

Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg



Consolidated interim report as at 30 June 2015

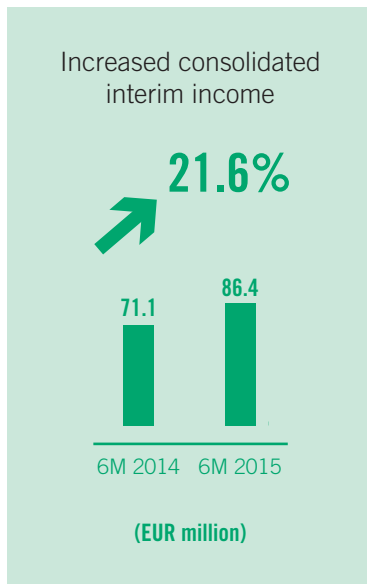
in accordance with International Financial Reporting Standards

Contents

Interim Group management report	5
Consolidated interim financial statements as at 30 June 2015	18
Consolidated income statement	18
Consolidated statement of comprehensive income	19
Consolidated statement of cash flows	20
Consolidated statement of financial position	21
Statement of changes in consolidated equity	23
Notes to the consolidated interim financial statements	24

Facts about the second quarter of 2015

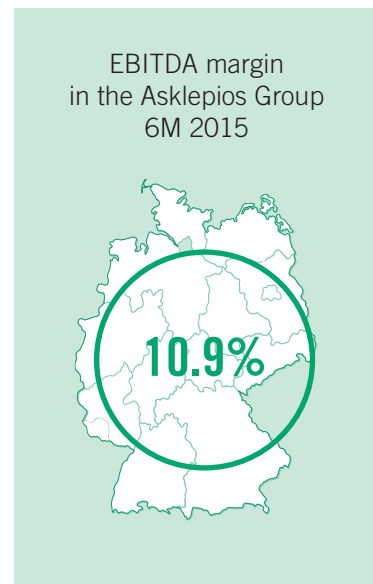
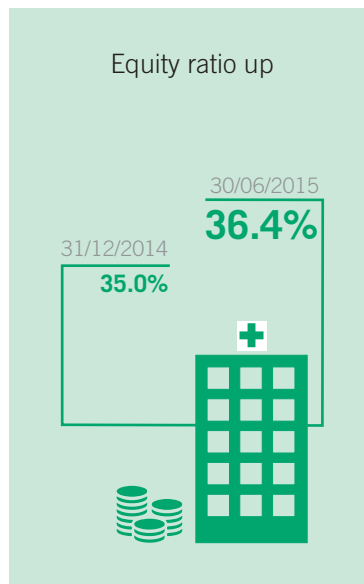
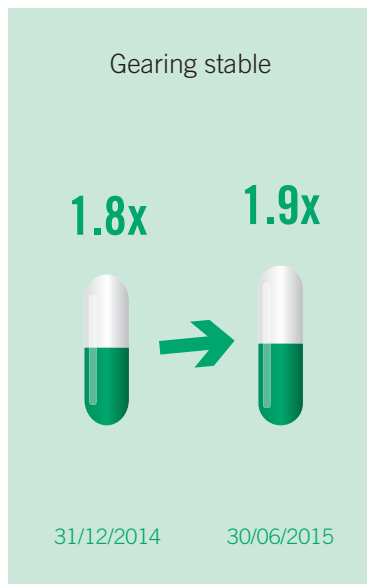
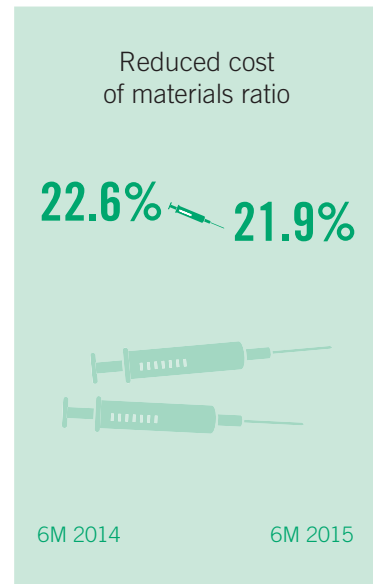
Quality, innovation and social responsibility



400 NEW EMPLOYEES

welcomed

Asklepios Kliniken Hamburg in April at its first-time event
„WELCOME TO THE TEAM“



Group key figures as at 30 June 2015

Group key figures	6 months 2015	6 months 2014	Change
Number of patients	1,105,516	1,088,418	1.6%
Valuation ratio	293,758	290,663	1.1%
Number of beds	26,577	26,576	0.0%
Employees (full-time equivalents)	34,464	34,137	1.0%
Mio. EUR	6 months 2015	6 months 2014	Change
Netto-Cashflow (operativer Cashflow)	126,3	147,3	-14.2%
Sales	1,541.1	1,510.8	2.0%
EBITDAR ¹⁾	194.7	178.5	9.1%
<i>EBITDAR margin in %</i>	<i>12.6</i>	<i>11.8</i>	
EBITDA	168.5	151.6	11.1%
<i>EBITDA-Marge in %</i>	<i>10.9</i>	<i>10.0</i>	
EBIT	111.7	97.0	15.2%
<i>EBITDA margin in %</i>	<i>7.2</i>	<i>6.4</i>	
Consolidated interim income	86.4	71.1	21.6%
<i>Return on sales in %</i>	<i>5.6</i>	<i>4.7</i>	
Investments in property, plant and equipment and intangible assets (own funds)	64.5	57.6	12.0%
<i>Own funds ratio in %**</i>	<i>65.2</i>	<i>62.9</i>	
<i>Return on equity in %</i>	<i>15.5</i>	<i>15.2</i>	

Mio. EUR	30/06/2015	31/12/2014	Change
Total assets	2,963.8	2,863.4	3.5%
Equity	1,080.0	1,001.7	7.8%
<i>Equity ratio in %</i>	<i>36.4</i>	<i>35.0</i>	
Financial liabilities (including subordinated capital)	737.9	742.7	-0.6%
Cash and cash equivalents	91.1	161.2	-43.5%
Net debt	646.7	581.5	11.2%
Net debt / EBITDA ^{***)}	1.9x	1.8x	
Interest coverage factor (EBITDA / interest result)	9.6x	9.0x	

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

^{**)} In relation to investments at hospital locations

^{***)} EBITDA of the preceding twelve months

Interim Group management report

A. Asklepios Group again with organic growth and positive earnings performance in the first half of 2015

In the first half of 2015, the hospitals and medical facilities of the Asklepios Group again cared for more patients than in the same period of the previous year. A total of 1,105,516 inpatients and outpatients were treated from January to June 2015. Adjusted for the effects of a sale of a medical centre, the increase in patient numbers totalled 1.6%. Revenue increased by 2.0% in the first half of 2015 to EUR 1,541.1 million, whereby the growth was generated on an organic basis and resulted overwhelmingly from the increase in the number of inpatients.

