

Semi-annual report 2011

for the period from January 1st to June 30th



CURANUM

Good care has a home.

Table of key figures

CURANUM AG, Munich

Overview of key Group figures - Actual
as of June 30, 2011 (IFRS)

In € mill.	Q2/2011*	Q2/2010*	1 st half-year 2011*	1 st half-year 2010*	2010*	2009*
Revenue	65.3	63.6	129.3	126.0	256.8	253.1
Personnel expenditure	33.6	32.3	66.4	64.0	129.6	126.3
Miscellaneous expense	11.9	11.9	23.8	22.9	47.2	44.8
Rental expense	13.3	13.5	26.5	26.9	53.7	54.0
EBITDA	6.5	5.9	12.5	12.2	26.3	28.0
as % of revenue	10.0	9.3	9.7	9.7	10.2	11.1
EBITDA after one-off effects	6.5	5.9	12.5	12.2	19.7	28.0
as % of revenue	10.0	9.3	9.7	9.7	7.7	11.1
Depreciation / amortization	2.6	2.4	5.1	4.8	26.9	9.7
EBIT	3.9	3.5	7.4	7.4	-7.2	18.3
as % of revenue	6.0	5.5	5.7	5.9	-2.8	7.2
Net financial result	-2.5	-2.6	-4.9	-4.7	-9.7	-8.9
Earnings before tax	1.4	0.9	2.5	2.7	-16.9	9.4
Earnings after tax	4.0	-0.6	4.5	0.5	-15.8	6.4
Earnings per share (EPS) in €	0.10	-0.01	0.12	0.02	-0.54	0.18
Cashflow	3.4	10.5	3.4	10.5	25.7	19.8
CPS in €	0.1	0.3	0.1	0.3	0.8	0.6
Cash and cash equivalents	19.1	14.7	19.1	14.7	15.9	8.9
Equity	65.1	65.8	65.1	65.8	49.1	66.1
as % of total equity and liabilities	25.4	26.7	25.4	26.7	20.8	28.0
Total assets	256.5	246.3	256.5	246.3	236.1	236.4
Employees	6,196	6,180	6,213	6,166	6,348	6,179

* Excluding discontinued operation in Vienna

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Management report for the semi-annual financial statements

Macroeconomic trends

The care market benefited from continued growth in gross domestic product in the second quarter, as well as from 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 slight increase in the consumer price index. General care rates barely benefited from this trend, however.

CURANUM business trends

PROFITABILITY

Second-quarter consolidated revenue increased by €1.7 million year-on-year to reach €65.3 million, primarily due to rising occupancy at our facilities. The expansion of our range of additional care services for occupants suffering from dementia also contributed to the revenue growth. In addition, we opened CURANUM Seniorenresidenz Hennef-Mitte in North Rhine-Westphalia in mid-June, which offers 80 fully inpatient places and 59 managed apartments. Total revenue was up by 2.6% to €129.3 million in the first half of the year.

The personnel expense increased to a disproportionately stronger extent by €1.3 million. This was primarily due to the utilization of temporary help due to the tight labor market for specialist care personnel, and as a result of structural expenses in connection with the regionalization of operational responsibility. In overall terms, the personnel expense increased by 3.8% to €66.4 million in the first half of the year.

The second-quarter rental expense of €13.3 million was slightly below the previous year's level. This arises mainly

from the merger of the two head offices in Munich, and the closure of the Group sub-headquarters in Nuremberg in winter 2010. The rental expense fell consequently by 1.5% to €26.5 million in the first half-year.

Other expenses stood at €11.9 million in the second quarter. This is principally due to maintenance measures, as well as higher expenditure on consultancy services for the capital increase, the planned refinancing, and the GWA transaction. Other expenses were up by 3.9% year-on-year to €23.8 million in the first half as a consequence.

Earnings before interest, tax, depreciation and amortization (EBITDA) improved by €0.6 million year-on-year to €6.5 million due to the operating measures that were launched. Total EBITDA in the first half of the year increased by €0.3 million to €12.5 million as a result.

There was a slight increase of €0.2 million to €2.6 million in depreciation and amortization in the second quarter, primarily as a consequence of a new finance lease agreement for Hennef-Mitte.

This fed through to a €0.4 million year-on-year improvement in earnings before interest and tax (EBIT) to €3.9 million, allowing us to achieve first-half EBIT of €7.4 million, equivalent to the previous year's level.

The second-quarter net financial result stood at €-2.5 million. Compared with the previous year, this is attributable to higher interest expenses connected with the new finance lease agreements, among other factors. The interest expense for loans reduced further due to the lower level of finance debt compared with the previous year, and was consequently at approximately the same level as the

previous year's quarter. This led to a slight decline of 4.3% in the first-half net financial result to €-4.9 million.

Second-quarter income tax 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.

