Asklepios Kliniken Gesellschaft mit beschränkter Haftung, Hamburg

Consolidated interim report
as at 30 June 2014

in accordance with International Financial Reporting Standards

ASKLEPIOS
United for Health

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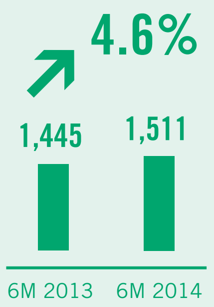
Facts about the first half of 2014

Quality, innovation and social responsibility

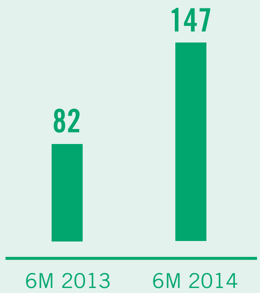
Accelerated revenue growth



(EUR m)

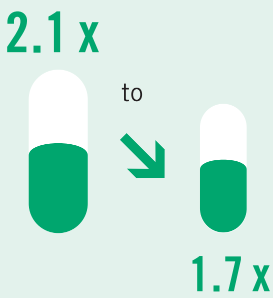
EBITDA margin
in the Asklepios Group
in the first half of 2014

Significant increase of
operating cash flow



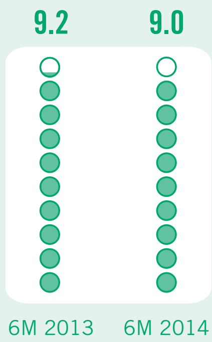
(EUR m)

In the first half of 2014,
net debt/EBITDA fell from



as at 30 June 2014

Interest coverage factor
(EBITDA/net interest income)
stabilises



in first half of 2014

4,981

Medical service employees
nearly constant
at a high level

Group key figures as at 30 June 2014

		6 months 2014	6 months 2013*)	Change
Number of patients		1,096,170	1,060,348	3.4%
Valuation ratio		290,663	286,373	1.5%
Number of beds		26,576	26,512	0.2%
Employees (full-time equivalents)		34,137	34,327	-0.6%
Net cash from operating activities	EUR million	147.3	82.2	79.2%
Revenue	EUR million	1,510.8	1,444.7	4.6%
EBITDAR**)	EUR million	178.5	147.3	21.2%
EBITDAR margin in %		*11.8*	*10.2*	
EBITDA	EUR million	151.6	120.4	25.9%
EBITDA margin in %		*10.0*	*8.3*	
EBIT	EUR million	97.0	68.0	42.6%
EBIT margin in %		*6.4*	*4.7*	
Consolidated interim income	EUR million	71.1	45.0	58.0%
Return on sales in %		*4.7*	*3.1*	
Investments in property, plant and equipment and intangible assets	EUR million	91.6	108.7	-15.7%
Proportion of own funds in %		*62.9*	*54.4*	
Interest coverage factor (EBITDA/interest result)		9.0x	9.2x	

		30 Jun 2014	31 Dec 2013	Change
Total assets	EUR million	2,836.7	2,755.0	3.0%
Equity	EUR million	968.2	926.3	4.5%
Equity ratio in %		*34.1*	*33.6*	
Financial liabilities (excluding subordinated capital)	EUR million	719.5	734.9	-2.1%
Cash and cash equivalents	EUR million	238.1	204.1	16.7%
Net debt	EUR million	481.4	530.8	-9.3%
Net debt/EBITDA***)		1.5x	1.9x	
Financial liabilities (including subordinated capital)	EUR million	766.5	802.8	-4.5%
Cash and cash equivalents	EUR million	238.1	204.1	16.7%
Net debt	EUR million	528.4	598.7	-11.7%
Net debt/EBITDA***)		1.7x	2.1x	

*) Prior-year figures adjusted

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

***) EBITDA of the preceding twelve months

Interim Group management report

A. Growth of 4.6% in the first half of 2014 in the Asklepios Group

In the first half of the year, Asklepios posted a predominantly organic rise in the number of patients by 3.4% or 35,882 to 1,096,170. In a direct comparison of the first half of 2014 with the same period of the previous year, the increase in patient numbers in the second quarter had a particularly positive effect on revenue and even more clearly on earnings performance despite the lower revenue per outpatient compared to inpatients. In the first six months, revenue grew 4.6% to total EUR 1,510.8 million. In the first half of 2014, revenue growth was also converted directly into a higher earnings contribution and had a large impact on the positive earnings performance. The positive earnings effect is magnified by the fact that the increase in the major operating cost items was disproportionately low due to active cost management. In 2014 as a whole, it cannot yet be conclusively estimated how the current collective wage agreements will increase staff costs and have a negative effect on the earnings situation.

Overall, Asklepios achieved an operating margin at EBITDA level of 10.0% in the first half of 2014 (H1 2013: 8.3%). The return on sales improved to 4.7% in the first half of 2014 after 3.1% in the same period of the previous year.

The proportion of internally financed quality-assurance investments in the technical equipment and interconnection of clinics and in the education and training of the workforce was 62.9%, above the ratio of around 54.4% in the same period of the previous year. Net cash from operating activities amounted to EUR 147.3 million, significantly higher than in the previous year (EUR 82.2 million). This was particularly due to the improved earnings situation and a significant optimisation of working capital management. Capital expenditure on property, plant and equipment and debt repayments were financed entirely from operating cash flow.