The positive revenue trend contributed to a gratifying earnings performance. EBITDA amounted to EUR 168.5 million in the first six months of 2015, 11.1% higher than the EUR 151.6 million in the comparative period. The operating EBITDA margin climbed by 0.9 percentage points to 10.9% (H1 2014 10.0%). This again reflected cost items that in some cases increased less sharply than revenue. For example, the cost of materials ratio for the first half of 2015 was reduced by 0.7 percentage points from 22.6% to 21.9% in the first half of 2015. This was due to the considerable decline in energy expenses of EUR 5.0 million and the decline in other business requirements (EUR -2.0 million) in Q2 2014. The energy model established by Asklepios and the operation of the combined heat and power plants were crucial to this positive development.

The staff costs ratio also fell slightly on the comparative period by 0.1% to 64.8%. While the average number of full-time equivalents remained virtually unchanged, other personnel expenses were reduced. As a result, consolidated interim income increased by 21.6% year on year to EUR 86.4 million in the first six months of 2015 (H1 2014 EUR 71.1 million). In the reporting period, this resulted in a 0.9-percentage-point improvement in the return on sales to 5.6% (H1 2014 4.7%).

Consolidated net income was increased by 21.6% to EUR 86.4 million, corresponding to a return of 5.6%. This particularly reflected the dividend from our equity investment in Rhön-Klinikum AG, which developed very positively overall with a double-digit return from price increases and the dividends received.

In the first half of 2015, net cash flow was EUR 126.3 million compared to EUR 147.3 million in the same period of the previous year. In addition to the higher EBITDA, the change in working capital also made an impact. In trade receivables, a higher level of receivables from payers is discernible in the first half of 2015, which will increase cash and cash equivalents significantly in subsequent quarters. Investments rose by 8.1% to EUR 99.0 million in the reporting period (H1 2014 EUR 91.6 million); the proportion of own funds increased again to 65.2% (H1 2014 62.9%), meaning that subsidies received are continuing to decline on the whole.

The Asklepios Group's financial position also remained comfortable at the end of the first half of the year. As at 30 June 2015, the Group's net debt amounted to EUR 646.7 million (31 December 2014 EUR 581.4 million). As at 31 December 2014, EUR 47.0 million of this figure still related to subordinated capital at a higher interest rate. At 1.9 times EBITDA, the debt ratio was at the previous year's level (31 December 2014 1.8x). The equity ratio increased to 36.4% and was therefore higher than at the end of 2014 (31 December 2014 35.0%). As of 30 June 2015, equity therefore exceeded EUR 1 billion. Cash and cash equivalents and unutilised credit facilities totalled EUR 629.5 million as of 30 June (31 December 2014 EUR 682.7 million) and secure the Group a continued high level of financial reserves available at short notice.

B. General economic conditions

The German economy is still expanding and seems generally unperturbed by the Ukraine conflict, the fighting in the Middle East and the financial crisis in Greece. After a strong final quarter of 2014, in which gross domestic product (GDP) – adjusted for prices, seasonal factors and calendar effects – was up 0.7% on the third quarter of 2014, the German Federal Statistical Office (Destatis) reported another increase of 0.3% (adjusted) for the first quarter of 2015 compared to the fourth quarter of 2014. The positive stimuli apparently came primarily from within Germany. Private households increased their consumer spending by 0.6%; government consumer spending was 0.7% up on the previous year. Capital expenditure also increased significantly; considerably more was invested in equipment (+1.5%), buildings (+1.7%) and other assets (+0.7%). Economic output also increased year on year. In the first quarter of 2015, GDP adjusted for prices and calendar effects grew by 1.0% compared to the first quarter of 2014.

Indicators suggest that the slightly positive trend of the German economy stabilised in the second quarter. For the months from April to June 2015, the Economic Barometer of the German Institute for Economic Research (DIW Berlin) indicates an increase in gross domestic product by a good 0.5% to the previous quarter. While DIW sees the uptrend in the industry as only indistinct, notable stimuli are emanating from service sectors and especially the consumer-related segments. While the gains in purchasing power thanks to lower energy prices are hardly giving consumption an additional boost, it says, the employment market is likely to continue developing favourably. DIW also believes that wages are likely to increase by a fair amount, even somewhat more sharply than before.

The economic researchers from DIW are also confident for the year as a whole and beyond. At the end of June, they estimated that German gross domestic product is likely to rise by 1.8% this year and 1.9% next year. This is supported by a global economy that is slowly regathering momentum and robust development in the euro zone.

C. General sector conditions

While the hospital market is growing overall, the demand dynamics in Germany's different federal states continue to vary. In non-city states, demographic influences are also tending to result in lower growth, while services rendered are increasing more clearly in urban regions such as the Hamburg metropolitan area. Here, nationally oriented offerings are also a focal point for demand from the surrounding area. Performance also varies between individual hospitals within the regions. It is plain to see that clear performance profiles result in increasing demand for offerings. Certain indications also show very high growth rates, which is particularly true of typical age-related illnesses such as cardiac diseases, nutritional and metabolic diseases, pulmonary diseases and diseases of the digestive system. This development is expected to stabilise over the course of the year.

The development of demand in psychiatric facilities is slowing after several years of significant performance increases. However, a performance increase can still be reported, especially in the area of day-patient cases. Among other things, this is associated with the establishment of further external day clinics for care close to patients' homes and the additional designation of day-patient capacity. For the rehabilitation segment, Asklepios continues to expect increasing demand on the basis of medium and long-term trends.

The change value as the benchmark for the maximum increase in base rates at state level is 2.53% for 2015. On the basis of performance and the development of expenditure in other performance segments, such as additional fees, the actual increase in unweighted base rates at state level averages approximately 2%. Due to the budget technique, the real budget developments of individual hospitals are in some cases uncoupled from this, because, to avoid discounts for additional services in subsequent years, budgets are kept high where

possible, and if a performance increase actually occurs the agreed quantity is first topped up. In addition, hospitals establish private clinics based at the relevant budget hospital to try to realise services outside of the budget, as these are not subject to discounts for additional services. This is proving very positive at Asklepios, especially at the hospitals where Privata comfort wards have already been set up.