Second-quarter earnings after tax stood at €4.0 million as a consequence, and totaled €4.5 million in the first half of the year. This corresponds to earnings per share of €0.10 and €0.12 respectively.

NET ASSETS

Total consolidated assets increased by €20.4 million compared with the start of the year to reach €256.5 million.

On the assets side of the balance sheet, the cash position increased to €19 million as of June 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 €1.2 million due to prepayments and accrued income for rent and insurance.

Property, plant and equipment grew by €14.5 million due to the conclusion of a finance lease agreement following the opening of our new Hennef-Mitte facility. The conclusion of the profit-and-loss transfer agreement between CURANUM AG and CURANUM Holding GmbH resulted in the capitalization of deferred tax as a consequence of €2.6 million loss carryforwards reported at CURANUM Holding GmbH. Intangible assets increased slightly, by €0.8 million, due to the relicensing of our operating systems.

On the equity and liabilities side of the balance sheet, financial liabilities decreased by total of €2.7 million as of June 30. Current financial liabilities reduced to €15.4 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 €4.3 million. The latter was connected with the contractually agreed transfer of the Vienna facility. The €1.0 million increase in current provisions is particularly connected with the addition that was made to personnel provisions. Finally, lease liabilities increased by €12.2 million, primarily due to the balance sheet recognition of the new Hennef lease agreement.

Total equity was up by €15.9 million to €65.1 million, particularly as a consequence of the capital increase. The equity ratio improved from 20.8% at the start of the year to currently 25.4% as a consequence.

FINANCIAL POSITION

The CURANUM Group reports a €3.3 million cash position as of June 30, 2011. This reflects a €3.4 million cash inflow from operating activities, a €-3.7 million cash outflow from investing activities, and a €3.6 million cash inflow from financing activities.

The cash inflow from operating activities was below the previous year's level of €10.5 million. This is due to a reduction in working capital. This is connected, firstly, with approximately €2.2 million of outgoing payments due to the sale of the Vienna facility as of the transfer date, and, secondly, with the reduction in current liabilities.

The cash outflow from investing activities includes outgoing payments of €2.8 million for investments in our

facilities, and €0.9 million for software licenses.

The cash inflow from financing activities is primarily the result of the €11.7 million capital increase that was performed in the second half of the year. This inflow is offset, in particular, by special redemptions of real estate loans.

Employees

At 6,196 individuals, the number of Group employees in the second quarter was 16 higher than in the prior-year period. The CURANUM Group currently employs 238 trainees.

The share

The share price rose from €2.40 on January 1 to €2.65 on June 30, which means an increase of 10.4%. The average daily turnover in the first half-year stood at 34,091 shares per day.

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. In particular, we succeeded, as indicated in the annual report, in receiving waiver declarations

for the reported covenant breach from most of the banks financing us in the borrower's note loan. This resulted in the partial reclassification of these loans from current to non-current liabilities.

Outlook

We anticipate that business trends for our existing facilities 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 six GWA Group facilities that we will prospectively own from October.

We intend to reduce our specialist staff turnover rate through new personnel development concepts, and the start of activities at the CURANUM Academy Foundation. As a training-oriented operation, we will also continue to train our own up-and-coming specialist care staff.

Munich, August 2011

The Management Board

Semi-annual financial Statement 2011

Consolidated balance sheet

as of June 30, 2011

ASSETS		
In T€	30.06.2011	31.12.2010
Current assets		
Cash and cash equivalents	19,106	15,850
Trade receivables	6,408	5,916
Inventories	983	946
Other assets	4,160	2,908
Income tax receivables	1,225	1,273
Total current assets	31,882	26,893
Non-current assets		
Property, plant and equipment	145,187	132,829
Other intangible assets	2,287	1,530
Goodwill	59,802	59,802
Deferred tax	13,576	11,145
Other assets	3,805	3,920
Total non-current assets	224,657	209,226
Total assets	256,539	236,119

EQUITY AND LIABILITIES		
In T€	30.06.2011	31.12.2010
Current liabilities		
Leasing liabilities	4,741	4,554
Financial liabilities	15,380	34,909
Trade payables	6,165	7,543
Provisions	1,983	898
Income tax liabilities	290	1,122
Other liabilities	12,690	17,006
Total current liabilities	41,249	66,032
Non-current liabilities		
Leasing liabilities	85,871	73,831
Financial liabilities	59,107	42,275
Deferred tax	4,289	3,925
Provisions	927	910
Total non-current liabilities	150,194	120,941
Equity		
Share capital	39,192	32,660
Additional paid-in capital	37,487	32,303
Treasury shares	-1,241	-1,241
Revenue reserve	-14,449	3,037
Consolidated net income	4,531	-17,368
Other comprehensive income	-474	-292
Non-controlling interests	50	47
Total equity	65,096	49,146
Total equity and liabilities	256,539	236,119

