CURANUM

Good care has a home.

CONSOLIDATED FINANCIAL STATEMENTS 2009

CONTENT

GROUP MANAGEMENT REPORT

REPORT OF THE SUPERVISORY BOARD

FINANCIAL STATEMENTS

Group Management Report for the 2009 financial year

1. OVERALL ENVIRONMENT AND BUSINESS PROGRESS

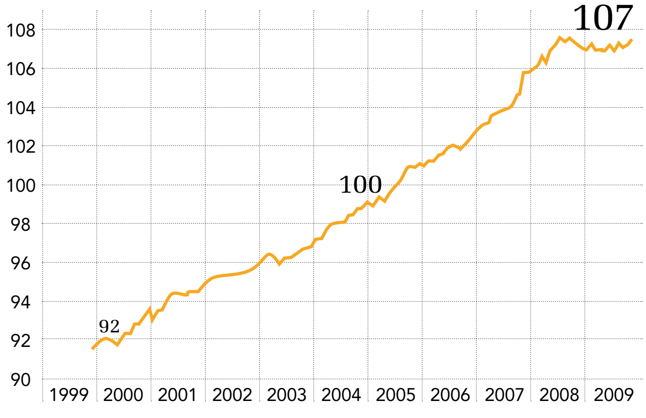
MACROECONOMIC TRENDS

In 2009, the German economy contracted for the first time in six years. The 5.0 % decline in gross domestic product (GDP) in real terms was the sharpest drop ever experienced in the post-war period (data provided by the Federal Office of Statistics, Wiesbaden). Exports, a key growth engine of the German economy, put the brakes on economic developments in 2009.

The German consumer price index rose on average by 0.4 % year-on-year in 2009. This is the lowest annual inflation rate since German reunification. The last time that the inflation rate was similarly low was in 1999, at 0.6 %. Since then, annual inflation has averaged at least 1.5 %.

CONSUMER PRICE INDEX (SEASONALLY ADJUSTED) 1999-2009

(2005=100)



Source: German Central Bank

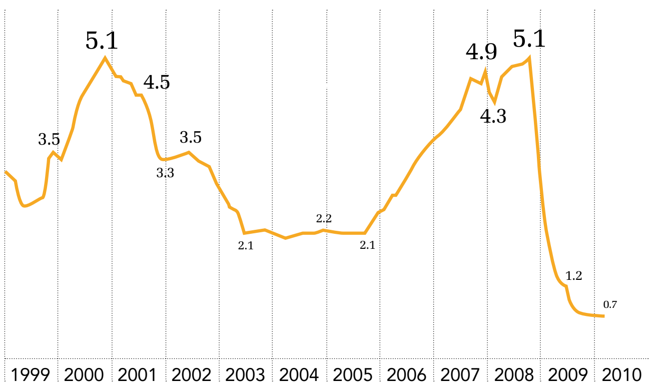
There was an average of 3.42 million unemployed persons in 2009, compared with 3.27 million in the previous year. This represents an unemployment rate of 8.2 % (previous year: 7.8 %).

Consumer spending provided positive impulses in 2009: private consumer spending rose by 0.4 % in real terms, and state consumption increased by as much as 2.6 % in real terms year-on-year.

Capital market interest rates in Germany fell considerably towards the end of the reporting period. For instance, EURIBOR three-month money market rates dropped to 0.71 % in December 2009. This interest rate was the lowest registered over the last 10 years.

3-MONTH-EURIBOR 1999-2009

(in %)



Source: German Central Bank

SECTOR TRENDS

German citizens elected the new Lower House of the German Parliament on September 27, 2009.

The CDU/CSU Union parties and the FDP together reached the requisite majority to form the black-yellow coalition that both parties were aiming for. Dr. Philipp Rösler became the new Health Minister of the new government, and Ursula von der Leyen the new Labor Minister.

Minimum wages in the care sector

The minimum wage for the care sector has not been approved to date. The eight-member minimum wage commission is nevertheless anticipated to reach its decision in the first half of this year. Due to the leadership change at the health and labor ministries, it is assumed that the trade unions' high demands are no longer an issue, and that an amicable solution can be found on a realistic basis.

The eight largest private care companies in Germany, and the Federal Association of Private Providers of Social Services (bpa), joined forces in October 2009 to form the Care Employers Association (Arbeitgeberverband Pflege). The association is in favor of a minimum wage in the care sector, and is demanding € 7.50 in East Germany and € 8.50 in West Germany for unqualified care assistants.

Care insurance and capital stock introduction

Since the current refinancing of care insurance as a contribution system cannot fulfill its role over the long term, the intention is to create supplementary capital cover that is mandatory, individualized, and takes generational aspects into consideration. The approach under consideration is a capital-covered private supplementary insurance, which all statutorily insured persons must pay with the aim of financing future increases in care costs. The aim is not to burden employers with additional costs.

Construction activities and utilization

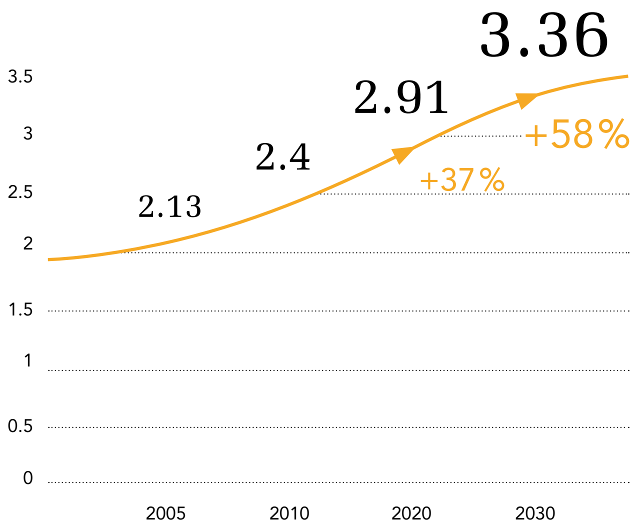
New construction activity fell sharply in 2009, since professional investors invested less in new properties than in previous years due to the financial crisis, lower lending volumes, and the new regional care home acts. Occupancy across the entire care market remained in decline, however, since many new care facility openings continued in 2009 as a result of the building boom that has occurred over recent years.

Number of individuals requiring care

A total of 2.25 million individuals required care in 2007, according to the 2007 care statistics compiled by the Federal Office of Statistics in Wiesbaden. Of these, approximately 32 % were cared for in inpatient care facilities, and around 68 % at home by relatives and outpatient services.

NUMBER OF INDIVIDUALS REQUIRING CARE 2005 TO 2030

(in mil. €)



Source: Federal Office of Statistics, Demographic Change, Dec 2008

The most recent calculations have suggested that the number of persons requiring care might even rise to around 3.36 million individuals by 2030. This will also boost the share of inpatient and home-based care. Inpatient care has already reported 17.4 % growth over the 2001 to 2007 period, outpatient care 16 %, and home-based care 3.3 % growth, according to care statistics. Home-based care by relatives, in particular, is becoming increasingly difficult, as has been sufficiently established. Relatives have increasingly little time for care, do not live in the vicinity of those requiring care, or simply lack the specialist expertise to provide the correct care for their relatives. This is why we are promoting the expansion of our horizontal value-creation chain, and why we are correspondingly extending our outpatient services in order to take over care requirements at an even earlier stage.

Care home ratings

In order to make it easier for customers to choose the right care facility in the future, the regulator has issued quality inspection guidelines that will regulate the creation of care transparency audits in future, as well as related assessments. Inspectors from the Health Funds Medical Service (MDK) will perform the audits at federal Land level, and will assess inpatient and outpatient care facilities according to certain criteria. They will issue an overall service rating on the basis of this evaluation. This rating must be displayed visibly in the relevant facility, and published on the Internet.

CURANUM AG takes a positive view of this assessment, because we generally regard it as extremely helpful to provide consumers with assistance in reaching a decision either for or against a care facility. Many of our facilities have already been inspected, and have achieved above-average results. It should also be noted that our Total Quality Management (TQM) department is underway on a daily basis, visiting our facilities in order to assess quality and customer orientation. We are assuming that we will benefit from this new regulation.

Care facility associations as well as some social security tribunals, such as the Münster Social Security Tribunal, have nevertheless lodged legal actions against the quality inspection guidelines.

These actions are based on alleged deficiencies in the assessment of care facilities, which may result in significant competitive disadvantages if poor ratings are published on the Internet. A decision that will be valid for future procedures across the whole of Germany is still awaited.

BUSINESS PROGRESS

CURANUM AG is one of the leading German operators of senior residences and care centers with a comprehensive geographic network totaling 69 facilities with 7,805 care places, as well as 1,681 managed apartments. The company was established in November 2000 from the merger of the former Bonifatius Hospital & Seniorenresidenzen AG, Munich, and CURANUM AG, Munich. The company's size lends it a strong negotiating position in purchasing, lease negotiations, and the acquisition of care centers. Its extensive range of care services includes long-term inpatient care, short-term care, specialist care for occupants with Alzheimer's and apallic conditions, as well as offering therapies such as ergotherapy and physiotherapy, and outpatient care.

As of January 1, 2009, CURANUM AG acquired the operations of Stift Michael Moll Senioren- und Pflegeresidenz KG in Bad Dürrheim, which had filed for insolvency in 2008. The facility, which has now been renamed "CURANUM Seniorenresidenz Scheffelhof", Bad Dürrheim, operates 57 care places and 8 managed apartments. As part of a purchase of operations, CURANUM AG acquired the operations along with all occupants and staff members, as well as the non-real-estate fixed assets, rather than the company itself. A professional care concept and qualified staff ensure care that is coordinated to the occupants' individual requirements. The facility's range of services include long-term care at all care levels, short-term care, and respite care.

On February 9, 2009, CURANUM AG acquired the insolvent outpatient care service "Private Krankenpflege Schwester Renate Schulze" in Coburg. The insolvency administrator's intention was to find a buyer to continue the operation with its proven care concept and high quality standards. We retained the 14 staff, and continued operations as usual.

On July 10, 2009, we laid the foundation stone for the CURANUM senior residence in the Hagenland in the community of Wachtendonk in the district of Kleve in North Rhine Westphalia, and, already by early November 2009, we celebrated the topping out ceremony of the new facility, which will be opened in May 2010. The residence is located on a 5,500 square meter area of land, and has 43 individual rooms and 11 double rooms. The single-story building design with star-shaped residential groups, own sitting rooms for each residential group, six atriums and a generously dimensioned restaurant, as well as cafeteria areas are noteworthy features of the property. Since we already operate three facilities in Nettetal, we will again implement our strategy at this new project, and will integrate the newly constructed facility in Wachtendonk into the homes in Nettetal in order to exploit synergies.

In addition, we also acquired the senior residence and care facility at Stöckheimer Markt in Braunschweig on September 1, 2009. This facility has 116 care places in 89 single and eight double rooms, as well as three individual and four double-room care apartments. This facility provides a new home for individuals with pronounced dementia and severe brain damage. We naturally also provide full-time inpatient care and short-term care. Along with a very large roof terrace with a beautiful botanical layout, which also contains an integrated sensory garden, our residents also have access to a lovely inner courtyard area.

This facility now forms part of a cluster with our care homes "Altenpflegeheim Wolfenbüttel" and "Altenpflegeheim Vienenburg", and we are working intensively on the full integration of the home into our management systems, and on the home's continued high utilization level (currently 94.6 %).

Federal Financial Services Authority (BaFin) accounting audit

As already reported in the consolidated financial statements and annual reports of the last three years, the German Financial Reporting Enforcement Panel (DPR) performed an audit of the 2005 and 2006 consolidated financial statements following the qualified audit report for the 2005 consolidated financial statements. The process was transferred to the Federal Financial Services Authority (BaFin) in the 2008 financial year.

On June 18, 2009, the company received a conclusive determination of error from the BaFin, whose result was processed in the 2009 half-yearly report. Due to the fact that most matters that were determined for the 2005 consolidated financial statements were already corrected in the 2006 consolidated financial statements, the correction was restricted to the accounting de-recognition of the goodwill of the Hennef operation of € 3.4 million, and the corresponding reduction of equity on the liabilities side, as well as the retrospective inclusion of notes that were missing.

Although CURANUM is firmly convinced that it correctly recognized the goodwill arising from the acquisition of the Hennef facility in 2006 on the basis of the relevant IFRS standards within the given scope of discretion, the Management Board passed a resolution to recognize the BaFin's determination of an error, since an appeal procedure would have absorbed a great deal of time and resources, and the goodwill amounts reflect a balance sheet item that from our perspective is of no key significance for the operating business. For this reason, the determinations made by the BaFin were reflected in a corresponding adjustment of the 2008 consolidated financial statements. The corrections had no impact on our earnings position.

2. COMPANY POSITION

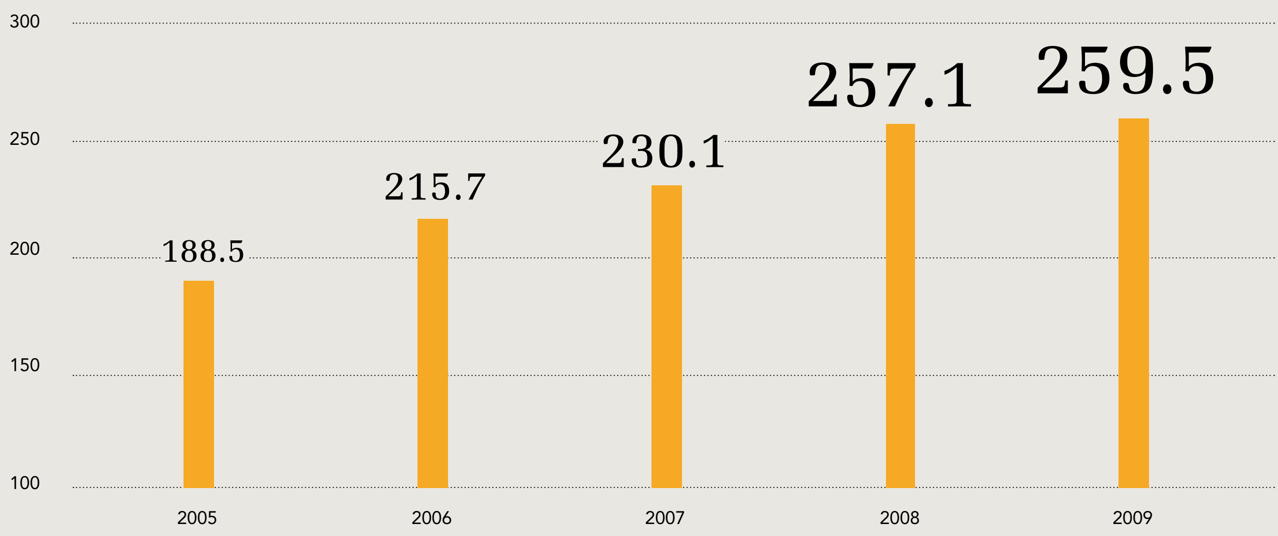
REVENUE AND EARNINGS

Consolidated revenue rose by 1.0 % in 2009 to € 259.5 million (previous year: € 257.1 million). The € 2.4 million increase primarily resulted from revenue from our new senior residence Scheffelhof in Bad Dürrheim, the senior residence and care facility Am Stöckheimer Markt in Braunschweig, as well as additional revenues from our outpatient service in Coburg, and from care services for occupants suffering dementia.

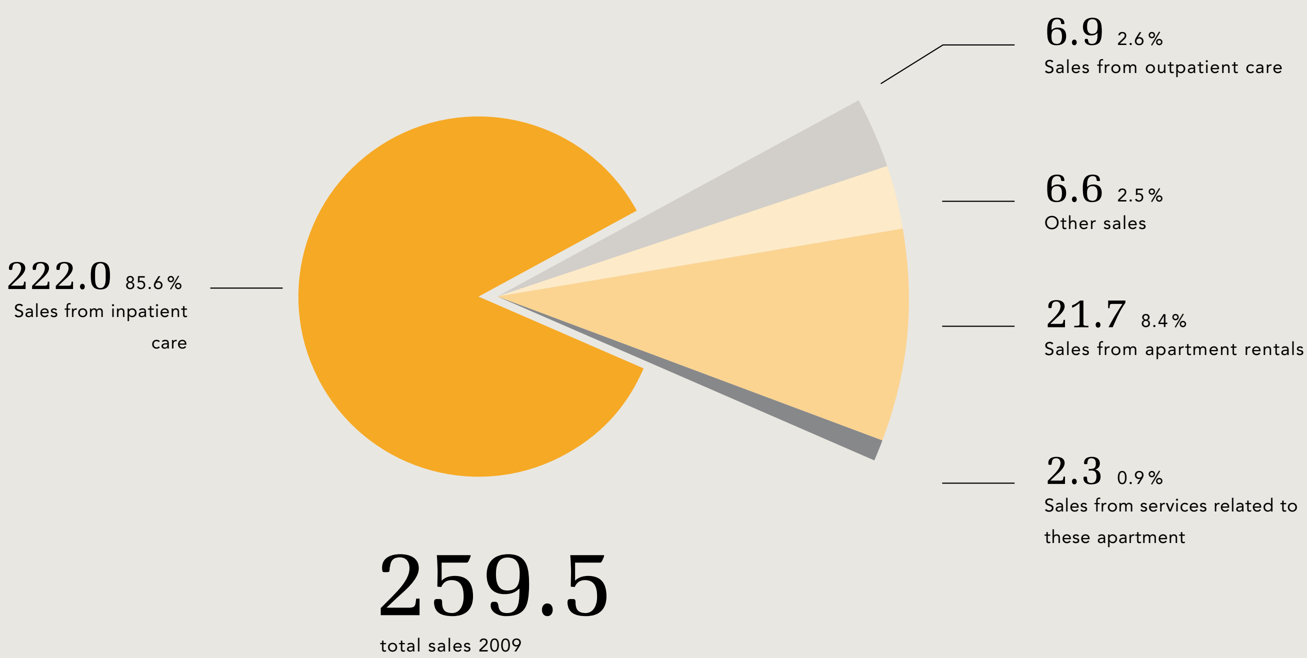
Cost of sales climbed from € 220.3 million in the previous year to a total of € 224.1 million in 2009, representing a € 3.8 million increase.

Staff costs increased by € 2.7 million or 2.1 %, from € 127.8 million in 2008 to € 130.5 million in 2009. Two facilities, the senior residence Scheffelhof and the senior residence and care facility Am Stöckheimer Markt, Braunschweig, generated additional staff costs totaling € 1.3 million in 2009. Temporary help expenses also rose by € 0.5 million in the period under review. Total staff costs in the remaining facilities increased by € 1.4 million in comparison with 2009. Staff costs in the head companies fell by € 0.4 million in total due to changes within our organizational structure, and related personnel adjustments.

TOTAL SALES 2005-2009
(in mil. €)



OTHER SALES 2009
(in mil. €)



STAFF COSTS
(in mil. €)

As a consequence, earnings before interest, tax, depreciation, amortization and rents (EBITDAR) amounted to € 83.1 million in 2009 (previous year: € 83.9 million), reflecting a decline of € 0.8 million or 0.95 % year-on-year. The EBITDAR margin was 32.0 % in the year just elapsed (previous year: 32.6 %), which represents a peak outcome on a European peer group comparison.

Rental costs were up by € 0.9 million or 1.65 % to € 55.5 million in 2009 (previous year: € 54.6 million). This was mainly due to rental indexations applied in 2009 to the properties we rent.

EBITDA earnings after rental costs declined from € 29.3 million in 2008 to € 27.6 million in 2009, which corresponds to an EBITDA margin of 10.64 % in this reporting period (previous year: 11.4 %).

RENTAL COSTS
(in mil. €)

Compared with the previous year, depreciation and amortization rose only slightly from € 9.5 million in 2008 to € 9.8 million in 2009, reflecting an increase of € 0.3 million or 3.16 %. As a consequence, earnings before interest and tax (EBIT) amounted to € 17.8 million (previous year: € 19.7 million), representing an EBIT margin of 6.86 % in 2009 (previous year: 7.66 %).

The Group interest expense fell due to the decline in interest expenses for variable interest-rate loans, as well as due to ongoing loan redemption. By contrast, short-term interest expenses rose, primarily as a result of the hedging of variable interest-rate loans using swap contracts. The total interest expense reduced by € 1.4 million, from € 10.5 million in 2008 to € 9.1 million in 2009.

Earnings after tax fell by € 1.2 million, from € 7.0 million in 2008 to € 5.8 million in 2009. The tax rate, including deferred tax, rose from 31.6 % in the previous year to 34.1 % in the year just elapsed.

This results in earnings per share of € 0.18 in the current reporting period (previous year: € 0.22).

Divergence from budget compared with the previous year

The utilization of our care beds and managed apartments was stable in 2009, albeit at a somewhat lower average level than in 2008. We nevertheless exceeded our budgeted revenue (€ 257.0 million to € 259.0 million) due to acquisitions, care rate rises, and the refunding of additional full-day careers for our dementia patients. At € 27.6 million, we only just achieved our budgeted EBITDA operating earnings (€ 27.5 million to € 29.0 million) due to lower occupancy and the above-mentioned cost increases.

Depreciation rose compared with our budget by around € 0.5 million due to the capitalization of the finance lease for our Scheffelhof facility in Bad Dürrheim, additional investments in operating and business equipment, as well as the capitalization of customer bases for the new Bad Dürrheim, Braunschweig and Coburg operations. Our tax rates also increased in 2009, which is why income and deferred taxes were around € 0.7 million higher than budgeted. In overall terms, this prevented us from attaining our budgeted post-tax earnings of € 6.5 million to € 8.5 million.

FINANCIAL POSITION AND INVESTMENTS

Cash flow from operating activities was extremely stable, and increased slightly from € 19.8 million in 2008 to € 19.9 million in 2009.

The cash outflow from investing activities fell from € 18.7 million in 2008 to € 5.2 million in 2009. The key factors for this development were the previous year's acquisition of the Elisa Group, and the purchases in 2009 of our new facility in Braunschweig, the senior residence Scheffelhof in Bad Dürrheim, and the outpatient service in Coburg.

Cash flow from financing activities was again characterized by the redemption of financial liabilities in an amount of € 5.6 million (previous year: € 4.9 million), outgoing payments for finance leasing of € 7.8 million (previous year: € 7.6 million), as well as the dividend payment at the previous year's level at € 3.2 million. The total cash outflow from financing activities of € 15.8 million was somewhat lower than the previous year (€ 16.8 million), since the current borrower's note loan of € 30 million was topped up to € 31.1 million in 2009, and we repurchased only a modest number of our own shares in early 2009.

Investments and renovation

We invested a total of around € 5.2 million in the CURANUM Group in 2009. Of this amount, we spent € 0.4 million on our senior residence Geertz in Bad Schwartau, € 0.5 million on our facilities in Berlin, and € 1.2 million on the acquisition of the facility in Scheffelhof, the facility in Braunschweig, and the outpatient care service in Coburg. We invested € 0.7 million in the Ellerich laundry in Kaisersesch. We invested the remaining amount of € 2.4 million in replacement furnishings and technical equipment in our facilities.

Maintenance and repair investment expenses for our facilities totaled € 3.2 million.

NET ASSETS AND CAPITAL STRUCTURE

Total assets fell by € 1.3 million due to the reduction in current and non-current assets.

Current assets dropped by € 0.9 million from € 23.9 million as of December 31, 2008 to € 23.0 million as of December 31, 2009. This primarily reflects the reduction in the cash position due to the acquisition of our new facilities in Braunschweig and the senior residence Scheffelhof in Bad Dürrheim, as well as the dividend payment to our shareholders.

Non-current assets fell only slightly, by € 0.4 million, from € 213.8 million in 2008 to € 213.4 million in 2009. This reflected the € 0.9 million goodwill increase due to the new facilities and the Coburg outpatient service, and the € 0.8 million fall in other assets as a result of the gradual reduction of long-term outgoing rental and lease payments. In addition, deferred tax assets fell by € 0.4 million, and other intangible assets by € 0.4 million.

On the equity and liabilities side of the balance sheet, current liabilities rose from € 30.6 million as of December 31, 2008 to € 39.7 million as of December 31, 2009, reflecting a € 9.1 million increase.

NET DEBT 2005-2009

(in T€)

NET DEBT 2005-2009	2005	2006	2007	2008	2009
current finance debt	4,727	26,384	3,834	4,975	14,646
plus non-current finance debt	25,501	57,293	84,246	84,148	70,891
	30,228	83,677	88,080	89,123	85,537
minus cash and cash equivalents	2,175	9,106	25,646	10,014	8,899
net debt	**28,053**	**74,571**	**62,434**	**79,109**	**76,638**

The rise in current liabilities results exclusively from the re-categorization of two long-term loans that now have a duration of less than one year. These relate to one acquisition loan with a residual valuation of € 5.2 million, as well as an expiring property financing of € 5.9 million. In addition, trade payables increased amongst others by € 0.9 million due to outstanding telephone equipment invoices. We also repaid residents' loans in an amount of € 0.9 million in 2009.

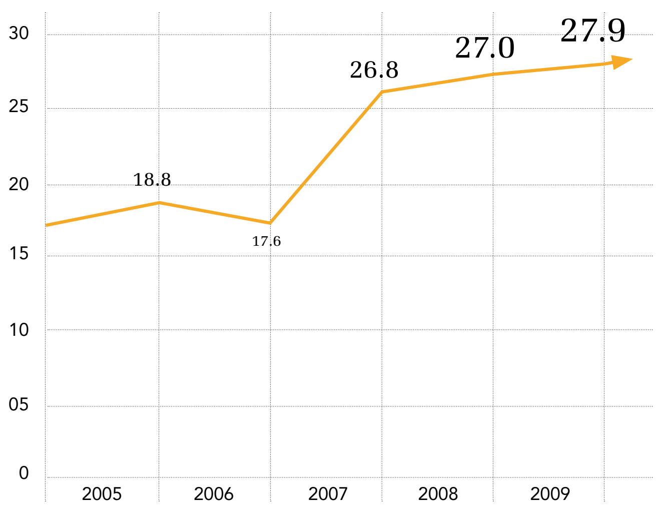
Non-current liabilities fell by € 12.4 million, primarily due to the re-categorization of the above-mentioned loans, and we also made scheduled redemptions of outstanding loans. This was offset by a € 1.0 million increase in lease liabilities.

Due to the consolidated net earnings of € 5.9 million, equity rose by € 2.0 million, from € 64.1 million as of December 31, 2008 to € 66.1 million as of December 31, 2009. This was offset by the dividend distribution of € 3.2 million, the formation of hedge reserves of € 0.4 million, and the share repurchase of € 0.3 million.

The equity ratio stood at 27.96 % as of December 31, 2009.

EQUITY RATIO 2005-2009

(in %)



3. ORGANIZATION AND ADMINISTRATION

CHANGES WITHIN THE MANAGEMENT AND SUPERVISORY BOARDS

Changes to the Chairmanship of the Management Board of CURANUM AG

On May 15, 2009, Mr. Hans-Milo Halhuber relinquished his Management Board mandate at CURANUM AG for personal reasons. CFO Bernd Rothe, who had already worked hand-in-hand with Mr. Halhuber for several years, and had helped him to implement CURANUM AG's strategic objectives, was appointed by the Supervisory Board as the company's CEO on May 16, 2009.

The Management and Supervisory Boards would like to thank Mr. Halhuber for his many years of successful activity as the company's CEO, and would like to extend their best wishes to him, and wish him every success for the future.

On August 5, 2009, CURANUM AG's Supervisory Board appointed Mrs. Judith Barth as the company's CFO with immediate effect.