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

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

D. Outlook

In the view of the Asklepios Group, the generally positive development in the first half of the year confirms the fundamentally optimistic outlook for the 2015 financial year as a whole. The organic growth in patient numbers and the resulting increase in revenue in particular are above the industry average according to the Group's estimate. Asklepios believes this development is mainly driven by demand-based medical services offered in modern facilities, which patients and referrers often select ahead of the regional competition.

The high investments of own funds in individual locations that Asklepios is continuously able to make thanks to its financial strength distinguish the Group's facilities from the hospitals of financially weaker operators. The proportion of own funds in total investments will continue to increase in the current financial year. As well as increasing the attractiveness of the facilities for patients and referring doctors, the investments also frequently improve efficiency both in terms of the consumption of resources and clinical processes. The substantial expenditure for the training and education of personnel likewise contributes significantly to the organic growth of patient numbers.

As part of the "Centres of Excellence" concept, Asklepios is pursuing the targeted positioning of its hospitals with high-quality offerings attuned to the respective local demand. Specialisms have been defined for nearly all Asklepios hospitals; this concept is already being systematically implemented at several hospitals. This concept is supported by stronger cooperation and targeted network building within the Group, with a focus on establishing care structures that are as comprehensive as possible. With these measures and the right targeted offerings in high-demand medical fields, it remains possible for Asklepios to prevail in the present environment and to generate above-average growth.

In the medium and long term, the German federal government's planned reforms of the hospital sector will have a considerable influence on the structure and financing of the industry and encroach on nearly all areas of financing. The Federal Ministry of Health has largely assigned the drafting of the reforms to a Commission consisting of the federal government and German states, whose proposals are to be successfully introduced

into various laws. The considerations relate especially to the issues of pricing, quantity control, structural requirements, reduction of overcapacity and quality, whereby the latter is the most important. In this way, indicators of the quality of structures, processes and outcomes are to be the basis for the states' planning decisions. While the Statutory Health Insurance Care Strengthening Act and the Prevention Act have already been passed by the Bundestag, the crucial Hospital Structure Act that will determine future hospital financing is currently a cabinet draft and still a subject of political discussion. Overall, the legislation proposals currently envisaged present Asklepios with both opportunities and risks. Past experience has shown that hospital reforms are mostly not accompanied by a structurally higher budget for hospitals, but only by a reallocation or even a cut of existing funds. Therefore, Asklepios expects the competition for allocations in the hospital sector to accelerate further in the medium term. In light of the increasing importance of "pay-for-performance remuneration", Asklepios will continue to focus on structural optimisation and the quality of medical outcomes in the 2015 financial year.

At the mid-point of 2015, the Asklepios group confirms its outlook for the year as a whole. With a revenue increase of 2.0% and 11.1% higher earnings on EBITDA level in the first half of 2015 compared to the same period of the previous year, Asklepios was at the lower end of its own expectations and generally below them in the second quarter. The Group's business goals for 2015 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase in EBIT and EBITDA compared to the previous year.

E. Net assets, financial position and results of operations

1) Business performance and results of operations

EUR'000	6 months 2015	6 months 2014	Relative change
Revenue	1,541,124	1,510,816	2.0%
Other operating income	113,807	112,615	1.1%
Cost of materials	337,804	341,308	-1.0%
Personnel expenses	998,440	981,197	1.8%
Other operating expenses (not including rental expenditure)	124,033	122,436	1.3%
EBITDAR	194,654	178,490	9.1%
Rental expenditure	26,201	26,911	-2.6%
EBITDA	168,453	151,579	11.1%
Depreciation, amortisation and impairment	56,723	54,591	3.9%
EBIT	111,730	96,988	15.2%
Financial result	-8,146	-15,055	-45.9%
Income taxes	-17,143	-10,828	58.3%
Consolidated interim income	86,441	71,105	21.6%

Revenue increased by 2.0% from EUR 1,510.8 million to EUR 1,541.1 million. This resulted from purely organic growth in the number of patients by 9,346 or 0.9% to 1,105,516.

A total of 84.6% (previous year 85.0%) of revenue was generated in acute-care hospitals, 14.6% (previous year 14.0%) in rehabilitation clinics and 0.8% (previous year 1.0%) in other facilities.

Other operating income of EUR 113.8 million (previous year EUR 112.6 million) includes income from other services, additional operations, cost reimbursements and other grants. The increase particularly results from higher income from additional operations (such as oncological centres).

Group key figures	6 months 2015	6 months 2014	Absolute change
Total patients	1,105,516	1,088,418	17,098
Valuation ratio	293,758	290,663	3,095
Number of beds	26,577	26,576	1

Patient numbers increased from 1,088,418 in the equivalent period of the previous year to their current level of 1,105,516. This growth was entirely organic and resulted primarily from the stronger cooperation and targeted network building between Asklepios hospitals. The further expansion of care structures that are as comprehensive as possible in combination with targeted offerings in high-demand medical fields was the focus here. In the acute sector, the valuation ratios increased by 3,095 (+1.1%) to 293,758 in the second quarter of 2015. Treatment days in the post-acute sector increased by 19,463 (+1.2%) to 1,678,266 days. In psychiatry, 16,862 more days (+2.6%) and thus a total of 661,868 days were worked. In the post-acute sector, treatment days fell slightly by 0.5% to 1,406,037.

Average inpatient case income increased slightly from EUR 3,896.30 to EUR 3,906.79 in the second quarter of 2015. With an unchanged number of beds accompanied by a rise in the number of hospitalisation days in the post-acute area, utilisation increased to 84.0% (previous year 83.7%).

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

	6 months 2015	6 months 2014
Cost of materials ratio	21.9	22.6%
Staff costs ratio	64.8	64.9%
Other expenses ratio (not including rental expenditure)	8.1	8.1%
Rental expense ratio	1.7	1.8%
EBITDA	10.9	10.0%
Depreciation and amortisation expense ratio	3.7	3.6%
EBIT	7.2	6.4%

The cost of materials ratio was reduced again in the second quarter of this financial year. The staff costs ratio also fell slightly year on year by 0.1 percentage points. Other expenses not including rental expenditure were on a par with the previous year at 8.1% of revenue.

The absolute cost of materials decreased by EUR 3.5 million on the same quarter of the previous year to EUR 337.8 million (same quarter of the previous year EUR 341.3 million). The energy model established by Asklepios and the operation of the combined heat and power plants were crucial to this positive development and resulted in a decline in energy expenses of EUR 5.0 million compared to Q2 2014. In addition, business requirements fell by EUR 2.0 million year on year. Especially in the area of pharmacy supplies and disinfectants, the costs of the mail-order pharmacy and the requirement for blood, banked blood and blood plasma, expenses were reduced at a lower rate than revenue.

