabilities			
Trade payables	IX.14	64,570	59,486
Participation capital/subordinated capital	IX.12	0	47,000
Financial liabilities	IX.13	87,321	65,197
Finance lease liabilities	IX.17	644	622
Pensions and similar obligations	IX.18	5,640	5,195
Other provisions	IX.19	92,862	106,007
Current income tax liabilities	IX.20	14,061	6,462
Other financial liabilities	IX.15	149,665	140,765
Other liabilities	IX.16	210,581	198,493
Total current liabilities		625,344	629,227
Total equity and liabilities		3,494,952	2,863,351

IFRS consolidated statement of cash flows for the financial year from 1 January to 31 December 2015

EUR '000	Note no.	2015	2014
Consolidated net profit		176,811	151,810
Income taxes	VII.9	43,606	29,305
Interest result	VII.8	38,067	32,431
Net investment income	VII.7	-9,347	-1,733
Amortisation and impairment of intangible assets and depreciation and impairment of financial assets and property, plant and equipment	VII.6	124,896	118,562
Gross cash flow (EBITDA)		374,033	330,375
Other non-cash transactions		6,592	793
Changes in inventories, receivables and other assets	IX.6, 7, 8, 9	-45,428	17,380
Changes in liabilities and provisions	IX.12, 14, 15, 16, 17, 18, 20	-22,738	-19,949
Dividend received	VII.7	9,347	1,733
Interest income	VII.8	1,137	4,083
Income taxes paid	VII.9	-32,338	-23,497
Cash flow from operating activities/ Net cash flow		290,605	310,918
Investments in intangible assets*	IX.2, 17	-11,112	-11,025
Investments in property, plant and equipment*	IX.3	-243,176	-152,153
Proceeds from the disposal of non-current assets		9,702	988
Investments in subsidiaries, equity investments and financial assets	IX.1, 4, 5	-20,326	-104,991
Net cash used in investing activities		-264,912	-267,181
Proceeds from borrowings	IX.13	580,000	0
Proceeds from the repayment of financial liabilities		-125,727	-37,818
Repayment of participation capital/subordinated capital	IX.12	-47,000	-20,900
Cash flow from dual hospital financing	IX.3	-4,026	7,865
Interest expenses	VII.8	-34,495	-34,172
Distributions		-787	-1,614
Cash flow from financing activities		367,965	-86,639
Change in cash and cash equivalents		393,658	-42,902
Cash and cash equivalents as at 1 January		161,240	204,142
Cash and cash equivalents as at 31 December	IX.10	554,898	161,240

* Internally financed capital expenditure

IFRS statement of changes in consolidated equity for the financial year 2015

EUR '000	Equity attributable to the parent company				Total	Non-controlling interests	Equity
	Issued capital	Revenue reserve	Fair value reserve	Consolidated profit			
As at 1 Jan. 2014	1,022	616,631	-1,197	100,408	716,864	209,393	926,257
Annual result	0	0	0	118,625	118,625	33,185	151,810
Other comprehensive income	0	-59,266	6,349	0	-52,917	-21,801	-74,718
Total comprehensive income	0	-59,266	6,349	118,625	65,708	11,384	77,092
Change in the consolidated group	0	0	0	0	0	0	0
Compensation payment obligations	0	0	0	0	0	-1,614	-1,614
Change in equity interests in consolidated companies	0	-18	0	0	-18	0	-18
Allocation to reserves	0	100,408	0	-100,408	0	0	0
Total transactions recognised directly in equity	0	100,390	0	-100,408	-18	-1,614	-1,632
As at 31 Dec. 2014	1,022	657,755	5,152	118,625	782,554	219,163	1,001,717
As at 1 Jan. 2015	1,022	657,755	5,152	118,625	782,554	219,163	1,001,717
Annual result	0	0	0	135,058	135,058	41,753	176,811
Other comprehensive income	0	-11,931	52,473	0	40,542	-4,643	35,899
Total comprehensive income	0	-11,931	52,473	135,058	175,600	37,110	212,710
Other changes	0	0	0	0	0	54	54
Compensation payment obligations	0	0	0	0	0	-787	-787
Change in equity interests in consolidated companies	0	0	0	0	0	-216	-216
Allocation to reserves	0	118,625	0	-118,625	0	0	0
Total transactions recognised directly in equity	0	118,625	0	-118,625	0	-950	-950
As at 31 Dec. 2015	1,022	764,449	57,625	135,058	958,154	255,323	1,213,477

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

I. Basis of the consolidated financial statements

1) Group structure: principles and business segments

The Company is named Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Rübenkamp 226, Hamburg, Germany (hereinafter also referred to as "AKG", the "Group" or the "Company"), and is entered in the commercial register at the Hamburg district court, 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 healthcare institutions and the provision of consulting services.

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 investments in the three sub-group financial statements of Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein (100% equity investment), Asklepios Kliniken Hamburg GmbH, Hamburg (74.9% equity investment), and MediClin AG, Offenburg (52.73% equity investment), included in the consolidated financial statements.

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

II. Accounting principles

1) Rules applied

The consolidated financial statements of the Company and its subsidiaries as at 31 December 2015 were prepared applying Section 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) in accordance with the International Financial Reporting Standards (IFRS) and the corresponding interpretations of the IASB (IFRIC), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council. All those standards and interpretations subject to mandatory adoption for financial year 2015 were observed.

The consolidated financial statements are prepared on the basis of historical cost, restricted by the remeasurement of financial assets available for sale as well as by the measurement at fair value through profit or loss of financial assets and financial liabilities (derivative financial instruments). The preparation of the consolidated financial statements is based on the assumption that the enterprise is a going concern.

The Group is therefore exempt from the obligation to prepare consolidated financial statements in accordance with HGB. IFRS consolidated financial statements and the Group management report are published in the electronic Federal Gazette (elektronischer Bundesanzeiger).

As far as the individual consolidation, accounting and measurement methods used are concerned, please refer to the following comments in Section V.

2) New standards and standards that have to be adopted for the first time

ACCOUNTING STANDARDS ADOPTED FOR THE FIRST TIME

The accounting standards were revised and published by the IASB. They replace earlier versions of these standards/interpretations in full or in part or constitute new standards/interpretations. The Group applied the following full standards or the corresponding amended regulations in compliance with the corresponding transitional provisions for the first time and – where necessary – adjusted the comparative information in compliance with the new accounting standards:

IFRIC 21	Levies
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Annual improvements to IFRS 2011 – 2013 cycle	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40
Annual improvements to IFRS 2010 – 2012 cycle	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38

IFRIC 21 – LEVIES, AMENDMENTS TO IAS 19 – DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS, AMENDMENTS TO IFRS 1, IFRS 3, IFRS 13, IAS 40, AMENDMENTS TO IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38

IFRIC 21 – LEVIES

In June 2014, the IASB published IFRIC 21 – Levies.

These regulations relate to accounting for obligations to pay government levies that are not taxes as defined by IAS 12 – Income Taxes. As a result of the application of the interpretation, obligations to pay levies may be recognised in the balance sheet at a different date than previously, especially when the obligation only arises when certain conditions are met on a certain date. For EU entities, the interpretation must be applied for the first time for financial years beginning on or after 17 June 2014 with retrospective effect.

These new regulations did not have any effect on the net assets, financial position and results of operations of the Asklepios Group.

AMENDMENTS TO IAS 19: DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

In December 2014, the IASB published amendments to IAS 19 – Employee Benefits. The amendments involve accounting for employee contributions in the context of defined benefit pension obligations.

When accounting for employee contributions, the new regulations provide simplification for employee contributions that are not coupled to the number of years of service. In this case, regardless of the plan's benefit formula, the service cost can be reduced for the period in which the corresponding service was rendered. The new regulations must be applied retrospectively.

These new regulations did not have any effect on the net assets, financial position and results of operations of the Asklepios Group.

IMPROVEMENTS TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS, 2010–2012 CYCLE AND 2011 – 2013 CYCLE (DECEMBER 2013)

In December 2013, the IASB published the outstanding 2010–2012 cycle of annual improvements to IFRS as well as the current 2011–2013 cycle. The aim of these annual improvements is to make the content of the requirements more specific and to remove unintended inconsistencies between standards. The most recent publication includes amendments to the following standards and issues:

- IFRS 1: Applicable IFRSs
- IFRS 2: Definition of vesting conditions
- IFRS 3: Scope of the exception for joint ventures and accounting for contingent consideration in the event of a business combination
- IFRS 8: Disclosures on aggregation of segments and requirement for reconciliation of segment assets
- IFRS 13: Short-term receivables and payables and scope of paragraph 52 IAS 16 und IAS 38: Neubewertungsmethode – Ermittlung der kumulierten Abschreibungen zum Zeitpunkt einer Neubewertung
- IAS 16 and IAS 38: Revaluation method – determination of accumulated depreciation on the date of revaluation
- IAS 24: Expansion of the definition of related parties to include management entities and regulation of associated disclosure requirements
- IAS 40: Clarification of the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

The new regulations are largely to be applied retrospectively.

These new regulations did not have any effect on the net assets, financial position and results of operations of the Asklepios Group.

The list below shows the IFRS/IAS standards and interpretations that will be effective in subsequent years:

Standard/Interpretation	Publication in the Official Journal	Effective date
Endorsed:		
Amendments to IAS 1: Disclosure Initiative	December 2015	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	December 2015	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	November 2015	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	December 2015	1 January 2016
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	November 2015	1 January 2016
Improvements to the International Financial Reporting Standards, 2012 – 2014 cycle	December 2015	1 January 2016

The IASB and the IFRIC have published the standards listed in the above table under “Endorsed”, which have already been adopted by the EU in the comitology procedures, but whose adoption was not mandatory for the financial year 2015.

AMENDMENTS TO IAS 1 AND IAS 27: DISCLOSURE INITIATIVE AND EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

The amendments to IAS 1, Presentation of Financial Statements, that were published by the IASB on 18 December 2014 under the heading “Disclosure Initiative – Amendments to IAS 1” have been adopted by the European Union (EU).

The aim of the amendments is to improve disclosures and encourage entities to exercise judgement when applying IAS 1 to determine which disclosures are to be included in their financial statements. These amendments result in consequential amendments to IAS 34 and IFRS 7.

In the EU, the amendments must be applied at the latest for financial years beginning on or after 1 January 2016. Earlier application is permitted. The first-time application thus corresponds to the effective date resolved by the IASB.

The adoption of these amendments by the EU was announced in Commission Regulation (EU) 2015/2406 dated 18 December 2015.

In addition, the amendments to IAS 27, Separate Financial Statements, that were published by the IASB on 12 August 2014 under the heading “Equity Method in Separate Financial Statements – Amendments to IAS 27” have been adopted by the EU.

These amendments are intended to enable entities to account for investments in subsidiaries, joint ventures and associates in their separate financial statements according to the equity method presented in IAS 28, Investments in Associates and Joint Ventures.

These amendments result in consequential amendments to IAS 28, Investments in Associates and Joint Ventures, and IFRS 1, First-time Adoption of International Financial Reporting Standards.

In the EU, the amendments must be applied at the latest for financial years beginning on or after 1 January 2016. Earlier application is permitted. The first-time application thus corresponds to the effective date resolved by the IASB. In Germany, application relates to the publication of separate financial statements in accordance with Section 325 (2a) HGB.

The adoption of these amendments by the EU was announced in Commission Regulation (EU) 2015/2441 dated 18 December 2015.

The new regulations must be applied retrospectively.

The Asklepios Group does not expect the regulations to have any effect on the Group's net assets, financial position and results of operations.

AMENDMENTS TO IFRS 11: ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

In May 2014, the IASB published IFRS 11 – Joint Arrangements. It clarifies that acquisitions of interests in joint operations that constitute a business as per IFRS 3 – Business Combinations must be accounted for using the same principles as when accounting for business combinations under IFRS 3 and other applicable IFRS, unless these conflict with the guidance of IFRS 11. This means that, when an interest is acquired in a joint operation,

- the acquired identifiable assets and liabilities must be measured at fair value on the transaction date, whereby on the acquisition of additional interests when joint control is maintained the interests already held are not remeasured,
- any goodwill or deferred taxes arising from the first-time recognition of assets and liabilities must be recognised,
- the cash-generating unit to which the goodwill was assigned must be tested for impairment at least once a year and when there are indications of existing impairment, as per IAS 36 Impairment of Assets,
- transaction costs must be expensed, and
- the disclosures required under IFRS 3 and other standards relating to business combinations must be made.

The amendments do not apply if the reporting entity and the participating parties are under the common control of the same ultimate controlling entity.

The new regulations apply for acquisitions of interests occurring in reporting periods after the effective date, i.e. financial years beginning on or after 1 January 2016.

The Asklepios Group does not expect the regulations to have any effect on the Group's net assets, financial position and results of operations.

AMENDMENTS TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

In May 2014, the IASB published amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets. The objective of these amendments is to clarify which methods are appropriate for the depreciation and amortisation of property, plant and equipment and intangible assets. In principle, property, plant and equipment and intangible assets must be depreciated and amortised such that they reflect the entity's expected consumption of the future economic benefit generated by the asset. In this regard, the IASB has now clarified that depreciation of property, plant and equipment on the basis of revenues from the goods they generate does not comply with this approach and is therefore inappropriate, as the revenues not only depend on the consumption of the asset, but also on other factors such as sales volume, price and inflation. This clarification is also included in principle in IAS 38 for the amortisation of intangible assets with limited useful lives. However, the IASB has also introduced a rebuttable presumption in this regard. Accordingly, revenue-based amortisation of intangible assets with

limited useful lives is permissible in the following two exceptional cases:

- The "value" of the asset is directly expressed through the revenues generated or
- it can be demonstrated that revenues and the consumption of economic benefits of the intangible asset are highly correlated.

For both property, plant and equipment and for intangible assets, it is further clarified that a reduction in selling prices for goods and services produced with the assets could be indicative of their economic obsolescence and therefore a decline in the potential economic benefit of the assets required for production. These amendments must be applied prospectively for financial years beginning on or after 1 January 2016.

The Asklepios Group does not expect the regulations to have any effect on the Group's net assets, financial position and results of operations.

AMENDMENTS TO IAS 16 AND IAS 41: BEARER PLANTS

In June 2014, the IASB published amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture on accounting for bearer plants. The term "bearer plants" covers plants

- that are used in the production of agricultural produce,
- whose useful lives extend to more than one period, and
- that are unlikely to be sold themselves as living plants or as agricultural produce.

The published amendments clarify that such plants must – like internally generated property, plant and equipment – be accounted for at cost until they reach maturity and thereafter according to the provisions of IAS 16 either using the cost or remeasurement model. Accounting in accordance with IAS 41 will no longer be permitted in future.

The standard is not relevant to the Asklepios Group.

IMPROVEMENTS TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS, 2012–2014 CYCLE

In September 2014, the IASB published the annual improvements to IFRS (2012–2014 cycle). The clarifications thus made relate to the following standards and topics:

- IFRS 5: Reclassification from "held for sale" to "held for distribution to owners" IFRS 13: Anwendungsbereich der sog. portfolio exception und Verzicht auf Abzinsung bei der Fair Value-Bewertung kurzfristiger Forderungen und Verbindlichkeiten, sofern der Effekt unwesentlich ist
- IFRS 7: Concept of continuing involvement and disclosures on offsetting financial assets and financial liabilities in interim financial statements IFRS 5: Umklassifizierung von „als zur Veräußerung gehalten“ in „als zur Ausschüttung an Eigentümer vorgesehen“
- IAS 19: Assessing the depth of the market for high quality corporate bonds in connection with determining the applicable interest rate
- IAS 34: Disclosure of information "elsewhere in the financial report"

In the EU, some of the amendments must be applied prospectively and some retrospectively for financial years beginning on or after 1 January 2016.

The Asklepios Group does not expect the regulations to have any effect on the Group's net assets, financial position and results of operations.

	Published in	Effective date
Not yet endorsed:		
IFRS 9 – Financial Instruments – Hedge Accounting; Classification and Measurement and amendments to IFRS 9 and IFRS 7 – Mandatory Effective Date and Transition Disclosures; accounting for impairment	November 2009/ October 2010/ December 2011/ July 2014	1 January 2018
IFRS 14 – Regulatory Deferral Accounts	January 2014	1 January 2016
IFRS 15 – Revenue from Contracts with Customers	May 2014/ September 2015	1 January 2018
Amendments to IAS 28 and IFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Postponed indefinitely
Amendments to IFRS 10, IFRS 12, and IAS 28: Investment Entities: Applying the Consolidation Exception	December 2014	1 January 2016
IFRS 16 – Leases	January 2016	1 January 2019
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 2016	1 January 2017
Amendments to IAS 7: Disclosure Initiative	January 2016	1 January 2017

IFRS 9 – FINANCIAL INSTRUMENTS – HEDGE ACCOUNTING; CLASSIFICATION AND MEASUREMENT AND AMENDMENTS TO IFRS 9 AND IFRS 7 – MANDATORY EFFECTIVE DATE AND TRANSITION DISCLOSURES; ACCOUNTING FOR IMPAIRMENT

In November 2009, the IASB issued a new IFRS on the classification and measurement of financial instruments. This marks the completion of the first phase of a three-phase project to replace IAS 39 – Financial Instruments – Recognition and Measurement with a new standard. IFRS 9 will introduce new provisions for the classification and measurement of financial assets.

In October 2010, the IASB re-issued IFRS 9 – Financial Instruments, in which new requirements for the recognition of financial liabilities have been included and requirements for the derecognition of financial assets and liabilities have been transferred from IAS 39. At the same time, the Basis for Conclusions was restructured.

In December 2011, the IASB published amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments – Disclosures under the heading of “Mandatory Effective Date and Transition Disclosures”. In so doing, mandatory application of IFRS 9 was postponed to the financial year beginning on or after 1 January 2018. IFRS 9 (rev. 2011) also specifies exception provisions, under which a company can make additional disclosures in the notes to its financial statements instead of adjusting the previous year's disclosures when changing to IFRS 9.

The additional explanatory notes required in IFRS 9 were also added as an amendment to IFRS 7. It must also be possible based on the information disclosed to reconcile the measurement categories according to IAS 39 and IFRS 9 to balance sheet items as well as to classes of financial instrument.