After completing a business apprenticeship, Judith Barth studied business administration at the University of Passau. After her studies, she worked for several years in the audit department of Ernst & Young AG, Munich, before switching to CURANUM AG's finance and accounting department in 2004. Judith Barth was appointed to head up the financial accounting department of CURANUM AG in 2005, and was appointed a company officer. Mrs. Barth was promoted to the position of managing director of CURANUM Holding GmbH in 2007, and since then has been a member of the CURANUM Group management.

As a consequence, CURANUM AG's Management Board is now composed of the following members:

- Bernd Rothe, Chief Executive Officer
- Sabine Merazzi-Weirich, Chief Operating Officer
- Judith Barth, Chief Financial Officer

Changes in the Supervisory Board

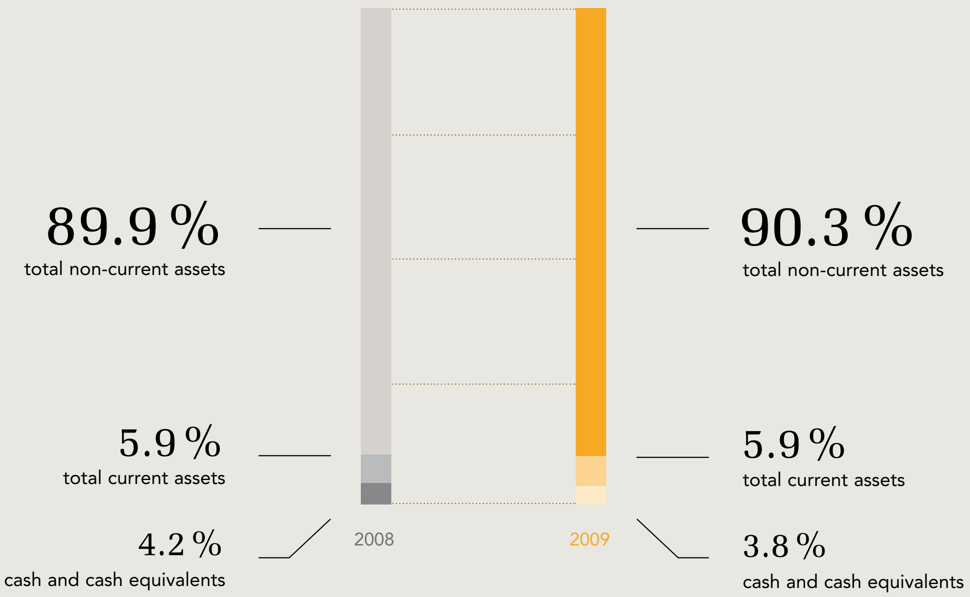
Following a ten-year period as a Supervisory Board member, Mrs. Angelika Pohl relinquished her CURANUM AG Supervisory Board mandate on April 7, 2009, for personal reasons.

On May 27, 2009, Mrs. Sabine Klöckner relinquished her Supervisory Board mandate, also for personal reasons.

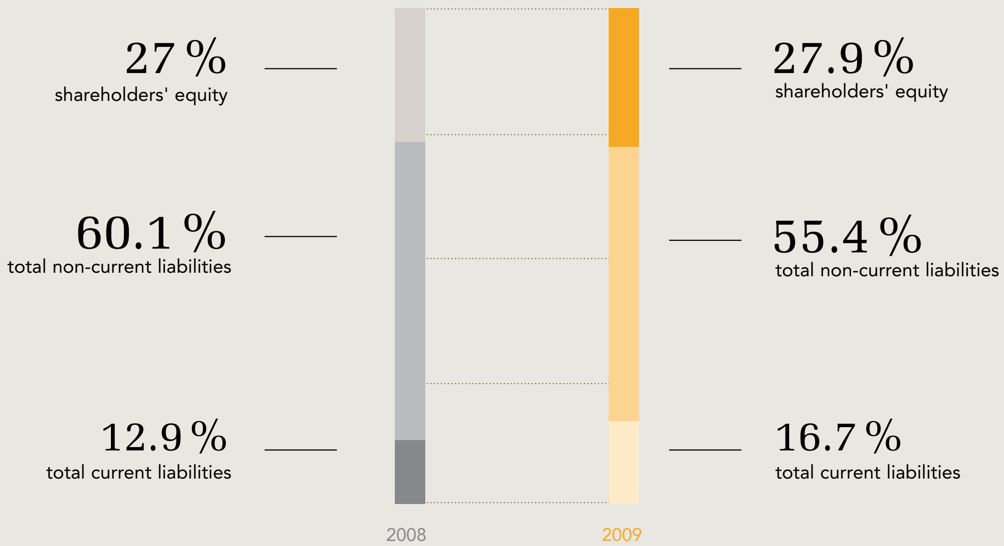
STRUCTURE OF THE BALANCE SHEET 2008-2009

(in %)

ASSETS



SHAREHOLDERS' EQUITY AND LIABILITIES



Mr. Hans-Milo Halhuber was judicially appointed as a regular member of the Supervisory Board of CURANUM AG on June 3, 2009, but this was not confirmed by the ordinary Shareholders' General Meeting on June 25, 2009.

At the ordinary Shareholders' General Meeting held on June 25, 2009 in Germering near Munich, Mr. Michael Treichl, managing shareholder of Audley Capital Advisors LLP, was elected to the Supervisory Board.

On October 7, 2009, the Munich Municipal Court appointed Mr. Bernd Steffen Quade, CFO of SimonsVoss Technologies AG, to be a regular member of the Supervisory Board of CURANUM AG.

The Supervisory Board of CURANUM AG currently consists of the following members:

- Dr. Dieter Thomae, Business Graduate, Sinzig (Chairman)
- Bernd Scheweling, Graduate in Business Administration, Walchwil (Deputy Chairman)
- Michael Sasse, Lawyer and Notary, Schwelm
- Dr. Uwe Ganzer, sole management board member of Varta AG, Hanover
- Dr. Michael B. Treichl, managing shareholder of Audley Capital Advisors LLP, UK
- Bernd Steffen Quade, CFO of SimonsVoss Technologies AG, Unterföhring

With effect as of March 15, 2010, Mr. Michael Sasse stepped down from his office as a Supervisory Board member.

Management and Supervisory Board remuneration

Management Board remuneration

In the 2009 financial year, the Management Board of CURANUM AG received total remuneration of T€ 939 (previous year: T€ 959). Of this amount, T€ 774 was granted to Management Board members of associated companies (previous year: T€ 797).

Supervisory Board remuneration

Total Supervisory Board remuneration for 2009 amounted to T€ 160 (previous year: T€ 161.2).

PERSONNEL AND FURTHER TRAINING

CURANUM AG staff numbers

The average number of Group staff grew from 5,953 to 6,055 individuals in 2009. Of this number, an average of 273 trainees, students and interns were employed across the Group.

The 1.71 % increase is primarily due to additional employees for low-threshold care assistance, as well as staff members in the new facilities. Individuals in need of care with dementia-related incapacities, psychological disorders or mental handicaps in the meaning of § 45a Section 1 SGB of the German Social Code (SGB) XI generally have a significant requirement for supervision and care. Our low-threshold care assistance entails engaging trained helpers under specialist supervision to care for such individuals.

TOTAL INDIVIDUAL REMUNERATION:
(in T€)

MANAGEMENT BOARD MEMBER	Salary	Bonus	Total
Bernd Rothe	232	143	375
Sabine Merazzi-Weirich	158	70	228
Judith Barth (from August 1, 2009)	68	29	97
Hans-Milo Halhuber (until May 15, 2009)	97	142	239

As of December 31, 2009, the absolute number of staff members within the Group was 6,179 persons (December 31, 2008: 5,946 staff members).

Further training programs

CURANUM is placing even greater emphasis in the future on high-quality care for its residents. For this reason, we are training ancillary and specialist care staff at all facilities in cooperation with established care schools, and we offer extensive further training programs for care staff, ranging from basic knowledge all the way through to expert standards.

We provide a trainee facility management program for our future managers. This entails both 12-month on-the-job training and in-depth instruction at our headquarters in Munich. We also cooperate with further education establishments in the social and care sciences area. Students have the option of spending a practical semester at one of our facilities, or administrative offices, or the option to write a thesis.

The ALSO Academy is a further training option for trainee managers in the residential, care service and home management area. Lecturers from CURANUM AG and one of the cooperating major private operators train staff members in all specialist areas as part of a 12-month training course.

PURCHASING

We experienced higher costs in the current reporting period in the areas of electricity, gas, foodstuffs, and particularly repairs. This was due mainly to higher consumption and unit numbers, and less related to actual price increases. We will nevertheless restructure our central purchasing department in 2010, and anticipate that this will potentially give rise to significant cost savings.

INTERNAL AND EXTERNAL QUALITY ASSURANCE

Three years of our TQM (Total Quality Management) department

At the end of 2006, we introduced our new Total Quality Management level into CURANUM AG's management, with direct reporting responsibility to our Chief Operating Officer. The background to this reorganization and the expansion of this area was the installation of an overriding and standardized quality controlling function that better allows us to meet our high quality standards in all our facilities' areas.

A total of nine staff members are responsible for all areas relating to quality and customer orientation within CURANUM AG facilities. Seven to eight facilities are allocated to each TQM staff member. All specialist departments work very closely together with the TQM department. The primary objective is comprehensive quality management monitoring.

The TQM staff report to the COO at regular intervals, and are also in permanent contact with the facilities' local management. Consequently, a continuous exchange of information within the TQM department is an important and indispensable tool to secure quality, and to always work towards quality enhancements. This allows us to safeguard our service quality in the areas of care, catering, as well as cleaning and laundry.

We have fully achieved our objective of establishing an overriding and homogeneous quality management system, which both corresponds to the practical requirements of our facilities, and satisfies all requisite quality criteria parameters.

Our TQM department staff conduct audits at regular intervals to monitor the practical implementation of the requirements. Where weak spots exist, TQM staff are available to respond to the facilities' queries, and to help them remedy deficits.

Our TQM department also cooperates very closely with our complaints management function, in order to ensure and further optimize high quality levels. All complaints submitted by relatives or residents, for example, are generally submitted to the relevant facility management, and are processed as part of in-house complaints management. If the complaint is not addressed, or the individual submitting the claim is not in agreement with the solution, there is the option to forward the matter to the central complaints management function. There the complaint is received, reported, and a potential solution is discussed and developed in coordination with the TQM department and the COO. For example, the central complaints department communicates the solution to the relative. Following an appropriate timeframe, feedback is conducted between the central complaints departments and the TQM department as to whether the solution has been accepted, and whether the complaint can be regarded as having been addressed.

The TQM department anchors within the management system all requirements of the Health Funds Medical Service (MDK) audit instructions of August 27, 2009, as well the transparency criteria that are used to produce published facility assessments. Our TQM department provides updates to our facilities, and trains them accordingly. A key aspect in this respect is the practical implementation of theoretical requirements in terms of care process documentation so that the least possible time and expense are incurred, in order to avoid a negative impact on the time available for the care of residents.

We have concluded the introduction of un-bureaucratic care documentation in the care areas of almost all our facilities.

External quality assurance

As a matter of course, all of our facilities are also subject to regular external inspections by the care home regulatory authorities, the Health Funds Medical Service (MDK), the Ministry of Health, the health authority pharmacies, fire safety authorities, and the professional co-operative.

IT LANDSCAPE STRUCTURE AND SECURITY

CURANUM AG has produced an extensive security concept for its complex IT landscape in order to safeguard the confidentiality and availability of business data, as well as its system integrity, and to protect it from unauthorized access, destruction or abuse, whether internally or externally. The concept is reviewed annually with respect to its functionality, and to assess whether it is up to date. Adjustments are implemented if required.

All of CURANUM AG's 69 facilities and service companies are networked with the administrative headquarters in Munich, and are connected to the SAP system.

Real-time availability of all SAP data ensures efficient planning, management, and evaluation, as well as the subsequent assessment of data in the internal and external accounting system. As a consequence, we operate a coordinated cycle consisting of planning, controlling, and financial accounting, which allows potential risks to be identified at an early stage, and to be forwarded to the management in summarized form.

In order to safeguard its SAP system, CURANUM AG operates a redundant system alongside its active system, which is activated in the instance of breakdown. Our service company, which monitors the system, generally informs us directly about a system breakdown.

CURANUM AG utilizes Deutsche Telekom's so-called MPLS (Multiprotocol Label Switching) network that offers high security potential due to the closed nature of the network. Our IT department monitors the Windows environment and network topology with its numerous servers, routers and switches. Proactive network monitoring provides assistance in this respect by immediately sending an e-mail to our IT specialists in the instance of server breakdown, for example.

We also have emergency plans that come into force when air conditioning systems break down, or in the instance of fire. These include specific process routines that provide detailed descriptions of the key steps required to resume operations.

We perform, for example, stress tests at regular intervals, and network functionality measurements, which are documented in the so-called server diary.

Continuous data backup in the form of incremental (delta) and full backup operations, penetration tests, as well as the conclusion of maintenance contracts, for example, in the field of refrigeration and air conditioning technology, in order to avoid breakdowns to the best possible extent, are essential elements of our IT security as well as our existing authorization concept, which describes permissions for selected staff.

4. OPPORTUNITIES AND RISKS RELATING TO FUTURE GROWTH

RISK REPORT

CURANUM AG's risk management system

The risk management system of the CURANUM Group has the task of identifying at an early juncture, and of documenting, any internal and external developments that might jeopardize or negatively impact the company's continued existence. The RiskTeam consists of persons nominated by the Management Board. At the RiskTeam meeting, which is held three times per year, the team monitors identifiable risks in line with the so-called risk inventory list. Above and beyond this, the RiskTeam assesses the extent to which new risks have been identified that might jeopardize the company's existence, and which must be added to the risk inventory list.

Macroeconomic and sector-related risks

Demand for inpatient care places remains high. Demand will grow even further over the next few years due to demographic

Parwin Pazuhmand, nurse in Frechen
and Margarete Rodenkirchen, resident Frechen

change. Our sector nevertheless felt the effects of the phases of economic weakness and high unemployment in recent years, since care at home can also be performed by untrained persons, is provided with financial support by related insurance entities, and can therefore substitute inpatient care. This means a high level of unemployment may result in a greater extent of care being performed at home, and fewer admittances in the inpatient area.

Consumer reticence may also result in reduced outlays on care by relatives in periods of economic difficulty. Price structure plays a greater role as a consequence, and predatory market practices implemented via prices may occur in more competitive regions.

Forecasts concerning macroeconomic changes in private consumption, unemployment, and the entrance of new competitors into the market can only be made to a limited extent.

Changes in the German care market such as new forms of care, or new types of residential arrangement and alternative outpatient services, may also affect demand for inpatient care places. We provide extensive protection for ourselves from these market risks through close market observation, the development of our own innovative concepts, and an extensive network to institutions that perform care research, or that may have an influence on the overall environment for care. We will also further expand our outpatient services in the future.

As a result of regulated price structuring by way of care rate negotiations, the risk exists that it will prove impossible to pass on higher procurement costs via prices, as in other sectors. The scope for price increases will tend to diminish along with increasingly negative economic trends, and related lower tax income on the part of local authorities and providers of social security benefits.

Our strategy of growth via acquisitions and start-ups entails an inherent risk, since employees, processes, and systems require integration when facilities are acquired. The main risk involved in start-ups is that of occupancy, which may be exacerbated by the difficulty of forecasting demand and its related elasticity, due to various factors prevailing at the relevant location.

Potential risks to operations

The company's overall risk is relatively low compared with other sectors and service businesses as a result of the special position of the care market in Germany. It is certainly the case that the specific risks inherent in the care market that we have presented above do not occur to this extent in other sectors. Many risks typical of industrial and service companies, however, do not apply at all to CURANUM.

The company also operates, with only one exception, exclusively in Germany, and is therefore not subject to foreign exchange risks.

Operating area risks

CURANUM AG offers its customers inpatient care and all related services such as catering, cleaning, laundry services, among others. Our core business comprises the rendering of high-quality care in inpatient facilities. Without this high-quality care, we are unable to benefit from the value-creation chain surrounding care. Despite our quality management, frequent inspections, and employee training courses, errors may occur as a result of the personnel-intensive nature of the business, which could result in quality problems. In the instance of serious quality problems, the care home regulatory authorities may prohibit the acceptance of new residents, and, in a worst case, order the withdrawal of the supply agreement, or even the facility's closure. As a rule, the CURANUM Group is in a position to identify problems and implement rapid solutions as a result of its early warning systems, both internal and external inspections, as well as an extensive complaints management procedure. Quality shortfalls nevertheless represent a risk that cannot be excluded entirely.

Major new inpatient capacities have been created in Germany in the past few years, which has resulted in a competitive situation in some locations. This has led to reduced waiting lists within the CURANUM Group, and risks to our revenue have become detectable at some locations. Although occupancy risk is minimized through targeted customer- and quality-oriented measures, the risk of a fall in occupancy at individual locations cannot be excluded.

New care home quality assessment regulations and their publication may represent risks, as well as opportunities. Positive assessments may give rise to beneficial effects, predominantly for marketing and public relations. Given a negative report, there are doubtless also risks for care home operators and their facilities:

- Decision to not enter a facility, or even the occupant's departure from a facility
- Falling demand
- Long-term image damage
- Risk of outdated Internet reports, despite the fact that the facility has already been re-audited, and has received a significantly better overall rating.
- External consultants and staff at, for example, care support points, will include the audit results in their consultations, and rely on them -> no recommendation in the case of poor overall ratings
- More problematic starting point for care rate negotiations
- Effects on cooperation partners
- Poor ratings make it more difficult to recruit new staff, and higher staff turnover cannot be excluded

In order to achieve positive audit reports for our facilities, and thereby generate a positive effect, our central TQM department is in constant cooperative contact with the managerial levels of our local facilities, is preparing them for the more demanding requirements, and is providing them with assistance with regulatory audits.

Human resources risks

There is not only a serious problem with the hiring of facility managers. The lack of qualified care staff, who are particularly difficult to recruit in conurbation areas, also represents a growing risk potential for the future.

It remains difficult to locate managers who combine social, care and business expertise aspects. We have significantly reduced this risk through our internal trainee program and academy for facility managers. Despite this, we are unable to fully exclude the possibility of a bottleneck in this area. In order to minimize specialist staff shortages in the care areas of our facilities, we launched an extensive recruitment marketing program for new staff at the end of the reporting period. We are also promoting training, and we recruited more trainees, interns and students in 2009 than in the previous year.

Regulatory and statutory risks

Around 60 to 70 % of revenues in the inpatient care area are derived directly or indirectly from public funds. Care institutions in Germany are consequently subject to a large number of regulations, laws, and ordinances, and they are monitored simultaneously by several authorities. For instance, as has happened in the past, new laws are enacted to maintain quality without an accompanying deployment of funds. Such laws give rise to increased levels of bureaucracy and documentation-related expense, without providing the resources required. As a result of the precarious financial situation of care insurance and local authority funds, the risk exists that new regulations are introduced that could entail greater burdens for occupants and/or operators.

CURANUM AG is keeping a very close eye on developments, and is attempting to anticipate the consequences of existing draft laws. The State's mandate to safeguard the provision of efficient care for those in need means, however, that from today's perspective no major measures are anticipated that might jeopardize the operators of care institutions.

At the end of the reporting period, the eight-member care commission commenced its work, and should now negotiate a minimum wage in the senior and outpatient nursing area that is intended to be restricted to ancillary care staff. This gives rise to the risk for operators that the level of this minimum wage will, in particular, exceed the current level for the East German federal states, thereby necessitating wage adjustments.

Risks connected with financial instruments

Since the interest-rate risk of CURANUM AG results predominantly from fixed-interest financial debt, we have agreed fixed interest rates for most of our instruments for their duration. As a consequence, real-estate-collateralized loans have fixed and long-term interest-rate arrangements.

The acquisition loans for the operations acquired in 2006, CURANUM Westfalen GmbH, Munich, and FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH, Nuremberg, carry variable rates of interest, and are correspondingly subject to interest-rate risk. For this purpose, we concluded payer swaps with congruent maturities and adjusted to the relevant status of redemption, which entirely swapped the variable interest exposure into fixed interest exposure.

*»Every resident has
his own story. And, therefore,
he has his individual care.«*

Martin David, Management Frechen

The borrower's note loan issued before the end of the 2007 financial year also carries a variable rate of interest, and is consequently subject to the risk of rising market interest rates. To this end, two thirds of the total volume was hedged using corridor swaps, which, in a way analogous to fixed interest or payer swaps, carry an upper limit in the case of rising interest rates, but which participate in interest rate cuts to a predefined extent. This hedges against the risk of a sharp rise in interest rates, and partially allows participation in falling interest rates within a defined corridor; if the corridor is undershot, the interest rate of the hedged area comes into play as an upper limit.

The borrower's note loan is subject to an extraordinary right of cancellation if a predefined key indicator is not adhered to. This indicator was adhered to on the December 31, 2008 and December 31, 2009 balance sheet dates. The Management Board continues to monitor adherence to this indicator on an ongoing basis. The risk exists that this indicator cannot be adhered to due to, for example, falling occupancy, or rising un-refunded costs. A consequence would be a potential cancellation of the entire borrower's note loan, or of individual tranches.

Our current account lines are also subject to interest-rate risk, since their terms may be adjusted to current market circumstances. We minimize the risk from unexpected increases in interest expense through distributing the related risks among several banks, and the constant monitoring of current interest rate trends. In addition, we also made no substantial utilization in 2009 of the lines that had been granted.

Liquidity risks are very minor as a result of the reliability of payments from public authorities and the efficiency of our system of invoice reminders. The CURANUM treasury and cash management system caters for a minimization of this risk. In addition, investment and current assets are financed with congruent maturities, and negotiations have already been entered into for the refinancing of current liabilities in 2010.

Risks from ongoing litigation

Current litigation, which had not concluded as of the balance sheet date, might result in charges in the future. The risk relating to potential expense has been estimated for this purpose, and provisions of T€ 439 (previous year: T€ 660) have been formed correspondingly.

Other risks

Further significant risks, as those occurring typically for industrial, production or service companies, are largely excluded at CURANUM AG. There are no country or foreign exchange risks. Default risks are minimal due to the high share of proceeds from public funds, since, if a resident is unable to pay for services, social security funds make up the difference. There are no concentrations of risk on the procurement or sales sides, especially since, within purchasing, sufficient diversification is ensured in all areas. As a matter of course, risks may also arise of which we are currently unaware, and which may have a negative impact on our operations.

RISK MANAGEMENT IN 2009

The RiskTeam met three times in 2009:

Meeting on May 29, 2009
All points on the risk inventory list were discussed, as well as potential environmental risks. No going-concern risks were identified since, besides normal emissions such as heating, sewage and kitchen ventilation, no special emissions are generated by our facilities that might represent going-concern risks.

Meeting on June 24, 2009
The review of identified risks was conducted in line with the risk inventory list, and no going-concern risks were identified.

Meeting on August 24, 2009
Topics at this meeting included, for example, the increasing trend towards a lack of specialist care personnel, particularly in conurbation areas, and the rising number of temporary help staff. Stringent monitoring was agreed for this purpose. There was no necessity to inform the Supervisory Board. Discussions also covered risks due to political decisions, or preparations for decisions, such as the investment cost ordinance in North Rhine Westphalia. This risk tends to be viewed as an opportunity for the company, since the intention is that fewer facilities will be created.

INTERNAL CONTROLLING AND RISK MANAGEMENT SYSTEM WITH RESPECT TO THE ACCOUNTING PROCESS

(Report pursuant to §§ 289 Section 5, 315 Section 2 Number 5 of the German commercial code [HGB])

CURANUM AG operates an internal controlling and risk management system with respect to its accounting process, in which appropriate structures and processes are defined, and implemented within the organization. The system is designed in such a way that it ensures that all business processes and transactions are reported in the accounting system promptly, uniformly and correctly. It ensures that the statutory norms and accounting regulations, which are binding for all companies included in the consolidated financial statements, are adhered to. Modifications to acts, accounting standards and other pronouncements are constantly analyzed with respect to their relevance and effects on the consolidated financial statements. Group-internal systems are adjusted to reflect any resultant changes.

Besides defined control mechanisms, the internal controlling system is based on, for example, system-technical and manual coordination processes, functional separation, as well as compliance with guidelines and working instructions. At CURANUM AG, the financial accounting and consolidated financial statements departments manage the Group accounting process, which is directly subordinate to the CFO.

The specialist departments prepare all of the subsidiaries' financial statements, and consolidate them according to Group accounting guidelines. During the consolidation process, the consolidated financial statements department is also responsible for compliance with Group-wide procedures, as well as the proper and timely unfolding of its accountancy-related processes and systems. Staff involved in the Group accounting process also receive regular training.

As part of the accounting process, measures are implemented that are intended to safeguard the regulatory compliance of consolidated financial statements. These include risk identification and measurement, as well as the limitation and review of identified risks. For example, important new contracts are systematically reported and analyzed.

The consolidated accounting figures are prepared centrally on the basis of the data of the subsidiaries included in the consolidation scope. The financial accounting and consolidated financial statements departments are responsible for the consolidation measures, certain coordination work, and the monitoring of time-based and process-related regulations.

Staff supervise technical system controls, and supplement them to include manual checks. The "two sets of eyes" principle is generally applied at every level. The entire accounting process includes particular approvals processes.

Group management is responsible for the implementation and supervision of the internal controlling system. All business processes of relevance to the internal controlling system, including risks and controls, are documented uniformly and on an audit-secure basis within this system, and are presented transparently at Group level in a central IT system.

The CURANUM AG Management Board has assessed the efficacy of the accounting-related internal controlling system. This assessment came to the conclusion that the accounting-related internal controlling system is functional for the 2009 financial year. CURANUM AG's audit committee supervises the efficacy of the internal controlling system pursuant to the requirements of the Act concerning the Modernization of Accounting Law, which came into force in May 2009. It should generally be noted that an internal controlling system, irrespective of its structure, provides no absolute certainty that significant accounting errors are avoided, or discovered.

5. CORPORATE COMPLIANCE

COMPLIANCE MANAGEMENT SYSTEM

As an operator of care facilities, CURANUM AG is subject to over 80 various acts, ordinances, guidelines, and standards, which must be adhered to and implemented by each employee on a daily basis. CURANUM AG's compliance management system consists of four levels that form a regulatory cycle. This ensures laws are adhered to, and implements penalties when regulations are breached. These four levels are described below:

1. Risk identification

The identification of risks, not only by compliance management but also by each staff member, presupposes knowledge of the legal framework to which the relevant employee is subject. In the care and service area, the applicable acts and regulations are, for example, the 11th book of the German Code of Social Law (SGB XI), the Act concerning Care Homes (HeimG), or the Ordinance concerning Care Home Personnel (HeimPersV). The risk arising from the withdrawal of approvals or supply agreements depends to a critical extent on the awareness of these regulations, and can be classified as the most important risk confronting care facility operators.

Within the CURANUM Group, the highly experienced care rate department, which generally handles communications with authorities, is responsible for this area. Together with our Total Quality Management, the care rate department has combined its extensive knowledge of wide-ranging care regulations with many years of experience in dealing with authorities.

Given the fact that the care of people is a matter of trust, the risk of damage to image, for example, from negative press as the consequence of care errors, is at least as important. Particularly in the case of care errors, a risk may arise from compensation claimed by either health funds or relatives. There are also further, less sector-specific risks such as, for example, the risk of fines arising from a failure to adhere to regulations, or the risk of litigation against board members. The CURANUM Group's legal advisers are responsible for these risks relating to civil, criminal and labor law. The investor relations and compliance department of CURANUM AG is available to deal with capital market legal risks arising from insider transactions, or a failure to adhere to disclosure requirements.

