

Quarterly Report 1/2011



Table of key figures

CURANUM AG, Munich

Overview of key Group figures - Actual
as of March 31, 2011 (IFRS)

In € mill.	Q1/2011 ¹⁾	Q1/2010 ¹⁾	2010 ¹⁾	2009 ¹⁾
Revenue	64.0	62.4	256.8	253.1
Personnel expenditure	32.8	31.7	129.6	126.3
Miscellaneous expense	11.9	11.0	47.2	44.8
Rental expense	13.2	13.4	53.7	54.0
EBITDA	6.1	6.3	19.7²⁾	28.0
as % of revenue	9.5	10.1	7.7	11.1
Depreciation / amortization	2.5	2.4	26.9	9.7
EBIT	3.6	3.9	-7.2	18.3
as % of revenue	5.6	6.3	-2.8	7.2
Net financial result	-2.4	-2.1	-9.7	-8.9
Earnings before tax	1.2	1.8	-16.9	9.4
Earnings after tax	0.5	1.1	-15.8	6.4
Earnings per share (EPS) in €	0.02	0.03	-0.54	0.18
Cashflow	2.7	6.5	25.7	19.8
CPS ³⁾ in €	0.1	0.2	0.8	0.6
Cash and cash equivalents	14.0	9.9	15.9	8.9
Equity	49.8	66.7	49.1	66.1
as % of total equity and liabilities	21.2	28.2	20.8	28.0
Total assets	234.6	236.3	236.1	236.4
Employees	6,230	6,152	6,348	6,179

¹⁾ Excluding discontinued operation in Vienna

²⁾ including one-off effects (net=26.3)

³⁾ referred to the operative cashflow

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Management report for the quarterly financial statements

Macroeconomic development

Gross domestic product continued to grow during the first quarter. The care market benefited only partially from this economic growth, however, since it depends primarily on demographic trends. The unemployment rate fell by around 10%. The employment market for specialist care personnel remains extraordinarily tight as a consequence. The consumer price index was up by around 2% in the first three months, without this being accompanied by an increase in general care rates.

Business trends

PROFITABILITY

First-quarter revenue was up by € 1.6 million year-on-year to reach € 64.0 million. This growth is primarily due to the start of operation at the care facility in Wachtendonk in summer 2010, and to the expansion of the product range to include additional care services for occupants suffering from dementia. The utilization rate was slightly above that of the comparable period of the previous year.

The personnel expense increased at a disproportionately faster rate of € 1.1 million. This rise is caused, firstly, by the start of operation of the new facility in Wachtendonk. The second reason for the increase is the higher utilization of temporary help due to a lack of care staff, and to personnel-related restructuring measures attributable to the regionalization of operational responsibility.

The rental expense was slightly below the previous year's level at € 13.2 million. This results mainly from the merger of the two head offices in Munich, and the closure of the Group

sub-headquarters in Nuremberg in winter 2010.

Other expenses were up by € 0.9 million compared to the first quarter of 2010 because of accelerated maintenance measures among other things. As a consequence, EBITDA operating earnings (earnings before interest, tax, depreciation and amortization) of € 6.1 million were slightly below the previous year's figure.

Included in these € 6.1 million are one-off effects resulting from consultancy expenses for the capital increase and refinancing in order to implement the expansion strategy amounting to € 0.3 million. Consequently the EBITDA amounts to € 6.1 million.

Depreciation and amortization was almost constant at € 2.5 million, resulting in EBIT (earnings before interest and tax) of € 3.6 million in the first quarter of 2011.

The first-quarter net financial result stood at € -2.4 million, representing € 0.3 million decline. This year-on-year reduction is partially attributable to higher interest expenses connected with new finance leases. Loan borrowing costs fell slightly due to the lower level of finance debt compared with the previous year's quarter. Consequently, first-quarter earnings after tax amounted to € 0.5 million, equivalent to earnings per share of € 0.02.

NET ASSETS

The Group's total assets fell slightly, by € 1.5 million, compared with the start of the year. On the assets side of the balance sheet, the cash position was down by € 1.8 million. This was offset by a € 0.2 million increase in receivables arising from care services, and a € 0.3 million increase in receivables due from the tax authorities. The € 0.9 million

increase in other assets is particularly due to prepayments and accrued income for rent and insurance. Property, plant and equipment underwent a slight decline of € 1.4 million. Scheduled depreciation/amortization of € 2.3 million was offset by investments of € 0.9 million, which were below the budgeted level due to seasonally-related delays. Intangible assets increased by € 0.8 million as a consequence of the relicensing of our operating systems.