Net debt fell by 11.7% and amounted to EUR 528.4 million as of 30 June 2014 (31 December 2013: EUR 598.7 million), of which only EUR 47.0 million (31 December 2013: EUR 67.9 million) still related to subordinated capital. The debt ratio fell significantly to 1.7 times EBITDA compared to 2.1 times EBITDA as of 31 December 2013. Solid financial and capital structures also continue to characterise the Asklepios Group. The equity ratio improved to 34.1% (31 December 2013: 33.6%). Cash and cash equivalents of EUR 238.1 million (31 December 2013: EUR 204.1 million) and unutilised credit facilities of approximately EUR 462.5 million mean that the Group has sufficient financial reserves for further growth and investments in patient and employee safety.

Purported quality deficits in the hospital sector are recurrent topics for public discussion, but the extensive measures to ensure the quality of treatment are not mentioned. In compliance with its “quality, innovation and social responsibility” guidelines, the Asklepios Group is engaged above and beyond its legal obligations here and in recent years has established a corresponding programme. This contains measures, methods and standards concerning early detection and prevention of risks and adverse events. The approach is based on established quality and risk management and includes staff training, patient information, regular checks by experts, an error reporting system, case analyses and clearly defined standards for clinical processes. Patients and their safety are the focus of all considerations.

The error reporting system CIRS (Critical Incident Reporting System), for example, was extended to 38 hospitals in the first half of 2014. With this system, employees can report adverse events and near-misses anonymously – weak points in the treatment process are identified at an early stage and measures are derived to make improvements. CIRS is to be introduced at all Asklepios clinics by the end of 2014. Asklepios has been a founding member of the website “Qualitätskliniken.de” since 2010. This information platform offers interested patients and doctors a comparison of inpatient rehabilitation clinics that is transparent and easy to understand. Under the established programme, the participating clinics increased the average rate of implementation in patient safety within three years from a starting point of 68% to 90% in the first half of 2014.

B. General economic conditions

The German economy has picked up pace again: According to the German Federal Statistical Office, gross domestic product (GDP) in the first quarter of 2014 was 0.8% higher than in the fourth quarter of 2013 (when adjusted for prices, seasonal factors and calendar effects). The moderate growth trajectory of the past year (+ 0.4% in the final quarter of 2013) thus picked up momentum. However, the extremely mild weather also helped this rapid growth at the start of the year. According to preliminary calculations, positive stimuli were exclusively domestic compared to the previous quarter (when adjusted for prices, seasonal factors and calendar effects). Private households and the state increased their consumer spending at the start of the year. Capital expenditure developed positively; considerably more was invested both in buildings and in equipment and inventories.

Economic growth accelerated significantly year on year: In the first quarter of 2014, price-adjusted GDP climbed by 2.5% (2.3% when adjusted for calendar effects), the sharpest rise in over two years.

For 2014, the German federal government currently expects average growth of gross domestic product of 1.9%. According to the joint diagnosis of the leading economic institutes of April 2014, sentiment indicators suggest that consumers and businesses have faith in positive economic development. The German employment market likewise benefited from this – in June 2014, unemployment fell once more to 6.5% and is expected to continue developing soundly over the rest of the year. The unemployment rate was 6.9% in 2013 and, according to the 2014 joint diagnosis, will fall to 6.7% for 2014 as a whole. The forecast of the Consumer Price Index for Germany for 2014 as a whole is unchanged at 1.3% higher than the previous year, so inflation is to remain low.

C. General sector conditions

Nearly half of the German hospital sector does not have sufficient capacity to invest to ensure the maintenance of assets. This was the central statement of the latest Hospital Rating Report 2014 published by the Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) on the present economic situation of the sector. The financial aid enacted in 2013 will result in stabilisation into 2014, but in the medium term the situation remains tense, because costs are rising faster than income and too little is being invested. The authors estimate the current accumulated investment backlog at around EUR 15 billion. The report says hospitals should raise EUR 5.4 billion a year to cover the present investment requirements.

In some German states, the hospital market is still characterised by rising demand for medical services. Overall, however, the weakening of growth momentum observed in previous years is continuing. At the same time, the performance of individual hospitals is very diverse. Developments range from declines in performance to growth well into the double-digit percentages. A year-on-year deceleration of growth can now also be discerned in the psychiatric departments, but the growth remains greater than in the somatic segment.

Overall, cost increases in 2014 were funded somewhat better than in previous years. The financial aid for hospitals enacted prior to the 2013 federal election is helping to alleviate the situation in 2014: The proportional refinancing of wage increases in 2013 and the care surcharge to offset the discounts for additional services are also having a positive impact in 2014. Moreover, the orientation value, the significant value for the increase in base rates at state level in 2014, is well above the values of previous years at 2.81%. The positive development of statutory health insurers' premium income is therefore at least partially passed on directly to the hospitals. Nonetheless, the competition for diversification in the hospital sector is expected to intensify further despite the better starting position. Unless countermeasures are taken, there is a threat of deterioration in 2015 because costs are rising faster than income. Around 13% of hospitals could exit the market by 2020.

The refinancing of the additional costs that arose from the amendment of German hygiene legislation in 2011 likewise enacted by the federal government last year will have a greater effect in 2014 than in the last financial year due to its being effective for the entire year. In spite of this, no significant additional revenue is expected here. It is expected to amount to just a few tenths of a percent of total revenue from inpatient services. As a consequence, there will be even more consistent cost management at the clinics.

D. Outlook

Persistently high investments in buildings, technical equipment and the training and education of specialist and service staff in the Asklepios Group contribute to the increase of the attractiveness of our facilities and thus to continuous organic growth. At the same time, they improve the efficiency of the hospitals and manifest themselves in sinking consequential costs. Asklepios purposefully uses its financial strength for a growing proportion of proprietary investments in the 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 to prevail in the present environment and to generate above-average growth. As in the previous year, the hospital market is seeing growth in case numbers of approximately 2%.