2. Internal information system

Within the CURANUM Group, the specialist departments directly ensure the internal communication of information. For this purpose, our internal quality management is available with its own managerial center to train staff in the operating care area. The basic prerequisite is that the quality management department provides clear instructions to all staff members that laws must be adhered to, as well as the equally clear warning that infringements are not tolerated. For this purpose, intensive training is provided relating to risks resulting from the failure to adhere to the above laws. The investor relations and compliance department also provides training to all Group headquarters staff on the subject of risks arising from capital markets law. Our legal advisers provide training, particularly to the management levels of the facilities, regarding labor and civil law risks.

Besides this, as part of the corporate guidelines at CURANUM AG, we provide clear formulations of our understanding of ethics, which form part of regular training at all levels.

3. External communications system

The Management Board has set up a two-level complaints management system within the CURANUM Group in order to prevent infringements, and identify them at an early stage, as well as to limit risks. This requires that complaints within facilities should be addressed to the management responsible on a local basis, that they should be handled by the home management, care service, and residential area management levels, and that an improvement process should be launched. If individuals who raise complaints fail to meet with a response within the relevant facilities, the next point of contact is the centralized complaints management function within Group head office. The centralized complaints management function is directly connected to the Management Board, and works together with TQM and, potentially, the Management Board, to deal with all infringements and problems that have been notified.

The centralized authority management function, in cooperation with the managers of facilities, is also responsible for external notification to local authorities.

4. Internal controlling system

The compliance department coordinates controlling within the compliance management system. The compliance department in turn reports to CURANUM AG's compliance officer.

As a matter of principle, members of staff of integrity and expertise are appointed to key positions within the CURANUM Group. The management is nevertheless obligated to perform ongoing controls in parallel with the business within their relevant areas of responsibility. This entails conducting spot checks of particular projects with respect to adherence to legal requirements.

In the operating care area, ongoing controlling takes the form of care visits, and of documentation inspections by managers. The TQM department also conducts regular internal quality inspections, and extensive audits are performed at longer intervals. An internal audit committee consisting of the centralized accounting and home administration functions performs regular inspections of accounting and money flows within the facilities.

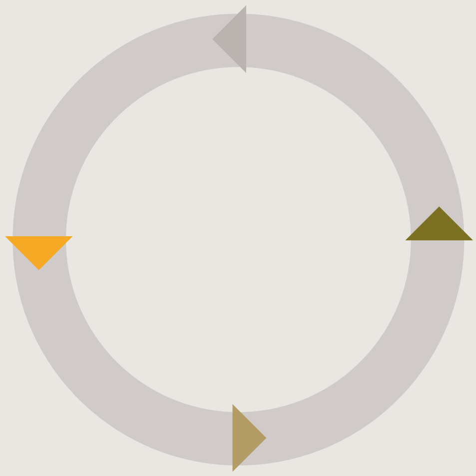
Both on a regular basis, and as required for particular circumstances, the compliance officer reports to the Management and Supervisory Boards concerning legal developments in the area of compliance, the implementation of the compliance system, and important compliance processes within the company. The management levels of the facilities report to the TQM department and the Management Board. The TQM department reports controlling activities directly to the Management Board and the compliance officer.

Of particular significance are compliance measures in the areas of home administration, purchasing, technical and utilities/waste disposal, as well as marketing, IT and laundry. The areas are responsible for high budgets.

COMPLIANCE MANAGEMENT SYSTEM

Internal controlling system
coordinated by compliance-officer
and -department

Identification of risk
by every single employee on the basis of regulatory framework



External communication system
by two-level complaints management
- complaints to the management reponsible on a local basis
- complaints to the headquarter

Internal information system
by training of specialist departments

REGULAR REPORTS THROUGH

LOCAL MANAGER ▶ TQM ▶ COMPLIANCE OFFICER ▶ MANAGEMENT BOARD AND SUPERVISORY BOARD

OF:
- CURRENT LEGAL DEVELOPMENTS
- IMPLEMENTATION OF THE COMPLIANCE SYSTEM
- IMPORTANT COMPLIANCE PROCESSES WITHIN THE COMPANY

In order to meet our compliance guideline requirements, at least two comparable offers are procured before orders are awarded. The order committee's consent is required for orders in excess of a defined amount. In the case of larger orders, the internal audit department regularly performs retrospective spot checks in the form of comparable offers.

The entire internal audit department is managed and controlled from the Group head office in Schwelm.

Conspicuous items are discussed with the individual facilities, the facilities' management, and, if required, with the relevant TQM staff member. Facilities are only visited and audited if necessary. As a matter of course, meetings are also held at facilities in order to maintain personal contact, review filing systems, speak with staff, conduct interviews with applicants, or to clarify other open points directly at the facilities.

Particular areas of focus in 2009 included a revision and further development of forms in the areas of internal auditing, residents' files, resident admissions, residents master data, resident invoicing, debtor accounting, payment reminder systems, house and Opticura funds, safe, local treasury account, authorized signatories and trust monies.

TAKEOVER LAW DISCLOSURES (§ 315 SECTION 4 OF THE GERMAN COMMERCIAL CODE [HGB])

1. The company's issued share capital amounted to € 32,660,000 as of the balance sheet date. It is split into 32,660,000 ordinary bearer shares. Each share confers one voting right. There are no preference shares in issue.

2. In the 2009 financial year, the company received no announcements pursuant to § 21 of the German Securities Trading Act (WpHG) notifying shareholdings of 10 % or more.

3. The provisions of §§ 84/85 of the German Stock Corporation Act (AktG) and § 7 of the company bylaws of CURANUM AG describe the appointment and withdrawal of Management Board members.

Accordingly, the Management Board consists of one or several members. The Supervisory Board determines the number of Management Board members. The Supervisory Board may appoint one Management Board member to be the Chairperson of the Management Board. The appointment of deputy Management Board members is permitted.

4. Management Board authorizations to issue or repurchase shares

4.1. Management Board authorizations to issue shares

The Management Board is authorized, with the approval. of the Supervisory Board, to increase the company's issued share capital until June 24, 2014 through the issue, either once on several occasions, of new ordinary bearer shares in exchange for cash or non-cash capital contributions by a total of up to € 6,532,000.00 (Approved Capital 2009).

The authorization may be utilized in partial amounts. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further nature of share rights and the terms of the share issue. Subscription rights are to be granted to shareholders as a matter of principle when performing the capital increase. The shares must be accepted by a bank or another company operating according to § 53 Section 1 Clause 1 or § 53b Section 1 Clause 1 or Section 7 of the German Banking Act with the obligation to offer them for subscription to shareholders.

With the assent of the Supervisory Board, however, the Management Board is authorized to exclude shareholders' subscription rights in the case of capital increases in exchange for non-cash capital contributions in order to grant shares for the purpose of acquiring companies, parts of companies, or equity stakes in companies.

Furthermore, the Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights in the case of capital increases for cash, to the extent that the shares issued against cash during the period of this authorization under exclusion of shareholder subscription rights do not in total exceed 20 % of the issued share capital, neither at the time when this authorization becomes effective nor at the time when it is utilized. The exclusion of shareholder subscription rights in the case of cash capital increases is also permitted only

aa) to realize any potential residual amounts,

bb) to the extent that it is requisite to protect against dilution, in order to grant subscription rights to new shares to holders of conversion or option rights, which are or were issued by CURANUM AG or companies in which CURANUM AG holds direct or indirect majority stakes, to the extent to which they would have been entitled after the exercise of conversion or option rights, or following the satisfaction of conversion requirements, or cc) if the issue amount of the new shares is not significantly less than the stock market price, and the shares issued in exchange for cash and under exclusion of shareholder subscription rights during the period of this authorization pursuant to, or in the effective application of, § 186 Section 3 Clause 4 of the German Stock Corporation Act, do not in total exceed 10 % of the issued share capital, neither at the time when this authorization becomes effective nor at the time when this authorization is utilized.

The following must be included in the calculation of this limitation to 10 % of the issued share capital:

- treasury shares that are sold during the period of this authorization in corresponding application of § 186 Section 3 Clause 4 of the German Stock Corporation Act excluding shareholder subscription rights, and

- shares issued, or to be issued, to service debt instruments with conversion or option rights, to the extent that the debt instruments were issued during the period of this authorization in effective application of § 186 Section 3 Clause 4 of the German Stock Corporation Act under exclusion of shareholder subscription rights.

4.2. Management Board authorizations to repurchase shares

(a) The company is authorized to acquire its own shares with a proportional amount of the issued share capital of up to a total of 10 % of the issued share capital in existence at the time of the passing of the resolution. At no time may the acquired shares together with other treasury shares, whose owner is the company, or which must be allocated as such pursuant to §§ 71d and 71e of the German Stock Corporation Act, exceed 10 % of the issued share capital.

(b) The authorization may be exercised either wholly or in partial amounts, once on several occasions, in the pursuit of one or several purposes on the part of the company, Group companies, or by third parties either on behalf of the company or Group companies. The authorization is valid until December 24, 2010. The current authorization to acquire own shares, which resulted from a resolution of the Shareholders' General Meeting of July 24, 2008 (agenda point 12), is hereby cancelled.

(c) The purchase is performed according to the choice of the Management Board either via the stock market or via a public purchase offer.

aa) If the shares are acquired via the stock market, the purchase price paid for each company share (excluding incidental purchase costs) may be neither 10 % more nor 10 % less than the closing price on the three stock market trading days before the obligation to purchase is entered into.

In this respect, the "closing price" is the closing price calculated in the closing auction with respect to each individual stock market trading day, or, if such a closing price is not calculated on the relevant trading day, the last price of the company's share calculated during current trading. In this respect, reference is made to the price in Xetra trading (or a comparable successor system) of the Frankfurt Securities Exchange, or the closing price formed in floor trading at a German securities exchange, or the last price formed in current trading, which reflected the highest level of turnover in the ten preceding stock exchange days.

bb) If the purchase is made via a public purchase offer, the purchase price offered (excluding ancillary purchase costs) may be neither 15 % more nor 15 % less than the average of the closing prices (as defined in figure aa) on the three stock market days before the cut-off date.

The "cut-off date" is the date of the publication of the company's decision to issue a public offer, or, in the event of an amendment to the offer, the day of the final decision of the Management Board concerning the amendment to the offer.

The purchase offer may entail conditions. If more shares are tendered to the company for repurchase than the company has offered to repurchase in total, the company will repurchase shares according to the ratio of the shares tendered. Small numbers of shares may be accepted preferentially up to 100 tendered shares per shareholder.

(d) The Management Board is authorized to utilize all company shares acquired on the basis of this authorization for all legally permissible purposes, particularly also for the following purposes:

aa) The shares may be cancelled with the approval of the Supervisory Board, without the cancellation, or the performance of the cancellation, requiring a further resolution on the part of the Shareholders' General Meeting.

bb) The shares may be transferred in return for payment-in-kind, particularly also in connection with corporate mergers and the acquisition of facilities, companies, part of companies and equity stakes in companies.

cc) The shares may be transferred to satisfy conversion or option rights arising from convertible or option debt securities that have been issued, or are issued, by CURANUM AG or by companies in which CURANUM AG holds majority stakes, either directly or indirectly, or as part of the satisfaction of conversion obligations arising from such convertible debentures.

dd) The shares may be sold in a manner other than via the stock market if the shares are sold for cash at a price that is not significantly less than the stock market price of the company's shares at the time of the disposal. To the extent that the shares sold are offered to shareholders under exclusion of their subscription rights, they may not amount to less than a total of 10 % of the issued share capital, neither at the time when this authorization becomes effective nor at the time when this authorization is utilized.

(e) The authorizations in sections (d) bb) to dd) also apply for company shares acquired on the basis of § 71d Clause 5 of the German Stock Corporation Act.

(f) The authorizations in section (d) may be utilized either once or on several occasions, either wholly or in part, and either individually or jointly.

(g) Shareholder subscription rights to treasury shares may be excluded only to the extent that these are used pursuant to the authorizations in sections (d) bb) to dd). The following should be included in the calculation of the 10 % limit applying for disposals of treasury shares pursuant to the authorization in section (d) dd) under exclusion of subscription rights:

- shares that are issued during the period of this authorization in effective application of § 186 Section 3 Clause 4 of the German Stock Corporation Act from approved capital excluding shareholder subscription rights, and
- shares issued, or to be issued, to service debt instruments with conversion or option rights, to the extent that the debt instruments were issued during the period of this authorization in effective application of § 186 Section 3 Clause 4 of the German Stock Corporation Act under exclusion of shareholder subscription rights.

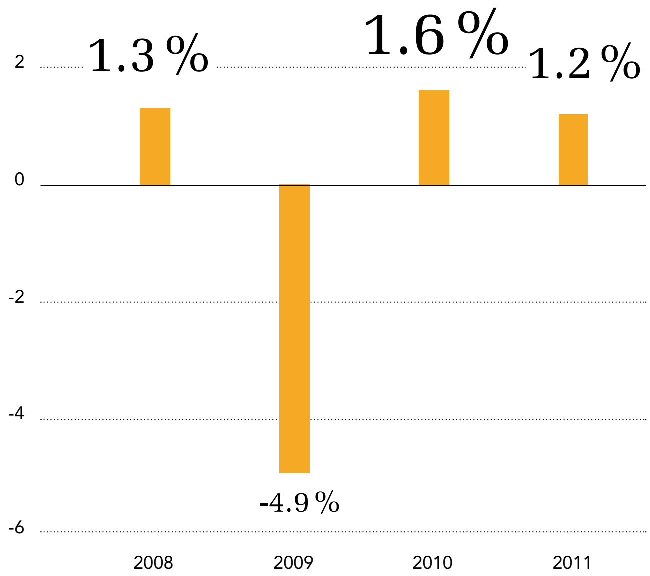
(h) The Supervisory Board may determine that Management Board measures based on this resolution of the Shareholders' General Meeting may be conducted only with its approval.

On September 19, 2008, this led the Supervisory Board of CURANUM AG to approve the Management Board's proposal to repurchase the company's own shares with a proportionate amount of the issued share capital totaling up to 5 %. The repurchases can be performed either wholly or in part, and either once on several occasions. The intention is that the shares will be used as payment in connection with the acquisition of care facilities, companies, or parts of companies that operate such facilities.

In 2009, CURANUM AG repurchased a total of 86,913 shares at an average price of € 3.11. This entailed an amount of T€ 271.

The share repurchase program was suspended as of March 31, 2009. The current treasury share position amounts to around 405,000 shares with a value of € 1.2 million.

OUTLOOK OF GDP DEVELOPMENT UNTIL 2011



Source: German Central Bank

6. FOLLOW-UP AND FORECAST REPORT

PARTICULAR EVENTS FOLLOWING THE BALANCE SHEET DATE

We are currently in the planning stage for the disposal of our property for the facility "FAZIT Seniorenwohnzentrum An der Schlossbrücke", Greiz. Contractual negotiations had not yet been concluded at the time of the release of the consolidated financial statements, however.

No further particular events occurred between the balance sheet date and the date on which the annual financial statements were prepared in the 2010 financial year.

FORECAST REPORT AND OUTLOOK

Macroeconomic trends

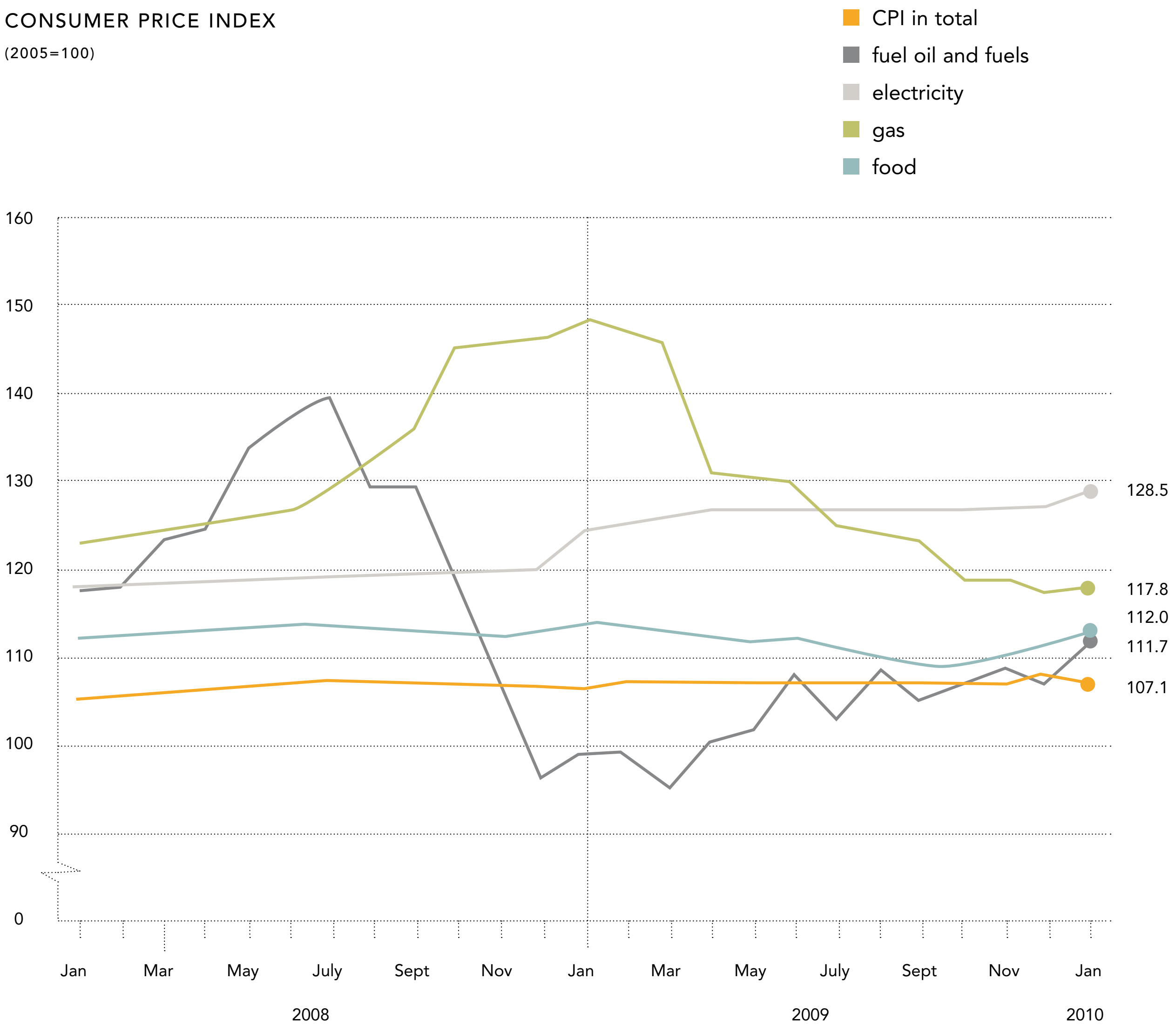
Prospects for the German economy have brightened since mid-2009. This recovery process will continue at an overall moderate rate in 2010 and 2011, according to the Deutsche Bundesbank's December 2009 forecast. Further export demand recovery is the key reason for this optimistic assumption.

Consumer prices will rise moderately over the forecasting timeframe according to the Bundesbank. Consumer prices are expected to rise by an average of 0.9 % in 2010, and by 1.0 % in 2011.

It is nevertheless assumed that the labor market will worsen further, and that more jobs will be shed. The labor market's response has been restrained to date, since companies have had many management options with which to adjust working hours to falling demand. This scenario will prospectively change, and the number of unemployed individuals could rise from currently 3.4 million to over 3.8 million in 2010, and 4.2 million in 2011.

CONSUMER PRICE INDEX

(2005=100)



Source: Federal Office of Statistics, Wiesbaden 2010

The German consumer price index rose by 0.8 % in January 2010 compared with January 2009, according to information provided by the Federal Office of Statistics, Wiesbaden. As a consequence, inflation measured in terms of the consumer price index change was low at the start of the year, and the expectation for the current year is that inflation and the consumer price index change will remain at a low level, below 2 %.

Private consumption also showed a slight increase at the end of 2009. Compared with the previous year, however, consumer spending was down by 0.1 %, and no significant recovery is anticipated in 2010. Capital market interest rates remain at a low level. Although short-term interest rates will again continue to be higher than base rates in the current year, the absolute level will nevertheless remain low, allowing investments to continue to be financed at favorable rates.

Sector trends

Among other items, the federal government's coalition agreement envisages further development of care insurance that is adjusted to the requirements of those in need of care, and redefines the term "in need of care". A further intention is to expand contribution-financed care insurance to include capital-covered private supplementary insurance. Both measures will nevertheless require significantly higher premiums from contribution payers, since the "in need of care" term will particularly include numerous dementia cases, and the capital-covered component will be levied in addition to the existing contribution premium. To this extent, both measures are difficult to implement politically, making an introduction within the foreseeable future unlikely.

Investments in the care real estate sector were again significantly lower in 2009 than in the 2005 to 2007 boom years, and we expect only a slight recovery in 2010. The extent of investments will be lower than in previous years due to restrictive real estate financing, problems at the Landesbanks, and numerous distressed real estate portfolios. A slight recovery was nevertheless already detectable in the first quarter of 2010, which was accompanied by improved sentiment on the social sector real estate market.

We continue to anticipate vigorous competition on the inpatient care market, although the number of new openings should decline this year. Restrictive regional care home acts, more difficult refinancing terms, and a longer start-up phase for new properties due to greater competition will result in a further decline in new openings.

We expect competition to grow in the outpatient care market, particularly since many market participants from the inpatient area are making great efforts to acquire market shares, in order to win and loyalize customers at an early stage. Here we anticipate more takeover activity in the future, and consequently also momentum in the consolidation process, as in the inpatient sector.

We expect stable demand for managed apartments. There is an upward trend at many locations for such offerings. Due to the continued, rigid one class system in stationary care, many seniors are endeavoring to organize care in managed apartments, and thereby structure services according to their wishes. In this area we identify a clear trend towards more individual products, and tailored service packages.

Care insurance payments are currently rising only slightly in 2010. For instance, the Care Level 3 inpatient care payment will be raised to € 1,510 per month from January 1, 2010 (until December 31, 2009: € 1,470).

Outpatient care payments will also be raised at all three care levels: at Care Level 1 from € 420 to € 440 per month, at Care Level 2 from € 980 to € 1,040 a month, and at Care Level 3 from € 1,470 to € 1,510 per month.

Outlook for the company

Due to fewer new openings on the market, continued stable demand, and our further improvement in quality in connection with the new transparency of the MDK audits, we anticipate at least stable utilization in the inpatient area, and slight growth in demand for managed apartments.

Excluding new acquisitions, we are budgeting revenue of between € 264.5 million and € 266.5 million for the 2010 financial year, EBITDA earnings before interest, tax, depreciation and amortization of between € 28.5 million and € 30.0 million, and net income of between € 6.5 million and € 7.5 million.

Our target is based on stable occupancy in line with utilization in 2009. Our forecasts also exclude key effects that might arise due to legal and regulatory issues in 2010.

We will retain our expansion strategy of acquiring six to eight new facilities every year, and of opening one to three new locations. We wish to further expand our bundling of several facilities into so-called clusters in 2010, in order to thereby enhance the overall efficiency of our service

Maike Molitor, apprentice of nurse, Frechen
and Iris Bilke, nurse in Frechen

products and commercial activity. We focus on consistent customer orientation through optimal care-related quality. Our residents form the center point of our activities. The expansion of our vertical and horizontal value-creation chain, as well as our focus on the outpatient services area, provide the ideal foundation to achieve our uppermost corporate objective — CURANUM as the market leader in quality and profitability.

Due to our comprehensive geographic network totaling 69 facilities with 7,805 care places and 1,681 apartments, we enjoy a strong negotiating position for purchasing, lease negotiations, as well as the new acquisition of further senior citizen centers. CURANUM will continue to grow in the future, and to remain on its successful expansion path of the recent years.

THANKS

The Management Board would like to extend its very warm thanks to all staff members for their committed input and outstanding performance. Due to the particular challenges of the care market, and our streamlined organizational structure, we particularly appreciate their strong commitment, as well as their quality-conscious and customer-oriented approach in our local facilities, as well as at our administrative operations.

We would also like to thank our residents and their relatives, as well as our shareholders and business partners, for the confidence that they have invested in us, and for our successful cooperation. We regard CURANUM AG as well prepared for the current 2010 business year, and we look forward to continued partnership-based collaboration.

Munich, March 15, 2010

CURANUM AG

The Management Board

Bernd Rothe Sabine Merazzi-Weirich Judith Barth

»For me, a smile
of satisfaction is worth
as much as three stars.«

Mariusz Fudala, Cook, Hennef

Report of the Supervisory Board

The Supervisory Board provides information in this report about its activities in 2009, and comments on the focal points of its consultations and reviews that form part of its continuous dialogue with the Management Board of CURANUM AG.

1. ORGANIZATION OF SUPERVISORY BOARD ACTIVITIES

During the course of the 2009 reporting year, the Supervisory Board performed the responsibilities incumbent upon it according to the law, the company's bylaws, and the company's rules of business procedure. It constantly supervised, controlled, and regularly consulted with the Management Board concerning the management of business and of the Group. The Chairman of the Supervisory Board engaged in an intensive and cooperative exchange of information with the Management Board of CURANUM AG. This allowed the Supervisory Board to be informed on an ongoing basis, including between meetings, concerning the Group's business progress, its earnings and financing positions, as well as concerning current investments and personnel planning.

The company's general risk position was discussed at all meetings held between the Supervisory and the Management boards. The Management Board prepares regular risk reports for this purpose. Risks that are particularly monitored include occupancy at CURANUM facilities, the liquidity position, personnel problems, as well as risks arising from statutory initiatives.

The Supervisory Board was included in all decisions of key significance of the company, and, following extensive review and consultation, granted its approval to transactions where its approval was required. In 2009 the Supervisory Board commissioned no special Management Board reports, expert surveys, or special audits.

Pursuant to Point 5.3. of the German Corporate Governance Code, CURANUM AG's Supervisory Board formed an audit committee as well as in the previous year. The audit committee was formed pursuant to Point 5.3.2 of the German Corporate Governance Code in order to satisfy the greater requirements in terms of the time-intensive examination of the annual parent company and consolidated financial statements, as well as the auditor's corresponding audit reports. This entailed the audit committee holding nine meetings in addition to regular Supervisory Board meetings under the direction of the Deputy Chairman of the Supervisory Board. The audit committee, in particular, held in-depth consultations concerning the parent company and consolidated financial statements, the management reports from both the parent company and the Group, as well as the corresponding reports prepared by the external auditor.

The scope, process and in-depth focal points of the 2009 audit were also coordinated with the auditor.

The audit committee consists of three members of the Supervisory Board under the chairmanship of Deputy Chairman.

As a result of the size of the Supervisory Board body, no further committees were formed.

2. SUPERVISORY BOARD ACTIVITIES IN 2009

A total of nine regular Supervisory Board meetings were convened during 2009. Supervisory Board members received extensive information, which the Management Board had prepared together with the specialist departments, in good time before all meetings. Given the sound nature of the information contained in these reports the requisite resolutions on the day's agenda were passed at the meetings, and the company's risk position was gauged appropriately.