While current financial liabilities of € 34.9 million were almost unchanged compared with the start of the year, we realized a € 0.7 million reduction in non-current financial liabilities. We increased trade payables by € 1.2 million, while other current liabilities reduced by € 2.4 million in connection with the contractually agreed transfer of the Vienna facility, which occurred at the end of February. The € 0.9 million increase in current provisions is particularly connected with the addition that was made to personnel provisions. Finally, there was a € 1.1 million decrease in lease liabilities as a result of scheduled repayments. There was an overall € 0.7 million increase in equity to € 49.8 million. The equity ratio underwent a slight improvement from 20.8% at the start of the year to currently 21.2%. It will increase further after the end of the first quarter as a result of the equity capital increase that has been implemented.

FINANCIAL POSITION

The CURANUM Group reported a cash and cash equivalents position of € 14.0 million as of March 31, 2011. The cash flow of the CURANUM Group amounted to € -1.8 million as of March 2011. It is composed of € 2.7 million of cash flow from operating activities previous year: € 6.5 million), € -1.9 million of cash flow from investing activities (previous year: € -2.0 million), and € -2.7 million of cash flow from financing activities (previous year: € -3.4 million).

When adjusted to reflect special effects, cash flow from operating activities was slightly below the previous year's level on a year-on-year basis. In the previous year, the special effects related to the receipt of € 0.5 million of tax reimbursements, and, in this year, they relate to outgoing payments of around € 2.2 million connected with the sale of the Vienna facility to the purchaser as of the transfer date.

The cash outflow from investing activities comprises outgoing payments of € 0.9 million for investments in our facilities, and of an identical amount for software licenses. It was almost constant on a year-on-year comparison as a consequence.

The cash outflow from financing activities was € 0.7 million less than in the comparable prior-year period. This is primarily due to a further reduction in net debt.

Employees and management board

At an average of 6,230 in the first quarter, staff numbers were 78 higher than in the comparable previous-year period (6,152), which primarily reflects the new facility in Wachtendonk. The CURANUM Group currently employs 293 trainees.

The present interim CEO Walther Wever will be at Curanum AG's disposal beyond June 30th 2011, until a successor is found who will continue the strategic reorientation.

The share

The CURANUM Share opened the quarter on January 1, 2011 at a price of € 2.40, and closed the quarter as of March 31, 2011 at € 2.26. The average daily turnover in the first quarter stood at 16,210 shares per day.

In March, the Management Board announced the capital increase entailing

the issuing of around 6.5 million new shares. This transaction has meanwhile been successfully concluded. We allocated 5.2 million shares to our shareholders by way of subscription right exercise. The remaining 1.3 million shares were issued by way of oversubscription. As a consequence, interest in the new shares significantly outstripped supply. In overall terms, oversubscription requests amounted to 15.5 million shares.

Risks and opportunities attached to business development

There have been no changes to the risks and opportunities attached to our business development compared with the situation described in the 2010 annual report.

Outlook

We anticipate that our business trends will be positive over the course of the 2011 financial year due to the marketing activities that we have launched, and in view of the newly introduced responsibilities at regional manager level. Given our growth path, we are also assuming a further increase in occupancy in our existing facilities. We also plan to open our new senior care residence at Hennef-Mitte in June 2011. Finally, we have set ourselves the target of growing on a transaction basis over the coming months following the equity capital increase that has meanwhile been successfully placed.

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

Munich, May 2011

The Management Board

Quarterly financial statement 1/2011

Consolidated balance sheet

as of March 31, 2011

ASSETS	31.03.2011	31.12.2010
In T€		
Current assets		
Cash and cash equivalents	14,047	15,850
Trade receivables	6,149	5,916
Inventories	945	946
Other assets	3,807	2,908
Income tax receivables	1,516	1,273
Total current assets	26,464	26,893
Non-current assets		
Property, plant and equipment	131,396	132,829
Other intangible assets	2,285	1,530
Goodwill	59,802	59,802
Deferred tax	10,802	11,145
Other assets	3,832	3,920
Total non-current assets	208,117	209,226
Total assets	234,581	236,119

