

Quarterly Report 3/2012



CURANUM

Gute Pflege hat ein Zuhause.

THE GROUP AT A GLANCE

CURANUM AG, Munich

Overview of key Group figures
as of September 30, 2012

in € millions	Q3/2012*	Q3/ 2011	9M/2012*	9M/2011	2011*	2010
Revenue	73.8	66.4	216.7	195.7	265.9	256.8
Personnel expense	37.3	34.2	111.0	100.6	136.9	129.6
Other expenses	12.3	11.4	36.7	35.2	48.2	47.2
Rental expense	13.3	13.3	41.8	39.8	53.8	53.7
Operating EBITDA	10.9	7.5	27.2	20.1	27.0	26.3
as % of revenue	14.8	11.3	12.6	10.3	10.2	10.2
One-off effects	0	0	0	0	1.8	6.6
EBITDA after one-off effects	10.9	7.5	27.2	20.1	25.2	19.7
as % of revenue	14.8	11.3	12.6	10.3	9.4	7.7
Depreciation and amortization	3.4	2.8	10.0	7.9	11.1	10.2
EBIT before impairment charges	7.5	4.7	17.2	12.2	14.1	9.5
Impairment charges	0	0	0	0	22.2	16.7
EBIT	7.5	4.7	17.2	12.2	-8.1	-7.2
as % of revenue	10.2	7.1	7.9	6.2	-3.1	-2.8
Net financial result	-2.7	-2.8	-8.8	-7.7	-11.1	-9.7
Earnings before tax	4.8	1.9	8.4	4.5	-19.2	-16.9
Taxes on income	0.6	0.2	2.3	-1.7	-6.3	-1.1
Earnings after tax	4.2	1.7	6.1	6.2	-12.9	-15.8
Earnings per share (EPS) in €	0.11	0.05	0.16	0.17	-0.35	-0.54
Cash flow from operating activities	16.9	10.3	16.9	10.3	21.0	25.7
CPS in €	0.43	0.29	0.43	0.29	0.54	0.80
Net debt	53.2	54.5	53.2	54.5	50.4	61.3
Equity	53.0	66.1	53.0	66.1	46.8	49.1
Equity ratio	20.0	25.6	20.0	25.6	16.9	20.8
Total assets	264.7	258.2	264.7	258.2	277.6	236.1
Employees	7,167	6,527	7,198	6,405	7,078	6,348

* Since November 1, 2011, includes the six facilities acquired from GWA

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Group management report for the third quarter

Macroeconomic trends

The German economy has proved to be robust. Despite a difficult economic environment and recessionary trends in the Eurozone, the national economy continues to grow, although its momentum has tangibly slowed.

The care market has remained almost untouched by these trends. As anticipated, the care market reported a slight increase in the first nine months of 2012 due to its primary dependency on demographic trends and medical progress.

The employment market recorded positive development overall against this backdrop. This led to a continued increase in the demand for specialists and care personnel.

The consumer price index was up by around 2% compared with the first nine months of 2011, although general care rates failed to benefit from this to any notable extent.

Business progress

PROFITABILITY

The business development of the CURANUM Group again registered a significant positive trend in the first nine months of 2012.

The continuation of this pleasing development since the start of the financial year 2012 was primarily achieved by continuously focusing on improving our facilities' utilization and through consistently implementing structural measures. In addition, the facilities acquired in 2011 also contributed to improving revenue and earnings.

These concepts fed through to a year-on-year €7.4 million increase in consolidated revenue in the third quarter. The facility in Hennef-Mitte, which was newly opened in 2011, and the GWA facilities that were acquired in the fourth quarter of 2011, contributed €6.1 million in this context. In the first nine months of 2012, revenue therefore increased by 10.7% to €216.7 million.

Personnel expenses were up by €3.1 million in the third quarter. Of this amount, €2.4 million was attributable to the new facilities and €0.7 million to the existing facilities and the headquarters.