All Supervisory Board members participated at five of its meetings. Two members were unable to attend one meeting, and, at three meetings, one member in each case was unable to participate.

a) Supervisory Board meeting on March 26, 2009

At this first meeting Supervisory Board of the 2009 year held to adopt the financial statements, the annual financial statements and the auditor's audit report, as well as the single-entity parent company management report and the Group management report, were discussed in detail, checked and then adopted unanimously. This meeting was held in the auditor's presence. Further topics of this Supervisory Board meeting included the checklist for the efficiency audit of Supervisory Board work, the Management Board's report on business progress, as well as the Management Board report on CURANUM AG's risk management system.

b) Supervisory Board meeting on May 11, 2009

The key focus of this meeting was the Management Board's business progress report. Management and Supervisory board personnel matters were also discussed. In addition, a resolution concerning the agenda for the 2009 Shareholders' General Meeting was also passed. The Management Board subsequently reported on CURANUM AG's risk management system.

c) Supervisory Board meeting on June 24, 2009

At this meeting, too, the key topics were the Management Board's business progress report and CURANUM AG's risk management system. Further topics included the terms of the borrower's note loan, as well as the acquisition of an additional facility in Germany. The Management Board also provided information about the decision of the Federal Financial Supervisory Authority (BaFin) relating to the current accounting procedure. The entire Supervisory Board discussed this topic in depth. Preparations were also made for the Shareholders' General Meeting.

d) Supervisory Board meeting on June 25, 2009

This meeting was postponed until July 16, 2009 because a newly elected Supervisory Board member was not in attendance.

e) Supervisory Board meeting on July 16, 2009

Key topics of this meeting include the Management Board's business progress report as well as the company's risk position. Occupancy at CURANUM AG facilities formed a further particular topic of this meeting. The Management Board presented a revised budget for 2009 due to occupancy trends. A further key topic of discussion was the minimum wage debate for the care area, as well as the establishment of a corresponding commission by the federal government. A further agenda item included the appointment of Mrs. Judith Barth to be CFO of CURANUM AG.

f) Supervisory Board meeting on August 4, 2009

Since Mrs. Judith Barth, the newly appointed CFO, was not yet known to all Supervisory Board members, she was presented at length to the Supervisory Board. The Supervisory Board subsequently discussed the key points of Mrs. Barth's Management Board activities.

g) Supervisory Board meeting on September 21, 2009

A new member was elected to the Supervisory Board at this meeting. This meeting was necessitated because several nomination proposals for the Supervisory Board had been submitted to the Munich District Court. The District Court had requested a vote on the part of the Supervisory Board.

h) Supervisory Board meeting on October 15, 2009

At this meeting, the Management Board reported on business progress as well as CURANUM AG's risk management system. In addition, the distribution of Management Board responsibilities, as well as concepts relating to medical care for CURANUM AG facility occupants were discussed in depth.

i) Supervisory Board meeting on December 10, 2009

Along with the standard Supervisory Board meeting topics (Management Board business progress report / CURANUM AG risk management system), strategy planning for 2010, 2011 and 2012 was discussed in detail. This particularly related to the topics of occupancy, marketing concept, personnel recruitment concept, medical networking and provision, and the attractiveness of the real estate. Further specifics were also established with respect to the Management Board responsibilities. In addition, an acquisition that had yet to be realized was discussed.

3. AUDIT COMMITTEE ACTIVITIES IN 2009

Nine meetings of the audit committee were also held in 2009. All audit committee members participated in the corresponding meetings, with the exception of one meeting.

a) Audit committee meeting on January 5, 2009

The Management Board and the audit committee performed an initial coordination of the 2008 annual financial statements at this meeting. Various points relating to the annual financial statements were discussed in greater depth.

b) Audit committee meeting on February 4, 2009

The current status of the audit was discussed with the auditing company's audit director. The Management Board reported on the audit's progress from its perspective. Audit work that had been performed at this juncture included primarily the impairment tests of assets and of equity interests. CURANUM AG's risk early identification system formed a further focal point. These were also examined using the Management Board's monthly risk report. The auditors arrived at the conclusion that CURANUM AG's risk early warning system is effective and sufficient.

c) Audit committee meeting on March 5, 2009

The balance sheet, income statement, as well as the status of the audit were discussed with the auditor and the Management Board at this meeting. The key point to note with respect to the provisional 2008 result is that it is characterized by the worsening occupancy situation at the facilities. At the same time, facility occupation represents CURANUM AG's largest risk factor.

d) Audit committee meeting on March 11, 2009

This concluding discussion of the 2008 annual financial statements with CURANUM AG's Management Board was conducted in greater depth, and each of the individual items of the annual financial statements were addressed. The management report issued by the Management Board was also critically appraised.

e) Audit committee meeting on May 10, 2009

At this audit committee meeting, CURANUM AG's first-quarter financial statements were discussed in depth with the Management Board and the results were subjected to a plausibility check.

f) Audit committee meeting on June 26, 2009

The issue of this meeting was the audit report of BaFin of June 18, 2009. The audit report's result was discussed in depth with the Management Board at this meeting. The interesting aspect in this context was the different opinions held by the four accounting experts. Following in-depth discussion, the audit committee concurred with the Management Board's opinion, and recommended that the Management and Supervisory boards accept the BaFin's decision, and implement it in the accounts.

g) Audit committee meeting on August 4, 2009

The key topic of this meeting was the plausibility check of the financial statements for the second quarter of 2009. Both the asset and liability sides of the quarterly financial statements, as well as the consolidated income statement as of June 30, 2009 were discussed in depth.

h) Audit committee meeting on November 12, 2009

This meeting, too, was concerned with the plausibility check for the CURANUM AG's third-quarter financial statements as of September 30, 2009. In this instance also, the consolidated balance sheet and income statement as of September 30, 2009 were discussed in detail, individual items were subjected to plausibility checks, and discussed individually with the Management Board.

*»I will also be old
one day. And who will be there
for me then?«*

Julia Ingenbleek, Intern, Hennef

i) Audit committee meeting on December 16, 2009

This meeting, which was attended by the auditor, served to discuss and establish a program of focal points for the auditors, as well as the audit schedule. The audit director presented the audit team for this year. Audit focal points were then jointly determined, and particularities of the 2009 financial year were discussed. An in-depth discussion was also held about the economic environment. A final date of March 11, 2010 was fixed for the concluding discussion with the Management Board and audit committee.

4. RISK EARLY WARNING SYSTEM

The Supervisory Board received reports concerning CURANUM AG's risk management system at each meeting, and it monitored the work of the risk team. No risks were identified in 2009 that might jeopardize the company as a going concern. In addition, the risk management system issued no warning messages to the Supervisory Board.

5. CONFLICTS OF INTEREST

No member of the Supervisory Board was involved in a conflict of interest during the financial year under review due to consultancy mandates or board functions exercised at business partners.

6. EFFICIENCY AUDIT

Point 5.6 of the German Corporate Governance Code recommends that Supervisory Boards regularly conduct reviews of their efficiency. This review is documented using a checklist as part of an annual supervisory board record.

At the Supervisory Board meeting on March 26, 2009, the Supervisory Board performed an efficiency audit using a checklist.

a) Changes within the Management and Supervisory boards

At the Supervisory Board meeting on May 11, 2009, Mr. Hans-Milo Halhuber announced that he would relinquish his CURANUM AG Management Board mandate as of May 15, 2009 for personal reasons. The Supervisory Board thanked Mr. Halhuber for his good work that he had performed, and wished him much future happiness and health.

The Supervisory Board appointed CFO Bernd Rothe as the Management Board Chairman (CEO) as of May 16, 2009.

At the Supervisory Board meeting on July 16, 2009, Mrs. Judith Barth was appointed as CURANUM AG's new CFO.

Following a ten-year period as a Supervisory Board member, Mrs. Angelika Pohl relinquished her CURANUM AG Supervisory Board mandate on April 7, 2009, for personal reasons.

On May 27, 2009, Mrs. Sabine Klöckner relinquished her Supervisory Board mandate, also for personal reasons.

The Supervisory Board thanked both departing Supervisory Board members for the work that they had performed.

With a large majority, the CURANUM AG Shareholders' General Meeting on June 25, 2009 appointed Dr. Michael Treichl, managing shareholder of Audley Capital Advisors LLP, as a new Supervisory Board member.

On October 7, 2009, the Munich District Court appointed Mr. Bernd Steffen Quade (Dipl. Kfm.), CFO of SimonsVoss Technologies AG, as a further regular member of the Supervisory Board of CURANUM AG.

On March 15, 2010, Mr. Michael Sasse (retired notary), relinquished his Supervisory Board mandate for health reasons. The Supervisory Board thanked him for his great commitment and valuable work over the past years.

b) Management Board remuneration

Besides the changes of personnel within the Management Board, the Supervisory Board also concerned itself at several meetings with the remuneration of the Management Board. The Supervisory Board arrived at the conclusion that the remuneration of the Management Board is related to performance to a significant degree. This relationship to performance is defined according to the company's annual net income, using a percentage rate that rises in line with the level of earnings. It was established that 41 % of total Management Board remuneration in 2009 was performance-related.

c) Transactions requiring approval

The catalogue of transactions requiring approval comprises the following main points:

- Purchase and sale of movable fixed assets where individual transactions exceed an amount of € 2.00 million,
- Purchase, sale, development, and encumbrance of real estate, if the individual accounting addition or disposal exceeds an amount of € 10.00 million,

»It's very understandable: After all, who would want to move to another city at the age of 80?«

Sabine Amel, Administration, Frechen

- Purchase and sale of equity interests in companies if the individual accounting addition or disposal exceeds an amount of € 8.00 million,
- Conclusion of affiliation agreements in the meaning of § 292 Section 1 of the German Stock Corporation Act (AktG),
- The assumption of warranties and guarantees where an individual case exceeds € 2.00 million,
- The granting of a loan outside the Group where an individual loan exceeds € 2.00 million, or a cumulative total loan exceeds € 6.00 million.

These limits also apply to associated companies.The Management Board correctly presented all transactions requiring approval to the Supervisory Board in 2009. The Supervisory Board was able at all times to verify that the company was being managed properly.

7. ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS 2009

The Management Board prepared the annual financial statements and management report, as well as the consolidated financial statements and Group management report, of CURANUM AG on March 24, 2010. Wirtschaftstreuhand GmbH, Steuerberatungsgesellschaft, Wirtschaftsprüfungsgesellschaft, Stuttgart, audited the annual financial statements and management report of CURANUM AG as well as the consolidated financial statements and Group management report as of December 31, 2009, and awarded unqualified audit opinions to both. The consolidated financial statements and Group management report were prepared on the basis of International Financial Reporting Standards (IFRS), as applied in the EU, pursuant to § 315a of the German Commercial Code (HGB). The external auditor performed its audit on the basis of German generally accepted auditing principles as promulgated by the Institut der Wirtschaftsprüfer (IDW).

The above-mentioned financial statements, as well as the corresponding auditor's reports, were presented on time to the Supervisory Board together with the Management Board's proposal for the application of profit.

The audit committee performed an in-depth review of the above-mentioned financial statements as part of its preliminary audit in preparation for the Supervisory Board's financial statements meeting.

The audit committee covered the following key audit topics:

- The independence of the external auditor
- The effectiveness of the internal controlling and risk management system
- The efficiency and compliance of the accounting process
- Key balance sheet and income statement items
- Key accounting and valuation principles
- Significant deviations from previous year's figures

»Keeping an eye on costs does not mean making do with fewer members of staff.«

Jürgen Gaß, Care services, Mönchengladbach

The following items were also discussed in even greater depth:

- BaFin (Federal Financial Supervisory Authority) determination of June 18, 2009
- Goodwill impairment tests
- Rights packages
- Operations of Armbrustergasse subsidiary in Vienna
- Leases - accounting treatment of real estate
- Provisions
- WestLB covenant
- Developments after the balance sheet date, 2010 forecast

The key items covered by the plenary meeting of the Supervisory Board on March 24, 2010 were the audit committee's report and a thorough discussion of the 2009 financial statements that had been presented, including the auditor's report.

No objections were raised following the conclusive result of the Supervisory Board's own audit of the annual parent company financial statements, the management report, the consolidated financial statements, and the Group management report. The Supervisory Board approved the annual and consolidated financial statements pursuant to the recommendations of both the auditor and the audit committee. The annual financial statements have been adopted as a result of their approval by the Supervisory Board. In its assessment of the position of both the company and the Group, the Supervisory Board concurs with that of the Management Board in its parent company's single-entity management report and Group management report.

8. APPLICATION OF UNAPPROPRIATED RETAINED EARNINGS / DIVIDEND PROPOSAL

With respect to the Management Board's proposal concerning the dividend, the Supervisory Board considered what effect it would have on the company's liquidity, credit standing, and expansion plans.

Following its own review, the Supervisory Board concurs with the Management Board proposal to refrain from a distribution for the 2009 financial year, and to carry the 2009 earnings forward to a new account.

On behalf of my Supervisory Board colleagues, I would like to thank the Management Board and the staff members of the Group companies for their dedication and strong commitment.

Munich, March 15, 2010

Dr. Dieter Thomae
Chairman of the Supervisory Board

CURANUM AG, MÜNCHEN
CONSOLIDATED FINANCIAL STATEMENTS 2009
(IFRS)

CONSOLIDATED BALANCE SHEET

as of December 31, 2009

ASSETS

in T€	Notes	31.12.2009	31.12.2008	01.01.2008
Current Assets				
Cash and cash equivalents	(1)	8,899	10,014	25,646
Trade accounts receivable	(2)	6,482	6,273	6,411
Inventories	(3)	921	914	862
Current assets	(4)	5,413	5,557	7,021
Tax receivables	(5)	953	756	2,022
Security investment	(6)	372	374	380
Assets held for sale		0	0	5,516
TOTAL CURRENT ASSETS		23,040	23,888	47,858
Non-current assets				
Property, plant and equipment	(7)	127,253	127,064	117,586
Other intangible assets	(8)	2,794	3,164	1,702
Goodwill	(8)	65,718	64,769	50,648
Deferred tax assets	(21)	9,196	9,555	9,750
Other financial assets	(4)	8,443	9,277	10,474
TOTAL NON-CURRENT ASSETS		213,404	213,829	190,160
TOTAL ASSETS		236,444	237,717	238,018

SHAREHOLDERS' EQUITY AND LIABILITIES

in T€	Notes	31.12.2009	31.12.2008	01.01.2008
Current liabilities				
Finance lease debt	(9)	4,169	3,790	4,009
Current finance debt	(10)	14,646	4,975	3,834
Trade accounts payable	(11)	5,226	4,348	3,194
Provisions	(12)	1,363	1,363	2,567
Income tax payable	(13)	78	136	1,478
Other current liabilities	(13)	14,225	15,952	17,083
TOTAL CURRENT LIABILITIES		39,707	30,564	32,165
Non-current liabilities				
Financial lease obligations	(9)	54,089	53,044	54,121
Non-current finance debt	(10)	70,891	84,148	84,246
Deferred tax liabilities	(21)	5,564	5,360	4,800
Provisions	(12)	95	497	575
TOTAL NON-CURRENT LIABILITIES		130,639	143,049	143,742
Shareholders' equity				
Share capital	(14)	32,660	32,660	32,660
Additional paid-in capital	(14)	32,303	32,303	32,303
Own shares	(14)	-1,241	-970	0
Revenue reserve	(14)	-4,037	-7,799	-8,362
Consolidated profit	(14)	5,870	7,032	3,939
Other shareholders' equity	(14)	543	878	1,571
TOTAL SHAREHOLDERS' EQUITY		66,098	64,104	62,111
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		236,444	237,717	238,018

CONSOLIDATED INCOME STATEMENT

in the period from January 1 to December 31, 2009

in T€	Notes	2009	2008
1. REVENUES	(15)	**259,522**	**257,104**
2. Cost of sales	(16)	224,079	220,292
3. GROSS PROFIT/ LOSS		**35,443**	**36,812**
4. Selling and marketing expenses	(17)	1,128	1,024
5. General administration expenses	(18)	18,710	18,563
6. Other operating expenses	(19)	1,017	2,164
7. Other operating income	(19)	3,222	4,685
8. OPERATING INCOME / LOSS		**17,810**	**19,746**
9. Interest and other expenses	(20)	9,083	10,486
10. Other interest and other income	(20)	131	979
11. EARNINGS BEFORE INCOME TAXES		**8,858**	**10,239**
12. Tax expense	(21)	2,359	2,779
13. Deferred tax expense	(21)	659	459
14. EARNINGS AFTER INCOME TAXES		**5,840**	**7,001**
Profit or loss attributable to minority interest	(14)	-30	-31
of which shareholder earnings	(14)	5,870	7,032
Net income per share, **basic, €**	(22)	0.18	0.22
Net income per share, **diluted**, €	(22)	0.18	0.22
Number of underlying outstanding shares		32,267,835	32,611,091

STATEMENT OF COMPREHENSIVE INCOME

total profit and loss account

in T€	2009	2008
EARNINGS AFTER INCOME TAXES	5,840	7,001
Losses from the change in fair value of financial instruments used for hedging purposes	-399	-904
Losses from the measurement of Available for Sale securities	-2	-5
Losses from other earnings-neutral changes	-54	-54
Deferred tax relating to earnings-neutral components of comprehensive income for the period	120	270
SUM OF SHAREHOLDERS' EQUITY REPORTED CHANGES IN VALUE	-335	-693
SUM OF EARNINGS AFTER INCOME TAXES AND SHAREHOLDERS' EQUITY REPORTED CHANGES IN VALUE	5,505	6,308
of which attributable to minority interests	-30	-31
of which attributable to CURANUM AG shareholders	5,535	6,339

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in the period from January 1 to December 31, 2009

in T€	Share capital	Additional paid-in capital	Retained earnings: Accumulated profit/loss	Retained earnings: Other retained earnings
1.1.2008	**32,660**	**32,303**	**-6,089**	**-26**
IAS 8 – Deferred tax	--	--	1,172	--
IAS 8 – Goodwill	--	--	-3,419	--
1.1.2008 – restated	**32,660**	**32,303**	**-8,336**	**-26**
Comprehensive after-tax income for the period	--	--	673	--
Dividend payment	--	--	--	--
Buyback of own shares	--	--	--	--
Other changes	--	--	--	-110
31.12.2008	**32,660**	**32,303**	**-7,663**	**-136**
Comprehensive after-tax income for the period	--	--	3,807	--
Dividend payment	--	--	--	--
Buyback of own shares	--	--	--	--
Other changes	--	--	--	-45
31.12.2009	**32,660**	**32,303**	**-3,856**	**-181**

Buyback of own shares	Consolidated profits	Other shareholders' equity: Revaluation reserve	Cashflow-Hedge	Shareholders' equity
0	**4,203**	**1,563**	**8**	**64,622**
--	-264	--	--	908
--	--	--	--	-3,419
0	**3,939**	**1,563**	**8**	**62,111**
--	6,328	-59	-634	6,308
--	-3,266	--	--	-3,266
-970	--	--	--	-970
	31	--	--	-79
-970	**7,032**	**1,504**	**-626**	**64,104**
--	2,033	-56	-279	5,505
--	-3,225	--	--	-3,225
-271	--	--	--	-271
--	30	--	--	-15
-1.241	**5,870**	**1,448**	**-905**	**66,098**

Letztes Jahr:
Gewinn /Verlust

CONSOLIDATED CASH FLOW STATEMENT

in the period from January 1 to December 31, 2009

in T€	2009	2008
I. OPERATING ACTIVITY		
Result before income tax and minority interest	8,858	10,239
Depreciation/amortization	9,807	9,549
Other interest and similar income	-131	-979
Interest and similar expenses	9,083	10,486
Gains from disposals of fixed assets	13	-6
Other non-cash expenses and income	0	-6
Increase/decrease in provisions	-401	-2,492
Change in net Working Capital	515	552
Tax paid	-3,089	-4,183
Tax received	296	2,073
Interest paid (without interest share of finance-lease liabilities)	-5,142	-5,978
Interest received	112	569
Cash flow from operating activities	**19,921**	**19,824**
II. INVESTING ACTIVITIES		
Cash outflow for acquisition	-1,160	-14,751
Cash outflows for property, plant and equipment and intangible assets	-4,033	-3,964
Cash inflows from disposal of property, plant and equipment	0	25
Cash flow from investing activities	**-5,193**	**-18,690**
III. FINANCING ACTIVITY		
Cash inflow from financial liabilities	1,100	0
Cash outflow from redemption of financial liabilities	-5,608	-4,926
Cash outflow for finance leasing (both interest and redemption proportion)	-7,839	-7,604
Cash outflow for buyback of own shares	-271	-970
Dividend payments	-3,225	-3,266
Cash flow from financing activity	**-15,843**	**-16,766**
Change in cash and cash equivalents	**-1,115**	**-15,632**
Cash and cash equivalents at beginning of period	10,014	25,646
Cash and cash equivalents at end of period	**8,899**	**10,014**

A. GENERAL REMARKS

1. PRINCIPLES AND METHODS

CURANUM Aktiengesellschaft (referred to below as "CURANUM AG" or the "Company") has its headquarters at Maximilianstrasse 35c, 80539 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.

The consolidated financial statements of CURANUM AG as of December 31, 2009 have been prepared according to International Financial Reporting Standards (IFRS), as applicable in the EU. We have taken into account the standards of the International Accounting Standards Board (IASB), London, applicable in the EU as of the reporting date, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid for the financial year. We have satisfied the requirements of the applied standards and interpretations without exception. The financial statements consequently convey a true and fair view of the assets, financing, and earnings positions of the CURANUM Group.

The consolidated financial statements in this version comply with the requirements of § 315a of the German Commercial Code (HGB). This forms the legal basis for consolidated accounting according to international accounting standards in Germany, together with Regulation Number 1606/2002 of the European Parliament and Council of July 19, 2002 concerning the application of international accounting standards.

The financial statements of the subsidiaries have been prepared using the reporting date of the consolidated financial statements, which corresponds to the reporting date of CURANUM AG.

The consolidated financial statements have been prepared on the going-concern principle. No further events occurred until the conclusion of the preparation of the consolidated financial statements that had a significant impact on the assets, liabilities, and earnings positions of the Group.

The financial year of the CURANUM Group comprises the period from January 1 to December 31. The consolidated financial statements have been prepared in thousands of euros (T€). Figures in the notes to the financial statements are presented in thousands of euros (T€), unless stated otherwise. The income statement has been prepared according to the cost of sales accounting format.

The consolidated financial statements and Group management report prepared as of December 31, 2009 are published in the official register of companies (www.unternehmensregister.de), and in the electronic Federal Gazette.

The Management Board approved the consolidated financial statements and Group management report of CURANUM AG for forwarding to the Supervisory Board on March 15, 2010, which will adopt the decision on its approval of the consolidated financial statements at its meeting on March 24, 2010.

2. SCOPE OF CONSOLIDATION

The consolidated financial statements of CURANUM AG include all companies in which CURANUM AG, either directly or indirectly, enjoys the opportunity to determine the financial and business policy, and to draw related benefits (control relationship). A company is included for the first time when possibility of control is achieved. Inclusion ends when the possibility of control no longer exists.

Besides CURANUM AG, the group of consolidated companies includes 28 German (previous year: 28) and two foreign (previous year: two) subsidiaries.

The complete list of shareholdings is attached as an annex.

3. COMPANY MERGERS

With a purchase agreement of November 21, 2008, CURANUM AG, Munich, acquired the operations of the "Scheffelhof" senior care residence in Bad Dürrheim as of January 1, 2009. With a purchase agreement dated August 11, 2009, the "Am Stöckheimer Markt" senior citizen care residence in Braunschweig was also acquired as of September 1, 2009. With a purchase agreement dated February 9, 2009, the Group additionally acquired the Coburg outpatient care service as of February 10, 2009.

The 2009 company mergers are presented in summarized form due to their immaterial nature on an individual basis.

The purchase prices of these three facilities, referred to below in brief as "Scheffelhof", "Coburg" and "Braunschweig" were settled entirely in cash. All these transactions relate to assets deals in the meaning of IFRS 3.

The purchase prices for the three acquired corporate areas totaled T€ 1,160.

The following assets and liabilities were recognized:

in T€	Fair values	Carrying amounts/ company
Assets		
Intangible assets	141	141
Property, plant and equipment	108	108
Other assets	4	4
Deferred tax on assets		-42
Goodwill		949
Purchase price		**1,160**

Intangible assets of T€ 141 arise from the measurement of customer relationships recognized as part of company mergers. The consolidated financial statements include goodwill of T€ 949 arising from the mergers.

Property, plant and equipment include acquired operating and office equipment. Other assets include stocks of household management items that CURANUM acquired when it purchased the operations. At the conclusion of the acquisition of the "Scheffelhof" operation, a real estate lease agreement was entered into that is recognized as a finance lease.

Deferred tax relates to non-current liability items. This results from the recognition of non-current assets.

Goodwill arising from the mergers is derived from the purchase price allocation taking into account the costs of acquiring the purchased assets, and after recognizing the "customer relationships" intangible asset and its related deferred tax liabilities.

The customer relationships reflect the earnings contribution expected from the occupancy of the facilities at the time of acquisition. The basis for this valuation is the number of persons cared for, taking into account their expected duration of stay in the facility and the managed apartments.

The company anticipates that the corporate mergers will make a positive contribution to the future consolidated net income of the CURANUM Group. The goodwill arising from the "Braunschweig" and "Scheffelhof" business operations was allocated to the CURANUM CGU, and the goodwill arising from the purchase of the "Coburg" outpatient service was allocated to the FAZIT CGU. As a result of the allocation of the "Braunschweig" and "Scheffelhof" business operations to the CURANUM CGU, synergy effects will result due to the structures and processes already existing within the CURANUM CGU. Synergy effects will be realized as a result of the increase in care places and managed apartments within the Group, and the densification of the CURANUM Group network of facilities. These expectations regarding the future earnings contributions are reflected in goodwill reported in the balance sheet.

The acquired "Scheffelhof", "Coburg" and "Braunschweig" operations together generated revenue of T€ 3,363 in the January 1 to December 31, 2009 period, and after-tax earnings of T€ 124, which is contained in the consolidated net income as of December 31, 2009.

Assuming that all corporate mergers in 2009 occurred at the start of the financial year, the consolidated revenue would have amounted to T€ 261,089 in 2009. Earnings after tax would have amounted to T€ 5,836.

In accordance with IFRS 3.69, recognition of the "Coburg" and "Braunschweig" corporate mergers in this business report is only provisional, since the purchase price allocation process may give rise to further information relating to the identification of assets or the measurement of fair values.

There was no impairment requirement for the carrying amounts of the acquired facilities' goodwill for the period between the acquisition and the end of the reporting period. For this reason, we have dispensed with a goodwill reconciliation statement for the timeframe between the start and end of the reporting period.

4. PRINCIPLES OF CONSOLIDATION

Corporate mergers are recognized using the purchase method in accordance with IFRS 3 ("Business Combinations"). Acquired assets, liabilities and contingent liabilities are measured at fair value at the time of acquisition. If shares in companies are acquired, the purchase cost of the acquired shares is offset with the proportional revalued equity of the subsidiary. Any remaining positive differential amount from the offsetting of the purchase costs with the identified assets and liabilities is reported as goodwill among intangible assets. Where assets and liabilities are acquired ("asset deal"), the differential amount between the purchase price and the identified assets is reported as goodwill.

If the purchase cost of the investment is less than the identified assets and liabilities, and following a renewed appraisal of the fair values, this differential amount is booked immediately through the income statement in the year when the shareholding is acquired.

Expenses and income, as well as receivables, liabilities, and provisions between consolidated companies, are netted. Deferred tax is formed for consolidation measures with income tax effects. Besides this, warranties and guarantees that either CURANUM AG or one of its consolidated subsidiaries acquires to the benefit of other consolidated subsidiaries are eliminated. Minority interests' share of earnings are reported separately as a supplement to the income statement; negative minority interests are offset against the revenue reserve in equity.