In July 2014, the IASB published an updated version of IFRS 9 – Financial Instruments, which added new provisions to the former version of the standard on accounting for impairment on financial assets and revised regulations on the classification and measurements of financial instruments.

The Asklepios Group is currently examining the precise impact of the new standard.

IFRS 14 – REGULATORY DEFERRAL ACCOUNTS

In January 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts. The standard's regulations will allow entities that are preparing IFRS financial statements for the first time in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, to retain the regulatory deferral accounts that they recognised in connection with rate-regulated activities under their former national accounting standards and to continue accounting for them according to the previous accounting policies. In November 2015, EFRAG announced that the European Commission will not propose the adoption of IFRS 14 into EU law, because the group of users is highly limited.

The standard is not relevant to the Asklepios Group.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the IASB and the FASB published the new standard for revenue recognition, IFRS 15 – Revenue from Contracts with Customers. In particular, the objective of the revised standard is to unify the previous, rather limited regulations of IFRS on one hand and the very detailed and in parts industry-specific regulations of US-GAAP on the other hand and thus to improve the transparency and commensurability of financial information.

According to IFRS 15, revenues must be recognised when the customer gains control over the agreed goods and services and can draw benefits from them. The transfer of material opportunities and risks, as in the old regulations of IAS 18 – Revenue, is no longer decisive. The revenues must be measured with the amount of consideration the entity expects to receive. The new model provides a five-step model for determining revenue recognition, which stipulates that first the customer contract and the separate performance obligations included therein must be identified. Then the transaction price of the customer contract must be determined and allocated to the individual performance obligations. Finally, the new model stipulates that revenue must be recognised for each performance obligation in the amount of the assigned transaction price portion as soon as the agreed service is performed or the customer has gained control over it. Hereby, specified criteria are used to distinguish whether the performance obligation is satisfied over time or at a point in time. The new standard does not distinguish between different types of work and performance, instead establishing standard criteria for when performance is to be recognised over time or at a point in time. The regulations and definitions of IFRS 15 will in future supersede the content of both IAS 18 – Revenue and IAS 11 – Construction Contracts.

The original mandatory effective date (1 January 2017) was postponed via an amendment issued in September 2015 to 1 January 2018.

The Asklepios Group is currently examining the precise impact of the new standard.

AMENDMENTS TO IAS 28 AND IFRS 10: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

In September 2014, the IASB published amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures. This rectifies a former inconsistency between the two standards. Namely, IFRS 10 currently requires the recognition of the full gain or loss resulting from the loss of control over a subsidiary contributed to a joint venture or associate. In contrast, IAS 28 stipulates that gains or losses on non-financial assets contributed to associates or joint ventures must only be recognised in the amount of unrelated investors' interests. According to the amendments now issued, full profit or loss recognition will always be required at an investor in future if the transaction (i.e. the contribution of a subsidiary to a joint venture or associate with loss of control over the subsidiary) relates to a business as defined by IFRS 3 – Business Combinations. If this is not the case, only the proportional gain or loss (to the extent of unrelated investors' interests) must be recognised.

The Asklepios Group does not expect the regulations to have any significant effect on the Group's net assets, financial position and results of operations.

AMENDMENTS TO IFRS 10, IFRS 12, AND IAS 28: INVESTMENT ENTITIES: APPLYING THE CONSOLIDATION EXCEPTION

This standard clarifies issues relating to the application of the consolidation exception for investment entities that instead account for their subsidiaries at fair value. The amendments relate to enquiries of the IFRS IC and are intended to prevent the emergence of varying practices.

The standard is applicable to financial years beginning on or after 1 January 2016, with voluntary early adoption being permitted.

The Asklepios Group is currently examining the precise impact of the new standard.

IFRS 16 – LEASES

On 13 January 2016, the IASB published the new standard IFRS 16 – Leases. IFRS 16 replaces the former standard on lease accounting, IAS 17, and the interpretations IFRIC 4, SIC-15 and SIC-27. The main changes made by IFRS 16 relate to accounting by the lessee. For example, the lessee must recognise assets from the obtained rights of use and liabilities from the assumed payment obligations for all leases. Expedients are granted for leased assets of low value and for short-term leases. The accounting regulations for lessors are largely the same as the former regulations of IAS 17.

Application of the standard is mandatory from 1 January 2019. Voluntary early adoption is permitted, but only if IFRS 15, Revenue from Contracts with Customers, is also applied as of the same date.

The new standard from the IASB on accounting for leases will result in a significant increase of the finance lease arrangements to be recognised in the Asklepios Group. We expect this to lead to an increase of non-current assets and standard market financial liabilities, which could considerably alter the Group's capital structure, and an increase in EBITDA because of the omission of rental expenditure. For information on the evaluation of the market conformity of property rents of MediClin AG, refer to Section IX.17 Finance lease liabilities.

AMENDMENTS TO IAS 12: RECOGNITION OF DEFERRED TAX ASSETS FOR UNREALISED LOSSES

On 19 January 2016, the IASB issued an amendment to IAS 12, Income Taxes, which clarifies the recognition of deferred tax assets for unrealised losses from available-for-sale financial assets. Deferred tax assets must be recognised on deductible temporary differences resulting from available-for-sale financial assets in the form of debt instruments if the entity has the ability and intention to hold the instruments until their carrying amounts are recovered (potentially until maturity). It is further clarified that the question of the usability of deferred tax assets is to be based on positive taxable income before the reversal of the deductible differences, provided sufficiently adequate deferred tax liabilities are not available.

The amendments to IAS 12 must be applied for financial years beginning on or after 1 January 2017. Earlier application is permitted.

The Asklepios Group is currently examining the precise impact of the new regulations.

AMENDMENTS TO IAS 7: DISCLOSURE INITIATIVE

On 29 January 2016, the IASB issued an amendment to IAS 7, Statement of Cash Flows, as part of its initiative to improve disclosure requirements (Disclosure Initiative). According to this amendment, a reconciliation must be included in the financial statements in the future showing the development of the liabilities in the statement of financial position during the reporting period whose cash changes in the cash flow from financing activities must be recognised in the statement of cash flows.

The amendments must be applied for the first time for financial years beginning on or after 1 January 2017. Earlier application is permitted.

The Asklepios Group is currently examining the precise impact of the new regulations.

3) Reporting and reclassifications

Assets and liabilities and expenses and income have been offset in accordance with IAS 1.33 when offsetting reflects the substance of the transaction. Receivables and liabilities were netted at the level of each German federal state pursuant to the KHG ("Krankenhausfinanzierungsgesetz": German Hospital Financing Act). To provide a better insight into the results of operations, staff costs of EUR 8 million were offset against other operating income in the previous year, as these were assumed by third parties. This effect does not have any significant impact on the presentation of the results of operations.

The consolidated income statement, which is presented as a separate part of the consolidated financial statements in accordance with the option provided by IAS 1 (rev. 2011), has been prepared using the cost-summary method.

All amounts in the consolidated financial statements are disclosed in thousands of euro (EUR thousand) or millions of euro (EUR million) if no other currency unit is specified.

4) Financial year

The financial year is the calendar year.

5) Approval of the financial statements

The management authorised the Company's consolidated financial statements for issue by signature.

III. Operating segment reporting

According to IFRS 8 – Operating Segments, the segment information on operating segments must be presented in the way internal reporting is made to the chief operating decision maker (management approach).

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity),
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue, for example, start-up operations may be operating segments before earning revenue. In our group, the chief operating decision maker is group management.

In our group, the management is the chief operating decision maker. This board makes strategic decisions for the Group and receives regular reports on the figures for the hospitals and entities. Based on our understanding of offering integrated healthcare services, we do not make a distinction in terms of control between services allocable to the inpatient or outpatient sector or rehabilitation or care sector as defined by the SGB (“Sozialgesetzbuch”: German Social Code). Based on this approach, we still have one reportable operating segment.

All revenue for all of our activities is recorded in Germany and (with the exception of our service companies, which almost exclusively generate internal, consolidated revenue) with external customers or payers. For the breakdown of revenue by business segment, please refer to Section VII.

IV. Currency translation

The consolidated financial statements are prepared in euro, which is the functional and reporting currency of the Group.

Transactions in foreign currencies are translated to the functional currency at the rates prevailing at the date of the transaction. Gains and losses from the settlement of such transactions and from the translation at the closing rate of monetary assets and liabilities in foreign currencies are recognised in the consolidated income statement unless they are recognised as qualifying cash flow hedges and qualifying net investment hedges in equity (other comprehensive income).

V. Consolidation, accounting and measurement methods

The financial statements of the entities included in the consolidated financial statements of the Company were all drawn up on the basis of uniform accounting policies. The financial statements of all entities included are prepared as at the cut-off date of the consolidated financial statements.

1) Basis of consolidation

A) SUBSIDIARIES

In addition to Asklepios Kliniken GmbH as the ultimate parent, the consolidated group also includes the subsidiaries over which Asklepios Kliniken GmbH 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 the Group loses control.

In the event of loss of control over a subsidiary, the assets and liabilities of the former subsidiary are derecognised and any retained interests are recognised at fair value. Subsequently, the investment and all amounts that the Group owes to or is owed by the former subsidiary are accounted for in compliance with the relevant IFRS. The fair value is deemed to be the initial value of a financial asset or, if applicable, the acquisition cost on addition of an investment in an associate or joint venture. Gains and losses on the loss of control are recognised in the income statement. This also applies to the amounts that were previously included in the statement of comprehensive income.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration deemed to be an asset or liability will be recognised in accordance with IAS 39 either in the consolidated income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Any hidden reserves and hidden liabilities disclosed during initial consolidation in the course of the fair value measurement of assets and liabilities are carried forward, amortised or reversed in subsequent periods based on the development of the assets and liabilities. Goodwill is tested for impairment at least once a year in subsequent periods and, if impaired, is written down to its recoverable value.

If shares are acquired in stages, the difference between the acquisition cost and the pro rata equity is recognised as goodwill. In this case, the share of equity previously held by the acquirer is remeasured at the fair value on the acquisition date and the gain or loss arising is recognised in profit and loss.

Intercompany expenses and income as well as receivables and liabilities between consolidated entities are eliminated. Intercompany profits and losses are eliminated if material. In the case of consolidation measures with an effect on income, the effects for income tax purposes are considered and deferred taxes reported.

B) ASSOCIATES

Associates are entities over which the Group has significant influence but no control. Investments in associates are reported using the equity method and initially measured at cost. The share of the Group in associates contains the goodwill incurred on acquisition.

The share of the Group in gains and losses of associates is recognised in the consolidated income statement from the date of acquisition, while the share of changes in associates' reserves is recognised in the Group's reserves. The total changes after the acquisition are offset against the carrying amount of the investment. Dividend payments are subtracted accordingly from the amount recognised in equity. If the Group's share of losses in an associate corresponds to or exceeds the Group's interest in this entity, including other unsecured receivables, the Group will not recognise any further losses unless it has entered into obligations for the associate or has made payments for the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only once its share of the profits exceeds the share of losses not recognised.

Unrealised gains resulting from transactions between group entities and associates are eliminated in proportion to the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates were amended where necessary to guarantee uniform accounting within the Group.

C) OTHER EQUITY INVESTMENTS

Equity investments of the Group that are neither fully consolidated as subsidiaries (IAS 27) nor consolidated as associates (IAS 28) are accounted for in accordance with the principles of IAS 39. The Group reports such equity investments as "available-for-sale financial assets". When recognised initially, they are measured at fair value. During initial recognition, transaction costs are regarded as part of the purchase price. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised directly in other comprehensive income in the reserve for available-for-sale financial assets.

D) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interests represent the portion of profit or loss and net assets attributable to shares not held by equity holders of the parent. Non-controlling interests are disclosed separately in the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position. They are presented in equity in the consolidated statement of financial position.

If the Group's holding in a subsidiary changes and the Group does not lose control of the subsidiary, these transactions are treated as equity transactions. This applies to transactions with owners acting in their capacity as owners.

The Group recognises directly in equity any difference between the amount by which the non-controlling interests change and the fair value of the consideration paid or received.

E) BASIS OF CONSOLIDATION

The following entities belonged to the consolidated group as at 31 December 2015. Other supplementary information provided includes the amount of the interest (direct and indirect) and whether or not the respective entity made use of the exemption in Section 264 (3) HGB and Section 264b HGB not to prepare a management report or meet disclosure requirements.

Name, headquarters	Capital share in % 2015	Capital share in % 2014	Sec. 264 (3) HGB and Sec. 264b HGB
AKG Klinik Hohwald GmbH, Königstein	100.00	100.00	Yes
AKG Klinik Parchim GmbH, Königstein	100.00	100.00	Yes
AKG Kliniken GmbH, Königstein	100.00	100.00	Yes
Ambulantes Gesundheitszentrum Schwedt GmbH, Schwedt	100.00	100.00	Yes
Asklepios – ASB Krankenhaus Radeberg GmbH, Radeberg	94.00	94.00	No
Asklepios Aponova GmbH, Hamburg	100.00	100.00	No
Asklepios Business Services GmbH, Königstein	100.00	100.00	No
Asklepios Connecting Health GmbH, Hamburg	100.00	100.00	Yes
Asklepios CardioClinic – Harburg GmbH, Hamburg	94.00	94.00	No
Asklepios Dienstleistungsgesellschaft Hamburg mbH, Hamburg	100.00	100.00	No
Asklepios Dienstleistungsgesellschaft mbH, Königstein	100.00	100.00	Yes
Asklepios Fachkliniken Brandenburg GmbH, Brandenburg	100.00	100.00	Yes
Asklepios Fachklinikum Stadtroda GmbH, Stadtroda	94.00	94.00	Yes
Asklepios Facility Services Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios Gesundheitszentrum Bad Kötzting GmbH (formerly MVZ Dr Lemberger und Kollegen GmbH), Bad Kötzting	100.00	0.00	Yes
Asklepios Gesundheitszentrum Bad Tölz GmbH, Bad Tölz	100.00	100.00	Yes
Asklepios Gesundheitszentrum Cham GmbH (formerly MVZ Lemberger Cham GmbH), Cham	100.00	0.00	Yes
Asklepios Gesundheitszentrum GmbH, Königstein	100.00	100.00	Yes
Asklepios Hamburg Beteiligungsgesellschaft mbH, Hamburg	100.00	100.00	No
Asklepios Hamburg Personalservice GmbH, Hamburg	100.00	100.00	No
Asklepios Harzkliniken GmbH, Goslar	94.00	94.00	Yes
Asklepios Heimbereiche Brandenburg gGmbH, Brandenburg	100.00	0.00	Yes
Asklepios International Beteiligungsgesellschaft mbH, Königstein	100.00	100.00	No
Asklepios International GmbH, Königstein	100.00	100.00	No
Asklepios Klinik Alsbach GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Bad Griesbach GmbH & Cie OHG, Königstein	94.00	94.00	Yes
Asklepios Klinik Bad Salzungen GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Bad Wildungen GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinik Dr Walb Homberg/ Ohm, GbR, Königstein	94.00	94.00	n.a.
Asklepios Klinik Fürstenhof Bad Wildungen GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Gauting GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Lenggries GmbH, Munich	100.00	100.00	No
Asklepios Klinik Lich GmbH, Lich	94.00	94.00	Yes
Asklepios Klinik Lindau GmbH, Lindau	100.00	100.00	No
Asklepios Klinik Lindenlohe GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Pasewalk GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Sankt Augustin GmbH, Sankt Augustin	100.00	100.00	Yes
Asklepios Klinik Schaufing GmbH, Königstein	100.00	100.00	Yes

Name, headquarters	Capital share in % 2015	Capital share in % 2014	Sec. 264 (3) HGB and Sec. 264b HGB
Asklepios Klinik Sobernheim GmbH, Königstein	100.00	100.00	Yes
Asklepios Klinik Wiesbaden GmbH, Königstein	99.00	99.00	Yes
Asklepios Kliniken Hamburg GmbH, Hamburg	74.90	74.90	No
Asklepios Kliniken Langen-Seligenstadt GmbH, Langen	94.00	94.00	Yes
Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein	100.00	100.00	No
Asklepios Kliniken Weißenfels – Hohenmölsen GmbH, Weißenfels	100.00	100.00	Yes
Asklepios Klinikum Bad Abbach GmbH, Königstein	94.00	94.00	Yes
Asklepios Klinikum Uckermark GmbH, Schwedt	94.00	94.00	No
Asklepios Krankenpflegeschulen gGmbH, Königstein	95.00	95.00	No
Asklepios Kurhaus GmbH, Königstein (formerly MVZ Bad Oldesloe GmbH, Königstein)	100.00	100.00	Yes
Asklepios Lindau Beteiligungsgesellschaft mbH, Lindau	100.00	100.00	No
Asklepios Logistics Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios medi top Pflegedienst & Service GmbH, Hamburg	100.00	95.30	No
Asklepios Medical Healthcare China Holding GmbH, Königstein	51.00	51.00	No
Asklepios Medical School GmbH, Hamburg	100.00	100.00	No
Asklepios MVZ Mitteldeutschland GmbH, Stadtroda	100.00	100.00	Yes
Asklepios MVZ Nord Schleswig Holstein GmbH, Hamburg	100.00	100.00	Yes
Asklepios MVZ Weißenfels GmbH, Weißenfels	100.00	100.00	Yes
Asklepios MVZ Nord GmbH, Hamburg	100.00	100.00	Yes
Asklepios Nordseeklinik Westerland GmbH, Königstein	99.00	99.00	Yes
Asklepios Objektbetreuung Hamburg GmbH, Hamburg	100.00	100.00	No
Asklepios Pflegeheim Weserblick GmbH, Königstein	100.00	100.00	Yes
Asklepios Poland sp. z o.o., Stettin (Poland)	100.00	100.00	n.a.
Asklepios Privita GmbH, Hamburg	100.00	100.00	No
Asklepios Psychiatrie Langen GmbH, Langen	100.00	100.00	Yes
Asklepios Psychiatrie Niedersachsen GmbH, Göttingen	100.00	100.00	Yes
Asklepios Reha – Klinik Bad Schwartau GmbH, Königstein	94.00	94.00	Yes
Asklepios Schwalm-Eder-Kliniken Dienstleistungs-GmbH, Schwalmstadt	100.00	100.00	No
Asklepios Schwalm-Eder-Kliniken GmbH, Schwalmstadt	94.00	94.00	No
Asklepios Service Hotellerie GmbH, Königstein	100.00	100.00	Yes
Asklepios Service IT GmbH, Königstein, Königstein	100.00	100.00	No
Asklepios Service Einkauf und Versorgung GmbH (formerly Asklepios Service Logistik GmbH), Königstein	100.00	100.00	Yes
Asklepios Service Reinigung GmbH, Königstein	100.00	100.00	Yes
Asklepios Service Technik GmbH, Königstein	100.00	100.00	Yes
Asklepios Stadtklinik Bad Tölz GmbH, Königstein	100.00	100.00	Yes
Asklepios Stadtkrankenhaus Seesen GmbH, Seesen	100.00	100.00	No
Asklepios Südpfalzkliniken GmbH, Burglengenfeld	100.00	100.00	Yes