Our business goals for 2014 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase in EBIT/EBITDA compared to the previous year. In the first half of 2014, Asklepios is firmly at the upper end of these targets with revenue growth of 4.6% and EBITDA of EUR 151.6 million.

We also expect to achieve our business goals over the year as a whole.

Net assets, financial position and results of operations

1) Business performance and results of operations

EUR'000	6 months 2014	6 months 2013	Relative change
Revenue	1,510,816	1,444,691	4.6%
Other operating income	112,615	104,577	7.7%
Cost of materials	341,308	336,592	1.4%
Staff costs	981,197	948,881	3.4%
Other operating expenses (not including rental expenditure)	122,436	116,524	5.1%
EBITDAR	**178,490**	**147,271**	**21.2%**
Rental expenditure	26,911	26,867	0.2%
EBITDA	**151,579**	**120,404**	**25.9%**
Depreciation, amortisation and impairment	54,591	52,407	4.2%
EBIT	**96,988**	**67,997**	**42.6%**
Net finance costs	-15,055	-11,343	32.7%
Income taxes	-10,828	-11,661	-7.1%
Consolidated interim income	**71,105**	**44,993**	**58.0%**

Revenue was increased by 4.6% from EUR 1,444.7 million to EUR 1,510.8 million and resulted from the increase in patient numbers by 35,822 to 1,096,170. The organic growth amounted to 4.4%.

85.1% (previous year: 85.0%) of revenue was generated in acute-care hospitals, 14.1% (the same as in the previous year) in rehabilitation clinics and 0.8% (previous year: 0.9%) in other facilities.

Other operating income of EUR 112.6 million (previous year: EUR 104.6 million) includes income from other services, additional operations, cost reimbursements, other grants and miscellaneous other operating income.

Group key figures	6 months 2014	6 months 2013	Absolute change
Total patients	**1,096,170**	**1,060,348**	**+35,822**
Valuation ratio	**290,663**	**286,373**	**+4,290**
Number of beds	**26,576**	**26,512**	**+64**

Patient numbers were increased from 1,060,348 in the same period of the previous year to their current level of 1,096,170. This was primarily due to 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 is the focus here. The somatic segment achieved performance growth (valuation ratio) of 1.5% (4,290 valuation ratio) due to capex and structural measures.

Average inpatient case income increased slightly from EUR 3,838.88 to EUR 3,890.80 in the first half of 2014. With an increase in beds in connection with additional hospitalisation days in the post-acute area, utilisation saw a slight increase to 84.1% (previous year: 83.9%).

The cost and earnings ratios developed as follows:

	6 months 2014	6 months 2013
Cost of materials ratio	22.6%	23.3%
Staff costs ratio	64.9%	65.7%
Other expenses ratio (not including rental expenditure)	8.1%	8.1%
Rental expense ratio	1.8%	1.9%
EBITDA	**10.0%**	**8.3%**
Depreciation and amortisation expense ratio	3.6%	3.6%
EBIT	**6.4%**	**4.7%**
Net finance costs ratio	-1.0%	-0.8%
Tax expense ratio	-0.7%	-0.8%
Consolidated interim income	**4.7%**	**3.1%**

The Asklepios Group succeeded in reducing the ratio of cost of materials and of staff costs in the first half of the current financial year. This was achieved even though, in terms of costs, increases in both staff costs and the cost of materials have been seen for some time due to quantitative and price effects. In addition, the discrepancy between rising costs due to continuously increasing energy prices, material and staff costs and capped remuneration for medical treatment is continuing to widen in 2014.

Cost of materials increased by a disproportionately low EUR 4.7 million to EUR 341.3 million in the first half of the year, but the cost of materials ratio was lowered to 22.6% compared to the previous year (23.3%) due to active cost management. The measures to cut operating expenses took effect, especially in the field of high-priced implants. Energy costs remained a cost driver, especially as the measures taken in this area will only take full effect in the coming years. Nevertheless, costs relating to water, energy and fuels were reduced. The high production costs for cytostatics also impacted the cost of materials, although these were offset by increased income from dispensing cytostatics.

In absolute terms, staff costs rose more slowly than revenue growth by 3.4% from EUR 948.9 million to EUR 981.2 million and resulted in a staff costs ratio that fell from 65.7% to 64.9%. Overall, the absolute increase in staff costs was due to wage increases in collective agreements concluded in the previous year. In the current 2014 financial year, the present collective wage agreements are again having a negative impact on the earnings situation due to rising staff costs.

Asklepios reported a change in other operating expenses (excluding rental expenditure) of EUR 5.9 million to EUR 122.4 million (previous year: EUR 116.5 million). The ratio was stable year on year at 8.1%. This increase was mainly due to expenses for litigation and damage claims, maintenance and servicing.

EBITDA improved in the first half of 2014, rising from EUR 120.4 million in the previous year to EUR 151.6 million. This corresponds to a margin of 10.0% in the first half of 2014 (previous year: 8.3%), meaning that the EBITDA margin increased by 1.7 percentage points.

In the first half of 2014, the depreciation and amortisation expense ratio was 3.6%, at the same level as in the previous year.

The EBIT of EUR 97.0 million generated in the first half of the year meant a margin of 6.4% (previous year: EUR 68.0 million and 4.7%).

The financial result was EUR -15.1 million (previous year: EUR -11.3 million). While interest income increased slightly to EUR 1.3 million, interest expenses climbed by EUR 4.1 million to EUR 18.1 million.