5. ACCOUNTING PRINCIPLES

The assets and liabilities of CURANUM AG, and those of its fully consolidated subsidiaries, are recognized and measured using uniform accounting principles that apply across the whole of the CURANUM Group. Comparable information for the 2008 financial year is based on the same accounting principles as applied in the 2009 financial year.

With the exception of certain items, such as derivative financial instruments, the consolidated financial statements have been prepared according to the historical cost principle.

ACCOUNTING PRINCIPLES SENSITIVE TO ESTIMATES AND ASSUMPTIONS

CURANUM prepares its consolidated financial statements in harmony with IFRS. Accounting principles sensitive to estimates and assumptions must be applied in certain instances. These include complex and subjective evaluations and estimates based on circumstances that are by their nature uncertain, and which may be subject to change. Accounting principles sensitive to estimates and assumptions may change over time, which may have a significant impact on the presentation of the company's assets, financing and earnings positions. They may also contain assumptions where the company's management might have reached other and equally valid assumptions during the same reporting period. The company's management points out that future events frequently diverge from forecasts, and that estimates routinely require adjustment.

The main items affected by such discretionary decisions and estimates relate to Group-standard useful lives, and the recoverable amounts relating to tangible and intangible fixed assets, including goodwill, the classification of leases as operating or finance leases, the measurement of derivative financial instruments, the extent to which receivables can be realized, the accounting treatment and measurement of deferred tax, as well as the accounting treatment and measurement of provisions. The values that actually occur may diverge from estimates in individual cases. The carrying amounts of assets and liabilities affected by estimates are presented in the breakdown of individual balance sheet items.

IMPAIRMENTS AS PER IAS 36

CURANUM tests goodwill for impairment once per year in accordance with Group accounting guidelines. Determining the recoverable amount of a cash generating unit to which goodwill is allocated requires management estimates. The selection of the cash generating units and the allocation of goodwill to these units are subject to discretionary scope that might have a significant impact on a review of goodwill.

The company generally calculates the recoverable amount using valuation methods based on discounted cash flows. These discounted cash flows are based on three-year forecasts, which in turn are based on financial plans approved by the management. The cash flow forecasts take into account past experience, and are based on the management's best estimate of future trends. Cash flows beyond the planning period are extrapolated using individual growth rates. The most important assumptions on which the value in use calculation is based contain estimated growth rates, weighted average costs of capital (WACC), and tax rates. These assumptions and the underlying methodology may have a considerable impact on the relevant outcomes, and finally on the level of any potential goodwill impairment. If property, plant and equipment and intangible assets are tested for impairment, the calculation of the recoverable amount of the assets is equally connected with management estimates, which may have a significant effect on the relevant outcomes, and finally on the level of any potential impairment.

CATEGORIZATION OF LEASES INTO FINANCE LEASES AND OPERATING LEASES PURSUANT TO IAS 17

CURANUM categorizes the leases into which it enters into finance leases and operating leases. The key factor with a finance lease is that all risks and opportunities connected with ownership are transferred. This is not the case with operating leases. Among other things, the present values of future lease payments are compared with the fair value of the property for the purposes of categorization. As far as the calculation of the property fair values and present values is concerned, the company's management has discretionary scope, particularly with respect to interest rates and useful lives, which might result in divergent classification of leases where estimates change. Above and beyond this, assumptions are also made when splitting the recognized present values of future lease payments and fair values between land and buildings.

MEASUREMENT OF REAL ESTATE

The valuations of real estate assets in the consolidated balance sheet were largely corroborated by real estate surveys of developed and undeveloped land conducted by independent surveyors. This entails recognizing a price for the value of the administration buildings that could be achieved at the time when the calculation was performed as follows: that it should be in the normal course of business and according to its legal circumstances and actual characteristics, as well as taking into account the further particularity and location of the land without regard for unusual or personal relationships. The market value of care facilities is calculated using the capitalized value of potential earnings, which is derived from the income per bed achievable over the long term while taking into account management costs for the building. This is mainly based on the remuneration rates for the investment cost portion, taking into account subsidies per care bed. Property surveys are generally based on calculable data and facts such as land registry extracts, floor area calculations and building descriptions, as far as the building valuation is concerned, and fixed data as far as the calculation of the capitalized earnings value is concerned. In addition, recourse must also be made, as rule, to parameters subject to discretionary scope such as

– Assessment of location
– Residual useful life
– Competitive position
– Rental prices per meter squared
– Interest rates

For this reason, market valuations may differ significantly when parameters that are subject to major scope for discretion are varied. The surveyors compiled their valuations to the best of their knowledge and belief after having conducted personal and in-depth viewings of the properties, and having conducted precise reviews of the related circumstances.

MEASUREMENT OF FINANCIAL INSTRUMENTS

CURANUM has entered into interest rate derivative transactions to hedge variable interest rate loans. The market values of these derivatives are calculated using the present value method and reported on the balance sheet dates. In doing so, the management has scope for the use of discretion, particularly when estimating interest rates and future changes in interest rates, as well as the company's credit ratings, which may result in significant fluctuations in market value when the related parameters change. The same applies to reporting the hedging relationship in the case of cash flow hedges. The efficacy of the hedging relationship may be negatively affected by a change in the parameters when determining the fair values of the hedged items and hedging instruments.

DEFERRED TAX

When recognizing and measuring deferred tax, assumptions are made as to whether, in individual cases, temporary differences exist between the tax balance sheet and the IFRS financial statements, which will reverse in the future. When capitalizing deferred tax on loss carryforwards, the management also makes estimates as to whether these loss carryforwards can be used for tax purposes within a given timeframe.

IAS 8 CORRECTIONS

1. DETERMINATION OF ERRORS BY THE FEDERAL FINANCIAL SUPERVISORY AUTHORITY (ABBREVIATED BELOW AS "BAFIN")

With a notice issued on June 18, 2009, the Federal Financial Supervisory Authority (BaFin) notified CURANUM AG of the determination of errors pursuant to §37q Section 1 of the German Securities Trading Act (WpHG) in the consolidated financial statements relating to reporting dates December 31, 2005 and December 31, 2006.

With the determination of these errors, the audit of the 2005 and 2006 consolidated financial statements of CURANUM AG was concluded. The German Financial Reporting Enforcement Panel (DPR) commenced the audit with a notification on July 24, 2006, and the Federal Financial Supervisory Authority (BaFin) performed the audit with a notification issued on July 29, 2008.

The error determinations were accepted by CURANUM, and, to the extent that this did not occur in preceding consolidated financial statements, they have been corrected according to the requirements of IAS 8 in this set of consolidated financial statements.

1. Goodwill
The goodwill balance sheet item was reduced by an amount of T€ 3,419 on an earnings-neutral basis since, pursuant to the error determination made by the Federal Financial Supervisory Authority (BaFin), the goodwill of T€ 716 capitalized as of December 31, 2005 in connection with the Hennef facility, the amount of T€ 716 carried forward from 2005, which was recognized as of December 31, 2006, and the amount of T€ 2,703 capitalized in 2006, were overstated.

Deferred tax was adjusted accordingly in connection with this error correction.

The corrections and their effects on the balance sheet items are presented in the following overviews.

The amendments as of the January 1, 2008 cut-off date due to the BaFin error findings are presented in summarized form as follows:

Item in T€	Assets	Equity and liabilities
Correction to goodwill in connection with the purchase of the Hennef facility in 2005		
Goodwill	-3,419	--
Revenue reserve	--	-3,419
Deferred tax assets	718	--
Deferred tax liabilities	--	-190
Revenue reserve	--	908
Sum of IAS 8 adjustments	**-2,701**	**-2,701**

CONSOLIDATED BALANCE SHEET
as of December 31, 2008

in T€ ASSETS	2008 consolidated financial statements	IAS 8 adjustment	Adjusted 2008 consolidated financial statements
Non-current assets			
Goodwill	68,188	-3,419	64,769
Deferred tax	8,837	718	9,555
TOTAL NON-CURRENT ASSETS	216,530	-2,701	213,829
TOTAL ASSETS	**240,418**	**-2,701**	**237,717**

in T€ EQUITY AND LIABILITIES	2008 consolidated financial statements	IAS 8 adjustment	Adjusted 2008 consolidated financial statements
Non-current liabilities			
Deferred tax	5,550	-190	5,360
TOTAL NON-CURRENT LIABILITIES	143,239	-190	143,049
Equity			
Revenue reserve	-5,288	-2,511	-7,799
TOTAL EQUITY	66,615	-2,511	64,104
TOTAL EQUITY AND LIABILITIES	**240,418**	**-2,701**	**237,717**

2. Interest-rate swap liabilities

A liability equivalent to the fair value of interest-rate swaps was already recognized in the consolidated financial statements as of December 31, 2006.

3. Correction/retrospective inclusion of disclosures in the notes to the consolidated financial statements

3.1 Notes to IAS 32 in the version of December 29, 2004 - Financial assets and financial liabilities

Financial assets include, in particular, trade receivables, other financial assets, cash and cash equivalents, and securities.

Financial assets are measured at fair value on initial recognition. Incidental costs directly attributable to purchase are taken into account as part of amortized cost for those assets that are not subsequently measured at fair value through profit or loss. The measurement of financial assets depends on their allocations to IAS 39 categories. The assets are allocated to the relevant measurement category as of the date of the addition.

For the purposes of subsequent measurement, a differentiation should be made between the following categories according to IAS 39:

– Financial Assets Held for Trading – FAHfT
– Financial assets Held to Maturity – HtM
– Loans and Receivables – LaR
– Financial assets Available for Sale – AfS

The CURANUM Group makes no use of the option to designate financial assets as at fair value through profit or loss at the time of their addition (fair value option).

Fair value corresponds to the market or stock exchange price, to the extent that the financial instruments being measured are traded on an active market. If there is no active market for a financial instrument, the fair value is calculated using appropriate finance-mathematical methods, such as recognized option pricing models, or the discounting of future cash flows applying the risk-adjusted market rate of interest. Amortized cost corresponds to cost less redemptions, impairments, and the amortization of any difference between cost and the amount repayable at maturity.

Financial Assets Held for Trading (FAHfT) are measured at fair value through profit or loss. Financial assets Held to Maturity (HtM) are measured at amortized cost using the effective interest rate method.

Financial assets in the LaR category are measured at amortized cost, if required using the effective interest rate method, and taking impairments into account.

Financial assets not attributed to the categories presented above are categorized as "Available for Sale" (AfS) and are measured at fair value. Gains and losses arising on measurement are reported in equity, taking deferred tax into account (fair value reserve). Measurement is performed through profit or loss in the case of a significant or long-lasting reduction of fair value to below purchase cost. Cumulative changes in value reported in equity are rebooked through the income statement at the time of the disposal of the financial asset.

The fair values of financial assets and liabilities as of December 31, 2005 is as follows:

in T€	Carrying amount 31/12/2005	Fair value 31/12/2005
Financial Assets Held for Trading	0	0
Financial assets Held to Maturity	0	0
Loans and Receivables	20,538	20,538
Financial assets Available for Sale	0[1]	0[1]

[1] This relates to two equity participations with a reported pro memoria valuation of € 1.00.

The "financial assets Available for Sale" category includes two equity participation interests that are not included in the scope of consolidation. These equity participation interests relate to inactive companies.

The fair values of trade receivables amounting to T€ 3,782 approximately correspond to their carrying amounts due to the fact that their terms are up to one year.

The fair values of other assets amounting to T€ 16,756 mainly correspond to their carrying amounts.

Financial liabilities relate particularly to financial liabilities measured at amortized cost (FLAC). These include trade payables, financial liabilities (bank borrowings and borrower's note loans), and other financial liabilities.

The carrying amounts as of December 31, 2005 correspond to fair values, and amounted to T€ 48,342.

3.2 Notes to IAS 36 - Remarks concerning goodwill impairment tests
The fair value of cash-generating units is calculated on the basis of value in use, applying cash flow forecasts.

The cash flow forecasts are based on financial plans approved by the company management for a period of three years, as in the previous year. The growth rate is adjusted to the individual locations of the relevant cash generating units, and depends mainly on their utilization, and the rise in care rates. The Group-average growth rate is 9.9% in the first year of the budget, 1.2% in the second budget year, and 0.1% in the third year. Cash flows subsequent to the period of three years are calculated more conservatively applying a growth rate of 0.0%.

The detailed financial plans are based partly on past figures, partly on contractually regulated agreements/ prices, and partly also on information currently available at the time of the preparation of the calculations. Local managers were asked to provide estimates of the future occupancy of their own facilities taking into account their local situation, since occupancy represents a key factor influencing the entire planning. Both revenues and the largest cost block, staff costs, are calculated on the basis of absolute occupancy, and its distribution to individual care levels. Many materials expenses are also calculated on the basis of budgeted occupancy. Risks specific to the care sector were also taken into account, and included in the achievable cash flows.

3.3 Notes relating to IAS 12
As of December 31, 2005, there existed tax loss carryforwards of T€ 2,669, with respect to which no deferred tax assets were formed.

The amount of deferred tax reported in the 2005 income statement is distributed among the individual temporary differences as presented in the table below:

in T€	Deferred tax assets 2005	Deferred tax liabilities 2005	Deferred tax assets 2004	Deferred tax liabilities 2004	Change booked through income statement 2005
Property, plant and equipment					
– Divergent useful lives	--	299	--	302	3
– Finance leasing	--	22,388	--	23,653	1,265
– Other	16	--	16	--	--
Goodwill/customer base/brand right	4,828	448	4,175	296	501
Provisions	592	--	567	--	25
Liabilities					
– Finance leasing	27,773	--	29,801	--	-2,028
Special reserve item §6b Income Tax Act (EstG)	--	371	--	371	--
Other items	598	95	633	66	-64
Consolidated balance sheet	**33,807**	**23,601**	**35,192**	**24,688**	**-298**

3.4 Notes relating to IAS 24

With a notary deed of September 30, 2005, CURANUM Betriebs GmbH sold its interest in Alten- und Pflegeheim Sieglar GmbH amounting to T€ 25 to AVG Altenheim Vermietung Geschäftsführungs GmbH for a purchase price of T€ 25.

With notary deeds of May 2, 2005 and July 15, 2005, a former Management Board member of CURANUM AG acquired purchase price receivables of CURANUM Betriebs GmbH due from other CURANUM Group companies amounting to T€ 3,868 for a purchase price of T€ 3,868, and sold them on to a third party outside the Group.

The receivable of the CURANUM Group was settled by transfer on July 15, 2005 to an amount of T€ 2,224, and settled by offsetting on September 30, 2005 to an amount of T€ 1,644.

2. OTHER CORRECTIONS

In the 2003 financial year, CURANUM acquired the rights to purchase two properties from a then Management Board member (now Supervisory Board member). The consideration for the purchase rights was a purchase price of 6 mil. €, as well as the adoption of a commitment to purchase three properties, to the extent that the owner of the put option offered the corresponding properties at the agreed fixed price. This obligation was measured at 2 mil. €, and was included correspondingly in the consideration for the purchase rights. CURANUM operates facilities at all five properties. The Supervisory Board member is not an owner of these properties.

Still in existence from this package of rights are the Supervisory Board member's rights to sell two properties to CURANUM, as well as CURANUM's two rights to purchase from the Supervisory Board Member.

The Supervisory Board member's put options may be exercised from 2008, or 2015. The third put option could have been exercised from 2008; the owner of the corresponding property has meanwhile sold it to a third party outside the Group.

This note should have been included in the consolidated financial statements from 2004 onwards; retrospective disclosure is made in this set of consolidated financial statements, and the error from the previous years has been corrected pursuant to IAS 8 regulations.

INTANGIBLE ASSETS / GOODWILL

Intangible assets include intangible assets acquired as part of corporate acquisitions, such as customer bases as well as purchased software, licenses, and similar rights. Such assets are recognized if a future inflow of economic benefit is likely, and if the cost of the assets can be determined reliably.

In accordance with IAS 38, intangible assets of finite useful life are capitalized at cost, and amortized on a straight-line and scheduled basis over their economic useful life; additional impairment losses are reported if required. The useful life for software and licenses is generally five years. Useful lives of customer bases have been calculated on the basis of statistics relating to occupancy and durations of stay, and amount to between two and five years. The useful life of a brand right or of an occupancy right (the right of the facility to provide occupants with care services that can be invoiced to public sector/local authority cost providers) have been classified as of indeterminable useful life in accordance with the contractual agreements. Modifications to useful lives are treated as modifications of estimates. Besides this, residual values and methods of amortization are reviewed at the end of the financial year, and adjusted if required. Intangible assets with useful lives of indeterminable duration are not subjected to scheduled amortization but are instead subjected to an impairment test at least once a year, or on an even more regular basis if there are indications that their values have been impaired (goodwill, occupancy rights and brand rights).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost, and diminished to reflect depreciation corresponding to economic useful life and, if required, additional impairment losses. Repair and maintenance costs are reported as current expense. Scheduled depreciation, generally linear, is performed corresponding to the expected progress of consumption of the future economic benefit.

Scheduled depreciation is based mainly on the following useful lives:

Buildings	22-50 years
Fittings	8-20 years
Technical equipment and machinery / operating and office equipment	3-20 years

Investment properties comprise land and buildings that are held to generate rental income or value appreciation, and not for the company's own rendering of services, administration purposes, or for sale as part of normal business operations. In order to expand the range of services it offers to occupants, CURANUM leases commercial and other spaces (e. g. hairdressing salons, doctors' consulting rooms, etc.) to third parties on the basis of operating leases. These comprise minor sub-areas of buildings, as a consequence of which we have refrained from making a separate related presentation.

FINANCING COSTS

Financing costs are not recognized as part of purchase and production costs due to the lack of so-called "qualifying assets".

LEASES

Determining whether an agreement contains a lease is performed on the basis of the economic content of the agreement at the time of the conclusion of the agreement. It requires an estimate as to whether the satisfaction of the contractual agreement depends on the use of a particular asset, or particular assets, and whether the agreement provides a right to the use of the asset. As a lessee, the CURANUM Group is a contractual partner to a number of leases for property, as well as individual assets or groups of other assets. Leases where all opportunities and risks connected with ownership of the transferred asset are essentially transferred to the CURANUM Group are classified as finance leases, and recognized accordingly.

Assets arising from finance leases are capitalized at the lower of either the fair value of the lease asset at the start of the lease, or the present value of the minimum lease payments. They are depreciated over the shorter of either the duration of the agreement or the economic useful life of the lease asset. The payment obligations arising from leases are recognized as liabilities. Lease payments are split into the financing components, and the repayment component of the residual debt. Depreciation is performed over 20 years for fittings of care facilities capitalized as part of finance leasing, where 90% of capitalized carrying amounts are depreciated in the first 10 years, and the remaining 10% are depreciated from the 11th to the 20th year. For reasons of immateriality, no separation was made between land real estate as operating leases, and buildings as finance leases.

Leases where essentially all opportunities and risks connected with ownership remain with the lessor are classified as operating leases. The lease payments for operating leases are reported on a straight-line basis over the duration of the leasing agreement.

PUBLIC AUTHORITY SUBSIDIES

Public authority subsidies are not reported until there is sufficient security that the company will be able to fulfill the conditions attached to them, and that the company will in fact receive the subsidies. Insofar as the public authority subsidies have been granted on the basis that the company will acquire property, plant and equipment, they reduce the carrying amount of these assets.

IMPAIRMENT TEST PURSUANT TO IAS 36

An impairment test is performed at least once per year for goodwill and other intangible assets of indefinite or indeterminable useful life, and when there are specific signs that impairment has occurred in the case of other intangible assets of limited useful life, as well as for property, plant and equipment, and capitalized finance leases. An impairment is booked through the income statement if the recoverable amount of the asset is less than its carrying amount. A review is performed at least once per year to establish whether there is an indication that the reason for impairment loss no longer exists, or the amount of the impairment loss has fallen. In this instance, the recoverable amount is recalculated, and, with the exception of goodwill, the impairment previously applied is reversed correspondingly.

The recoverable amount is always calculated individually for each asset. If this proves impossible, the calculation is performed on the basis of a group of assets representing a cash-generating unit. The recoverable amount is the higher of either fair value less costs to sell, or value in use. Fair value less costs to sell corresponds to the recoverable amount arising from the sale of an asset or cash generating unit established between professional contracting parties on normal market terms, less disposal costs. Value in use is the present value of future cash flows that can be prospectively derived from an asset or cash generating unit.

As in the previous year, goodwill acquired as part of corporate mergers was allocated to the CURANUM, FAZIT and ELISA cash generating units. As in the prior year, the annual goodwill impairment test was conducted on September 30 of the financial year.

The following table provides an overview of the assumptions used for the goodwill impairment test, and its results:

CGU designation	CURANUM	FAZIT	ELISA
Carrying amount of goodwill as of September 30, 2009 in T€	41,273	10,324	14,121
Carrying amount of other assets and liabilities as of September 30, 2009 in T€	110,437	12,783	14,288
Total carrying amounts as of September 30, 2009 in T€	151,710	23,107	28,409
Recoverable income as of September 30, 2009 in T€	335,006	36,826	41,886
Impairment loss	--	--	--
Annual revenue growth over detailed planning period	1.2 %-3.2 %	3.0 %-4.0 %	1.2 %-2.9 %
Duration of detailed planning period	3 years	3 years	3 years
Growth discounts per annum at the end of detailed	--	--	--
planning period	1.0 %	1.0 %	1.0 %
Discount rate (pre-tax WACC)	7.76 %	8.15 %	8.11 %

The T€ 941 change in goodwill as of September 30, 2009 at CGU CURANUM (T€ 41,273; previous year: T€ 40,332) results from additions as part of the Braunschweig acquisition in an amount of T€ 790, and the acquisition of Scheffelhof in an amount of T€ 151. The T€ 7 change in goodwill as of September 30, 2009 for the CGU FAZIT (T€ 10,324; previous year: T€ 10,317) results from the addition as part of the acquisition of the Coburg outpatient service. The change in goodwill as of September 30, 2009 at the CGU ELISA

(T€ 14,121; previous year: T€ 14,774) results from a goodwill reduction of T€ 653 due to a supplement to the purchase agreement for this unit. There was no change in goodwill between September 30, 2009 and December 31, 2009.

For the IAS 36 impairment test of assets, both assets and financial plans are aggregated according to the cash generating units, taking the equivalence principle into account. If possible, costs for centrally rendered services, and assets that are attributed to them, are directly allocated to the cash generating units. The services, and consequently also the assets of the central laundry are not allocated to the cash generating units. The corresponding expenses from the internal cost invoices, which are based on normal market terms, remain within the cash flow forecasts of the cash generating units.

The recoverable amount of these cash-generating units is calculated on the basis of value in use, applying cash flow forecasts, as in the previous year. The cash generating units are regarded as continuing units producing ongoing cash flows.

The cash flow forecasts are based on financial plans approved by the company management for a period of three years (2010-2012), as in the previous year. The growth rates are adjusted to the individual locations of the relevant cash generating units, and depend mainly on their utilization, and the rise in care rates. The growth discount was set at 1% on the basis of this detailed planning. The basis for this is the average growth rate assumed in the observation period of three years, which was modeled on a highly conservative basis using average growth rates for care rates over the last five years.

The detailed financial plans are based partly on past figures, partly on contractually regulated agreements/ prices, and partly also on information currently available at the time of the preparation of the calculations. Local managers were asked to provide estimates of the future occupancy of their own facilities taking into account their local situation, since occupancy represents a key factor influencing the entire planning. Both revenues and the largest cost block, personnel costs, are calculated on the basis of absolute occupancy, and its distribution to individual care levels. Many materials expenses are also calculated on the basis of budgeted occupancy. Risks specific to the care sector were also taken into account, and included in the achievable cash flows. In the management's opinion, the parameters included in the planning represent the key assumptions that most strongly impact the cash flow levels, and consequently the recoverable amount, and therefore also represent the parameters to which the cash flows, and consequently also the recoverable amount, react with the greatest sensitivity.

The recoverable amount of a cash generating unit is determined by calculating the value in use applying the discounted cash flow method. Budgeted post-tax cash flows taken from financial plans approved by the management are used for this purpose.

The weighted average cost of capital (WACC) used for the discounting is based on a risk-free interest rate of 4.28% and a risk premium of 4.5%. CURANUM AG's beta factor as of September 30, 2009, as well as the individual capital structures and relevant financing costs of the CGU's, are also applied.

The discount rates applied to the cash flow forecasts were calculated on the basis of the WACC approach and the parameters explained above, and were as follows: for the CGU CURANUM 5.84% (previous year: 5.59%) after tax and 7.76% (previous year: 7.96%) before tax, for the CGU FAZIT 6.02% (previous year: 5.59%) after tax and 8.15% (previous year: 7.96%) before tax, and for the CGU ELISA 6.10% (previous year: 5.59%) after tax and 8.11% (previous year: 7.96%) before tax.

The value in use calculated as of the cut-off date is compared with the carrying amount of the cash generating unit. No impairment is required if the calculated value in use is greater than the carrying amount of the relevant cash generating unit. The impairment tests gave rise to no impairment charges.

The sensitivity analyses that were performed on the basis of 10% higher discount rate resulted in no indication of an impairment that required reporting.

As of December 31, 2009, the key assumptions and estimates in the planning accounting area, as well as the discount factor, were subject to no significant modifications. There were also no particular events between the performing of the impairment tests and December 31, 2009 that would indicate a potential impairment loss.

INVENTORIES

Raw materials and supplies are reported among inventories. Inventories are recognized at cost, and are mainly reported at a fixed value.

FINANCIAL INSTRUMENTS

A financial instrument is an agreement that simultaneously gives rise to a financial asset at one company, and to a financial liability or equity instrument at another company.

Financial instruments are reported at the time of the conclusion of the related agreement. In the case of normal market purchases, the settlement date is used instead of the date of the agreement. A financial instrument is only de-recognized if the contractual right to cash flows expires, or this right is transferred to a third party.

Financial instruments include primary financial assets, financial liabilities and derivatives.

PRIMARY FINANCIAL ASSETS

Financial assets include, in particular, trade receivables, other financial assets, cash and cash equivalents and securities.

Financial assets are measured at fair value on first-time recognition. Incidental costs directly attributable to purchase are taken into account as part of amortized purchase costs for those assets that are not subsequently measured at fair value through profit or loss. The measurement of financial assets depends on their allocations to categories in the meaning of IAS 39. The assets are allocated to the relevant measurement category as of the date of the addition.

For the purposes of subsequent measurement, a differentiation should be made between the following categories according to IAS 39:

- Financial Assets Held for Trading – FAHfT
- Financial assets Held to Maturity – HtM
- Loans and Receivables – LaR
- Financial assets Available for Sale – AfS

The CURANUM Group makes no use of the option to designate financial assets as at fair value through profit or loss at the time of their addition (fair value option).

Fair value corresponds to the market or stock exchange price, to the extent that the financial instruments being measured are traded in an active market. If there is no active market for a financial instrument, the fair value is calculated using appropriate finance-mathematical methods, such as recognized option pricing models, or the discounting of future cash flows using the risk-adjusted market rate of interest. Amortized cost corresponds to cost minus redemptions, impairments, and the amortization of a difference between cost and the amount repayable at maturity.

Financial Assets Held for Trading purposes (FAHfT) are measured at fair value through profit or loss. Financial assets Held to Maturity (HtM) are measured at amortized cost using the effective interest rate method.

There were no primary financial instruments in the FAHfT and HtM categories in the CURANUM Group as of the balance sheet date of either the year under review or the previous year.