In absolute terms, staff costs rose at a lower rate than revenue of 1.8% from EUR 981.2 million to EUR 998.4 million and resulted in a slightly lower staff costs ratio of 64.8% (same quarter of the previous year 64.9%). The average number of full-time equivalents employed was at the previous year's level; other personnel expenses were reduced. In the areas of personnel leasing and fee-based physicians, there was again increased employment of external staff in the second quarter of 2015.

Asklepios reported a change in other operating expenses (excluding rental expenditure) of EUR 1.6 million to EUR 124.0 million (same quarter of the previous year EUR 122.4 million). The ratio was stable year on year at 8.1%. The absolute increase was especially the result of expenses for maintenance and servicing and of advertising and travel expenses.

EBITDA improved significantly by EUR 16.9 million to EUR 168.5 million in the second quarter of 2015 (previous year EUR 151.6 million). This corresponds to a margin of 10.9% in the second quarter of 2015 (same quarter of the previous year 10.0%) and an increase of 0.9 percentage points.

Depreciation and amortisation of EUR 56.7 million (3.7%) increased slightly in relation to revenue (same quarter of the previous year EUR 54.6 million or 3.6%). The absolute increase of EUR 2.1 million year on year resulted from investments in expansion in the previous year.

With EBIT amounting to EUR 111.7 million after EUR 97.0 million in the same period of the previous year, the EBIT margin improved considerably to 7.3% (previous year 6.4%).

The financial result was EUR -8.1 million (same quarter of the previous year EUR -15.1 million). The change resulted in particular from the net investment income of EUR 9.3 million (same quarter of the previous year EUR 1.7 million). With a lower level of cash and cash equivalents, interest income fell to EUR 0.4 million (same quarter of the previous year EUR 1.3 million). Interest expenses were on a par with the previous year at EUR 17.9 million.

Tax expense rose by EUR 6.3 million to EUR 17.1 million (same quarter of the previous year EUR 10.8 million), resulting in a tax rate of 16.5% (same quarter of the previous year 13.2%). Current tax expense is developing in proportion to increased EBT.

Consolidated net income increased year on year, climbing from EUR 71.1 million to EUR 86.4 million. The return on sales totalled 5.6% in the second quarter of 2015 (same quarter of the previous year 4.7%).

2) Comparison of second quarter

April to June	2015	2014	Relative change
Patients*	546,826	545,677	0.2%
TEUR			
Revenue	767,009	757,158	1.3%
Other operating income	54,246	60,033	-9.6%
Cost of materials	165,075	169,392	-2.5%
Personnel expenses	488,705	487,007	0.3%
Other operating expenses (not including rental expenditure)	60,484	59,895	1.0%
EBITDAR	106,991	100,898	6.0%
Rental expenditure	13,125	13,360	-1.8%
EBITDA	93,866	87,537	7.2%
Depreciation, amortisation and impairment	28,563	27,529	3.8%
EBIT	65,303	60,008	8.8%
Operating cash flow	54,700	76,700	-28.7%

* for the purposes of comparison, the previous year's figure has been adjusted for consolidation effects.

In a quarterly comparison, revenue rose by 0.2% with a small increase in treated patients. The change in patient numbers was attributable to outpatients and had an immaterial effect on revenue. The Group's active cost management meant that the relevant expense ratios in the comparative period developed at a slower rate than revenue growth and in some cases declined. The cost of materials was considerably reduced in absolute terms and as a percentage of revenue with internal Group energy supplies. EBITDA therefore increased by 7.2% to EUR 93.9 million. In addition to the significant rise in EBITDA, operating cash flow was also affected by the change in working capital, particularly with an increase in receivables from health insurance funds, which are expected to level off in subsequent quarters.

3) Financial position and net assets

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

In addition to cash and cash equivalents of EUR 91.1 million, the Group has unutilised credit facilities of EUR 538.4 million at its disposal. The high internal financing power and the relatively moderate level of net debt protect the Group from financial market risks. Asklepios also has reserves totalling EUR 629.5 million available at short notice (31 December 2014 EUR 682.7 million).

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

According to internal guidelines, the debt ratio – measured as net debt / EBITDA – must not exceed 3.5x. The following table illustrates how this performance indicator was calculated as at 30 June 2015:

EUR million	30/06/2015	31/12/2014
Financial liabilities (including subordinated capital)	737.9	742.7
Cash and cash equivalents	91.1	161.2
Net liabilities (including subordinated capital)	646.7	581.5
EBITDA (for the preceding four quarters)	347.2	330.4
Net debt / EBITDA	1.9x	1.8x

This means that, at 1.9x (previous year 1.8x), this indicator is within the internally specified guidelines in the current financial year. The Group's credit rating is thus in the investment grade range.

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. In addition, the interest coverage factor (EBITDA / interest result) amounted to 9.6x in the second quarter (same period of the previous year 9.0x).

Summarised statement of financial position in EUR million	30/06/2015		31/12/2014	
Non-current assets	2,256.0	76.1 %	2,160.0	75.4 %
Current assets	707.8	23.9 %	703.4	24.6 %
Assets	2,963.8	100.0 %	2,863.4	100.0 %
Equity	1,080.0	36.4 %	1,001.7	35.0 %
Participation capital / subordinated capital	47.0	1.6 %	47.0	1.6 %
Non-current liabilities and provisions	1,218.4	41.1 %	1,232.4	43.0 %
Current liabilities and provisions	618.4	20.9 %	582.3	20.4 %
Equity and liabilities	2,963.8	100.0 %	2,863.4	100.0 %

The balance sheet and financing structures are sound. Total assets increased from EUR 2,863.4 million in the previous year to EUR 2,963.8 million. Non-current assets increased by EUR 96.1 million year on year to EUR 2,256.0 million. As of 30 June 2015, equity was more than EUR 1.0 billion and increased by EUR 78.3 million compared to 31 December 2014 to EUR 1,080.0 million. The equity ratio increased considerably to 36.4% (previous year 35.0%) of total assets. In addition to the improvement in net income for the year, this particularly reflects a rise in the interest rate for measuring pension provisions in the second quarter of 2015 (H1 2015 2.3%, Q1 2015 1.5%), which caused equity to increase and pension provisions to decline significantly. The return on equity based on the last four quarters was 15.5% (31 December 2014 15.2%). Non-current assets are covered by long-term disposable capital. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,241.9 million (previous year EUR 1,263.1 million). As these subsidies will only fall due for repayment in the hypothetical event of no longer being included in the hospital plan, these funds are in effect similar to equity.