Income taxes declined to EUR 10.8 million (previous year: EUR 11.7 million) due to active use of tax optimisation potential.

Consolidated net income was increased year on year. Consolidated net income climbed from EUR 45.0 million in the same period of the previous year to EUR 71.1 million in the period under review. In the first half of 2014, the return on sales was 4.7% (previous year: 3.1%).

2) Comparison of second quarter

April to June	2014	2013	Relative change
Patients	553,429	526,232	5.2%
EUR'000			
Revenue	757,158	720,724	5.1%
Other operating income	60,033	56,346	6.5%
Cost of materials	169,392	167,877	0.9%
Staff costs	487,007	470,204	3.6%
Other operating expenses (excluding rental expenditure)	59,895	58,363	2.6%
EBITDAR	**100,897**	**80,626**	**25.1%**
Rental expenditure	13,360	12,887	3.7%
EBITDA	**87,537**	**67,739**	**29.2%**
Depreciation, amortisation and impairment	27,529	26,314	4.6%
EBIT	**60,008**	**41,425**	**44.9%**
Operative cash flow	**76,700**	**64,192**	**19.5%**

The quarterly comparison shows that the increase in patient numbers resulted in revenue growth of 5.1%. The Group's active cost management meant that the relevant expense ratios in the comparative period developed at a slower rate than revenue growth. EBITDA increased by 29.2% and operating cash flow rose by EUR 12.5 million to EUR 76.7 million.

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. 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 238.1 million, the Group has unutilised credit facilities of around EUR 462.5 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.

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

EUR million	30 Jun 2014	31 Dec 2013
Financial liabilities (including subordinated capital)	766.5	802.8
Cash and cash equivalents	238.1	204.1
Net liabilities (including subordinated capital)	528.4	598.7
EBITDA (for the preceding four quarters)	315.6	284.4
Net debt/EBITDA	**1.7x**	**2.1x**

This means that, at 1.7x (31 December 2013: 2.1x), this indicator is well within the internally specified guidelines in the current financial year.

Compared with German industry as a whole and the relevant competitors within the industry, this leverage can be considered positively low. The interest coverage factor (EBITDA/interest result) in the first half of the year stands at 9.0x (comparative period of the previous year: 9.2x).

Summarised statement of financial position in EUR million	30 Jun 2014		31 Dec 2013	
Non-current assets	2,026.2	71.4%	2,001.1	72.6%
Current assets	810.5	28.6%	753.9	27.4%
ASSETS	**2,836.7**	**100.0%**	**2,755.0**	**100.0%**
Equity	968.2	34.1%	926.3	33.6%
Participation capital/subordinated capital	47.0	1.7%	67.9	2.5%
Non-current liabilities and provisions	1,251.0	44.1%	1,237.4	44.9%
Current liabilities and provisions	570.5	20.1%	523.4	19.0%
EQUITY AND LIABILITIES	**2,836.7**	**100.0%**	**2,755.0**	**100.0%**

The balance sheet and financing structures are sound. Total assets increased from EUR 2,755.0 million in the previous year to EUR 2,836.7 million. Equity rose by EUR 41.9 million to EUR 968.2 million in the period under review. The equity ratio amounted to 34.1% (31 December 2013: 33.6%) of total assets. Asklepios has permanent interest-free and redemption-free access to subsidies of approximately EUR 1,276.0 million (31 December 2013: EUR 1,287.1 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. Non-current assets are covered by long-term disposable capital.

The following table shows the areas in which cash and cash equivalents have changed over the course of the year:

EUR million	6 months 2014	6 months 2013
EBITDA	151.6	120.4
Net cash from operating activities	147.3	82.2
Net cash used in investing activities	-56.7	-57.6
Net cash from/used in financing activities	-56.6	-80.0
Change in cash and cash equivalents	**34.0**	**-55.4**
Cash and cash equivalents on 1 January	204.1	145.9
Cash and cash equivalents on 30 June	**238.1**	**90.5**

As of 30 June 2014, cash and cash equivalents increased by EUR 34.0 million compared with 1 January 2014 to EUR 238.1 million. Net cash from operating activities amounted to EUR 147.3 million. Net cash from operating activities increased year-on-year due both to the considerably increased EBITDA and to a significant optimisation of working capital management. A particular success was the four-day reduction of days sales outstanding compared to the first half of 2013 to 46 days. Cash flow from operating activities is offset by cash flow from investing activities including acquisitions of EUR 56.7 million (previous year: EUR 57.6 million).

Net cash used in investing activities of EUR 56.7 million primarily includes investments in non-current assets and the acquisition of financial assets. In addition, net cash used in financing activities amounted to EUR 56.6 million (previous year: EUR 80.0 million), largely as a result of the repayment of loans and subordinated loans.

4) Capital expenditure

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

EUR million	6 months 2014
Asklepios Klinik Harburg, Hamburg	7.4
Asklepios Klinik Wandsbek, Hamburg	3.5
Asklepios Klinik Seligenstadt	2.1
Asklepios Fachklinikum Brandenburg	2.1
Asklepios Fachklinikum Teupitz	2.0
Asklepios Klinik Altona, Hamburg	1.9
Asklepios Klinik Lindau	1.6
Fachkrankenhaus Klinik Schildautal, Seesen	1.4
Asklepios Klinik St. Georg, Hamburg	1.3
Asklepios Stadtklinik Bad Tölz	1.3

After deducting subsidised capital expenditure, net capital expenditure on property, plant and equipment and intangible assets totalled EUR 57.6 million (previous year: EUR 59.1 million), or 3.8% of revenue (previous year: 4.1%). Capital expenditure is fully financed by cash flow from operating activities. Without deducting subsidies, capital expenditure amounted to EUR 91.6 million (previous year: EUR 108.7 million). This was 6.1% of revenue (previous year: 7.5%).