Consolidated income statement

for the period from January 1 to June 30, 2011

In T€	Q 2 2011	Q 2 2010	1st half- year 2011	1st half- year 2010
1. Revenue	65,211	63,615	129,258	126,039
2. Cost of sales	56,302	55,147	112,446	109,624
3. Gross profit	8,909	8,468	16,812	16,415
4. Selling and marketing expenses	494	307	796	574
5. General administration expenses	4,959	4,429	9,685	8,893
6. Other operating expenses	463	962	1,017	1,536
7. Other operating income	821	663	2,083	1,941
8. Operating profit	3,814	3,433	7,397	7,353
9. Interest and similar expenses	2,498	2,557	4,957	4,726
10. Other interest and similar income	34	15	72	31
11. Earnings before income taxes	1,350	891	2,512	2,658
12. Taxes on income	-2,645	1,503	-2,023	2,175
13. Profit/loss on continuing operation before tax	3,995	-612	4,535	483
14. Profit/loss on discontinued operations after tax	0	-212	0	-487
15. Earnings after income taxes	3,995	-824	4,535	-4
of which earnings attributable to minority interests (non-controlling interests)	1	-21	4	-34
of which earnings attributable to CURANUM AG shareholders	3,994	-803	4,531	30
Earnings per share (basic and diluted)	0.10	-0.03	0.12	0.00
Number of outstanding shares taken as basis	38,799,835	32,267,835	38,799,835	32,267,835

Consolidated cash flow statement

for the 2011 financial year of
CURANUM AG, Munich

In T€	30.06.2011	30.06.2010
I. Operating activities		
Result before taxes and minority interests	2,512	2,658
Depreciation/amortisation and impairments of non-current assets	5,147	4,845
Other interest and similar income	-72	-32
Interest and similar expenses	4,957	4,726
Gains from the disposal of assets	21	-153
Other non-cash expenses/income	0	0
Other	0	0
Increase/decrease in provisions	1,103	2,113
Change in working capital	-7,376	-6
Income taxes paid	-2,051	-1,661
Income taxes received	1,296	859
Interest paid	-2,175	-2,838
Interest received	70	32
Cash flow from operating activities	3,432	10,543
II. Investing activities		
Cash outflows for investments in property, plant and equipment, and intangible assets	-3,703	-3,824
Income from the sale of property, plant and equipment	0	5,385
Cash flow from investing activities	-3,703	1,561
III. Financing activities		
Cash inflows from drawing down of financial liabilities	456	400
Cash outflows for redemption of financial liabilities	-3,867	-2,752
Cash outflows for finance leasing (interest and redemption components)	-4,819	-3,925
Capital increase	11,757	0
Cash flow from financing activities	3,527	-6,277
Net change in cash and cash equivalents	3,256	5,827
Cash and cash equivalents at the start of the period	15,850	8,846
Cash and cash equivalents at the end of the period	19,106	14,673

PRESENTATION OF TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Statement of total comprehensive income

In T€	Q 2 2011	Q 2 2010	1st half- year 2011	1st half- year 2010
Earnings after income taxes	3,995	-824	4,535	-4
Gains/losses from change in fair value of fair value of financial instruments deployed for hedging purposes	-531	-27	-275	-297
Gains/losses from other earnings-neutral changes	18	-14	11	-27
Deferred tax relating to earnings-neutral components of comprehensive income for the period	158	8	82	89
Total value changes reported in equity	-355	-33	-182	-235
Total of earnings after income taxes and value changes reported in equity	3,640	-857	4,353	-239
of which attributable to minority interests	1	-21	4	-34
of which attributable to CURANUM AG shareholders	3,639	-836	4,349	-205

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period January 1 to June 30, 2011

CURANUM AG, Munich

In T€	Share capital	Capital reserves	Revenue reserve	
			Accumulated profit/loss	Other revenue reserve
December 31, 2009	32,660	32,303	-3,856	-181
Comprehensive after-tax income for the period			5,870	-23
Miscellaneous changes				-34
June 30, 2010	32,660	32,303	2,014	-238
December 31, 2010	32,660	32,303	2,014	1,023
Comprehensive after-tax income for the period			-17,368	
Capital increase after issuing expenses and tax	6,532	5,184		
Miscellaneous changes				-118
June 30, 2011	39,192	37,487	-15,354	905

		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		66,098
	-5,874	-27	-208		-262
	34				0
-1,241	30	1,421	-1,113		65,836
-1,241	-17,368	543	-835	47	49,146
	21,903	93	-275		4,353
					11,716
	-4			4	-118
-1,241	4,531	636	-1,110	51	65,097

Notes

1. General information on the company

CURANUM Aktiengesellschaft is headquartered at Engelbertstrasse 23-25, 81421 Munich, Germany. The business objective of the company and its subsidiaries is the creation and operation of senior citizen and residential care homes. CURANUM AG, as the ultimate parent company of the CURANUM Group, has prepared this set of consolidated financial statements.

