

# Quarterly Report 3/2011

for the period from January 1st to September 30th



**CURANUM**

*Good care has a home.*

## Table of key figures

### CURANUM AG, Munich

Overview of key Group figures – Actual  
as of September 30, 2011 (IFRS)

In € mill.	Q3/2011*	Q3/2010*	9M/2011*	9M/2010*	2010*	2009*
Revenue	66.4	65.2	195.7	191.3	256.8	253.1
Personnel expenditure	34.2	33.0	100.6	97.0	129.6	126.3
Miscellaneous expense	11.4	11.2	35.2	34.2	47.2	44.8
Rental expense	13.3	13.5	39.8	40.4	53.7	54.0
Operating EBITDA	7.5	7.5	20.1	19.7	26.3	28.0
as % of revenue	11.3	11.5	10.3	10.3	10.2	11.1
EBITDA after one-off effects	7.5	7.5	20.1	19.7	19.7	28.0
as % of revenue	11.3	11.5	10.3	10.3	7.7	11.1
Depreciation / amortization	2.8	2.7	7.9	7.5	26.9	9.7
EBIT	4.7	4.8	12.2	12.2	-7.2	18.3
as % of revenue	7.1	7.4	6.2	6.4	-2.8	7.2
Net financial result	-2.8	-2.5	-7.7	-7.2	-9.7	-8.9
Earnings before tax	1.9	2.3	4.5	5.0	-16.9	9.4
Earnings after tax	1.7	1.5	6.2	2.0	-15.8	6.4
Earnings per share (EPS) in €	0.05	0.05	0.17	0.06	-0.54	0.18
Cash flow	10.3	25.2	10.3	25.2	25.7	19.8
CPS in €	0.3	0.8	0.3	0.8	0.8	0.6
Cash and cash equivalents	20.5	24.4	20.5	24.4	15.9	8.9
Equity	66.1	67.3	66.1	67.3	49.1	66.1
as % of total assets	25.6	25.1	25.6	25.1	20.8	28.0
Total assets	258.2	268.3	258.2	268.3	236.1	236.4
Employees	6,527	6,275	6,405	6,202	6,348	6,179

\* Excluding discontinued operation in Vienna

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## Management report on the third quarter

### Macroeconomic trends

Gross domestic product growth slowed considerably in the third quarter. The care market was almost unaffected by this, given its primary dependency on demographic trends. The overall unemployment rate fell further. In particular, however, the supply of specialist care personnel underwent a further dramatic reduction. There was a marked increase in the consumer price index, although general care rates proved unable to benefit from this to any notable extent.

### CURANUM business trends

#### PROFITABILITY

Third-quarter consolidated revenue increased by €1.2 million to reach €66.4 million. This was due, firstly, to a further year-on-year increase in occupancy, and, secondly, to the expansion of our range of additional care services for occupants suffering from dementia, and the start of operations of our new facility in Hennef-Mitte. As a consequence, revenue for the first nine months of the year was up by 2.3% to €195.7 million.

The personnel expense increased by €1.2 million in the third quarter to reach €34.2 million, which is also due to a special effect connected with the stepping down of a Management Board member. Consequently, the personnel expense for the first nine months increased by 3.6% to €100.6 million.

The third-quarter rental expense of €13.3 million was slightly below the previous year's level. This was mainly due to the amalgamation of the two Munich head offices, and the closure of the Nuremberg subgroup headquarters in winter 2010. The nine-month rental expense fell by 1.5% to €39.8 million as a consequence.

At €11.4 million, other expenses were almost unchanged compared with the previous year's figure, which is attributable, in particular, to high maintenance costs, and the consultancy expense connected with the GWA transaction that the company plans to implement in the fourth quarter. As a result, other expenses over the course of the first nine months increased by almost 3% year-on-year to reach €35.2 million.

EBITDA (earnings before interest, tax, depreciation and amortization) stood at €7.5 million in the third quarter. Total EBITDA for the first nine months grew by 2.0% to €20.1 million.

There was a slight increase of €0.1 million to €2.8 million in depreciation and amortization in the third quarter, primarily as a consequence of a new finance lease agreement for Hennef-Mitte.

EBIT (earnings before interest and tax) thereby amounted to €4.7 million in the third quarter, allowing us to achieve a total of €12.2 million for the first nine months, equivalent to the previous year's figure.

The net financial result for the third quarter worsened by €0.3 million to €-2.8 million. This is due to additional interest payments for the new financing leases. The interest expense for existing loans excluding leases fell further due to the year-on-year lower level of finance debt, and consequently remained approximately equivalent to the previous year's quarter. The net financial result thereby worsened by 7% to €-7.7 million in the first nine months.