Maintenance and servicing expenses increased year on year from EUR 42.6 million to EUR 43.5 million. Expressed as a percentage of revenue, 2.9% (previous year: 3.0%) was invested in ongoing maintenance. Asklepios therefore used 6.7% (previous year: 7.0%) of revenue for internally financed capital expenditure and maintenance.

F. Forecast and risk and opportunity management

1) Risk and opportunity management

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. Opportunities and risks develop slowly most of the time. Economic fluctuations have no major impact on the services we provide. Severe, sudden changes in the market environment are therefore the exception. Furthermore, the development in terms of services is supported by ongoing demographic change. Nonetheless, competition in the hospital sector has become increasingly fierce in recent years. Hospitals attract a great deal of public attention, meaning that reputation and trust are key success factors for exploiting growth potential.

With regard to performance, the statutory regulation of the compensation system is proving to be a challenge. Performance increases are remunerated with price reductions of up to 65%. And when it comes to cost development, we also 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.

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.

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. 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 advanced medicine, and systematically prevent the lack of qualified staff. Using this approach, we fulfil both our economic and our social responsibility and take advantage of the opportunity to strengthen our brand.

Our goal is to offer modern medical services that are geared towards proximity to the patient. This is supported by cooperation within the Group and targeted network building, with a focus on establishing care structures that are as comprehensive as possible. The Asklepios strategy, which includes targeted offerings in high-demand medical fields, will also contribute to generating above-average growth in future.

Since the reporting as of 31 December 2013, 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 of the Group.

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

No events significant for the assessment of the net assets, financial position and results of operations of the Asklepios Group occurred after 30 June 2014.

The business goals for 2014 include organic revenue growth in a range of around 2% to 4% and a slight but sustainable increase in EBIT/EBITDA compared to the previous year – as such, the Group will see margin growth before growth in terms of size. Market-leading clusters and integrated courses of treatment will secure an advantage over the competition when implementing these goals. The focus will also remain on the non-cyclical acute market. The equity ratio is expected to increase slightly in the 2014 financial year compared to the previous year.

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 quality management (2013 report on quality of medical outcomes, 8th edition). Slight growth in number of patients is expected on an ongoing basis, especially in outpatient care. There will also be greater focus on increasing patient numbers in inpatient care.

As well as financial figures, management will concentrate on two non-financial performance indicators when managing the company. Here, a slight year-on-year increase in valuation ratios and securing/slightly increasing the number of beds is the priority. An unchanged stable level is expected based on the continued measures to increase the Group's efficiency initiated in 2013. 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 2014	6 months 2013*)
Revenue	VI.1	1,510,816	1,444,691
Other operating income	VI.2	112,615	104,577
Total operating revenue		**1,623,431**	**1,549,268**
Cost of materials		341,308	336,592
Staff costs		981,197	948,881
Other operating expenses	VI.3	149,347	143,391
EBITDA)**		**151,579**	**120,404**
Depreciation, amortisation and impairment – of intangible assets and depreciation and impairment of property, plant and equipment		54,591	52,407
EBIT*)**		**96,988**	**67,997**
Net investment income		1,733	1,733
Interest and similar income		1,266	919
Interest and similar expenses		-18,054	-13,995
Net finance costs	VI.4	**-15,055**	**-11,343**
Earnings before income taxes		**81,933**	**56,654**
Income taxes	VI.5	-10,828	-11,662
Consolidated interim income		**71,105**	**44,993**
of which attributable to the parent company		*57,516*	*38,758*
of which attributable to non-controlling interests		*13,589*	*6,235*

*) Prior-year figures adjusted
**) Earnings before financial result, taxes and depreciation and amortisation
***) Earnings before financial result and taxes

Consolidated statement of comprehensive income

EUR'000	6 months 2014	6 months 2013
Consolidated interim income	**71,105**	**44,993**
Change in fair value of cash flow hedges	135	147
Measurement of available-for-sale financial assets	18,003	0
Income taxes	-2,849	-23
Total changes in value reclassified to profit or loss if certain conditions are met	**15,289**	**124**
Change in actuarial gains (+)/losses (-) from defined benefit pension commitments and similar obligations	-52,538	-23,822
Income taxes	8,314	3,770
Total changes in value not reclassified to profit or loss	**-44,224**	**-20,052**
Total changes in value recognised in equity (other comprehensive income)	**28,935**	**-19,928**
Total comprehensive income (total consolidated interim income and other comprehensive income)	**42,170**	**25,065**
of which attributable to the parent company	*40,383*	*23,851*
of which attributable to non-controlling interests	*1,787*	*1,214*