The rise in central personnel expenses was mainly attributable to the increase in central functions. The personnel costs of the facilities developed in proportion to the increased utilization ratio, but were also influenced by the

higher wages for care personnel. In an effort to improve employee retention, we saw reason in 2012 to expand our training and advanced education work in the CURANUM Academy. However, the personnel cost ratio in relation to revenue showed positive development in the third quarter and fell from 51.5% in the previous quarter to 50.5%. This positive development was however not visible from a 9 month perspective, which saw personnel expenses increase by 10.3% to € 111.0 million.

Rental expense came in at € 13.3 million in the third quarter despite the takeover of the GWA facilities, putting this item on a par with the previous year level. This result can be attributed to our successful rental agreement negotiations. This meant that from a 9 month perspective, rental expense only grew by around 5% to € 41.8 million.

Other expenses came in at € 12.3 million in the third quarter, about € 0.9 million up on the previous year, primarily due to the rise in food and energy costs. For the first nine months, this item therefore amounted to € 36.7 million, which corresponds to a 4.3% increase.

Overall, third-quarter EBITDA, in other words, earnings before interest, tax, depreciation and amortization, grew by € 3.4 million to € 10.9 million. For the first nine months of the year, EBITDA therefore improved by around 35% to € 27.2 million.

Primarily due to the takeover of the new facilities, amortization/depreciation increased by

€ 0.6 million in the third quarter to € 3.4 million. Depreciation/amortization for the first nine months of the year stood at € 10.0 million. EBIT, in other words, earnings before interest and tax, amounted to € 7.5 million in the third quarter. For the first nine months together, this figure stood at € 17.2 million, around 40% up on the previous year's mark.

The net financial result deteriorated by € 1.1 million to € -8.8 million compared to the previous year. While additional interest for financing leasing agreements stemming from the new facilities impacted the net financial result, interest expenses for existing loans unrelated to leasing fell due to a lower level of finance debt year-on-year.

In terms of taxes on income, we were able to report tax income in the previous year in connection with the capitalization of loss carry-forwards, while in the current financial year 2012 expenses from taxes on income amounted to € 0.6 million in the third quarter due to the release in installments of the capitalized item, and € 2.3 million in the first nine months. In the third quarter, a tax refund following the completed group audit of € 0.7 million helped to reduce the expense item.

As a consequence, we posted earnings after tax of € 6.1 million for the first nine months of the year. This breaks down as earnings per share of € 0.11 for the third quarter and € 0.16 per share for the first nine months of the year.

NET ASSETS

Consolidated total assets fell by around 5% compared with the start of the year to approximately €265 million.

On the assets side of the balance sheet, cash and cash equivalents decreased to €14.2 million as of September 30. This is primarily attributable to two effects: On the one hand, we reduced liabilities to suppliers as planned. On the other, the figure reflects the payment of the purchase price made to GWA in January. Other current assets were almost at the same level as at the start of the year, at €15.1 million.

After the investment for the acquisition of the GWA facilities, the investment volume fell back to around the previous year's mark. To this extent, non-current assets were down by around 3% to €214.6 million.

On the equity and liabilities side of the balance sheet, financial liabilities fell further by a total of €4.2 million to €67.4 million due to the repayment of existing finance debt. Lease liabilities were also reduced by €4.5 million to around €109 million as planned.

Trade payables were repaid in an amount of €4.5 million, and other current liabilities were reduced by €7.1 million.

Overall, equity grew by €6.1 million to €53.0 million, reflecting positive current-year earnings. The equity ratio therefore improved from 16.9% at the start of the year to its current level of 20.0%.

FINANCIAL POSITION

As of September 30, 2012, the CURANUM Group reported a €7.0 million reduction in cash and cash equivalents, reflecting a €16.9 million cash inflow from operating activities, a €-9.5 million cash outflow from investing activities, and a €-14.3 million cash outflow from financing activities.