Financial assets in the LaR category are measured at amortized cost, if required using the effective interest rate method, and taking into account impairments.

Financial assets not attributed to the categories presented above are categorized as "Available for Sale" (AfS) and are measured at fair value. Gains and losses arising on measurement are reported in equity, taking into account deferred tax (fair value reserve). Measurement is performed through profit or loss in the case of a significant or long-lasting reduction of fair value to below purchase costs. Cumulative changes in value reported in equity are rebooked through the income statement at the time of the disposal of the financial asset.

IMPAIRMENT OF FINANCIAL ASSETS

The carrying amount of financial assets that are not measured at fair value through profit or loss are tested on each balance sheet date as to whether there are objective and substantial indications that the fair value has fallen below the carrying amount.

The fair value is generally calculated for each individual asset. The CURANUM Group measures financial assets on the basis of various parameters, such as interest rates, the specific creditworthiness of customers, and the risk structure of the financing transaction. Objective indications of impairment may consist of the following:

– Significant financial difficulties on the part of the issuer or counterparty;
– Default, or delay in payment, of interest or redemption payments; or
– Increased probability that the debtor enters insolvency, or another type of reorganization.

A review is performed at least once a year to establish whether there is an indication that the reason for impairment loss no longer exists, or the amount of the impairment loss has fallen. In this case, the present value of the financial assets is recalculated, and the impairment previously applied is reversed correspondingly.

Two inactive associate companies, in each of which CURANUM holds less than 20%, are measured at a fair value of zero, rather than at equity, for reasons of materiality.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash positions, current account deposits, and bank deposits with maximal residual maturities of one year. They are measured at cost.

PRIMARY FINANCIAL LIABILITIES

Financial liabilities represent contractual obligations giving rise to a repayment claim in cash or another financial asset. These particularly include trade payables, others securitized liabilities, bank borrowings, finance lease liabilities and a borrower's note loans.

Financial liabilities are measured at fair value on recognition. As a rule, this corresponds to cost. Incidental costs directly attributable to purchase are deducted from cost for those liabilities that are not subsequently measured at fair value through profit or loss. Primary financial liabilities are generally subsequently measured at amortized cost using the effective interest rate method.

Primary financial liabilities relate particularly to financial liabilities measured at amortized cost (FLAC). These include trade payables, financial liabilities (bank borrowings and borrower's note loans), and other financial liabilities. Non-current, non-interest-bearing liabilities are recognized at their settlement amount discounted to the balance sheet date, as long as the difference to the nominal value is not included in the valuation of an asset financed with a non-current non-interest-bearing liability. The interest rate used is a pre-tax interest rate that reflects current market expectations with respect to the interest rate effects, as well as risks applying specifically to the circumstances.

DERIVATIVE FINANCIAL INSTRUMENTS

At the CURANUM Group, derivative financial instruments relate to interest rate derivative transactions that are generally used to hedge interest rate risks. Derivative financial instruments are measured at fair value, which corresponds to market value. If no market values are available, fair value is calculated using recognized finance-mathematical models. According to this, the fair value is determined by discounting the expected future cash flows over the contractual period remaining as of the measurement date, on the basis of risk-adjusted zero interest rate curves.

When measuring derivatives, a differentiation should be made as to whether there is an (effective) hedging relationship between derivative and the hedged item. Derivative financial instruments that do not form part of an effective hedging relationship in the meaning of IAS 39 must be categorized as "Held for Trading" (HfT), and recognized at fair value through profit or loss. Positive fair values result in their recognition as "Financial Assets Held for Trading" (FAHfT). Negative fair values are categorized as "Financial Liabilities Held for Trading"– FLHfT.

If the requirements of IAS 39 regarding hedge accounting have been satisfied, the hedges are designated from this time either as at fair value or as cash flow hedges.

Fair value hedging entails the hedging of the fair value of a reported asset or liability, or of an unreported fixed obligation. The changes in the fair values of derivative financial instruments and their related hedged items, are booked through the income statement.

A cash flow hedge entails the hedging of highly probable future cash flows. Where a cash flow hedge exists, the effective portion of the value change of the hedging instrument is reported in other comprehensive income – if required, taking into account deferred tax - until the result from the hedged item is reported.

When the hedged item and its related earnings impact comes into effect, the earnings-effective transaction is booked out of cumulative other comprehensive income and rebooked through the income statement. The ineffective portion of the value change of the hedging instruments is reported immediately through the income statement under the financial result.

The CURANUM Group uses derivative financial instruments mainly to hedge interest rate risks, and, as a matter of principle, concludes such transactions with banks, as contractual partners, that enjoy investment-grade ratings. Derivatives used by the company are presented in detail in the Section B. 10 "Non-current and current financial liabilities" as well as in the Section "Risk Management and Financial Derivatives" Section B. 24 "Additional Disclosures Relating to Financial Instruments as per IFRS 7".

DEFERRED TAX

The formation of deferred tax is performed by applying the balance sheet-oriented liability method to all temporary differences arising between the fiscal valuations of an asset or liability, and IFRS valuations, as well to consolidation measures. Deferred tax relating to loss carryforwards are capitalized as long as it is anticipated with a degree of probability bordering on certainty that they can be used. Adjustments are applied to deferred tax assets whose realization is no longer expected within the foreseeable future. Unrecognized deferred tax claims are reviewed, and capitalized to the extent that it has become likely that future taxable earnings will make it possible to realize them.

The tax rates used at the time of realization as the basis for the measurement of deferred tax are those applying on the basis of the current legal situation, or which are expected to apply. Deferred tax relating to items reported directly in equity is also reported directly in equity. Deferred tax assets and liabilities are offset against each other if the Group would have an enforceable claim to net actual tax reimbursement claims against each other, and these relate to income tax applying to the same tax object, levied by the same tax authority.

ACTUAL TAX

Actual tax claims and liabilities of the current or prior periods are measured using the amount the tax authority is expected to reimburse, or the amount expected to be paid to the tax authority. If the period until realization is estimated to be in excess of one year, the claims or liabilities are discounted to present value. Discounting is performed relative to the corresponding duration. Calculation of the amount is based on tax rates and tax laws applying as of the reporting date

OTHER PROVISIONS

Other provisions are formed if a current legal or de facto obligation based on a past event exists with respect to third parties that would lead to a probable future outflow of resources, and the extent of the obligation can be estimated reliably. Non-current provisions are recognized using the amount required to satisfy the obligation, and discounted to the reporting date. The interest rate used is a pre-tax interest rate that reflects current market expectations with respect to the interest rate effect, as well as risks specifically applying to the circumstances.

INCOME AND EXPENSES

Income is always reported if it is likely that the economic benefit will accrue to the Group, and the extent of the income can be determined reliably. Income from the supply of services is reported in the period in which the service is rendered.

Services rendered by CURANUM AG consist mainly of care services in both the inpatient and outpatient areas, as well as supplementary services connected with managed apartments. Residents as well as sponsors such as health insurance funds/care funds and social services institutions are invoiced on a monthly basis for the services.

Interest income is reported at the time when the interest claim arises. Operationally-related expenses are expensed at the time of delivery, or the utilization of the service, and all other expenses are expensed at the time when they are incurred. Interest and other debt costs are booked as periodic expense.

CONTINGENT LIABILITIES

Contingent liabilities represent potential obligations to third parties arising from past events, and whose existence must yet be confirmed by the occurrence or non-occurrence of one or several uncertain future events not entirely within the control of the CURANUM Group. Contingent liabilities also arise from a current obligation based on past events, but which cannot be recognized in the balance sheet because the outflow of resources is unlikely, or the extent of the obligation cannot be estimated sufficiently reliably.

6. NEW ACCOUNTING REQUIREMENTS

A) THERE WERE NO EFFECTS, OR NO SIGNIFICANT EFFECTS FOR THE CONSOLIDATED FINANCIAL STATEMENTS ARISING FROM THE FOLLOWING NEW OR AMENDED STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME:

IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

IAS 1 was published in a revised version in September 2007. Amendments arose mainly with respect to the separate presentation of changes in equity resulting from transactions with shareholders, and other modifications, as well as amendments to the titles of some components of financial statements. This amended standard is mandatory for all financial years commencing on or subsequent to January 1, 2009.

IAS 23 "BORROWING COSTS"

The IASB published the amended IAS 23 standard in March 2007. This amendment relates to the mandatory capitalization of borrowing costs that can be directly attributed to the acquisition, construction, or production of a qualified asset. This abolished the option to expense such assets immediately. The amendment is applicable for the first time for financial years commencing on or subsequent to January 1, 2009.

IFRS 2 "SHARE-BASED PAYMENT"

In January 2008, the IASB published amendments to IFRS 2 with clarifications relating to the definition of vesting conditions, as well as regulations concerning the early cancellation of share-based payment. The revised standard essentially clarified that vesting conditions are service conditions and performance conditions only It also determined that all plan cancellations, whether by the company itself or by employees, should receive the same accounting treatment.

IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES"

The European Union adopted amendments to IFRS 4 and IFRS 7 on November 27, 2009.

The new regulations required more precise disclosures relating to the fair value measurement and liquidity risk of financial instruments, and modified the related qualitative disclosures concerning liquidity risk management. It also introduces a tabular categorization for each financial asset class based on a three-level fair value hierarchy. The amendments also specify and expand the existing disclosure requirements concerning the liquidity risk of financial instruments. The company must provide a term structure analysis split according to non-derivative and derivative financial liabilities.

These amendments to IFRS 4 and IFRS 7 require mandatory application at the start of the first financial year commencing on after January 1, 2009.

IFRS 8 "OPERATING SEGMENTS"

In November, the IASB published IFRS 8, which replaces the current IAS Segment Reporting standard. According to IFRS 8, published segment information should be derived from information that the management uses internally to assess segment performance and demarcation. As a consequence, IFRS 8 pursues the so-called "management approach".

IFRIC 9 "REASSESSMENT OF EMBEDDED DERIVATIVES" AND IAS 39 "FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT"

The European Union adopted amendments to IFRIC 9 and IAS 39 into European law on November 27, 2009.

The amendments to IFRIC 9 and IAS 39 are mandatory for financial years ending on or after 30 June 2009. IFRIC 9 addresses the assessment as to whether an embedded derivative should be separated from a host contract, and accounted for as a derivative, when the entity first becomes a party to the contract. Reassessment is required if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

An assessment as to whether separation is required is also performed if a financial asset is reclassified out of the "at fair value through profit or loss" category, whereby the defining circumstances are the circumstances prevailing at the time when the entity first became a contractual party with respect to the financial asset. If the assessment arrives at the conclusion that separate measurement of the derivative is required, but the company is unable to perform such measurement, the composite contract must remain in its entirety in the "at fair value through profit or loss" category.

IFRIC 13 "CUSTOMER LOYALTY PROGRAMS"

IFRIC published the IFRIC 13 interpretation in June 2007. This regulates reporting of income and expenditure relating to points awarded as part of customer loyalty programs, which can be redeemed in the future for the free or discounted procurement of goods or services. These benefits granted to the customer should be recognized as revenue separately from the transaction through which they were granted. Part of the fair value of the consideration received is allocated to the granted benefits, and deferred as a liability. The revenue is realized in the period in which the granted benefits lapse or are redeemed.

IFRIC 15 "AGREEMENTS FOR THE CONSTRUCTION OF REAL ESTATE"

On July 2008, 15, IFRIC published IFRIC 15 "Agreements for the Construction of Real Estate". This regulates the accounting treatment of real estate sales where a contract is concluded with the purchaser before the conclusion of construction work. IFRIC 15 also provides guidance relating to the question as to whether IAS 11 "Construction Contracts" or IAS 18 "Revenue" should be applied for the accounting treatment of a construction agreement, and when corresponding revenue should be reported. IFRIC 15 must be applied for financial years commencing on or after January 1, 2009. Earlier voluntary application is possible.

IFRIC 16 "HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION"

In July 2008, IFRIC published IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". IFRIC 15 clarifies which items should be regarded as a foreign currency risk when hedging a net investment in a foreign operation, and where hedging instruments to mitigate this risk should be held within the corporate group.

IFRIC 16 must be applied for financial years commencing on or after October 1, 2008. Earlier voluntary application is possible.

B) THE FOLLOWING PUBLISHED BUT NOT YET MANDATORY STANDARDS AND INTERPRETATIONS HAVE NOT BEEN APPLIED:

IFRS 1 "RESTRUCTURED IFRS 1"

On November 25, 2009, the European Union adopted amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards".

They relate solely to the structure of the standard in order to make it more readable, and to improve the integration of future amendments to the standard. IFRS 1 regulations relating to the first-time application of IFRS have not been amended. The amendments are to be applied for the first time in the first reporting period of a financial year commencing on or after July 1, 2009.

IAS 32 "FINANCIAL INSTRUMENTS: DISCLOSURE AND PRESENTATION"

The European Union adopted amendments to IAS 32 on December 23, 2009. On October 8, 2009, the IASB approved amendments to IAS 32 relating to the classification of subscription rights.

The standard clarifies cases where subscription rights are denominated in a currency that differs from the company's functional currency. Irrespective of the determined currency of the exercise price, such rights must be categorized as equity under certain conditions, according to the new regulation. These amendments to IAS 32 require mandatory application at the start of the first financial year commencing on or after February 1, 2010.

IAS 39 - RECLASSIFICATION OF FINANCIAL INSTRUMENTS

The amendments to IAS 39 that were published in July 2008 cover the one-sided modification of risks through options, as well as inflation as a hedged risk. It has now been clarified that no reclassification occurs if an instrument of this category is designated on initial recognition as a derivative for a cash flow hedge, or that the cash flow hedge relationship must be discontinued since the related prerequisites no longer exist.

The amendments apply for the first time for financial years commencing on or subsequent to July 1, 2009.

IFRS 2 "SHARE-BASED PAYMENT"

Amendments to IFRS 2 were published in June 2009 that relate to the accounting treatment of cash-settled share-based payment within the Group. The amendments regulate the accounting treatment that an individual subsidiary within the Group is required to apply to certain share-based payment agreements in its own financial statements. The regulations of IFRIC 8 and IFRIC 1 were transferred to IFRS 2 in connection with the revision. This amended standard is mandatory on a retrospective basis for all financial years commencing on or subsequent to January 1, 2010. Adoption into European law by the European Union is still outstanding.

IFRS 3 AND IAS 27

On January 10, 2008, the IASB published both the amended IFRS 3 "Business Combinations" as well as the amended IAS 27 "Consolidated and Separate Financial Statements according to IFRS". Compared with standards IFRS 3 and IAS 27 that had been applied to date, there were amendments in the following particular areas:

- In future, there will be an option to recognize minority interests either at fair value (including goodwill) or proportional identifiable net assets.
- In the case of step acquisitions, shares previously held in the company are remeasured at fair value through profit or loss at the time when control is attained. The difference between the (remeasured) carrying amount of the subsidiary and the proportional share of the remeasured net assets of the subsidiary is reported as goodwill.
- Contingent purchase price adjustment liabilities reported at the acquisition date may no longer be set off against goodwill in subsequent periods.
- Ancillary acquisition costs must be expensed.
- A reduction of a stake held on in a subsidiary must in future be presented as an (earnings-neutral) equity transaction as long as the parent company retains control.
- In the case of partial disposal of an investment in a subsidiary that results in loss of control, the subsidiary's assets and liabilities are de-recognized in their entirety. The remaining shares are recognized at fair value. The difference between the remaining carrying amounts and fair values is recognized in profit or loss.
- Minority interests that are negative due to past losses are reported at their negative balance.

The amendments to IFRS 3 and IAS 27 are mandatory for financial years commencing on or subsequent to July 1, 2009.

IFRS 9 "FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT"

On November 12, 2009, the IASB published the IFRS 9 standard relating to the classification and measurement of financial assets. With the publication of IFRS 9, Phase 1 of the three-phase IASB project to fully revise the accounting treatment of financial instruments, and consequently IAS 39, has been concluded.

IFRS 9 introduces a new approach to the classification and measurement of financial assets. Accordingly, there are now only two rather than four measurement categories for financial assets. Classification is based, firstly, on the company's business model, and, secondly on characteristic properties of the contractual cash flows from the relevant financial asset. IFRS 9 nevertheless retains the mixed measurement model that has been applicable to date. With respect to structured products with embedded derivatives, the test relating to the separation requirement and, if required, separate recognition, is intended to be retained solely for non-financial host contracts. Structured products with financial host contracts should be classified and measured as a whole unit.

Mandatory first-time IFRS 9 application is applicable from January 1, 2013 onwards.

IFRIC 17 "DISTRIBUTIONS OF NON-CASH ASSETS TO OWNERS"

The European Union adopted amendments to IFRIC 17 into European law on November 26, 2009. IFRIC 17 requires mandatory application from July 1, 2009.

In current accounting practice, transactions connected with non-cash asset distributions are measured at either the carrying amount or the fair value of the assets being distributed, entailing partially earnings-neutral or earnings-effective recognition of other income resulting from the measurement. The interpretation sets binding and uniform guidelines for the recognition, measurement and presentation aspects of the accounting treatment of non-cash asset distributions.

IFRIC 18 "TRANSFERS OF ASSETS FROM CUSTOMERS"

The European Union adopted amendments to IFRIC 18 into European law on November 27, 2009. The IASB regards IFRIC 18 as particularly relevant for utilities companies. It clarifies IFRS requirements for agreements where a company receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (e.g. electricity, gas or water). IFRIC 18 also covers cases where a company receives cash with the obligation to acquire or manufacture one of the above-mentioned assets.

Application of IFRIC 18 is mandatory for transfers of assets from customers occurring on or after July 1, 2009.

IFRIC 19 "EXTINGUISHING FINANCIAL LIABILITIES WITH EQUITY INSTRUMENTS"

The International Financial Reporting Interpretation Committee published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" on November 26, 2009. It contains guidelines relating to the treatment of transactions often referred to as "debt for equity swaps". This interpretation clarifies the IFRS requirements when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially.

This interpretation should be applied for the first time for financial years commencing on or after July 1, 2010. Adoption into European law is anticipated in the second quarter of 2010.

IAS 24 "RELATED PARTY DISCLOSURES"

The IASB published its revised IAS 24 "Related Party Disclosures" on November 4, 2009. This also entailed a fundamental revision of the definition of related parties.

The amended standard is to be applied for the first time in the first reporting period of a financial year commencing on or after January 1, 2011. Earlier application is possible. Adoption into European law is scheduled for the second quarter of 2010.

IFRIC 14 "PREPAYMENTS OF A MINIMUM FUNDING REQUIREMENT"

On November 26, 2009, the IASB published a small amendment to IFRIC 14, an interpretation of IAS 19 "Employee Benefits". The amendment is of relevance if a company makes prepayments on its pension fund minimum funding requirements. The amendment allows a company to recognize benefits from these prepayments as an asset.

The amendment is applicable for financial years commencing on or after January 1, 2011. Early application is permitted. Adoption into European law is scheduled for the second quarter of 2010.

CURANUM is currently investigating the effects of these new accounting standards on future consolidated financial statements; an initial preliminary assessment suggests no, or no significant effects can be expected. As a rule, the CURANUM Group does not implement new standards and interpretations or amendments of existing standards until the time when application becomes mandatory.

B. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of T€ 8,899 (previous year: T€ 10,014) relate to cash holdings and bank accounts in credit with a term of up to one year. The change in cash and cash equivalents is presented in the consolidated statement of cash flows.

As of December 31, 2009, there were credit lines of 28.3 mil. € (previous year: 36.0 mil. €), which are subject to no restrictions with respect to their use. No credit lines were utilized as of December 31, 2009, as in the previous year.

Operating facilities using the credit lines have assigned receivables as collateral for the overdrafts.

2. TRADE RECEIVABLES

in T€	2009	2008
Trade receivables	7,054	6,817
Charges for doubtful receivables	-572	-544
Trade receivables, net	**6,482**	**6,273**

The term structure of overdue but unimpaired receivables is as follows:

in T€	Total	< 3 months	3-6 months	6-12 months	> 12 months
2009	3,511	2,028	243	575	665
2008	3,292	2,016	223	340	713

Valuation allowances to trade receivables changed as follows:

in T€	2009	2008
Opening position	544	533
Release	-281	-502
Addition	423	604
Utilization	-114	-91
Closing position	572	544

The adjustments to doubtful receivables relate to a significant extent to estimates and assessments of individual receivables based on the creditworthiness of the relevant customer, and the analysis of historic receivables default rates on the basis of individual items.

The fair values of trade receivables approximately correspond to their carrying amounts due to the fact that their terms are up to one year.

There is no significant concentration of risk among the trade receivables as a result of the diversified customer structure. Maximum default risk corresponds to the carrying amounts.

Besides additions to the valuation adjustments of T€ 423 (previous year: T€ 604), receivables of T€ 306 (previous year: T€ 382) were written off as uncollectible.

3. INVENTORIES

in T€	2009	2008
Raw materials, consumables and supplies	921	914

The holdings comprise mainly food, commercial and medical-care items, and fuel for facilities. With the exception of fuel, the holdings are recognized at a fixed value. This fixed value was reviewed through physical stocktaking as of the December 31, 2009 balance sheet date. No adjustments were required. All inventory changes are reported through the income statement.

4. NON-CURRENT AND CURRENT ASSETS

in T€	category IAS 39*	2009	2008
Prepayments and accrued income			
– Prepayments for corporate lease agreements	LaR	7,168	7,819
– Prepayments for leases	LaR	2,082	2,264
– Assets-side deferred items	n.a.	2,206	1,762
Other receivables	LaR/n.a.	2,679	3,185
Specific adjustments to other receivables		-279	-196
Total		**13,856**	**14,834**
of which non-current		8,443	9,277
of which current		5,413	5,557

* Please refer to the remarks concerning financial instruments in the "Accounting principles" chapter for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

The fair values of other assets mainly correspond to their carrying amounts. Adjustments were performed to other receivables to reflect disputed sales-and-use tax receivables.

The prepayments for corporate lease agreements relate to prepayments for leases that in each case commenced on January 1, 2006, and that have been entered into for an initial period of 15 years. Amounts of T€ 6,516 (previous year: T€ 7,167) have a residual term of more than one year, and amounts of T€ 652 (previous year: T€ 652) a residual term of up to one year. Further rental prepayments of T€ 1,927 (previous year: T€ 2,109) have a residual term of more than one year, and of T€ 155 (previous year: T€ 155) up to one year.

The assets-side deferred items relate to prepayments for consultancy services in connection with relocation measures, motor vehicle tax, insurance, as well as rent and maintenance for technical installation and plant, and have a residual term of up to one year.

Other receivables contain financial assets in the "Loans and Receivables" (LaR) category in the meaning of IAS 39, as well as miscellaneous assets as follows:

in T€	category IAS 39*	2009	2008
Receivables due from suppliers arising from good reimbursements, and creditor accounts in debit	LaR	1,015	966
Receivables due from staff and deposits	LaR	316	316
Receivable arising from the sale of a facility	LaR	0	490
Input tax reimbursement claims	n.a.	723	605
Miscellaneous assets	LaR	625	808
Total		**2,679**	**3,185**

* Please refer to the remarks concerning financial instruments in the "Accounting principles" chapter for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

Other receivables have a residual maturity of up to one year and have incurred impairment losses of T€ 279 (previous year: T€ 196). There were no overdue receivables as of the December 31, 2009 and December 31, 2008 balance sheet dates.

5. INCOME TAX RECEIVABLES

in T€	2009	2008
Current income tax receivables	953	756

The income tax receivables mainly contain capital gains tax reimbursement claims, and receivables arising from corporation and trade taxes. The claims contain a sub-amount of T€ 92 (previous year: T€ 102) arising from capitalized corporation tax credits.

Recognition at present value arises from the amendment to § 37 Section 5 of the German Corporation Tax Act effected by the German Act concerning Fiscal Accompanying Measures for the introduction of the European Company and for the Modification of Further Fiscal Regulations (SEStEG). The present value of the resultant tax claim of T€ 77 was capitalized for the first time in 2006. This claim will be paid out in equal installments over 10 years.

6. SECURITIES

in T€	category IAS 39	2009	2008
Money market fund shares	AfS	372	374

Available for Sale (AfS) securities are measured applying the repurchase price per share as of the reporting date. Valuation losses of T€ 2 arising from market valuation as of the reporting date were reported in equity (previous year: T€ 5). Deferred tax was not formed for reasons of materiality.

7. PROPERTY, PLANT AND EQUIPMENT

Change in 2009, in T€	Land, rights similar to land and constructions	Other plant, office and operating equipment	Prepayments rendered	Total
Cost				
January 1, 2009	148,417	57,618	746	**206,781**
Additions	5,874	3,418	189	**9,481**
Disposals	-152	-2,367	0	**-2,519**
Transfers	727	19	-746	**0**
December 31, 2009	**154,866**	**58,688**	**189**	**213,743**
Cumulative depreciation and impairment losses				
January 1, 2009	42,883	36,834	0	**79,717**
Depreciation	4,652	4,470	0	**9,122**
Disposals	-15	-2,334	0	**-2,349**
December 31, 2009	**47,520**	**38,970**	**0**	**86,490**
Carrying amount	**107,346**	**19,718**	**189**	**127,253**

Additions arising from other plant, office and operating equipment of T€ 3,418 includes additions arising from corporate acquisitions of T€ 108. For more information please refer to Section A.3. "Company mergers" of these notes.

Change in 2008, in T€	Land, rights similar to land and constructions	Other plant, office and operating equipment	Prepayments rendered	Total
Cost				
January 1, 2008	132,423	53,622	2,913	**188,958**
Additions	1,898	2,413	746	**5,057**
Disposals	-23	-838	0	**-861**
Transfers	1,243	603	-1,869	**-23**
IFRS 5 reclassification	5,779	0	0	**5,779**
Change resulting from mergers	7,097	1,818	-1,044	**7,871**
December 31, 2008	**148,417**	**57,618**	**746**	**206,781**
Cumulative depreciation and impairment losses				
January 1, 2008	38,238	33,133	1	**71,372**
Depreciation	4,382	4,513	0	**8,895**
Disposals	-1	-797	0	**-798**
Transfers	1	-15	-1	**-15**
IFRS 5 reclassification	263	0	0	**263**
December 31, 2008	42,883	36,834	0	**79,717**
Carrying amount	**105,534**	**20,784**	**746**	**127,064**

INVESTMENT GRANTS

The federal states of Saxony-Anhalt, Thuringia, and Mecklenburg-Vorpommern granted subsidies of T€ 13,902 to the company in the years 1998-2000 in order to construct care properties; the grants were made subject to their use to create residential homes for senior citizens and nursing homes. The grants were deducted from the carrying amounts of the tangible fixed assets to which the grants apply.

An interest-free, repayable loan was granted to finance a care property on the basis of a grant decision by the Landschaftsverband Westfalen-Lippe. The benefit from the interest-free nature of the loan was included in the calculation of the present value of the property, and consequently formed part of the purchase price allocation for the corresponding corporate acquisition.

8. OTHER INTANGIBLE ASSETS/GOODWILL

Intangible assets include customer bases, occupancy and brand rights, licenses and software. Recognized goodwill arises from corporate acquisitions.

Change in 2009, in T€	Goodwill	Software/licenses/ similar rights	Total
Cost			
January 1, 2009	64,769	5,719	70,488
Additions	949	316	1,265
December 31, 2009	**65,718**	**6,035**	**71,753**
Cumulative amortization and impairment losses			
January 1, 2009	0	2,555	2,555
Amortization	0	686	686
December 31, 2009	**0**	**3,241**	**3,241**
Carrying amount	**65,718**	**2,794**	**68,512**

The column "Software, licenses, and similar rights" includes brand and occupancy rights of unlimited useful life with a net carrying amount of T€ 1,100 (previous year: T€ 1,100). The brand and occupancy rights to which scheduled amortization is not applied are directly connected with the current business operations, as a consequence of which they were classified as of unlimited useful life. This item also contains customer relationships of T€ 141 added as part of the acquisition of business units (previous year: T€ 1,334).