Consolidated statement of cash flows

EUR'000	Note no.	6 months 2014	6 months 2013
Consolidated interim income		**71,105**	**44,993**
Income taxes		10,828	11,661
Net finance costs		15,056	11,343
Amortisation and impairment of intangible assets and depreciation and impairment of property, plant and equipment		54,591	52,407
Gross cash flow (EBITDA)		**151,580**	**120,404**
Other non-cash transactions		517	170
Changes in inventories, receivables and other assets		-27,531	-49,679
Changes in liabilities and provisions		26,548	23,507
Dividend received		1,733	1,733
Interest income		1,212	715
Income taxes paid	VI.5	-6,758	-14,660
Net cash from operating activities		**147,301**	**82,190**
Investments in property, plant and equipment and intangible assets		-57,576	-59,052
Proceeds from the disposal of non-current assets		1,332	1,193
Acquisitions of subsidiaries, equity investments and financial assets		-540	238
Cash flow used in investing activities		**-56,784**	**-57,621**
Borrowing (+)/repayment (-) of financial liabilities		-42,786	-47,472
Net cash used in hospital financing		-4,134	-13,426
Interest expenses	VI.4	-9,166	-10,594
Distributions		-505	-5,846
Acquisition of non-controlling interests		0	-2,669
Cash flow from financing activities		**-56,591**	**-80,007**
Change in cash and cash equivalents		**33,926**	**-55,438**
Cash and cash equivalents at the start of the period		204,142	145,945
Cash and cash equivalents at the end of the period	VII.5	**238,068**	**90,507**

Consolidated statement of financial position

EUR'000	Note no.	30 Jun 2014	31 Dec 2013
ASSETS			
Non-current assets			
Goodwill and other intangible assets	VII. 1	399,928	400,667
Property, plant and equipment	VII. 2	1,303,904	1,302,031
Financial assets accounted for using the equity method		3,911	3,372
Financial assets	VII. 6	171,588	153,584
Other financial assets	VII. 6	81,228	85,055
Trade receivables		363	359
Non-current income tax assets		474	2,194
Other assets		3,710	2,625
Deferred taxes		61,123	51,206
Total non-current assets		**2,026,229**	**2,001,093**
Current assets			
Inventories		108,738	90,194
Trade receivables		372,302	379,179
Current income tax assets		2,005	3,539
Other financial assets	VII. 6	74,934	69,142
Other assets		14,400	7,731
Cash and cash equivalents	VII. 5	238,069	204,142
Total current assets		**810,448**	**753,927**
Total ASSETS		**2,836,677**	**2,755,020**

EUR'000	Note no.	30 Jun 2014	31 Dec 2013
EQUITY AND LIABILITIES			
Equity attributable to the parent company			
Issued capital		1,022	1,022
Reserves		698,696	615,434
Consolidated net income		57,516	100,408
Non-controlling interests		210,951	209,393
Total equity	VII. 3	**968,185**	**926,257**
Non-current liabilities			
Trade payables		105	107
Participation capital/subordinated capital	VII. 4	0	7,000
Financial liabilities	VII. 6	677,807	699,222
Finance lease liabilities		8,943	9,124
Pensions and similar obligations		173,241	119,512
Other provisions		250,001	263,289
Deferred taxes		33,515	31,016
Other financial liabilities		94,781	100,120
Other liabilities		12,553	14,997
Total non-current liabilities		**1,250,946**	**1,244,387**
Current liabilities			
Trade payables		61,636	73,606
Participation capital/subordinated capital	VII. 4	47,000	60,900
Financial liabilities	VII. 6	41,677	35,712
Finance lease liabilities		170	203
Pensions and similar obligations		3,099	2,898
Other provisions		95,292	97,095
Current income tax liabilities		6,534	6,413
Other financial liabilities		125,923	117,927
Other liabilities		236,215	189,622
Total current liabilities		**617,546**	**584,376**
Total EQUITY AND LIABILITIES		**2,836,677**	**2,755,020**

Statement of changes in consolidated equity

2014 EUR'000	Issued capital	Revenue reserves	Fair value reserves	Consoli-dated net income	Total	Non-con-trolling interests	Equity
	Equity attributable to the parent company						
As of 1 January 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 of 30 June 2014	**1,022**	**684,604**	**14,092**	**57,516**	**757,234**	**210,951**	**968,185**

2013 EUR'000	Issued capital	Revenue reserves	Fair value reserves	Consoli-dated net income	Total	Non-con-trolling interests	Equity
	Equity attributable to the parent company						
As of 1 January 2013	**1,022**	**556,248**	**-2,355**	**90,394**	**645,309**	**206,218**	**851,527**
Consolidated interim income	0	0	0	38,758	**38,758**	6,235	**44,993**
Other comprehensive income	0	-15,030	124	0	**-14,907**	-5,021	**-19,928**
Total comprehensive income	**0**	**-15,030**	**124**	**38,758**	**23,851**	**1,214**	**25,065**
Change in equity interests in consolidated companies	0	-912	0	0	**-912**	-1,509	**-2,421**
Compensation payment obligations	0	0	0	0	**0**	-97	**-97**
Allocations to reserves	0	90,394	0	-90,394	**0**	0	**0**
Total transactions recognised directly in equity	**0**	**89,482**	**0**	**-90,394**	**-912**	**-1,606**	**-2,518**
As of 30 June 2013	**1,022**	**630,700**	**-2,231**	**38,758**	**668,248**	**205,826**	**874,074**

Notes to the consolidated interim financial statements

I. Basis of the consolidated interim financial statements

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

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

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

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

II. Accounting principles

The consolidated interim financial statements for the period as of 30 June 2014 have been prepared for the results of the first six months of 2014 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 2014.

The fair value reserve changed by EUR 15,289 thousand in the reporting period, with a balance of EUR 14,092 thousand as of 30 June 2014 (31 December 2013: EUR -1,197 thousand).

The change in the fair value of cash flow hedges of EUR -406 thousand (previous year: EUR -542 thousand) and the measurement of financial assets of EUR 14,501 thousand (31 December 2013: EUR -741 thousand) are recognised in this reserve.

Reporting and reclassifications

For a transparent presentation of the results of operations, a portion of revenue was reclassified to other operating income in these financial statements. This primarily relates to income from rental and leasing, pharmacy income and tuition fees. In total, EUR 69.5 million was reclassified to other operating income in the comparative period of the previous year.