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

EUR million	6 months 2015	6 months 2014
EBITDA	168.5	151.6
Net cash from operating activities	126.3	147.3
Net cash used in investing activities	-164.4	-56.7
Net cash from / used in financing activities	-32.0	-56.6
Change in cash and cash equivalents	-70.1	34.0
Cash and cash equivalents on 1 January	161.2	201.1
Cash and cash equivalents on 30 June	91.1	238.1

As of 30 June 2015, cash and cash equivalents decreased by EUR -70.1 million compared with 31 December 2014 to EUR 91.1 million. Net cash from operating activities amounted to EUR 126.3 million, representing a year-on-year decrease of EUR 21.0 million. Alongside the rise in EBITDA, the increase in trade receivables, particularly from health insurance funds, had an impact here. Cash flow from operating activities was offset by net cash used in investing activities of EUR 164.4 million (previous year EUR 56.7 million). Investments in hospitals of EUR 99.0 million were financed entirely from operating cash flow. 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 the foreseeable future in order to make more efficient use of operational synergies. Financing activities saw a cash outflow of EUR 32.0 million (previous year EUR 56.6 million), due overwhelmingly to repayments.

4) Capital expenditure

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

EUR million	6 months 2015
Asklepios Klinik Harburg, Hamburg	4.1
Asklepios Klinik Wandsbek, Hamburg	3.0
Asklepios Schwalm-Eder Kliniken, Schwalmstadt	2.7
Asklepios Stadtklinik, Bad Tölz	2.0
MediClin Klinik am Brunnenberg, Bad Elster	1.6
Asklepios Fachkliniken Brandenburg, Brandenburg	1.6
Asklepios Klinik St. Georg, Hamburg	1.2
Asklepios Klinik Nord, Hamburg	1.2
Asklepios Kliniken Hamburg Group IT department, Hamburg	1.2
MediClin Krankenhaus Plau am See, Plau am See	1.2

After deducting subsidised capital expenditure, net capital expenditure on property, plant and equipment and intangible assets totalled EUR 64.5 million (previous year EUR 57.6 million), or 4.2% of revenue (previous year 3.8%). Capital expenditure on hospitals was financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 99.0 million (previous year EUR 91.6 million). This corresponded to 6.4% of revenue (previous year 6.1%).

Maintenance and servicing expenses increased year on year from EUR 43.5 million to EUR 45.7 million. Expressed as a percentage of revenue, 3.0% (previous year 2.9%) was invested in ongoing maintenance. Asklepios therefore used 7.2% (previous year 6.7%) of revenue for internally financed capital expenditure and maintenance.

F. Forecast and risk and opportunity management

1) Risk and opportunity management

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

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

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

The examination procedure agreement for examinations by the MDK was concluded in July 2014. At present, the German Hospital Federation (DKG) and the GKV have yet to issue joint guidance on the interpretation of the examination procedure agreement, meaning that uncertainties concerning the agreed procedure will remain. Although it is generally assumed that the examination procedure will be accelerated, our view is that retrospective coding and, in particular, recoding within the examination procedure will be significantly impaired, while the previous flat-rate 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. The Management Board of the DKG has indicated that it is willing to enter into discussions for the conclusion of a follow-up agreement.

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.

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

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

In 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 is generally declining. This results in a risk of decreasing cash flow that has to be compensated by efficiency measures in operating business.

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.

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

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

We have insured against claims from our patients, which are not completely avoidable, by using our own insurance model with an appropriate externally arranged deductible. This allows us to partially respond to the steadily rising insurance premiums of external insurers throughout the market, 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.

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

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

As the second-largest provider of healthcare services 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 continue to counter these risks by providing comprehensive information to the public and involving it in our strategies, conducting image campaigns and offering ample dialogue.

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

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

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

In June 2015, Asklepios Kliniken GmbH decided to endow a subsidiary still to be founded with equity totalling EUR 70.0 million and to pay this to the shareholders as virtually tax-optimised dividend by way of a spin-off. This is expected to have short-term effects on Group equity until replenishment with corresponding retained profits and to affect the development of cash flow.

No events significant for the assessment of the net assets, financial position and results of operations of the Asklepios Group occurred after 30 June 2015 up to the publication of this report.

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

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

Consolidated interim financial statements

Consolidated income statement

EUR'000	Note no.	6 months 2015	6 months 2014
Revenue	VI.1	1,541,124	1,510,816
Other operating income	VI.2	113,807	112,615
Total operating revenue		1,654,931	1,623,431
Cost of materials		337,804	341,308
Personnel expenses		998,440	981,197
Other operating expenses	VI.3	150,234	149,347
EBITDA *)		168,453	151,579
Depreciation, amortisation and impairment - of intangible assets and property, plant and equipment		56,723	54,591
EBIT **)		111,730	96,988
Net investment income		9,345	1,733
Interest and similar income		433	1,266
Interest and similar expenses		-17,924	-18,054
Financial result	VI.4	-8,146	-15,055
Earnings before income taxes		103,584	81,933
Income taxes	VI.5	-17,143	-10,828
Consolidated interim income		86,441	71,105
<i>of which attributable to the parent company</i>		<i>68,707</i>	<i>57,516</i>
<i>of which attributable to non-controlling interests</i>		<i>17,734</i>	<i>13,589</i>

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

**) Earnings before financial result and taxes

Consolidated statement of comprehensive income

EUR'000	6 months 2015	6 months 2014
Consolidated interim income	86,441	71,105
Change in intrinsic value of interest cap	135	135
Measurement of financial assets	9,147	18,003
Income taxes	-1,448	-2,849
Total changes in value reclassified to profit or loss if certain conditions are met	7,835	15,289
Change in actuarial gains (+) / losses (-) from defined benefit pension commitments and similar obligations	-18,249	-52,538
Income taxes	2,628	8,314
Total changes in value not reclassified to profit or loss	-15,621	-44,224
Total changes in value recognised in equity (other comprehensive income)	-7,786	28,935
Total comprehensive income (total consolidated interim income and other comprehensive income)	78,654	42,170
<i>of which attributable to the parent company</i>	<i>65,201</i>	<i>40,383</i>
<i>of which attributable to non-controlling interests</i>	<i>13,454</i>	<i>1,787</i>