Compared to the previous year, cash inflow from operating activities rose substantially by €6.4 million to €16.9 million. Along with the operating earnings improvement, this reflects a working capital reduction that is particularly attributable to effects related to the reporting date.

Along with the €5.0 million purchase price payment for the acquisition of the new facilities, the cash outflow from investing activities comprises €4.6 million of other investments. Our investments focused on improving our facilities' attractiveness and on the IT required to optimize care processes.

In addition to the planned repayment of finance liabilities, the cash outflow from financing activities also reflects the repayment of a loan that was due at the end of the first six months of the year. It also includes repayments of lease liabilities.

Negotiations with banks regarding follow-up financing for the borrower's note loan are shortly to be concluded. In connection with this, we have implemented a capital increase, the subscription period for which expires on October 18.

Employees

In the third quarter, the number of staff in the Group totaled 7,166 employees. This represents an increase of 639 employees. In total, the Curanum Group was training an average of 320 trainees in the third quarter, which is 71 more than in the previous year period.

The share

The share price fell by around 19% in the first nine months from € 1.90 at the start of the year to € 1.63 as of September 30. This shows that the share price does not reflect the improved operating earnings. The announced capital increase only resulted in minor price fluctuations. The average daily trading turnover for the first nine months was 7,708, although this figure rose substantially for the third quarter viewed on its own, with the turnover averaging 11,812 shares per day.

Risks and opportunities attached to business development

Financing risks exist until the follow-up financing for the borrower's note loan due for repayment in December 2012 has been signed. We are expecting to positively conclude our financing discussions after the subscription period for the capital increase expires. There have been no material changes to the other risks and opportunities attached to business development compared to those pre-

sented in our Annual Report for the financial year 2011.

Outlook

We anticipate that the positive business trend that we reported in the first nine months of the year will continue over the remainder of the financial year 2012.

Munich, October 17, 2012

CURANUM AG
The Management Board

Consolidated balance sheet

as of September 30, 2012

Assets in T€	30/09/2012	31/12/2011
Current assets		
Cash and cash equivalents	14,235	21,192
Trade receivables	8,417	7,535
Inventories	1,131	1,067
Other assets	5,103	4,940
Income tax receivables	496	1,084
Total current assets	29,382	35,818
Non-current assets		
Property, plant and equipment	152,565	157,433
Other intangible assets	4,697	5,225
Goodwill	57,385	57,385
Deferred tax	16,562	17,619
Other assets	4,013	4,112
Total non-current assets	235,222	241,774
Total assets	264,604	277,592

Equity and liabilities

in T€

30/09/2012

31/12/2011

	30/09/2012	31/12/2011
Current liabilities		
Leasing liabilities	6,377	6,018
Financial liabilities	30,048	32,298
Trade payables	7,406	11,870
Provisions	699	750
Income tax liabilities	2,430	1,500
Other liabilities	18,906	25,961
Total current liabilities	65,866	78,397
Non-current liabilities		
Leasing liabilities	102,276	107,129
Financial liabilities	37,350	39,336
Deferred tax	4,874	4,483
Provisions	1,244	1,304
Total non-current liabilities	145,744	152,252
Equity		
Share capital	39,192	39,192
Additional paid-in capital	37,460	37,460
Treasury shares	-1,241	-1,241
Revenue reserve and earnings carried forward	-27,400	-14,438
Consolidated net income	6,125	-12,864
Other comprehensive income	-1,188	-1,205
Non-controlling interests	46	39
Total equity	52,994	46,943
Total equity and liabilities	264,604	277,592