EQUITY AND LIABILITIES	31.03.2011	31.12.2010
In T€		
Current liabilities		
Leasing liabilities	4,646	4,554
Financial liabilities	34,934	34,909
Trade payables		
Trade payables	8,786	7,543
Provisions	1,456	898
Income tax liabilities	1,187	1,122
Other liabilities	14,632	17,006
Total current liabilities	65,641	66,032
Non-current liabilities		
Leasing liabilities	72,627	73,831
Financial liabilities	41,526	42,275
Deferred tax	4,044	3,925
Provisions	910	910
Total non-current liabilities	119,107	120,941
Equity		
Share capital	32,660	32,660
Additional paid-in capital	32,303	32,303
Treasury shares	-1,241	-1,241
Revenue reserve	-14,356	3,037
Consolidated net income	537	-17,368
Other comprehensive income	-119	-292
Non-controlling interests	49	47
Total equity	49,833	49,146
Total equity and liabilities	234,581	236,119

Consolidated income statement

for the period from January 1 to March 31, 2011

In T€	Q1/2011	Q1/2010
1. Revenue	64,047	62,424
2. Cost of sales	56,144	54,477
3. Gross profit	7,903	7,947
4. Selling and marketing expenses	302	267
5. General administration expenses	4,726	4,464
6. Other operating expenses	554	574
7. Other operating income	1,262	1,278
8. Operating profit	3,583	3,920
9. Interest and similar expenses	2,459	2,169
10. Other interest and similar income	38	16
11. Earnings before income taxes	1,162	1,767
12. Taxes on income	622	672
13. Profit/loss on continuing operation before tax	540	1,095
14. Profit/loss on discontinued operations after tax	0	-275
15. Earnings after income taxes	540	820
of which earnings attributable to minority interests (non-controlling interests)	3	-13
of which earnings attributable to CURANUM AG shareholders	537	833
Earnings per share (basic and diluted)	0.02	0.03
Number of outstanding shares taken as basis	32,254,898	32,267,835

Consolidated cash flow statement

for the 2011 financial year of
CURANUM AG, Munich

In T€	31.03.2011	31.03.2010
I. Operating activities		
Result before taxes and minority interests	1,162	1,767
Depreciation/amortisation and impairments of non-current assets	2,539	2,387
Other interest and similar income	-38	-16
Interest and similar expenses	2,459	2,169
Gains from the disposal of assets	0	1
Other	0	0
Increase/decrease in provisions	303	1,437
Change in working capital	-2,219	330
Income taxes paid	-673	-995
Income taxes received	261	807
Interest paid	-1,097	-1,416
Interest received	38	16
Cash flow from operating activities	2,735	6,487
II. Investing activities		
Cash outflows for corporate acquisitions	0	0
Cash outflows for investments in property, plant and equipment, and intangible assets	-1,862	-2,007
Cash flow from investing activities	-1,862	-2,007
III. Financing activities		
Cash inflows from drawing down of financial liabilities	456	0
Cash outflows for redemption of financial liabilities	-724	-1,482
Drawing down of liabilities for finance leasing arising from sale-and-lease-back	0	0
Cash outflows for finance leasing (interest and redemption components)	-2,408	-1,964
Cash outflow for repurchase of own shares	0	0
Distributions to shareholders	0	0
Cash flow from financing activities	-2,676	-3,446
Exchange-rate-related changes in cash and cash equivalents	0	0
Net change in cash and cash equivalents	-1,803	1,034
Cash and cash equivalents at the start of the period	15,850	8,846
Cash and cash equivalents at the end of the period	14,047	9,880

Presentation of total comprehensive income for the period

for the period from January 1 to March 31, 2011

Statement of total comprehensive income

In T€	Q1/2011	Q1/2010
Earnings after income taxes	540	820
Gains/losses from change in fair value of fair value of financial instruments deployed for hedging purposes	256	-270
Gains/losses from other earnings-neutral changes	-7	-13
Deferred tax relating to earnings-neutral components of comprehensive income for the period	-76	81
Total value changes reported in equity	173	-202
Total of Earnings after income taxes and value changes reported in equity	713	618
of which attributable to minority interests	3	-13
of which attributable to CURANUM AG shareholders	710	631