The income tax in the first nine months includes €2.6 million of deferred tax due to the profit-and-loss transfer agreement between CURANUM AG and CURANUM Holding GmbH that was approved by the Shareholders' General Meeting.

Third-quarter earnings after tax amounted to €1.7 million as a consequence. For the first nine months they totaled €6.2 million, compared with €2.0 million in the previous year. This corresponds to earnings per share of €0.17 for the first nine months.

## NET ASSETS

Total consolidated assets increased by 9% compared with the start of the year to reach €258.2 million.

On the assets side of the balance sheet, the cash position increased to €20.5 million as of September 30, primarily due to the capital increase that was performed in the second quarter. Also, in particular, other current assets underwent a slight increase of €2.9 million to €13.9 million due to prepayments and accrued income for rent and insurance.

Property, plant and equipment was up by €11.5 million due to the opening of our new Hennef-Mitte facility after the conclusion of a finance lease agreement. The conclusion of the profit-and-loss transfer agreement between CURANUM AG and CURANUM Holding GmbH resulted in the capitalization of deferred tax due to the €2.6 million of loss carryforwards reported at CURANUM AG. There was a slight increase of €0.6 million in intangible assets due to the re-licensing of our operating systems. Non-current assets rose by €14.6 million to €223.8 million as a consequence.

On the equity and liabilities side of the balance sheet, financial liabilities decreased by total of €2.2 million to €75.0 million as of September 30. Current financial liabilities reduced to €15.1 million primarily due to the reclassification of €21.3 million of current liabilities as non-current liabilities. This reclassification occurred as the result of the agreement by the lenders of the borrower's note loan to the covenant breach at the end of last year,

which was presented in the last annual report.

Trade payables decreased by €1.4 million, and other current liabilities were down by €3.8 million. The latter was connected partly with the contractually agreed transfer of the Vienna facility. The €1.4 million increase in current provisions is particularly connected with the addition that was made to personnel provisions. Finally, lease liabilities increased by €11.4 million to €89.8 million, primarily due to the balance sheet recognition of the new Hennef lease agreement.

Total equity increased by €16.9 million to €66.1 million due to the capital increase and the earnings generated in the current year. The equity ratio improved from 20.8% at the start of the year to currently 25.6% as a consequence.

## FINANCIAL POSITION

As of September 30, 2011, the CURANUM Group reports a €4.6 million change in its cash position, which is composed of a €10.3 million cash inflow from operating activities, a €-5.4 million cash outflow from investing activities, and a €-0.3 million cash outflow from financing activities.

The cash inflow from operating activities was below the previous year's level of €25.2 million. Along with outgoing payments due to the sale of the Vienna facility, this is particularly attributable to a working capital reduction related to the reporting date.

The cash outflow from investing activities includes outgoing payments of €4.5 million for investments in our facilities, and €0.9 million for software licenses.

The reduction in the cash outflow from financing activities is primarily due to the €11.7 million capital increase that

was implemented in the second quarter of the year. This inflow is offset, in particular, by special redemptions of real estate loans.

### Management Board and employees

As of September 30, Mrs. Merazzi-Weirich stepped down from the Management Board of our company by amicable agreement. We thank her für the long lasting cooperation and wish her all the best for the future.

At 6,527 individuals, the number of Group employees in the third quarter was 252 higher than in the prior-year period. The CURANUM Group currently employs 249 trainees.

### The share

Independent of operating business trends at CURANUM AG over the nine-month period, the share price fell from €2.40 on January 1 to €2.03 on September 30. This decline is less than the general retreat in DAX share prices. Average daily trading turnover amounted to 12,596 shares in electronic trading (Xetra) in the first nine months of the year, and stood at 14,165 shares overall.

### Risks and opportunities attached to business development

Compared with the presentation made in the 2010 financial-year annual report, there were no notable changes to the risks and opportunities pertaining to business development.

### Outlook

We anticipate that operating business trends will continue positively over the further course of the 2011 financial year, not least due to the marketing activities that we launched, and to the newly introduced responsibilities at regional

manager level. In addition, and due to the related transaction, we expect positive earnings contributions from the prospective takeover of the six GWA Group facilities.

In the fourth quarter, we aim to continue with our investment program to improve our facilities, and at the same time to analyze each individual location's strategic market positioning through our real estate management function.

We intend to reduce the turnover rate of our specialist staff through the personnel development concepts that we have developed over the last few months, and through the activities of the CURANUM Akademie Stiftung. As a training-oriented operation, we will also continue to predominantly train our own up-and-coming specialist care staff.