Consolidated income statement

for the period from January 1, 2012 until September 30, 2012

in T€	Q3/2012	Q3/2011	9M/2012	9M/2011
1. Revenue	73,758	66,407	216,727	195,665
2. Cost of sales	61,121	56,794	185,091	169,240
3. Gross profit	12,637	9,613	31,636	26,425
4. Selling and marketing expenses	286	380	919	1,176
5. General administration expenses	5,453	5,211	17,051	14,896
6. Other operating expenses	147	172	581	1,189
7. Other operating income	782	919	4,136	3,002
8. Operating profit	7,533	4,769	17,221	12,166
9. Interest and similar expenses	2,927	2,858	9,066	7,815
10. Other interest and similar income	208	42	259	114
11. Earnings before income taxes	4,814	1,953	8,414	4,465
12. Taxes on income	609	269	2,282	-1,754
13. Earnings after income taxes	4,205	1,684	6,132	6,219
of which share of earnings attributable to non-controlling interests	1	2	7	6
of which earnings attributable to CURANUM AG shareholders	4,204	1,682	6,125	6,213
Earnings per share (diluted and basic) based on earnings attributable to holders of CURANUM AG ordinary shares	0.11	0.05	0.16	0.17
Number of outstanding shares taken as basis	38,786,898	35,700,348	38,786,898	35,700,348

Total comprehensive income of the Company

for the period from January 1, 2012 until September 30, 2012

in T€	Q3/2012	Q3/2011	9M/2012	9M/2011
Earnings after income taxes	4,205	1,684	6,132	6,219
Gains/losses from the change in fair value of financial instruments used for hedging purposes	-7	-889	25	-1,164
Losses from other earnings-neutral changes	0	-24	0	-13
Deferred tax relating to earnings-neutral components of comprehensive income for the period	1	265	-8	347
Total value changes reported in equity	-6	-648	17	-830
Total of after-tax earnings and value changes reported in equity	4,199	1,036	6,149	5,389
of which attributable to non-controlling interests	1	2	7	6
of which attributable to CURANUM AG shareholders	4,198	1,034	6,142	5,383

Consolidated statement of changes in equity

for the period from January 1, 2012 until September 30, 2012

All amounts in T€	Share capital	Capital reserves	Accumulated profit/loss	Revenue reserve	
				Other revenue reserves	Actuarial gains/losses
31/12/2010	32,660	32,303	-15,354	1,023	0
Total of after-tax earnings and value changes reported in equity	0	0	6,213	0	0
Capital increase	6,532	5,157	0	0	0
Miscellaneous changes	0	0	0	-131	0
30/09/2011	39,192	37,460	-9,141	892	0
31/12/2011	39,192	37,460	-28,217	1,009	-94
Total of after-tax earnings and value changes reported in equity	0	0	6,125	0	0
Miscellaneous changes	0	0	0	-98	0
30/09/2012	39,192	37,460	-22,092	911	-94

Other comprehensive income			Equity attributable to CURANUM shareholders	Non-controlling interests	Equity
Repurchase of Treasury shares	Revaluation reserve	Cash flow hedge	Total	Total	Total
-1,241	543	-835	49,099	47	49,146
0	-13	-817	5,383	6	5,389
0	0	0	11,689	0	11,689
0	0	0	-131	0	-131
-1,241	530	-1,652	66,040	53	66,093
-1,241	486	-1,691	46,904	39	46,943
0	0	17	6,142	7	6,149
0	0	0	-98	0	-98
-1,241	486	-1,674	62,000	46	52,994

Consolidated cash flow statement

for the 2012 financial year for CURANUM AG, Munich

in T€	30/09/2012	30/09/2011
I. Operating activities		
Result before taxes and minority interests	8,414	4,464
Depreciation/amortization and impairments of non-current assets	9,975	7,889
Other interest and similar income	-259	-114
Interest and similar expenses	9,066	7,815
Gains from the disposal of assets	56	22
Change in working capital	-7,593	-6,173
Income taxes paid	-749	-1,708
Income taxes received	877	1,746
Interest paid	-3,152	-3,731
Interest received	233	110
Cash flow from operating activities	16,867	10,320
II. Investing activities		
Cash outflows from corporate acquisitions	-4,856	0
Cash outflows for investments in property, plant and equipment, and intangible assets	-4,635	-5,432
Cash flow from investing activities	-9,491	-5,432
III. Financing activities		
Cash inflows from drawing down of financial liabilities	0	1,357
Cash outflows for redemption of financial liabilities	-4,284	-6,179
Cash outflows for finance leasing (interest and redemption components)	-10,049	-7,230
Capital increase	0	11,757
Cash flow from financing activities	-14,333	-295
Net change in cash and cash equivalents	-6,957	4,593
Cash and cash equivalents at the start of the period	21,192	15,850
Cash and cash equivalents at the end of the period	14,235	20,443