Name, headquarters	Capital share in % 2015	Capital share in % 2014	Sec. 264 (3) HGB and Sec. 264b HGB
Asklepios Therapie GmbH, Königstein	100.00	100.00	No
Asklepios Weserbergland-Klinik GmbH, Höxter	100.00	100.00	Yes
Asklepios Westklinikum Hamburg GmbH, Hamburg	74.98	74.95	Yes
Atlantic Hotel Besitzgesellschaft mbH (formerly Octavian Hotel Hamburg Besitzgesellschaft mbH, Friedberg)	88.00	0.00	No
Broermann Invest GmbH, Königstein	100.00	100.00	Yes
Broermann Medical AG, Gottlieben (Switzerland)	100.00	100.00	n.a.
Cortex Software GmbH, Offenburg	100.00	100.00	No
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem GmbH & Co. KG, Essen	100.00	100.00	Yes
Fachklinik Rhein/Ruhr für Herz/Kreislauf- und Bewegungssystem Verwaltungs GmbH, Essen	100.00	100.00	No
Fachklinikum Wiesen GmbH, Königstein	100.00	100.00	Yes
GFB medi GmbH, Alsbach	100.00	100.00	No
GKB Klinikbetriebe GmbH, Königstein	99.00	99.00	Yes
HDG-Harzkliniken Dienste GmbH, Goslar	100.00	100.00	Yes
Herzzentrum Lahr/Baden GmbH & Co. KG, Bad Rappenau	94.49	94.49	Yes
HKW Hamburger Krankenhauswäscherei GmbH, Hamburg	51.00	51.00	No
KB Krankenhausbeteiligungsgesellschaft mbH & Co. KG, Essen	100.00	100.00	Yes
KB Krankenhausbeteiligungsverwaltungsgesellschaft mbH, Essen	100.00	100.00	No
KLS – Facility Management GmbH, Langen	100.00	100.00	No
Kraichgau-Klinik Aktiengesellschaft, Bad Rappenau	94.49	94.49	No
Kraichgau-Klinik Bad Rappenau GmbH & Co. KG, Bad Rappenau	94.49	94.49	Yes
MAH Medizinische Akademie Hamburg GmbH, Hamburg	51.00	49.00	No
MC Kliniken Geschäftsführungs-GmbH, Offenburg	94.49	94.49	No
MC Service GmbH, Offenburg	100.00	100.00	No
MediClin a la Carte GmbH, Offenburg	100.00	100.00	No
MediClin AG, Offenburg	52.73	52.73	No
MediClin Dr Hoefler-Janker GmbH & Co. Klinik KG, Bonn	100.00	100.00	Yes
MediClin Energie GmbH, Offenburg	100.00	100.00	No
MediClin Geschäftsführungs-GmbH, Offenburg	100.00	100.00	No
MediClin GmbH & Co. KG, Offenburg	100.00	100.00	Yes
MediClin Immobilien Verwaltung GmbH, Offenburg	100.00	100.00	No
MediClin Krankenhaus am Crivitzer See GmbH, Crivitz	100.00	100.00	No
MVZ MediClin Bonn GmbH, Bonn	100.00	100.00	No
MediClin Medizinisches Versorgungszentrum GmbH, Offenburg	100.00	100.00	Yes
MediClin Pflege GmbH, Offenburg	100.00	100.00	No
MediClin MVZ Südbaden GmbH, Offenburg	100.00	100.00	No
MediClin Therapie GmbH, Offenburg	100.00	100.00	No
MEDILYS Laborgesellschaft mbH, Hamburg	100.00	100.00	No

Name, headquarters	Capital share in % 2015	Capital share in % 2014	Sec. 264 (3) HGB and Sec. 264b HGB
Medizinische Einrichtungs-Gesellschaft mbH, Schwedt	100.00	100.00	Yes
MPS Medizinische Personal- und Servicegesellschaft mbH Kettwig, Essen	100.00	100.00	No
MVZ Asklepios Klinik Seligenstadt GmbH, Seligenstadt	100.00	100.00	Yes
MVZ Hamburg-Ost HOG GmbH, Hamburg	100.00	100.00	No
MVZ Hanse Histologikum GmbH, Hamburg	51.00	51.00	No
MVZ Onkologie Barmbek GmbH, Hamburg	100.00	66.00	No
MVZ Vorpommern GmbH, Pasewalk	100.00	100.00	Yes
MVZ-Müritz GmbH, Waren	100.00	100.00	No
Nordseeklinik Neubau GmbH, Königstein	100.00	100.00	Yes
Personalagentur für Gesundheit GmbH, Alsbach	100.00	100.00	Yes
ProCuraMed AG, Bern (Switzerland)	100.00	100.00	n.a.
PROMEDIG gemeinnützige Gesellschaft für medizinische Innovation mbH, Hamburg	100.00	100.00	No
Reha – Klinik Schildaual Investgesellschaft mbH, Königstein	99.00	99.00	Yes
Rehabilitationszentrum Gernsbach/ Schwarzwald GmbH & Co. KG, Bad Rappenau	94.490	94.490	Yes
Rückenzentrum Sankt Georg GmbH, Hamburg	51.00	51.00	No
Sächsische Schweiz Kliniken GmbH, Sebnitz	100.00	93.73	No
ZIT Zentralinstitut für Transfusionsmedizin GmbH, Hamburg	100.00	100.00	No

The following companies are accounted for at acquisition cost as it was not possible to determine their fair values reliably (shares in capital unchanged year on year):

Name, headquarters	Capital share in %	Equity in EUR '000	Annual result in EUR '000
4QD – Qualitätskliniken.de GmbH, Berlin**	20.000	1,009	62
Bad Griesbacher Tunnelanlagen GmbH & Co. Betriebs – KG, Bad Griesbach**	15.500	2,090	-77
KDC-Krankenhaus-Dienstleistungsgesellschaft Crivitz mbH, Crivitz**	69.231	69	14
KVMed Beteiligungsgesellschaft mbH, Cologne**	10.000	3,563	3
MediServ GmbH, Essen**	51.000	184	24
Medusplus GmbH, Essen**	51.000	77	26
Müritz-Klinikum Service GmbH, Waren**	51.000	134	50
VR-LEASING ABYDOS GmbH & Co. Immobilien GmbH, Eschborn**	44.408	-96	38
Wir für Gesundheit GmbH, Berlin-	33.330	268	238

* Figures for 2015

** Figures for 2014, as none are available for 2015

The following companies are accounted for using the equity method:

Name, headquarters	Capital share in %
Collm Klinik Oschatz gGmbH, Oschatz	25.00
Athens Medical Center S.A., Athens	36.32
Meierhofer AG, Munich	40.00
INI International Neuroscience Institute Hannover GmbH, Hanover	49.00

2) Intangible assets

Intangible assets are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

After initial recognition, intangible assets are carried at amortised cost.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets with a finite useful life are amortised on a straight-line basis over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each financial year at least. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

	Useful life in years
Software and licences	3 – 10
Brands and customer bases	10 – 20

Impairment is recognised in the income statement in amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment. With the exception of goodwill, there are no intangible assets with an indefinite useful life in the Group.

3) Goodwill

Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently using an impairment test if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units (CGUs), that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill has been allocated represents the lowest level in the Group at which goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. The recoverable amount is the higher of an asset's net selling price and its value in use. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. If the impairment exceeds the carrying amount of the goodwill, the difference shall be allocated proportionally to the CGU's assets. If the reasons for impairment cease to exist, impairment of goodwill is not reversed. Impairment is recognised in the income statement in amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment.

4) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is based on the following useful lives:

	Useful life in years
Land rights	60 years
Residential and commercial buildings	20 – 52 years
Land improvements	10 – 20 years
Plant and machinery	6 – 30 years
Other equipment, furniture and fixtures	3 – 15 years

The carrying amounts of property, plant and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

Property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their continued use or sale. The gain or loss on derecognition is determined as the difference between the net disposal proceeds and the carrying amount and recognised in the consolidated income statement in the period in which the item is derecognised.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted if necessary.

The cost of repairing property, plant and equipment, including current maintenance costs, for example, are recognised in profit or loss.

Investment property is measured at amortised cost. Write-downs are recognised in line with the valuation of property, plant and equipment.

5) Government grants

The Company receives government grants for different programs subsidised by the state. Government grants are recognised according to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) only if it is reasonably certain that the conditions attached to the grants will be fulfilled and the grants actually awarded. If government grants are made for the purchase of property, plant and equipment, these grants are offset against the cost of the asset in accordance with IAS 20.24. In addition, the Company receives grants which are earmarked for financing current expenses. These grants are recognised in profit or loss and deducted from the corresponding expenses in the appropriate period.

Assistance granted to entities in the Group in the form of an interest benefit in the granting of non-interest bearing or low-interest bearing loans is determined at the time of granting and also deducted from the cost of the subsidised asset.

6) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases under which a material portion of the risks and rewards connected with ownership of the leased property are retained by the lessor are classified as operating leases. In this case, payments made are charged to the income statement on a straight-line basis over the period of the lease.

Leases under which the Group bears the key risks and enjoys the benefits of ownership of the leased property are classified as finance leases. Finance lease assets are capitalised at the time of the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. A leasing liability is recorded for the same amount. Each lease instalment is split into an interest component and a repayment component in order to keep the interest charged on the leasing liability at a constant level. The interest component of the leasing instalment is recorded in the income statement as expenditure so that a constant rate of interest is incurred over the term of the lease. The corresponding finance lease asset is depreciated over the term of the lease or, if shorter, the economic life of the leased property.

The new standard from the IASB on accounting for leases will result in a significant increase of the finance lease arrangements to be recognised in the Asklepios Group. We expect this to lead to an increase of non-current assets and standard market financial liabilities, which could considerably alter the Group's capital structure, and an increase in EBITDA because of the omission of rental expenditure.

7) Research and development costs

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial application of research findings. Research costs are expensed as incurred. The portion of development costs for which the prerequisites for recognition as an intangible asset pursuant to IAS 38 – Intangible Assets are met in full is recognised as an intangible asset.

Development costs that must be capitalised were not incurred in the current financial year or the previous year. Development costs are subsidised and therefore have no effect on earnings in net terms.

8) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset (IAS 23.11). In financial year 2015, borrowing costs of EUR 1.3 million (previous year: EUR 1.7 million) were capitalised in connection with construction projects. The capitalised amount was calculated as a surcharge rate from the capitalisation rate for loans taken out (4.0%).

All other borrowing costs are expensed in the period in which they were incurred (IAS 23.10).

9) Impairment of non-financial assets

Other intangible assets and property, plant and equipment are subject to impairment testing by the Company in accordance with IAS 36.

An impairment loss is charged on other intangible assets and property, plant and equipment if, as a result of certain events or developments, the carrying amount of the asset is no longer covered by the expected proceeds from the sale or the discounted net cash flow from further use. If it is not possible to determine the recoverable amount for individual assets, the cash flows are determined from the next higher cash-generating unit.

Impairment losses are reversed if the reason for impairment ceases to apply in subsequent years. The reversal of impairment losses is limited to the maximum amount of amortised cost that would have resulted had the impairment losses not been charged.

The test for impairment is carried out annually. If there are indications that could result in potential impairment, tests are carried out more frequently. Net cash flows are determined on the basis of forecasts for the individual reporting units; for subsequent years, the net cash flow trend is determined. The expected net cash flows are discounted using a risk-adjusted interest rate. Other parameters are derived from standardised industry figures. We use the expertise of independent advisory firms for this purpose.

The following parameters were used for all cash-generating units (CGUs) when testing for impairment:

	2015	2014
Planning horizon	3 – 5 years	3 – 5 Jahre
Growth rate including perpetuals	0.5%	0.5%
Discount rate before tax	3.4% to 3.9%	4.3% to 4.8%

The average revenue growth for the major goodwill-bearing companies is between 3.0% and 3.5% in the 2016 – 2019 planning period.

Our business model includes the turnaround of loss-making clinics/institutions, which generally takes up to five years in the industry.

10) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are reported separately. Financial instruments are recognised as soon as a group entity becomes a party to the financial instrument. Financial instruments are initially measured at fair value. Transaction costs are initially recognised as part of the purchase price (except for transaction costs incurred for financial assets, which are measured at fair value through profit or loss).

For subsequent measurement, the financial instruments are allocated to one of the measurement categories listed in IAS 39 (Financial Instruments: Recognition and Measurement). Financial assets are derecognised if the rights to cash flows have expired or if the right to receive the cash flows has been transferred and the Group has substantially transferred all risks and rewards incidental to ownership.

Financial assets as defined by IAS 39 are broken down into financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and derivative financial instruments. The classification depends on the purpose for which the financial asset in question was acquired. Regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

A) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets such as shares or interest-bearing securities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on financial assets held for trading are recognised in profit or loss. An exception to this relates to financial instruments designated for hedge accounting. Gains or losses on these are recognised in other comprehensive income.

B) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, such as trade receivables for example. These are disclosed under current assets, provided that they do not fall due in more than twelve months from the end of the reporting period. After initial recognition, loans and receivables are subsequently measured at amortised cost using the effective interest method minus any reduction for impairment. Impairment is recognised if partial or full uncollectibility is expected. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. The time value of money from using the effective interest method is also recognised in profit or loss.

C) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in any of the preceding categories. They are disclosed under non-current assets, unless the Group plans their disposal within twelve months of the end of the reporting period. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised in equity.

If a decline in the fair value of an available-for-sale financial asset was recognised in other comprehensive income, this amount is reclassified to loss if there is objective evidence that this asset is impaired. This even occurs if the asset is not derecognised.

Impairment losses recognised in profit or loss for equity instruments categorised as available for sale are not reversed through profit or loss.

If the fair value of a debt instrument classified as available for sale increases in a period after the impairment was recognised in profit or loss, this impairment is reversed and the amount of the reversal is recognised in profit or loss.

The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The carrying amount of cash and cash equivalents, receivables, and current liabilities approximates fair value due to the relatively short-term maturity of these instruments. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period.

D) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value is derived from the price of an asset (such as shares, obligations, money market instruments or commodities) or a reference rate (such as currencies, indices and interest rates). Little or no initial investment is required and they are settled in the future. Examples of derivative financial instruments include options, forward transactions or interest rate swaps.

Unless used for hedging, derivative financial instruments are usually recognised at their fair value in profit or loss in accordance with IAS 39.

The Group adheres to the requirements of IAS 39 with respect to cash flow hedge accounting. By definition, a cash flow hedge is a hedge of the exposure to variability in cash flows that (a) is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and (b) could affect profit or loss. Provided that the hedging relationship is effective, changes in the value of cash flow hedging instruments are initially recorded in other comprehensive income in a separate equity item (cash flow hedge reserve). The corresponding amount is released to income from the cash flow hedge reserve in the period in which the hedged transaction (e.g. a variable interest payment) has an effect on profit or loss. The disclosure option pursuant to IAS 39.98 b) is not applied. Under this option, associated gains and losses are removed and included in the initial cost or other carrying amount of the asset or liability. The ineffective portion of the gain or loss on a hedging instrument is recognised immediately in profit or loss.

The Group uses cash flow hedges to hedge against the risk of increasing interest cash flows from liabilities subject to floating rates of interest. Accordingly, an appropriate interest cap that meets the main conditions is entered into when a liability subject to a floating rate of interest is accepted. Only the intrinsic value of the interest cap is designated as the hedging instrument. Since it qualifies as a derivative, the fair value of the interest cap is recognised in profit or loss. When designating the hedging relationship, the Group documents the relationship between the underlying transaction as well as risk management objective and strategy. Both the prospective and retrospective effectiveness of the hedging relationship is assessed upon designation and at the end of each subsequent reporting period.

As at 31 December 2015, the Group holds derivative financial instruments in the form of interest caps (hedging) that must be measured at fair value. The fair value of the interest caps is recognised under other financial assets at a carrying amount of EUR 0 thousand (previous year: EUR 0 thousand), while the present value of the premium payments is recognised under other financial liabilities at a carrying amount of EUR 1,009 thousand (previous year: EUR 1,672 thousand). As at 31 December 2015, no hedging reserve is recognised in equity any more (previous year: EUR 271 thousand).

In future, interest rate hedges measured at fair value can be used to hedge against rising interest rates of financial liabilities with floating interest rates and the following volumes:

Financial year	Amount in EUR million
2016	202.7
2017	105.4
2018	24.8

The Group adheres to the requirements of IAS 39 with respect to fair value hedge accounting. Changes in the fair value of derivatives designated to hedge the fair value of the hedged item are recognised in the income statement together with the changes in the fair value of the hedged item.

Offers available to the Group for the acquisition of financial assets were designated as fair value hedges to hedge fluctuations of the market price. If the hedge can be considered effective, the carrying amount of the hedging items is adjusted for the changes in the fair value attributable to the hedged risk.

The following table shows the changes in hedged items and hedging instruments in fair value hedge relationships recognised in profit or loss:

Financial year	Amount in EUR million
Income from hedged items	0.0
Expense from hedging instruments	0.0
Ineffective portion	0.0

E) FINANCIAL LIABILITIES

Financial liabilities as defined by IAS 39 are classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

The Group determines the classification of its financial liabilities upon initial recognition and, where allowed and appropriate, reassesses this designation at each financial year-end.