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 2013.

In order to prepare the consolidated interim financial statements, the accounting policies presented in detail in the 2013 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 2014. 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:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- New version of IAS 27 - Separate Financial Statements
- New version of IAS 28 - Investments in Associates and Joint Ventures
- Amendments to IAS 32 - Financial Instruments - Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities - Transitional Provisions
- Amendments to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 - Financial Instruments - Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

No changes were required in the consolidated Group on the basis of the regulations of IFRS 10.

The other 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. Subsidiaries are included in the consolidated financial statements by way of full consolidation from the date on which the Group obtains control, directly either or indirectly, meaning that it can control the financial and operating policy of the respective subsidiary.

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 2014, Asklepios operates a total of 109 clinics and 33 additional 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 2014

No business combinations had to be accounted for in 2014.

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 2013.

2) Sensitivity in relation to changes to the assumptions made

There were no significant changes as against the end of 2013 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 3.0% in this consolidated interim report (31 December 2013: 3.5%).

VI. Selected notes to the consolidated interim income statement

1) Revenue

Revenue breaks down by business segment as follows:

EUR million	Q2 2014	Q2 2013	6 months 2014	6 months 2013
Business segments				
Clinical acute care	640.9	608.2	1,285.1	1,228.0
Post-acute and rehabilitation treatment	109.8	106.1	213.1	203.8
Social and welfare facilities	4.7	4.8	9.3	9.5
Other	1.7	1.6	3.3	3.4
Total	**757.1**	**720.7**	**1,510.8**	**1,444.7**

2) Other operating income

Other operating income breaks down as follows:

EUR million	6 months 2014	6 months 2013
Income from operations	37.6	31.6
Income from ancillary, additional and other operations	32.9	32.3
Income from other grants	16.5	17.4
Income from cost reimbursements	14.9	14.7
Miscellaneous other operating income	10.7	8.6
Total	**112.6**	**104.6**

Income from operations includes income from pharmacy sales.
Miscellaneous other income comprises various items from current operations.

3) Other operating expenses

Other operating expenses relate to:

EUR million	6 months 2014	6 months 2013
Maintenance and servicing	43.5	42.6
Rental expenditure	26.9	26.9
Taxes, duties and insurance (including outstanding claims reserves)	18.7	13.8
Contributions, consulting and audit fees	14.1	12.8
Office supplies, postage and telephone charges	10.3	10.1
Other administrative and IT expenses	8.0	7.3
Training expenses	6.6	7.0
Advertising and travel expenses	6.1	6.2
Miscellaneous	15.1	16.7
Total	**149.3**	**143.4**

Miscellaneous other expenses comprise various items from current operations.

4) Net finance costs

Net finance costs break down as follows:

EUR million	6 months 2014	6 months 2013
Investment income	1.7	1.7
Interest and similar income	1.3	0.9
Interest and similar expenses	-18.1	-13.9
of which interest and expenses from subordinated loans	*-1.9*	*-2.9*
Net finance costs	**-15.1**	**-11.3**

5) Income taxes

Income taxes break down as follows:

EUR million	6 months 2014	6 months 2013
Current income taxes	-12.8	-11.3
Deferred income taxes	2.0	-0.4
Total	**-10.8**	**-11.7**

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

1) Goodwill and other intangible assets

2014 EUR'000	Goodwill	Other intangible assets	Prepayments for intangible assets	Total
Cost				
As of 1 January 2014	367,664	79,260	14,893	461,817
Additions	1,054	1,869	988	3,911
Disposals	-850	-184	-810	-1,844
Reclassification	136	707	-622	221
As of 30 June 2014	**368,004**	**81,652**	**14,449**	**464,105**
Cumulative depreciation, amortisation and impairment				
As of 1 January 2014	-15,565	-45,585	0	-61,150
Additions	0	-3,866	0	-3,866
Disposals	665	177	0	842
Reclassification	0	-3	0	-3
As of 30 June 2014	**-14,900**	**-49,277**	**0**	**-64,177**
Residual carrying amounts				
As of 31 December 2013	**352,099**	**33,675**	**14,893**	**400,667**
As of 30 June 2014	**353,104**	**32,375**	**14,449**	**399,928**

2) Property, plant and equipment

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 of 1 January 2014	1,438,989	97,973	407,328	55,353	1,999,643
Additions	3,579	2,043	14,655	33,388	53,665
Disposals	-536	-2,512	-3,920	-9	-6,977
Reclassification	3,057	3,283	944	-7,505	-221
As of 30 June 2014	**1,445,089**	**100,787**	**419,007**	**81,227**	**2,046,110**
Cumulative depreciation, amortisation and impairment					
As of 1 January 2014	-419,801	-43,200	-234,611	0	-697,612
Additions	-22,415	-3,806	-24,504	0	-50,725
Disposals	486	2,510	3,132	0	6,128
Reclassification	10	0	-7	0	3
As of 30 June 2014	**-441,720**	**-44,496**	**-255,990**	**0**	**-742,206**
Residual carrying amounts					
As of 31 December 2013	**1,019,188**	**54,773**	**172,717**	**55,353**	**1,302,031**
As of 30 June 2014	**1,003,369**	**56,291**	**163,017**	**81,227**	**1,303,904**

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. A remeasurement in accordance with IAS 19.8 in conjunction with a multiemployer plan led to actuarial losses of EUR 15.0 million in the second quarter of 2014.

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 a portion of the participation capital if certain key financial covenants are not complied with. EUR 47 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%.