NOTES TO THE FINANCIAL STATEMENTS

1. General information on the company

CURANUM Aktiengesellschaft (referred to below as "CURANUM AG" or the "Company") has its headquarters at Engelbertstraße 23-25, 81241 Munich, Germany. The business objective of CURANUM AG and its subsidiaries is the creation and operation of senior citizen and residential care homes. CURANUM AG, Munich, as the ultimate parent company of the CURANUM Group, has prepared this set of consolidated financial statements.

Basis of preparation

These unaudited quarterly financial statements have been prepared according to International Financial Reporting Standards (IFRS). As of the time of transfer to IFRS on January 1, 2004, Curanum AG prepared a set of opening accounts that provide the starting point for IFRS accounting.

The income statement has been prepared according to the nature of expense method.

These quarterly financial statements have been prepared in harmony with IAS 34, and do not necessarily contain all information presented in the consolidated financial statements. Reference should be made to the consolidated financial statements as of December 31, 2011, which were prepared according to IFRS.

The quarterly financial statements are prepared in euros. All values have been rounded to the nearest thousand euros (T€) unless otherwise stated. The tables and notes may contain rounding differences compared with the precisely mathematically calculated figures.

2. Accounting principles

The accounting and valuation principles are identical to those used for reporting purposes as of December 31, 2011. Please refer to the related notes in the consolidated financial statements as of December 31, 2011.

Statement of compliance with IFRS

The quarterly financial statements of CURANUM AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union.

SCOPE OF CONSOLIDATION

Name	Registered office	Interest held % ¹⁾
The following German companies were fully consolidated as of September 30, 2012 (in alphabetical order):		
1 Altenheim Betriebsgesellschaft Ost GmbH ²⁾	Munich	100.0
2 Altenheim Betriebsgesellschaft Süd GmbH ²⁾	Munich	100.0
3 Altenheim Betriebsgesellschaft West GmbH ²⁾	Munich	100.0
4 Alten- und Pflegeheim Sieglar GmbH ²⁾	Munich	100.0
5 Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG	Munich	95.0
6 Bremer Wohnstifte gemeinnützige GmbH ³⁾	Bremen	100.0
7 CURANUM AG (Muttergesellschaft)	Munich	--
8 CURANUM Akademie Stiftung gemeinnützige GmbH	Munich	100.0
9 CURANUM Bad Hersfeld GmbH ²⁾	Munich	100.0
10 CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.0
11 CURANUM Bessenbach GmbH ²⁾	Munich	100.0
12 CURANUM Betriebs GmbH ²⁾	Munich	100.0
13 CURANUM Dienstleistung GmbH ²⁾	Munich	100.0
14 CURANUM Franziskushaus GmbH ²⁾	Gelsenkirchen	100.0
15 CURANUM Holding GmbH ²⁾	Munich	100.0
16 CURANUM Liesborn GmbH & Co. KG	Munich	94.0
17 CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG	Munich	100.0
18 CURANUM Westfalen GmbH ²⁾	Munich	100.0
19 doc Orange GmbH ^{2), 4)}	Munich	100.0
20 ELISA Seniorenstift GmbH ²⁾	Munich	100.0
21 FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH ²⁾	Munich	100.0
22 GAP Media Service GmbH ²⁾	Munich	100.0
23 Krankenhaus Ruhesitz am Wannsee-Seniorenheimstatt GmbH ²⁾	Berlin	100.0
24 Lucullus GmbH ^{2), 3)}	Bremen	100.0
25 OPTICURA Service GmbH ²⁾	Munich	100.0
26 Residenzen Niederrhein GmbH	Munich	100.0
27 RIAG Seniorenzentrum "Ennepetal" GmbH & Co. KG	Munich	99.6
28 RIAG Seniorenzentrum "Erste" GmbH & Co. KG	Munich	100.0
29 RIAG Seniorenzentrum Zweite GmbH & Co. KG	Munich	100.0
30 Seniorenzentrum Hennef GmbH ²⁾	Munich	100.0
31 Service Gesellschaft West GmbH ²⁾	Munich	100.0
32 Timmendorfer Wohnstift gemeinnützige GmbH ³⁾	Bremen	100.0
33 VGB Beteiligungs- und Vermögensverwaltungs-GmbH	Munich	94.0
34 Wäscherei Ellerich GmbH ²⁾	Kaisersesch	100.0
35 Wohnstift Lingen gemeinnützige GmbH ³⁾	Bremen	100.0
36 Wohnstift Salzgitter-Bad gemeinnützige GmbH ³⁾	Bremen	100.0