Consolidated statement of cash flows

EUR'000	Note no.	6 months 2015	6 months 2014
Consolidated interim income		68,706	57,516
Minority interests		17,734	13,589
Income taxes		17,143	10,828
Financial result		8,145	15,056
Amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment		56,723	54,591
Gross cash flow (EBITDA)		168,452	151,580
Other non-cash transactions		2,937	517
Changes in inventories, receivables and other assets		-56,310	-27,531
Changes in liabilities and provisions		17,702	26,548
Dividend received		9,345	1,733
Interest income		372	1,212
Income taxes paid	VI.5	-15,865	-6,758
Net cash from operating activities		126,352	147,301
Investments in property, plant and equipment, intangible assets and financial assets		-154,790	-57,576
Proceeds from the disposal of non-current assets		3,930	1,332
Investments in subsidiaries, equity investments and financial assets		-13,545	-540
Net cash used in investing activities		-164,405	-56,784
Borrowing (+) / repayment (-) of financial liabilities		-14,964	-42,786
Repayment of subordinated loans		0	0
Net cash used in hospital financing		-11,084	-4,134
Interest expenses	VI.4	-5,407	-9,166
Distributions		-584	-505
Cash flow from financing activities		-32,040	-56,591
Change in cash and cash equivalents		-70,094	33,926
Cash and liquidity at the start of the period		161,240	204,142
Cash and cash equivalents at the end of the period	VII.5	91,146	238,068

Consolidated statement of financial position

EUR'000	Note no.	30/06/2015	31/12/2014
ASSETS			
Non-current assets			
Goodwill and other intangible assets	VII. 1	402,395	401,514
Property, plant and equipment	VII. 2	1,424,416	1,345,703
Financial assets accounted for using the equity method		5,909	5,388
Financial assets	VII. 6	285,646	263,775
Other financial assets	VII. 6	70,553	73,428
Trade receivables		89	172
Non-current income tax assets		1,449	1,190
Other assets		0	921
Deferred taxes		65,566	67,871
Total non-current assets		2,256,023	2,159,962
Current assets			
Inventories		108,141	96,663
Trade receivables		407,759	365,008
Current income tax assets		2,429	539
Other financial assets	VII. 6	79,675	74,127
Other assets		18,600	5,812
Cash and cash equivalents	VII. 5	91,146	161,240
Total current assets		707,750	703,389
Total ASSETS		2,963,773	2,863,351

EUR'000	Note no.	30/06/2015	31/12/2014
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital		1,022	1,022
Reserves		778,343	662,907
Consolidated net income		68,706	118,625
Non-controlling interests		231,905	219,163
Total equity	VII. 3	1,079,976	1,001,717
Non-current liabilities			
Trade payables		341	159
Financial liabilities	VII. 6	619,639	630,461
Finance lease liabilities		10,368	10,739
Pensions and similar obligations		225,109	210,800
Other provisions		229,632	244,294
Deferred taxes		32,304	31,231
Other financial liabilities		91,320	93,709
Other liabilities		9,696	11,014
Total non-current liabilities		1,218,409	1,232,407
Current liabilities			
Trade payables		55,970	59,486
Participation capital / subordinated capital	VII. 4	47,000	47,000
Financial liabilities	VII. 6	71,225	65,197
Finance lease liabilities		631	622
Pensions and similar obligations		6,222	5,195
Other provisions		98,069	106,007
Current income tax liabilities		6,421	6,462
Other financial liabilities		140,192	140,765
Other liabilities		239,658	198,493
Total current liabilities		665,388	629,227
Total EQUITY AND LIABILITIES		2,963,773	2,863,351

Statement of changes in consolidated equity 2015

	Equity attributable to the parent company					Non-con- trolling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
2015 EUR'000							
As at 01/01/2015	1,022	657,756	5,152	118,625	782,555	219,163	1,001,718
Consolidated interim income	0	0	0	68,706	68,706	17,734	86,441
Other comprehensive income	0	-11,341	7,835	0	-3,506	-4,280	-7,786
Total comprehensive income	0	-11,341	7,835	68,706	65,201	13,454	78,654
Change in the consolidated group	0	0	0	0	0	0	0
Change in equity interests in consolidated companies	0	317	0	0	317	-713	-396
Compensation payment obligations	0	0	0	0	0	0	0
Allocations to reserves	0	118,625	0	-118,625	0	0	0
Total transactions recognised directly in equity	0	118,942	0	-118,625	317	-713	-396
As at 30/06/2015	1,022	765,357	12,987	68,706	848,072	231,905	1,079,977

	Equity attributable to the parent company					Non-con- trolling interests	Equity
	Issued capital	Revenue reserve	Fair value reserves	Group profit	Total		
2014 EUR'000							
As at 01/01/2014	1,022	616,631	-1,197	100,408	716,864	209,393	926,257
Consolidated interim income	0	0	0	57,516	57,516	13,589	71,105
Other comprehensive income	0	-32,422	15,289	0	-17,133	-11,802	-28,935
Total comprehensive income	0	-32,422	15,289	57,516	40,383	1,787	42,170
Change in equity interests in consolidated companies	0	-13	0	0	-13	0	-13
Compensation payment obligations	0	0	0	0	0	-229	-229
Allocations to reserves	0	100,408	0	-100,408	0	0	0
Total transactions recognised directly in equity	0	100,395	0	-100,395	-13	-229	-242
As at 30/06/2014	1,022	684,604	14,092	57,516	757,234	210,951	968,185

Notes to the consolidated interim financial statements

I. Basis of the consolidated interim financial statements

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

Asklepios Kliniken Gesellschaft mit beschränkter Haftung and its subsidiaries operate primarily on the German market in the clinical acute care and rehabilitation sectors as well as, to a very limited extent, in the nursing sector. The purpose of the Company is the acquisition and operation of 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 interests in the three sub-group interim financial statements of Asklepios Kliniken Verwaltungsgesellschaft mbH (“AKV”), Königstein im Taunus (100% equity interest), Asklepios Kliniken Hamburg GmbH (“AKHH”), Hamburg (74.9% equity interest), and MediClin Aktiengesellschaft, Offenburg (52.73% equity interest), that are included in the consolidated interim financial statements.

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

II. Accounting principles

The consolidated interim financial statements for the period as of 30 June 2015 have been prepared for the results of the first six months of 2015 in accordance with the requirements of IAS 34 and, pursuant to section 315a of the German Commercial Code (HGB), in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board valid at the end of the reporting period and endorsed by the European Union in the versions effective from 2015.