Financial liabilities at fair value through profit or loss are measured at fair value upon initial recognition. Gains and losses from changes in fair value are recognised immediately in profit or loss. As in the previous year, the Group has not allocated any financial liabilities to the category "financial liabilities measured at fair value through profit or loss" as at the end of the reporting period.

Financial liabilities, which are therefore all allocated to the category "financial liabilities measured at amortised cost", are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. They are reported under other liabilities.

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or expires.

F) OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are set off if the Group has a right at the same time to set off the reported amounts against each other and the Group intends to settle the financial assets and financial liabilities on a net basis or to settle the associated liability simultaneously with the realisation of the asset. The legal right must not be contingent on future events and must be enforceable in the ordinary course of business.

G) 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: market prices (unadjusted) used on the active market for identical assets and liabilities
- Level 2: 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: 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)

31 Dec. 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	325.7	0.0	0.0	325.7
Financial liabilities	0.0	1.0	0.0	1.0

31 Dec. 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

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 current 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 inputs are not based on observable market data, the instrument is assigned to level 3. There were no reclassifications in this financial year or the previous year.

H) NET PROFIT BY MEASUREMENT CATEGORY

EUR million	From subsequent measurement			2015	2014
	From interest results	Fair value	Impairment		
Loans and receivables	0.3	-5.4	-7.7	-12.8	-9.1
Financial liabilities measured at amortised cost	-20.6	0.0	0.0	-20.6	-23.8
Financial assets and liabilities measured at fair value through profit or loss	0.0	0.0	0.0	0.0	-1.9
Available-for-sale financial assets	0.0	9.3	0.0	9.3	3.6

Net profit from subsequent measurement of loans and receivables comprises the income and expenses from impairment of trade receivables.

The liabilities recognised at fair value and the financial assets and liabilities measured at fair value through profit or loss relate to a fair-value hedge with a net result of zero.

Net profit from available-for-sale financial assets includes dividends in full, which are reported in the investment result.

11) Income taxes

A) CURRENT TAX ASSETS AND LIABILITIES

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

B) DEFERRED TAXES

Deferred tax is recognised using the liability method on all temporary differences as at the end of the reporting period between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases. Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Future changes in tax rates are taken into account as at the end of the reporting period, to the extent that their material effectiveness conditions are fulfilled in the course of the legislative process.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry forwards to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carry forwards can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realised.

As in the previous year, a corporate income tax rate of 15 % plus a solidarity surcharge of 5.5 % assessed on the corporate income tax was used to determine deferred taxes as at 31 December 2015. The operating clinics are generally exempt from trade tax.

For transactions and other events recognised in other comprehensive income, any income taxes are also recognised in other comprehensive income and not in the consolidated income statement. In the financial year, this related to a change in the fair value of financial assets of EUR –803 thousand (previous year: EUR –1,143 thousand) and a change in pension commitments of EUR 3,602 thousand (previous year: EUR 17,611 thousand).

Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to offset the current tax assets against the tax liabilities and these assets and liabilities relate to income taxes levied by the same tax authority for the same taxable entity. Deferred taxes are not discounted.

12) Inventories

Inventories are measured at the lower of the cost and net realisable value in accordance with IAS 2, using their average cost price as a simplified measurement method. All identifiable risks in inventories resulting from an above-average storage period or reduced options for disposal of inventories are taken into account by carrying out appropriate impairments.

Work in process relates to inpatients whose treatment is still ongoing as at the end of the reporting period. We do not report any income realised in accordance with the percentage of completion method from estimates and assumptions from the measurement of these inpatients (zero profit method, see V.19 for more details). The number of patients in the hospital is recorded as at the end of the reporting period. If we have to assume as at the end of the reporting period that the contract costs will exceed contract revenue, we initially write down the estimated contract costs. We also report provisions for potential losses as necessary.

13) Trade receivables

Receivables are not secured and therefore subject to the risk of total or partial default. Specific bad debt allowances in a separate allowance account are recognised if receivables are fully or partially uncollectible or it is likely that they cannot be collected, and the amount can be determined reliably. Receivables are written off directly if there is objective evidence that it will not be possible to collect the debts.

The bad debt allowances make provision for all recognisable risks based on individual risk estimates and past experience.

14) Revenue recognition

Revenue is generated mainly from the running of hospitals and therefore exclusively relates to revenue from the rendering of services. As with all other hospitals in Germany, our hospitals are subject to statutory remuneration rules (including the KHEntgG ("Krankenhausentgeltgesetz": German Hospital Fees Act) and the BPfIV ("Bundespfllegesatzverordnung": German National Hospital Rate Ordinance)). The offering of the hospitals and the prices charged to the payers (mainly health insurance companies) are regulated by a large number of laws and ordinances at state and federal level. The inpatient services provided by the hospitals are supposed to be remunerated from budgets negotiated prospectively with the statutory health insurers. In practice, however, budgets are not negotiated until the course of a financial year and some are not concluded until after the financial year has ended. In such cases there is uncertainty surrounding the agreed volume of services and/or remuneration, for which we use appropriate estimates.

Most of our revenue stems from billing DRGs under the KHEntgG in our acute hospitals. No statutory DRGs are defined for some of our services (in particular psychiatry and treatment of psychologically disturbed criminals). Remuneration here is based on the budgets negotiated according to daily nursing charges pursuant to the BPfIV or local provisions.

The budgets negotiated, which are generally capped, result from multiplying the service volume by the price. The budgets are negotiated by our hospitals with the payers.

Dividend revenue is recognised on the date on which the right to receive the payment arises and is reported in the investment result. Interest income is recognised using the effective interest method.

15) Other receivables and other assets

Other receivables and other assets are stated at amortised cost. Adequate specific bad debt allowances are recognised for items subject to risk.

16) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position generally comprise short-term, highly liquid monetary deposits with an original maturity of less than three months from the date of acquisition. Cash and cash equivalents correspond to the cash and cash equivalents in the consolidated statement of cash flows.

17) Other provisions

Provisions are recognised when the Group has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated income statement, net of the amount recognised for a reimbursement that is virtually certain.

Non-current provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

18) Provisions for pensions

The Group has various pension plans. The plans are financed by payments to insurance companies or pension funds or by creating provisions, the amount of which is based on actuarial calculations. The Group has both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which fixed contribution payments are paid to an independent company (insurance company or pension fund).

Under defined contribution plans, the Group makes contributions to public or private pension plans based on statutory or contractual obligations. The Group has no other payment obligations apart from the payment of the contributions. The contributions are recognised as a personnel expense when they fall due.

A defined benefit plan is a pension plan that does not fall under the definition of a defined contribution plan. Typically it involves a fixed amount of pension payments to be paid to an employee upon retirement, which is usually based on one or several factors such as the employee's age, years of service and salary.

The provision for defined benefit plans recognised in the statement of financial position corresponds to the present value of the defined benefit obligation (DBO) as at the end of the reporting period less the plan assets existing to cover the obligations.

The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the future expected cash outflows using the interest rate on high-quality corporate bonds with the same maturities as the pension obligation. The pension obligations are measured on the basis of actuarial appraisals, which include the assets available to cover these obligations.

Actuarial gains and losses based on experience adjustments and changes in actuarial assumptions are recognised immediately. They are shown as components of total comprehensive income outside the consolidated income statement in the statement of comprehensive income and are posted directly in the revenue reserves following first-time recognition in total comprehensive income; they are no longer recognised in profit or loss in subsequent periods.

IAS 19 (rev. 2011) introduced net interest income. Net interest income is calculated by applying the actuarial interest rate to net liabilities/net assets. When calculating net interest income according to IAS 19 (rev. 2011), the actuarial interest rate is also implicitly applied to plan assets. The difference between the (expected) net interest income and the actual income is recognised with the remeasurements and thus in other comprehensive income.

Under collectively bargained agreements, the Group has to make contributions for a certain number of employees to a public-sector pension plan (supplemental pension plan ZVK). The contributions are made by way of cost sharing. This plan is a multiemployer plan (IAS 19.8 (rev. 2011)), as the entities involved share both the credit risk and the biometric risk.

The ZVK pension is generally classified as a defined benefit pension plan (IAS 19.30 (rev. 2011)). As the information required to make a more detailed calculation of the proportion of future payment obligations attributable to the Group is not available, the requirements of IAS 19.34 (rev. 2011) are applicable. The ZVK is financed primarily by cost sharing, whereby the contribution rate for a certain coverage period is determined at the level of the entire pool of insured persons and not at the level of the individual insured risk. Asklepios therefore also bears the risks (biometric, capital investment) of the other sponsoring employers of the ZVK. Therefore, the obligations are to be accounted for as a defined contribution plan. There are no agreements as defined by IAS 19.36 (rev. 2011), as a result of which it is not necessary to recognise a corresponding asset or liability. The recognition of any liability item in the statement of financial position is subordinate to warrantor obligations of public-sector entities. The current contribution payments to ZVK are reported as pension costs for the respective years as post-employment benefits in personnel expenses.

The pension provisions also include indirect obligations covered by the provident funds, provided that Asklepios Kliniken GmbH or its subsidiaries are responsible for fulfilling the obligations by way of payment of the corresponding amounts to the external pension funds. The obligations are recognised less the plan assets of the provident fund. In addition, there are obligations to civil servants of the city of Hamburg on leave of absence and individual contractual obligations to retired members of the Management Board.

19) Estimates and assumptions

The preparation of the consolidated financial statements requires that assumptions or estimates be made which have an effect on the values stated in the Company's statement of financial position, the recognition of contingent liabilities and the disclosure of income and expenses.

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in subsequent financial years are discussed below (the carrying amounts of receivables and liabilities as well as further explanations can be found in IX.).

- **Acquisitions:** Assumptions and estimates influence the purchase price allocation for acquisitions. Contingent purchase price liabilities are recognised at fair value in the context of purchase price allocation.
- **Impairment of goodwill:** The Group reviews goodwill for impairment annually. This involves an estimate of the value in use of the cash-generating units (CGUs) to which the goodwill is allocated. Calculating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose the discount rates in order to calculate the present value of those cash flows.

The carrying amount of goodwill as at 31 December 2015 was EUR 354,455 thousand (previous year: EUR 352,743 thousand).

Please refer to the explanations given in V.9) on carrying out impairment tests and the corresponding notes on goodwill.

- **Fair value of derivative and other financial instruments:** The fair value of financial instruments not traded on an active market is determined by applying suitable valuation techniques selected from a variety of methods. The assumptions used are mostly based on market conditions existing on the reporting date. To determine the fair value of numerous available-for-sale financial assets that are not traded on active markets, the Group applies present value techniques.
- **Fair value of investments accounted for using the equity method:** Where the fair value of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The input parameters used in the model are based on observable market data to the extent that this is possible, and on assumptions relating to growth and interest rates. The carrying amount of investments accounted for using the equity method as at 31 December 2015 was EUR 14,045 thousand (previous year: EUR 5,388 thousand).
- **Inpatients (work in progress):** When billing our patients, we receive fixed prices for the amount of the respective DRG, which is calculated based on the base rates that are uniform for each federal state and the Germany-wide coding. The number of patients in the hospital is recorded as at the end of the reporting period. This is based on the "length of stay" milestones as a percentage of the Germany-wide average length of stay as well as the date of the operation. As the cost of these inpatients cannot be reliably determined due to their difficult-to-assess status and the difficulty in forecasting the development of their treatment, the Group calculates the costs for these inpatients based on the fixed prices to which Asklepios is entitled. Because the cost of these inpatients cannot be reliably estimated as a result, the Group reports no income realised in accordance with the percentage of completion method from the treatment of these patients. The income reported is limited to the amount of estimated contract costs incurred by reducing the estimated costs per inpatient (zero profit method). The carrying amount as at 31 December 2015 was EUR 52,704 thousand (previous year: EUR 48,355 thousand).

- Pensions and similar obligations: The amount of provisions for pensions depends on a large number of actuarial assumptions. These relate primarily to:

- the discount rates
- the future wage and salary increases

Due to the long-term nature of these provisions, such estimates are subject to significant uncertainty. Please refer to our explanations given in V.18) Pension provisions. The carrying amount as at 31 December 2015 was EUR 232,872 thousand (previous year: EUR 215,995 thousand).

- Taxes: The calculation of taxable income is based on the assessment of the matter pursuant to the applicable legal norms and their interpretations. The amounts reported as a tax expense, tax liabilities and tax receivables are based on the assumptions made. The recognition of unused tax losses in particular requires estimates regarding the amount of the unused tax losses and the future taxable income available for offsetting against these unused tax losses. There are uncertainties surrounding the interpretation of complex tax provisions in particular. Differences from the assumptions made arising at a later date are recognised in the period in which they arose. The income and expenses from such differences are recognised in the period incurred or recorded. Please refer to V. 11 Income taxes.
- Revenue recognition: The inpatient services provided by our hospitals are supposed to be remunerated from budgets negotiated prospectively with the statutory health insurers. In practice, however, budgets are not negotiated until the course of a financial year and some are not concluded until after the financial year has ended. In such cases there is uncertainty surrounding the agreed volume of services and/or remuneration, for which Asklepios uses appropriate estimates. Past experience has shown that the imprecision inherent in every estimate is immaterial in this case in proportion to revenue.
- Other provisions: Estimates are required for provisions with regard to the amount, the probability of occurrence and the maturity.

Some group entities secure themselves against and settle actual and expected cases of losses up to a specified amount of losses. If this amount is exceeded, other external insurance companies are involved. The provisions recognised in the financial year are based on estimates of future payments for the cases of losses reported as well as for the cases already incurred but not yet reported. The estimates are based on past experience and current claims. This experience is based both on the frequency of claims (number) and the amount of claims (costs) and is combined with expectations regarding individual claims in order to estimate the amounts recognised. The obligations to pay damages were calculated based on actuarial methods by an external expert.

The amount of the provisions recognised is determined in particular by the actuarial parameters established, the amount of the individual claim and the date on which payments are due in connection with the claim. The provision covers individual losses as well as claims settlement expenses. Past experience has shown that the imprecision inherent in the estimate is immaterial. For the recognition of the provision, please refer to the statement of changes in provisions in Section VII. 19.

- Trade receivables: Identifiable risks are accounted for with bad debt allowances. These are measured on the basis of the probable credit risk using past experience and the percentage maturity structure on the basis of the period outstanding or the risk of non-recognition.

VI. Financial risk management

1) Financial risk management objectives and policies

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity of another entity. The Group has various financial assets, including above all cash and cash equivalents, trade receivables and other receivables, which arise directly from its operations. The financial liabilities reported by the Group essentially comprise trade payables, liabilities to banks and finance lease liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The main risks arising from the Company's financial instruments can be grouped into the following three risk clusters: liquidity and financing risks, interest fluctuation and capital market risks (market risk) and credit, counterparty and payment risks (default risks).

Group-wide risk management focuses on the uncertainty of developments on financial markets and aims at minimising potential adverse effects on the financial position of the Group. Risk management is performed by management and complies with the policies issued by management. Management identifies, assesses and hedges financial risks in close cooperation with the operating units of the Group. Management determines the principles for cross-functional risk management and issues policies for specific areas including handling of interest and credit risk, the use of derivative and primary financial instruments as well as investment of liquidity surpluses.

2) Liquidity and financing risk

Liquidity risks stem from a possible lack of financing to settle liabilities as they fall due in terms of volume and maturity. In particular the latter fact leads to the need to accept unfavourable financing conditions in the event of potential liquidity bottlenecks. The central task of the Group's financing and investor relations division is to control short-term liquidity risks and longer-term financing risks, and it employs a group-wide integrated cash management system for this purpose – with a focus on efficient control of short-term cash and cash equivalents.

Prudent liquidity management involves holding an adequate reserve of liquid funds, the option of financing an adequate amount using the lines of credit obtained and the ability to issue suitable financial instruments on the market.

Due to the dynamic nature of the business environment in which the Group operates, the aim of management is to ensure that financing remains as flexible as needed by securing sufficient lines of credit and constant access to capital markets. All credit agreements are complied with on an ongoing basis.

The table below shows the maturities of liabilities based on minimum contractual obligations (without discounting).

EUR million	31 Dec. 2015 Total	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	65.0	64.6	0.4	0.0
Financial liabilities including participation certificates and subordinated capital	1,150.8	87.3	206.3	857.2
Finance leases	19.0	1.1	4.8	12.9
Other financial liabilities (not including derivatives)	236.5	148.7	37.8	50.0

EUR million	31 Dec. 2014 Total	Up to 12 months	1 to 5 years	More than 5 years
Trade payables	59.7	59.5	0.2	0.0
Financial liabilities including participation certificates and subordinated capital	742.7	112.2	211.3	419.2
Finance leases	16.8	1.1	4.7	11.0
Other financial liabilities (not including derivatives)	232.8	140.8	37.6	54.4

The subordinated capital matured on a date that was dependent on contractually defined terms and conditions. Asklepios fully repaid the subordinated capital in the financial year 2015.

3) Credit, counterparty and payment risk (default risk)

Credit and counterparty risks result if a customer or another counterparty to a financial instrument fails to meet its contractual obligations in terms of due dates and del credere. Asklepios is exposed to only a low level of risk from an unexpected loss of cash or income. Firstly, financial contracts are entered into only selectively and are distributed over a broad group of banks with a good credit rating. The cash investment policy, which is mainly short term, follows the principle of "security over yield" and spreads excess group liquidity across different banks from the three major German deposit protection systems with a limit for each individual institution. Secondly, Asklepios has a low del credere risk thanks to the high share of debtors that are German (statutory) health insurance companies, supplemented with a smaller share of public welfare authorities and some private patients. By contrast, the growing influence of the economic crisis on the earnings situation of the social insurance schemes results in the risk of delayed payment of trade receivables, which in turn leads to a danger of more capital being tied up in current assets. There is also a risk that individual receivables will not be recognised by the MDK. As a result, provisions are recognised for bad debts that are measured by the management on the basis of the past experience. The income adjustments after the end of the reporting period made based on examinations by the MDK are recognised in the allowances for trade receivables provided these have not yet been settled by the payers. The MDK risk for receivables already paid is covered by a provision.