2. Accounting and valuation principles

With the exception of the special circumstances detailed below, 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.

Basis of preparation

These unaudited financial statements for the first six months of 2011 have been prepared according to International Financial Reporting Standards (IFRS). As of January 1, 2004, the time of transfer to IFRS, 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 semi-annual 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.

The semi-annual financial statements are prepared in euros. All values have been rounded up to the nearest thousand euros (T-EUR) unless otherwise stated.

Statement of compliance with IFRS

The semi-annual 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 % ¹⁾
The following German companies were fully consolidated as of June 30, 2011 (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. CURANUM AG (parent company)	Munich	--
7. CURANUM Bad Hersfeld GmbH ²⁾	Munich	100.0
8. CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.0
9. CURANUM Bessenbach GmbH ²⁾	Munich	100.0
10. CURANUM Betriebs GmbH ²⁾	Munich	100.0
11. CURANUM Dienstleistung GmbH ²⁾	Munich	100.0
12. CURANUM Franziskushaus GmbH ²⁾	Gelsenkirchen	100.0
13. CURANUM Holding GmbH ²⁾	Munich	100.0
14. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG ²⁾	Munich	100.0
15. CURANUM Westfalen GmbH ²⁾	Munich	100.0
16. ELISA Seniorenstift GmbH ²⁾	Munich	100.0
17. FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH ²⁾	Munich	100.0
18. GAP Media Service GmbH ²⁾	Munich	100.0
19. Krankenhaus Ruhesitz am Wannsee-Seniorenheimstatt GmbH ²⁾	Berlin	100.0
20. OPTICURA Service GmbH ²⁾	Munich	100.0
21. Residenzen Niederrhein GmbH	Munich	100.0
22. RIAG Seniorenzentrum „Ennepetal“ GmbH & Co. KG	Munich	99.6
23. RIAG Seniorenzentrum „Erste“ GmbH & Co. KG	Munich	100.0
24. RIAG Seniorenzentrum „Zweite“ GmbH & Co. KG	Munich	100.0
25. CURANUM Liesborn GmbH & Co. KG ³⁾	Munich	100.0
26. Seniorenzentrum Hennef GmbH ²⁾	Munich	100.0
27. Service Gesellschaft West GmbH ²⁾	Munich	100.0
28. VGB Beteiligungs- und Verwaltungs GmbH	Munich	94.0
29. Wäscherei Ellerich GmbH ²⁾	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) Former: ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG

Events after the balance sheet date (IAS 10.21)

At its meeting on July 12, 2011, CURANUM AG's Supervisory Board granted its approval to the takeover of six residential homes from the Bremen-based Gesellschaft für Wohnen im Alter (GWA). The purchase agreement concerning these residential homes was signed on July 8, 2011, subject to Supervisory Board approval. The GWA Group generated a profit in the 2010 financial year on revenue of EUR 21 million. The purchase price amounts to approximately EUR 9.2 million. This purchase price is increased by a lump-sum amount of EUR 300,000.00 in order to offset the seller's expenses connected with the transaction. The seller is also compensated with contractually defined and guaranteed cash amounts. The transaction will be closed prospectively on September 30, 2011.

CURANUM Holding GmbH concluded a control and profit-and-loss transfer agreement with CURANUM AG as the controlling company on July 14, 2011. The shareholder meeting approved this transaction with a resolution of June 30, 2011. The Shareholders' General Meeting of CURANUM AG approved the conclusion of the agreement with a resolution of July 13, 2011. The transaction was entered in Commercial Register B of the Munich Local Court on July 18, 2011, under commercial register reference HRB 168731.

Earnings per share

Please refer to the note to the income statement in these semi-annual 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 corporate group renders all services for an identical group of customers, and operates exclusively on the German market. Based on the consistent opportunity and risk profiles of all these services, all business segments were combined into one business unit according to 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 not recognized in the quarterly financial statements, as well. They are entered in the notes to the consolidated financial statements, however, when the inflow of economic benefits is likely.

5. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, these interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with the description of the principal opportunities and risks associated with the expected

development of the Group in the remainder of the financial year.

Munich, August 11, 2011

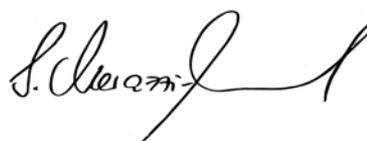
CURANUM AG
The Management Board



Walther Wever
(CEO)



Judith Barth
(CFO)



Sabine Merazzi-Weirich
(Management Board member)

Calendar



Thursday, November 10, 2011

Release of the third quarterly report 2011



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