The fair value reserve changed by EUR 7,853 thousand in the reporting period, with a balance of EUR 12,987 thousand as of 30 June 2015 (31 December 2014 EUR 5,152 thousand). The change in the fair value of cash flow hedges of EUR 135 thousand (previous year EUR 69 thousand) and the measurement of financial assets of EUR 7,700 thousand (30 June 2014 EUR 9,933 thousand) are recognised in this reserve.

Recognition

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

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

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

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

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

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

III. Basis of consolidation

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

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

As at 30 June 2015, Asklepios operates a total of around 150 healthcare facilities such as nursing homes, medical centres for shared practices and other medical centres. Asklepios has retained its investment in the Greek-based Athens Medical Center S.A. as a purely financial investment recognised using the equity method.

IV. Business combination

Acquisitions in 2015

On 1 April 2015, the Asklepios Group acquired Medizinisches Versorgungszentrum (medical centre, MVZ) Dr. med. Lemberger und Kollegen in Bad Kötzting and MVZ Lemberger in Cham. The medical centres focus on orthopaedics, neurosurgery, surgery and sports medicine and thus augment Asklepios' spectrum of treatment, especially in the locations Lindenlohe, Bad Abbach and Oberviechtach. The two medical centres are consolidated for the first time in these consolidated interim financial statements. Transaction costs of EUR 115 thousand were incurred.

The acquisition has only an immaterial effect on consolidated net income.

In the statement of comprehensive income, revenue of EUR 0.4 million and earnings of EUR -0.1 million have been recognised since the initial consolidation. If the Group had obtained control as of 1 January 2015, the revenue would have increased by another EUR 0.4 million and the earnings likewise by EUR -0.1 million.

In the second quarter of 2015, the call option granted for the remaining shares in Sächsische Schweiz Kliniken GmbH, Sebnitz, was exercised. The Group purchased an additional 6.275% of the shares, increasing its holding to 100%.

Name, headquarters	Capital share in % 31/12/2014	Purchase in % Q2 2015	Capital share in % 30/06/2015
MVZ Dr. med. Lemberger und Kollegen GmbH	0.0	100.0	100.0
MVZ Lemberger Cham GmbH	0.0	100.0	100.0
Sächsische Schweiz Kliniken GmbH, Sebnitz	93.725	6.275	100.0

V. Accounting methods

1) Goodwill and investments measured using the equity method

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

2) Sensitivity in relation to changes to the assumptions made

There were no significant changes as against the end of 2014 with regard to the calculation of value in use, the assumptions applied when calculating provisions, etc., with the exception of the assumptions and estimates regarding the defined-benefit pension obligation resulting from the termination with a pension institution and the change in the interest rate for pension provisions, which was set at 2.3% in this consolidated interim report (previous year 2.5%).

VI. Selected notes to the consolidated income statement

1) Revenue

Revenue breaks down by business segment as follows:

EUR million	Q2 2015	Q2 2014	6 months 2015	6 months 2014
Business segments				
Clinical acute care	645.7	639.2	1,303.7	1,285.1
Post-acute and rehabilitation treatment	115.0	109.5	225.0	213.1
Social and welfare facilities	4.9	4.7	9.7	9.3
Miscellaneous	1.4	3.7	2.7	3.3
Total	767.0	757.1	1,541.1	1,510.8

2) Other operating income

Other operating income is broken down as follows:

EUR million	6 months 2015	6 months 2014
Income from operations	37.9	37.6
Income from ancillary, additional and other operations	36.5	32.9
Income from other grants	16.8	16.5
Income from cost reimbursements	14.6	14.9
Miscellaneous other operating income	8.0	10.7
Total	113.8	112.6

Income from operations includes income from pharmacy sales as a major item. Income from ancillary, additional and other operations includes rental income of EUR 7.2 million (same quarter of the previous year EUR 5.4 million).

3) Other operating expenses

Other operating expenses relate to:

EUR million	6 months 2015	6 months 2014
Maintenance and servicing	45.7	43.5
Rental expenditure	26.2	26.9
Taxes, duties and insurance (including outstanding claims reserves)	17.0	18.7
Contributions, consulting and audit fees	14.3	14.1
Office supplies, postage and telephone charges	10.5	10.3
Other administrative and IT expenses	8.7	8.0
Training expenses	6.8	6.6
Advertising and travel expenses	6.8	6.1
Miscellaneous	14.2	15.1
Total	150.2	149.3

4) Financial result

Net finance costs break down as follows:

EUR million	6 months 2015	6 months 2014
Investment income	9.4	1.7
Interest and similar income	0.4	1.3
Interest and similar expenses	-17.9	-18.1
Financial result	-8.1	-15.1

5) Income taxes

Income taxes are broken down as follows:

EUR million	6 months 2015	6 months 2014
Current income taxes	-13.8	-12.8
Deferred income taxes	-3.3	2.0
Total	-17.1	-10.8

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

1) Goodwill and other intangible assets

2015 EUR'000	Goodwill	Other intan- gible assets	Prepayments for intangible assets	Total
Cost				
As at 01/01/2015	366,923	86,722	15,471	469,116
Additions / investments similar to acquisitions	652	2,684	1,776	5,112
Disposals	-267	-440	0	-707
Reclassifications	0	269	-92	177
As at 30/06/2015	367,308	89,235	17,155	473,698
Cumulative depreciation, amortisation and impairment				
As at 01/01/2015	-14,180	-53,422	0	-67,602
Additions	0	-4,080	-2	-4,082
Disposals	0	381	0	381
Reclassifications	0	0	0	0
As at 30/06/2015	-14,180	-57,121	-2	-71,303
Residual carrying amounts:				
As at 31/12/2014	352,743	33,300	15,471	401,514
As at 30/06/2015	353,128	32,114	17,153	402,395

2) 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 01/01/2015	1,504,624	117,893	460,400	46,741	2,129,658
Additions / investments similar to acquisitions	10,227	1,101	17,774	30,625	59,727
Changes in consolidated group	74,838	0	108	176	75,122
Disposals	-2,488	-161	-5,923	-1,498	-10,070
Reclassifications	7,939	1,482	1,146	-10,744	-177
As at 30/06/2015	1,595,140	120,315	473,505	65,300	2,254,260
Cumulative depreciation, amortisation and impairment					
As at 01/01/2015	-465,455	-48,999	-269,501	0	-783,955
Additions	-23,991	-4,640	-23,998	0	-52,629
Disposals	1,190	136	5,423	0	6,749
Reclassifications	0	0	0	0	0
As at 30/06/2015	-488,256	-53,503	-288,076	0	-829,835
Residual carrying amounts:					
As at 31/12/2014	1,039,169	68,894	190,899	46,741	1,345,703
As at 30/06/2015	1,106,884	66,812	185,429	65,300	1,424,425

3) Equity

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

4) Subordinated capital

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

5) Cash and cash equivalents

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

6) Additional information on financial instruments

Determination of fair value

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

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

The fair value of financial instruments that are traded on the active market is based on the quoted market bid price at the close of business at the end of the reporting period. The market is considered active if quoted prices are readily and regularly available from an exchange, dealer, industry group, pricing service or regulatory agency, and those prices represent 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 factors are not based on observable market data, the instrument is assigned to level 3. In the reporting period, there were no changes (additions, disposals, gains and losses or items to be recognised in OCI) to the financial assets assigned to level 3.