Bad debt allowances are recognised immediately when there is any indication that a receivable is not recoverable in full or in part.

As in the previous year, there are no significant concentrations of risk as at 31 December 2015. With respect to the other financial assets carried by the Group, the maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of the corresponding instrument.

For all payment transactions processed using an automated payment management system, at the very least the principle of dual control applies. The conclusion of financial contracts is also regulated in a volume-weighted approval catalogue.

4) Market risk

Asklepios regards market risk as the risk of a loss that may be incurred as a result of a change in market parameters that are relevant for measurement (currency, interest, price). Fluctuations in market interest rates affect future interest payments for floating-interest liabilities. Material increases in the base interest rate or the bank margin can therefore restrict the Group's profitability, liquidity and financial position. The same applies to the foreign currency risks, which are very limited.

The Group controls these risks centrally, also using derivative financial instruments. In doing so, we follow our financing principles, which prohibit in particular the conclusion of transactions for trading or speculative purposes and prioritise the efficient hedging of our variable interest expenses.

5) Presentation of the interest risks to which Asklepios is exposed

INTEREST RATE SENSITIVITIES

The credit volumes are hedged against interest fluctuation risks, most of which in the long term. The Group uses cash flow hedges to hedge against the risk of increasing interest from long-term liabilities subject to floating rates of interest on the basis of interest caps with appropriate repayment and maturities. Their purpose is to hedge the cash flow interest rate risk arising from the Company's operations and its sources of finance. For further details on the hedging instruments used, please refer to the notes on the derivative financial instruments. Only the intrinsic value of the interest cap is designated as the hedging instrument in each case, with recognition at fair value through profit or loss.

6) Cash flow interest rate risk

In the case of fixed-rate financial liabilities, the operating cash flow and Group profit are largely unaffected by changes in the market interest rate. Accordingly, the more long-term liabilities from the promissory note loan are concluded with a fixed interest rate. However, the Group is inherently exposed to a cash flow interest rate risk relating to liabilities subject to floating rates of interest. These risks are hedged by the Group using interest caps. The Group has thus limited the change of interest rate risk.

The interest rate risk is presented using sensitivity analyses in accordance with IFRS 7. These present the effects of changes in market interest rates on interest income and expenses, other components of profit or loss and on equity.

There is no interest rate risk within the meaning of IFRS 7 for financial instruments that are subject to fixed interest rates and measured at amortised cost.

The Group uses cash flow hedges to secure liabilities that are subject to floating rates of interest. These affect both the hedge reserve in other comprehensive income and net interest and are therefore included in the sensitivity analysis.

As the closing balance of cash and cash equivalents is not reliable for calculating interest sensitivities, the average balance was used. The average balance was taken to be the arithmetic mean of the opening and closing balances.

EUR '000 Alterable variable: interest rate	31 Dec. 2015		31 Dec. 2014	
	+100 basis points	-100 basis points	+100 basis points	-100 basis points
Earnings before income taxes	23	-352	99	-417

7) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratio in order to support its business operations.

As at 31 December 2015, the equity ratio was 34.7% (previous year: 35.0%) and was thus considerably higher than the contractual requirements. The Company monitors its capital with reference to the ratio of net debt to EBITDA (debt ratio). This performance indicator continues to improve. According to internal guidelines, this ratio should be limited to 3.5x. The external contractually agreed limits are more broadly defined.

The financing strategy of the Group as a whole is guided primarily by the net debt/EBITDA ratio.

The following table illustrates how this performance indicator was calculated in the period under review:

EUR million	2015	2014
Excluding subordinated capital		
Financial liabilities (excluding subordinated capital)	1,150.8	695.7
Cash and cash equivalents	554.9	161.2
Net liabilities (excluding subordinated capital)	595.9	534.5
EBITDA	374.0	330.4
Net debt/EBITDA	1.6x	1.6x

The performance indicator was therefore within the specified range in the financial year at 1.6x (previous year: 1.6x). Even taking into account subordinated capital, the indicator amounted to 1.6x (previous year: 1.8x).

EUR million	2015	2014
Including subordinated capital		
Financial liabilities (including subordinated capital)	1,150.8	742.7
Cash and cash equivalents	554.9	161.2
Net liabilities (including subordinated capital)	595.9	581.5
EBITDA	374.0	330.4
Net debt/EBITDA	1.6x	1.8x

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. Furthermore, the interest coverage factor, in terms of EBITDA, (including interest on participation capital) stands at 9.8x (previous year: 10.2x).

As at the end of the reporting period, the Group has cash reserves of EUR 554.9 million (previous year: EUR 161.2 million) in the form of cash and cash equivalents and undrawn lines of credit for a further EUR 462.1 million (previous year: EUR 521.5 million).

VII. Notes to the income statement

1) Revenue

Revenue breaks down by business segment as follows:

EUR million	2015	2014
Clinical acute care	2,616.3	2,552.1
Post-acute and rehabilitation clinics	457.6	437.5
Social and welfare facilities	19.9	18.9
Miscellaneous	5.5	11.7
Total	3,099.3	3,020.2

In the financial year 2015, the Asklepios Group's facilities treated a total of 2,285,694 patients. Compared to the previous year (2,186,876 patients), this represents an increase of 4.5%. This development was once again driven by our range of medical services in line with demand, combined with high case numbers at certain centres for advanced medicine, known as Centres of Excellence, where Asklepios can optimally pool expertise and patient numbers. Growth in performance was attributable both to acute services and to post-acute and, in particular, psychiatric care. The rise in patient numbers resulted in slight revenue growth. This increased by 2.6% from EUR 3,020.2 million to EUR 3,099.3 million largely as a result of organic growth.

2) Other operating income

Other operating income is broken down as follows:

EUR million	2015	2014
Income from ancillary, additional and other operations	75.2	70.1
Income from operations	74.9	69.0
Income from other grants	37.9	36.0
Income from cost reimbursements	22.8	24.6
Miscellaneous	15.4	19.1
Total	226.2	218.8

The rise in income from ancillary, additional and other operations is mainly attributable to income from rental and lease agreements, which increased to EUR 15.7 million in the year under review (previous year: EUR 11.0 million).

3) Cost of materials

The ratio of the cost of materials to revenue in the Asklepios Group developed year on year at a considerably lower rate and amounted to 22.1% as at 31 December 2015 (previous year: 22.6%). In absolute terms, the cost of materials increased only very slightly by EUR 1.4 million year on year to EUR 684.5 million. This was attributable to the energy model established by Asklepios and the operation of combined heat and power plants, as well as to sustained cost management combined with the revenue increase of 2.6%. Management measures in the field of high-priced implants had a particular impact on the cost of materials. The energy procurement measures taken will also have a positive impact on earnings in the years to come. The high production costs for cytostatics impacted the cost of materials, although these were offset by a corresponding increase in income from dispensing cytostatics.

4) Personnel expenses

Personnel expenses rose by EUR 47.9 million year on year to EUR 1,962.2 million. The headcount increased slightly from 34,255 full-time equivalents in the previous year to 34,690. The ratio of personnel expenses to revenue declined from 63.4% to 63.3% due to the increase in revenue. The rise in absolute personnel expenses is attributable to the higher number of employees and to wage increases.

The pension costs contain benefits of the Asklepios Group from defined benefit and defined contribution obligations and similar commitments. For company pensions, (former) employees have claims under supplemental pension plans (ZVK), federal or state benefit plans (VBL), or direct insurance policies in addition to the pension provisions. The employees are also insured through the statutory pension insurance.

The current contribution payments to VBL/ZVK are reported in the operating result as post-employment expenses. Contribution payments for post-employment payments came to EUR 34.7 million in financial year 2015 (previous year: EUR 33.2 million).

In addition, the employer's contributions to pension insurance qualify as payments to defined contribution plans.

5) Other operating expenses

Other operating expenses relate to:

EUR million	2015	2014
Maintenance and servicing	91.0	87.9
Rental expenditure	53.3	52.8
Taxes, dues and insurance	35.4	38.1
Contributions, consulting and audit fees	30.1	30.2
Office supplies, postage and telephone charges	20.9	20.7
Other administrative and IT expenses	17.2	17.1
Advertising and travel expenses	15.5	13.9
Training expenses	13.9	14.4
Miscellaneous	27.5	36.1
Total	304.8	311.2

The contributions, consulting and audit fees include expenses for acquisitions, IT projects, audits of financial statements and other consulting projects. For information on the assessment of the rental expenditure of MediClin AG, please also refer to Section IX.17 Finance lease liabilities.

Miscellaneous other expenses comprise various items from current operations.

6) Depreciation, amortisation and impairment

Amortisation, depreciation and impairment break down as follows:

EUR million	2015	2014
Depreciation and impairment of financial assets and property, plant and equipment	115.4	110.5
Amortisation and impairment of intangible assets	9.5	8.1
Total amortisation/depreciation and impairment	124.9	118.6

7) Net investment income

The investment result breaks down as follows:

EUR million	2015	2014
Net investment income	9.3	1.7
Other investment loss/income	9.3	1.7

Net investment income includes dividend payments.

8) Interest result

The interest result breaks down as follows:

EUR million	2015	2014
Interest income	1.4	4.3
Interest expenses	-39.5	-36.7
of which interest and expenses from subordinated loans	(-2.3)	(-3.6)
Interest result	-38.1	-32.4

The Company received EUR 1.1 million of the interest income reported (previous year: EUR 4.1 million). The Company paid EUR 34.5 million of the interest expenses (previous year: EUR 34.2 million).

The Group has entered into some interest rate hedges to hedge against the interest risk of its floating-rate financial liabilities and part of its participation capital. Under the terms of the hedges, the Group receives compensation if a Euribor-based interest limit is exceeded.

Interest expenses break down as follows:

EUR million	2015	2014
Bank loans and overdrafts	-14.0	-11.3
Participation capital/subordinated loans	-2.3	-3.6
Interest expense from the bond	-6.3	-6.3
Interest expense for pension and similar obligations	-3.5	-2.6
Interest expense from the promissory note loan	-12.4	-10.6
Other finance costs	-1.0	-2.3
Interest expenses	-39.5	-36.7

The interest expenses include interest on finance leases of EUR 573 thousand (previous year: EUR 592 thousand).

Interest income breaks down as follows:

EUR million	2015	2014
Interest income from bank balances	1.5	4.1
Interest from loans granted	0.0	0.0
Interest on receivables	0.0	0.1
Other finance revenue	0.0	0.1
Interest income	1.5	4.3

9) Income taxes

Income taxes relate to current and deferred income taxes. Corporate income taxes, including the solidarity surcharge, are reported as income taxes. In addition, deferred taxes on different amounts recognised in the commercial accounts and the tax accounts and on recoverable loss carryforwards, which can generally be carried forward without any time limit, are also reported in this item in accordance with IAS 12.

Income taxes are broken down as follows:

EUR '000	2015	2014
Current income taxes	-40,967	-28,832
Deferred income taxes	-2,640	-473
Total	-43,607	-29,305

The taxes paid in the financial year amount to EUR 32.3 million (previous year: EUR 23.5 million).

The reconciliation of the current tax expenses and the tax resulting on the earnings before income taxes taking German corporate income tax into account is shown below:

EUR '000	2015	2014
Earnings before income taxes	220,417	181,115
Imputed tax expense*	-34,894	-28,661
Capitalised and non-capitalised loss carryforwards	-2,985	98
Trade tax	-2,425	-960
Tax refunds/back payments for previous years	-2,031	-130
Tax increases/decreases due to deviating tax rates	-245	-94
Tax increases/decreases due to recognition adjustments for deferred taxes	-1,004	538
Tax increases/decreases due to compensation payments/non-deductible expenses as well as corporate income tax on compensation payments of non-deductible expenses as well as corporate income tax on compensation payments on non-controlling interests	382	20
Miscellaneous	-405	-116
Tax expense of the current year	-43,607	-29,305

* Imputed tax rate for 2015 and 2014: 15.825%

The actual tax rate was 19.7% (previous year: 16.2%).

VIII. Notes to the consolidated statement of cash flows

In accordance with IAS 7, the statement of cash flows is structured according to cash flows from operating, investing and financing activities. The cash flow from operating activities is developed using the indirect method. Cash and cash equivalents comprise cash on hand and bank balances.

Compared to the previous year, cash and cash equivalents rose by EUR 393.7 million. Net cash from operating activities amounted to EUR 290.6 million (previous year: EUR 310.9 million). The change was a result of the increase in EBITDA as well as the fact that the health insurance funds are slower to pay. These receivables are expected to be paid in the following quarters. Net cash flow from operating activities is offset by cash flow from investing activities including investments in financial assets of EUR -264.9 million (previous year: EUR -267.2 million). The cash inflow from financing activities of EUR 368.0 million in the financial year (previous year: cash outflow of EUR -86.6 million) was attributable to the issue of the promissory note loan and to the repayment of participation capital and financial liabilities. Including only the investments in non-current assets of our hospitals in net cash flow from investing activities results in a significant positive increase in net cash flow from investing activities in the reporting year as compared to the previous year.

Net cash used in financing activities includes distributions of EUR 0.8 million to companies that belong to the group of related parties and that have non-controlling interests in companies of the Group.

IX. Notes on items of the consolidated statement of financial position

1) Business combinations using the purchase method

In the financial year, statutory health insurance physicians' offices were acquired for which all of the effectiveness conditions were met in 2015, meaning that they were included in the consolidated financial statements in 2015. Expenses of EUR 0.1 million were incurred in relation to the acquisitions. The revenue and annual results generated since inclusion in the consolidated financial statements are of minor importance to the consolidated financial statements. In the final purchase price allocations, the acquisition costs of EUR 1.7 million resulted in goodwill of EUR 1.7 million. No net assets were acquired and, similarly, no cash and cash equivalents were assumed in the course of the acquisitions.

2) Intangible assets

2015 EUR '000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Acquisition cost as at 1 Jan. 2015	366,923	86,722	15,471	469,116
Acquisitions	2,108	9,896	652	12,656
Disposals	-2,000	-1,011	-221	-3,232
Reclassification	0	22,947	-14,397	8,550
As at 31 Dec. 2015	367,031	118,554	1,505	487,090
Accumulated amortisation and impairment as at 1 Jan. 2015	-14,180	-53,422	0	-67,602
Amortisation and impairment for the financial year	0	-9,517	0	-9,517
Reclassification	0	-1,544	0	-1,544
Amortisation and impairment on disposals	1,604	945	0	2,549
As at 31 Dec. 2015	-12,576	-63,538	0	-76,114
Residual carrying amounts as at 31 Dec. 2015	354,455	55,016	1,505	410,976

2014 EUR '000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Acquisition cost as at 1 Jan. 2014	367,664	79,260	14,893	461,817
Acquisitions	1,499	7,001	2,133	10,633
Disposals	-2,376	-534	-801	-3,711
Reclassification	136	995	-754	377
As at 31 Dec. 2014	366,923	86,722	15,471	469,116
Accumulated amortisation and impairment as at 1 Jan. 2014	-15,565	-45,585	0	-61,150
Amortisation and impairment for the financial year	0	-8,138	0	-8,138
Amortisation and impairment on disposals	1,385	301	0	1,686
As at 31 Dec. 2014	-14,180	-53,422	0	-67,602
Residual carrying amounts as at 31 Dec. 2014	352,743	33,300	15,471	401,514

In detail, the goodwill reported by the Group relates to:

Goodwill EUR '000	2015	2014
MediClin AG, Offenburg	233,313	233,418
Asklepios Kliniken Hamburg Gesellschaft mit beschränkter Haftung, Hamburg	55,101	54,646
Asklepios Fachkliniken Brandenburg GmbH, Brandenburg	14,933	14,933
Asklepios Klinikum Uckermark GmbH, Schwedt	9,754	9,754
Asklepios Fachkliniken Brandenburg GmbH, Lübben location	8,308	8,308
Asklepios Klinik Sobernheim GmbH, Königstein	6,423	6,423
Pro Cura Med AG, Bern (Switzerland)	4,908	4,908
Asklepios Fachkliniken Brandenburg GmbH, Teupitz location	4,245	4,245
Reha-Klinik Schildautal Investgesellschaft mbH, Königstein	2,273	2,273
Asklepios Gesundheitszentrum Aidenbach, Königstein	1,695	1,695
Asklepios Klinik Wiesbaden GmbH, Königstein, Klinik Birkenwerder	1,291	1,155
MVZ Vorpommern GmbH	1,282	1,338
Miscellaneous	10,929	9,647
Total	354,455	352,743

The CGUs each constitute a business (medical facility or group of facilities) and are thus the smallest cash-generating unit. The changes in goodwill are the result of practice goodwill acquired or sold and already recognised in the separate financial statements.

The recoverability of all goodwill included in the consolidated statement of financial position and allocable to cash-generating units was substantiated via its value in use. No impairment losses were necessary in the reporting period.

The calculation of value in use (= recoverable amount) considers our strategic direction, past experiences and industry development.

The sensitivity analysis carried out assumed a change in the pre-tax discount rate of 0.5% or -0.5%. In addition, EBIT was changed 5% higher or lower than the current assumption. No matter what the configuration, goodwill will not need to be written down.

Software, customer bases and brand names are all reported under other intangible assets.