The additions to goodwill results in an amount of T€ 151 from the acquisition of the "Scheffelhof" senior care residence operations, Bad Dürrheim, as of January 1, 2009, the purchase of the outpatient care service in Coburg as of February 10, 2009, in an amount of T€ 7, and the purchase of the "Am Stöckheimer Markt" senior care residence facility, Braunschweig, as of September 1 in an amount of T€ 791. Please refer to our remarks concerning company mergers in Section A.3.

Pursuant to the error determination of the Federal Financial Supervisory Authority (BaFin), the goodwill cost carried forward was retrospectively reduced by T€ 3,419 as of January 1, 2008. Please refer to the explanations in Section A.5.

Change in 2008, in T€	Goodwill	Software/licenses/ similar rights	Total
Cost			
January 1, 2008	50,649	3,601	54,250
Additions	0	50	50
Disposals	0	-13	-13
Transfers	0	24	24
Change resulting from mergers	14,120	2,057	16,177
December 31, 2008	64,769	5,719	70,488
Cumulative amortization and impairment losses			
January 1, 2008	0	1,900	1,900
Amortization	0	654	654
Disposals	0	-13	-13
Transfers	0	14	14
December 31, 2008	**0**	**2,555**	**2,555**
Carrying amount	**64,769**	**3,164**	**67,933**

9. LEASES AND OTHER FINANCIAL OBLIGATIONS

FINANCE LEASES

Property rented by the company includes land, buildings and other facilities and equipment. The main obligations that have been entered into during the period of the leasing agreements, besides the lease payments themselves, are the costs of maintenance for the operating locations and facilities, the granting of tenant loans, insurance contributions, and property taxes. The lease agreements may contain extension or purchase options, as well as price adjustment clauses. In general, the durations of leasing agreements for land, buildings, and operating and office equipment range between 3 and 40 years. For reasons of immateriality, no separation was made between property as operating leases, and real estate as finance leases. Rent expenses (depreciation of the asset value of finance leases, and interest payments arising from finance leasing) in connection with finance leases amounted to T€ 8,051 in 2009 (previous year: T€ 7,972). They are reported as expense in the items depreciation and interest payments in the period in which they are incurred. In the cost of sales method, depreciation is reported in the functional areas of production, administration and sales costs, depending on which area the underlying lease agreement is attributed to. The interest expenses are included in the financial result. The terms of the leases contain no restrictions with respect to dividends, additional borrowings, or further leases.

Purchase options until 2016 exist for two property rental agreements that are classified as finance leasing agreements.

The carrying amounts of capitalized property, plant and equipment arising from finance leases are as follows:

in T€	2009	2008
Cost	94,877	91,782
of which land	884	884
of which buildings	61,868	57,875
of which fittings and operational equipment	32,125	33,023
Cumulative depreciation	-50,593	-48,913
of which land	0	0
of which buildings	-27,241	-25,123
of which fittings and operational equipment	-23,352	-23,790
Carrying amounts	**44,284**	**42,869**
of which land	884	884
of which buildings	34,627	32,752
of which fittings and operational equipment	8,773	9,233

The future minimum leasing payments for the above described finance leasing agreements are:

in T€	2009	2008
Up to 1 year	7,763	7,339
1 to 5 years	30,410	28,764
Longer than 5 years	48,055	48,746
Total of minimum lease obligations	**86,228**	**84,849**
Special lease payments for buildings (purchase option)	-3,068	-3,540
Total of net minimum lease obligations	**83,160**	**81,309**
less interest	-24,902	-24,475
Present value of minimum lease obligation	**58,258**	**56,834**

The lease liabilities have the following maturities:

in T€	2009	2008
Up to 1 year	4,169	3,790
1 to 5 years	19,296	17,539
Longer than 5 years	34,793	35,505
	58,258	**56,834**

OPERATING LEASES

The company and its subsidiaries have entered into various operating lease agreements for buildings, office equipment, and other facilities and fittings. Most leases contain extension options allowing extensions for periods of five or ten years. Some contain price adaptation clauses, for instance in the form of indexation, and provide for rental payments that are conditional on the basis of fixed percentages of turnover generated by the assets held as part of operating lease agreements. The terms of the leases contain no restrictions with respect to dividends, additional borrowings or further lease agreements. Lease expenses amounted to T€ 56,783 in 2009 (previous year: T€ 55,031).

OTHER FINANCIAL OBLIGATIONS

The other financial obligations of the CURANUM Group consist of obligations arising from rental, leasing, and maintenance agreements. These contain further obligations arising from finance lease agreements with respect to the office and operating equipment, and which have largely expired, or have only very short residual durations, and are inseparable from the remaining leases due to cost-benefit relationships.

The maturities of the minimum lease payments arising from non-cancellable leases relating to real estate and maintenance service agreements, among other things, are as follows as of the December 31, 2009 reporting date:

in T€	< 1 year	1-5 years	> 5 years
Building rents	54,728	224,506	420,502
Maintenance agreements	1,921	1,955	663
Total	**56,649**	**226,461**	**421,165**

The maturities of the minimum lease payments arising from non-cancellable leases relating to real estate and maintenance service agreements, among other things, are as follows as of the December 31, 2008 reporting date, while taking into account the elimination of finance leases:

in T€	< 1 year	1-5 years	> 5 years
Building rents	54,669	222,098	433,821
Maintenance agreements	785	1,912	1,516
Total	**55,454**	**224,010**	**435,337**

Besides this, the owners hold put options for two properties in which subsidiaries of CURANUM AG operate facilities. If the owners exercised the put options, the purchase price for both items of real estate would amount to 35.8 mil. €. The put options may be exercised from 2008, or 2015.

As of December 31, 2009, there were no further potential obligations arising from warranties, guarantees, or the assignment of collateral for third-party liabilities within the CURANUM Group.

10. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

in T€	Residual term up to 1 year	Residual term 1 to 5 years	Residual term longer than 5 years
31.12.2009			
Liability component of Fazit participation right	0	0	4,354
Negative fair value from cash flow hedge	0	1,301	0
Negative fair values from interest rate swap	0	114	0
Bank loans	14,646	42,867	22,255
Total	**14,646**	**44,282**	**26,609**
31.12.2008			
Liability component of Fazit participation right	0	0	4,469
Negative fair values from cash flow hedge	0	902	0
Negative fair values from interest rate swap	0	76	0
Bank loans	4,975	53,576	25,125
Total	**4,975**	**54,554**	**29,594**

The change in the debt component of the Fazit participation right results from the repurchase and outgoing payment of participation rights by CURANUM. In individual cases, the repayment was performed for reasons of goodwill, and without legal obligation on CURANUM's part.

Five interest rate swaps were concluded to hedge variable interest rate risks arising from current account overdrafts and the borrower's note loan. The nominal value of these interest rate derivatives transactions amounted to T€ 31,150 (previous year: T€ 34,050).

Current number	Term Start	End	Nominal T€	Interest rate/reference rate
1	10.2.2006	30.11.2010	5,200	3M-EUR-EURIBOR-Telerate/3,34 %
2	19.3.2008	19.12.2012	10,000	3M-EUR-EURIBOR/max. 4,10 %, min. 3,10 %
3	24.11.2008	19.12.2012	10,000	3M-EUR-EURIBOR/max. 4,05 %, min 1,90 %
4	4.8.2008	29.6.2012	2,975	3M-EUR-EURIBOR/4,99 %
5	6.10.2008	29.6.2012	2,975	3M-EUR-EURIBOR/4,5 %

The year-on-year change in fair values was as follows:

Current number		2009	2008
1	3M-EUR-EURIBOR-Telerate/3,34 %	-114	-76
2	3M-EUR-EURIBOR/max. 4,10 %, min 3,10 %	-565	-353
3	3M-EUR-EURIBOR/max. 4,05 %, min 1,90 %	-424	-208
4	3M-EUR-EURIBOR/4,99 %	-168	-191
5	3M-EUR-EURIBOR/4,5 %	-144	-150
	Total	**-1,415**	**-978**

The fair value of Swap Number 1 has been recognized as a financial liability with earnings effect (financial expense). The fair values of Swaps Number 2 to 5 have been recognized as financial liabilities with no earnings effect (through equity) taking into account deferred tax.

The fair values were calculated using bank valuations; the fair values were also verified by expert reports by discounting the expected future cash flows (discounted cash flow method).

The fair values of the cash flow hedge with a residual maturity of between one and five years are recognized under financial liabilities; we have refrained from reclassifying the short-term component (up to 1 year) for reasons of materiality.

CURANUM has obligated itself contractually to a bank to evidence that it abides by a predetermined financial indicator, the "net debt to EBITDA ratio", at the end of each quarter. The bank enjoys the right to special cancellation of the loan agreement if this fixed ratio is exceeded.

The following collateral exists for the bank loans:

– Land charges totaling T€ 62,047 (previous year: T€ 62,047)
– Global assignment of trade receivables for several loans used by operating companies
– Pledging of company shares for utilization of a loan
– Assignment of rental / lease interest receivables
– Pledging of a fixed-term deposit as well as joint and several liability guarantees and property assignments to secure various loans

11. TRADE PAYABLES

Trade payables contain open items arising from invoices received for supplies and services that have been utilized. They amounted to T€ 5,226 as of the balance sheet date (previous year: T€ 4,348). They have a residual maturity of less than one year. The reported carrying amounts correspond approximately to their fair values due to their short maturities.

12. NON-CURRENT AND CURRENT PROVISIONS

in T€	2009	2008
Bonuses	588	702
Miscellaneous	870	1,158
Total	**1,458**	**1,860**

Other provisions contained non-current provisions (residual duration greater than one year) of T€ 95 (previous year: T€ 497). In the previous year, non-current provisions contained hidden charges realized as part of purchase price allocations. These are now reported among current provisions since their residual term is less than one year.

Provisions changed as follows:

in T€	Status January 1, 2009	Utilization	Release	Addition	Status December 31, 2009
Bonuses	702	702	0	588	**588**
Miscellaneous	1,158	658	70	440	**870**
Total	**1,860**	**1,360**	**70**	**1,028**	**1,458**

The other provisions are composed as follows:

in T€	2009	2008
Ongoing court cases/lawyers' fees	439	660
Hidden charges realized as part of purchase price allocations	336	402
Miscellaneous	95	96
Total	**870**	**1,158**

Hidden charges realized as part of purchase price allocation result from the purchase of shares in 2006. The related purchase price for the shares may rise by T€ 336 if particular events occur. CURANUM AG anticipated negative earnings contributions with respect to the customer base acquired at the time of the purchase of the company, and had correspondingly recognized a provision of T€ 66. This provision was derecognized and booked through the income statement due to the discontinuation of the risk.

13. CURRENT LIABILITIES ARISING FROM INCOME TAX AND OTHER LIABILITIES

in T€	category IAS 39*	2009	2008
Corporation tax liabilities	n.a.	61	135
Trade tax liabilities	n.a.	17	1
Income tax liabilities		**78**	**136**
Other current liabilities			
Liabilities to staff	FLAC	2,715	2,645
Salary and wage liabilities	FLAC	163	152
Social security liabilities	FLAC	86	84
Wage/church tax and VAT liabilities	n.a	1,103	2,140
Prepayments received	FLAC	3,066	3,073
Liabilities to occupants	FLAC	1,838	2,645
Debtor accounts in credit	FLAC	990	1,113
Deferred income	n.a.	86	89
Outstanding invoices	FLAC	2,042	1,709
Professional co-operative contributions	FLAC	713	590
Miscellaneous	FLAC/n.a.	1,423	1,712
Total other current liabilities		**14,225**	**15,952**
of which with a residual term up to 1 year		14,303	16,088

* Please refer to the remarks concerning financial instruments in the "Accounting principles" chapter for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

Liabilities to employees are composed of vacation days outstanding in the amount of T€ 923 (previous year: T€ 785), obligations arising from overtime hours, bonuses, short-term age-related short time working obligations and settlements in the amount of T€ 1,395 (previous year: T€ 1,530), and time allowances in the amount of T€ 396 (previous year: T€ 330).

The obligation arising from age-related short time working agreements with employees is reported in the amount T€ 169 (previous year: T€ 274), less employees' insolvency-protected value credits in the amount of T€ 276 (previous year: T€ 269). When calculating the obligation, provisions were formed for the employer's supplements to gross salaries as well as pension insurance contributions, as well as the company's employee remuneration arrears in the case of the "Blockmodell". The share of the obligation with a residual maturity of over one year was discounted applying a rate of 5.5 %. Earnings for the 2009 period include income from the reduction of the obligation in the amount of T€ 105 (previous year: T€ 53), and are reported under cost of sales.

The "Miscellaneous" item contains financial liabilities measured at amortized cost (FLAC) in the meaning of IAS 39 as follows:

in T€	category IAS 39*	2009	2008
Deferred interest and participation right interest	FLAC	424	568
Deferred tax/fiscal charges	n.a.	59	332
Supervisory Board remuneration	FLAC	160	160
Deferred rental payments	FLAC	43	65
Auditing and financial statement liabilities	FLAC	424	273
Miscellaneous liabilities	n.a.	313	314
Total		**1,423**	**1,712**

* Please refer to the remarks concerning financial instruments in the "Accounting principles" chapter for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

The increase in liabilities for auditing and financial statement costs results from a prepayment that had already been rendered as of the previous year's balance sheet date.

14. EQUITY

Please refer to the statement of changes in consolidated equity.

ISSUED SHARE CAPITAL

The issued share capital of CURANUM AG amounts to € 32,660,000.00 (previous year: € 32,660,000.00), and is split into 32,660,000 (previous year: 32,660,000) ordinary bearer shares, and is fully paid in.

APPROVED CAPITAL

As the result of a resolution of the Shareholders' General Meeting on June 25, 2009, the Management Board was authorized, with the approval of the Supervisory Board, to increase the issued share capital of the company in exchange for cash or non-cash capital contributions, once or on several occasions until June 24, 2014, by a total, however, of up to T€ 6,532 through the issue of a maximum of 6,532,000 new ordinary bearer shares. Subscription rights are to be granted to shareholders as a matter of principle when performing the capital increase. Under certain preconditions, the Management Board may, with the approval of the Supervisory Board, exclude shareholders' subscription rights.

PURCHASE OF OWN SHARES

Through a resolution of the 2009 Shareholders' General Meeting the company was authorized until January 24, 2010, with the approval of the Supervisory Board, to acquire or resell once or on several occasions own shares in the company. The arithmetic share of the shares acquired as part of this authorization may not exceed 10 % of the subscribed capital.

The following table shows the change in the treasury shares item in equity in 2009.

	Treasury shares in T€	Treasury shares in pieces
Status as of January 1, 2009	970	318,189
Acquired during the financial year	271	86,913
Status as of December 31, 2009	1,241	405,102

The equity item treasury shares represents the value of CURANUM AG shares purchased on the market, which are held by a trustee. CURANUM AG held 405,102 of its own shares as of the balance sheet date. This corresponds to shares of € 405,102 of the issued share capital, or 1.24 %. These treasury shares are reported in equity to an amount of T€ 1,241.

ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital exclusively contains transfers arising from premiums, and has not changed compared with December 31, 2008.

REVENUE RESERVE

The revenue reserve essentially contains the cumulative results of previous years, and other revenue reserves of CURANUM AG. The cumulative results contain gains and losses generated by CURANUM AG and its consolidated subsidiaries in previous years, which were neither distributed nor allocated to other revenue reserves.

Repayments connected with participation right capital are reported in revenue reserves with no impact on income to the level to which the participation right capital was classified as equity at the time of the purchase price allocation.

To the extent that they exist, negative minority interests in Group earnings are offset with revenue reserves.

APPROPRIATION OF EARNINGS

The annual financial statements of CURANUM AG as of December 31, 2009, which are based on German commercial law (HGB), report unappropriated retained earnings of € 24,271,196.86. A proposal is submit-ted to the Shareholders' General Meeting to apply the unappropriated retained earnings as follows:

The company's Management and Supervisory Boards recommend that the unappropriated retained earnings be carried forward to a new account.

The distribution of T€ 3,225 for the 2008 financial year was performed in 2009.

OTHER COMPREHENSIVE INCOME

Other comprehensive income contains revaluations of property, plant and equipment that are booked through equity (revaluation reserve), and the market valuation booked through equity of derivative financial instruments in the cash flow hedge area totaling T€ -1,301. Recognition takes into account deferred tax assets of T€ 388. Please refer to our remarks in Section A.5. "Financial Instruments" and E. (24) IFRS 7 "Disclosures".

The revaluation reserve results from the first-time consolidation of VGB GmbH in 2006 (proportional release of hidden reserves relating to companies previously included at-equity, in line with the IAS 16 revaluation rules), which was carried forward to the reporting year.

C. NOTES TO THE CONSOLIDATED INCOME STATEMENT

SEGMENT REPORTING

The CURANUM Group renders all services for an identical group of customers. The risk and opportunity profiles of the services are not significantly different, and they are interdependent. The internal reporting structure of the company equally makes no segmental differentiation. In addition, the company is active primarily in the German market. Segmental reporting is not performed because the company cannot be divided into either different business segments or different geographical segments.

Revenue of T€ 6,420 was generated with external customers by foreign subsidiaries in 2009. The consolidated financial statements as of December 31, 2009 contain non-current assets relating to these facilities in an amount of T€ 1,064.

15. REVENUE

Revenue is mainly composed of the following:

in T€	2009	2008
Inpatient care including related services (catering/cleaning and laundry)	222,040	219,308
Rental income from managed apartments/outpatient care services	30,914	30,830
Miscellaneous	6,568	6,966
Total	**259,522**	**257,104**

16. COST OF SALES

Cost of sales contains:

in T€	2009	2008
Personnel expenditure for care and services	117,190	114,895
Rents	55,478	54,569
Miscellaneous expense	42,095	41,873
Depreciation / amortization	9,316	8,955
Total	**224,079**	**220,292**

Miscellaneous expense contains the following:

in T€	2009	2008
Food	10,671	10,636
Water/power/electricity	10,054	9,599
Maintenance/repairs and domestic engineering	4,253	4,001
Business requirements	2,403	2,453
Medical care requirements	2,223	2,380
Property and other charges	2,122	2,030
Third-party building cleaning services/laundry	1,282	1,464
Vehicle fleet expenses	1,284	1,312
Insurance	1,033	1,040
Care expense	923	951
Miscellaneous	5,847	6,007
Total	42,095	41,873

Depreciation/amortization relates to scheduled amortization to intangible assets (mainly software), and depreciation of buildings and of operating and office equipment.

17. SELLING AND MARKETING EXPENSES

Selling and marketing expenses are composed as follows:

in T€	2009	2008
Personnel expenditure	330	268
Miscellaneous expense	796	755
Depreciation / amortization	2	1
Total	1,128	1,024

Miscellaneous expenses include mainly expenses for advertising and public relations activities of T€ 760 (previous year: T€ 734).

18. GENERAL AND ADMINISTRATION EXPENSES

The administration costs are composed as follows:

in T€	2009	2008
Personnel expenditure	12,970	12,709
Miscellaneous expense	5,252	5,260
Depreciation / amortization	488	594
Total	**18,710**	**18,563**

Miscellaneous expense mainly includes legal and consultancy costs in the amount of T€ 1,397 (previous year: T€ 1,800), telecommunications charges in the amount of T€ 596 (previous year: T€ 546), and office materials, postage, ancillary money transfer costs, and other administrative costs in the amount of T€ 1,089 (previous year: T€ 1,225).

PERSONNEL EXPENSE AND AVERAGE NUMBER OF EMPLOYEES

The personnel expense is allocated to the individual functional areas (16) to (19) as follows:

in T€	2009	2008
Wages and salaries	108,541	106,382
Settlements	317	281
Professional cooperative	966	992
Social contributions	20,667	20,217
Total	**130,491**	**127,872**

The average number of staff employed during the financial year, counted by heads, was:

in T€	2009	2008
Salaried employees	4,994	4,921
Temporary personnel	788	781
Total excluding trainees	**5,782**	**5,702**
Trainees	273	251
Total	**6,055**	**5,953**

19. OTHER OPERATING EXPENSES / INCOME

in T€	2009	2008
Income	3,223	4,685
Expenses	-1,017	-2,164

Other operating income includes income from reimbursements in the amount of T€ 876 (previous year: T€ 1,009), income from the release of valuation adjustments to receivables and provisions/liabilities in the amount of T€ 281 and in the amount of T€ 242 respectively (previous year: T€ 503 and T€ 460), and income unrelated to the period of T€ 1,191 (previous year: T€ 1,237). Other operating income is periodical income due to the business model.

In the reporting year, *other operating expenses* contain expenses from the application of specific valuation adjustments to receivables in the amount of T€ 93 (previous year: T€ 33), and expenses unrelated to the period in the amount of T€ 578 (previous year T€ 650). This item also contains miscellaneous expenses in the amount of T€ 226 (previous year: T€ 254).

20. INTEREST EXPENSE / INCOME

in T€	2009	2008
Interest income	131	979
Interest expense for diverse loans	-3,854	-5,268
Interest expense for finance lease agreements	-3,794	-3,698
Other financing expenditure/interest rate derivatives	-1,435	-1,520
Interest expense	-9,083	-10,486

The net financial result in 2009 was composed as follows:

in T€	Resulting from financial instrument category (IAS 39)	2009	2008
Interest income from cash and cash equivalents	n.a.	105	401
Interest income from interest rate derivatives	FAHfT	9	226
Other interest income	n.a.	17	352
Interest income		**131**	**979**
Interest expense for diverse loans	FLAC	-3,854	-5,268
Interest expense for finance lease agreements	IAS 17	-3,794	-3,698
Interest expense relating to participation rights	FLAC	-395	-395
Interest expense for current financial liabilities (including current account)	FLAC	-6	-272
Guarantee commissions	n.a.	-73	-86
Interest expense from interest rate derivatives	FAHfT	-809	-314
Other interest expense	n.a.	-152	-453
Interest expense		**-9,083**	**-10,486**

21. INCOME TAX

The reported income tax expense is composed as follows:

in T€	2009	2008
Actual tax expenditure	2,359	2,779
Deferred income tax	659	459
Total income tax	**3,018**	**3,238**

in T€	2009	2008
Income tax for the current year	2,295	2,344
Income tax for previous years	64	435
Actual tax expenditure, total	**2,359**	**2,779**

The net change in deferred tax is presented in the following table:

in T€	2009	2008
Deferred tax assets status January 1	4,195	4,950
Consolidation change	102	195
Changes without impact on income	95	-297
Changes booked through income statement	-760	-653
Deferred tax assets status December 31	**3,632**	**4,195**

The company's deferred tax assets and liabilities arising from temporary differences are composed as follows:

in T€	Deferred tax assets 2009	Deferred tax liabilities 2009	Deferred tax assets 2008	Deferred tax liabilities 2008	Change booked through income statement 2009	Change booked through equity 2009
Property, plant and equipment						
– Divergence in useful life	85	1,029	101	932	-113	--
– Finance leasing	--	131	--	23	-108	--
Goodwill/customer base/brand right	1,427	928	1,760	773	-488	--
Market value of derivatives	388	--	269	--	--	119
Provisions	34	--	22	--	12	--
Liabilities						
– Finance leasing	5,940	--	5,931	--	9	--
Tax loss carryforwards	536	--	579	--	-43	--
Other items	412	18	431	8	-29	--
Total	**8,822**	**2,106**	**9,093**	**1,736**	**-760**	**119**
Consolidation	374	3,458	462	3,624	102	-24
Consolidated balance sheet	**9,196**	**5,564**	**9,555**	**5,360**	**-658**	**95**

An average income tax rate of 29.825 % (previous year: 29.825 %) is applicable to the German companies. The applicable tax rates for foreign companies amount to 25 % (previous year: 25 %).

The disclosures relating to consolidation primarily referred to effects arising from the subsequent consolidation of the sub-group VGB GmbH and Fazit Betriebsträgergesellschaft mbH.

Changes of T€ 95 booked to equity contain an amount of T€ -42 arising from the initial measurement of the Bad Dürrheim (Scheffelhof), Braunschweig homes and of the outpatient service (Coburg), as well as the earnings-neutral formation of deferred tax assets of T€ 119 relating to the negative market values of derivatives.

As in the previous year, the loss carryforwards can be carried forward indefinitely. No deferred tax assets were formed with respect to the loss carryforwards of three subsidiaries amounting to T€ 19,594 (previous year: T€ 18,026).

The differences between the expected tax expense based on the arithmetic rate of taxation, and the income tax expense reported in the income statement, is presented in the following reconciliation:

in T€	2009	2008
Earnings before tax	**8,858**	**10,239**
Expected tax applying tax rate applicable to the parent company of 29.825 % (2008: 29.825 %)	2,642	3,054
Other, non tax-deductible expenses/trade tax additions	1,091	1,017
Effect of divergent trade tax result	-900	-1,163
Prior years' tax	106	435
Other effects	78	-105
Tax expense (actual and deferred)	3,017	3,238

22. EARNINGS PER SHARE

	2009*	2008
Earnings for the period attributable to CURANUM AG shareholders in T€	5,870	7,032
Weighted average number of ordinary shares outstanding (in thousands)	32,268	32,611
Earnings per share (undiluted and diluted) €	0.18	0.22

*) CURANUM acquired 405,102 treasury shares in the period between February 13, 2008 and March 25, 2009; taking this period into account, the weighted average number of shares outstanding amounts to 32,267,835.

Undiluted earnings per share have been calculated by dividing the periodic result attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. There was no requirement to take dilution effects into account.

D. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (23)

The cash and cash equivalents item reported in the cash flow statement is identical with the reported balance sheet item, and comprises cash holdings and bank accounts in credit with a term of up to one year. Cash and cash equivalents in the CURANUM Group amount to T€ 8,899 (previous year: T€ 10,014). Please refer to Section B. 1 in these notes with reference to the consolidated balance sheet.

The cash flow statement shows how the cash and cash equivalents of the CURANUM Group changed during the course of the reporting year as a result of cash inflows and outflows. This entails separating the cash flows into the areas of operating activities, investing activities, and financing activities. The cash inflows and outflows from operating activities are calculated using the indirect method. This entails adjusting pre-tax earnings to reflect non-cash expenses (mainly composed of depreciation/amortization and changes in provisions), as well as changes in operating assets and liabilities.

The changes in balance sheet items used in the cash flow statement are adjusted to reflect non-cash effects. For this reason, changes in the related balance sheet items cannot be reconciled directly with the corresponding values in the consolidated balance sheet. Non-cash effects include, among other items, additions arising from finance leases. Further notes relating to finance leases can be found in Section B. 9.

The cash inflows and outflows from investing and financing activities are presented using the direct method.

Outgoing interest payments totaled T€ 8,935 (previous year: T€ 9,676). Of this amount, T€ 5,141 is reported in the operating area (previous year: T€ 5,978). The interest portion from finance leasing is reported in the financing area.

The net cash outflows for corporate acquisitions presented in the cash inflows and outflows arising from investing activities are presented in the notes relating to the change of the scope of consolidation are contained in the notes relating to "Scope of consolidation" and "Company mergers" in Section A. 3 of the notes to the consolidated financial statements.

The outgoing payments for finance leases contain both the interest and redemption components. The interest portion amounted to T€ 3,794 in the reporting year (previous year: T€ 3,698).