The subordinated shareholder loan of EUR 20.9 million was repaid in full in the second quarter of 2014.

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 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 2014 EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	0.0	1.4	1.4
Securities	167.6	0.0	0.0	167.6
Financial liabilities	0.0	1.8	0.0	1.8

31 December 2013 EUR million	Level 1	Level 2	Level 3	Net total
Financial assets	0.0	1.9	1.4	3.3
Securities	147.6	0.0	0.0	147.6
Financial liabilities	0.0	1.9	0.0	1.9

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

2014 EUR'000	Measurement category as per IAS 39	Amount recognised in statement of financial position as per IAS 39 Carrying amount 30 Jun 2014	Amortised cost	Cost	Fair value with no effect on income	Fair value with effect on income	Amount recognised in statement of financial position as per IAS 17	Fair value 30 Jun 2014
ASSETS		**938,484**	**770,921**	**0**	**167,583**	**0**	**0**	**938,484**
Cash and cash equivalents	LaR	238,068	238,068	0	0	0	0	238,068
Trade receivables	LaR	372,666	372,666	0	0	0	0	372,666
Other financial assets	AfS	167,563	0	0	167,563	0	0	167,563
Other financial assets (derivatives)	n.a.	0	0	0	0	0	0	0
Other financial assets	LaR	160,187	160,187	0	0	0	0	160,187
EQUITY AND LIABILITIES		**1,058,042**	**1,056,238**	**0**	**1,804**	**0**	**9,113**	**1,085,299**
Trade payables	FLAC	61,741	61,741	0	0	0	0	61,741
Financial liabilities	FLAC	719,484	719,484	0	0	0	0	728,035
Participation capital/subordinated capital	FLAC	47,000	47,000	0	0	0	0	49,530
Finance lease liabilities	n.a.	9,113	9,113	0	0	0	9,113	9,113
Other financial liabilities (derivatives)	n.a.	1,804	0	0	1,804	0	0	1,804
Other financial liabilities	FLAC	218,900	218,900	0	0	0	0	235,076
Of which: aggregated by measurement category according to IAS 39:								
Loans and receivables	LaR	770,921	770,921	0	0	0	0	770,921
Available-for-sale financial assets	AfS	167,563	0	0	167,563	0	0	167,563
Financial liabilities measured at amortised cost	FLAC	1,047,125	1,047,125	0	0	0	0	1,074,382

2013 EUR'000	Measurement category as per IAS 39	Carrying amount 31 Dec 2013	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 2013
			Amortised cost	Cost	Fair value with no effect on income	Fair value with effect on income		
ASSETS		**891,461**	**741,902**	**0**	**147,635**	**1,924**	**0**	**891,461**
Cash and cash equivalents	LaR	204,142	204,142	0	0	0	0	204,142
Trade receivables	LaR	379,538	379,538	0	0	0	0	379,538
Other financial assets	AfS	149,074	1,439	0	147,635	0	0	149,074
Other financial assets (derivatives)	n.a.	1,924	0	0	0	1,924	0	1,924
Other financial assets	LaR	156,783	156,783	0	0	0	0	156,783
EQUITY AND LIABILITIES		**1,103,922**	**1,102,008**	**0**	**1,914**	**0**	**9,327**	**1,106,405**
Trade payables	FLAC	73,714	73,714	0	0	0	0	73,714
Financial liabilities	FLAC	734,934	734,934	0	0	0	0	734,934
Participation capital/subordinated capital	FLAC	67,900	67,900	0	0	0	0	70,383
Finance lease liabilities	n.a.	9,327	9,327	0	0	0	9,327	9,327
Other financial liabilities (derivatives)	n.a.	1,914	0	0	1,914	0	0	1,914
Other financial liabilities	FLAC	216,133	216,133	0	0	0	0	216,133
Of which: aggregated by measurement category according to IAS 39:								
Loans and receivables	LaR	740,463	740,463	0	0	0	0	740,463
Available-for-sale financial assets	AfS	149,074	1,439	0	147,635	0	0	149,074
Financial liabilities measured at amortised cost	FLAC	1,092,681	1,092,681	0	0	0	0	1,092,681

Other notes

1) Contingent liabilities and other financial obligations

Other financial obligations break down as follows:

EUR'000	30 Jun 2014	31 Dec 2013
Rental and lease agreements	484,117	472,073
Capital commitments	40,323	46,498
Maintenance and supply agreements	33,866	35,639
Purchase commitments	26,263	38,145
Insurance contracts	1,584	2,171
Miscellaneous	18,952	17,440
Total	**605,105**	**611,966**

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	109,992
Between 2 and 5 years	162,235
More than 5 years	332,878
Total	**605,105**

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 2013, 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.

To be mentioned in particular is the fact that Asklepios Kliniken Verwaltungsgesellschaft mbH has received a purchase offer for financial assets held by the company from a related party. The related party is contractually obliged to commit to the purchase offer indefinitely. However, the related party can call on AKV in writing at any time to declare acceptance within a period of 30 days. Thereafter, the offer lapses without a requirement for further clarification. The hedging transaction is classified as a fair value hedge.

3) Consolidated statement of cash flows

In the first half of 2014, cash and cash equivalents increased by EUR 34.0 million to EUR 238.1 million compared to 31 December 2013. Net cash from operating activities amounted to EUR 147.3 million and was considerably (EUR +65.1 million) higher than the previous year.

Net cash used in investing activities in the amount of EUR 56.7 million related primarily to capital expenditure on equipment for the hospitals. In addition, net cash used in financing activities amounted to EUR 56.6 million, largely as a result of repayments of financial liabilities.

Disclaimer

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

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