3) Property, plant and equipment

2015 EUR '000	Land and buildings including buildings on third-party land*	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
Cost					
As at 1 Jan. 2015	1,504,624	117,892	460,401	46,742	2,129,659
Additions/investments similar to acquisitions	109,093	6,129	51,283	76,472	242,977
Disposals	-10,546	-1,118	-19,887	-2,886	-34,437
Reclassification	18,595	5,762	-1,806	-31,101	-8,550
As at 31 Dec. 2015	1,621,766	128,665	489,991	89,227	2,329,649
Accumulated depreciation and impairment as at 1 Jan. 2015	-465,455	-48,999	-269,501	0	-783,955
Change in consolidated group	0	0	-3	0	-3
Depreciation and impairment for the financial year	-55,310	-9,887	-50,180	0	-115,377
Depreciation and impairment on disposals	5,432	1,072	19,506	0	26,010
Reclassifications	353	25	1,167	0	1,545
As at 31 Dec. 2015	-514,980	-57,789	-299,011	0	-871,780
Residual carrying amounts as at 31 Dec. 2015	1,106,786	70,876	190,980	89,227	1,457,869

* including investment property with additions of EUR 75 million and depreciation for wear and tear of EUR 1 million as well as a residual carrying amount of EUR 74 million

2014 EUR '000	Land and buildings including buildings on third-party land	Technical equipment and machinery	Operating and office equipment	Assets under construction	Total
Cost					
As at 1 Jan. 2014	1,438,989	97,973	407,328	55,353	1,999,643
Additions/investments similar to acquisitions	29,462	14,730	65,050	40,838	150,080
Disposals	13	-3,662	-16,355	316	-19,688
Reclassification	36,160	8,852	4,377	-49,766	-377
As at 31 Dec. 2014	1,504,624	117,893	460,400	46,741	2,129,658
Accumulated depreciation and impairment as at 1 Jan. 2014	-419,801	-43,200	-234,611	0	-697,612
Depreciation and impairment for the financial year	-46,507	-9,020	-50,187	0	-105,714
Depreciation and impairment on disposals	853	3,221	15,297	0	19,371
As at 31 Dec. 2014	-465,455	-48,999	-269,501	0	-783,955
Residual carrying amounts as at 31 Dec. 2014	1,039,169	68,894	190,899	46,741	1,345,703

Furthermore, there are also rental and lease agreements for real property, medical equipment and office equipment, which are classified as operating leases. The rental and lease expenses incurred are reported under other operating expenses.

The amounts recognised as finance leases under buildings and buildings on third-party land relate to a new building in Barmbek. The rental agreement has a term of 20 years. Once the rental agreement expired, the property passes to AKHH. It is financed via a partially subsidised loan. The non-subsidised portion is reported under financial liabilities (see note 13 Financial liabilities). The residual carrying amount is EUR 35.5 million (previous year: EUR 38.2 million).

Land, buildings and parts of buildings were classified as investment property in the financial year. Because the purchase price was not finally determined until towards the end of the financial year, the residual carrying amount corresponded to the fair value as at the end of the reporting period and was not recalculated.

Receivables and government grants for financing investments are deducted from the cost of the assets and therefore reduce current depreciation. These were grants earmarked for specific investments in accordance with the KHG ("Krankenhausfinanzierungsgesetz": German Hospital Financing Act) with a residual carrying amount of EUR 1,102.4 million (previous year: EUR 1,126.3 million) as well as other government grants and third-party grants with a residual carrying amount of EUR 131.8 million (previous year: EUR 136.8 million). Grants issued in accordance with the KHG are repaid only in the event that hospital operations are discontinued in accordance with Section 8 (1) KHG (no longer included in the hospital plan).

The Group thus has permanent interest-free and redemption-free access to subsidies of EUR 1,234.1 million (previous year: EUR 1,263.1 million).

Write-downs after reduction due to income from the reversal of special items of EUR 95.6 million (previous year: EUR 96.9 million) amount to EUR 124.9 million (previous year: EUR 118.6 million).

4) Investments accounted for using the equity method

Shares developed as follows:

EUR '000	2015	2014
Beginning of the year	5,388	3,372
Purchase of further shares (net)	8,657	2,016
End of the year	14,045	5,388

The market capitalisation of the shares for which a publicly quoted market price exists (Athens Medical Center S.A.) is EUR 19.2 million pro rata. The main additions, totalling EUR 8.0 million, relate to the equity investment in Meierhofer AG, Munich. The pro rata total comprehensive income (loss) for all entities accounted for using the equity method for the duration of their affiliation with the Group was EUR 0.9 million. There was no other comprehensive income to report.

5) Financial and other financial assets

EUR 394.4 million (previous year: EUR 337.2 million) of the financial assets and other financial assets are non-current and EUR 84.9 million (previous year: EUR 74.1 million) are current.

With respect to the marketable securities we hold and derivatives, please refer to our explanations under IX. 22 Financial instruments and V. 10 d) Derivative financial instruments.

Receivables from grants of EUR 67.1 million (previous year: EUR 72.2 million) to finance a hospital in Hamburg are counterbalanced by a loan obligation. This obligation is reported under other financial liabilities (note 15).

Receivables pursuant to the KHG of EUR 11.7 million (previous year: EUR 11.7 million) relate to outstanding claims to state subsidies. Receivables pursuant to the BPfIV and KHEntgG of EUR 21.0 million (previous year: EUR 21.1 million) relate to compensation claims.

By netting the receivables pursuant to the KHG with the corresponding liabilities at the level of the German federal state, receivables of EUR 11,650 thousand remained at Group level (previous year: EUR 11,655 thousand). These are counterbalanced by liabilities of EUR 45,586 thousand (previous year: EUR 43,350 thousand). Under the KHG, the Company discloses total gross liabilities of EUR 148,207 thousand (previous year: EUR 124,670 thousand) and receivables of EUR 195,875 thousand (previous year: EUR 165,599 thousand).

Investments of EUR 1.4 million (previous year: EUR 1.4 million) include companies in which AKG has a shareholding of between 20% and 50%. These are not consolidated and are accounted for at cost.

Other financial assets were impaired in the amount of EUR 9,513 thousand as at the end of the reporting period (previous year: EUR 7,293 thousand). In financial year 2015, a total of EUR 3,488 thousand (previous year: EUR 1,602 thousand) attributable to the "loans and receivables" measurement category was recognised in profit or loss.

6) Inventories

Inventories break down as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Materials and supplies	47,917	46,902
Inpatients at end of reporting period (work in progress)	52,704	48,355
Finished goods and merchandise	668	1,406
Total	101,289	96,663

Materials and supplies include mainly medical supplies. Work in progress relates mainly to the cut-off of DRG inpatients as at the end of the reporting period. Impairment of EUR 0.1 million (previous year: EUR 0.1 million) was recognised on materials and supplies.

7) Trade receivables

EUR '000	31 Dec. 2015	31 Dec. 2014
Gross receivables	450,890	406,758
Less impairment	-46,672	-41,578
Net receivables	404,218	365,180
Of which non-current receivables	264	172
Of which current receivables	403,954	365,008

Trade receivables are valued at amortised cost. An amount of EUR 403,954 thousand (previous year: EUR 365,008 thousand) falls due in less than one year.

EUR '000	Carrying amount	Of which: neither impaired nor past due as at the end of the reporting period	Of which: not impaired as at end of the reporting period, but past due by					
			Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
	As at 31.12.2015							
Trade receivables	404,218	294,675	65,883	10,493	5,487	9,026	7,890	10,764
	As at 31.12.2014							
Trade receivables	365,180	277,864	50,342	10,068	5,220	6,304	6,385	8,997

With respect to the trade receivables that were neither impaired nor past due, there was no indication as at the reporting date that the debtors would fail to meet their payment obligations.

Impairment of trade receivables totalled EUR 46.7 million (previous year: EUR 41.6 million), whereby trade receivables in the amount of EUR 5.4 million (previous year: EUR 5.8 million) were derecognised during the financial year.

8) Income tax assets (non-current and current)

Non-current income tax assets relate mainly to discounted receivables from the payment of residual corporate tax credit that arose due to the change from the imputation system to the half-income system. The corporate tax credit is being paid over a disbursement period of 2009 to 2017. A discount rate of 4.25% was applied, as in the previous year.

Current income tax assets relate to corporate tax reimbursement claims against tax authorities.

9) Other assets

Other assets break down as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Receivables from other taxes	8	18
Payments on account	130	501
Prepayments for expenses in the coming financial year	4,008	6,214
Other assets	4,146	6,733
Of which non-current	0	921
Of which current	4,146	5,812

10) Cash and short-term deposits

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.

Cash and short-term deposits include grants received. Pursuant to IAS 20, the interest accrued on these grants is offset against the corresponding expenses from the increase in liabilities pursuant to the KHG. The grants are earmarked and can be used for subsidised investments only.

11) 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 consolidated financial statements.

EUR '000	31 Dec. 2015	31 Dec. 2014
Equity attributable to the parent company	958,155	782,554
Non-controlling interests	255,323	219,163
Total equity according to the statement of financial position	1,213,478	1,001,717

a) Components of equity

For the composition of equity, we refer to the separate consolidated statement of changes in Group equity.

ba) Issued capital

The issued capital corresponds to the liable capital of the parent under company law. It has been paid in full.

bb) Reserves

Reserves include revenue reserves and the fair value reserve. Revenue reserves consist of the retained earnings of the previous years.

In the financial year 2015, a total of EUR 118,625 thousand (previous year: EUR 100,408 thousand) was allocated to the revenue reserves.

The fair value reserve changed by EUR 52,473 thousand in the financial year, with a balance of EUR 57,625 thousand as at 31 December 2015 (previous year: EUR 5,152 thousand). The change in the fair value of cash flow hedges (31 December 2015: EUR 0 thousand, 31 December 2014: EUR -271 thousand) and the measurement of financial assets (31 December 2015: EUR 57,624 thousand, 31 December 2014: EUR 5,424 thousand) are recognised in this reserve.

bc) Non-controlling interests

The non-controlling interests contain third-party shares in the equity of consolidated subsidiaries.

Non-controlling interests of approximately 6% are attributable to the entities that operate clinics. We refer to V.1 – „Basis of consolidation“ – of the notes to the consolidated financial statements.

EUR 41,753 thousand of the consolidated net income for the year is attributable to non-controlling interests (previous year: EUR 33,185 thousand). Subject to board approval, a provisional EUR 16.6 million (previous year: EUR 17.5 million), and thus cumulatively EUR 115.8 million, of this net income for the year is attributable in 2015 to the non-controlling interests of Asklepios Kliniken Hamburg GmbH, with its main branch in Hamburg. Non-controlling interests hold a total of 25.1% of the voting rights in Asklepios Kliniken Hamburg GmbH. There were distributions to non-controlling interests in the amount of EUR 0.1 million in the reporting year. The consolidated financial statements of Asklepios Kliniken Hamburg GmbH will be approved and adopted by the company's boards at a later date. For Asklepios Kliniken Hamburg GmbH, the consolidated financial statements include a total of EUR 277.6 million (previous year: EUR 262.3 million) in assets that can be liquidated at short notice (including cash and cash equivalents of EUR 5.9 million, which were down by EUR 30.2 million year-on-year chiefly due to the repayment of an external loan) and EUR 768.0 million (previous year: EUR 762.1 million) in non-current assets available for generating future income (totalling EUR 1,215.3 million in 2015). Non-current liabilities of EUR 350.3 million (previous year: EUR 332.5 million) were included in the consolidated financial statements for Asklepios Kliniken Hamburg GmbH. In connection with the measurement of non-current liabilities, actuarial losses of EUR 18.4 million (previous year: EUR 22.8 million) before deduction of deferred tax assets of EUR 3.1 million (previous year: EUR 4.1 million) were included in the consolidated financial statements and charged to the non-controlling interests with no effect on income.

Subject to board approval, a provisional EUR 22.4 million, and thus cumulatively EUR 126 million, of the net income for the year attributable to non-controlling interests is attributable in 2015 to the non-controlling interests of MEDICLIN Aktiengesellschaft (MediClin AG), with its head office in Offenburg. Non-controlling interests hold a total of 47.27% of the voting rights in MEDICLIN Aktiengesellschaft. There were no distributions to non-controlling interests in the reporting year. The consolidated financial statements of MEDICLIN Aktiengesellschaft will be approved and adopted by the company's boards at a later date. For MEDICLIN Aktiengesellschaft, the consolidated financial statements include a total of EUR 112.0 million (previous year: EUR 102.8 million) in assets that can be liquidated at short notice (including cash and cash equivalents of EUR 29.5 million, which have increased by EUR 3.2 million year on year) and EUR 221.6 million (previous year: EUR 216.8 million) in non-current assets available for generating future income (totalling EUR 555.3 million in 2015). Non-current liabilities of EUR 108.0 million (previous year: EUR 112.3 million) were included in the consolidated financial statements for MEDICLIN Aktiengesellschaft. In connection with the measurement of non-current liabilities, actuarial losses of EUR 1.6 million (previous year: EUR 3.7 million) before deduction of deferred tax assets of EUR 0.3 million (previous year: EUR 0.6 million) were included in the consolidated financial statements and charged to the non-controlling interests with no effect on income.

There were no material transactions with material non-controlling interests in 2014 or 2015.

bd) Development of other comprehensive income

Other comprehensive income includes both the development of actuarial losses from pension provisions of EUR –16.6 million (previous year: EUR –81.1 million) and the change in the fair value of available-for-sale securities of EUR 52.5 million (previous year: EUR 6.3 million including changes in the value of cash flow hedges).

EUR 4.6 million (previous year: EUR 21.8 million) of the actuarial losses from pension provisions relates to non-controlling interests.

12) Participation capital

The Group had issued participation certificates with an average term to maturity of around nine years. These were subordinated to all non-subordinated creditors but had the same standing as other participation certificate holders and ranked above the shareholders, including shareholder loans made in lieu of equity.

The participation capital of EUR 47.0 million was repaid in the financial year.

The contractual payments without discounting are disclosed in the notes under 13) Financial liabilities.

13) Financial liabilities

EUR '000	31 Dec. 2015	31 Dec. 2014
Current portion	87,321	65,197
Non-current portion	1,063,465	630,461
Total financial liabilities	1,150,786	695,658

In total, EUR 125.7 million was repaid in the financial year (previous year: EUR 33.3 million).

Non-current financial liabilities include a fixed-rate capital market bond with a volume of EUR 150.0 million. This has a term until 28 September 2017. The coupon is 4.0%. The interest is paid in arrears on an annual basis as at 28 September each year. In addition, in early November 2013 Asklepios placed a promissory note loan of EUR 300 million with an average term of more than 7.5 years, which is also included in non-current financial liabilities. During the financial year, Asklepios secured the Group's financing for the years to come. In August 2015, the Group placed a promissory note loan of EUR 580 million and thus successfully concluded one of the largest promissory note issues in the healthcare sector. The promissory note was placed with fixed and variable interest. The average term is eight years.

Other financial liabilities are generally subject to floating interest rates. These vary between 0.8% and 3.0% and are based on capital market rates (Euribor). The financial liabilities subject to floating interest rates usually have fixed-interest periods of between one and three months. The redemption payments are essentially in line with the fixed-interest terms.

EUR 94.5 million (previous year: EUR 110.1 million) of the financial liabilities is secured, largely by land charges.

The non-subsidised portion of a loan from the financing of a new build with a carrying amount of EUR 35.5 million (previous year: EUR 38.2 million) as at 31 December 2015 had a fair value of EUR 42.4 million (previous year: EUR 45.8 million) on the same date.

Of the non-current financial liabilities, the following amounts fall due in the next few years:

Financial year	Amount in EUR million
2016	20.6
2017	196.6
2018	34.9
2019	17.6
Subsequent years	793.7
Total	1,063.4

The future payments from financial liabilities as well as the interest and instalment components included therein break down as follows:

31 Dec. 2015				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	107	491	713	1,311

31 Dec. 2014				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	131	386	346	863

CREDIT FACILITIES

The Group has freely available lines of credit of EUR 462.1 million as at the end of the reporting period (previous year: EUR 521.5 million). Of this, EUR 21.4 million (previous year: EUR 62.6 million) is secured by land charges. Drawings on these credit lines are subject to floating interest.

14) Trade payables

There are trade payables due to third parties. An amount of EUR 64,570 thousand (previous year: EUR 59,486 thousand) falls due in less than one year.

15) Other financial liabilities

Other financial liabilities comprise:

EUR '000	31 Dec. 2015	31 Dec. 2014
Subsidised loans	86,100	89,532
Liabilities pursuant to the KHG	45,586	43,350
Liabilities from outstanding invoices	43,352	45,169
Liabilities to shareholders	9,843	8,239
Purchase price commitments/liabilities to former payers	9,031	7,690
Liabilities for third-party obligations	4,245	7,756
Liabilities from third-party funds	2,782	2,117
Liabilities to Landeskrankenhausgesellschaft	2,125	2,580
Liabilities to senior consultants	1,712	1,532
Liabilities from investment grants	1,658	3,087
Investment subsidy liabilities	1,638	1,531
Liabilities from interest cap	1,009	1,672
Liabilities to state authorities	1,108	1,208
Liabilities for social security	651	630
Liabilities to the pension guarantee association	494	557
Other financial liabilities	26,139	17,824
Other financial liabilities	237,476	234,474
Of which non-current	87,811	93,709
Of which current	149,665	140,765

The subsidised loans amounting to EUR 86.1 million are financed in full by the respective states, affecting interest and repayment. The corresponding receivables from the states are reported as assets or offset against the liabilities to the states.

The future payments from subsidised loans as well as the interest and instalment components included therein break down as follows:

31 Dec. 2015				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	11	44	49	104

31 Dec. 2014				
Remaining term EUR million	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum obligation	10	42	55	107

The interest component included in the minimum obligations amounts to EUR 18.1 million (previous year: EUR 19.2 million).

With respect to the liabilities according to the KHG, please refer to the explanations under IX. 5) Other financial assets.

The purchase price obligations comprise primarily obligations from a number of acquisitions.

Liabilities for third-party obligations concern statutory obligations to perform maintenance and fire protection work.

Liabilities from grants concern money for investments obtained from sponsors, etc. that has not been used yet.

16) Other liabilities

Other liabilities comprise:

EUR '000	31 Dec. 2015	31 Dec. 2014
Personnel liabilities	163,604	166,119
Tax liabilities (wage tax, VAT)	43,406	31,560
Payments on account	6,124	6,318
Miscellaneous	4,121	5,510
Other liabilities	217,255	209,507
Of which non-current	6,675	11,014
Of which current	210,580	198,493

Personnel liabilities relate mainly to obligations from performance-based compensation, obligations from accrued vacation and German phased retirement scheme liabilities. Personnel liabilities include termination benefits, especially in the form of German phased retirement scheme and severance obligations of EUR 12.9 million (previous year: EUR 14.3 million). The liabilities from phased retirement agreements of EUR 0.2 million (previous year: EUR 1.4 million) include the Group's future obligations for the outstanding settlement amounts during the beneficiaries' working phases and the top-up amounts to be accumulated on a pro-rata basis according to IAS 19 (rev. 2011). For unregulated cases, an estimate in line with the previous utilisation of similar contractual offers was applied. In the financial year, the asset values for securing the outstanding settlement amount of EUR 1,334 thousand (fair value) (previous year: EUR 1,831 thousand) are offset against the obligations.