Munich, November 2011

The Management Board

## Financial statements for Q3 2011

### Consolidated balance sheet

as of September 30, 2011

ASSETS	30/09/2011	31/12/2010
in T€		
<b>Current assets</b>		
Cash and cash equivalents	20,443	15,850
Trade receivables	6,323	5,916
Inventories	982	946
Other assets	6,169	2,908
Income tax receivables	444	1,273
<b>Total current assets</b>	<b>34,361</b>	<b>26,893</b>
<b>Non-current assets</b>		
Property, plant and equipment	144,334	132,829
Other intangible assets	2,116	1,530
Goodwill	59,802	59,802
Deferred tax	13,812	11,145
Other assets	3,777	3,920
<b>Total non-current assets</b>	<b>223,841</b>	<b>209,226</b>
<b>Total assets</b>	<b>258,202</b>	<b>236,119</b>

EQUITY AND LIABILITIES in T€	30/09/2011	31/12/2010
<b>Current liabilities</b>		
Leasing liabilities	4,930	4,554
Financial liabilities	15,134	34,909
Trade payables	6,160	7,543
Provisions	2,324	898
Income tax liabilities	388	1,122
Other liabilities	13,159	17,006
<b>Total current liabilities</b>	<b>42,095</b>	<b>66,032</b>
<b>Non-current liabilities</b>		
Leasing liabilities	84,851	73,831
Financial liabilities	59,853	42,275
Deferred tax	4,423	3,925
Provisions	887	910
<b>Total non-current liabilities</b>	<b>150,014</b>	<b>120,941</b>
<b>Equity</b>		
Share capital	39,192	32,660
Additional paid-in capital	37,460	32,303
Treasury shares	-1,241	-1,241
Revenue reserve and retained earnings	-14,462	3,037
Consolidated net income	6,213	-17,368
Other comprehensive income	-1,122	-292
Non-controlling interests	53	47
<b>Total equity</b>	<b>66,093</b>	<b>49,146</b>
<b>Total equity and liabilities</b>	<b>258,202</b>	<b>236,119</b>



## Consolidated income statement

for the period from January 1 to September 30, 2011

CURANUM AG, Munich

Continuing operations

in T€	Q3 2011	Q3 2010	9M 2011	9M 2010
1. Revenue	66,407	65,213	195,665	191,252
2. Cost of sales	56,794	55,293	169,240	164,917
3. Gross profit	9,613	9,920	26,425	26,335
4. Selling and marketing expenses	380	307	1,176	881
5. General administration expenses	5,211	5,344	14,896	14,237
6. Other operating expenses	172	182	1,189	1,718
7. Other operating income	919	786	3,002	2,727
8. Operating profit	4,769	4,873	12,166	12,226
9. Interest and similar expenses	2,858	2,561	7,815	7,287
10. Other interest and similar income	42	18	114	49
11. Earnings before income taxes	1,953	2,330	4,465	4,988
12. Taxes on income	269	778	-1,754	2,953
13. Earnings after tax on continuing operations	1,684	1,552	6,219	2,035
14. Profit/loss on discontinued operations after tax	0	-174	0	-661
15. Net income for the period	1,684	1,378	6,219	1,374
of which share of earnings attributable to non-controlling interests	2	-15	6	-49
of which earnings attributable to CURANUM AG shareholders	1,682	1,393	6,213	1,423
<b>Earnings per share (basic and diluted)</b>				
relating to earnings attributable to bearers of CURANUM AG ordinary shares	0.05	0.04	0.17	0.04
relating to earnings on continuing operations attributable to bearers of CURANUM AG ordinary shares	0.05	0.05	0.17	0.06
Number of outstanding shares taken as basis				
	35,700,348	32,267,835	35,700,348	32,267,835