E. OTHER DISCLOSURES AND NOTES

24. ADDITIONAL DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS AS PER IFRS 7

The following section shows the significance of financial instruments for the CURANUM Group, and provides additional information about balance sheet items that contain financial instruments.

Please refer to the remarks concerning financial instruments in Section A. 5 "Accounting principles" for more information about the financial instruments presented, and the IAS 39 categories, particularly with respect to the designations and abbreviations used.

The following table shows the carrying amounts of all categories of financial assets and liabilities (FV: Fair Value; AC: At Cost):

in T€	IFRS 7.27	2009	2008
Financial assets			
Cash and cash equivalents	AC	8,899	10,014
Financial assets Available for Sale	FV	372	374
Loans and Receivables	AC	17,409	18,936
Total		**26,680**	**29,324**
Financial liabilities			
Financial liabilities at amortized cost	AC	160,642	163,049
Derivative financial instruments without hedging relationships	FV	114	76
Derivative financial instruments with hedging relationships	FV	1,301	902
Total		**162,057**	**164,027**

Financial assets Available for Sale relate to securities that are traded in an active market. For this reason, CURANUM AG applies the fair value as of the balance sheet date (Level 1 pursuant to IFRS 7.27A).

The company uses derivative financial instruments mainly to hedge interest rate risks, and generally concludes such transactions with banks, as contractual partners, that enjoy investment-grade ratings. Four of the five derivative financial instruments (interest-rate swaps) entered into in the year under review satisfied the formal criteria of a hedging relationship in the meaning of IAS 39, and were formally designated as hedges as per IAS 39. One interest-rate swap does not satisfy the criteria of a hedging relationship. The fair value of the interest rate swaps is determined by discounting the expected future cash flows over the contractual period remaining as of the measurement date, on the basis of risk-adjusted zero-interest rate curves (Level 2 pursuant to IFRS 7.27A).

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortized cost:

in T€	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Financial assets measured at (amortized) cost				
Cash and cash equivalents	8,899	8,899	10,014	10,014
Lease and rental prepayments	9,250	9,250	10,083	10,083
Trade receivables	6,482	6,482	6,273	6,273
Other receivables	1,677	1,677	2,580	2,580
Financial liabilities measured at (amortized) cost				
Trade payables	5,225	5,225	4,348	4,348
Bank borrowings and participation right capital	79,636	84,123	82,189	88,145
Finance lease liabilities	60,603	58,258	62,098	56,834
Other financial liabilities	13,036	13,036	13,772	13,772

The fair values of cash and cash equivalents, trade receivables, other current financial receivables, trade payables, and other current financial liabilities, approximately correspond to their carrying amounts. This is particularly due to the short maturity of these instruments.

CURANUM AG determines the present value of bank borrowings, other financial debt, and other non-current financial liabilities through discounting the expected future cash flows using interest rates for similar types of financial debt with comparable maturities.

When determining the fair value of finance lease liabilities, the nominal value of the minimum lease payments is distributed evenly over the assumed average residual maturity. Maturity is calculated on the basis of weighted average residual maturity. This is used to calculate the interest rate for similar financial debt. It is used to discount future cash flows.

The following table shows the net gains and losses arising from financial instruments:

in T€	2009	2008
Financial assets Available for Sale	-2	-6
Loans and Receivables	28	11
Financial Liabilities Held for Trading	-155	-139
Interest expense and income from financial instruments measured at amortized cost	-8,043	-9,361

The net change in unrealized gains or losses arising from financial assets Available for Sale was reported in an amount of T€ -2 (previous year: T€ -6) in other shareholders' equity.

Net gains and losses arising from Loans and Receivables contain changes in adjustments, gains or losses arising from elimination, and cash inflows and revaluations relating to Loans and Receivables originally written off.

Net gains and losses arising from financial Assets and liabilities Held for Trading purposes contain changes to fair value, as well as realized disposal gains relating to the derivative financial instruments (including interest income and expenses), for which no hedge accounting is applied.

Interest expenses and income arising from financial instruments measured at amortized cost comprise interest income and expenses from loans that have been drawn down, the profit-sharing certificate of Fazit GmbH, and finance lease liabilities.

Net gains from financial instruments not subject to IFRS 7 and IAS 39 results from the interest result on cash and cash equivalents.

RISK MANAGEMENT AND FINANCIAL DERIVATIVES

CURANUM AG is subject to credit, market and liquidity risks with respect to its assets, liabilities and planned transactions. CURANUM's risk management system pursues the goal of limiting these risks. To this end, the treasury department makes particular use of selected derivative hedging instruments to hedge risks that have an impact on the CURANUM Group's cash flow.

Managing financial market risks is a primary task incumbent on the Management Board of CURANUM AG. This part of the overall risk management system falls into the area of responsibility of the Mangement Board. The Management Board of CURANUM AG carries overall responsibility at the highest level, and delegates this responsibility to the central treasury department for operating and entrepreneurial reasons. The Management Board determines the main features of financial policy each year. The Management Board is informed regularly about the current risk position and its management. CURANUM AG pursues risk management using a system based on sensitivity analyses. These sensitivity analyses enable the treasury, as the central department responsible, to approximately gauge the risk emerging within given assumptions as part of an observation performed on a ceteris paribus basis, and when particular variables are changed within a defined scope. The analysis of interest rate risk regularly entails parallel movements of yield curves by up to 100 basis points (+/- 1.0 %).

CREDIT RISKS

CURANUM is exposed to certain default risks as a result of its operating business and its financing activities. Outstanding trade receivables are monitored constantly. Default risks are reflected using specific valuation adjustments. The calculation of these adjustments is explained in the notes under Section B. 2. There are no significant concentrations of risk due to the company's diversified customer structure, as well as the creditworthiness of any providers of social security benefits that are required to make payments. The carrying amount of receivables represents the maximum default risk.

In the case of derivative financial instruments, CURANUM is exposed to credit risk in the instance that contractual partners fail to satisfy their contractual obligations. In order to reduce risk, financing agreements are entered into exclusively with contractual partners with investment grade ratings.

Cash resources are invested exclusively in overnight and term deposits with a maximum duration of up to one year and exclusively with German banks of investment grade rating.

Maximum default risk reflects the carrying amounts of the financial assets reported in the balance sheet, including derivative financial instruments with positive market values.

MARKET PRICE RISKS

Market price risks generally existed in the form of exchange rate, interest and other price risks.

CURRENCY RISK

The financial assets and liabilities of the CURANUM Group are denominated almost exclusively in euros. Since the CURANUM Group carries out its operating activities exclusively in the Eurozone, there are no currency-specific risks.

INTEREST RATE RISK

CURANUM is subject to interest rate risk mainly as a result of its bank borrowings. In the case of finance debt measured at amortized cost, changes in the market interest rates of finance debt with fixed and normal rates of interest do not have an impact on earnings and equity. An effect on earnings can result only from early repayment or maturity. The differences between the carrying amounts and the fair values are presented in the tabular overview of financial instruments according to IAS 39 categories.

Variable-rate finance debt is subject to payment fluctuation risk due to changes in market interest rates. CURANUM endeavors to limit such risks through the use of interest rate derivatives. CURANUM also counters the risk from unexpected increases in interest expense by distributing related risks among several banks, and constant monitoring of current interest rate trends.

When such transactions are entered into, a check is performed to see whether the preconditions for hedge accounting according to IAS 39 are satisfied. If all of these prerequisites are satisfied, the hedge is formally designated as such. The accounting treatment of interest rate derivatives and cash for hedging relationships used is presented under Section 5 "General accounting principles".

An interest rate swap of originally T€ 10,000 was concluded to minimize the risk related to the acquisition financing for the Westfalen Group, the terms of which have been set precisely to reflect the term and volume of the financing. In addition, four further interest rate swaps were concluded to hedge the interest rate risk arising from a borrower's note loan with WestLB AG, as well as a further loan with HypoVereinsbank. Since the financings are structured variably and become more expensive as interest rates rise, the interest rate swaps hedge against rising interest rates either through a cap or through a fixed interest rate, in other words, rising interest rates costs are hedged against a defined rise in EURIBOR. Two of the swaps are so-called corridor swaps that have an upper limit when interest rates rise, but which participate in falling interest rates to a predefined extent. This hedges against the risk of a sharp rise in interest rates, and partially allows participation in falling interest rates within a defined corridor; if the corridor is undershot, the interest rate of the hedged area comes into play as an upper limit.

Some interest rate derivatives reduce in volume equivalent to the repayment of the corresponding loans.

The interest rate swaps are monitored constantly by the cash management and treasury functions, and changes to the interest rate and relevant spreads are reported directly to the Management Board. CURANUM AG also cultivates intensive exchange with commercial banks so as to be informed about current interest rate developments, relevant influencing factors, and their effects on future interest rates. The bank also reports regularly regarding the development of the interest rate derivatives.

Depending on the corresponding financial instrument, CURANUM AG measures interest rate risks either on the basis of their value, or a cash flow sensitivity analysis, and aggregates these in order to calculate overall risk for the Group. On the investment side, interest rate risks exist with respect to falls in variable market interest rates, and, on the borrowing side, with respect to fixed interest rates when market interest rates fall; in the case of investments with fixed rates, and borrowings with variable rates, the risk results from rising market interest rates.

When calculating the sensitivities of the fair values of fixed interest rate instruments (including derivative financial instruments), the change in fair value, defined as net present value, is simulated by a parallel movement of the yield curve by 100 basis points. In the first step of the calculation, gross cash flows are discounted using the term-congruent interest rates taken from the yield curve, in other words, the net present value of the future interest and redemption payments of the fixed-interest financial instruments calculated. In the second step of the calculation, the gross cash flows are discounted by moving the yield curve in parallel by 100 basis points (-1.0 %). As a result of the fixed interest or collar structure of the interest rate derivatives on the part of CURANUM AG, the variable gross cash flows of the relevant bank (and, as far as relevant, those of CURANUM AG) are calculated using a 100 basis point shift in the yield curve (-1.0 %), and discounted using the corresponding discount rate. Generally recognized and published yield curves as of the relevant reporting date are used as the basis for the calculation. The interest rate risk of the fair values results primarily from long-term fixed-interest finance debt, as well as from interest-bearing investments.

On the basis of the assumptions presented above, the sensitivity analysis generated an interest rate risk to the fair values of T€ 2,388 as of December 31, 2009 (previous year: T€ 2,748).

In the case of variable interest rate instruments, CURANUM AG measures interest rate risk using a cash flow sensitivity analysis. In this case too, a parallel shift in the yield curve of 100 basis points (+1.0%) is applied to the interest rate paid, and discounted correspondingly from the financial instrument. Such risks result mainly from variable interest rate finance debt.

Based on the assumptions described above, the sensitivity analysis generates a cash flow interest rate risk of T€ 1,057 as of December 31, 2009 (previous year: T€ 1,413).

LIQUIDITY RISK

CURANUM AG's liquidity risk relates to its potentially being unable to satisfy its financial obligations, for example, the redemption of finance debt, the payment of trade payables or other liabilities, and finance lease obligations. CURANUM AG limits this risk through effective cash management, as well as access to credit lines at various banks with good credit ratings.

CURANUM AG limits its liquidity risks as a result of secure government grant payments, as well as through the continuous improvement of its treasury and cash management system, and of its invoice reminder system.

The following table presents all contractually fixed, non-discounted cash outflows and payments as of December 31, 2009 for redemptions, repayments, and interest rate payments arising over coming years from financial liabilities/obligations entered in the balance sheet.

31.12.2009, in T€	2010	2011-2014	2015 and after
Non-derivative financial liabilities			
Bank borrowings	14,176	55,741	29,708
Miscellaneous financial debt (profit-sharing certificate)	395	1,580	4,938
Trade payables	5,225	--	--
Other financial obligations*	69,685	226,461	421,165
Finance lease liabilities	7,762	30,410	48,055
Derivative financial liabilities			
Liabilities arising from swap transactions	899	541	--

*Other financial liabilities include future obligations arising from rental, lease and maintenance agreements

31.12.2008, in T€	2009	2010-2013	2014 and after
Non-derivative financial liabilities			
Bank borrowings	8,870	64,460	32,424
Miscellaneous financial debt (profit-sharing certificate)	383	1,148	4,781
Trade payables	4,348	--	--
Other financial liabilities	69,176	222,098	433,821
Finance lease liabilities	7,339	28,764	48,746
Derivative financial liabilities			
Liabilities arising from swap transactions	219	603	--

* Other financial liabilities include future obligations arising from rental, lease and maintenance agreements, taking into account the elimination of finance leases

The table solely presents the risk of payment outflows. Liabilities arising from finance leasing, trade payables, and other financial liabilities derive from the financing of utilized operating assets, such as property, plant, and equipment, and from the financing of working capital (e.g. inventories and trade receivables). Other financial liabilities presented as part of this overview are generally not financial liabilities pursuant to IFRS 7. CURANUM AG nevertheless takes them into account in the same way as miscellaneous financial liabilities as part of its effective management of overall liquidity risk. The central treasury department is responsible for the monitoring of financial assets and liabilities that are in place, and for effectively managing future risks. The overall view of liquidity and debt is established through calculating the net cash or debt position, and is used for internal financial management, as well as for external communications with financial investors, analysts, and banks.

The following table shows the net cash or debt position as of December 31, 2009, as well as its comparison to the previous year:

in T€	2009	2008
Cash and cash equivalents	8,899	10,014
Current financial assets Available for Sale	372	374
Total cash position	**9,271**	**10,388**
Current financial debt and current portions of non-current financial debt	18,815	8,765
Non-current financial debt	124,980	136,214
Total financial debt	**143,795**	**144,979**
Net debt	**134,524**	**134,591**

Net cash or debt is the sum of cash and cash equivalents, and current financial assets Available for Sale, minus current and non-current bank borrowings, as well as finance lease liabilities, as reported in the balance sheet.

25. CURANUM AG BOARDS, AND SUPERVISORY AND MANAGEMENT BOARD REMUNERATION

The company's Management Board comprises the following members:

Bernd Rothe, Munich
(Management Board Chairman – CEO from May 16, 2009;
Chief Financial Officer - CFO until July 31, 2009)

Sabine Merazzi-Weirich, Munich
(Chief Operating Officer - COO)

Judith Barth, Munich
(Chief Financial Officer – CFO from August 1, 2009)

Hans-Milo Halhuber, Grünwald
(Management Board Chairman - CEO until May 15, 2009)

The remuneration of the Management Board totaled T€ 939 in 2009 (previous year: T€ 959). Of this amount, T€ 774 was granted to management board members of associated companies (previous year: T€ 797).

Management Board member	Salary	Bonus	Total
Bernd Rothe	232	143	375
Sabine Merazzi-Weirich	158	70	228
Judith Barth (from August 1, 2009)	68	29	97
Hans-Milo Halhuber (until May 15, 2009)	97	142	239

Management Board remuneration consists of a fixed salary, and a profit-related component. Management Board remuneration is due exclusively on a short-term basis.

The company's Supervisory Board comprised the following members in the 2009 financial year:

- Dr. Dieter Thomae, Graduate of Business Studies, Sinzig-Bad Bodendorf
  (Chairman of the Supervisory Board)
- Bernd Scheweling, Business Economist, Munich
  (Deputy Chairman of the Supervisory Board)
- Dr. Uwe Ganzer, Lawyer, Sole Management Board Member of Varta AG, Hanover
- Dr. Michael Treichl, Managing Shareholder of Audley Capital Advisors LLP in London, GB
  (Supervisory Board member since June 25, 2009)
- Bernd Steffen Quade, Graduate of Business Studies, CFO of SimonsVoss Technologies AG, Unterföhring
  (Supervisory Board member since October 7, 2009 and member of the audit committee)
- Michael Sasse, Notary, Sasse & Ackermann Legal Practice, Schwelm
- Hans-Milo Halhuber, Lawyer, CEO of CONMIT Rechtsanwalts-Aktiengesellschaft Steuerberatungsgesellschaft, Grünwald
  (Supervisory Board member between June 3, 2009 and June 25, 2009)
- Angelika Pohl, Munich
  (Supervisory Board member until April 7, 2009)
- Sabine Klöckner, Head of Department CURANUM AG, Munich
  (Supervisory Board member until May 27, 2009)

Besides this, Dr. Uwe Ganzer is a Supervisory Board member of expert AG, Langenhagen, and KUKA AG, Augsburg.

Dr. Treichl is a Supervisory Board member of TAS-NCH Holding S.p.r.l., Milan, and a member of the board of directors of Egmont Investments S.A., in Geneva.

Remuneration for members of the Supervisory Board totaled T€ 160 (previous year: T€ 161.2).

Mr. Michael Sasse relinquished his Supervisory Board post with effect as of March 15, 2010.

26. RELATED PARTIES

According to IAS 24, disclosure must be made of persons or companies that control CURANUM AG, or are controlled by CURANUM AG. The disclosure requirements of IAS 24 extend to include persons that may exercise a significant degree of influence on the company, in other words, persons (including their close family members) who participate in the company's financial and business policy, but who do not control the company. In the 2009 financial year, this concerned the members of the Supervisory Board and Management Board of CURANUM AG.

MAXXWARE COMPUTER CONCEPTS GMBH

Maxxware, which is controlled by a former Management and Supervisory board member of CURANUM, qualifies as a related company in the meaning of IAS 24 in the period until May 15, 2009, and between June 3 and June 25, 2009. A CURANUM Group company procured services from the company Maxxware in 2009 amounting to T€ 12 (previous year: T€ 215). There were no receivables or liabilities as of the balance sheet date (previous year: receivables of T€ 1 / liabilities of T€ 0).

CURANUM BETEILIGUNGS GMBH

CURANUM Beteiligungs GmbH (general partner of CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG), which is controlled by a former Management and Supervisory Board member of CURANUM, qualifies as a related company in the meaning of IAS 24 in the period until May 15, 2009, and between June 3 and June 25, 2009. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG rendered a monthly fee of T€ 12 to its general partner for taking over management duties and liability. In 2009, CURANUM booked a total of T€ 78 (previous year: T€ 143) as expenditure. There were no receivables or liabilities relating to this company as of the balance sheet date (previous year: receivables/liabilities of T€ 0).

CURANUM VERWALTUNGS GMBH

CURANUM Verwaltungs GmbH (general partner of CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG since July 15, 2009), which is controlled by the Management Board members of CURANUM, qualifies as a related company in the meaning of IAS 24. CURANUM Verwaltungs- und Beteiligungs GmbH & Co. KG rendered a monthly fee of T€ 12 to its general partner for taking over management duties and liability. In 2009, CURANUM booked a total of T€ 66 (previous year: T€ 0) as expenditure. There were no receivables or liabilities relating to this company as of the balance sheet date (previous year: receivables/liabilities of T€ 0).

TRANSACTIONS WITH MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARDS

A purchase option exists between CURANUM AG and a former Management Board member through the remaining minority share (6 %) in a Group company.

In 2008, Supervisory Board members rendered notary services to the CURANUM Group to the amount of T€ 10 which were only booked as expenses relating to other periods in 2009 (previous year: T€ 62, as well as services arising from other consultancy agreements to the amount of T€ 109).

All of these services were rendered on terms equivalent to those that would have been agreed with third parties.

27. AUDITOR'S FEE

Auditor's fees of T€ 552 relating to the audit of the annual financial statements of CURANUM AG, the consolidated financial statements, and audit-related consultancy services were expensed in 2009 (previous year: T€ 541). Of this amount, T€ 48 was attributable to audit-related consultancy services (previous year: T€ 18), and T€ 92 was attributable to auditor's fees for the previous year.

28. UTILIZATION OF THE RELEASE PROVISION PURSUANT TO § 264 SECTION 3 OF THE GERMAN COMMERCIAL CODE (HGB)

All companies included as part of full consolidation in the consolidated financial statements of CURANUM AG, and which utilize the release from the obligation to prepare, audit and publish annual financial statements and management reports in accordance with the provisions applying for stock corporations, are designated correspondingly in the list of the scope of consolidation attached as an annex.

29. DECLARATION RELATING TO THE CORPORATE GOVERNANCE CODE

In April 2009, the company's Management and Supervisory Boards issued the declaration required pursuant to § 161 of the German Stock Corporation Act (AktG), the so-called "Declaration of Compliance" relating to the German Corporate Governance Code, and it was made permanently accessible to shareholders on the company's website (www.curanum.de) under Investor Relations / Corporate Management Statement.

Munich, March 15, 2010

CURANUM AG

The Management Board

Bernd Rothe Sabine Merazzi-Weirich Judith Barth

SCOPE OF CONSOLIDATION AND UTILIZATION OF THE RELEASE PROVISION PER 31.12.2009

according to § 264 Section 3 HGB

Name	Office	Amount of holding[1] in %
The following national companies were consolidated as of December 31, 2009 (in alphabetical order):		
Altenheimbetriebsgesellschaft Ost GmbH [2]	Munich	100.00
Altenheimbetriebsgesellschaft Süd GmbH [2]	Munich	100.00
Altenheimbetriebsgesellschaft West GmbH [2]	Munich	100.00
Alten-und Pflegeheim Sieglar GmbH [2]	Munich	100.00
Bad Schwartauer AVG Altenheim-Vermietung GmbH & Co. KG	Munich	95.00
CURANUM AG (parent company)	Munich	--
CURANUM Bad Hersfeld GmbH [2]	Munich	100.00
CURANUM Baubetreuung und Immobilienmanagement GmbH	Munich	100.00
CURANUM Bessenbach GmbH [2]	Munich	100.00
CURANUM Betriebs GmbH [2]	Munich	100.00
CURANUM Franziskushaus GmbH [2]	Gelsenkirchen	100.00
CURANUM Holding GmbH [2]	Munich	100.00
Curanum Verwaltungs- und Beteiligungs GmbH & Co. KG [2]	Munich	100.00
CURANUM Westfalen GmbH [2]	Munich	100.00
ELISA Seniorenstift GmbH [2]	Munich	100.00
FAZIT Betriebsträgergesellschaft für soziale Einrichtungen mbH [2]	Nuremberg	100.00
GAP Media Service GmbH [2]	Munich	100.00
Krankenheim Ruhesitz am Wannsee-Seniorenheimstatt GmbH [2]	Berlin	100.00
OPTICURA Service GmbH [2]	Munich	100.00
Residenz Lobberich GmbH	Nettetal-Lobberich	100.00
RIAG Seniorenzentrum „Ennepetal" GmbH & Co. KG	Munich	99.60
RIAG Seniorenzentrum „Erste" GmbH & Co. KG	Munich	100.00
RIAG Seniorenzentrum „Zweite" GmbH & Co. KG	Munich	100.00
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Liesborn KG	Düsseldorf	94.00
Seniorenzentrum Hennef GmbH [2]	Munich	100.00
Service Gesellschaft West GmbH [2]	Munich	100.00
VGB Beteiligungs-und Verwaltungs GmbH	Munich	94.00
Wäscherei Ellerich GmbH [2]	Kaisersesch	100.00
The following foreign companies were consolidated as of December 31, 2009:		
CB Seniorenresidenz Armbrustergasse GmbH	Vienna/Austria	94.00
CB Managementservice GmbH	Kitzbühel/Austria	94.00

1) Amount of holding is equal to voting rights unless otherwise noted
2) These companies are exempted from the duty of setting up examination and publication of an annual account and of a management report according to the prevailling prescriptions valid for an incorporated company

RESPONSIBILITY STATEMENT

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

The Management Board of CURANUM AG

Munich, March 15, 2009

AUDIT OPINION

We have audited the consolidated financial statements prepared by CURANUM AG, Munich, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements, together with the Group management report for the financial year from January 1 to December 31,2009. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Section 1 of the German Commercial Code (HGB), are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements as promulgated by the Institut der Wirtschaftspruefer (Institute of Public Auditors in Germany/IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the assets, liabilities, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework, and in the Group management report, are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system, and the evidence supporting the disclosures in the consolidated financial statements and the Group management reports, are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has led to no reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Section 1 of the German Commercial Code (HGB), and provide a true and fair view of the assets, liabilities, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, and, as a whole, provides an appropriate view of the Group's position, and suitably presents the opportunities and risks relating to future development.

Munich, March 15, 2010
WirtschaftsTreuhand GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Ernst
Certified Public Auditor

Merz
Certified Public Auditor

31ST MARCH 2010	Publishing the complete figures 2009, Frankfurt
31ST MARCH 2010	Balance sheet press and analysts conference, Frankfurt
28 – 29TH APRIL 2010	HPS Gesundheitstag 2010, Frankfurt
12TH MAY 2010	First-quarter-report 2010
01ST JULY 2010	Annual Meeting 2010, Bielefeld
11TH AUGUST 2010	Second-quarter and 6M-report 2010
10TH NOVEMBER 2010	Third-quarter and 9M-report 2010
22 – 24TH NOVEMBER 2010	Eigenkapitalforum, Frankfurt

FURTHER INFORMATION

If you should have further questions concerning our company or if you like to sign up for the company mailing list please contact:

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www.curanum.de

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CURANUM
Good care has a home.

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DECLARATION OF COMPLIANCE 2010

Declaration of compliance to the German Corporate Governance Code pursuant to §161 of the German Stock Corporation Act (AktG) made by the Management Board and Supervisory Board of CURANUM AG, Munich

CURANUM AG, Munich, complied with the recommendations of the German Corporate Governance Code government commission relating to the management and supervision of German listed companies in the version of June 6, 2008 since the issuing of its last declaration of compliance in March 2008, with the divergences mentioned therein. CURANUM AG, Munich, will comply in the future with the recommendations of the German Corporate Governance Code government commission relating to the management and supervision of German listed companies in the version of June 18, 2009 with the following exceptions.

Rule 3.8:

The German Corporate Governance Code recommends that an appropriate deductible should be agreed if the company enters into directors & officers (D&O) insurance for management and supervisory boards.

A directors and officers' (D&O) insurance policy has been concluded for the Management and Supervisory boards, but current employment contracts do not include a deductible. A corresponding deductible for the Management Board will be agreed by June 30, 2010 at the latest. It will remain the case that no deductible will be agreed for the Supervisory Board with respect to remuneration and liability.

Rule 5.3.3:

The German Corporate Governance Code recommends that the supervisory board should form a nomination committee composed entirely of shareholder representatives to propose suitable candidates to the supervisory board for its election proposals to the Shareholders' General Meeting.

With the exception of Rule 5.3.2 (Audit Committee), the Supervisory Board of CURANUM AG has formed no further committees pursuant to Rule 5.3, since committees would offer no advantage due to the size of the Supervisory Board. The Supervisory Board will correspondingly reach its decisions concerning election proposals to the Shareholders' General Meeting with all of its members.

Rule 5.4.1:

The German Corporate Governance Code recommends that, in the case of proposals for the election of supervisory board members, it should be ensured at all times that the supervisory board consists of members have sufficient command of the knowledge, abilities and technical experience required to allow them to properly discharge their responsibilities. A company's international activities, potential conflicts of interest, and a fixed age limit for supervisory board members should also be taken into account.

Membership in the Supervisory Board of CURANUM AG depends only on the qualification and experience of the member concerned, but not, however, on age. For this reason, there is no age limit for Supervisory Board members.

Rule 5.4.6:

The German Corporate Governance Code recommends that supervisory board members should receive performance-based remuneration along with fixed remuneration. The performance-based remuneration should also contain components relating to the company's long-term success.

The Supervisory Board of CURANUM AG receives no performance-based remuneration. The bylaws of CURANUM AG provide for annual fixed remuneration of the Supervisory Board, pursuant to § 15.

The Management and Supervisory Boards of CURANUM AG
Munich, April 2010