Tax liabilities include the wage tax and VAT payable to the tax authorities.

Other non-financial liabilities comprise mainly subsidies which can be paid to clinics, depending on their individual earnings situation.

17) Finance lease liabilities

Assets for which the Group has concluded finance leases are reported in property, plant and equipment. For a sale-and-leaseback arrangement with a total volume of EUR 7.6 million concluded in 2008, the lease payments for the first ten years are EUR 554 thousand per year. Thereafter, they are provisionally calculated at EUR 621 thousand. A financing rate of 5.85 % per year was applied for the first ten years. The interest rates will be renegotiated after the fixed interest period expires.

The leased property was transferred to non-current assets at the present value of the minimum lease payments of EUR 7.6 million, with EUR 2.7 million attributable to land and EUR 4.9 million to the building. The net carrying amount at the end of the reporting period totalled EUR 11.6 million (previous year: EUR 8.4 million).

The future payments from finance lease agreements for land and buildings as well as the interest and instalment components included therein break down as follows:

31 Dec. 2015				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	828	3,358	11,844	16,030
Financing costs	-411	-1,531	-2,462	-4,404
Present value of minimum lease obligation (land, building)	417	1,827	9,382	11,626
31 Dec. 2014				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	687	2,792	9,617	13,096
Financing costs	-396	-1,487	-2,787	-4,670
Present value of minimum lease obligation (land, building)	291	1,305	6,830	8,426

In addition, there are other leases for medical and technical equipment classified as finance leases. The leases have remaining terms of up to five years. The interest rates underlying the leases vary between 2.6 % and 7.7 % per year according to the date the contract was signed, term and lease volume. The net carrying amounts at the end of the reporting period totalled EUR 2.5 million (previous year: EUR 2.9 million).

The future payments from finance lease agreements for operating and office equipment as well as the interest and instalment components included therein break down as follows:

31 Dec. 2015				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Mindestleasingverpflichtung	526	1.506	969	3.001
Finanzierungskosten	- 109	- 276	- 78	- 463
Barwert der Mindestleasing-Verpflichtung (Betriebs- und Geschäftsausstattung)	417	1.230	891	2.538
31 Dec. 2014				
Remaining term EUR '000	Up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Minimum lease obligation	457	1,818	1,364	3,639
Financing costs	-127	-387	-191	-705
Present value of minimum lease obligation (operating and office equipment)	330	1,431	1,173	2,934

PROPERTY RENTS OF MEDICLIN AG

In the 2014 financial year, the Management Board of MediClin AG was presented with a lawyer's opinion holding that the rents paid by MediClin AG to the OIK fund for the hospitals contributed to the real estate fund and leased back between 1999 and 2002 were excessive. Furthermore, this legal opinion points to potential claims and the specific situation that shareholders of the fund are also simultaneously direct or indirect shareholders of MediClin AG (including ERGO Versicherungsgruppe AG – ERGO) or were until 2011 (Provinzial Rheinland Lebensversicherung AG – Provinzial).

In order to avoid disadvantages relating to limitation periods of the above claims, the Management Board of MediClin AG in coordination with the Supervisory Board took measures including asking the affected parties to submit waivers regarding the plea of the statute of limitations. Waivers up to 31 May 2016 were obtained. As a precaution, the Management Board of MediClin AG, likewise in coordination with the Supervisory Board, also reserved the right to reclaim the rent payments.

At its meeting on 9 September 2015, the Supervisory Board of MediClin AG resolved to establish a project group to closely monitor the process and any future negotiations regarding claims in connection with the rental agreements and to report to the Supervisory Board. The project group comprises a Management Board member, external lawyers and Supervisory Board members.

The findings currently available do not yet allow a conclusive assessment as to whether and to what extent rents are or were in line or not in line with the market. This matter does not necessitate any accounting consequences.

18) Provisions for pensions and similar obligations

Some employees were granted post-employment annuity payments under the Group's pension scheme, which takes the form of defined contribution and defined benefit plans. The Group's obligations cover both existing and future benefit claims.

Pension provisions for defined benefit plans are determined in accordance with IAS 19 on the basis of actuarial assumptions. In the financial years, the following parameters were applied:

	2015	2014
Discount rate	2.30%	2.50%
Expected salary increases	2.00%	2.00%
Expected pension increases	1.00%	1.00%
Average employee turnover	0.00%	0.00%

The cost trends in the medical sector were not considered in the calculation of pension provisions on grounds of immateriality.

The Group's defined benefit pension obligations are orientated towards the Hamburg Act on Additional Retirement Pensions and the respective valid version of the bylaws of the Pension Institution of the Federal Republic and the Federal States (VBL) and are based on benefit guideline no. 1 of the collective agreement on the company pension scheme at Landesbetrieb Krankenhäuser (LBK Hamburg) – a public-law institution – dated 24 July 2000. These obligations are met by way of the insured provident fund of LBK e.V. In addition, there are obligations to civil servants of the city of Hamburg on leave of absence and individual contractual obligations that are partially covered by employer's pension liability insurance policies. For employees entitled to a pension at Asklepios Westklinikum Hamburg GmbH, acquired on 1 July 2008, there are benefit obligations funded by provisions in accordance with the bylaws of the VBL.

The Hamburg Act on Additional Retirement Pensions allows for pension benefits on the basis of final salary. The corresponding present value of the obligations as at 31 December 2015 was EUR 497,226 thousand (89% of the total obligation). The benefit amount is calculated from years of service and pay according to the pay grade when pension payments begin. Pensions increase by 1% per year.

The present value of the obligation from defined contribution pension commitments according to the bylaws of the VBL is EUR 20,214 thousand (10% of the total obligation). The annual contribution amount is determined by the pay subject to supplementary pension payments. The pension payments result from the actuarial annuitisation of the contributions. The current annuities are increased by 1% each year.

As the payable benefits are lifelong pension payments, there is a longevity risk, which is largely hedged by the concluded pension liability insurance policies. In addition, because the payable benefit depends on salary, there is a risk that the required payment to the employee will increase due to future salary increases. The Group bears this risk in full.

The 2005 G mortality tables published by Dr Klaus Heubeck were used as a biometric basis for calculation.

The amount of the provision breaks down as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Present value of benefit obligation from funded pension commitments	411,589	413,082
Present value of unfunded benefit obligations funded by provisions	105,863	79,183
Total present values of pension obligation	517,452	492,265
Fair value of plan assets	-284,580	-276,270
Effect of the asset limit as at 31 December	0	0
Net provisions	232,872	215,995

In the financial years shown, there were no effects from the change in demographic assumptions, as these were unchanged year on year.

The development is as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Provision as at 1 January	215,995	122,410
Current service cost	6,088	4,853
Past service cost	0	0
Net interest cost/income	4,729	4,032
Benefits paid	-2,109	-2,003
Experience adjustments	2,332	0
Employer contributions to plan assets	-12,007	-11,976
Actuarial losses from the change of financial assumptions	17,844	98,679
Provision as at 31 December	232,872	215,995

The present value of the pension obligations developed as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Present value of the obligation as at 1 January	492,265	390,171
Service cost	6,088	4,853
Past service cost	0	0
Interest cost	11,640	13,419
Experience adjustments	1,575	1,466
Actuarial losses from the change of financial assumptions	17,844	93,612
Benefits paid	-11,960	-11,256
Present value of the obligation as at 31 December	517,452	492,265
Of which unfunded benefit obligations funded by provisions	105,863	79,183
Present value of the funded benefit obligations	411,589	413,082

The fair value of plan assets developed as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Fair value of plan assets as at 1 January	276,270	267,761
Expected return on plan assets	6,911	9,366
Benefits paid	-9,853	-9,232
Remeasurement of plan assets	-755	-3,600
Employer contributions to plan assets	12,007	11,975
Fair value of plan assets as at 31 December	284,580	276,270

If there is excess cover in the provident fund, it is not economically usable, so it is not recognised as an asset. The effect of this asset limit developed as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Effect of the asset limit as at 1 January	0	0
Profit recognised in other comprehensive income	0	0
Effect of the asset limit as at 31 December	0	0

Plan assets exclusively comprise employer's pension liability insurance concluded to cover the provident fund obligations from benefit obligations.

EUR 11.7 million (previous year: EUR 11.6 million) was contributed to the provident fund in financial year 2015. The amount paid in to plan assets for financial year 2016 is expected to be comparable to 2015.

The sensitivity of the obligation in relation to the change in relevant actuarial assumptions (figures in brackets relate to the previous year) is as follows:

		Relative change of the obligation
Actuarial interest rate	-0.50%	Increase of 9.18% (9.48%)
Actuarial interest rate	+0.50%	Decrease of 8.47% (8.31%)
Income trend	-0.50%	Decrease of 8.06% (0.82%)
Income trend	+0.50%	Increase of 8.12% (0.88%)

The effects of sensitivity were determined by the same method as the obligation at the end of the year. Only the change in the factor presented was considered, while other factors were assumed to be constant. This assumption may differ in the actual impact of a factor.

As the pension adjustment is contractually fixed (1% increase), this is not an influencing factor listed in the sensitivity analysis.

Because of the existing employer's pension liability insurance policies, biometric risk is largely not borne by the Group but rather by the insurer, meaning that there was no sensitivity analysis here either.

The estimated payments from the pension provisions and plan assets are as follows:

Financial year	EUR'000
2016	12,743
2017	13,462
2018	14,294
2019	15,174
2020	16,114
2021 – 2024	93,715
Total	165,502

The estimated employer contributions to plan assets for 2015 amount to EUR 12.0 million. Estimated benefit payments from pension provisions are EUR 2.9 million.

The annual benefit payment obligation arises from the insurance contracts concluded with the provident funds.

The weighted average duration of pension obligations is around 17 years (previous year: 17 years).

MULTIEMPLOYER PLANS

Since 1 January 2002, BVK Zusatzversorgung, Munich, has paid a benefit that arises if an annual amount of 4.00% of an employee's gross salary is paid in full into a funded scheme. The contributions are made exclusively by the employer. The size of the contribution depends on the employee's pay subject to supplementary pension payments. The bylaws provide for a flat redevelopment charge for additional financing requirements above the actual contribution.

In the financial year, the contribution rate of ZVK Darmstadt was 6.63% of the pay subject to supplementary pension payments. As a result of the closure of the integrated scheme and the switch to the point model, the fund levies a flat redevelopment charge of 2.30% to cover additional financing requirements in order to finance the claims and accrued entitlements arising before 1 January 2002. In accounting group II, which is already funded, a compulsory contribution of 4.80% is levied.

In the following year, Asklepios is expecting a contribution/funding requirement for members of BVK Zusatzversorgung, Munich, of EUR 6.3 million (previous year: EUR 6.4 million). For members of the Zusatzversorgungskasse der Gemeinden und Gemeindeverbände (supplementary pension fund for municipalities and municipal associations) in Darmstadt, Asklepios is expecting a funding requirement of EUR 4.1 million (previous year: EUR 3.9 million).

In 2014, BVK Zusatzversorgung, Munich, had 5,735 members (previous year: 5,698) and managed assets of EUR 17.5 billion (previous year: EUR 16.4 billion). In 2013, 682,336 compulsorily insured employees and 632,892 non-contributory insurance contracts were registered via these members. Company pensions are paid to 255,169 compulsorily insured employees. In the financial year, Asklepios registered 3,231 employees entitled to supplementary pension provision. The Zusatzversorgungskasse der Gemeinden und Gemeindeverbände in Darmstadt has more than 630 members. 86,300 compulsorily insured employees and 89,300 non-contributory insurance contracts were registered via these members. Company pensions are paid to 45,200 former employees and surviving dependants. In the financial year, Asklepios registered 1,460 employees entitled to supplementary pension provision.

The financing requirements for compulsory insurance benefits are determined for the coverage period plus one year. To cover these financing requirements, the contributions and redevelopment charges for the coverage period are to be determined according to actuarial principles in such a way that the contributions to be paid for the coverage period together with other income expected from compulsory insurance and the partial assets available at the start of the coverage period are expected to suffice to finance the expenditure for the coverage period and one additional year. The coverage period is measured in such a way that the expected obligations of the fund resulting from entitlements and benefits from compulsory insurance can be met on an ongoing basis, but it may not be less than ten years. After five years at the latest, the contribution and redevelopment charge requirements for a new coverage period must be determined after five years at the latest (rolling coverage period)

If a member leaves the accounting group of BVK Zusatzversorgung, Munich, or ZVK Darmstadt, the fund is to be paid a settlement amount equal to the present value of its obligations from compulsory insurance on the date the membership ended. The calculation of present value takes account of company pension beneficiaries' claims to benefits and pension points from accrued entitlements as at the date the membership ended. Individually financed supplementary contributions are not included.

Until 31 December 2012, one of the Group's clinics was a participating institution in the Pension Institution of the Federal Republic and the Federal States (VBL) in Karlsruhe.

19) Other provisions

Other provisions developed as follows in the financial year:

EUR '000	1 January 2015	Accrued interest	Reversal	Additions	31 Dec. 2015
Contractual obligations	160,816	-16,035	0	0	144,781
Compensation payments/loss adjustment	82,573	-8,273	-19	15,458	89,739
Health insurers	46,198	-19,271	-353	20,489	47,063
Litigation risks	8,078	-1,373	0	1,101	7,806
Sundry other provisions	52,636	-27,358	-2,056	4,350	27,572
Total	350,301	-72,310	-2,428	41,398	316,961

Provisions break down according to term as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Less than one year	92,862	106,007
More than one year	224,099	244,294
Other provisions, total	316,961	350,301

Contractual obligations involve mainly provisions recognised during the initial consolidation of MediClin AG, which are likely to be utilised for non-market rental obligations and the reduction of the maintenance backlog by 2021. EUR 26.0 million is expected to be utilised in 2016 and around EUR 118.8 million from 2017 to 2020.

The provisions for compensation payments/loss adjustment were calculated for medical liability damages based on actuarial methods by an external expert. The provision covers individual losses, incurred but not reported (IBNR) cases and claims settlement expenses. A market interest rate with a matching term was used to discount the expected payments. Of these provisions, EUR 8.9 million is expected to be utilised in 2016 and around EUR 36.0 million from 2017 to 2020.

The provisions for health insurance funds are set up to cover budget risks and provisions for risks of outstanding examinations by the MDK.

Litigation risks result from legal disputes with employees, suppliers and payers. The liabilities arising from the verdict and litigation costs incurred by Asklepios are to be recognised in this item.

Sundry other provisions relate to operating activities.

The provisions are utilised steadily as in previous years and according to IAS 37.

20) Current income tax liabilities

The current income tax liabilities of EUR 14,061 thousand (previous year: EUR 6,462 thousand) are for as yet unassessed corporate income tax and solidarity surcharge for the last financial year and the previous years and for other income tax liabilities resulting from the ongoing tax audit.

21) Deferred tax assets and liabilities

Deferred tax assets and liabilities break down as follows:

EUR '000	31 Dec. 2015	31 Dec. 2014
Deferred tax assets		
Contractual obligations	23,672	29,967
Provisions for pensions	33,253	30,120
Unused tax losses	10,233	5,191
Miscellaneous	8,261	9,553
Total deferred tax assets	75,419	74,831
Offsetting	-6,342	-6,960
Deferred tax assets reflected in the statement of financial position	69,077	67,871
Deferred tax liabilities		
Variance in value of intangible assets and property, plant and equipment	37,720	36,012
Miscellaneous	1,575	2,179
Total deferred tax liabilities	39,295	38,191
Offsetting	-6,342	-6,960
Deferred tax liabilities reflected in the statement of financial position	32,953	31,231

Deferred tax assets are recognised on temporary differences and unused tax losses if there is reasonable assurance that they will be realised in the short term or there is a corresponding amount of deferred tax liabilities. For transactions and other events recognised directly in other comprehensive income, any deferred taxes are recognised in equity or in other comprehensive income, and not in the consolidated income statement. For 2015, this concerned EUR -803 thousand (previous year: EUR -1,143 thousand) of deferred tax assets recognised in other comprehensive income due to temporary differences in the measurement of financial assets. Another EUR 3,602 thousand (previous year: EUR 17,611 thousand) of deferred tax assets was recognised in other comprehensive income due to temporary differences in provisions for pensions.

In the financial year 2015, no deferred tax assets were recognised on unused tax losses for corporate income tax purposes of EUR 69.4 million (previous year: EUR 69.5 million) and for commercial tax purposes of EUR 44.9 million (previous year: EUR 73.7 million), because it is unlikely that sufficient tax income will be generated for these amounts in the near future. EUR 6.7 million of deferred tax assets were recognised for unused commercial tax losses of EUR 47.9 million (previous year: EUR 19.3 million used tax losses with EUR 2.7 million deferred tax assets).

No deferred tax liabilities were recognised for temporary differences in connection with shares in subsidiaries amounting to EUR 7.8 million (previous year: EUR 7.9 million), because the differences are not expected to be reversed in the near future.