## Consolidated cash flow statement

for the 2011 financial year of  
CURANUM AG, Munich

In T€	30/09/2011	30/09/2010*
<b>I. Operating activities</b>		
Earnings before tax	4,464	4,323
Profit/loss on discontinued operations before tax	0	-666
Profit/loss on continuing operations before tax	4,464	4,989
Depreciation / amortization / impairment charges	7,889	7,501
Other interest and similar income	-114	-47
Interest and similar expenses	7,815	7,284
Gains from the disposal of assets	22	-152
Other	0	748
Increase/decrease in provisions	1,388	2,560
Change in working capital	-7,561	7,402
Income taxes paid	-1,708	-2,309
Income taxes received	1,746	1,242
Interest paid	-3,731	-4,022
Interest received	110	46
<b>Cash flow from operating activities</b>	<b>10,320</b>	<b>25,242</b>
<b>II. Investing activities</b>		
Cash outflows for investments in property, plant and equipment, and intangible assets	-5,432	-5,131
Proceeds from the disposal of property, plant and equipment	0	5,385
<b>Cash flow from investing activities</b>	<b>-5,432</b>	<b>254</b>
<b>III. Financing activities</b>		
Cash inflows from drawing down of financial liabilities	1,357	1,040
Cash outflows for redemption of financial liabilities	-6,179	-4,838
Cash outflows for finance leasing (interest and redemption components)	-7,230	-6,293
Capital increase	11,757	0
<b>Cash flow from financing activities</b>	<b>-295</b>	<b>-10,091</b>
<b>Net change in cash and cash equivalents</b>	<b>4,593</b>	<b>15,405</b>
Cash and cash equivalents at the start of the period	15,850	8,846
<b>Cash and cash equivalents at the end of the period</b>	<b>20,443</b>	<b>24,251</b>

\*The difference between the previous year's amount and the amount reported in the balance sheet as of September 30, 2010 relates to the cash and cash equivalents for the discontinued operation in Vienna

## Presentation of total comprehensive income for the period

### Statement of total comprehensive income

In T€	Q3 2011	Q3 2010	9M 2011	9M 2010
Earnings after income taxes	1,684	1,378	6,219	1,374
Gains/losses from change in fair value of of financial instruments deployed for hedging purposes	-889	192	-1,164	-105
Gains from change in fair value of available-for-sale financial assets	0	1	0	1
Gains/losses from other earnings-neutral changes	-24	-13	-13	-40
Deferred tax relating to earnings-neutral components of comprehensive income for the period	265	-57	347	32
Total value changes reported in equity	-648	123	-830	-112
<b>TOTAL OF EARNINGS AFTER INCOME TAXES AND VALUE CHANGES REPORTED IN EQUITY</b>	<b>1,036</b>	<b>1,501</b>	<b>5,389</b>	<b>1,262</b>
of which attributable to non-controlling interests	2	-15	6	-49
of which attributable to CURANUM AG shareholders	1,034	1,516	5,383	1,311

## Consolidated statement of changes in in equity

for the period January 1 to September 30, 2011  
CURANUM AG, Munich

All amounts in T€	Share capital	Capital reserves	Revenue reserve	
			Accumulated profit/loss	Other revenue reserves
<b>31 Dec 09</b>	32,660	32,303	-3,856	-181
Comprehensive after-tax income for the period			5,870	-35
Miscellaneous changes				-49
<b>30 Sep 10</b>	32,660	32,303	2,014	-265
<b>31 Dec 10</b>	32,660	32,303	2,014	1,023
Comprehensive after-tax income for the period			-17,368	
Cash capital increase after issue costs and tax	6,532	5,157		
Miscellaneous changes/reclassifications in share of earnings attributable to non-controlling interests				-131
<b>30 Sep 11</b>	39,192	37,460	-15,354	892

	Other comprehensive income			Non-controlling interests	Equity
Repurchase of treasury shares	Consolidated profit/loss	Revaluation reserve	Cash flow hedge		
-1,241	5,870	1,448	-905	0	66,098
	-4,496	-39	-73		1,227
	49				0
-1,241	1,423	1,409	-978	0	67,325
-1,241	-17,368	543	-835	47	49,146
	23,587	-13	-817		5,389
					11,689
	-6			6	-131
-1,241	6,213	530	-1,652	53	66,093

## Notes

### 1. General information

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 2011 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, 2010, which were prepared according to IFRS.

These quarterly financial statements have been prepared in euros. All values have been rounded to the nearest thousand euros (T€) unless otherwise stated.

### 2. Accounting and valuation principles

The accounting and valuation principles are identical to those used for reporting purposes as of December 31, 2010. Please refer to the related notes in the

consolidated financial statements as of December 31, 2010.

#### Statement of compliance with IFRS

These interim financial statements of CURANUM AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU.