There were no transfers between the different measurement levels.

30 June 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	285.6	0.0	0.0	285.6
Financial liabilities	0.0	1.3	0.0	1.3

31 December 2014

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

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

2015 EUR'000	Measu- ment cate- gory as per IAS 39	Amount recognised in statement of financial position as per IAS					Amount recogn- ised in state- ment of financial position as per IAS 17	Fair value 30/06/ 2015
		Carrying amount 31/03/ 2015	Amorti- sed cost	Cost	Fair value with no effect on income	Fair value with effect on income		
ASSETS		934,869	649,223	0	285,646	0	0	934,869
Cash and cash equivalents	LaR	91,146	91,146	0	0	0	0	91,146
Trade receivables	LaR	407,848	407,848	0	0	0	0	407,448
Other financial assets	AfS	285,646	0	0	285,646	0	0	285,646
Other financial assets	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	150,229	150,229	0	0	0	0	150,229
EQUITY AND LIABILITIES		1,034,333	1,033,036	0	1,297	0	10,999	1,054,844
Trade payables	FLAC	56,311	56,311	0	0	0	0	56,311
Financial liabilities	FLAC	688,511	688,511	0	0	0	0	695,604
Participation capital / subordinated capital	FLAC	47,000	47,000	0	0	0	0	47,000
Finance lease liabilities	n.a.	10,999	10,999	0	0	0	10,999	10,999
Other financial liabilities (derivatives)	n.a.	1,297	0	0	1,297	0	0	1,297
Other financial liabilities	FLAC	230,215	230,215	0	0	0	0	243,633
<i>Of which: aggregated by measurement category according to IAS 39:</i>								
Loans and receivables	LaR	649,223	649,223	0	0	0	0	649,223
Available-for-sale financial assets	AfS	285,646	0	0	285,646	0	0	285,646
Financial liabilities measured at amortised cost	FLAC	1,022,037	1,022,037	0	0	0	0	1,042,548

		Amount recognised in statement of financial position as per IAS 39							
2014 EUR'000	Measu- ment cate- gory as per IAS 39	Carrying amount 31/03/ 2014	fortge- führte Anschaf- fungs- kosten	Amorti- sed cost	Fair value with no effect on income	Fair value with effect on income	Amount recog- nised in state- ment of financial position as per IAS 17	Fair value 31/12/ 2014	
AKTIVA		934,865	673,975	0	260,890	0	0	934,865	
Zahlungsmittel und Zahlungs- mitteläquivalente	LaR	161,240	161,240	0	0	0	0	161,240	
Forderungen aus Lieferungen und Leistungen	LaR	365,180	365,180	0	0	0	0	365,180	
Sonstige finanzielle Vermögenswerte	AfS	260,890	0	0	260,890	0	0	260,890	
Sonstige finanzielle Vermögenswerte (Derivate)	n.a.	0	0	0	0	0	0	0	
Sonstige finanzielle Vermögenswerte	LaR	147,555	147,555	0	0	0	0	147,555	
PASSIVA		1,048,135	1,046,463	0	1,672	0	11,360	1,071,585	
Verbindlichkeiten aus Lieferungen und Leistungen	FLAC	59,644	59,644	0	0	0	0	59,644	
Finanzschulden	FLAC	695,658	695,658	0	0	0	0	703,767	
Genussschein- kapital/Nach- rangkapital	FLAC	47,000	47,000	0	0	0	0	47,000	
Verbindlichkeiten aus Finance Lease	n.a.	11,360	11,360	0	0	0	11,360	11,360	
Sonstige finanzielle Verbindlichkeiten (Derivate)	n.a.	1,672	0	0	1,672	0	0	1,672	
Sonstige finanzielle Verbindlichkeiten	FLAC	232,801	232,801	0	0	0	0	248,142	
<i>Davon aggregiert nach Bewertungs- kategorien gemäß IAS 39:</i>									
Kredite und Forderungen	LaR	673,975	673,975	0	0	0	0	673,975	
Zur Veräußerung verfügbare finanzielle Vermögenswerte	AfS	260,890	0	0	260,890	0	0	260,890	
Finanzielle Ver- bindlichkeiten zu fortgeführten An- schaffungskosten bewertet	FLAC	1,035,103	1,035,103	0	0	0	0	1,058,553	

Other notes

1) Contingent liabilities and other financial obligations

Other financial obligations break down as follows:

EUR'000	30/06/2015	30/06/2014
Rental and lease agreements	512,958	484,117
Capital commitments	13,984	40,323
Maintenance and supply agreements	37,661	33,866
Purchase commitments	66,006	26,263
Insurance contracts	1,280	1,584
Miscellaneous	22,851	18,952
Total	654,740	605,105

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

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

EUR'000	
Less than one year	111,546
Between 2 and 5 years	194,875
More than 5 years	348,319
Total	654,740

2) Related party disclosures

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

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

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

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

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

3) Consolidated statement of cash flows

In the second quarter of 2015, cash and cash equivalents decreased by EUR 70.1 million to EUR 91.1 million compared to 31 December 2014. Net cash from operating activities amounted to EUR 126.3 million and was lower than the previous year's level of EUR 147.3 million.

Net cash used in investing activities in the amount of EUR 164.4 million was financed from operating cash flow and from cash and cash equivalents. In addition, net cash used in financing activities amounted to EUR 32.0 million, largely as a result of repayments of financial liabilities.

Disclaimer

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

Asklepios Kliniken GmbH

Investor Relations

Debusweg 3

61462 Königstein-Falkenstein

Phone: + 49 (0) 61 74 90-11 92

Fax.: + 49 (0) 61 74 90-11 10

ir@asklepios.com

www.asklepios.com