22) Additional information on financial instruments

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

EUR '000	Measurement category as per IAS 39	Carrying amount 31 Dec. 2015	Amount recognised in statement of financial position as per IAS 39				Amount recognised in statement of financial position as per IAS 17	Fair value 31 Dec. 2015
			Amortised cost	Acquisition cost	Fair value in other comprehensive income	Fair value through profit or loss		
ASSETS		1,434,390	1,108,694	0	325,696	0	0	1,434,550
Cash and cash equivalents	LaR	554,898	554,898	0	0	0	0	554,898
Trade receivables	LaR	404,218	404,218	0	0	0	0	404,378
Other financial assets	AfS	325,696	0	0	325,696	0	0	325,696
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	149,578	149,578	0	0	0	0	149,578
EQUITY AND LIABILITIES		1,467,372	1,466,363	0	1,009	0	14,162	1,487,357
Trade payables	FLAC	64,947	64,947	0	0	0	0	64,947
Financial liabilities	FLAC	1,150,786	1,150,786	0	0	0	0	1,157,697
Participation capital/subordinated capital	FLAC	0	0	0	0	0	0	0
Finance lease liabilities	n.a.	14,162	14,162	0	0	0	14,162	14,162
Other financial liabilities (derivatives)	n.a.	1,009	0	0	1,009	0	0	1,009
Other financial liabilities	FLAC	236,468	236,468	0	0	0	0	249,542
Of which: aggregated by measurement category according to IAS 39:								
Loans and receivables	LaR	1,108,694	1,108,694	0	0	0	0	1,108,694
Available-for-sale financial assets	AfS	325,696	0	0	325,696	0	0	325,696
Financial liabilities measured at amortised cost	FLAC	1,452,201	1,452,201	0	0	0	0	1,472,186

EUR '000	Measurement category as per IAS 39	Carrying amount 31 Dec. 2014	Amount recognised in statement of financial position as per IAS 39				Amount recognised in statement of financial position as per IAS 17	Fair value 31 Dec. 2014
			Amortised cost	Acquisition cost	Fair value in other comprehensive income	Fair value through profit or loss		
ASSETS		934,865	673,975	0	260,890	0	0	934,865
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
EQUITY AND LIABILITIES		1,048,135	1,046,463	0	1,672	0	11,360	1,071,585
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
Of which: aggregated by measurement category according to IAS 39:								
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

The fair value of derivative financial instruments and loans was calculated by discounting the expected future cash flows using market interest rates. The fair value of other financial assets was determined using market interest rates.

X. Other notes

1) Annual average number of FTEs

The average number of employees in financial year 2015 was 34,687 (previous year: 34,255).

FTEs by group	2015	2014
Nursing service	11,523	11,118
Medical-technical service	5,565	5,663
Medical service	5,057	4,989
Functional service	3,793	3,809
Care service	3,533	3,479
Financial service	1,383	1,336
Administrative service	2,498	2,610
Miscellaneous	1,338	1,251
Total	34,690	34,255

2) Contingent liabilities and other financial obligations

Other financial obligations relate mainly to capital commitments as well as rental and lease agreements and comprise the following:

EUR '000	2015	2014
Rental and lease agreements	511,565	499,470
Capital commitments	17,101	24,081
Purchase commitments	56,551	35,202
Maintenance contracts	46,226	35,401
Insurance contracts	1,659	2,272
Miscellaneous	34,896	23,384
Total	667,998	619,810

The obligations arising from rental and lease agreements relate primarily 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.

The purchase commitments include orders in investments that were not yet delivered as at the cut-off date.

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

	EUR '000
Up to 1 year	135,673
Between 2 and 5 years	195,205
More than 5 years	337,121
Total	667,999

The future payment obligations under operating leases broke down as follows as at 31 December 2015 and 31 December 2014:

EUR '000	31 Dec. 2015	31 Dec. 2014
Up to 1 year	40,515	36,274
Between 2 and 5 years	143,343	124,675
More than 5 years	327,707	338,521
Total	511,565	499,470

Please refer to Section 6) for information on contingent liabilities with related parties.

3) Events after the end of the reporting period

In January 2016, the Group concluded the agreement on restructuring the existing syndicated loan. Asklepios thereby secured itself the excellent conditions on the market once again. The term of the agreement is seven years with an increased volume of EUR 365 million and in addition to the existing contractual partners it also includes two new banks. No other events took place after the reporting date that had a significant effect on the net assets, financial position and results of operations.

4) Management remuneration

The members of the management in key positions constitute the managing directors/ members of the management boards of Asklepios Kliniken GmbH and its subgroups as well as the members of the Supervisory Board of Asklepios Kliniken Gesellschaft mit beschränkter Haftung and the supervisory boards of the subgroups.

Management remuneration totalled EUR 7.9 million in the financial year (previous year: EUR 6.5 million). EUR 4.4 million (previous year: EUR 2.8 million) of this figure relates to managing directors of the parent company as defined by Section 314 (1) No. 6 HGB.

Supervisory board remuneration totalled EUR 3.9 million in financial year 2015 (previous year: EUR 3.6 million), of which EUR 1.1 million (previous year: EUR 1.1 million) was paid to members of the Supervisory Board of Asklepios Kliniken Gesellschaft mit beschränkter Haftung.

5) Group auditor fees (Section 314 (1) No. 9 HGB)

Total fees for the Group's auditors were expensed as follows in the financial year:

Fee EUR '000	2015	2014
Audits of financial statements	1,977	1,559
Other attestation services	80	190
Tax consulting services	613	398
Other services	561	541
Total	3,231	2,688

The other attestation services relate to the reviewing activities for interim reporting.

6) Related party disclosures

For Asklepios Kliniken Gesellschaft mit beschränkter Haftung, related parties within the meaning of IAS 24.9 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.

Related parties EUR '000	2015	2014
Receivables	34,634	28,808
Liabilities	19,755	9,481
Income	8,437	3,051
Expenses	6,042	5,154

Of the receivables (liabilities) with related parties, EUR 0 thousand (EUR 84 thousand) (previous year: EUR 0 thousand (EUR 403 thousand)) are due from (to) associates. Approximately EUR 4 million was received from a related party from short-term leasing of land and buildings held as investment property.

Transactions between Asklepios Kliniken Gesellschaft mit beschränkter Haftung and its consolidated subsidiaries and among the consolidated subsidiaries were eliminated from the consolidated statement of financial position and the consolidated income statement.

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

By a loan purchase and transfer agreement of 22 January 2013, the loan agreements at standard market security and interest conditions of an indirect wholly-owned investment of Dr gr. Broermann based in the USA were fully transferred in their total amount of EUR 16.2 million (previous year: EUR 13.8 million) from Asklepios Kliniken Gesellschaft mit beschränkter Haftung to another related party as at 31 December 2012. In the financial year, the impairments made were increased by the interest receivables that originated in the amount of EUR 2.2 million.

There is a consulting agreement in place between Asklepios Kliniken Gesellschaft mit beschränkter Haftung and the law firm Dr gr. Broermann. The legal consulting services are provided at market rates. In the financial year 2015, EUR 3 thousand was charged for legal consulting services (previous year: EUR 0 thousand).

Asklepios Kliniken Verwaltungsgesellschaft mbH has a lease agreement for various office spaces with a related party. The related expenses of EUR 393 thousand are reported in the consolidated income statement under other operating expenses.

There is a consolidated tax group for VAT purposes at the level of Asklepios Kliniken GmbH. This simplifies the intragroup transactions considerably and results in significant savings in the medium term. Standard intercompany agreements have been concluded between the Group entities in order to exchange services.

The Group has received purchase offers for financial assets held by the Company from a related party (a subsidiary wholly-owned by the shareholder of Asklepios Kliniken Gesellschaft mit beschränkter Haftung). The related party is contractually committed to be bound to the purchase offers indefinitely. However, the related party can call on the Group 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. No expenses or income from the hedge were recognised in the financial year.

There is a standard market warranty deed in place between Asklepios Kliniken GmbH and Kurstift Bad Homburg gGmbH, whose shareholder is Dr Broermann Hotels & Residences GmbH. According to this deed, Asklepios Kliniken GmbH assumes the warranty for all claims against Kurstift Bad Homburg gGmbH to which ZVK Wiesbaden is or will be entitled in the event of termination of membership in accordance with Section 15 of the bylaws of ZVK Wiesbaden. The warranty is limited to a settlement amount of EUR 3.3 million. The warranty amount is reviewed every five years, starting on 1 January 2018.

There are no other transactions with related parties.

In the financial year, consulting services worth EUR 666 thousand were rendered by members of the Supervisory Board of Asklepios Kliniken Gesellschaft mit beschränkter Haftung or by parties related to them in accordance with the arm's length principle. The services are included under other operating expenses. The compensation paid to the employee representatives on the supervisory boards of the subgroups for the work they performed above and beyond their supervisory board activities amounted to EUR 1.9 million in 2015 (previous year: EUR 1.9 million), including attendance fees of EUR 0.1 million (previous year: EUR 0.1 million).

7) Legal disputes

The Company is occasionally involved in legal disputes in the course of its business activities. The Company is not aware of any events that could have a significantly adverse effect on its financial position and financial performance.

8) Corporate boards of Asklepios Kliniken Gesellschaft mit beschränkter Haftung

SUPERVISORY BOARD

The members of the Supervisory Board of the Company are:

Dr Stephan Witteler	Chairman of the Supervisory Board Lawyer, Frankfurt am Main
Dominik Schirmer	Deputy Chairman of the Supervisory Board Trade union secretary/state-level department manager, Oberaudorf
Barbara Brosius (from 19 June 2015)	Managing Director, Kronberg
Dr Hans-Albert Gehle (from 11 June 2015)	Anaesthesiologist, Bochum
Erika Harder (until 11 June 2015)	Doctor's assistant, Krailling
Dr Nicolai Jürs	Internal medicine specialist, angiology, Hamburg
PD Dr Karsten Krakow	Senior consultant, Frankfurt am Main
Dr Hans-Otto Koderisch	Internal medicine specialist, Heidelberg
Rainer Laufs	Business consultant, Kronberg
Prof. Michael Lingenfelder (until 11 June 2015)	Professor of Economics, Lustadt
Prof. Karl-Heinrich Link	Senior consultant for surgery, Wiesbaden
Stefan Murfeld	Employee, Königstein
Uwe Ostendorff (until 30 June 2015)	Trade union secretary, Berlin
Monika Paga (until 11 June 2015)	Nurse, Schwedt
Dirk Reischauer	Lawyer, Wiesbaden
Jochen Repp	Lawyer, Oberursel
Andreas Richter (from 11 June 2015)	Nurse, Nonnehorn
Katharina Ries-Heidtke	Employee, Hamburg
Dr Gertrud Schneider (from 11 June 2015)	Doctor, Frankfurt am Main
Michael Schreder (until 11 June 2015)	HR manager, Lich
Frank Schwarzenau (from 11 June 2015)	HR manager, Hofheim
Martin Simon Schwärzel	Nurse, Griesheim
Hilke Stein	Trade union secretary, Hamburg
Andre Stüve	Architect, Damme
Stephan zu Höne	Managing director, Kassel

MANAGEMENT

Dr Ulrich Wandschneider Hamburg	Business administration graduate Chairman of the Management
Kai Hankeln Bad Bramstedt	State-certified business economist
Dr Andreas Hartung Nuremberg	Economics graduate
Hafid Rifi Friedberg (from 2 March 2016)	Economics graduate, tax consultant
Dr Thomas Wolfram Hamburg	Consultant for surgery and emergency surgery Health economics and MBA graduate
Stephan Leonhard Oberursel (until 31 January 2016)	Business administration graduate, tax consultant Deputy Chairman of the Management
Dr Roland Dankwardt Hochheim (until 31 December 2015)	Dr med. diploma (VWA) in hospital management

Hamburg, 4 March 2016



Dr. Ulrich Wandschneider



Kai Hankeln



Dr. Andreas Hartung



Hafid Rifi



Dr. Thomas Wolfram

AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hamburg, 4 March 2016



Dr. Ulrich Wandschneider



Kai Hankeln



Dr. Andreas Hartung



Hafid Rifi



Dr. Thomas Wolfram

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in group equity, the consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1st, 2015 to December 31st, 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch“: German Commercial Code) are the responsibility of the parent Company's Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 4 March 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Burkhart
Wirtschaftsprüfer

Lars Müller
Wirtschaftsprüfer

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Asklepios Kliniken GmbH thoroughly performed the tasks required of it in accordance with the law, articles of association and rules of procedure in financial year 2015. Based on regular written and verbal reports provided by group management, the Supervisory Board fully addressed the business performance, position and planned operating policy of Asklepios Kliniken GmbH. It was promptly and comprehensively informed of all events of significance to the company. This helped the Supervisory Board to support and monitor the activities of the management on an ongoing basis.

During the 2015 financial year, the Supervisory Board held four ordinary meetings. At these meetings, the management reported the performance of the business along with all events of significant importance to the Supervisory Board. The Supervisory Board carefully examined and – where necessary – approved matters of significant importance, namely transactions requiring its approval in accordance with the law, articles of association and rules of procedure. Some matters such as contractual matters of the managers were handled by the General Committee of the Supervisory Board, which took the relevant decisions or expressed recommendations to the Supervisory Board. The Supervisory Board was informed in particular about the further intensification of corporate governance and risk management and discussed this with the management.

The consolidated financial statements, the annual financial statements as of 31 December 2015 as well as the group management report and the management report were examined by the auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, and approved without reservation. The auditor's reports were supplied to all members of the Supervisory Board and were dealt with in detail by the Audit Committee on 19 April 2016 and at the balance sheet meeting of the Supervisory Board on 20 April 2016.



DR STEPHAN WITTELER

In these two meetings, the auditors reported to the Supervisory Board members on the main findings of their audits. The Supervisory Board acknowledged the findings of the audits of financial statements. According to the final outcome of the Supervisory Board's own review, no objections were raised regarding the consolidated financial statements, the annual financial statements and the management reports. The Supervisory Board took note of the annual financial statements and consolidated financial statements presented by the management.

The Supervisory Board recommends that the shareholder meeting adopts the 2015 annual financial statements of Asklepios Kliniken GmbH and approves the consolidated financial statements for 2015. The Supervisory Board endorses the proposal by the management to carry forward the annual result of Asklepios Kliniken GmbH.

On behalf of the Supervisory Board, I would like to sincerely thank the group management and all employees of the Asklepios Group for their successful work and their huge personal dedication in financial year 2015.

Falkenstein, 20 April 2016

Dr. Stephan Witteler
Chairman of the Supervisory Board

IMPRINT

LOCATIONS OF THE ASKLEPIOS GROUP OF HOSPITALS

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DISCLAIMER

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements to be materially different from those that may be expressed or implied by such statements. We do not assume any obligation to update the forward-looking statements contained in this report. This report does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any bond, nor shall there be any sale, issuance or transfer of the bonds referred to in this report in any jurisdiction in contravention of applicable law.

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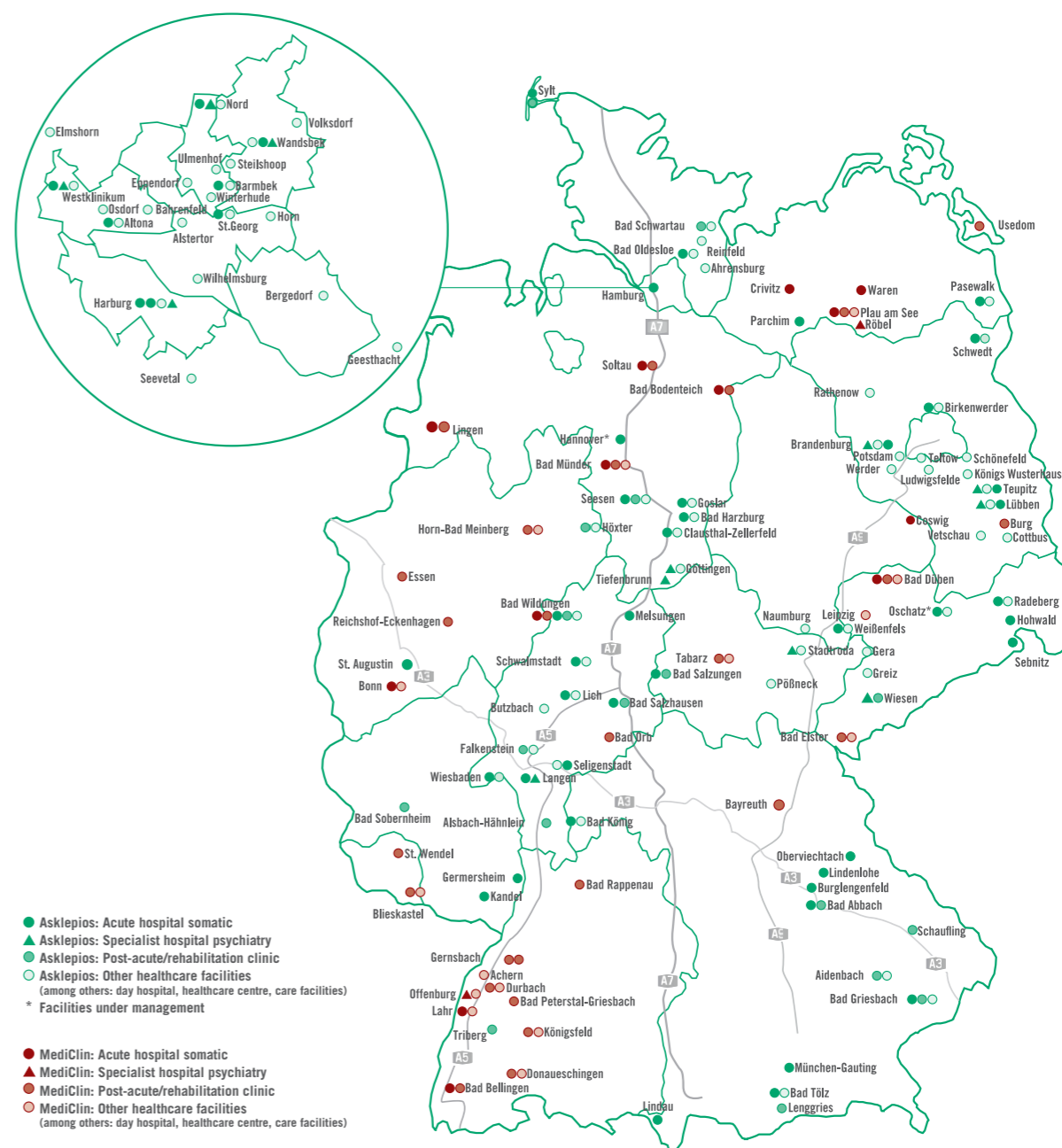
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Photos

Asklepios



Financial calendar 2016

28.04.2016	Annual report
25.05.2016	Publication of 1st quartely statement
25.08.2016	Publication of 2nd quartely statement
24.11.2016	Publication of 3rd quartely statement

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