Consolidated statement of changes in equity

for the period from January 1 to March 31, 2011

In T€	Share capital	Capital reserves	Revenue reserve	
			Accumulated profit/loss	Other revenue reserve
31. Dez 09	32,660	32,303	-3,856	-181
Comprehensive after-tax income for the period			5,870	-11
Miscellaneous changes				-13
March 31, 2010	32,660	32,303	2,014	-205
December 31, 2010	32,660	32,303	2,014	1,023
Comprehensive after-tax income for the period			-17,368	
Miscellaneous changes				-25
March 31, 2011	32,660	32,303	-15,354	998

Repurchase of Treasury shares	Consolidated profit/loss	Other comprehensive income		Non- controlling interests	Equity
		Revaluation reserve	Cash flow hedge		
-1,241	5,870	1,448	-905		66,098
	-5,050	-13	-189		607
	13				0
-1,241	833	1,435	-1,094		66,705
-1,241	-17,368	543	-835	47	49,146
	17,908	-83	256		713
	-3			3	-26
-1,241	537	460	-579	49	49,833

Notes

1. General information on the company

CURANUM Aktiengesellschaft (referred to below as "CURANUM AG" or the "Company") has its headquarters at Engelbertstrasse 23-25, 81421 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.

2. Accounting 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 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. Please refer 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-EUR) unless otherwise stated.

DECLARATION OF AGREEMENT WITH IFRS

The 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 % ¹⁾
The following German companies were fully consolidated as of March 31, 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 (Muttergesellschaft)	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 Franziskushaus GmbH ²⁾	Gelsenkirchen	100.0
12. CURANUM Holding GmbH ²⁾	Munich	100.0
13. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG ²⁾	Munich	100.0
14. CURANUM Westfalen GmbH ²⁾	Munich	100.0
15. ELISA Seniorenstift GmbH ²⁾	Munich	100.0
16. FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH ²⁾	München	100.0
17. GAP Media Service GmbH ²⁾	Munich	100.0
18. Krankenhaus Ruhesitz am Wannsee-Seniorenheimstatt GmbH ²⁾	Berlin	100.0
19. OPTICURA Service GmbH ²⁾	Munich	100.0
20. Residenzen Niederrhein GmbH	Munich	100.0
21. RIAG Seniorenzentrum "Ennepetal" GmbH & Co. KG	Munich	99.6
22. RIAG Seniorenzentrum "Erste" GmbH & Co. KG	Munich	100.0
23. RIAG Seniorenzentrum Zweite GmbH & Co. KG	Munich	100.0
24. ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG ³⁾	Düsseldorf	94.0
25. Seniorenzentrum Hennef GmbH ²⁾	Munich	100.0
26. Service Gesellschaft West GmbH ²⁾	Munich	100.0
27. VGB Beteiligungs- und Verwaltungs GmbH	Munich	94.0
28. 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) CURANUM AG's voting right share in this company amounts to 15 %

EVENTS AFTER THE BALANCE SHEET DATE (IAS 10.21)

With a notary deed dated April 18, 2011, CURANUM Dienstleistungs GmbH, Munich, was founded as a wholly-owned subsidiary of Curanum Holding GmbH.

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 EUR 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 EUR 1.80 per share. The subscription period ran between April 12, 2011 and May 2, 2011.

CURANUM AG's share capital will be raised from currently EUR 32,660,000 to EUR 39,192,000 as a result of the capital increase. The gross issue proceeds from the capital increase that will accrue to CURANUM AG following the deduction of issue costs amount to EUR 11,757,600. The company will deploy the cash inflow to continue on its 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.

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 an identical group of customers, and operates exclusively on the German market following the deconsolidation of both Austrian companies. 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. The company's portfolio still included Austrian companies until the end of 2010, which requires the presentation of Group-wide information pursuant 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. They are entered in the notes to the consolidated financial statements, however, when the inflow of economic benefits is likely.

Munich, May 12 2011

CURANUM AG

The Management Board



Walther Wever
(CEO)



Judith Barth
(CFO)



Sabine Merazzi-Weirich
(Management Board member)

Calendar

Thursday, May 12, 2011	Release of the first quarterly report 2011
Wednesday, June 22, 2011	Annual general meeting, Bad Nenndorf
Thursday, August 11, 2011	Release of the second quarterly report 2011
Thursday, November 10, 2011	Release of the third quarterly report 2011



CURANUM AG
Engelbertstr. 23–25
81241 München
Germany

Telefon: 089/24 20 65-0
Telefax: 089/24 20 65-10
eMail: info@curanum.de
Website: www.curanum.de