## Scope of consolidation

Name	Registered office	Interest % <sup>1)</sup>
The following German companies were fully consolidated as of September 30, 2011: (in alphabetical order)		
1. Altenheim Betriebsgesellschaft Ost GmbH <sup>2)</sup>	Munich	100.0
2. Altenheim Betriebsgesellschaft Süd GmbH <sup>2)</sup>	Munich	100.0
3. Altenheim Betriebsgesellschaft West GmbH <sup>2)</sup>	Munich	100.0
4. Alten- und Pflegeheim Sieglar GmbH <sup>2)</sup>	Munich	100.0
5. Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG	Munich	95.0
6. CURANUM AG (Muttergesellschaft)	Munich	--
7. CURANUM Akademie Stiftung gGmbH <sup>3)</sup>	Munich	100.0
8. CURANUM Bad Hersfeld GmbH <sup>2)</sup>	Munich	100.0
9. CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.0
10. CURANUM Bessenbach GmbH <sup>2)</sup>	Munich	100.0
11. CURANUM Betriebs GmbH <sup>2)</sup>	Munich	100.0
12. CURANUM Dienstleistung GmbH <sup>2) 4)</sup>	Munich	100.0
13. CURANUM Franziskushaus GmbH <sup>2)</sup>	Gelsenkirchen	100.0
14. CURANUM Holding GmbH <sup>2)</sup>	Munich	100.0
15. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG <sup>2)</sup>	Munich	100.0
16. CURANUM Westfalen GmbH <sup>2)</sup>	Munich	100.0
17. ELISA Seniorenstift GmbH <sup>2)</sup>	Munich	100.0
18. FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH <sup>2)</sup>	Munich	100.0
19. GAP Media Service GmbH <sup>2)</sup>	Munich	100.0
20. Krankenhaus Ruhesitz am Wannsee-Seniorenheimstatt GmbH <sup>2)</sup>	Berlin	100.0
21. OPTICURA Service GmbH <sup>2)</sup>	Munich	100.0
22. Residenzen Niederrhein GmbH	Munich	100.0
23. RIAG Seniorenzentrum „Ennepetal“ GmbH & Co. KG	Munich	99.6
24. RIAG Seniorenzentrum „Erste“ GmbH & Co. KG	Munich	100.0
25. RIAG Seniorenzentrum „Zweite“ GmbH & Co. KG	Munich	100.0
26. CURANUM Liesborn GmbH & Co. KG <sup>5)</sup>	Munich	100.0
27. Seniorenzentrum Hennef GmbH <sup>2)</sup>	Munich	100.0
28. Service Gesellschaft West GmbH <sup>2)</sup>	Munich	100.0
29. VGB Beteiligungs- und Verwaltungs GmbH	Munich	94.0
30. Wäscherei Ellerich GmbH <sup>2)</sup>	Kaisersesch	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) This company was formed on June 30, 2011.

4) This company was formed on April 18, 2011. The entry in the commercial register occurred on June 1, 2011.

5) This company changed its corporate name as the result of a resolution of April 2011. The entry in the commercial register occurred on May 20, 2011.

## Events after the balance sheet date (IAS 10.21)

The takeover of the six residential homes from the Bremen based Gesellschaft für Wohnen im Alter is planned for the near future, as soon as the closing conditions are met.

## 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, 2010 concerning related parties disclosures.

No significant changes have occurred compared with the consolidated financial statements as of December 31, 2010.

## 3. Segment reporting

The CURANUM Group renders all services for one identifiable customer group exclusively within Germany. Due to the overall uniform opportunities and risk profile of all services, all business segments are aggregated into one business area in accordance with IFRS 8.

## 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 where a possibility of an outflow of resources embodying economic benefits is highly unlikely.

Contingent claims are also 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.

## 5. Capital increase

The authorization of the Management Board that resulted from a resolution of the Shareholders' General Meeting on June 25, 2009, to increase the company's share capital, with Supervisory Board approval, in exchange for cash or non-cash capital contributions, once or on several occasions until June 24, 2012, by a total, however, of up to €6,532,000 through the issue of a maximum of 6,532,000 new ordinary bearer shares was realized through the placing of new shares. The new shares were offered to shareholders in a 4.9 : 1 ratio, at a subscription price of €1.80 per share. The subscription period ran between April 12, 2011 and May 2, 2011.

CURANUM AG's share capital is raised from currently €32,660,000.00 to €39,192,000.00 as a result of the capital increase. The gross issue proceeds from the capital increase that accrue to CURANUM AG following the deduction of issue costs amount to €11,757,600. This inflow of funds serves the continuation of the company's growth path.

At the same time, we refer to the information published in the ad hoc announcements on March 31, 2011 and May 3, 2011.



## 6. Executive bodies of CURANUM AG

The Management Board member responsible for project management, Mrs. Sabine Merazzi-Weirich, left the company as of September 30, 2011 on amicable terms.

Munich, November 4, 2011

CURANUM AG

The Management Board



Walther Wever  
(CEO)



Judith Barth  
(CFO)



CURANUM AG  
Engelbertstr. 23–25  
81241 München  
Germany

Telefon: 089/24 20 65-0  
Telefax: 089/24 20 65-10  
eMail: [info@curanum.de](mailto:info@curanum.de)  
Website: [www.curanum.de](http://www.curanum.de)