¹⁾ Unless otherwise stated, the equity interest corresponds to the level of voting rights

²⁾ These companies are exempt from the requirement to prepare, audit and publish annual financial statements and management reports in accordance with the provisions applying to incorporated firms.

³⁾ CURANUM Holding GmbH acquired these companies with effect as of November 1, 2011. Please refer to the section A2 in the 2011 consolidated financial statements "Scope of consolidation" for more information.

⁴⁾ This company was founded on March 28, 2012, and was entered in the commercial register on April 18, 2012.

Events after the balance sheet date (IAS 10.21)

On September 27, 2012, the Management Board of CURANUM AG resolved with the agreement of the Supervisory Board to increase the Company's share capital by partially utilizing the approved capital from the Annual General Meeting 2011 through granting subscription rights to all shareholders parallel to the follow-up financing for the borrower's note loan which is shortly to be concluded. Therefore CURANUM AG is offering all existing shareholders the opportunity to subscribe a total of up to 3,315,000 no-par shares with an issue amount of €1.00 per share in return for cash during the subscription period from October 4 - 18, 2012. The intention is to increase the Company's share capital from T€39,192 currently to T€42,507. The new shares will be offered to the shareholders in a 11.7:1 ratio at a subscription price of €1.50 per share. The 405,102 treasury shares held by the Company are not participating in the subscription offer and are not included in the calculation of the subscription ratio. At the time this quarterly report was prepared, the subscription period had not yet been completed. For more information, please refer to the ad-hoc releases dated September 27, 2012 and October 2, 2012.

Earnings per share

Please refer to the note to the income statement in these quarterly financial statements concerning earnings per share.

Related parties

Please refer to the notes to the consolidated financial statements as of December 31, 2011, concerning related parties disclosures.

No significant changes have occurred compared with the consolidated financial statements as of December 31, 2011.

3. Segment reporting

The CURANUM Group renders all services for an identical group of customers, and operates exclusively on the German market. These services' opportunity and risk profiles are not significantly different, and are interdependent. For this reason, the business segments that have been identified are summarized in line with the provisions of IFRS 8. Since there are no separate reporting segments in the meaning of IFRS 8, there is also no presentation by business divisions.

4. Contingent liabilities and claims

Contingent liabilities are not recognized in the quarterly financial statements. They are disclosed in the notes to the consolidated financial statements except when a possibility of an outflow of resources representing economic benefits is highly unlikely.

Contingent claims are not recognized in the quarterly financial statements. They are entered in the notes to the consolidated financial statements, however, when the inflow of economic benefits is likely.

Munich, October 17, 2012

CURANUM AG

The Management Board



Walther Wever
(CEO)



Judith Barth
(CFO)



CURANUM

Gute Pflege hat ein Zuhause.

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